



Investor Presentation

Q4FY19

BSE CODE : 524558 | NSE SYMBOL : NEULANLAB | BLOOMBERG: NLL:IN | REUTERS: NEUL.NS

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Business Overview

Company Overview



Legacy

35+ years in pharma with robust quality systems, regulatory and compliance framework

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



Scale

3 regulatory approved manufacturing facilities with 731 KL capacity

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



Capability

Portfolio of 75+ products across 10 therapeutic categories

675+ filings with regulators

1000+ employees including ~200 scientists



Reach

80+ countries of presence

75% of revenues through exports

93% of revenues through regulated markets

Our Journey



Business Verticals

Work executed exclusively
for the customers on
products at various phases
of their life-cycle⁽²⁾



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**

(1) The classification of products as Less-differentiated/Niche is based on Neuland's understanding of the product and market. The classification of a product is liable to change based on changing market dynamics

(2) CMS Business originates in Neuland Pharma Research Private Limited(NPRPL), however Neuland Laboratories Limited(NLL) is the exclusive manufacturer for NPRPL

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 research and development 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 2-4 products each year for commercial scale up
- File IP for non infringing processes

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

Custom Manufacturing Solutions(CMS)

Services

- Manufacturing API to customer specifications
- Designing and developing manufacturing processes
- Process optimization for competitiveness
- Filing of DMF/CMC 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

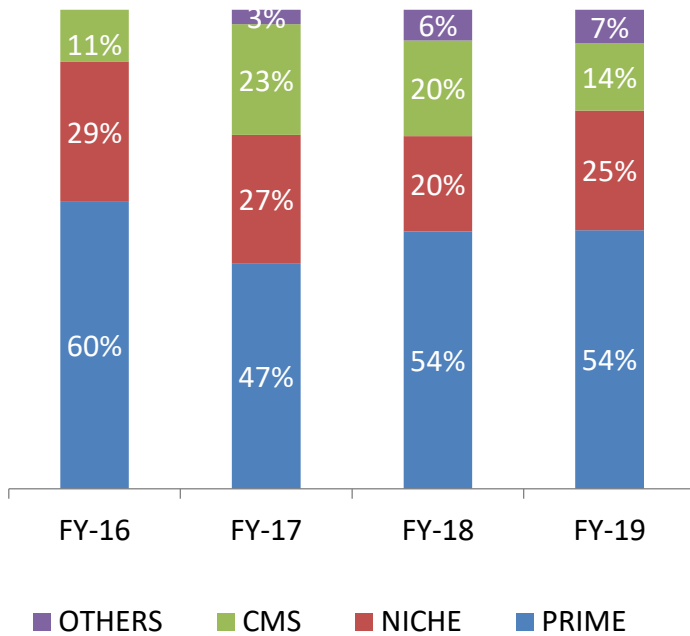
Strategy Forward

- 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

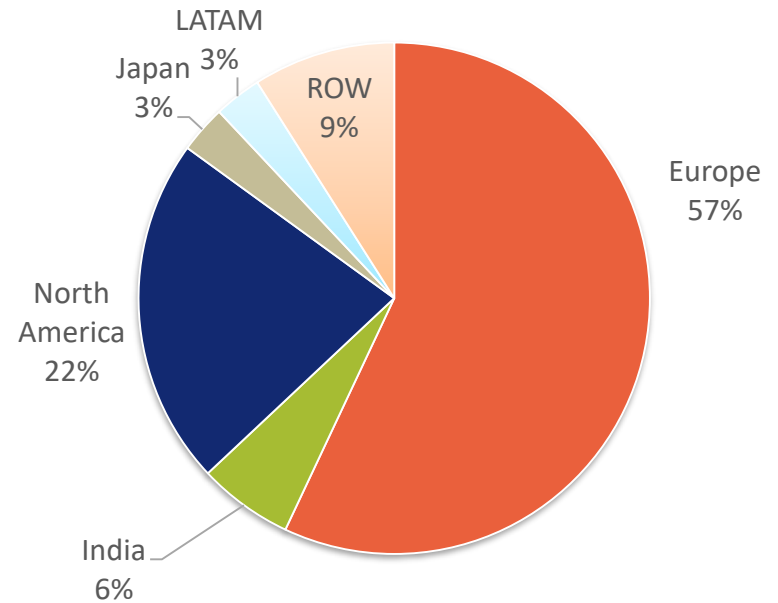
Create a sustainable CMS business that is driven by technology and strong customer relationships

