



NEOGEN
CHEMICALS LTD.

Expanding Capabilities
Exploring
New Horizons

Investor Presentation
September 2023



Introduction to Neogen Chemicals

Neogen Chemicals – At a Glance



248	4 Manufacturing Sites + 2 R&D Facilities	10%	29	ISO 9001:2015, ISO 14001:2015 & ISO 45001:2018	4,825	33%	35%
Products developed by in-house R&D (Jun-23)	Infrastructure	Of workforce in R&D team	Exporting countries	Manufacturing units certified on Quality & SHE management systems	Net worth - FY23 (INR mn)	5-year Revenue CAGR	5-year PAT CAGR

Leading manufacturer of Bromine and Lithium-based specialty chemicals, operating since 1991 – 32 Years of Strong History

Strong portfolio of Organic and Inorganic products

Manufacturing Lithium Salts for Various Applications since 1991

Largest Importer of Lithium Carbonate & Lithium Hydroxide for last 3 decades – Strong Relationship with Global Leading Lithium Miners & Processors

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 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 2023 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
- Signed agreement with MU Ionic Solutions Corporation, Japan in April 2023 to acquire manufacturing technology license for electrolytes in India
- Acquired 100% stake in BuLi Chem from Livent in May 2023 to offer organolithium products to Pharma and Agrochemical Industries

Key Milestones

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



Signed agreement with MU Ionic Solutions Corporation, Japan in April 2023 to acquire manufacturing technology license for electrolytes in India

Acquired 100% stake in BuLi Chem from Livent in May 2023 to offer organolithium products to Pharma and Agrochemical Industries

Formed a wholly owned subsidiary of Neogen Chemicals namely Neogen Ionics Limited to house Battery Chemicals Business

