

Advanced Enzyme Technologies Ltd.

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November 2, 2016

To,
Listing Department
BSE Limited
25th Floor, Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai- 400 001

Listing Department
National Stock Exchange of India Ltd.,
Exchange Plaza,
Bandra-Kurla Complex, Bandra (E)
Mumbai- 400 051

Dear Sir/Madam,

Sub : Transcript of Conference Call held on 28th October 2016
Ref : ISIN: INE837H01012; Scrip ID-540025, Scrip Code-ADVENZYMES


With respect to Intimation dated on October 28, 2016 regarding Analysts call on the acquisition of JC Biotech Pvt. Ltd. held at 4.30 P.M. on October 28, 2016. Please find the Transcript attached.

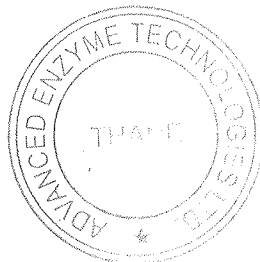
The said transcript may be accessed on the Company's website at www.advancedenzymes.com and may also be accessed on the website of Stock Exchange i.e. www.bseindia.com and www.nseindia.com.

You are requested to kindly take a note of the same.

Thanking you,

Yours Faithfully,
For **ADVANCED ENZYME TECHNOLOGIES LIMITED**


Prabal Bordiya
Company Secretary
Membership No. - A42028





“Advanced Enzymes Technologies Limited
Conference Call”

October 28, 2016

**MANAGEMENT: MR. C. L. RATHI – MANAGING DIRECTOR, ADVANCED
ENZYME TECHNOLOGIES LTD.
MR. PIYUSH RATHI – CHIEF BUSINESS OFFICER,
ADVANCED ENZYME TECHNOLOGIES LTD.**

Moderator: Ladies and gentlemen good day and welcome to the Advanced Enzymes Conference Call. As a remainder 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 the operator by pressing ‘*’ and then ‘0’ on your touchtone phone. Please note that this conference is being recorded. Also note with duration of this conference it is a 30 minutes only. I would now like to hand the conference over to Mr. C L Rathi from Advanced Enzymes. Thank you and over to you Mr. Rathi.

C L Rathi: Good afternoon everybody. Today Advanced Enzymes acquired a 70% stake in API maker JC Biotech. This strengthens our leadership in API enzyme called Serratiopeptidase with an 80%+ market share. These also enables the company's foray into biopharma and Algal Omega-3 DHA. This is projected to be EPS accretive in FY17. As you know, we expect this deal to immediately strengthen our market leadership in API Serratiopeptidase, leaving us with significant competitive advantage as well as flexibility of production. JC Biotech has the ability to handle solvent-based permutations and recovery which is highly complementary to our current production process. Headquartered in Hyderabad, JC Biotech is the manufacturer of API Serratiopeptidase, an anti-inflammatory enzyme. It also has an R&D pipeline of biopharma molecules. It also has fairly advanced technology for manufacture of Algal DHA and omega-3 fatty acid which finds good application in human health and nutrition. JC Biotech has a production facility in Andhra Pradesh and has the ability to expand its fermentation capacity, doubling from the current 60 meter cube to 120 meter cube. JC Biotech currently commands a 50%+ share in the Indian market of Serratiopeptidase, thereby taking Advanced Enzyme’s combined market share to 80% plus, post acquisition. As of 31st March, 2016, JC Biotech’s revenue stood at Rs. 39 crores, with a net profit of Rs. 2.5 crore. The acquisition is expected to close by end of December 2016. Advanced Enzyme will finance the acquisition largely through internal accruals. No new debt is being raised for this. Upon closing, the acquisition is expected to be accretive to Advance Enzymes’ EPS for FY17. We are open for questions now.

Moderator: Thank you. Ladies and gentleman, we will now begin the question and answer session. We will take the first question from the line of Sriram Rathi from ICICI Securities. Please go ahead.

Sriram Rathi: Two questions; First, how much of this Rs. 39 crores of revenue comes from API Serratiopeptidase?

C L Rathi: Full 100% comes from this. They are currently selling only Serratiopeptidase.

Sriram Rathi: Okay, sir basically omega-3 fatty acids and this Biopharma and all are in kind of pipeline right now with the potential.

C L Rathi: In the pipeline correct.

Sriram Rathi: So what will be strategy for the Biopharma business, I mean what kind of product are you targeting or will it be more of on contract basis or something like that. If any color you can put on that.

C L Rathi: Our R&D team will study this and then will take an appropriate call based on the findings. We will keep you informed.

Sriram Rathi: Okay, sir it is more about capability that this JC Biotech has right now which is a potential for Advanced Enzyme to explore in future. Is this correct.

C L Rathi: Correct.

