



February 12, 2023

BSE Limited Department of Corporate Services Floor 25, Phiroze Jeejeebhoy Towers, Dalal Street, Kala Ghoda, Fort Mumbai 400 001 Scrip Code No: 542665	National Stock Exchange of India Limited Listing Department, Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051 Company Symbol: NEOGEN
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Sub.: Earnings Presentation on the Unaudited Financial Results of the Company under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Dear Sir/ Madam,

With reference to the captioned subject, please find enclosed herewith the Earnings Presentation on the Unaudited Financial Results (Standalone and Consolidated) of the Company for the quarter and nine months ended December 31, 2022.

The Unaudited Financial Results for the quarter and nine months ended December 31, 2022 and the Earnings Presentation are also being uploaded on the Company's website at <https://neogenchem.com/financial-performance/> .

Kindly take the same on your record.

Thanking you,
Yours faithfully,

For Neogen Chemicals Limited

Unnati Kanani
Company Secretary and Compliance Officer
Membership No. A35131
Place: Kalyan, Thane
Encl.: As above



NEOGEN
CHEMICALS LTD.

Expanding Capabilities
Exploring
New Horizons

Q3 & 9M FY23
Earnings Presentation
February 2023

Safe Harbour



Certain statements in this document may be forward-looking statements. Such forward looking statements are subject to certain risks and uncertainties like regulatory changes, local political or economic developments, and many other factors that could cause our actual results to differ materially from those contemplated by the relevant forward-looking statements. Neogen Chemicals Limited will not be in any way responsible for any action taken based on such statements and undertakes no obligation to publicly update these forward-looking statements to reflect subsequent events or circumstances.



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Introduction to Neogen Chemicals

Neogen Chemicals – At a Glance



242

Products developed by in-house R&D

10%

Of workforce in R&D team

29

Exporting countries

**ISO 9001:2015,
ISO 14001:2015 &
ISO 45001:2018**

Manufacturing units certified on Quality & SHE management systems

439.3

Net worth - FY22 (Rs. crore)

34%

5-years Revenue CAGR

41%

5-years PAT CAGR

Leading manufacturer of Bromine and Lithium-based specialty chemicals, operating since 1991

Strong portfolio of Organic and Inorganic products

Customers across multiple industries including Pharma, Engineering, Battery Chemicals and Agrochem

Key export geographies include USA, Europe, Japan and Middle East

Growing contribution from Custom Synthesis and Contract Manufacturing

Promoters are pioneering technocrats with substantial domain expertise; cumulative experience of more than six decades

Developed strong R&D capabilities with dedicated in-house team

Evolution of Neogen Chemicals



1970's to 1991 Pre-Neogen

- Mr. HT Kanani graduated as a Chemical Engineer and started his association with Bromine chemistry in the early 1970s
- Set up one of India's first Bromine plants using indigenous technology at Navlakhi near Morbi, Gujarat
 - Plant was later destroyed in 1970s due to flooding followed by Morbi Dam Collapse
 - Mr. Kanani worked as a consultant for setting up Bromine and other manufacturing units till 1984 to recover these losses
- In 1985, started manufacturing Bromine derivatives from a 600 sq. ft. plant under a proprietorship firm, in small 20 lit reactors to start making n-propyl bromide and lithium bromide.

1991 to 2016 Pre-expansion

- 'Neogen Chemicals' commenced business operations in 1991, at Mahape, Navi Mumbai manufacturing a few Bromine Compounds and Lithium Compounds
- From 1991 to 1999, two molecules namely Lithium bromide and N-Propyl Bromide contributed almost 80-90% to the topline; revenues moved from ~Rs. 1 crore to ~Rs. 10 crore during this period
- Set up dedicated R&D and hired first PhD scientist in 2001
- Capacity expansions at Mahape plant took place in 2000, 2007 and 2012; this left no scope for further brownfield expansion at Mahape
- Dr. Harin (now MD) re-joined Neogen Chemicals in 2008 after pursuing his PhD in Chemical Engineering from University of Maryland, USA and working as a Research Scientist with Pioneer – DuPont Company

2016 to 2022 Present

- Acquired 12 acres of land in Dahej for Greenfield expansion in 2015
- Achieved turnover of Rs. 100 crore in FY16 after reporting full utilisation at the Mahape plant
- Acquired Solaris ChemTech Industries' Bromine derivatives plant at Vadodara in 2016 via slump sale
 - Acquisition cost included 39 acres of land for the running business, plant and machinery at the site, ~50 trained manpower and several technologies developed by the acquired site
- Acquisition Increased total organic glass lined reactor capacity from 45,000 litres in FY16 to 130,000 litres in FY18
- Turnover more than doubled in two years, to Rs. 240 crore in FY19, from Rs. 110 crore in FY17
- Doubled Inorganic Chemicals capacity from 1,200 MT to 2,400 MT through Greenfield expansion at Dahej SEZ
- Phase I & II expansion completed: Increased Organic Chemicals reactor capacity from 154,000 litres to 407,000 litres through brownfield expansions across facilities. Current reactor capacity is 422,000 litres

Key Milestones



Leading manufacturer of Bromine and Lithium-based specialty chemicals since 1989

Increased the capacity for Inorganic Chemicals from 1,200 MT to 2,400 MT through Greenfield expansion at Dahej, Gujarat

