

August 11, 2025

To

BSE Limited
Department of Corporate Affairs
P. J. Towers, Dalal Street,
Mumbai- 400 001
Scrip ID-540025

National Stock Exchange of India Ltd.
Exchange Plaza, Plot No. C/1, G Block
Bandra-Kurla Complex, Bandra (E)
Mumbai- 400 051
Scrip Code-ADVENZYMES

Dear Sir/Madam,

Sub: Transcript of Conference call held on August 06, 2025 for the Un-audited Financial Results for the quarter ended June 30, 2025

In furtherance to our intimation letter dated July 31, 2025, please find enclosed the Transcript of the Conference call held on Wednesday, August 06, 2025 with Analysts and Investors for the Un-audited Financial Results of the Company for the quarter ended June 30, 2025.

The aforesaid information is also being uploaded on the website of the Company.

Kindly take same on your records.

Thanking you,
Yours Faithfully,

For Advanced Enzyme Technologies Limited

Sanjay Basantani
Company Secretary and Head - Legal

Encl.: As above



“Advanced Enzyme Technologies Limited Q1 FY '26 Earnings Conference Call”

August 06, 2025



MANAGEMENT: MR. VASANT RATHI – CHAIRPERSON – ADVANCED ENZYME TECHNOLOGIES LIMITED
MR. MUKUND KABRA – WHOLE TIME DIRECTOR – ADVANCED ENZYME TECHNOLOGIES LIMITED
MR. BENI RAUKA – GROUP CHIEF FINANCIAL OFFICER – ADVANCED ENZYME TECHNOLOGIES LIMITED
MR. RONAK SARAF – INVESTOR RELATIONS MANAGER – ADVANCED ENZYME TECHNOLOGIES LIMITED

Disclaimer:

This is a transcription and may contain transcription errors. The transcript has been edited for clarity, readability, etc. The Company takes no responsibility of such errors, although an effort has been made to ensure high level of accuracy.

Kindly Note, there could be unpublished price sensitive information that would have been shared /discussed during the call. Complying with the SEBI regulations, we have shared Audio Transcript to the Stock Exchanges and the Company website on August 06, 2025 for information of public at large.

Moderator: Ladies and gentlemen, good day, and welcome to the Advanced Enzyme Technologies Limited Q1 FY '26 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

With this, I now hand the conference over to Mr. Ronak Saraf, Investor Relations Manager, for opening comments. Thank you, and over to you, sir.

Ronak Saraf: Thank you. Good evening, everyone. Welcome to the Advanced Enzyme Technologies Q1 FY '26 Earnings Conference Call. We hope you have gone through our financials, press release and the presentation, which has been posted in the Investor Relations section of our website.

We have with us Mr. Vasant Rath, Chairperson; Mr. Mukund Kabra, Whole-Time Director; and Mr. Beni Rauka, Group CFO. Today, the management will discuss the performance and business highlights, update on strategies and respond to any questions that you may have. As is usual, for the ease of discussion, we will look at the consolidated financials.

But before we start, I would like to draw your attention to the fact that some of the information shared during this call, particularly our plans, strategies and future outlook, may contain forward-looking statements. These statements involve inherent risks and uncertainties and are based on current expectations, forecasts and assumptions.

Actual results may differ materially from those expressed or implied in these statements, influenced by a range of factors, including, but not limited to, economic conditions, changing government policies, regulatory developments and other unforeseen circumstances.

Participants are cautioned not to place undue reliance on these forward-looking statements as they are not guarantees of future performance and should not be viewed as a substitute for independent judgment. The company undertakes no obligation to update or revise any such statements, whether as a result of new information, future events or otherwise.

So without any further ado, we shall commence this call. Over to you, Vasant sir.

Vasant Rath: Good evening, everyone. I really appreciate you all for taking out your valuable time and extend a heartiest welcome to everyone joining us today on the conference call for the quarter ended 30th June 2025.

I'm happy to report that fiscal year 2026 has started on a healthy note. Despite the geopolitical tension and economical challenges, the global economy outlook is improving and inflation also appears to be well managed.

Coming to the performance of this company, reported an overall improvement on a year-on-year basis. Growth was witnessed across all business segments in which we operate. The improvement in the top line was primarily driven by robust performance in the Human Healthcare business as well as continued momentum in the Animal Healthcare segment. We also observed an improvement in our B2C revenue in U.S.A. On the operational front, the raw material prices remained stable during the quarter.

We have clocked highest ever quarterly revenue. Our top line for the quarter stood at INR185.9 crores or INR1,859 million, reflecting a 20% year-on-year growth and an 11% increase compared to the previous quarter. EBITDA came at INR564 million, which is 10% increase year-on-year and 24% rise quarter-on-quarter. Our EBITDA margin for the quarter stood at 30%. Moving to profitability. Our profit after tax reached INR404 million, registered a 16% growth year-on-year and impressive 51% increase quarter-on-quarter. The PAT margin stood at 22% for the quarter.

Now I will take you through our segment-wise revenue performance for the first quarter of FY '26 and compare it with both year-on-year and sequentially with the quarter 4 FY '25 and quarter 1 FY '25.