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

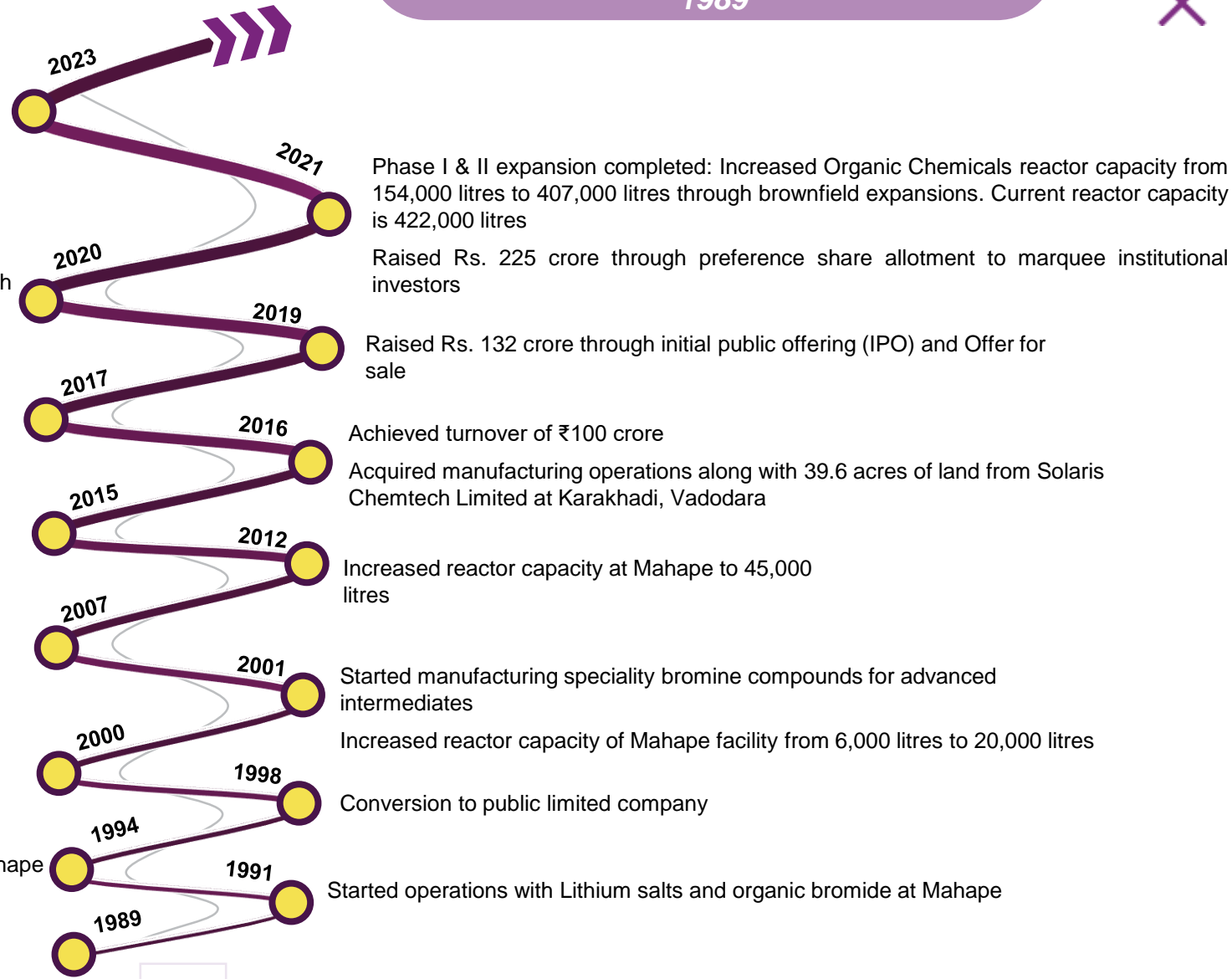
Acquired land in Dahej SEZ

Increased reactor capacity at Mahape to 30,000 litres

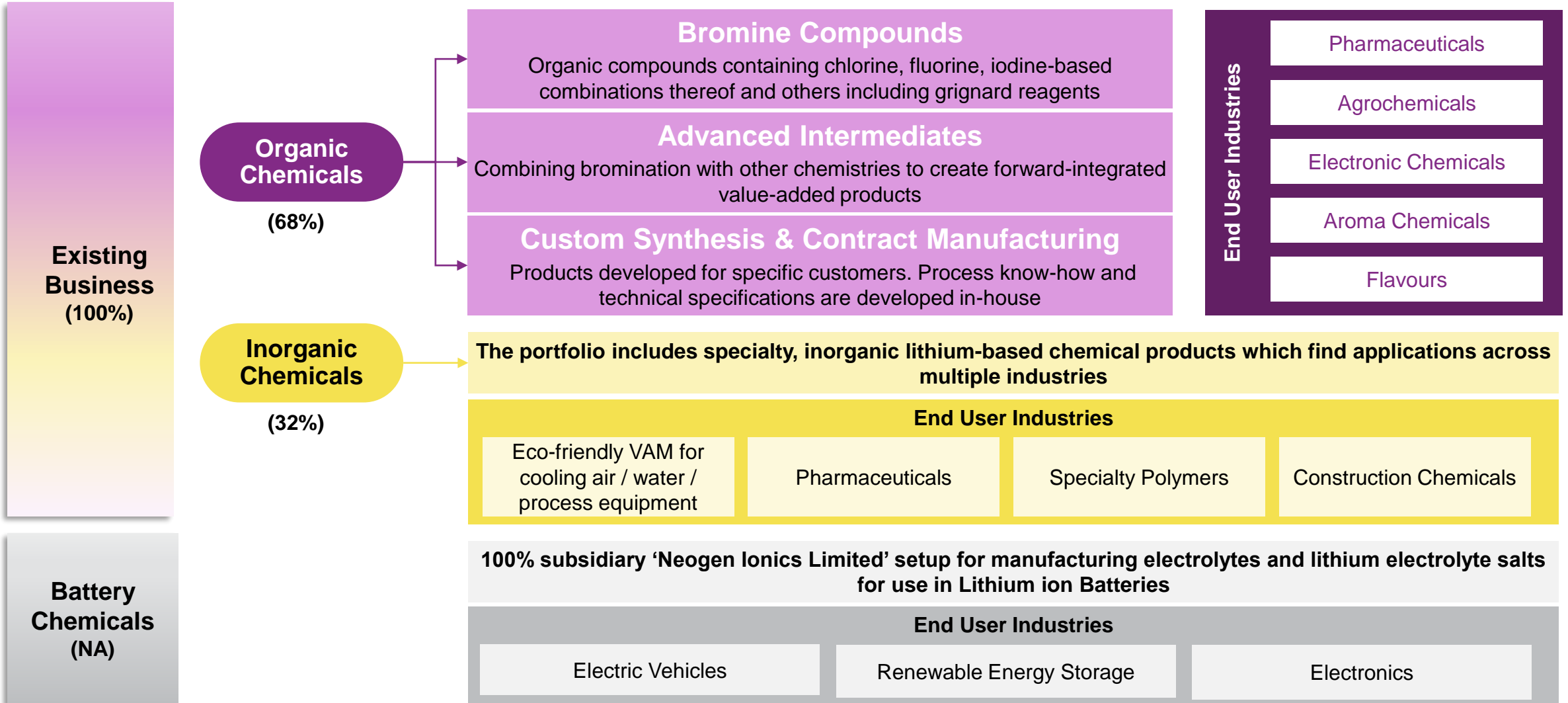
Dedicated R&D Division set up

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 Snapshot

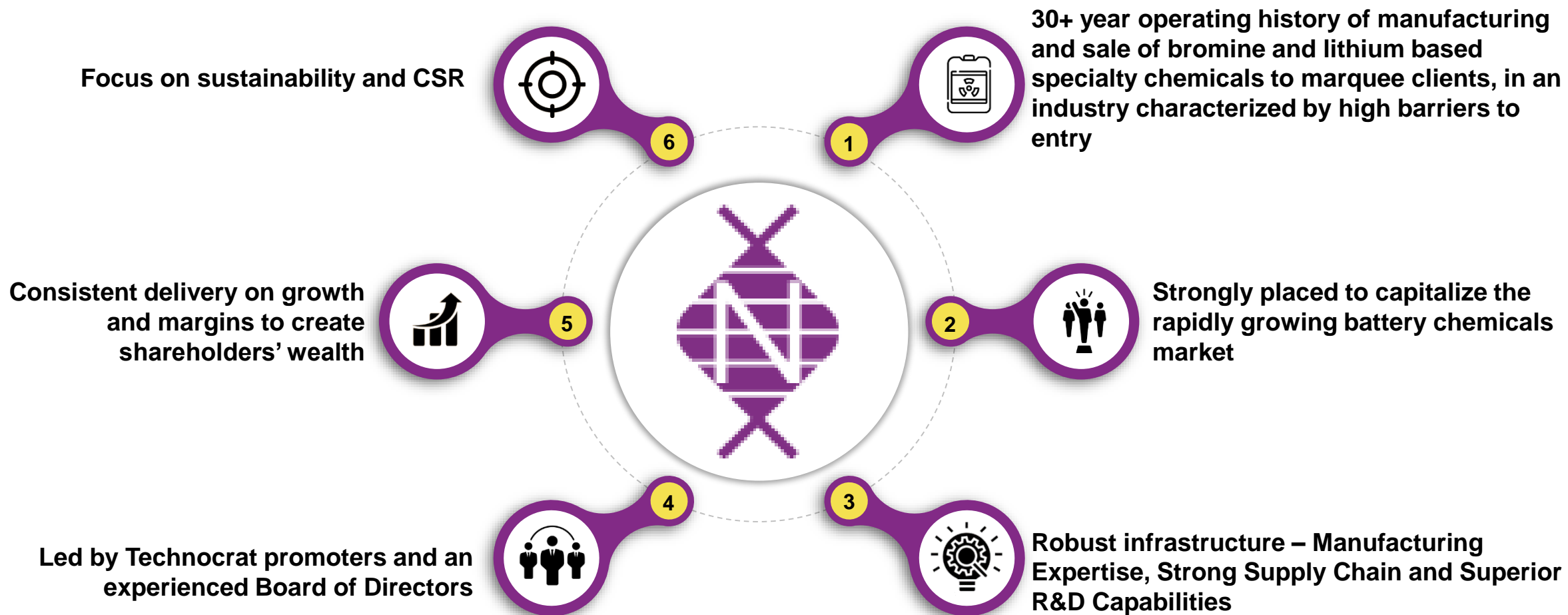


() – indicates contribution to revenue (FY23)



Our Value Proposition

Our Advantage

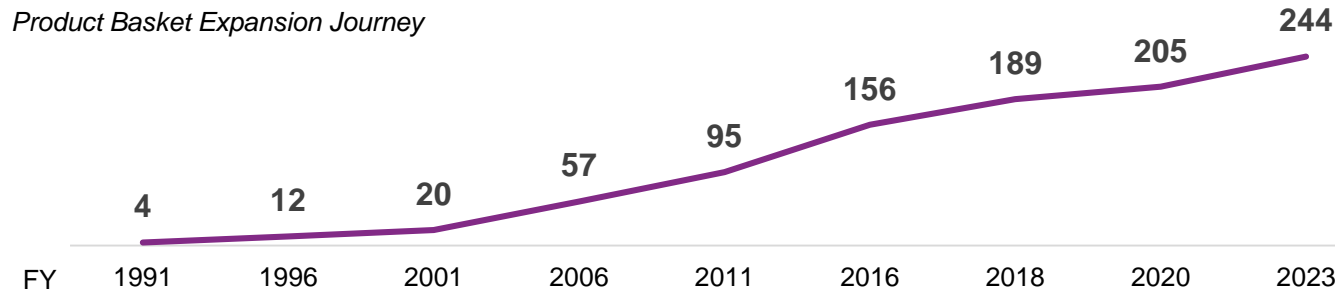


30+ Years of Experience in Manufacturing Bromine and Lithium based Specialty Chemicals



Our Focus: High end and niche specialty chemicals

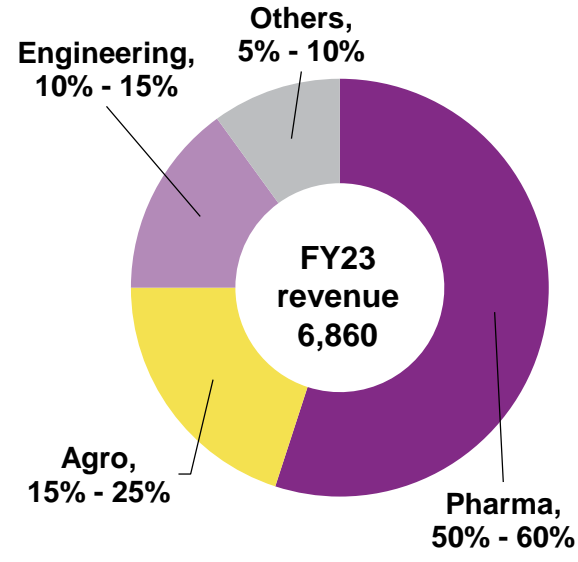
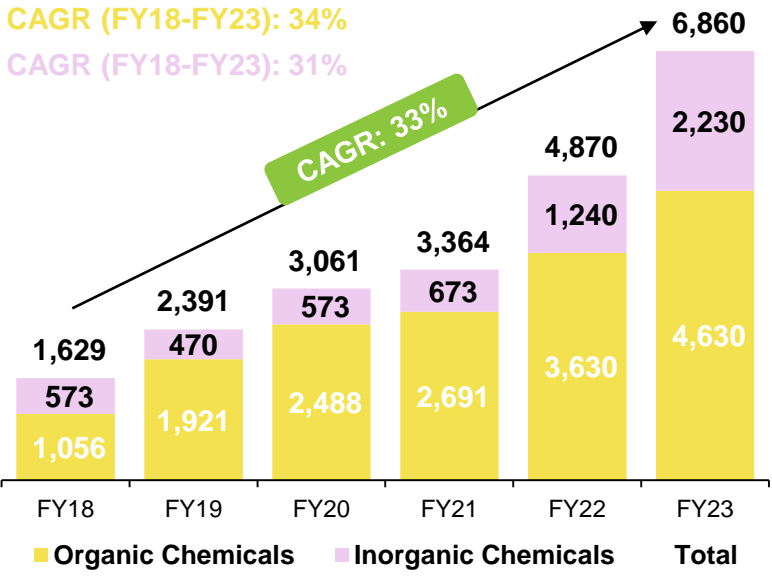
Product Basket Expansion Journey



(INR mn)

