NEOCHEM
Enabling Growth

Date: 27th May, 2026

To,
Listing Department,
National Stock Exchange of India Limited
Exchange Plaza, C-1, Block G,
Bandra Kurla Complex,
Bandra (E)
Mumbai – 400 051

Scrip Code: NEOCHEM

Sub.: Transcript of Earning Call for the Financial Year and half year ended on March 31, 2026

Dear Sir/Madam,

We wish to inform you that pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the transcript of the earnings call with analysts and investors held on May 22, 2026 with respect to the financial results of the Company for the Financial Year and Half Year ended on March 31, 2026, has been made available on the website of the Company at the link: https://www.neochem.in/

A copy of the transcript is annexed herewith.

This is for your information and appropriate dissemination.

Thanking You,

Yours faithfully,
For NEOCHEM BIO SOLUTIONS LIMITED
(*Formerly known as Neochem Bio Solutions Private Limited and Neochem Technologies Private Limited*)

Swapnil Rameshbhai Makati
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SWAPNIL RAMESHBHAI MAKATI
Managing Director
DIN: 00188382

“Neochem Bio Solutions Limited

H2 FY26 Earnings Conference Call”

May 22, 2026

MANAGEMENT:	**MR. SWAPNIL MAKATI – MANAGING DIRECTOR – NEOCHEM BIO SOLUTIONS LIMITED** **MR. PRADIP SOLANKI – CHIEF FINANCIAL OFFICER – NEOCHEM BIO SOLUTIONS LIMITED** **MR. SHAMIK NAGAR – ASSOCIATE DIRECTOR, BUSINESS OPERATIONS – NEOCHEM BIO SOLUTIONS LIMITED**
MODERATOR:	**MR. RUTUL SHAH – ATLAS CAPITAL, INVESTOR RELATIONS ADVISOR – NEOCHEM BIO SOLUTIONS LIMITED** **MR. KHUSHI JAIN – SHARE INDIA SECURITIES**

Moderator: Ladies and gentlemen, good day, and welcome to the H2 FY26 Earnings Conference Call of Neochem Bio Solutions Limited. 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 call, please signal an operator by pressing star then zero on your touch-tone phone.

I now hand the conference over to Ms. Khushi from Share India Securities. Thank you, and over to you.

Khushi Jain: Good afternoon, everyone. On behalf of Share India Securities, I welcome you all to H2 and FY26 earnings conference call of Neochem Bio Solutions. We have with us management represented by Mr. Swapnil Makati, Managing Director; Mr. Pradip Solanki, CFO; Mr. Shamik Nagar, Associate Director, Business Operations; and Mr. Rutul Shah from Atlas Capital, Company's Investor Relations Advisor.

Now, I hand over the floor for the opening remarks, post which we will open the floor for Q&A. Thank you and over to you, sir.

Swapnil Makati: Good afternoon, investors. Thank you, everyone, for joining this call. It is my pleasure to welcome you to Neochem Bio Solutions Limited's maiden earnings conference call, following our successful listing on the National Stock Exchange Emerge platform. We sincerely appreciate your participation today, and thank you for your interest in our company.

FY26 has been a defining year in Neochem's journey. During the year, we strengthened our institutional foundation as a listed company, expanded our specialty product portfolio, deepened our customer relationships, advanced our sustainability agenda, and delivered strong growth across key financial parameters.

Before discussing our performance in greater detail, allow me to briefly introduce Neochem Bio Solutions Limited, particularly for those investors who may be engaging with the company for the first time.

Neochem Bio Solutions Limited is a specialty performance chemical manufacturer, with roots dating back to 1978, when our founding family entered the dyes, colors, and chemical business. What began as a modest trading enterprise serving Gujarat's textile ecosystem has, over nearly 5 decades, evolved into a manufacturing-led specialty performance chemical company focused on delivering performance-enhancing solutions across multiple industrial applications like textiles processing, home and personal care, paints and coatings, and other allied industries.

Our business is built on three enduring strengths; deep application expertise, long-standing customer relationship, and continuous focus on innovation and product development. These capabilities have enabled us to establish ourselves as a trusted partner for customers seeking improved process efficiency, product performance, and increasingly sustainable chemistry solutions.

A significant milestone in our evolution was achieved during FY26 with our successful IPO and listing on the NSE Emerge platform. We view this development as much more than just a capital raising event. It reflects our commitment to high standards of governance, transparency, and accountability, while providing a strong platform to pursue the next phase of growth.

Turning to our performance, FY26 was a year of strong execution and meaningful progress across the business. Revenue from operations for the year stood at INR110.7 crores, representing growth of over 32% year-on-year. EBITDA increased by 53% year-on-year to INR22.6 crores, with EBITDA margins improving to 20.4%, an expansion of over 300 plus basis points over the previous year.

