

A decorative header section consisting of a solid orange square on the left, a solid dark blue rectangle to its right, and a solid lime green square below the orange one. To the right of the green square is a large light gray rectangle containing the company name and tagline.

# NEULAND

WHERE OPPORTUNITY BECOMES REALITY

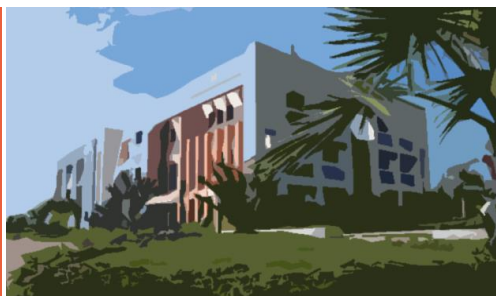
Investor Presentation | May 2015

BSE CODE : 524558 | NSE SYMBOL : NEULANLAB | BLOOMBERG: NLL:IN | REUTERS: NEULNS



# Safe Harbour

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.



## Company Information

# Company Overview



30+

Years of  
excellence



75+

Products  
developed



78

Mn USD  
Revenue for FY  
15



80+

Countries of  
business



400+

Regulatory  
Filings

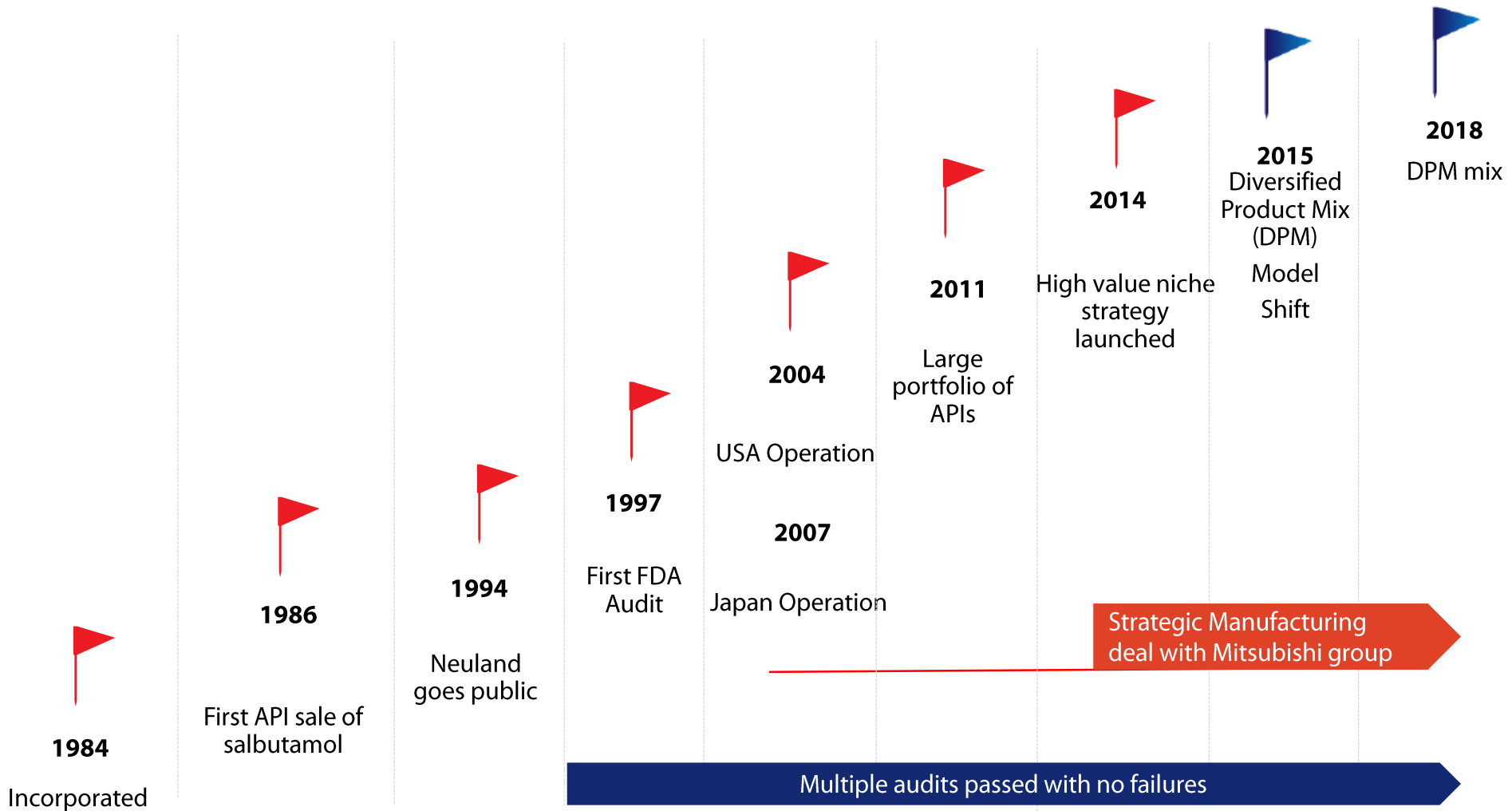


1500+

Experienced  
professionals  
including  
scientists

- Headquartered in Hyderabad, India with two overseas office in USA and Japan
- Two Business verticals : APIs and Custom Manufacturing Solutions(CMS)
- Two manufacturing facilities with collective capacity of 525 KL
- One ~3400sqm Research and development center with 180+ scientists and 60 hoods, as part of Neuland Pharma Research Pvt. Limited, an affiliate of NLL
- Presence in 10 diverse therapeutic categories including cardiovascular ,central nervous systems , anti-infectives, anti-asthmatics , anti-fungal , anti-ulcerants and anti-spasmodic
- Over 75% revenues by exports and regulated markets contributing bulk of it

# The Journey



# Board and Key Management



**Dr. D. R. Rao**  
**Chairman and Managing  
Director & Promoter**

M.Sc. from Andhra University, Post Graduate Diploma in Technology – IIT Kharagpur  
Ph.D. in Organic Chemistry -University of Notre Dame, U.S.A.  
Has held senior positions in R & D, production and quality assurance at Glaxo India  
Member of Royal Society of Chemistry

Mechanical Engineer  
MBA in Corporate Finance - University of Notre Dame, U.S.A.  
Earlier Production Group Leader in Cummins Inc. U.S.A.

**D Sucheth Rao**  
**Executive Director &  
Chief Executive Officer**



**D Saharsh Rao**  
**Director & President –  
Contract Research**

Engineering Graduate  
Masters in MIS - Weatherhead School of Management, Cleveland, OHR  
MBA - University of North Carolina, U.S.A.

Previous experience:  
Managing Director and Executive Vice-Chairman at Glaxo India  
Ex-President of Organization of Pharmaceutical Production of India

**Humayun Dhanrajgir**  
**Non-Executive Director**



# Board and Key Management



**Dr. Christopher M.  
Cimarusti**  
Non-executive Director

Ph.D. in Organic Chemistry - Purdue University, U.S.A.  
Post Doctoral Research - Columbia University, U.S.A.  
