

November 08, 2021

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,

Sub: Transcript of Conference call held on November 03, 2021 for Un-audited financial results for the quarter and half year ended September 30, 2021

In furtherance to our intimation letter dated October 28, 2021, please find enclosed the Transcript of the Conference call held on Wednesday, November 03, 2021 with Analysts and Investors for the un-audited Financial Results of the Company for the quarter and half year ended September 30, 2021.

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

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 FY2022 Earning Conference Call”

November 03, 2021



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

Moderator: Ladies and gentlemen, good day and welcome to Advanced Enzyme Technologies Limited Q2 & H1 FY2022 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing ‘*’ then ‘0’ 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. Thank you and over to you, Mr. Saraf!

Ronak Saraf: Good evening everyone, and welcome to Advanced Enzymes Second Quarter and First Half 2022 Earnings Conference Call. I hope you all are doing well. Joining us on the call today are Mr. Mukund Kabra – Whole Time Director, and Mr. Beni Prasad Rauka – Group CFO.

For your reference, we have prepared a detailed presentation to supplement our comments during this conference call. This presentation is posted in the investor relation section of Advanced Enzymes website, and on stock exchange as well.

Before we proceed, I would request you all please read the forward-looking statements disclaimer contained in the Presentation. During our call we will make forward-looking statements regarding our expectation, our predictions about the future because these statements are based on our current assumptions and the factors that involve risk and uncertainty our actual performance and results may differ materially from our forward-looking statements.

Now Mr. Kabra will start the opening remarks by briefing you all the earnings update and business highlights for the quarter and then Mr. Rauka will walk you through the financials in detail, post that we will open the floor for question and answer round. So without any further ado, we shall commence this call. Over to you, Mr. Kabra!

Mukund Kabra: Thank you Ronak. Good evening everybody. Once again I welcome you all along with the whole AETL family to this conference call for the quarter and half year ended September 30, 2021. First and foremost we hope that you and your families are in good health and in high spirits.

Before we begin, I would take this opportunity to wish each one of you a happy Diwali and a Prosperous New Year in advance. Let us hope we all have a successful and most importantly healthy year ahead.

I will start this call by sharing with you the earning updates and the business highlights for the second quarter 2022 and segment wise performance.

Our revenue grew by 6% on year-on-year basis to ₹ 1,271 million, our EBITDA declined by 16% to ₹ 493 million during the quarter. Our PAT declined by 22% to ₹ 303 million. EBITDA margins stood at 39% while PAT margin stood at 24% during the quarter.

Now, let's have a look at the half yearly performance. Our revenue grew by 14% on year-on-year basis to ₹ 2,641 million during first half. Our EBITDA grew by 2% to ₹ 1,120 million. Our PAT declined by 5% and stood at ₹ 700 million. EBITDA margins stood at 42% while PAT margin stood at 24% during this period.

The impact in the operating margin is because of high input cost, we are finding unprecedented increase in almost all the input materials including fuels and logistic cost. Given that the growth journey we are into, we will continue to invest and grow in our some of our physical aspects like R&D and business development. Our new R&D project is work is on track and progress of the work is good . We believe this investment will help us to set very strong foundation for the future growth.

Now I will take you through the segmental revenues: The human nutrition contributed 72%, animal nutrition contributed 11%, industrial bio-processing contributed 9%, and specialized manufacturing which is the revenue from SciTech has contributed 8% in the total revenue during this quarter. The human nutrition segment grew by 4% to ₹ 920 million in Q2 FY2022 as compared to ₹ 885 million in Q2 FY2021.

The animal nutrition significant grew by 3% to ₹ 136 million in Q2 FY2022 as against ₹ 132 million in Q2 FY2021. The bio-processing segment underperformed by 37% during this quarter it accounted to ₹ 118 million in Q2 FY2022 as compared to ₹ 187 million in Q2 FY2021. In this segment food

business contributed 7% and stood at ₹ 86 million down 31% year-on-year basis while the non-food business contributed 2% and stood at ₹ 32 million down 48% year-on-year basis during Q2 FY2022. The specialized manufacturing contributed ₹ 97 million to our revenue.