Commenced manufacturing operations at Vadodara Facility

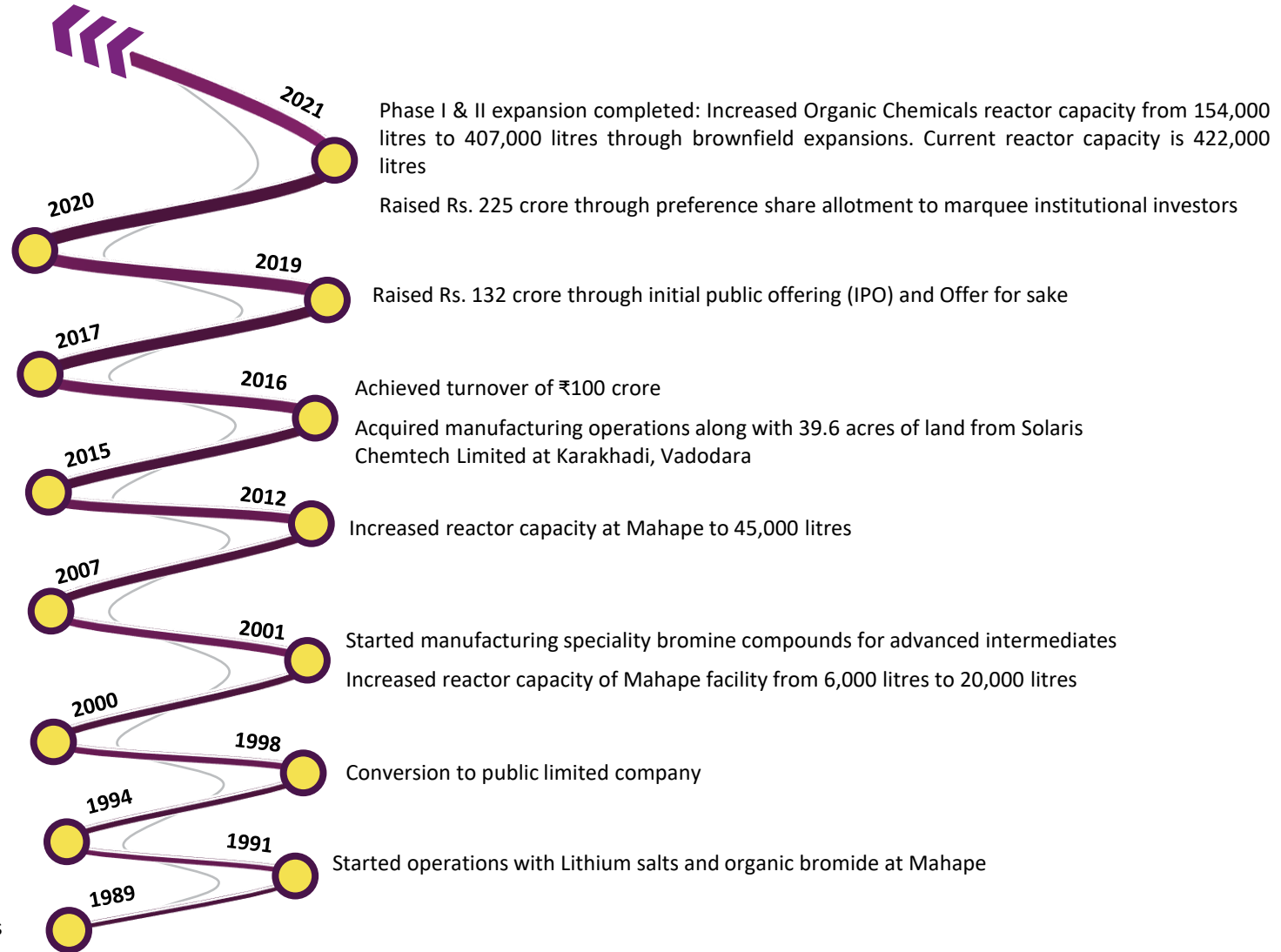
Acquired land in Dahej SEZ

Increased reactor capacity at Mahape to 30,000 litres

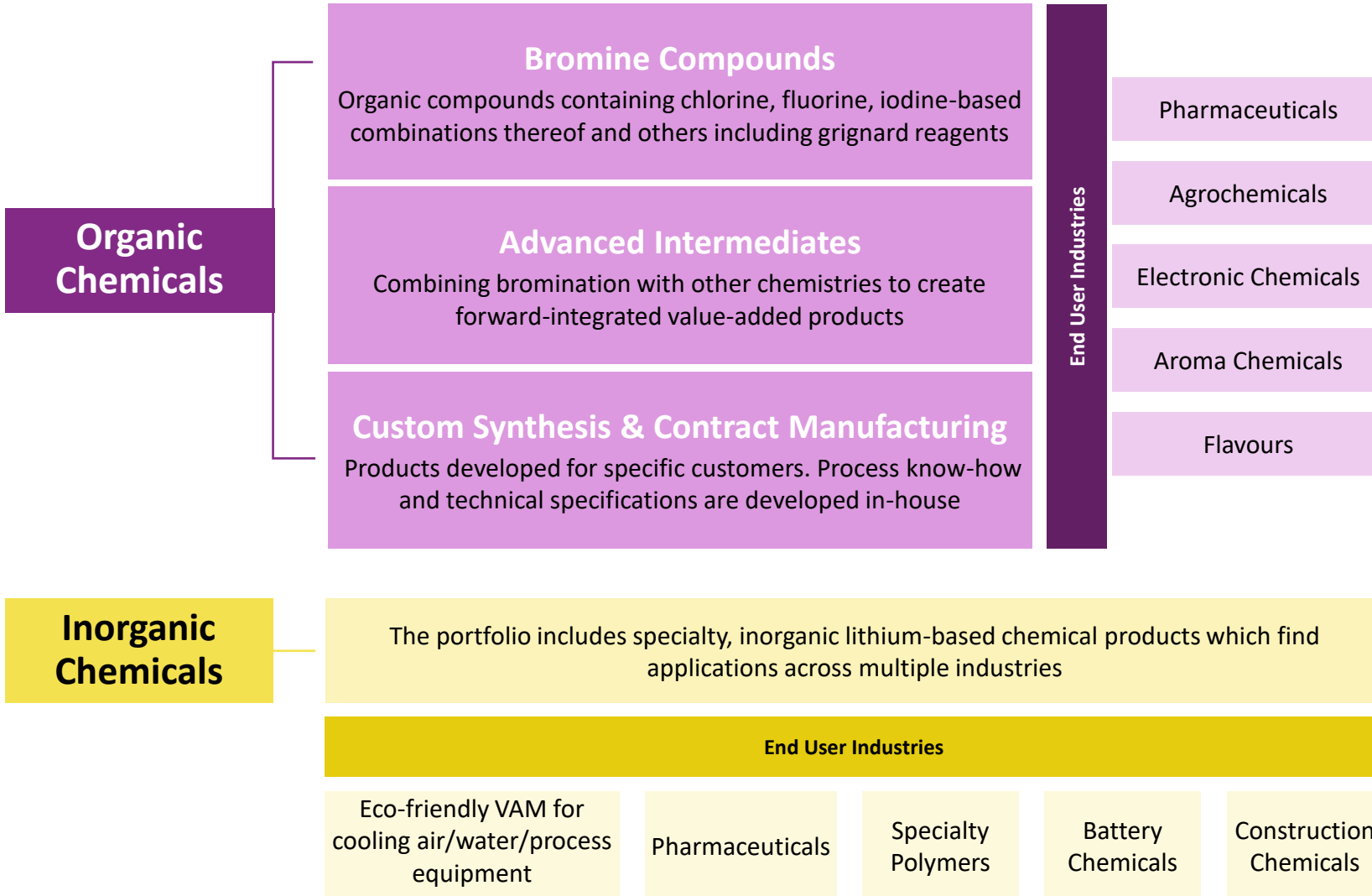
Dedicated R&D Division set up

Increased in capacity from 1,600 litres to 6,000 litres at Mahape

Incorporation as a private limited company to scale up existing bromine derivatives business



