



**August 7, 2025**

**BSE Limited**

Department of Corporate Services  
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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**

**Sub.: Q1FY26 - Earnings Conference Call Transcript.**

Dear Sir/ Madam,

With reference to the captioned subject, please find enclosed herewith the Earnings Conference Call Transcript of the Company's Q1FY26 Earnings Conference Call held on August 4, 2025.

The transcript is 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**

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**Unnati Kanani**  
**Company Secretary and Compliance Officer**  
**Membership No. A35131**

**Encl:** As above



## Neogen Chemicals Limited

### Q1 FY26 Earnings Conference Call Transcript

August 04, 2025

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**Moderator:** Ladies and gentlemen, good day and welcome to Neogen Chemicals' Q1 FY26 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference, please signal an operator by pressing "\*" then "0" on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Nishid Solanki. Thank you, and over to you, sir.

**Nishid Solanki:** Thank you. Good morning everyone, and welcome to Neogen Chemicals' Q1 FY26 Earnings Conference Call for Analysts and Investors. Today, we are joined by senior members of the management team including Dr. Harin Kanani – Managing Director, Mr. Anurag Surana – Director and Mr. Gopikrishnan Sarathy – Chief Financial Officer. We will commence the call with opening thoughts from the management team, after which we will open the floor for your questions.

Before we begin, a standard disclaimer. Certain statements made or discussed today may be forward-looking and actual results could vary. A detailed disclaimer is available in our Q1 FY26 Earnings Presentation, which has been shared and uploaded on stock exchange websites.

With that, I would like to invite Dr. Harin Kanani to share his perspectives. Dr. Kanani, over to you.

**Dr. Harin Kanani:** Thank you, Nishid. Good morning everyone. Thank you so much for joining our early morning Earnings Call for Q1 FY26. We are pleased to have you join us today to review our financial performance and update you on our key strategic initiatives.

Beginning with our performance for the quarter.

We achieved remarkable resilience, successfully maintaining our momentum. Our diversified business model proved its inherent strength, especially as we navigated the challenge of our Dahej plant unavailability throughout the quarter due to the fire incident.

Despite these operational hurdles, and the prevailing soft pricing environment, our results were bolstered by sustained volume growth in the base business. Additionally, initial commercial sales from Neogen Ionics for both, electrolyte and lithium electrolyte salts, began contributing meaningfully. Our ability to navigate these complexities underscores the remarkable strength and adaptability of our overall operations.

Turning your attention to the key updates during the quarter:

- Our recovery from Dahej fire incident is progressing swiftly. We have secured initial insurance claim with INR 50.55 crore received in June 2025 and additional INR 30 crore received in July 2025. The net claim receivable is INR 268.27 crore on a consolidated basis. We expect to realize this in due course. In addition, there will be some additional amount which we will realize, which is not determined, for reinstatement value difference, as well as for the loss on profit.
- The replacement plant is taking concrete shape at an adjacent location. We have completed the civil foundation work and placed orders for long lead time equipment. The plant remains firmly on track to be operational by next year.
- In another significant development, our Chairman and Managing Director Mr. Haridas Kanani will be retiring from his position effective September 30, 2025 as he completes 80 years on that date. The entire Neogen family extends its deepest gratitude for his immense contributions since founding the Company, his visionary leadership in establishing a strong foundation, and his pivotal role in making Neogen a leader in specialty chemicals while fostering a culture of excellence and innovation. In recognition of his outstanding dedication and invaluable contribution, the Board has conferred upon him the honorary title of 'Chairman Emeritus', effective October 1, 2025, ensuring we continue to benefit from his invaluable guidance and mentorship.
- Concurrently, the Board has designated Mr. Anurag Surana as Chairman and Non-Executive, Non-Independent Director, effective October 1, 2025. This ensures a seamless transition and strong leadership and guidance for Neogen in the future.

Shifting our focus to strategic growth drivers, I will provide updates on expansion initiatives, particularly in battery chemicals segment.

- Regarding the Greenfield facility for electrolyte using MUIS technology in Pakhajan, Dahej PCPIR, piling work is completed, civil work is significantly finished, and long-lead equipment have already been ordered and we have started receiving the same. A crucial milestone is the ongoing factory acceptance test of the module manufacturing plant at Mitsubishi Engineering Corporation manufacturing workshop site. Of our total INR 1,500 crore CAPEX, we have deployed INR 506 crore to date and remaining amount will be deployed shortly in line with the accelerated project schedule
- A major development is the incorporation of Neogen Morita New Materials Limited, NML for short. NML is wholly-owned subsidiary of Neogen Ionics Limited and a step-down subsidiary of Neogen Chemicals Limited. This venture aims to leverage Morita Chemical Industries which has Japan's proven technology of over 30 years of experience in producing lithium salts. These salts will be used captively for our electrolyte production and for global sales, addressing the growing demand.

