



November 5, 2022

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 of the Company for the quarter ended September 30, 2022.

The Unaudited Financial Results for the quarter ended September 30, 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



Encl.: As above



**NEOGEN**  
CHEMICALS LTD.

Expanding Capabilities  
Exploring  
New Horizons

**Q2 & H1 FY23**  
**Earnings Presentation**  
November 2022

# 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

**12%**

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

# 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

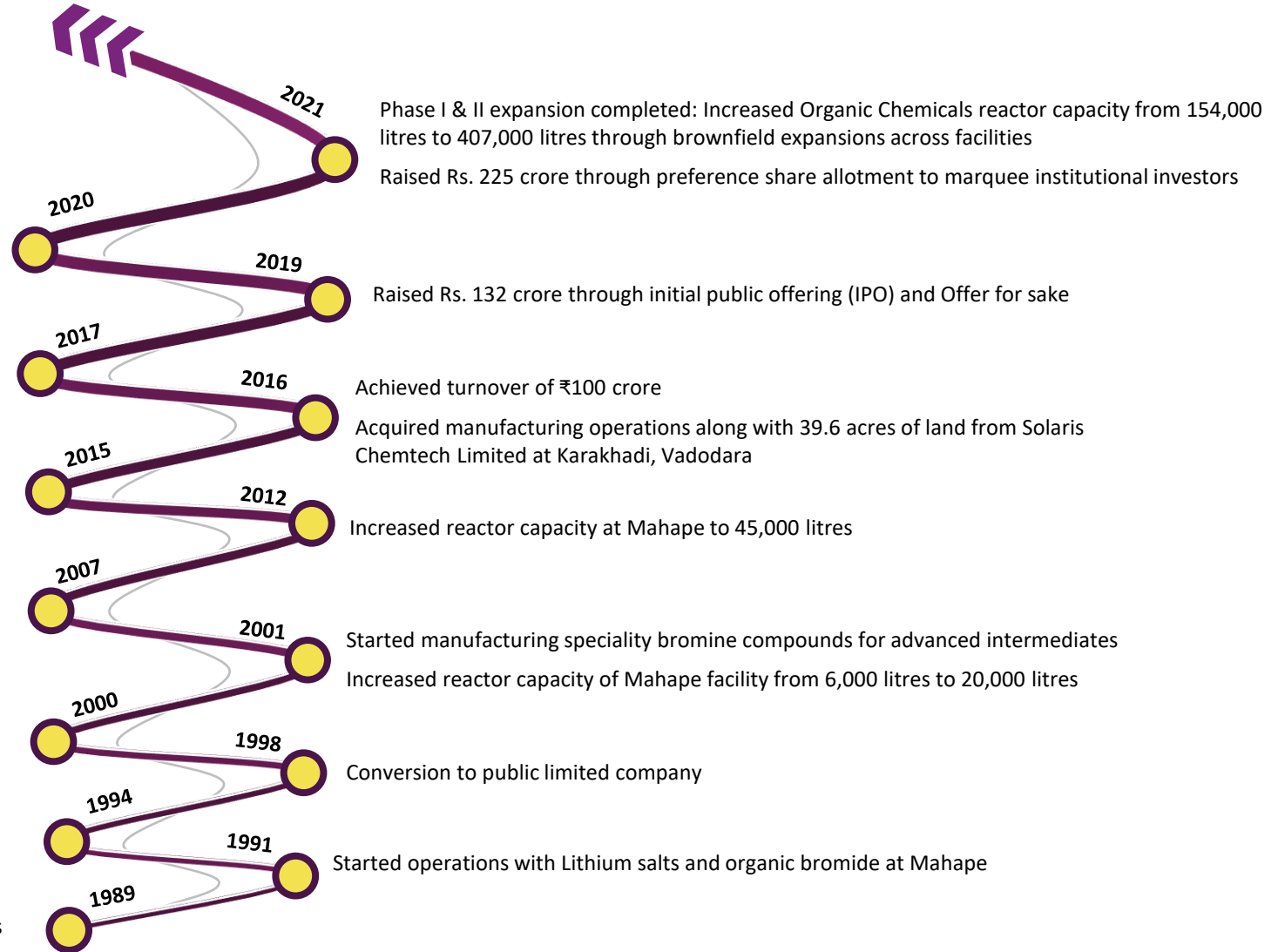
Acquired land in Dahej SEZ

Increased reactor capacity at Mahape to 30,000 litres

Dedicated R&D Division set up

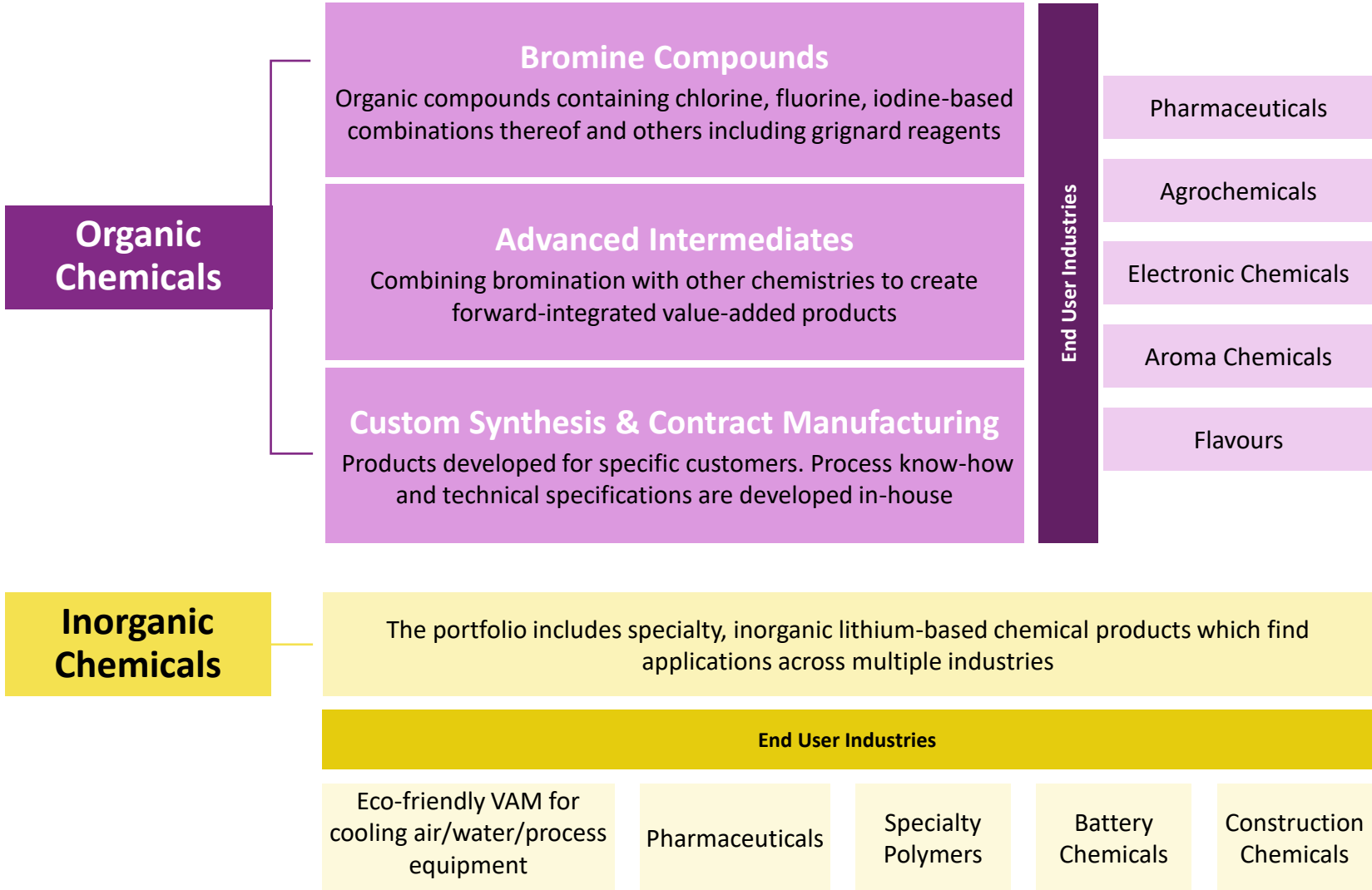
Increased in capacity from 1,600 litres to 6,000 litres at Mahape