On the geographical revenue front, the domestic sale contributed about 47% of the revenue from operations during Q2 FY2022 as compared to 42% during Q2 FY2021. Domestic sales accounted for ₹ 595 million in Q2 FY2022 as compared to ₹ 504 million in Q2 FY2021 increase of almost 18%.

International sales were 53% of revenue from operations as compared to 58% during Q2 FY2021. International sales amounting to ₹ 676 million in Q2 FY2022 as compared to ₹ 700 million in Q2 FY2021 slight decline of 3%. The revenue degrew by 2% in Americas while it grew 4% in Europe and strong 18% in Asia ex-India. The rest of the world remains muted during this quarter.

Now let me hand over this call to Mr. Rauka our CFO who will walk you through the quarterly financial review. Over to you Rauka, Sir! Thank you.

Beni Prasad Rauka: Thank you very much Mukund. Good evening everyone, I hope you all are in good health. Now I will take you through the company's financial for the Q2 of FY2022 and then the first half of FY2022.

On year-on-year basis Q2 FY2021 and Q2 of FY2022 our revenue has increased by ₹ 67 million this is about 6% from ₹ 1,204 million to ₹ 1271 million. This includes the sales contribution of SciTech which is roughly about ₹ 97 million in this Q2, last year Q2 there is no number because we have acquired SciTech somewhere in January 2021. Our EBITDA is decreased by about ₹ 92 million from ₹ 585 million our EBITDA is at ₹ 493 million during this quarter at 39% of our revenue. Profit before tax is decreased by about ₹ 107 million from ₹ 520 million to ₹ 413 million. PAT is at ₹ 303 million as compared to ₹ 386 million in Q2 of FY2021 so there is a decrease of 22%.

On Quarter on Quarter basis or on the sequential basis revenue is down by about ₹ 100 million which is about ₹ 1,271 million as compared to ₹ 1,370 million. EBITDA is at ₹ 493 million as compared to ₹ 627 million. Profit before tax is decreased by about ₹ 134 million from ₹ 547 million to ₹ 413 million it is at

around 32% during this Q2 as compared to 40% of first quarter. Profit after tax is at ₹ 303 million, 24% of our revenue as compared to ₹ 397 million, 29% of the revenue during previous quarter.

On year-on-year basis first half as compared to the previous year first half. Our year-on-year revenue is increased by 14% by ₹ 332 million, this 14% growth includes approximately 10% growth contribution of SciTech, we are at ₹ 2,641 million as compared to ₹ 2,309 million. EBITDA is increased by about ₹ 18 million, from ₹ 1,102 million to ₹ 1,120 million at 42% as compared to 48% last year. The profit before tax is decreased by ₹ 57 million from ₹ 1,017 million to ₹ 960 million. So we are at about 36% of our revenue in terms of the profit before tax and PAT is about 27% which is about ₹ 700 million during the first half of FY2022 as compared to ₹ 734 million during last year first half.

Our Evoxx numbers are at ₹ 53 million of revenue, and EBITDA of ₹ 10 million, and PAT is slightly negative because of tax impact as we do some withholding tax in India this is kind of expenses for them, and previous year Q2 numbers were revenue of ₹ 50 million, EBITDA of ₹ 18 million, and PAT of ₹ 5 million.

For JC Biotech Q2 revenue stood at ₹ 150 million and EBITDA of ₹ 45 million, PAT of ₹ 25 million as compared to revenue of ₹ 130 million, EBITDA of ₹ 37 million, and PAT of ₹ 21 million.

Our largest selling product, which is anti-inflammatory enzyme stood at ₹ 268 million as compared to ₹ 272 million in previous quarter so there is a slight de-growth of 1% and it constitute about 21% of our revenue as compared to 18% in the previous quarter and as compared to 23% in Q2 of FY2021. Our top ten customers have contributed roughly 31% of our revenue during this quarter as compared to 34% in the previous quarter and in Q2 of FY2021 it was about 39%.