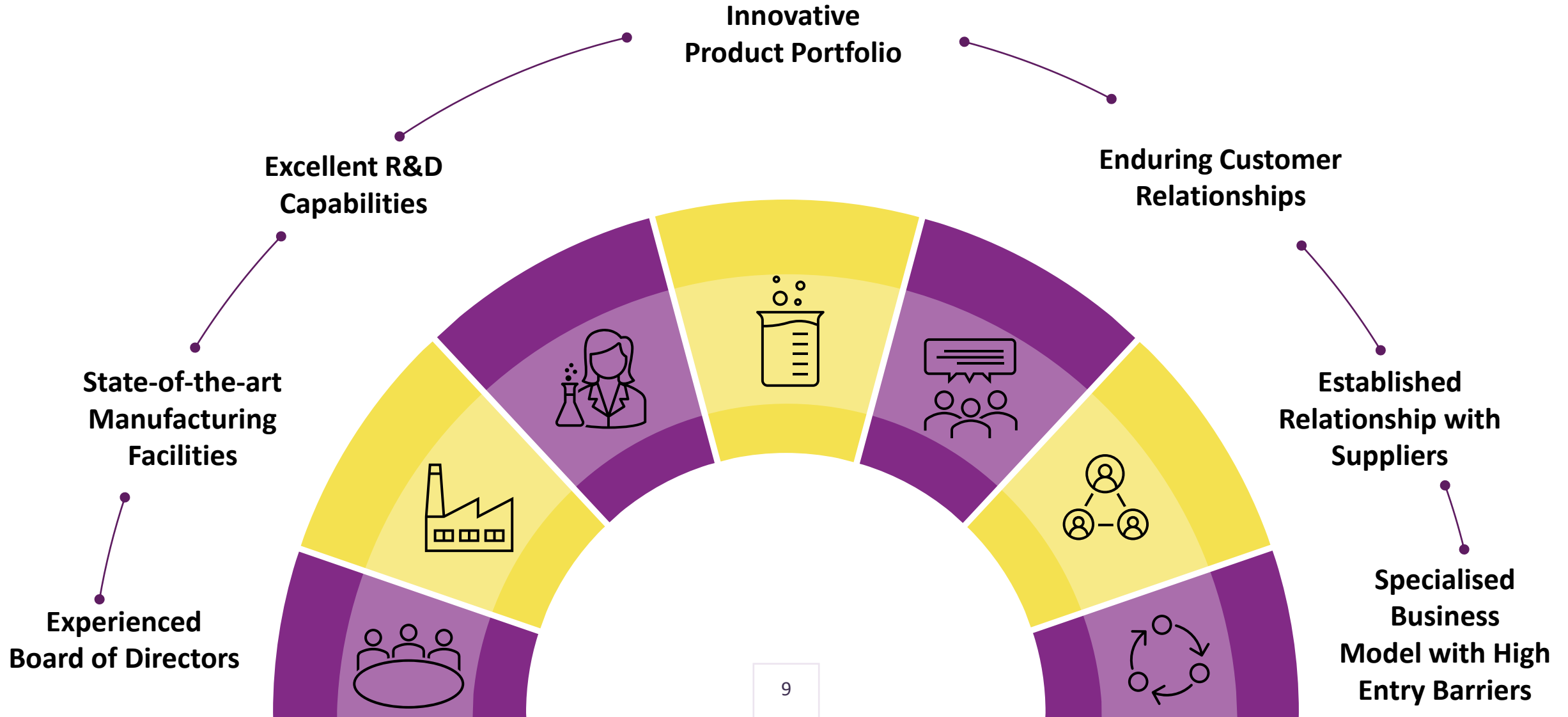
Business Overview



Select Clientele



Compelling value-proposition



Experienced Leadership Team



Mr. Haridas Kanani, B.TECH (CHEM) M.I.I.Ch.E. Chairman & Managing Director

- Holds a bachelor's degree in chemical engineering from the Indian Institute of Technology (IIT), Bombay
- Set up one of India's first Bromine plants using indigenous technology at Gujarat which was later destroyed due to a flood
- Subsequently, set up the firm Chem Ocean Consultant which provided consultancy, technology and engineering technologies to set up Bromine plants for other companies
- Then later established NCL in 1989 and has been on the Board since then
- Has previously worked with Excel Industries Ltd. In 1968-1970.22
- Oversees the manufacturing, research and development and general operation and management of the Company's manufacturing units



Mr. Harin Kanani, PhD, Managing Director

- Holds a bachelor's degree in chemical engineering from IIT, Bombay and a Master's degree and a doctorate in chemical engineering from the University of Maryland
- Served as a research fellow at the University of Maryland, where he has published 4 first author manuscripts in the field of chemical engineering
- Presented various talks and presentations at national and international conferences
- Also participated in the Small and Medium Enterprises Programme from IIM Ahmedabad
- Joined NCL in 2008 and is on the Board since 2017
- Has previously worked with companies such as Asian Paints India Ltd. and as a senior research scientist at Pioneer Hi-Bred International Inc. (DuPont Subsidiary) in the United States
- Heads various business divisions of the Company including research and development, business development, quality control, purchase, marketing and finance

Mr. Anurag Surana, Non-Executive Director

- Holds a bachelor's degree in commerce with Honours from the University of Delhi
- Experience of more than 20 years in Contract Manufacturing business
- A well known personality in the Agrochemical and specialty chemical industry in India, Europe and Japan
- Founded a consulting company specialising in consulting with companies in the chemical, agrochemical and fertilizers sector in India and abroad
- Previously, he was an Executive Director on the Board of PI Industries Ltd. for 14 years

Shyamsunder Upadhyay, Executive Director

- Holds a master's degree in science from Vikram University, Ujjain
- He has 41 years of work experience in the field of chemicals
- Oversees maintenance, projects, logistics, administration and engineering store in the company
- Has previously been associated with companies such as Savita Chemicals, Wimco, Gharda Chemicals, Clariant India, Tytan Organics Limited, Arch Pharamalabs Limited and Laxmi Organic Industries Limited

Ketan Vyas, Chief Financial Officer

- Is a fellow member of the Institute of Chartered Accountants of India, MBA and has completed his Project Management Professional Certificate from (PMI) USA in the year 2013
- He has 22 years of work experience in the field of Finance & Accounts, Taxation/ International Taxation across industries, Corporate Banking, Audits, Corporate & Commercial laws and other Regulatory and Statutory compliances
- Other expertise lies in Strategic Planning, Budgeting & Cost Control, Financial Reporting & Management, Process Re-engineering, System Integration and Solution Design
- Has previously been associated with companies like Batliboi, Arcelor Mittal Projects India Private Limited, SGS India Private Limited, Integreon Managed Solutions, Dow Corning India Private Limited, Rhodia Chemicals India Private Limited and Amplas Polymers Private Limited,

Robust Manufacturing Expertise



Strong Manufacturing Infrastructure



Factory	Land Area	Land Utilisation	Capacity		Certifications of Manufacturing Facilities
			Organic Chemicals (Reactor capacity)	Inorganic Chemicals (Tonnage)	
Mahape (Since 1991)	1 acre	100%	69,000 Liters	1,200 MT	ISO 9001:2015 from Bureau Veritas Certification Holding SAS
Vadodara (Since 2017)	40 acres	20%	1,11,000 Liters	-	ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 certifications from Bureau Veritas Certification Holding SAS
Dahej (Since 2020)	12 acres	40%	2,42,000 Liters	1,200 MT	ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 certifications from Bureau Veritas Certification Holding SAS. Also, GMP (Good Manufacturing Practices) certified
Total			4,22,000 Litres	2,400 MT	

Quality Control and Quality Assurance



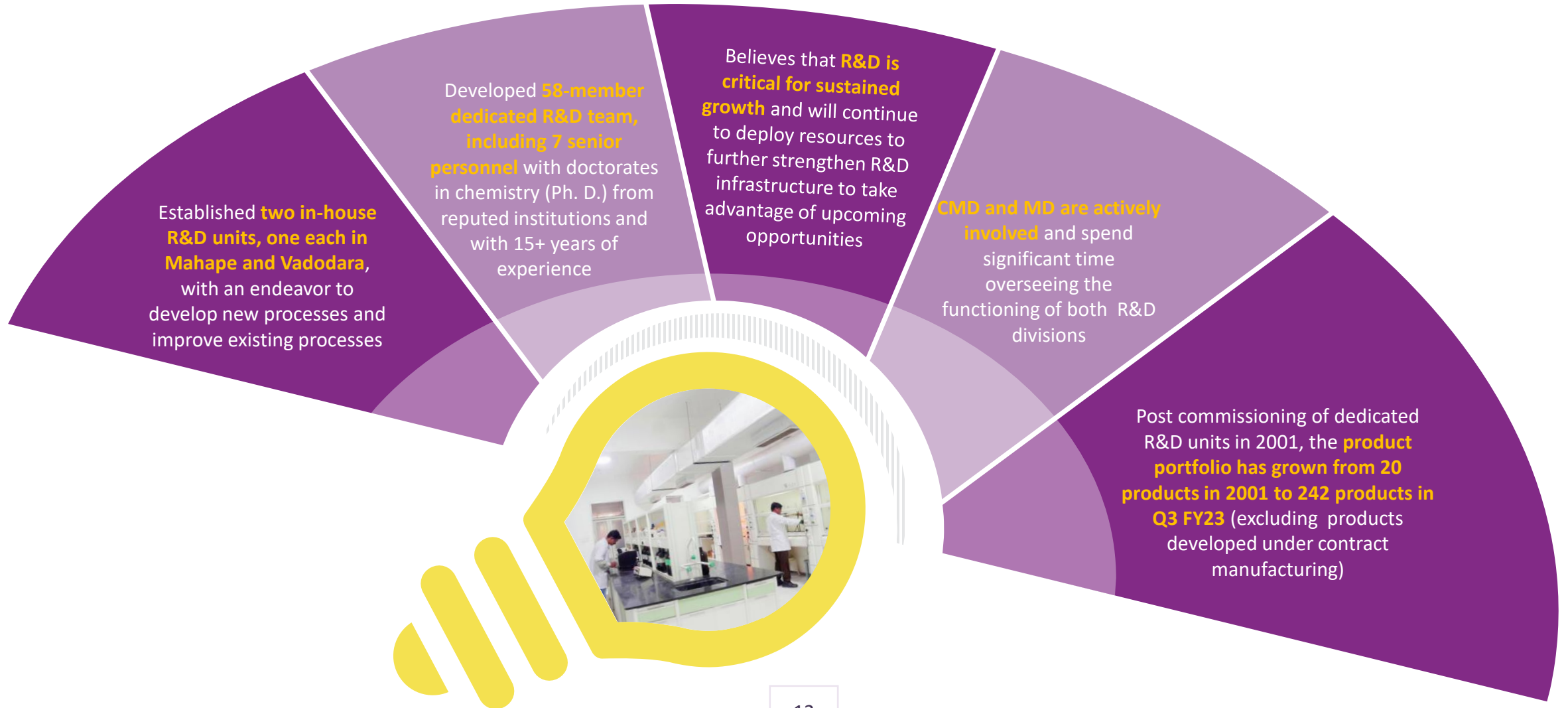
- Dedicated QC and QA team in place monitoring the entire manufacturing process at all stages right from initial testing stage to the final product
- Implemented current good manufacturing practice (cGMP) prescribed by the US FDA as applicable for intermediates

