“Advanced Enzyme Technologies Limited

Q2 FY27 Earnings Conference Call”

November 03, 2026

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Moderator: Ladies and gentlemen, good day, and welcome to the Advanced Enzyme Technologies Limited Q2 FY27 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes.

Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Ronak Saraf. Thank you, and over to you, sir.

Ronak Saraf: Thank you. Good evening, everyone. Welcome to Advanced Enzyme Technologies Q2 and H1 FY27 Earnings Conference Call. We sincerely hope you all have gone through our financial press release and the presentation, which has been posted in the Investor Relations section of our website as well as 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 business highlights, update 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.

I would like to draw your attention to the fact that some of the information shared during this 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. Participants are cautioned not to place undue reliance on these forward-looking statements as they are not guarantees of future performance and should not be viewed as a substitute for independent judgment. The company undertakes no obligation to update or revise any such statements, whether as a result of new information, future events or otherwise.

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

Mukund Kabra: Thank you, Ronak. Good evening, everyone. Thank you for joining us today for our quarter 2 and half yearly earnings call. I extend a warm welcome to all our shareholders and partners. As the festive season is just around the corner, the entire AETL family would like to extend our warmest wishes to you and your loved ones. May this festival of lights fill your lives with happiness, prosperity, good health, and success. Wishing you and your family a joyful, bright, and wonderful Diwali.

Before we discuss the performance for the quarter, we are pleased to announce that the company has successfully completed the buyback by acquiring 2.41 million equity shares at an average

price of INR289.09 per share via open market route. This reflects our continued commitment to enhancing shareholder value and maintaining a balanced approach towards capital allocation.

On the global front, the economic environment continues to remain challenging, with geopolitical tensions across various regions creating uncertainty in international trade, supply chains and commodity markets. These developments, coupled with inflationary pressures, volatile energy prices and fluctuations in currency markets, continue to influence the overall business environment. While central banks across major economies remain focused on managing inflation and supporting growth, the pace of recovery remains uneven. In this environment, we continue to remain watchful, focused on operational efficiencies, prudent cost management and disciplined execution to navigate uncertainties while pursuing our long-term growth objectives.

I'm happy to announce that we have reported robust numbers for the quarter 2 fiscal '27. We have witnessed growth across all business segments of our presence.

Our quarter 2 number delivery reflects a strong growth. The fundamental strength of our business remain firmly intact, and we anticipate progressive momentum as the year advances. While it is important to view this performance in the context of the inherent nature of our business, that is the reason we always suggest all our shareholders to evaluate our business on an annual horizon rather than through the lens of a single quarter.

Our top line for the quarter stood at INR2,145 million, registering a growth of 16% year-on-year and 12% on a sequential basis, while the first half of financial year '27 revenue grew by 10% over the corresponding period last year.

EBITDA increased to INR721 crores, up 20% year-on-year and 36% sequentially, while the same grew by 7% on a year-to-date basis. Consequently, the EBITDA margin stood at 34% compared to 33% in quarter 2 financial year '26 and 28% in quarter 1 financial year '27. On YTD basis, this number remained unchanged at 31%.

Although the input costs like power and fuel and raw material remained elevated during the quarter, but our focus on operational efficiencies eliminated the risk and delivered robust margins. We anticipate this sustainable growth and stronger performance throughout the rest of the year.

Moving to profitability. Profit after tax, PAT, stood at INR512 million, grew by 14% year-on-year basis, 33% sequential basis and 5% on a YTD basis. The PAT margin for the quarter was 24% and 22% for the first half financial year '27.

Now I will take you through our segment-wise revenue performance for the second quarter of financial year '27, and compare it both year-on-year, sequentially and year-to-date.

Let's begin with Human Healthcare. Revenues for quarter 2 financial year '27 stood at INR1,285 million, reflecting a 6% Y-o-Y growth and 11% sequential increase.

This growth was primarily attributable to improved sales in the Pharma/API business, Biocatalysis and Nutrition business. Human Healthcare business remained unchanged on YTD basis.