CAGR (FY18-FY23): 34%

CAGR (FY18-FY23): 31%



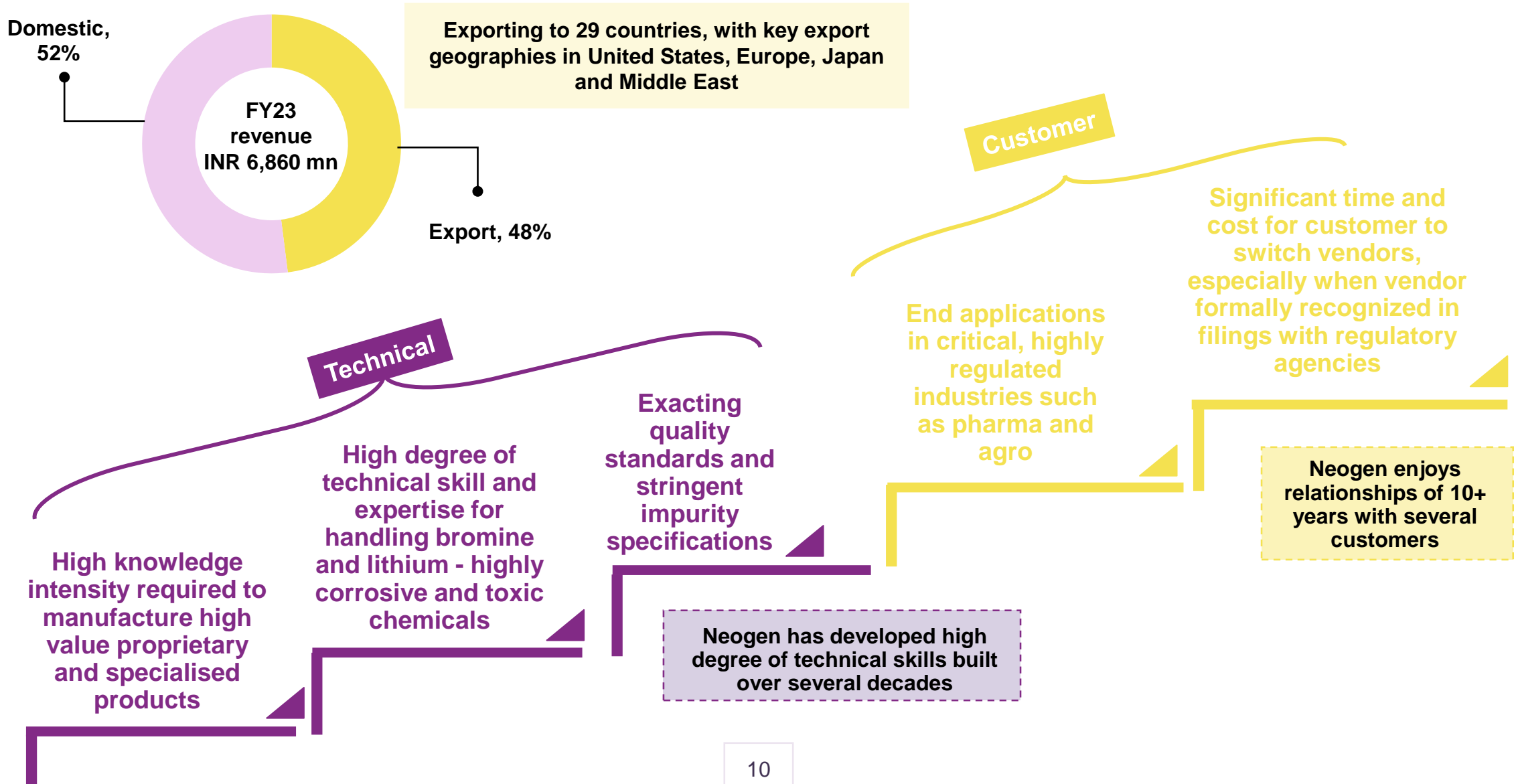
Serving a Marquee Clientele Base*

AUSTIN
SOLVAY
HETERO
MYLAN
PIRAMAL
SUN PHARMA
Divis Laboratories Ltd.
HIKAL
CBC GROUP
AUROBINDO
THERMAX
VOLTAS
A TATA Enterprise

* Not an exhaustive list



1 Market Characterized by High Entry Barriers

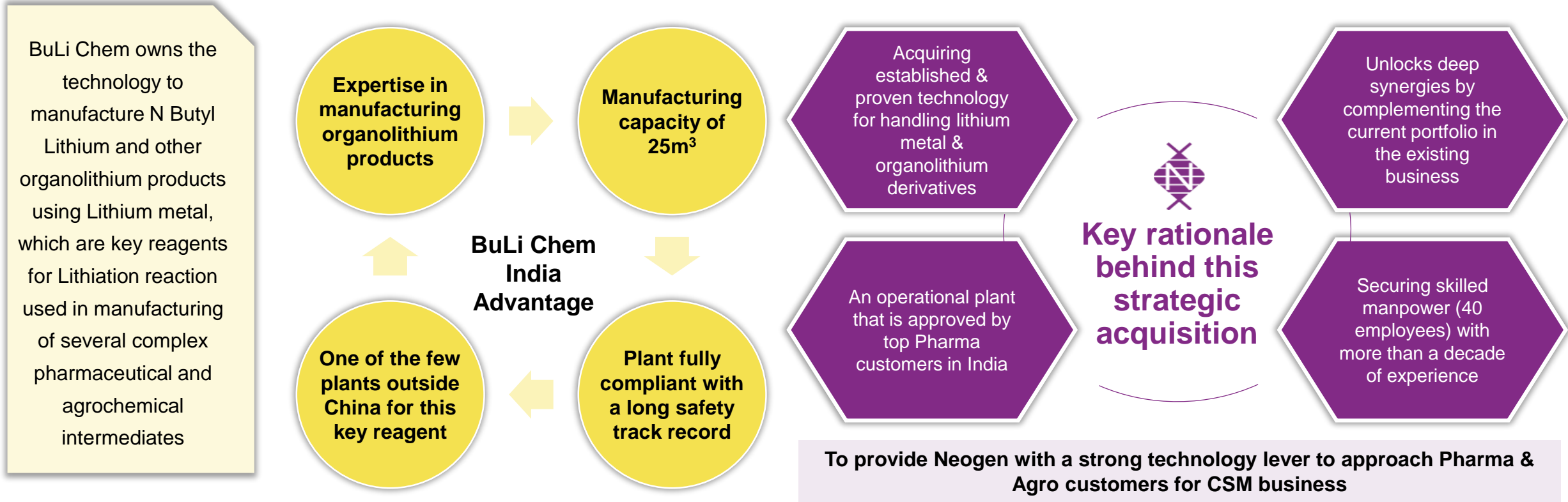




1

Bu-Li Acquisition for Organo - Lithium Chemistry

Will further strengthen the advanced intermediates and CSM manufacturing business



To be the only company in the world to make organolithium products and captively use reagents to manufacture complex pharma intermediates