World-class operational practices

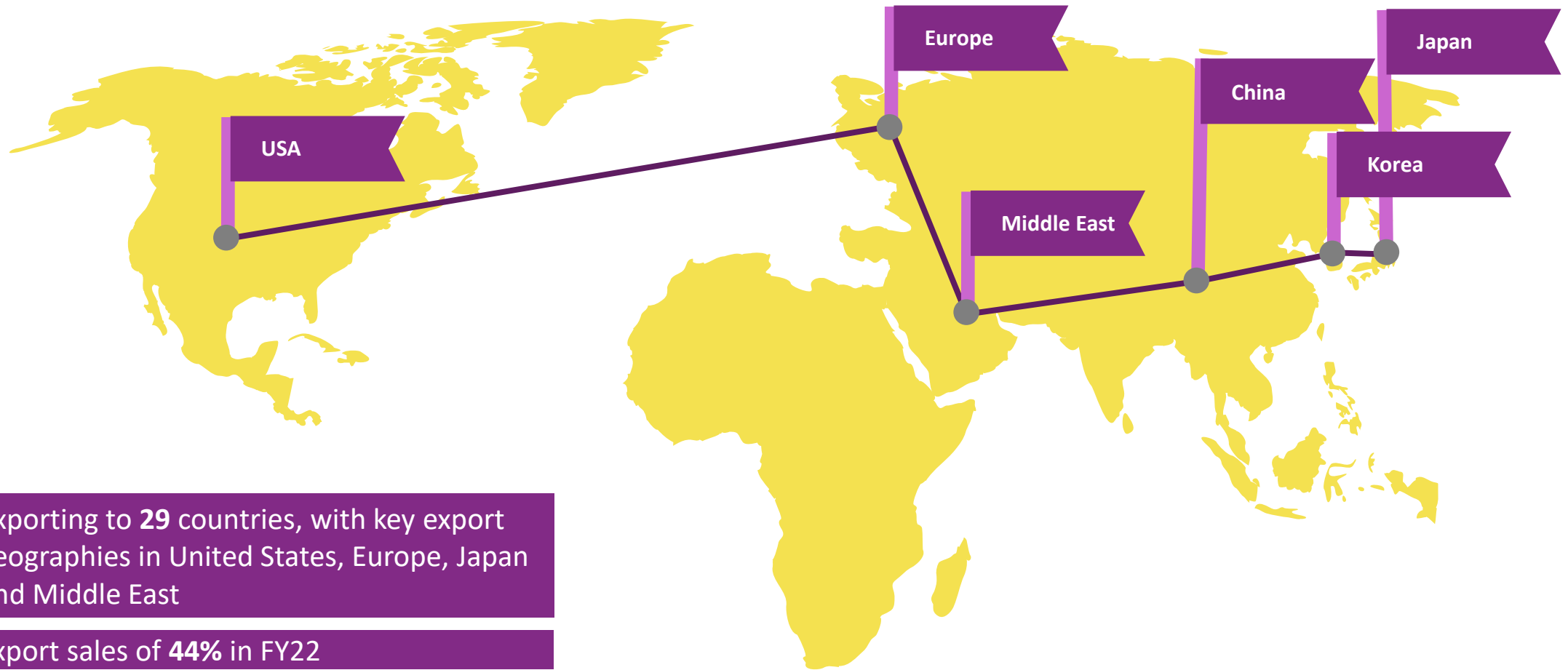


- Zero Liquid Discharge, significantly reducing water usage
- Focus on compliance with stringent quality and EHS norms

Developed strong R&D capabilities



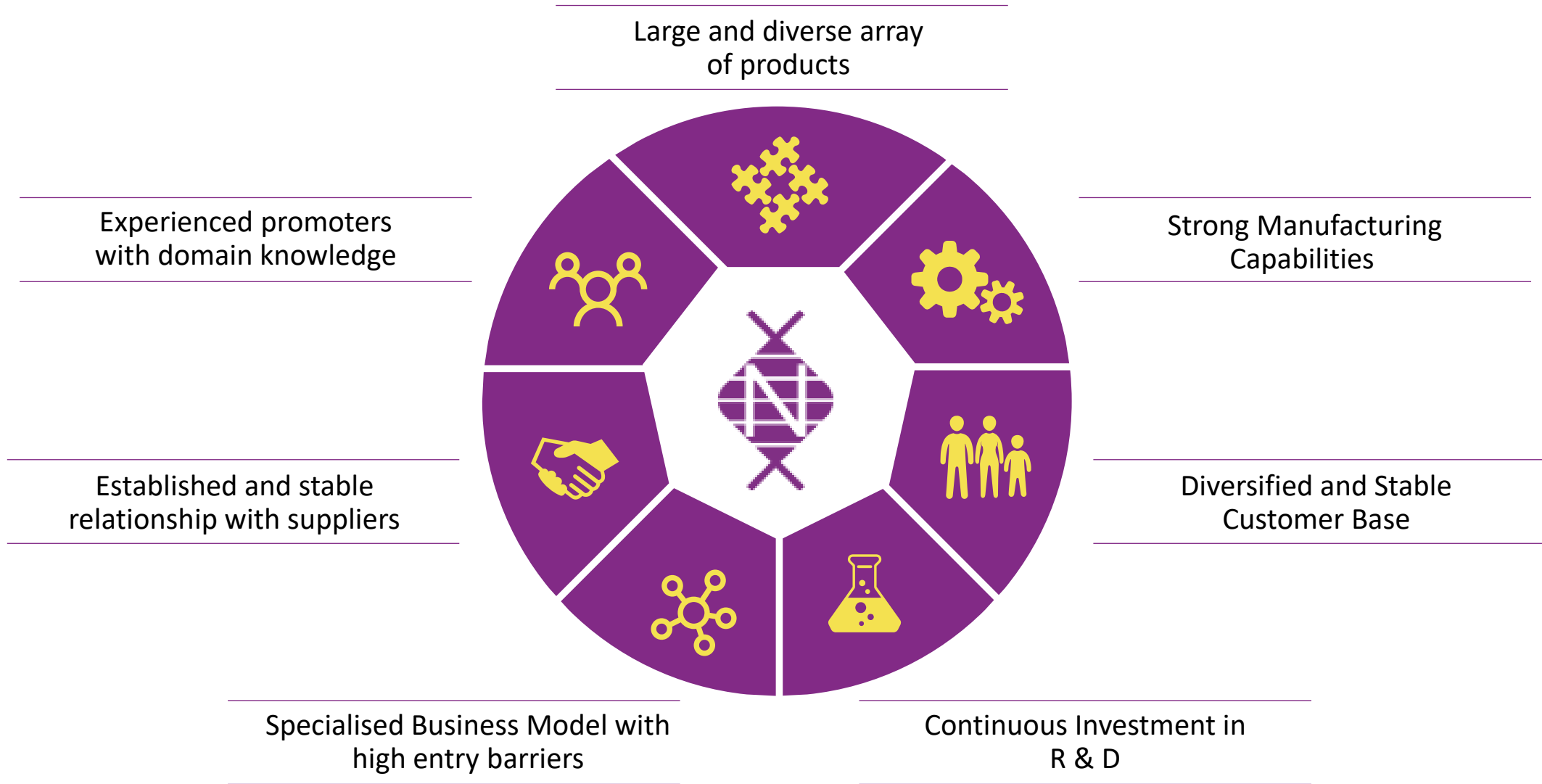
Key Export Geographies



Exporting to **29** countries, with key export geographies in United States, Europe, Japan and Middle East