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





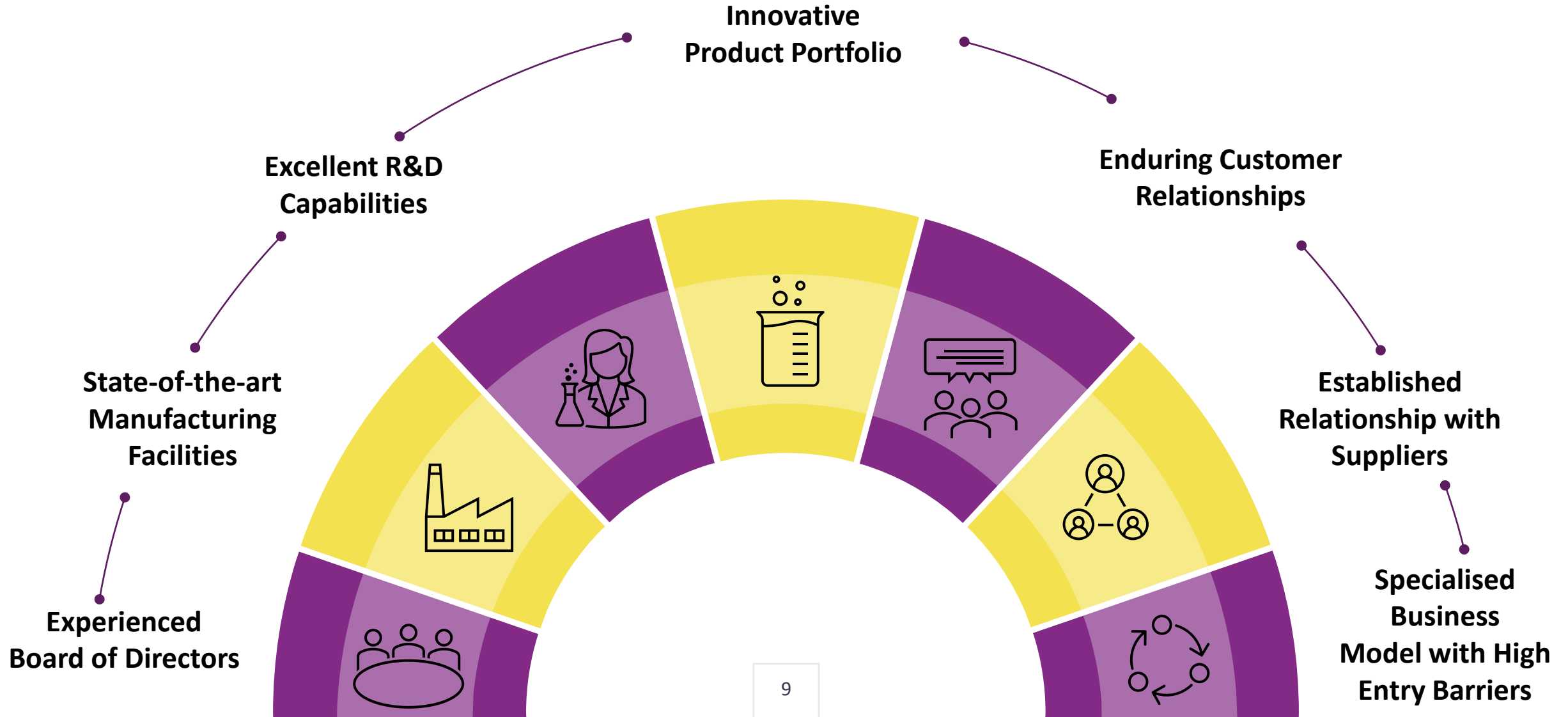
# Business Overview



## 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. 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)	
<b>Mahape (Since 1991)</b>	1 acre	100%	69,000 Liters	1,200 MT	ISO 9001:2015 from Bureau Veritas Certification Holding SAS
<b>Vadodara (Since 2017)</b>	40 acres	20%	1,11,000 Liters	-	ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 certifications from Bureau Veritas Certification Holding SAS
<b>Dahej (Since 2020)</b>	12 acres	20%	2,27,000 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
<b>Total</b>			<b>4,07,000 Litres</b>	<b>2,400 MT</b>	

