August 1, 2026

BSE Limited
Department of Corporate Services
Floor 25, Phiroze Jeejeebhoy Towers,
Dalal Street, Kala Ghoda, Fort, Mumbai 400 001
Scrip Code No: 542665
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National Stock Exchange of India Limited
Listing Department, Exchange Plaza,
Bandra Kurla Complex, Bandra (East),
Mumbai – 400 051
Company Symbol: NEOGEN

Sub.: Q1FY27 - 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 Q1FY27 Earnings Conference Call held on Monday, July 27, 2026, at 4.00 p.m. IST

The transcript is also being uploaded on the company's website at https://neogenchem.com/wp-content/uploads/ect001-q1-26-27.pdf

Kindly take the same on your record.

Thanking you,
Yours faithfully,
For Neogen Chemicals Limited

UNNATI RAJESH KANANI
Digitally signed by UNNATI RAJESH KANANI
Date: 2026.08.01 18:07:06 +05'30'

Unnati Kanani
Company Secretary and Compliance Officer
Mem. No. A35131

Encl: As above

Neogen Chemicals Limited
Q1 FY27 Earnings Conference Call
July 27, 2026

Moderator: Ladies and gentlemen, good day and welcome to the Neogen Chemicals Limited's Q1 FY27 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 call, please signal an operator by pressing star then zero on your touchtone phone.

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

Nishid Solanki: Thank you. Good afternoon everyone and welcome to Neogen Chemicals' Q1 FY27 earnings conference call. Joining us today from the senior management team are: Mr. Anurag Surana, Non-Executive Chairman, Dr. Harin Kanani, Managing Director, and Mr. Gopikrishnan Sarathy, Chief Financial Officer.

We will begin the call with opening remarks from the management team followed by an interactive question and answer session. Before we begin, a standard disclaimer - Certain statements made during today's call may be forward-looking. Actual results could differ and a detailed disclaimer is available in our Q1 FY27 earnings presentation which has been uploaded on stock exchange websites.

With that, I would now like to invite Dr. Harin Kanani to share his opening remarks. Thank you and over to you, sir.

Dr. Harin Kanani: Good afternoon everyone and thank you for joining us to discuss our Q1 FY27 financial results and outlook. I hope you had an opportunity to review our investor presentation. I will begin with key performance highlights and strategic developments during the quarter along with progress of our growth initiatives. Following this, our CFO, Mr. Gopikrishnan Sarathy will cover the financial highlights.

The global chemical industry continues to navigate a complex operating landscape characterized by persistent geopolitical volatility, uneven end-market demand, and ongoing redrawing of supply chain dynamics. While near-term macro headwinds persist, our core strength lies in how we navigate them with agility, financial discipline, and operational rigor. Anchored by the deep domain expertise and chemical synthesis capabilities we have built over the past three decades, we remain focused on protecting our core margins, supply reliability for our customers, and driving rapid progress across key growth pillars, particularly the battery materials segment.

Amidst this ongoing shift, I am pleased to share that Neogen Chemicals has delivered a strong performance in Q1 FY27, marking a solid start to the new financial year. This growth was driven by volume growing across our core business verticals, sustained customer demand, and our highest ever quarterly revenue recorded in both organo-lithium and battery chemicals portfolio.

Let me quickly summarize the key financials. In Q1 FY27, on a consolidated basis, we recorded revenue of INR 250 crore, registering a robust growth of 34% year-on-year. EBITDA grew by 53% year-on-year to INR 48 crore with EBITDA margins expanding by 260 basis points to 19.3%. Profit after tax stood at INR 17 crore, surging 67% year-on-year.

Our base business demonstrated immense resilience despite ongoing global supply chain volatility, elevated shipping freight costs, and temporary overheads related to interim toll manufacturing arrangements. We have successfully initiated cost pass-through mechanisms with customers across key raw materials and input costs, such as, utilities, freight, and packaging to safeguard our operating margins.

I will now provide key operational updates across our core operations and expansion projects.

1. Dahej replacement plant and insurance recovery update

Reconstruction of our replacement facility at Dahej is almost complete. Trial runs are actively underway with commercial production set to commence within the current Q2 FY27 quarter.

On the insurance front, cumulative recoveries to date stand at INR 164 crore, which comprises on-account insurance claims as well as salvage realization till now. Our net claim receivable as on date stands as INR 186 crore on a consolidated basis and we continue to engage closely with insurers to expedite final settlement against the same, followed by some additional recoveries under various other insurance policies, such as, loss on profit.

2. Board approval on fundraise QIP

To support our long-term capital requirement and prepare our companies for growth opportunities coming in the future across battery material as well as organo-lithium space, we decided to de-leverage our balance sheet and the Board has approved raising of INR 600 crore through an issue of eligible securities via a QIP, subject to shareholder and regulatory approvals.

3. Updates on battery chemicals and Neogen Ionics performance

Neogen Ionics delivered a robust performance in Q1 FY27, generating INR 19 crore in revenue compared to INR 5 crore in Q1 FY26 and delivering over 50% of the entire previous year's revenue in just three months. Execution across our battery material facility also remains on schedule.

Commissioning the facility for electrolyte is targeted for H1 FY27 and lithium electrolyte salts remain targeted for H2 FY27. Mechanical assembly for our electrolyte plant is complete, trial runs are already initiated, and product validation with leading domestic cell manufacturer is actively progressing.

We have secured provisional approvals from 4 international customers for lithium electrolyte salts and successfully completed final site audits from all 4 electrolyte manufacturers. Commercial supplies will commence post final plant trial approvals with global cell producers accelerating their transition towards non-FEOC, non-PAP compliant supply chain to meet US tax credit requirements by 2027.

Neogen is uniquely positioned to serve this demand with our partner with established technology from Japan. Our strategic partner Morita remains fully committed to their USD 20 million equity contribution towards the joint venture, which is expected to come during Q2 and Q3 of the current year.

Turning to the macro environment and key industry dynamics, our battery material strategy is strongly backed by Government support and proactive policy actions. Neogen with its customers remains currently the only giga-scale example where the local supply chain has been established, which has been appreciated by various Government departments. The ecosystem is seeing accelerated momentum driven by the product ramp-up of PLI ACC battery manufacturers as well as non-ACC PLI manufacturers. And further the allocation of 10 gigawatt hour ACC PLI re-bidding tranche and Government's proposed PLI scheme for battery components, which will be pivotal in incentivizing raw material localization.

According to the Ministry of Heavy Industries report, domestic battery demand is projected to surge from already 33 gigawatt hours last year to 92 gigawatt hours by 2027, eventually reaching more than 200 gigawatt hour by 2032. Out of that total, almost 63 gigawatt hour is currently under development in India and further expected to be commissioned. Out of this 30 gigawatt hours is expected to be commissioning in 2026 alone. This rapid scale-up underscores the expanding market opportunity ahead for us. We position Neogen Ionics to serve both, domestic requirement and global non-FEOC, non-PAP demand.

