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May 19, 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 May 14, 2025 for the audited Financial Results for the quarter and year ended March 31, 2025

In furtherance to our intimation letter dated May 09, 2025, please find enclosed the Transcript of the Conference call held on Wednesday, May 14, 2025 with Analysts and Investors for the audited Financial Results of the Company for the quarter and year ended March 31, 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 PRAKASH BASANTANI
Digitally signed by SANJAY PRAKASH BASANTANI
Date: 2025.05.19 11:09:46 +05'30'

Sanjay Basantani
Company Secretary and Head - Legal

Encl.: As above

"Advanced Enzyme Technologies Limited

Q4 FY '25 Earnings Conference Call"

May 14, 2025

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

Moderator: Ladies and gentlemen, good day, and welcome to Advanced Enzyme Technologies Limited Q4 FY '25 Earnings Con 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.

I now hand the conference over to Mr. Ronak Saraf. Thank you, and over to you, sir.

Ronak Saraf: Thank you. Good evening, everyone. Welcome to Advanced Enzyme Technologies' Q4 and FY25 earnings conference call. We sincerely hope that you all have gone through our financials, press release and the presentation, which have been posted in the Investor Relations section of our website, as well as on stock exchanges.

Today, we have with us 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 for the coming year and respond to any questions that you may have. As is usual for the ease of discussion, we will look at the consolidated financials.

Before we proceed, I would like to draw your attention to the forward-looking statement contained in our documents. During our call, we may make forward-looking statements regarding our expectations and predictions about the future. Because these statements are based on current assumptions and factors that may involve risk and uncertainty, our actual performance and results may differ materially from our forward-looking statements.

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

Mukund Kabra: Thank you, Ronak. Good evening, everyone. I really appreciate you all for taking out your valuable time, and I extend a heartiest welcome to everyone joining us today on the conference call for the quarter and year ended 31st March 2025.

Let me start with a quick brief on global economic scenario. The global economy is experiencing moderate growth amid persistent challenges. The volatile growth is attributed to factors such as high debt levels, weak investment and ongoing geopolitical tensions, including trade disputes involving major economics like the U.S., China and the European Union.

Now, a brief on the key developments during the year. We are pleased to share a summary of significant milestones achieved over the past year, reflecting our continued focus on innovation, sustainability and global regulatory compliance. The company has filed a food enzyme dossier to the European Food Safety Authority for approval. The enzyme is intended for application in baking and the production of refined edible fats and oils.

In the United States, 2 GRAS Dossiers have been filed with the U.S. FDA, supporting the use of food processing enzymes in baking, brewing, starch processing and oligosaccharide production. Furthermore, the company has filed 3 patent applications related to innovative sugar management technologies. The company has established a separate independent laboratory named Starya Labs under its U.S. subsidiary for testing enzyme and probiotic products.

The company has successfully completed the installation and commissioning of an additional 350-kilowatt solar power plant, raising its total clean energy capacity to 510 kilowatts. This marks a significant step forward in the company's sustainability strategy. Going ahead, the company remains committed to expanding its reliance on renewable energy sources in the coming years.

Now, as far as the quarterly performance is concerned, we achieved a top line of INR1,672 million, growth of 6% on a year-on-year basis and degrowth of 1% on a sequential basis in quarter 4. Our EBITDA stood at INR456 million. EBITDA margin stood at 27% and PAT margin stood at 16% during the quarter 4. Lower EBITDA margin is due to change in product mix and true-up of the inventory valuations at the year-end.

During financial year '25, the total revenue grew by 2% to INR6,369 million. EBITDA at INR1,944 million is 31% of sales. Net profit stood at INR1,340 million.

Talking about the segment-wise performance, the Human Nutrition segment contributed 62% in revenue pie. It grew by 1% on year-on-year basis and on sequential basis. Annually, on a full year basis, revenues went down by INR132 million, about 3%, mainly due to lower revenue from domestic markets, while U.S.A. and other international markets witnessed growth. Human Nutrition constituted about 64% of the revenue in financial year '25.

