NEULAND
WHERE OPPORTUNITY BECOMES REALITY

Earnings Presentation

Q4 FY 22

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Safe Harbour

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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.

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Q4 & FY-22 HIGHLIGHTS

Management Speak

SUCHETH DAVULURI

"The past financial year was marked by a flat revenue, owing principally to weak GDS offtake from our customers. Given our focus on building execution excellence, we remain confident about the long-term prospects of all our businesses despite facing certain technical issues with some late-stage CMS projects."

SAHARSH DAVULURI

"Our performance this year was a mixed bag. While our GDS business experienced a revenue decrease due to volume drop in certain key products, our input cost structures experienced an unusual increase. Given our focus on delivering complex projects in line with clients' technical requirements, we retain our optimism that the overall business will grow in line with our stated expectations and reflect increased margins over the long term."

Key Highlights

FY22

Business Highlights

- Growth from development projects was offset by Inventory destocking and lower offtake at customers' end
- Focus on creating execution & project management excellence even as we handle multiple complex late-stage projects
- Increased headcount to account for higher business volumes in coming quarters
- Filed 5 USDMFs during the year - (Tafamidis Megulumine, Vilanterol, Elagolix, Linezolid, Aripiprazole (Sterile))

Financial Highlights

- Total income was Rs. 953.2 crore in FY22, as compared to Rs. 953.0 in crore in FY21*
- EBITDA margin decreased by 200 bps from 17.1% to **15.1%** in FY22 due to
  - Logistics issues
  - Higher manpower and other expenses arising from Unit 3 commercialization
- PAT decreased by 20.9% to Rs. 63.5 crores on account of
  - Higher depreciation led by Unit 3 commercialization

* FY21 Total Income included other income of Rs. 13.09 crores towards profit on sale of investment property

Key Highlights

Q4 FY22

Business Highlights

- In Prime segment, Mirtazapine, Labetalol & Levofloxacin performed well.
- Specialty had a decent growth quarter with revenues coming from Dorzolamide & Entacapone
- CMS revenues driven by product volumes which have recently moved to commercialization stage
- Filed DMFs for Elagolix Sodium & Linezolid

Financial Highlights

- Total income was Rs. 256.5 crore in Q4FY22, a decrease of 1.1% YoY*
- EBITDA margin decreased by 10 bps from 15.4% to **15.3%** in Q4FY22 due to
  - Increase in input prices, shipping costs and logistics issues
- PAT increased by 26.7% to Rs. 21.8 crores on account of
  - Reversal of higher deferred tax made earlier

* Q4 FY21 Total Income included other income of Rs. 13.09 crores towards profit on sale of investment property

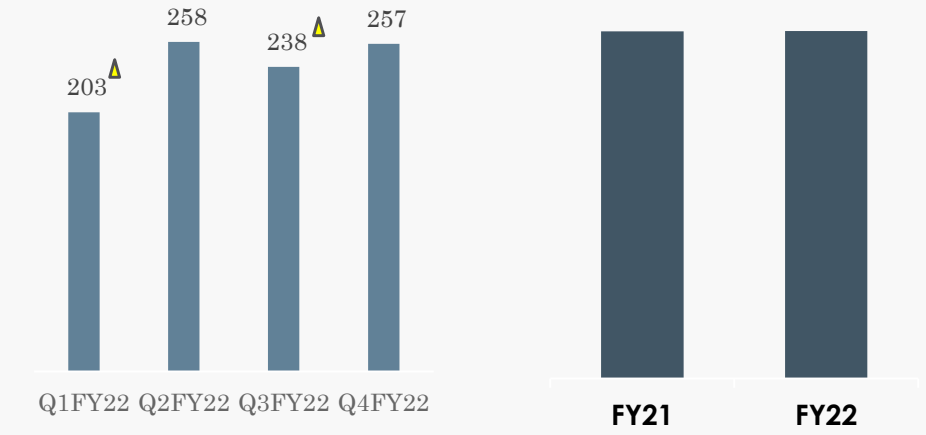
Profit & Loss Snapshot (Standalone)

Particulars (Rs. Cr)	Q4FY22	Q3FY22	QoQ (%)	Q4FY21	YoY (%)	FY22	FY21	YoY (%)
Total Income	**256.5**	238.4	*7.6%*	259.3*	(1.1) %	953.2	953.0*	0.0%
EBITDA	**39.3**	34.2	*15.1%*	40.0	(1.7)%	144.3	162.5	(11.2)%
EBITDA Margin	**15.3%**	14.3%	*100 Bps*	15.4%	*(10) Bps*	*15.1%*	17.1%	*(200) Bps*
Profit Before Tax	**24.1**	18.1	*33.3%*	24.3	*(0.8)%*	*81.7*	105.0	*(22.1)%*
Profit Before Tax Margin	**9.4%**	*7.6%*	*180 Bps*	9.4%	-	*8.6%*	11.0%	*(240) Bps*
Profit After Tax	**21.8**	12.7	*71.4%*	17.2	*26.7%*	*63.5*	80.3	*(20.9)%*
Profit After Tax Margin	**8.5%**	*5.3%*	*320 Bps*	6.6%	*190 Bps*	*6.7%*	8.4%	*(170) Bps*
Earnings Per Share (Rs.)	**17.0**	9.9	*71.4%*	13.4	*26.7%*	*49.5*	62.6	*(20.9)%*

* Q4FY21 & FY21 Total Income included other income of Rs. 13.09 crores towards profit on sale of investment property

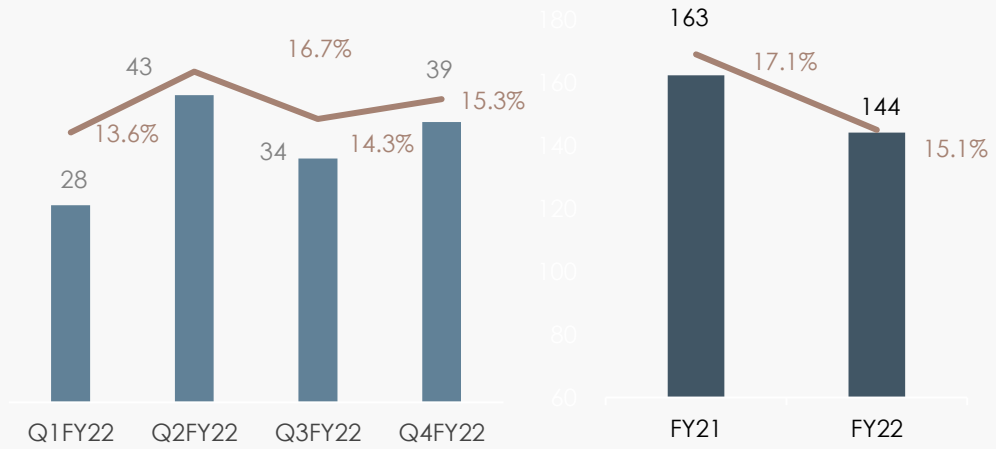
Financials (Standalone)

Revenue (Rs. Cr)

