

Earnings Presentation

Q2 FY 22

Except for the historical information contained herein, statements in this presentation and the subsequent discussions, which include words or phrases such as "will", "aim", "will likely result", "would", "believe", "may", "expect", "will continue", "anticipate", "estimate", "intend", "plan", "contemplate", seek to", "future", "objective", "goal", "likely", "project", "should", "potential", "will pursue", and similar expressions of such expressions may constitute "forward-looking statements". These forward-looking statements involve a number of risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements. These risks and uncertainties include but are not limited to our ability to successfully implement our strategy, our growth and expansion plans, obtain regulatory approvals, our provisioning policies, technological changes, investment and business income, cash flow projections, our exposure to market risks as well as other risks. The Company does not undertake any obligation to update forward-looking statements to reflect events or circumstances after the date thereof.



Q2 & H1 FY-22
HIGHLIGHTS



BUSINESS OVERVIEW



CAPABILITIES



FINANCIALS



OUTLOOK



Q2 & H1 FY-22 HIGHLIGHTS

SUCHETH DAVULURI



“Our GDS business delivered growth led by the specialty segment. We believe that our sustainable operations amid these uncertain times demonstrates our execution capabilities. We are confident that our differentiated strategy of delivering differentiated products to our customers is a competitive advantage which will maximize value for all our stakeholders.”

SAHARSH DAVULURI



“Our teams are working closely together to ensure smooth execution of CMS projects. We are happy to see this reflected in the increase in revenues from Development projects. We look forward to commercializing these projects in the future.”

Q2 FY22



Business Highlights

- ❖ In Prime API, Mirtazapine, Labetalol & Levofloxacin performed well even as there was a decrease in revenues
- ❖ Specialty had a high growth quarter with revenues coming from development revenues for Paliperidone Palmitate apart from Dorzolamide & Donepezil
- ❖ CMS revenues driven by development products close to commercialization over the next few quarters



Financial Highlights

- ❖ Total income was Rs. 258.1 crore in Q2FY22, an increase of 6.7%
- ❖ EBITDA margin decreased by 40 bps from 17.1% to **16.7%** in Q2FY22 due to
 - Increase in input prices & shipping costs
- ❖ PAT decreased by 4.7% to Rs. 20.3 crores on account of
 - Higher depreciation led by Unit 3 commercialization

H1 FY22



Business Highlights

- ❖ Growth from development projects was offset by Inventory destocking at customers' end
- ❖ Unit 3 ramping up driving business volumes
- ❖ Increased headcount to account for higher business volumes in coming quarters



Financial Highlights

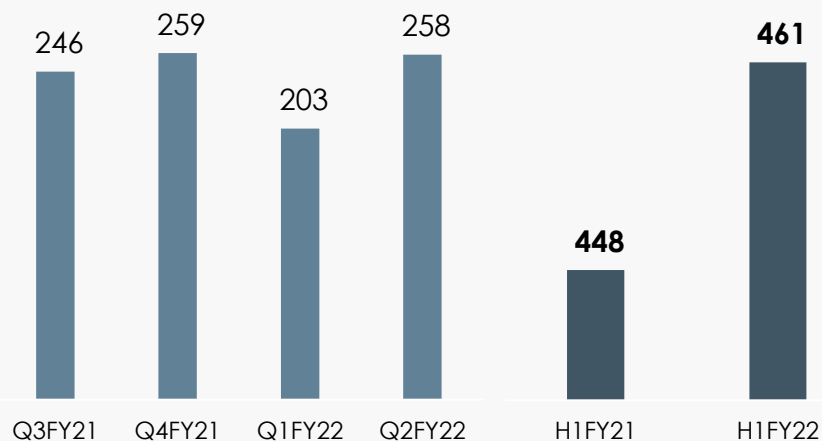
- ❖ Total income was Rs. 461.1 crore in H1FY22, an increase of 2.9%
- ❖ EBITDA margin decreased by 160 bps from 16.9% to **15.3%** in H1FY22 due to
 - Increase in raw material prices
 - Upfront expense on certain projects
- ❖ PAT decreased by 20.4% to Rs. 29.0 crores on account of
 - Higher depreciation led by Unit 3 commercialization

Profit & Loss Snapshot (Standalone)

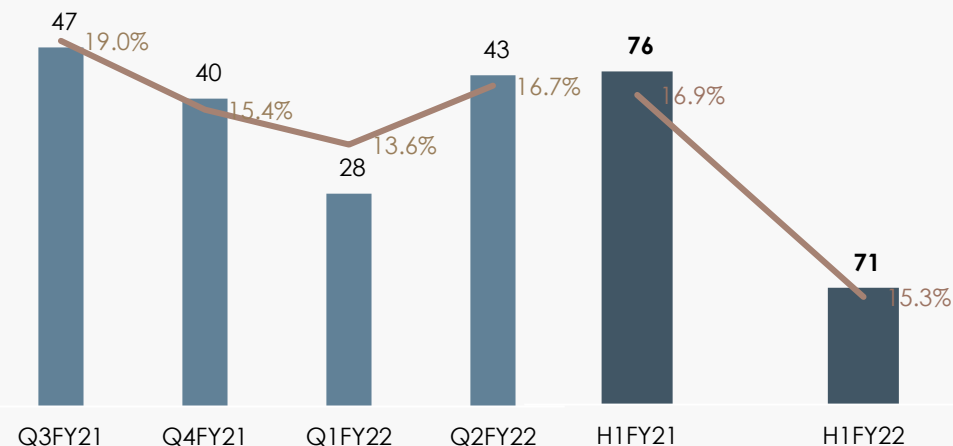
Particulars (Rs. Cr)	Q2FY22	Q1FY22	QoQ (%)	Q2FY21	YoY (%)	H1FY22	H1FY21	YoY (%)
Total Income	258.1	202.9	27.2%	242.0	6.7%	461.1	448.1	2.9%
EBITDA	43.1	27.7	55.8%	41.4	4.1%	70.7	75.8	(6.7)%
EBITDA Margin	16.7%	13.6%	310 bps	17.1%	(40) Bps	15.3%	16.9%	(160) Bps
Profit Before Tax	27.5	12.0	129.7%	28.6	(3.7)%	39.5	48.8	(19.0)%
Profit Before Tax Margin	10.7%	5.9%	480 bps	11.8%	(110) Bps	8.6%	10.9%	(230) Bps
Profit After Tax	20.3	8.6	135.1%	21.3	(4.7)%	29.0	36.4	(20.4)%
Profit After Tax Margin	7.9%	4.3%	360 bps	8.8%	(90) Bps	6.3%	8.1%	(180) Bps
Earnings Per Share (Rs.)	15.8	6.7	135.1%	16.6	(4.7)%	22.6	28.4	(20.4)%

Financials (Standalone)

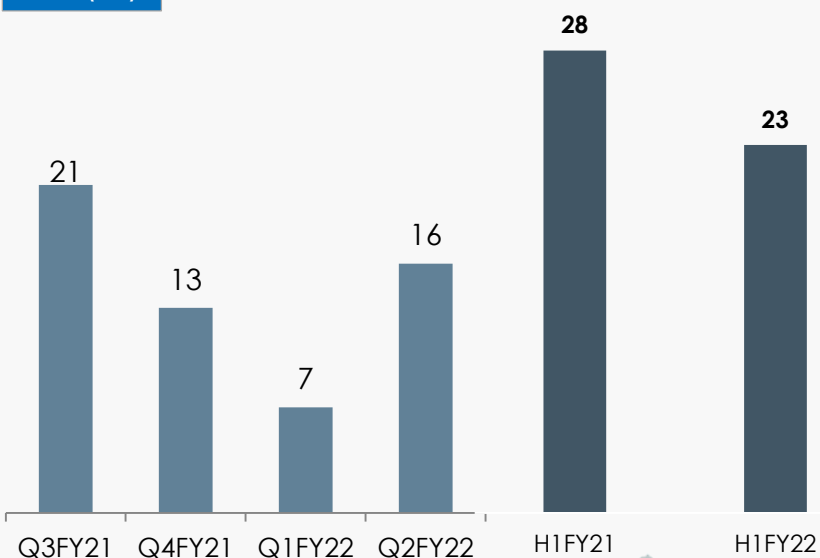
Revenue (Rs. Cr)



