

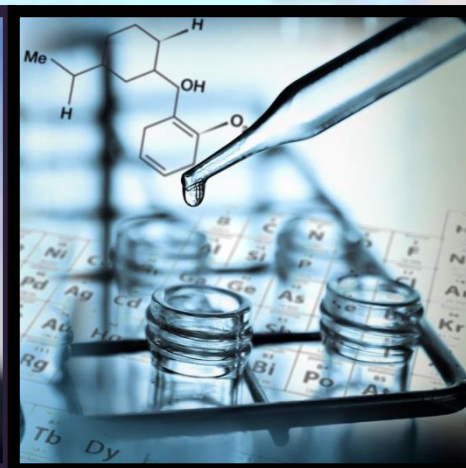
Neogen Chemicals Ltd.

Q3 & 9M FY21 Earnings Presentation

February 2021



NEOGEN
CHEMICALS LTD.



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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Neogen Chemicals – At a Glance



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 and Agrochem

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

Growing contribution from Custom Synthesis and Contract Manufacturing

Executing Brownfield manufacturing capacity expansion

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

205

Products developed by in-house R&D

12%

Of workforce in R&D team

28

Exporting countries

ISO 9001:2015, ISO 14001:2015 & BS OHSAS 18001:2007

Manufacturing units certified on Quality & SHE management systems

29%

5-year Revenue CAGR

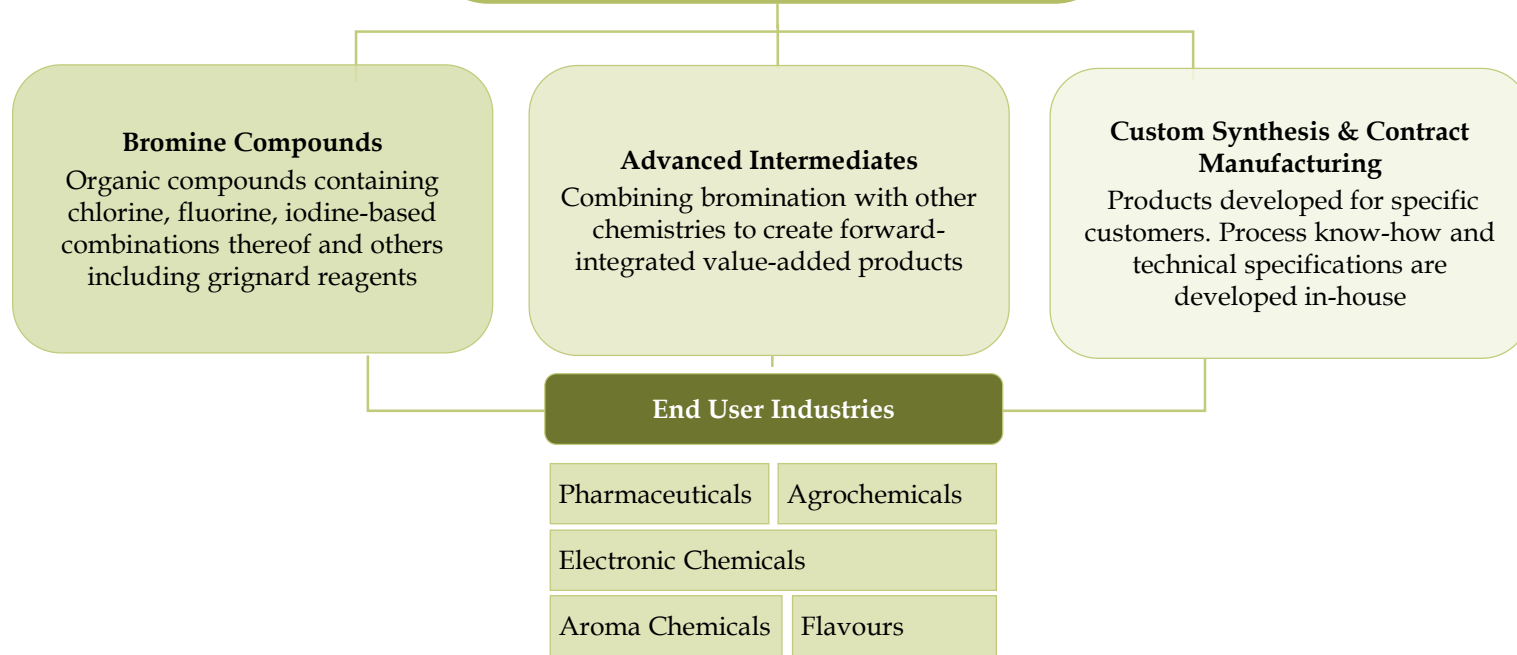
42%

5-year PAT CAGR

Business Overview



Organic Chemicals



Inorganic Chemicals

The portfolio includes specialty, inorganic lithium-based chemical products which find applications across multiple industries