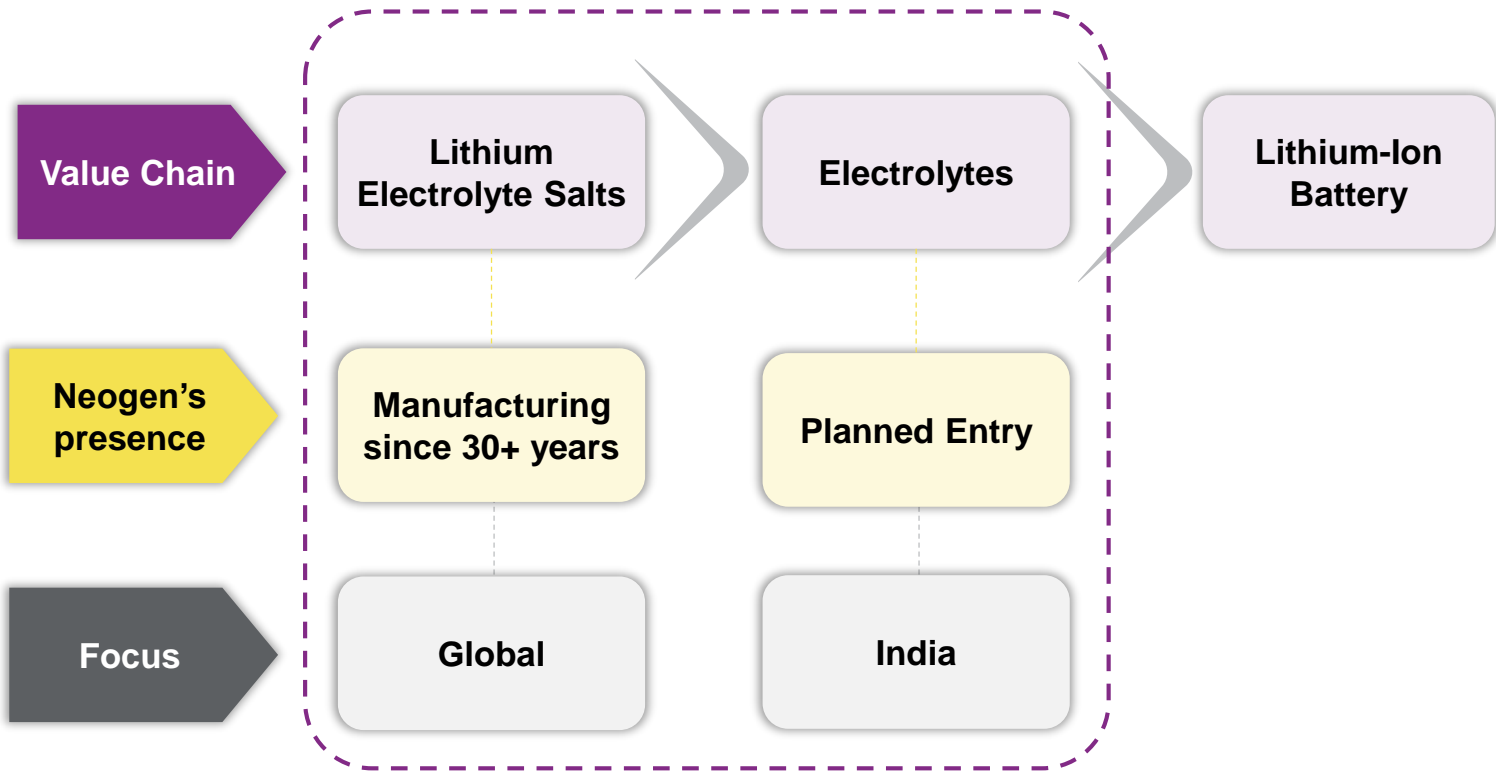
Neogen's ability to recycle lithium coming out as by-product from such reactions will enable Neogen to provide excellent cost economics to its customers

Battery Chemicals: Value Chain

Leveraging existing capabilities to forward integrate into a next gen market



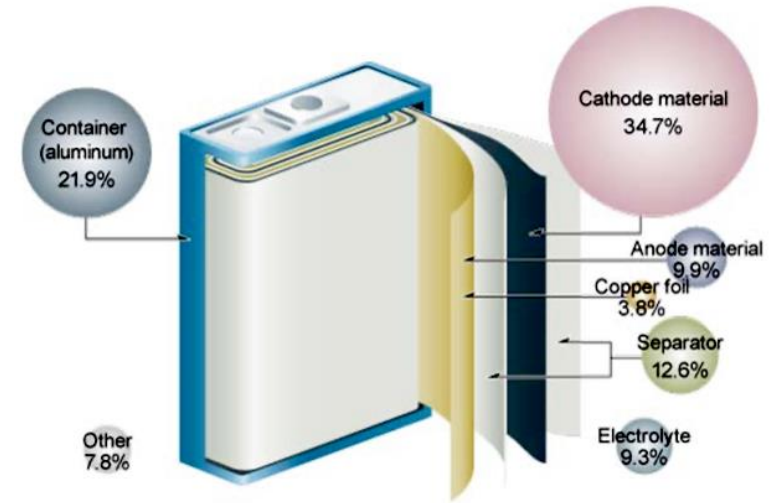
Planned entry into electrolytes for Lithium-ion batteries



Global Demand for Lithium Cells expected to reach >3,000 GWh by 2030

Lithium-ion battery (3.7v)

Approximate Cost Component Break up*



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

- Applications**
- Electric Vehicles
 - Renewable Energy Storage
 - Electronics

First Mover Advantage and Reputatation as Trusted Supplier for Indian Electrolyte Demand led by MUIS-Neogen License Agreement



FIRST Ever License Issued by MU Ionic Solutions Corporation (MUIS) Anywhere in the Globe

License to manufacture electrolyte materials using globally acclaimed technology & Plant Design

Capacity - up to 30,000 MTPA

Commercial Production Start Date expected in 2025

Rationale and Synergies



Targeted to meet the growing demand of lithium-ion Battery manufacturers in India



Will greatly reduce approval times with Indian Lithium-Ion Battery makers



Will enable manufacturing plant to meet stringent global standards for quality, reliability, safety



MUIS to provide manufacturing technology & plant design

Neogen Chemicals to be the first-ever company in the world to have a proven global technology of MUIS, to manufacture electrolytes in India

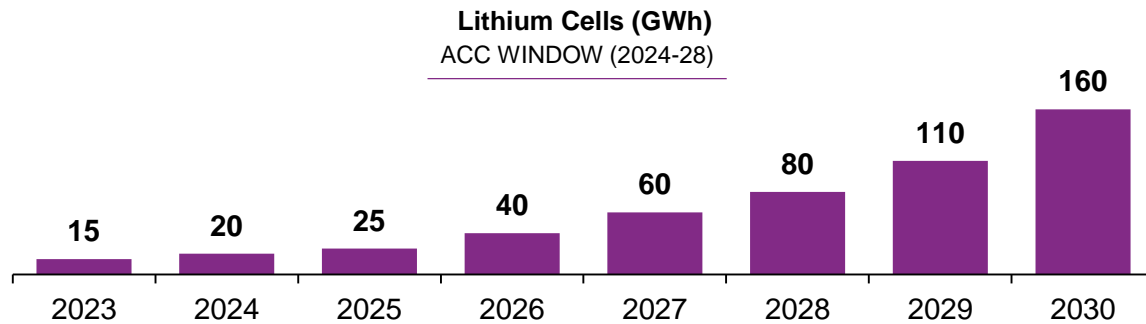
MUIS, incorporated in October 2020, is a JV between Mitsubishi Chemical Corporation (MCC) and UBE Corporation, a group co. of The Mitsubishi Chemical Group (MCG), Japan

MUIS is one of the global leaders in electrolytes used in lithium-ion batteries with a strong track record of 30 years and 5 electrolyte manufacturing plants located in Japan, USA, UK and China

Significant Opportunities in the Indian Lithium-ion Battery sector



Demand Estimates for the Indian Market



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

Growth Drivers

Faster adoption of EVs
(11.8 lakh EVs sold in FY23)



Gov't incentives (PLI, Make in India, etc.) to transition to e-mobility



Higher sales of consumer electronics, including smartphones, led by expanding population, rising discretionary income and digital penetration



10+ companies in India in the process of establishing Giga factories with targeted annual cell production of 5 GWh – 40 GWh by 2030

50 GWh of the 2030 target currently **supported by Government's Advance Cell Chemistry (ACC) PLI Scheme**

PLI scheme is expected to accelerate EV adoption

- Target Incentive Outlay – **INR 18,100 Crores**
- **60% of Battery Material to be Indigenous**