Our Animal Nutrition business contributed 12% to the revenue in quarter 4. This segment grew by 13% on year-on-year basis and 6% on sequential basis. During financial year '25, animal health nutrition witnessed an increase of 12% and constituted about 12% of the revenue as compared to 11% in financial year '24.

Our Bio-Processing business contributed 17% to the revenue in quarter 4. This segment grew during the quarter by around 8% on year-on-year basis, while degrew by 13% on sequential basis. Annually, our food business grew by 4% to INR809 million, constituting about 13% of the total revenue, while non-food business grew by 12% to INR208 million. This constitutes 3% of total revenue.

The specialized manufacturing business contributed 9% and grew by 39% on year-on-year basis, while remained unchanged on sequential basis, reported 30% growth for whole year and constituted about 8% of our total revenue as compared to 7% in financial year '24.

We acknowledge that R&D is crucial for sustained long-term growth. We also maintained product portfolio-specific strategies that focus on complexities of the geographical market fit. We are proactively seeking new opportunities and advancing the development of new products and molecules within our biocatalyst and bioprocessing portfolios.

These innovations are anticipated to contribute to future revenue growth. We are optimistic about the upcoming years, anticipating growth and success with a strong pipeline and product portfolio. We look forward to building on our momentum and driving great year ahead.

With this, I conclude my remarks and now hand over the call to Mr. Rauka. He will walk you through the financials and key subsidiary numbers.

Beni Rauka: Thank you very much, Mukund. Good evening, everyone. I hope you all are in good health. On the company's consolidated financials for the fourth quarter and fiscal year 2025, I would like to give first the Q-on-Q numbers sequential basis. The revenue has decreased by INR19 million, by 1 percent point from INR1,691 million to INR1,672 million. The EBITDA margin stood at 27% as compared to 31% in the corresponding previous quarter; profit before tax at 26% as compared to 31%; and PAT during the quarter was INR267 million as compared to INR389 million.

On year-on-year basis, the revenue is at INR1,672 million as compared to INR1,578 million, an increase of 6%. And EBITDA is at INR456 million as compared to INR554 million; profit after tax at INR267 million, which is about 16%, as compared to INR299 million.

On year-on-year basis -- this is financial year '25 versus '24 -- the revenue has increased by 2 percent point from INR6,239 million to INR6,369 million. EBITDA is at INR1,944 million, about 31% of our revenue, as compared to INR2,045 million of FY '24. Profit before tax at INR1,874 million, 29%, as compared to INR1,879 million, which is 30% of revenue in FY '24. PAT is at INR1,340 million as compared to INR1,370 million. And the PAT in terms of the percentage of revenue is about 21% in FY '25 as compared to 22% in FY '24.

Let me give you some of our subsidiary numbers. JC Biotech's revenue stood at INR600 million during FY '25 as compared to INR626 in FY '24. And EBITDA is at INR70 million as compared to INR77 million in FY '24. PAT is at INR12 million as compared to INR18 million in FY '24.

Evoxx revenue for financial year '25 is at INR213 million as compared to INR230 million, and Evoxx has a negative EBITDA of INR12 million as compared to negative INR8 million in FY '24. And the loss at Evoxx is about INR39 million, up as compared to INR21 million in FY '24.

SciTech has done exceedingly well during this year. Revenue is at INR542 million as compared to INR418 million in FY '24, 30% of growth. And EBITDA is at INR76 million as compared to INR58 million in FY '24. PAT stood at INR37 million, which is same as the last year number of INR37 million.

Our largest anti-inflammatory enzyme sales stood at INR1,193 million as compared to INR1,310 million, which is about 29% during the year as compared to 21% last year. Top 10 customer concentration is at about 22% as compared to 26% in FY '24. B2C segment during the year performed at, in terms of INR375 million as compared to INR394 million, and in USD4.46 million as compared to USD4.77 million in FY '24.