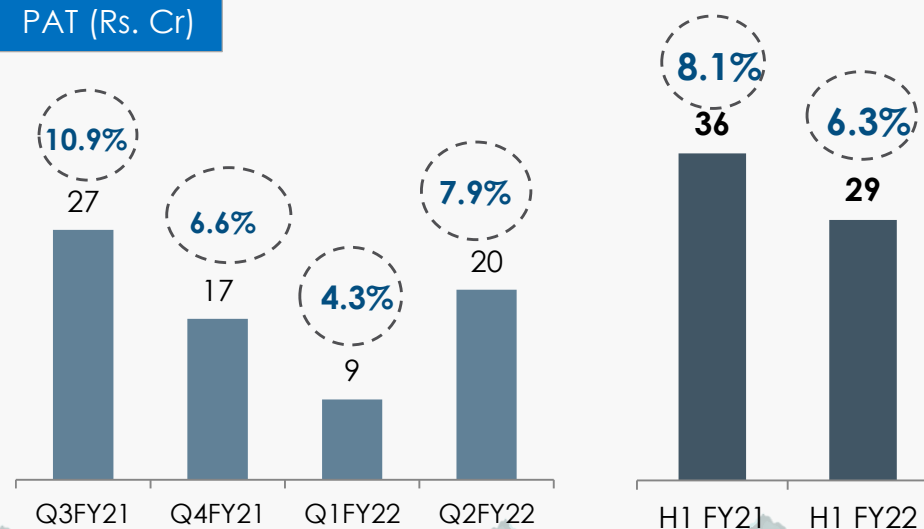
EBITDA (Rs. Cr) and EBITDA Margin (%)



EPS (Rs)

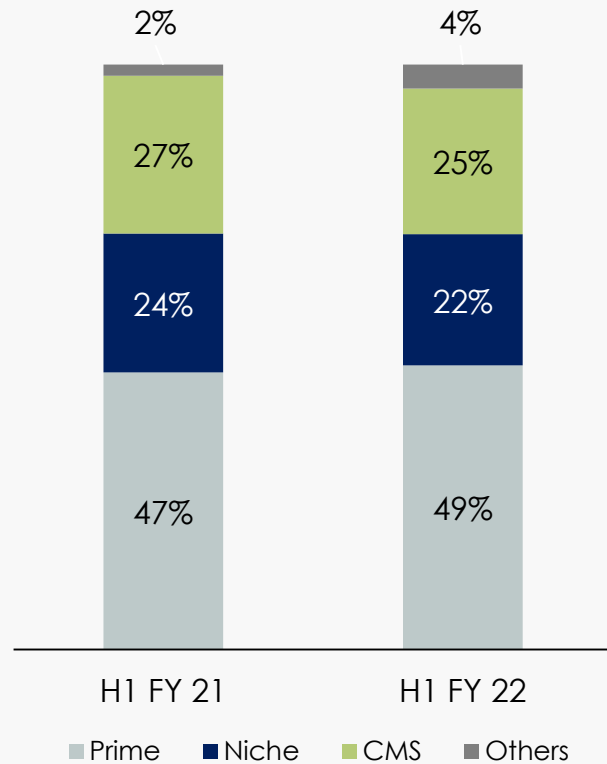


PAT (Rs. Cr)

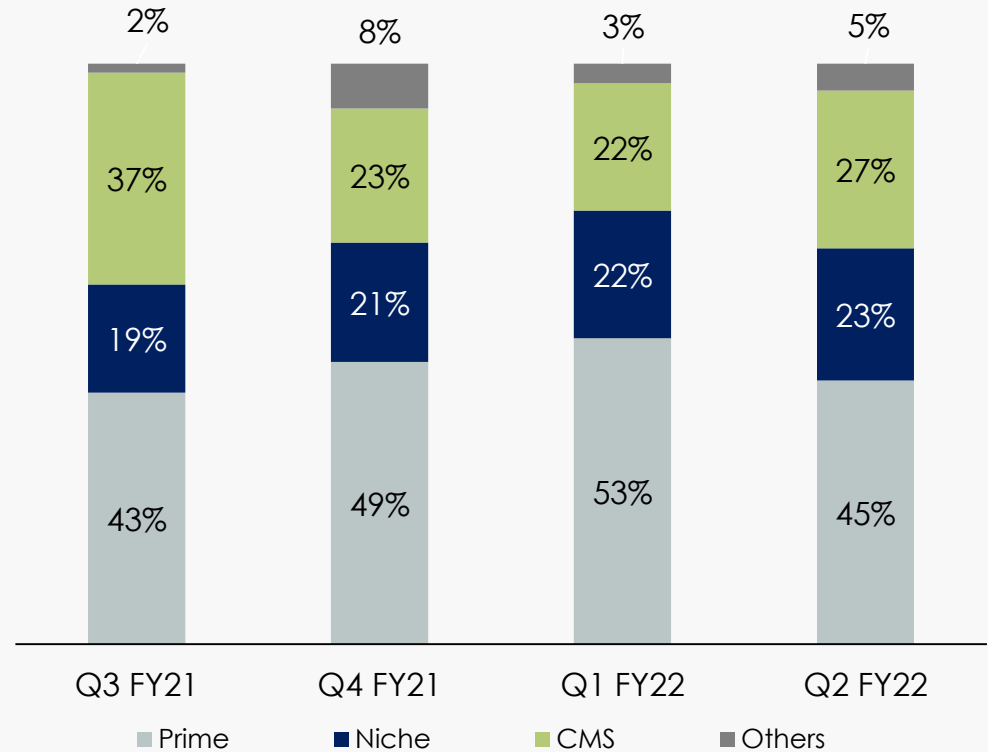


Key Operating Metrics

YoY Analysis



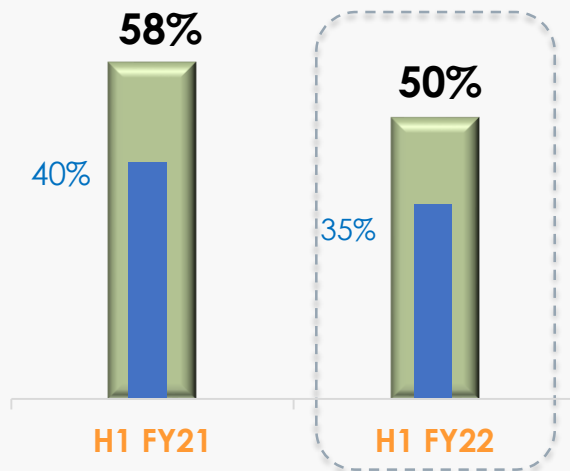
Quarter on Quarter Movement



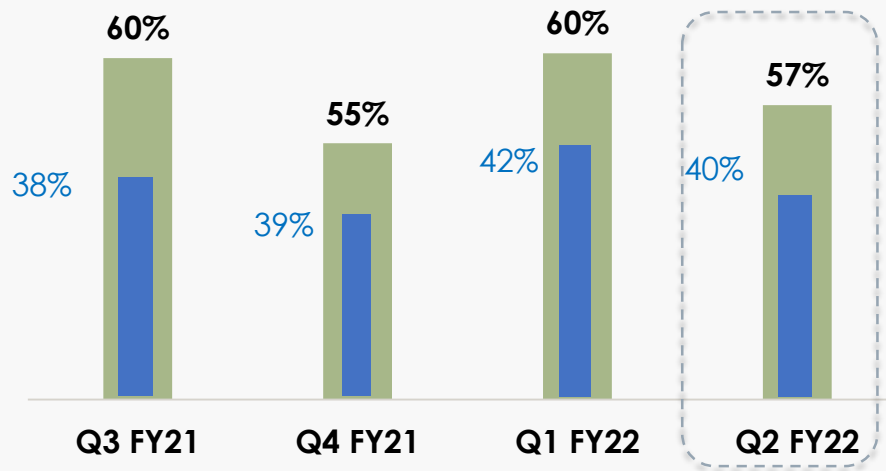
Business Salience (Overall Company)

