

February 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 February 12, 2025 for the Un-audited Financial Results for the quarter and nine months ended December 31, 2024

In furtherance to our intimation letter dated February 03, 2025, please find enclosed the Transcript of the Conference call held on Wednesday, February 12, 2025 with Analysts and Investors for the un-audited Financial Results of the Company for the quarter and nine months ended December 31, 2024.

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 Q3 & 9 Months FY25 Earnings Conference Call”

February 12, 2025



MANAGEMENT: MR. VASANT RATHI – CHAIRMAN AND NON-EXECUTIVE DIRECTOR – ADVANCED ENZYME TECHNOLOGIES LIMITED
MR. MUKUND KABRA – WHOLE TIME DIRECTOR – ADVANCED ENZYME TECHNOLOGIES LIMITED
MR. BENI PRASAD RAUKA – GROUP CHIEF FINANCIAL OFFICER – ADVANCED ENZYME TECHNOLOGIES LIMITED
MS. RASIKA RATHI – NON-EXECUTIVE DIRECTOR – ADVANCED ENZYME & VICE PRESIDENT – SEB USA
MR. RONAK SARAF – MANAGER INVESTOR RELATIONS – ADVANCED ENZYME TECHNOLOGIES LIMITED

Moderator: Ladies and gentlemen, good day, and welcome to Advanced Enzyme Technologies Limited Q3 FY '25 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 this 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 – Manager Investor Relations at Advanced Enzyme Technologies Limited. Thank you, and over to you, Mr. Saraf.

Ronak Saraf: Good evening, everyone. Welcome to the Advanced Enzyme Technologies Q3 and 9 Months FY '25 Earnings Conference Call.

We sincerely hope you all have gone through our financials, and press release and the presentation which has been posted in the Investor Relations section of our website.

We have with us Mr. Vasant Rathi, Chairman and Non-Executive Director; Mr. Mukund Kabra, Whole-Time Director; Mr. Beni Prasad Rauka, Group CFO; and Ms. Rasika Rathi, Non-Executive Director, Advanced Enzymes & VP, SEB USA.

Today, the management will discuss the performance and business highlights, updates on strategies and respond to any questions that you may have. As is usual, for 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 the presentation. During our call, we may make forward-looking statements regarding our expectations or 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.

With this, I would like to handover this call to Mr. Vasant Rathi. Over to you, sir.

Vasant Rathi: Thank you, Ronak. Good evening, everyone. On behalf of entire Advanced Enzyme family, I would like to wish you all a very Happy New Year, even though we are in February now. I truly appreciate you taking the time to join us. And I warmly welcome you to the conference call for the 3rd Quarter and the first nine months ended 31st December 2024.

Let me start a quick review on the global economic scenario. The global economy exhibits a mix and resilience with a lot of challenges. The IMF reports that global inflation has declined indicating progress in combating high inflation. However, growth remains sluggish compared to pre-pandemic level. Moreover, as you know that there are U.S. elections and President Trump is elected, and that is a complete uncertainty what is going to happen in the future. Even though there are a lot of taxes are levied, we will know pretty soon what else can unfold.

Regional disparities are evident. For instance, the United States is expected to experience a short-term economical boost while Europe and China faces significant economical headwinds. Additionally, geopolitical tensions and potential trade war risks continue to pose challenges to economical stability. Overall, while there are positive signs, the global economy is navigating a complex landscape with both opportunities and risks.

With this, I conclude my remarks and now hand over the call to Mr. Mukund Kabra, and he will talk to you about the performance of the company.

Mukund Kabra:

Thank you, VL sir. Good evening, everyone. I will quickly take you through the commentary of this quarter. Our operating performance in Quarter 3 has steadily enhanced, showing growth and sustainability in our financial stability. We achieved a top line of Rs. 1,691 million, growth of 5% on a year-on-year basis and 16% on a sequential basis in Quarter 3.

Our EBITDA stood at Rs. 553 million, grew by 3% on a year-on-year basis and 30% on a sequential basis. EBITDA Margin stood at 33% and PAT margin stood at 23% during Quarter 3.

In the last quarter, we couldn't realize some around 8 crore of the sales because of the sales reversal. So, in this quarter, we saw an incremental revenue recognition of around Rs. 80 million, which was delayed in Quarter 2 Financial Year '25. This resulted in higher sales in the current quarter of about Rs. 80 million.

Accordingly, the revenue for this Quarter 3 Financial Year '25, after giving this effect, would have been at Rs. 1,610 million and for Quarter 2 Financial Year '25 would have been Rs. 1,540 million, a growth of 70 million on quarter-on-quarter basis, about 5% instead of 16%, and the gross margin remain at 77% in the Quarter 3 Financial Year '25 equivalent to Quarter 2 Financial Year '25. Talking about the

Human Nutrition

the Human Nutrition contributed around 60% in this quarter. On year-to-date basis, Human Nutrition constituted about 68% of the revenue in 9 months of Financial Year '24, and for current financial year 9 months it is 64%.

Animal Nutrition

Our Animal Nutrition business contributed 12% to the revenue in Quarter 3. This segment grew by 22% on year-on-year basis and 9% on sequential basis. Year-to-date Financial Year '25, Animal Health Nutrition witnessed an increase of 12% and constitute about 12% of the revenue as compared to 11% in year-to-date Financial Year '24.