R&D expenditure during the year, we have spent about INR328 million as compared to INR274 million, which is about at 9.34% of our revenue as compared to 7.5% in FY '24. On a consolidated basis, R&D spend is about 5.32% in Q4 and 4.7% in Q4 of FY '24. This is without considering the intercompany elimination. And on a consolidated basis, R&D spending with elimination is about 4.4% as compared to 3.5% in Q4 of FY '24. On consolidated basis, R&D spend for FY '25 is at 5.3% as compared to 4.53% in FY '24.

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

Moderator: Thank you very much. The first question is from the line of Nikhil from SIMPL. Please go ahead.

Nikhil: Sir, first question was on this fall in gross margin. Now, you ascribed 2 reasons. One was the product mix and inventory valuation. If I look at the revenue mix within segments, it largely remained the same. So can you just talk about it what actually led to this fall in gross margin? And this inventory valuation was a onetime activity? Or some sense on that.

Beni Rauka: Yes. So I mean, you rightly said as far as the numbers looks like same. But within that, there are some products. So depending upon the volume of sale of that particular product and the margin, that in fact impacts the overall gross contribution.

And apart from that, the second question about the true-up of the inventory, because year-end valuation, when you do, then sometimes there are a few things which act as a balancing figure. So, that has to be taken care. So, that also impacts on overall like margins.

Nikhil: I understand, sir. But where I'm coming from is, if I look at our long history, this revaluation would have happened in previous years as well, but the large impact we've never seen in historical quarters. So is it like...

Beni Rauka: It's not revaluation. I'm sorry, there is no revaluation as such. It is like year-end exercise, which is done every year as such. So sometimes the true-up, you have some kind of miss, which has to be corrected.

Nikhil: Okay. So -- and is it because of fall in prices of the products, as a result, we've seen this like this -- so what led to this miss? Like -- because it never happened historically. So just -- that's why I'm trying to understand like 5%, 6% hit which we have seen, we've never seen historically happening. So that's why I'm just trying to understand. And going forward, should we consider that 77%, 78% as the base margins? Or what should be the base gross margins?

Beni Rauka: I think that's what, 76%, 77% is the kind of gross contribution, which we shall be in a position to maintain as of now.

Nikhil: Okay. And second question to Mukund sir. Sir, you mentioned that -- in your opening statement that you seem to be positive for FY '26. I know this is a business where it's difficult to exactly project how things will evolve. But if you can just talk about what are the underlying assumptions and what are the underlying demand scenario you are looking at, on which basis you believe that we can -- FY '26 should be better than '25?

Mukund Kabra: So Nikhil, there are certain global challenges as of now. The picture is a little unclear on like U.S. front, particularly with the duties and how the things are moving. But as of what it stands, I think it's more like a positive side. We see good flow starting from this quarter. Some of the movements in the biocatalyst areas are going to start.

And overall basis, we see good traction in U.S. as well, in India as well. But it's all depends on how this volatile situations, what is happening in the U.S. pan out, how the duties may come up onto the -- even into the pharma products in India or some other areas, like how the Trump -- how the U.S. is going to put the duties on China or some other areas.

So those few are still like the hanging factors, which we don't know as of now. But when we do this and when we look forward for this year, we see a good growth at somewhere around like mid-double-digit number. So we see a very positive year coming forward.

Nikhil: Okay. And just last question, and then I'll come back in the queue. See, we have our facility in U.S. and we have our facility in India. If this tariff thing does come out like at whatever percentage, would we not be benefited because having our own facility may see a better volume shifting towards us? Is this a right assumption? Or would you say that's not how we should think?

Mukund Kabra: No, both -- I think that is what I said, like how the tariff on China and other areas move, right? And yes, there can be some positive area. At the same time, what the facility, what we have in U.S. is more on a blending side or the final product side rather than the fermentation side. So most of the raw material, what is needed for U.S. goes from India.

