



Neuland Laboratories Limited
11th Floor (5th Office Level),
Phoenix IVY Building,
Plot No.573A-III, Road No.82,
Jubilee Hills, Hyderabad - 500033,
Telangana, India.

Tel: 040 67611600 / 67611700
Email: neuland@neulandlabs.com
www.neulandlabs.com

November 7, 2023

To
BSE Limited
Phiroze Jeejeebhoy Towers, 25th Floor,
Dalal Street, Mumbai - 400 001

The National Stock Exchange of India Ltd
Exchange Plaza,
Bandra Kurla Complex
Bandra (E), Mumbai - 400 001

Scrip Code: 524558

Scrip Code: NEULANLAB; Series: EQ

Dear Sir/Madam,

Sub: Investors/Analysts Presentation

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing the presentation to the Investors/ Analysts on the Financial Results of the Company for the quarter and half year ended September 30, 2023.

The presentation is also being uploaded on the website of the Company at www.neulandlabs.com

This is for your information and records.

Thanking you,

Yours Sincerely,

For Neuland Laboratories Limited

Sarada Bhamidipati
Company Secretary

Encl: As above



Neuland Laboratories Limited

INVESTOR PRESENTATION
Q2FY24 & H1FY24

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.

Table of Contents

1

**Q2FY24 and
H1FY24
Highlights**

2

**Company
Overview**

3

**Business
Strategy**

4

**Shareholder
Information**

5

Appendix



**Q2FY24 & H1FY24
Highlights**



1





SUCHETH DAVULURI

"We are pleased to report record quarterly revenue of Rs 421 crores. The YoY revenue growth of 43% driven by the CMS vertical is a culmination of the efforts we have put in over several years. The EBITDA margin of 33.4% therefore is a result of not only the revenue momentum but also a shift towards high margin business. We continue to have good visibility from both businesses and are focussed on executing according to our strategic plan."

SAHARSH DAVULURI

"The CMS business continues to grow on the back of both development and commercial projects in line with our expectations. Even as the external funding environment is tight, our pipeline of CMS projects is evolving as we have doubled the number of P-2 projects over the last year. We will continue to invest in our capacities and capabilities in line with our commitment to serve customers with agility."





H1FY24 Business and Financial Highlights

CMS segment

CMS revenues driven by commercial molecules. Significant contribution from molecules in the pipeline also

Specialty business

Specialty business driven by Paliperidone, Apixaban and Donepezil

Prime segment

In Prime segment Mirtazapine and Escitalopram 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)

Free Cash Flow (FCF) generation and utilisation

Generated Free Cash Flow of Rs. 120.6 crores during H1FY24

Partly utilised to reduce debt by Rs 26.0 crores

Capex Investment of Rs 43 crores for enhancement of future overall capabilities

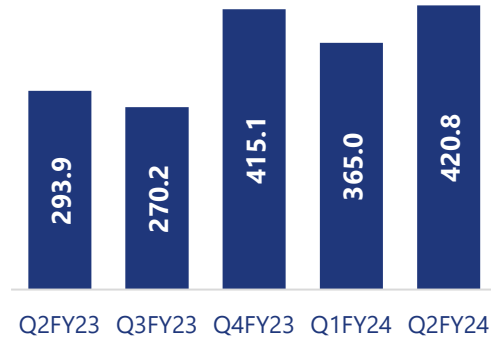
Working Capital

Reduction in working capital cycle to 102 days in Q2FY24 as compared to 148 days in Q2FY23

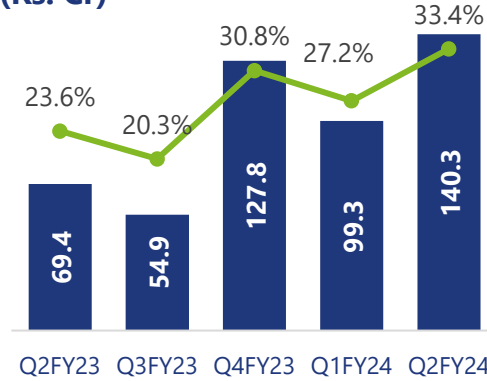


Q2FY24 Financial Highlights

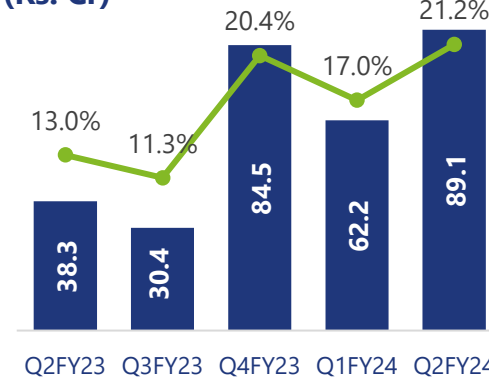
Total Income
(Rs. Cr)



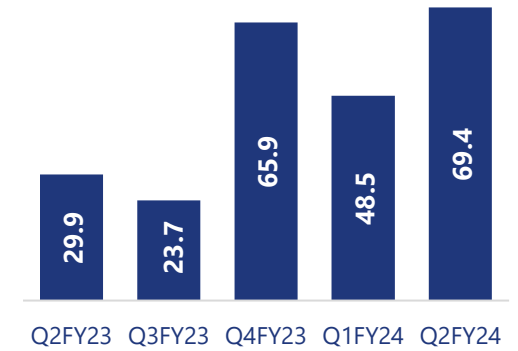
EBITDA
(Rs. Cr)



PAT
(Rs. Cr)



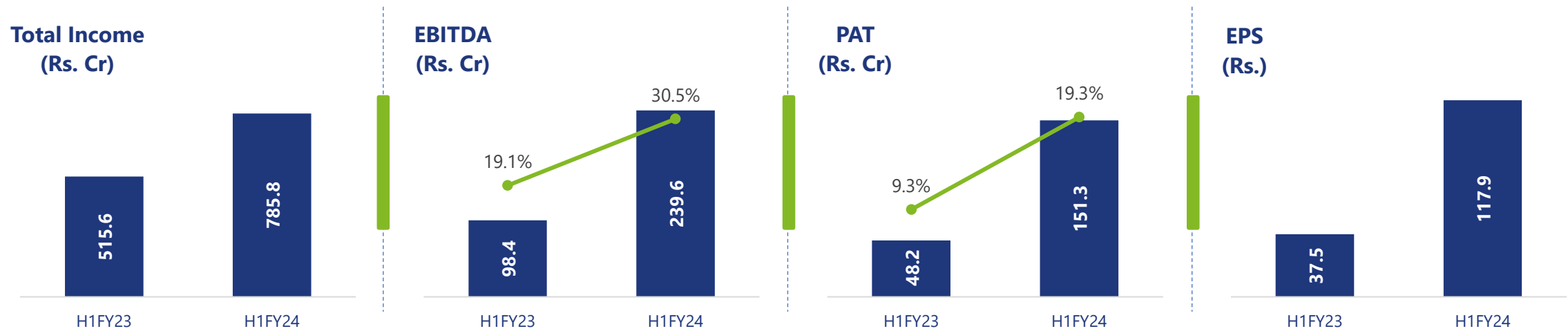
EPS
(Rs.)