Moving to Animal Healthcare. Revenue stood at INR265 million, registering a robust 37% year-on-year growth, 5% increase quarter-on-quarter and 14% growth on a YTD basis. The segment contributed approximately 12% to our overall revenues during the quarter.

Turning to Bio-Processing. The segment reported revenues of INR365 million, delivering a strong 43% year-on-year growth, 19% sequential increase and 37% growth in the first half of the fiscal. The segment contributed approximately 17% to our total revenues during the quarter.

Lastly, Specialized Manufacturing reported revenues of INR231 million, registering a healthy 25% year-on-year growth, 15% increase over the previous quarter and 32% growth in the first half of the current fiscal. The segment accounted for approximately 11% of our overall revenue during the quarter.

We anticipate that our growth trajectory will remain strong across all business segments in the foreseeable future. This sustained momentum reflects our strategic focus on innovation, operational excellence, and customer-centric initiatives. As we move forward, our priority is to enhance operational resilience, ensuring that we remain agile and well positioned to adapt to evolving market conditions and emerging challenges. Through disciplined execution and responsible growth, we aim to strengthen our long term value proposition and create sustainable enduring benefits for all our shareholders. With this, I will now hand over the call to Rauka ji. He will walk you through the financials and key subsidiary numbers.

Beni Rauka: Thank you very much, Mukund. Good evening, everyone. I hope you all are in good health and doing well. Wishing you all a very great festive season ahead. On the company's consolidated financials for the second quarter and first half of fiscal year 2027, let me give you first year-on-year basis numbers. So our revenue increased by INR300 million. It's a 16% of growth on INR1,845 million to INR2,145 million.

Our EBITDA increased by INR121 million, 20% growth from INR601 million to INR721 million, and this is about 34% of our revenue as compared to 33% in the correspond previous quarter. Profit before tax increased by INR92 million, a 15% increase from INR595 million to INR688 million. Our PAT has increased by INR64 million, a 14% increase from INR447 million to INR512 million. This is about 24% of our revenue. So this was on year-on-year basis.

On a sequential basis, which is quarter-on-quarter, our revenue increased by 12% from INR1,917 million to INR2,145 million. EBITDA increased by INR192 million, a 36% of increase from INR529 million to INR721 million. This is about 34% as compared to 28% in the previous quarter of FY27.

PBT increased by INR152 million from INR535 million to INR688 million. PAT increased by INR126 million, a 33% increase from INR386 million to INR512 million. So this is about 24%

as compared to 20% of our revenue in the previous quarter. Let me give you now YTD performance. For 6 months, revenue increased by INR358 million.

So we have 10% of growth in 6 months from INR3,704 million to INR4,062 million. This is our top line. And EBITDA is improved by INR85 million from INR1,165 million to INR1,250 million. So this is about 31% of our revenue, and last year also we had about 31% in terms of percentage. PBT increased by INR78 million from INR1,144 million to INR1,223 million, and our PAT is increased by INR46 million from INR852 million to INR897 million. This is about 22% of our top line.

JC Biotech sale numbers stood at INR200 million with the EBITDA of INR29 million and PAT of INR17 million in Q2 of FY27 as compared to INR186 million of revenue, INR37 million of EBITDA, and INR17 million of PAT during Q2 of FY26. So for 6 months, JCB top line stood at INR395 million as compared to INR397 million. EBITDA of INR56 million as compared to INR70 million, and PAT of INR27 million as compared to INR31 million.

Evoxx, sale number is about INR75 million. This is the top line and EBITDA of INR4 million. Evoxx has reported INR7 million of loss during this quarter as compared to INR18 million in the last quarter, and last year it was INR14 million of PAT. So for 6 months, revenue of Evoxx is INR149 million as compared to INR144 million, EBITDA of INR8 million negative as compared to INR31 million of EBITDA positive, and PAT of INR26 million negative as compared to INR21 million of PAT during 6 months of previous year.

SciTech number stood at INR234 million during this quarter with EBITDA of INR61 million and PAT of INR36 million as compared to revenue of INR185 million, EBITDA of INR33 million, and PAT of INR15 million. So 6 months, the SciTech number, which is our Specialized Manufacturing activities, wherein we have top line of INR434 million in H1 of FY27 as compared to INR330 million, registering a growth of 32%. EBITDA of INR92 million as compared to INR38 million, so this is about 144% of increase. PAT is about INR49 million as compared to INR8 million last year, for 6 months. So this is about 520% of growth.