Let's begin with the Human Healthcare, our largest segment. Revenue for quarter 1 FY '26 stood at INR1,221 million, marking a 21% year-on-year growth and 19% quarter-on-quarter increase. This strong performance is on account of good demand in pharma/API sector. Human Healthcare remains the core of our portfolio, contributing 65% of our total revenue.

Next, we have Animal Healthcare. Revenue rose to INR260 million, reflecting 51% increase year-on-year and 24% growth quarter-on-quarter. This improvement is due to increased traction in the domestic and Asian markets. Animal Healthcare now accounts for 14% of our total revenue.

Turning to bioprocessing. This segment recorded revenue of INR236 million, while there was a 6% decline year-on-year and a 15% sequential drop, we believe that this is a temporary dip. The food business degrew by 11% on a year-on-year basis and 24% on Q-on-Q basis. The non-food business grew by 11% on a year-on-year basis and 28% on a Q-on-Q basis. The segment still contributed notable 13% to the overall business.

Lastly, in Specialized Manufacturing, we reported INR142 million in Q1 FY revenue, up 29% year-on-year, although slightly down 8% quarter-on-quarter. This segment represents 7% of our overall revenue.

We have taken a step forward in our clean energy sustainability initiative. One of our subsidiaries, JC Biotech, is collaborating with Raywatt Solar Power Systems. These moves aim to meet our electricity requirements through solar energy in a cost-effective and sustainable manner with a long-term perspective.

Additionally, we have established a new subsidiary, Advanced Nutrazyme Private Limited, which will focus on the sales and distribution of company's nutrition and wellness product range. We anticipate this growth trajectory continues in all our segments in coming times. We will bring more resilience in our business to enhance long-term sustainability value proposition for all our stakeholders going ahead.

With this, I will now hand over the call to Rauka ji, he will walk you through the financials and key subsidiary numbers.

Beni Rauka:

Thank you very much sir. Good evening, everyone. I hope you all are in good health and doing well. The financial performance on a consolidated basis for the first quarter of fiscal 2026.

On year-on-year basis, our revenue increased by 20% from INR1,545 million to INR1,859 million. Our EBITDA increased by 10% from INR512 million to INR564 million, which is about 30% of our sales. Profit before tax increased by 13% from INR487 million to INR549 million.

Profit after tax increased by 15% from INR350 million to INR404 million, which is about 22% of our sales. On sequential basis, Q-on-Q, revenue increased by 11% from INR1,672 million to INR1,859 million. EBITDA increased by 24% from INR456 million to INR564 million. Profit before tax increased by 26% from INR435 million to INR549 million. Profit after tax increased by 51% from INR267 million to INR404 million.

Regarding our subsidiary numbers, JC Biotech revenue stood at INR211 million, EBITDA of INR33 million and PAT of INR14 million during the quarter as compared to INR159 million, INR24 million and INR7 million, respectively.

Evovx top line stood at INR70 million with EBITDA of INR14 million and PAT of INR7 million during the quarter as compared to INR47 million and negative EBITDA of INR7 million and PAT negative of INR15 million, respectively, during the corresponding quarter of FY '25.

SciTech Sales stood at INR145 million with EBITDA of INR4 million and negative PAT of INR8 million during the quarter as compared to the top line of INR111 million INR22 million and INR10 million, respectively, in Q1 of FY '25.

Our largest product, which is anti-inflammatory enzyme stood at -- the sales stood at INR417 million, about 22% of our top line during quarter 1 as compared to 18% in Q4 and Q1 of last year, also 18%. 10 customer contributed about 27% during the quarter as compared to 23% in Q1 of FY '25. For financial year '25, it was about 22%. B2C segment has contributed about INR1.28 million during the quarter as compared to INR0.95 million during Q1 of last year.

Let me also give you Human Health and Nutrition revenue breakup. So our Pharma business stood at INR593 million during the quarter as compared to INR377 million and INR375 million. Probiotic about INR10 million as compared to INR14 million and INR39 million. Biocatalysis about INR56 million as compared to INR7 million and INR74 million.

Our international business from Human Nutrition was about INR552 million as compared to INR633 million and INR523 million in Q1. So total Human Healthcare segment is about INR1,221 million as compared to INR1,031 million in Q4 and INR1,011 million in Q1 of FY '25.

Our R&D spending is about INR86 million during this quarter as compared to INR76 million in Q1 of last year. We have spent about 5% of our consolidated revenue on research and development, which excludes our intercompany elimination. And net of intercompany elimination, we have spent about 3% of our consolidated revenue on research and development.

That was from my side. Now we open the floor for question and answer session.

Moderator: Thank you very much. We will now begin the question and answer session. The first question comes from the line of Shubham Sehgal from SiMPL.

Shubham Sehgal: Yes. My first question was, so what led to high growth in our Animal and Human Nutrition segment?

Mukund Kabra: Yes. So it's Shubham, it's all the product mixes. It's not just one or two or few, but it's overall product and some of the export as well as some of the domestic market. The projects which we are working from last 1 year or 2 years in the export market, they started getting materialized. So it's an overall growth rather than just one or two products.

Shubham Sehgal: Okay. And we see this growth sustaining?