Former Sr. Vice President, Pharmaceutical Development - Bristol-Myers Squibb

Professor of International Management, Fuqua School of Business, Duke University, Durham, NC, USA. On the editorial board of several management journals.

**Dr. Will Mitchel**  
Non-Executive Director



**P V Maiya**  
Non-Executive Director

Previous experience:  
Helped set up ICICI Bank and retired as its CMD  
Managing Director at Central Depository Services (India) Limited

Previous experience:  
Nominee Director of SBICAP ventures, SBICAP securities, SBI Global factors, SBI Capital market and Suzlon energy. Director on the board of Vijaya Bank.

**Ms. Bharati Rao**  
Independent Director



**Nirmala Murthy**  
Independent Director

Masters degree in statistics from Bombay University and a doctorate from the Harvard School of Public Health, Boston, USA  
Also the Honorary president of the Foundation for Research in Health System, a non-government research organization

# Manufacturing Strength

## Bonthapally, Hyderabad



## Pashamylaram, Hyderabad



## R&D Facility, Hyderabad



<b>Establishment</b>	<ul style="list-style-type: none"> <li>Started operations in 1986</li> </ul>		<ul style="list-style-type: none"> <li>Started operations in 1994</li> </ul>	<ul style="list-style-type: none"> <li>Started operations in 2008</li> </ul>
<b>Size and capacity</b>	<ul style="list-style-type: none"> <li>Built up area of 45,325 sq mtr.</li> <li>Plant capacity : 181,490 KL</li> </ul>		<ul style="list-style-type: none"> <li>Built up area of 36,800 sq mtr.</li> <li>Plant capacity : 310,200 liters</li> </ul>	<ul style="list-style-type: none"> <li>Built up area of 3382.5 sq mtr.</li> </ul>
<b>Key Products/Activities</b>	<ul style="list-style-type: none"> <li>Ramipril</li> <li>Mirtazapine</li> <li>Enalapril maleate</li> <li>Sotalol Hcl</li> <li>Levetiracetam</li> <li>Levofloxacin</li> <li>Olanzapine</li> <li>Salmeterol</li> <li>Salbutamol</li> <li>NCE APIs</li> <li>Peptide APIs</li> <li>Vitamin D2 analogues</li> </ul>		<ul style="list-style-type: none"> <li>Ciprofloxacin Hcl</li> <li>Ranitidine</li> <li>Entacapone</li> <li>Prostaglandins</li> <li>NCE APIs</li> <li>Intermediates &amp; RSMs</li> </ul>	<ul style="list-style-type: none"> <li>Process Investigation</li> <li>New Products Development</li> <li>Peptides</li> <li>Contract Research and Manufacturing Services</li> </ul>
<b>Other Operational Details</b>	<ul style="list-style-type: none"> <li>Employee strength: 399</li> <li>US FDA, EDQM &amp; PMDA approved plant</li> </ul>		<ul style="list-style-type: none"> <li>Employee strength: 345</li> <li>US FDA, EDQM &amp; PMDA approved plant</li> </ul>	<ul style="list-style-type: none"> <li>Employee strength: 170</li> <li>Fume Hoods: 60</li> </ul>