More details on the financial results will be covered later in this call. Meanwhile, I shall now hand over the call to Mr. Shamik Nagar, Associate Director, Business Operations to share our overview on capacity utilization, industry and segment-wise percentage revenue breakup.

Shamik Nagar: Good afternoon, all. Let me now touch upon an important aspect of Neochem's growth story. Our integrated manufacturing facility located at Moraiya, Ahmedabad, has an installed capacity of 22,000 metric tons per annum.

Over the last few years, capacity utilization has steadily improved from approximately 35% in FY24 to 53% in FY26. As utilization levels continue to improve, we expect to benefit from stronger fixed cost absorption and operating leverage, supporting sustainable margin expansion over time.

Equally important, with nearly 47% capacity headroom still available within our existing facility, we possess significant embedded growth potential without requiring major manufacturing capex in the near term. In addition, our land parcel at Dholka provides strategic flexibility for the next phase of expansion whenever business requirements warrant additional capacity creation.

Now, let me share the industry-wise percentage revenue. For FY26, Textile holds 74.35%, HPC holds 13.57%, Paints and Coatings holds 6.23%, Dyes and Chemicals holds 0.83%, and Miscellaneous holds 5%. On the comparison to FY25, which was 85.24% for Textiles, 10.30% for HPC, 3.69% for Paints and Coatings, 0.76% for Dyes and Chemicals.

Now sharing the segment-wise percentage revenue. For FY26, Esters 26.54%, Polymers 28.71%, Silicones 17.45%, and Surfactants 27.30%. On comparison to FY25, 13.65% for Esters, 43.30% for Polymers, 12.12% for Silicones, 30.93% for Surfactants.

I shall now hand over the call back to Mr. Swapnil Makati to discuss the strategic standpoints and financials.

Swapnil Makati: Dear investors, beyond financial performance, the past 5 years have also been important from a strategic standpoint. The first area I would like to highlight is sustainability-led innovation. Across global chemical markets, sustainability is increasingly becoming a core procurement criteria rather than a preference.

Customers are actively seeking solutions that reduce environmental impact while maintaining performance standards. Recognizing this shift early, we have steadily expanded our portfolio of bio-based and environmentally responsible formulations.

Today our offerings include plant-based softeners, vegan ester quats, phosphorus-free chelating agents, glucose-derived surfactants, natural clay-based processing solutions, and many more. During the year, we further strengthened our portfolio through the launch of product categories such as FabBrite series, which purely focuses on sustainable one-mark solutions for textiles pre-treatment by reducing number of inventory chemicals and shortening the cycle timeline.

Ampinol series, which accelerates the post-dyeing washing and soaping agents. Avakote series, which are high-performance surface enhancers for paint and coatings. Each of these products are designed to improve customer productivity, efficiency, and sustainability outcomes.

The second strategic development is the continued growth of our Home and Personal Care, or what we call the HPC segment. When we entered this business in FY24, it contributed to just 2% of our revenue, which has grown further to 14% in FY26. The progression reflects both the attractiveness of the business and the increasing confidence customers place in Neochem as a specialty ingredient partner.

We view HPC as a strategically important growth area, given its favorable industry dynamics, higher value-added product opportunities, and alignment with long-term consumer trends such as premiumization, hygiene awareness, and sustainable ingredients.

The third strategic development is our partner with Lamoral Coatings from Netherlands. Lamoral is a specialty manufacturer of bio-based fluorine-free water and stain repellent technology used for textile and construction applications. This partnership, which started in FY24 on trial basis, was commercialized in last financial year and we have got the traction of few large corporate customers in this fiscal.

This partnership is particularly relevant as global markets transition away from conventional PFAS-based chemistries in response to increasingly stringent environmental regulation. Through this collaboration, Neochem is bringing advanced fluorine-free technology to the Indian market while leveraging our application expertise, customer relationship, and distribution capabilities. We believe this partnership positions us at an intersection of two powerful industry trends: sustainability and performance-driven chemistry.

The fourth area is R&D, Research and Development. Our dedicated R&D and application development center at Moraiya facility continues to play a central role in driving product innovation and differentiation. Our development efforts are focused on three key areas: process innovation that improve customer efficiency; bio-based formulations that support sustainability objectives, and import substitution opportunities across the performance chemical category, which is niche.

Our development pipeline continues to expand across textiles, coatings, paints, and personal care applications. We believe sustained investment in R&D will remain a critical driver of long-term value creation.

The fifth strategic pillar is international expansion. Today our products reach customers across 12 countries including Bangladesh, Australia, Vietnam, Singapore, Thailand, Indonesia, Canada, Egypt, South Korea, Turkey, Ukraine, and Uzbekistan.