Mukund Kabra: Well, it seems to be as we were talking about it, but the things are very -- I cannot comment on the -- how the things will pan out in the coming days. But as of now, the way we look at it, this is more or less sustainable. Did I answer your question, Shubham ji?

Shubham Sehgal: My second question was that in the previous quarter, we mentioned that the gross margins are mainly lower due to the true-up of inventory valuation that we did. And we had stated that going forward, we will maintain our gross margins in the range of 76% to 77%. But in this quarter, if you see, we have seen lower gross margins. So what would be the reason for this? And like any outlook going forward?

Beni Rauka: I think, Shubham, you are connecting the one-off adjustment for Q1 in FY '25. That's what I think we have spoke earlier. But I think the gross margin is likely -- the gross contribution that is what we say generally remains to be about 72% to 73% in that range.

Shubham Sehgal: Okay. My next question was so on our main products. So any price impact -- are you seeing any price impact? And how is it pertaining now?

Mukund Kabra: Well, there is somewhat price impact. But what we can say is this quarter, there was a little bit on a higher side on the sales front. But overall, that is not the only one product which we are focusing right now. We are focusing on many other areas, including the other products as well as the biocatalyst and other areas as well.

- Shubham Sehgal:** Okay. So as you mentioned the biocatalysts have we started any commercial work as of now with the API manufacturers as we see in our annual report also, we've mentioned that we are in the advanced trial phases. But have we moved to the commercial work? And in general shift in the industry from chemicals to enzymes, how far along are we? How are we seeing this shift unfold?
- Mukund Kabra:** So to give you the specific answer, there is some sales in this quarter on that front, but that is still smaller -- on the lower side. We are working on it, but some of the commercial sales started in this quarter.
- Shubham Sehgal:** Okay. How are we placed to take the advantage of this shift? What the potential sale of these engagements?
- Mukund Kabra:** I think it takes another 1 or 2 quarters to really come out with the answers on this front. As of now, we are well placed. That's all what I can say.
- Shubham Sehgal:** The market happen around that, if you could just give some color?
- Mukund Kabra:** There are like a lot of factors which are still we need to evaluate how the pharma market comes up, how is the U.S. tariff on pharma and other areas moves because those are very, very important factors. You cannot just decide on one or two where you stand, but you need to look into the global picture and how the things will pan out. So as of now, it's very, very murky situations. And I think we need to give some more 1 or 2 quarter time to really come out the things.
- Shubham Sehgal:** Okay. And mentioning tariffs like the new tariffs which were mentioned, like what kind of impact could we see because of that?
- Vasant Rathi:** Yes, you know that answer very well. So of course, it impacts everything. Yes. It's a global market. We are in a global market. So it is going to impact everywhere.
- Shubham Sehgal:** Okay. But will we see some delays as we have manufacturing in U.S.
- Mukund Kabra:** See the way we look at it is like I can talk only on the direct, indirect thing, how it will pan out is very difficult to predict as of now. But if you really talk about direct, probably our export is in the tune to the U.S. is about INR50 crores or so. So we might have like about INR12 crores, INR12.5 crores impact.
- And -- but again, it again depends -- that's the worst scenario to look at it. Again, it depends how the Europe and Japan and other countries tariffs comes up and how the players in the market plays their role, and we can come out after that with the exact impact.
- Moderator:** The next question comes from the line of Umang Shah from Banyan Tree Advisors.
- Umang Shah:** Sir, the first question was our gross margins have always been above 75% for the long time in our history. But over the last 2 quarters, they have come to around 72%, 73%. Last quarter, there

was some issue with the largest product that we had to our understanding. Sir, what has happened in this quarter? And for the full year, what are the rough margins that you're working with?

Beni Rauka:

So this is like impact of some change in the product mix. And apart from that, some impact is also because as even in the first quarter, if you really see that some tariff has already been imposed in the U.S.A. So to some extent, I think the impact is here again on the gross contribution.

And when we talk about the Q4, I think that was My, I think we have already spoke about truing up of the valuation of the inventory. So there was kind of some impact of that also. Going forward, the gross margin could be anywhere between 73% to 75%. That's what is the range, I think we can look at it.

This is -- I think gross contribution I'm talking about because of some impact will also be there from the tariff. As of now, this is what we are looking at it. But as like things will you will get some kind of a certainty as you move forward.

Umang Shah:

Right, sir. Got it. And sir, in the Q4 call, Mukund sir was quite excited about -- quite optimistic about this year's growth. We had mentioned mid-double-digit growth for this year. Do we continue to hold on to that or has there been any change? Of course, tariff and everything is a big uncertainty, but assuming that everything remains same?

Mukund Kabra:

So assuming everything remains same, so we are still like optimistic, Umang, and we still feel that we should be able to maintain our guidance.

Umang Shah:

Got it, sir. And just sir, one additional question was, if you just look at Human Nutrition India business, we were able to get revenues of INR66 crores in this quarter, which is one of the highest that we've actually achieved. So one, of course, is the resurgence of the largest product that we have. Anything else that you would like to call out in terms of how -- why is India business in Human Nutrition doing so well?

Mukund Kabra:

So as I said, like it's an overall product, overall customer additions, overall, like what we were working. We were working from the last 1 year or 2 years, even into the Asian market and other areas as well. So it's an impact of overall scenario, not just one area.

