



Q4 & FY23 PRESS RELEASE

MAY 14, 2023

## Neogen Chemicals closes the year on a strong note Reports 41% growth in Revenues and 29% gains in EBITDA for FY23

Neogen Chemicals Limited (Neogen) reported strong financial performance during the quarter and year ended 31st March, 2023.

In FY23, revenues were at Rs. 686.2 crore, with a growth of 41% Y-o-Y. The increase was on account of incremental contribution from the expanded capacities, positive demand trajectory and a favorable product mix, thus resulting in Highest-Ever revenues for the year. Also, as expected, the Company meaningfully increased its share of value-added products.

EBITDA at Rs. 111.6 crore in FY23 was higher by 29% on account of positive mix change in the business. This came inspite of several headwinds and pressures around input prices, utility costs as well as adverse FOREX movements.

The Company witnessed increase in the prices of Lithium raw materials in FY23 which was passed on to the customers, thereby protecting the absolute EBITDA. The percentage margin considers the impact of higher revenues and higher RM costs with preserved absolute earnings.

Profit after tax (PAT) stood at Rs. 50.0 crore during FY23, higher by 12% compared to Rs. 44.6 crore in FY22. Besides the high Depreciation resulting from the addition of incremental reactors during the year – not yet reached full utilization, the numbers also take into account the impact of increased Finance Costs due to ongoing expansion initiatives and higher interest rates compared to the base year.

Earnings per share (EPS) for FY23 stood at Rs. 20.03 per share (Rs. 18.70 per share in FY22).

The Board has recommended a final dividend of Rs. 3 per equity share for FY23 (Rs. 2.75 per equity share in FY22) subject to the approval of the shareholders.

### Performance at a Glance

	Q4 FY23	YoY Growth	FY23	YoY Growth
<b>Revenues</b>	Rs. 203.9 crore	⬆️ 30%	Rs. 686.2 crore	⬆️ 41%
<b>EBITDA</b>	Rs. 32.6 crore	⬆️ 22%	Rs. 111.6 crore	⬆️ 29%
<b>Profit Before Tax</b>	Rs. 20.7 crore	⬆️ 11%	Rs. 71.0 crore	⬆️ 24%
<b>Profit After Tax</b>	Rs. 14.3 crore	⬇️ -9%	Rs. 50.0 crore	⬆️ 12%

Notes:

1. Growth for Q4 FY23 is comparable with Q4 FY22 and for FY23 is compared with FY22
2. All figures are consolidated

## Commenting on the Q4 & FY23 performance, Mr. Haridas Kanani, Chairman & Managing Director, Neogen Chemicals said:

*"I am happy to share that we have concluded the year on a strong note despite challenging operating scenario aggravated by continued volatility in input costs, disruption of global supply chains due to Russia Ukraine conflict and variations in foreign exchange rates among others. Amid all these headwinds, we demonstrated solid financial performance in FY23 steered by 41% growth in revenues and 29% expansion in EBITDA. More importantly, we reported Highest-Ever revenues and PAT in the Company's history propelled by positive demand environment, onset of several expansion initiatives and augmentation of the product portfolio. This is a testament of our commitment and perseverance towards building a solid foundation for the future.*

*FY23 was a momentous year for Neogen Chemicals as we charted ambitious growth plans for both existing as well as Battery Chemicals business and saw a lot of these initiatives take concrete shape. On one hand, we acquired 100% stake in BuLi Chemicals India Private Limited ("Buli Chem") to strengthen our product offerings while on the other hand, we signed a landmark agreement with MUIS, Japan to acquire manufacturing technology license for electrolytes in India. Both these events will significantly bolster our competitive position in the market and lay the roadmap for the future. We have markedly expanded our R&D prowess across several high-potential chemistries to offer deep value to our customers. Initiatives under Battery Chemicals business are progressing well, and we are on track to achieve several milestones as per our internal forecasts.*





*The roadmap appears equally encouraging and we are ready to march to the next leg of growth that will demonstrate our manufacturing capabilities at scale as well as expertise in several complex chemistries. The industry is supportive, and the demand scenario continues to be favourable. Our objective is to continue on this profitable growth journey and deliver sustained value for our stakeholders."*

