

November 17, 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 November 13, 2025 for the Un-audited Financial Results for the quarter and half year ended September 30, 2025.

In furtherance to our intimation letter dated November 10, 2025, please find enclosed the Transcript of the Conference call held on Thursday, November 13, 2025 with Analysts and Investors for the Un-audited Financial Results of the Company for the quarter and half year ended September 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
Q2 & H1 FY '26 Earnings Conference Call”

November 13, 2025

Management:

Mr. Mukund Kabra – Whole Time Director
Mr. Beni Rauka – Group Chief Financial Officer
Mr. Ronak Saraf – Investor Relations Manager

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Kindly Note, there could be unpublished price sensitive information that would have been shared /discussed during the call.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 November 13, 2025 for information of public at large.

Moderator:

Good evening, ladies and gentlemen. I'm Akash, Moderator: for the conference call. Welcome to the Advanced Enzyme Technologies Limited Q2 and H1 FY26 Earnings Conference Call. As a reminder, all participants will be in listen-only mode and there'll 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 * and then 0 on your touch-tone telephone. Please note, this conference is being recorded.

I would now like to hand over the floor to Mr. Ronak Saraf, Manager, Investor Relations. Thank you, and over to you, sir.

Ronak Saraf:

Thank you. Good evening, everyone. Welcome to the Advanced Enzyme Technologies Q2 and Half-Year FY26 Earnings Conference Call. We hope you all have gone through our financials, press release and the presentation, which has been posted in the Investor Relations section of our website and on the stock exchanges.

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

I would like to draw your attention to the fact that some of the information shared during the call, particularly regarding 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, changes in government policies, regulatory developments and other unforeseen circumstances.

Recipients 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 statement, whether as a result of new information, future events or otherwise.

So 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 half year ended September 30, 2025. I am happy to announce that we have reported good numbers for the Q2 fiscal 26, continuing the growth trajectory. We have witnessed growth across all business segments of our presence.

Our top line for the quarter stood at INR 1,845 million, reflecting a 26% YoY growth and marginally decreased by 1% compared to the previous quarter. EBITDA came in at INR 601 million, which is a 42% increase YoY and 6% higher QoQ. Our EBITDA margin for the quarter stood at 33%. Moving to profitability, our profit after tax reached INR 447 million, registering a 34% growth YoY and 11% increase QoQ. The PAT margins stood at 24% for the quarter.

Now, I will take you through our segment-wise revenue performance for the second quarter of FY26 and compare it both YoY and sequentially with Q2 FY25 and Q1 FY26. Let's begin with Human Healthcare. Our largest segment, revenues for Q2 FY26 stood at INR 1,212 million, making a 22% YoY growth and a marginal decline of 1% QoQ. This growth was driven by higher sales in the Pharma/API and Nutritional business across both domestic and international markets. Human Healthcare remains the vital of our portfolio, contributing 66% of our total revenues.

Next, we have Animal Healthcare, revenues rose to INR 193 million, delivering a 6% increase YoY and 26% decline QoQ. Animal Healthcare accounts for 10% of our total revenues.

Turning to Bioprocessing, this segment recorded strong growth of 52% during the quarter, reaching INR 255 million and 8% sequential growth. This growth is primarily on account of robust performance of our food business. The food business grew by 77% on YoY basis and 18% on QoQ basis. The Non-Food business underperformed during the quarter. It de-grew by 4% on YoY basis and 20% on QoQ basis.

Lastly, the Specialized Manufacturing segment delivered a strong growth of 54% on YoY basis and 30% on sequential basis, reaching INR 185 million. This segment represents 10% of our overall revenue. We anticipate that our strong growth trajectory will continue across all business segments in the foreseeable future.

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

Beni Rauka:

Thank you very much, Mukund. Good evening, everyone. I hope you all are in good health and doing well. On the company's consolidated financial performance for the second quarter and year-to-date of fiscal year 2026, let me talk about YoY. Our revenue grew by 26% from INR 1,461 million to INR 1,845 million. Our EBITDA increased from INR 424 million to INR 601 million. Profit before tax increased by 41% from INR 422 million to INR 595 million. Profit after tax increased by 34% from INR 334 million to INR 447 million.

On QoQ basis, our revenue slightly decreased by 1% from INR 1,859 million to INR 1,845 million. EBITDA increased by 6% from INR 564 million to INR 601 million. Profit before tax increased by INR 46 million, 8% from INR 549 million to INR 595 million. Profit after tax increased by 11% from INR 404 million to INR 447 million.

For six-month performance for FY26 as compared to FY25 six months, revenue increased by INR 698 million, about 32% of increase from INR 3,006 million to INR 3,704 million. EBITDA increased by rupees INR 229 million from INR 936 million to INR 1,165 million, and it stood at 31% of our revenue as compared to 31% during six months of FY25. Profit before tax increased by INR 236 million, 26% increase from INR 909 million to INR 1,144 million. Profit after tax increased by INR 168 million, 25% increase from INR 684 million to INR 852 million, and profit after tax stood at 23% of our revenue.

Now, I would like to give you numbers of our subsidiary companies. Revenue of JC Biotech stood at INR 186 million, EBITDA of INR 37 million and PAT of INR 17 million for Q2 FY26 as compared to INR 158 million of revenue, INR 20 million of EBITDA and INR 5 million of PAT. For six months, the revenue of JC Biotech stood at INR 397 million as compared to INR 317 million, 25% increase, and EBITDA of INR 70 million as compared to INR 44 million, 59% increase. PAT at INR 31 million as compared to INR 13 million.