Bioprocess

Our Bioprocess business contributed 19% to the revenue in Quarter 3. This segment outperformed during the quarter by around 36% on year-on-year basis and 91% on sequential basis.

The Food business grew by 39% on year-on-year basis and 130% on sequential basis while Non-Food business reported growth of 25% on year-on-year basis and 4% on quarter-on-quarter basis.

Year-to-date performance of Food business remained flat at Rs. 580 million, constituting about 12% of the total revenue. Year-to-date Non-Food business grew by 28% from Rs. 125 million to Rs. 160 million. This constitutes 4% of total revenue as compared to 3%.

Specialized Manufacturing

The Specialized Manufacturing business contributed 9% and grew by 49% on year-to-year basis and 28% on sequential basis and 27% of year-to-date and constituted about 8% of our total revenue as compared to 7% during the 9 months of Financial Year '24.

Key events during this quarter, as we mentioned in our last earning call about significant challenges for our customers is the lack of familiarity with enzyme and probiotic application and testing. To facilitate this, the company has established a separate independent laboratory named Starya Labs under its U.S. Subsidiary. This lab will focus on testing enzyme and probiotic products.

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

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 of innovative products, we are confident in our ability to achieve our strategic goals. Our commitment to delivering exceptional value positions us well to capitalize on new opportunities and navigate any challenges. 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 financial and key subsidiary numbers. Thank you. Over to you, Raukaji.

Beni Prasad 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 3rd Quarter and nine months of fiscal year 2025, Q-on-Q basis the revenue is grew by Rs. 230 million, 16% of growth. EBITDA is increased by Rs. 128 million. This is 30% of our total revenue. PBT is increased by Rs. 108

million, about 26% of growth from Rs. 422 million to Rs. 530 million. PAT is increased by Rs. 55 million, 16% of growth from Rs. 334 million, Rs. 389 million.

On YTD basis, our revenue is increased by Rs. 36 million, 1% of increase from Rs. 4,661 million to Rs. 4,697 million. EBITDA is increased by Rs. 3 million and profit before tax is slightly down. PAT is increased by Rs. 1 million. So, it is about Rs. 1,072 million as compared to Rs. 1,071 million. It's about 23% of our revenue.

I would like to give some numbers of our subsidiary companies. JC Biotech stood at Rs. 172 million of revenue and EBITDA of Rs. 22 million, PAT of Rs. 7 million as compared to Rs. 176 million and Rs. 33 million and Rs. 14 million respectively in Quarter 2 of FY '25. On YTD basis, the revenue of JC Biotech is Rs. 488 million as compared to Rs. 483 million and EBITDA of Rs. 66 million as compared to Rs. 59 million, PAT of JCB is Rs. 19 million for 9 months as compared to Rs. 16 million.

The revenue for Evoxx stood at Rs. 64 million with EBITDA of Rs. 13 million and PAT of Rs. 6 million in Q3 as compared to Rs. 49 million of sales and negative EBITDA of Rs. 8 million and a loss of Rs. 10 million. Evoxx for 9 months revenue is Rs. 160 million as compared to Rs. 166 in FY '24 for 9 months with EBITDA of Rs. 7 million negative as compared to Rs. 12 million negative and PAT of Rs. 29 million, which is, I mean, loss after tax for 9 months Rs. 29 million as compared to Rs. 26 million.

SciTech revenue stood at Rs. 154 million, EBITDA of Rs. 30 million and PAT of Rs. 20 million in Q3 as compared to Rs. 104 million of sales, EBITDA of Rs. 17 million and PAT of Rs. 4 million. So, SciTech has witnessed a revenue increase of about 27% in 9 months from Rs. 304 million to Rs. 386 million, EBITDA of Rs. 66 million as compared to Rs. 38 million and PAT of Rs. 32 million as compared to Rs. 12 million.

Sale of our largest product which is anti-inflammatory enzyme stood at Rs. 335 million for Q3 as compared to Rs. 315 in Q3 of FY '24. For 9 months, the sale is Rs. 890 million as compared to 1,031 million. This constitutes about 19% of our total revenue as compared to 22% in FY '24 for 9 months.

The top 10 customers constitute about 26% during this quarter as compared to 25% in the last quarter. The B2C segment contributed about Rs. 1.23 million as compared to Rs. 1.37 million during the same period the previous year. So, total B2C sale for 9 months stood at Rs. 3.27 million as compared to Rs. 3.79 million.

We do have the detailed breakup of our Human Health Care segment, where we give the data point for the pharma business in India, the international business of human nutrition. So, I am giving those numbers for Q3.

The pharma India business is about Rs. 460 million as compared to Rs. 419 million in Quarter 2 and for nine months, Rs. 1,366 million as compared to Rs. 1,650 million. The international

business stood at Rs. 559 million as compared to Rs. 573 million in the previous quarter and for YTD, Rs. 1,656 million as compared to Rs. 1,510 million.

Our R&D spend for Quarter 3 is about Rs. 81 million as compared to Rs. 75 million in the corresponding 3rd Quarter of FY '24. So, total expenditure on AET standalone basis for R&D is Rs. 242 million as compared to Rs. 202 million. On a consolidated basis, R&D spend is about 5% in Q3, FY '25 as compared to 5% in Q3 of FY '24 last year. On a consolidated basis, R&D spend is about 3% in Q3 and 3% was there in Q3 of last year.

