

Date: 12.02.2025

To

**Listing Compliance Department
BSE Limited**

Phiroze Jeejeebhoy Towers,
Dalal Street, Fort,
Mumbai – 400 001

Subject: Investor Presentation

Dear Sir/ Madam,

Pursuant to Regulation 30 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the copy of investors presentation in connection with Unaudited Standalone & Consolidated Financial Results for quarter ended 31st December 2024.

You are requested to take the information on record and oblige.

Thanking You

Yours Faithfully,

For Natural Capsules Limited

**Shilpa Burman
Company Secretary & Compliance Officer**



BSE: 524654

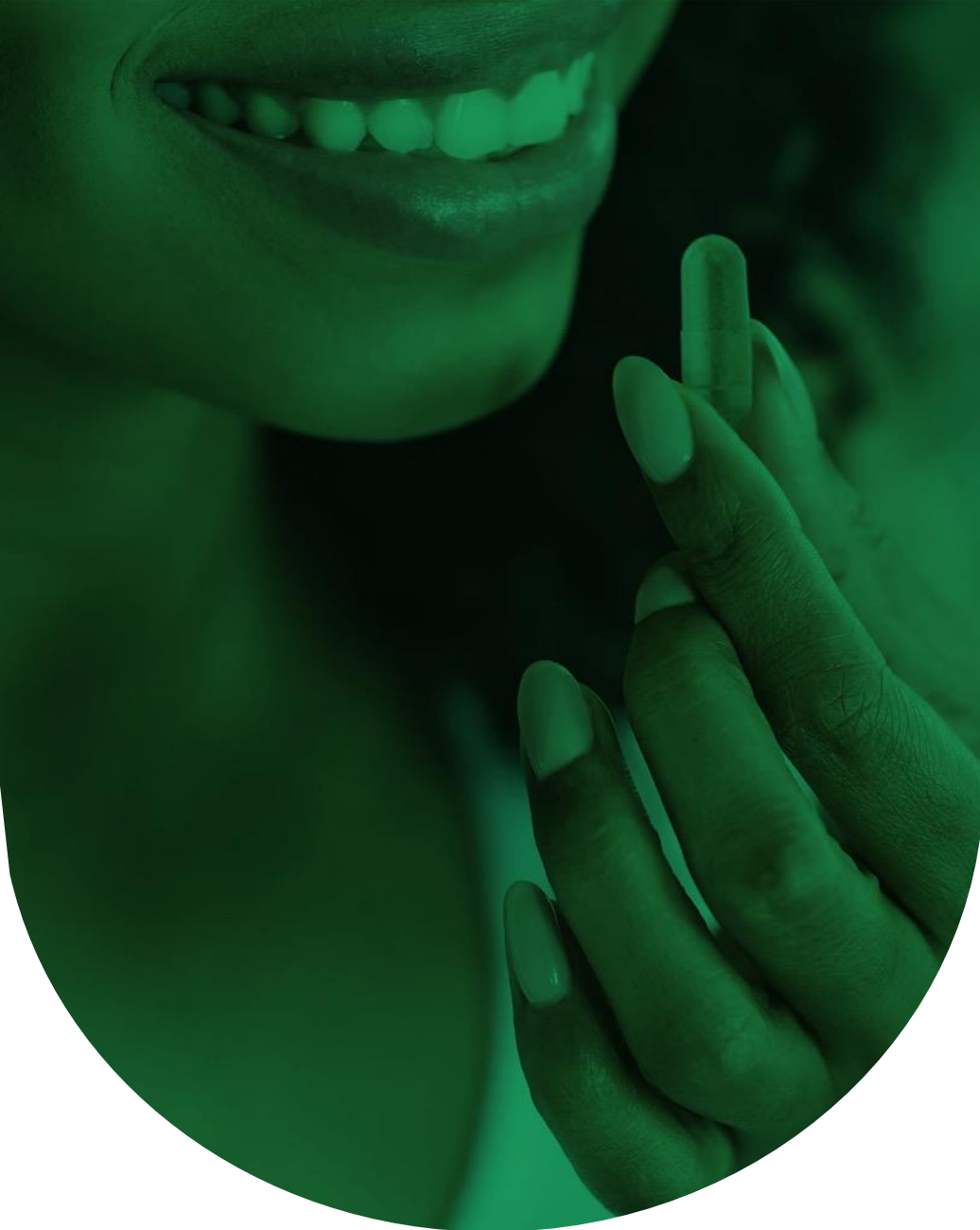


Investor Presentation

FEBRUARY, 2025

Safe Harbor

Certain statements and opinions with respect to the anticipated future performance of Natural Capsules Limited (NCL) in the presentation ("forward - looking statements"), which reflect various assumptions concerning the strategies, objectives and anticipated results may or may not prove to be correct. Such forward -looking statements involve a number of risks, uncertainties and assumptions which could cause actual results or events to differ materially from those expressed or implied by the forward - looking statements. These include, among other factors, changes in economic, political, regulatory, business or other market conditions. Such forward - looking statements only speak as at the date the presentation is provided to the recipient and NCL is not under any obligation to update or revise such forward - looking statements to reflect new events or circumstances. No representation or warranty (whether express or implied) is given in respect of any information in this presentation or that this presentation is suitable for the recipient's purposes. The delivery of this presentation does not imply that the information herein is correct as at any time subsequent to the date hereof and Laxmi has no obligation whatsoever to update any of the information or the conclusions contained herein or to correct any inaccuracies which may become apparent subsequent to the date hereof.



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Quarterly Highlights

Quarterly Updates – Q3FY25 (Consolidated)

REVENUES **43.83 cr**

⬆ 6.31% Q-o-Q

⬆ 9.61% Y-o-Y

EBITDA **4.27 cr**

⬆ -5.30% Q-o-Q

⬆ -9.65% Y-o-Y

EBITDA MARGINS **9.73%**

⬆ -119 BPS Q-o-Q

⬆ -208 BPS Y-o-Y

PAT **0.11 cr**

⬆ 117.27% Q-o-Q

⬆ -91.23% Y-o-Y

EPS **₹ 0.10**

⬆ 116.67% Q-o-Q

⬆ -92.25% Y-o-Y



Management Commentary



In our API segment, we have commenced commercial production of large-scale batches

Sunil Mundra

MANAGING DIRECTOR
NATURAL CAPSULES LIMITED