Exports currently account for around 5% of our revenue of FY26 and we believe that this represents a significant long-term opportunity. Our approach to international expansion has been deliberate and disciplined, focusing on markets where we can provide technical support, ensure regulatory compliance, and build sustainable customer relationship.

Now I shall share our financial performance. I will take you through financial performance for H2 FY26 and FY26 annual numbers. As briefly mentioned, revenue from operations for FY26 stood at INR110.7 crores, representing a growth of 32% year-on-year, driven by broad-based demand across our product portfolio and end-user industries.

Total income for the year stood at INR113.4 crores, also reflecting a growth of 32% year-on-year. EBITDA for FY26 increased to INR22.6 crores, registering a growth of 53% year-on-year. EBITDA margin expanded by 321 basis points to 20.4% compared to 17.2% in the previous year. The improvement in profitability was driven by a combination of favorable product mix, higher capacity utilization, operating leverage benefits, and continued cost discipline across the business.

It is worth noting that our business exhibits a degree of seasonality with approximately 55% of annual revenue typically generated during the second half of the year, and nearly 30% plus during the fourth quarter alone. As a result, receivables of the year-end are naturally influenced by the timing of the revenue recognition and collection.

Furthermore, as we continue to grow the business, higher receivable base is a natural consequence of supporting increased customer activity and sales volume. Importantly, collections remain healthy, intact, and as of May this fiscal year, more than 35% of our FY26 year-end receivables have already been realized.

Raw material cost remained broadly aligned with the revenue growth, reflecting a relatively stable input cost environment during the year. Finance cost remained largely stable despite business expansion, supported by phase deployment of IPO proceeds and repayment of borrowings.

As the full benefits of our de-leveraging efforts flow through, we expect finance cost to moderate further over time. Profit after tax for FY26 stood at INR12 crores, representing a growth of 62% year-on-year. PAT margin improved by 197 basis points to 10.6%, reflecting both operating leverage and improved profitability across the business.

Turning to second half performance, revenue from operations H2 FY26 stood at INR64.9 crores, reflecting a growth of 37% year-on-year as compared to H2 FY25. EBITDA for the period was INR12.6 crores, translating into an EBITDA margin of 19.4%, while PAT stood at INR6.9 crores.

Moving to balance sheet, FY26 witnessed a significant strengthening of our financial position. Long-term borrowings were substantially reduced to just INR0.7 crores in FY26 from INR14.3 crores FY25. This reflects our disciplined approach to capital allocation and our decision to utilize a portion of IPO proceeds towards repayment of legacy debt.

As a result, our balance sheet today is considerably stronger and provides greater financial flexibility to support our future growth initiatives. The benefits of this de-leveraging are visible in our leverage metrics as well. Our debt-to-equity ratio has improved significantly from 1.8 in FY25 to 0.2 in FY26.

Short-term borrowings stood at INR17.1 crores and primarily comprise of working capital facilities used to support inventory and receivable funding requirements. These facilities are aligned with the operating needs of a growing manufacturing business and remain well within the prudent levels.

Overall, we believe FY26 reflects the strength of our operating model, scalability of our manufacturing platform, and continued focus on profitable growth while maintaining a disciplined capital structure.

With that, I would like to conclude my comments. And thank you everyone for joining us today, I am open for all your thoughtful questions and your continued interest in Neochem. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. We'll take our first question from the line of Apaar Bansal from Planify Capital VentureX. Please go ahead.

Apaar Bansal: Hi. Good afternoon, everyone. Thank you so much for the opportunity. I wish many congratulations to the management. Sir, you have just said that most of the debtors have been realized. So I want to know whether the sales growth we are catering to is from new customers or we have added more capacities to the existing ones?

Swapnil Makati: So Mr. Apaar, the business model is such that we cater to our customers through our distribution partners. And while we were doing our IPO, we had explained to our prospective investors that the business model of Neochem till 2022 was broadly catering through white label business. But from 2022, we expanded our business under our own brand through our distribution partners.

As you know, we have a set of distribution partners, and naturally customer penetration through these distribution partners will continue. So we will keep on adding newer customers, but broadly the distribution partners remain more or less the same. At the same time, we also have certain key direct corporate customers, which we have been adding over the past few years and which will continue further.

Apaar Bansal: Sir, my second and last question is that you had mentioned the water-based solution. So from the technology we have tied up with, are we manufacturing or trading that technology in India?

Swapnil Makati: So as of now, the arrangement is that initially we are building volumes for the product in India for both the companies to come to economies of scale to further do the technology transfer and make the product in India. While the agreement and the understanding from both sides is the same, that we build a certain volume and then the manufacturing happens in India.

As of now, we are their distribution partner for South Asia, and informally, it has been concluded that we are going to get further more territory of all Southeast Asian countries, which will be further documented in coming 1 or 2 months. We are exclusive partners for Lamoral for the entire region.