Our top-10 customers contribute about 26% in quarter 2 of this year as compared to 27% in quarter 2 of last year. So overall for 6 months, top 10 customers 22% as compared to 23%. B2C segment has contributed about USD 0.91 million as compared to USD 1.29 million last year.

So B2C segment is INR2.06 million as compared to INR2.42 million in last year's 6 months. Healthcare, generally we give some numbers. So in India, we had about INR696 million in quarter 2 as compared to INR580 million in Q1 and as compared to INR570 million in Q2 of FY26. And International business, INR588 million as compared to INR578 and INR642 million. So total, as Mukund has already mentioned, Human Healthcare this quarter was INR1,285 million.

Our R&D spend is increased during this quarter. We have spent about INR90 million as compared to INR86 million. And overall for 6 months we have spent about INR216 million as compared to INR166 million. R&D expenses on consolidated basis, this works out to be 6%

excluding our intercompany -- without considering intercompany elimination because Evoxx is kind of research and development company. And on consolidated basis, R&D spend, if we consider the intercompany elimination, that works out to be about 4.3% during quarter 2 as compared to 3% in Q2 of FY26. So this is all from my side. Now we shall open the floor for question-answer session. Thank you.

Moderator: Thank you very much. Ladies and gentlemen, we will now begin the question and answer session. The first question is from the line of Abhishek Navalgund from Nirmal Bang Equities.

Abhishek Navalgund: Congrats on good set of numbers. Sir, my first question is on the U.S. market. So could you please elaborate in terms of the future outlook as we see in the U.S. market for us?

Mukund Kabra: Abhishek ji, we are progressing. I mean, there was some kind of a dullness which was there, which we can see in the first 2 quarters because of all the global things, however, it is moving. But we expect it to pick up as we move on towards the year-end.

Abhishek Navalgund: Sure. And ideally, if that happens, there's an upside from our current margin levels also, right?

Mukund Kabra: Yes, that is true.

Abhishek Navalgund: Sure. And on SSPL, do we expect this growth run rate to continue or even -- or is there any one-off kind of a thing in this particular quarter?

Mukund Kabra: We are seeing a good traction at this point of time. I won't say it one of the things, but I will not like you to just go with 1 quarter results as I -- we always mention that you take it as an annual. But I would say that there is a traction. There is good things which are moving on, on all the business fronts.

Abhishek Navalgund: Sure. And lastly, the EBITDA run rate that we have delivered in this quarter, do you expect in the upcoming 2, 3 quarters, we'll maintain this INR70 crores run rate? Or will there be any possibility for upside or downside, both?

Mukund Kabra: It's a difficult question at this point of time to answer because a lot of things depends how it moves, but we will continue as our guidelines, which we say that between 30% to 32% on an overall basis.

Moderator: The next question is from the line of Nikhil Upadhyay from SiMPL.

Nikhil Upadhyay: Congrats on a good set of numbers. But just one understanding part, Mukund ji. See, in June quarter you had mentioned there was deferment of sales which had some impact on the June quarter reporting for like the revenue was lower by that amount. And it was substantially high. That was the reason you had called out.

But if we adjust for that and on a regular basis, would you say we would be tracking a 12% to 13% kind of a sales growth? Or would it be like a 10% to 11% kind of a sales growth? What's our sustainable growth rate we are tracking post those onetime adjustments?

Mukund Kabra: I would say this -- you are right, absolutely right. Last quarter, we mentioned that deferment was around INR10 crores, which impacted us. This quarter also, the deferment is on a higher side. Out of that INR10 crores, we could get INR2.5 crores on a net basis. And still like INR7.5 crores is carried out for the next quarter as we will look at it.

I won't say that this is one of the quarter. I would still say that there is a momentum. But I cannot give you the exact number. Yes, that is what we were talking about is a double-digit growth, lower double-digit growth. That is where we are aiming for.