PRODUCT

YoY Analysis



QoQ Movement



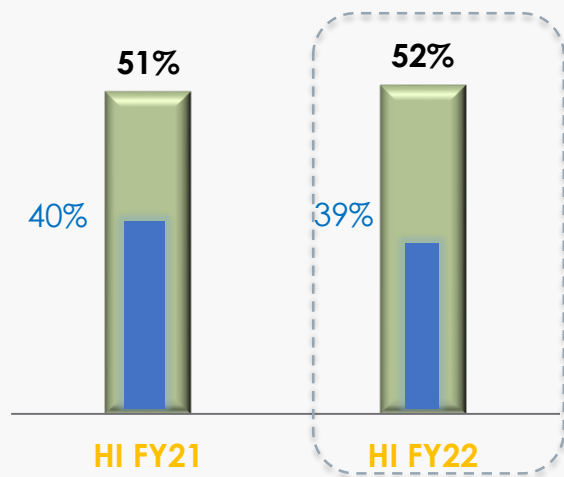
TOP 10

TOP 5

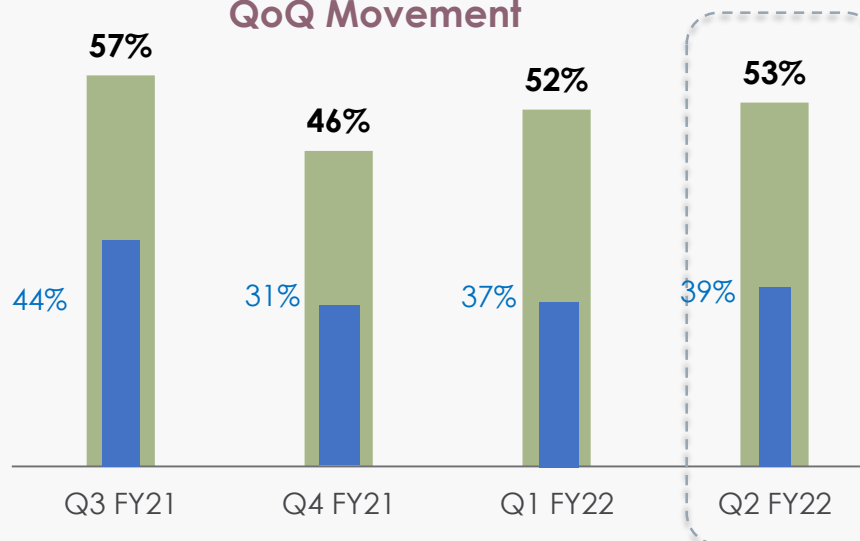
% of Total revenue

CUSTOMER

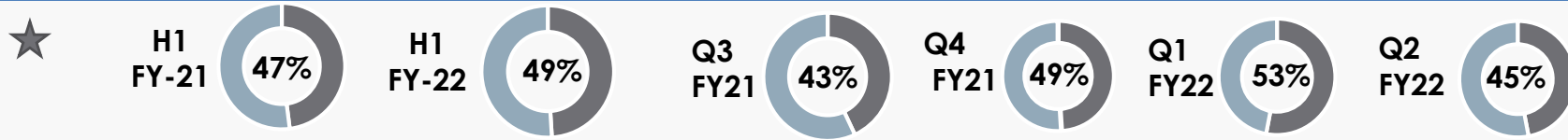
YoY Analysis



QoQ Movement

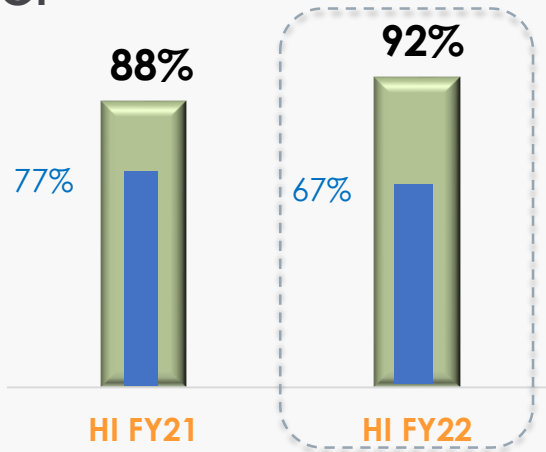


Business Salience (Prime)

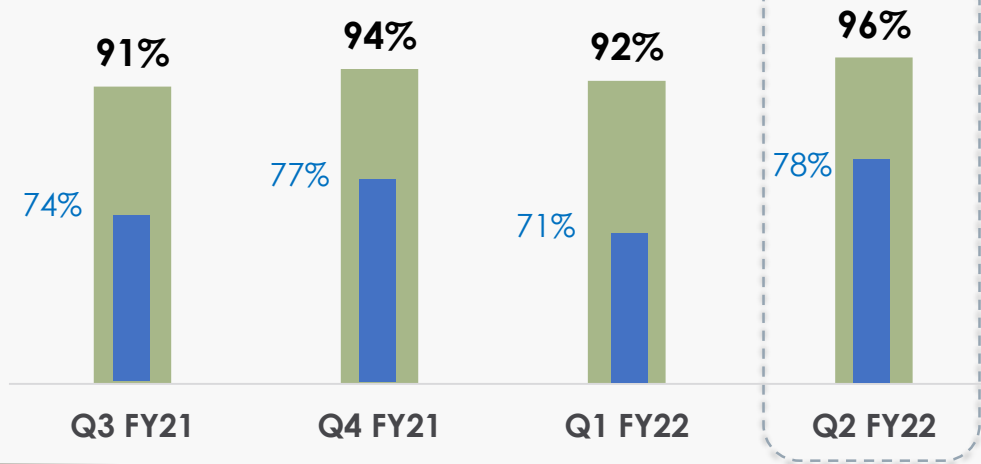


PRODUCT

YoY Analysis



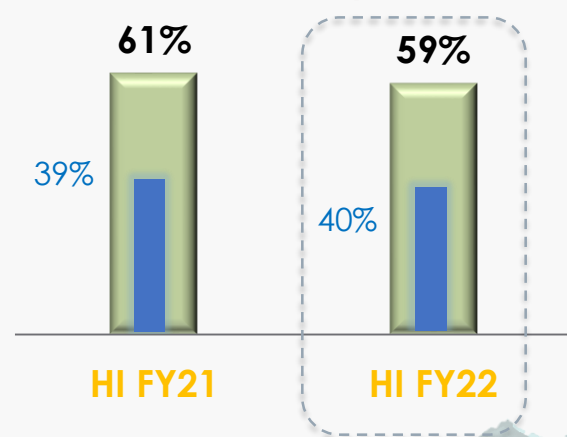
QoQ Movement



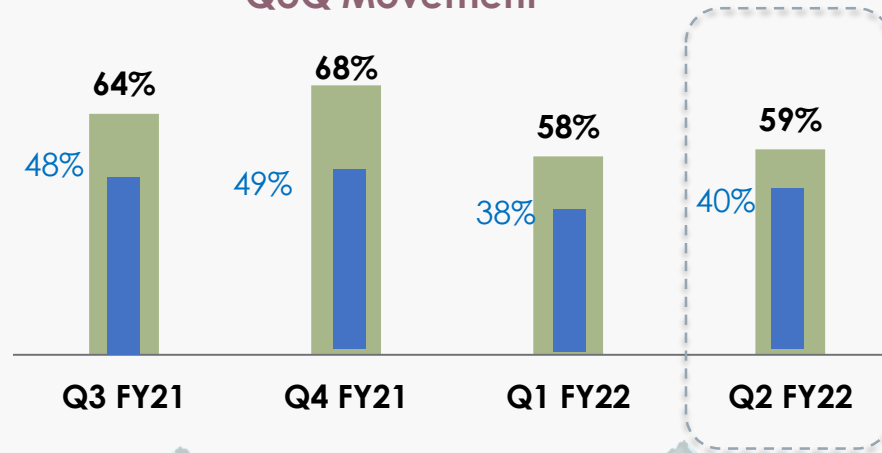
TOP 10
TOP 5
(of Prime revenue)