Business Mix

Revenue by Verticals



Revenue by end territory





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*
Employee strength	399	321	140
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, et. al	USFDA, EDQM, PMDA, ANVISA, et. al	Inspected by USFDA in 2015

Adding capacities for backward integration and new business

One state of art R&D centre

R&D Facility, Hyderabad



Location	■ Bonthapally
Area	■ 3382.5 sq mts
Year of Establishment	■ 2008
Expertise	■ ~200 experienced, qualified scientists (>30 PhDs and multiple Post-graduates) ■ 4 PhDs and 11 M.Sc.s for the Peptides Lab

Infrastructure

- 11 Development Labs
- 60 Fume hoods
- Analytical Lab
- Kilo Lab dedicated 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:
 - 600+ DMFs filed
 - 300+ API processes developed
 - 50+ patents filed. Recently received USPTO patent for improved process synthesis of Paliperidone Palmitate

Leveraging on Manufacturing and R&D base to create a synergistic business

Compliance Framework

Quality Control

- Quality Control facilitated with Wet Chemistry, Instrumentation & Microbiology Laboratories
- Equipped with sophisticated instruments like HPLCs, GCs, FTIR, UV & Particle Size Analyzer
- About 50+ chemists perform activities around the clock in 3 shift operations
- Stability studies as per ICH guidelines

EHS

- Hazard and EHS Impact studies regularly conducted
- 24X7 occupational health center with ambulance facility
- Effluent treatment plant with RO system and solids waste



Impeccable track record with robust quality and EHS framework

Regulatory Filings



52*

DMFs with
USFDA



Health
Canada

28

Filings with
Health Canada



10

Japanese DMF
filed



16

China DMF filed



Korea Food & Drug Administration
식품의약품안전청

16

filings with
KFDA Korea



国家食品药品
监督管理局

8

IDLs filed



156

ROW filings
including Turkey,
Mexico, Brazil etc

~433

EUDMF filings
across Germany,
France, Poland,
Italy etc



20

CEPs Received
for different
products

740+

Filings till date

*56 US DMFs have been filed of which 4 have been withdrawn.



Financials

Standalone Financial Performance

Standalone Q4FY19 (Y/Y)

- Total Revenue was Rs. 1,740.0 mn for Q4 FY19 as compared to Rs. 1,605.2 mn for Q4 FY18, reflecting an increase of 8.4%
- EBITDA stood at Rs. 197.3 mn as compared to Rs. 190.8 mn
- EBITDA Margin at 11.3% for Q4FY19 as against 11.9%
- Net profit stood at Rs. 67.3 mn for Q4FY19 as compared to Rs. 80.5 mn
- Basic EPS stood at Rs. 5.25 as against Rs. 7.22

Standalone Q4FY19 (Q/Q)