Export sales of **44%** in FY22

Competitive Advantages





Key Developments



Update on various expansion initiatives

Details of expansion projects announced:

Current project updates:

Expansion of specialty organic chemicals capacity by 60,000 litres (60m³)

- Commissioned 15,000 litres (15m³)
- Remaining 45,000 litres (45m³) will be commissioned by Sept 2023

Expansion of inorganic chemicals capacity from 1,200 MT (15m³) to 2,400 (30m³) in existing Inorganic MPP

To be commissioned by May/ June 2023

New capacity of 400 MTPA (92m³) for manufacturing Specialty Lithium Salts and additives for Electrolyte

To be commissioned by June 2023

Pilot plant for manufacturing 250 MT Electrolyte at Vadodara facility

- Based on expected demand, the Company is enhancing capacity to 1,000 MT – to be ready by Aug/ Sept 2023
- This plant will now come at Dahej SEZ (instead of Vadodara)

Post commissioning, these plants will contribute to revenues in a phased manner from FY24, and will peak out in FY26

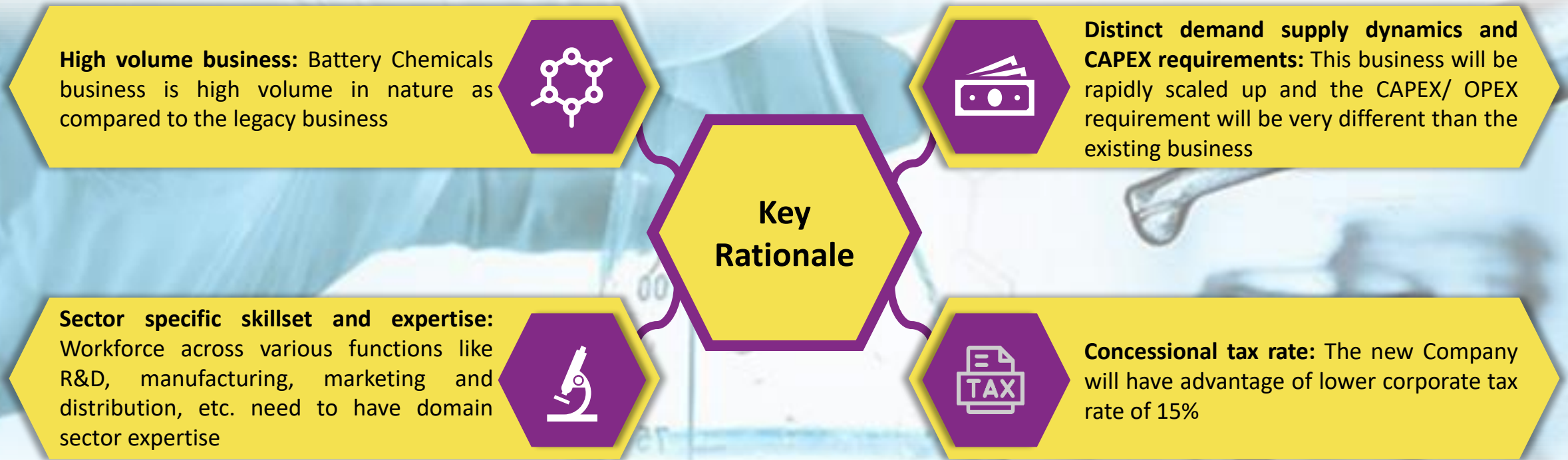
Existing Business

Battery Chemicals Business

Wholly Owned Subsidiary (WOS) for Battery Chemicals business



Battery Chemicals business will commence in a separate entity, which will be a wholly owned subsidiary of Neogen Chemicals Limited.



New CAPEX announcements



- **Board approval for expansion of:**
 - Electrolyte capacity to 5,000 MT to be operational by June 2024
 - Specialty Lithium Salts capacity to 1,000 MT (232m³) to be operational by June 2024
 - This is in-line with robust demand environment for FY25 & beyond
- **The board has also approved:**
 - Greenfield expansion of Electrolyte and Specialty Lithium Salts at a new site for dedicated battery materials
 - This includes additional 5,000 MT of Electrolyte capacity and additional 1,000 MT (232m³) of Specialty Lithium Salts' – to be operational by Sept 2025
 - This will cater to incremental demand coming in FY26

- **Once operational, these projects will add to revenues from FY25, and will peak out in FY26/ FY27**
- **Collective CAPEX for all the new projects is ~Rs. 450 crore**
- **Debt : Equity will continue to remain below 1.25x**
- **At consolidated level, aim to achieve >30% revenue CAGR over next 3-4 years, translating into Rs. 2,000-2,250 crore revenue by FY26/ 27**

Capacity & potential revenue target based on expansion



	Existing Business		Battery Chemicals Business		Incremental capacities that will be operational
Capacity (by FY26)	Organic Chemicals (Reactor capacity) 4,66,000 Litres (466m ³)	Inorganic Chemicals (Tonnage) 3,600 MT (39m ³)	Electrolyte: 10,000 MT Lithium Salt: 2,000 MT*	FY23	<ul style="list-style-type: none"> 15,000 litres (15m³) in Organic Chemicals
Revenue Potential (by FY27)	Rs. 900-1,050 crore		Rs. 1,000-1,200 crore	FY24	<ul style="list-style-type: none"> 45,000 litres (45m³) in Organic Chemicals 1,200 MT (15m³) in Inorganic Chemicals 400 MT (92m³) in Specialty Lithium Salts 1,000 MT in Electrolyte
				FY25	<ul style="list-style-type: none"> 5,000 MT in Electrolyte 600 MT (140m³) in Specialty Lithium Salts
				FY26	<ul style="list-style-type: none"> 5,000 MT in Electrolyte 1,000 MT (232m³) in Specialty Lithium Salts

*Salt capacity will be majorly consumed for in-house production of electrolyte



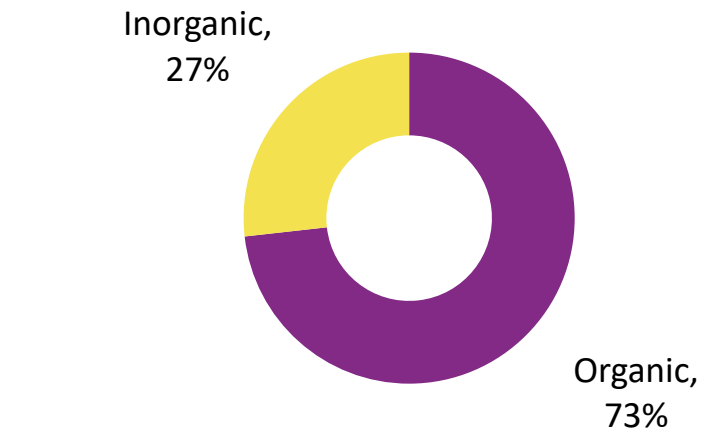
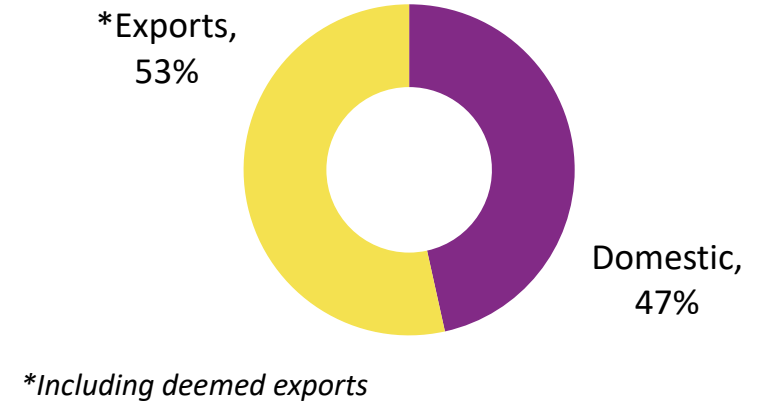
Financial Performance