Umang Shah:

Right, sir. And sir, when are we estimating the new R&D facility to be commissioned?

Mukund Kabra:

We expect in the last quarter of this year.

Moderator:

The next question comes from the line of Abhishek from Padmaja Investments.

Abhishek:

Sir, my question is on what is the current tariff rate that we have? Is it same across all our projects or not?

Mukund Kabra:

So the last quarter, it was 10%. As of now, we don't know. And the more clarity will emerge as we move on.

Abhishek: Okay. My second is, are we planning for more inventory in U.S...

Mukund Kabra: In the last quarter, we did like some additional inventory already.

Vasant Rathi: Abhishek, we already on the tariff thing, right? Now you cannot add any inventories now at a lower cost.

Abhishek: Okay. I got it. And my last question is...

Vasant Rathi: That was a question 6 months ago.

Abhishek: Sorry, sir. I didn't get it. Sorry, sir.

Mukund Kabra: Abhishek, he mean to say that, that was more -- I mean, we should have answered that question 6 months because that time there was no tariff, right? Yes, but some of like the corrections we did in the last quarter and probably we will wait and watch for another 1 quarter and then we'll see how to move forward.

Abhishek: Okay. On the animal nutrition part, there was a big jump this quarter. Like is there anything that has worked like do you want to comment on that?

Mukund Kabra: Again, the same thing, it's overall growth, what I would say, including domestic market as well as the export market, whatever the projects we are working from last 1 year or 2 years, a few of them started getting materialized.

Vasant Rathi: Some of them are prompting out giving some results now.

Abhishek: Okay. Okay. And this is my last question, sir. So how are the competitors like are they trying to undercut us -- are they also price war kind of a scenario that might play out with the tariffs? Like are you seeing any indications for that?

Vasant Rathi: Let me answer that question. I wish -- you know that when the prices are going to go up, everybody understands that in the tariff war, right? And in the business, you got to find out where I can get a secondary source of supply at cheaper prices. So it is going to be always -- people are going to find some other -- trying to find alternatives. And naturally, industries has to accommodate and adjust accordingly. There might be some pressures on the pricing, of course, you may not -- and the margins.

Abhishek: Okay. So we are -- in summary, can we say that we are actually taking up most of the tariff rather than passing it to the consumer or the other party.

Vasant Rathi: I'm not saying anything of that nature. You have to readjust the businesses. See, we want to have a growth with the margins, right? Yes. So it is also what tariffs comes, which country is competing with you, et cetera, et cetera. And there is not a uniform brush to everyone. There are different tariffs for different countries and different people and industries and so on and so forth.

So we are very, very mindful of it. I can tell you that, and management is very aware of how to -- we see a lot of times, this might be a good opportunities in a lot of different sectors.

Abhishek: Sir, before I can actually, I have one last question, sir. Like are any of our products come in the pharma market?

Vasant Rath: They are neutral market, pharma market, both the places. It works

Abhishek: Because pharma is exempted, right, as of now under section 232, so I'm asking you this question.

Vasant Rath: We are not in the pharma sector, but we do supply to pharma. Enzymes doesn't come in the pharma.

Moderator: The next question comes from the line of Ravi Purohit from Securities Investment Management Private Limited.

Ravi Purohit: Congratulations on strong sales growth in this quarter. So just a couple of things, and I think you've already spoken about the various segments like Human Nutrition and Animal Nutrition, which showed very strong growth this quarter. Can you just share your medium-term outlook and strategy towards sustaining growth because growth has been a bit patchy over the last few years for us?

So as an organization, what are the areas that we kind of are optimistic about? What are the areas where we have a reasonably good pipeline visibility from our customers, which of the segments kind of offer that opportunity? If you could just throw some light or some thing that we can kind of look forward to as investors, right, over the next few years?

Vasant Rath: Ravi, this is an uncertain time at this point in time. But nothing has changed as far as we are concerned in the company. We have particularly certain segments like Health and Human Nutrition and Animal Nutrition. We see that, that will -- our focus will be to expand that as much as we can and continue growth on this one area and keep on adding the other sectors, which we are working on for some time.

So it is -- the management is continuously trying to see that we keep a double-digit growth. And improve our competitiveness in the global market and also walk through this tariff war. We'll see what happens. It will take 3 months, 6 months, who knows? Maybe tomorrow morning, our President will make up with the difference.

Mukund Kabra: To add to that, Ravi, like most of the sales this comes on an R&D basis. And we are more R&D companies. And there will be some times like when there will be no growth, and there will be some time there will be a high growth.

So you can't just go on like quarter-on-quarter on the segment-wise or this wise, you have to analyze it overall. But yes, over a longer run, we need to grow with those spaces, and that is what we plan. But sometimes there will be no growth as well, like the last year what we had.

Ravi Purohit: Right, which is why I was asking about medium term, like 2 to 3 years, not specific to this year or next year...

Vasant Rathi: We should keep our momentum as we have got.

Ravi Purohit: Okay. And sir, two other questions. One is we have set up this 100% subsidiary to kind of do our consumer products, so to speak, B2C product Wellfa. So is there any thoughts that you can share? Is this JV being formed so that we can tie up with somebody else? Because we have historically been B2B company.