Evoxx revenue stood at INR 74 million and EBITDA of INR 17 million, PAT of 14 million in Q2 of FY26 as compared to INR 49 million of revenue, INR 12 million negative EBITDA and INR 19 million of negative PAT during Q2 FY25. Evoxx six-month numbers stood at revenue INR 144 million as compared to INR 96 million and EBITDA of INR 31 million as compared to negative INR 19 million and PAT of INR 21 million as compared to INR 35 million negative during six months of last year.

SciTech revenue stood at INR 185 million, EBITDA of INR 33 million and PAT of INR 15 million in Q2 FY26 as compared to INR 120 million of revenue, INR 14 million of EBITDA and INR 3 million of PAT. For six months, our revenue in SciTech was INR 330

million as compared to INR 232 million, 42% of increase and EBITDA of INR 38 million as compared to INR 36 million, PAT of INR 8 million as compared to INR 13 million.

The top ten customers contributed 27% percent in the total revenue in Q2 FY26 as compared to 25% in Q2 FY25. For six months, top ten customers 23% as compared to 22% last year six months. B2C segment contributed \$1.29 million as compared to \$1.1 million during the same period during the previous year.

Let me also give you the breakup of our human nutrition business. So, our Q2 numbers for India sales is about INR 570 million as compared to INR 659 million during Q1 and the Q2 of last year, INR 419 million. International sales during Q2 is INR 642 million as compared to INR 562 million in Q1 and INR 573 million in Q2 of last year. Domestic is INR 570 million and International sale was INR 642 million during Q2 FY26. In Q1, it was INR 659 million from the domestic market and international market was INR 552 million. In Q2 of FY25, domestic was INR 419 million. International sales were INR 573 million.

Our R&D spending during Q2 is INR 78 million. Revenue expenditures and CapEx of INR 1 million, total is INR 80 million as compared to INR 85 million in Q2 of last year. On consolidated basis, R&D spend is about 5%, INR 84 million during Q2 and 6% in Q2 of FY25. This is without considering intercompany elimination. On consolidated basis, R&D spend is about 3% during Q2 and 5% in Q2 of FY25.

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

Moderator:

Thank you, sir. Ladies and gentlemen, we will now begin the question-and-answer session. If you have a question, please press * and 1 on your telephone keypad and wait for your turn to ask the question. If you would like to withdraw your request, you may do so by pressing * and 1 again.

The first question comes from Rachna K from SCIL Ventures. Please go ahead, ma'am.

Rachna K:

Thank you for the Opportunity, and congrats on a good set of numbers. I have a couple of questions. My first question would be, could you provide color on how could we achieve YoY good growth rate across our geographies like India, Europe, and Asia? And what caused a slight decline in USA? If you could please provide share on drivers of growth for this quarter across each geography individually. This is my first question.

Beni Rauka:

We will give you some numbers. Okay? What is the next question?

Rachna K:

Similarly, for our product categories, animal healthcare, human healthcare, food processing and specialized manufacturing. And what were the growth drivers? If you could give some color on each category separately? And what caused a decline in industrial processing revenues to remain for that? And do we see the growth trajectory sustaining over the long term? These would be my questions.

Mukund Kabra:

So, good evening, Rachna Ji. I would say this way, when we talk about India, Europe, all the different names, numbers can be given by Rauka Ji. But in general, it's, marketing we're putting up from last so many days into the different areas, different geographies, Asia, as well as Europe. And all of this, it's a long-term, like, efforts. You cannot just, go and say that in one day, go, come and can go. So, I would put it this way. It's into the all the different segments which we are working.

In Europe, we were working into the baking areas . We were working into those different food areas. In India as well, we are working on a different food areas. In other market, Asian markets, we are working into the different pharma areas. And all of those, give you some effect.

At the same time, we did have, some back footing because of the tariff issues, which is there. And what we anticipated, little more growth because of tariff issues, which are still there, and we anticipate that may continue. We don't know when it will be because the uncertainty is there. And, probably, that is the one area which has caused a little bit lower sales in the US as of now.

And also, in some of the areas where the indirect market is there. So, we are waiting how this tariff issues pan out to make further strategies, what we should do, what we shouldn't do. But what I would like to say that it's like long-term efforts, which are turning into the some sort of growth.

Beni Rauka:

Yeah. I would like to give you the numbers. So total revenue, 50% has come from India on six-month basis, YTD FY26. The 30% has come from Americas where we see a decline of 4% in our numbers as compared to last year's six months. Europe is about 6% of our revenue, and we have seen 51% of growth from this geography.

Asia is about 12% of our revenue coming from there in the six months of current year, and we have seen 4% of growth in this particular geography. The rest of the world, which constitute about 2% of our revenue, and 30% increase in six months period. Do you need absolute number or you'll get some idea from this?

Rachna K:

I'll get some idea. And on product categories, if you could give some color.

Beni Rauka:

I mean, product categories, in what sense you are saying? Anti-inflammatory product.

Rachna K:

Yeah. The drivers of growth because the growth rates this quarter are very good. So, just wanted an idea on those aspects.

Mukund Kabra:

It's all the different areas and different products, every everything is showing growth. If you really look at it, our anti-inflammatory product growth is also there. Our baking enzyme's growth are also there. Animal feed enzymes also there.