Nikhil Upadhyay: Okay. That's helpful. Secondly, Mukund ji, one thing, if I look at it, the way SciTech has scaled up and I was just going through our numbers -- since March '23 when we started reporting, our revenue run rate from INR40 crores is now sustainably moving towards INR80 crores, INR100 crores and the margin profile has also significantly improved from single digits to now almost sustainably 20% plus. So what is creating the traction for SciTech? And is it more broad-based across customers? Or is it specific to a few customers?

Mukund Kabra: It's more broad-based. We increased a lot of efficiencies out there. We increased some shift working out there. That is where like we increase the production capacity. And when you utilize the capacity for the higher production, naturally, the efficiencies get improved. The customer base is more wider. We are a lot of -- we are working on many R&Ds in the SciTech and those are paying off right now.

Nikhil Upadhyay: Okay. And last question, and I'll come back in the queue. Can you share the revenue of the top product?

Mukund Kabra: Sorry, we are not sharing those numbers going through the quarters.

Moderator: The next question is from the line of Zaki Nasser from Nasser Investment.

Zaki Nasser: I think congratulations on a very hearty set of numbers. Sir, what you have mentioned, it looks like we will do a 15% kind of traction on the top line. Where do you foresee this coming from, sir? Would it be from the Human part or the Animal Nutrition or Manufacturing? And what geographies would lead the next set of growth numbers, sir?

Mukund Kabra: So geography is global. We are working -- as we were always mentioning like we have three, four different horses. All the horses are running. We are working on all the different areas, different geographies, even into the Indian markets, even into the Asian markets and other areas, which are paying off. If you really look into the food areas, we have a very robust growth. You look into the animal feed area, we have a very robust growth. Even our Biocatalysis area is picking up. These are all the different horses like which will give us the growth. We are expecting U.S. to turn around. Once the turnaround happens, probably that will also start contributing.

Zaki Nasser: Sure. And sir, could you just throw some light, if possible, with a few examples of what goes under our Specialized Manufacturing field, sir?

Mukund Kabra: So in Specialized Manufacturing, we make effervescent tablets, OD tablets. Again, like it is not just for the pharma area, but we do it for a lot of different areas like the cosmetic areas, for the pharma, for the nutra for the animal feed. And these are the different R&Ds which we do, how do we make a different delivery systems? For example, for feed, very different delivery systems. And these are all the things what we carry out there.

Zaki Nasser: And one last question from my side. Sir, after the buyback, what would be the cash on our book, sir? And during the next few quarters, do you have any plans to deploy this?

Mukund Kabra: So after the buyback -- for the quarter end, right?

Beni Rauka: As of 30th September.

Mukund Kabra: So as I -- INR640 crores at the end of the September quarter, and I think like there were some around say 1 lakh -- around 7 lakh shares, which were bought in October. I don't have an exact number of October.

Beni Rauka: So I think -- Mukund, let me give that number. INR640 crores, and then we spent about another INR30 crores. So roughly -- we should be having about INR610 crores. But of course, that is excluding the internal accruals, whatever we have generated during the month of October. So cash is about INR610 crores, excluding the money which generated in the month of October.

Moderator: The next question is from the line of Lakshminarayanan K.G. from Tunga Investments.

Lakshminarayanan K.G.: I think question regarding our largest product. There have been difficulty in terms of the other manufacturers to do the product because of the factory closures or whatever. And do you see that more players are coming into it? The main players have shut, and I don't think they have opened the factory as yet. But do you see any other player ramping up or planning to get to production?

And if so, what is the lead time usually takes place before the new player trying to grab some market share? Is it -- takes a couple of years? Or how is that industry to be penetrated?

Mukund Kabra: So Lakshminarayanan ji, there is no such thing that no one will come or they will come, they will not come. And you need to accept those. There are a few players which are already there in the market. Now it depends on many, many factors, just not being there you can sell. You need to have quality, you need to go through a lot of different things.

And there is a lot of hard work, which company has put in the last 30, 35 years, which is paying off. And this is the area in biotechnology, you always have to improve your efficiencies, and that is what we are doing. You have to always increase the productivity. The players will come and they will go. You need to stand there, you need to figure out different applications, and that's what we are doing.