That was from my side. Now we shall be opening the floor for question answer. But before that, I would like to mention that post the invite of earning call we have received about 10-11 questions and since Rasika is with us, so we will be happy to use this opportunity and Rasika would like to address those questions. I will ask the question on behalf of the investor community, and we will request Rasika thereafter to answer those questions. Give me a moment. Yes.

So, first question is, what do you see the company's vision for three years and five years in qualitative and quantitative terms, not asking for guidance and outlook? Please, Rasika.

Rasika Rathi:

Hello, everyone. I am Rasika. So, you are asking about guidance and outlook for three years and five years. From the U.S. perspective, we expect to deepen our footprint in nutraceutical ingredient sales. Historically, we have always had a recognized brand in enzyme and probiotic sales in this industry, but recently we have seen significant brand expansion. There is a lot of progress here in recent years.

Our customers are buying our ingredients, but rather than hiding their source, they are actively marketing that their consumer brand contains our ingredients. This creates a lot of value for us as a company. As they market our ingredients, we create stickiness with them. They now want to continue using our ingredient in their product, but their marketing also acts as a proxy for marketing for us, creating brand recognition in the market and more importantly for us, follow on sales as other companies copy the original brand.

The point of this is to show that we are doing excellent in our brand recognition and expect this to grow and create inbound sales opportunities for us. We are also expanding our sales force to go out and capitalize on this brand recognition. In the next five years, we expect to focus on the major market sectors of gut health, protein powders, and pet supplements where we see lots of opportunities for science-backed research products. This puts us at an advantage with our strong research team and helps create a moat around our products.

Of course, there are several headwinds. There is significant market upheaval with the new political situation in the U.S. We do not yet know how tariffs and other major policy changes will change the landscape or the economy. Ultimately, there is uncertainty here. But there is a chance that we can be a big beneficiary here as well, if the rules shake out right.

Beni Prasad Rauka: Okay. Rasika, the next question is, how do you see the U.S. panning out? In the past few quarters, you have mentioned that growth will come from this market.

Rasika Rathi: Well, as I mentioned, the political situation in the U.S. is that there will be a lot of change. What is unclear is who it will be good for and who it will be bad for. One thing that is very clear right now is that it does not look like it will benefit China economically. The longer this goes on, the more potential there may be to capture some market that has gone to low-cost producers in China.

Effectively, because we are fundamentally a player with a strong presence in India and the U.S., we are better positioned to take advantage of the rules as they stand right now. And so far, it looks like the current political position also looks favorably on our place in the health, nutrition, and wellness industry. But what is not clear is what impacts the new rules and regulations will have on the U.S. and global economy.

The long and short story here is that there is uncertainty. We do not know who will win in terms of suppliers and finished products. So, our approach is to stick to our core fundamentals of delivering excellent service to all players so we can grow with the winners.

Beni Prasad Rauka: Okay. Next question is what challenges are you facing in business since all other international players in the enzyme and probiotic phase are doing very well?

Rasika Rathi: Well, I think the competitive landscape in our industry is influenced by a variety of factors with each company navigating its own unique challenges and opportunities. Growth is generally modest right now with many companies experiencing low single-digit growth rates and in some like ADM even facing a decline as evidenced by their 9% decrease in 2024. So, I am not sure that I agree.

Larger companies, they have the benefit of substantial resources, well-established brands, greater market penetration and robust R&D capabilities. In contrast, companies like ours must invest considerable effort and strategy to break through and differentiate our products in a market dominated by these industry giants. But what I do think is going to happen is when we do, the payoff will be significantly greater.

Beni Prasad Rauka: Okay. What strategy or steps are you taking to strengthen your global sales team and increase your distributor network?

Rasika Rathi: I mean, this is the continuous strategic process. It is not so simple as hiring more or signing more contracts. It requires evaluating several factors and criteria to ensure long-term success. Our product is very technical. In many of our industries, it is not so simple to simply slot in a new salesperson or a new distributor. It requires a significant learning curve to be able to sell well. And the quality of the salesperson or the distributor is just not enough. We must also evaluate the size of the network, a distributor's influence in the market, payment terms, financial stability

and the potential size for scale. But we recognize the value of this. It is an enormously important task, and we have created a key goal of improving our sales using these avenues.

Beni Prasad Rauka: The next question is, can't you go aggressive on the sales front compromising on certain margins?

Rasika Rathi: Oh, a favorite question. The answer is that it's just a balancing act. An aggressive sales strategy can backfire. It can trigger a price war in the market where companies continuously lower their prices to outdo competitors. While this might boost revenue in the short term by attracting customers looking for bargains, it can ultimately harm the company in the long run. Given the niche market of our product, we find that service and quality are driving factors in the sale.

A price war could significantly damage the brand's reputation and devalue its position in the market. As we and our competitors would race to the bottom, customer loyalty would weaken, and the company may find itself struggling to recover both financially and strategically, undermining its long-term growth and stability. That said, we always evaluate the sale. We do make judicious choices to achieve the right kind of sale, always keeping investor value in mind.

Beni Prasad Rauka: Okay. Next question is, what is the status of weight management and sugar management products which you launched in USA a few quarters back?

