



Neuland Laboratories Limited

INVESTOR PRESENTATION
Q4FY24 & FY24

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.

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**Q4FY24 & FY24
Highlights**



1





SUCHETH DAVULURI

"We surpassed revenues of Rs. 1500 crores in FY24 with EBITDA at over 30%. This has been driven by high growth in the CMS business and steady growth of the Specialty GDS business, both of which were in line with our plans and expectations. Another key element is the work on optimizing costs & processes which will also make us truly sustainable."

SAHARSH DAVULURI

"Our CMS business saw robust growth in FY24 as some projects are near launch while key commercial products continue to scale. Our growing reputation and the macro-environment are ensuring that exciting opportunities come our way even as we work towards building a further differentiated customer experience. We will continue to invest for the future by adding capacity and capabilities."





FY24 Business and Financial Highlights

CMS

CMS revenues driven by growth from commercial molecules and molecules close to commercialization.

GDS

Specialty business driven by Paliperidone and Dorzolamide

In Prime segment Mirtazapine, Escitalopram and Levetiracetam were the key molecules

Regulatory Audits

US FDA inspected Unit-3 and issued EIR (Establishment Inspection Report)

Unit-I inspected by EDQM (European Directorate for the Quality of Medicines) and the US FDA

Sustainability rating

S&P ESG rating of 64



Free Cash Flow (FCF) generation and utilisation

Generated Free Cash Flow of Rs. 116.4 crores during FY24, partly utilised to reduce debt by Rs 39.4 crores

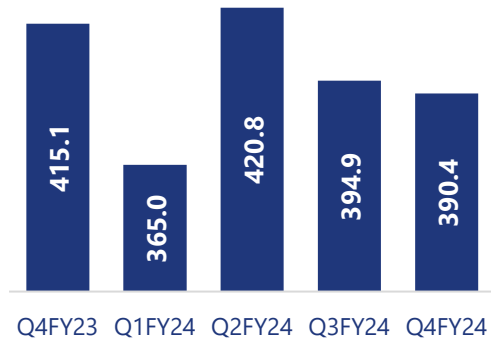
Capex Investment of Rs 143.7 crores for enhancement of capabilities

Working Capital

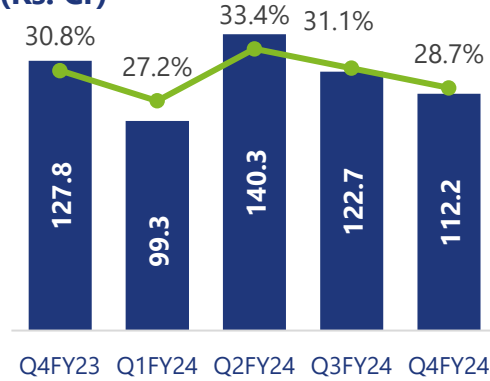
Reduction in working capital cycle to 122 days in FY24 as compared to 141 days in FY23

Q4FY24 Financial Highlights

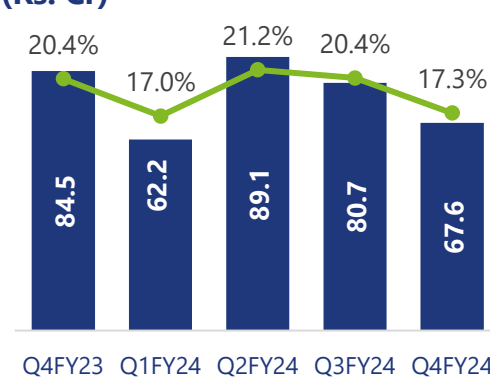
**Total Income
(Rs. Cr)**



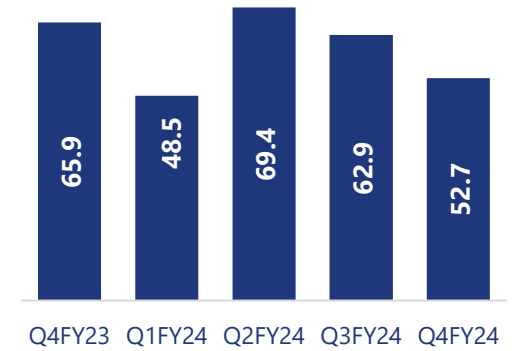
**EBITDA
(Rs. Cr)**



**PAT
(Rs. Cr)**



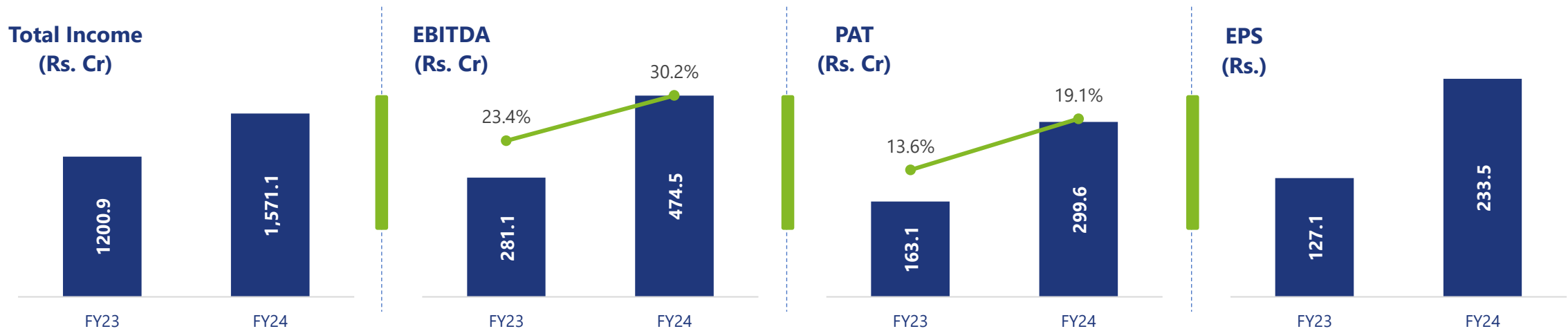
**EPS
(Rs.)**



Financial Highlights

- Total Income for Q4FY24 at Rs. 390.4 crore (-6.0% YoY)
- EBITDA for Q4FY24 at Rs. 112.2 crore (-12.1% YoY)
- EBITDA Margin for Q4FY24 at 28.7% (decreased by 202 bps YoY)
- PAT for Q4FY24 at Rs. 67.6 crore (-20.0% YoY)
- Net Debt stood at Rs. (32.6) crore as at Q4FY24 end compared to Rs. 63.0 crore as at Q4FY23 end and Rs (44.6) crore as at Q3FY24 end

FY24 Financial Highlights

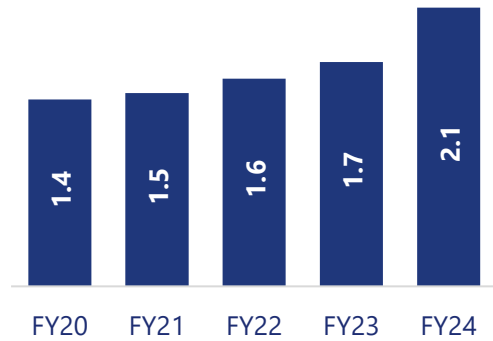


Financial Highlights

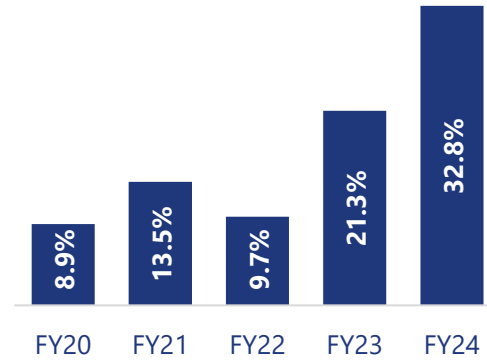
- Total Income for FY24 at Rs. 1,571.1 crore (+30.8% YoY)
- EBITDA for FY24 at Rs. 474.5 crore (+68.8% YoY)
- EBITDA Margin for FY24 at 30.2% (increased by 680 bps YoY)
- PAT for FY24 at Rs. 299.6 crore (+83.7% YoY)
- Net Debt stood at Rs. (32.6) crore as at FY24 end compared to Rs. 63.0 crore as at FY23 end