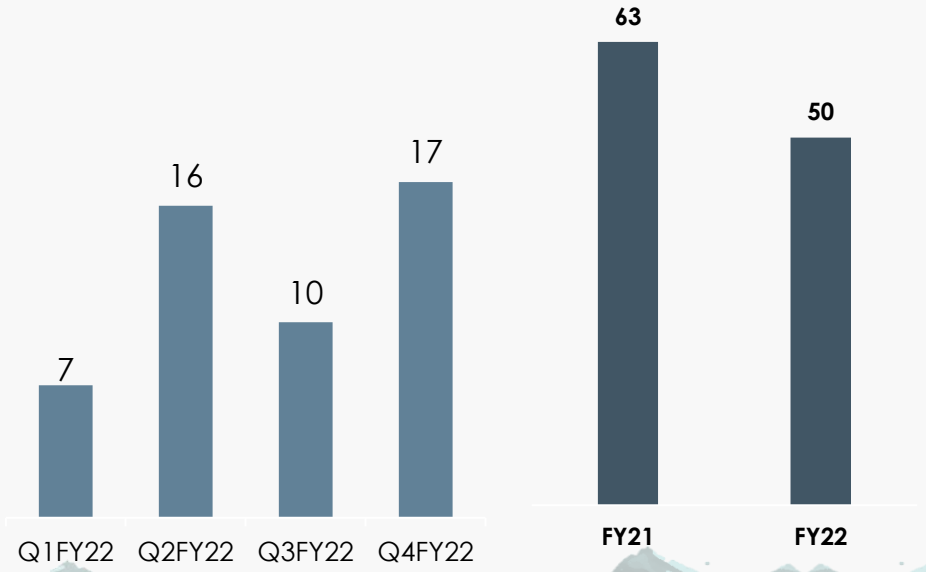


▲ Certain items classified as revenue in Q1 &Q3 have been reclassified as expenses to the tune of Rs. 2.8 Cr

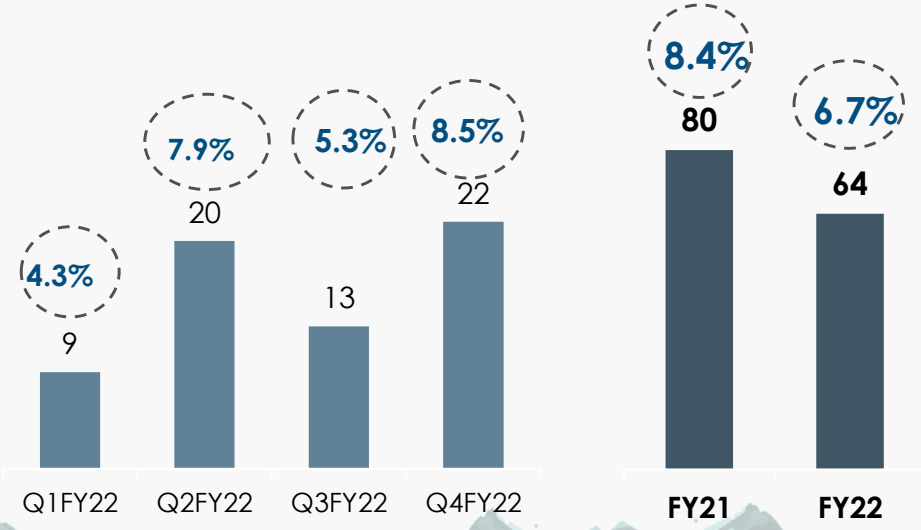
EBITDA (Rs. Cr) and EBITDA Margin (%)



EPS (Rs)



PAT (Rs. Cr)



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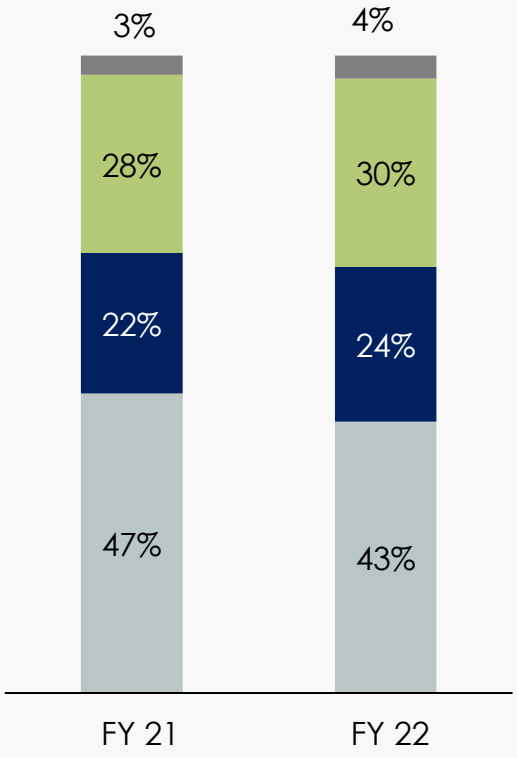
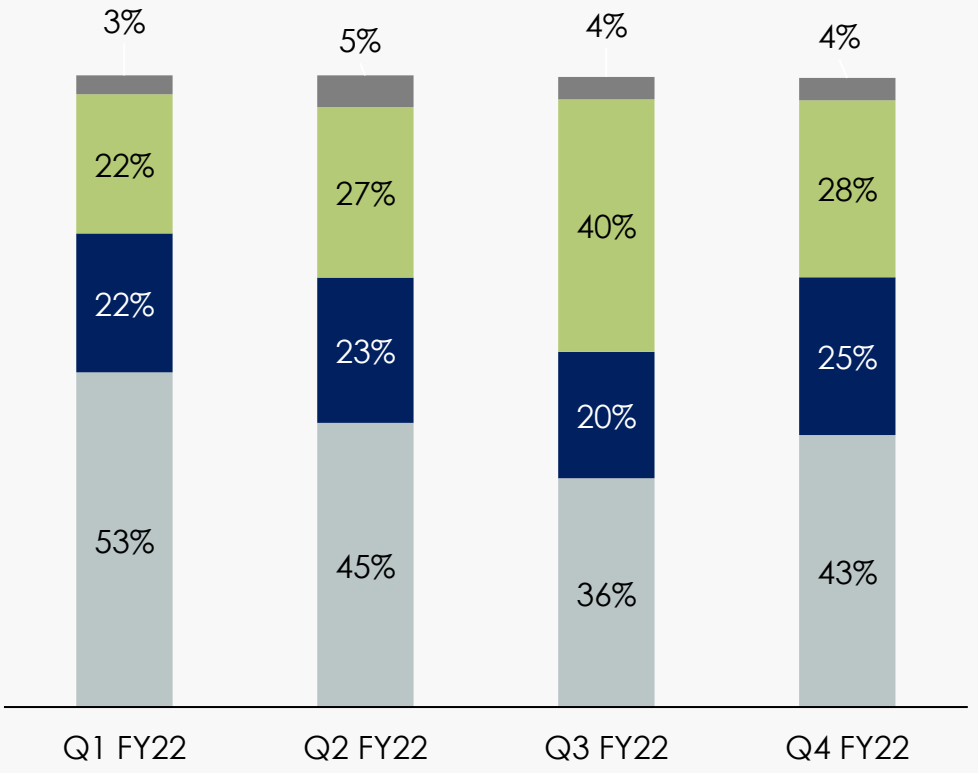
Key Operating Metrics