Rasika Rathi: We have received excellent initial feedback in our test marketing. But as you all know, launching a molecule from scratch takes significant time investment. It may be several years before we reap the full benefits. We are pursuing this opportunity actively because we see a good market for this product.

Beni Prasad Rauka: Okay. You always say that you are working on new molecules or launching new products every year, but you have never mentioned what those products are and how they are performing in the market or how big the market size is.

Rasika Rathi: This is the balancing act. Enzymes and Probiotics are a niche sector, but they are also highly competitive in our industry. Even though it is specialized, the competition is fierce. Companies are constantly monitoring each other's launches and innovation. This intense rivalry poses a significant risk for our investors if we were to speak about everything. Because competitors may quickly replicate or modify our products to create something similar, diluting our investments in R&D.

Beni Prasad Rauka: So, here I would also like to add something. As far as market size is concerned, I think in, you know, our earning calls and whatever like presentations which we provide on a quarterly basis, so in the earning presentation you can see we have one particular page or slide where we give the numbers, what is the kind of opportunity available. This is on Slide No. 27. Okay.

So, next question is you mentioned that you are more in strategic acquisition that fit your operating segments, but it seems like your acquisition did not turn out as growth supportive.

Rasika Rathi: Now I just disagree with this. Strategic acquisitions are often more about enhancing a company's capabilities and protecting revenue than just driving immediate growth. One of our goals can be to expand revenue over time, but all of our acquisitions are driven by strategic value to the company in the form of new skills, technologies, intellectual property, backward integration, or market access.

If you look at our historical acquisitions, they have always brought specialized expertise in some way. For example, Evoxx is specialized in protein engineering and has a lot of intellectual property, which helps us to innovate new products. SciTech specializes in effervescent technology, which allows us to deliver an innovative delivery system in finished formulation.

Beni Prasad Rauka: Okay. Do you have a particular acquisition in mind or are you thinking about this in a broader strategy sense?

Rasika Rathi: Acquisitions are always an ongoing continuous process for us. Each potential opportunity is carefully evaluated to assess strategic value. Our broader criteria may be a robust customer base, geographic presence, valuable patents, a unique product portfolio, manufacturing capabilities, so on.

In recent times, however, we have noticed that companies are demanding inflated valuations that do not always reflect their true worth, but we remain committed to constantly evaluating new targets, ensuring that any decision made aligns with our long-term growth objective and overall business strategy.

Beni Prasad Rauka: Okay. I think the last question from the investor community side is in what business segment are you looking to acquire?

Rasika Rathi: We are looking for investments that secure our business both upstream, meaning ingredients, R&D, that kind of thing, and downstream, closer to the final customer. To date, we have acquired both types of companies. We remain open to these types of acquisitions for future growth.

Beni Prasad Rauka: Okay. Thank you very much, Rasika. Now we open the floor for more question and answers.

Moderator: Thank you very much. We will now begin with the question-and-answer session. Anyone who wishes to ask a question, may press "*" and "1" on their touchstone telephone. If you wish to remove yourself from the question queue, you may press "*" and "2". Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. Participants, you may press "*" and "1" to ask a question. The first question is from the line of Viraj from SIMPL. Please go ahead.

Viraj: Yes. Thanks for the opportunity. Just two questions. I think in the last quarter you talked about the sales difference and if you adjust the amount which you gave in the opening comments, then you will see the growth in sales and this compares to the double-digit growth which we were expecting in the second half. So, how do you kind of reconcile the two comments?

- Beni Prasad Rauka:** I am sorry, your voice is not so clear. So, can you please repeat the question?
- Viraj:** Yes, am I audible now?
- Beni Prasad Rauka:** Yes, you are audible, but I mean, the voice was not clear. Please repeat.
- Viraj:** So, the question is, you know, if you see in last quarter, we had talked about there being a sales difference from Q2 to Q3, and if you adjust the amount which you gave in your opening comment, then the sales in Q3 has actually de-grown adjusting for that, and this compares to the double-digit growth which we were, you know, guiding for in the second half. So, how do you kind of reconcile the two?
- Beni Prasad Rauka:** No, I think as far as, you know, guiding two-digit growth, we already mention that we will be having only single-digit growth. Let me clarify first. And then as far as the impact of, you know, the recognition of revenue, I think Mukund has already explained that in this quarter instead of Rs. 159 Crore, if we reduce that impact, it would have been Rs. 161 crore for this quarter and last quarter where it was Rs. 146 crore, it would have been Rs. 154 crore. So, you have some 5% of growth in that sense. But overall for 9 months, we have only 1% of growth. But I think that we already mentioned in the Q2 call.
- Mukund Kabra:** And if you take, even if you take into this account of this 8 crore, this is the highest quarter which we have on a sale front. So, there is no question of de-growth basically.
- Viraj:** Just two questions. So, going say into Q4 and then FY '26, how should one look at the growth profile for our business given the kind of indications you are hearing from key markets and key customers?
- Mukund Kabra:** So, we are in the process of budgeting right now for the next year and we will come out with the scenario at the end of the fourth quarter results. And this year we already clarified that we will have just a small single-digit growth, and for the next year, we will come back into the next quarter.
- Viraj:** Last question was, sir, you know, if you look at Serratiopeptidase space, can you give some, what we are hearing is that there has been some impact, you know, from one of competitors. So, can you give some perspective, you know, how do you see the competitor landscape and our play in that?
- Mukund Kabra:** So, as we all know, like we were the leading player, we still are the leading player, but when you are the leading player, it's always difficult to hold more than 90% of the market share. There will be some market share here and there, which will happen, but as of now, still we are the leading player. So, I won't go into more details about who is the player and what about the player and what is the impact, but I can always say that we are still the leading player into this segment.