B2C segment mainly from USA has contributed about \$ 1.62 million as compared to \$ 1.11 million during the previous quarter. For India we also share the breakup of the human nutrition's which comprises of pharma, probiotic, biocatalysts. So India business was ₹ 403 million roughly 32% for this quarter. International business stood at ₹ 516 million which is about 41% of our total revenue, so total was at 72% of our total business from Q2. US sale is ₹ 461

million roughly 36%, so 50% is from US, other than US rest of the countries have contributed about 4% for human nutrition's. B2C is already mentioned overall it is about ₹ 120 million during this quarter roughly 9% of our total revenue.

This is all from my side. Now we would like to open the floor for question-and-answer session. Thank you very much.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Rohit Sinha from Sunidhi Securities. Please go ahead.

Rohit Sinha: Thank you for taking my question Sir. Just on the overall outlook side from the second half how you are looking the second half of FY2022 and what sort of topline growth and EBITDA numbers, I mean, EBITDA margin basically we would be targeting around.

Mukund Kabra: Good evening Rohit!

There is lot of disturbance on the supply side, there were certain disturbances on the logistic side, and there are certain price increment into most of the raw material which is unprecedented as still this should continue and at the same time there are certain issues of the inventory pileup at many places, and this should continue till somewhere February or March, from March onwards the things should normalize. Going forward we have also piled up some inventory to cater to this. We will move with the need base operations which is required to maintain the sales. At this point in time it is very difficult but I would say that we will maintain the margins which was in the range between 42% to 48%, as we move on for the whole year and on the revenue side I would not be able to give exact percentage increase but we will be at least positive. This was the worst quarter what we have seen we hope that going forward the next quarter will improve.

Rohit Sinha: Okay. Sir, thank you, and secondly what sort of overall Capex we would be expecting for FY2022.

Mukund Kabra: For the whole year the Capex should be the normal Capex which is going to be somewhere around ₹ 10 Crores to ₹ 12 Crores on a yearly basis.

- Rohit Sinha:** And just any update on our upcoming R&D plant which we are working about.
- Mukund Kabra:** Yes, so it is not going. We already got the N.A. permissions, now the designs were getting finalize and we are in the process of getting the sanction from municipality corporations. So, Probably one and a half months to two months we are away to start the construction work.
- Rohit Sinha:** And by what time we will be expecting to complete this.
- Mukund Kabra:** Once we start it will take one and a half years approximately, it will go in the phases, but the first phase should be finish within one and a half years.
- Rohit Sinha:** That is it from my side. I will come back in queue. Thank you.
- Moderator:** Thank you. The next question is from the line of Shikha Mehta from Equitree Capital. Please go ahead.
- Shikha Mehta:** Good evening, Sir. Happy Diwali. You mentioned that there has been the input cost have been high this quarter. So, if you could give more color on that as to what increases we have seen in which line item broadly.
- Mukund Kabra:** Happy Diwali Shikha. So it is across most of the raw materials, the important thing is the coal, the fuel, which is phased from ₹ 6 to somewhere around ₹ 11, ₹ 11.5 and currently it is about ₹ 16. So, if you go through all the phosphate salts or any other salts everything is on a higher side, if we see the soya flour is now going down, but the main impact is because of the logistics. So across the fixed you will find that there is increase in the cost.
- Shikha Mehta:** We see this normalizing within the next quarter or do you think it will take till the end of the year.
- Mukund Kabra:** It is very difficult to predict Shikha, but my best guess is it should be normalize by the end of this year and that is where we are going with the inventory pileup at this point of time and we are going need based operations and you will utilize more from our inventory.
- Shikha Mehta:** Sir any guidance on the new product anything in the pipeline and anything interesting on that front.

Mukund Kabra: So, on the biocatalyst side we have done a good progress in this quarter, we have come out with three more molecules and their applications, but it has to go to the customer level, and currently we are standing with six, seven molecules in the biocatalyst front, which is a good progress probably will take another two quarter or three quarter to really generate the revenue.