So right now, there is a 10% duty, which if we just go by the last year, probably, we might have an impact of about $400,000. But if we really look what the other business can come because of whatever is -- instability is being created, probably that can be neglected and probably like we can see higher growth as well. But it all depends how the things move.

But even we keep all of these factors aside right now and we just see that nothing is moving into those directions, still we feel that we should have a good growth as of now. If those things are in a positive area, they may add. If those are in the negative, they may reduce the numbers. That's how I look at it at this point of time.

Moderator: The next question is from the line of Umang Shah from Banyan Tree Advisors.

Umang Shah: Sir, first question was pertaining to the biggest product that we sell, which is serratiopeptidase. Sir, in Q4, how has the competitive intensity reduced? And how do we think about it in FY '26? And second is, if you could repeat how much did it contribute to the total revenues for FY '25 that would be great?

Mukund Kabra: I think Raukaji will give that number.

Beni Rauka: 19%.

Mukund Kabra: 19%. But we see that there will be some challenge into this area, particular area. We see that it will have the pressure going forward as well. And as a policy, we will come out with some other products, which will give us the growth. We may see that there might be another 2%, 3% to 5% fall on the revenue on this particular area.

Umang Shah: Okay. So this 2%, 3% is 19% minus 2%, 3%?

Beni Rauka: Yes, right.

Umang Shah: Okay. And sir, one more question was, you had launched products in weight management, sugar management and protein digestion last year. What percentage of revenues do they bring in right now?

Mukund Kabra: Umang ji, I don't know the exact percentage, but still we didn't get those kind of volumes which were expected, but a lot of growth from the U.S. is coming from other segments and other areas as of now. We are still working on those areas, but the traction what we expected didn't come out last year.

Umang Shah: Sure, sir. Sir, and one question was that 2, 3 quarters back, Raukaji mentioned that the peak margins that this business can go to is 32%, 33%. Considering our revenue growth, what you were envisaging at that time and now what we are looking at, do you still think the company can have the margin potential over next 3 to 5 years? Or do you want to have a rethink on the same?

Mukund Kabra: What I can say is right now, we expect the same margin of this year for the coming year. When the revenue grows, probably it may grow. But for the calculations purpose, we are going with the same number of this year.

Moderator: The next question is from the line of Shubham Sehgal from Skill Ventures.

Shubham Sehgal: So my first question was on the marketing front. So previously, we have faced some difficulties like in the past few years, be it the higher costs we have faced in U.S. or Europe or the mismatch expectations between the third parties. So my question is, what are we doing actively on this front? And have we found any success at all in sorting out our marketing issues?

Mukund Kabra: Sorry, I didn't get your question, Shubhamji. Can you please repeat?

Shubham Sehgal: I'll just repeat it. So we have been facing difficulties on our marketing front, be it the higher cost or the mismatch expectations. So my question is, what are we doing actively on this front? And have we found any success at all in sorting our marketing issues?

Beni Rauka: Okay. I think to our knowledge, as such, I think only the issue we might have mentioned is that we have to expand our marketing efforts in particularly overseas market. And that's where like we might have discussed that for a particular segment or a particular category of products when we talk about animal feed business, how do we really expand our marketing reach to overseas market where a lot of issues are there for the registration of the products, for having a distributor.

And for the food business as well, we might have discussed this thing. But I don't remember that there is any kind of mismatch and any kind of issues we are facing in that sense. So the only challenges were like how to really ramp up getting your product registered with European food safety authorities, how do you register your products with various countries?

And even there are some countries where when you want to import, so the local distributor, they have to register their products. So those were kind of challenges, which, of course, in the last couple of years, we have ramped up and we have really got some kind of breakthroughs, and we have used a lot of resources to have that kind of a thing in place. But yes, a lot more is to be done, and it will take a couple of years to have that kind of a distribution network.

Shubham Sehgal: Okay. My next question was on our solar plant that we have established. So what percentage of our total power consumption will be met through this plant? And what level of cost savings can we realistically expect?