FY27 represents a strategic turning point for Neogen Chemicals as our capital investment transitions into revenue-generating assets. With the rebuilt Dahej plant coming back online, Neogen Ionics scaling rapidly, and our strategic position as a trusted non-FEOC partner gaining strong global traction, we are set to capture expanding market opportunities across both, specialty chemical and advanced battery materials. Backed by solid customer demand, improving operational leverage, and disciplined capital allocation, we are happy to improve our standalone guidance from INR 875 crore to INR 950 crore to INR 950 crore to INR 1,050 crore in the revised range. We remain fully committed to disciplined execution, expanding our market leadership, and driving sustainable long-term value for our stakeholders.

With that, I hand over the call to our CFO Mr. Gopikrishnan Sarathy to walk you through the financial highlights.

Gopikrishnan Sarathy: Thank you, Dr. Kanani. Good afternoon everyone. I would now take you through the detailed consolidated financial performance for quarter one. Please note all the comparisons are on a year-on-year basis.

Revenue from operations stood at INR 250 crore, up 34% from INR 187 crore in Q1 FY26. The revenue trajectory was anchored by strong volumes led by organo-lithium, inorganic chemicals, and battery chemicals.

Across our operational verticals, organic chemicals generated a revenue of INR 194 crore, reflecting an 18% growth, while inorganic chemicals segment delivered a standout performance with a revenue surging 158% to INR 57 crore.

Gross profit rose by 37% to INR 117 crore, reflecting an optimized product mix and cost pass-through arrangements.

EBITDA stood at INR 48.2 crore, registering a growth of 53% from INR 31.5 crore in Q1 FY26. EBITDA margin expanded substantially by 260 basis points to 19.3%. Margin expansion was achieved despite temporary expenses related to Dahej plant rebuild, toll manufacturing and job work-related expenses, initial expansion cost at Neogen Ionics, and freight spikes.

Depreciation was higher at INR 8.2 crore, up 42% due to smaller CAPEXes which we had added during the year. Finance cost stood at INR 20.8 crore, up 64%. The increase in finance cost reflects the higher debt drawdown to fund the ongoing CAPEX at Neogen Ionics, increased working capital intensity due to supply chain inflation and temporary holding costs pending the insurance claim disbursement.

Profit after tax reached INR 17.1 crore, growing 67% with PAT margin of 6.8%.

Looking ahead, as the replacement Dahej plant begins regular commercial operations and Neogen Ionics (NIL) capacity scale-up through H2 FY27, we expect the operating leverage to improve significantly alongside normalized cost structures. Operating performance will be further bolstered by pending insurance claim recoveries. Additionally, our proposed QIP fundraise of up to INR 600 crore will provide substantial financial flexibility, allowing us to optimize our debt profile and also create a headroom for future growth.

I am also glad to share that for FY26, we are publishing our first integrated annual report. This report incorporates our Business Responsibility and Sustainability Report (BRSR) along with Reasonable Assurance Report. Moving to the integrated framework reflects our deep commitment to transparency, higher governance standards, and long-term value creation for all our stakeholders.

That concludes my remarks. I would now request the moderator to open the floor for Q&A session.

Moderator: Sure. Thank you very much. The first question is from Asit Bhandarkar from JM Financial Mutual Fund. Please go ahead.

Asit Bhandarkar: Good afternoon. Just wanted to understand the outlook in terms of battery chemicals. How big can this opportunity be in five years' time and what would it be as a proportion of our business in that period of time? One; Second is that we hear that battery technology is being restricted by China. So is it realistic to assume that the growth will take place the way we anticipate?

Dr. Harin Kanani: Sure. Thank you for your question. So, when we are thinking of battery chemicals, Neogen as a policy talks about what revenue guidance we can give based on CAPEX which is currently underway. So, the current CAPEX that is undergoing can cater to give us a revenue of around INR 2,400 crore to INR 2,900 crore depending on the lithium prices ongoing and we expect to achieve this by FY29. So, that was a target for full utilization which we had taken.

So, if we are talking of two or three years' period, we expect around INR 2,500 crore to INR 2,900 crore of revenue potential. This is mostly taking care of only 30 gigawatt hours of electrolyte demand and then little bit around 5 to 10 gigawatt hours of salt which is being sold internationally. So, that is what the current capacity is fully designed for. Around 40 gigawatt hours of salts and 30 gigawatt hours of electrolyte.

Now, as we have shared in our presentation, even today around 60 gigawatt hours of cell production capacities are ongoing. And over five years, the Government expects the total demand to be 236 gigawatt hours. So, total demand is going to be approximately 7x of what we mentioned just for India for the sake of electrolyte and then also we will be open to international demand.

So, you know, the demand is going to be reaching, let us say if we are talking of five years, like tens of thousands of crore in that range; if we consider both electrolyte for India and electrolyte salts and additives for the international market, at present, Neogen has already taken a significant step to achieve INR 2,500 crore to INR 3,000 crore in the next two and a half years. So, in five years, it would be significantly higher. But as a policy, once we make some investment decisions, then we can give a specific number to that.

Asit Bhandarkar: Does this mean that our business, the way it will look is 60% will come from battery chemicals and 40% from other chemicals?

Dr. Harin Kanani: Yes, so in other chemicals also, we have many growth drivers - Our pharma, agro, CSM, future potential business in semiconductor. So, we have not given any long-term guidance around that. But yes, five years down the line, it can be 50-50. It is a challenge to my regular business team also that how they can keep up with the growth we will have in the battery space.

Asit Bhandarkar: And what about the change in battery technology? How will we handle that?

Dr. Harin Kanani: You also mentioned about restrictions from China. So, today for Neogen's electrolyte and electrolyte salt capacity, we are very fortunate that we have Japanese partners and internationally there is no dependency on China for Neogen in terms of technology as well as we had our own homegrown technology also and the Japanese technology further improved the same. So, we do not have dependency on China.

Also, in terms of changing technology, lithium-ion battery remains one of the most efficient technologies currently. There is some discussion about shifting to sodium-ion, but that will be gradual and will be in my view only for some niche applications for low temperature or very low-cost kind of applications. However, lithium-ion batteries are right now the most efficient. Having said that, in case of electrolyte, the way the sodium-ion technology is developing today, the same plant can also be used

for sodium-ion. So between sodium and lithium-ion, there will not be too much impact on Neogen's operations.

Asit Bhandarkar: Thank you. Wish you all the best.

Dr. Harin Kanani: Thank you.

Moderator: Thank you. The next question is from Arun Prasad from Avendus Spark. Please go ahead.

Arun Prasad: Thank you. Good evening. Thanks for the opportunity. Dr. Harin, if you can start with what is our current year guidance for the battery chemical business top line and margins, then probably it will be helpful?

Dr. Harin Kanani: As we have explained earlier, we are looking at INR 300 crore kind of revenue for the current year for the battery business. We currently maintain the same. Most of this would be in the second half as the US customers are expecting to shift from China to non-China or FEOC to non-FEOC suppliers from January 2027 onwards. So, we have already started some trial supplies and some trial sales to these customers and we expect that to ramp up and we expect the shift to happen in Q3 and Q4.