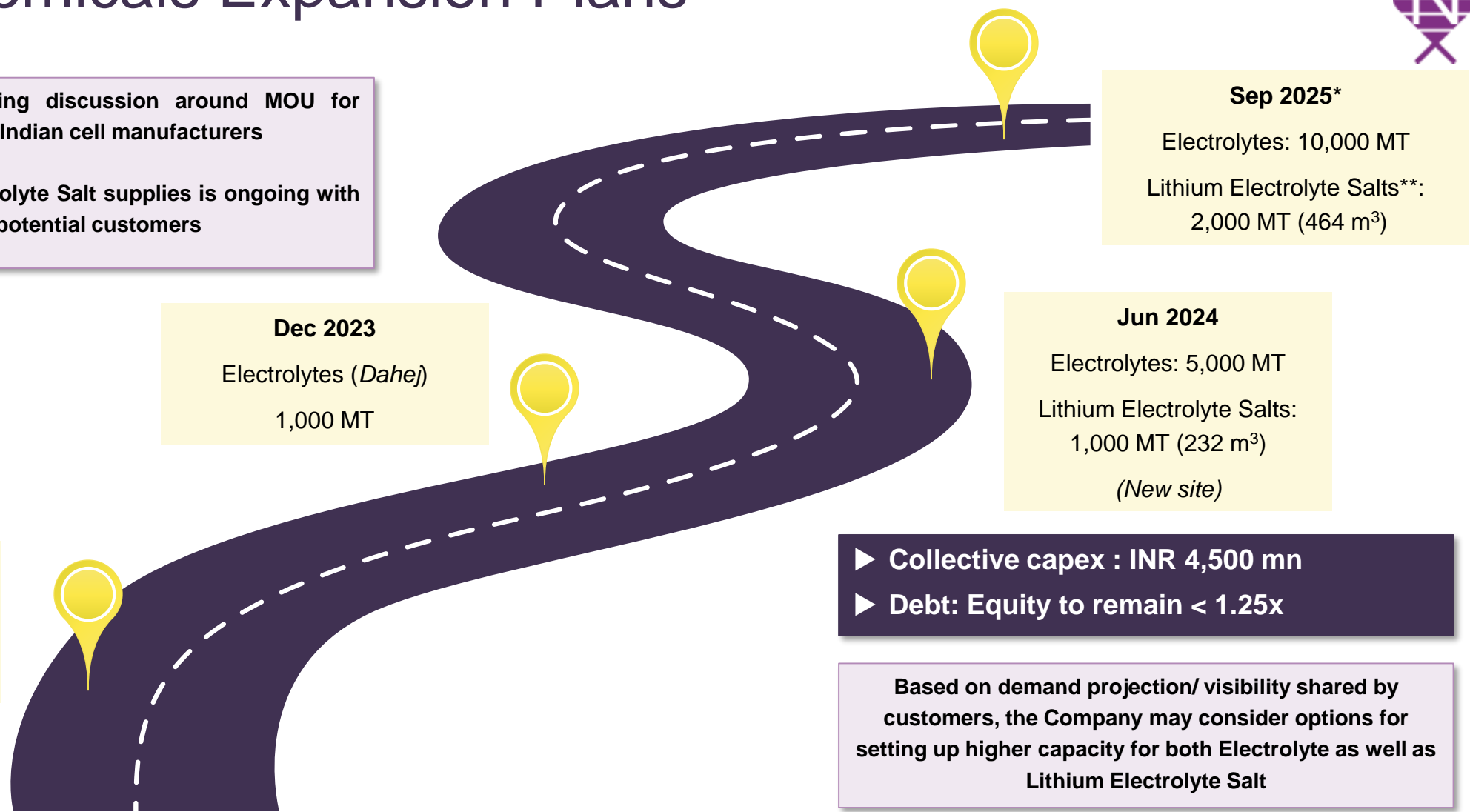
Direct investment of around INR 45,000 crore in ACC Battery storage manufacturing projects

Target Net **Savings on Import of Approx INR 2 Lakhs** crore on account of oil import bill

2 Battery Chemicals Expansion Plans



- Commercial terms including discussion around MOU for Electrolyte started with 3-4 Indian cell manufacturers
- Dialogue for Lithium Electrolyte Salt supplies is ongoing with more than 10 international potential customers



▶ **Collective capex : INR 4,500 mn**
 ▶ **Debt: Equity to remain < 1.25x**

Based on demand projection/ visibility shared by customers, the Company may consider options for setting up higher capacity for both Electrolyte as well as Lithium Electrolyte Salt

Basis above, Neogen expects revenue of INR 10,000- 12,000 mn by FY27 in Battery Chemicals Business*; Additionally, Neogen intends to add 29 m³ of capacity in organic chemicals by Mar-24, consequent to which company expects revenues of INR 9,000- 10,500 mn by FY25/ 26 in Existing Business

*Revenue projection for Battery Chemicals Business is being considered for revision post MUIS agreement;
 **Salt capacity will be majorly consumed for in-house production of electrolyte

Wholly Owned Subsidiary (WOS) for Battery Chemicals business



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

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



Key Rationale

Sector specific skillset and expertise: Workforce across various functions like R&D, manufacturing, marketing and distribution, etc. need to have domain sector expertise



Concessional tax rate: The new Company will have advantage of lower corporate tax rate of 15%



Robust Manufacturing Expertise and Strong Supply Chain



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 m ³	9 m ³	ISO 9001:2015 from Bureau Veritas Certification Holding SAS
Vadodara (Since 2017)	40 acres	20%	111 m ³	-	ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 certifications from Bureau Veritas Certification Holding SAS
Dahej (Since 2020)	12 acres	40%	258 m ³	30 m ³	ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 certifications from Bureau Veritas Certification Holding SAS.
Hyderabad (May 2023)	5 acres	50%	25 m ³	-	Also, GMP (Good Manufacturing Practices) certified by SGS
Total	58 acres		463 m³	39 m³	

Stable supply chain led by strong vendor relations



- Largest Importer of Lithium Carbonate & Lithium Hydroxide for last 3 decades
- 30+ years of relationship with two of the world's largest Lithium mining companies ensuring stable supply
- Added 2-3 additional global suppliers' of Lithium to ensure continuity of supply and further de-risk

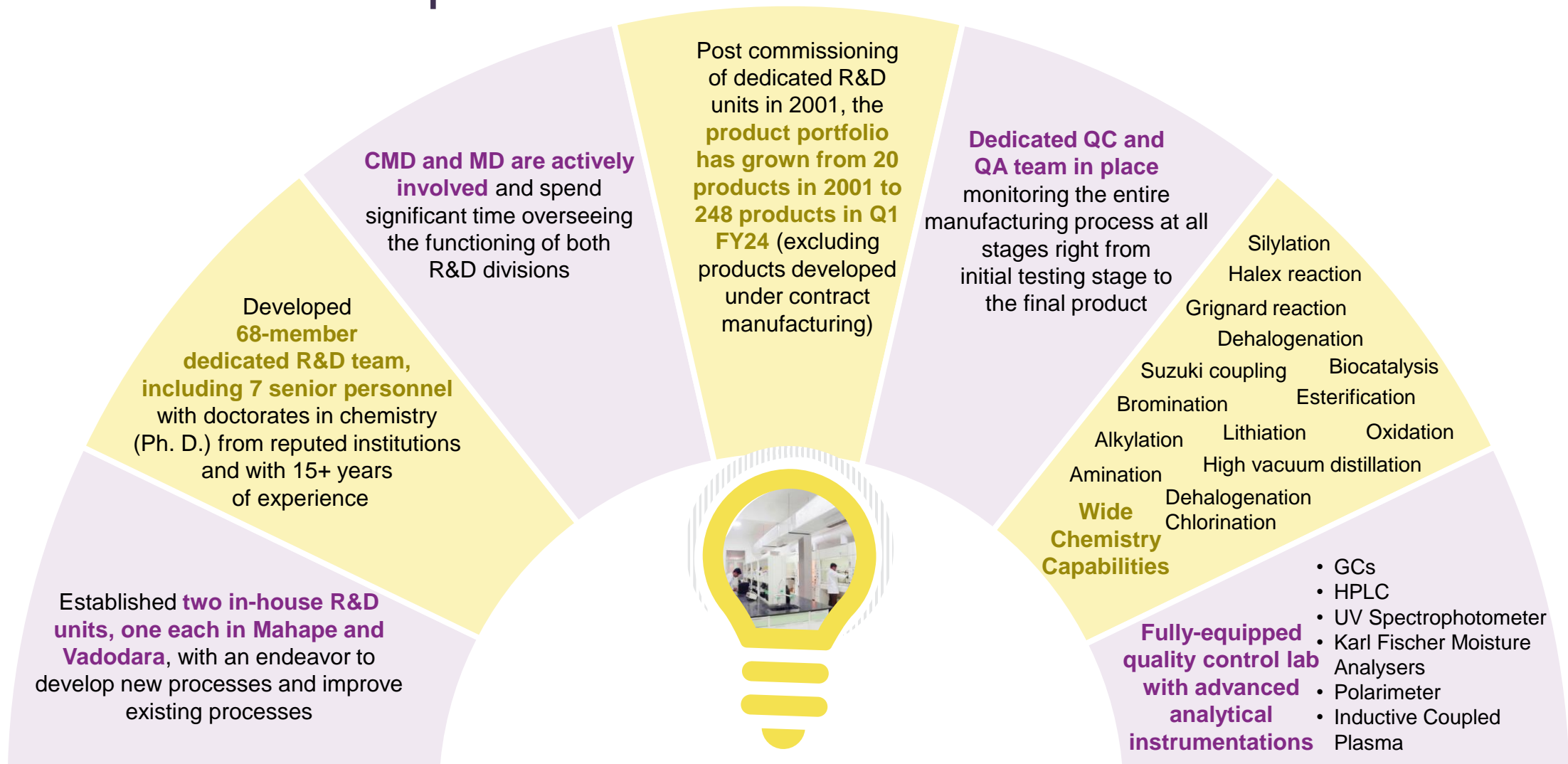
World-class operational practices



- Implemented current good manufacturing practice (cGMP) prescribed by the US FDA as applicable for intermediates
- Zero Liquid Discharge, significantly reducing water usage
- Focus on compliance with stringent quality and EHS norms