Financial Highlights

- Total Income for Q2FY24 at Rs. 420.8 crore (+43.2% YoY)
- EBITDA for Q2FY24 at Rs. 140.3 crore (+102.2% YoY)
- EBITDA Margin for Q2FY24 at 33.4% (increased by 980 bps YoY)
- PAT for Q2FY24 at Rs. 89.1 crore (+132.3% YoY)
- Net Debt stood at Rs. (39.4) crore as at Q2FY24 end compared to Rs. 181.0 crore as at Q2FY23 end and Rs 24.4 crore as at Q1FY24 end

H1FY24 Financial Highlights

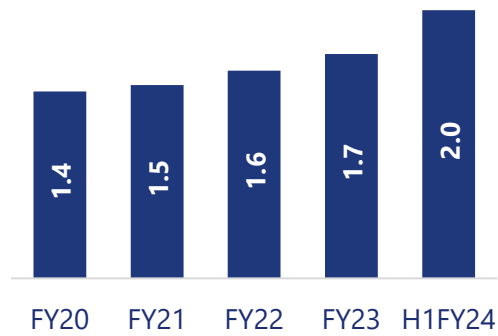


Financial Highlights

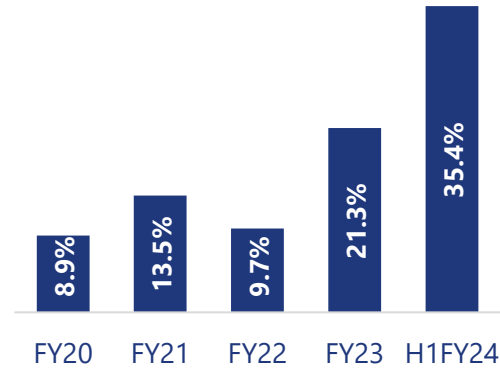
- Total Income for H1FY24 at Rs. 785.8 crore (+52.4% YoY)
- EBITDA for H1FY24 at Rs. 239.6 crore (+143.6% YoY)
- EBITDA Margin for H1FY24 at 30.5% (increased by 1140 bps YoY)
- PAT for H1FY24 at Rs. 151.3 crore (+214.1% YoY)
- Net Debt stood at Rs. (39.4) crore as at H1FY24 end compared to Rs. 181.0 crore as at H1FY23 end

Key Balance Sheet Metrics

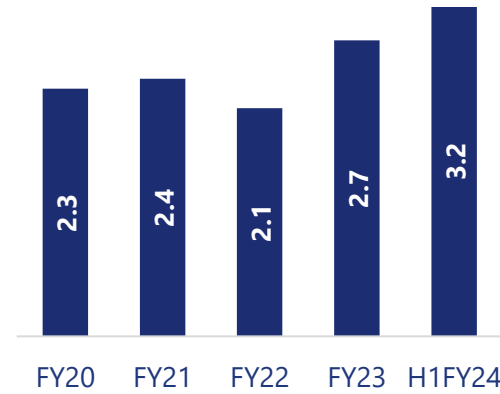
Current Ratio(x)



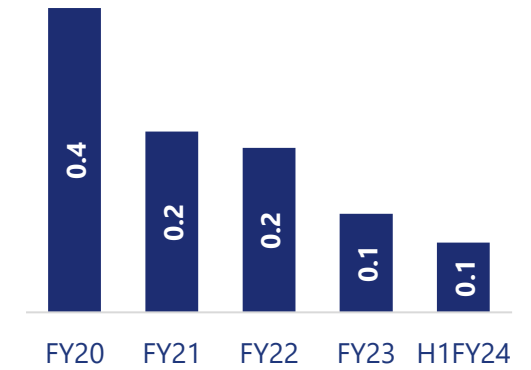
ROCE (%)*



Fixed Asset Turnover (x)**



Debt to Equity (x)



Particulars (Rs Cr)	Mar-20	Mar-21	Mar-22	Mar-23	Sep-23
Shareholders Funds	705.5	781.9	835.6	988.4	1,127.3
Net Debt	199.9	152.1	212.0	63.0	-39.4
Tangible Assets (including CWIP and Investment property)	391.1	437.9	497.2	511.2	526.3
Working Capital	289.4	308.6	376.8	463.0	436.9

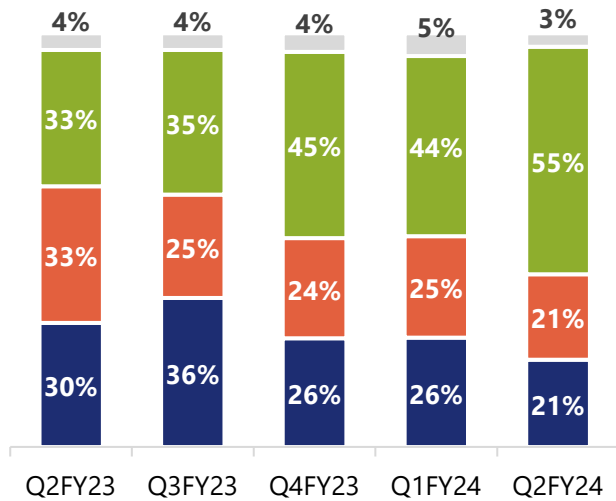
*ROCE: H1FY24 ROCE Calculated based on annualised EBIT and Average Capital Employed