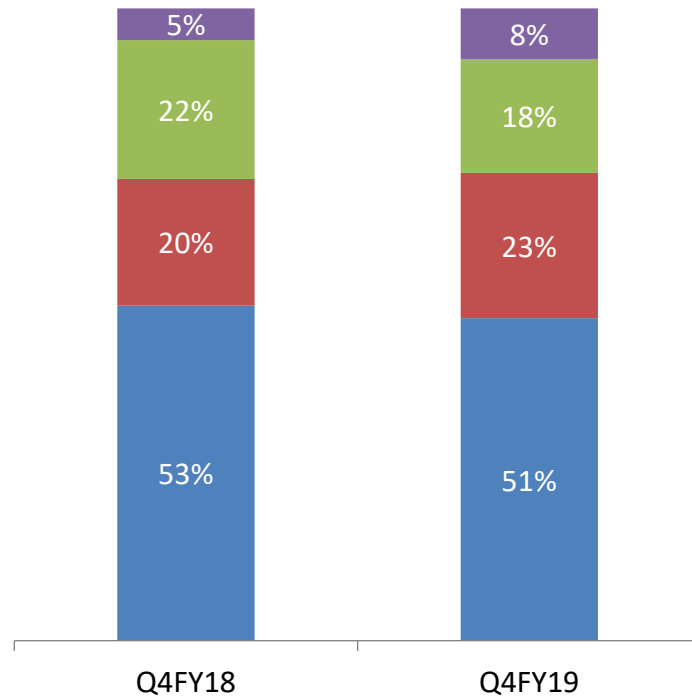
- Total Revenue was Rs. 1,740.0 mn as compared to Rs. 1,718.7 mn for Q3 FY19
- EBITDA stood at Rs. 197.3 mn as compared to Rs. 162.5 mn
- EBITDA Margin at 11.3% for Q4FY19 as against 9.5%
- Net profit stood at Rs. 67.6 mn for Q4 FY19 as compared to Rs. 46.0 mn
- Basic EPS stood at Rs. 5.25 as against Rs. 3.59

Standalone FY19 (Y/Y)

- Total income was Rs. 6,703.2 mn as compared to Rs. 5,337.0 mn, an increase of 25.6%
- EBITDA stood at Rs. 613.6 mn as compared to Rs. 545.7 mn, up by 12.4%
- EBITDA Margin at 9.2% for FY19 as against 10.2%
- Net profit stood at Rs. 161.4 mn for FY19 as compared to Rs. 118.1 mn, an increase of 36.7%
- Basic EPS stood at Rs. 12.83 as against Rs. 10.59, an increase of 21.2%