The third quarter was stable for our capsules business, with a modest increase in revenues. While we saw a slight increase in capsule realisation as anticipated, a concurrent rise in gelatine prices partially offset the improvement in profitability. Additionally, employee costs this quarter includes provisioning for ESOPs, which has resulted in a decline in our EBITDA.

Our HPMC capsules business faced some challenges during the quarter, as we witnessed pricing pressure in some of the export markets. This phenomenon is due to aggressive selling of these products by Chinese players in US markets. Going forward, we plan to switch to some of the product sizes in which this pricing pressure is less and competition is limited. We have already initiated steps in this direction, and this should help us increase our exports again. Based on the market feedback, we will be further deciding about the product sizes we will choose for our next machines.

In our API segment, we have commenced commercial production of large-scale batches. For the current financial year, we plan to scale up the production of Dexamethasone and Prednisolone. To streamline production and overcome fermentation-related scaling challenges, we have engaged external consultants to expedite the process and ramp up the plant. We aim to achieve a topline of ₹100 crores from the API segment in the next financial year and reach cash breakeven in this business. Additionally, we expect to be eligible for the WHO GMP audit by this September, which will unlock further opportunities for our business.

Our focus for the next financial year will be to drive growth and restore higher profitability in the capsules business, while also ramping up capacities in the API segment, aiming for cash breakeven and securing the necessary regulatory approvals that will open up opportunities for higher-margin business. In conclusion, while the past few years have been challenging, we remain committed to delivering on our long-term strategies and achieving robust results.

Profit & Loss Statement Summary (Consolidated)

PARTICULARS <small>(₹ IN CRORES)</small>	Q3FY24	Q2FY25	Q3FY25	Q-o-Q	Y-o-Y	9MFY24	9MFY25	Y-o-Y
Revenue From Operations	39.98	41.22	43.83	6.31%	9.61%	115.20	124.24	7.85%
Other Income	0.50	0.11	0.11	3.77%	-77.94%	1.02	0.40	-60.76%
Total Income	40.48	41.33	43.94	6.31%	8.53%	116.22	124.63	7.24%
Total Operating Expenses	35.26	36.72	39.56	7.74%	12.19%	99.40	111.10	11.77%
EBITDA	4.72	4.50	4.27	-5.30%	-9.65%	15.80	13.14	-16.84%
EBITDA Margins (Excluding OI)	11.81%	10.93%	9.73%	(119 bps)	(208 bps)	13.71%	10.57%	(314 bps)
Depreciation and Amortisation	2.19	2.35	2.33	-0.68%	6.73%	6.46	6.96	7.69%
Finance Cost	1.24	1.65	1.54	-6.39%	24.16%	3.73	4.67	25.31%
Profit Before Tax and Exceptional Item	1.79	0.62	0.50	-18.44%	-72.00%	6.62	1.90	-71.30%
Profit After Tax	1.21	-0.61	0.11	117.27%	-91.23%	4.59	0.10	-97.89%
EPS	1.29	-0.60	0.10	116.67%	-92.25%	4.92	0.09	-98.17%