Key Balance Sheet Metrics

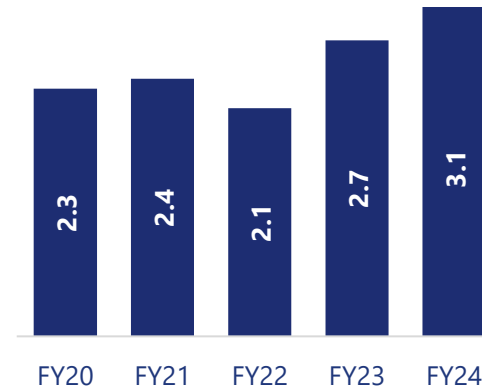
Current Ratio(x)



ROCE (%)



Fixed Asset Turnover (x)



Debt to Equity (x)

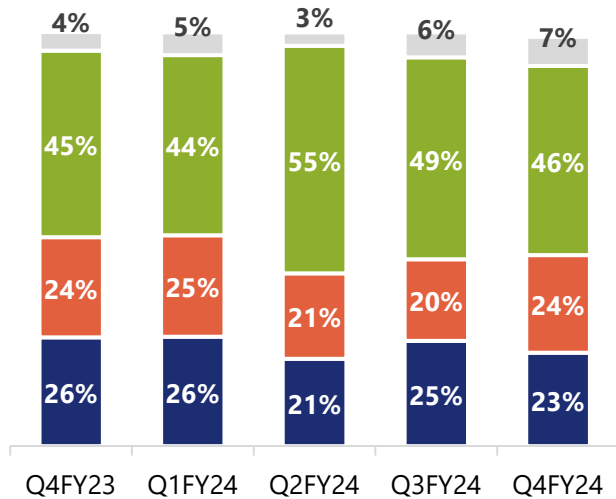


Particulars (Rs Cr)	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
Shareholder's Funds	705.5	781.9	835.6	988.4	1,276.5
Net Debt	199.9	152.1	212.0	63.0	-32.6
Tangible Assets (including CWIP and Investment property)	391.1	437.9	497.2	511.2	575.4
Working Capital	289.4	308.6	376.9	463.0	525.4

Key Operating Metrics Q4FY24

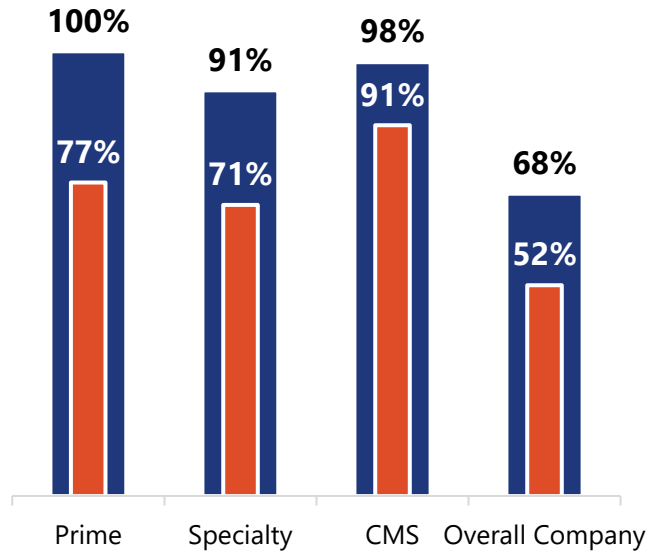
Segment Revenue

■ Prime ■ Specialty
■ CMS ■ Others



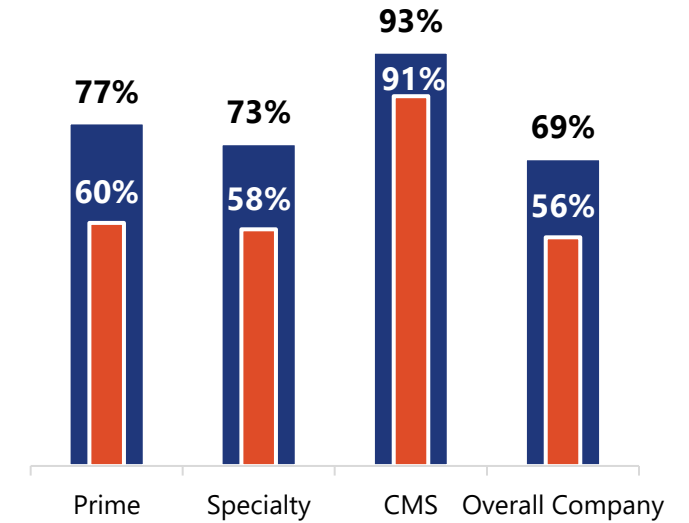
Top 10 & Top 5 Products

■ Top 10
■ Top 5



Top 10 & Top 5 Customers

■ Top 10
■ Top 5

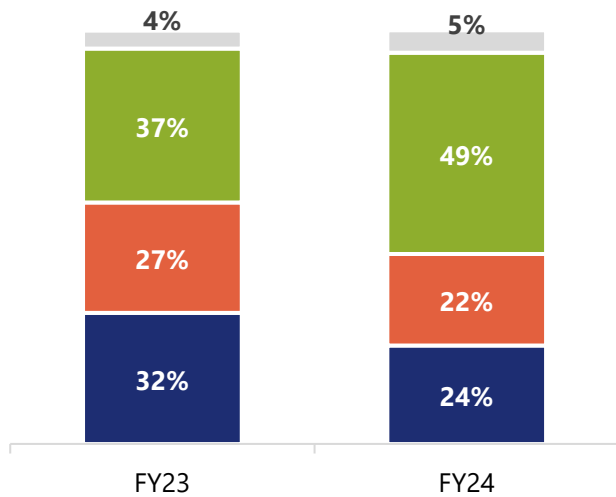


- Steady shift from low margin Prime to high margin Specialty and CMS segments
- CMS business caters to Innovator customers on an exclusive basis, developing and manufacturing APIs/Intermediates in line with rigorous customer expectations hence is highly concentrated in terms of customers
- Specialty segment works on complex products and technologies, hence has a focused approach towards select customers

Key Operating Metrics FY24

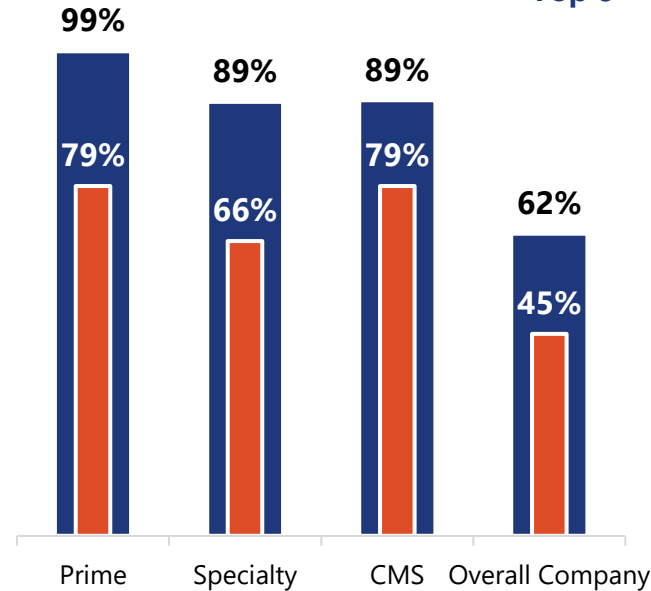
Segment Revenue

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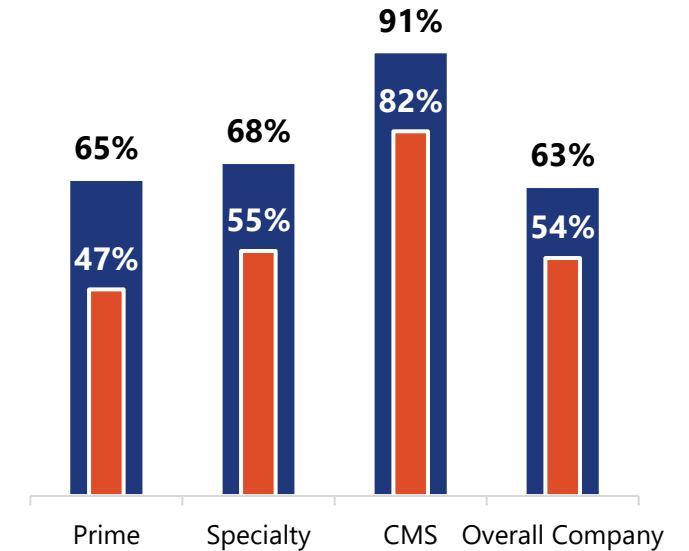
Top 10 & Top 5 Products