So, all of them are growing at this point of time. There are a lot of research which is happening. Those are also supporting into some of the areas, and those are also going to support in the future. So, that's all what I can say as of now, Rachna Ji.

Rachna K:

Okay. Thank you. And one more question. How will we offset the impact of tariffs? You said we have some strategies in place. So, if you could provide some color on that as well.

Mukund Kabra:

Rachna Ji, I don't want to reveal those strategies. We will wait and see how the things pan out, and then we will take appropriate call at a given time. How do we need to do? We are still working on different area. If this persists, then what we need to do?

Rachna K:

And how do you think the growth in H2 FY26 will pan out? If you could provide some color on that as well.

Mukund Kabra:

There are a lot of uncertainties out there. What I would say is that we will still stick with the numbers and the initial guidance what we have given that we will have this year, like, a mid-double digit growth. And I would like to continue with that as of now, and we'll see how the things pan out in the given time because I see a lot of uncertainties around the world. So, I don't want to comment too many things as of now.

Rachna K:

Okay. Thank you so much.

Mukund Kabra:

Thank you.

Moderator:

Thank you. So, next question comes from mister Umang Shah: from Banyan Cleaver Advisors. Please go ahead, sir.

Umang Shah:

Hello. Am I audible?

Beni Rauka:

Yes, Umang Ji. You can be a little louder.

Umang Shah:

Okay. Sure. Hi, sir. Congratulations on good set of numbers, and thank you for the opportunity. Sir, I have two questions.

First one, the specialized manufacturing business. Right? Last two years, the bottom line is around INR 4 crores or so in that subsidiary. At what scale do you think the margins will scale up? And what is the current line? And where do you think the margins will land at for next two years?

Beni Rauka:

I mean, see, margin in that particular business is really low. And currently a lot of expansion is happening. So I think, the depreciation expenses have gone up and capacity utilization has also gone up. But yet, the margin is low in that particular segment. And particularly, when you have, the geography-wise, if you look at the numbers, then I think the domestic market little bit more competitive in the sense in getting the kind of the margins.

So, I think we will go with the same kind of margin that is what we had in the last year. In this particular company, I think, maybe, about 8% to 10% of the kind of the margins we are going to have.

Umang Shah:

Okay. Sure, sir. Very helpful, sir. Sir, and how is the competitive intensity for serratiopeptidase in India?

Mukund Kabra:

Competition is always there, Umang Ji, and it will continue.

Umang Shah:

Right. No. Because last year, the competition had significantly increased after many years. So, do we continue with that intense competition or now you see that the rates are still forming up?

Mukund Kabra:

No. I would say that rates are more or less stable. And competition is going to be there, and then you need to deal with the competition with whatever the tools which you have.

Umang Shah:

Right, sir. And, sir, in the last call, you had helpfully mentioned the total impact on our profits for the full year if the US tariffs go to 50%. Now, they are at 50%. So, do we work with those numbers?

And right now, what are the conversations like with our customers? Are they taking some impact of the tariffs?

Mukund Kabra:

As like last time also, like, I think, like, we mentioned that at the worst case, we will have a 2% impact on the EBITDA if we absorb everything going forward as well.

Mukund Kabra:

The way we will work it out is some of them probably will absorb. Some of them will try to pass it on. It depends on the customer. It depends on the strategies. It also depends on the volume of the customer, size of the customers, and what different actions which we need to take.

But still, it's absorbable if the volume goes up. So, we are open on that as of now, and we'll see how it works out.

Umang Shah:

Got it. Thank you so much, sir. All the best.

Mukund Kabra:

Thank you, Umang Ji.

Moderator:

Thank you so much, sir. The next question comes from Mr. Raman KV from Sequent Investments. Please go ahead, sir.

Raman KV:

Hello. Can you hear me?

Beni Rauka:

Yes.

Mukund Kabra:

Yes, Raman Ji.

Raman KV:

Good evening, sir. Thank you for the opportunity. I'm fairly new to the company. If you don't mind, can you please explain me the business vertical? And my second question is, what are the key growth drivers for your double-digit growth for the year? As in, are you planning to launch more product or are you planning to scale the existing products?

Mukund Kabra:

So, Raman Ji, the business segments what we have and we have mentioned on our presentation on the website as well, but I will just for your information, I will give you in short. So, we do have our nutraceutical business where, like, all the pharma and Nutra business is a part of it. Second one is bioprocessing business where food and non-food business is a part of it, and the third one is animal feed business.

And I would like to say that the growth is always with the existing products as well as the new products. We are more R&D-driven company. We heavily work from the R&Ds, and the new products and new launches are always into the pipelines. But all the products don't scale up that fast or that quickly. There is always some time lag in our area. And we intend to increase our R&D intensity as well going forward. We are coming up with the new R&D center as well where we would increase our R&D capacity multifold than what we have at present.

So, the simple answer is it's a combination of both existing products as well as the new products what we are going to launch. Some of them not maybe like individual form, maybe in the blends and formulation form.

Raman KV:

Understood, sir. Sir, while looking at the historical figures, I have noticed that our historical margin before COVID, it was around 44% to 46%. Can we assume this 30% to 32% kind of margin is the new normal? Or can we go back to the 44% margin?

Mukund Kabra:

Since the last few calls also, we are saying that at this point of time, our view is this is going to be the new normal for us. If it improves, it is good, but we will go with these numbers as of now.

Raman KV:

Okay, sir. And so my last question, it's more of a doubt. If you can give ballpark figures, which is a better margin business amongst all the vertical?