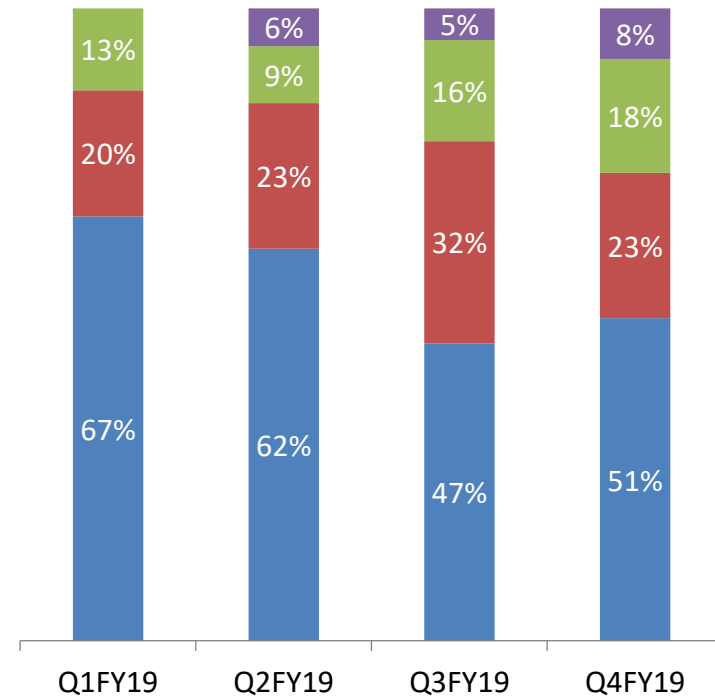
Key Operating Metric

YoY Analysis



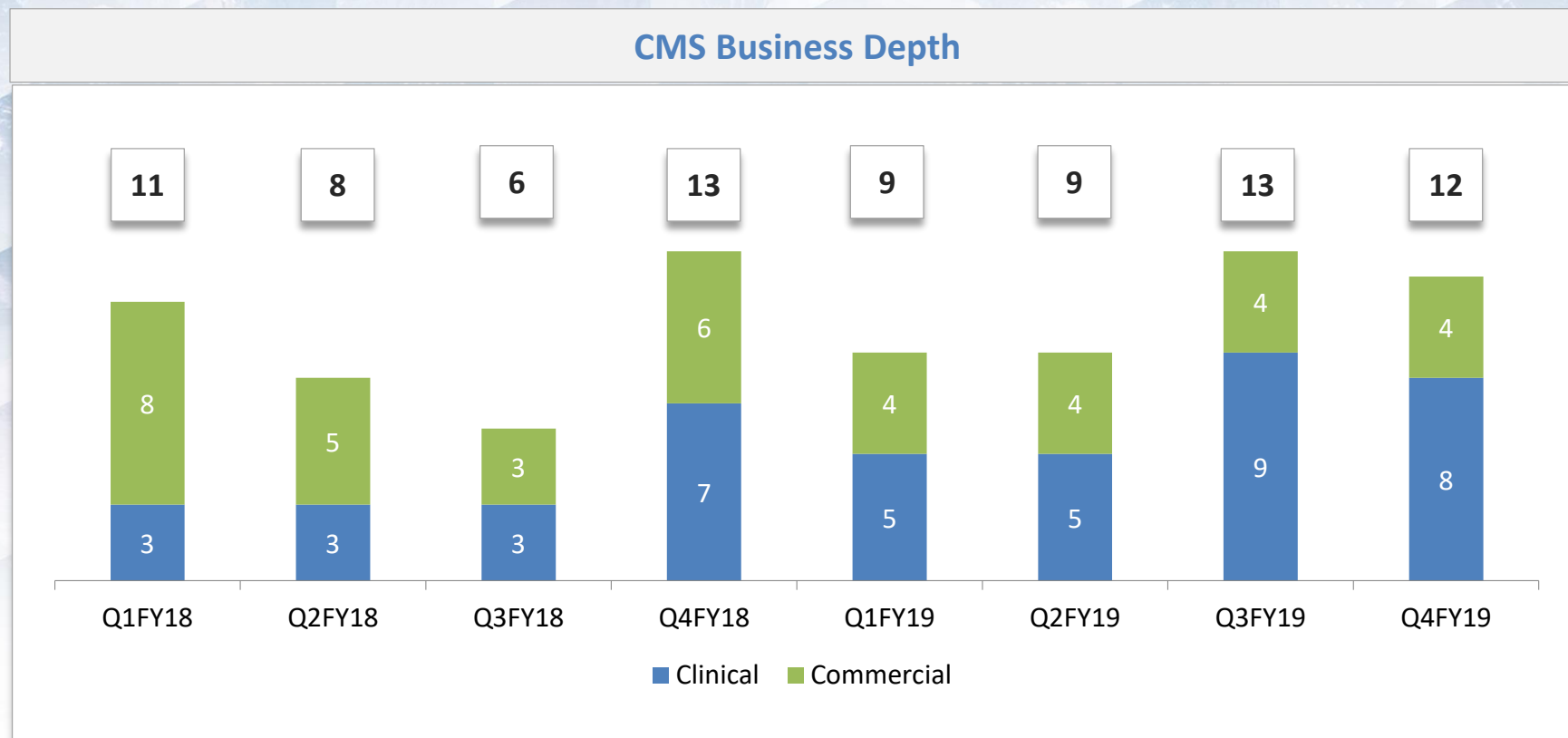
OTHERS CMS NICHE PRIME

Quarter on Quarter Movement



OTHERS CMS NICHE PRIME

Key Operating Metric



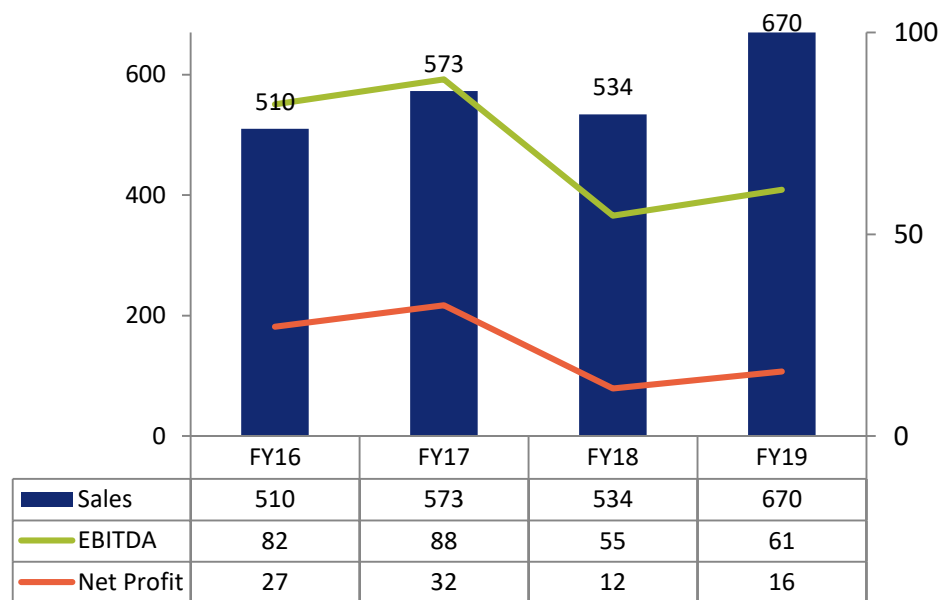
*- Quantities taken for validation and launch are considered as Commercial

No of CMS active projects increasing

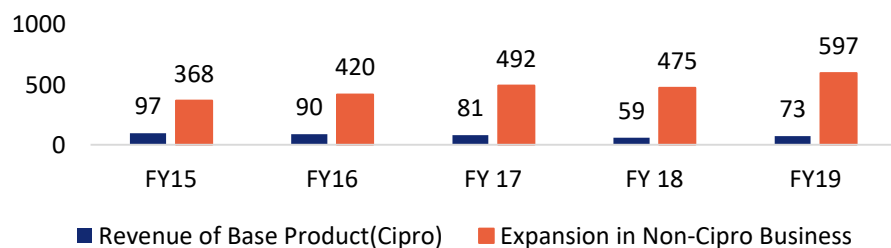
Q4 FY19	Pre-Clinical	P-1	P-2	P-3	Development	Commercial	Grand Total
API	10	4	2	4	5	5	30
Intermediate	0	2	0	6	8	10	26
Grand Total	10	6	2	10	13	15	56
Q3 FY19	Pre-Clinical	P-1	P-2	P-3	Development	Commercial	Grand Total
API	9	4	2	4	5	5	29
Intermediate	0	2	0	6	7	10	25
Grand Total	9	6	2	10	12	15	54