**Fixed Asset Turnover: H1FY24 is annualised

Key Operating Metrics Q2FY24

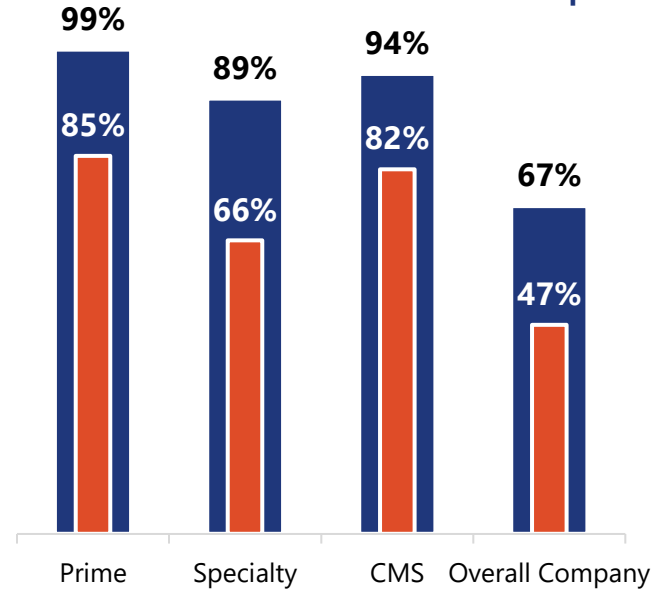
Segment Revenue

■ Prime ■ Specialty
■ CMS ■ Others



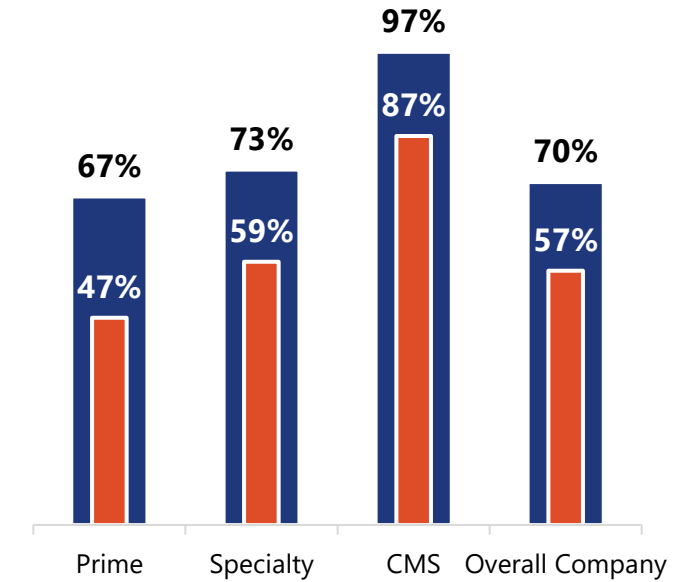
Top 10 & Top 5 Products

■ Top 10
■ Top 5



Top 10 & Top 5 Customers

■ Top 10
■ Top 5

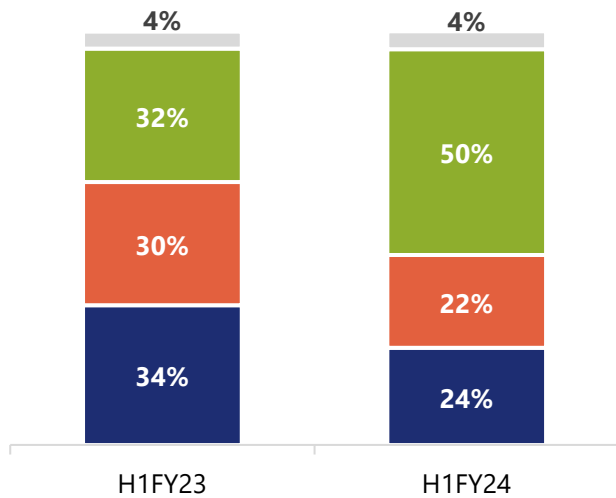


- Steady shift from low margin Prime to high margin Specialty and CMS segments
- CMS business caters to Innovator customers on an exclusive basis, developing and manufacturing APIs/Intermediates in line with rigorous customer expectations hence is highly concentrated in terms of customers
- Specialty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

Key Operating Metrics H1FY24

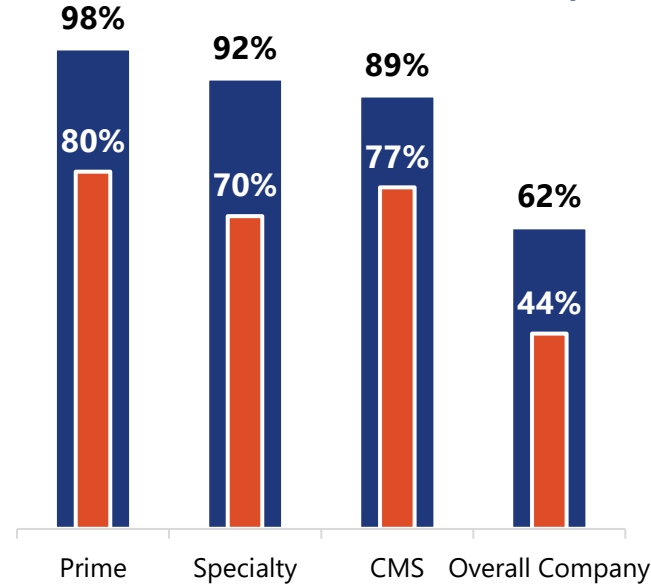
Segment Revenue

■ Prime ■ Specialty
■ CMS ■ Others



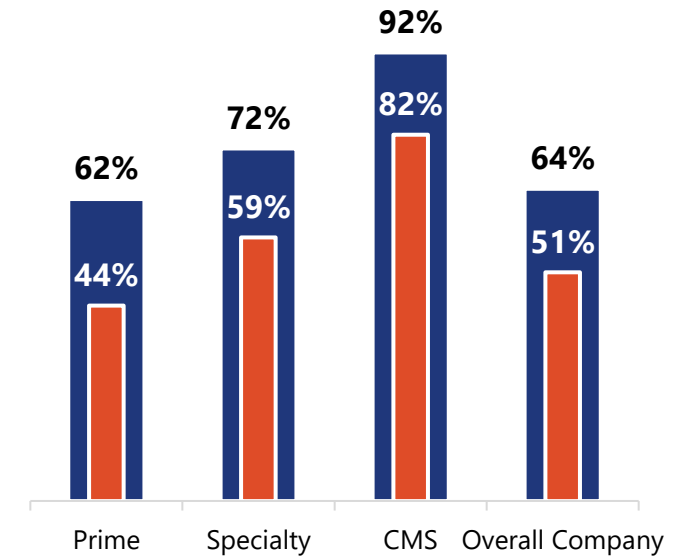
Top 10 & Top 5 Products

■ Top 10 ■ Top 5



Top 10 & Top 5 Customers

■ Top 10 ■ Top 5

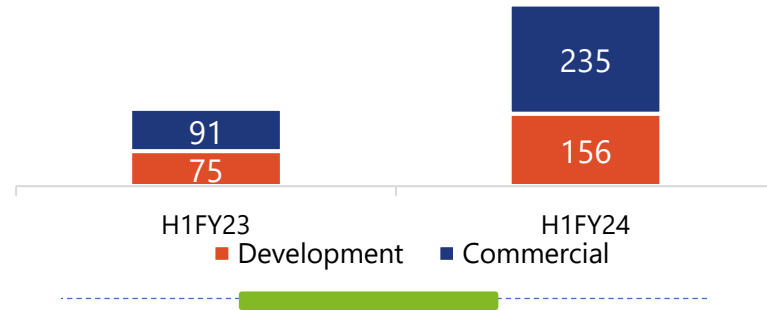


- Steady shift from low margin Prime to high margin Specialty and CMS segments
- CMS business caters to Innovator customers on an exclusive basis, developing and manufacturing APIs/Intermediates in line with rigorous customer expectations hence is highly concentrated in terms of customers
- Specialty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

CMS – Revenue Split & Number of Active Projects

Rs. Cr

YoY Movement



No. of active CMS projects

Q2FY24	Pre-Clinical	P-1	P-2	P-3	Pre-Reg/Reg*	Commercial	Total
API	12	6	12	3	9	8	50
Intermediate	6	4	8	4	6	11	39
Grand Total	18	10	20	7	15	19	89