Mukund Kabra:

It's we don't really track with the different products, different margins, different areas to that level. But I would say that all of the segments are more or less equal. But whenever there is a sale from our US subsidiary, it adds up to the margins.

Raman KV:

Understood, sir. Thank you, sir.

Mukund Kabra:

Thank you, Raman Ji.

Moderator:

Thank you, sir. The next question comes from Mr. Lakshmi Narayan from Tunga Investments. Please go ahead, sir.

Lakshmi Narayan:

Thank you. I just want to understand our largest product sales. What has been the sales for the last six months versus the previous-year six months?

Beni Rauka:

Yeah, Lakshmi Narayan ji, INR 829 million as compared to INR 555 million.

Lakshmi Narayan:

Okay. And if you look at it, what is our India market? This is entirely domestic, I believe. Right? Now in this, what is the total market size for this product?

Mukund Kabra:

It's difficult, Lakshmi Narayan Ji. But I would say that we command maximum percentage of it.

Lakshmi Narayan:

Okay. I mean, when you say, is it another 35% or 20% more would be that? I mean, I just want to understand what is the broad number? What is the range it should be?

Mukund Kabra:

See, the application can be different. It can be into the other areas as well. You can extend the applications. Right? So, it's very difficult to put it into the actual number. So, that's a challenge Lakshmi Narayan Ji to tell you exact number.

Lakshmi Narayan:

Got it. Now, how many players are there right now? Because the market itself is around INR 200 crores or so, I mean, then it's a different thing as well as when the market is large. So, because it needs a minimum order, minimum size for somebody to set up this particular product. Correct? Now in your view, what is the minimum revenue somebody has to generate to actually enter into this particular business?

Mukund Kabra:

I would put it this way, individual single product, probably, it's very difficult to survive. You need to have different batteries of the products. You need to have different products. You need to take the capacity utilization very differently. Because just giving the one product doesn't work out.

Lakshmi Narayan:

Got it. Thanks. Sir, and we talked about the American business and there has been tariff impact. Now, is it that the entire product that are being shipped to the US suffers from this tariff? Can you just tell me what is the percentage? Because there is if you add value, then the tariff becomes different, right? So, what is the weighted average thing for this? And then how do you -- what kind of mitigation you can actually do?

I know you talked about some of the things like 2% is an impact. Just want to understand how much would get suffered with this tariff? And then what is the weighted average? And then what are your mitigations?

Mukund Kabra:

If I go with the last year's number, at the worst scenario, probably, like, we'll have impact of INR 7 crores, INR 8 crores.

Lakshmi Narayan:

Okay. In the EBITDA?

Beni Rauka:

Yeah.

Mukund Kabra:

Yeah. I mean, like, total whatever we can call PAT, EBITDA or Gross margin.

Lakshmi Narayan:

Sorry, sir. I didn't get a clear end.

Beni Rauka:

So, INR 10 crore to INR 11 crore is impact on EBITDA and INR 7 crore to INR 8 crore on PAT on overall basis.

Lakshmi Narayan:

And how do you intend to mitigate it? Is there a way that you can mitigate by changing the source of origination or keeping the place at which the value is being added. Is there something which you can mitigate?

Beni Rauka:

Yeah. I think that's what we are working on.

Mukund Kabra:

We'll explore all of those areas.

Lakshmi Narayan:

Sir, and if you look at India, non-pharma business. Right? So can you just give me a bit of India non-pharma and how it has actually grown?

Mukund Kabra:

So, when we talk about India, non-pharma, it is basically textile and leather, and we mentioned many times that that is not our focus area, Lakshmi Narayan Ji, but we intend to be there and see how is the market moving. Maybe, like, in the future, we will like to come out with the products into those areas.

Lakshmi Narayan:

Yeah. Because I thought there is a sizable amount of animal feed business.

Mukund Kabra:

Animal feed doesn't come into the non-food areas. The non-food areas basically comprises of textiles and leather.

Lakshmi Narayan:

I talked about -- I was looking for non-pharma, sir. Sorry. I think I wanted to know the non-pharma part of India. What is the revenue that is actually for the last six months and how it has grown, okay, excluding pharma domestic sales?

Mukund Kabra:

Rauka Ji can give the numbers of the food business, how it has grown, and basically, the other one is the animal feed. Overall numbers, we don't have numbers, like, separately, geography-wise or others. Right? So, you can give the six-month comparison, Rauka Ji.

Beni Rauka:

Okay. So, I'm just giving you a number for food segment. So for six months, it is about INR 380 million as compared to INR 312 million. And other than that, the animal health, the animal feed business, that is what we call it, is INR 453 million as compared to INR 353 million in last year's six months.

Lakshmi Narayan:

Is this India?

Beni Rauka:

No. It's not India. It's all, like, India plus international. Total number I'm giving you.

Lakshmi Narayan:

Okay. So, then moving on to Europe, which has also grown for us, can you just give me a bit of what is growing in the Europe?

Mukund Kabra:

No. I would put it, like, say, Lakshmi Narayan Ji, we shouldn't go on a QoQ or half yearly basis. Overall yearly basis, it has more relevance. I would say that the focus area is still the same. What we have into the food areas and particularly into some of the nutraceutical areas, which is still there into the Europe, we are registering our few products in the EFSA, and we are waiting for the novel food approval.