Summary of Balance Sheet (Consolidated)

PARTICULARS (₹ IN CRORES)	FY24	H1FY25
Total Equity	228.80	258.33
Non Current Liabilities	71.25	67.07
Current Liabilities	76.47	79.25
Total Equity and Liabilities	376.53	404.66
Non Current Assets	252.76	269.72
Current Assets	123.77	134.94
Total Assets	376.53	404.66

Summary of Cash Flow (Consolidated)

PARTICULARS (₹ IN CRORES)	H1FY24	H1FY25
Cash Flow From Operating Activities	-15.32	12.01
Cash Flow From Investing Activities	-34.03	-20.18
Cash Flow From Financing Activities	49.06	15.36
Net Cash Flow	-0.30	7.19
Cash At The Beginning Of The Period	1.48	2.25
Cash At The End Of The Period	1.18	9.45

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Company Overview

Introducing Natural Capsules Limited (NCL)

Natural Capsules Limited (NCL) is a hard capsule shell manufacturer, who pioneered manufacturing of vegetarian capsules in India and is the second largest Indian manufacturer for gelatin capsules. The company was incorporated as a Public Limited Company in 1993 at Bangalore, and it further expanded its operations to Pondicherry in 2003. The company is now foraying into API manufacturing with complex high-end patented technology developed in-house, under its subsidiary company Natural Biogenex Private Limited.

NCL prides itself on its abilities to provide turnkey solutions to all its customers.



VISION

To become the global leader for supply of capsules, providing impeccable services all across the globe.



MISSION

- To consistently innovate and manufacture products key to market's and customer's expectation
- To consistently provide highest quality products to its customers across the globe
- To become an integrated enterprise of global distinction

