



Earnings Presentation

Q2FY21

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Q2 & H1 FY21 Highlights



Management Speak



- Sucheth Davuluri
Vice-Chairman & Chief Executive Officer

“We are pleased to report a record quarterly revenue of Rs.242 crores. The revenue growth of 29.6% was powered by both the Prime and CMS verticals. We believe this sets us up firmly on the growth path for the rest of this year while providing a strong base for the next fiscal as well. We are also pleased to report that Unit III has commenced revenue generation which will act as a further tailwind going forward.”



- Saharsh Davuluri
Vice-Chairman & Managing Director

“The CMS business is continuing to drive growth with good performance from the baseline projects. We are seeing our efforts over the years pay off as more molecules are progressing in the pipeline towards commercialization. Our focus will continue to be on adding products in GDS & CMS that will drive long-term growth.”

Operational Highlights – YoY

H1 FY21

- Total income increased by 21.7% led by growth in all 3 segments
- EBITDA margins increased by 480 bps to 16.9%
- PBT margins increased by 550 bps and PAT margins increased by 430 bps

Q2 FY21

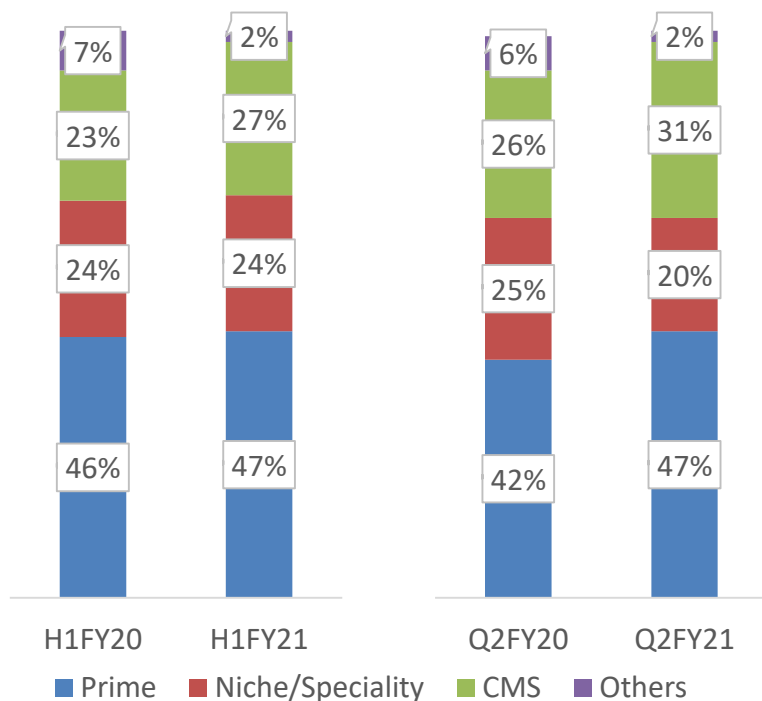
- Total income increased by 29.6% in Q2FY21 on account of balanced growth in GDS and CMS
 - Prime segment witnessed high growth on account of Levetiracetam along with the continued growth of Mirtazapine and Labetalol
 - Speciality business had a stable quarter led by Deferasirox, Entacapone and Ezetimibe
 - CMS business witnessed volume growth in baseline projects
- Increase in Profitability margins
- EBITDA margin increased from 13.6% to 17.1% in Q2FY21
- Increase in PBT margins by 520 bps and PAT margins by 420 bps
- Unit III started revenue generation at the quarter end
- Filed DMF for Edaravone with USFDA

Profit & Loss Statement (Standalone)