YoY Analysis



Quarter on Quarter Movement



Prime Speciality CMS Others

Business Salience (Overall Company)

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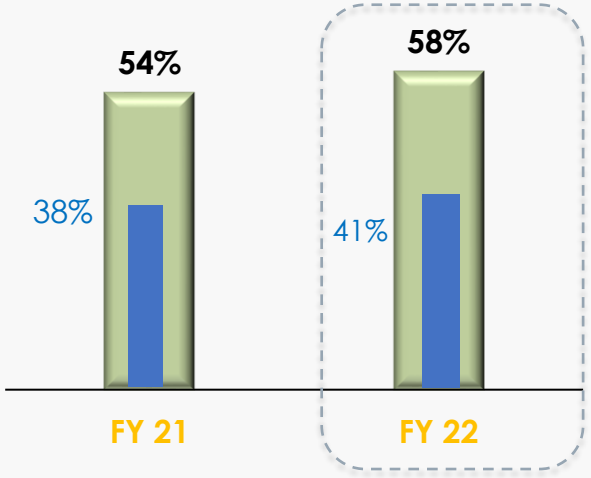
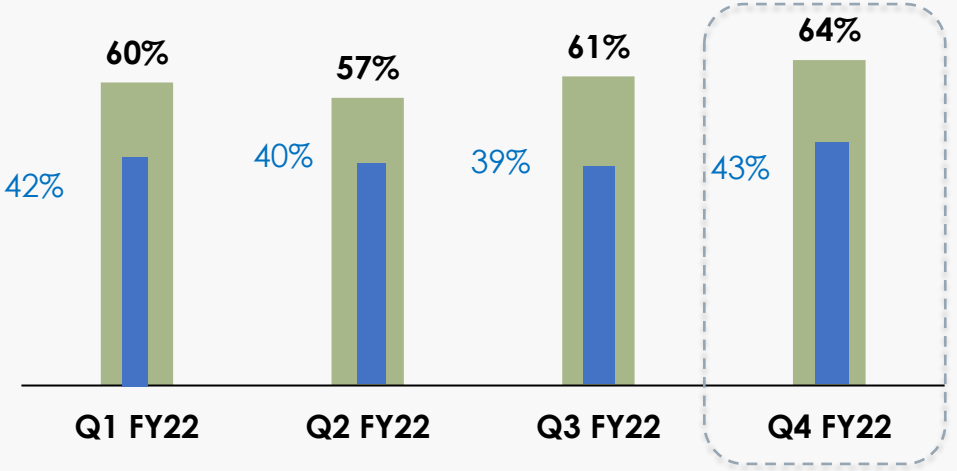
PRODUCT

YoY Analysis



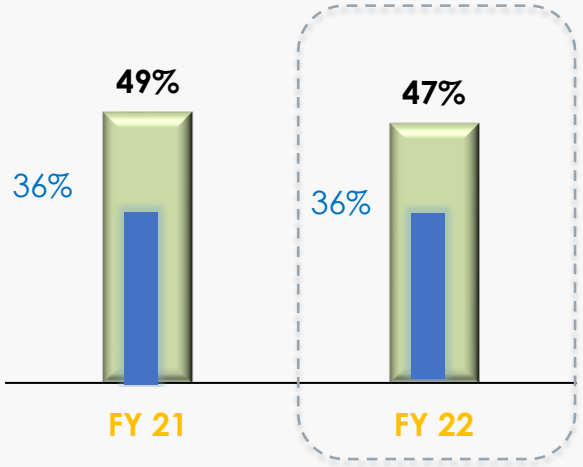
QoQ Movement



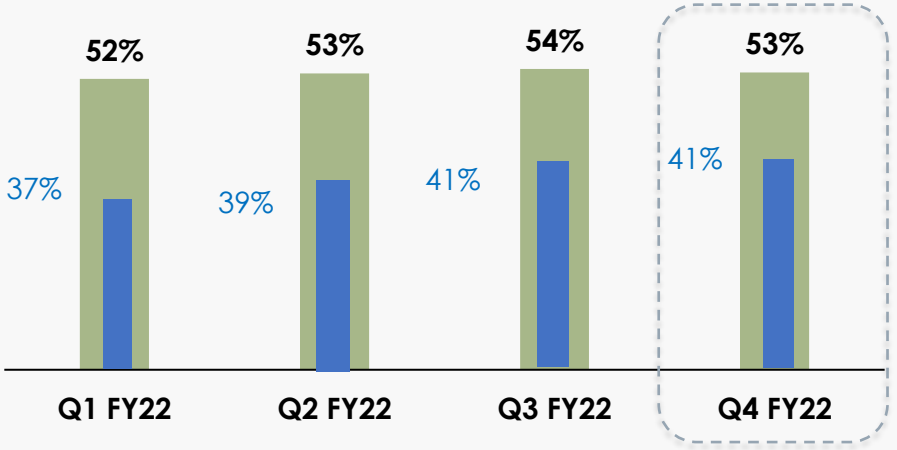
TOP 10
TOP 5
% of Total revenue

CUSTOMER

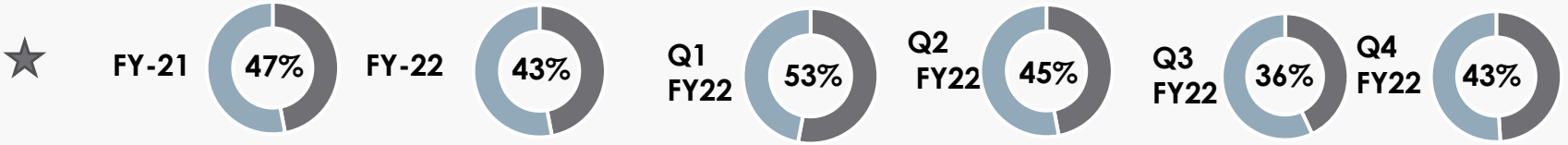
YoY Analysis



QoQ Movement

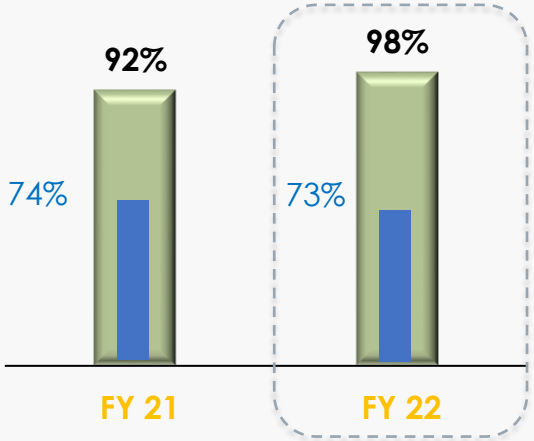


Business Salience (Prime)