1994

Listed on BSE

275

Customers

604

Team Members

02

Manufacturing Units

18.75 BCPA*

Capacity in Q4FY24

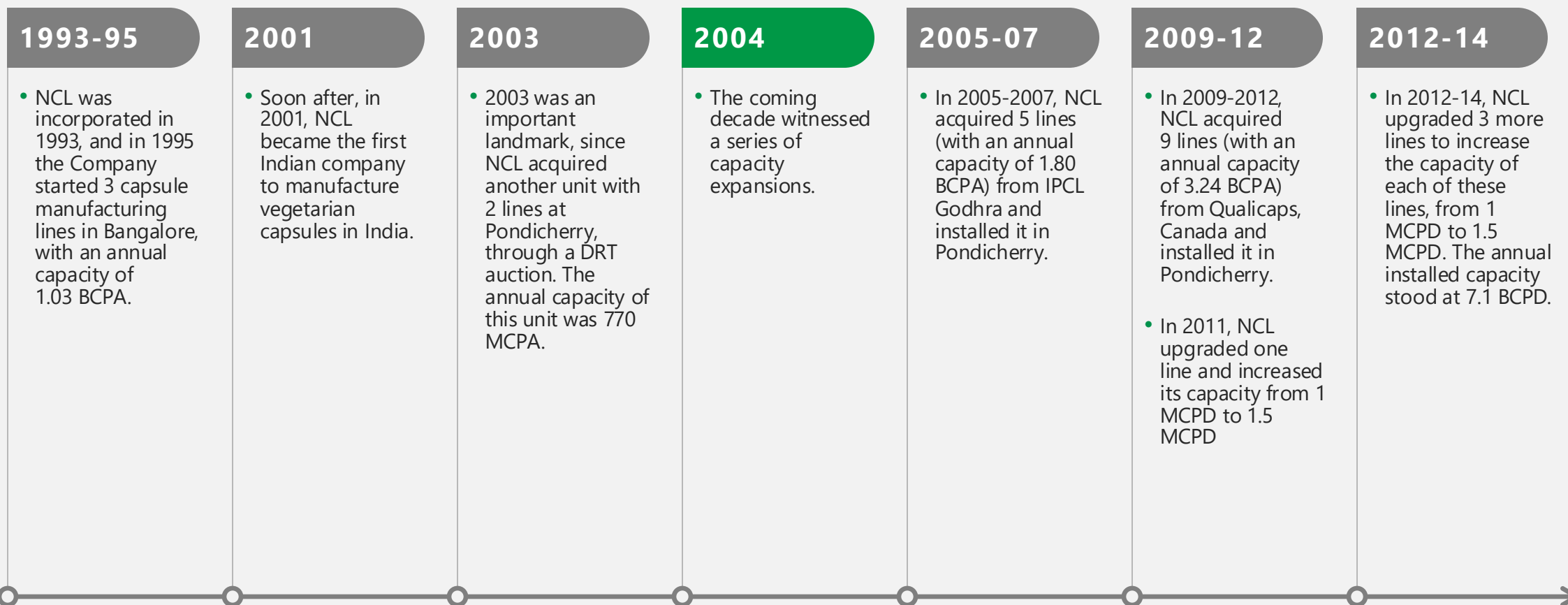
36.71%

Exports Revenue in FY24

* BCPA – Billion Capsules per Annum

Our Journey

1993- 2014: EARLY SUCCESSES AND A PERIOD OF EXPANSION



* BCPA – Billion Capsules per Annum | MCPD – Million Capsules per Day

Our Journey (contd.)

2015 – 2018: THE HURDLES WE FACED ON THE WAY

2015 – 18

- Fall in oil and commodity prices led to economic slowdown in African countries and caused a decline in export of pharmaceutical products and capsules from India. This led to a drop in demand for our products, which were selling well in Africa earlier. The selling prices gradually decreased as well, leading to drop in margins over a period of 3 years (FY16-FY18). NCL's strategy of focusing on exports proved to be counterproductive, during this period.
- NCL was quick to refocus on domestic markets, but soon demonetization and the implementation of GST in India caused disruption in the domestic pharmaceuticals industry, which led to bouts of severe drop in demand.

2019 ONWARD: THE BEGINNING OF A NEW AND IMPROVED NCL

2019 ONWARD

- 2019 onward NCL witnessed an increase in demand in both domestic and export markets, which led to improvement in margins.
- NCL also upgraded one of its capsule manufacturing lines to produce 2.5 MCPD (from its earlier capacity of 1.0 MCPD).
- The company's continued focus on R&D, in collaboration with other partners, led it to invent a new generation of capsule manufacturing technology as well.
- NCL replaced one of its old machines at Bangalore and installed its first new generation machine producing 4.8-5.0 MCPD (instead of the earlier capacity of 1 MCPD). The new generation machines are the fastest machines to manufacture capsules globally.

GOING FORWARD

Installed capacity as at Q4FY24 stands at **18.75 BCPA**

Two new HPMC lines machines to be commissioned in **FY25** which will further enhance the installed capacity

* Adjusted capacity for three HPMC lines

Product Offerings

Natural Capsules Limited manufactures a vast array capsules, including vegetarian capsules which they have pioneered in India.

The company is now foraying into API manufacturing with complex high-end patented technology developed in-house, under its subsidiary company Natural Biogenex Private Limited.



CAPSULES

- Hard Gelatin Capsules shells
- Hard Cellulose Capsules shells
- Others
 - Special Characteristic Variants
 - Shiny Capsules
 - Sweet Capsules
 - Fast Release Capsules
 - Regulatory Variants
 - SLS free Capsules
 - Preservative free Capsules
 - TSE free Capsules