Accelerating our entry into high-growth lithium-ion battery materials, vital for India's EV and energy storage, this project positions Neogen as a scaled domestic manufacturer. We aim to capture significant market share, reduce import dependence, and leverage global technology, diversifying revenue and establishing

ourselves as a critical advanced battery supply chain supplier, driving future growth and profitability.

Despite adjusting our near-term revenue guidance to reflect current operational realities, our long-term trajectory remains robust. Overall, we are confident in our ability to continue delivering value to our shareholders through strategic execution, innovation, and unwavering commitment to operational excellence.

That concludes my opening remarks.

I would now request our CFO – Mr. Gopikrishnan Sarathy to share financial highlights for the period under review.

**G. Sarathy:**

Thank you, Dr. Harin Kanani. Good morning everyone. Welcome to Neogen Chemicals' Q1 FY26 Earnings Call.

Let me walk you through our key financial highlights. All numbers are on consolidated basis, except unless called off specifically:

- For Q1 FY26, we achieved revenue of INR 186.7 crore, higher by 4%, despite the non-availability of Dahej plant for the quarter, as highlighted by Dr. Harin Kanani. Neogen Ionics contributed INR 5.4 crore revenue in Q1 FY26, building on its previous year full-year revenue of INR 11.95 crore.
- Organic revenue for the period stood at INR 165 crore, reflecting a 16% increase, while inorganic revenue came at INR 22 crore.
- EBITDA stood at INR 31.5 crore, up 2% year-on-year. Despite the headwinds, we maintained a steady EBITDA attributed to favorable product mix and our ongoing cost optimization initiatives, which effectively offset the declining realization. Consequently, our EBITDA margin reached 18.8% on standalone basis and 16.9% on consolidated basis.
- Our profit after tax largely reflected our operational performance during the quarter, coming in at INR 10.3 crore.

Moving to other key developments during the quarter:

- CRISIL has reaffirmed our credit rating at CRISIL A with an outlook negative for long term and CRISIL A1 for short term, with both removed from the rating watch with developing implications. This reconfirms confidence in our financial stability and strategic direction.
- Furthermore, our Board has approved raising of Rs. 200 crore through private placement of fully paid, secured, listed, rated, redeemable, non-cumulative NCD through one or more tranches. This will provide us additional financial flexibility for our growth initiatives.

That concludes my remarks. I will now request the moderator to open the forum for Q&A.

**Moderator:**

Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Ankur Periwal from Axis Securities. Please go ahead.

**Ankur Periwal:** First question on the salt bit. What is the status on the product approvals there, given that we were waiting for the exports' revenue ramp-up there? So, just wanted to check.

**Dr. Harin Kanani:** From our side, we are all ready. We are still waiting for the customer to schedule an audit. There were with whatever is happening in the U.S. currently, there were some delays from the customer side. They have not yet fixed the date. But again, we remain connected with them. And it should happen sometime soon.

Also as you are aware, our Dahej capacity ramp-up is also happening. So, I think in Q2, for around 15 days, we are also going to take a break to connect the existing plant to the increased capacity, which is likely to come by September and October 2025. But from our side, we are ready for the salt. We are just waiting for customer approvals.

And in the meantime, whatever small revenue we generate in salt, we are basically selling it to non-regulated markets. I mean, basically not non-regulated, but in, let's say, China market, where we are actually going against very strong competitors who are already present there. But that is the small revenue that we are currently generating.

So, from our side, we are ready. Our capacity increase is also coming online because, as you know, Dahej capacity is going to go up to 2,500 metric tons by March. So, ramp up of that and connection to the existing facilities is also going on there.

**Ankur Periwal:** Just a follow-up there. So, from a key end-user market perspective, U.S. will be bigger or Europe? And secondly, is there any change in demand or slight softness because of the tariff-led sort of uncertainty there?

**Dr. Harin Kanani:** So, for your first question, U.S. or Europe? U.S. is the larger market, because there is already a lot of established battery manufacturing activities which are already happening in the U.S.

Also, while there is a change in IRA, there were two subsidies available in the U.S. One, IRA was for the EV maker, and there is another subsidy, I think, called as 45X credits, which are basically available to the cell makers. So, that is still available to the battery makers. And that is also significant, like between 25% to 35% of the total battery manufacturing cost. And that also has a requirement of localization and China-free supply chain.

So, what we have seen is, the interest is actually even growing stronger. Because people didn't have a clarity that post the Big Beautiful Bill, what changes are going to happen. But those were maintained and to some extent, even the non-China provision were made stricter.

So, I think that we have seen interest from the international market actually increase. So, the combination of that, as well as Neogen forming JV, we have seen newer companies which were sitting on the fence waiting for this clarity, to now join. And now, one by one, they have started visiting Neogen.

So, before we had one or two potential customers, now we have four, five different customers who have started approaching. They are battery makers, electrolyte makers, as well as EV makers. So, all of these guys are now approaching Neogen. And some visits have already happened, and some more are happening during this quarter.