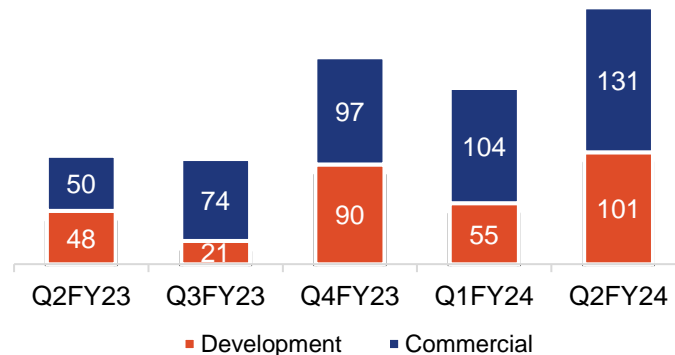
Q2FY23	Pre-Clinical	P-1	P-2	P-3	Pre-Reg/Reg	Commercial	Total
API	16	4	7	6	7	9	49
Intermediate	10	6	2	1	7	12	38
Grand Total	26	10	9	7	14	21	87

Q2FY22	Pre-Clinical	P-1	P-2	P-3	Pre-Reg/Reg	Commercial	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

Q2FY21	Pre-Clinical	P-1	P-2	P-3	Pre-Reg/Reg	Commercial	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

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')
- Commercial: Neuland generates revenues by manufacturing APIs for commercial novel molecules for innovators
- Steady trend in molecules transitioning from development stage to commercialisation resulting in increase in revenue from commercial products