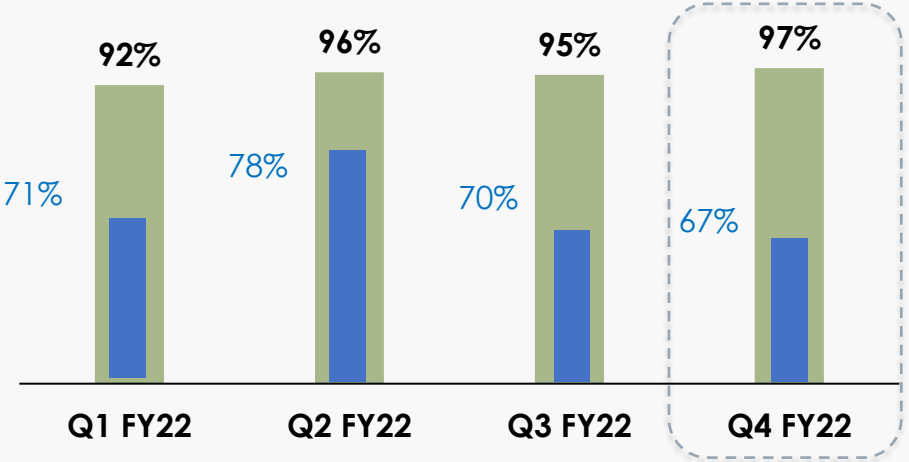


PRODUCT

YoY Analysis



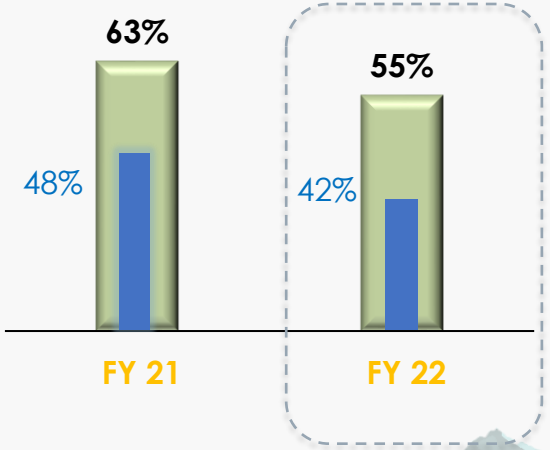
QoQ Movement



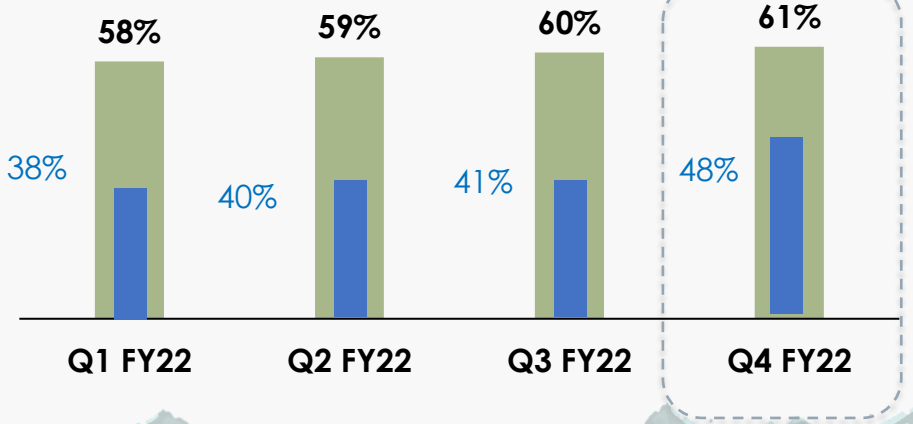
TOP 10
TOP 5
(of Prime revenue)

CUSTOMER

YoY Analysis

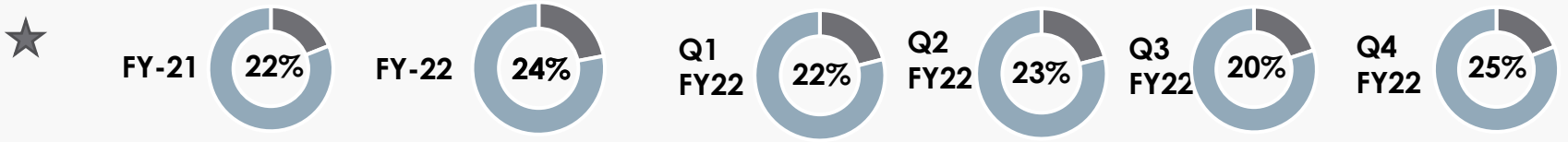


QoQ Movement



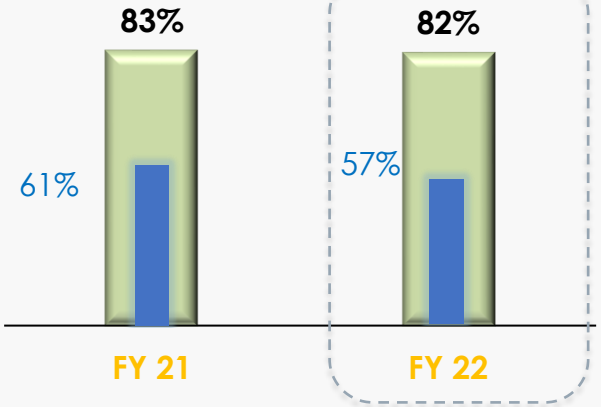
★ % represents Niche / Speciality % from Overall revenue for respective Quarter / YTD

Business Salience (Specialty)