I think I've asked this question earlier also on the call that we have been a B2B company and not necessarily a B2C company. And some of the products that we are -- which are currently I have tried a couple of products like well, far too, True slim or something like that, right?

Now there are like a lot of these products on the quick commerce space and on Amazon and various other platforms. And all these seems like a quick commerce products, they don't seem to be like modern trade products.

So is there -- is there any strategy or thought or how do you kind of -- and I'm assuming some of the other products, you must be supplying the raw material or maybe even helping them white label some of the products. So if you could just share your thoughts on that, it would be very helpful for us?

Vasant Rathi: Yes. This segment is very start-up segment for us, right, as you know very well. We are looking at a global platform right now. including there are B2C markets in U.S. also we do for a long time, which is club total overall sales. But we are trying to see that this segment is given different attention because it is a very different segment than B2B. And we have a good base. Now a lot of good strategies are there, which we wanted to expand that market. And we'll be working on that for next -- this year and to expand the market as much as we can.

Ravi Purohit: Yes. So is the idea to do it ourselves? Or let's say, we've seen a lot of companies tie up with, let's say, large pharma companies in India who have a very strong distribution network or even nutraceutical companies who have very strong B2C platform where they already have a very strong distribution network. It's only a question of actually supplying products in that. So if this 100% subsidiary that we've created, if...

Vasant Rathi: Ravi, we are right now expanding our distribution networks gradually so that it doesn't impact - - you know that B2C business is a lot of times losing business. You have to put a lot of into distribution channels. So we will do so. And then right time comes, we'll look into all other possibilities. some base needs to be developed.

Ravi Purohit: Okay. And sir, last question on Evoxx, right? So we've had this acquisition for a fairly long period of time. I think over the years on the con call, we have mentioned that we should see Evoxx as more as a cost center from the point of view of doing cutting-edge R&D and doing a lot of that work there.

So -- and I think a few years back, we had some tie-up with Symrise also to kind of do some co-development on some products or something. So can you share some -- like how has Evoxx evolved over the last 2, 3 years?

Are there more tie-ups that it is or are there more co-developed products that is working on? Is there more flow of products or tech IP from them? Just to people into Evoxx. We have absolutely no idea what happens in Evoxx -- be great if you could share something?

Vasant Rath:

This is -- as mentioned before and you acknowledge, this is R&D company, basically, we have a very good tractions. And going forward, see, we have an integrated approach of total research, manufacturing and then converting into sales. So this will continue to happen. There is -- that is a foothold a little bit in Europe and Europe is a fortress, difficult to penetrate sometimes feels like it. But our research-wise, we are very, very, very happy.

And as soon as you see our R&D centers get into the thing, a lot of contribution from this from the Evoxx right now on our research front, okay? We're doing very good research.

Mukund Kabra:

In terms of contracts, there are some of the contracts, but this is an ongoing process, Ravi ji. And -- but you should always look at it as a revenue neutral or just EBITDA positive. And we are not really looking at it as a major sales engine.

Moderator:

The next question comes from the line of Shreyans Gathani from SG Securities.

Shreyans Gathani:

I had a few questions. So the first one was on the R&D expenditure. So like the last couple of years, we've been mentioning that we want to target higher R&D expenditure. But if I look at the numbers, we're not able to -- we've not gotten to what we were saying like even this quarter is like, I think, 3%. So just wanted to get some sense on that. And along with that, the kind of product pipeline that you have intended to launch this year, if you could give some color on those two.

Beni Rauka:

R&D spending, Shreyans, here does not include whatever amount we are spending on new R&D setup. This is -- we are putting at Nashik. So far, those expenses, we have not included in this R&D expenditure because that's under work in progress. We have already spent about INR48 crores, but that we have not included in our R&D spending so far. And about the product lines, I think Mukund will give some flavor on that. what exactly we are doing on R&D.

Mukund Kabra:

And what -- you mentioned 3%, but that doesn't include what we spend in the intercompany, for example, in Evoxx and other areas. So when we take account of that, it's more than 5%

Vasant Rath:

We are somewhere between 5% to 6%, right?

Mukund Kabra:

Yes. And what we were mentioning is it might go up by another 1% or somewhere as we move on when the new center will start.

So that is how it was the number which we are coming from. Now as of the R&D is concerned, like we have all different types of R&D and different products. And it's coming into all the

sections. It's not just like one area, but some of the products are in the human nutraceutical, some of the products are into the food area and some products are in the biocatalysts as well as animal feed areas. So that's all what I can say rather than going more specific on to it.

Vasant Rathi: Yes. And their you mentioned that we have some tie-ups also. They are slow taking off, but the multinationals never know how their plans.

Shreyans Gathani: Got it. And second question, I think you already touched upon that, but just trying to get like a long-term structural margin structure. So like the last 5, 7 since our listing, we've had typically -- if I just look at EBITDA as such, like it's 40-plus percent. And now we've come to like a 30% level, and you're saying that we should be maintaining there. So structurally, what has changed in terms of our products or like has competition come up or we're not able to fetch that kind of margins as we could for the last 7, 8 years?

Beni Rauka: So I think earlier, the margins what we are talking about is, I think a couple of years was because of the accelerated sales and that was the COVID era, where like you have a lot of products for immunity building and those kind of products with probiotics and a lot of combination of it for addressing various immunity development-related products.