The other guiding factor for this is the increase in the ACC PLI, the cell production in India. So, already there is one gigafactory which is started at a giga scale and now in the midst of increasing capacity. The second gigafactory also has started their trial production and expected to start commercial production soon. And there are two more expected to start before the end of the current financial year.

So, I think with these four customers depending on the exact time at which they start, we would be able to either exceed the production, but currently what we have done is that we kept some buffer because last year we had gone wrong. So, we would like to maintain the same production and if India ACC PLI, the cell production increases or starts in a very nice way or ramps up faster, then we might be able to increase from the current guidance.

Arun Prasad: Okay. So, safe to assume that large part of this INR 300 crore guidance is coming from the salt revenue rather than the electrolyte? And if that is the case, and you also mentioned that most of the volumes will come from January 2027. So largely the 3 months of salt revenue should itself be giving this kind of a revenue. That is a right understanding?

Dr. Harin Kanani: Yes, we would expect sometime from November-December 2026 the uptick would start because January 2027 is when they need to shift. So, shipments from India will start in November and December 2026. Of course, there would be some sales before that also. So, we have currently approximately kept around INR 200 crore for the salt and INR 100 crore for the electrolyte. Of course, the electrolyte is subject to Indian ACC PLI exact production, how the plants ramp up and how they start. And we have not considered any revenue from Pakhajan yet. So, we have said Pakhajan to come online in H2. The team is making efforts so that we can complete it by Q3. So, any shortfall in electrolyte can be made up by additional salts which we can get from Pakhajan in Q4. So, that is the way we have currently planned it. In case if the electrolytes are on track and we are also able to deliver revenue from Pakhajan, then we would be able to outperform our current guidance.

Arun Prasad: Understood. Just one more follow-up on the same topic. This INR 200 crore salt we are talking about, what kind of a pricing or a salt pricing and electrolyte pricing and LCE pricing that we are building in based on which this number is coming?

Dr. Harin Kanani: Currently, we are considering a long-term contract with one of the customers and in this contract, the pricing is already fixed based on a lithium-based formula. The normal stable lithium price is expected to be $20 plus-minus $5. So, $15 to $25. So, currently we are expecting, the lithium carbonate prices are in that range. This is stable lithium price between $15 to $25, close to around $20 of lithium carbonate. Based on that, the salt pricing is currently derived. Both, salt as well as the electrolyte. Both prices are derived based on a stable lithium price. And for us, lithium is a pass-through, for both, salt as well as electrolyte customers.

Arun Prasad: Understood. And of this INR 200 crore that we were talking about, how much do you see it from the firm order that you already have? I mean, an order book business?

Dr. Harin Kanani: I think based on our contract, everything is firm. But as I explained in our opening remarks that as the customers complete their qualification, and they have already completed, all the four customers have audited and approved Neogen facility. Some of them are will start purchasing slowly in Q2 as well as Q3. And in Q2-Q3, they might require some special kind of pricing. Some of them are doing a trial at a commercial level in the plant and then they would start shifting. So, we expect this process to get over in Q2-Q3 so that towards the end of Q3 and in Q4, they are able to fully buy their requirements from us. So, that is currently the status.

Arun Prasad: And you said something like a special kind of pricing. What do you mean by that?

Dr. Harin Kanani: We have a formula. Special pricing meaning, normally we expect that once the non-FEOC requirement kicks in, it will be completely formula-based price. But before such a period, they may want to have what is today's market price? And the market price in China can be fluctuating every month. So, to secure some volumes in Q2 or Q3, it (pricing) could be slightly lower than the long-term formula price that we have. As we move to the regulated supplies in Q3-Q4, it would be based on the formula price which we have taken for our consideration.

Arun Prasad: Current spot price is lower than the formula price?

Dr. Harin Kanani: Yes, the current China spot prices are lower than the formula price.

Dr. Harin Kanani: Last 6 months, few times they were higher, few times they were lower. So, it is a very fluctuating thing. But the difference between the formula price and the spot price is now significantly reduced as compared to what it was in 2025 and may be some part of 2024.

Arun Prasad: Understood, understood. One final question on the cash flow for this year. If you take the CAPEX for this year, if you can guide for that number and what is the source, how are you proposing to source fund the CAPEX number?

Dr. Harin Kanani: Whatever is the balance CAPEX left for Neogen Ionics, that will come from the remaining debt which we need to still draw because our contribution is largely done. And then some bit will be coming from

Morita contribution. And ultimately from our side, there may be only INR 30 crore-INR 40 crore as equity contribution we would need to do towards the end of the financial year when we complete fully the CAPEX and start getting ready for contributing for the working capital. So, from Neogen's side, there will be very limited contribution needed till the completion because we have already received financial closure.

Arun Prasad: Understood. One final question on the legacy business. You increased the guidance for the legacy business. Was it driven largely by the underlying price increase or some kind of capacity addition or a mix change? How should we understand that number?

Dr. Harin Kanani: What we have seen is, our organo-lithium capacity, we hit our peak utilization level. As you have seen when we took the plant, it was like 10 tons per month active or 120 tons (per annum) and we increased the capacity 2.5x to 300 tons. So, in Q1, our plant was able to hit the full utilization already and based on that, we are also considering to further increase capacity slightly by the end of the financial year. So, I think it is largely driven by that.

Also, when the organo-lithium business grows, in the past we have explained that we can also get some by-product lithium which we can recycle. That also helps our inorganic lithium sales. Both these did very well. Based on the performance of the organo-lithium, lithium, and we are still seeing strong demand in the organic chemical space as well. Considering that, we have revised our revenue guidance in the legacy business.

Arun Prasad: In the legacy business, what was the underlying volume growth for the quarter and the last 6 months if you can share?

Dr. Harin Kanani: Last quarter was the first quarter after fire and still our job work etc., was not in place. So, of the total growth around INR 15 crore came from increased prices related to lithium and other raw materials. The rest of it was completely volume driven.

Arun Prasad: Understood. Thank you very much and all the best for all your plans. Thank you very much.

Dr. Harin Kanani: Thank you.

Moderator: Thank you. The next question is from Abhijit Akella from Kotak Institutional Equities. Please go ahead.

Abhijit Akella: Yes, good afternoon. Thank you so much. First, on the INR 600 crore proposed fundraise. If you could please just help us with the proposed uses of this. Is it primarily debt repayment for the time being or also some CAPEX that you are considering? And if it is debt repayment, then by how much do we expect the finance cost to go down following this?

Dr. Harin Kanani: The Board has just approved the QIP and we basically expect, as a temporary measure yes, it will be basically for debt reduction. And the main purpose of this is that, we are seeing many future opportunities. For example, in my opening remarks, I mentioned the Government of India is planning battery material supply chain PLI as well as after Morita JV, we have also seen a very strong demand in the international market. And we would like to be ready for that. The current salt capacity that we have in place will cater to either the US demand fully or our India demand. But we have to be ready for

a situation where we need to take care of both. Of course, this is something that does not have to happen immediately, but as the business develops, we have to be ready for that.