■ Top 10
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Top 10 & Top 5 Customers

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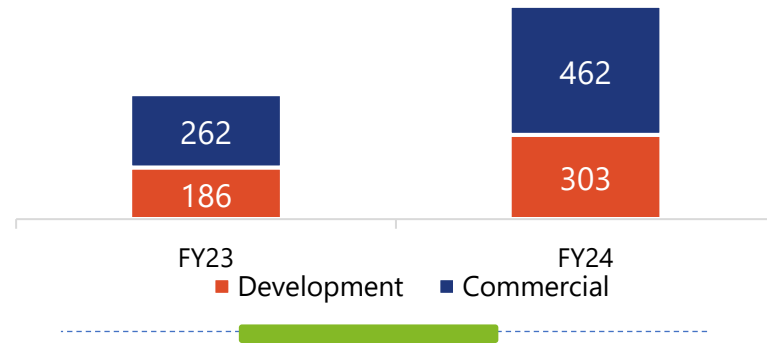


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CMS – Revenue Split & Number of Active Projects

Rs. Cr

YoY Movement



No. of active CMS projects

Q4FY24	Pre-Clinical	P-1	P-2	P-3	Pre-Reg/Reg*	Commercial	Total
API	8	8	12	3	8	8	47
Intermediate	8	4	9	4	6	10	41
Grand Total	16	12	21	7	14	18	88

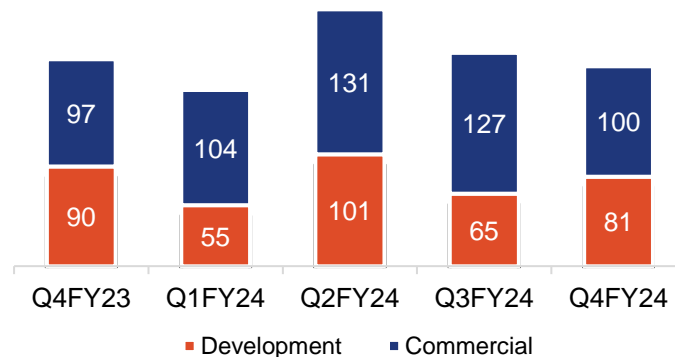
Q4FY23	Pre-Clinical	P-1	P-2	P-3	Pre-Reg/Reg	Commercial	Total
API	15	5	7	4	8	9	48
Intermediate	10	4	4	2	7	12	39
Grand Total	25	9	11	6	15	21	87

Q4FY22	Pre-Clinical	P-1	P-2	P-3	Pre-Reg/Reg	Commercial	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

Q4FY21	Pre-Clinical	P-1	P-2	P-3	Pre-Reg/Reg	Commercial	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

Rs. Cr

QoQ Movement



- Pre-clinical to P-3: Neuland generates revenue by process research & development as well manufacturing quantities for clinical trials
- *Pre-Reg/Reg: Phase-3 complete; Molecules filed but not yet commercial (Earlier labelled as 'Development') or where customer working towards adding Neuland as a second source for a commercial molecule
- Commercial: Neuland generates revenues by manufacturing APIs for commercial novel molecules for innovators
- Steady trend in molecules transitioning from clinical phases to commercialisation resulting in increase in revenue from commercial products