So it was sort of like higher margin during those periods. And prior to that, what you are referring is, of course, when we get a lot of contribution from our U.S. market, we always higher margins. But over a period of time, the adjustment always happens. And there are always pressure on the pricing.

And so that inflated input cost has also to some extent or largely, I can say, has contributed in erosion of our EBITDA margin. Accelerated sales during COVID period, that has gone down drastically. So all this has put pressure on the EBITDA margin. So currently, the EBITDA margin, if you really look at FY '24-25, so we are in the range of about 30% to 33%. And that's what we are saying that we shall be in a position to maintain that margin.

Shreyans Gathani: Got it. So -- but would that margin reflect into higher growth as such, like -- or are we -- this is what like the margin profile has come to like in terms of like does that impact any kind of growth? Like should we see higher growth because we are at a lower margin as such? Or is that just like erosion of the U.S. business, which has caused this to happen?

Vasant Rathi: There is no erosion in the U.S. business.

Mukund Kabra: Well, we are talking over 21 years, like we lost one customer. It's a factor of many things. It's not just one. But yes, I would say that to summarize, it's a combination of all.

Shreyans Gathani: Okay. So this Sera your web today is, one of the competitors that just got listed like a large company, they mentioned that they are able to get good margins on that. So just trying to get a sense on how you look at this year for that like sustain like I think this quarter might have been like INR40 crores of sales for that product versus INR27 crores or something.

So is that something that you expect to do better? Because your commentary has been that we are not going to see much growth in that product as such, and there's also pressure on margins.

Mukund Kabra: I would still like maintain that. We will have -- we will not have a great growth into those areas, but we are working on many other areas as well, right? So I would still like to maintain that if the growth comes, that is good and good, but we'll see as we move on.

Moderator: The next question comes from the line of Rajas Joshi from ChrysCapital.

Rajas Joshi: So my first question will be on the gross margins. You highlighted a negative impact of the change in product mix. So this would largely be related to our largest product?

Beni Rauka: No, it's not only one. That's what we are saying. It is various different products, which we are supplying to sometimes what happens, human nutrition, like there are probiotics, biocatalysis and several other products. So we generally when we see that U.S. is going good, then you have a better margin overall basis. And if U.S. numbers are flatish or slightly down, then you immediately see the kind of impact on that.

So it is many more things. And even in animal nutrition also, there are several products. So a few products are giving very good margin, a few products short of kind a commodity in that sense because of the market. So this is a different profile and change in sales mix, which really impacts the overall gross margin.

Rajas Joshi: Understood, sir. And secondly, on the biocatalyst piece, you highlight a couple of examples probably just to understand what exactly are you trying to do here and how that plays into the larger picture, both on margins and revenue?

Mukund Kabra: So we're generally trying to replace the chemical process by enzymatic we, and we develop those specific enzymes for that particular manufacturing of either for API or any other industry. It's not just limited to the API, but it can be, let's say, perfume industry or any other industry for that matter. It can be for the agriculture industry as well, mostly on the organic chemistry.

Moderator: The next follow-up question comes from the line of Umang Shah from Banyan Tree Advisors.

Umang Shah: Sir, the first question was with respect to tariffs. So 10% tariff has been in place since April 2025. So when you are negotiating with your customers, are we able to pass on this tariff impact? And if not, to what extent are we able to?

Vasant Rathi: Not so far.

Umang Shah: Okay. So you...

Mukund Kabra: Wait and what scenario as of now.

Umang Shah: Okay. So as of now, whatever you're shipping, you are taking that 10% price in your cost structure and then passing it on rather than passing it on?

Mukund Kabra: Yes. As of now, that is what we did.

Umang Shah: Okay. Sure, sir. Sir, just one small question was the employee cost increase. Any reason for the same in this quarter?

Management: Employee cost increase. You tell me. this increase is continuously going to happen in a market like here or in U.S. market or any other market.

Mukund Kabra: It's both, like it's a normal salary raises as well as the addition or Expansion new additions, right.

Umang Shah: That is in India or in U.S.

Vasant Rathi: Both areas. All the areas. Want the long-term growth...

Umang Shah: Absolutely, sir.

Mukund Kabra: Umang ji, you need to look -- when you are looking for the salary increase, you need to look on the previous quarter and this quarter rather than the quarter-on-quarter.

Umang Shah: Got it, got it. Fair point, sir.

Moderator: The next question comes from the line of Ketan R. Chheda, a retail investor.

Ketan R. Chheda: Congratulations on a good set of numbers. My question is, sir, in the last call, Mr. Mukund mentioned that you are looking at some kind of an intermediate business. Could you throw some light on that? Was it something that you were trying to develop it organically or that was some kind of an acquisition that you were looking at...

Mukund Kabra: Ketan ji, you already mentioned that we did some of the sale of that as well, but I think it's too premature because there are a lot of factors which are playing as of now. In the next 1 or 2 quarters, once the picture gets clear, we would like to put more light on that.

Ketan R. Chheda: Okay. So just for a clarification, it's a product that we have developed ourselves, right?

Mukund Kabra: Yes, yes.