We also have to be ready the way organo-lithium business is progressing if we have to increase some capacity. And we also want to get into the next phase of R&D where from just the basic process, we need to invest in R&D where we are working on battery performance improvement by novel additives and novel electrolyte design. So to be ready for these and few other opportunities which are in front of us. The board decided it would be good to de-leverage the balance sheet and reduce the debt so that we are ready to capture any of these growth opportunities which are expected to present in front of us. That is the main guidance. I would request Mr. Gopikrishnan Sarathy, CFO to comment on how much the finance cost would be reduced.

Gopikrishnan Sarthy: I would say at full INR 600 crore, naturally. If at all I repay, whatever (amount) I repay, you can just multiply that with the interest rate, say, 8% to 8.5%. You can multiply it and take it as interest saving.

Dr. Harin Kanani: So, may be roughly, if the entire thing is repaid, roughly around INR 40-50 crore for the reduction annually once we settle. But it is subject to, as I said, if there are some other opportunities. So, considering that, we will have to decide what is the final interest rate saving.

Abhijit Akella: Yes, sure. And just, so number one, on the battery PLI component scheme that you spoke about. Would it be possible to help us understand may be the broad contours of what might be offered by the Government? Is it CAPEX-linked incentive, is it opex-linked incentive? And how much in quantitative terms could Neogen potentially hope to benefit from it?

Also, any expansion that you consider because of all of these developments, what would the timeline to embark on such an expansion be? Do you have to do that by the end of this year or may be sometime closer to say, approaching optimal utilization of your current expansion?

Dr. Harin Kanani: Yes. Regarding the PLI scheme, I think this is still under discussion by the Government and while it is at quite advanced stage, not yet finalized. So, it would not be right for me to comment on that because ultimately this is Government policy and only once the scheme has been published, we should basically consider it.

But the broad idea or the main intent of the Government is to support localization of cell production. Because as we mentioned, the Government is seeing very high growth in the demand for the ACC PLI, the cells, and unless there is a local production, there will be a strong dependence on imports internationally. So, any restrictions can limit our plans to reduce dependency on oil through EV or through ESS storage.

Considering this as a very strategic area, the Government has already re-announced the bid for 10 gigawatt hours to make sure that the entire 50 gigawatt hours ACC PLI there are recipients. They also want to increase the number of recipients. So, the revised scheme, the 10 ACC PLI is targeting 2 to 3 different players, minimum 2 to 3, so that there are at least 4 or 5 PLI recipients. So, this is what the Government's current target is. And, to increase the competitiveness because the Indian industry, like Neogen and few other battery material supplier, are competing against Chinese or other companies

where already more than 100 gigawatt hours of capacity is available. So, to give us some kind of a level playing for the initial, the Government is considering these options.

Any step by the Government would be helpful - whichever form - whether it is CAPEX or OPEX. More important is the intention of the Government to support the industry and the desire to have local supply. Of course, this was already part of the ACC PLI requirement, but now the Government is more proactively ready to support whichever stage, each and every stage, which is a positive sign for Neogen.

In reference to your second question, when the capacity increase would be triggered, I think, we will be very careful in triggering this. Once we have full visibility of the utilization of the existing (facility), only after that it would be triggered. But we have to appreciate that anything in the battery we do, requires around 12 to 18 months to set up the capacity and then another at least 6 months to 12 months to qualify. Therefore, we need to plan at least 2-2.5 years ahead of whenever you expect the capacity. So, we will take a call based on that, but currently there are no specific timelines. We just want to be ready so that if needed, Neogen is ready to take action in that area.

Abhijit Akella: Thank you. So these PLI incentives, would you expect to pass along to the customers, or would you think that the industry could retain them? That is question number one. Second was, some of these cell manufacturers in India, they have Chinese technology partners, like for example Exide and Amara Raja. And there is an understanding that maybe the technology partners might be asking them to use Chinese electrolyte formulations itself. In that context, how easy is it for us to break through with these guys with Japanese formulation? And in that context, how confident are you about the FY29 guidance for full utilization of electrolyte or what exactly underpins the confidence over there?

Dr. Harin Kanani: Sure. So, again in reference to how the PLI benefit will be shared, I think it is too premature to discuss till the Government actually comes out with the PLI scheme. But what we expect is that it puts us at par and while electrolyte is a local required material, it has to be bought locally. But the ultimate aim is that when the customer is doing that, they are not paying a heavy price as against what are international prices. So, to remove the disparity between prices in international and in India. So, that would be the first concern - to make sure that the customers receive a very competitive price in line with whatever are the global prices so that (the prices of) the cells which they are making are also very competitive. So, that is the main intention of the PLI and that would be the principle with which Neogen would work in by sharing the benefit so that the customer is not having a financial penalty to purchase from Neogen once the Government also gives us the support.

In terms of technology, there is always a period where the cell producers have to work with the technology provider. But that is usually 3 months, 6 months, whatever period. Post that, the customers are free to change over to a local raw material supplier. The PLI further makes it more possible for them to take that on a more active basis. And when it comes to us, we have right now worked with 5 out of 6 large gigafactories which are coming and we are very confident that, we should be able to give them an electrolyte which has a similar performance or better as compared to what they are using currently or what has been proposed by their technology partners.

We are also working on the 6th one, where we can work together, but at least for the 5 we have clarity. Considering that and considering the fact that just today, in current and next financial year, so current

financial year almost 4 out of 6 gigafactories would start and another two would start in, let's say, beginning of the next financial year. This gives enough time to them to reach at least 50%. The combined capacity of these people itself is more than 60 gigawatt hours.

So, even if they hit 50% utilization, we would reach our full utilization target. Normally it takes about a year for somebody to stabilize and the fact that two gigafactories have already started and others will be starting this year, we feel by FY29 they should be at least at 50% or higher utilization.

There is already demand. The good thing is that the demand already exists, it is just the manufacturing needs to get stabilized. So, even if they reach 50% plus kind of utilization level, then Neogen has a very strong case to reach full utilization level. Further, this is just talking of local electrolyte. We will also have international salt business as well, as some of the solvents are also now required under non-FEOC requirements of the 45x. So, the component, the electrolyte salt additive as well as the solvent, can also be sold internationally. Any capacity, if at all unutilized, when we sell internationally, we achieve 70%, 80% of the total value. Considering that, we are confident that, in FY29 as per our original guidance, we can hit full utilization of INR 2,400 crore to INR 2,900 crore revenue.

Abhijit Akella: Got it. Thank you so much. That is very helpful. Just one last thing from me if I may. Just two-three very specific data points. One is, the INR 19 crore revenue from Neogen Ionics this quarter. Possible to break it down between salts and electrolytes?

Dr. Harin Kanani: Largely salts.

Abhijit Akella: Largely salts. Okay, thank you. And any inventory gains during the first quarter given that gross margins seem to have gone up significantly despite rising raw material prices?

Dr. Harin Kanani: Indirectly, in a sense that we had some older inventory but when we were selling it, we got some benefit out of that.