# Business Mix

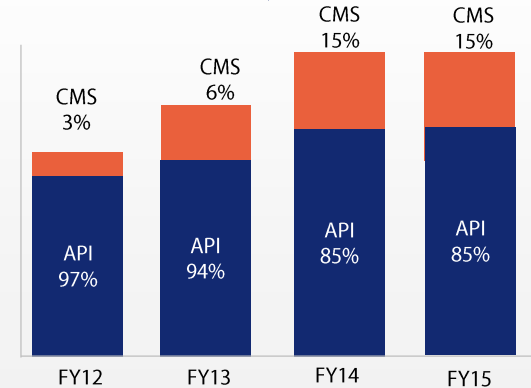
## Active Pharmaceutical Ingredients(APIs)

- API Heritage of 30 years
- 2 US FDA and EU GMP compliant manufacturing facilities
- Collective capacity with 525 KL
- Flexible 100g to hundreds ton capacity
- Non competitive advantage (do not compete in finished formulation)
- World wide customer base 80+ countries
- Project management systems underpin CRM
- EHS Record
- 75 APIs across 10 diverse areas

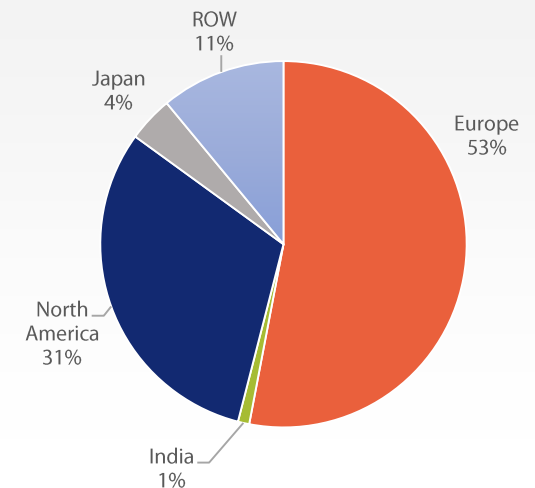
## Custom Manufacturing Solutions(CMS)

- Access technology platform to optimized processes to streamline product pipeline
- Experienced technology transfer from process research to commercial-scale
- Peptide manufacturing facility
- Expertise in manufacturing deuterium exchanged APIs
- Generic drug production capabilities
- Vitamin D2 analogues
- Analytical development and Regulatory/QA support

Revenue by Verticals



% Revenue by Territory\*



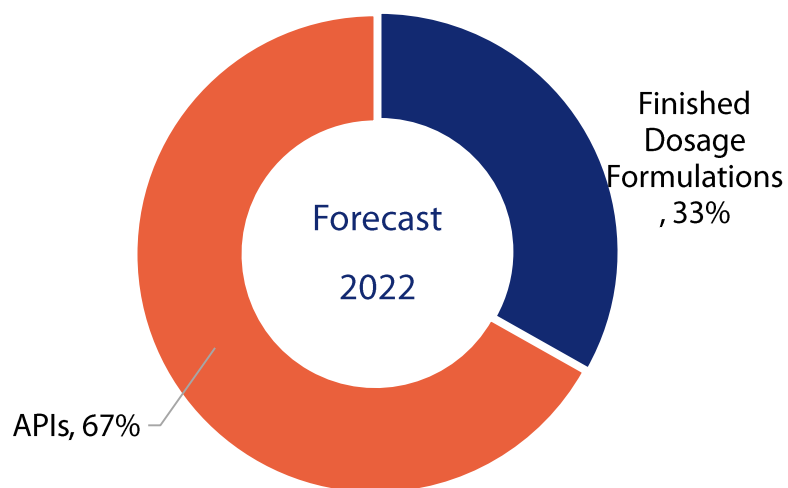
\*-Rounded off, based on end market reach

