Twitter Thread by The Tycoon Mindset



The Tycoon Mindset
@tycoonmindset05

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 Buinssess:

• 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 Buinsess:
• 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 underutlize 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 utlization 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.

• Utilziation target till FY 2022 is difficult predict as there will increasing in product block which will decrease the utilization and subsequently go up.