

February 07, 2026

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 04, 2026 for the Un-audited Financial Results for the quarter and nine months ended December 31, 2025.

In furtherance to our intimation letter dated January 28, 2026, please find enclosed the Transcript of the Conference call held on Wednesday, February 04, 2026 with Analysts and Investors for the Un-audited Financial Results of the Company for the quarter and nine months ended December 31, 2025.

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

Kindly take same on your records.

Thanking you,
Yours Faithfully,

For Advanced Enzyme Technologies Limited

Sanjay Basantani
Company Secretary and Head - Legal

Encl.: As above



“Advanced Enzyme Technologies Limited
Q3 & 9M FY '26 Earnings Conference Call”
February 04, 2026

Management:

Mr. Vasant Rathi - Chairperson

Mr. Mukund Kabra – Whole Time Director

Mr. Beni Rauka – Group Chief Financial Officer

Mr. Ronak Saraf – Investor Relations Manager

Disclaimer:

This is a transcription and may contain transcription errors. The transcript has been edited for clarity, readability, etc. The Company takes no responsibility of such errors, although an effort has been made to ensure high level of accuracy.

Kindly Note, there could be unpublished price sensitive information that would have been shared /discussed during the call. Complying with the SEBI regulations, we have shared Audio Transcript to the Stock Exchanges and the Company website on February 04, 2026 for information of public at large.

Moderator

Good evening, ladies and gentlemen. I'm Akash, moderator for the conference call. Welcome to Advanced Enzyme Technologies Limited Q3 & 9M FY26 Earnings Conference Call.

As a reminder, all participants will be in listen-only mode, and there'll be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing * and then 0 on your touch-tone telephone. Please note, this conference is being recorded.

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

Ronak Saraf

Thank you, Akash. Good evening, everyone. Welcome to Advanced Enzyme Technologies Q3 & 9M FY26 earnings conference call. We sincerely hope you all have gone through our financials and all the disclosures which have been posted in the Investor Relations section of our website.

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

Now, I would like to draw your attention to the fact that some of the information shared during the call, particularly regarding our plans, strategies, and the future outlook, may contain forward-looking statements. These statements involve inherent risks and uncertainties and are based on current expectations, forecasts, and assumptions. The 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, change in government policy, regulatory developments, and other unforeseen circumstances.

Recipients are cautioned not to place undue reliance on these forward-looking statements as they are not guarantees for future performance and should not be viewed as 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.

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

Mukund Kabra

Thank you, Ronak. Good evening, everyone. I really appreciate you all for taking out your valuable time, and I extend a heartiest welcome to everyone joining us today on the conference call for the quarter and 9 months ended 31 December 2025.

The global markets are experiencing considerable disruption due to the imposition of U.S. tariffs, leading to the shift in market dynamics. As the tariff situation continues to evolve, we are well positioned to evaluate its impact given the significance of The Americas as a key export market for us. Concurrently, we remain optimistic. Based on the available news, reciprocal tariff is reduced from 25% to 18%, and the additional penal levy of 25% that had been imposed on India for buying Russian oil has also been dropped.

The overall performance for the period was mixed. While several of our businesses delivered healthy growth, others remained flat. Despite ongoing global uncertainties, our focus on operational excellence helps us maintain steady momentum towards the full year guidance. Our top line for the quarter stood at INR 1,719 million, reflecting a 2% Y-o-Y growth and decline of 7% compared to the previous quarter.

On year-to-date basis, revenue grew by 15%. EBITDA came in at INR 494 million, which is 11% down Y-o-Y and 18% lower Q-o-Q, while on a YTD basis, it grew by 11%. EBITDA margin for the quarter stood at 29% and 31%, and for the nine months of financial year '26, it stood at 31% as compared to 32% in nine months of financial year '25.

Moving on to the profitability, our profit after tax reached INR 432 million registering a 11% growth Y-o-Y and 3% decline Q-o-Q. On a YTD basis, it grew by 20%. The PAT margin at 25% for the quarter and 24% for the year-to-date.

Now, I will take you through our segment-wise revenue performance for Q3 FY26 and compare it both Y-o-Y and sequentially with Q3 FY25 and Q2 FY26.