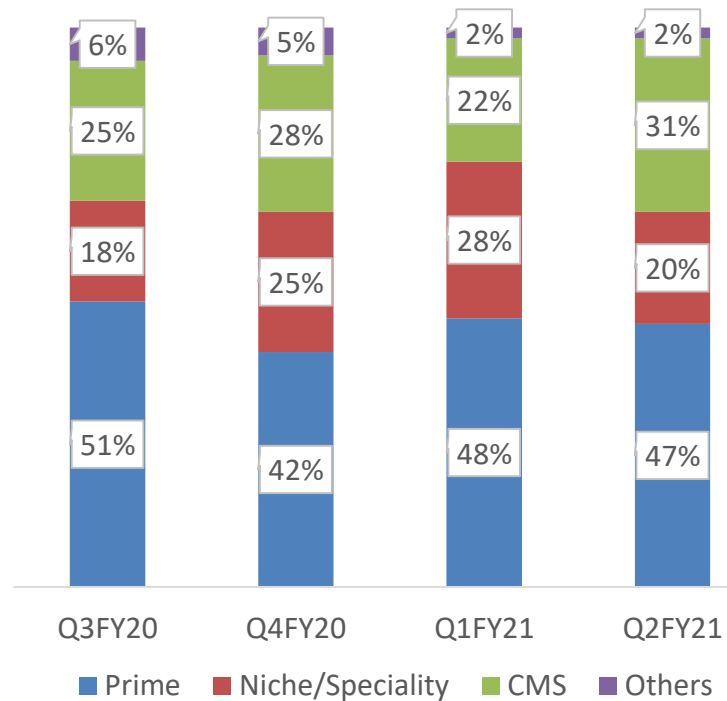
Particulars (Rs. Cr)	Q2FY21	Q1FY21	QoQ (%)	Q2FY20	YoY (%)	H1FY21	H1FY20	YoY (%)
Total Income	242.0	206.1	17.4%	186.8	29.6%	448.1	368.3	21.7%
EBITDA	41.4	34.4	20.1%	25.4	62.8%	75.8	44.5	70.4%
<i>EBITDA Margin</i>	17.1%	16.7%	40 bps	13.6%	350 bps	16.9%	12.1%	480 bps
Profit Before Tax	28.6	20.2	41.5%	12.3	131.7%	48.8	19.8	145.9%
<i>Profit Before Tax Margin</i>	11.8%	9.8%	2.0%	6.6%	5.2%	10.9%	5.4%	5.5%
Profit After Tax	21.3	15.1	41.7%	8.6	148.9%	36.4	14.2	156.5%
<i>Profit After Tax Margin</i>	8.8%	7.3%	150 bps	4.6%	420 bps	8.1%	3.9%	430 bps
Earnings Per Share (Rs.)	16.63	11.74	41.7%	6.68	148.9%	28.37	11.06	156.5%