Lakshminarayanan K.G.: Got it. Sir, if I just look at our revenues over the last 6 months, what percent...

Mukund Kabra: Sorry? You are not audible, Lakshminarayanan ji.

Moderator: Okay. Mr. Lakshminarayanan has disconnected. We'll go ahead to the next question. The next question is from the line of Nikhil Upadhyay from SiMPL.

Nikhil Upadhyay: Mukund, sir, two questions. One thing you mentioned that you are seeing signs of turnaround in the U.S. market. And last year, one of the challenges was around tariffs and then all this uncertainty. But what is driving, or what is giving you the confidence that the market is now turning around?

And is it like the projects which we had given, and now you are seeing some of them getting commercial? If you can just spend some light on what's giving you the confidence on turnaround in U.S. market?

Mukund Kabra: In the last few years or a few quarters, we spent work on a lot of R&D, publishing a lot of different papers. We are just back from the SupplySide -- SupplySide West, which happened in Vegas. And there, we saw a lot of different attractions, which is coming up, a lot of good potentials, which we are talking. At this point of time, I won't say that how long it will take, maybe 1 quarter or 2 quarters. But what we can say is there is a lot of good traction, which is coming up again.

Nikhil Upadhyay: And are these products which we have already developed or we would have to go back to the R&D drawing board, develop the product, go through validation? Like, how should one understand this?

Mukund Kabra: There are certain products which are already developed, right? And some products we always continue to develop. Even like developed products, we continue to do a lot of different studies, the papers, and that's how it goes, all the clinical studies, different papers, different applications, and that's a continuous process.

Nikhil Upadhyay: Okay. Second question was if I look at our segmental growth, and I'm not talking of quarterly growth here. I'm taking our growth numbers from December '24 as a benchmark. We see Animal Healthcare, Food Processing, and Specialized Manufacturing sustaining a 20%, 25% quarterly growth, removing that aberration, but on average, we've grown at that rate.

If you have to understand the growth parameter further, would it be right to say it is more driven by newer customers rather than more wallet share with existing customers? How would you explain this sustained growth in these 3 segments of Animal Healthcare, Food Processing, and Specialized Manufacturing?

Mukund Kabra: So here, if you ask me it's more with increasing the customer base as well and developing the new products as well and approaching different geographies as well. So that's how we are doing it. Overall, if you look at it, we are very still small players compared to the global competitors, and there is a lot of room to grow. And that's what we are trying to do.

Nikhil Upadhyay: Okay. And just one last clarification. Rauka ji on the employee cost, if you look at June quarter, we had an employee cost of INR45 crores, which fell to INR40 crores this quarter. Generally, this kind of large variation we've not seen. So was there some one-off in June quarter? And is this the base employee cost we should work with?

Beni Rauka: Yes. So June quarter, we were just evaluating the increments. So that particular time, the provisioning was slightly higher. I think it was higher by about INR1 crore or so. So the impact of that INR1 crore is the reversal in this particular quarter. So overall, INR1 crore impacted is like INR2 crores down. And then during this quarter, ESOP cost which we were amortizing, so whatever employees who have left the company so we had to reverse that also.

So because of that, again the ESOP cost has gone down, so payroll cost is also down. So all these factors has impacted us. And apart from that, even in the U.S. also, the payroll cost is slightly lower because of some headcounts. So these 3 different things has impacted and it's down in that sense as compared to the previous quarter.

Nikhil Upadhyay: For sustainable, run rate should be INR40 crores to INR43 crores then, if we remove these one off?

Beni Rauka: So I mean, whatever cost in this particular quarter, whatever you have got, that number is something sustainable in that. And you keep on hiring. So it is always -- like it's very difficult to say that that number will sustain.

Moderator: The next question is from the line of Lakshminarayanan from Tunga Investments.

Lakshminarayanan K.G.: Sorry, I think my line got disconnected. I was just trying to ask a question if -- what has been the -- if you are tracking the new products and new applications that has delivered results for us, maybe in the last 1 year or in the last 6 months, what is the contribution of revenues coming from new products or new applications, which wasn't there a year back or which way you track your new product development? If you can just give some insight, it would be great.