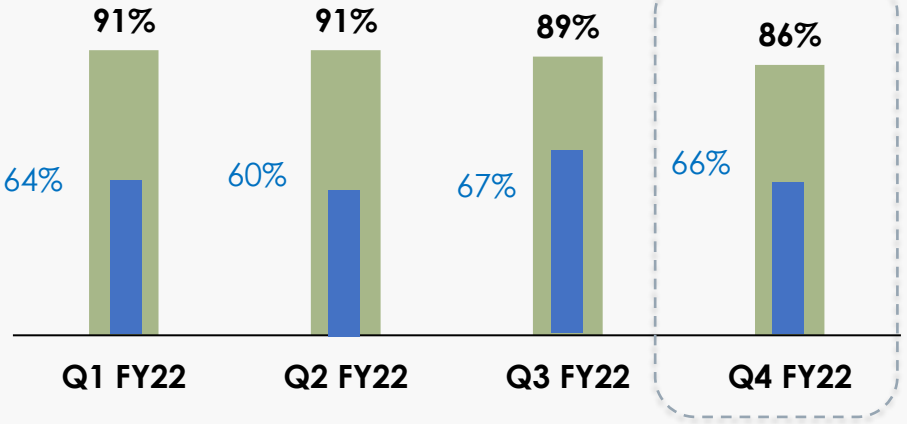


PRODUCT

YoY Analysis



QoQ Movement



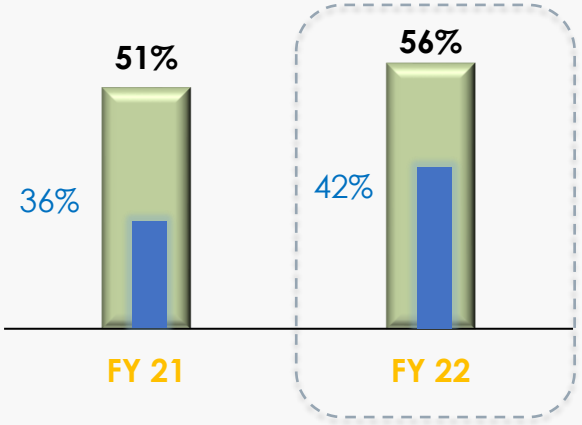
TOP 10

TOP 5

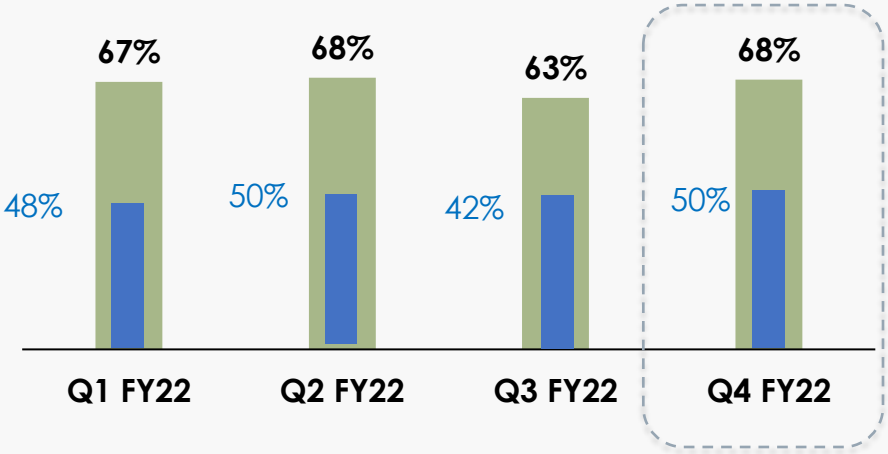
(of Specialty Revenue)

CUSTOMER

YoY Analysis



QoQ Movement



★ % represents Niche / Speciality % from Overall revenue for respective Quarter / YTD

Business Salience (CMS)

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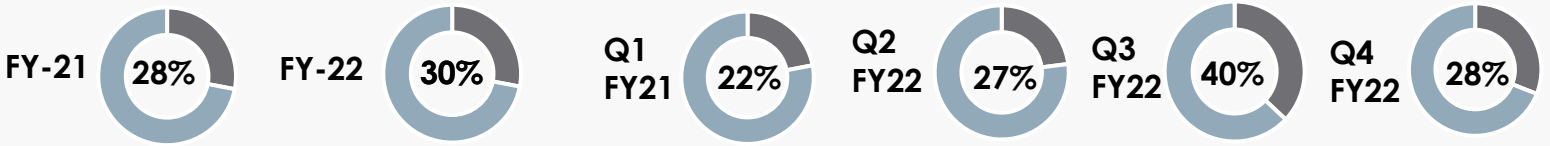
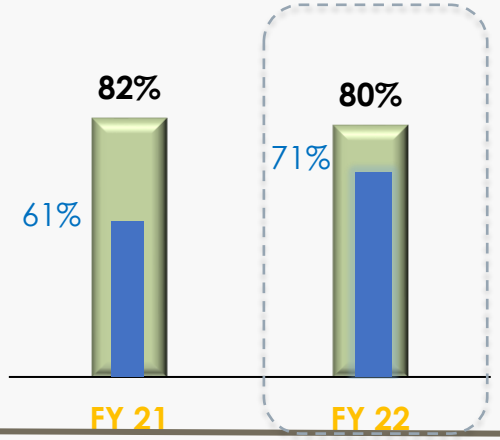
★

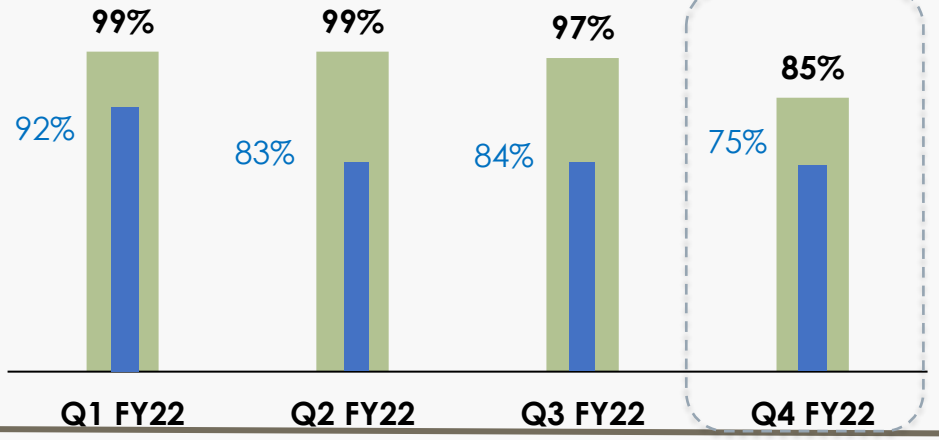


PRODUCT

YoY Analysis



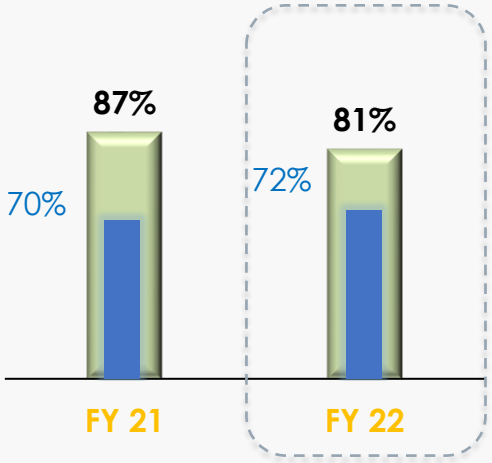
QoQ Movement



TOP 10
TOP 5
(of CMS revenue)

CUSTOMER

YoY Analysis



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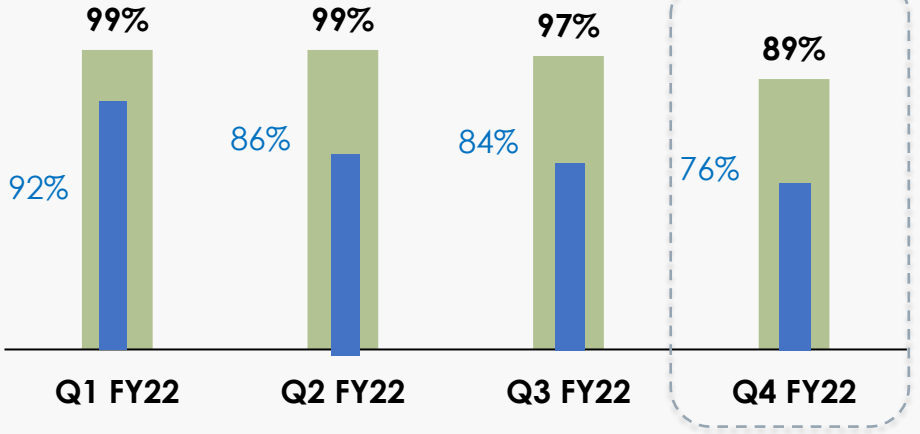