Shikha Mehta: Sir you said two, three quarters right to generate revenue.

Mukund Kabra: Yes.

Shikha Mehta: Sir what is your R&D quarter in this quarter and for the half year.

Beni Prasad Rauka: Yes, ₹ 63 million during this quarter and last quarter it was ₹ 43 million so for YTD we have spent about ₹ 96 million I am talking about only the revenue side and capex will be another some ₹ 20 million or so.

Shikha Mehta: Sir if you could give the subsidiary numbers again I missed up on that you were taking them earlier?

Beni Prasad Rauka: Which one you want Shikha?

Shikha Mehta: All the subsidiary numbers revenue and the EBITDA numbers.

Beni Prasad Rauka: So, if you do not mind I can share all these numbers you can send your mail, I will share with you all the numbers ~~there~~ of our subsidiaries.

Shikha Mehta: Sure, Sir. Thank you.

Moderator: Thank you. The next question is from the line of Rohit Nagraj from Emkay Global. Please go ahead.

Rohit Nagraj: Thanks for the opportunity. Sir my first question is we have introduced the probiotics for COVID fatigue in Indian market so how has been the response till now and what do you expect in terms of how the marketing and further penetration of those that you are planning. Thank you.

Mukund Kabra: Good evening Rohit. This COVID fatigue product we have just introduced in Indian market because we wanted to test the floor of B2C in India; however right

now the sales are very low but we got a good response in the US market where our sales are better with this product, and if you really look at it the B2C segment of our US has gone up to \$1.64 million for this quarter.

Rohit Nagraj: So any particular marketing strategy for the Indian market that we are planning for because I think our characteristics would be certainly different than the US market so any plans on that front.

Mukund Kabra: So in Indian market we are testing the floor at this point of time, we have launched the product on the Amazon and also already launched our website and we are going through some PR activities like internet promotions, right now and we will see how the response is because this is the first product which we are doing with test marketing and once we understand the market then probably we will come up with few more products which are in the pipeline which are already there in the US market.

Rohit Nagraj: Got it, Sir. Sir my second question is on the industrial bioengineering. So particularly catering to non-food area what would be your strategy in this regard because given that there has been a lot of emphasis nowadays to going for buy a product and shared us the conventional chemical products, I think this could be a good opportunity from our perspective. So how are we probably going ahead with this particular area in terms of our strategy and not talking about short-term that maybe from a three to five year perspective.

Mukund Kabra: Rohit which area you are talking, which industry you are talking.

Rohit Nagraj: Industrial bioengineering, which is non-food area related to say textile, the detergents or any other industries.

Mukund Kabra: See Rohit at present in textile and detergent non-food areas is not our core focus area, we are really not focusing into those areas, but we are focusing into the four areas where the clean level, or where the e-numbers are there. So, how do we come out, and how do we get the solutions which is e-number free, chemical free. We are coming out with the products in the food area which is not in the non-food areas.

Rohit Nagraj: Got it. Sir, just one clarification, you have mentioned that we are currently preparing for inventory. So these are supposed the product inventories we are talking about and for raw material we are going ahead with more or less like a just in time concept, right.

Mukund Kabra: We are talking about both the areas. We have already worked on the concentrate which can take care of two to three months easily, we got lot of raw materials as well, coal storage as well, which can take care of any emergency orders which we can move quickly and can produce it. But we are not sure on the logistic because in-between there was problem that we were almost out of the coal, and have shift to the furnace oil for some part of the day. So, we do not want to get into that kind of a situation where the cost is very high so we are keeping all the inventories in advance at this point of time.

Rohit Nagraj: Got it, and on the cost, input cost pressure transferring to the product. So how much lag generally it takes and when do we expect that the entire input cost pressure will be transferred or is it just a transitory phenomena that by the time we try to take price increases the raw material our input cost pressure again corrects and so we will have to forego whatever margins we have in the intervening period.