Mukund Kabra: Lakshminarayanan ji, we don't bifurcate the numbers. I don't have those bifurcations of the number, what is new product revenues and what is this as right now.

Lakshminarayanan K.G.: But as an organization, you have some kind of KPI which you have. Do you have? And what is that range? Is it like 5%, 10% or -- I'm not asking for exact numbers, sir, but I just want to understand and appreciate how you track the new product development, in which way you are tracking?

Mukund Kabra: I would say it will be very approximate. But if you want the number, maybe around 7%, 8% is coming from the new products.

Lakshminarayanan K.G.: Sir, another thing, how we have strengthened -- our research has always been strong. And in terms of sales force in the last few months, how we have strengthened either in India or outside? And what has been the progress in the core business in Europe?

Mukund Kabra: You're talking about a number or...

Lakshminarayanan K.G.: There are two parts, sir. I think one, I remember you are strengthening your sales team to outreach clients in India or outside. I want to understand how you have strengthened in the last 6 months in terms of number of people you have added, either in percentage or absolute number. I just want to get a directional view on it.

And also in the European Food business, I think a couple of years back, we were trying to make inroads. Just want to understand how -- where are we in terms of the European Food business, either numbers or qualitatively?

Mukund Kabra: So the numbers on the Europe is positive, even on Asian side -- Asia, Europe, both areas it is positive. We are increasing lot of different customers out there, some global players as well. We are like talking with a few players to even partner right now, but those are the futuristic things. We see a good opportunity going forward as well in the Food business at the current markets where we are operating.

Lakshminarayanan K.G.: Okay. And in the U.S., right, what is the scenario now because there is inflation, there is various other things and there have been some kind of client cutback, freight, et cetera? So how is U.S. directionally looking for you, both in terms of your own direct-to-consumer products as well as when you actually are working with companies like DSM, et cetera? Can you just give some color on both the things?

Mukund Kabra: We are not working directly with DSM. DSM is one of the competitor in U.S. As of now, if you really look at it, we want U.S. to grow, and we can see some signs of it as of now and the turnaround we can see in the coming future. But right now, the situation for the last 3, 4 quarters or maybe a few quarters was not very conductive. We hope that it should -- it will be turn around very soon now.

Lakshminarayanan K.G.: Sir, just on the U.S. thing, is it more of our client-specific issue that the clients who are customers we cater to are not growing? Or is it there is a tightness in the overall industry that none of the comparable players like us are actually growing in the markets we serve? What would be the two or three things you would attribute for the relative underperformance of the U.S. markets over a little longer period of time?

Just two or three things which you think -- one is broad thing, but anything specific? Is it the choice of our clients, those clients are not growing or a particular application to which our clients are serving, those applications are not growing, or the geographies where we are in the -- what exactly could be the reason, sir? Can you be a little more specific on this?

Mukund Kabra: So market is more changing, dynamic. Currently, the market is driven more by the studies and other areas, and we are doing it all of those as we are moving towards that. Particularly, if you ask me clients are growing, I don't see the existing clients are growing very rapidly at a very fast pace as of now. And we are also now working on to add different, different customers in different areas.

Going forward, I don't know about the competitors, and I cannot comment on them, how they are performing and what they are doing it as of now. But this is where we are. And we are trying to work on many different areas how to grow going forward.

Moderator: The next question is from the line of Ritika Seth from Ananta Financials.

Ritika Seth: Congratulations on good set of numbers. I just wanted to ask one question. Can you just give us some guidelines for the segment-wise growth for FY27 and '28?

Mukund Kabra: Difficult question, Ritika. We don't go with the segment-wise right now. We will do all the budgeting in the month of February, March, and I can give you more guidelines based on that, maybe the next year. This year, I would say that overall, we -- and for a longer run, we intend to grow by double digits, mid-level of double digits or lower mid-level of double digit. And that's what we plan.

Ritika Seth: Okay. And what would be the margin?