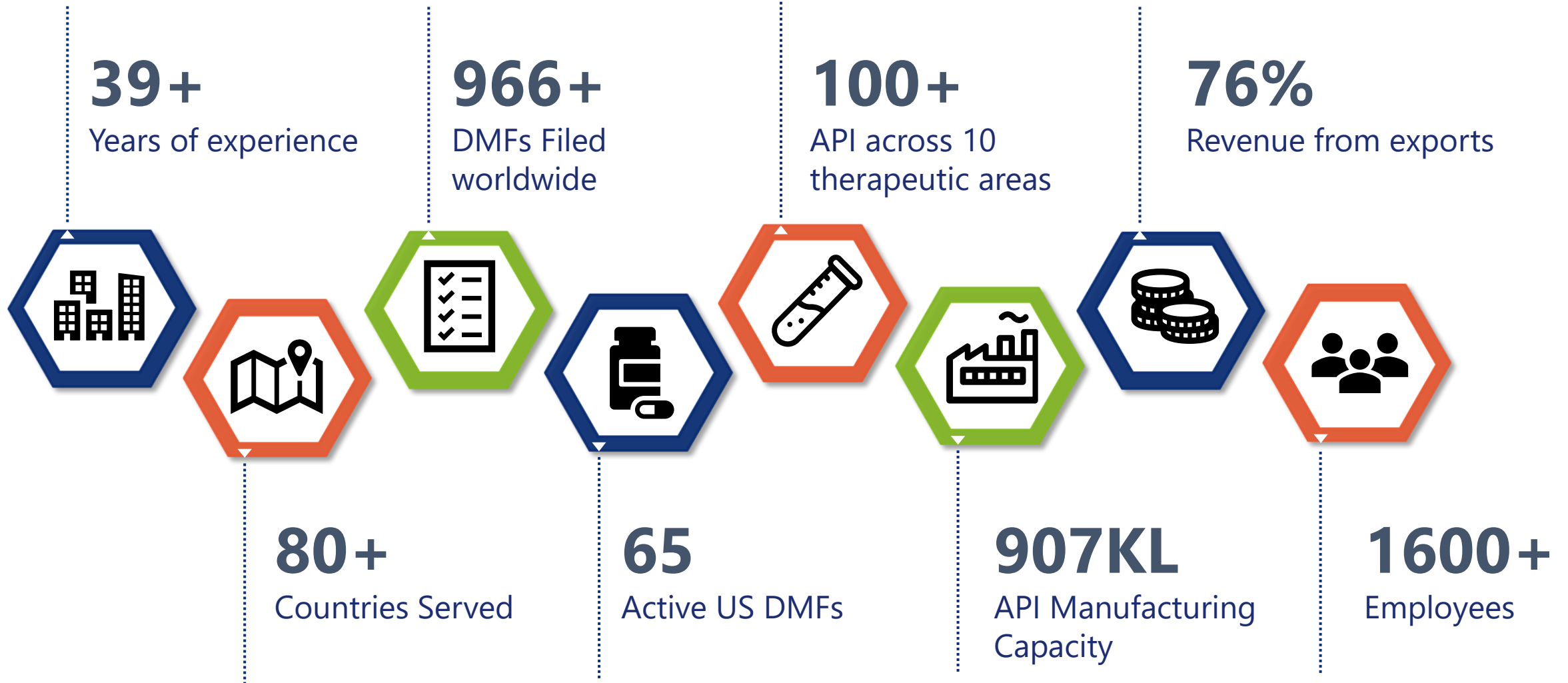
**Company
overview**



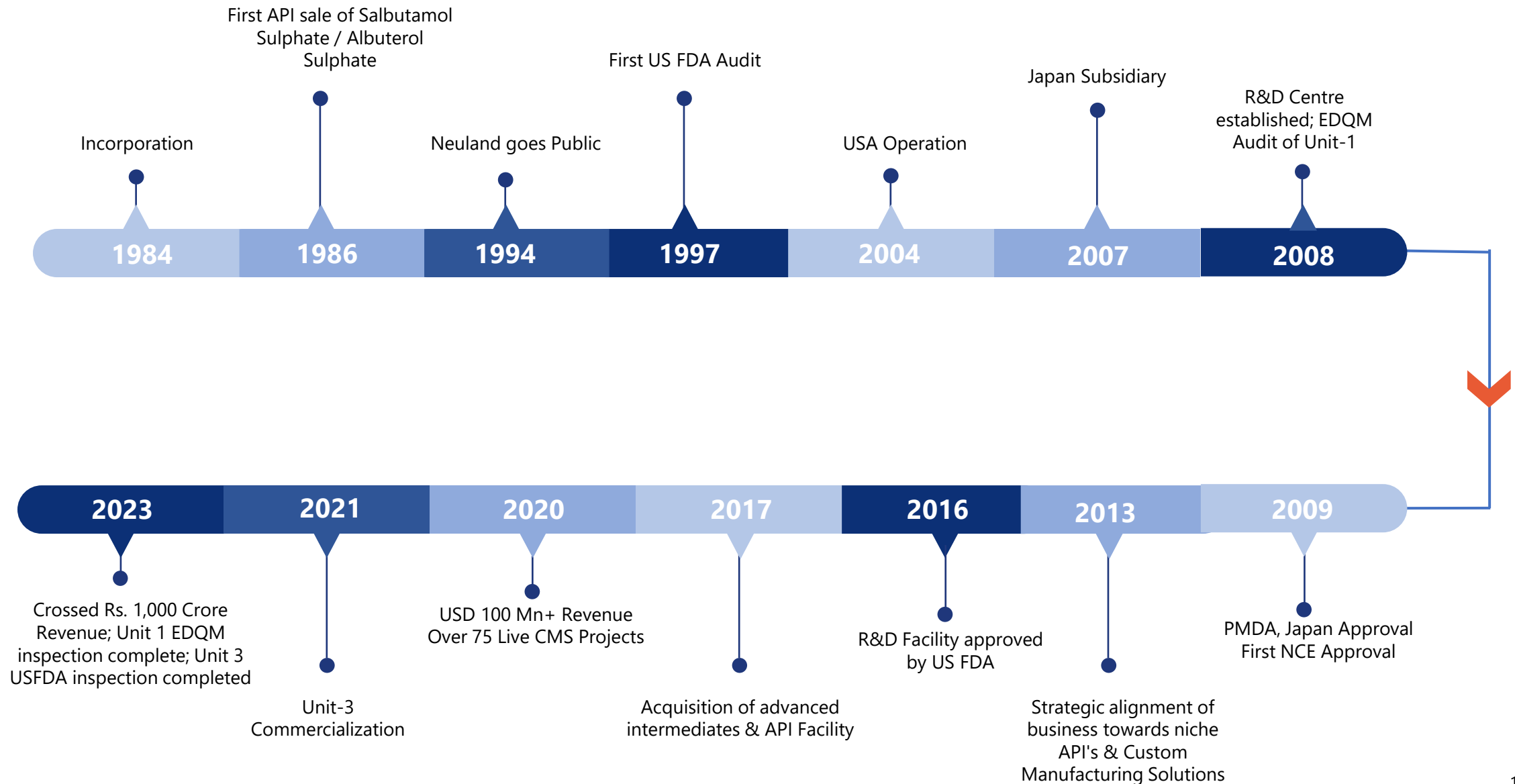
2



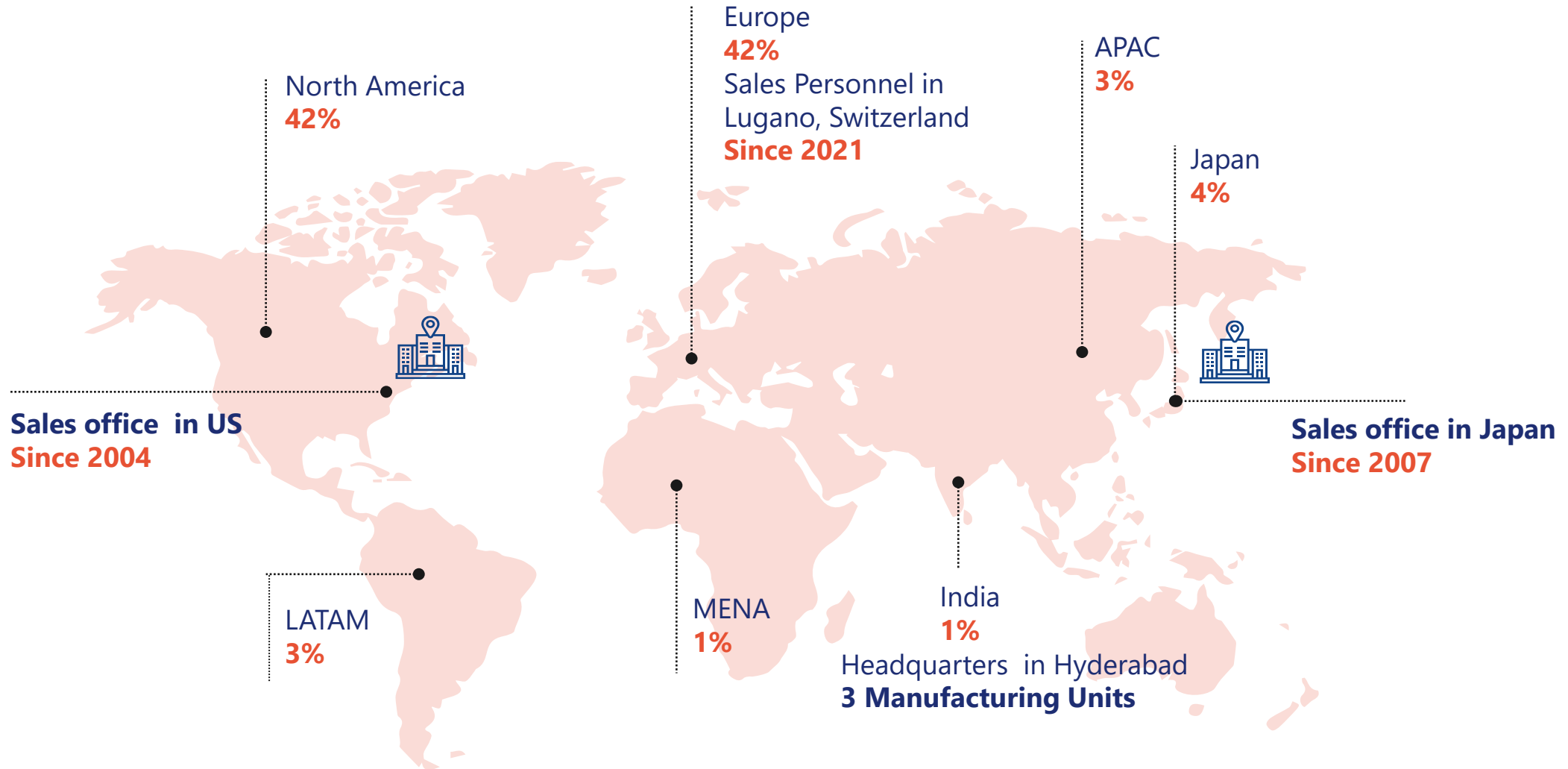
Key Facts



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

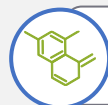
- ▶ Several NCE APIs added in NDA or commercial stage drugs
- ▶ Support for multiple APIs each year in Phase 2 and Phase 3 clinical candidates
- ▶ Generic API business -
 - ✓ 950+ DMFs filed
 - ✓ 300+ API processes developed
 - ✓ 204+ patents filed. Received USPTO patent for improved process synthesis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



65 DMFs with USFDA



32 Filings with Health Canada



10 Japanese DMF filed



17 China DMF filed



268 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



27 filings with TGA

966+ 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 FY2014-2023

Rs. Cr

	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Total Income	469.1	469.9	519.3	582.3	533.7	670.3	766.6	953.0	953.2	1,200.9
EBITDA	74.0	67.4	89.7	97.6	56.3	61.4	105.3	162.5	144.3	281.1
<i>EBITDA Margin</i>	<i>15.8%</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>
PAT	26.6	15.9	34.8	41.4	13.6	16.1	15.9	80.3	63.5	163.1
<i>PAT Margin</i>	<i>5.7%</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>
EPS	32.3	18.5	30.8	36.9	10.6	12.8	12.4	62.6	49.5	127.1
Current Ratio (x)	0.9	1.1	1.2	1.2	1.2	1.4	1.4	1.5	1.6	1.7
ROCE (%)	18.8%	15.7%	18.4%	15.9%	5.0%	4.7%	8.9%	13.5%	9.7%	21.3%
Fixed Asset Turnover (x)	3.6	3.8	3.7	3.8	3.2	2.9	2.3	2.4	2.1	2.7
Debt to Equity (x)	1.4	1.1	0.9	0.9	0.5	0.3	0.4	0.2	0.2	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.