CUSTOMER

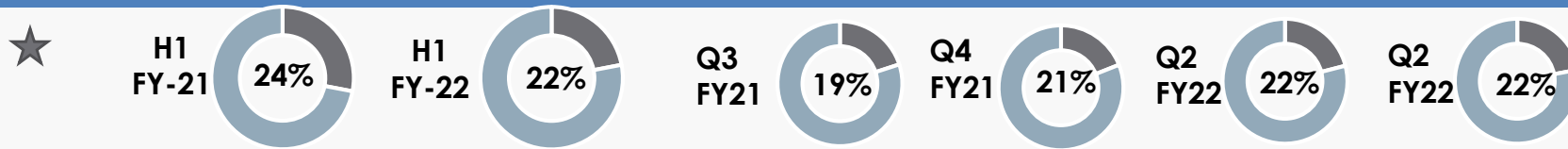
YoY Analysis



QoQ Movement

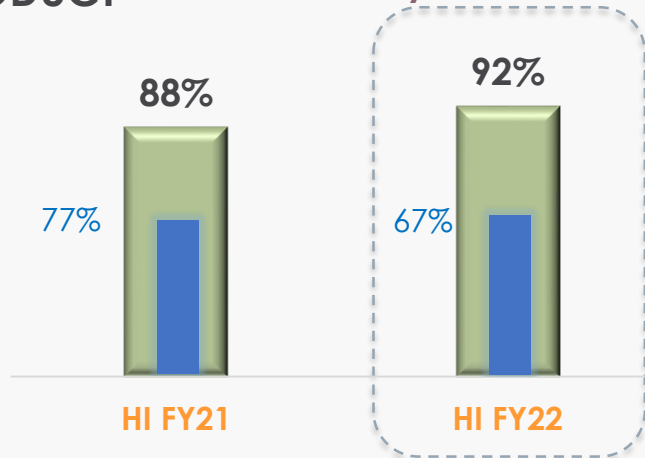


Business Salience (Niche/Speciality)

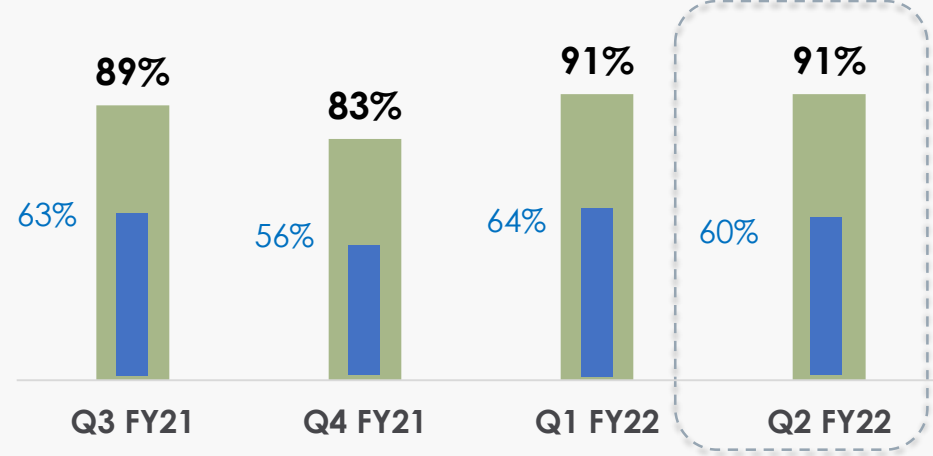


PRODUCT

YoY Analysis



QoQ Movement

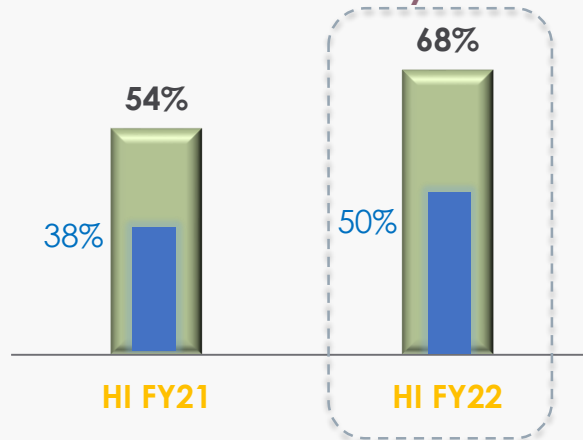


TOP 10 TOP 5

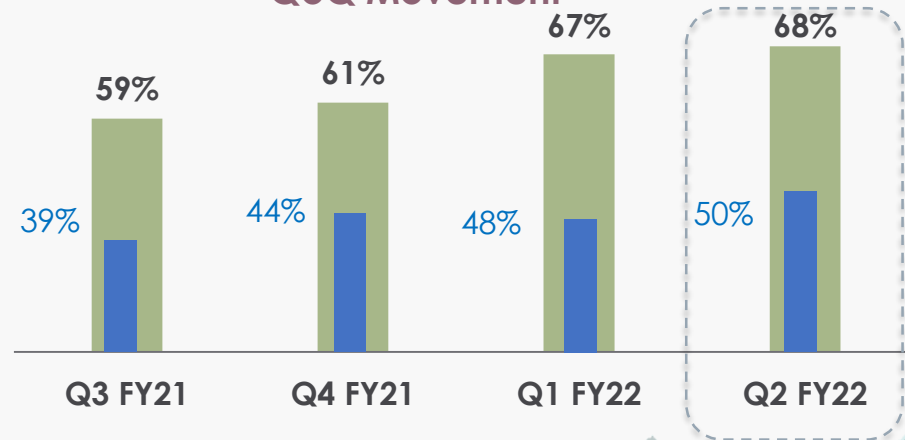
(of Niche/Speciality Revenue)

CUSTOMER

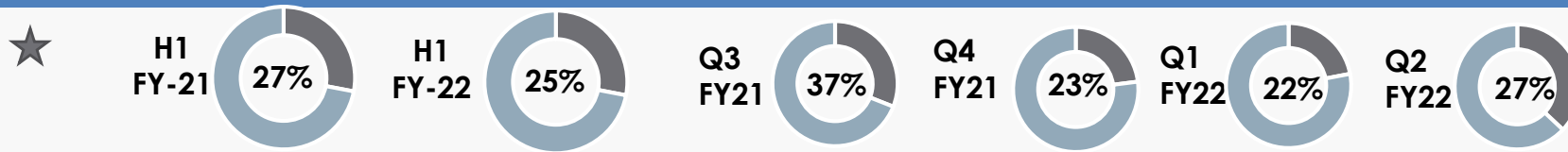
YoY Analysis



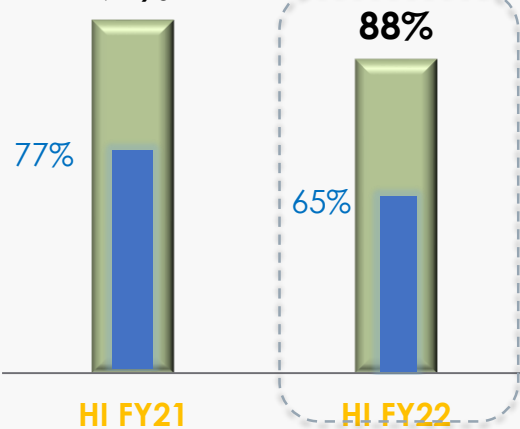
QoQ Movement



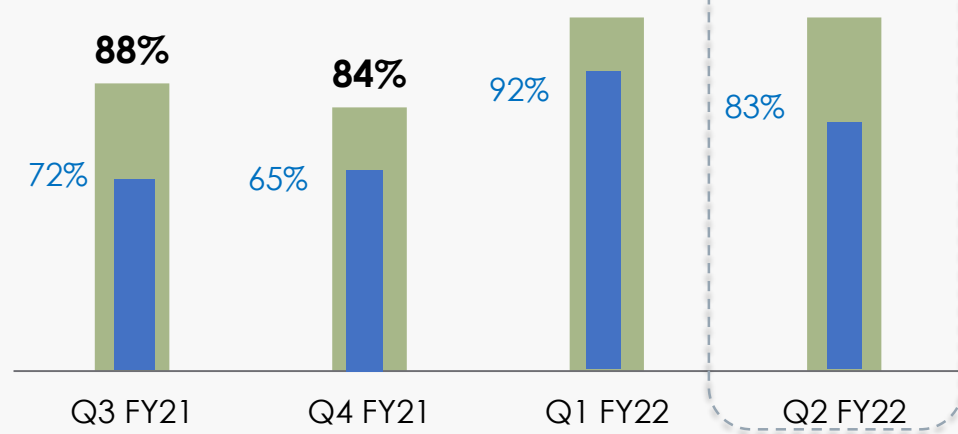
Business Salience (CMS)