Beni Prasad Rauka: Yes, that is what has happened in this quarter. So it has gone up but we are not able to really pass on because of the kind of margin we have, generally the margin is always taken care of in such kind of a fluctuation in input cost. It is not possible to pass it on unless and until the change is permanent; this again is the kind of a situation in this quarter we have faced. Now, as we are progressing we will again review whether we need to really look at increasing prices or it is just a kind of temporary transition because in the transitory time you do not pass on direct cost so you absorb it. We will observe it and then going forward as things normalize you start getting same kind of the margins.

Rohit Nagraj: Got it, Sir. Thanks for all the answers and Diwali wishes to the entire team, Sir.

Moderator: Thank you very much. The next question is from the line of Alisha Mahawla from Envision Capital. Please go ahead.

Alisha Mahawla: Sir, good afternoon and thank you for taking my questions. Sir, firstly I just like to understand that the tapered growth which we have seen in our revenue is this because demand has got impacted or we were unable to supply because of logistics issues or because of unavailability of input material maybe if you can throw some color on that.

Beni Prasad Rauka: No, there is no one reason to pinpoint frankly speaking that is what Mukund has explained . This is really exceptional and very difficult time we are speaking about. The input cost is going up, logistics is another issue and the cost of logistic has also gone up and another thing is because of the severity of the pandemic about 6, 7 months back maybe in the first quarter lot of inventory has been built up by most of the customers. So, the difficult time where everyone is going at with very cautious approach that wherever cost is increased whether one should really work on that particular material or not or work on something which is really giving kind of a margin just to stabilize at least coverall cost viability scenario and to manage the business. During this time, it is very difficult to give you one reason but yes this is, overall impact of several reasons like higher input cost, issues of COVID still in Europe, Russia, Americas and I think UK is struggling with another issue where truckers are not available to really transport their material because of some kind of issue with the Brexit and the shipments are not available and the transit time in spite of the goods reach to the destination but they are not able to clear so it is taking three to four months to get a shipment and clear from the port so the industry is really in a kind of a situation where everyone is struggling in that sense. Hence, we are not in a position to give you one single reason for that.

Alisha Mahawla: Sir if you could share have you lost any customer or any orders because of pandemic or a simpler question of like you were mentioning COVID related issues.

Beni Prasad Rauka: Correct, everyone is going with a very cautious approach. The procurement may not be there, there might have been a kind of a situation that they have deferred the procurement, like we have built up our inventory. If you look at my inventory level as of September 30, 2021 it is about ₹ 1,153 million which is roughly ₹ 115 Crores as compared to ₹ 94 Crores as on March 31, 2021. So this is the overall scenario.

Alisha Mahawla: So we have not lost any customer.

Mukund Kabra: Not really. It is a part and parcel of the business one customer comes and goes.

Beni Prasad Rauka: One may not buy in one particular quarter or two quarters but then the procurement happens after a five months or six months so it is not a loss of customer in that sense.

Alisha Mahawla: And, Sir, just my last question is what are the kind of margins that we are making in our SciTech business the new division that were now reporting revenues and would that be lower than what the overall business is today.

Beni Prasad Rauka: No, SciTech is definitely a different business and this is the traction that we have a different and novel delivery mechanism of our finished goods so that is where SciTech has been acquired. SciTech's gross margins and PAT margins are definitely lower than us and if I really give you the numbers in terms of overall EBITDA margin SciTech is roughly 25% and PAT margin of about 11% and you are aware about our EBITDA margin of about 40% to 46% and PAT margin of 25% to 22% so inspite of the fact that whatever sales we have from SciTech during this Q2 as well as year-to-date six months overall the profitability in absolute number they have contributed but in terms of the percentage definitely it has a negative impact.

Alisha Mahawla: So, that could also be one of the reasons why our margins are below the 32% margin bang that you use to talk about.

Beni Prasad Rauka: Yes, to some extent yes because overall for nine months if you really look at the numbers for nine months and then you have to see the difference of the PAT we have and the PAT for SciTech and that is how you can work it out.