- Ankur Periwal:** That's helpful. And just a follow-up there. What is the typical time lag required at your end if you want to increase your salt capacity given there is so much demand and interest coming in?
- Dr. Harin Kanani:** Dahej, at present, we will be at 2,500 what we are targeting. And if I have to increase a little bit, I can increase 1,000 metric ton more. And that will mostly be focused on the additives. Because, I mean, the lithium additives part - lithium salt is two parts, the main electrolyte salt as well as the additives.
- So, we are basically keeping right now additive facility increase all planned at Dahej. And the main electrolyte salt capacity is coming at Pakhajan. So, we have kept a room to add 1 KTA in our Dahej facility for the additive. And we have kept 2 additional KTA in Pakhajan.
- So, when we complete the CAPEX and we have 5.5 KTA, at least 3 KTA can come in relatively quickly within say, 6 to 9 months period. And then beyond that, we will have to plan because it will be a new manufacturing block either at our Dahej or our Pakhajan site. So, 3 KTA can be added from 5.5 to 8.5 KTA. But beyond 8.5 KTA, we will have to wait maybe around 12 months to 15 months if we have to set something up.
- Ankur Periwal:** That's very helpful. And just a second pick on the battery plants coming in India. There are some delays. But if you can highlight the timelines on which all plants are coming and what could be the time frame that we can look at.
- Dr. Harin Kanani:** So, from our view, we are seeing our customer like Ola, they have announced the timeline that by September, October 2025, they want to have commercial operations like ramp up, and then another ramp up, which is expected by next March or April 2026. So, we are on track for that.
- I think we have also heard publicly that Exide is also starting relatively very soon in the second half. I think the announced date was 15th August for some trials to start. So, I think they both are on track as we had predicted in 2024. And the remaining customers like Reliance, Tata, Waaree, and Amara Raja, so they all are targeting what they have publicly announced by 2026. So, that timeline remains.
- Moderator:** The next question is from the line of Abhijit Akella from Kotak Institutional Equities. Please go ahead.
- Abhijit Akella:** So, possible to share the volume growth number for the first quarter, please, maybe across the businesses.
- Dr. Harin Kanani:** I would say on the Organic side, the volume growth would be around 10% to 15%. And on the lithium side, there has been a little bit of degrowth in this particular quarter. So, last quarter, we had pushed a little bit, and Q1 is generally softer. But this time, it was a little bit softer than normal. But overall, in the demand, there is not too much of a challenge. The demand still continues. And I think by the end of the year, lithium will also make up, will have the same volumes or slightly better.
- Abhijit Akella:** And just to clarify, the Neogen Ionics business is included within Inorganic itself, right? The INR 5 crore odd?
- Dr. Harin Kanani:** That is right. Yes.

- Abhijit Akella:** The other one was, just the thought process behind this NCD issue. And so, you know, what exactly is the purpose we are looking for here? Is it working capital or something else?
- Dr. Harin Kanani:** Basically, we still have around INR 250 crore odd amount, which is to be received from insurance. And there can be sometimes mismatch in the timings versus we want to ensure that our CAPEX plans and everything doesn't get affected.
- I think there was a small interest delta. So, we thought that is worth having, but ensuring that there is a smooth, less CAPEX happening, and we are not fully dependent on the insurance money.
- Overall, once we receive all the insurance money, as well as this debt considering, I mean, this is basically some additional liquidity that we want to have in the system so that we have so many CAPEXs which are ongoing so that there is no delay because of cash flow related funds.
- It is just basically to keep liquidity in the system, any mismatch in insurance received or any other funds which we need to be used with so many CAPEXs which are ongoing. Overall, there is no additional need per se. It is just to keep the liquidity and just to keep the flexibility and reduce the dependence in case there is a timing mismatch with the insurance.
- Abhijit Akella:** So, by when do we expect to close this? That was one - the NCD issuance timeline for this. And number two, then once this is done, we have basically all our lines of financing tied up. So, for whatever CAPEX we plan plus working capital requirements, is everything in place now with this?
- Dr. Harin Kanani:** Everything is already in place. This is only additional just in case insurance timing mismatch. And yes, this also is likely to happen in the current month, within August, before August end.
- Again, we have received confirmations from investors who want to participate in that. There are even requests for more, but we are capping it at the INR 200 crore limit, which we have kept. And all the other working capital, CAPEX for Phase-1, Phase-2, everything is already there.
- Abhijit Akella:** And just on the CAPEX at Pakhajan, out of 1,500, I guess INR 500 odd crore is done so far. The amount spent in Q1 was only about INR 36 crore. So, is that a normal phasing? Do you expect the CAPEX to pick up significantly in the next two, three quarters to meet your deadline of March 2026 for commissioning?
- Dr. Harin Kanani:** Yes. There are two things. You know, this module plan, once it shifts, so that is going to be one big expense. Once we complete the FAT, and post-FAT, we have given some modifications. So, as they complete and ship that, that is going to be one large CAPEX item, which is going to add a significant chunk.
- The second point is that for our salt, as you know, our JV discussions are progressing well. Our JV partner also made an official announcement in Japan with the intention of forming the JV. Our discussions have progressed well. We are mostly aligned with the technology and only some of the finer points are now getting aligned. We expect that to happen in two-three months.
- What has happened is the long lead time equipments are already ordered by my JV partner in Japan. And they have already ordered from their existing suppliers. They are kept ready. So, as soon as we conclude the JV, a large chunk of equipment will