PRODUCT YoY Analysis

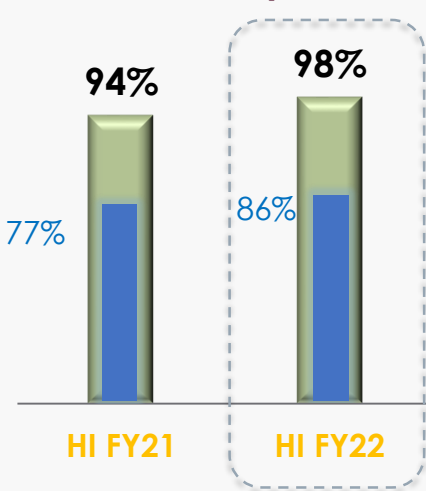


QoQ Movement

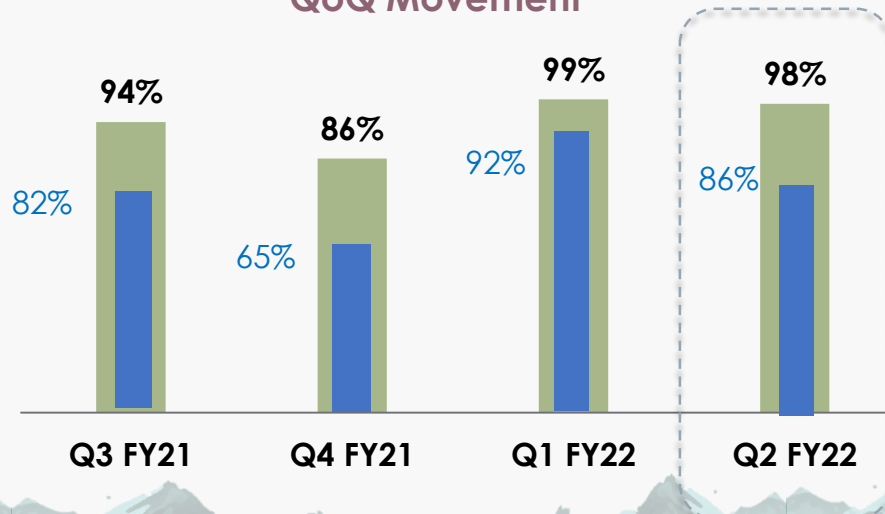


TOP 10
TOP 5
(of CMS revenue)

CUSTOMER YoY Analysis



QoQ Movement

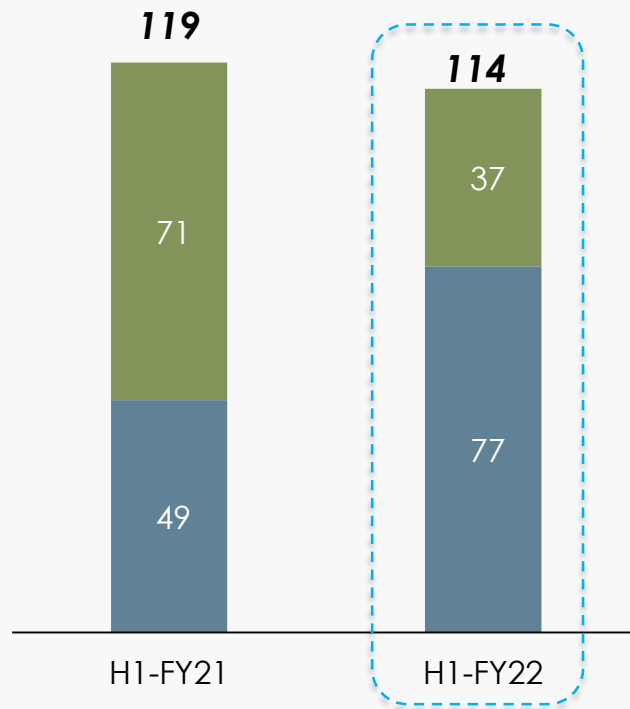


Key Operating Metrics – CMS Revenue Split

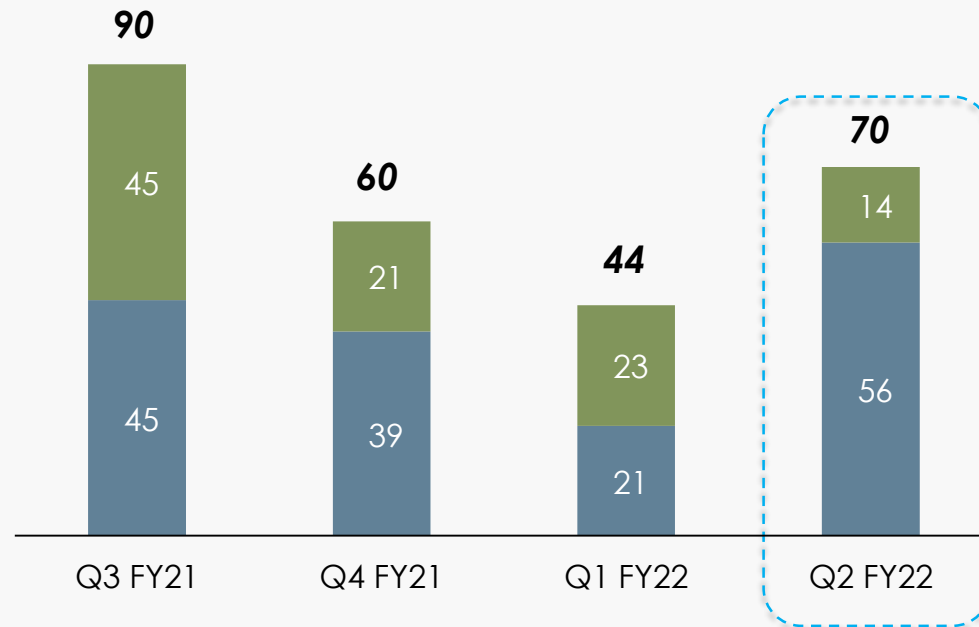
Rs. In Cr

■ Commercial ■ Development

YoY Analysis



Quarter on Quarter Movement



Number of Active CMS Projects

Q2 FY22	Pre-Clinical	P-1	P-2	P-3	Development	Commercial	Grand Total
API	15	3	8	4	10	7	47
Intermediate	7	5	2	0	8	11	33
Grand Total	22	8	10	4	18	18	80

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

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

Q2 FY19	Pre-Clinical	P-1	P-2	P-3	Development	Commercial	Grand Total
API	7	2	1	4	6	5	25
Intermediate	1	2		8	3	7	21
Grand Total	8	4	1	12	9	12	46