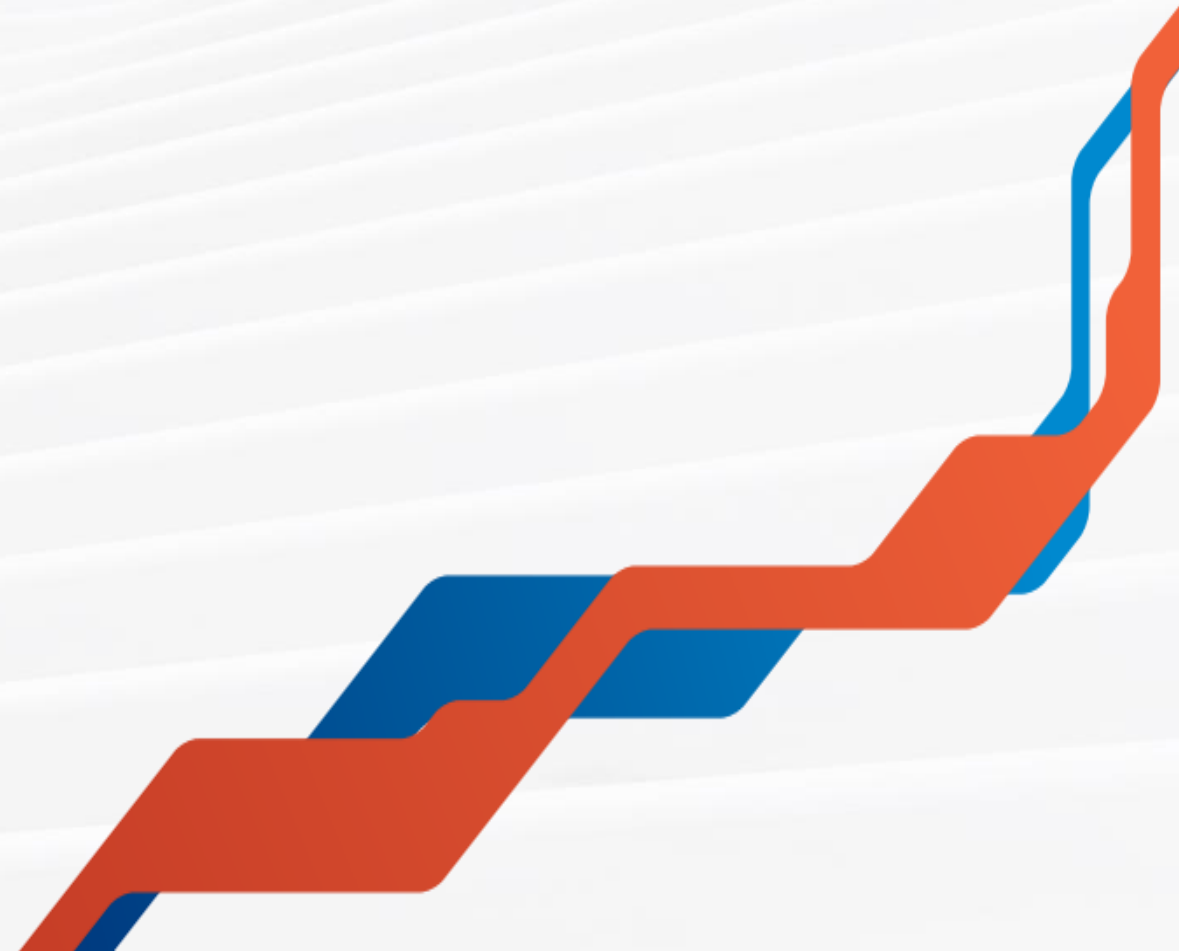
Strategic Priority – VI

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





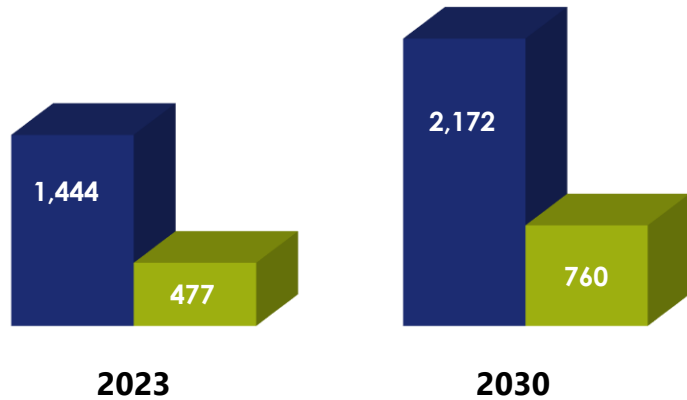
GDS Strategy



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

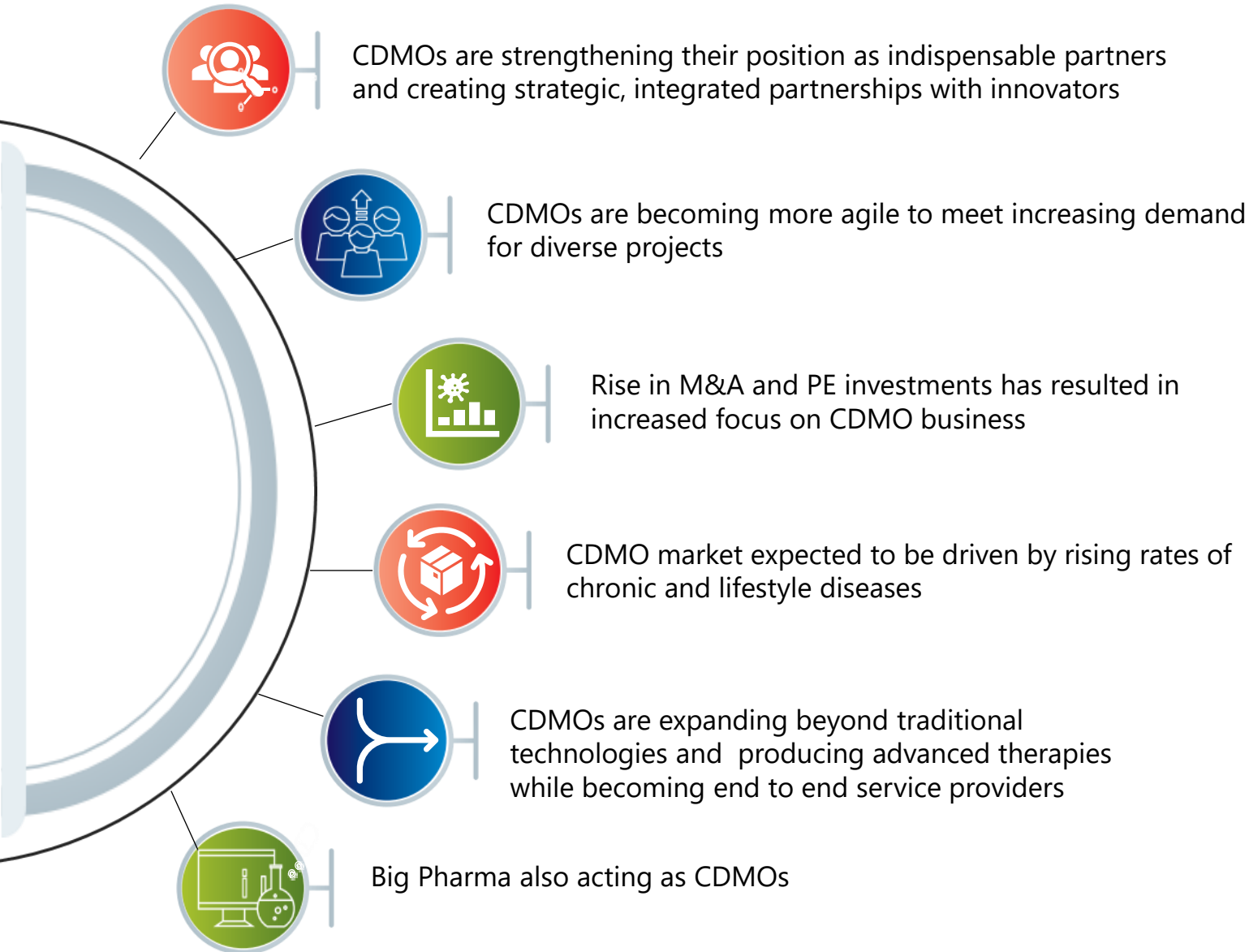
- Commercialization of pipeline molecules through New leads identification and conversion
- Aim for first sourcing and NCE-1 opportunities
- Investment in new areas
- Explore collaboration opportunities with dossier development companies
- Filing DMFs for peptides