If that works out, then probably, the Europe business can grow much faster. Similarly, we are waiting for some of the approvals for some of the pharma areas into the Asian areas. If those happens, probably, that should, really increase the growth into those areas as well, particularly. It's a long, time-consuming process. The process we started one and a half years back, and still we are waiting. Maybe like six months to eight months down the line, we expect that, that should materialize.

Lakshmi Narayan:

Sir, one just last question. The American business has shown a little slower growth. So, is it completely related to tariffs? Or it is something outside the tariff issue that is actually leading to this?

Mukund Kabra:

We don't know at this point of time, Lakshmi Narayan: Ji, but what we can say that into the last particularly last two, three months, there is a lot of slowness what we have observed. The number of inquiries which used to be, let's say, about hundred in a month dropped down to four, five, six new inquiries. So, that just shows that there is a lot of slowness which is happening into the market.

Now, is it because of the tariff or some others or because of the price rise, what is happening into the year? We still need to wait and watch. But what I would like to say that there is some slowness which we can see, and we believe that it has to do more with the tariff and other cost increase what is happening in US.

Lakshmi Narayan:

Thank you. I will come back in queue.

Mukund Kabra:

Thank you, Lakshmi Narayan Ji.

Moderator:

Thank you, sir. The next question comes from Mr. Nitish Rege from Chrys Capital. Please go ahead, sir.

Nitish Rege:

Hi. Thank you for the opportunity. Hope, I'm audible. Just a question on the guidance which you said you want to maintain at the mid-teens level. So, you expect to which our revenue growth rate to decline?

We've done 23% YoY in the first half. So, if you can do mid-teens, we expect to which to be a slower growth for us?

Beni Rauka:

I think, that's what we have been telling because of a lot of uncertainties around the world. We feel like, we need to have the same guidance for the time being.

Nitish Rege:

Got it. And just if you could share some color on margins, do you expect it to be at this 32.5% EBITDA margin levels going at?

Beni Rauka:

I'm sorry. I did not get.

Mukund Kabra:

Margins.

Beni Rauka:

The margin, I think, we already mentioned, except, like, the impact of the tariff. Otherwise, I think we will continue to have the margin of PAT about 21% to 22%, EBITDA of 30% to 32%. That's what we are still managing.

Mukund Kabra:

I would say that still, like, we will not go with the QoQ. I would still like to see more certainties as to, I mean some more clear picture how the whole situations pan out. As of now, what we are trying, we are getting some results. We expect some more results. Some of the results didn't come up because of tariff issues and other issues. So, we'll wait and see -- wait and watch how the things pan out.

Nitish Rege:

Got it. And, sir, we've got close to INR 600 crores of cash on our balance sheet right now. Is there any M&A we're targeting or any such acquisitions where you have in mind you're assessing right now?

Mukund Kabra:

So, acquisitions and other things are always there in the mind. We always work. We are working on few of them, but it always depends on the cost and what we are getting out of it. So, we don't know whether it will happen or it will not happen as of now.

Nitish Rege:

But, like, are we looking for targets which are in the human nutrition or in the industrial bioprocessing? Any anything we're favoring?

Mukund Kabra:

I mean, that's an ongoing process.

Beni Rauka:

It's more of, in a forward integration. We are looking at the animal feed business, of course. In human nutrition, we are looking more at probiotics. That's the area of our interest.

Nitish Rege:

Okay. And just lastly from my side, what traction are we seeing on the bio-catalyst side?

Mukund Kabra:

We do have a lot of good traction which is coming up. We do see that there are a lot of products which are into the pipeline, and probably, they should also add up to the growth going next year. Some, maybe the last quarters. We will see, wait and watch how the things pan out.

Nitish Rege:

Can you quantify the number?

Mukund Kabra:

I won't be able to, Rauka Ji can give the numbers, but the market work which is going on, that's all what I can say as of now. But Rauka Ji can give the number.

Beni Rauka:

So, I think bio-catalysis total for six months stood about, INR 128 million as compared to INR 104 million last year.

Nitish Rege:

Got it. Thank you so much.

Mukund Kabra:

Thank you.

Beni Rauka:

Thank you.

Moderator:

Thank you, sir. The next question comes from Mr. Rajas Joshi from Chrys capital. Please go ahead, sir.

Rajas Joshi:

Yes. Good afternoon and thank you for the opportunity. Sir, I just wanted to get your sense on the growth that we reported both for earlier quarter and this quarter. How sustainable is this growth? And are there any one-offs per se, so to speak, in the numbers for H1, both with regards to revenue and/or margin?

Mukund Kabra:

I would say that there is no one-off, but there is not every quarter we get the same -- I would say, the same orders. Some quarters maybe here and there -- few here and there. But I would say this is a little bit long-term growth rather than, we just go with a QoQ basis. So, it's difficult. There is no one-off customers, but we still need to wait for how this tariff comes up because there are a lot of time, the indirect sales are also there, which also goes to the US.

So, we need to wait and watch how the things pan out.

Rajas Joshi:

Understood, sir. And has the strategy in any sense changed, especially, I mean, with regards to, let's say, sales and marketing or, business development? Any other kind of change in strategy that you've done over the past one year or that you would like to highlight specifically?

Beni Rauka:

No comment.

Mukund Kabra:

I don't want to comment on that, Rajas Ji.