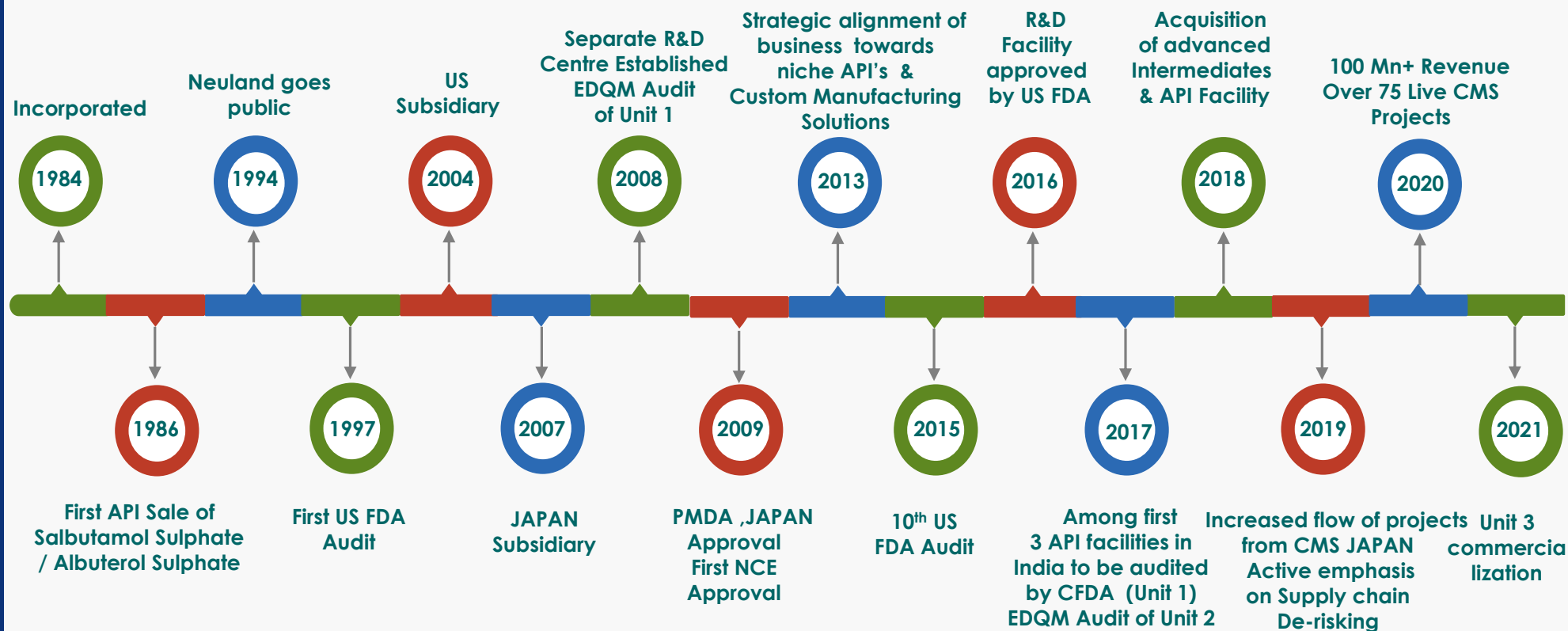
BUSINESS OVERVIEW

Our Journey – Key Milestones

Laying Strong Foundation
1984 - 2003

Deepening our Capabilities
2004 - 2012

Increased Sustainable Growth
2013 -Today



Multiple audits passed with no failures

Generic Drug Substance (GDS)

We started as a Prime API manufacturer...

..Added Speciality molecules for complex products..



Capability

- ✓ 3 US FDA and EU GMP compliant manufacturing facilities
- ✓ Collective capacity: ~860 KL



Business Approach

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



Strategy Forward

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



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

On path to being a preferred partner in CMS..



Services

- ✓ Manufacturing API to customer specifications
- ✓ Designing and developing manufacturing processes
- ✓ Process optimization for competitiveness
- ✓ Complete CMC partner for the API
- ✓ Patent protection for processes



Business Approach

- ✓ Local presence in US and Japan with technical as well as commercial employees
- ✓ Consultative approach on customer relationships
- ✓ Business targeted on Neuland's technology capabilities and perceived customer needs leading to increased traction



Strategy Forward

- ✓ Add depth in technical capabilities
- ✓ Investment in QBD labs, process engineering and foray into new areas of customer solutions
- ✓ Work effectively on customer relationships and leverage on portfolio expansion
- ✓ Targeting molecules in the later stages of the clinical cycle

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



CAPABILITIES

Scaled up Manufacturing Facilities over the years



233 KL

356 KL

271 KL



	UNIT 1 BONTHAPALLY	UNIT 2 PASHAMYLARAM	UNIT 3 GADDAPOTHARAM
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 as an Advanced Intermediates site in 2015

Adding capacities for business growth and strategic backward integration

Backed up by sound R&D capabilities

R&D Facility, Hyderabad



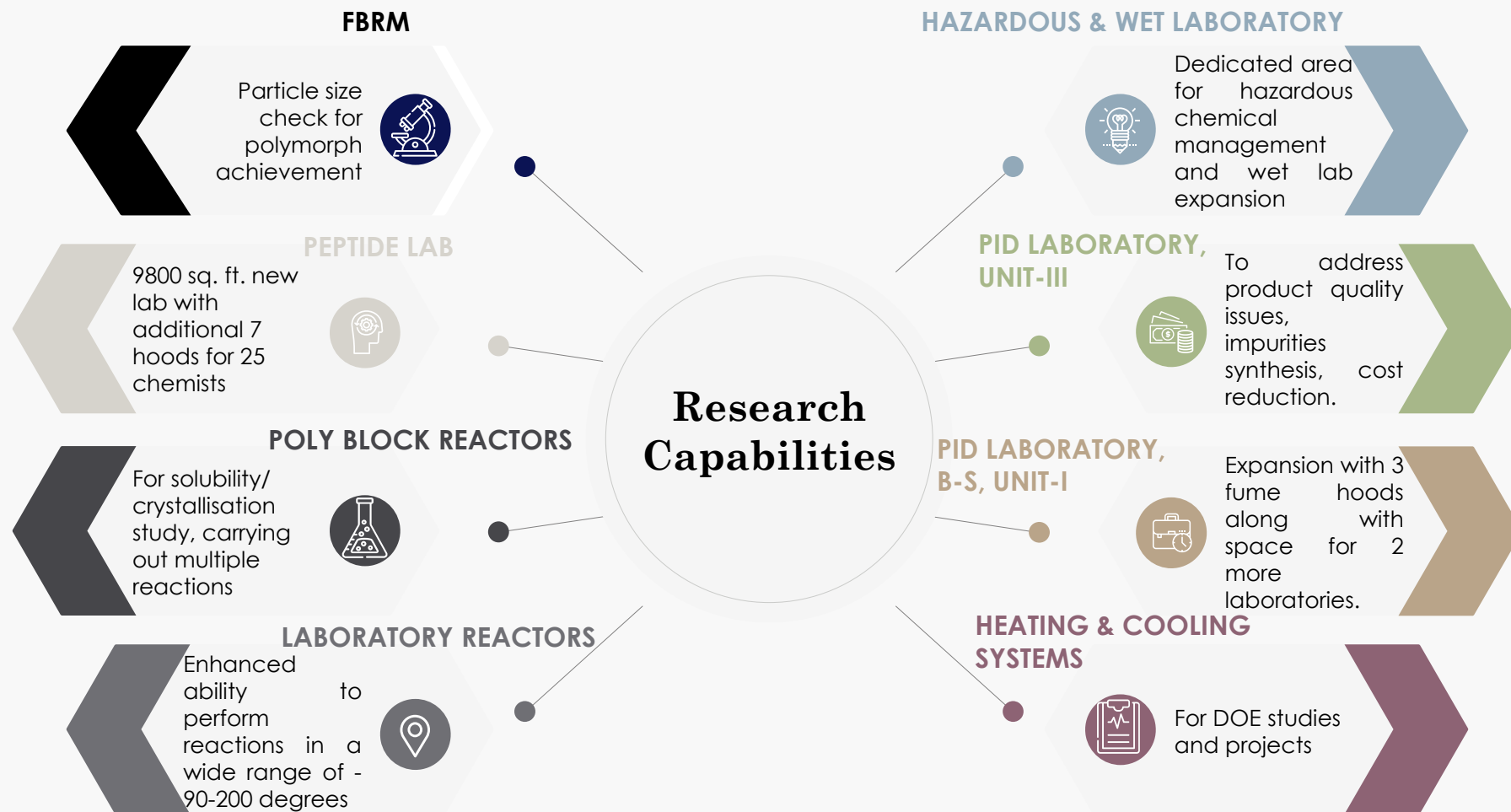
Neuland's R&D facility had been inspected by USDFA in February 2016 without any observations

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 -
 - ✓ 900+ DMFs filed
 - ✓ 300+ API processes developed
 - ✓ 204+ patents filed. Received USPTO patent for improved process synthesis of Paliperidone Palmitate