# Regulatory Filings and IPR

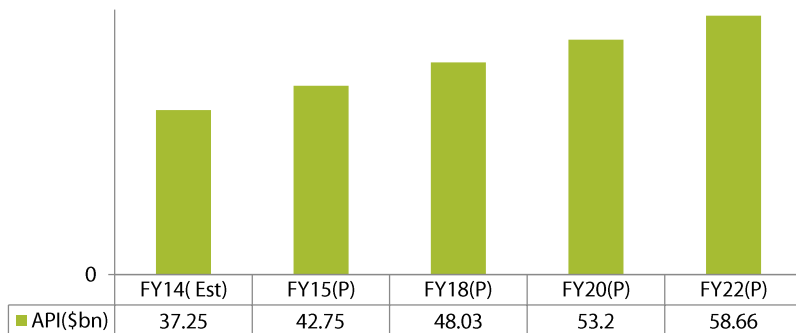
Regulatory Agency	No. of DMFs registered
USFDA	48
Canada	23
EU	378
EDQM (COS)	19
Japan	5
Korea	9
Others (ROW)	84
Total	566

# Industry structure and key drivers

## API Industry's Share in Global Contract Manufacturing Industry



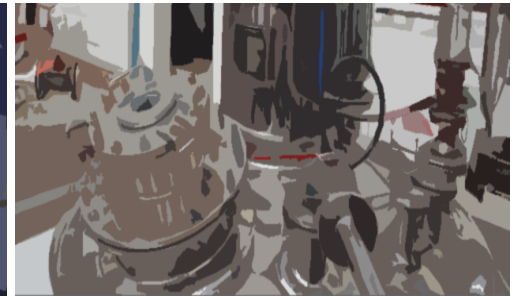
## Market Projections through 2022- Global API Industry



## Key Drivers

- Increased demand for biopharmaceutical manufacturing services
- Complex and potent drug development will lead to higher demand of High Potency Active Pharmaceutical Ingredients which command a higher price
- Reformulation of drugs nearing patent expiry and for companies looking to differentiate commoditised products
- The pharmaceutical industry is keen to cut spending in many areas, including drug production
- Pharmaceutical companies will look to take advantage of low cost manufacturing opportunities available in India