Alisha Mahawla: And just one last question if I may squeeze in any inorganic opportunities that were evaluating currently.

Beni Prasad Rauka: Yes, definitely that is the part and parcel of our strategy to grow and to sustain in this particular business.

Alisha Mahawla: Okay, Sir. Thank you.

Moderator: Thank you. The next question is from the line of Manish Poddar from Nippon India. Please go ahead.

Manish Poddar: Just two questions first one is if you could probably share now what would have been the growth rate in the probiotics and the biocatalyst segment in the first half of this year.

Beni Prasad Rauka: The growth in probiotics and ?

Manish Poddar: the biocatalyst.

Beni Prasad Rauka: The total probiotic sales is ₹ 185 million during the first half of this year

Manish Poddar: On the basis, sir.

Beni Prasad Rauka: ₹ 348 million.

Manish Poddar: No, Sir, sorry you witnessed a decline up there, is that what you trying to say?

Beni Prasad Rauka: Yes, that is what I am saying, yes, right.

Manish Poddar: So why would that be because I thought probiotics grew significantly in FY2021?

Beni Prasad Rauka: Yes, it grew significantly in FY 2021

Mukund Kabra: We think it is more to do with the inventory stock pileup in this particular area.

Manish Poddar: And how about biocatalyst.

Mukund Kabra: So biocatalyst is more or less same Rauka ji can give the number because one or two products which were going those were going but the good part is currently we are signing with now five, six products and those products are going into the customers for the trial so we feel that the revenue from the new product should come after two, three quarters down the line.

Beni Prasad Rauka: So biocatalyst is doubled last year for six months it was ₹ 61 million and this half it is about ₹ 112 million.

Manish Poddar: So effectively if I have to understand it in the first half of this year the growth which we have seen in the human nutrition is largely led by the inventory issue in probiotics that is how one should look at it right.

Mukund Kabra: Yes.

Manish Poddar: Okay and just another data point if you could share is that what would be your contribution let us say from the top customer and top ten customers for first half 2022.

Mukund Kabra: Yes it is 31% I guess that you can get that number.

Manish Poddar: 31% is for the top ten customers.

Beni Prasad Rauka: Yes.

Manish Poddar: And the top customer.

Beni Prasad Rauka: Yes, 31% is to ten customers, and top customer is about roughly 6%.

Manish Poddar: So here also should the top customer you still witnessed a decay in the first half and could you probably explain the reason for that.

Mukund Kabra: It is the same like when Manish what I talked about inventory issue.

Manish Poddar: So do you see let us say the situation probably stabilizing now incrementally?

Mukund Kabra: No, I do not say it like the situation should stabilize till March end it should stabilize in the first quarter of next year.

Manish Poddar: Just one last one from my side on the animal side I think we were looking for partnerships up there so probably could you help us with ramped up there.

Mukund Kabra: Not on the animal side, we were looking into the partnership on the food side in Indian market as well as in the South Asian market and we have appointed Azelis as distributor for five countries in South Asian countries for the food and nutraceuticals business, in the Indian food market we have joined hand with the Anshul Lifescience for a distribution. In the animal feed we were going on our own at this point of time we started our Singapore office not exactly the office it

is work from home office that we started the recruitment in Singapore and we started some recruitment in India as well to develop the market in Eastern Europe and we are working on the Latin American development at this point of time.

Manish Poddar: Sir, just to understand this better so you are going to do the registration by yourself and also scale the business organically and not through partners, is that what you are trying to infer to?

Mukund Kabra: We are working on both the strategies. We are looking for the organic growth as well, as well as the inorganic growth. So if the opportunity comes in the inorganic front we will definitely looking to it.

Manish Poddar: Thank you so much and Happy Diwali.

Moderator: Thank you. The next question is from the line of Bhavesh Jain from ITI Org. Please go ahead.