Key Operating Metrics

YoY Analysis

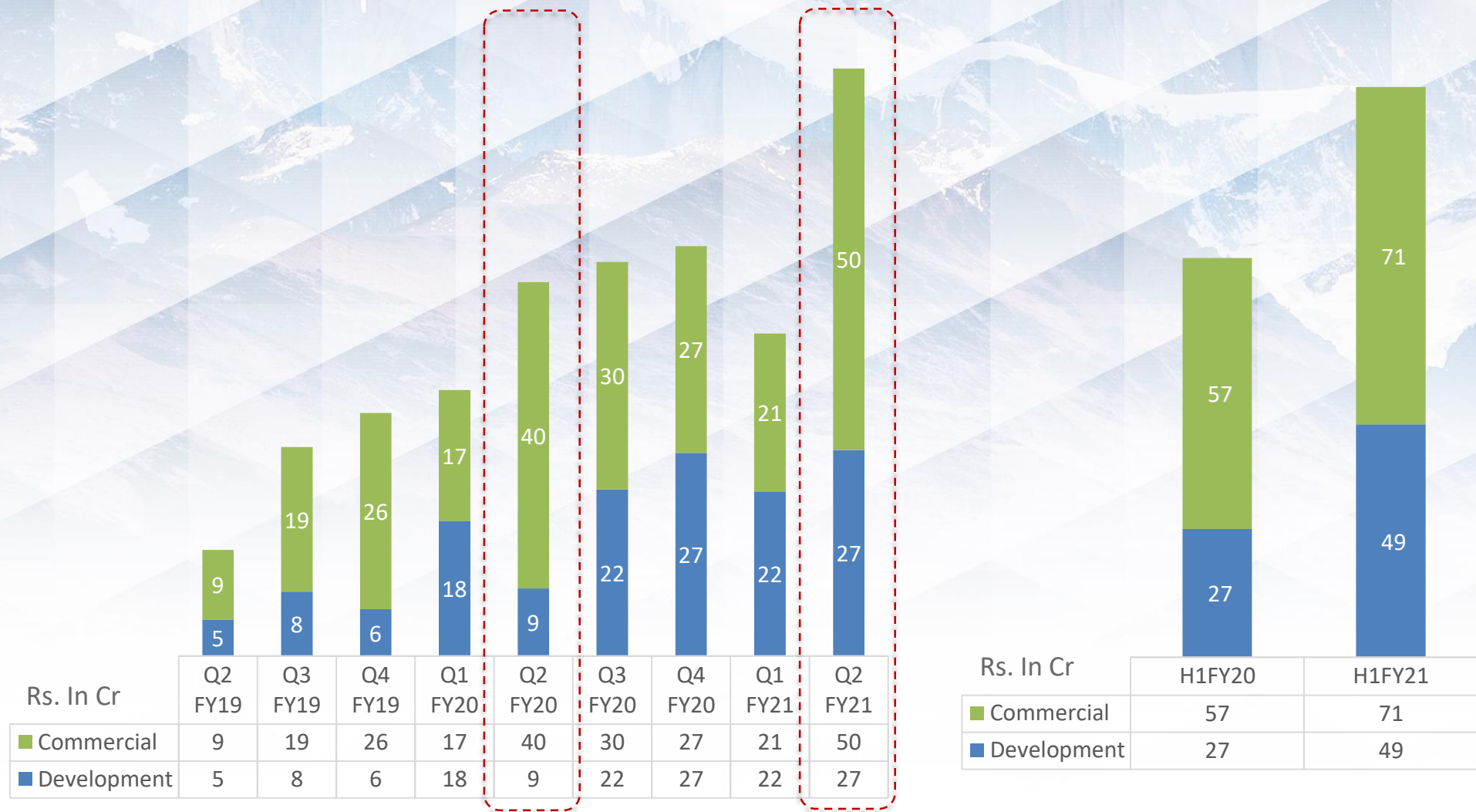


Quarter on Quarter Movement



Q1FY21 figures adjusted for rollback of government export incentives and change in accounting policy
H1FY20 and H1FY21 figures are unadjusted

Key Operating Metrics - CMS Revenue Split



No of CMS Active Projects Increasing

Q2 FY21	Pre-Clinical	P-1	P-2	P-3	Development	Commercial	Grand Total
API	14	4	6	3	10	6	43
Intermediate	7	4	2	5	8	9	35
Grand Total	21	8	8	8	18	15	78
Q1 FY21	Pre-Clinical	P-1	P-2	P-3	Development	Commercial	Grand Total
API	12	4	5	4	9	6	40
Intermediate	7	4	2	6	8	9	36
Grand Total	19	8	7	10	17	15	76
Q2 FY20	Pre-Clinical	P-1	P-2	P-3	Development	Commercial	Grand Total
API	11	4	6	6	4	6	37
Intermediate	1	3	1	5	11	10	31
Grand Total	12	7	7	11	15	16	68

Well placed for a post COVID world

- Shortening the supply chain and de-risking the vendor base
- Placed reserve manpower in Manufacturing and Quality functions to meet customer requirements
- Ready to meet changing regulatory requirements via online audits
- Continued focus on Business Development and engagement with customers
- Effective team communication using technology for operational effectiveness as well as engagement



Business Overview



Company Overview



Legacy

Expertise: 36+ years backed by robust quality systems, regulatory & compliance framework

Generic Drugs
Substance(GDS) &
Custom Manufacturing
Solutions(CMS)