## Expansion initiatives

### A. UPDATE ON VARIOUS EXPANSION INITIATIVES

Details of expansion projects announced:	Current project updates:
<b>Existing Business</b>	
Expansion of specialty organic chemicals capacity by 60,000 litres (60m <sup>3</sup> )	<ul style="list-style-type: none"> <li>29m<sup>3</sup> will be commissioned by Sept 2023; 31m<sup>3</sup> commissioned upto Q4 FY23</li> </ul>
Expansion of inorganic chemicals capacity from 1,200 MT (15m <sup>3</sup> ) to 2,400 (30m <sup>3</sup> ) in existing Inorganic MPP	<ul style="list-style-type: none"> <li>Capacity increased to 30m<sup>3</sup> till March 2023</li> </ul>
<b>Battery Chemicals Business</b>	
New capacity of 400 MTPA (92m <sup>3</sup> ) for manufacturing Specialty Lithium Salts and additives for Electrolyte	<ul style="list-style-type: none"> <li>To be commissioned by June 2023</li> </ul>
Plant for manufacturing 1,000 MT Electrolyte at Dahej facility	<ul style="list-style-type: none"> <li>To be commissioned by Sept 2023</li> </ul>

## B. WHOLLY OWNED SUBSIDIARY (WOS), NEOGEN IONICS, FORMED FOR BATTERY CHEMICALS BUSINESS

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

## C. NEW CAPEX ANNOUNCEMENTS

<b>Board approval for expansion of:</b>	<ul style="list-style-type: none"> <li>• Electrolyte capacity to 5,000 MT* to be operational by June 2024</li> <li>• Specialty Lithium Salts capacity to 1,000 MT (232m<sup>3</sup>) to be operational by June 2024</li> <li>• This is in-line with robust demand environment for FY25 &amp; beyond</li> </ul>
<b>The board has also approved:</b>	<ul style="list-style-type: none"> <li>• Greenfield expansion of Electrolyte and Specialty Lithium Salts at a new site for dedicated battery materials</li> <li>• This includes additional 5,000 MT* of Electrolyte capacity and additional 1,000 MT (232m<sup>3</sup>)* of Specialty Lithium Salts – to be operational by Sept 2025</li> <li>• This will cater to incremental demand coming in FY26</li> </ul>

*\* Now being considered for revision post MUIS agreement*

- **Collective CAPEX for all the new projects is ~Rs. 450 crore**
- **Debt : Equity will continue to remain below 1.25x**

## Key Developments in Q4 FY23

### A. ACQUISITION OF 100% STAKE IN BULI CHEM

- Prior to Acquisition, BuLi Chem was a subsidiary of Livent USA Corporation and Livent Corporation
- It owns the technology to manufacture N Butyl Lithium and other organolithium products – key reagents for Lithiation reaction used in pharmaceutical and agrochemical intermediates
- BuLi Chem has a manufacturing capacity of 25 m<sup>3</sup> (120 MT), with an operational plant that is approved by top Pharma customers in India and a strong manpower of 40 skilled employees
- Acquisition will allow Neogen to offer Lithiation chemistry to Pharma and Agrochemical Industries
- Unlocks deep synergies by complementing the current portfolio in the existing business

### B. LICENSING AGREEMENT WITH MU IONIC SOLUTIONS CORPORATION, JAPAN

- MU Ionic Solutions Corporation (MUIS), incorporated in October 2020, is a JV between Mitsubishi Chemical Corporation (MCC) and UBE Corporation now a group company of The Mitsubishi Chemical Group (MCG), Japan
- FIRST Ever License Issued by MUIS Anywhere in the Globe – Neogen Chemicals will be the first-ever company in the world to have a proven global technology of MUIS, to manufacture electrolytes in India
  - License to manufacture electrolyte materials using globally acclaimed technology & Plant Design
  - Capacity – up to 30,000 MTPA
  - Commercial Production Start Date expected in 2025

**-ENDS-**

## **About Neogen Chemicals Limited**

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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 244 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. In May 2023, the Company acquired 100% stake in BuLi Chem, which operates out of one manufacturing unit located in Hyderabad and has now become a wholly owned subsidiary of Neogen Chemicals Limited.

**For more information, please visit [www.neogenchem.com](http://www.neogenchem.com) OR contact:**

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