3 Excellent R&D Capabilities



We believe that R&D is critical for our sustained growth and we will continue to deploy resources to further strengthen R&D infrastructure to take advantage of upcoming opportunities

Led by Technocrat Promoters and Board of Directors comprising Technical and Financial experts (1/2)



Mr. Haridas Kanani,
Promoter, Chairman & Managing Director

- 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
- Oversees the manufacturing, research and development and general operation and management of the Company's manufacturing units
- **Previous Experience:**



Dr. Harin Kanani,
Promoter & Managing Director

- 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 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; Heads various business divisions of the Company including research and development, business development, quality control, purchase, marketing and finance
- **Previous work experience:**



Mr. Anurag Surana,
Non-Executive Director

- Bachelor's degree in commerce (honours) from the University of Delhi
- Experience of 20+ years in Contract Manufacturing business
- 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
- **Other experience:**



Previous Executive Board
of Director (14 years)



PRIVI SPECIALITY
CHEMICALS LIMITED
Board of Director



YASHO
INDUSTRIES
Board of Director



Shyamsunder Upadhyay,
Whole time Director

- Master's degree in science from Vikram University, Ujjain
- 41 years of work experience in the field of chemicals
- Oversees maintenance, projects, logistics, administration and engineering store in the company
- **Previous Associations:**



GHARDA
CHEMICALS LIMITED



TYTAN



LAXMI ORGANIC
INDUSTRIES LTD.



Led by Technocrat Promoters and Board of Directors comprising Technical and Financial experts (2/2)



Prof. Ranjan Kumar Malik,
Independent Director

- ▶ Gold medallist, BSc. (Chemical engineering), University of Kanpur
- ▶ MSc. (Chemical engineering), IIT Kanpur
- ▶ PhD. from University of Wisconsin-Madison, USA
- ▶ Professor in the Department of Chemical Engineering, IIT Bombay for more than 30 years, currently an Adjunct Professor of Chemical Engineering
- ▶ Life member of the Indian Institute of Chemical Engineers



Avi Sabavala,
Independent Director

- ▶ Bachelor's in science (honours) and a master's degree in Arts (Social Work) from University of Delhi
- ▶ Bachelor's degree in Law from the Maharaja Sayajirao University, Baroda and diploma in Management from the Indira Gandhi National Open University
- ▶ Past President of Vadodara Chamber of Commerce & Industry (VCCI) for 2 Terms; President of Baroda Management Association (BMA) for the year 2016-17
- ▶ Professional Life member of All India Management Association (AIMA) and currently member of the Governing Council of AIMA



Hitesh Reshamwala,
Independent Director

- ▶ Practicing CA since 1990
- ▶ 3 decades of experience in finance, tax and statutory compliance related matters



Sanjay Mehta,
Independent Director

- ▶ Post graduate and a fellow member of the ICAI, ICWAI
- ▶ Professional experience of more than 45 years as a practicing Chartered Accountant having varied experience in Auditing, Corporate Advisory services in the field of taxation (both domestic and international), and various other areas in finance



Ketan Vyas,
Chief Financial Officer

- ▶ Fellow member of the ICAI, MBA, Project Management Professional Certificate from (PMI) USA (2013)
- ▶ 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 in Strategic Planning, Budgeting & Cost Control, Financial Reporting & Management, Process Re-engineering, System Integration and Solution Design

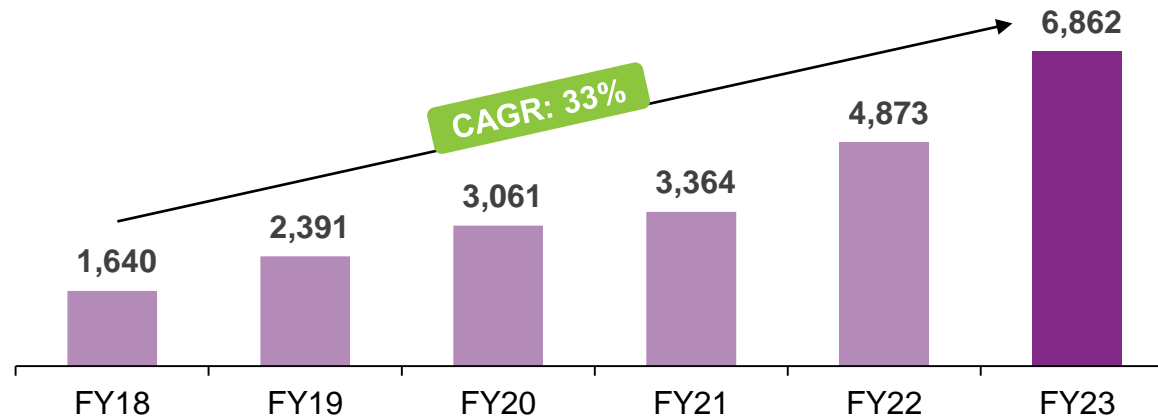
▶ Previous associations:



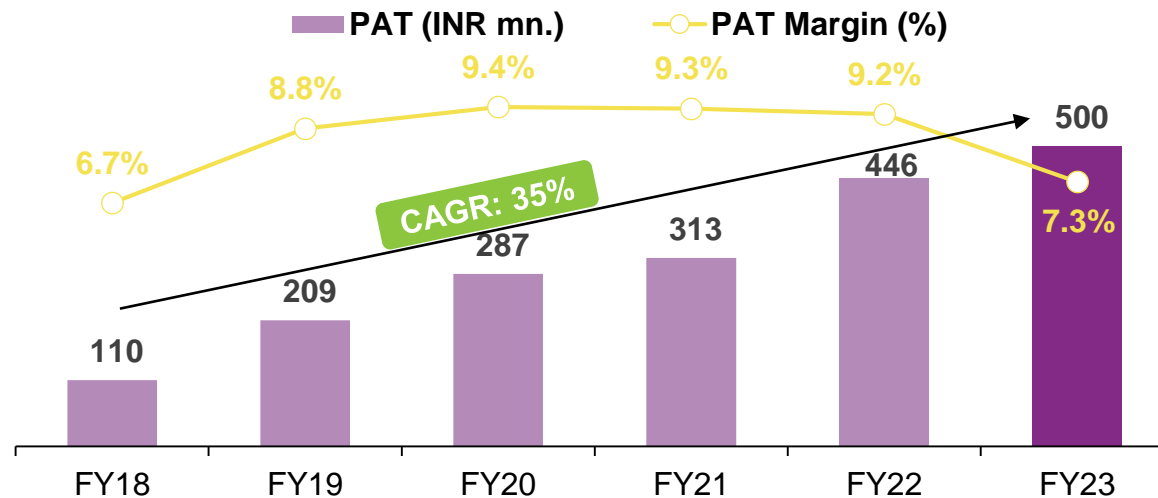
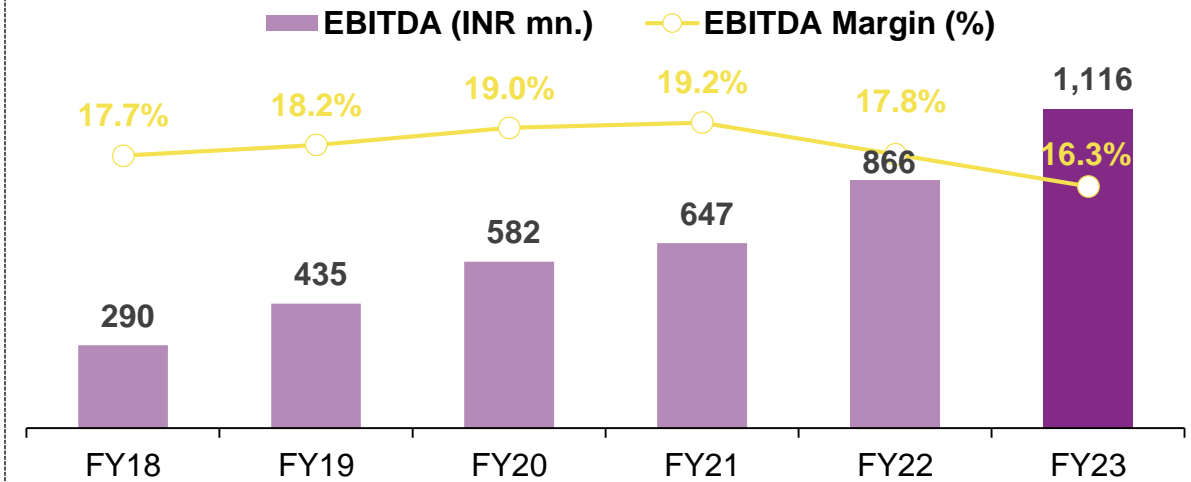
Consistent Delivery on Growth and Margins to create Shareholders' Wealth



Net Revenue from Operations* (INR mn.)