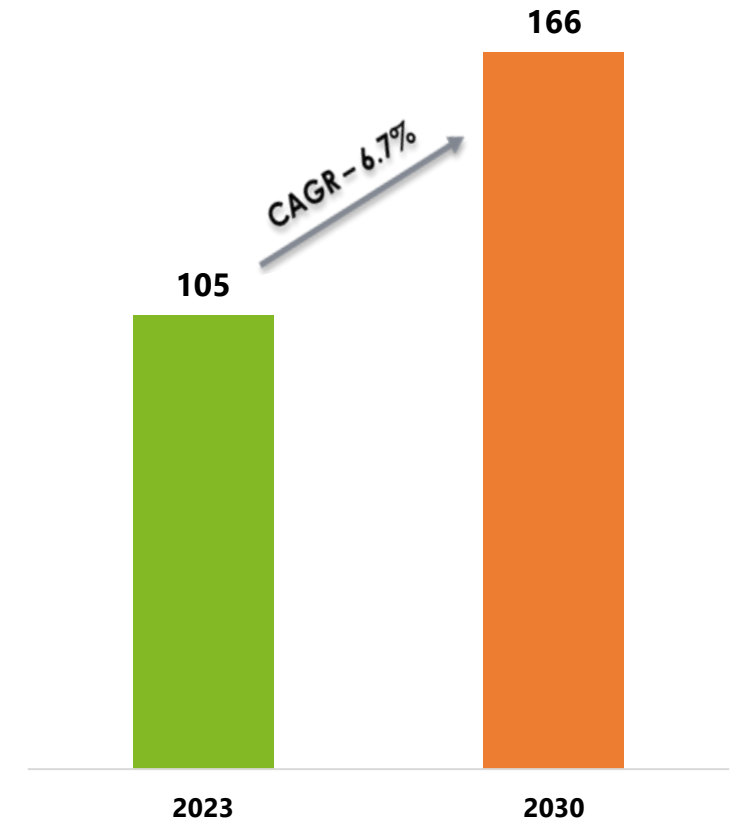
CMS Strategy



Global Outlook of CDMO Industry

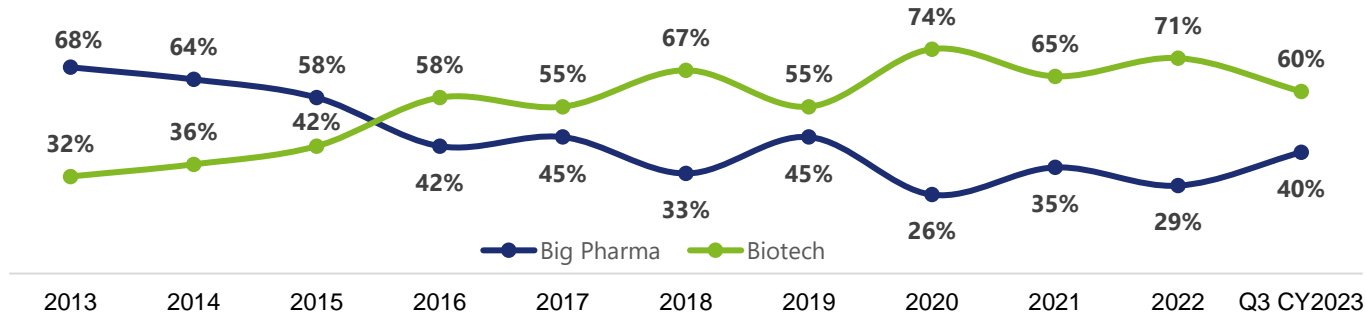


API CDMO Market Size (\$Bn)



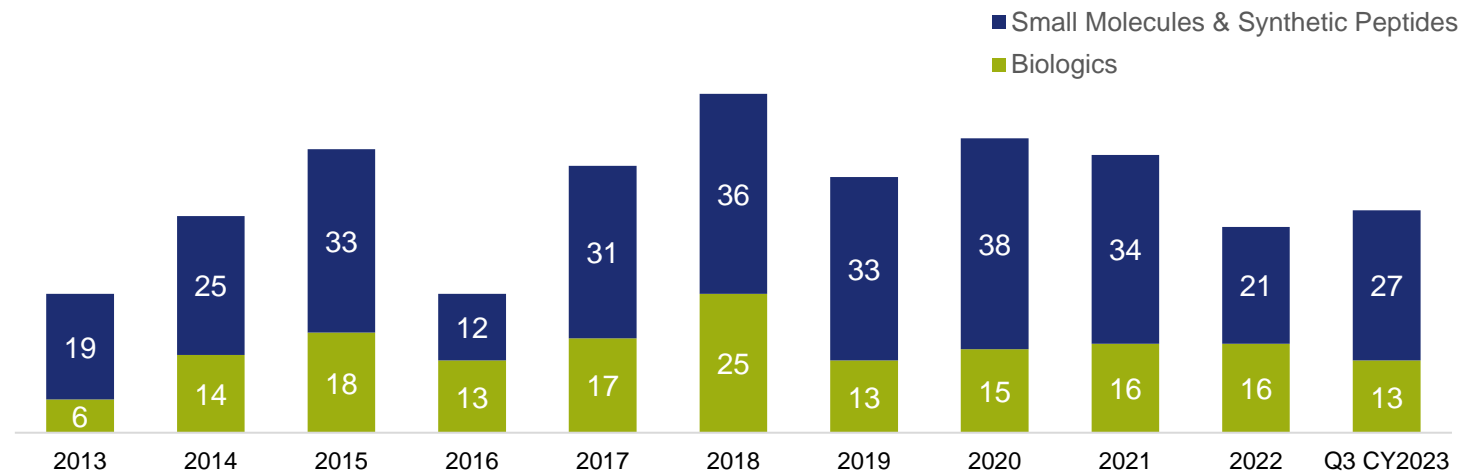
Big Pharma vs Biotech Drug Approval Trend