Apaar Bansal: So is there any guidance on whether we are going to add more technology partnerships with established players?

Swapnil Makati: As a part of our overall strategy, we aim to bring certain technologies to India which no one is manufacturing in India, as a distributor or representative, build certain volumes, and then make it feasible for us and our partners to manufacture the product in India for our requirements as well as for their global requirements.

Moderator: Thank you. We'll take our next question from the line of Agastya Dave from CAO Capital. Please go ahead.

Agastya Dave: Sir, thank you very much for your opening remarks. They cleared a lot of doubts about the results and congratulations on good set of numbers. Sir, I am particularly intrigued by the fact that last three years have seen a significant jump in your margins. Can you take us through a little bit more in detail, maybe it has some product introductions or mix changes? What explains this significant jump in margins when vast majority of the chemical industry has been struggling?

And second, sir, you mentioned in your opening remarks the reasons why we see elevated receivables. I get that point, sir, and I appreciate it. But I would also like to point out that even if I look at the YoY comparison, the year-ending phenomenon would be the same for the last two years, right? Still, there is a jump in receivables as a percentage of revenues. So where do you see it settling over a period of time?

Swapnil Makati: First, while replying to the previous question, I explained the business model changes that we implemented. We changed the product mix and the customer mix. Wherein till FY22, we were broadly doing white-label business, which was 75% of our business then, but FY26 has given us more than 80% of Neochem's own-brand business, wherein the product is sold under our label through our own channel and through our own sales team members.

So while we were doing intermediate product manufacturing and the value addition was done by other brands, now we are doing our own value addition, and that's where the enhanced profitability has resulted year-on-year over the last three years, and it will further continue.

Secondly, on your question on the elevated receivables, if I give you an example from the last financial year, in the month of April '25, we did sales of around INR6.3 crores including GST, while we closed March '26 at INR15.6 crores including GST.

So while the trade receivables show a weighted average, this particular year is showing a slightly elevated number. Having said that, we understand that it is again going a little out of line as compared to our previous numbers, and we aim to bring it to around 120 days, maybe by H1 FY27 or latest by the end of FY27.

Agastya Dave: Going back to the first question again, the reason I asked the margin question, even though you had replied earlier, is this: if I tally that up with the capacity utilization, it's not as if you are running at a very high capacity utilization. So even if my numbers are correct, sir, you are at roughly 50%-55% capacity utilization today. Even at such low utilization levels, you are still able to command such high EBITDA margins. And the gross margins have not changed. That is another thing that I noticed.

On a gross profit per ton basis also, it is kind of flattish. I mean it has gone up slightly, but I would still say it is flattish compared to how the EBITDA margins have moved. So, is it the manufacturing element or the distribution element which is adding more to the margins?

Swapnil Makati: So Mr. Agastya, what happens is that we are not a specialty chemicals company, we are a performance chemicals company, and the capacity utilization cycle is generally a little more delayed. The peaking of capacity utilization is broadly a little more delayed as compared to specialty chemicals, because ultimately our products are used by end consumers somewhere, and the approval cycles are a little longer. So even if we choose to ramp up our capacity utilization very quickly, it may not give us the desired result in a balanced way. So we have chosen to utilize it wisely while maintaining healthy top-line and bottom-line growth numbers.

Secondly, when you consider percentage margins, the gross revenue margins broadly remain flattish in percentage terms while the EBITDA increases. So you will have to evaluate this in terms of absolute numbers, because even though we have crossed INR100 crores for the first time in our history, the scale is still not that large wherein the percentage and the absolute numbers may not correlate perfectly. So the absolute numbers are increasing, and because of that there is better visibility in our EBITDA and PAT.

Agastya Dave: Sir, can the market support like a 30% growth for you guys for the next two-three years like you have done this year?

Swapnil Makati: So broadly if you see -- yes, our business right now would have around 33% to 35% gross margin levels, around 18% to 20% EBITDA, and around 11% to 12% PAT. This has been the journey of all our peers who have now scaled up well, and I'm sure Neochem will continue this journey and remains sustainable.

Agastya Dave: Sir, I meant the volume growth numbers. The company has delivered approximately 30% volume growth. Again sir, these are my calculations, so I am not entirely sure whether they are accurate, as I have back-calculated them.

Swapnil Makati: So we delivered exactly 26% volume growth year-on-year and 32% value growth.

Agastya Dave: But do you think this is sustainable? 30% growth for the next two-three years, because the scale is still small?

Swapnil Makati: We are still at a lower base where this growth is sustainable. Moreover, just to give you a glimpse, since 75% of the business is still in textiles, there has been a lot of consolidation in multinational companies, wherein Indian companies that are providing the right products and right services are getting significant benefits. Neochem is also trying to leverage this opportunity, wherein we still have substantial headroom for growth.