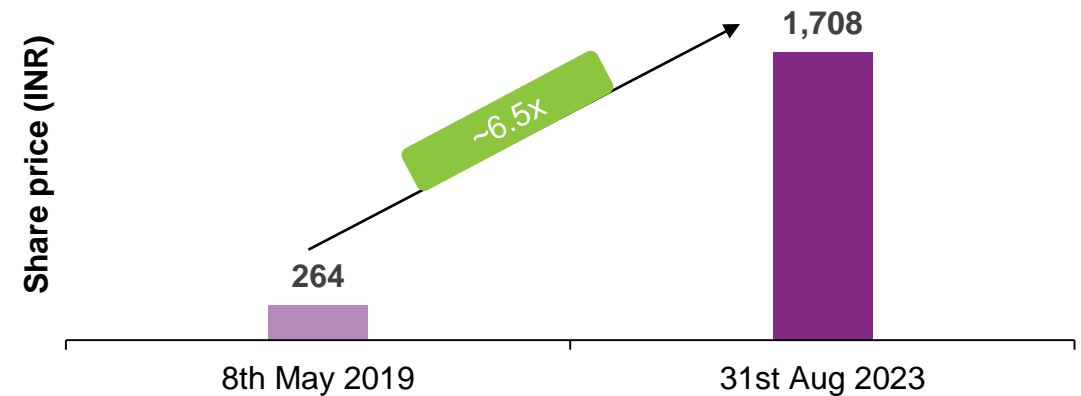


* Revenue is Net of Excise



Consolidated data

Market Cap (INR mn)



Focus on Environment and Sustainability



Good Manufacturing Practices (GMP)

- ▶ Dahej SEZ Plant GMP certified from SGS for manufacturing of advanced intermediates and specialty chemicals for pharmaceutical applications

Renewable Energy

- ▶ Setting up solar power plant at its Karakhadi, Vadodara unit, which can meet 30-50% of the total requirement of the plant

Energy Conservation

- ▶ Switched from Light Diesel Oil (LDO) to PNG for generating steam at its Mahape Plant,
- ▶ Uses PNG/CNG (which is a clean fuel) instead of other fuels to generate steam at its Dahej plant



Recycle and Re-use

- ▶ Recycles and re-processes lithium products to manufacture fresh products with same quality
- ▶ Helps conserve natural resources, promote green energy and reduce crude usage

Zero Liquid (ZLD)


- ▶ Installed at Dahej SEZ plant; Equipped with:
 - modern UF (Ultra filtration)
 - multistage RO (Reverse Osmosis) process
- ▶ Installed at BuLi plant, reduces water consumption through rainwater harvesting

Eco-friendly product applications

- ▶ Key products such as Lithium Bromide used in environment-friendly Vapour Absorption Chiller: an alternate to greenhouse gas contributing CFC/HCFC based compressor-based cooling system
- ▶ Lithium-Ion Batteries: contain relatively low levels of toxic heavy metals vs others and less emission of gases with inherent safe chemistry


6 Measurable CSR impact




Water Resource Management 

10,000+
People benefitted


- ▶ Laid pipeline for potable water
- ▶ Installed RO plant with 2 KL/ Hr capacity to provide free drinking water
- ▶ Excavation to store rainwater
- ▶ Identified villages with water scarcity; Constructed 56 borewells/ tubewells



Health and Sanitation 

5,000 - 10,000
Beneficiaries

- ▶ Provided fully equipped, free of cost ambulance to village
- ▶ Contributed towards construction of clean toilets for 40-50 students
- ▶ "Project Poshan" benefiting 69 undernourished children between 2- 6 years of age group to fight malnutrition




Environment 

300+
Farmers


- ▶ Provision of seeds and fertilizers to farmers
- ▶ Facilitated preparation of fertilizers from cow dung, helping farmers generate additional income of INR 1 lakh and a clean environment
- ▶ Provided 20 vermicompost beds to 4 villages



Education 

100+
Students

- ▶ Imparted emergency preparedness
- ▶ Contributed to the Indian Planetary Society for promotion of astronomy
- ▶ Development of school and multi-volume books
- ▶ Education materials for 50+ students



Rural Development and Wealth Generation 

30+
Beneficiaries

- ▶ Contribution for construction of 20 houses
- ▶ Support to small businesses - eg, providing interest free loans to extremely marginalized communities



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



Annexures

Financial Table – Profit & Loss Statement (Consolidated)



Particulars (INR mn)	FY21	FY22	FY23	Q1 FY24	Q1 FY23	FY21-23
Revenue	3,364	4,873	6,862	1,649	1,479	42.8%
Expenditure	2,717	4,007	5,746	1,368	1,233	
EBITDA	647	866	1,116	281	247	31.3%
Margins	19.2%	17.8%	16.3%	17.0%	16.7%	
Depreciation	69	117	162	55	39	
EBIT (inc. Other Income)	580	760	999	244	217	31.2%
Interest	138	191	289	108	61	
Other Income	1	11	45	18	9	
Profit Before Tax	442	571	710	136	156	26.8%
Margins	13.1%	11.7%	10.4%	8.3%	10.6%	
Tax Expense	129	124	211	39	45	
Profit After Tax	313	446	500	98	111	26.3%
Margins	9.3%	9.2%	7.3%	5.9%	7.5%	

Financial Table – Balance Sheet (Consolidated)



INR mn	FY21	FY22	FY23
Current Assets			
Cash and Cash Equivalents	12	452	207
Investments	-	808	761
Trade Receivables	786	1,095	1,774
Inventories	1,140		2,930
Other Current Assets	214	219	544
Other Financial Assets	250	405	343
Total Current Assets	2,402	4,925	6,558

Non Current Assets			
Tangible and Intangible Assets (incl. ROU)	2,414	2,958	3,833
Investments	8	10	8
Other Non-current Assets	24	18	65
Other Financial Assets	73	85	75
Total Non Current Assets	2,518	3,070	3,980
Total Assets	4,920	7,994	10,538

INR mn	FY21	FY22	FY23
Current Liabilities			
Trade Payables	661	989	1,566
Borrowings	858	1,032	2,331
Lease Liabilities	40	21	23
Other Current Liabilities	29	40	36
Other Financial Liabilities	191	101	142
Total Current Liabilities	1,779	2,183	4,097

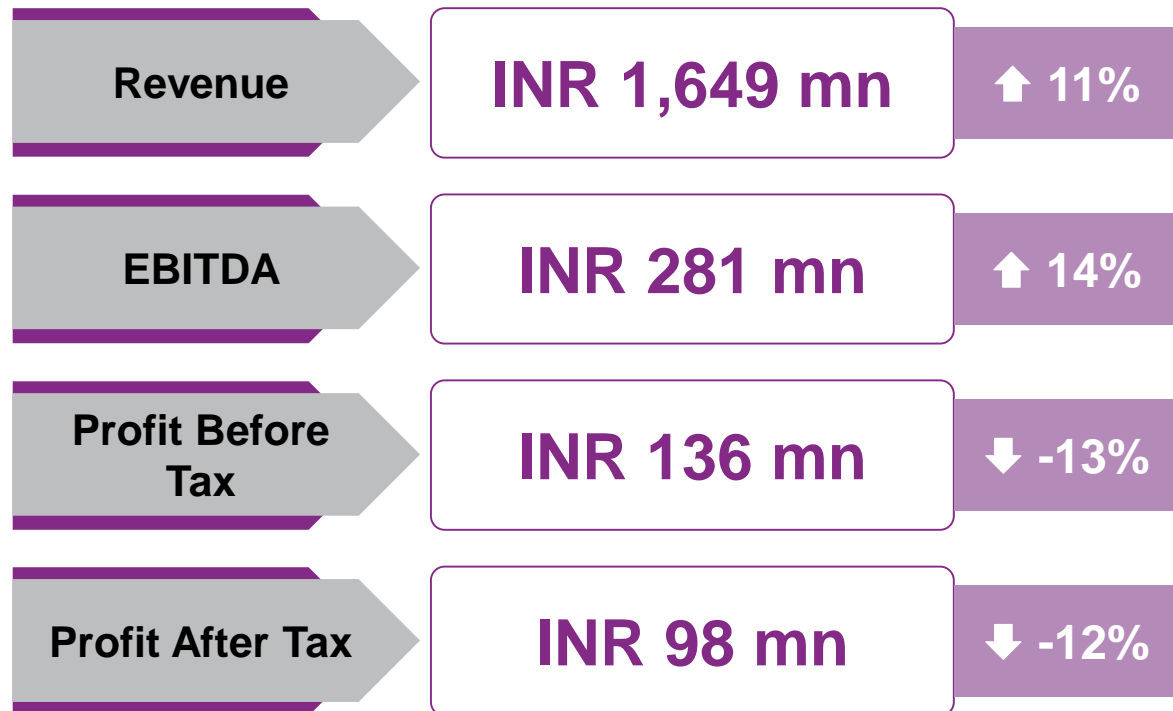
Non Current Liabilities			
Borrowings	1,161	1,215	1,291
Lease Liabilities	17	20	50
Other Financial Liabilities	132	185	274
Total Non Current Liabilities	1,310	1,419	1,615
Total Shareholders Equity	1,830	4,392	4,825
Total Liabilities & Shareholders Equity	4,920	7,994	10,538