Let's begin with Human Healthcare, our largest segment. Revenue for Q3 FY26 stood at INR 962 million, making a 6% Y-o-Y decline and 21% on a sequential basis, while growth of 12% is observed in nine months year-to-date basis. This de-growth is on account of lower sales in the Pharma, API, and Nutrition business across both domestic and international markets. Human Healthcare contributed 56% of our total revenue in the current quarter.

Next, we have Animal Healthcare. Revenue rose to INR 241 million, delivering a 22% increase Y-o-Y, 25% on a sequential basis, and 26% on year-to-date basis. Annual healthcare accounts for 14% of the total revenue in the current quarter.

Turning to Bioprocessing, this segment recorded 13% Y-o-Y growth during the quarter, 41% sequential growth, and 15% year-to-date growth. This growth is primarily on account of robust performance of our food business. The food business grew by 16% on Y-o-Y basis, 51% on Q-o-Q basis, and 19% on year-to-date basis. The non-food business, de-grew by 5% on Y-o-Y basis. It grew by 3% on Q-o-Q basis, while there is marginal increase of 1% on year-to-date basis.

Lastly, the Specialized Manufacturing Segment remained flat on Y-o-Y basis, while it degrew by 16% on a sequential basis. On a nine-month basis, it grew by 25%. This segment represents 9% of our overall revenue in the current quarter. The quarter presented its share of headwinds. Nevertheless, we remain steadfast in our strategy and confident in the opportunities ahead. We anticipate that our strong growth trajectory will persist across all business segments in the foreseeable future. Moving forward, our primary priority is to enhance the resilience throughout our operations, thereby ensuring effective adaptation to the dynamic market conditions and emerging challenges.

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

Beni Rauka

Thank you very much, Mukund. Good evening, everyone. I hope you all are in good health and doing well. On the company's consolidated financial for third quarter and year-to-date nine months of FY26, first, I would like to give comparison on Y-o-Y basis, this is Q3 FY26.

Revenue is increased by INR 28 million from INR 1,691 million to 1,719 million, a 2% increase. EBITDA is lower by about 11% at 29% as compared to 33% in the corresponding quarter of last year. So, this is INR 494 million as compared to INR 553 million.

Profit before tax has increased by 10% from INR 530 million to INR 583 million. This is about 34% of our revenue. Profit after tax has increased by INR 43 million from INR 389 million to INR 432 million. This is about 25% of our revenue as compared to 23% in the corresponding quarter of last year.

On Q-o-Q basis, sequential basis, revenue is down by about 7% from INR 1,845 million to INR 1,719 million. EBITDA is decreased by INR 107 million from INR 601 million to INR 494 million, about 29% of our revenue as compared to 33% in the last quarter.

Profit before taxes decreased by about INR 13 million from INR 595 million to INR 583 million. Profit after taxes decreased by about INR 15 million from INR 447 million to INR 432 million. This is about 25% of our revenue as mentioned here. For nine

months of FY26 versus nine months of FY25, our revenue has increased by about 15% from INR 4,697 million to INR 5,424 million. This is about 15% growth. EBITDA is increased by INR 170 million, 11% increase from INR 1,488 million to 1,658 million. This is about 31% of our revenue as compared to 32% in the last year.

Profit before tax has increased by about 20% from INR 1,439 million to INR 1,727 million. Profit after tax has increased by about INR 212 million from INR 1,072 million to INR 1,284 million. This is about 24% of our revenue as compared to 23% in last year nine months.

Regarding our subsidiary numbers, JC Biotech, quarterly numbers is top line of INR 159 million with EBITDA of INR 7 million and PAT of negative INR 4 million as compared to INR 172 million of top line and INR 22 million of EBITDA and INR 7 million of PAT in the corresponding last year, Q3. For nine months, JC Biotech top line is INR 556 million as compared to INR 488 million, resisting 14% increase. EBITDA is INR 77 million as compared to INR 66 million, 17% increase, and PAT is INR 27 million as compared to INR 19 million, 39% increase.

Evoxx revenue stood at INR 87 million and EBITDA of INR 22 million, and PAT of INR 15 million for Q3 of this year as compared to INR 64 million, INR 12 million, and INR 4 million respectively of revenue, EBITDA, and PAT. The nine months Evoxx revenue stood at INR 231 million as compared to INR 160 million, resisting a 44% of increase, and EBITDA has increased from negative INR 8 million to INR 53 million in nine months, and PAT is INR 36 million as compared to negative INR 30 million.