APIs

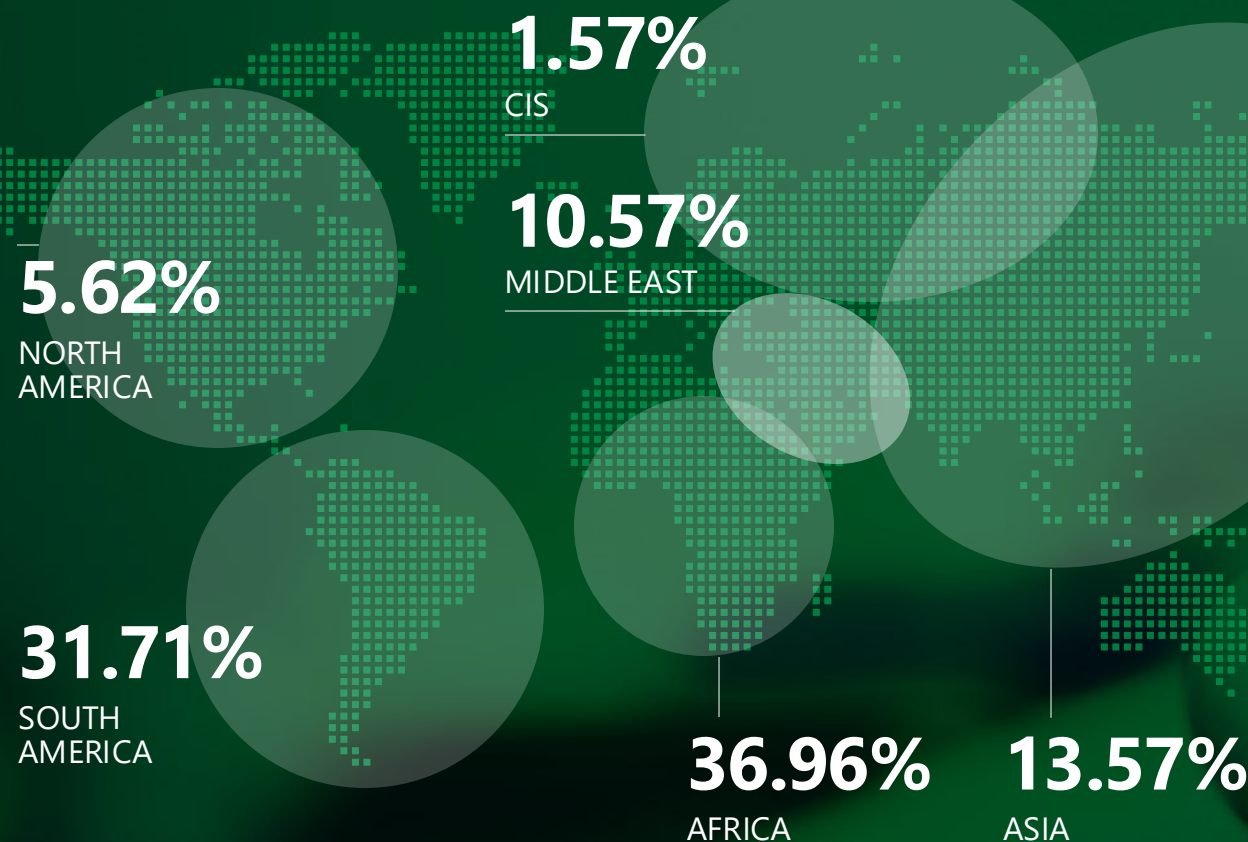
Key steroidal API products

- Prednisolone & Derivative Salts
- Betamethasone & Derivative Salts
- Dexamethasone & Derivative Salts
- Hydrocortisone & Derivative Salts

Global Presence

Natural Capsules exports to 28 countries across 5 continents, bringing in sizable revenue from its export.

% OF EXPORT SALES



AFRICA

- Ghana
- Kenya
- Nigeria
- South Africa
- Tunisia
- Uganda
- Zimbabwe

ASIA

- Bangladesh
- Hongkong
- Nepal
- Oman
- Phillipines
- Sri Lanka
- Syria
- Lebanon

CIS

- Georgia
- Uzbekistan
- Turkey
- Russian Federation

MIDDLE EAST

- Iran
- Iraq
- Kuwait

SOUTH AMERICA

- Brazil
- Venezuela

NORTH AMERICA

- Canada
- Mexico
- USA
- Guatemala

Serving Leading Brands

With over 3 decades of experience in the pharma sector, NCL has garnered excellent relationship with customers across 28 countries. The company is now focused on acquiring customers who deal with regulated markets.

CUSTOMERS FOR
MORE THAN 10 YEARS

24% of total customers

REPEAT BUSINESS
DURING FY24

89% of total turnover

CUSTOMERS FOR
MORE THAN 5 YEARS

44% of total customers

NEW BUSINESS DURING FY24

11% of total turnover

MARQUEE CUSTOMERS



Board of Directors



Mr. Laxminarayan Mundra
WHOLE TIME DIRECTOR



Mr. Satyanarayana Mundra
WHOLE TIME DIRECTOR



Mr. Sushil Kumar Mundra
DIRECTOR



Mr. Sunil Mundra
MANAGING DIRECTOR



Mr. Pramod Kasat
INDEPENDENT DIRECTOR



Mr. T Y Prabhu
CHAIRMAN & INDEPENDENT
DIRECTOR



Mr. S G Belapure
INDEPENDENT DIRECTOR



Mrs. Jyothi Mundra
DIRECTOR

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Business Canvas

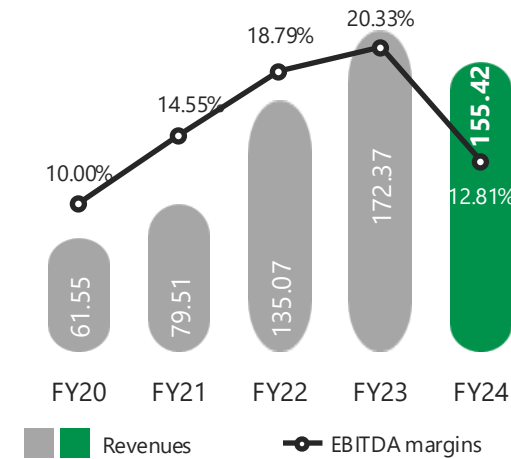
Capsules Segment



With almost three decades of experience in the industry, Natural Capsules Limited is a leading manufacturer of hard capsules in India, its products are exported to regulated and unregulated markets across the globe, following stringent applicable rules and regulations.