Abhijit Akella: Possible to quantify that?

Dr. Harin Kanani: Very difficult.

Abhijit Akella: Okay, all right. And the last thing was, you know, you mentioned that the guidance upgrade is largely due to the organo-lithium business, which I guess is clubbed within organic chemicals, right? But organic chemicals revenues have been largely range-bound between say INR 180 to 190 odd crore for the last four quarters, whereas it is actually inorganic that has gone up very sharply in the last three-four quarters. So, if you could please just explain that a little bit?

Dr. Harin Kanani: Yes. As I explained that organo-lithium also supports inorganic growth. If we are looking at a Q-on-Q basis consecutive quarters, this was already increasing. So, as we mentioned, we reached the full utilization. But even the previous quarter was 70%, 80. So yes, this is the time when our new capacity was fully utilized, and we reached our highest revenues. So, some of the organo-lithium capacity increase was already built in say Q3 and Q4 and now we hit the peak. But when you look at a year-on-year comparison, there is a sharp difference in organic because of that.

Moderator: Thank you very much. The next question is from Jason Soans from IDBI Capital. Please go ahead.

Jason Soans: Thank you for taking my question. Just wanted to understand. First thing, I missed out on the revenue guidance for the base business. Could you just repeat that for FY27 and FY28 both? We clocked in around INR 826 crore in FY26, so just wanted to know what is the increase guidance for FY27 and FY28 just for the base business?

Dr. Harin Kanani: Yes. This year's target we had originally given INR 875 to 950 crore, but based on the Q1 performance, we revised it to INR 950 to INR 1,050 crore. We feel the base business should be able to cross INR 1,000 crore in the current financial year. For the next year, we had expected around 10% to 15% growth. We have not given a specific number for FY28, but we feel it will have at least a more than 10% growth because we are not doing any significant capacity as of now.

The focus next year would be to stabilize the business, optimize the business, make it more efficient in terms of margins and in terms of working capital. So, in the base business, the next year's focus will be to further streamline the business and optimize it. We feel, with the same capacity, at least we should get at least 10% to 15% increase. So, we should be somewhere between INR 1,100 crore to INR 1,200 crore in revenue for the next financial year. However, we will give proper guidance closer to the end of the year.

Jason Soans: Sure. This is assuming the Dahej plant will be back on track of course and there will be a smooth ramp up going ahead, right? For the next two years, one or two years.

Dr. Harin Kanani: Yes. There will be a ramp up in the current financial year and next year we want to work on optimizing because once we have a full utilization which is around that INR 1,000 crore to INR 1,100 crore, we start hitting INR 250 crore to INR 300 crore of quarterly revenues, then the main focus will be on improving the product mix, trying to select for larger volume molecules, reduce the total large number of products that we have. And then focus on margin and working capital efficiencies in the base business.

Jason Soans: And for FY28, what are we running for in battery chemicals? You said INR 300 crore for FY27, but FY28, what kind of revenue are we running for in battery chemicals in FY28?

Dr. Harin Kanani: We have not given a guidance on that, but what we had estimated in the past is that there should be a very strong demand for salt. So, we should have a salt business at 70%, 80% utilization level and the electrolyte also would be between 30% to 50% utilization levels. So, we feel there is a very strong case for us to cross INR 1,000 crore. So, it should be something more than INR 1,000 crore, but the exact number, because all these businesses are just starting, it is better that we provide again towards the end of the financial year.

Jason Soans: Thanks. And just one more question I had. Of course lithium-ion is a very well-proven technology. Now, I just wanted to know. Silicon carbon batteries is also an evolving technology. In premium smartphones etc., it is being adopted rapidly and showing good efficacy. Longevity as well. So, just wanted to know, in that technology also, our electrolytes and salts have the same usage or is any reduction or increase? Could you give some colour on that?

Dr. Harin Kanani: I think when you are saying silicon carbon battery usage, what you are referring to (is) the anode side. The anode side usually is normally only graphite, but to increase the efficiency of the battery, people use a combination of silicon and carbon in the graphite. So, it is still a lithium-ion battery. But instead of just a traditional anode with graphite, you are using silicon carbon graphite, which increases the efficiency and the performance. So, yes, the electrolyte mix changes a bit, the additive changes a bit, but broadly it remains within the same contours where the same plant can make it, the same type of additives are used, only the percentage is optimized a bit when you have this anode for the optimum performance.

Moderator: Thank you. The next question is from Rohit Nagraj from 360 ONE Capital. Please go ahead.

Rohit Nagraj: Yes, thanks for the opportunity. My first question is just a clarification on the legacy business and battery chemical business EBITDA margins for FY27 and FY28. I think I missed it.

Dr. Harin Kanani: For EBITDA margin in the current year, our base is 18% plus-minus 1%, 1.5%. Mostly, once Dahej plant starts, the job work related or such kind of expenses would come down. Again, the first quarter is very strong, but we expect that at least during the year we can maintain the same guidance. So, 18% plus-minus 1%, 1.5%. There will be some additional costs also which should come online once Dahej plant comes and may be it is not fully utilized, so we would like to maintain the same margins.

And next year, depending on how the global macroeconomic (situation) is, we would like to optimize the business a little bit better, and have between 18% to 20% kind of EBITDA margins for the next financial year. So, 18% plus-minus 1%, 1.5% for the current year; next year 18% plus, hopefully not minus, or 19% plus-minus 1% kind of a range for the next financial year. This is for the base business.

It is very difficult to give EBITDA for battery business, so we would maintain 20% ROCE on full utilization levels. So, in FY29, we expect a 20% return on capital on the battery business, which should be around INR 1,800 crore of CAPEX and some working capital requirement. Based on that, you can estimate EBITDA at a full utilization level. Interim EBITDA percentage because lithium price can fluctuate, different capacities would be fully utilized, partly utilized, so depending on that, it is very difficult to predict the exact EBITDA for the current and the next financial year.

Rohit Nagraj: Sure. This is helpful. The second question is, this year, battery chemicals, you said, the components will be INR 200 crore salts and INR 100 crore electrolytes. In case the domestic battery cell capacities get delayed, then probably there could be a delay in electrolyte business. Is that the right way of looking at it? However, the INR 200 crore salts business is largely secured in terms of the contract?

Dr. Harin Kanani: As I explained earlier, what we have done is that for INR 200 crore, we have just considered what we can do from our Dahej capacity and we have not considered the Pakhajan volume. So, what we are trying, that in case if the battery manufacturing gets delayed and we are not able to achieve the INR 100 crore revenue from our battery business from the electrolyte business or if we are falling short, then Pakhajan's contribution in Q4 we have not considered in this guidance. So, we hope with the Pakhajan contribution we can make up and we can still achieve the INR 300 crore revenue.

Rohit Nagraj: Thank you.

Moderator: Thank you. The next question is from Ankur Periwal from Axis Capital. Please go ahead.

Ankur Periwal: Yes. Thanks for the opportunity. First bit on the salt side. Now, given that we have, some initial confirmations and success with global clients, would it be fair to say that the ramp up in salt business for next year will be more or less, full utilization?