Our healthcare bifurcation, India sales stood at INR 481 million as compared to INR 460 million in corresponding quarter of last year. International sales stood at INR 482 million as compared to INR 559 million. Our B2C sales stood at INR 91 million as compared to INR 103 million in the Q3 of the last year.

SciTech top line stood at INR 159 million and EBITDA of INR 28 million, PAT of INR 7 million as compared to INR 154 million of top line and INR 30 million of EBITDA, and INR 20 million of profit. So nine months is INR 489 million as compared to INR 386 million. EBITDA is INR 65 million as compared to INR 66 million, PAT is INR 15 million as compared to INR 32 million for nine months.

Our largest product, which is anti-inflammatory enzyme, this is about 21% of our revenue as compared to 20% last year. For nine months it is 22% as compared to 19% last year. Top 10 customer is about 26% for this quarter as compared to 26% in Q3 of last year. And for nine months, it is 23% as compared to 36% last year. B2C sales numbers stood at INR 104 million as compared to INR 123 million in the last year corresponding quarter.

R&D expenditure on standalone basis for Q3, revenue is INR 77 million and CapEx is INR 3 million. So total is about INR 80 million. This is comparable to the earlier quarters. Total INR 246 million we have spent so far in nine months. R&D expenditure as a percentage of our revenue on consolidated basis, it is about 4.7% as compared to 4.9%. Here, this is without considering the intercompany elimination.

And on a consolidated basis, R&D spend after considering the elimination, it is about 3.2% as compared to 3.3% in Q3 of FY25. For nine months, it is 3.2% as compared to 3.7% in nine months of last year.

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

Moderator

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

The first question comes from Mr. Umang Shah from Banyan Tree Advisors. Please go ahead, sir.

Umang Shah

Hi, sir. Am I audible?

Moderator

Yes, you are audible.

Umang Shah

Hi. Thank you for the opportunity. Sir, first question was, if you could break down the human nutrition revenue between India and international?

Beni Rauka

Yes. So, I'm giving you for nine months number, okay?

Umang Shah

Okay.

Beni Rauka

India is INR 1,710 million and for the international market, INR 1,686 million. So total is INR 3,396 million for nine months.

Umang Shah

Got it. Sir, and the second question was if you could speak about the decline in human nutrition segment. You alluded to the fact that it was between both pharma and nutraceuticals and even the numbers represent that. So, can you just help us understand, especially in nutraceutical business in the U.S., what led to the decline?

Vasant Rathi

Mr. Shah?

Beni Rauka

Umang Shah.

Vasant Rathi

Umang?

Umang Shah

Yeah, tell me sir.

Vasant Rathi

You know what is going on. Overall, the market is very uncertain in U.S. and when there is a complete uncertainty in nutritional market, everybody is paying a heavy duty no matter where the product is coming from in the nutritional market, human nutrition market. And long-term strategies, short-term strategies are difficult to develop during this kind of uncertain markets.

Second part is the cost, which is coming out from the China on all the raw materials for packaging, shipping, etc. It is going up, and the industry is trying to pass on that cost a little bit at a time. And you can see that there is a slowing down, not because only on the nutritional side also, but the market-wise, it is affecting the consumers very, very heavily in the food segment, in pharma segment everywhere. So overall, there is a tremendous uncertainty in the marketplace. And in that particular place, people try to hold on to placing any new orders. Does that make sense to you?

Umang Shah

Yes. Got it, sir. Very useful. Sir, and second question was what is the competitive intensity in our largest product in India? Is it normalizing compared to last year or is it still quite high?

Mukund Kabra

Umang Ji, you can see the numbers, and if you see the numbers, slowly we are growing, right? So I don't see there is any problem for competencies or any other area into that particular.

Umang Shah

Got it, sir. Got it. Sir, and last question was, at the end of the last year, you had mentioned that we want to have a business in intermediates also. It's been -- I mean, it's been -- nine months of this year has been done. Any headway in this business?

Mukund Kabra

We are still working on that. And probably when the right time will come, we'll come out of it, okay.

Umang Shah

Okay. Got it. Sure, sir.

Vasant Rathi

But the plan is going well. Hopefully the market conditions will help us establish the foothold.

Umang Shah

Okay. Great, sir. Thank you so much, sir. I'll get back in the queue.

Mukund Kabra

Thank you.