End User Industries

Eco-friendly VAM for cooling air/water/process equipment

Pharmaceuticals

Specialty Polymers

Construction Chemicals

Select Clientele



Divis Laboratories Ltd.



CBC Co.,Ltd



THERMAX



A TATA Enterprise



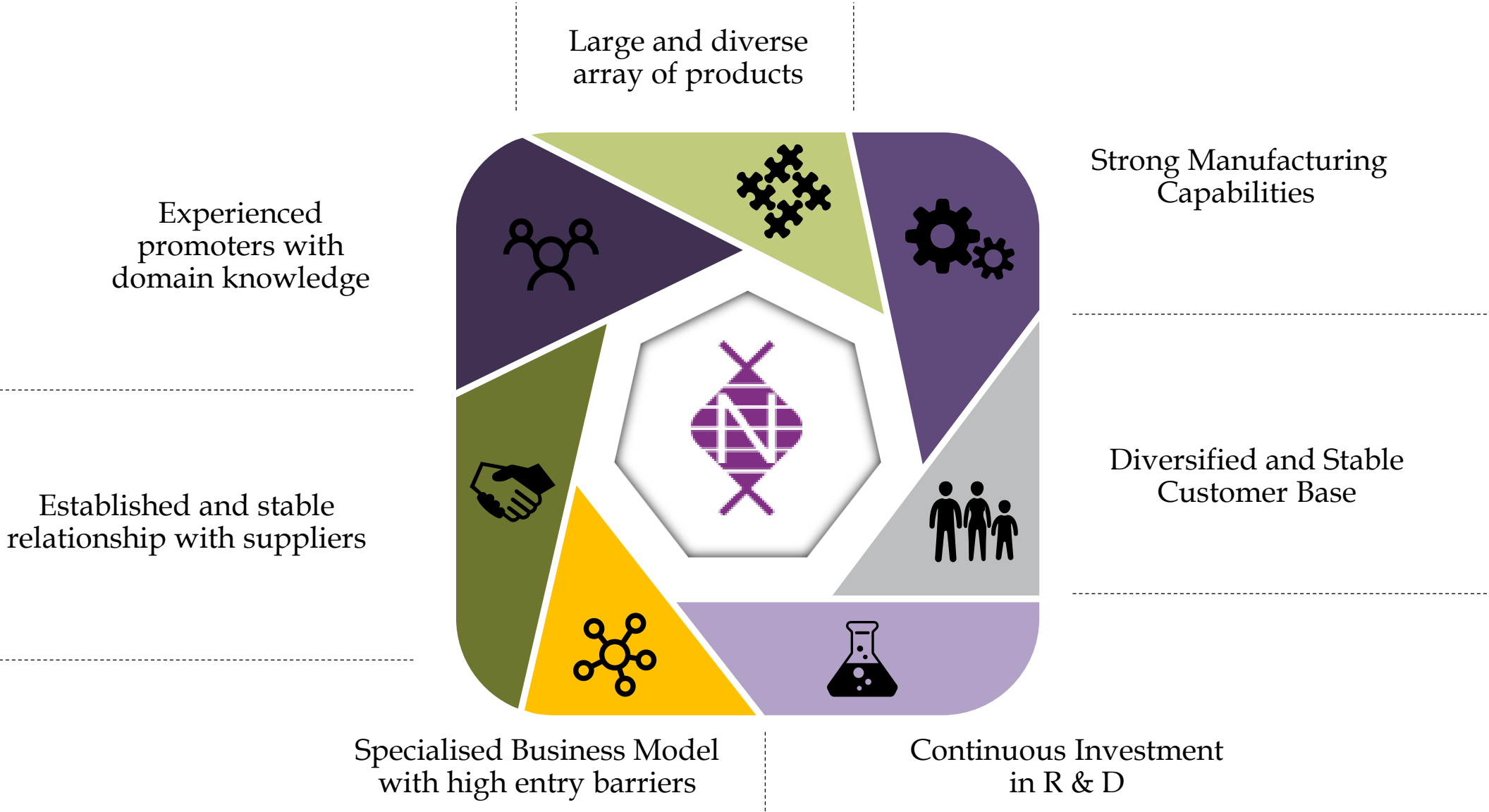
HETERO



Enriching Lives



Competitive Advantages





Key Performance Highlights – Q3 & 9M FY21

Q3 FY21

Rs. 85 crore  3.5%

Revenues

Rs. 17 crore  5.3%

EBITDA

Rs. 12 crore  3.8%

Profit Before Tax

Rs. 9 crore  3.9%

Profit After Tax

9M FY21

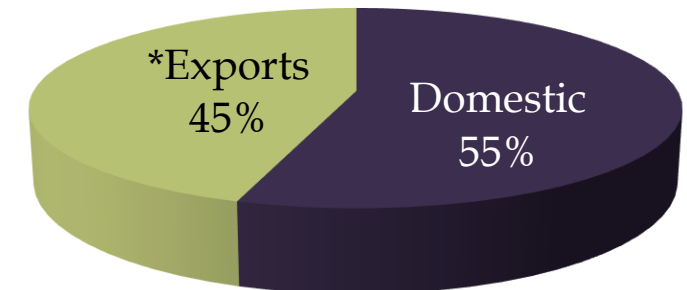
Rs. 244 crore  8.9%

Rs. 46 crore  8.5%

Rs. 31 crore  3.7%

Rs. 22 crore  3.1%

Q3 FY21 Revenue break-up



**Including deemed exports*

Note: 1. Growth for Q3 FY21 is compared to Q3 FY20

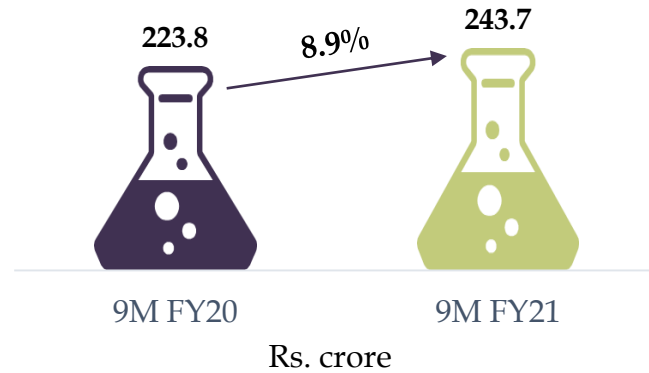
2. Growth for 9M FY21 is compared to 9M FY20