## Quality Control and Quality Assurance



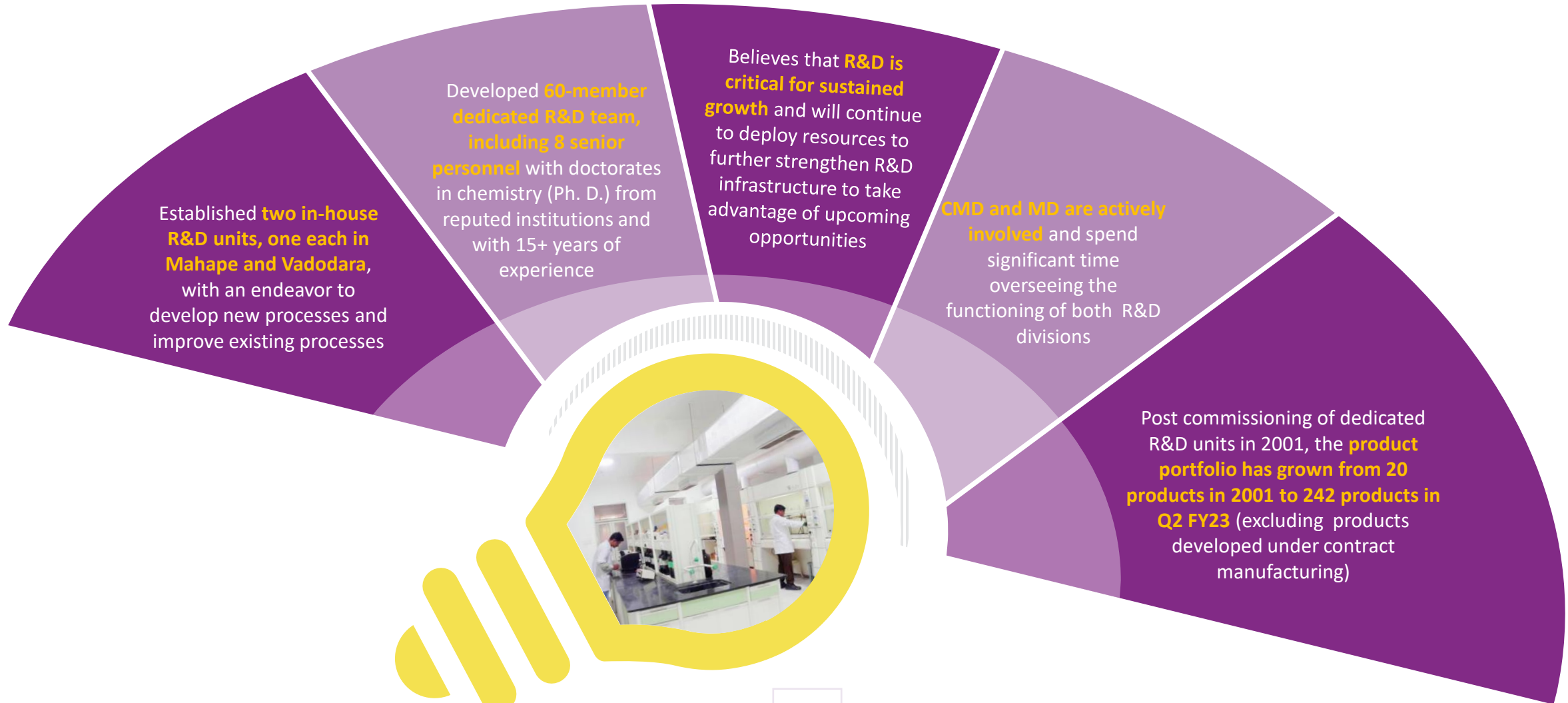
- Dedicated QC and QA team in place monitoring the entire manufacturing process at all stages right from initial testing stage to the final product
- Implemented current good manufacturing practice (cGMP) prescribed by the US FDA as applicable for intermediates

## World-class operational practices

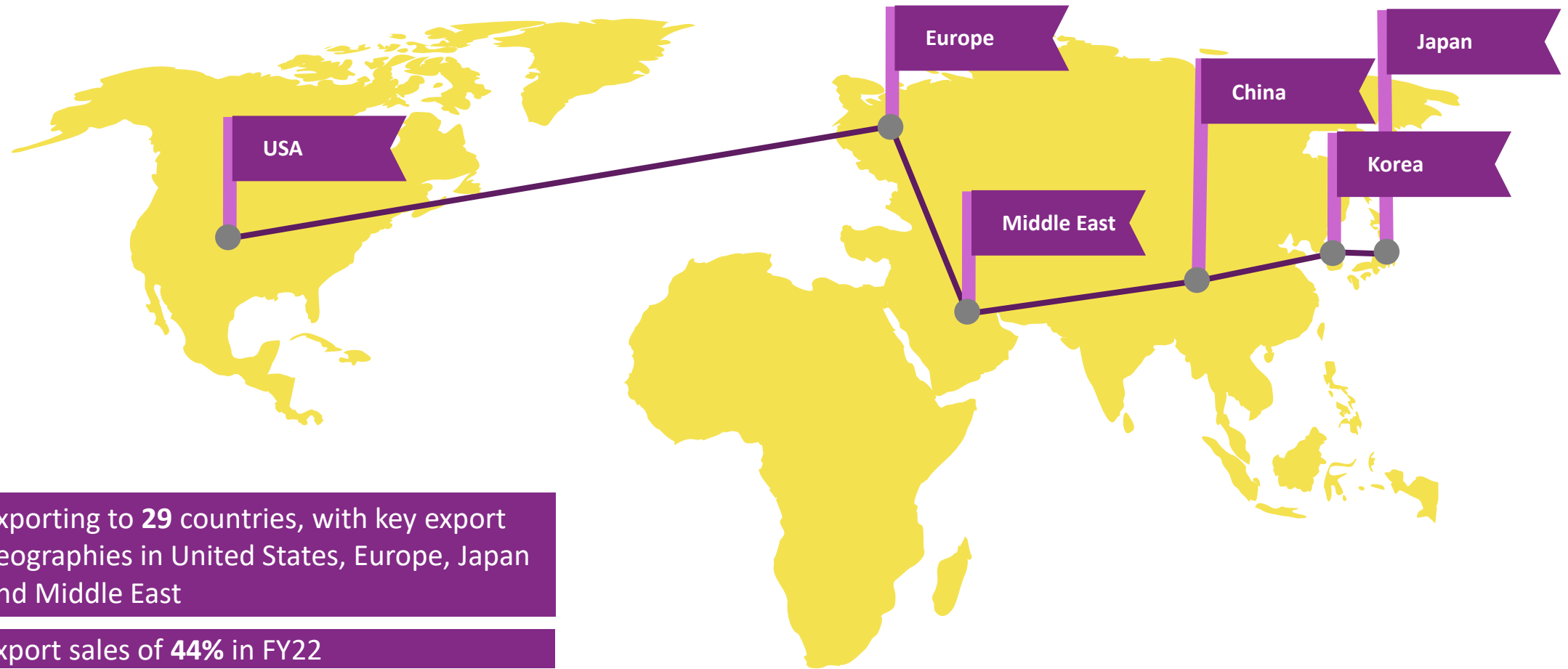


- Zero Liquid Discharge, significantly reducing water usage
- Focus on compliance with stringent quality and EHS norms