- Viraj:** No, what I really meant is, do we see any material changes in competition intensity or us benefiting from that?
- Mukund Kabra:** See, time will tell you. Right now, it's very early stages, right? So, we will wait and see how the things span out.
- Viraj:** Okay. Thank you.
- Moderator:** Thank you. Next question is from the line of Bhavya Nahar from Tamohara Investments. Please go ahead.
- Bhavya Nahar:** Hi, sir. I wanted to understand who will be heading the new facility in Nashik, given the departure of Dr. Anil Gupta, who I understand looked after the R&D function? And what is our product calendar looking like? Like are we focusing on repurposing our existing library of enzymes for new use cases or are we adding like more products there?
- Mukund Kabra:** So, Dr. Gupta left long back. It's already like 3.5 years. And there are always the players who are there. R&D is in a good hand. There are many capable people who are handling those. In terms of Nashik R&D, when we talk about Nashik R&D, it will be 3x bigger than what we have in the first stage at present. That is our goal to begin with. There are few recruits we already did and we are in a process to recruit further. In terms of the addition of products, we already mentioned during our last few calls that every year we add at least 5 to 6 molecules, and we will continue to add and we will increase this pace as we move on.
- Bhavya Nahar:** Okay. Sir, and regarding the vision of the company, as Rasika mentioned that the vision is to deepen footprint in nutraceutical, gut health, protein powder, and pet supplement. So, anything else? Because sir, generally, our aspirations are always on the right track, but something happens and we end up with anemic growth. So, for the next 5 to 7 years, exactly what's the growth plan?
- Mukund Kabra:** So, Rasika was talking more about U.S. and U.S. business, how it is spanning it out. As you know and as we were talking about overall, we have like over 3 different segments, and we have already explained which are going to be the different growth areas into the different areas. Okay.
- Bhavya Nahar:** And sir, last question. Sir, any plans to utilize the cash like 600 crores that we have on our books or any plans to, also any plans to bring the cash parked in the U.S. back to India?
- Beni Prasad Rauka:** So, as far as, you know, getting money back from U.S. is concerned, you know, we are getting a good return from that for whatever we have invested in USA. And apart from that utilization, yes, at appropriate time, you know, whenever there are like ways to utilize like we have been giving an incremental dividend to our investors and apart from that, if there will be an opportunity of acquisition, which as we have mentioned earlier this fits to our strategic planning, then that money will be utilized.

So, it is like, you know, utilized in a way which is giving us a return. Of course, in a way like, you know, if you look at the return from a business point of view, it is lower. I understand that, but apart from that, I think it's in safe hand, and we are getting a good return, and U.S. again you are getting some 3-4% every year that, you know, rupee depreciation benefits as well.

Bhavya Nahar: Okay. Thank you.

Moderator: Thank you. Next question is from the line of Abhishek Navalgund from Centrum Broking. Please go ahead.

Abhishek Navalgund: Yes, hi, thanks for the opportunity. The first question is again on the U.S. piece. So, you mentioned that the focus is to deepen the presence in the nutraceuticals. Some of the customers are also labeling and mentioning your name and stuff and also the focus areas were discussed.

What we understand is clearly U.S. has been the key market for us since a very long period of time, but like the earlier participant also mentioned somehow the growth has been flattish. We are stuck at around 180-200 crore annual number. So, if you are actually seeing traction from the customers and, you know, higher visibility, what stops us for giving guidance from next one or two years' perspective, at least a range that would actually help? So, that's the first question.

Beni Prasad Rauka: So, regarding giving the guidance, definitely, you know, as such we have been talking time and again that, you know, we always aspire to give at least two digit of growth. But you know, sometimes what happens when you revisit your numbers, because last year we have seen the kind of some kind of growth is not there. So, in a way we call it a de-growth. So, we have to revisit our numbers.

And that's the reason Mukund was saying that let me take some more time to churn out all the numbers, look at every customer, every product and see that where we can reach in the next year. So, that's the reason the guidance was probably Mukund of the opinion that we should not give the guidance in this particular quarter. Give us some more time so we will come out with the better guidance. This will help you and everyone in the process.

Abhishek Navalgund: But you are in a way saying that there are signs of recovery, right? So, you are indirectly saying that FY '26 is not going to be like '25 as far as the U.S. market is concerned.

Beni Prasad Rauka: Yes, So, Vasant sir is going to address.

Vasant Rathi: Abhishek, Rasika was telling you before also is that we see a very broad, see, market is completely changing last two, three years. What is happening is it is more, this nutraceutical market is more of a research-driven products which are well proven technically and has a data supporting it. And most of the companies now are preferring to put our labels or our names, proprietary names, registered trademark names on their product. Major brands are coming with it. Now their growth depends on how this product grows, also impacts us of how our growth is going to happen. But it will be broader range growth, more stable growth.