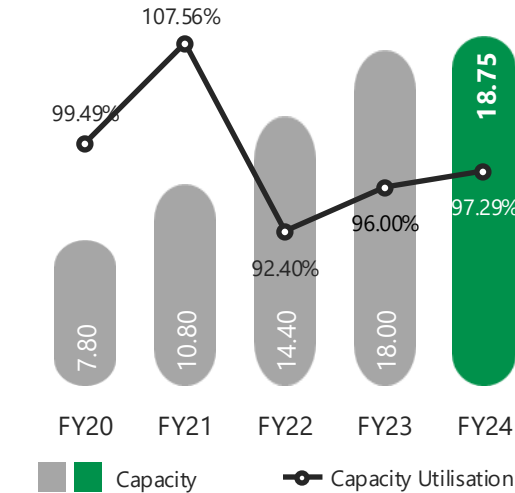
REVENUES & EBITDA MARGINS

(IN ₹ CRORE & %)



CAPACITY & CAPACITY UTILISATIONS

(IN BCPA & %)



MANUFACTURING FACILITIES APPROVED BY



2nd largest

Indian manufacturer of gelatin capsule

2 manufacturing

Facilities at Bengaluru and Pondicherry

18.75 BCPA

Capsules per annum manufacturing capacity as at Q4FY24

1st manufacturer

Of vegetarian capsules in India

Enhancing Capacities

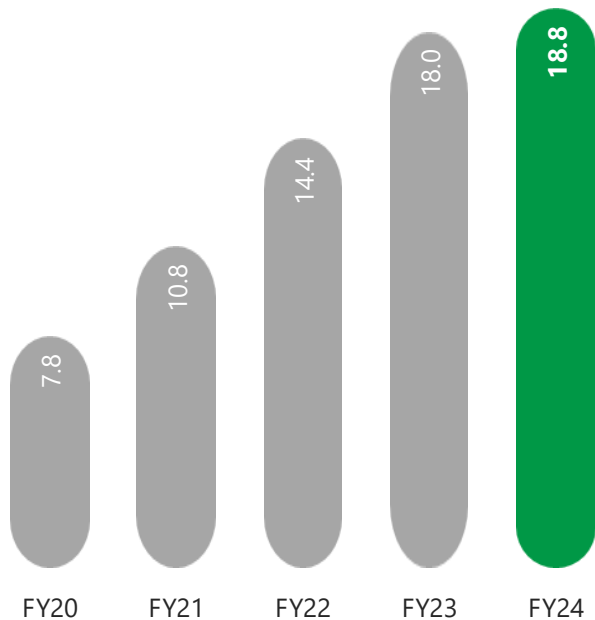


- New machines developed in **technical collaboration DBDS Robotics Private Limited**
- The new machines installed are the **fastest available machine** to manufacture hard capsules

Natural Capsules Limited has undergone recent CAPEX, to support its existing manufacturing capacity and to enable the company to capture market share in regulated markets.

CAPSULES MANUFACTURING CAPACITY

(IN BILLIONS)



The ability to deliver faster will help Company to **attract large volume customers** and yield better margins by optimizing manufacturing cost per unit

₹ 38 Crores of capital expenditure incurred for enhancing capacities over the last few years

Brownfield capex by adding new machines at Bengaluru facility

Project funded through a mix of debt and equity

- ₹ 18 Crores bank borrowings &
- ₹ 20 Crores from internal accruals

~3x asset turns from incremental capacities at optimum capacity utilisation

FY25 expected commercialisation of all incremental capacities of HPMC lines

Incremental capacities will be targeted towards **large volume pharmaceutical customers and new export markets**

API Segment



Natural Capsules Limited is now foraying into the API business segment through its subsidiary - Natural Biogenex Private Limited (NBPL) incorporated in 2020. The APIs that will be manufactured are,Hydrocortisone, Prednisolone, Betamethasone and Dexamethasone and their derivatives.