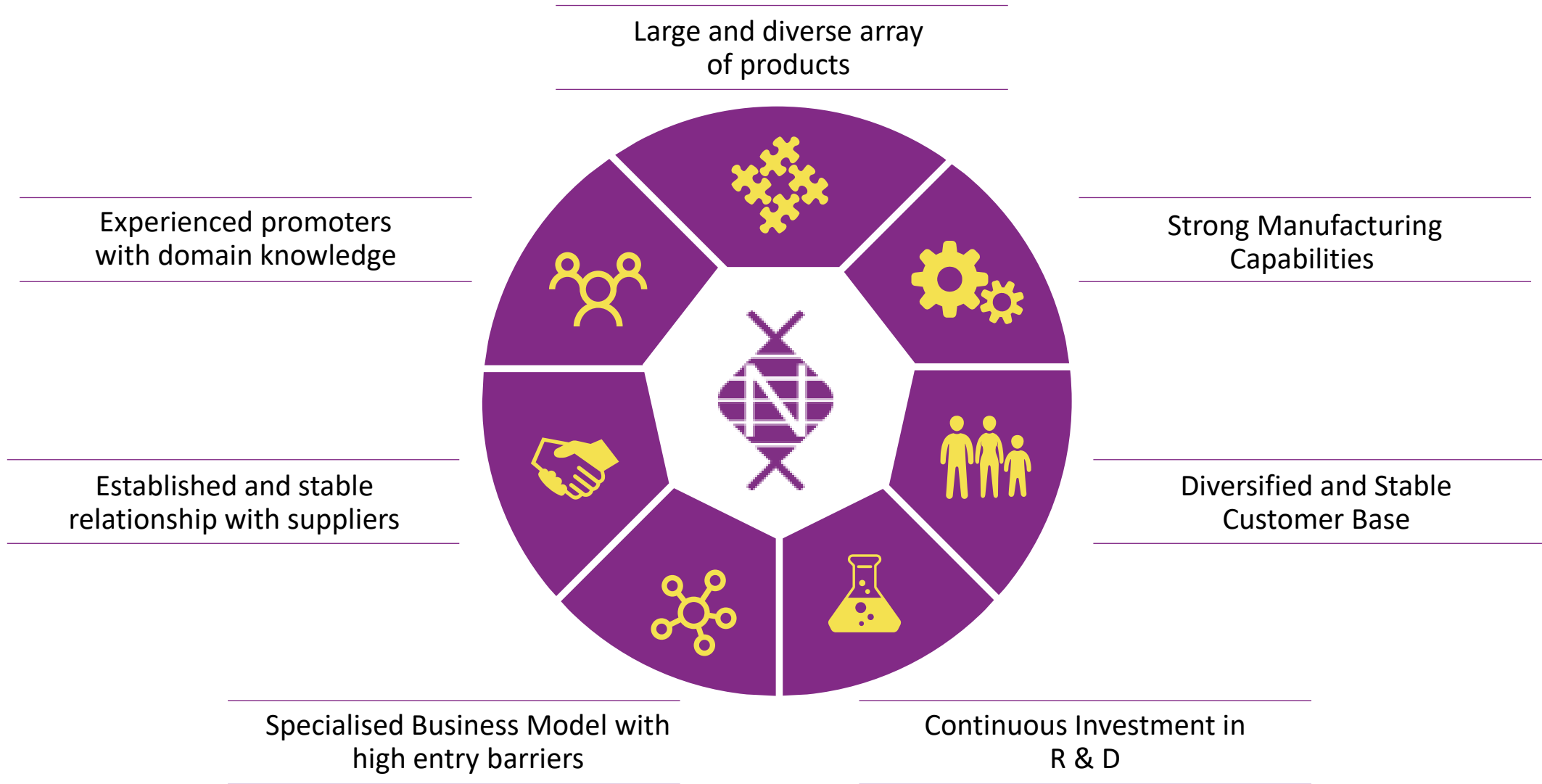
# Developed strong R&D capabilities



# Key Export Geographies



# Competitive Advantages





# Financial Performance

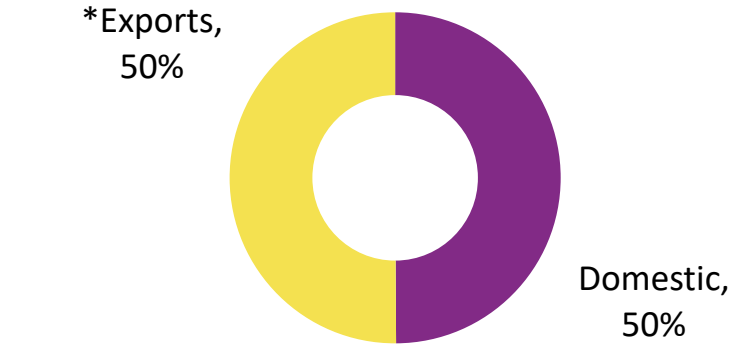


# Key Performance Highlights – Q2 & H1 FY23

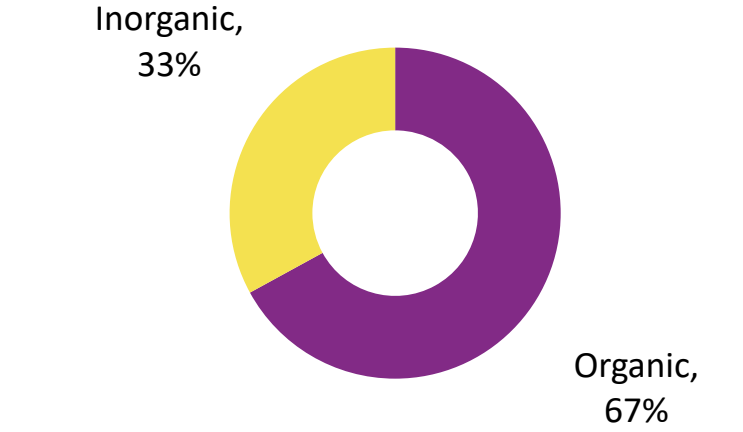


	<u>Q2 FY23</u>	<u>H1 FY23</u>
Revenues	Rs. 148.1 crore ↑ 31%	Rs. 296.0 crore ↑ 50%
EBITDA	Rs. 24.3 crore ↑ 18%	Rs. 48.9 crore ↑ 35%
Profit Before Tax	Rs. 14.0 crore	Rs. 29.6 crore ↑ 20%
Profit After Tax	Rs. 9.9 crore	Rs. 21.0 crore ↑ 13%