Q4 FY18	Pre-Clinical	P-1	P-2	P-3	Development	Commercial	Grand Total
API	7	2	3	4	5	5	26
Intermediate	1	1		7		5	14
Grand Total	8	3	3	11	5	10	40

Historical Financials

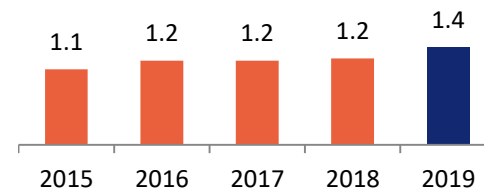
Financial Performance (INR Cr)



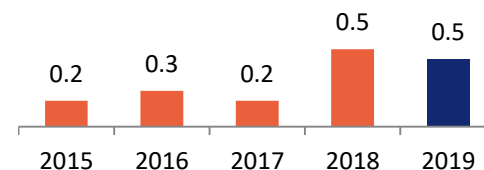
Revenue Growth



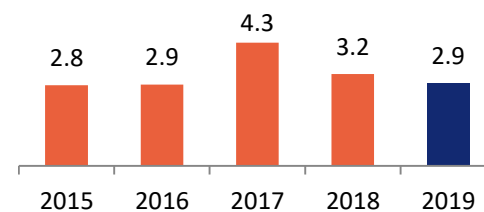
Current Ratio (x)



Debt to Equity (x)



Fixed Asset Turnover (x)





Future Strategy

Growth Strategy for Business

Business

Extend capabilities to organically build a sustainable GDS and CMS business



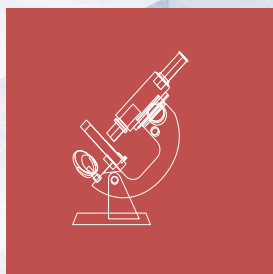
Scale

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



Thank you for viewing this presentation.

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