KEY DEVELOPMENTS

AUG 2018	JUL 2019	OCT 2019	AUG 2020	FEB 2021	MARCH 2024
					Capex has been completed. Awaiting consent for operation for starting commercial production
			<ul style="list-style-type: none"> Achieved process improvements over existing knowhow in respect of effluent and de-foaming agents. Obtained Test Drug Licenses for Steroidal APIs. 	Awarded Three PLI applications for Dexamethasone, Betamethasone and Prednisolone.	
	<ul style="list-style-type: none"> Achieved lab scale production of hydro cortisone from 9OHAD. Started second fermentation for manufacture of Prednisolone. 	<ul style="list-style-type: none"> Filed patent for innovative process for manufacture of 9OHAD 			
Started R&D center to validate fermentation and synthesis technology to manufacture steroidal APIs using unique microbe.					

Greenfield Capex at Tumkur, spread across 5 acres

1st integrated facility in India for manufacturing of Steroidal API’s using fermentation and synthesis chain of reactions

Facilities are being set up in compliance with WHO GMP (Geneva), USFDA and EU GMP certification guidelines

Zero Liquid Discharge manufacturing facility

3 approvals for steroidal API’s under the PLI scheme of Government of India for bulk drugs

API Segment (contd.)

THE FOLLOWING PRODUCTS AND CAPACITIES HAVE BEEN APPROVED UNDER THE PLI SCHEME

DEXAMETHASONE

10 MT

Planned Capacity

24 MT

Imports to India in FY24
worth ~ ₹106 crores

- NCL will be the **only manufacturer** of this product in India

BETAMETHASONE

12 MT

Planned Capacity

45 MT

Imports to India in FY24
worth ~ ₹217 crores

- NCL will be the **only manufacturer** of this product in India

PREDNISOLONE

15 MT

Planned Capacity

74 MT

Imports to India in FY24
worth ~ ₹290 crores

- NCL will be **one of the two manufacturers** of this product in India

Efforts will be focused on catering to the domestic demand by substituting the imported inputs.

Production Linked Incentive (PLI) Scheme

With a view to attain self-reliance and reduce import dependence in critical APIs, a scheme called "Production Linked Incentive (PLI) Scheme for promotion of domestic manufacturing of critical Key Starting Materials (KSMs)/ Drug Intermediates (DIs) and active Pharmaceutical Ingredients (APIs) In India" has been approved by the Government of India on 20th March, 2020.



- The scheme intends to boost domestic manufacturing of identified KSMs, Drug Intermediates and APIs by attracting large investments in the sector and thereby reduce India's import dependence in critical APIs.



- A committee on drug security constituted by the Department of Pharmaceuticals collated the details of APIs imported in the country and identified 53 APIs for which the country is heavily dependent on imports.



- The scheme categorises four target segments covering 41 products.
- The 3 products to be manufactured by NCL fall under the 2nd category of Fermentation based niche KSMs/ Drug Intermediates / APIs



Financial incentive under the scheme shall be provided on sales of identified products for six (06) years:

- For fermentation-based products, incentive for FY25 to FY28 would be 20%, incentive for 29 would be 15% and incentive for FY30 would be 10%.



The Company expects to receive an incentive amounting to

~ ₹67 Crores

over

the course of 6 years, which effectively de-risks the Company's investments significantly

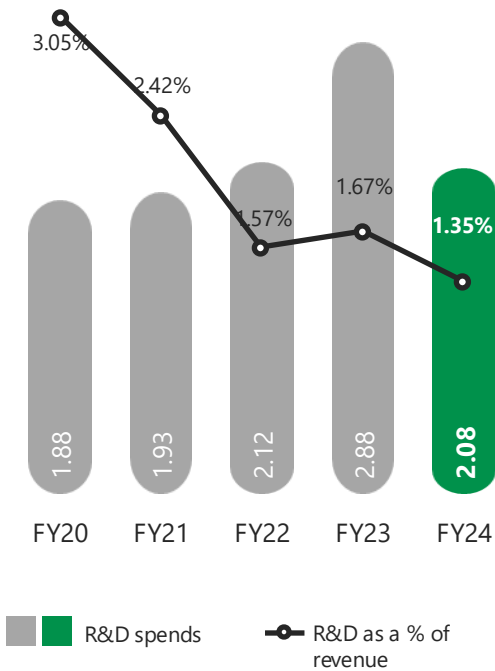
Focus on R&D






NCL strongly believes in investing in R&D, to stay ahead of its peers and to consistently innovate. The Company's recent entry into the API business is a testament to its firm belief in R&D.