Regulatory Filings Across Geographies



57

DMFs with
USFDA



Health
Canada

30

Filings with
Health Canada



10

Japanese DMF filed

NMPA

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

20

China DMF filed



19

filings with
KFDA Korea



Australian Government

Department of Health

Therapeutic Goods Administration

22

filings with TGA



220

ROW filings
including Turkey,
Mexico, Brazil etc

~495

EUDMF filings
across
Germany,
France, Poland,
Italy etc



European Directorate
for the Quality
of Medicines
& HealthCare

Direction européenne
de la qualité
du médicament
& soins de santé

COUNCIL OF EUROPE



CONSEIL DE L'EUROPE

27

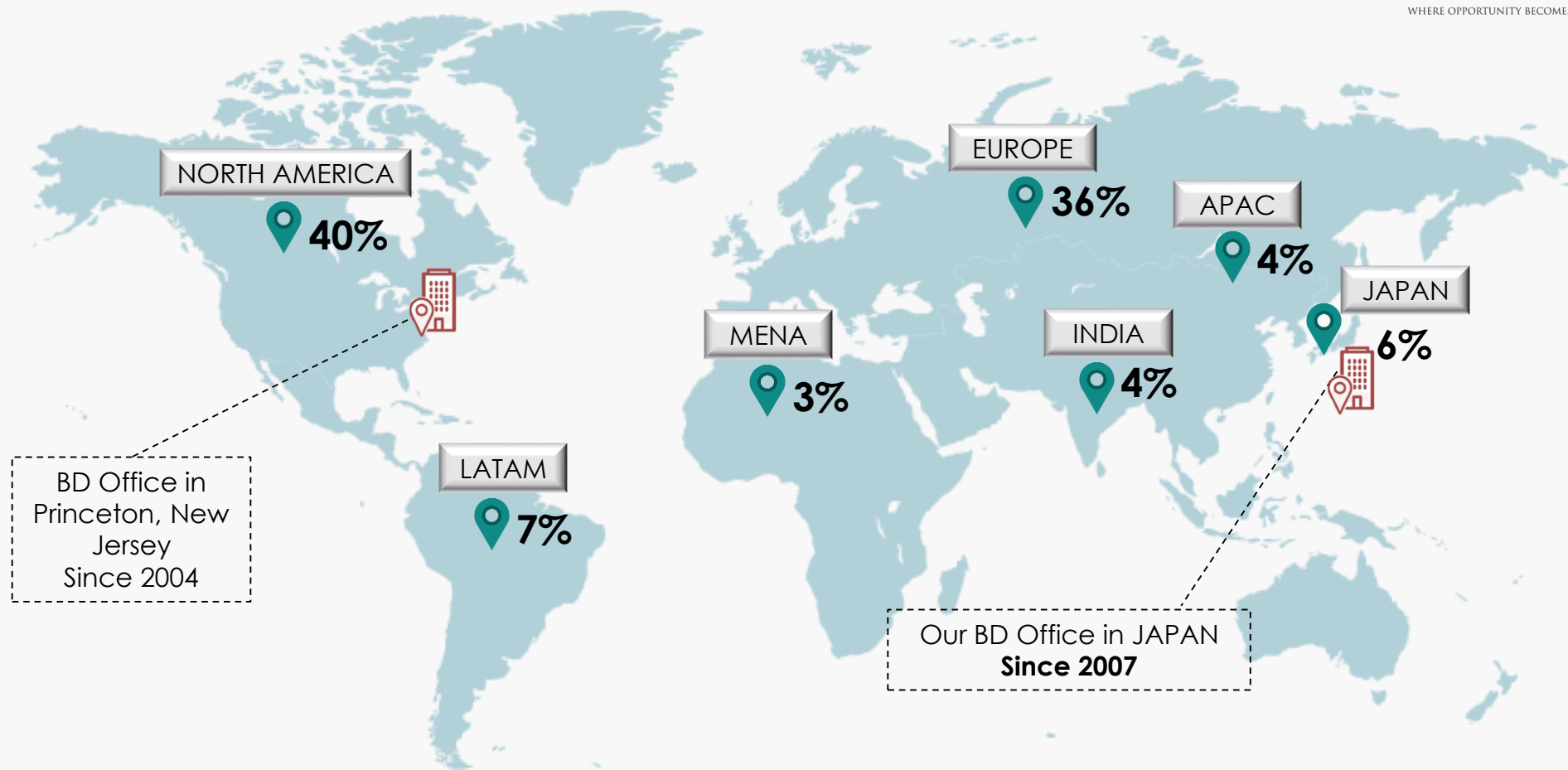
CEPs Received
for different
products

900+

Filings till date

* The numbers on this slide reflect the number of filings, the number of active filings could vary as geographic filings are merged and the product portfolio is optimized