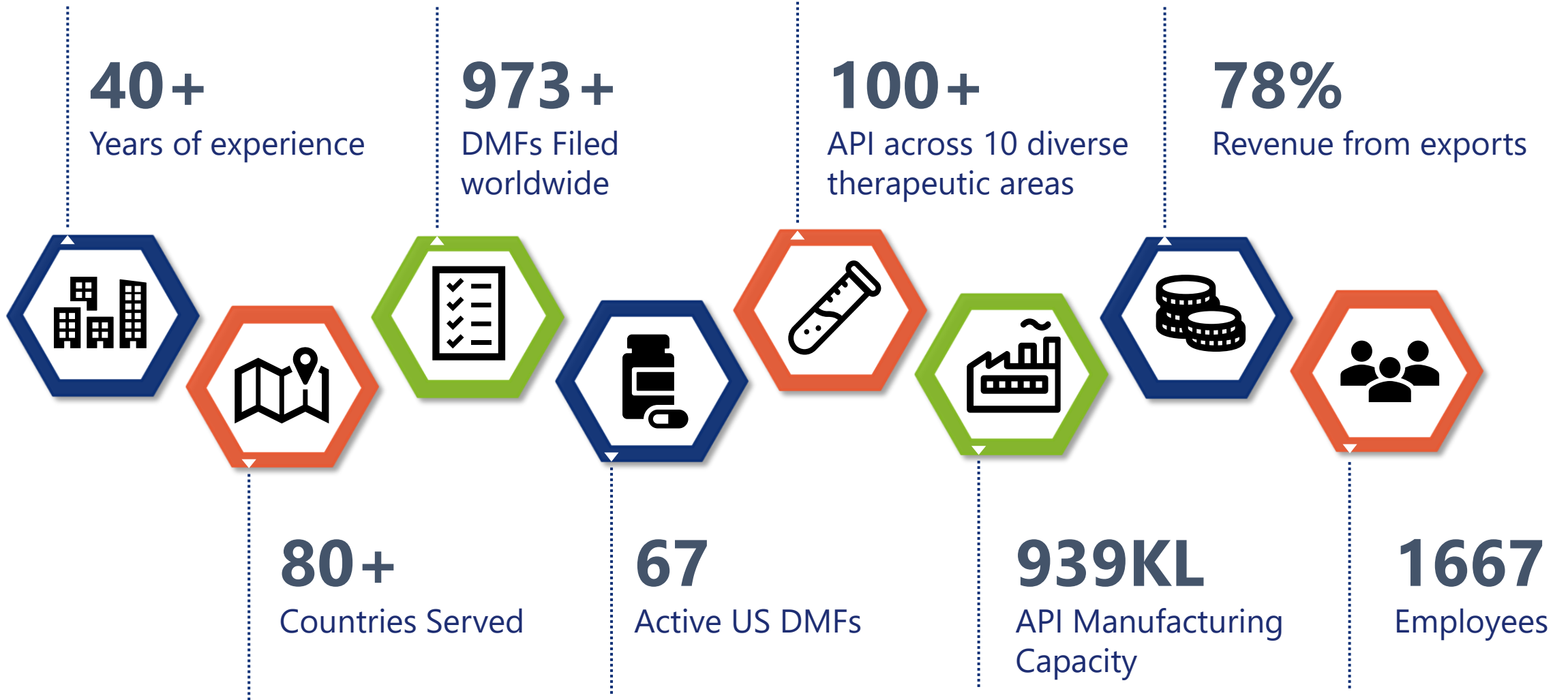
**Company
overview**



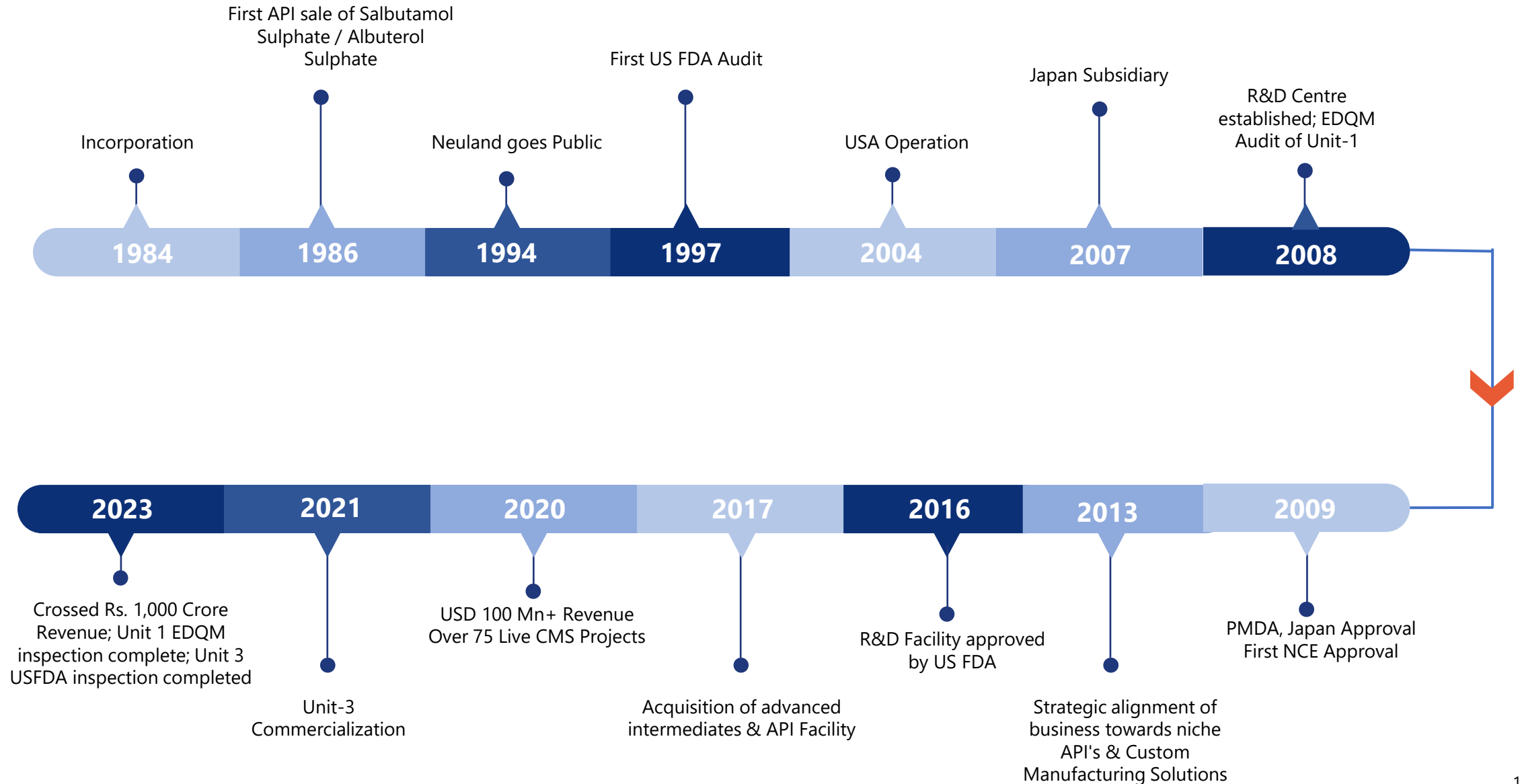
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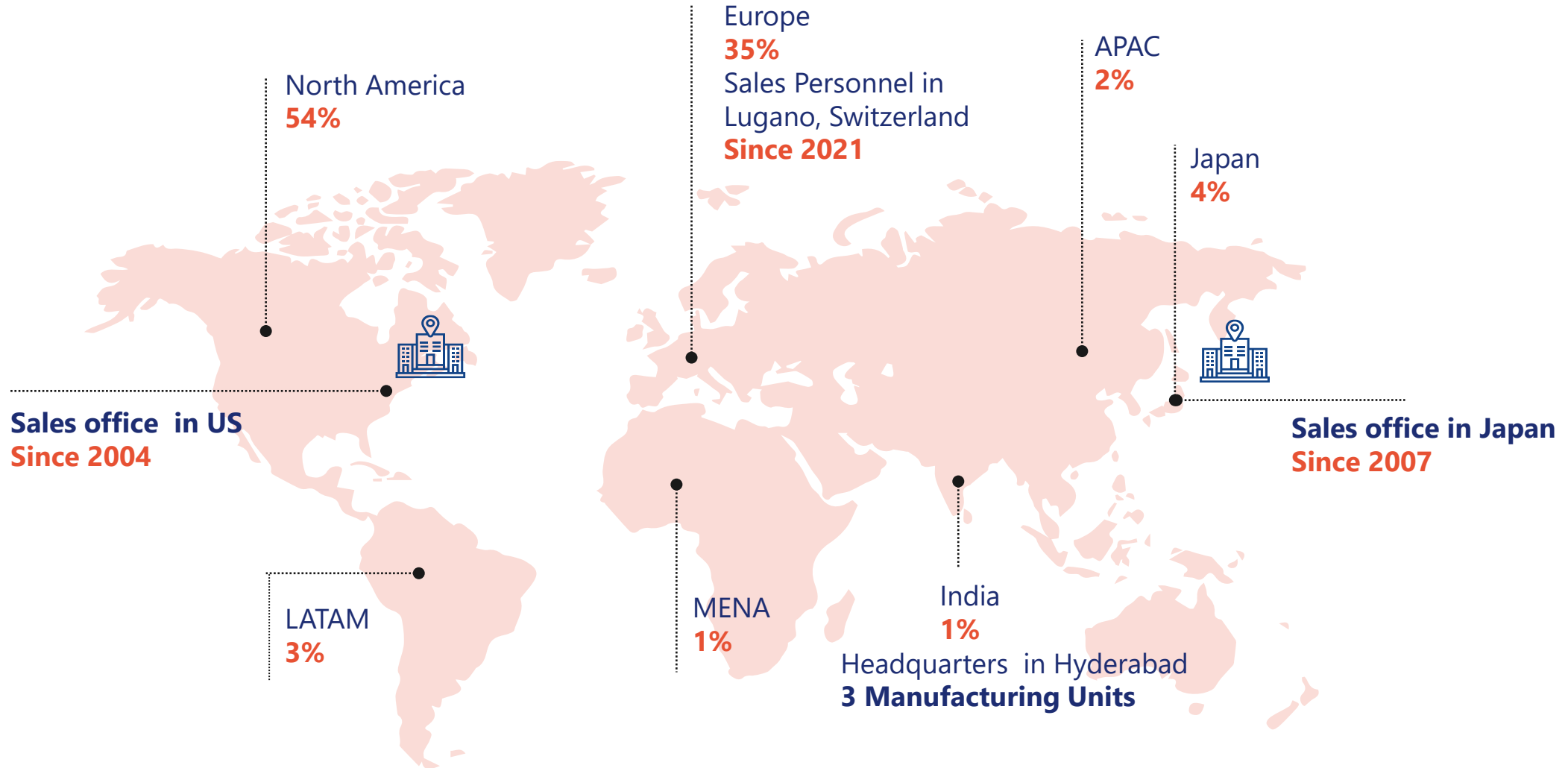
Key Facts



How We Got Here: Key Milestones






Our Reach



Manufacturing and development partner to customers in over 80 countries globally

Manufacturing Capabilities

	Established	Hydrogenation Reaction Volume	Solvent Recovery System	Cryogenic Reaction Volume	Regulatory	Total Reactor Volume
 Unit-1	1986	7.4KL	100KLD	25KL	USFDA, EDQM, CFDA, PMDA, et. al	233 KL
 Unit-2	1994	6 KL	20KLD	15 KL	USFDA, EDQM, PMDA, ANVISA et. al	363 KL
 Unit-3	2017 (Acquired)	Facility creation under process	50KLD	15KL	US FDA, EDQM, PMDA, ANVISA, et al.	305 KL