Moderator: Thank you. We'll take our next question from the line of Marmik Khandelwal from Aarth AIF. Please go ahead.

Marmik Khandelwal: Hello sir. Congratulations on the great number. What has been the impact of West Asia crisis on the prices of our raw materials?

Swapnil Makati: So the West Asia crisis started happening on 28th February, and we just had one month before the close of the financial year, which was also the first year where Neochem had to report its earnings because of the IPO. So we were very vigilant. We already had a good amount of inventory, and we were very vigilant in terms of transferring the pricing impact to the customers.

So the approach that we had, because we had seen the FY21 supply chain crisis, we had already experienced the peak at which the prices started increasing, and around 30% of the raw materials that we use are directly related to crude.

So there was an immediate price rise, but we maintained a good balance of existing inventory, incoming inventory, and spot market prices, and had good communication with our customers and started implementing the price increase to them. And fortunately, this was an overall industry practice this time, so that ultimately helped us as well.

Having said that, March gave fantastic results because of the price rise and customers wanted to hold stocks. April was also fantastic, but now that the prices are cooling off a little bit, we see that customers are in a wait-and-watch mode for a couple of weeks, and broadly, they will start procurement again for their next production cycle. It definitely has more psychological impact rather than actual ground impact as of now, but we still have to see how things move ahead.

Marmik Khandelwal: Okay, sir. Understood. And, if this war continues, will we be able to maintain the EBITDA margins of 18-20%, which you just mentioned?

Swapnil Makati: Sir, in a very honest answer, no one anticipates war and their projections, because the war will not only impact Neochem or my industry, it is going to impact all industries. So we hope that good sense prevails and the war concludes immediately. But having said that, with a plus-minus 10% variance, we still feel that our numbers and projections should remain intact if the war continues.

Marmik Khandelwal: Okay. So, if war continues, you are saying that you will be able to give 10%-12% of PAT margins?

Swapnil Makati: We have also withstood the impact of the Russia-Ukraine war and still demonstrated growth. This war was expected to finish in seven days, but it has now been almost three months. So things are still ongoing, so let's see.

Marmik Khandelwal: Okay sir. Understood. And sir, how much revenue came from bio-based esters and surfactants?

Swapnil Makati: So, esters accounted for around 26% of revenues, and when we say esters, 80%-90% of the products falling under the esters category are from the bio-based category. Surfactants, predominantly as a pre-defined strategy, we wanted to bring it down to around 25%. Last year it was around 31%, which has now come down to 27%.

Marmik Khandelwal: And sir, bio-based esters as we talk about, does it provide a natural hedge against the volatility in the crude market, because it is derived from plants?

Swapnil Makati: Partially yes. First, it fits within the customer's procurement criteria; secondly, it is safe. It also caters to a lot of ESG compliances globally. And when I say partially yes, there are certain activities wherein crude prices or the West Asia crisis may have an impact in terms of logistics, because supply chain is also a part of our business and utilities are also a part of our business. If gas is a problem or diesel is a problem, then the bio-based category may see some impact. But broadly, from a raw material-to-raw material comparison, we remain very positive about bio-based products.

Marmik Khandelwal: And how much percentage of revenue do we expect from the exports in, next two to three years?

Swapnil Makati: We anticipate maintaining the FY25 export contribution level of around 9%. Having said that, Bangladesh remains a very vital market in the textile chemicals business, and the Bangladesh turmoil, along with the India-Bangladesh relationship, saw some impact last year. Now things are improving and there is a stable government. Our activities have resumed again, and we hope to recover the gaps that were there in the last fiscal within this year.

Marmik Khandelwal: And how much revenue is there from Bangladesh?

Swapnil Makati: So broadly around 20% of FY25 export came from Bangladesh. But it's an entire cycle, sir, that it's not only one country. Lot of things are interconnected. So we saw some hit there, but broadly we see that in next three years Neochem's target is that we should have 30-35% revenue coming from exports.

Marmik Khandelwal: And as you spoke about trade receivables, how much of the trade receivables is due for more than two years? Is there any such case?

Swapnil Makati: No, there is only one line item which is more than two or two-and-a-half years old, wherein the trade receivable is still on the books because the matter has gone to the NCLT, where the judgment is pending. The amount is INR27 lakhs for Morarjee Textiles. That's it. So beyond two years, there is nothing. I may be a little vague here and there by a couple of months, so when I say two years, it is broadly in the two to two-and-a-half-year category.

Moderator: Thank you. Next question is from the line of Nirav Bhanushali from Systematix PMS & AIF. Please go ahead.

Nirav Bhanushali: Thanks for the opportunity and congrats on good set of numbers. Sir, I wanted to know that current utilization on the FY26 basis is close to 52%. So how should we see this volume growth or, let's say, utilization ramping up over the coming two to three years?