Mukund Kabra: Which plant, sir?

Shubham Sehgal: The solar plant we have established.

Mukund Kabra: No. So this 510 kilowatt, what we are talking about?

Shubham Sehgal: Yes, the solar plant.

Mukund Kabra: The solar plant. No, this is not a solar plant what we put up. Right now, what we put up is like a 510-kilowatt capacity of the panels on the plant itself. That is somewhere around like -- for the last year, we generated about 315,000 units, somewhere around that. But that is almost like 5% to 10% of our total -- 10% of our total consumption as of now, what we use at Sinnar.

We are looking for some other options as well on the solar, there are certain options like making a joint venture company and buying it. But we are exploring all of that. And probably we will look into this year to establish that as well.

Shubham Sehgal: Okay. Just my last question on our Specialized Manufacturing segment. So can we expect this segment to grow like at a 30% rate sustainably? And what are the factors currently driving this growth?

Beni Rauka: Yes. I think if not 30%, at least this business is going to grow more than 20% in the coming year as well. And the factors is like the capacities have been created. In FY '24, there was a challenge. I think we have mentioned earlier, there was a fire in that plant. So because of that, the manufacturing has, to some extent, impacted. So FY '25, full-fledged like the plants were in operation. And we also added some capacity in FY '25.

So now, we are getting a lot of orders and inquiries, and we are signing a lot of contracts. So that helps us to have a better visibility of the revenue in FY '26. And we -- again, we are also working on expanding more capacity of this particular plant going forward.

Shubham Sehgal: So are we seeing more demand traction from international markets or domestic markets or both of them?

Beni Rauka: So it's like both as such. But yes, this year, we could see that a lot of growth has come from the Indian market only.

Moderator: The next question is from the line of Shreyans Gathani from SG Securities.

Shreyans Gathani: So my question is on the margin. In the initial comments, you mentioned about the change in product mix impacting margins. So my understanding was that the U.S. market, typically, the products that we are selling there have a higher margin. So if I look at Q4 FY '25, there's 22% growth in the U.S. business. So just trying to understand like how should we look at margin based on geography? Or is it like we should not look at it in that way?

Beni Rauka: So I mean, of course, the U.S. has a better margin as whatever manufacturing -- core manufacturing is happening in India and U.S. is doing some kind of customized formulation. So they do fetch a better margin in that sense because their approach is completely -- one is solution-based approach. And over a period of time, they have created their own branding. So they fetch better margin as compared to India business.

And apart from that, we have a couple of subsidiaries. Now these subsidiaries are like -- again, 2, 3 subsidiaries are 100% subsidiaries. So they are into a different business. Their margins are different. They have a -- like if I talk about Bio-Processing non-food, so non-food business has kind of low margins. Food business is slightly better. Animal feed has a different kind of a margin.

So U.S. has, of course, a better margin in that sense. So, as the U.S. business will grow, definitely, we could see better margin. But then, of course, now going forward, as a lot of challenges are there because of the tariff issues, so we have to see that -- there may be some kind of a competition which comes when you have this kind of margins in the business.

So those factors definitely we'll always take into account. And that's the reason we are saying that going forward, we shall be taking up only when you prepare your business model for a couple of years. So 30%, 31% of EBITDA margin is something like is sustainable in that sense.

Shreyans Gathani: Got it. So, on the U.S. market, so you mentioned that last year, the products that we launched did not see a lot of traction as you expected. So are there any other products that we are launching? Or like is that picking up now? Or how do you see them playing out this year?

Mukund Kabra: So this year, probably we will see it better growth-wise or otherwise. It's a little bit slower than what our expectations were in the beginning. But at the same time, we are working on some other areas like the -- and which was the existing business as well, which has grown much better. And this year also, we see that most of the growth in the U.S. has to come -- also has to come from the existing businesses right now.

Shreyans Gathani: Okay. So the newer introductions are not going to contribute significantly?