Priorities

- ▶ Modernizing and automation of overall operations
- ▶ Focus on adding capabilities and capacities
- ▶ Maintaining the leadership position in key molecules

Focused R&D Framework

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
- ▶ Approvals for Department of Scientific and Industrial Research (DSIR), Government of India and US FDA
- ▶ R&D team of 345 People



R&D Facility, Hyderabad

USFDA inspected Neuland's R&D facility in February 2016 without any observations

Significant R&D Achievements

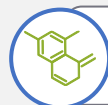
- ▶ Several NCE APIs added in NDA or commercial stage drugs
- ▶ Support for multiple APIs each year in Phase 2 and Phase 3 clinical candidates
- ▶ Generic API business -
 - ✓ 950+ DMFs filed
 - ✓ 300+ API processes developed
 - ✓ 204+ patents filed. Received USPTO patent for improved process synthesis of Paliperidone Palmitate
- ▶ 3 new DMFs filed in FY23



Analytical Capabilities



Method Development for complex molecules



Synthesis and characterization of impurities



Genotoxic impurity assessment and Method Development



Stability chambers installed



Complete analytical validation package (as per ICH guidelines)



Reference standard qualification



Study of Solid-state properties



Salt screening and optimization

Priorities

- ▶ Focus on quality enhancement and training for enhancement of technical skills
- ▶ Emphasis on complex molecules involving advanced chemistry, automation, upgradation of testing equipment, and complementary new technologies
- ▶ Consistent investments in Quality by Design (QBD) labs and process engineering

Regulatory Filings across geographies



67 DMFs with USFDA



32 Filings with Health Canada



10 Japanese DMF filed



17 China DMF filed



271 ROW filings including Turkey, Mexico, Brazil etc



~499 EUDMF filings across Germany, France, Poland, Italy etc



29 CEPs Received for different products



19 filings with KFDA Korea



28 filings with TGA

973+ 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

Financial Highlights FY2015-2024

Rs. Cr

	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Total Income	469.9	519.3	582.3	533.7	670.3	766.6	953.0	953.2	1,200.9	1,571.1
EBITDA	67.4	89.7	97.6	56.3	61.4	105.3	162.5	144.3	281.1	474.5
<i>EBITDA Margin</i>	<i>14.3%</i>	<i>17.3%</i>	<i>16.8%</i>	<i>10.6%</i>	<i>9.2%</i>	<i>13.7%</i>	<i>17.1%</i>	<i>15.1%</i>	<i>23.4%</i>	<i>30.2%</i>
PAT	15.9	34.8	41.4	13.6	16.1	15.9	80.3	63.5	163.1	299.6
<i>PAT Margin</i>	<i>3.4%</i>	<i>6.7%</i>	<i>7.1%</i>	<i>2.5%</i>	<i>2.4%</i>	<i>2.1%</i>	<i>8.4%</i>	<i>6.7%</i>	<i>13.6%</i>	<i>19.1%</i>
EPS	18.5	30.8	36.9	10.6	12.8	12.4	62.6	49.5	127.1	233.5
Current Ratio (x)	1.1	1.2	1.2	1.2	1.4	1.4	1.5	1.6	1.7	2.1
ROCE (%)	15.7%	18.4%	15.9%	5.0%	4.7%	8.9%	13.5%	9.7%	21.3%	32.8%
Fixed Asset Turnover (x)	3.8	3.7	3.8	3.2	2.9	2.3	2.4	2.1	2.7	3.1
Debt to Equity (x)	1.1	0.9	0.9	0.5	0.3	0.3	0.2	0.3	0.1	0.1

- Revenue was impacted in FY2018 as a result of mismatch in capacity vs orders. EBITDA margins in FY19 & FY20 were impacted as a result of spike in RM prices, which led Neuland to actively work towards Supply chain de-risking before the COVID19 pandemic
- ROCE was impacted by due to acquisition of unit III in FY2018 which was commercialized in FY2021. Unit 3 utilisation levels have recently started ramping up and momentum is expected to continue



**Business
Strategy**



3



Neuland Strategy Framework – Strategic Priorities

Strategic Priority – I

Build deep competency (through organic & inorganic means) in complementary new technologies like bio-catalysis, flow chemistry, and physical properties, that are valued by our target customers and differentiated from competitors.



Strategic Priority – IV

Digitize Planning to Delivery processes (like Rolling Plan & Inventory), Financial processes (like Payables, Receivables, Cashflow), Customer servicing processes and build company-wide dashboard providing shared, real-time, granular data and analytics to create shared context across functions and improve the quality and speed of decisions at every level in the organization.



Strategic Priority – II

Optimize manufacturing capacity for agility, including flexible response to customer needs, multi-product production, and reserve capacity to respond quickly to customer needs.



Strategic Priority – V

Enable employee readiness to deliver on strategic business priorities.



Strategic Priorities

Strategic Priority – III

Building Project & Client management capabilities which are transparent, flexible, focused on collaboration and constant customer feedback.



Strategic Priority – VI

GDS business focused on Quality-conscious customers and Pipeline Products differentiated on technology.





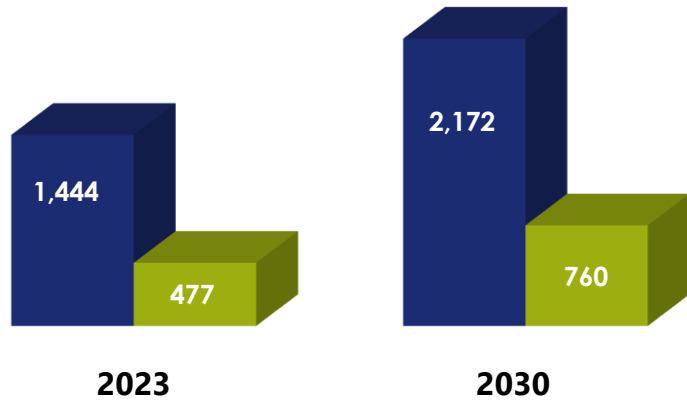
GDS Strategy



Global Outlook of Pharmaceutical Industry

■ Global Pharmaceuticals ■ Global Generic Drugs

MARKET SIZE (\$ Bn)



The GLOBAL PHARMACEUTICALS MARKET SIZE is expected to grow from \$1,444 Billion in 2023 to \$2,172 Billion in 2030 at a CAGR of 6%

The GLOBAL MARKET FOR GENERIC DRUGS estimated at \$477 Billion in 2023, is projected to reach a revised size of \$760 Billion by 2030, growing at a CAGR of 7.1%

FY24

Global Generics API Market Size

\$70 Bn

GDS Portfolio Market Size

\$4,769 Mn

FY30

Global Generics API Market Size

\$115 Bn

GDS Portfolio Market Size

\$8,942 Mn



1. Maximizing Current Portfolio

- Increase wallet share from existing customers
- Focus on regulated markets/ quality conscious customers
- Early identification for primary sourcing opportunities
- Exploring the additional opportunities from Line extension in terms of new dosage forms and indications
- Focus on customers with backward integration to convert them into alternate sourcing opportunities