Dr. Harin Kanani: Yes, we are also targeting in the next financial year around 70%-80% utilization levels for the salt business.

Ankur Periwal: Sure. And just related to it, any incremental salt capacity or even additive capacity as you highlighted earlier, how much time it will take for you and whether on a basic infra perspective, largely things are in place or it will be more modular or will it require a significant CAPEX?

Dr. Harin Kanani: It will require CAPEX, but we have kept space from timing point of view to add around 2,000-ton capacity for salt in Pakhajan and 500-ton capacity for additives in Dahej. So, around 2.5 kta can come relatively faster. When I say relatively faster means 12 to 15 months kind of a period just to get the capacity online and then, may be approval takes another three to six months. But, yes, and anything more than that, we have to start from the foundation level, so it will take longer time.

So, normal is let us take 15 months - up to 2,000-2,500 tons would be around 15 months just to get the facility online and then may be another three to six months for approval. So, it is still an 18 to 24 months kind of process from the time we decide to get going. So, you know, it is very difficult for that to contribute in this or next financial year. But once we have clarity on FY29, we will have to plan sometime towards the end of FY27 or early FY28 to take care of the requirements in FY29.

Ankur Periwal: Sure. Second bit on organo-lithium as well as the CSM part of the business in the standalone, in core operations. How much time - you said organo-lithium we are largely fully utilized as per the run rate of Q1. What timeframe are you looking at in terms of ramping this up? And secondly on the CSM side, we had plans earlier to scale this part of the business up as well. What are your thoughts there in terms of timelines?

Dr. Harin Kanani: See, we would like to take a view because, while this quarter was the first quarter we hit full utilization, so I think next quarter we would like to propose to the Board about organo-lithium. Fortunately, it will be incremental CAPEX. So it will be less than INR 10-15 crore kind of a CAPEX. So, the value will not be very high. Once we see the business visibility continuing for one more quarter, then we will go ahead and plan at least the initial capacity increase in the existing and then also may be long-term capacity beyond what we can do at the existing and the current site. So, that would be something which should be decided may be at the end of Q2, but broadly in the second half of the current year. This is on the organo-lithium side.

To answer your question on CSM, in a way like the customers are still interested. It is a very broad-based CSM where we have pharma, agro, semiconductor, some flavors and fragrance as well as some specialty material. So, we have four or five industries. The customers are committed, but, in CSM you are actually selling your capacity, not a product. Dahej was our flagship capacity for that. In absence of Dahej, we have not made any further progress. However, all the customers remain engaged. So, once

our Dahej plant restarts and again it is restarting with many improvements also, which we have incorporated, based on our experience. So, it should be even more attractive for our CSM customers. So, based on the outcome of that, we will see (performance of) CSM business. We will have better clarity in the CSM business in the next financial year. The customers would test one more time in this year; and next year we would ramp up further and then depending on how this year and next year go, we will pave the path for increase in the CSM business. So, a dedicated investment to support CSM, I think may come on board by FY29, FY30. So, that is when the CSM business will have a big increase.

Ankur Periwal: Sure. Lastly, on the core working capital. You said peak utilization in FY28 and after that we should see improvement or there should be some improvement in FY27 as well? That is it from my side.

Dr. Harin Kanani: No. FY27 also we would target. So, once our Dahej plant starts and streamlines, then you will see some improvement in FY27, but in the first six months it is very difficult because we are trying to manage this growth as well as getting a new site online. But FY28 we should see a significant improvement on the working capital side.

Ankur Periwal: Thank you from my side and all the best.

Dr. Harin Kanani: Thank you.

Moderator: Thank you. The next question is from Deepak Poddar from Sapphire Capital. Please go ahead.

Deepak Poddar: Thank you very much for this opportunity. First, wanted to understand on this battery chemical CAPEX. Out of INR 1,800 crore, I think INR 1,300 crore we have already spent. So, incremental INR 500 crore would be debt driven? I mean, the incremental CAPEX that we are likely to do? And this CAPEX is likely to get commissioned by FY27 end, in entirety, right?

Dr. Harin Kanani: Yes, I am requesting Mr. Gopikrishnan Sarathy, CFO to confirm if the INR 1,300 crore number is correct; but yes, the entire INR 1,800 would be completed by the end of the current financial year.

Deepak Poddar: And this would be financed by debt?

Dr. Harin Kanani: Debt as well as equity which is going to come from Morita and around INR 40 crore – INR 50 crore of equity that we need to still complete.

Deepak Poddar: Okay, understood. And just wanted to understand on your working capital. I mean, FY26 we were at about INR 860 crore kind of revenue. On that we required about INR 500 crore of working capital, right? So hypothetically in three years - FY29 - if we have to achieve around INR 3,500 to INR 3,700 crore kind of revenue which includes your base business plus the Ionics business. So ideally your working capital requirement might be close to INR 2,000 crore? I mean, even if we assume improvement, that effectively means INR 1,500 crore funding requirement. How are we going to do that? I mean, can you throw some colour on that?

Dr. Harin Kanani: Yes. One thing which we clarified in the beginning of the battery business, because the nature of this business is very different from our pharma, pharma-agro where we have more than 200 plus molecules

and we have more than 350-400 customers that we serve every year and each customer has a specification.

In case of battery business, we have contracts, we have firm demand, and two or three salt and additive, some solvents and electrolyte, so the complexity is much lower. From the beginning, we have guided that the working capital cycle should not exceed more than 90 days for this business.

Also, the base business was largely affected by like some changes in demand in the last two years as well as the fire incident. So, long term what we have is, by the time we reach full utilization, let's say by next financial year, which is FY28, we would be at around 140 days working capital cycle, which is stable, and then beyond this as we grow, our intention is to have larger molecules. So, reduce or increase per molecule business size. With that, it should further improve to may be 110 and 120 days. But in the beginning, first stage would be to reach around 140, 150 days by next financial year and the 90 days cycle would be for the battery business. So, I think with these numbers, you would not need as much capital as what you currently estimate.

Deepak Poddar: What is your expectation? At a consolidated INR 3,500 crore kind of revenue level, what sort of working capital would be required assuming all this improvement that you just spoke about?

Dr. Harin Kanani: I cannot do this math on the fly right now, but if you take 90 days, for INR 2,500 crore kind of revenue and you take 140 days for around INR 1,200 crore revenue, then whatever number comes minus what is today's. But it is something which has already been factored.

Deepak Poddar: Okay, understood. And what is the peak debt we are looking at? I mean, considering this INR 600 crore also you would look to repay the debt, right? So, by FY27 what is the debt level we are targeting?

Dr. Harin Kanani: Before the INR 600 crore planned, the peak debt was around INR 1,800 crore net. And if the INR 600 crore is fully used, then it should be INR 1,200 crore/INR 1,300 crore depending on how much gets used for other applications. It is not just this. We also have insurance proceeds which are going to come, and hopefully working capital cycle also improves as we stabilize the plant. So, we will see. It should be below INR 1,500 crore for sure, closer to INR 1,000 if everything falls in place. Broadly I would say once the INR 600 crore is raised, it should be between INR 1,000 to INR 1,500 like best case-worst case kind of scenario.