Key Performance Highlights – Q3 & 9M FY23



	<u>Q3 FY23</u>	<u>9M FY23</u>
Revenues	Rs. 186.3 crore ↑ 40%	Rs. 482.3 crore ↑ 46%
EBITDA	Rs. 30.1 crore ↑ 27%	Rs. 79.0 crore ↑ 32%
Profit Before Tax	Rs. 20.7 crore ↑ 51%	Rs. 50.4 crore ↑ 31%
Profit After Tax	Rs. 14.7 crore ↑ 40%	Rs. 35.7 crore ↑ 23%

Q3 FY23 Revenue break-up

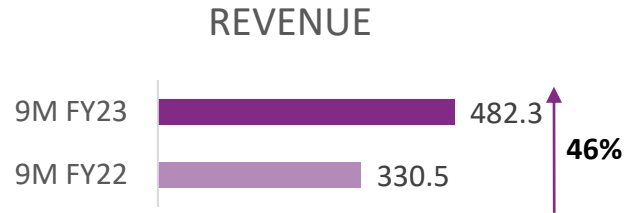


Note: 1. Growth for Q3 FY23 is compared to Q3 FY22, and 9M FY23 is compared to 9M FY22
2. All figures are Standalone

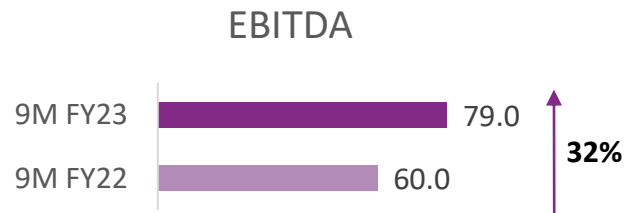
Financial Summary – 9M FY23



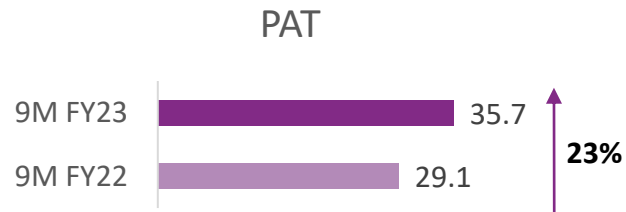
Rs. crore



- Robust growth in revenues was aided by higher utilization levels across plants supported by sustained demand trajectory across key end user industries
- Initiatives around scaling up the high-margin advanced intermediates and custom synthesis manufacturing business has started yielding positive results



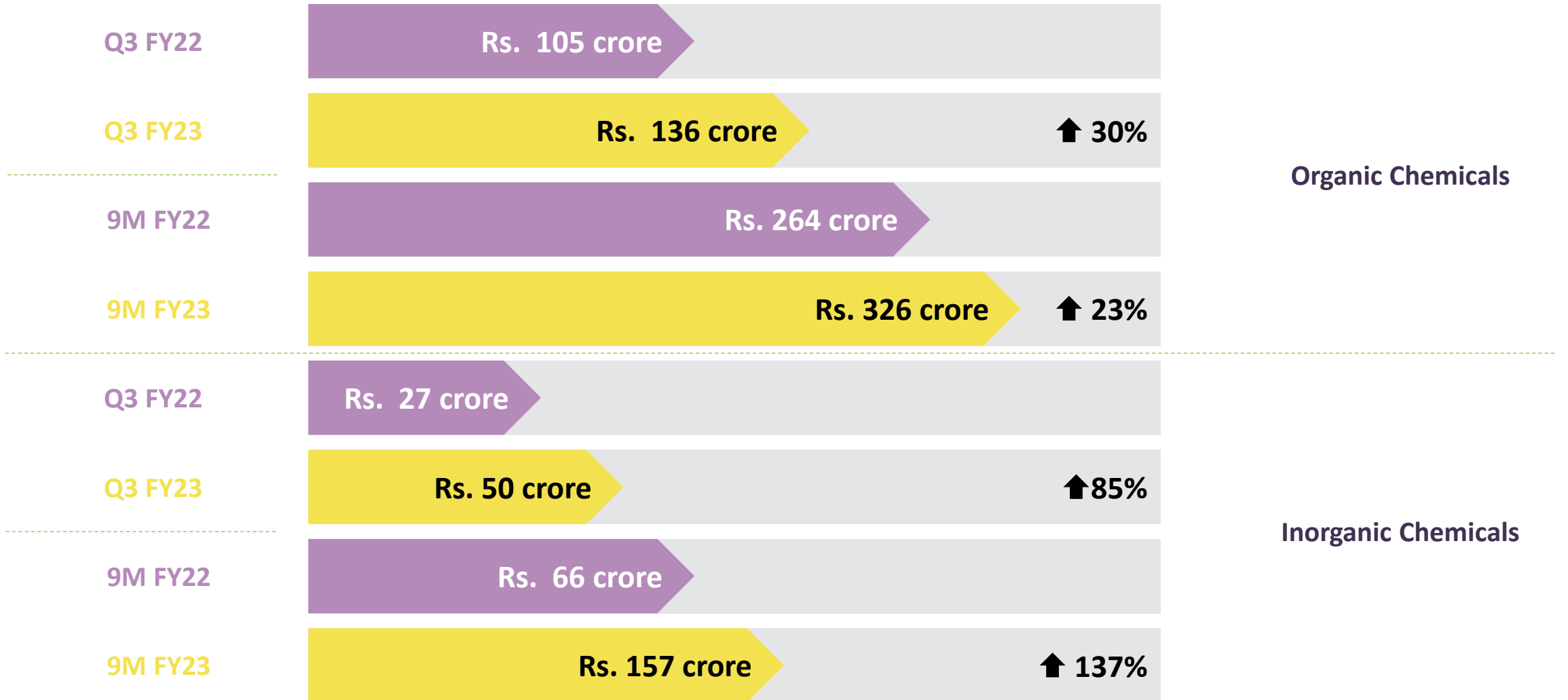
- Strong EBITDA performance was delivered despite continued inflationary pressures across certain raw materials and utilities. This was countered by favourable product mix management
- The Company witnessed increase in certain cost line items like employee cost, etc. which was in-line with mgt.'s efforts of expanding the employee bandwidth across functions



- Growth in Profit After Tax was in accordance with the operational performance, moderately impacted by high depreciation linked to new capacities added and increase in finance costs due to elevated interest rates

During the period under review, the Company witnessed significant increase in the prices of Lithium raw materials which Company was able to pass on to the customers, thereby protecting the absolute EBITDA. The EBITDA percentage margin considers the impact of higher revenues and higher RM costs with preserved absolute earnings.

Revenue break-up – Q3 & 9M FY23



Seasonal Variance Factors



- Neogen's business has some seasonal drivers, due to which the company tends to deliver stronger financial performance in the second half of the financial year (October to March). Seasonal variance is driven by strong demand from Europe as orders tend to scale up in October-November and further accelerate from January after the holiday season
- Demand for Lithium-based chemicals tends to be strong in Q4 as demand from the HVAC segment, a key usage area, is linked to capital expenditure that enjoys 100% depreciation benefits for air-conditioning/cooling machines
- Demand from the agrochemicals segment is linked to the crop cycle and is stronger during H2
- Consequently, investors are urged to compare financial performance of each quarter only with that of the corresponding quarter previous year to evaluate business progress on a like-to-like basis



Financial Table – Profit & Loss Statement (Standalone)



Particulars (Rs. In crore)	Q3 FY23	Q3 FY22	Growth (%)	9M FY23	9M FY22	Growth (%)
Revenue	186.3	132.6	40%	482.3	330.5	46%
Expenditure	156.1	108.8	43%	403.2	270.5	49%
EBITDA	30.1	23.8	27%	79.0	60.0	32%
Margins	16.2%	18.0%	-177 bps	16.4%	18.1%	-176 bps
Depreciation	4.1	3.7	11%	11.9	7.9	51%
EBIT (inc. Other Income)	27.4	20.1	36%	70.0	52.5	33%
Interest	6.7	6.4	5%	19.6	14.1	39%
Other Income	1.4	0.0	3400%	2.9	0.4	653%
Profit Before Tax	20.7	13.8	51%	50.4	38.4	31%
Margins	11.1%	10.4%	75 bps	10.4%	11.6%	-117 bps
Tax Expense	6.0	3.3	83%	14.7	9.3	57%
Profit After Tax	14.7	10.5	40%	35.7	29.1	23%
Margins	7.9%	7.9%	0 bps	7.4%	8.8%	-139 bps
Earnings Per Share (Rs.)	5.89	4.50	31%	14.32	12.45	15%