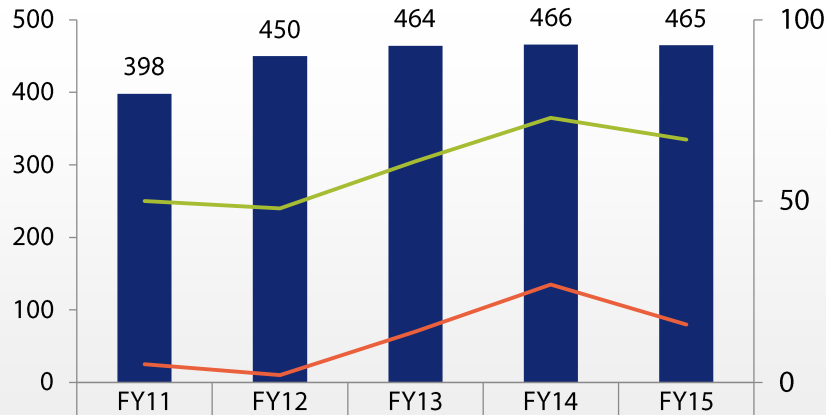
Data Source: Vision Gain.com



## Key Financial Indicators

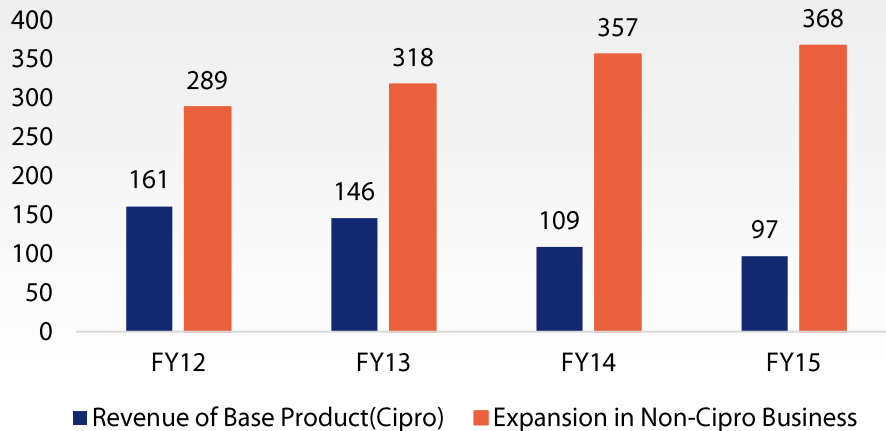
# Financials

Financial Performance

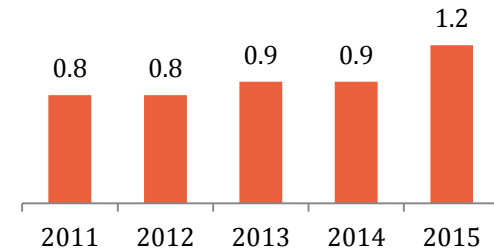


Sales	398	450	464	466	465
EBITDA	50	48	61	73	67
Net Profit	5	2	14	27	16

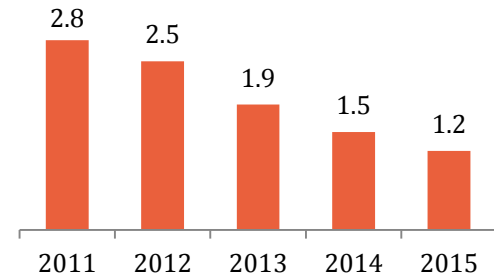
Revenue Growth



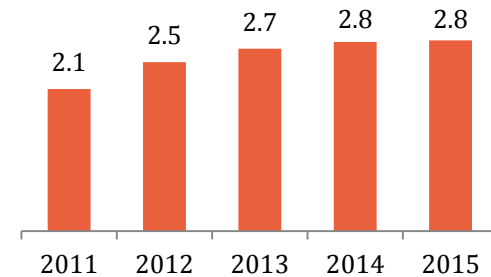
Current Ratio(x)



Debt to Equity(x)



Fixed Asset Turnover(x)



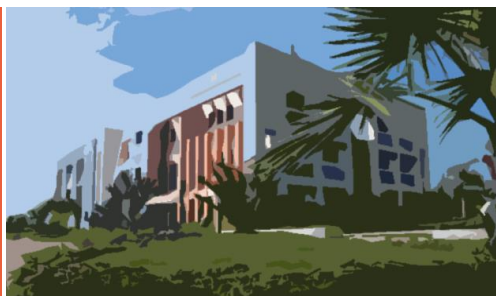
# Highlights- FY15

Figures in INR Cr

Q4 Update	<ul style="list-style-type: none"> <li>Successfully scaled up four new products in the antipsychotic and anticoagulant segment</li> <li>Received first set of revenues from Japanese deal with APIC</li> <li>USPTO granted a patent for improved process synthesis of Paliperidone Palmitate</li> <li>Received the 2015 CMO Leadership Award from Life Science Leader magazine in the quality category.</li> </ul>
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Highlights FY15	<ul style="list-style-type: none"> <li>Opened a new manufacturing facility constructed as part of collaboration with Tokyo-based API Corporation (APIC), a healthcare unit of Mitsubishi Chemical Holdings Group</li> <li>Successfully completed USFDA, ANVISA and KFDA (South Korea) audit at Unit I and COFEPRIS(Mexico) audit at Unit I &amp; II</li> <li>Unit I &amp; II successfully achieved ISO 9001:2008 and ISO 27001:2005</li> <li>Added 46 new customers across all regions</li> <li>Rights Issue oversubscribed by 1.42 times</li> </ul>
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	Q4 FY15	Q3 FY15
Sales	121	108
EBITDA	21	13
PAT	6	2
EPS	6.4	2.2
Margins		
EBITDA	15%	12%
PAT	4%	2%
Quarter on Quarter % change		
Sales	23%	
EBITDA	46%	
PAT	195%	
EPS	190%	