be ordered from there. So, more or less, we are on track to complete by March. Electrolyte is 100% sure.

On the salt side, we are just reviewing. Once we have the final alignment, we will know. It will be just a couple of months here or there. Depends on how the exact alignment happens. And we have clarity after that. But overall, CAPEX will happen more or less in time. Maybe slight change on the salt side, we are watching. Once we have the final JV alignment, we will be able to give the right picture on that.

**Abhijit Akella:** And that was actually my next question on the JV. Any further details that you might be able to share in terms of the stakes of the two partners or the total CAPEX amount and the split between the two of you, something like that?

**Dr. Harin Kanani:** I would like to share this once the JV agreement is done. I know the numbers, and we have agreed on that. But I think we will wait for the JV agreement to get concluded. And after that, we will share.

**Abhijit Akella:** Just one final thing from my side. While these auto battery capacities are still awaited in the Indian market, in the meantime, there seems to be quite a significant amount of development around energy storage, around solar, etc. So, how sizable could that opportunity be? How are you seeing things unfolding on that front?

**Dr. Harin Kanani:** This was something which in the past also, we had alluded to that energy storage can surprise us. And what we are seeing is, and I think you can also track that more and more people are requesting, almost now all new solar projects which are coming, they are coming with an energy storage kind of capacity which has to come online.

What I have seen is the percentage. So if you are setting up 1 Giga kind of a facility or 500 Megawatt kind of a facility, I have seen around 25% to 50% of that requested as an energy storage backup, so that you can utilize the maximum of the solar energy which can happen.

So, I think, if you look at that and if you think of 500 Gigawatt hour of solar capacity, which India wants to put by 2030, and economically also it is making such a strong sense- this number - in my view, can be like 30, 40 Giga or even higher per year basis because we are going to go to the 500 Giga by 2030. And you can have around 100 to 150 Giga battery storage requirement over the next four to five years. So, it can be somewhere between 30 to 40 Giga just for energy storage over the next three to four years.

At present, if I have the last year's number, there were around 10 to 12 Gigawatt hours of energy storage projects, which are already tendered, which will come, let's say, over a two-year period. So, around 5 to 6 Giga is on an average consumption for energy storage is already there.

**Abhijit Akella:** So, just to clarify, out of the total capacity that we will have in terms of electrolytes, would you expect a significant portion of it to go towards energy storage? Any rough estimates over there?

**Dr. Harin Kanani:** If you just think of the six people who have announced - the six people I had mentioned earlier - who have Giga factories starting till end of the next year, you have Reliance and Waaree Energy, which are completely, for energy storage, solar point of view. And both Exide and Amara Raja, partly for solar and partly for auto. So, you can say at least, 40%-50% of the capacity in terms of the number of people who are coming online is actually for energy storage. And if you actually put their Giga capacities and divide, maybe 50% or even more is for energy storage.