Mukund Kabra: They will contribute, but they will take some more time than what we initially anticipated.

Shreyans Gathani: Got it. So could you just give some idea on like why we are -- like it's not picking up as fast? Is that like slower customer adoption or there's competition more than we thought? Or could you just give some idea on why...

Mukund Kabra: It was in anticipation. The earlier expectations were based on the MLM model, and the company with whom we were working was those were all their projections. And based on that, we come out with those projections. But then slowly, slowly, we slowed down on the MLM side, and then we are working with some other more people to expand this market. So it's a process, right? So the time consumption is a bit more right now.

Shreyans Gathani: Got it. My next question is on the R&D center update. Could you just share where we are with that? And I think we expect the Phase 1 to be started this year, if that's on track or not?

Mukund Kabra: So we expect to finish the construction work by the December of this year. And some portion will start in the last quarter of this year, particularly. And so, I mean, it's a 5-floor building. The last slab is in process right now, and then all the other civil work has to be done. But it is on track right now.

Shreyans Gathani: Okay. So I just saw that there's a company incorporation for this year in India. Could you just elaborate on what we are planning to do there? Or it's just some way for some other business? Are we...

Beni Rauka: I mean, we have B2C business or you can say direct sales business in Human Nutrition, where we are selling our nutraceutical products on Amazon. So for that, we are separating out our -- this particular business in a subsidiary company.

Shreyans Gathani: Okay. So the WELLFA business is going to go there.

Mukund Kabra: Yes, so that more focus can come into that. We feel that now it's time to put some focus on that particular area as well.

Shreyans Gathani: Got it. Understood. And just last question on the Evoxx business. There was like an order a quarter or 2 ago. Is there any update on that? And is there any other opportunities that we are looking on that front?

Mukund Kabra: Yes. So, that order has already materialized. I guess, I already confirmed that, right, whatever we were talking on that. And we are working on that. In similar areas, we are still talking with a couple of more people. But as of now, it's in the process.

Shreyans Gathani: Got it. So that should be executed this year, right?

Mukund Kabra: Yes.

Shreyans Gathani: Okay. So we should see the losses reducing from Evoxx this year?

Beni Rauka: Definitely. Definitely, this year, we will see turnaround.

Moderator: The next question is from the line of Ambuj Chaudhary, and retail investor.

Ambuj Chaudhary: Yes. So globally, it's a trend that every other major chemical players and R&D companies are incorporating artificial intelligence to speed up and streamline their R&D processes like time to market, molecule discovery and all sort of things. So is our company doing -- implementing artificial intelligence in any way in R&D?

Mukund Kabra: Yes, we are exploring. This year, that is one of the tasks for us to go forward. We are working on that. Probably this year, we will implement some of them.

Ambuj Chaudhary: Okay. And the next question is, what would be the guidelines for this financial year? What would you expect like any surprises in any way possible from any geographic market or any product?

Mukund Kabra: There can be a lot of surprises. But what we expect is, as I already said, maybe like a mid-double-digit growth as of now. We might see better as well, depending on how the global things turn out. And also, we are looking into the -- some kind of intermediate kind of a business. And if that works out, clearly, there can be -- the top line can be much higher.

Moderator: The next question is from the line of Umang Shah from Banyan Tree Advisors.

Umang Shah: Sir, in the calls, you break out the Human Nutrition revenues between India and international. Could you please do this?

Beni Rauka: Yes, So Umang, I'm giving you for FY '25. It's INR1,764 million. And international business is INR2,289 million.

Umang Shah: Okay. Sure. Great, sir. And sir, one question was, biocatalyst business, we have been in conversation with pharma companies for quite some time. So what are the challenges here for them to adopt this solution that we have?

Mukund Kabra: So yes, there were some challenges, like as I already talked on the -- earlier as well, for one of the molecules, the -- for example, the lead cost has gone up and all of those sort of things were there -- lithium, not lead. But then, we come out with some other ways for this year, particularly. And this year, probably, we should see a good growth in that particular area.