3. All figures are Standalone

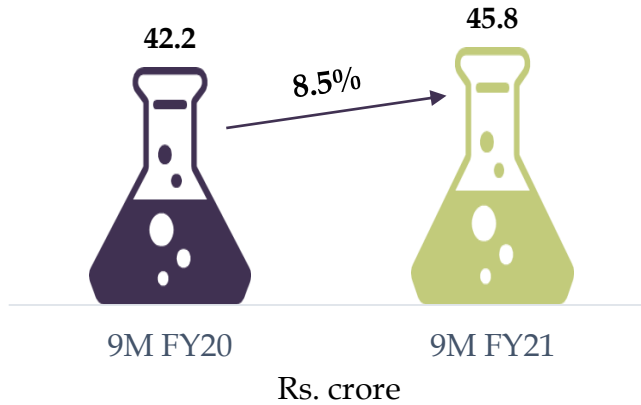
Financial Summary – 9M FY21



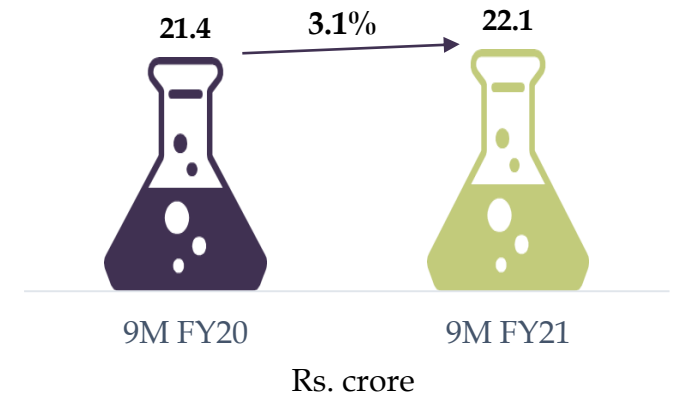
REVENUE



EBITDA



PAT



Sharp recovery in global economic activity led to positive demand for our products, resulting in improved revenue performance on a stable operating base. All our capacities are operating at high utilisation levels in-line with better demand visibility.

- EBITDA improved despite initial impact of CoVID-19 and higher employee costs as organizational competencies are enhanced across functions
- Favorable product mix aided the operational performance

PAT performance has to be seen in light of increase in finance costs (up 14%) and higher depreciation (up 43%) due to CAPEX undertaken at Mahape, Vadodara and Dahej facilities

Revenue break-up - Q3 & 9M FY21



	Q3 FY21	Q3 FY20	9M FY21	9M FY20		
1.6%	Rs. 69 crore	Rs. 70 crore	Rs. 202 crore	Rs. 182 crore	10.8%	Organic Chemicals
36.0%	Rs. 16 crore	Rs. 12 crore	Rs. 42 crore*	Rs. 42 crore	-	Inorganic Chemicals

* Revenues in the Inorganic Chemicals segment have been impacted during the current financial year due to weakness in raw material (lithium) prices. The management has estimated this impact at ~ Rs. 12 crore during 9M FY21, excluding which Inorganic Chemicals revenues during this period would have been higher at ~Rs. 54 crore.

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)



(Rs. In crore)

Particulars	Q3 FY21	Q3 FY20	Growth (%)	9M FY21	9M FY20	Growth (%)
Revenue	85.2	82.3	4%	243.7	223.8	9%
Expenditure	68.3	66.3	3%	197.9	181.6	9%
EBITDA	16.8	16.0	5%	45.8	42.2	9%
<i>Margins</i>	<i>19.8%</i>	<i>19.4%</i>		<i>18.8%</i>	<i>18.9%</i>	
Depreciation	1.8	1.4	31%	5.0	3.5	43%
EBIT	15.1	14.6	3%	40.8	38.7	5%
Interest	3.3	3.2	1%	10.3	9.0	14%
Other Income	0.1	0.1	43%	0.5	0.3	106%
Profit Before Tax	12.0	11.5	4%	31.1	30.0	4%
<i>Margins</i>	<i>14.0%</i>	<i>14.0%</i>		<i>12.7%</i>	<i>13.4%</i>	
Tax Expense	3.4	3.3	4%	9.0	8.5	5%
Profit After Tax	8.5	8.2	4%	22.1	21.4	3%
<i>Margins</i>	<i>10.0%</i>	<i>10.0%</i>		<i>9.1%</i>	<i>9.6%</i>	
Earnings Per Share (Rs.)	3.67	3.46	6%	9.50	9.03	5%



Commenting on the Q3 & 9M FY21 performance, Mr. Haridas Kanani, Chairman & Managing Director, at Neogen Chemicals said:

"We have maintained our business momentum in line with our business plan and have demonstrated steady accretion to our earnings. Underlying the growth are concerted efforts to operate our manufacturing units at high utilisation levels and staying true to innovation at every stage of product scale-up. Overall, our performance was supported by robust recovery trends in economic activity as India and the world look ahead of an unprecedented period in recent human history.