Mukund Kabra: So we are saying that as of now, for calculation purpose, we are going with 30% to 32% of EBITDA level.

Moderator: The next question is from the line of Abhishek Agarwal from Nirmal Bang Equities.

Abhishek Navalgund: My line got disconnected in between. So not sure if somebody has already asked this question. On this announcement by Novonesis, wherein they are going to put some more than INR6,000 crores capex in Mumbai -- capacity. What proportion of our portfolio might get -- be directly exposed to that sort of business, I mean, the segment-wise?

Mukund Kabra: I don't know exactly, but what my knowledge is they are putting it more for the bioethanol purpose as of now. Bioethanol is -- and that is what I heard from the Novonesis people. This is basically for all this alcohol, which is being mixed in the petrol and other areas, and that's what their plan is to make that, and that is where they are coming. As of now, if you ask me, we are not present in that segment. So current revenue, I can just say, but you never know, is not going to be affected in any of those areas.

Moderator: The next question is from the line of Abhishek Kamdar from Value Plus Advisors.

Abhishek Kamdar: Congratulations on a good set. In Q1, we had a little bit of slowness in terms of the Human Nutrition segment. And you mentioned in your press release that the Pharma/API segment has recovered a little bit in Q2. How are you seeing the rest of the year for this segment? Do you expect a further recovery or something like that? Or are you looking at it as being subdued again?

Mukund Kabra: We see that there are actually some more recovery as we move on towards the year-end.

Abhishek Kamdar: Okay. Understood. And similar -- for Biocatalysis, what are you expecting for the rest of the year?

Mukund Kabra: Yes. So most of the growth is coming from the Biocatalyst area as well when we talk about Human Healthcare.

Abhishek Kamdar: Would you be able to quantify how much of Human Healthcare is in Biocatalysis?

Mukund Kabra: Current quarter, it was INR66 million, I guess.

Abhishek Kamdar: Okay. So Q1 was about INR4.5 crores, Q2 is about INR6.6 crores?

Mukund Kabra: Yes.

Abhishek Kamdar: Okay. And my second question is on capex. What is our capex guidance for the year? I believe INR123 crores was what you had mentioned earlier, including R&D and maintenance capex?

Mukund Kabra: Yes. So that's the same thing as of now.

Beni Rauka: Correct.

Abhishek Kamdar: And how much of this would already be done in H1?

Mukund Kabra: One minute. Around INR52 crores is already spent.

Moderator: The next question is from the line of Zaki Nasser from Nasser Investment.

Zaki Nasser: Sir, we have a very small segment in the Indian market called WELLFA. How is that performing, sir? And what percentage would it make? I know it's very small, but what is your thoughts on that, sir?

Mukund Kabra: As of now, we are negligible in this quarter as well. So we're not really counting for the next 2 years, as we were already mentioned. So next 2 to 3 years, we are doing all the different activities. But in terms of sales, we don't expect big numbers.

Zaki Nasser: But you would want to keep it as a part of -- I mean, as a going concern and look at it for future growth?

Mukund Kabra: Yes, that is where we have separated it from Advanced. We have made a separate company. We have put a lot of different people because B2C mindset, you need a different mindset from B2B. So we are separated, including the company, people, and we are working on it very differently right now.

Zaki Nasser: But sir, 3 years down the line also, how would you expect it to scale up? Do you at least foresee INR40 crores to INR50 crores kind of top line in that? Because that's good products. Products are excellent, sir, in terms of the way everything has turned out is good, but what are the aspirations for it?

Mukund Kabra: See, there are very big aspirations, right? And you mentioned right, like INR30 crores to INR40 crores, but I won't be able to give you the guidance whether we will be able to achieve that in

the 3 years' time or no. And that is where it is very difficult right now to give me the numbers. It's a long-term future, what we are expecting from it. In the current 2 to 3 years, probably we are not really counting on the revenue basis.

Moderator: Ladies and gentlemen, we'll take that as the last question for the day. And now I would like to hand over the conference to Mr. Ronak Saraf for closing comments.

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

Mukund Kabra: Happy Diwali to all. Bye-bye.

Beni Rauka: Happy Diwali. Thank you, everyone.

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