Vasant Rathi

Thank you.

Moderator

Thank you, sir. The next question comes from Mr. Sajal Kapoor from Antifragile Thinking. Please go ahead, sir.

Sajal Kapoor

Yeah, thank you. My questions are not about this quarter or nine months, but slightly medium to long term. And so first one is, how are you monitoring potential disruptive technologies or new entrants in the enzyme space, and what steps are you taking to ensure that once enzyme is not kind of blindsided by them?

Vasant Rathi

Very, very interesting question, and thank you for asking that. Listen, there is technologies which are coming in or the new entrants coming into the marketplace. There are certain segments in the human nutrition where people are more concerned with, and we are addressing that through our lot of research of new products, new areas. It takes little time to develop these new enzymes per se, because it has to go through lot of regulatory approvals, etc.

But we are already, as you will see, that we are very much, very much on top of it publishing our papers. We are also trying to get technical backgrounds and support systems, because people nowadays don't like just an ingredient per se. They want a research data supporting it, and which too also with the peer review papers. And that's how we are trying to attack that market, to make sure that we keep our lead continuously into this market.

Sajal Kapoor

Yeah. That's helpful. And yes, I agree it takes time to commercialize the new discovery taking on you know -- it's time consuming. Nothing works over overnight in this industry, so I completely appreciate that.

And my second question is, how do you decide when to invest in incremental improvements and to existing products versus pioneering entirely new enzyme solutions that might initially serve only a smaller or a less profitable market, but you know, that may potentially lead into longer term opportunities. So basically, the question is, how do you decide when to sort of become more cost efficient because of competitive pressures or otherwise in your existing products versus what R&D dollar or how to invest that incremental money into something novel, discovering it and then commercializing it. What is this sort of mindset?

Vasant Rathi

Mindset is, basically you go to the marketplace where you have better profit margins to begin with, and then expanding to the markets where there is margin pressure, but the volume gives us a cost competitive advantage into our manufacture because of the volume.

Sajal Kapoor

Do you keep separate teams for novel innovation, something which is getting discovered and versus incremental improvements? Or are these the same teams?

Vasant Rathi

No. The teams, you had to separate them and get most of the efficiencies, cost efficiencies, because nowadays travel is very expensive as you know, okay. Besides, AI is coming into picture, so a lot of people are 'self-educated' per se, you know.

So, it is always a very interesting market dynamics where people throw the questions from AI, wanted to know all the answers kind of thing. And this is a technical field a little bit, so you have to explain it in the marketplace to make them understand why it is different. It is not the same thing.

Sajal Kapoor

Yes, sure. But my question was, is it a single R&D center, because we have got multiple R&D centers. So, how do we position them for new innovation versus improvement?

Vasant Rathi:

No. There is single, R&D center.

Mukund Kabra

R&D center is single, but they are subdivided into different departments, functionality wise, okay. So, there are different people taking care of different areas.

Sajal Kapoor

Understood. Okay, that's helpful. Thank you so much for all the responses. Thank you, and all the very best.

Vasant Rathi

You're welcome. Thank you.

Moderator

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

Shreyans Gathani

Hi, good afternoon. I had just had one question. So, from my understanding, the sales in the Evoxx subsidiary just go to Europe. Would that be the right understanding?

Vasant Rathi

Yes, it the right understanding.

Mukund Kabra

Yes.

Shreyans Gathani

Okay. So, based on that, so if I look at excluding the Evoxx, pretty much our sales have dropped. I'm just looking at the last quarter like we were doing around INR 4 crores. If I just subtract the Europe sale -- the Evoxx sales from the Europe sales, so besides the Evoxx, we've pretty much not done anything in this quarter. So could you comment on what happened? Like, why we've lost sales over there, in Europe?

Mukund Kabra

So Shreyans, I think quarterly comparison, as we have already been mentioning, it is not possible in our case.

Vasant Rathi

People don't buy quarter-to-quarter and month-to-month.

Beni Rauka

Yeah, it all depends on customers, their own procurement schedules.

Shreyans Gathani

Okay. Because I see like pretty much we are averaging. Like last four quarters you're doing like INR 4 crores, and now it's less than INR 1 crore, like INR 90 lakhs, besides the U.S. sales, so.

Beni Rauka

We will give you an exact number. I don't know how you have subtracted.