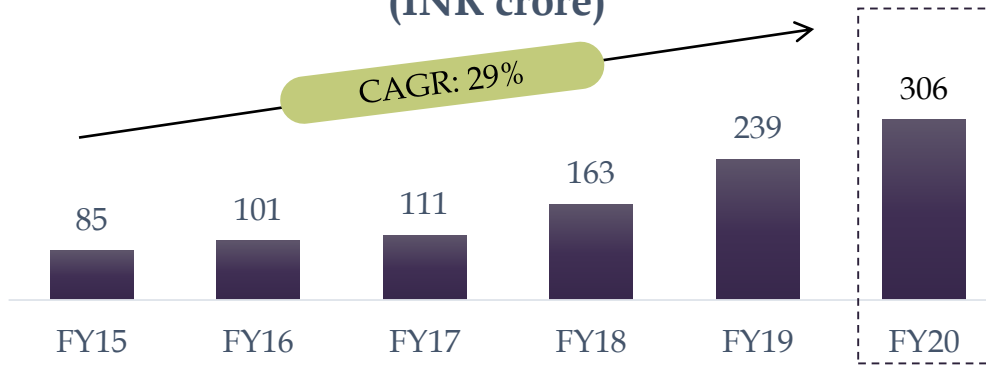
Demand for all our key products across organic and inorganic chemicals has picked up and restored to normalized levels. We are witnessing healthy order build-up from key end- user industries based on positive demand trends. While our Organic chemicals business runs at peak utilisation levels, we see an encouraging incremental visibility in Inorganic chemicals, following the greenfield expansion that concluded last year. I am pleased to share that we are in the final phase of project completion for Organic Chemicals at Dahej SEZ that was undertaken with tight deadlines. We look forward to formally commercializing this facility by the end Q4 FY21 or early Q1 FY22, subject to receiving customary final approvals from relevant authorities."

"We believe, we are on a firm footing based on a differentiated product portfolio that has diverse demand drivers from customers in Indian as well as global markets. The second phase of expansion planned at the Dahej, to be implemented in FY22, is a testament to the strength of our business engagement that finds strong support from the rapidly expanding visibility for India as a key component of global chemical supply chains. Going forward, our objective will be to continue delivering sustained and profitable growth to enhance value for all our stakeholders."