And my other question was regarding the realization front. Our blended realizations improved this year by close to 95,000 per ton. So how should we view this increase in realizations for our products due to the current crisis, and going forward, how are we seeing pricing on that front?

Swapnil Makati: So the capacity utilization, as we have already achieved 26% volume growth last year, and we expect to grow on similar lines, broadly we anticipate that by the end of the current fiscal year, we should reach around 65% capacity utilization. We are putting in all our efforts to optimum capacity utilization soon.

Nirav Bhanushali: So my question was regarding the realizations. Our realizations improved in FY26 versus FY25 by around 3%-3.5%, and as we see, we are changing our mix vertically more towards specialized chemicals and other sectors instead of textiles. So how should we see these realizations going forward?

Swapnil Makati: Yes. So definitely our product mix is the key driver of our overall profitability, and while choosing products like Lamoral, while expanding into home and personal care, and while offering concentrated products, the average price realization will continue to increase. Realizations would also see some impact from price increases as well.

But broadly, we would like to take our realizations to a slightly higher level. To give you an example, our average products are priced at less than INR100 per kilo, while the Lamoral products that we deal in are more than INR1,500–INR1,700 per kilo. So you can see the impact that this will bring to the overall picture.

Nirav Bhanushali: And second thing is like this margins we have reported, should we take it as at a sustainable level, 17% or how we should go forward with that?

Swapnil Makati: So yes. As I have said in our pre-IPO meetings, and as I am reiterating today, we believe these margins are sustainable for this kind of product mix and the industries that we currently cater to, around 35% gross margin, around 18% to 20% EBITDA margin, and around 10% to 12% PAT margin.

Moderator: Thank you. Next question is from the line of Mukesh Panjwani from WC Securities. Please go ahead.

Mukesh Panjwani: Congratulations on good set of numbers. What is the share of textile chemicals in the mix right now?

Swapnil Makati: So while my colleague Shamik was giving his brief, in FY22 we were 100% into textiles, in FY25 we came down to 85%, and in FY26 we concluded at less than 75%. Going forward, over the next three years, while we will continue to grow in textiles, the textile contribution should come down to below 50% of the total revenue.

Mukesh Panjwani: Okay. And sir, can you throw some light on how are the margins in textile versus non-textile?

Swapnil Makati: So, I'll split this answer into two parts. First is the industries that we cater to, while the margins are primarily based on the product mix, wherein there are multiple formulations under the four declared categories: esters, polymers, silicones, and surfactants. Broadly, each category has products ranging from 20% gross margin to even 60%-70% gross margin. So the product mix is the key margin-balancing factor, rather than any one particular industry.

So that would be the key aspect. Scalability will come from different industries. It may happen that HPC becomes so large that the textile business appears relatively smaller over the next five to seven years.

Mukesh Panjwani: So my next question is related to our trade receivables and trade payables. Can you throw some light on how in our trade receivables, the debtor days have gone up from 108 to 161, and on the other hand our days payable have gone down from 117 to 56. What is the reason behind that?

Swapnil Makati: Quarter four itself contributed over 32% of our annual revenue. So the figure that you see in the books, which is around INR48 crores as trade receivables, reflects a weighted average of around 160 days. However, that INR48 crores represents just around 97 days of sales from the last fiscal. So there has been a temporary peak because of that, number one.

Number two is trade payables. Since the Government of India has MSME payment mandates, naturally we have to clear a significant amount of MSME payments towards the end of the year, and that is one impact.

Secondly, the war started on 28th February, so naturally maintaining inventory, procuring it as quickly and cost-effectively as possible, and utilizing the working capital raised through investors' support became the priority. That is why payables have gone down while receivables are slightly on the higher side, which should normalize very soon.

Moderator: Next question is from the line of Deepak Poddar from Sapphire Capital. Please go ahead.

Deepak Poddar: So I was just trying to understand — from FY24 to FY26, our revenue has increased from INR60 crores to INR111 crores, almost doubling. However, our employee cost and other expenses have remained relatively flattish. Employee cost stood at around INR8 crores, whereas other expenses reduced from INR7 crores to INR6 crores. I have rarely seen such a phenomenon, so could you please explain why this has happened?

Swapnil Makati: So Deepakji, I wish you also had the prior two years' numbers, which are currently not available with you. So there are two strategies: either you increase the business and then build the team, or you build the team first and then increase the business. So we started deploying the right kind of team members from FY21, and that is why from FY22 onwards you are seeing strategic shifts in terms of product mix, customer mix, and geography mix.

So the introduction of Neochem to 12-plus countries within a short span of three to three-and-a-half years could not have happened without the team.