Ketan R. Chheda: Okay. So it's nothing to do with any acquisition as such?

Mukund Kabra: Not with the acquisition.

Moderator: The next question comes from the line of Neha Kharodia from Abakkus.

Neha Kharodia: My first question was regarding the growth. So if I look at our 3 to 5 years kind of CAGR growth, it has been in 6% to 7% kind of range. And this quarter has been about 20%. I understand that we had guided for better growth for this year. But just wanted to understand, is it FY '26 phenomena or we should over the medium term, again, should see, let's say, 15%, 20% kind of growth going forward?

- Mukund Kabra:** Neha, I won't say that 15%, 20%. I would say that double digit. I won't say that 20% that is too optimistic. It doesn't mean that like it's not possible. But I would always go with a double digit over a longer run.
- Neha Kharodia:** But sir, in that, is there any structural change because underlying industry is growing, let's say, at about 6% kind of range and we also have been growing in line. So anything structural that is changing from this year, which can lead to higher growth and increase in the demand also in that sense?
- Vasant Rathi:** Me, as we mentioned before, it always takes some time, and we are working on it for some time now. So some of them paid off right now. Some of them will paid off a little bit later. And of course, the environment changes impact whatever is we are doing at that particular time in the current time. So when you are totally integrated company, research and development is a very critical part of developing new products new services and new areas to grow.
- Neha Kharodia:** Yes, sir. And sir, also just one more thing on the growth aspect, if I may ask. So do we see any -- foresee any regulatory kind of changes, which can increase, let's say, uptake of the enzyme versus the chemicals, which is probably cheaper and easy to get for the end customer. So anything that pushes the demand for enzymes?
- Mukund Kabra:** We don't know as of now. But when we look into the well-developed countries, those norms are more towards the green chemistry, particularly into the biocatalysts. As we move on, like what will happen in India, we have to wait and watch. But if it happens, that will always be positive.
- Vasant Rathi:** And regulatory hurdles are going to keep on increasing.
- Neha Kharodia:** Okay. Got it. And also on the probiotic segment, so if I look at the probiotics, the addressable market, it is humongous. And I think the underlying market itself is growing at 17%, 18% kind of CAGR. So we last year had about 6% contribution in revenue from that. So do we foresee any more product launches and probably that can lead -- that can be a significant portion of our business in 2 to 3 years from now?
- Mukund Kabra:** It's -- see, when we talk about probiotic, there are a lot of blends what we sell contains probiotics as well as enzymes. And it's very difficult to segregate, separate and really come out with the numbers. So here, when we talk about probiotic, it's an individual one, but our focus is more with the solutions rather than just the one product. And it's very difficult to predict at this point of time, like how much is going to be the growth in probiotics alone because that's more like a commodity sale.
- Neha Kharodia:** Understood. And sir, just last two questions from my side, if I may ask. So one is on what was the volume growth in this quarter on a consol level? And second thing was on the -- let's say, we have this S product, which is from the pharma part is the biggest chunk. So can we see going forward a few products which can be in 2 to 3 years or 3, 4 years down the line, which can be similar to this product?

- Mukund Kabra:** So we don't measure the volume growth because our -- some of the products are sold at INR40 and some of the products are sold at INR1 lakh kg as well. So we don't really count in terms of volume. Of course, there might be some more volumes, but we really don't count in terms of volumes. As far as the different products are concerned, we are working on many other products and probably some of them will come out. How big they will be is difficult to predict at this point of time.
- Moderator:** The next question comes from the line of Chandramouli Jagannathan, an Individual Investor.
- Chandramouli J.:** You are saying tariff impact is only for INR50 crores. You mean to say your contribution to U.S.A. is only INR50 crores from India for the whole year or for this quarter?
- Mukund Kabra:** For whole year. It's for the whole year, what we are talking about, it's like from India to U.S. For the last year. Roughly, it's closer to that.
- Chandramouli J.:** Roughly Yes, Sir, you are saying during your AGM, your current capacity utilization is about 50%. And are you -- I mean, you are likely to touch 80% in 2 years. Is that intact?
- Mukund Kabra:** It's very difficult in our areas to really come out with the percentage of the capacity utilization because there are many products and they do have different cycles, and it's very difficult to say how much exact percentage it is being utilized. But I would say that it's not a 50%, it's 60%, 65%, somewhere around that rate. And whenever it will come to 80%, we will go for the next capacity extension round. Will it come in 2 years? Yes, we hope so. that we will see.
- Vasant Rathi:** But from time to time, we will keep on adding a little bit of capacity, okay?
- Mukund Kabra:** And at the same time, there is like -- we do a lot of research as well, right? So sometimes you empty your capacity by increasing the output as well. So it's a combination of many other factors as well.
- Moderator:** The next question comes from the line of Raghavendra, an Individual Investor. As there is no response from the participant.
- The next question comes from the line of Shreyans Gathani from SG Securities.
- Shreyans Gathani:** So just wanted to ask about the patents that we filed for and the EFSA and the grass dossiers. If you could highlight on which areas they are in, like the ones that we filed newly and the approvals that we got for the dossiers, if you could highlight on that and what kind of market we see? And have we started any kind of sales on that front?
- Vasant Rathi:** That is from the Neutral market. Patent is filed in the various different market segments. And sales, I cannot identify whether that is -- but there is definitely -- the market is now with the research and patents, and they will reflect on the future sales.
- Mukund Kabra:** And some of the filing is on the EFSA side is on the baking side as well. Yes, on the food side as well.