2. Growing Pipeline

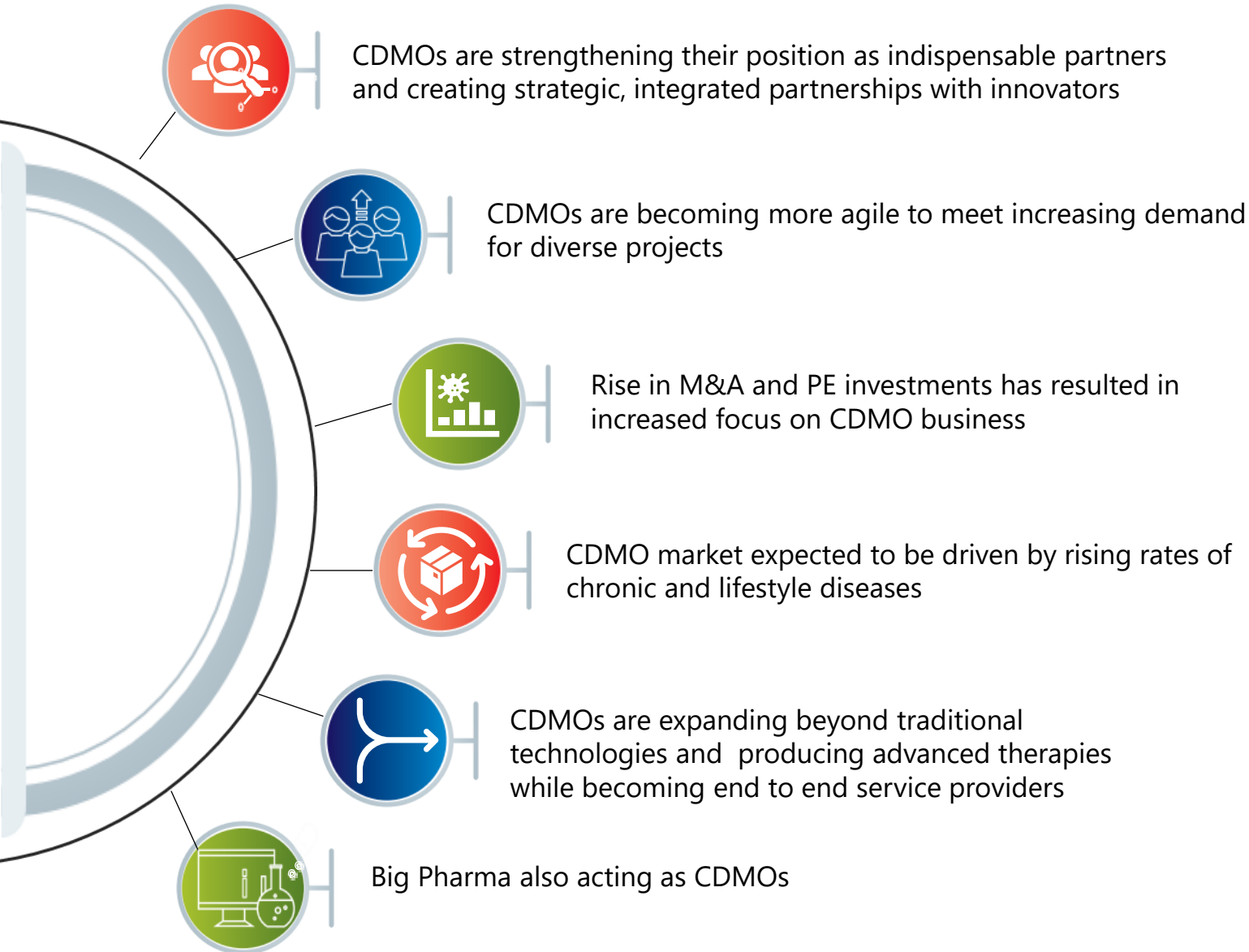
- Commercialization of pipeline molecules through New leads identification and conversion
- Aim for first sourcing and NCE-1 opportunities
- Investment in new areas
- Explore collaboration opportunities with dossier development companies
- Filing DMFs for peptides



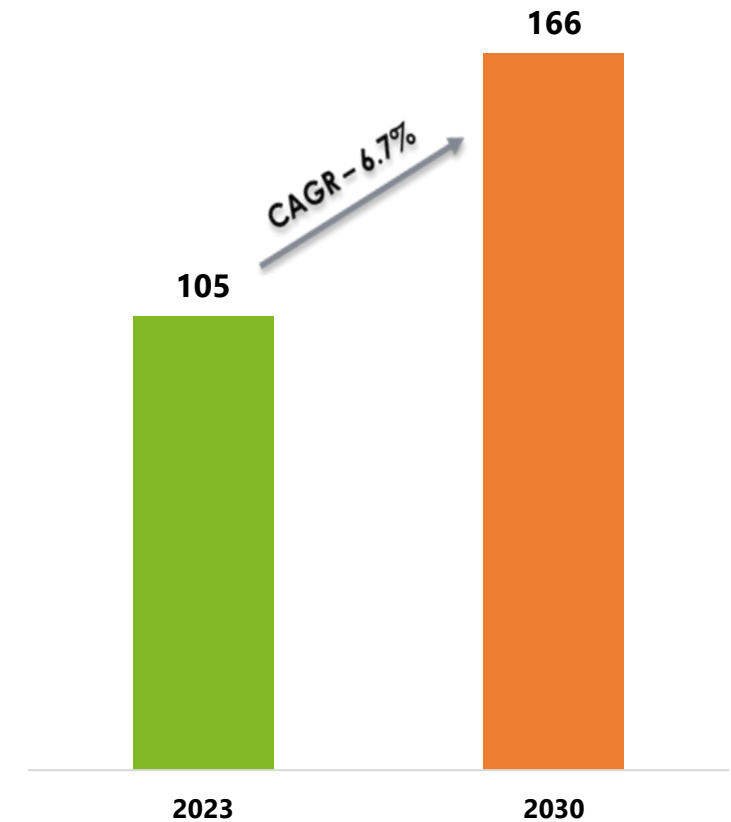
CMS Strategy



Global Outlook of CDMO Industry

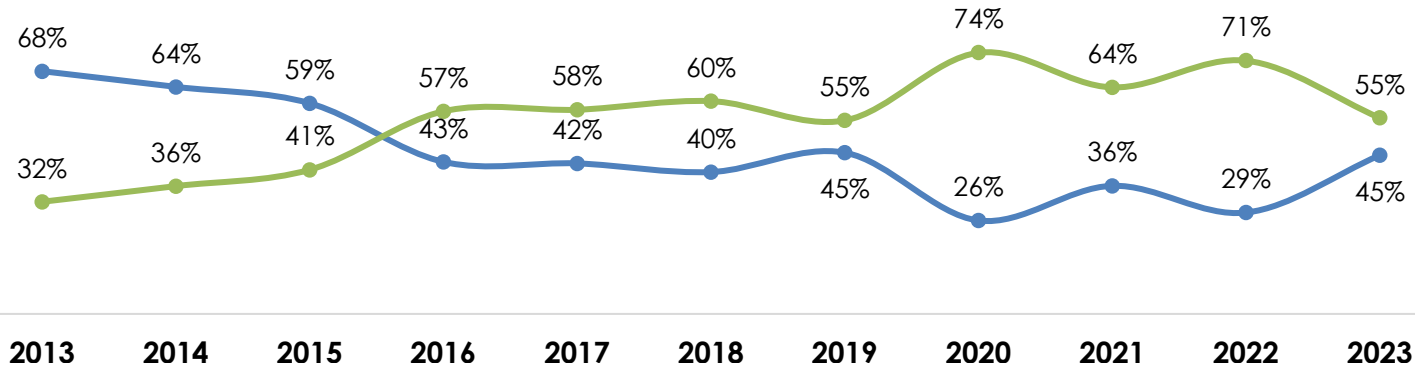


API CDMO Market Size (\$Bn)