Key Performance Highlights – Q1 FY24 (Consolidated)

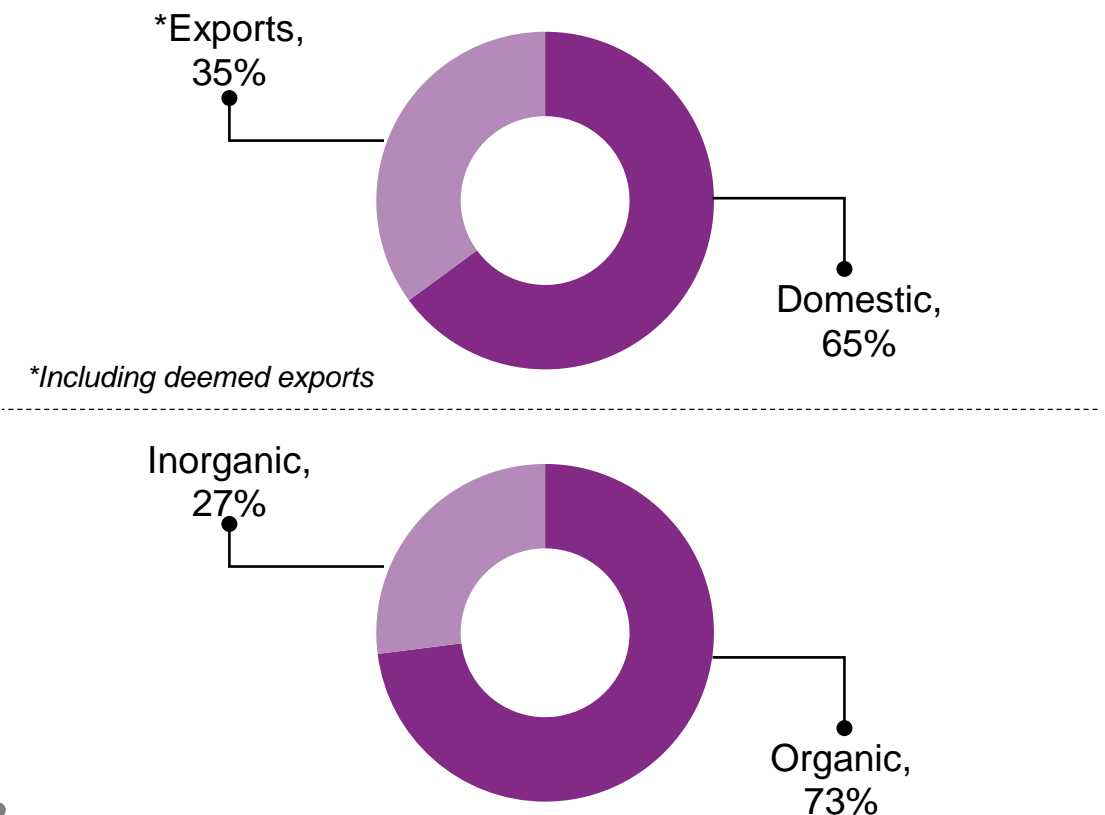


- BuLi Chem started commercial production under Neogen Chemicals mgt. in Q1 FY24 and already commenced sales. Significantly contributions are expected from BuLi Chem in Q2 FY24 and thereafter expected to meaningfully increase in the second half
- Neogen Ionics Limited made its first commercial sale of trial quantities of Electrolyte

Q1 FY24



Q1 FY24 Revenue break-up

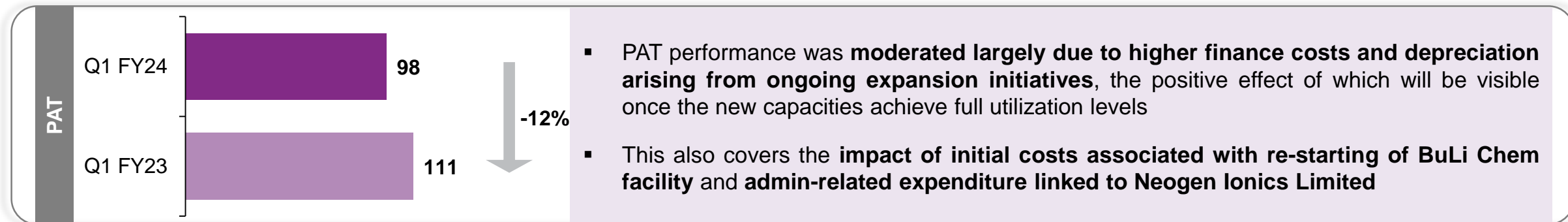
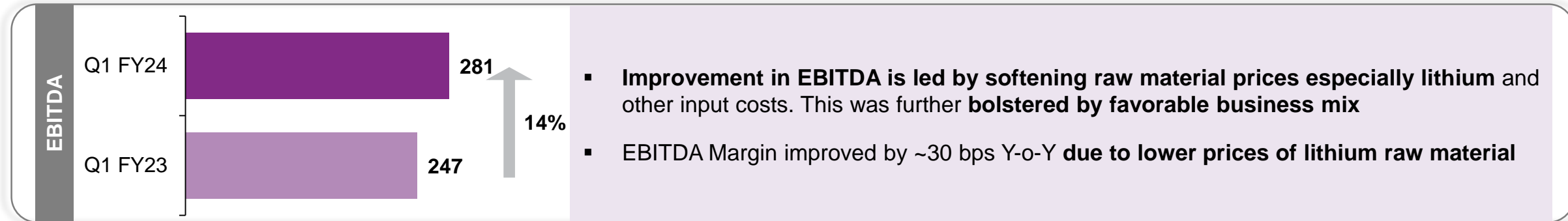
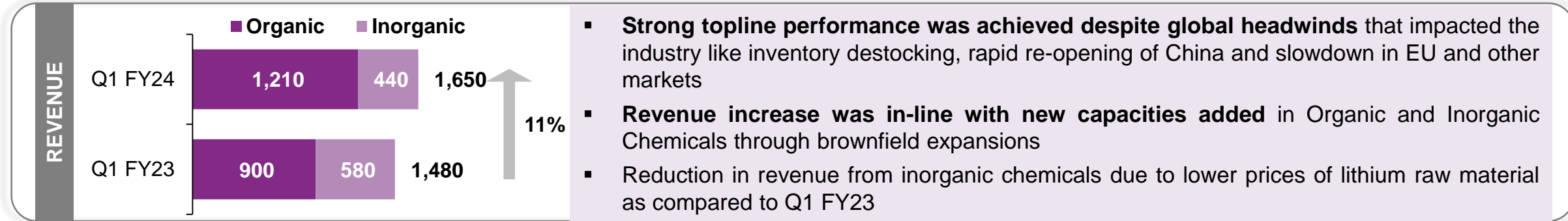


Note: 1. Growth for Q1 FY24 is compared to Q1 FY23
2. All figures are Consolidated

Financial Summary – Q1 FY24 (Consolidated)



INR Mn



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



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.





NEOGEN
CHEMICALS LTD.

Thank You