Second thing which is happening, which nobody can imagine right now, is what is going to be the impact of various different countries. Even in North America, for example, Canada and Mexico are going to be impacted with a straight duty or no duty or how is it going to work because these markets are also very equally coming to our sphere in U.S. markets. Okay. So, there are a lot of areas which are going to impact, and that's why we are looking at the wait and see attitude for next 2-3 months before we can come up with our numbers or give some kind of guidance.

Overall, we see a very positive trend as far as our product penetration is concerned, new products development is concerned, various different research papers and products which we are coming up with. So, yes, we are looking at growth numbers will tell a little bit later.

Abhishek Navalgund: The next question is have we added any new customers, let's say, in the last 3 to 6 months and in any particular region per se?

Vasant Rathi: Actually yes, we have added a few new customers in the last 6 months and they are global also. The company, this market is becoming a global market. It is not a regional market anymore. There is an enormous impact of how these global companies are coming up with and they have muscle power of advertisements and investments. So, a lot of merger acquisitions are happening in this industry also.

Abhishek Navalgund: Okay. And in the Asia segment, excluding India, are there any market share gains story or this is, I mean, we should not read too much into it as far as this quarter number is concerned?

Mukund Kabra: I would say that we shouldn't read too much at this point of time because we cannot like really comment on quarter-on-quarter basis. As we move on, we will have more clarity. We should look more on a 9-month's number or a longer number.

Abhishek Navalgund: Sue. And last question, on the cash, on the balance sheet, are you reconsidering the dividend payout policy or something or that is going to be the same?

Vasant Rathi: The dividend policies, listen, for the last two years we are declaring special dividends, right? So, our Board of Directors always consider those issues from time to time and take appropriate decisions. We are very much committed to our investors and making sure that their investment is taken care of.

Abhishek Navalgund: Sure. So, yes, I missed one more. So, the Nashik R&D is on track to commission by end of first half or the timeline is different?

Mukund Kabra: I think we were talking about end of this year '25.

Vasant Rathi: Not the financial year, but this year.

Abhishek Navalgund: End of, so CY, by end of CY '25 you are saying, right?

- Vasant Rathi:** Yes.
- Abhishek Navalgund:** Sure. Thank you.
- Moderator:** Thank you. Participants you may "*" and "1" to ask a question. Next question is from the line of Niharika from CapGrow Capital. Please go ahead.
- Niharika:** Yes. So, in the last con call, you had mentioned that biocatalyst molecules commercialization was taking some time. So, I wanted to know where are we on that, and what could be the possible impact on top line? And also, do we have any new molecules in the pipeline, or have we filed patents on any of the new molecules?
- Mukund Kabra:** As we were saying, this is going to be one of the growth areas and probably the growth we will see in the coming financial year. You are talking about the molecules. We always work on a lot of different molecules. We do add one or two molecules each quarter roughly at this time. That is the pace at which we are going on. Some molecules maybe we may see the commercialization coming into the next year.
- Niharika:** Okay. And my next question is about the Probiotics market. So, in the investor presentation, we can see that the market size is around \$70 billion. Do we have any plans in place to tap this market? Say, for example, even if we have 0.1% of this market, that would be an increase of 500-600 crores in top line. So, I wanted to understand more about this market.
- Vasant Rathi:** Niharika, you are very correct. So, Probiotic market is fastly expanding and we are very much looking into key probiotics, which are already we have several papers published on various different probiotics right now. A lot of patents have been filed also on the complete enzymes and probiotics together, and we are expecting some of the products to be approved by the various different regulatory agencies in various different markets.
- Niharika:** Understood. So, any possible impact on top line and by when can we see the impact of probiotics on top line?
- Vasant Rathi:** It is going to be an integrated part of it, some of it. We are not separating that as a separate category per se, but we are integrating it in the enzymes and Probiotics because all our markets are, it's not about one or second product or one product by itself, but in U.S. market we have an integrated market of enzymes and probiotics.
- Niharika:** Understood, understood. So, one more question. So, any specific reason why we have mentioned in the last con call that there will be no growth in India sales in FY '25? I mean, is it an industry trend or something specific for advanced enzymes?
- Mukund Kabra:** So, Niharika, depending on looking at all the numbers what we saw last year and when we were like recalculating, revisiting all the projections, we realized that probably this year there will not be any growth. We did add some customers, but at the same time, we did lose some of the market

share, particularly into the anti-inflammatory area and some of the other areas. And that is where this recalculation of all the numbers came in.

Niharika: Okay, understood. And one last question. So, we see that the asset turn is hovering around less than 1. So, wanted to understand about capacity utilization levels like what is the current level and when do we expect asset turn to move above 1?

Mukund Kabra: We still have still like lot of capacity. Our utilization is almost like 55-60% still. We are at the same level. We will wait and see when we need to expand. As we were saying earlier as well, whenever we reach to 80% of the capacity levels, we will go for the expansion. The capacity is a very funny area. Sometimes you are at 55-60% and then something good happens in the R&D and that also increases your capacity. So, we are in a space where 1 plus 1 is not 2 but 11, and that is where this capacity utilization is always an interesting phenomenon.

Niharika: Okay, understood. That's it from my end. Thank you.

Moderator: Thank you. Next question is from the line of Nitish Rege from ChrysCapital. Please go ahead.

Nitish Rege: Hi, my question is to Rasika. So, you know, how does the management plan to solve for the growth issue? You know, are we looking to add more people on the sales side? Because we have done good on the R&D side, so is it more of a sales issue? Just trying to understand, you know, at our side, why can't we grow faster?

