

Neogen Chemicals (NEOGEN) – ADD

Result Update

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| Current Market Price (CMP) Rs.1,669 | Fair Value (FV) Rs.2090 |
|---|-----------------------------------|

Rationale:

- Reported an in-line quarter, with steady qoq results from the base business.
- Ramp-up of the battery chemicals business is running behind expected timelines.
- Our FY25-26E estimates undergo sharp cuts owing to the delay.
- But we retain FY27E estimates, expecting traction by then.
- The medium-term story remains promising amid numerous battery capacity plans.

(CSM-Custom Synthesis Manufacturing; EPS-Earnings Per Share; EBITDA- Earnings before Interest, Tax, Depreciation, and Amortisation)

Q3FY25 Result Update:

👍 Positives:

- Revenues grew 4% qoq/22% yoy versus an easy year-ago base.
- BuLi Chemicals ramped up to optimal utilization, as it commenced exports.
- Management has reiterated FY26 revenue guidance of Rs950-1000 cr from base business.
- Management pointed at more than 5 giga factories expected in India by end-FY27.
- Continue to see good potential for battery chemicals business and CSM business.
- They have enterprising management, first-mover advantage & client relationships.

👎 Negatives:

- Cut EPS estimates for FY25/26 to reflect delayed pick-up in battery chemicals revenues.
- EBITDA margins dipped 60 bps qoq, primarily due to higher other expenses.

[Click here](#)

For detailed report dated 3rd Feb 2025. Note: CMP & valuation may differ due to difference in dates.



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