The complete shift from OEM business or white-label business to our own-brand business also could not have happened without the team. So we had incurred a significant employee cost from FY21 onwards, wherein the results started becoming visible from FY23. So once you have the team in place, you do not need to keep adding more and more people. It is just that performance takes a certain amount of time to reflect.

Deepak Poddar: But normal inflationary growth in employee cost is generally visible in most of the companies, right?

Swapnil Makati: So while you also employ a lot of people, there may be situations where some of them do not gel well with the company or the company's policies and therefore look for better opportunities. So there may have been some additions and some exits, maybe 5%-7% here and there, but broadly the employee cost has peaked, and it is now time for the team to deliver performance, which they are already demonstrating through exemplary results.

Deepak Poddar: Okay. And then why have other expenses come down? I mean, other expenses are also a part of your business expenses, right? If your business is doubling, ideally other expenses tend to increase.

Swapnil Makati: So broadly, the fixed costs remain the same. It is better capacity utilization that drives the improvement. And during FY21, FY22, and FY23, we participated in a lot of trade shows and exhibitions across the world. You do not continue doing the same thing again and again. So thereafter, you consolidate that strategy and focus more on ground execution.

So if you wish, we will be happy to share our FY21 and FY22 numbers with you separately over email, and you can go into the details there.

Moderator: Next question is from the line of Archit Agrawal from Steptrade Capital. Please go ahead.

Archit Agrawal: My question is, despite the strong revenue growth in FY26, operating cash flow has turned negative. Could you break down how much of this growth was driven by volume, pricing, or whether there were any extended credit terms provided?

Swapnil Makati: Yes. So Architji, when you talk about extended credit terms, that is more linked to the trade receivables, which I have already addressed multiple times. However, I would say that the negative operating cash flow is primarily because of the increase in receivables while we have cleared a significant portion of the payables. So the gap has increased due to that, and this is one such year where it has happened.

Because we are in a working capital-intensive manufacturing business, and post IPO this was expected to happen, we believe this should normalize in the coming year.

Archit Agrawal: And what is the timeline, when we can expect this normalization? Is it FY27?

Swapnil Makati: Broadly by the current fiscal year-end, it would be quite healthier than what it is today.

Moderator: Thank you. Next question is from the line of S Shah from Vivog Commercial Limited. Please go ahead.

S Shah: Hi. Amazing numbers. Firstly, the blended margins are in the 30s, but could you please share some insight into which segments are likely to deliver better margins and which segments the company is targeting going forward?

Secondly, is there any capex planned, considering that we are currently operating at lower capacity utilization levels? So is there any planned capex over the next few years that we should be aware of?

And thirdly, while we are targeting exports of 30%-plus in the near term, which countries are we targeting for this growth?

Swapnil Makati: So on your first question, madam, regarding the profitability breakup across categories, the general trend is that each category has multiple formulations, and the product mix within each category becomes the key profitability driver.

However, strategically, Neochem has started focusing more on bio-based esters and silicones, and that is where you are seeing significant growth in those two categories. We would like these two categories to contribute around 55% to 60% of our total revenue over the next two years. That is where customer stickiness is higher, where the business becomes more stable and consistent, and where it also provides relatively better profitability as compared to polymers and surfactants.

On your second question regarding capex, we will not require any major planned capex over the next one-and-a-half to two years. However, ours is a formulation-driven business wherein certain formulations may require a couple of equipment additions or some lab testing equipment, which is an ongoing requirement for any manufacturing company. These are not very significant capex costs that we would need to plan separately for.

And on the third question regarding exports, yes, we have targets and plans for Neochem to achieve around 30%-35% exports as a share of total revenue. Broadly, South Asia, Southeast Asia, and parts of Africa would remain the key focus regions, because that is where the major buyer traction is expected to come from as a manufacturing partner.

However, we also have certain plans to introduce a few of our products in the North American markets. Europe remains a little more conservative because of REACH compliance requirements. We are still awaiting clarity on the impact of the FTA with Europe. But given the right opportunity, we would definitely plan expansion there as well. For now, South Asia, Southeast Asia, and Africa remain our major focus areas.

Moderator: Next question is from the line of Shreyash Awsare from Genuity Capital. Please go ahead.

Shreyash Awsare: I wanted to elaborate on the previous question. Earlier, you had explained the industry-wise and segment-wise percentage breakup. So could you tell us more about the key segments that you are targeting going forward, and whether there are any industries where you plan to strategically reduce focus over time?

And my second follow-up question is regarding the ongoing geopolitical tensions. How do you see their impact on the export market? Earlier, you had explained that exports currently contribute around 5%, so could you provide some further guidance on that as well?

Swapnil Makati: So sir, regarding the question on which would be the key industry category, if you have seen the presentation that we uploaded, Neochem is currently catering to around 10 industries. However, the three key focus industries over the next three to four years would be textiles, home and personal care, and paints and coatings.