Rajas Joshi:

Okay. Understood, sir. And secondly, on the gross margin, right? So I mean, Q4 was kind of the bottom. And then last Q1 also, we were about, I think, 73%-odd. And this quarter now, we've given about 76%-odd in terms of gross margins. And if I look at the sales in the US, which is rightly, as you rightly said, a higher margin market for us, QoQ basis sales are down for this high-margin market, then what is really driving this gross margin expansion per se on a QoQ basis?

Beni Rauka:

So, all operational efficiency is driving.

Mukund Kabra:

Operational efficiency as well as your some of the research is there and some of the, product mix which varies with quarter to quarter.

Rajas Joshi:

On mix, could you highlight what exactly is higher margin and what is lower margin? It should help us understand going ahead as well how we should think of gross margin.

Mukund Kabra:

I think for you, it will be difficult to, arrive at such things, frankly speaking because of the complexity. We have animal nutrition, human nutrition, biocatalyst, probiotics. So, I mean, it's very difficult to drive in that sense, those numbers.

Rajas Joshi:

Okay. Even qualitatively, not from a number perspective, if you could come in let's say, animal nutrition is high margin or some other product is low margin. Anything of that sort?

Beni Rauka:

No, I don't think we will be able to give you that kind of guidance.

Rajas Joshi:

Okay. All right. Thanks a lot, sir.

Moderator:

Thank you, sir. The next question comes from Zakinaher Nasser: from Nasser Investments. Please go ahead.

Zakinaher Nasser:

Sir, congratulations on a very strong set of numbers. Sir, you've given a guidance of a mid-teens growth, which I think is on the cards. But sir, how do you foresee the company three years from now? How do you want Advanced Enzymes to shape out as a company in the global scenario? So because it's a complex company where the products itself are pretty complex.

And also, I would like you to throw some light on your sector of industrial and bioprocessing. What do you foresee that because that has had a good growth this quarter, sir?

Mukund Kabra:

So if you ask me, we always wanted to maintain the growth trajectory of mid-teen over a longer period on an average, if I would like to say. So, that's our always a goal. In terms of bioprocessing and all of these different areas, we are coming out with different new geographies. We are adding up new products what we are working on. Some of them are in the R&D. Some of them are into the final stages. Some of them, we already added and marketed into the market. Right?

So to support that, you need to add more geographies, just not dependent on the baking. So, we are working into the different areas into the food categories as well, and we are coming out with the new products, new R&Ds. And that is how, we are working on the bioprocessing, and that is how, we need to grow in each and every areas.

Zakinaher Nasser:

Sir, and would you have a broad idea of what your share in the world market would be? Or how large would Advanced Enzymes be as a world player, sir? Would you have 10% to 15% market share or more, sir, in this area?

Mukund Kabra:

I would say that we are very small. Even though we will be among the top five or top ten players, there are very few companies in the world. If you just go and compare, the revenues of the biggest, like, Novozymes or Novonesis right now, we are very, very small. So, we won't be commenting, 5% of the share in the world market. Probably, like...

Beni Rauka:

Less than 2%.

Mukund Kabra:

Less than 2%. Somewhere around that. That is what I wish is as of now.

Zakinaher Nasser:

So, there is a huge headroom, sir, if things -- if you have a good couple of years.

Mukund Kabra:

Yeah. But that has to be supported with lot of R&D. And this is a complex business, as we always say. Right? But needs a lot of research, and that is what, our focus is going forward as well.

Zakinaher Nasser:

Thank you, sir. Best wishes.

Mukund Kabra:

Thank you.

Moderator:

Thank you so much, sir. The next question comes from Mr. Shreyans Gathani from SG Securities. Please go ahead, sir.

Shreyans Gathani

Hi. Good afternoon, Mukund Ji and Rauka Ji. So, I had a couple of questions. So, the first one was that we've seen like a big pickup in high protein foods in India, especially, like, high-protein yogurts and milk. So, are we providing any kind of enzymes towards those, like, specifically, like lactase or in that particular area? And what kind of growth are you looking at?

Mukund Kabra:

We are working on to those areas. As of now, we do have certain products under the trial. Yeah. Even though, our Indian market share is smaller into those areas. In India, there are little different challenges, but we are overcoming on those. And you need to have a lot of different product batteries.

Like, when we talk about lactase, there are a couple of types of lactase, particularly into this area prevailing, you need a neutral lactase. We do have a very good acid lactase. Neutral lactase is also under the R&D. There are a lot of different aspartic enzymes, proteases, and all of those are also into the customer testing phases and all of that.

So, yeah, in giving the short answers, we are working into those areas. As of now, we don't have too much of the sale in Indian market, particularly, of those, but those are the products under different stage of development.

Shreyans Gathani

Okay. So, we are in testing phase. We developed the product is what I can understand.

Mukund Kabra:

Sorry?

Shreyans Gathani

Is it under, like, customer testing or what favorable yet?

Mukund Kabra:

There are lot of different products. Right? So, some of them are at the customer testing. Some of them are, like, in our lab testing. Some of them are under the development stage as well.

Shreyans Gathani

Okay. And second question was on the B2C India business. So, how do you see that shaping up? Any kind of traction that we are seeing? And what's the strategy over there?

Mukund Kabra:

So we are, like, main B2B company, and that is where, we are separating that arm from Advanced Enzymes to the new company what we just recently formed. So, we will be transferring that business. As of now, like, we do have a good growth on a smaller number. This year, probably, we'll be hitting somewhere around INR 1 CR to INR 1.5 CR, which is lower than what we budgeted initially. But we'll see. And there is a young dynamic team which is working behind it, and it's a different company. That's what we are trying to aim at it to develop it further.