Small Molecules & Synthetic Peptides Approvals

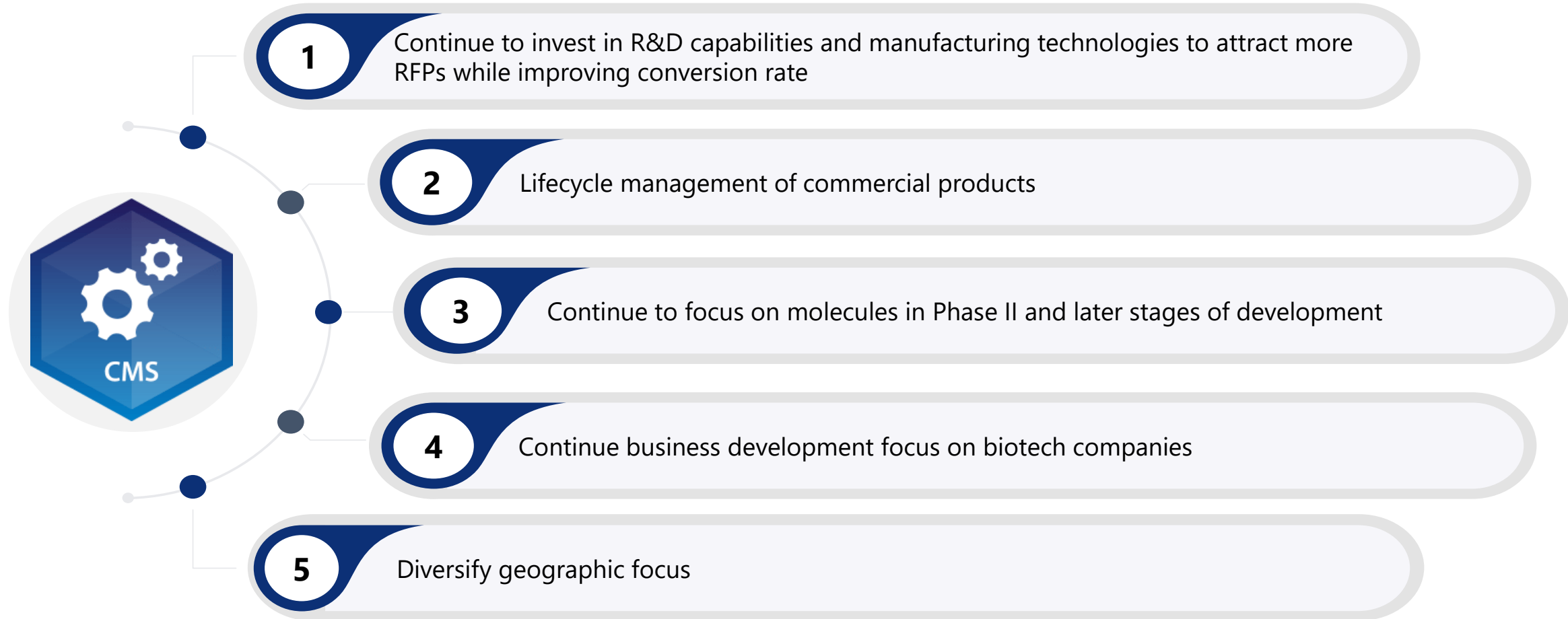


Biotech companies are more aggressive in focusing on small molecules, hence they have a higher approval rate compared to Big Pharma companies, which are continuing to focus on biologics

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



Small molecules had higher number of approvals compared to Biologics





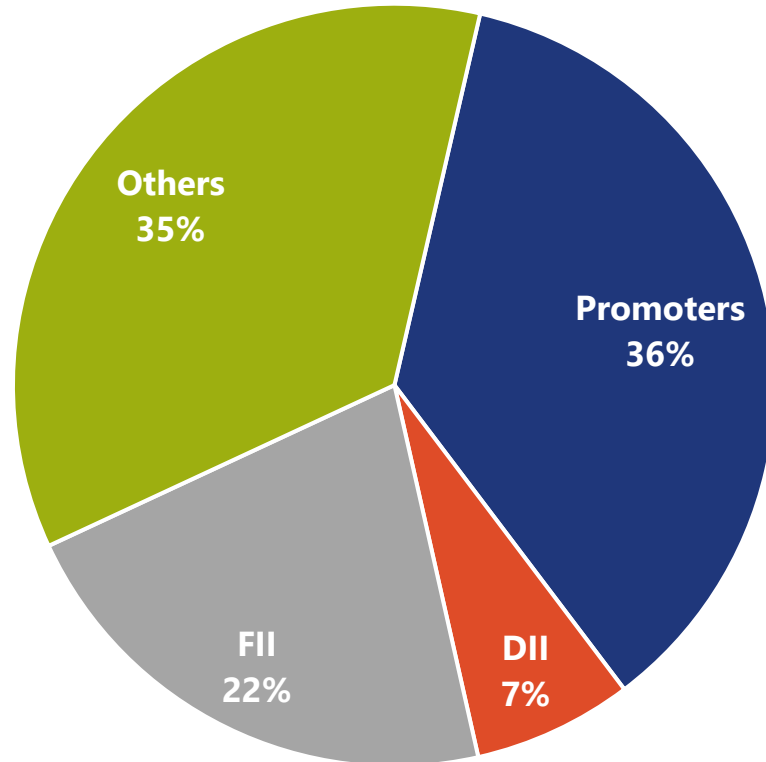
**Shareholder
Information**



4



Shareholding Details



Share Information (as on 30th Sep 2023)

NSE Ticker	NEULANLAB
BSE Ticker	524558
Market Cap (Rs. Cr)	4,734
% free-float	64.03%
Free-float market cap (Rs. Cr)	3,031
Shares Outstanding	1,28,29,889
3M Average Daily Traded Volume (ADTV) (Shares)*	52,234
3M Average Daily Traded Value (In Rs. Cr)*	18.60
Industry	Pharmaceuticals

* Source: BSE & NSE



Annexure

5



Profit & Loss Snapshot (Standalone)

Particulars (Rs Cr)	Q2FY24	Q2FY23	YoY (%)	Q1FY24	QoQ (%)
Total Income	420.8	293.9	43.2%	365.0	15.3%
EBITDA	140.3	69.4	102.2%	99.3	41.3%
EBITDA Margin	33.4%	23.6%	980 bps	27.2%	620 bps
Profit Before Tax	121.4	53.1	128.8%	83.5	45.4%
PBT Margin	28.9%	18.1%	1080 bps	22.9%	600 bps
Profit After Tax	89.1	38.3	132.3%	62.2	43.1%
PAT Margin	21.2%	13.0%	820 bps	17.0%	420 bps
EPS (Rs.)	69.4	29.9	132.3%	48.5	43.1%

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

For over 39 Years, 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 959+ Regulatory filings in the US (65 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.



For further information contact

IR Desk

Neuland Labs

Contact: +91 40 6761 1600

Email: mir@Neulandlabs.com

Ravi Udeshi

EY IR

Contact: +91 22 6192 2000

Email: Ravi.udeshi@in.ey.com