Shreyans Gathani

Okay. I will take that offline. That's okay. Thank you. That's all from my end.

Vasant Rathi:

Thank you.

Beni Rauka

We will talk soon.

Moderator

Thank you, sir. The next question comes from Mr. Rohan from Blue River Capital. Please go ahead, sir.

Rohan

Am I audible?

Mukund Kabra

Yes, Rohan ji.

Rohan

I look at your sales for the U.S. here.

Mukund Kabra

I'm sorry. A little bit louder Rohan.

Moderator

Rohan sir, I would request you to speak a little louder, because your voice is so feeble.

Rohan

Yeah. Am I audible now? Is this better?

Moderator

Better, sir.

Rohan

Yeah. I was talking about the U.S. sales. There has been some weakness in the U.S. sales of recent. I think in one of the earlier calls you had alluded to the fact that this is relating to the tariffs. Now, given the current favorable kind of trade deal that we have, it was announced a couple of days back. What is the outlook for the sales in the U.S. given it is the largest market, both in terms of, I mean, recovering sales and then from year on going henceforth forward. If you can help us with how you plan to go ahead there with regards to new products, new customers, new segments, anything on that, please?

Vasant Rathi

Well, tariff is the tariff, 18%, 25% or 50%. Do you think anybody is willing to pay you 50% higher prices in the retail marketplace? Today, it's impossible. You will lose lot of -- entire sale or your entire sales. So it's various strategies which we had to do, so that we don't lose customers, at the same time impact on the margins are not heavily affected. So, most of the things if you will see, that U.S. companies will pass on some of the cost increases to the customers during this 2026.

There is a competition also which you have to keep in mind, whether competitors are ready to increase the prices or not. And you have to be competitive in the marketplace where others -- what others are doing. So, there are several factors that comes into picture. This is something -- the only thing it makes sense right now is yesterday's news will help us a little bit better in sense of how to normalize and be reasonable. So, we need to keep the customers comfortable.

Rohan

There is a point about that, yes, but people what last see for us actually. If you look at our numbers for FY25, those are also weak. And now after that, FY26, as you said, tariff is understandable. But, I mean, going forward, after the fact that the tariff has come down to 18% now. How do you see U.S. as a market going ahead for us?

Vasant Rathi

Yeah that, it will not have much of a difference for the market sales. We will see how the market is going -- overall market is taking the tariff, whether it is 15%, 20%, 18%. They will reflect in the marketplace and overall economy of the U.S. So if the U.S. economy remains strong with the employment, market will be good, and we see reasonably it should grow.

Rohan

Okay. And do you think any efforts are needed with respect to setting up a local base or getting personnel -- sales and marketing personnel there to further push for better growth there?

Vasant Rathi

We always are looking for a better growth, right. We always do our best.

Rohan

It is not reflecting in the numbers hence, the little bit of pushback on that, sir.

Vasant Rathi

Sorry?

Rohan

It has not been really reflecting in the numbers, and hence, as investors, I think there was slight bit of pushback on this matter.

Vasant Rathi

No. I understand.

Rohan

In future, I think, going ahead things will be better as you actually said.

Vasant Rathi

Yeah. No, no. We see a much better outlook. I mean, what we are looking at is a lot more inquiries, lot more interest that will reflect in next years.

Rohan

Okay. Because sir, I mean, given U.S. has such a large impact on our margins, if sales from there were to go down as they have been in the past, it would again affect the margins going ahead. So, I think given all of this, it holds a pretty much high importance, especially this large market for us.

Vasant Rathi

Absolutely, absolutely. We are very mindful of that.

Rohan

All right. Thank you, sir.

Moderator

Thank you so much, sir. Ladies and gentlemen, if you have any questions, please press * and 1 on your telephone keypad. I repeat, if you have any questions, please press * and 1 on your telephone keypad.

The next question comes from Mr. Abhishek Navalgund from Centrum Broking. Please go ahead, sir.

Abhishek Navalgund

Yeah. Hi. Thanks for the opportunity. A couple of questions from my side. First, on the upcoming R&D Center, that is supposed to come in Nashik, I think, somewhere during this particular year. Is it possible to share, I mean, what area you will be targeting

to begin with? Because it was mentioned that it will be a far bigger setup as compared to what we have right now. So, any particular area and where you'll see the benefits coming in, maybe not immediately, but over the next couple of years from that perspective?