Rasika Rathi: Yes, we are always looking to add on the sales side. That is the quickest way to move us forward. And as I mentioned, it is a very key task that we are approaching very aggressively.

Nitish Rege: So, you know, because of the M&A activities which has happened in our industry Novo, Hansen, DSM-Firmenich, there will be a lot of talent available. So, do we have any plans to hire them as consultants on our sales site to expand, to grow our USA, Europe business and incentivize them on sales which will also mitigate rise, increase in fixed costs for us?

Rasika Rathi: Absolutely we do. It's a very good opportunity right now to pick up good salespeople.

Mukund Kabra: And Nitish, we are already contacting few of the people.

Vasant Rathi: We are in the process of adding lots more, to answer your question, Nitish, you are correct, we are looking to expanding the sales force quite a bit.

Nitish Rege: And on the point of entry into new market segments, so do you map yourself against like global peers like Novo, DSM? What are the gaps, you know, in our product portfolio where we are not present currently compared to them? And have you identified any such products which we plan to launch in the coming years?

Mukund Kabra: There are always few products which we do launch. We always look for our niche opportunities as well. And these are the strategies. The area where we can take on we always go and take on. This year also like we are adding couple of industrial area where we can take on Novozymes or other people. We are working on the trials. We got few initial successes. We will wait for the final outcomes.

Nitish Rege: And just on the competition, so, you know, today we are facing a lot of competition in Serra. In future, there will be another product where we will face competition. So, you know, do we have any targets of, let's say, 5 to 7% of our top line should come from new product, new initiatives, anything in that line?

Mukund Kabra: So, we are not like really focusing growth on the Serra. And we were talking from last few quarters that the pharma segment will have just a few growths. The main growth pillars which is going to come is from the biocatalysts, from the pharma area and somewhat is from human nutrition, also like from the food areas and from the animal feed areas.

Nitish Rege: So, just on this new product, so how large can these new products be?

Vasant Rathi: They will be on the all fronts like what Mukund has just mentioned and that's where you can see a somewhat positive trend right now, Nitish, you know, the percentage of our sales are increasing to bioprocessing, animal feed, food processing, and healthcare area which is right now we already discussed quite a bit about. So, those are the way the company will grow in this.

Nitish Rege: Okay. And on our geographical growth, so just wanted to understand why is the growth rate especially in the USA, has been so volatile. So, if you look at 1H, we have grown around 24% year-on-year and then Q3 we have seen a decline of around 10%. So, you know, first of all, any thoughts on why the volatility and then secondly, any way we can reduce this?

Vasant Rathi: Two answers, Nitish. Keep in mind that our company is not from quarter-to-quarter. Should not be judged on the quarter-to-quarter basis which we are telling for last so many years everybody who can listen. Second part which you mentioned, it was Mr. Raukaji already explained that Rs. 80 million were not counted in the 2nd Quarter, which is counted in this quarter. So, you see that it was like Rs. 154 crore sale was in last quarter instead of Rs. 146 crore, if I am correct on these numbers. And this quarter is not 170 plus something, but it is 161 something.

Vasant Rathi: So, these numbers, see how it balances because sometimes with the regulatory, whatever the regulations are, you have to readjust according to whatever the rules and regulations are.

Nitish Rege: Understood. Just one suggestion from my side. If the family could be there on all calls and meet investors, that would be really helpful for us. And yes, thank you for being on call this time and we look forward to interacting with the family going ahead.

Vasant Rathi: No, absolutely. There is as much as possible, we are always open and ready to discuss crystal clearly. Everybody is here at this time and they are joining all of us.

- Rasika Rathi:** Absolutely. We look forward to coming more.
- Moderator:** Nitish, do you have any follow-up question?
- Nitish Rege:** No, I am done. Thank you.
- Moderator:** Thank you. Participants, you may press "*" and "1" to ask a question. Next question is from the line of Ravi Purohit from SIMPL. Please go ahead.
- Ravi Purohit:** Yes, thanks for taking my question. Most of my questions have been answered. Just specifically on this, you know, the segment-wise numbers that we put out in our presentation, there has been significant growth in, let's say, industrial bioprocessing and specialized manufacturing. Can you just throw some additional light on what these segments are? Are these growth rates sustainable?
- Are there any one-offs here or do you envisage significant, you know, particularly on the industrial bioprocessing side, there has been a lot of discussions about industrial bioprocessing enzymes and especially your global peers have been discussing that a lot being a very, very large opportunity. And I think we have also been doing a lot of work in this space for the last many years. So, is there anything that one should kind of look forward to over the next few years?
- Mukund Kabra:** The way we see is like at least I can talk about the next one- or two-years short term, long-term we are always working, but the short-term scenario what I can see is on the specialty business we are doing good, we will be doing good this year as well as next year. On the bioprocessing side, this year in the food, we will have just like somewhat more growth, not like significant one but going forward it should be a good growth. And overall if we talk about the bioprocessing industrial area, we will have better growth.
- Ravi Purohit:** So, what areas do we address in the industrial side? In the non-food side, what industries do we cater to? And similarly in specialized manufacturing, what industries do we cater to? I mean, if you could quote some examples, it will be easier for us to appreciate and understand the kind of work that we are doing. And just specialized manufacturing or specialty product factory, you know, we are not able to kind of understand correlated to anything.
- Beni Prasad Rauka:** No, I will appreciate. So, as far as bioprocessed non-food is concerned, here we have like our enzymes for the detergent industry, textile, pulp, paper and leather industry. Detergent is negligible as of now, but yes, textiles and leather, we are doing good in the bioprocessing non-food segment. And specialized manufacturing is something like, you know, we can also call it as a contract manufacturing where we do a lot of contract manufacturing activities on P2P basis in one of our subsidiary companies is Scitech Specialty Manufacturing. So, there we do it for human nutrition, animal nutrition, and, you know, the nutraceutical segment. So, that business is growing rapidly. That's what we could see this year.
- Ravi Purohit:** Okay. And sir, you know, there has been one of our competitors who has been asked to close down their plant, Krebs Biochem, which I think is also a competitor to us for Serratio. Is this