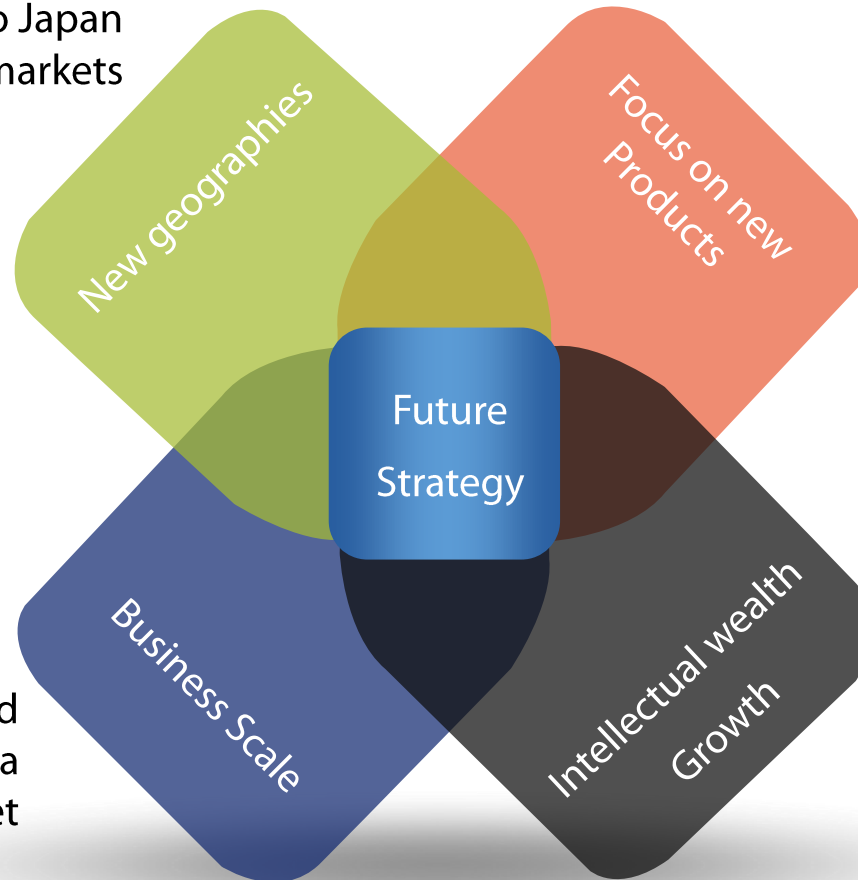


## Future Growth Strategy

# Business Strategy

Exports higher volumes to Japan  
and other regulated markets

Add new therapies  
and products having  
high margins



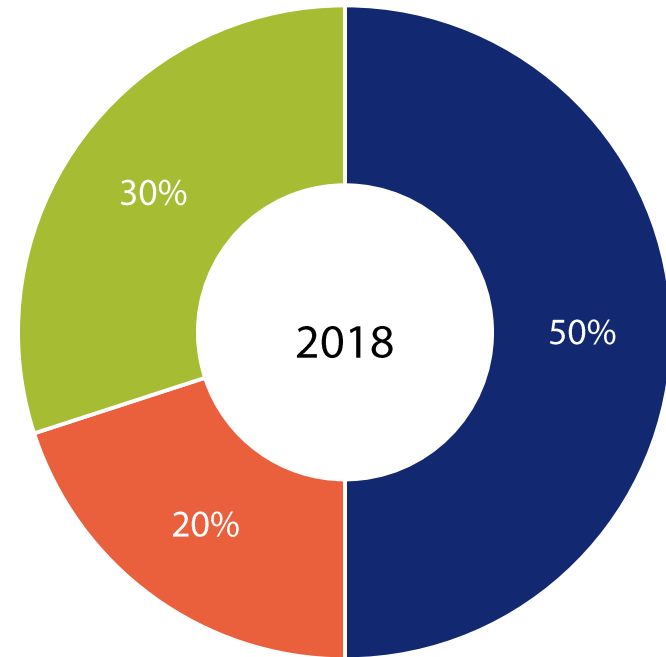
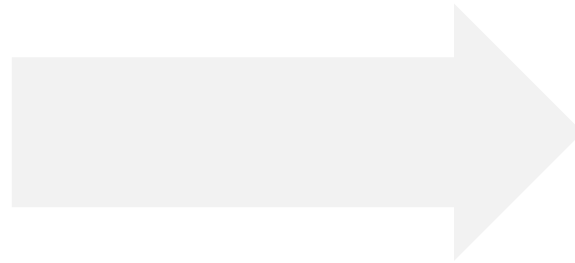
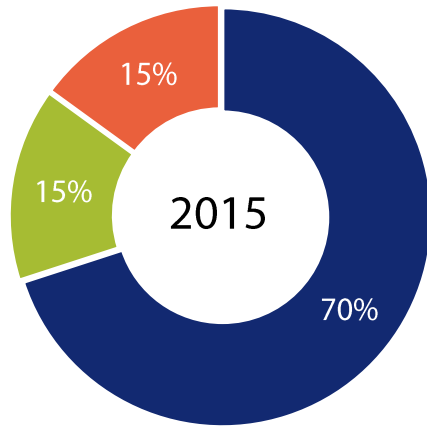
Add more capacity and  
consolidate existing with a  
profitable product basket

File DMFs, Patents and  
grow intangibly.

Create an organization that results in value for all stakeholders.