Scale

Mfg. Facilities: 3
regulatory approved
with 731 KL capacity

R&D: US FDA
approved with best in
class infrastructure



Capability

Product portfolio: 75+
across 10 therapeutic
categories

Regulatory filings:
898+

Team: 1200+ incl. ~282
scientists



Reach

Presence : 80+
countries

Export revenues: 75%

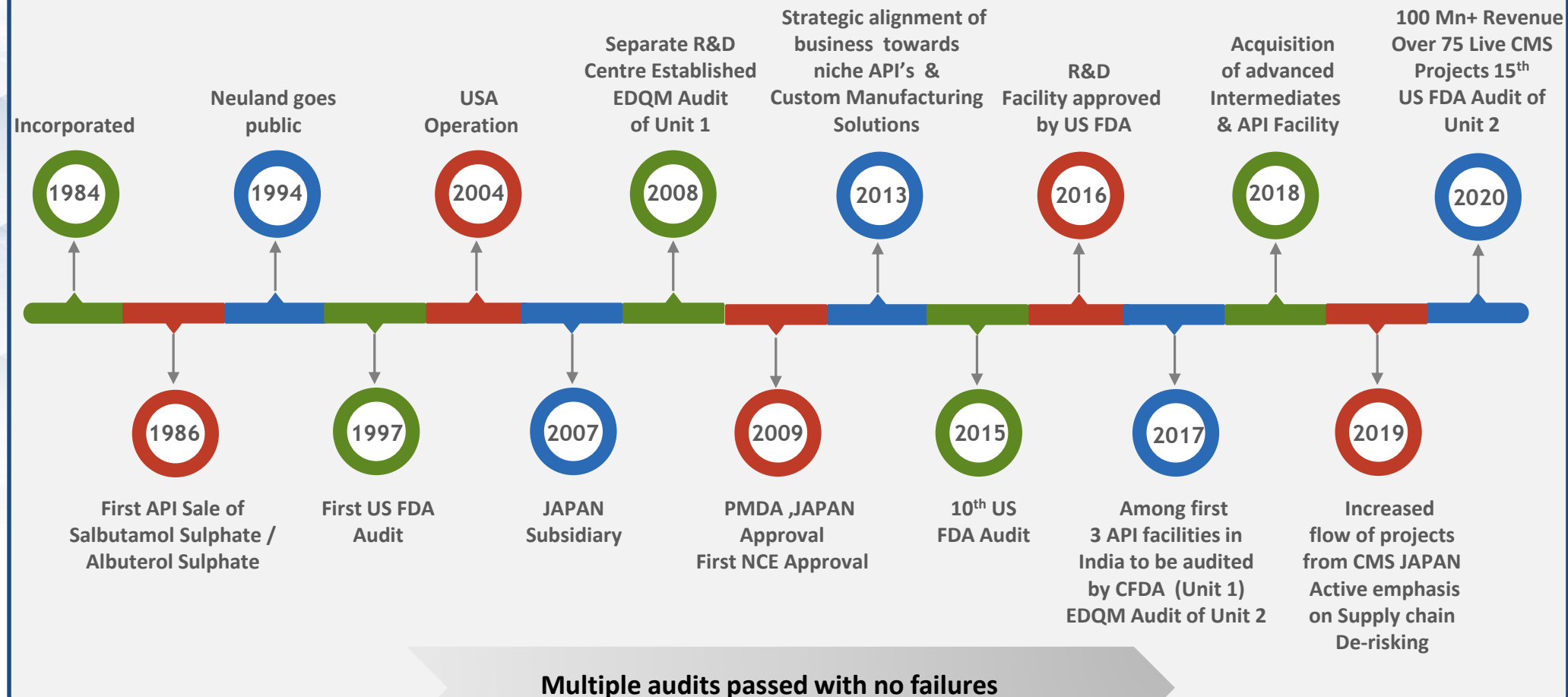
Regulated markets
revenue: 93%

Our Journey - Key Milestones

Laying Strong Foundation
1984-2003

Deepening our Capabilities
2004-2012

Increased Sustainable Growth 2013 -Today



Business Verticals

Work executed exclusively
for the customers on
products at various phases
of their life-cycle



Mature APIs, typically with
high competition in the API
space

Prime APIs and Specialty
APIs collectively form
**Generic Drugs Substance
(GDS)** for Neuland