Umang Shah: Right, sir. And sir, you mentioned that the India pharma business will continue to be stressed in next year also. So in that context, sir, some other segment will have to have a higher growth, 10% to 15% growth for us to actually grow at, say, high-single digit in the next 1 to 3 years. So which segments are you more optimistic about?

Mukund Kabra: The biocatalyst area right now.

Umang Shah: Okay, sir. And sir, animal feed, industrial processing, any color on that?

Mukund Kabra: Animal feed will do also very good this year. But the problem is a low base. So even though whenever we talk it about good, when we talk about overall growth, its contribution is on the lower side when we -- even like -- so animal feed should also do good. Food will be, I would say, normal for this year, particularly. This year, major growth will start coming from the HN only.

Beni Rauka: Human Nutrition and biocatalysts.

Umang Shah: And sir, with the largest product that we sell, do we think that this is the new normal in terms of margins and sales growth and the competition is here to stay? Or do we think that we will revert back to our own profitability and sales composition once these temporary issues are done away with?

Mukund Kabra: I think it's a game we can sustain, right? So it will take some more time, maybe 2, 3 years, and then we'll see how that pans out. There will be some quarters when we will see the good growth. Some quarters, we will be the normal ones, depending on the situation in the market. But for the calculation purposes, we are going with this as a normal right now.

Umang Shah: Right, sir. And sir, what would be the discount that the competitors offer to the product that we sell, if you are able to talk about it?

Mukund Kabra: There will be the erosion on that front, somewhere around 5% to 7%, particularly as of now. That is what we are taking into the consideration for the next year, particularly.

Umang Shah: Sure, sir. And the demand growth will not be significant here. So you are actually looking at a volume decline more or less?

Mukund Kabra: No, we will see the volume may grow, but actual realization may be at the same level.

Moderator: The next question is from the line of Shubham Sehgal from Skill Ventures.

Shubham Sehgal: Yes. Just a follow-up on a previous question, so like about the gross margins itself. So in the last 5, 10 years, if we see our quarterly gross margins, so like never we have witnessed like such low gross margins of 72%. So I mean, I heard that you said that we did some inventory revaluation. But still this kind of margins, we have not seen yet. So like could you just elaborate on that? Is it possible we price our products lower to drive growth or something like that? Because these low gross margins, we haven't seen. And also from next quarter, what gross margins can we expect?

Mukund Kabra: See, on the raw material front or the other front, we will have a 1% or 2% increase going forward as well. But rest of the things, Raukaji can talk.

Beni Rauka: Shubham, I think you are looking at quarter -- so you should look at the yearly numbers, annual numbers. And I have already explained then some true-up has been done. It's not like a true-up is having a very substantial impact on this overall basis. And here, the question was like the product mix, which we have mentioned to you, some of the products which might be fetching very good margins.

If the sale of those products during the quarter is low, is lower than previous quarter, then you see the overall gross margin and EBITDA margin that gets impacted. So when you look at the yearly -- annual numbers of FY '25 and FY '24, so only you see, the 77% is the gross contribution for FY '24. And FY '25, it is 76%. And EBITDA margin was about 32% in FY '24. And this year, we are having about 31%. So only the quarter-to-quarter comparison is something which is...

Shubham Sehgal: So, on a yearly basis, then what kind of gross margins can we expect going forward?

Beni Rauka: I think we are -- I already mentioned we should -- we are maintaining the kind of EBITDA margin and gross margin in the same level.

Mukund Kabra: On a yearly basis.

Shubham Sehgal: Okay. So in the range of 76% to 77%, then?

Moderator: As there are no further questions, I would now like to hand the conference over to Mr. Ronak Saraf for closing comments. Please go ahead.

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. An audio recording and the transcript of this call will be uploaded on our website in due course. Looking forward to host you all in the next quarter. Till then, stay healthy, stay safe.

Mukund Kabra: Thank you.

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