- Abhijit Akella:** Thank you so much, Dr. Harin. I will come back in the queue for more.
- Moderator:** The next question is from the line of Karthik Srinivas from Unifi Mutual Fund. Please go ahead.
- Karthik Srinivas:** I just had two questions. One is on achieving the revenue run rate of about INR 300 crore, which we have guided the market in terms of Neogen Ionics. So, we are currently running at about INR 5 crore for this quarter. So, is this going to be a quick ramp up over the next three quarters to achieve the INR 300 crore run rate?
- Dr. Harin Kanani:** Yes. We had guided earlier also that majority of this will come in the second half of the year. That remains still true. I mean, in the second quarter, it is not going to be Rs. 100 crore kind of number, but third and fourth quarters will be very strong.
- Again, it depends on two points. How fast does the cell production come up, which will drive the electrolyte demand. And the second is once we approve, how fast will the international customers ramp up the electrolyte salt and additive purchase. Both of these based on whatever customer guidance is in the second half, so we are expecting this to largely come in the second half.
- Karthik Srinivas:** For this INR 300 crore, we have the orders tied up, right? So, on a steady-state basis, how much will be exports now, given that the BESS demand is picking up even in India and a lot of battery manufacturers are coming up and inquiries are lining up. So, how will be the split of exports and domestic on a steady-state basis?
- Dr. Harin Kanani:** Karthikji, actually, if you think of the capacity which we are ultimately setting up, which is 30 KTA of electrolyte and 5.5 KTA of the salt, what we believe is in the beginning, out of the 5.5 KTA, around 3.5 KTA to 4 KTA will be for the international market. And then the balance will be for our local consumption, and then, for our internal consumption. And then as we basically ramp up the capacity of the electrolyte, we will have to most likely add more capacity for the salt.
- So, it will depend on how that happens. But in the beginning, it will be more export-heavy, if we are talking of next financial year. But then as we go, maybe they will balance out. And this also depends on how international market, like, how strong policies will be put for non-China policies because everybody wants to have Neogen as a backup.
- Some of the customers I recently interacted with, said, okay, even if there is no incentive, they can't depend only on China because of what they did in Anode and Rare Earth. So, they definitely want to have a backup supplier. But will we be the backup supplier or will we be the main supplier? Also depends on all the policy frameworks which are getting set up across geographies.
- So, I think it is a little bit early to say, okay, three years down the line, five years down the line. But in the current year and in the next year, exports will be the main drivers. And once India picks up electrolyte- we are talking of 2027/2028, whether Indian electrolyte will be more or salt will be more will depend on how much market share we get in India for the electrolyte and how the international view is about non-China suppliers.
- Karthik Srinivas:** And who will be your competitor in India for the same electrolyte and this one, salt capacity?
- Dr. Harin Kanani:** Till now, Gujarat Fluorochemicals (GFL) is one of the companies which has announced electrolyte capacities. But we don't have the exact clear volumes on that.

And also for electrolyte salt, they have announced capacities and intention to increase capacities in the future. This is in India. But basically, when you are thinking of electrolyte salts, you are thinking of a global market.

So, if you look at a non-China global market, you have one Company which has started in Japan, one company in Korea. And after that, Neogen and GFL are number three, number four. So, there are only four people at present outside China who can give you electrolyte salts and additives the way we are giving.

**Karthik Srinivas:** So, at a world level, what will be the total capacity as it stands today? We are up to about 5.5 KTA after two years, say. And what will be the global capacity today and by FY28, and how will it ramp up?

**Dr. Harin Kanani:** Today the world capacity is somewhere between 50 KTA to 100 KTA of the salt, and we are 5.5 KTA. So, we will be somewhere around 5% to 10%, depending on the consumption. And I think if you go to our investment presentations, we have given some numbers already for 2030 for the international expected demand, assuming 3,000 Gigawatt hour kind of battery requirement by that time.

The main point is, out of this, if you look at non-China demand, the total non-China capacity which is available today is around 7-8 KTA. So, what we are adding is significant of that because today, 90%-95% of the capacity is basically China.

**Karthik Srinivas:** And my last question is on the tariffs. Given that the tariffs have been announced, so is there any impact for you or it is just status quo?

**Dr. Harin Kanani:** As I explained in one of my earlier replies, Karthikji, that what we have seen is that with the tariffs coming in, now there is more clarity. And while there is lesser, the IRA for the battery EV manufacturers is curtailed. But the clarity on the battery and the requirement of non-China have given clarity. So, again, customers who are sitting on the fence are now even more keen.

And with what happened in Rare Earths and to some extent, Anode and China's message that they want to restrict even LFP technology, people are now even more worried to depend on China because most of the EV makers, non-China EV makers, China is the biggest competition for them. And they are all worried if they will influence and not allow them to get either key materials or key technology.

So, we have seen international customers being more keen to have a China-free supply chain now as compared to even earlier.

**Karthik Srinivas:** Okay, that's it from our side.

**Moderator:** The next question is from the line of Jason Soans from IDBI Capital. Please go ahead.

**Jason Soans:** My first question, just wanted to know in terms of the base business, for both bromine and lithium side of the business, are you seeing some pickup in our verticals like Pharma, Agrochem? Or what is the pickup you are seeing, if any?

And in light of that, and I know the fire incident that has impacted the Dahej plant and all that. So, the standalone guidance, is that maintained what you have released on March 7th? Or is there some change to it? I just wanted to get some more color on the sub-segments within the base business.

**Dr. Harin Kanani:**

Yes, Jason. For pharma, we are seeing a very strong pickup. We are seeing good new inquiries coming from semiconductors, flavor, fragrance, and other industries as well. Agro has improved, but again still not at its full. And especially Agro, we had international business and with the Dahej plant getting affected. This year for us, Agro will not be able to contribute so much because some of the international customers we had to supply from Dahej.

Although one positive point is that in our CSM business, we have received some quite good large inquiries on the agro side for 2026, 2027, 2028 launch. So, the pipeline for the agro remains good. As the markets recover, we are there to basically capture the demand from the customers.

Almost most of the customers appreciated the speed at which Neogen communicated the fire incident, the speed at which we are rebuilding the plant and we are bringing them online, and some of the improvements we are making there. All these were taken very positively by the customers.