APIs with complex processes and niche
presence

Our Global Presence



Generic Drug Substance(GDS)

Prime APIs

Capability

- 3 US FDA and EU GMP compliant manufacturing facilities
- Collective capacity: ~731KL

Business Approach

- Work on molecules either with a business leadership approach or partnership with client on COGS
- Ensure uninterrupted supply with quality commitment

Strategy Forward

- Maintain leadership position in key molecule
- Work on process optimization to improve yields, productivity and thus margins

Speciality APIs

Capability

- High end complex chemistry capabilities
- Backend support by R&D department
- Experience of hurdle free scale up

Business Approach

- Work with leading companies and help them to meet their technical requirements while being competitive

Strategy Forward

- Focus on niche APIs with complex chemistry
- File IP for non infringing processes

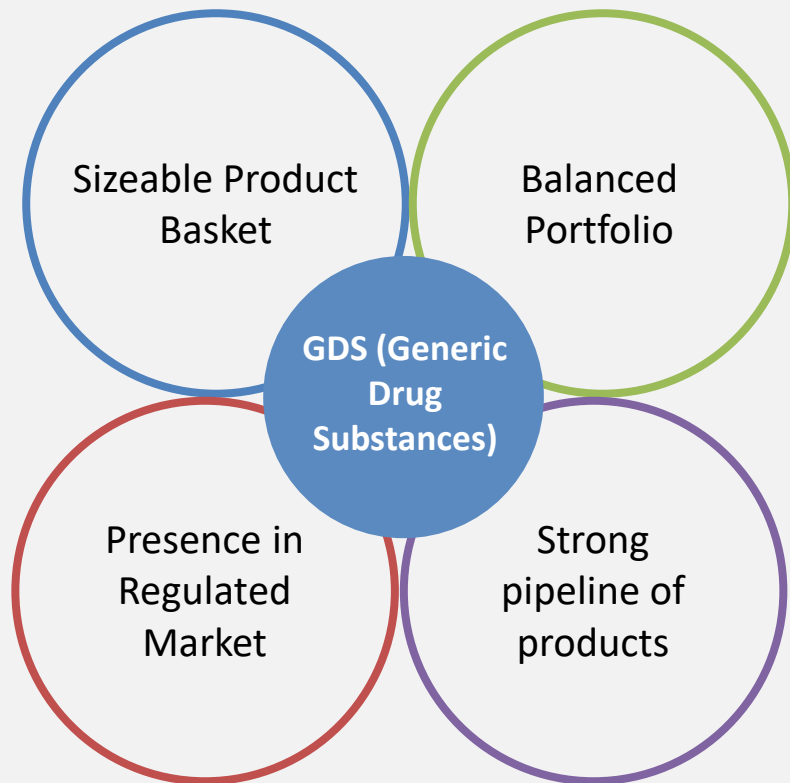
Robust manufacturing base placed on the foundation of quality and pureplay API commitment

Custom Manufacturing Solutions(CMS)



Create a sustainable CMS business that is driven by technology and strong customer relationships

Competitive Advantage





Capabilities



Neuland Manufacturing Facilities

Unit	U1, Bonthapally, Hyderabad 222.5 KL	U2, Pashamylaram, Hyderabad 310.2 KL	U3, Gaddapotharam, Hyderabad 197 KL
Year of establishment	1986	1994	2017
Key products	Mirtazapine, Sotalol Hcl, Levetiracetam, Levofloxacin, Salmeterol, Salbutamol, NCE APIs, Peptide APIs, Vitamin D2 analogues	Ciprofloxacin Hcl, Entacapone, NCE APIs, Intermediates & RSMs	Products including Key Intermediates
Regulatory	USFDA, EDQM, CFDA, PMDA	USFDA, EDQM, PMDA, ANVISA	Inspected by USFDA in 2015

Adding capacities for backward integration and new business

State-of-the-art R&D Centre

R&D Facility, Hyderabad



Neuland's R&D facility had been inspected by
USDFA in February 2016 without any
observations

Infrastructure

- 15 Development Labs with space for expansion
- 60 Fume hoods
- Analytical Labs
- Dedicated kilo Lab for Scale up
- Dedicated Labs for Peptides
- Separate facility for D2 analogues