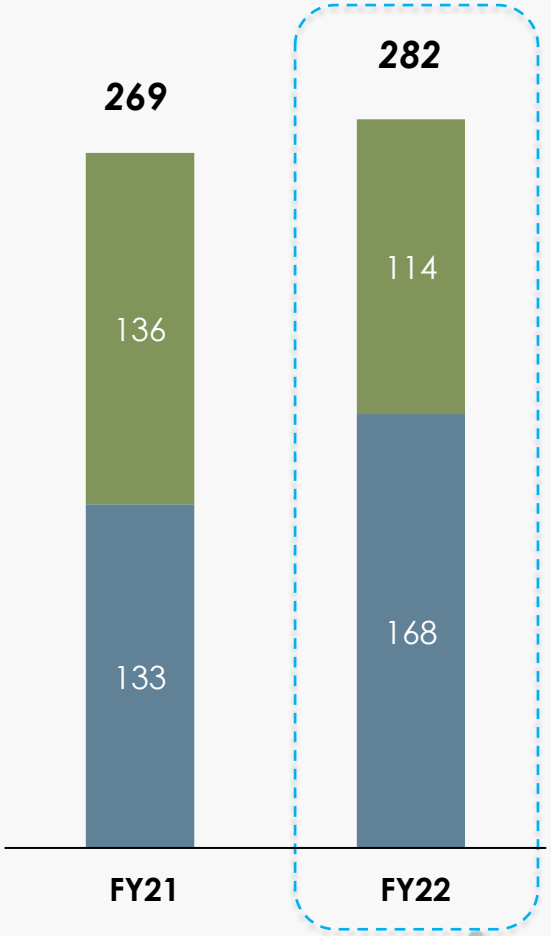
★ % represents CMS % from Overall revenue for respective Quarter / YTD

Key Operating Metrics – CMS Revenue Split

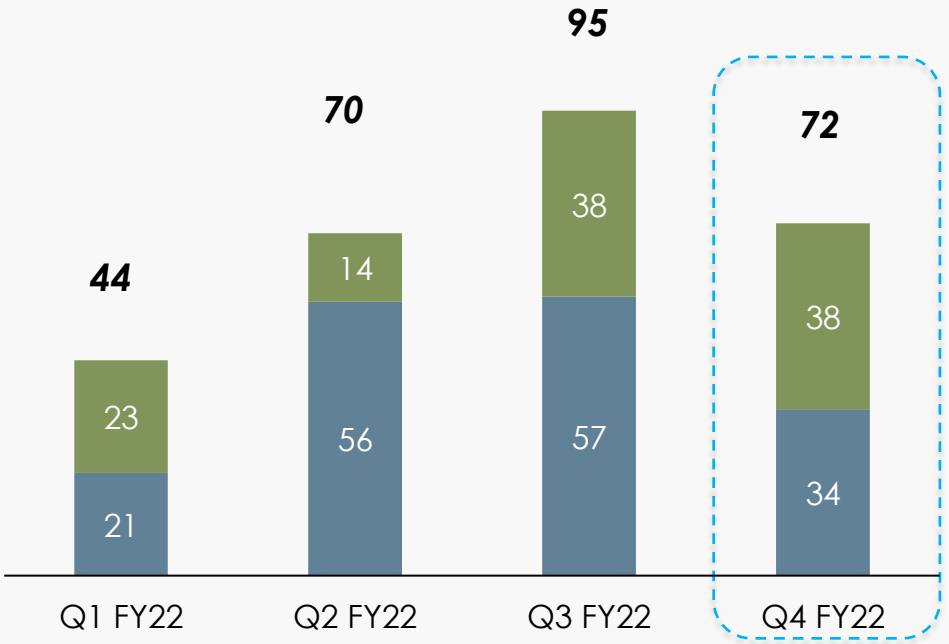
Rs. In Cr

Commercial Development

YoY Analysis



Quarter on Quarter Movement



Number of Active CMS Projects

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Q4 FY22	Pre-Clinical	P-1	P-2	P-3	Development	Commercial	Grand Total
API	14	3	7	7	8	8	47
Intermediate	7	5	2	0	8	12	34
Grand Total	21	8	9	7	16	20	81

Q4 FY21	Pre-Clinical	P-1	P-2	P-3	Development	Commercial	Grand Total
API	15	3	7	3	12	6	46
Intermediate	7	4	2	0	8	11	32
Grand Total	22	7	9	3	20	17	78

Q4 FY20	Pre-Clinical	P-1	P-2	P-3	Development	Commercial	Grand Total
API	12	4	5	5	9	6	41
Intermediate	7	4	2	5	8	9	35
Grand Total	19	8	7	10	17	15	76

Q4 FY19	Pre-Clinical	P-1	P-2	P-3	Development	Commercial	Grand Total
API	10	4	2	4	5	5	30
Intermediate	0	2	0	6	8	10	26
Grand Total	10	6	2	10	13	15	56

BUSINESS OVERVIEW

Our Journey – Key Milestones

Successfully cleared 15 USFDA inspections.

Multiple audits passed with no major observations

Laying Strong Foundation 1984 - 2003 → **Deepening Our Capabilities** 2004 - 2012 → **Increased Sustainable Growth** 2013 - Today

1984	**1986**	**1994**	**1997**	**2004**	**2007**	**2008**	**2009**
Incorporated	First API sale of Salbutamol Sulphate / Albuterol Sulphate	Neuland goes public	First US FDA Audit	USA Operation	Japan Subsidiary	R&D Centre established; EDQM Audit of Unit-1	PMDA, Japan Approval First NCE Approval
2013	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**
Strategic alignment of business towards niche API's & Custom Manufacturing Solutions	10th US FDA Audit	R&D Facility approved by US FDA	Among first 3 API facilities in India to be audited by CFDA (Unit-1) EDQM Audit of Unit-2	Acquisition of advanced intermediates & API Facility	Increased flow of projects from CMS Japan Active emphasis on supply chain de-risking	100 Mn+ Revenue over 75 Live CMS Projects 15th US FDA Audit of Unit-2	Unit – 3 Commercialization 271 KL Reaction volume

Generic Drug Substance (GDS)

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We started as a Prime API manufacturer…

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

..Added Speciality molecules for complex products..

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..