Bhavesh Jain: Sir, thank you for giving this opportunity. Sir, how important is the US market for us because last three, four years the template is not there in that particular market in H1 we have seen 4% growth and you have guided in five years to double the revenue and how important that market will be for us to achieve that target for aspiration of doubling the revenue in five years.

Beni Prasad Rauka: There is lot of disturbance in your phone. Yes, we have understood your question, Mukund ji will answer your question, please.

Mukund Kabra: Yes, US is going to be important market no question about it, and our presence is very strong in the US market we expect 8% to 10% growth which is coming from US over a five-year period.

Bhavesh Jain: From which segment largely we will drive this growth because I am saying last three, four years and even this H1 it is not getting translated into higher growth.

Mukund Kabra: So, most of the growth will come from the B2C segment which we are really focusing and targeting. If you really see the B2C areas last year also we have grown from \$ 3 to \$ 5 million. In the current year also if you look into this quarter it is already \$ 1.61 million this year purely we should touch about \$ 6.5 million

into this area so this is going to be our growth target as we move on into the US besides the normal growth in the B2B nutraceuticals business.

Bhavesh Jain: India growth rate has been good in this H1 also so ex of this SciTech also the growth rate has been good and we are seeing the traction.

Mukund Kabra: No, if we just take out the SciTech then it is probably the most turbulent quarter. The growth is almost at the same level because of some of the inventories issues from some of the larger customers and the things should normalize by the first quarter of the next year.

Bhavesh Jain: Okay Sir, thanks a lot and all the best.

Moderator: Thank you. The next question is from the line of Rohit Nagraj from Emkay Global. Please go ahead.

Rohit Nagraj: Thanks for the follow-up. Sir, during this quarter we must have faced issues on exports because orders must have been on a CIF basis would that be the right level of looking at it and are we now looking to correct it by giving it on FOB basis or how are we trying to tackle this issue. Thank you.

Beni Prasad Rauka: Our major export from India is number one to our own US subsidiary company. So whether you make it CIF or FOB finally it will have no impact on the consolidated number. Other than US other customers wherever possible we are negotiating as far as the cost of the shipments are concerned but still the cost has gone up substantially so it is very difficult, we also need to share so it is a approach where we want to have some kind of a continued relationship with our customer not exactly looking at that the entire cost we can pass on to our customers.

Rohit Nagraj: Sir last part of the product guidance and I think you mentioned in the earlier remarks as well on gross margin side 70% to 75% EBITDA margin front about 40% to 48% so is this applicable for FY2022 as well or we are looking that FY2022 could be a transitory year because if the issues that we have been discussing till now.

Beni Prasad Rauka: Yes, I think this is transitory and that is the reason now we are also going with a cautious approach wait and watch and I think that is how the scenario is.

Rohit Nagraj: Sure, Sir. Thank you so much and best of luck, Sir. Thank you.

Moderator: Thank you. The next question is from the line of Bhavesh Jain from ITI Org. Please go ahead.

Bhavesh Jain: Sir one follow-up on our top product we were seeing incremental competition and some pricing pressure so how has been the competition in that product.

Mukund Kabra: Yes, the pricing pressure is there that why we couldn't pass on the cost run at this point of time into the top selling products but if you really look into the volume wise we have sold more than what we did last year.

Bhavesh Jain: And taxing has been good right as of now in terms of volume.

Mukund Kabra: Yes, so volume wise it is better, margin wise it is on little lower side at this point of time because we could not like to really pass on the price.

Bhavesh Jain: But has the prices stabilized or we still see more pressure on the prices.

Mukund Kabra: It is more or less stabilized but there can be some pressure that in this kind of the scenario I do not feel the prices should go down broadly but it is more or the less I guess they get stabilize.

Bhavesh Jain: Okay sir thank you thanks a lot.

Moderator: Thank you. As there are no further questions, I will now hand the conference over to Mr. Mukund Kabra for closing comments.

Mukund Kabra: Thank you everyone for all of your participation and listening us. I wish all of you a very happy Diwali and a prosperous New Year. Thank you, once again. Thank you.

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