

Twitter Thread by The Tycoon Mindset

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Neuland Laboratories concall was today at 5:00 PM

**@unseenvalue @darshanvmehta1 @drprashantmish6 @punitbansal14 @suru27
@rdkriplani**

Hope customer book of Neuland to remain as booked and full just like today's conference call■

Here are the Key takeaways from the earning call■

Business Updates:

- Price growth drivers were Levetiracetam and Mirtazapine.
- Commercialization of Unit 3 has begun and 2 API have been shipped in.
- Neuland has filed Donepezil based with USDFA.

Q from @unseenvalue sir: Growth opportunity in Peptide (esp. on generic)

- Involved in many molecule discovery in generic side
- Co. has seen value on generic capacity, GDS being continuous play for the company
- Co. may have partnership for generic side of business as well.

NCE Buinesss:

- Portfolio of PMS project has mix of both orphan and convectional drugs.
- Few molecules of NCE has started generating revenue and benefits of those molecule will be discovered in future.

CMS Buinesss:

- Most of the molecules in pipeline has been increased and some are even in commercialization.
- New business momentum continues to remain strong, and lot of business are attracted through referral business.
- More focus remains on the quality of the molecules.

De-risking the supply chain

- Neuland has decrease the raw material dependency from China, which was ~60% previously have been brought down to just 10% now which is also for cost competitiveness.

Unit 3:

- Current it is fairly underutilize as it has geographical larger side.
- Next 2-3 growth will be from the utilization of the Unit 3.
- Expansion will be based on growth company sees in future.
- Range of utilization stays at 75-80% with that productive plant.

Lower Margin, despite of operating leverage:

- As unit 3 is not entirely commercialize, operating leverage has not kicked in.
- With more investment and increasing capacity, there will be increase in margin.

Q from [@darshanvmehta1](#) sir on margin under-stated

- Margin understatement is majorly more because of company wants to be conservative in terms of margins.

CAPEX- Currently company has done 80 crores for expansion and it will same next acquisition for better growth proposition.

Q from [@suru27](#) sir on future of the business segment

- Volatility of the segment is expected to be reduced, as Prime, Speciality, CMS entire segment has received huge growth in the past, resulting in decline in volatility.
- Neuland is commanding higher margins and are expecting volatility in margins to remain on line.
- Utilization target till FY 2022 is difficult predict as there will increasing in product block which will decrease the utilization and subsequently go up.