Significant R&D Achievements:

- Several NCE APIs added in NDA or commercial stage drugs
- Support for multiple APIs each year in Phase 2 and Phase 3 clinical candidates
- Generic API business:
 - 898+ DMFs filed
 - 300+ API processes developed
 - 204+ patents filed. Received USPTO patent for improved process synthesis of Paliperidone Palmitate

Regulatory Filings



55

DMFs with
USFDA



Health
Canada

30

Filings with
Health Canada



10

Japanese DMF

NMPA

国家药品监督管理局
National Medical Products Administration

19

China DMF filed



Korea Food & Drug Administration
식품의약품안전청

18

filings with
KFDA Korea



Australian Government

Department of Health
Therapeutic Goods Administration

22

filings with TGA



213

ROW filings
including Turkey,
Mexico, Brazil etc

~489

EUDMF filings
across Germany,
France, Poland,
Italy etc



European Directorate
for the Quality
of Medicines
& HealthCare



COUNCIL OF EUROPE

CONSEIL DE L'EUROPE

24

CEPs Received
for different
products

898+

Filings till date



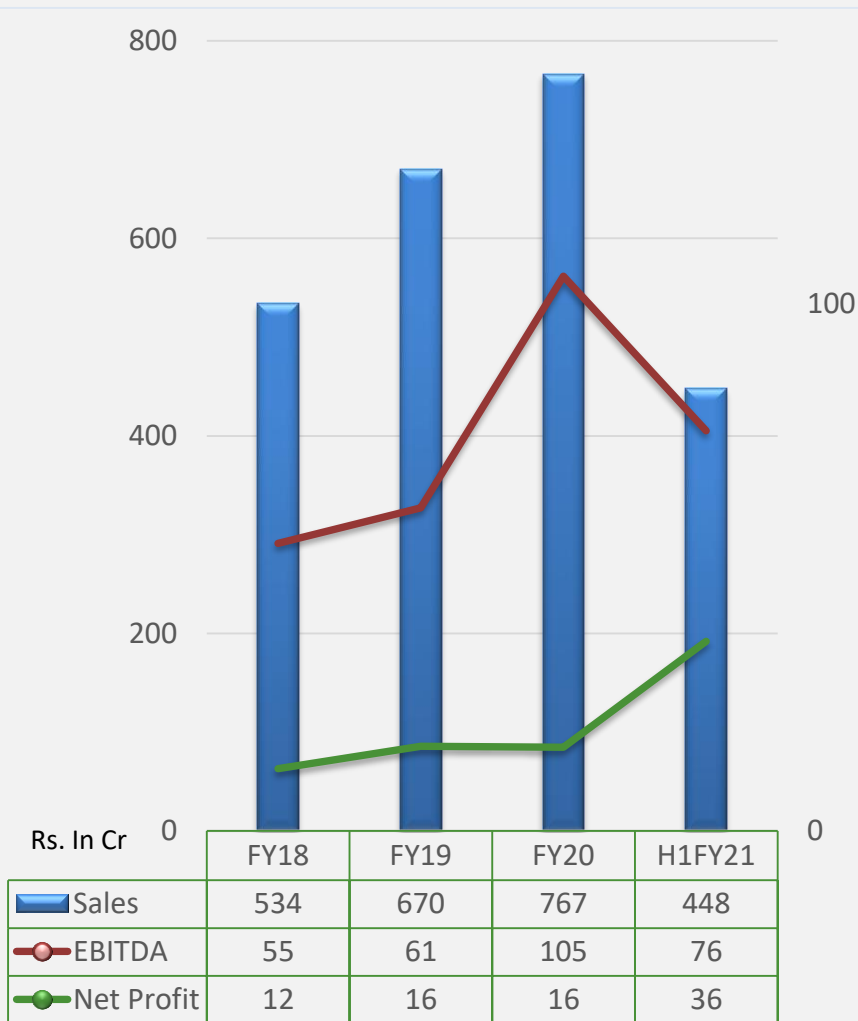
Financials



Income Statement

Financial Performance Highlights

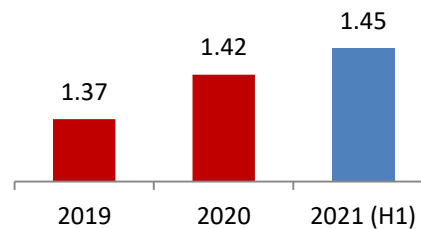
- Revenue CAGR of 19.8% for FY 18-20 led by growth in all 3 businesses
- EBITDA growth of 38.9% CAGR in FY 18-20 due to high margin CMS business and increase in GDS contribution
- Change in business mix with increasing amount of margins coming from CMS business and certain Specialty products and cost optimization measures helped improve profitability



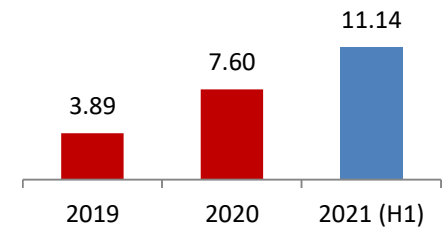
Balance Sheet

Particulars (Rs. Cr)	Mar-19	Mar-20	Sep-20
Shareholders' funds	696	706	742
Net Debt	194	214	194
Investments	8	8	8
Tangible Assets	367	391	423
Intangible Assets (Excluding Goodwill)	2	2	2
Working Capital	233	289	317

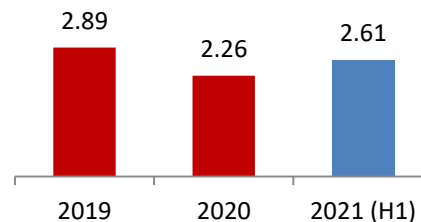