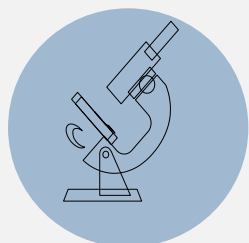
Global Presence



% Refers to Q1 FY22 Sales by End market

Neuland Today: Snapshot

Legacy



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

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

Scale



3 Mfg. Facilities:
Regulatory
approved with 860
KL capacity

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

Capability



Product/ Projects
portfolio: 100+ APIs
across therapeutic
categories

Regulatory filings
898+

Team: 1400+ incl.
~300 R&D scientists

Reach



Presence
80+ countries

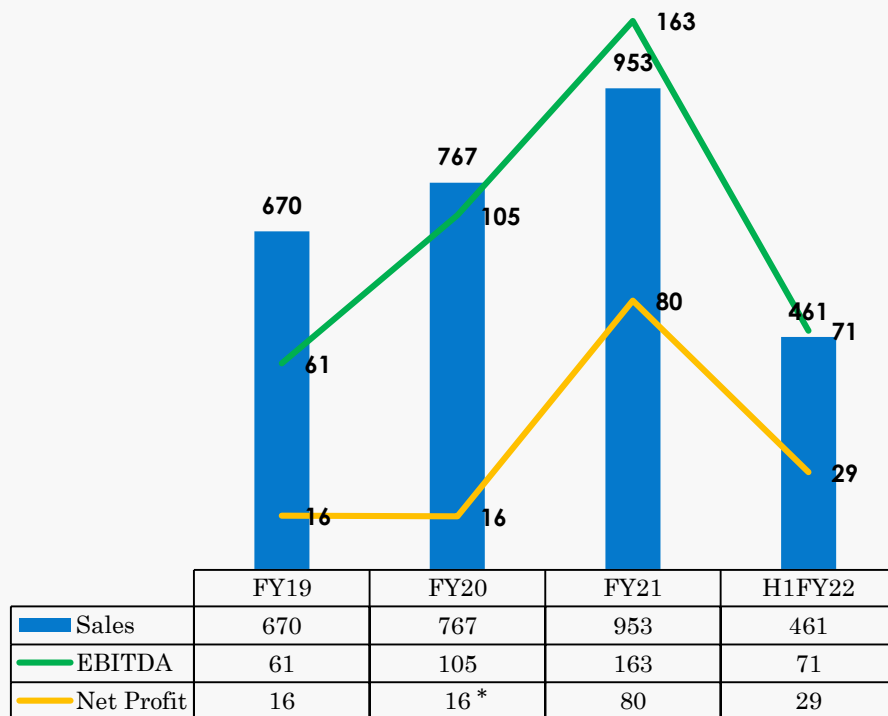
Export revenues
75%

Regulated markets
revenue 93%



FINANCIALS

Rs. In Cr



■ Sales ■ EBITDA ■ Net Profit



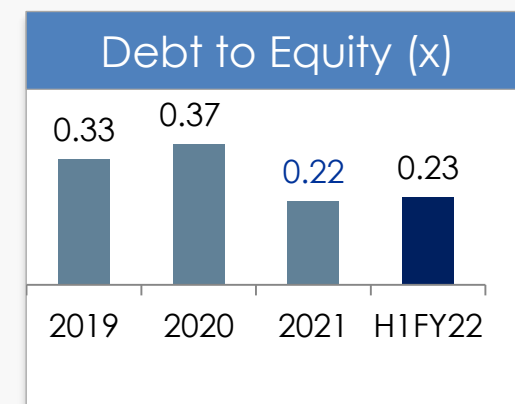
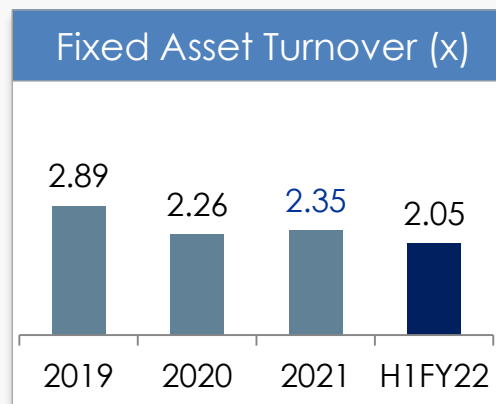
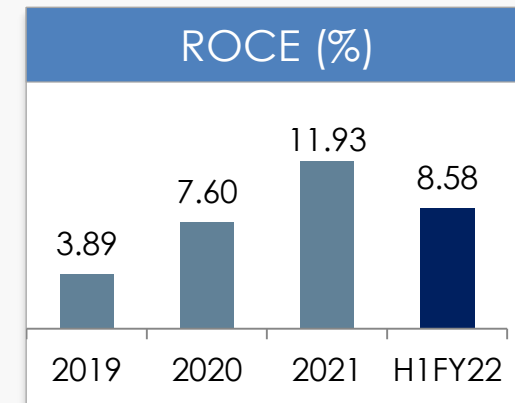
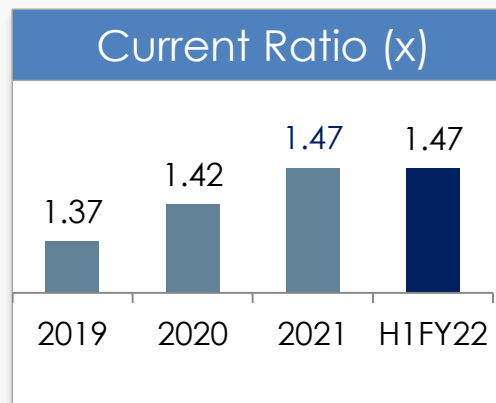
FINANCIAL PERFORMANCE HIGHLIGHTS

- Revenue CAGR of 19.2% for FY 19-21 led by growth in all 3 businesses
- EBITDA growth of 62.8% CAGR in FY 19-21 due to balanced contribution from both GDS and CMS business
- Shift to CMS and Speciality in overall revenue mix along with resource efficiency steps accelerated profitability

* This was after a one-time tax charge of Rs. 23.2 Cr in Q4FY20 that the Company chose to exercise under Section 115BAA of the IT act

Stable Balance Sheet..

Particulars (Rs. Cr)	Mar-19	Mar-20	Mar-21	Sep-21
Shareholders' funds	696	706	782	803
Net Debt	194	214	152	184
Investments	8	8	7	4
Tangible Assets	367	391	438	476
Intangible Assets (Excluding Goodwill)	2	2	3	3
Working Capital	233	289	309	348



Macroeconomic factors influencing Neuland

FACTORS

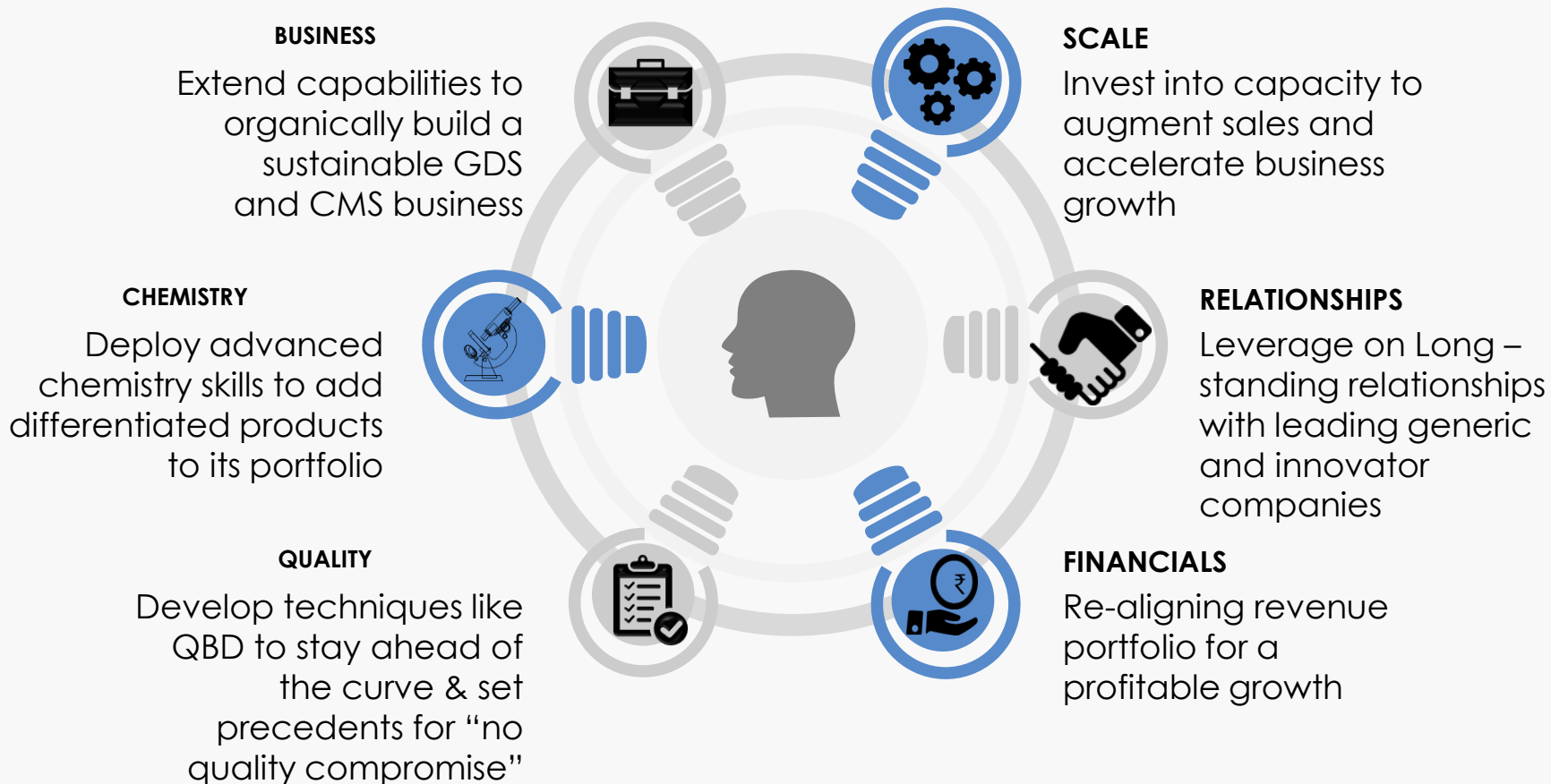
	IMPACT	NEULAND RESPONSE
Government regulation: approvals, audits	- Consistent regulatory audits - Increased scrutiny prior to drug approvals	- Successfully cleared all USFDA audits since inception - Consistent record of new drug approvals
Environmental audits	Government led impact monitoring	All environmental regulations complied
Crude oil prices	Solvent price volatility	Green chemistry investing for efficient solvent use
COVID 19 impact	- Increased logistics costs - IPA availability and pricing fluctuations - Employee and operational repercussions	- Tactical scheduling for channel mix optimization - Qualifying new IPA manufacturers with increased capacity - Added contingent personnel and pro-active monitoring for early warnings
Human Capital	Competition for talent	- Retraining via strong L & D plan - Leadership pipeline development across levels
Western Government policies on localisation	Sales reduction	- Close partnership with customers along with focus on Specialty molecules - Close monitoring of country specific government regulations



OUTLOOK

..Laying Foundation for our Growth Strategy

CREATE AN ORGANIZATION THAT RESULTS IN VALUE FOR ALL STAKEHOLDERS



Contact Us



For over 37 Years, Neuland Laboratories Ltd. (BSE:524558, NSE: NEULANDLAB) 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 (57 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