## Q2 FY23 Revenue break-up



*\*Including deemed exports*

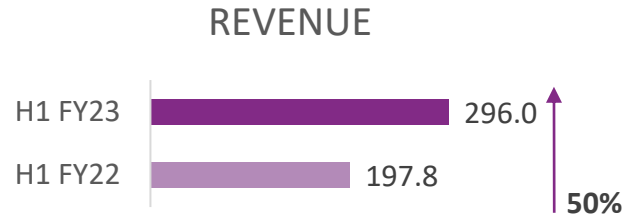


**Note:** 1. Growth for Q2 FY23 is compared to Q2 FY22, and H1 FY23 is compared to H1 FY22  
 2. All figures are Standalone

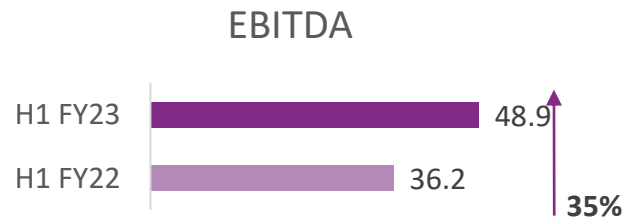
# Financial Summary – H1 FY23



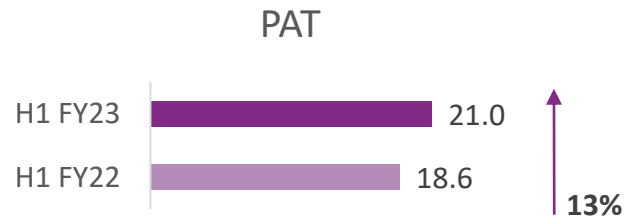
Rs. crore



- Demonstrated strong topline performance driven by continued better demand momentum as well as incremental gains from augmented capacities as compared to the same period previous year
- Based on the overall demand environment, the Company has been shifting its product mix to accommodate products that enjoy better value



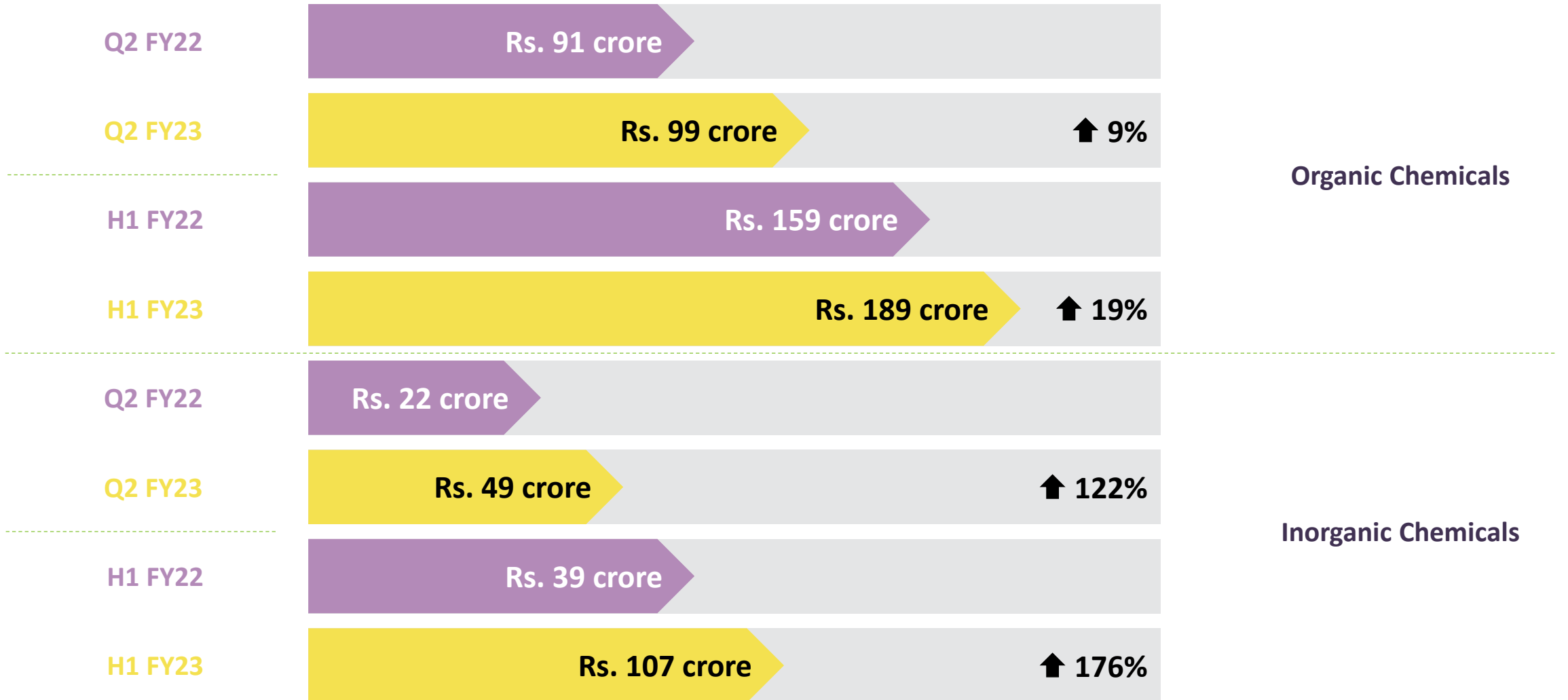
- Inflationary cost pressures persisted during the period across both raw materials and key utilities, which was further compounded by foreign exchange fluctuations
- The Company traversed through these challenges to deliver buoyant EBITDA performance which was steered by favorable product mix change and higher utilization levels at various plants



- PAT performance was in-line considering the impact of high depreciation and finance costs due to new plant addition and increase in 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 – Q2 & H1 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