Current Ratio (x)



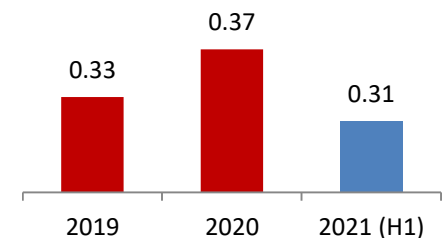
ROCE (%)



Fixed Asset Turnover (x)



Debt to Equity (x)*



*Some earlier presentations had Net-Debt/Tangible Networkth ratios



Outlook



Growth Strategy for Business

Business

Extend capabilities to organically build a sustainable GDS and CMS business



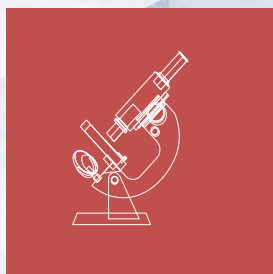
Scale

Invest into capacity to augment sales and accelerate business growth



Chemistry

Deploy advanced chemistry skills to add differentiated products to its portfolio



Relationships

Leverage on Long – standing relationships with leading generic and innovator companies



Quality

Develop techniques like QBD to stay ahead of the curve & set precedents for “no quality compromise”



Financials

Re-aligning revenue portfolio for a profitable growth



Create an organization that results in value for all stakeholders

About Neuland Laboratories Limited

For over 36 years, **Neuland Laboratories Ltd.** (BSE:524558, NSE: NEULANLAB) has been at the forefront of manufacturing APIs through its cGMP manufacturing facilities, working with customers in close to 80 countries. Neuland Labs has developed more than 300 processes and 75 APIs and has filed over 898+ Regulatory filings in the US (55 active US DMFs), the European Union (EU) and other geographies. Its manufacturing facilities are inspected and approved by the U.S. FDA and other leading regulatory agencies. Its record of quality manufacturing and reliability is highlighted by cGMP certifications that include the U.S. FDA, TGA (Australia), EDQM (EU), German Health Authority, ANVISA (Brazil), EMA (EU), Cofepris (Mexico), KFDA (Korea), PMDA (Japan), CFDA (China), FSI "SID &GP" Russia, Health Canada, ISO 9001, ISO14001, OHSAS18001 and ISO 27001.

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Thank you