Textiles will definitely remain a strong growth driver for Neochem because we have completely changed the product mix in textiles compared to what we were doing earlier, and we still have significant headroom for growth.

Secondly, home and personal care ingredients and paints and coatings are segments where the India consumption story, as well as the regional consumption story, plays a very vital role. These segments will provide significant scalability to Neochem over the next three to seven years.

Over the next three years, these segments could become comparable to the textiles business, while textiles itself will continue to grow. However, beyond that, textiles may gradually saturate, and a larger share of the business could come from these two industries.

Shreyash Awsare: Thank you. And my second question was regarding the geopolitical tension and your export mix.

Swapnil Makati: So we see that the countries involved are now trying to arrive at an amicable solution, because the situation is impacting both sides as well as the world at large. And we always have to remain optimistic that this will conclude soon.

However, we have navigated the last three months well, and the reported numbers also reflect the performance during this period. We believe we will be able to sail through this situation as well. I do not think this would become a major problem, although some impact would definitely be there. Let us hope that good sense prevails.

Moderator: Thank you. Next question is from the line of Yash from Mavira. Please go ahead.

Yash: Congratulations on a very good set of numbers, and thank you for the opportunity. My first question is regarding R&D spends. What have our R&D spends as a percentage of revenue been historically, and what is the target level that we foresee going forward?

Swapnil Makati: So broadly, Yash, while we had launched our IPO in H1 and the RHP was filed at that point in time, R&D spend was around 2% of our revenue, and broadly FY26 also closed at around 2%. We would like to maintain it in the range of around 2% to 3% for this year, and thereafter it would be need-based, because we have already completed a significant amount of R&D, where the projects are now getting commercialized and coming onto the production floor.

Now, apart from the two documented R&D parameters, what we are currently focusing on is process optimization for customers and lowering their utility load, which is one part of the documented R&D activity. The second is converting animal- and plant-based synthetic chemistry into bio-based chemistry.

The third area that we have started working on, wherein the products are expected to be commercialized very soon, involves very niche and high-priced products that are currently imported, and where Neochem can create import substitution opportunities by manufacturing them locally.

So these are the three key parameters on which we are carrying out R&D, but broadly around 3% would be the target number for this year.

Yash: So my second question is with regard to the new products. What does the product pipeline look like for FY27, and could you also throw some light on the new product launches that you mentioned on Slide 28 or 32 in your presentation?

Swapnil Makati: Yes. So we have recently launched the FabBrite series of products. Under the FabBrite series, there are already two products launched, and there will be multiple more products going forward. The focus is on reducing customers' inventory requirements for the pre-treatment of fabrics. Normally, in pre-treatment, customers require more than seven to eight products, wherein just one or two products from FabBrite can replace the entire process.

Secondly, it reduces their processing time by more than 25%-30%, saves a significant amount of water, and enables an alkali-free process, which reduces the effluent load. So these are some of the key bottlenecks of our customers that we are trying to solve. We have received fantastic results on the ground, and the products have already started commercializing. FabBrite is one of the key focus projects that we are pursuing in textiles.

Similarly, we have launched a universal rheological modifier for home and personal care products in the name of Ampinol LDT. We have also launched a wax emulsion for paints and coatings, which competes against a very large multinational company. It is a very premium product. So these are a few examples that we have documented in the presentation.

Going forward, we are focused on creating an entire range of anti-foam products across 10 industries. Anti-foam products could become a separate business category altogether, with a wide range of applications.

Moderator: We'll take our last question from the line of Agastya Dave from CAO Capital.

Agastya Dave: Thank you for the opportunity again. Actually, all the questions that I wanted to ask in this round have already been addressed. Sir, just one small request: the sooner you move to a quarterly reporting structure, the better it would be. This is a request I make to every SME company. Sir, please consider it, as it becomes quite difficult for investors.

Swapnil Makati: Yes, Agastya, I fully acknowledge your point. Broadly, we have a very active and well-governed Board, and even the Board members are of the opinion that we should follow this practice. We have been listed only a few months ago.

Allow us some time, because we would like to start the process properly and ensure continuity thereafter. We intend to remain very proactive with our investors and equally proactive regarding the steps that need to be taken. So we should be able to fulfill your expectations sooner or later, although maybe not in the first half of this year. We will review it after H1.

Moderator: Thank you. I now hand over the call to the management team for closing comments. Over to you, sir.

Swapnil Makati: Thank you very much to all the investors. I hope I was able to answer all your questions well. If you need any further information, you can connect with us through Atlas Capital, our IR consultant.

Moderator: Thank you, sir. On behalf of Neochem Bio Solutions Limited, that concludes this conference. Thank you all for joining us and you may now disconnect your lines.