So, to answer your question, pharma is looking good and getting better. Other industries are also looking good and getting better. The interest, again, that China plus One mentality is, a little bit getting more active in these industries as well. And agro, the demand is slowly improving. Not a great jump, but it is doing better.

We have also seen good interest on our organolithium piece. So, we have now started making more inroads once we have the capacity visibility in the international markets. That is also something which we are hoping will help us.

With all of that, we are on track to achieve what we had targeted. So, around INR. 825 crore to INR. 875 crore on the base business. Like, as you know, we had to change some of the strategies to take care of the impact on Dahej site. So, our Q1 performance was a little bit affected by that, while we are transitioning to alternate strategies and shifting molecules around. But I think we will see even further.

And in spite of that, we were able to do last year's performance when Dahej plant was still there. And as we get into Q2, Q3, Q4, we should see better performance as compared to what we did in Q1. So, that is why our guidance remains the same.

On the inorganic lithium side, as I explained earlier, the demand this quarter was a bit less. But I think by the end of the year, we would have caught up or we would have been slightly higher. So, that, I think, covers all the segments.

**Jason Soans:**

And, I understand that an earlier participant did ask this, but for battery chemicals, you are seeing a good ramp up. I know you had said INR 300 crore for FY26. That could have some change. But we have good visibility in the second half. Of course, it depends on the cell capacities coming up and the lithium salts pick up as well. But we have still decent visibility for that in the second half, right?

**Dr. Harin Kanani:**

Yes, there is. And if I see, for example, I sold more electrolyte in one quarter than I sold in the whole of last year. That is a positive sign, right? And even in last July/August, I think even this quarter, would be similar or slightly better. So, I think we are seeing ramp up. But I have to say, with the way the industry is transitioning and we are being one of the earliest battery materials player, I think maybe one of the only battery material producer who is ready with Giga facility already.

So, I request all of you to have a little bit of patience. I think what we really should be looking at because we are the pioneers or the beginners here. So, we have to mainly look at what is the scenario in 2027/2028, when we said we are going to have the

full utilization levels. And if you look at FY27 and FY28, whatever has happened in China, the Rare Earth and the Anode, people are more interested, more keen to basically buy from India.

So, that makes our long-term business stronger, as well as our JV also has been very, very strongly appreciated by the customers. Because they get the comfort that Japanese technology in India, from whom they are buying for 30 years is like that we are the only combination who can give that.

And similarly, on the electrolyte side also, with whatever is happening in energy storage, the concern about India having enough demand is going because whatever EVs, two-wheelers, three-wheelers, four-wheelers can be a little bit slower. But you will have a bigger demand also coming from energy storage part. Also, companies like Suzuki have announced that they would also be now setting up a battery plant maybe a little bit later, 2028-29.

So, once the mainstream companies also start joining into battery and cell production, I think all these are positive signs for good demand in '27-'28, both on electrolyte side as well as salt side. So, we will have to really keep our eyes focused on '27-'28. Try to do best in '25-'26. But I think if I look at '27-'28, we are in a very good shape.

**Jason Soans:**

Thanks for that detailed answer. I missed, you know, you had mentioned in a response to an earlier participant. I think you mentioned two subsidy acts in the U.S. So, again, there is a lot of uncertainty on the tariffs and the IRA's impact getting reduced and the One Big Beautiful Bill and all these things.

So, how are you seeing all this playing out in the U.S.? Of course, there is a China plus One is on the up move, and that bodes very well for us. So, what are these acts, and some color on how the U.S. is approaching it amid all the confusion there?

**Dr. Harin Kanani:**

Basically, IRA and the Big Beautiful Bill, both were basically focused on one very clear message, which is basically not to depend on China. So, even the parts which relate to the battery material - what I called 45X credits - even those are basically linked to having some non-dependence on China and localization. So, that's the positive message.

I think, tariff, there is no point in guessing now. We have to see when the dust settles. What is the final? And the only thing which matters is because sometimes you see some very critical things, they just completely exempt. So, they can even say that all battery material is exempt from the tariff, like they did for iPhone and sometimes for pharma.

So, we will have to see what is exempted from the tariff and what is not. And then what is the relative position between India, China and Japan and Korea? Because this is the only four places you can make.

Also, Japan and Korea, I think largely in that also what will be more important is India and China. Because Japan and Korea, even if they want to set up a large capacity, they take very long time because of permissions. So, mostly we have to see where the dust settles between India and China and whether they are exempt or not.

But for us, what is more important is that when they are giving some billions of dollars of subsidies to the cell makers in U.S., that is linked to not having supply security from China, so a supply chain coming from China and having a non-Chinese supply

chain. So, I think that is the positive message. What is the Government's intention? And then we will keep watching there.