R&D SPENDS & R&D AS A % OF REVENUE

(IN ₹ CRORE & %)



KEY AREAS OF RESEARCH

-  New product development for steroidal and hormonal range of API's
-  Process improvements for enhancing yields
-  Development of new process for manufacturing existing products

2 DSIR

Recognised state of the art R&D facilities

52

Team members focusing on product innovations and product yield efficiencies

4 patent

Granted, 1 patent under approval, 3 patent under filing - as a result of strong innovation in technology and manufacturing processes

Team

Is qualified and experienced in scaling up steroidal APIs to commercial scale

ESOPs

have been issued to senior members of R&D team to align the long-term interests

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04

Financial Performance

Profit & Loss Statement Summary (Consolidated)

PARTICULARS (₹ IN CRORES)	FY20	FY21	FY22	FY23	FY24
Revenue from Operations	61.55	79.51	135.07	172.37	155.42
Other Income	0.95	0.73	1.01	0.57	1.94
Total Income	62.50	80.24	136.08	172.94	157.36
Total Operating Expenses	56.25	68.58	109.69	137.33	135.51
EBITDA (excl. Other Income)	6.25	10.93	25.38	35.04	19.91
EBITDA Margins	10.00%	13.75%	18.79%	20.33%	12.81%
Interest Cost	0.77	0.37	1.96	3.41	5.13
Depreciation	4.12	4.31	5.04	7.21	8.67
Profit Before Tax (excl. Exceptional Items)	1.37	6.98	19.39	24.99	8.05
Profit After Tax	0.86	6.91	13.91	18.45	5.55
EPS	1.41	10.99	19.56	19.82	6.23

Balance Sheet Summary (Consolidated)

PARTICULARS (₹ IN CRORES)	FY20	FY21	FY22	FY23	FY24
Total Equity (Networth)	55.62	62.10	82.98	148.25	228.80
Non-Current Liabilities	1.08	1.55	34.85	73.57	71.25
Current Liabilities	17.98	33.30	46.45	66.89	76.47
Total Equity and Liability	74.68	97.05	164.28	288.71	376.53
Non-Current Assets	36.98	47.35	88.70	187.25	252.76
Current Assets	37.70	49.69	75.58	101.45	123.77
Total Assets	74.68	97.04	164.28	288.71	376.53

Cash Flow Statement Summary (Consolidated)

PARTICULARS (₹ IN CRORES)	FY20	FY21	FY22	FY23	FY24
Cash Flow from Operating Activities	6.90	5.78	1.16	17.22	(8.35)
Cash Flow from Investing Activities	(5.74)	(8.54)	(45.88)	(104.63)	(72.59)
Cash Flow from Financing Activities	(1.18)	2.52	46.02	87.49	81.72
Net increase/(decrease) in cash and cash equivalents	(0.02)	(0.24)	1.30	0.08	0.78
Cash and cash equivalents at beginning of the year	0.05	0.33	0.10	1.40	1.48
Cash and cash equivalents at the end of the year	0.33	0.10	1.40	1.48	2.25

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Investment Merits

Growth Drivers



Capacity enhancement with **state-of-the-art machinery** in capsules division, enabling operational efficiencies and driving profitability



Being the **only backward integrated manufacturer of steroidal APIs in India**, the Company plans to gain significant market share domestically



Exploring opportunities to set up capsules manufacturing facilities in foreign/domestic markets to ensure quick supply to customers



The Company will benefit from strong industry tailwinds on the back of the China Plus One strategy. This will further be amplified by robust government incentives (PLI scheme)



Focusing efforts on regulated markets and marquee pharma clients for capsules business, to stabilise its topline and enhance its margins



Strong focus on R&D will lead to the development of new products and processes, It will also enable operational efficiencies by increasing the yields of existing products



Regulatory approvals for the upcoming API facility will enable long term customer association leading to improved margins



Strategic Priorities

NCL is geared to bring about monumental changes in its approach towards its business. With the ongoing CAPEX, the Company is enabling itself to become the market leader in capsules business and positioning itself as a dominant player in the domestic steroidal API market.



STRATEGIC PRIORITY

- Positioning the business to reduce margin volatility
- Continue to grow sales of Capsules in regulated markets and expand global presence
- Introduce new variants of capsule products
- Develop new value-added molecules in steroidal and hormonal range of APIs
- Investing in technology and manufacturing processes to attain manufacturing efficiencies and competitive advantage
- API facility approved by regulatory bodies



ACTIONS TAKEN

- Collaborating with buyers who procure large quantities of capsules on a sustained basis
- Tying up with customers who sell finished formulations in regulated markets
- Sales and marketing team reaching out to new customers in new geographies
- Working on new varieties of capsules
- Strong focus on R&D will enable new products to be developed every 18 months
- Investing in R&D to further improve the output of capsule manufacturing machines
- Facility is being set up and quality management systems are being deployed to ensure compliance to the stringent requirements of the regulatory bodies



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Thank You

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