

October 21, 2024^(Revised)

Neogen Chemicals Limited: Ratings Withdrawn

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term fund-based limit – Term loan	254.00	254.00	[ICRA]A- (Stable); Withdrawn
Long-term fund-based limit – Cash credit	260.00	260.00	[ICRA]A- (Stable); Withdrawn
Short-term fund/non-fund - based limit – Others	69.61	69.61	ICRA]A2; Withdrawn
Short-term non-fund based – Other	137.69	137.69	[ICRA]A2; Withdrawn
Long term/ Short term unallocated Limits	3.70	3.70	[ICRA]A- (Stable)/[ICRA]A2; Withdrawn
Total	725.00	725.00	

*Instrument details are provided in Annexure-I

Rationale

ICRA has withdrawn the ratings assigned to the bank facilities of Neogen Chemicals Limited (NCL/the company) at the request of the company and based on the documents shared by the company which is inline with ICRA's policy on withdrawal of ratings. ICRA does not have information to suggest that the credit risk has changed since the time the rating was last reviewed.

The key rating drivers, liquidity position and rating sensitivities have not been captured as the rated instruments are being withdrawn. The previous detailed rating rationale is available at the following link: [Click here](#).

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Policy on Withdrawal of Credit Ratings Chemicals
Parent/Group support	Not Applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has consolidated the financials of NCL. The entities considered in the consolidated financials are given under Annexure-II

About the company:

Neogen Chemicals Ltd. is an over 30-year-old company specialising in bromine-based compounds, Grignard reagents and inorganic lithium salts. The company was founded by Mr. Haridas Kanani, a chemical engineer from the Indian Institute of Technology (IIT), Mumbai. At present, Dr Harin Kanani, who also is a chemical engineer from IIT, Mumbai, and a PHD holder, runs the day-to-day operations of the company.

Over the years, Neogen has developed several bromine-based intermediates and is a leading manufacturer of these products. Its specialty chemicals are used in pharmaceutical, agro-chemicals, engineering chemicals, electronic chemicals, construction

chemicals, aroma chemicals, flavours and fragrances, and other industries with new upcoming usage in lithium-ion battery materials for energy storage and EV application. The company serves across 29 countries (USA, Europe, Japan and Middle East). It has over three decades of supply and quality reliability track record with leading companies.

Currently they have four plants in Mahape, Vadodarp, Dahej and recently acquired BuliChem plant in Hyderabad with a combined capacity of 3600 MTPA for inorganic chemicals and 463 Kilo litre of reactor capacity for manufacturing organic chemicals.

Key financial indicators (audited):

	FY2023	FY2024	Q1 FY2025*
Operating income	686	691	180
PAT	49.9	35.5	11.5
OPBDIT/OI	16.3%	15.9%	17.2%
PAT/OI	7.3%	5.1%	6.4%
Total outside liabilities/Tangible net worth (times)	1.2	0.9	
Total debt/OPBDIT (times)	3.3	3.7	
Interest coverage (times)	3.9	2.6	3.1

PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; Amount in Rs crore; *Unaudited

Status of non-cooperation with previous CRA: NA

Any other information: None

Rating history for past three years:

Instrument	Current (FY2025)			Chronology of rating history for the past 3 years					
	Type	Amount Rated (Rs Crore)	21-Oct-24	FY2024		FY2023		FY2022	
				Date	Rating	Date	Rating	Date	Rating
Short term-others-non fund based	Short Term	137.69	[ICRA]A2; withdrawn	11-Mar-24	[ICRA]A2	20-Dec-22	[ICRA]A 2+	-	-
Short term-others-fund based/non fund based	Short Term	69.61	[ICRA]A2; withdrawn	11-Mar-24	[ICRA]A2	20-Dec-22	[ICRA]A 2+	-	-
Long term-term loan-fund based	Long Term	254	[ICRA]A-(Stable); withdrawn	11-Mar-24	[ICRA]A-(Stable)	20-Dec-22	[ICRA]A (Stable)	-	-
Long term-cash credit-fund based	Long Term	260	[ICRA]A-(Stable); withdrawn	11-Mar-24	[ICRA]A-(Stable)	20-Dec-22	[ICRA]A (Stable)	-	-
Long term / short term-unallocated-unallocated	Long Term/Short Term	3.7	[ICRA]A-(Stable)/[ICRA] A2; withdrawn	11-Mar-24	[ICRA]A-(Stable)/[ICRA]A2	20-Dec-22	[ICRA]A (Stable) / [ICRA] A2+	-	-