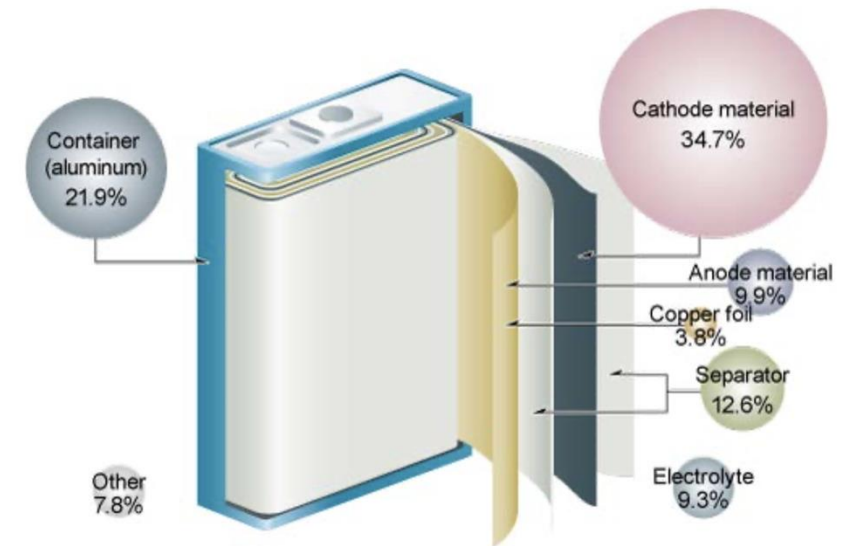
# Neogen's planned initiatives in the Lithium Battery sector



- Development initiatives under process for:
  - Electrolyte Formulations
  - Electrolyte Lithium Salts
  - Specialized Cathode Materials
  - CSM and advanced intermediates opportunities
- Portfolio of battery application products at quality/efficiency optimization stage, prior to commercial scale up
- Positive demand evaluation discussions with >15 potential cell manufacturers, including overseas players for electrolyte and >10 international customers/ distributors based out of Europe, Japan, Taiwan and Korea interested in electrolyte salt
- Electrolyte production plan at Vadodara unit developed following board approval:
  - 250 MT to be operational in FY23
  - Commercial scale plant for Electrolyte and Lithium Salt production for captive consumption to be set up based on customer commitments and approvals
- 400 MTA plant for Lithium Electrolyte Salt / Additives production capacity in existing MPP to be set up at Dahej unit to meet international demand and initial captive consumption, further expansion to be planned subject to international customer commitments and approvals

## Lithium ion battery (3.7V)

Approximate Cost Component Break Up\*



\*Based on literature as an example, actual % will vary

# Key developments



- As per Board's approval, an estimated capital expenditure of upto Rs. 150 crore has been planned – this is being deployed in the current financial year 2023 at Dahej SEZ Plant for:
  - **Expanding manufacturing capacity of specialty organic chemicals by 60,000 litres** – to support new molecules developed in-house and enhancing ability to do multiple chemistries
  - **Increasing the capacity for manufacturing inorganic salts from 1,200 MT to 2,400 MT in existing Inorganic MPP** – this is to cater to demand from new approvals received from international customers for regular lithium-based products recently and expected growth in their demand in domestic market
  - **Setting up new capacity in existing Inorganic MPP for 400 MTPA for manufacturing Specialty Lithium Salts and additives for Electrolyte** used in Lithium-Ion batteries advance chemistry cells – targeted for trial approvals in international markets and captive consumption for manufacturing of electrolyte
  - **Dahej site development**



## Expected outcome:

- Estimated timeline for completing this brown field capex is by June 2023
- FY24 guidance of Rs. 700-725 crore remains unchanged
- Once commissioned, the overall incremental revenues to be around Rs. 250 – 300 crore per annum. Out of this, revenues from Inorganic Chemicals is estimated based on stable lithium prices
- The Company expects full utilization by FY25/ FY26

# Financial Table – Profit & Loss Statement (Standalone)



Particulars (Rs. In crore)	Q2 FY23	Q2 FY22	Growth (%)	H1 FY23	H1 FY22	Growth (%)
Revenue	148.1	113.2	31%	296.0	197.8	50%
Expenditure	123.9	92.6	34%	247.1	161.7	53%
<b>EBITDA</b>	<b>24.3</b>	<b>20.5</b>	<b>18%</b>	<b>48.9</b>	<b>36.2</b>	<b>35%</b>
Margins	16.4%	18.1%	-178 bps	16.5%	18.3%	-176 bps
Depreciation	3.9	2.3	67%	7.8	4.2	86%
<b>EBIT (inc. Other Income)</b>	<b>20.9</b>	<b>18.5</b>	<b>13%</b>	<b>42.6</b>	<b>32.3</b>	<b>32%</b>
Interest	6.9	4.1	68%	13.0	7.7	68%
Other Income	0.5	0.2	108%	1.5	0.3	329%
<b>Profit Before Tax</b>	<b>14.0</b>	<b>14.4</b>	<b>-3%</b>	<b>29.6</b>	<b>24.6</b>	<b>20%</b>
Margins	9.5%	12.7%	-324 bps	10.0%	12.4%	-243 bps
Tax Expense	4.1	3.2	30%	8.6	6.1	43%
<b>Profit After Tax</b>	<b>9.9</b>	<b>11.2</b>	<b>-12%</b>	<b>21.0</b>	<b>18.6</b>	<b>13%</b>
Margins	6.7%	9.9%	-321 bps	7.1%	9.4%	-229 bps
<b>Earnings Per Share (Rs.)</b>	<b>3.96</b>	<b>4.79</b>	<b>-17%</b>	<b>8.42</b>	<b>7.96</b>	<b>6%</b>

# Balance Sheet Snapshot (Standalone)



Particulars (Rs. In crore)	As on September 2022	As on March 2022
<b><u>Assets</u></b>		
Non-Current Assets	325.2	306.5
Current Assets	577.6	493.1
<b>Total Assets</b>	<b>902.8</b>	<b>799.5</b>
<b><u>Liabilities</u></b>		
Shareholders' Funds	453.4	439.3
Non-Current Liabilities	141.5	141.9
Current Liabilities	308.0	218.3
<b>Total Liabilities</b>	<b>902.8</b>	<b>799.5</b>



# Management Commentary



**Commenting on the Q2 & H1 FY23 performance, Mr. Haridas Kanani, Chairman & Managing Director, at Neogen Chemicals said:**

