

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.: Press Release 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 Press Release 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 Press Release 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



Q3 & 9M FY23 PRESS RELEASE

FEBRUARY 11, 2023

Neogen Chemicals demonstrates robust financial performance in Q3 & 9M FY23

Announces investment plan for Lithium-ion battery chemicals

Neogen Chemicals Limited (Neogen) reported strong financial performance during the quarter and nine months ended 31st December, 2022. In 9M YTD, the Company delivered 46% growth in revenues, 32% increase in EBITDA and 23% growth in Profit After Tax (PAT).

In 9M FY23, revenues were at Rs. 482.3 crore, with a growth of 46% Y-o-Y. Growth was strengthened by increased utilization of plants, driven by stable demand from key end-user industries. Efforts to expand the high-margin advanced intermediates and custom synthesis manufacturing business have begun to show positive results.

EBITDA at Rs. 79.0 crore in 9M FY23 was up 32% in spite of the ongoing inflation in certain raw materials and utilities, strong EBITDA results were achieved through favorable management of product mix. The Company experienced an increase in certain costs such as employee expenses, etc., consistent with management's plan to expand the workforce across departments.

The Company delivered a healthy EBITDA performance mainly because it was able to pass on the significant cost increase in the prices of Lithium raw materials to customers. As a result, the absolute EBITDA remained protected.

Profit after tax (PAT) stood at Rs. 35.7 crore during 9M FY23, higher by 23% compared to Rs. 29.0 crore in 9M FY22. The growth in PAT reflected the operational performance, moderately affected by high depreciation associated with new capacity additions and an increase in finance costs due to elevated interest rates.

Earnings per share (EPS) for 9M FY23 stood at Rs. 14.29 per share (Rs. 12.43 per share in 9M FY22).

Performance at a Glance

	Q3 FY23	YoY Growth	9M FY23	YoY Growth
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. 50.3 crore	⬆️ 31%
Profit After Tax	Rs. 14.7crore	⬆️ 40%	Rs. 35.7crore	⬆️ 23%

Notes:

1. Growth for Q3 FY23 is comparable with Q3 FY22 and for 9M FY23 is compared with 9M FY22
2. All figures are consolidated

Commenting on the Q3 & 9M FY23 performance, Mr. Haridas Kanani, Chairman & Managing Director, 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.”

Key Developments





A. UPDATE ON VARIOUS EXPANSION INITIATIVES:

Details of expansion projects announced:	Current project updates:
Existing Business	
Expansion of specialty organic chemicals capacity by 60,000 litres (60m3)	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • To be commissioned by May/ June 2023
Battery Chemicals Business	
New capacity of 400 MTPA (92m3) for manufacturing Specialty Lithium Salts and additives for Electrolyte	<ul style="list-style-type: none"> • To be commissioned by June 2023
Pilot plant for manufacturing 250 MT Electrolyte at Vadodara facility	<ul style="list-style-type: none"> • Based on expected demand, the Company is increasing 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.

B. 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.

Key Rationale		
	High volume business:	Battery Chemicals business is high volume in nature as compared to the legacy business
	Distinct demand supply dynamics and CAPEX requirements:	This business will be rapidly scaled up and the CAPEX/ OPEX requirement will be very different than the existing business
	Concessional tax rate:	The new Company will have advantage of lower corporate tax rate of 15%
	Sector specific skillset and expertise:	Workforce across various functions like R&D, manufacturing, marketing and distribution, etc. need to have domain sector expertise

C. NEW CAPEX ANNOUNCEMENTS

Board approval for expansion of:	<ul style="list-style-type: none"> • 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:	<ul style="list-style-type: none"> • 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**

-ENDS-

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 more information, please visit www.neogenchem.com OR contact:

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***Disclaimer:** Certain statements in this press release may be forward-looking statements. Such forward-looking statements are subject to certain risks and uncertainties like government actions, local political or economic developments, technological risks, 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 discussions and undertakes no obligation to publicly update these forward-looking statements to reflect subsequent events or circumstances.*