Sriram Rathi: And similar strategy will be for omega-3 fatty acids.

C L Rathi: Omega-3 fatty acid may be a similar study. As you know, every technology needs to be properly studied in detail and we will use our own knowledge of the last 27 years in fermentation technology to evaluate each technology thoroughly and then take it to the market.

Sriram Rathi: Okay got it, sir that means basically whenever you explore this opportunity in future both these businesses, that time you will have to incur some kind of CAPEX for R&D or something like that.

C L Rathi: As you know Advanced Enzyme already has surplus capacity so we will not jump into spending money on CAPEX.

Sriram Rathi: Okay got it.

Moderator: We will take the next question from the line of Saravanan Viswanathan from Unifi Capital. Please go ahead.

Saravanan Viswanathan: What are the EBITDA margins of JC Biotech.

C L Rathi: JC Biotech's EBITDA margin for last year was 19% and PAT margin was 6.54%.

Saravanan Viswanathan: Okay and this one, sir in this product Serratiopeptidase, where our margins better or JC Biotech may be being the market leader their margins were better.

C L Rathi: Advanced Enzymes has always the best margins in the industry.

Saravanan Viswanathan: So, despite being a market leader their margins were lower than yours.

C L Rathi: Production leader does not mean market leader. Advanced Enzyme is the market leader.

Saravanan Viswanathan: Okay and sir you had mentioned that there were ability to double the fermentation capacity, so what is the CAPEX needed for doubling the capacity.

C L Rathi: We did not yet look at those aspects because our current task is not looking at doubling the capacity but understanding and integrating the business properly into our folds.

Saravanan Viswanathan: Does this product have an export potential.

C L Rathi: Advanced Enzymes has been the major producer of the same product Serratiopeptidase in India and exporting globally so we don't have to do anything different than what we have been doing.

Saravanan Viswanathan: Okay fine sir, sir just a different question, when are the results getting announced.

C L Rathi: 14th of November.

Saravanan Viswanathan: And number of employees from JC Biotech.

Piyush Rathi: They have 190 employees currently.

Saravanan Viswanathan: So, all of them would come on board.

Piyush Rathi: It is not a business acquisition; we are entering the company so they will continue with the company.

Saravanan Viswanathan: Okay, got it.

Moderator: We will move onto the next participant that is from the line of Prashant Tarwadi from Axis Capital. Please go ahead.

Prashant Tarwadi: Congratulations for this value accretive acquisition, if you could just elaborate on the integrational strategy and how you expect JC Biotech to start contributing to your profitability in terms of improving margins of JC Biotech and integrating that way our operation that would be great.

C L Rathi: Prashant as you know we have been producing this enzyme for the last over 25 years or so and we have a very high knowledge on this particular product and that is why we will be using our knowledge to cut down their cost, improve their margins etc. We also know the market very well, so we will be also looking at how we can expand the pricing, how we can take advantage of the leadership position to expand the margins both side either by cutting down the cost as well as increasing the revenue, expanding the market etc. So these are the 3 to 4 areas that we will be working on to get the highest benefit for both the companies.

Prashant Tarwadi: Okay, while I understand that JC Biotech is broadly focused on the Indian markets, but I read that their facilities are GMP approved, so in future sir those are export, those facilities can support some bit of exports if in future we want to do it that way.

C L Rathi: Yes, of course it is the flexibility that is available to us but we will first look at assimilating what is available, step-by-step rather than jumping the gun.

Moderator: The next question is from the line of Sneha Talreja from Emkay Global. Please go ahead.

Sneha Talreja: Sir, my question was basically related to JC Biotech is currently I sure I mentioned that in the first answer that it is manufacturing only one product, but on their website there are other products which are available or in fact under development, can you just highlight some point about that.

C L Rathi: It is correct, they have several products in the pipeline and we are evaluating them.

Sneha Talreja: Okay and sir if I am not wrong, even you manufacture the same product and that is how you are going to increase the market share from 50 to say 80%.

C L Rathi: Correct.

Sneha Talreja: Or sir basically this acquisition would be then to target the customer that they are you know supplying to.

C L Rathi: Yes and no but I think both because as you know, enzymes is a very sticky business so we would like to study each and every client thoroughly and then workout an appropriate strategy based on each customer.

Moderator: We will take the next question from the line of Saravanan Viswanathan from Unifi Capital. Please go ahead.

Saravanan Viswanathan: Yeah, just a follow up question though earlier participant, sir what excited you in this acquisition, the R&D capabilities that is the production and the development or you wanted to increase your market share in the Serratiopeptidase.

C L Rathi: The first and foremost is Serratiopeptidase because that is the one where we have been one of the market leaders for the last 27 years, so we know that market very well and that is naturally more exciting to us and along with that of course you look at all other molecules which we can leverage in this acquisition.