# Focus on new products



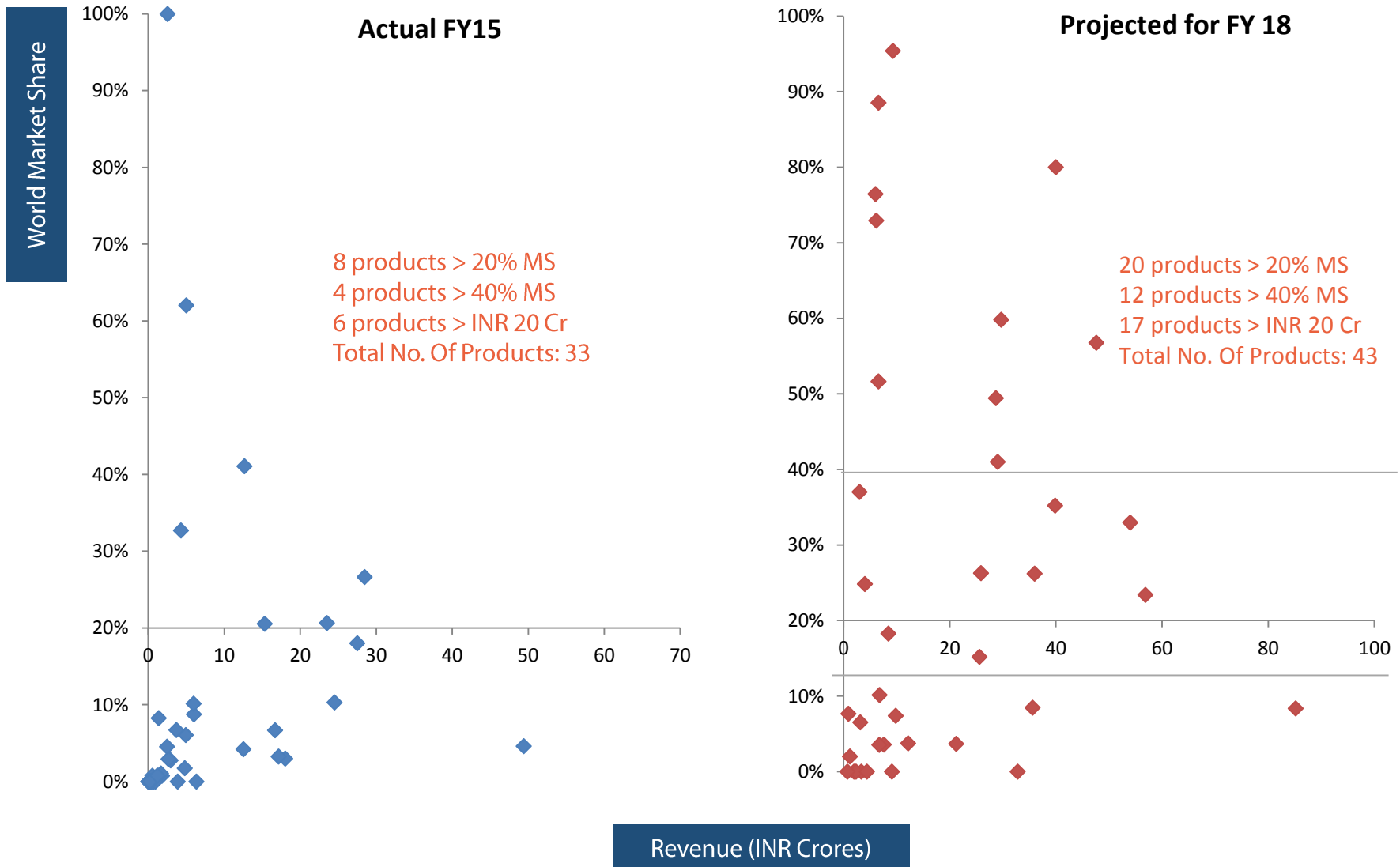
Faster Growth with  
high volume APIs

Higher margins  
with complex  
molecules APIs

Increased  
Penetration in the  
CMS space

Bring sustainability for future

# Future Product and market share mix



# Growth in CMS

## Develop

- 11 development labs
- 55 fume hoods
- mg to gm scale
- Analytical R&D



## Scale up

- 2 kilo labs
- cGMP pilot plant with two production areas
- 0.5-50 kg batch size



## Manufacture

- 2 manufacturing sites
- 11 diverse production blocks
- Kg to ton scale



Scale the revenue growth in CMS from 15% to 30%

# Investment Rationale

## Horizontal Growth

- Continued expansion as preferred API source world wide
- Enhance manufacturing capacity to sustain high growth in APIs and CMS
- Increased number of new products with focus on market share on existing products through process improvement and capacity utilization