Management Commentary



Commenting on the Q3 & 9M FY23 performance, Mr. Haridas Kanani, Chairman & Managing Director, at Neogen Chemicals said:

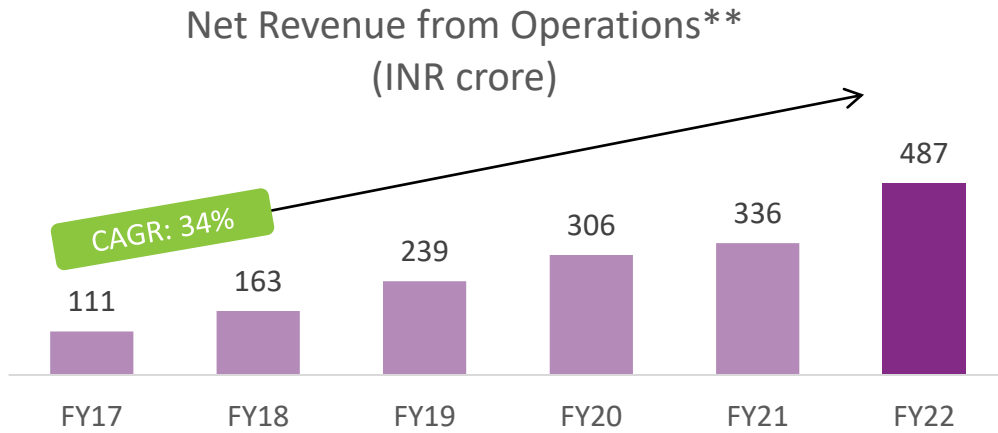
“We registered solid performance trajectory in Q3 FY23, bolstered by 40% Y-o-Y gains in revenue with healthy profitability, where both EBITDA and PAT increased by 27% and 40% Y-o-Y respectively. Our performance has been consistent, and we are witnessing accelerated built up in our business based on strong visibility and continued positive demand environment. Our capabilities in chosen chemistries are exceptional and well appreciated by our partner customers. In-line with our focus on high value-addition, we are scaling up revenues across both advanced intermediates and custom synthesis manufacturing as reflected in better profitability trends. This was achieved despite impact of continued high inflation in some input and utility costs during the period under review.

Our expansion plans are ambitious, but modular in nature. Our intent is to cement our leadership position in the existing business, while garnering substantial market share in the high potential Lithium-ion battery chemicals space. All the strategic initiatives undertaken this quarter including new CAPEX announcements and forming a separate entity for battery chemicals business are steps in the right direction to gain early mover advantage, be future ready with capacities meeting demand and strengthening our technological expertise. All this will result in sustained value-creation for our stakeholders. With this, I believe we have built a solid foundation for Neogen Chemicals to independently grow and self-sustain both its existing as well as battery chemicals businesses.

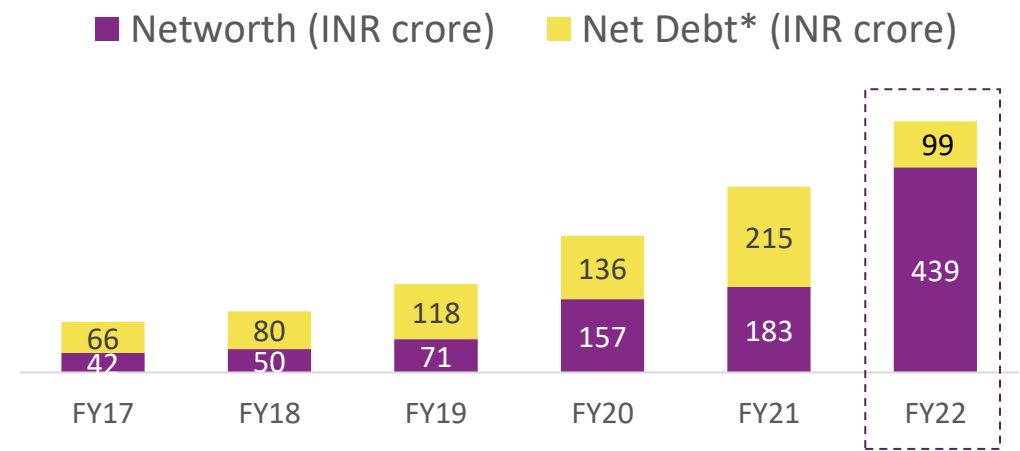
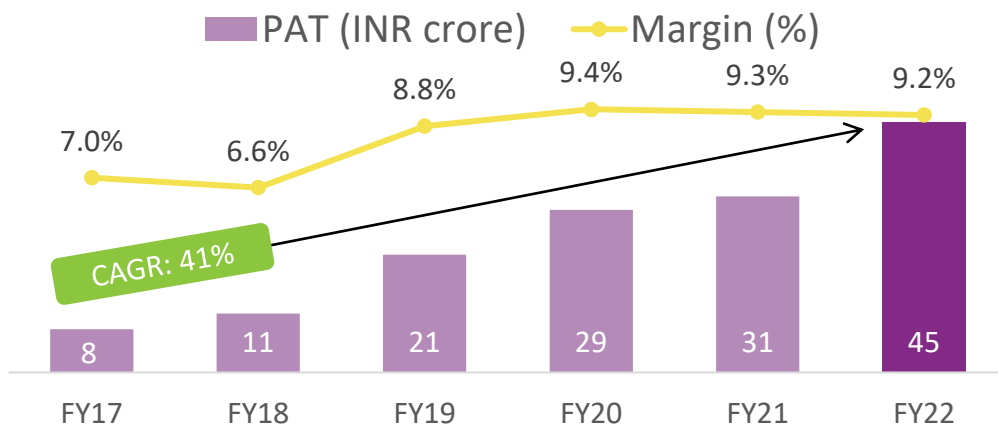
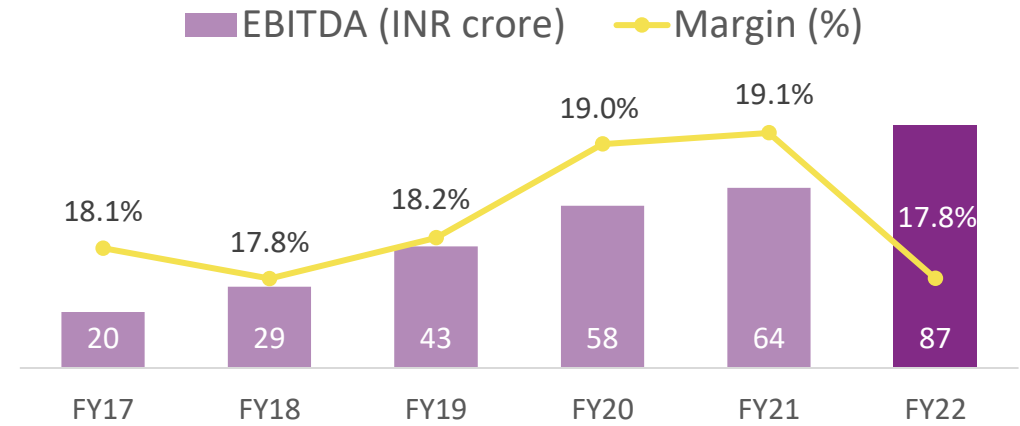
I am optimistic that these advancements will enable Neogen to achieve quantum leap in its earnings and demonstrate its manufacturing excellence to customers across the globe. A favourable demand outlook and India's emergence as a favored manufacturing hub will expand the market size and draw in additional customers along the value chain.”