But as I told you, that will only make a difference whether we are a backup supplier with 20%-25% of the market or we are the majority supplier with 30%-40%-50% kind of market. That is the only difference these policies will have between the way the policy decision happens. But I think, whatever we are currently aiming, we should not have to worry for that. It is just beyond that, how fast we will grow will be clear once the dust settles on the policies.

**Moderator:** The next question is from the line of Arun Prasad from Avendus Spark. Please go ahead.

**Arun Prasad:** Dr. Harin, you mentioned in detail about how customers do not want to depend on China for a long period of time. Are they contractually locked till certain months or period or year because of which they can't buy anywhere outside from China, any of the potential customers that are visiting you, as far as you know?

**Dr. Harin Kanani:** No, I don't think that is basically a concern.

**Arun Prasad:** Okay, because despite so much, clearly it seems that they are 100% dependent on Chinese products, and we are there as an alternative. The progress in product approvals or plant visit seems to be at a slightly slower pace. One would assume that given this kind of high dependence and (*that it is*) important to diversify the supply chain, they would be doing it in a war like scenario, but on the ground, it seems to be moving slow. So, what explains this kind of a dichotomy?

**Dr. Harin Kanani:** So, the visits are happening. The discussions are happening. But like we discussed, last two-three months there is a lot of variability, which is happening on a daily basis. They are just trying to get a hang of that.

And I think the only other thing is that the real deadline for them is in 2026. 2025 is more like a comfort year for them, Okay if I start buying in 2025, then I am more comfortable. 2026 is the year where they want to basically start shifting. And for the subsidy and all that, 2027 is the year where they just cannot buy. So, as we get towards the end of 2025/2026, so they keep having some breathing room.

And at present with all the things which are happening with tariffs, they have to take care of what is happening today and juggle with that versus preparing for 2027. So, I think that is the dichotomy.

**Arun Prasad:** Just for clarity, the planned visit will happen usually after the sample from commercial plant is received, tested, approved, and then only the plant visit happens, or it happens after the plant visit, this will kick start? How should we look at this process now?

**Dr. Harin Kanani:** Each customer has their own strategy. So, some of them have taken the samples, and then they will come. Some of them will say, no, first I will come, I will approve, only then I will spend time in testing the sample. So, depends on them.

**Arun Prasad:** And you also talked about the backup versus being a main supplier or a backup supplier. Typically, what is the volume share given to, say, a backup supplier? What is your assumption when you assume that you will be a backup supplier, becoming a main supplier?

**Dr. Harin Kanani:** So, one of the customers I discussed with that, "Hey, if there was no tariff, what would you do?" That particular customer said, "Hey, I would be still 50% non-China." And I said, "How many suppliers would you have in non-China?" He said, "I would have at least two." So, that is basically how I would come with that number of at least having 20%-30%.

Broadly, I have seen that customers don't like to have more than two or three sources. So, I think the maximum, they will have a three suppliers approved. Two or three, depends, I would say, backup would be somewhere on a lower side 10%-15%, on the higher side around 25%-30%.

**Arun Prasad:** My second question is on the Morita JV. You mentioned that you are yet to get aligned with the JV partner. In what areas there is still, say, a misalignment? Is it financial in nature or operational or strategic or more like a product portfolio? How should we look at this non-alignment at this point of time?

**Dr. Harin Kanani:** I would say, a lot of it is just the lawyer stuff, legal stuff on the language of the agreement, and they are a very strong Japanese company. So, Japanese legal way and India's legal way, kind of trying to understand that. So, that is, I think, mostly that.

And a little bit what we are doing is because they have not given us the exact final drawings, exact detail SOPs. So, as we understand that, we know the big changes we had to do, we have done. Like, the final changes that we need to do in our design to basically crystallize on the final dates, etc., those are the things which are happening in parallel.

So, when the JV agreement progresses, in parallel, we have more and more information, okay, which segment India technology is better or our Indian equipment is better, which is the Chinese equipment, or their technology is better. And then we are taking the better of the two. In some cases, we are even thinking of a third option together, that, hey, why not do this better? So, I think those kind of things are currently happening.

**Arun Prasad:** One last bookkeeping question, Dr. Harin. On our fire incident, we have claimed the insurance and got insurance claim for that. But what is our internal estimate for the loss of profit because of this incident?

**Dr. Harin Kanani:** It is very difficult because the loss of profit is going to be for a period from April to March. So, for the whole year. And basically, the loss on profit, the process starts after you reinstate the plant. So, the process of giving you loss on profit will be only after that. So, if we had a very good number, we would have put it in our estimate. But that is something, you know, it is ongoing. So, as a Company, we are trying our best to see that maximum operations are not affected. But the loss on profit will basically take into account some of the fixed overheads which you would still have. Like, what is the business which we could have done which didn't happen, and also some additional expenses we had to do when we shifted production around. So, I think it is going to be a little bit complicated. So, we will wait for the experts to do that after it, especially for insurance, I don't want to hazard a guess right now.