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long-term fund-based limit – Term loan	Simple
Long-term fund-based limit – Cash credit	Simple
Short-term fund/non-fund - based limit – Others	Simple
Short-term non-fund based – Other	Simple
Long term/ Short term unallocated Limits	Not Applicable

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click Here](#)

Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Long-term fund-based limit – Term loan	FY2019-FY2021	NA	FY26 - FY28	254.00	[ICRA]A-(Stable); Withdrawn
NA	Long-term fund-based limit – Cash credit	NA	NA	NA	260.00	[ICRA]A-(Stable); Withdrawn
NA	Short-term fund/non-fund - based limit – Others	NA	NA	NA	69.61	[ICRA]A2; Withdrawn
NA	Short-term non-fund based – Other	NA	NA	NA	137.69	[ICRA]A2; Withdrawn
NA	Long term/ Short term unallocated Limits	NA	NA	NA	3.70	[ICRA]A-(Stable)/[ICRA]A2; Withdrawn

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis

Firm	Ownership	Consolidation Approach
Dhara Fine Chem Industries	90%	Equity Method
Neogen Ionics Limited	100%	Full Consolidation
Buli Chemicals India Private Limited	100%	Full Consolidation

Corrigendum: Document dated October 21, 2024 has been revised with the following change:

Some of the key financial indicators for FY2024 and Q1 FY2025 have been corrected in the Key Financial Indicators table on page-2.

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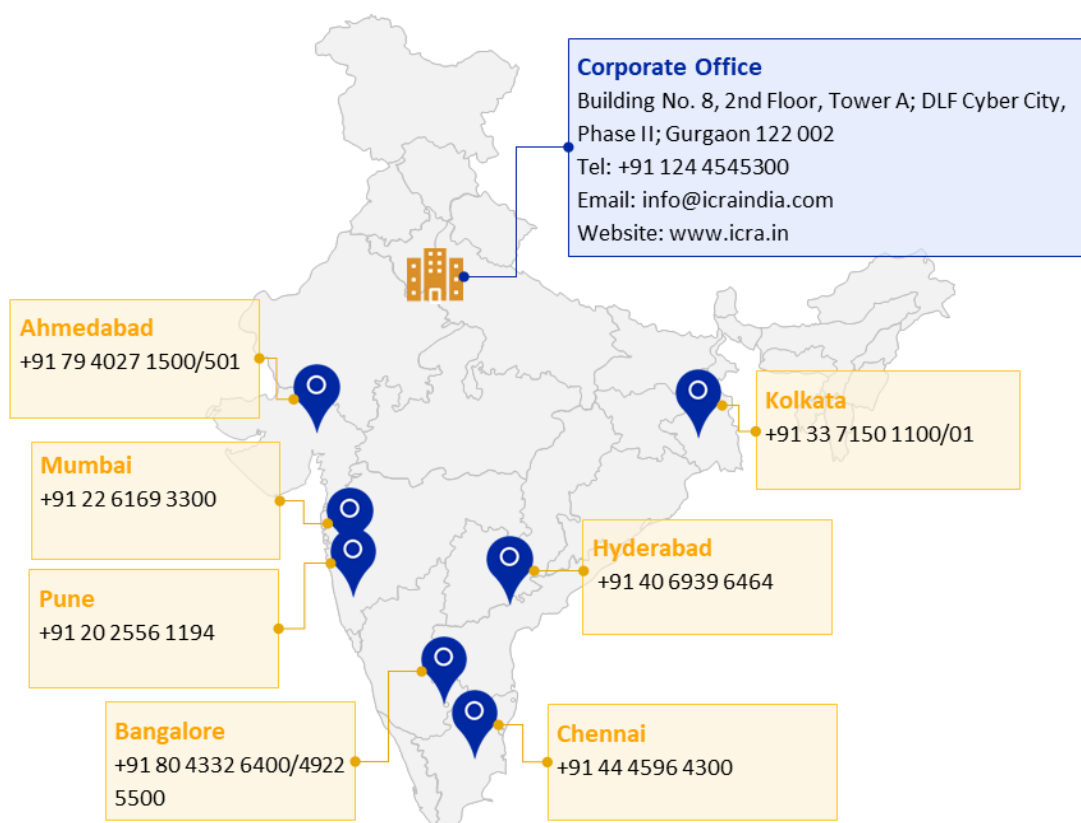
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