Deepak Poddar: Got it. That is very helpful, that would be it from my side. Wish you all the best. Thank you so much.

Dr. Harin Kanani: Thank you.

Moderator: Thank you. The next question is from Shivam Gupta from Trinetra Asset Managers. Please go ahead.

Shivam Gupta: Yes. I want to know that beyond India, which international market do you believe offer the largest opportunity for battery chemicals and what edge does Neogen have in winning global customers?

Dr. Harin Kanani: I think US is the biggest market - one in terms of cell production, where there is a restriction of not depending on a single country. So, I think currently after India, US looks like the biggest market for us or US could be even bigger because the total volume or the capacity which is already existing there is

much larger and many Japanese and Korean cell producers are already active in the US market. So, US is the biggest.

As I explained, the intention is to sell battery electrolyte component, electrolyte salt, lithium additives, and now may be even some of the battery grade solvents. So, together they constitute around 60-70 or 70%, 80% of the cost of the electrolytes.

There are five major electrolyte makers in the US, out of which four have already approved our site. And hopefully the fifth one is also interested once our Pakhajan site starts because that is with a stable Japanese technology. There was a very short time, so they will directly approve the same. So, therefore, we would have access to all the US customers through these four or five major electrolyte makers. The advantage of Neogen is that - for example, some of the international partnerships - for electrolyte solvents it is based on whatever we have designed with Mitsubishi technology or our LiPF6 is with Morita technology.

Having established technology as compared to somebody who is just starting new, gives a lot of confidence to the customer. I think that is the advantage that we offer. We can scale capacity relatively quickly as compared to other geographies and we already have a site. So, the same site which is currently Pakhajan site is starting at a 30 gigawatt hours for salt and electrolyte, but has a room to go up to 100 gigawatt hours. Therefore, the incremental CAPEX would be even more efficient as compared to somebody starting new. I think these are the things that we offer to our customers.

Shivam Gupta: Okay. Thank you.

Moderator: Thank you. The next question is from Namra Shah from Northern Arc Capital. Please go ahead.

Namra Shah: Yes, thank you. I have a question on Neogen Ionics. Since most of the Ionic's revenues are currently coming from the ACC PLI scheme players, what happens to offtake if these customers miss their own PLI targets or slow down their production? Because the ACC PLI scheme has been slowing down a bit since its inception. And is Neogen actively building a non-PLI customer base to reduce its dependency?

Dr. Harin Kanani: Just to clarify, as I answered one of the previous investors, majority of the revenue is coming from electrolyte salts, which is in the international market. So, currently is not that we are just doing for PLI. The second point is that the PLI is not slowing down, just the start of the plants took longer than expected because battery cell production is very complex. And as I explained and also as is in our investor presentation, almost six companies which are building together 60 gigawatt hours of cell production capacities are coming online, have already come online or coming online in the current year or by next year. Once they come online and they will take about a year to stabilize. And the starting capacity is two times of Neogen's existing installed capacity. Therefore, we feel it is PLI or non-PLI, electrolyte has to be made locally and then, you know, Neogen right now has the largest capacity with an internationally stable Mitsubishi technology. So, we are not just dependent on PLI benefits.

Namra Shah: Okay. And secondly, I wanted to ask that the liquid electrolytes have a limited shelf life as I have studied. What is the management thinking about the logistics and lead times for exports if we are exporting electrolytes? Because it becomes difficult to export short shelf life articles.

Dr. Harin Kanani: Yes, that is why we are not planning to export electrolyte. We will export electrolyte components, such as, electrolyte salt, additives, solvents, etc., which are stable. Electrolytes are for the local market.

Namra Shah: Okay. And finally, I wanted to ask with a consolidated debt-to-equity at 1.4 versus standalone at 0.68 and Neogen Morita now authorized to borrow INR 500 crore additionally, what is the peak consolidated leverage amount the management is comfortable with and when does the INR 600 QIP start de-leveraging the balance sheet rather than just funding more CAPEX?

Dr. Harin Kanani: Neogen Morita's INR 500 crore approval is basically some of the loans which were already planned by Neogen Ionics Limited which will now shift to Neogen Morita. So, it is not a additional debt. It is in line with whatever we had decided. Only it will shift to Neogen Morita. So we wanted to have the approvals in place. That is not increasing the debt. And as we explained earlier, that once we complete, the peak debt should be somewhere around INR 1,000 to INR 1,500 crore, to begin with. That would significantly reduce the debt-equity ratios.

Namra Shah: Okay. And the final question from me is the electrolyte salt capacity. Long-term plan is to consume it entirely captively for in-house electrolyte production or we have more room for merchant sale strategy for the salt itself?

Dr. Harin Kanani: Its both.

Namra Shah: We are aiming to have more merchant sale and little bit on the in-house production?

Dr. Harin Kanani: No. We would like to do maximum in-house production, which would be in consultation with the customer. At the same time, we are already serving international customers, so they also remain our focus. Both are equally important for Neogen. The volumes can change from time to time depending on how much is the demand in the local market and how much is the demand in the international market. We will keep monitoring that and then plan our capacities accordingly.

Namra Shah: Thank you.

Moderator: Thank you. The next question is from Sajal Kapoor from Anti-fragile Thinking. Please go ahead.

Sajal Kapoor: Yes. Thank you for taking my questions. Over the last five years, Neogen reported a very healthy cumulative INR 582 crore of EBITDA, but on the operating cash flow, it has been a negative INR 93 crore number even including the FY25 insurance inflow. Some of this clearly reflects, necessary CAPEX and CAPEX cycle related drag on the balance sheet. The question really is, what structural changes are required for at least 70% of EBITDA to consistently translate into operating cash flow and when we might expect to see that kind of a conversion going forward? That is my first question. Thank you.

Dr. Harin Kanani: One of the points is that, when we start the battery business, our working capital cycle requirement there is significantly lower, 90 days as opposed to 140 days target in the base business. And of course, it has been higher, which has been the case in the last two-three years due to various difficulties we have faced or challenges that we faced.

In the base business, what we expect is that today, till we reach INR 1,000 crore and then we have a full utilization level, the business model today requires around 140 to 160 days of working capital cycle because of the large product mix. As we get more into CSM molecule where the single molecule is INR 50 crore, INR 100 crore, or even our own target, own molecules which are developing, we are targeting a INR 50-100 crore single molecule. As we have more molecules of these types, then the working capital cycle further improves.

Actually this has been a challenge because, last five-six years Neogen has grown and historically we used to keep, as a de-risking strategy, no single molecule to be higher than 10% of the revenue. That was the internal target during our initial growth times. So, five-six years back that number was around INR 30 crore. Today, when we are hitting INR 1,000 crore, we should have molecules which are INR 100 crore or round about that. But so far we have not been able to scale up because these were largely going to come from agro and CSM business. Last two-three years, agro slowed down and the CSM business also took a hit because of the fire. I think once we are able to move to such large volume molecules, then the working capital cycle will further improve in the base business.