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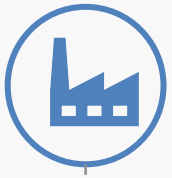


Services

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

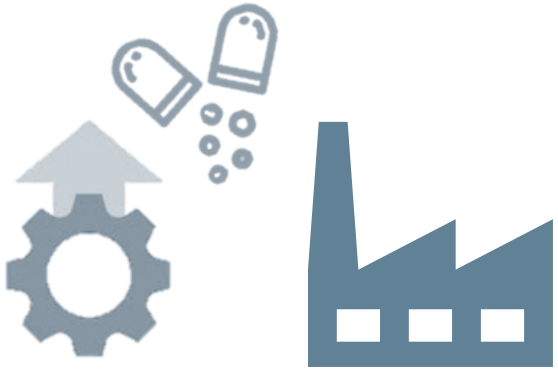
Business Approach

- ✓ Local presence in US, Europe 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

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	UNIT-1 233 KL Bonthapally, Hyderabad	UNIT-2 363 KL Pashamylaram, Hyderabad	UNIT-3 305 KL Gaddapotharam, Hyderabad
Year of Establishment	1986	1994	2017*
Blocks	Block - 1, 2, 3, 4, H, KL & S	34 Block-1, 2, 3, FC, NMSM, Mini plant6	Block - 1, 2, 4, 5
Hydrogenation Reaction Volume	7.4KL	6KL	Facility creation under process
Solvent Recovery System	100KLD	20KLD	50KLD
Cryogenic Reaction Volume	25KL	15KL	15KL
Regulatory	USFDA, EDQM, CFDA, PMDA, et. al	USFDA, EDQM, PMDA, ANVISA et. al	Desktop Inspection by USFDA in 2020; ANVISA (Brazil) 2022

Adding capacities for new CMS projects and growth of key GDS molecules

Backed up by sound R&D capabilities

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

New capabilities built

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Research Capabilities

FBRM

Particle size check for polymorph achievement

PEPTIDE LAB

9800 sq. ft. new lab with additional 7 hoods for 25 chemists

POLY BLOCK REACTORS

For solubility/ crystallisation study, carrying out multiple reactions

LABORATORY REACTORS

Enhanced ability to perform reactions in a wide range of -90-200 degrees

HAZARDOUS & WET LABORATORY

Dedicated area for hazardous chemical management and wet lab expansion

PID LABORATORY, UNIT-III

To address product quality issues, impurities synthesis, cost reduction.

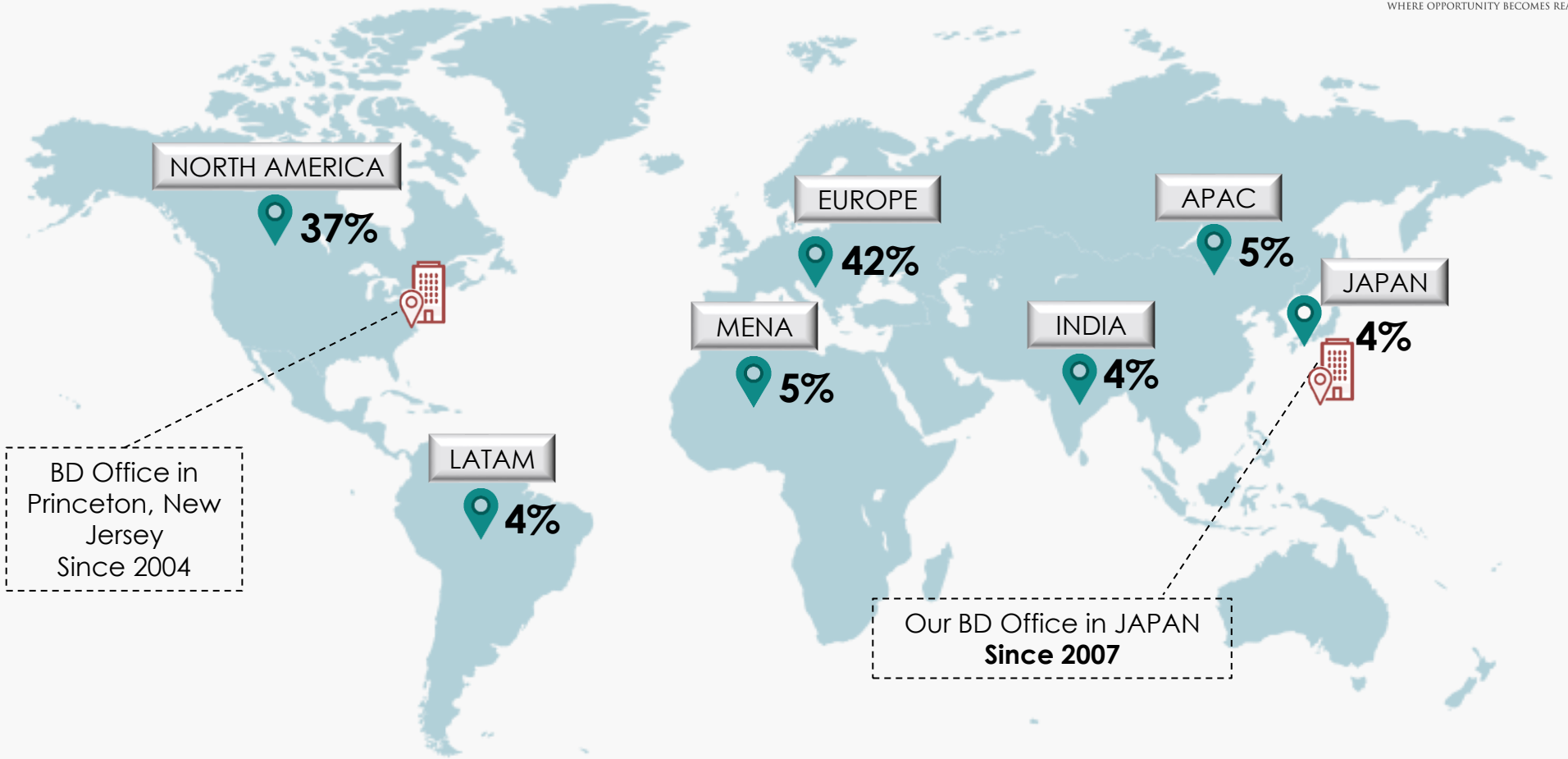
PID LABORATORY, B-S, UNIT-I

Expansion with 3 fume hoods along with space for 2 more laboratories.

HEATING & COOLING SYSTEMS

For DOE studies and projects

Global Presence



% Refers to FY22 Sales by End market

Regulatory Filings Across Geographies

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62
DMFs with USFDA

Health Canada
30
Filings with Health Canada

pmda
10
Japanese DMF filed

NMPA 国家药品监督管理局 National Medical Products Administration
20
China DMF filed

FDA Korea Food & Drug Administration 식품의약품안전청
19
filings with KFDA Korea

Australian Government Department of Health Therapeutic Goods Administration
22
filings with TGA

231
ROW filings including Turkey, Mexico, Brazil etc

~495
EUDMF filings across Germany, France, Poland, Italy etc

edqm
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

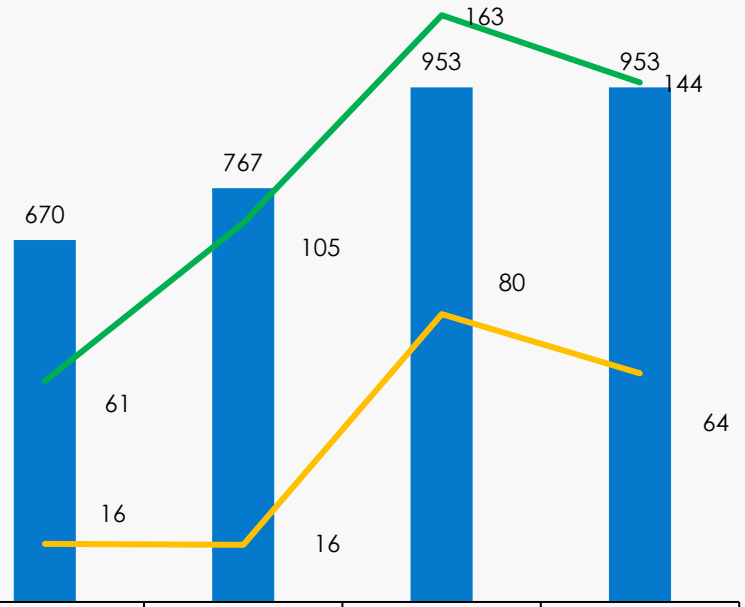
916+
Filings till date

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

FINANCIALS

Continuous Growth…

Rs. In Cr



	FY19	FY20	FY21	FY22
Revenue	670	767	953**	953
EBITDA	61	105	163	144
Net Profit	16	16 *	80	64