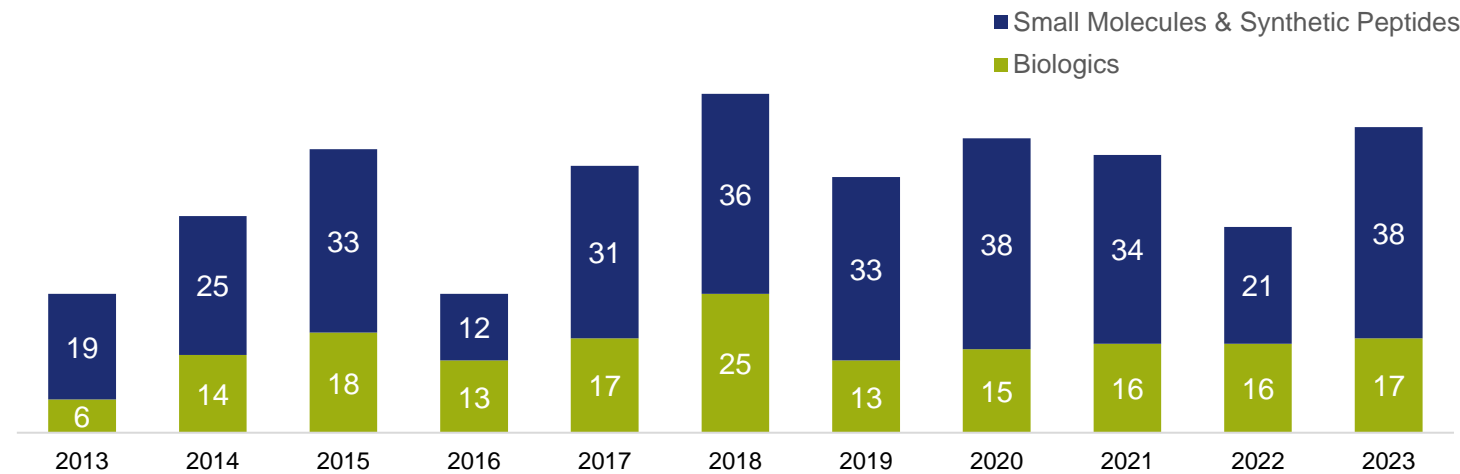
Big Pharma vs Biotech Drug Approval Trend

Small Molecules & Synthetic Peptides Approvals

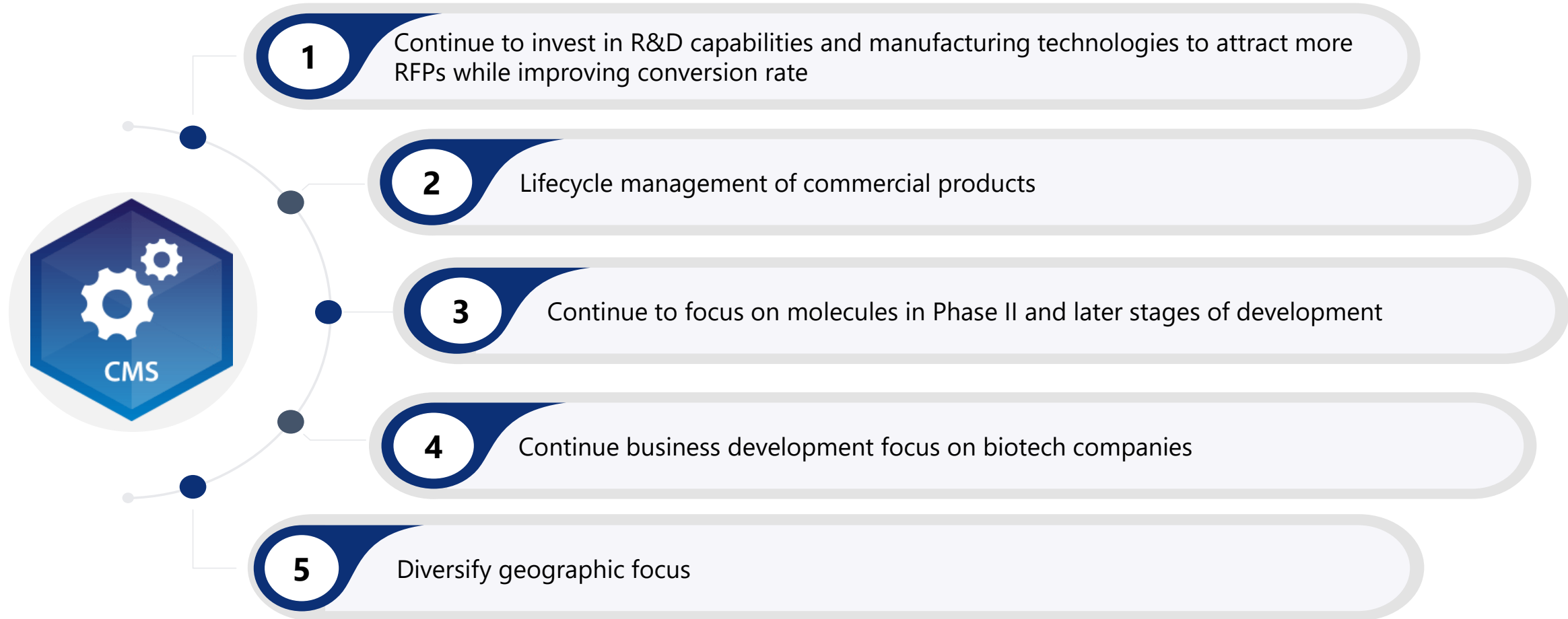


Biotech companies are more aggressive in focusing on small molecules, hence they have a higher approval rate compared to Big Pharma companies, which are continuing to focus on biologics

Approvals of Small Molecules & Synthetic Peptides Vs Biologics (#)



Small molecules had higher number of approvals compared to Biologics





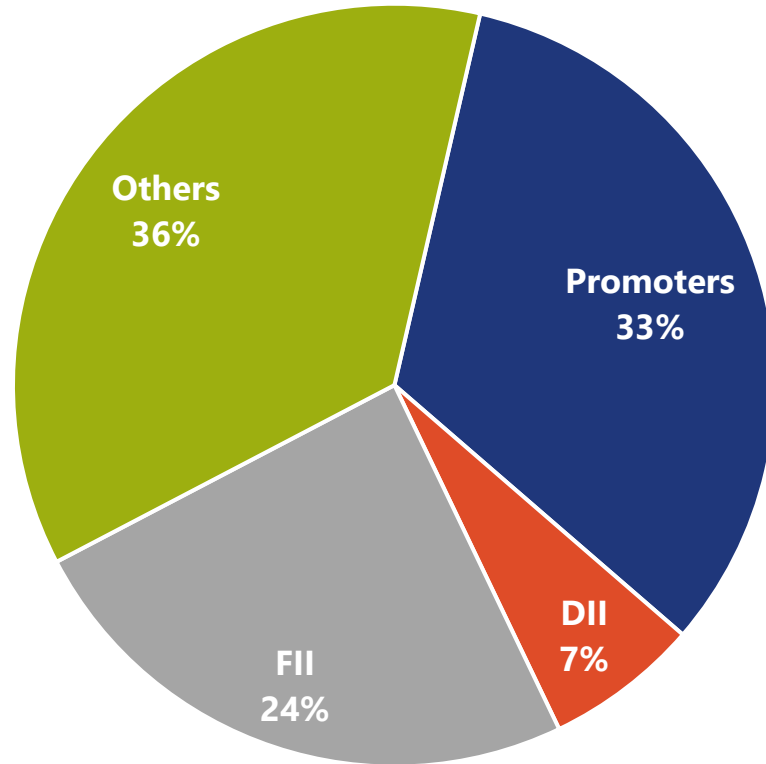
**Shareholder
Information**



4



Shareholding Details



Share Information (as on 31st Mar 2024)

NSE Ticker	NEULANDLAB
BSE Ticker	524558
Market Cap (Rs. Cr)	8,059
% free-float	67.20%
Free-float market cap (Rs. Cr)	5,416
Shares Outstanding	1,28,29,889
3M Average Daily Traded Volume (ADTV) (Shares)*	49,699
3M Average Daily Traded Value (In Rs. Cr)*	30.90
Industry	Pharmaceuticals