Shreyans Gathani: Sorry?

Vasant Rath: That is for the EFSA in European market.

Shreyans Gathani: Okay. Okay. So just trying to understand like have we started -- because of that, have we seen any kind of increase in sales in Europe?

Vasant Rath: Definitely a lot of interest, okay? Whenever you have a patent and when you are separating and identifying in marketing place. So there is a lot of interest in that. The interest needs to be converted into real sales in the volume.

Mukund Kbra: So when we talk about EFSA, like if you don't have EFSA registration, probably you will not be able to sell going forward. So rather than saying that whether you can -- whether you've got the sales of no sales, basically even to maintain your current business, you need to go and file and to add on some of the products as we move on.

Shreyans Gathani: Okay. So that's like a compulsion now to sell in more?

Vasant Rath: Yes, absolutely.

Shreyans Gathani: Sir, last question on the biocatalysis, like what kind of opportunity are we looking at in terms of like our enzyme sales? And like the European, like those people are -- I've read some articles that they started using that in certain production processes. So how are you looking at that? Are the sales mainly in the Indian region? Or are they like mainly focused towards the export markets for us and like the size that we see?

Vasant Rath: No, I understand what you're saying. The opportunities are huge, right? Because the pharma market is huge. Now the question is whether somebody is using it. It's always a cost and how competitive it is and what is the regulatory environment for the pharma and other products because that is where the sales are. And you just have to look at it and see wait and see. At this point in time, there is a lot of upheaval. Everybody wants green things, but at a chemical cost.

Shreyans Gathani: Got it. Okay. So that's basically the price point is stopping the adoption.

Vasant Rath: Yes, that makes a big difference. Of course, the development is pretty huge.

Shreyans Gathani: So trying to gauge like what kind of price differential would be there for like an enzymatic solution versus like a chemical.

Vasant Rath: I cannot tell you that share because everything is different, how much yield comes in, what percentages you have to use, et cetera, et cetera. What are the process are used. So every company is different, and they have their different confidential methods they try in a different way. And we have to keep on continuously working with them.

Mukund Kbra: Different product has a different structure as well. Yes. I cannot just generalize it.

- Shreyans Gathani:** Okay. So if you could give some feedback that we've received from the initial sales that we made, is there any feedback that we've got from the customers on the products?
- Vasant Rathi:** Not add anything further. We just keep on improving in those areas. Feedbacks are constant process until it is established and then register with the respective authorities, okay? Once it is established, the process is registered with the authorities, then that area, how much it is growing and what distributions are there. So many factors are there.
- Shreyans Gathani:** Right. Sir, I meant like feedback from the customer on the product like in terms of the performance of the biocatalysts that we are providing.
- Vasant Rathi:** So far, whatever the products we've given is excellent. Those are accepted.
- Mukund Kabra:** Now we need to wait and watch how the other things pan out.
- Moderator:** The next question comes from the line of Raghavendra, an Individual Investor.
- Raghavendra:** Yes, sir. Sir, you have mentioned that we have exports of INR50 crores to U.S. from India. Am I right, sir?
- Mukund Kabra:** What I meant to say is last year, we have a sale of INR50 crores from India to U.S.
- Raghavendra:** And in that INR12.5 crores is the impact of tariff and the other INR38.5 crores is not affected by...
- Mukund Kabra:** No. What I meant to say that if you go with the 25% duty on INR50 crores, assuming that though nothing works out, nothing is there, then the duty will be about INR12.5 crores, and that can be the maximum impact. But again, then you need to really look into the -that's the gross margin impact in the worst scenario.
- Vasant Rathi:** This is also a very moving things. Who knows tomorrow, there is what else he can come up with the oil penalties and things like that. So please just leave those alone. don't worry about too much. Let's settle these matters when it can. And then we will see what happens.
- Raghavendra:** Just one question, sir. Compared to other competing nations, how are we pricing? Are we like equally priced or we are much more competitive than them when it comes to price?
- Vasant Rathi:** For what -- for selling price?
- Raghavendra:** Yes, yes, for our products in which we are in, do we have a pricing edge over the competing nations other...
- Vasant Rathi:** We don't have any age for any competing. It's individual product, whatever we are -- there is always -- it's not a commodity. That's why we have margins, right?
- Moderator:** Ladies and gentlemen, we'll take this as the last question for today. I would now like to hand the conference over to Mr. Ronak Saraf for closing comments.

Ronak Saraf: Thank you, everyone, for taking your valuable time for attending our earnings conference call. We will keep you posted for any further updates. I request you all to kindly send in your questions that may remain unanswered during the call. An audio recording and the transcript of this call will be uploaded on our website and on stock exchanges in due course. Looking forward to host you all in the next quarter. Till then, stay healthy, stay safe.

Management: Thank you, everyone. Thank you.

Moderator: Thank you. On behalf of Advanced Enzyme Technologies Limited, that concludes this conference. Thank you all for joining us, and you may now disconnect your lines.