FINANCIAL PERFORMANCE HIGHLIGHTS

- Revenue CAGR of 12.5% for FY 19-22 led by growth in all 3 businesses
- EBITDA growth of 33.0% CAGR in FY 19-22 due to balanced contribution from both GDS and CMS business
- Shift to CMS and Specialty in overall revenue mix along with resource efficiency steps accelerated profitability

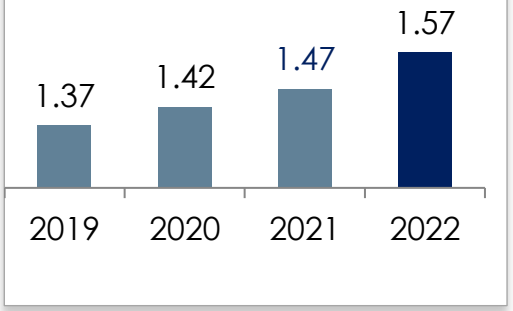
** FY21 included other income of Rs. 13.09 crores towards profit on sale of investment property

* 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

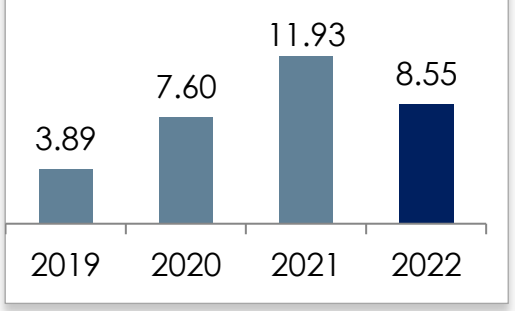
Stable Balance Sheet..

Particulars (Rs. Cr)	Mar-19	Mar-20	Mar-21	Mar-22
Shareholders ' funds	696	706	782	836
Net Debt	194	214	152	212
Investments	8	8	7	4
Tangible Assets	365	391	438	497
Intangible Assets (Excluding Goodwill)	2	2	3	2
Working Capital	233	289	309	382

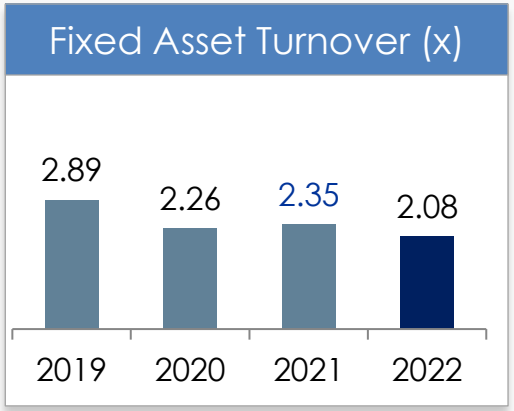
Current Ratio (x)



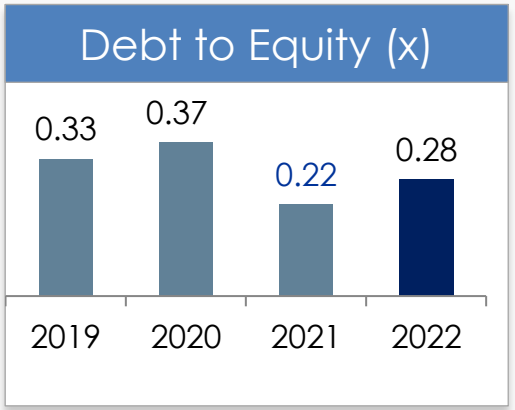
ROCE (%)



Fixed Asset Turnover (x)



Debt to Equity (x)



OUTLOOK

..Laying Foundation for our Growth Strategy

NEULAND
WHERE OPPORTUNITY BECOMES REALITY

CREATE AN ORGANIZATION THAT RESULTS IN VALUE FOR ALL STAKEHOLDERS

BUSINESS

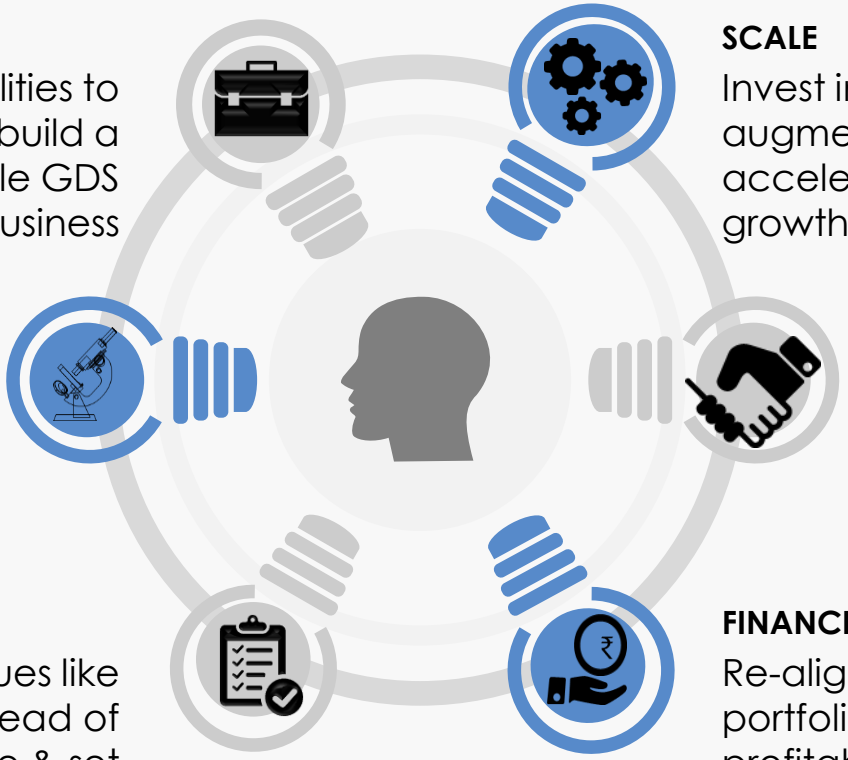
Extend capabilities to organically build a sustainable GDS and CMS business

CHEMISTRY

Deploy advanced chemistry skills to add differentiated products to its portfolio

QUALITY

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



SCALE

Invest into capacity to augment sales and accelerate business growth

RELATIONSHIPS

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

FINANCIALS

Re-aligning revenue portfolio for a profitable growth

Contact Us

NEULAND
WHERE OPPORTUNITY BECOMES REALITY

For over 38 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 900+ Regulatory filings in the US (62 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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NEULAND

WHERE OPPORTUNITY BECOMES REALITY

Thank You

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