Moderator: The next question is from the line of Raj Mohan, an individual investor. Please go ahead.

Raj Mohan: Yeah and before my questions, hearty congratulations on a spectacular listing in the markets and sustaining the interest in your company. Basically, I wanted to understand, being an API this particular product, can we perceive with strategy to acquire this additional market share to garnering clients with whom you currently don't have a relationship especially in the Biopharma space and are there any cross-selling opportunities of your existing knowledge base and IPs into this newly acquired client base.

C L Rathi: Yes Raj Mohan, very nice of you to point it out. We have to look at each one because this space is very niche and each and every client is precious so we will evaluate each and every opportunity carefully before we take any call.

Raj Mohan: Generally in terms of opportunity though it is too early to probably put in throwing numbers but then do you see currently you are looking at a 39 crore turnover from this company. You see immense opportunity over the medium term.

C L Rathi: Correct.

Raj Mohan: Okay and coming to this Algal DHA omega, what is the market opportunity there again in the human nutrition space.

C L Rathi: Huge, huge market opportunity in omega-3.

Raj Mohan: Okay and can you probably transition this into improved offerings though these are limited to probably Indian pharma at this point in time, can this be extended to International market.

C L Rathi: As you know we are already a big global player with more than two-third of business being international, so we are looking more at international business. At the same time, India is a huge future opportunity for us as well. We know the Indian market thoroughly and in India also now people want to have better nutrition, better health and that being the case, we will be looking at how to enlarge our market within the country too.

Raj Mohan: Okay, finally coming, specifically the US markets, do you feel these two product categories have immense potential to sort of expand into.

C L Rathi: Yes, of course.

Moderator: We will take the next question from the line of Nimit Shah from ICICI. Please go ahead.

Nimit Shah: Good evening sir, and thanks a lot. Sir what has been the growth of this company over the last 5 years.

Piyush Rathi: It was Rs. 24 crores 3 years ago so Rs. 24 crores to Rs. 39 crores - that has been the growth there in the last 2 to 2.5 years.

Nimit Shah: Sure, and if you can throw some highlight about what will be the market size of this Serratiopeptidase currently in India.

Piyush Rathi: Currently about Rs. 70 to 75 crores.

Nimit Shah: The market size.

Piyush Rathi: Yes, market size.

Nimit Shah: And out of which we combine would be having 80% market share and it is growing at what rate.

Piyush Rathi: It is growing at about 10%.

Nimit Shah: 10% is the growth rate sir. Sure, okay sir. Wishing you a very happy diwali.

Moderator: We will take the next question from the line of Saravanan Viswanathan from Unifi Capital. Please go ahead.

Saravanan Viswanathan: Yes, sir what are the debt levels of JC Biotech.

Piyush Rathi: JC Biotech's debt is about Rs. 17.5 crores.

Saravanan Viswanathan: Okay, will further whatever plans for the next year will they need further debt or they will be able to manage with internal accruals.

C L Rathi: We are currently funding half of the debt we are giving as a long-term loan to the company and half is coming from the previous owners, so that will be the debt structure till the time we earn money out of this venture.

Moderator: We will take the next question from the line of Sneha Telreja from Emkay Global. Please go ahead.

Sneha Telreja: My question was actually related to the recent development which took place, sir you are a global player, I am sure you have said that, that we know we do not operate in the same segment which is Industrial Enzyme segment but they have lowered the guidance and thus given one of the reasons to be that your North American market is not doing well that is what they have mentioned in their Earnings Call, sir if you can highlight are we present in any of such segment in the North America because we have a very strong presence in that market.

Piyush Rathi: Sneha, we will not be taking any questions other than on the acquisition.

Sneha Telreja: Okay, sir if at all you can mention, you know your top 5 products or something, I am sure even that is somewhat out of the acquisition part.

Piyush Rathi: Yes, in this conference call, we will limit the questions to the acquisition.

Sneha Telreja: Okay sir, sure.

Moderator: The next question is from the line of Samir Raach from Reliance Mutual Fund. Please go ahead.

Samir Raach: Yeah, my question was related to the balance stake in this company, so what is the plan on that.

Piyush Rathi: It will continue for at least a period of 5 years. Thereafter we do have a call option.

Samir Raach: Okay great.

C L Rathi: Also, in case we want to expand it further or want to increase the capital base, then we have a particular formula through which the funding could be done and the equity structure could be modified.

Samir Raach: Okay, so that extra contribution we will have to make as a company?

C L Rathi: Yes.

Samir Raach: Okay and so we cannot merge this company anytime soon with our Advanced Enzyme?

Piyush Rathi: No, the idea is that for the next 5 years, we will maintain in this way and then we will see.

Moderator: Ladies and gentleman, that was the last question with that we conclude today's conference, thank you for joining us.

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