Shreyans Gathani

Got it. And actually, is there any update on how we are going with the R&D center and what plans of hiring and all people in that?

Mukund Kabra:

So, R&D is actually at different stages. And I have to put it this way. Probably, by the end of the March, it should have some kind of shape should come up, and, probably, we are targeting to capitalize some of the assets during that time. It will partially become active by the end of this fiscal year.

Shreyans Gathani

By March? Okay. Got it. And last is, the European subsidiary, we had an order, like, any kind of similar orders we're looking at? We did see, like, a revenue jump there. So, if you could give some color on how that is doing and just some update on it.

Mukund Kabra:

European subsidiary is more of a R&D, but we are working on some of the similar contracts out there. Some of them are on the advanced stages. And we see a good growth if those materializes maybe in next one year down the line and two years down the line. But we will wait and see how the things work out because some of them are under still at the development stages for that.

Shreyans Gathani

Okay. Got it. All right. That's all from my end. Thank you so much.

Mukund Kabra:

Thank you.

Moderator:

Thank you, sir. The next question comes from Mr. Aditya Khandelwal from Simpl. Please go ahead, sir.

Aditya Khandelwal:

Yeah. Hi, sir. Thanks for the opportunity. Sir, this question has been asked before, but I'll also try my luck. So, see, the growth which we have witnessed in the first half, more than 20%. So, if you could just provide some flavor of what is leading to such high growth?

So, is it that we have one new customer or some of our products have clicked, which is leading to the high growth? Or is it just purely a base effect playing out? So if you could just spend some time and help us understand what is leading to this high growth?

Beni Rauka:

So, we are getting good growth in all four segments. In human nutrition, we are getting a good growth of about 21%. This is our largest business. And here, we have different products and different product mix. So, many of, products are getting good orders. And because of that, I think the growth is good in this particular segment.

In animal health segment, again, we are getting 28% of growth. So, that is coming from India as well as from the international market. And this is because, mainly, we have done a lot of work in last three, four years. So, I think we are getting now a lot of orders from our customers. And bioprocessing food is another area where we see the good growth of 22%.

So, all these segments are doing well in these two quarters, and there are several things because the efforts have gone in the past, and now you are getting those kinds of numbers from different customers. So, it's not only one particular thing which we can say, okay, it's only because of A, B, C, D, reason. There are several things which has gone back into getting this kind of support and numbers.

We will look at the contract manufacturing business, I mean, there, we have effervescent based technology, and we could see 42% of growth in this particular business as well, which is run by our subsidiary company. So, all put together is given a kind of growth of 23%.

Moderator:

Thank you, sir. We'll take up the next question from Mr. Abhishek Kohli:, an Indian investor. Please go ahead, sir.

Abhishek Kohli:

Am I audible, sir?

Mukund Kabra:

Yes, Abhishek Ji.

Abhishek Kohli:

My question one is, I see high inventory in your balance sheet. Is it, like, in preparation for US tariffs that you are maintaining this high inventory? That's my question one.

Mukund Kabra:

Abhishek Ji, in our business, the inventory is always there. If you look into the historically as well, you will see that the inventory is always there because we have multiple different products, different locations. The product cycle is bigger. Let's say if you want to make one product today, you will at least need one month's time. That too depends on, whether the capacity is available because when there are multiple products, there are different batch campaigning as well happens.

At the same time, we have different plant locations in India as well as out of India. So, that makes it always our -- and the delivery time has to be as short as possible. So, we are historically as well in inventory levels.

Abhishek Kohli:

Okay. So as of now, there is a business between India and US, as in you are able to do that despite these tariffs?

Mukund Kabra:

We anticipated that, and we did some movement into the first quarter to the US, some of them, which can take care of another one quarter or so, one and a half quarter.

Abhishek Kohli:

Okay. Yes. That was actually my question. Because I see INR 173 crores inventory, which looks big compared to your past. So I was asking, like, were you preparing for that in the form of finished goods?

Beni Rauka:

A little bit built-up. Yes.

Mukund Kabra:

A little bit built-up.

Abhishek Kohli:

Yeah. Question two. I think two quarters back, I think I remember you mentioned about a pharma intermediate that was in pilot stage. Any update on the commercial orders for that pharma intermediate?

Mukund Kabra:

We had few, but there are a few challenges as well, which we are working. We are working on few of the intermediates as of now. We'll see how it's pan out. And probably, after one or two quarters, maybe, we'll be able to more highlight on that.

Abhishek Kohli:

Okay. And my question three. This is my final question. I remember, like, our CFO mentioning that there was a reduction in the number of inquiries. Despite that, you are guiding for mid-teens growth. Like, my main question is, will this reduction in inquiries be affecting the H2 or next fiscal year, '27?

Mukund Kabra:

So, this is already affected, if you really look at it, our US sales is down by 7%, 8%, whatever that number is. So, it's already affecting us to some level because we feel some of the slowness. If we really go back and when we were calculating, we were anticipating some 9%, 10% of growth in the US business this year, but this has already affected us.

Abhishek Kohli:

Okay. And US, this tariff-related slowdown, is it, like, affecting only your US business or is it affecting, like, the global supply chain what is the feeling as of now?

Beni Rauka:

Right. It's mainly US business.

Mukund Kabra:

It's mainly the US business and some of the indirect US business.