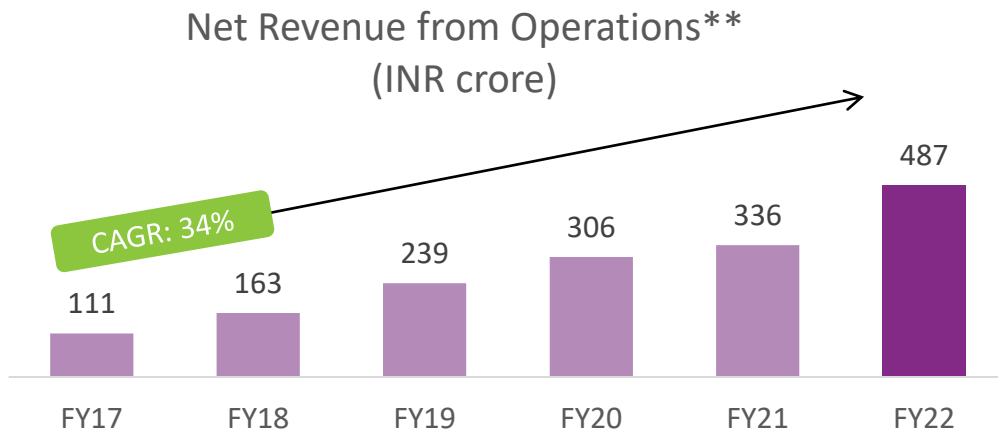
*“We have reported superior performance during the first half of fiscal year 2023 reflected by 50% growth in revenues, 35% improvement in EBITDA and 13% increase in Profit After Tax. This is an outcome of collective efforts put in by our teams to ensure that we expand our capabilities to the fullest and offer best possible value to our long-standing customers. The performance was fueled by continued positive demand outlook from key end-user segments, further aided by gains from incremental capacity available over same period last year. All this was achieved in an environment that was premised on prolonged inflationary headwinds in key raw materials and other utilities.*

*Our CAPEX initiatives are underway, and construction is progressing as expected both in lithium-ion battery chemicals and existing business operations. We aim to make significant inroads in the chosen products and chemistries to elevate our performance trajectory. We have been in constant dialogue with our customers and have received positive feedback for our products. Sizeable CAPEX plans will be lined up in the second half of current fiscal year, based on how final discussion progresses for lithium-ion battery materials space. Within CSM and Advanced Intermediate space, we remain confident of garnering additional share based on our in-house strengths and capabilities across several chemistries. The objective is to diversify the product mix towards value-added offerings, and we are on the right track to attain that.*

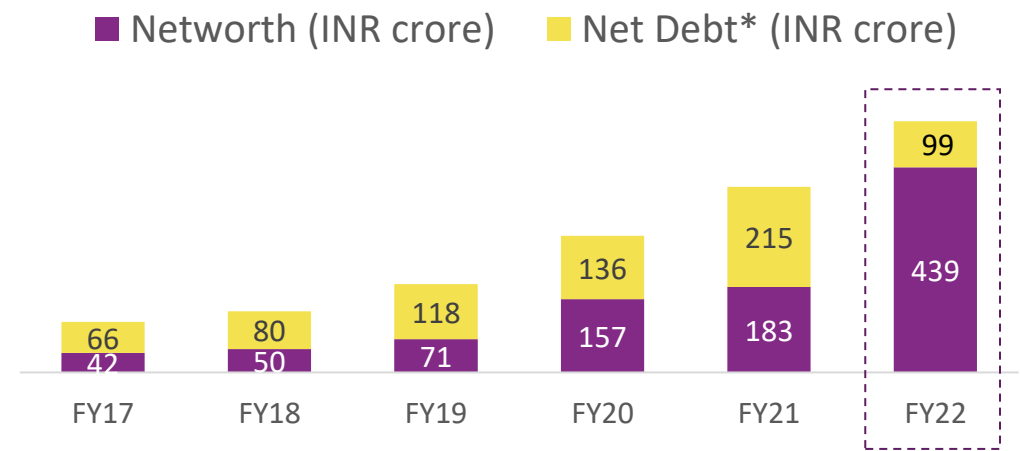
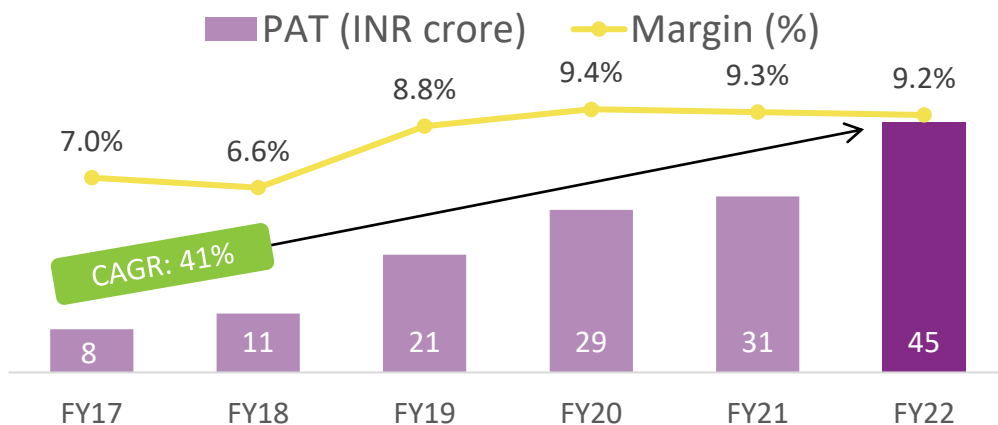
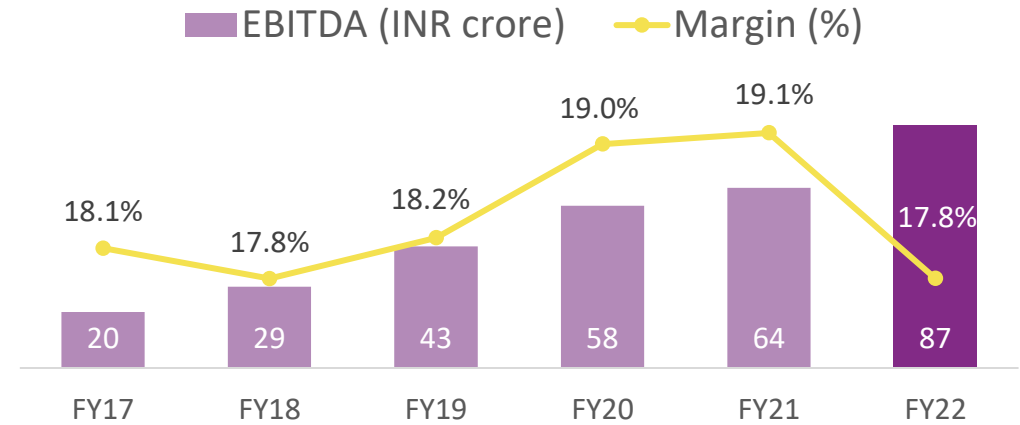
*The medium-to-long term prospects look favorable and Neogen is well poised to drive higher topline and profitability based on strong execution abilities. This is in addition to benefits emerging from upcoming projects that will start contributing from next year. The demand landscape remains promising and Neogen will channelise its experience to deliver sustained performance in the years to come.”*