## Expansion of Geography

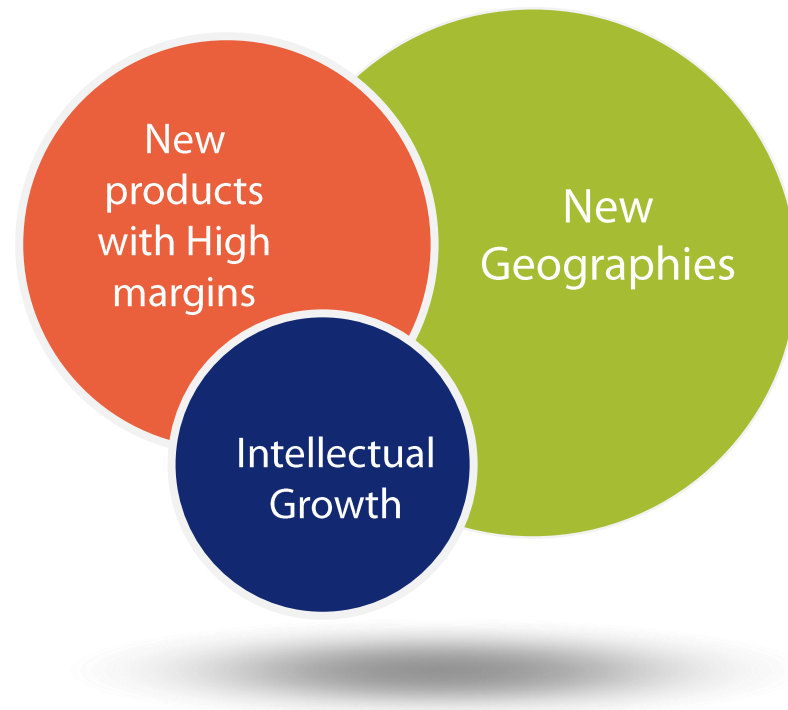
- Build on platform created in high margin regulated markets such as Japan
- Focus on expanding the product basket and entering newer markets to have a dominant position by FY 18

## Revenue Mix

- Focus on high margin, niche and complex APIs belonging to therapies such as anti-psychotic, anti- asthmatic etc.
- Increase contribution of margin accretive Custom Manufacturing Solutions (CMS)

## Intellectual Wealth

- Portfolio of 65 products with 400+ DMFs to meet customer needs across multiple therapeutic areas
- Accelerate to > 125 products and 150+ patents to ensure leadership in the API industry driven by innovation



# Thank You

**For further information contact:**

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**Ankit Gupta**

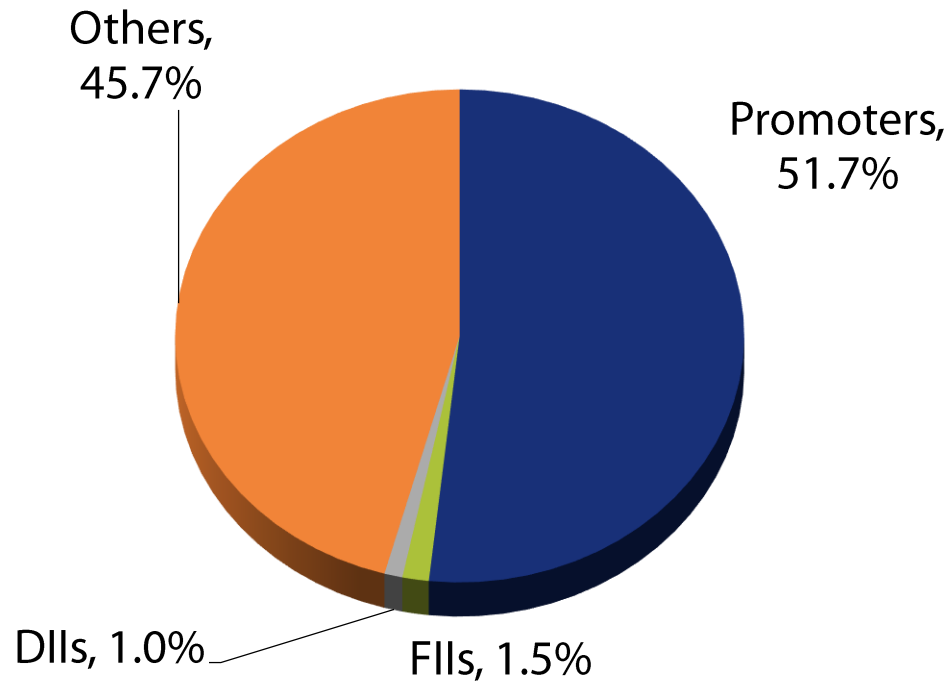
Christensen

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# Shareholding Pattern as on 31<sup>st</sup> March, 2015



Key FII holders
FII: ICGQ