Historical Financial Trends

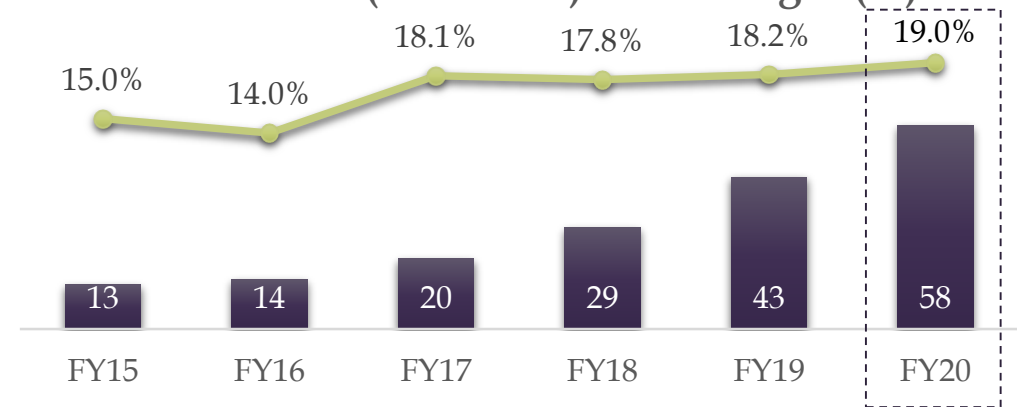


Net Revenue from Operations
(INR crore)**

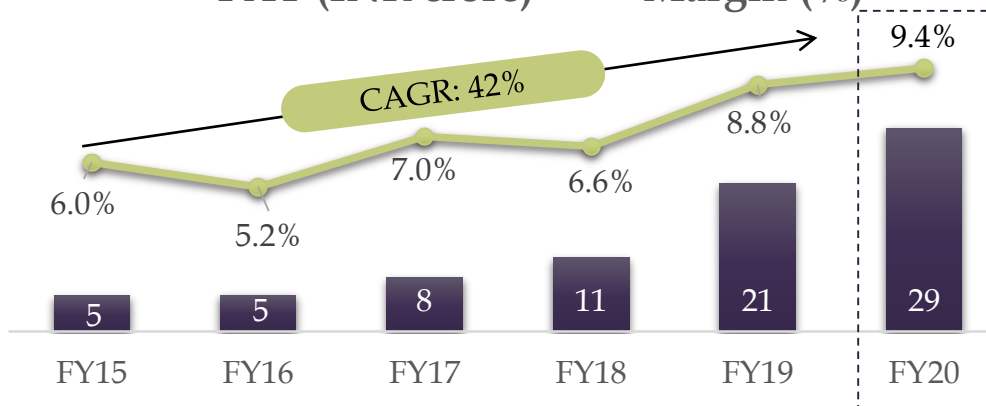


** Revenue is Net of Excise

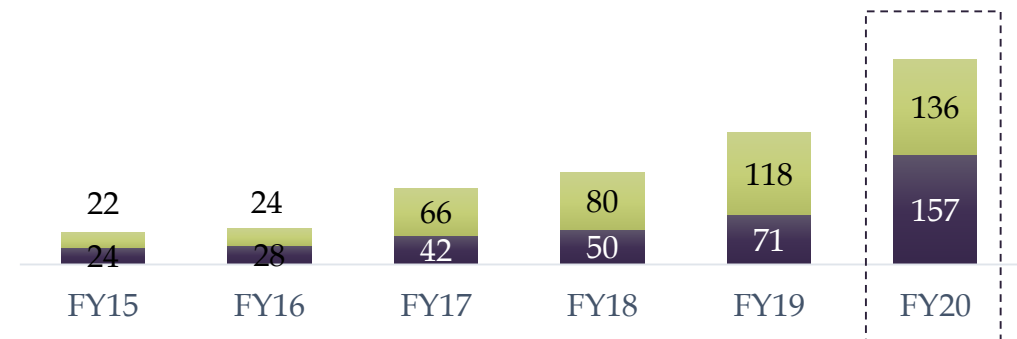
EBITDA (INR crore) Margin (%)



PAT (INR crore) Margin (%)

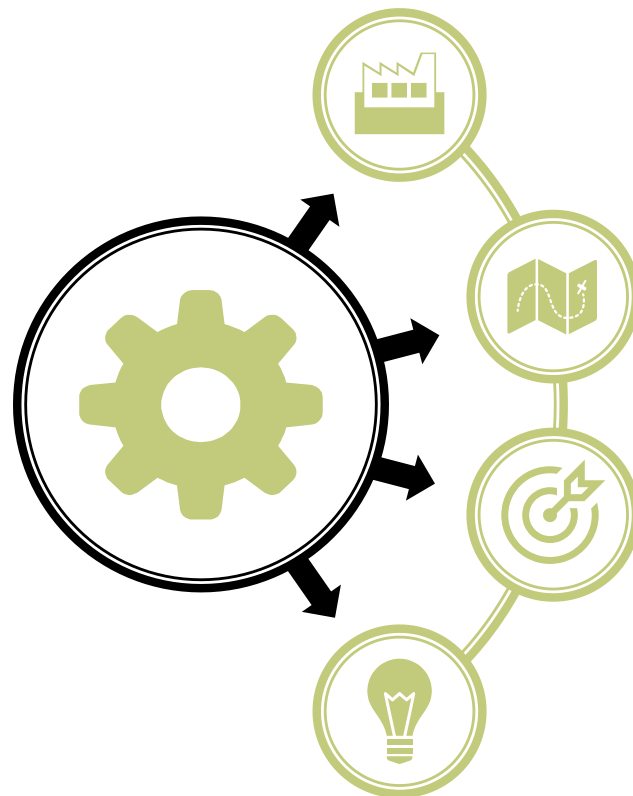


Networth (INR crore) Net Debt* (INR crore)



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

Expanding production capacities



Increasing Custom Synthesis & Contract Manufacturing portfolio

Augmenting growth in domestic and global markets

Focus on advanced speciality intermediates

Focus on operational efficiency and functional excellence



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.

Over the years, Neogen has expanded its range of products comprising Organic as well as Inorganic chemicals. At present, it manufactures an extensive range of specialty chemicals which find application across various industries in India and globally. It has a product portfolio of 205 products comprising 188 Organic chemicals and 17 Inorganic chemicals. Its specialty chemicals product offerings are used in pharmaceutical and agrochemical intermediates, engineering fluids, electronic chemicals, polymer additives, water treatment, construction and aroma chemicals, flavours and fragrances, specialty polymers, Chemicals and Vapor Absorption Chillers – original-equipment manufacturers.

In addition to manufacturing specialty chemicals, Neogen undertakes custom synthesis and contract manufacturing. This includes developing a product and customizing it primarily for a specific customer, with the process know-how and technical specifications developed in-house.

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

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Thank You



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