# Historical Financial Trends



\*\* Revenue is Net of Excise





# **Industry Overview: Lithium Ion Batteries**

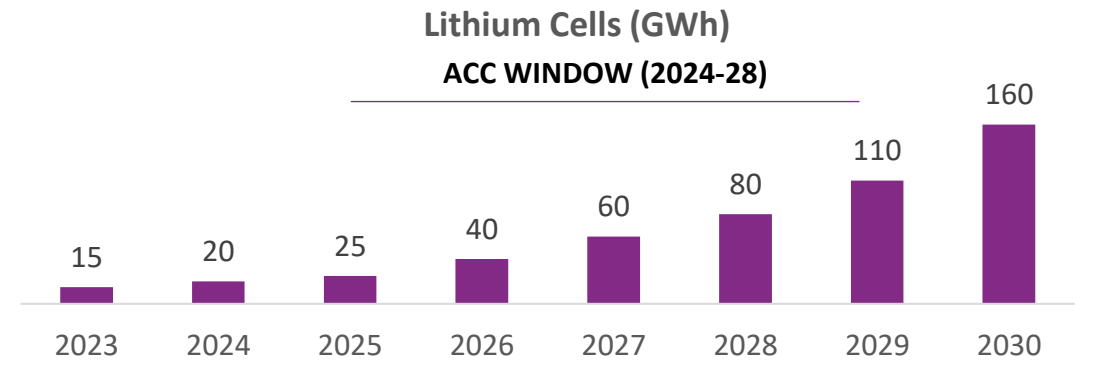


# Strong Opportunities in Lithium Battery sector

## 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

# Key Drivers of the Lithium-Ion Battery Market



## EVs, Renewable Energy Storage, Hydrogen to fuel lithium-ion battery demand

In the next decade, consumer electronics will account for half of lithium-ion battery sales

EVs require lithium-ion batteries with high energy density, high discharge power, and low time impact

## Recycling lithium-ion batteries could aid in increasing domestic production

Automation of recycling operations has made component separation easier, allowing producers to cut overhead costs and raw material needs

Lithium-ion battery recycling is expected to become a future industry trend as a result of recent technological advancements

## Changing industry dynamics indicate lithium-ion battery market growth

In the near future, lithium-ion battery will be required to pack significant quantity of energy into the comparatively small volume and light weight



# Way Forward & CSR Initiatives



# Way Forward



**Increasing Custom Synthesis & Contract Manufacturing portfolio**



**Foray into sunrise sector of Lithium-Ion Batteries**



**Focus on operational efficiency and functional excellence**



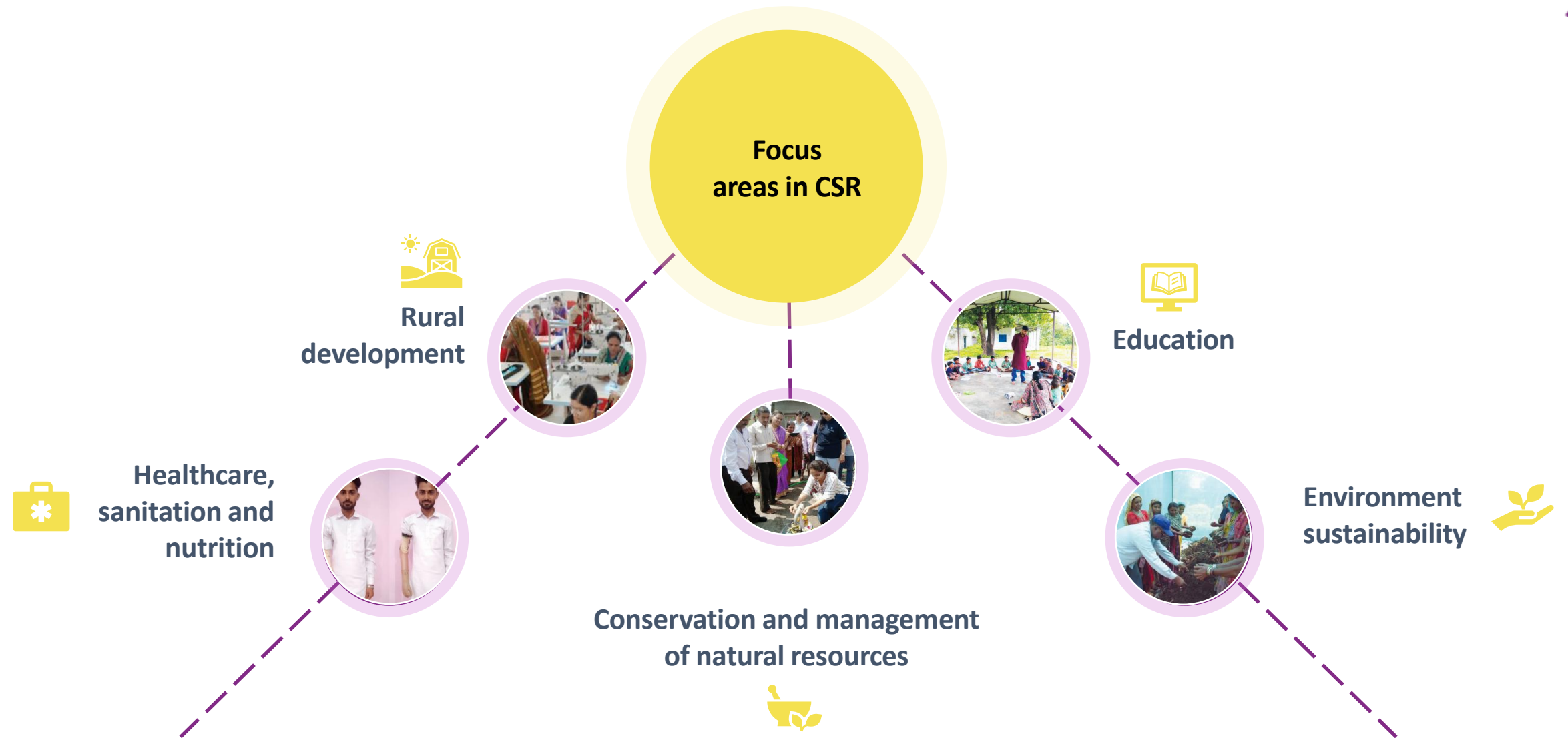
**Focus on advanced speciality intermediates**



**Expanding production capacities**



# CSR Initiatives





# 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. This plant will come on-stream in FY23 with further capex planned in the coming years.

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:

**Ketan Vyas**

**Neogen Chemicals Ltd.**

Email: [ketan.vyas@neogenchem.com](mailto:ketan.vyas@neogenchem.com)

**Nishid Solanki / Shruti Joshi**

**CDR India**

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**NEOGEN**  
CHEMICALS LTD.

**Thank You**