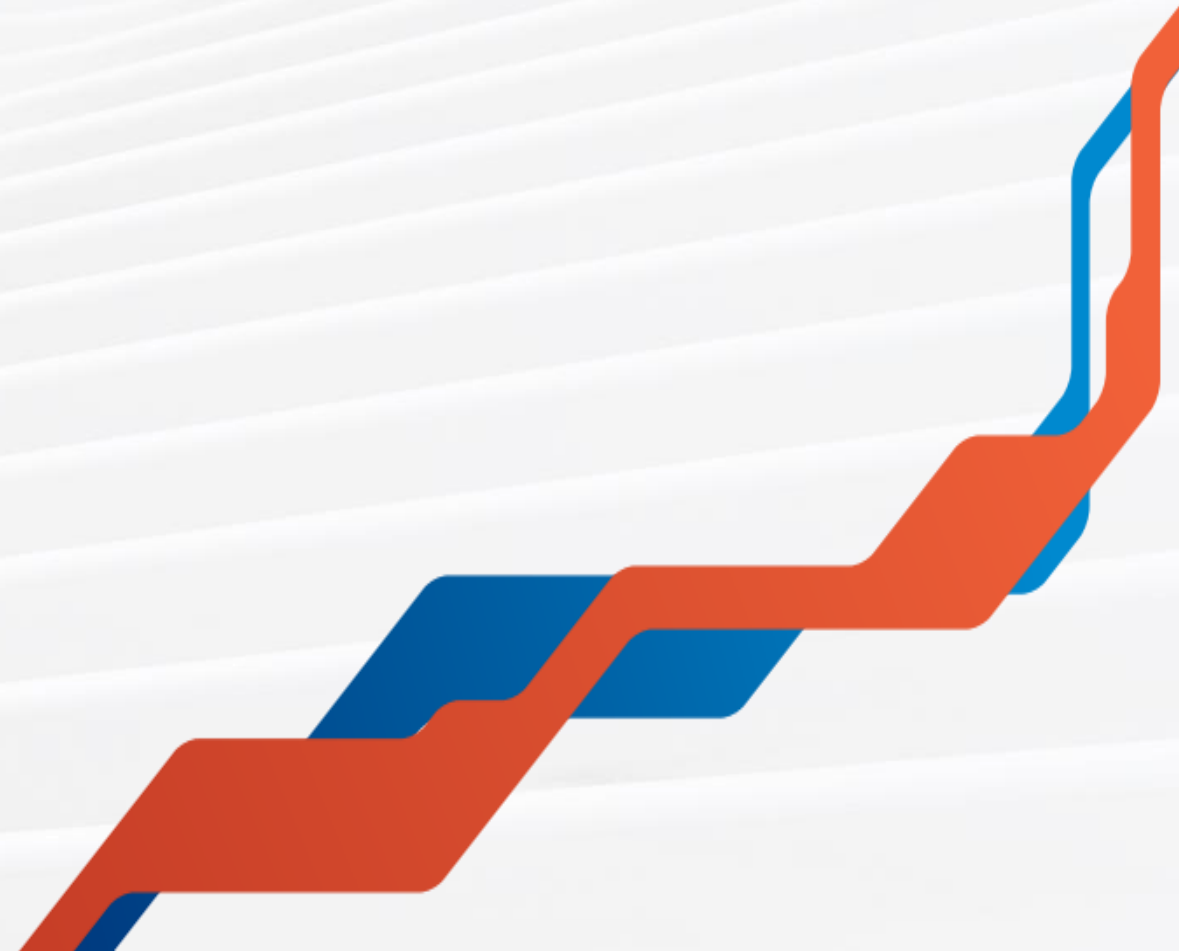
* Source: BSE & NSE



Annexure



5



Profit & Loss Snapshot (Standalone)

Particulars (Rs Cr)	Q4FY24	Q4FY23	YoY (%)	Q3FY24	QoQ (%)	FY24	FY23	YoY (%)
Total Income	390.4	415.1	-6.0%	394.9	-1.2%	1,571.1	1,200.9	30.8%
EBITDA	112.2	127.8	-12.2%	122.7	-8.6%	474.5	281.1	68.8%
EBITDA Margin	28.7%	30.8%	-202 bps	31.1%	-233 bps	30.2%	23.4%	680 bps
Profit Before Tax	92.1	110.0	-16.3%	103.8	-11.3%	400.8	215.2	86.2%
PBT Margin	23.6%	26.5%	-290 bps	26.3%	-270 bps	25.5%	17.9%	760 bps
Profit After Tax	67.6	84.5	-20.0%	80.7	-16.2%	299.6	163.1	83.7%
PAT Margin	17.3%	20.4%	-310 bps	20.4%	-310 bps	19.1%	13.6%	550 bps
EPS (Rs.)	52.7	65.9	-20.0%	62.9	-16.2%	233.5	127.1	83.7%

Climate change

Reducing greenhouse gas (GHG) emissions intensity and moving towards a balanced portfolio of low carbon energy management

Resource Management

Growing and innovating business solutions through R&D and minimize the use of resources

Local Environmental Protection

Minimizing negative environmental impacts and ensuring the highest standards of EMS

Health & Safety

Making health and safety an integral part of everyday business and culture

People

Creating value and performance culture. Providing work-life balance and engaging employment experience where they can grow and excel

Corporate Governance

Maintain an effective governance and decision-making structure

Ethical Business and Compliance

Fostering an ethical culture and conducting business with integrity and ensure all legal and regulatory compliance

Risk Management

Ensure effective identification of material risks, adequate and effective risk management and internal control

Community

Contributing to the sustainable development of communities through engagement & partnerships and investing in initiatives that make a lasting positive impact



Glossary

Term	Description
Active Pharmaceutical Ingredient (API)	Any substance that is intended for incorporation into a finished drug product and is intended to furnish pharmacological activity or other direct effect in the diagnosis, cure, mitigation, treatment, or prevention of disease, or to affect the structure or any function of the body
Biologic	Biologics can be composed of sugars, proteins, or nucleic acids or complex combinations of these substances, or may be living entities such as cells and tissues.
Commercial molecules	Molecules where Neuland is manufacturing for commercial use after the product has been approved
Custom Manufacturing Solutions (CMS)/ Contract Development and Manufacturing Organization (CDMO)	Develop and manufacture pharmaceutical ingredients and intermediates in line with customer expectations.
Development Molecules	Projects where Phase-3 is over, and molecules have been filed but not yet commercial.
DMF	A Drug Master File (DMF) is a submission to the Food and Drug Administration (FDA) that may be used to provide confidential detailed information about facilities, processes, or articles used in the manufacturing, processing, packaging, and storing of one or more human drugs
GDS	Generic Drug Substance (GDS) segment which includes Prime products and Specialty products
International Council for Harmonisation (ICH) Guidelines	Harmonisation project involving regulatory authorities and pharmaceutical industry to improve efficiency of new drug development and registration processes
New Chemical Entity (NCE)	NCE is granted to “a drug that contains no active moiety that has been approved by FDA in any other application”
Peptides	Peptides are sequences of molecules called amino acids. Peptides of precise sequences may occur naturally in the body, but they may also be produced synthetically or using recombinant DNA technology in bacteria and other living systems. These molecules are used to treat a variety of diseases

Term	Description
Pipeline drugs	Drugs (small or large molecule) under development by a manufacturer
Prime APIs	The prime products which typically include mature APIs with relatively higher competition in API space have historically contributed more than 70% of the total business.
Specialty/ Niche APIs	Molecules in the API space which are complex in nature and are in the nature of ‘high value’ added products and Neuland’s focus has been to develop these molecules from laboratory scale to large commercial quantities
Preclinical study	Preclinical studies take place in animals before any testing in humans is done.
Phase I clinical trial	Researchers test an experimental drug or treatment in a small group of people for the first time.
Phase II clinical trial	The experimental drug or treatment is given to a larger group of people to see if it is effective and to further evaluate its safety.
Phase III clinical trial	The experimental study drug or treatment is given to large groups of people. Researchers confirm its effectiveness, monitor side effects, compare it to commonly used treatments, and collect information that will allow the experimental drug or treatment to be used safely.
Small molecule products	A drug that can enter cells easily because it has a low molecular weight. Once inside the cells, it can affect other molecules, such as proteins, and may cause cancer cells to die. This is different from drugs that have a large molecular weight, which keeps them from getting inside cells easily. Many targeted therapies are small-molecule drugs
USFDA	The US Food and Drug Administration is responsible for protecting the public health by ensuring the safety, efficacy, and security of drugs, biological products, and medical devices

Over 4 decades, 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 100 APIs and has filed over 950+ Regulatory filings in the US (67 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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