something kind of that helps us or how is the competitive dynamic in the industry? Are you the only two players or is there anybody else in the industry which has been? I believe in the last few calls, we mentioned that that particular segment for us has been under pressure in India.

Mukund Kabra: Yes, there will be few small manufacturers here and there. Krebs is one of the significant players, even if not directly, indirectly. We will see. Time will tell. But if that happens, then it will be a positive development on our side.

Ravi Purohit: Okay. And one question for Mr. Rathi or Rasika, if one of you all could give a sense of, for us, when we look at the presentation that has been put out every quarter, there are segments which we are highlighting addressable market for us, right? Given our size and the addressable market for the company, right? So, there is a big, big gap between the two, which effectively means there is significant headroom for growth for us, right? But whereas if you look at our performance over the last few years, given our size, we are relatively very, very small and the growth mostly has come from M&A. So, is there any impediment that you have faced in the last few years which has not allowed us to grow organically or if you could just share your challenges and things that we are trying to address to get organic growth given the absolute scope is so large and our size is relatively much, much smaller?

Vasant Rathi: Ravi, let me...

Mukund Kabra: Pradeep.

Vasant Rathi: Pradeep. Pradeep, right?

Ravi Purohit: Ravi. Ravi Purohit, yes.

Vasant Rathi: Ravi, there are a lot of changes happening in the market and in this industry in U.S. or North America per se. Regulatory are very strong right now and lot of acquisitions, merger and acquisitions are happening. A lot of small players or niche players have been acquired by the big companies. You know that that becomes very challenging to continue sometimes with those. Also the industry is now more technical as I mentioned before. More data is required and then that not only data is required but it requires published data to back up the claims. Okay.

So, there are a lot of these changes are happening in the industry which we are rapidly addressing. That's why I said in the beginning that we are now continuously publishing the papers, doing the research studies, and validating all those data and claims, which companies are required for the marketing. Does that make sense to you?

Ravi Purohit: Sure, sir. And just one more question, right? So, we have launched a lot of B2C products in the Indian market, right? I think we have mentioned in the past that we have certain products in probiotic area in the U.S., but we have also launched, I think verify if I am not wrong, in the domestic market, right? Now we have traditionally been a B2B company. We are not traditionally a B2C company, especially in India. So, would it make sense for us to tie up with

actually a large pharmaceutical company in India, who can actually help us distribute these products better than having to us to kind of spend all that money?

I mean, an example would be someone like Orchid Pharma, right, which has kind of got a certain product developed through NC and now they have tied up with Cipla to basically distribute that product because they have traditionally been a B2B company. So, we have also been traditionally a B2B company. So, B2C is not really our strength in that sense. So, in that sense, we have good products, but you need somebody who has actually done it for 20 years, 30 years in the domestic market to be able to kind of give you scale. So, I don't know. Is it something that that makes sense for us to do or does it not make sense? So, if you could just share your thoughts and insights on that.

Vasant Rathi: Ravi, I appreciate your suggestions and ideas. You are absolutely correct, we are a B2B company. B2C is a very different market segment by itself. We have a limited goal and objectives, but yes, as and when we go to B2C, which we are, it will be always a distribution we have to find with the major companies who have a good network of distribution and sales. So, yes, we are working on all of these different angles.

Ravi Purohit: Okay, thanks a lot, sir, and thank you for your feedback as the other participants. We really appreciate if both you and Rasika can be on all the calls. Just four times in a year, not too much from a shareholder's point of view. And it gives us a lot of confidence and a lot of help to kind of hear your thoughts, right? So, we would really appreciate it if both of you all could be there in all the calls, please.

Vasant Rathi: No, Ravi, yes, thank you. These interactions really help management in so many different ways and even sometimes we are not there on the call. Every single thought of yours and everybody is always debated, considered and we try to execute the issues in a way and manner which makes sense to all management and the investors alike. So, we appreciate your thoughts on that and we will, as Rasika said, try to be more interactive as much as possible.

Ravi Purohit: Thank you so much, sir, and all the best.

Vasant Rathi: Thank you.

Moderator: Thank you very much. A reminder to all the participants, you may press "*" and "1" to ask a question. A reminder to all the participants, you may press "*" and "1" to ask a question. As there are no further questions, I will now 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 all posted for any further updates. I request you all to kindly send in your other questions or other queries that you may have or 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 everyone.

Beni Prasad Rauka: Thank you.

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

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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 February 12, 2025 for information of public at large.