And on the electrolyte side, we are right from the beginning targeting a 90-day conversion cycle, which should be more efficient. Whether it hits your 70% number or not, I am not able to do the mental math right now, but at least it should be significantly better than now.

Sajal Kapoor: No, that is helpful, Dr. Kanani. Any sort of ballpark, is it fiscal 2029 and thereafter or looking at the pipeline, no one is sure about the agro cycle recovery in the industry, but from where you are and based on the CAPEX that you have planned and the kind of working capital we expect both, on the Neogen Ionics and the base business, what is the first year you expect that, the pain on the balance sheet and the cash flow to be behind and we could just be realistic. Yes, I understand it may not be 70%, it may be 60% or whatever, but whether in the first year we can see that, going forward starting this year, we expect consistently positive operating cash flow?

Dr. Harin Kanani: I cannot promise consistently positive cash flows because Neogen will always be growing. But as I have said, we want that once we reach full utilization levels in this year, next year which is FY28, we would want to optimize the business. So whenever we make some structural changes or select molecules which are more capital efficient or working capital efficient or margin efficient. That would be the target in FY28. So, FY29 is where you will have a full year, with an optimized kind of a business. And the future growth also will come considering that. And then FY29 is also the year where you will have a full utilization of our initial investments into the battery. So I think FY29 would be a very good year from cash flow conversion point of view for Neogen Chemicals.

Battery represents a very strong opportunity. So, operating cash flow would be positive. But free cash flow, because depending on how much investment we are doing at that point in time for the battery or even for the base business, would rise for CAPEX around that time, for future to maintain the growth. So, I am not able to answer on that part, but the business would be very efficient from working capital standpoint by FY29.

Sajal Kapoor: Thank you.

Moderator: Thank you. The next question is from Umang Gada from Abena Investment Management.

Umang Gada: Yes. First of all, thank you for the opportunity. Most of my questions are answered, but I needed one clarification on the salt bit. You have mentioned that we have a formula-based pricing which is dependent on the LCE - lithium carbonate pricing and most of our capacity is booked by the customers. So, can you explain that how much this pricing is influenced by the spot pricing of the salts and whether the spot pricing impacts our contracted capacity that we have with our customers?

Dr. Harin Kanani: I think the spot price would be more, till the majority of the customers follow the contracted price. It is only in the interim we get into we start supplying under the existing contract or we enter into similar contracts with some of the established players till such time, and this is largely being driven by the requirements for having non-FEOC kind of a supply. Once we shift to that, hopefully majority of our demand should be met by that. So there is no dependency on the spot market.

And similar thing we are also targeting for our electrolyte business, where we are not impacted by the spot market. Because spot market is very volatile, so it is very difficult to do business that way. But in the interim, till all these come into place, we may have to sell for a few quarters or may be in the future once everything develops a certain percentage is spot market and certain percentage is contracted, but currently the target is for everything to be under contracted terms.

Umang Gada: This situation post FY29 only, right?

Dr. Harin Kanani: No. Post Q4 current financial year. Because by the time we hit the current financial year, already there is a demand for non-FEOC. So sales starting in the current financial year Q4 should be under the contracted base.

Umang Gada: If I extrapolate this, are you saying that the US customers that we have, they are okay to pay a little higher pricing to us compared to the China pricing, just for risk diversification or we are a backup supply to them? How do these things in the pricing work?

Dr. Harin Kanani: Not higher price, but a fair price, which is a consistent reliable price. For example, China prices are sometimes very low and sometimes extraordinarily high; whereas here they will have a very predictable price which is only linked to lithium and, the conversion margins are also more predictable. That is what they get. We had seen a period of four or five years when we entered the contract where overall they were making more money over a three-year or four-year period with a contracted price rather than follow very low spot price and then sometimes exceptionally high prices in case of a shortage. I think that is the basic logic.

And in addition to this, China risk-free and a second backup supply, there is also policy guideline in the US where it is called 45X tax credits. To get this tax credit, a certain value addition or certain percentage of the supply has to be free from supply from foreign entities of concern. So, in such a case, they need to have a non-China kind of a source. To achieve the benefit they want from the subsidy which they are going to get from the Government, it is a precondition in addition to the backup and supply security.

Umang Gada: Thank you.

Moderator: Thank you. We will take the last question from Jason Soans from IDBI Capital. Please go ahead.

Jason Soans: Thanks for taking my question again. Just wanted to know, you did mention that organo-lithium did hit peak capacity utilization in Q1. So, I just wanted to know is there any seasonality attached to this? I understand that probably the inorganic chemicals piece, which is basically related to HVA choline, that must have seen some seasonality impact. Now, just wanted to know in terms of organo-lithium, what is the exact reason for this demand picking up so sharply and do you see this demand being sustainable going ahead?

Dr. Harin Kanani: Yes Jason. In the last one year, if you remember, we took this business sometime middle of FY24, and the lithium prices suddenly decreased and there were some instability around that. Later, in the next two years, we have worked to basically get ourselves approved in the international market. Then also when we took over this business from the previous company, they had only one major product and only three or four customers. Now the customer base has been fairly diversified. After that we needed the additional capacity. So, additional capacity came online one year ago and then during the whole of last year, we gradually kept increasing, reaching the revised full utilized capacity by the end of the current Q1. So, it is something which we have been working on for two years. In fact, if you see when we took over one year back, whatever was the volume which was sold, now we are selling every month. So, in two or three years, the demand that we have been able to generate with a diverse customer base is almost 12 times. This is some of the advantage of having a bigger customer base and bigger product base where we are into with many customers. So, once we go through the approval cycle, we can ramp up new molecules in the same industry much faster. That is the main driver. And we still see stronger and stronger demand, more international approvals are coming. So, to keep up with that, we are adding more capacity.

Jason Soans: Sure. And just a follow up to that. End-user industry-wise, which is the biggest segment for organo-lithium? Will it be pharma?

Dr. Harin Kanani: Yes. Today pharma is the biggest segment. There is also use in agro which is ramping up. There is also use in semiconductor where we have just got an approval and we are expecting more volumes. And then there are some other very specialty polymer type applications where this is used. So, it is again multi-industry applications. But yes, for us right now pharma is the biggest driver, but pharma and semiconductor honestly are the two biggest drivers here. Agro is just picking up and we are also working in other industries where we are expecting approvals soon.

Jason Soans: Sure. Thanks a lot for that. Thank you so much.

Moderator: Thank you very much. I would now like to hand the conference over to the management team for closing comments.

Dr. Harin Kanani: Thank you everyone for your time, insightful questions, and continued interest in Neogen Chemicals. Should you have any further questions or require additional details, please feel free to reach out to our

investor relations team. We look forward to interacting with you again next quarter. Have a great day ahead. Thank you again.

Moderator: Thank you very much. On behalf of Neogen Chemicals Limited, that concludes this conference. Thank you for joining us, ladies and gentlemen. You may now disconnect your lines.