Historical Financial Trends



** Revenue is Net of Excise



* Net Debt includes preference share capital and current maturities of long-term debt



Industry Overview: Lithium Ion Batteries

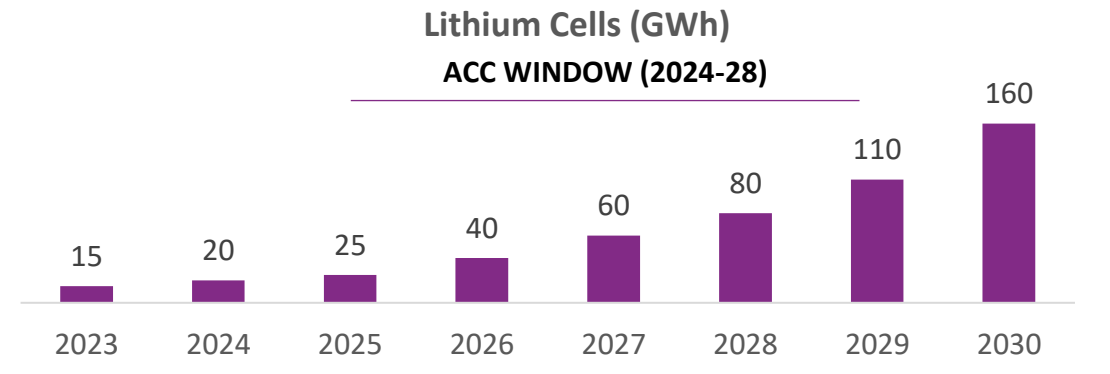


Strong Opportunities in Lithium Battery sector

Government focus on self-reliance in battery manufacturing has opened up new prospects

- After inviting global bids for giga-scale Advanced Chemistry Cell (ACC) production units, the GoI selected four bidders from ten for allotment of 50 GWh of battery capacity which include Reliance New Energy Solar Ltd., Ola Electric Mobility Pvt. Ltd., Rajesh Exports Ltd. and *Hyundai Global Motors Company Ltd.
 - They will receive incentives under India's Rs. 18,100 crore programme to boost local battery cell production
- The battery manufacturers would have to set-up ACC capacities under PLI scheme within a period of two years
- This will lead to direct investment of around Rs. 45,000 crore in ACC Battery storage manufacturing projects
- PLI scheme is expected to accelerate EV adoption
 - Will translate into net savings of Rs. 2,00,000 crore to Rs. 2,50,000 crore on account of oil import bill and increase the share of renewable energy at the national grid level

Demand Estimates for the Indian Market



Source: India Energy Storage Alliance

This will translate into Electrolyte demand of >150,000 MT by 2030 as per Company estimates



Way Forward



Way Forward



Increasing Custom Synthesis & Contract Manufacturing portfolio



Foray into sunrise sector of Lithium-Ion Batteries



Focus on operational efficiency and functional excellence



Focus on advanced speciality intermediates



Expanding production capacities

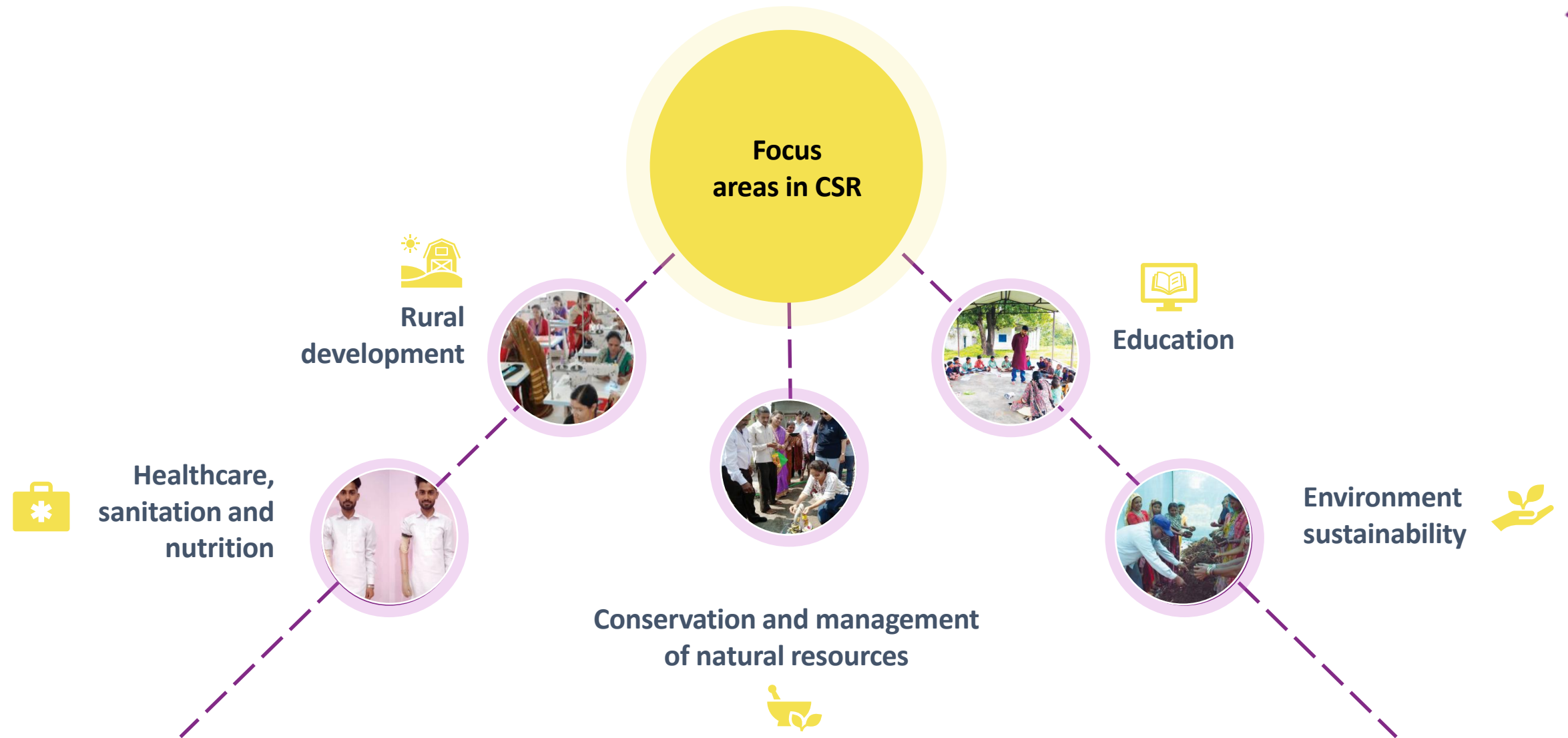




CSR Initiatives



CSR Initiatives



Contact Us



About Neogen Chemicals Limited

Incorporated in 1989, Neogen Chemicals Ltd. (NSE Code: NEOGEN; BSE Code: 542665) is India's one of the leading manufacturers of Bromine-based and Lithium-based specialty chemicals. Its specialty chemicals product offerings comprises of Organic as well as Inorganic chemicals. Its products are used in pharmaceutical and agrochemical intermediates, engineering fluids, electronic chemicals, polymer additives, water treatment, construction chemicals, and aroma chemicals, flavours and fragrances, specialty polymers, Chemicals and Vapour Absorption Chillers – original-equipment manufacturers and with new upcoming usage in lithium-ion battery materials for energy storage and Electric Vehicles (EV) application. Over the years, Neogen has expanded its range of products and at present, manufactures an extensive range of specialty chemicals which find application across various industries in India and the world. It has a product portfolio of over 242 products.

In addition to manufacturing specialty chemicals, Neogen also undertakes custom synthesis and contract manufacturing where the product is developed and customised primarily for a specific customer, but process know-how and technical specifications are developed in-house.

The Company has recently announced plans to utilise its three decades of experience in Lithium Chemistry to manufacture Lithium-Ion battery materials with an initial investment plan of manufacturing electrolytes and Lithium salts needed for electrolytes.

The Company operates out of its three manufacturing facilities located in Mahape, Navi Mumbai in Maharashtra and, Dahej SEZ, Bharuch as well as Karakhadi, Vadodara in Gujarat.

For further information, please contact:

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CDR India

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NEOGEN
CHEMICALS LTD.

Thank You