Abhishek Kohli:

Okay. The reason I'm asking is, like, your businesses are more counter-cyclical business, right, like, precision-proof business because food and pharma, these products, textiles anyway.

Mukund Kabra:

No. I will put it this way. Our enzymes go into the pharma intermediates as well. But also, most of the enzymes categorized in US as a nutraceutical enzymes. So, when it goes to the nutraceutical, let's say, if I'm selling some enzymes to the tablet-manufacturing company and they are exporting to the US, that is not happening because of the 50% tariff which is there onto their final products as well. So, that's all, indirectly also, it affects, and it did affect us into the last one or two quarters.

Abhishek Kohli:

Then a really fantastic job actually what you guys did despite all these headwinds, a 20% growth rate. I think without that, it could have been, like, a more than -- I think close to 30%, right, by what you're saying. Thanks a lot. Great job.

Mukund Kabra:

Thank you, Abhishek.

Moderator:

Thank you, sir. We have a follow-up question from Mr. Lakshmi Narayan from Tunga Investments. Please go ahead, sir.

Lakshmi Narayan:

Yes. Sir, just wanted to understand whether people who are taking material from us in US, have they found alternate supply sources? That is about one.

And second, with respect to the growth in Asia, the growth has been stupendous. Can you just help me understand what are the levers of growth in Asia and this US question, please? Thank you.

Mukund Kabra:

I will put it this way, Lakshmi Narayan: Ji, I don't see there is an ultimate supply or this. We haven't raised the prices or anything as of now to a level which it should be. Right? And we are not we might take some hits as well, as we are saying, and we will wait and watch how the things pan out.

One thing what we can look at it as of now is, everywhere there is going to be a price increase in the US, which will happen by the next year. This is what our anticipation is. As of now, we'll wait and see how things pan out in the US.

What was your second question was Asia?

Lakshmi Narayan:

Yeah. Asia. What led to the growth in Asia and in which segment?

Mukund Kabra:

See, so nothing happens in one day, Lakshmi Narayan Ji. You need to do a lot of registrations and other things, and it's efforts of last one, two years what you put in. This starts getting materialized. Right? So, nothing is in a one-day process or this process. We were working on it. We got some success. We are still working on some of the geographies, and we'll wait for those geographies to materialize.

Lakshmi Narayan:

Is it animal feed or is it human nutrition? What actually drove the growth in Asia, sir?

Mukund Kabra:

It's all the segment, I would say. Except food, I would put it more into the animal feed and into the human nutrition business.

Lakshmi Narayan:

Got it, sir.

Beni Rauka:

Other than US, Asia business as well.

Lakshmi Narayan:

Got it, sir. Thank you so much.

Moderator:

Thank you, sir. The next we have a follow-up question from Mr. Umang Shah: from Banyan Tree Advisors. Please go ahead, sir.

Umang Shah:

Hi, sir. Thank you for the opportunity again. Sir, sometime back, Rauka Ji had mentioned on one of the calls that our market share in US is 15%. Just wanted to confirm the number, is the understanding correct?

Beni Rauka:

A 15% of I think we must have mentioned about the nutraceutical and that too, I think, the bulk. Right?

Umang Shah:

Yes. In nutraceutical market in US. That is the right understanding. Right?

Beni Rauka:

Yeah. Right.

Umang Shah:

And in that, with that 15%, what would be our rank? Would we be first, second, third, fourth?

Mukund Kabra:

I think there are three, four players.

Beni Rauka:

Yes.

Umang Shah:

Okay. Three, four players ahead of us or three, four players in the market?

Beni Rauka:

No. They are ahead of us.

Mukund Kabra:

Major. I would say that three players. So, you will be one of them. There will be some small players.

Umang Shah:

Sure, sir.

Mukund Kabra:

Mainly three, four players.

Umang Shah:

Sure, sir. Sir and the second question was this food business revenue that we've got in this quarter, is it sustainable or is it based on a contract or onetime? Because previously, also, we have seen some volatility in this segment.

Mukund Kabra:

I would not say that it's a onetime business. I would say that, some of the -- I would still go with not a QoQ. Some quarters, probably, you will have a lower, but I would say that this is a more sustainable business.

Umang Shah:

Right, sir. Got it, sir. And just last one thing, R&D expenses, is it simply a function of higher sales due to which they have declined or has it also ramped down?

Beni Rauka:

I think an absolute number, we have about, INR 19 crore or so.

Umang Shah:

Okay.

Beni Rauka:

This year, six months, and last year also, the similar number. We are spending lot of money. We have not capitalized, so we are not taking those numbers into account when we are talking about our total R&D spend.

Umang Shah:

Sure, sir. And, sir, once the R&D center comes on stream next year, how much R&D are we budgeting from the P&L?

Beni Rauka:

So, I think this will increase substantially in the sense, supposing we are spending, say, about INR 25 crores. So roughly, for the next year, it is going to go about INR 10 crores to INR 12 crores higher than whatever we are going to spend in FY26. And gradually, it will ramp up.

Umang Shah:

Got it. Thank you so much, sir.

Moderator:

Thank you, sir. Due to time constraints, that will be the last question for the day. Now, I hand over the floor 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 all 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 and on stock exchanges in due course. Looking forward to host you all in next quarter.

Till then, stay healthy, stay safe.

Mukund Kabra:

Thank you.

Moderator:

Ladies and gentlemen, this concludes your conference for today. Thank you for your participation and for using Door Sabha's conference call services. You may disconnect your lines now. Thank you, and have a pleasant day.