**Arun Prasad:** So, the timeline is basically the next financial year only when we will come to know.

**Dr. Harin Kanani:** Yes, loss on profit will be. If we have clarity subject to accounting rules in this year, if we can take a provision, we will take a provision. But at present, I don't have any number which I can share.

**Moderator:** The next question is from the line of Archit Joshi from Nuvama Institutional Equities. Please go ahead.

**Archit Joshi:** In the interest of time - I have two questions - I will bunch them up together. So, first, you had earlier mentioned that the CAPEX on the JV with Morita, that is still undisclosed. With respect to the current agreement that you have with them, beyond INR 1,500 crore of the announced CAPEX, there will be incremental CAPEX coming in Morita or INR 1,500 is accounted for?

**Dr. Harin Kanani:** The existing CAPEX that we have included both the salt and electrolyte. And we are not planning unless we see right now some additional capacity. So, the only thing is that for the same capacity, when we completely align with their technology, is there something less? Is there something more? So, we would get to know that. So, that is the only thing pending. So, it is basically INR 1,500 crore. If there is any delta created because of the JV, we will know once we have the full alignment.

**Archit Joshi:** Secondly, on the current situation on salt and electrolyte in terms of its dollar realization or our current estimate as to what kind of profitability or ROCE we can generate, is there any estimate to it that we have calculated internally?

**Dr. Harin Kanani:** No. We continue to have that 20% ROCE as a target in all our discussions with our customers. As we know, the salt contracts and the additive contracts that we have basically, as long as we meet the operational efficiencies that we have targeted, we will be able to get the 20% ROCE on a full-utilization basis. So, there is no change in that. And whatever discussion we are having in electrolyte or small quantity of electrolyte also we are selling, we are keeping that delta. Of course, the plant is not utilized today, but we are keeping that long-term delta at a peak volume. This is what it will be so that we can generate a 20% ROCE.

**Archit Joshi:** So, this is despite the volatility that we have seen in prices of LiPF<sub>6</sub> or the electrolyte eventually?

**Dr. Harin Kanani:** Yes, because that is basically China. And we feel even at that, we are cheaper than the Japanese and the Koreans. So, like, if they want a non-China, then this is still one of the best bets in our view.

**Dr. Harin Kanani:** Thank you, Archit.

**Moderator:** The last question for the day is from the line of Rohit Nagraj from B&K Securities. Please go ahead.

**Rohit Nagraj:** My first question, just clarification on the fire incident. The net claim receivable is INR 268 crore, and out of that, we have received about INR 81 crore, right? That is the total amount, Rs. 268 crore?

**Dr. Harin Kanani:** No. Rs. 268 crore is balance now.

**Rohit Nagraj:** Remaining?

**Dr. Harin Kanani:** Yes, remaining. And plus, as we said, that is from just estimating the net block and the inventory loss. But the insurance we have is on a reinstatement basis. So, when you reinstate the same capacity, any additional cost that you incur will be on top and will be reimbursed by the insurance company. And there will also be some loss on profit which we were discussing earlier. So, these are not included here. They will be in addition to that. But most of this will be towards the end of the financial year or



- something may go even next year, like the loss on profit especially, and the final bid which is above reinstatement might go in the next year.
- Rohit Nagraj:** And the INR 200 crore that we are raising? Is it just a stopgap arrangement? Or is it going to stay for the tenure?
- Dr. Harin Kanani:** It will stay for the period for the next, I think, 2.5 years. That is approximately the period. And it will stay till all this CAPEX and everything is completed, all the insurance is completed.
- Rohit Nagraj:** And the second question is, we have done remarkably well in terms of the standalone EBITDA margins given that both bromine and lithium prices have been benign. If the prices increase, is there any risk to the percentage margins given that probably the EBITDA per Kg would remain more or less similar for both businesses?
- Dr. Harin Kanani:** Yes, in bromine, mostly we are able to manage EBITDA and the contribution or the fluctuation in bromine, even if it is high like 20%-30%, it doesn't change the percentage margin so much. In case of lithium, it is more like per Kg basis. And in the past, we have seen that when lithium went to \$70-\$80, our EBITDA margin on our aggregate basis had gone down to 16% or I think, yes, around 16%-16.5% because of that per Kg basis where on a percentage basis, we were a bit lower. So, that has happened in the past. So, if it goes to \$70-\$80 kind of level, things like that can happen.
- Rohit Nagraj:** That's it from my side.
- Moderator:** Thank you. Ladies and gentlemen, that was the last question for the day. I would now like to hand the conference over to the management for closing comments.
- Dr. Harin Kanani:** Thank you for joining us today. We trust your queries have been addressed. For any additional questions, our Investor Relation team is available. We appreciate your time and look forward to connecting again next quarter. Thank you once again.
- Moderator:** Thank you. On behalf of Neogen Chemicals Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.

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