Mukund Kabra

So, Abhishek Ji, to begin with, we'll be targeting mostly on the strain development, protein engineering and on the fermentation side. That will be the first phase.

Abhishek Navalgund

Sure. But, I mean, the reason why I'm asking this question is, we have Serratiopeptidase as our largest product, but you get this question a lot, that which product can become like a next Serratiopeptidase for us. So, something similar can happen out of this R&D effort that you are intending to do?

Mukund Kabra

Yes, Abhishek Ji. We are working to do on -- there are many other products which we are working out there. And probably, the space will fasten up once this becomes live.

Abhishek Navalgund

Okay. And this will be largely targeted again for the exports only, right, abroad? I'm sorry, the timing of this commissioning of this facility is when? Sorry, I missed out on that part.

Mukund Kabra

Somewhere around the end of the second quarter of this coming year.

Abhishek Navalgund

End of second quarter, perfect. And next question on CapEx. I mean, we have maintained the capacity utilization at around 55%, 60%. I'm sure that considering since we have not done a large CapEx over the last few years, I mean, the CapEx, the capacity utilization must have been stopped. Any plans of CapEx being greenfield or brownfield expansion in the next one or two years?

Mukund Kabra

As we all always mention, whenever we feel like it will be necessary, we'll do it. Of course, the cost will be very low. Maybe, I guess, in the FY28-29, probably. Sorry, FY26-27, FY27-28 -- yeah, FY28-29 mostly and the cost will be about INR 50 crore at that point.

Abhishek Navalgund

Okay. So, nothing on this particular year, right?

Mukund Kabra

Not this year, except for the R&D, CapEx, whatever we will need for the R&D Center.

Abhishek Navalgund

Okay. And the Serratiopeptidase capacity, because this quarter was maybe kind of muted, but in nine months, the growth has been very strong. So, how are we placed in terms of capacity utilization for Serratiopeptidase? So, the JC Biotech plus our capacity is sufficient for, let's say, a couple of more years or?

Mukund Kabra

I think, our capacities are good enough as of now. We are well placed.

Abhishek Navalgund

Sure. Done, sir. That's it from my side. Thank you and all the best!

Mukund Kabra

Thank you, Abhishek Ji.

Moderator

Thank you, sir. The next question comes from Mr. Ketan Chheda, an individual investor. Please go ahead, sir.

Ketan Chheda

Hi. Thank you for the opportunity. My query is with respect to the EU region. You know, in the last few years, if I take from 2021 onwards, we've had approvals wherein initially we had some four product approvals and now we are standing at nine product approvals for the EU region. But in these years from '21 to '25, our revenue has not increased significantly. It's about INR 32 crores to INR 33 crores in that zone. So could you tell us like what are we selling essentially in European Union, and why in spite of having so many product approvals our revenues are not growing in that region?

Mukund Kabra

So, our original target is the food segment in the European region, and that is what we are doing it. If you ask me, if you don't have these regulations, clearly our sales would have been zero, because you can't sell without this product being registered. So assuming that since it gets registered, you will have a significant revenue, it's not true. We are doing our best. We are trying to expand the market wherever it is possible. And I guess, we are still growing. This year also we grew into the European area. It's not like what de-grew or something of that.

Ketan Chheda

No. Sorry. I mean, I was referring to from -- I mentioned that 2021 till 2025, not just this nine months or last one year or so. I was talking about the last four odd years, four, five years. Because if you see the like, 32, we had it.

Beni Rauka

So, I think in Europe, we have seen slightly the business model of our European company. So, they were having some contract research, external contract research, then internal for us, and then some product sale. So because of that realignment also, I think now the product sale was slightly down in couple of years. And now we are looking into that aspect and seeing that some kind of revenue we are going to get from that product sale business as well, which has been developed in India and then European company will take care of that. So that process is on, yes. And slightly -- the numbers that you rightly said is the kind of you know, is out of range bound so far.

Ketan Chheda

Okay. I appreciate that response. The other question that I have is, I believe the one novel ingredient application that we have in Europe is again related to Serratiopeptidase. Now, once we have that approval, and assuming that probably it takes maybe a couple of years for us to kind of ramp up the sale of this novel ingredient in the European region. Is it likely that this product will continue to be the top revenue generator for us?

Vasant Rathi

Listen. If you know very well, you're aware, most of the issues, healthcare issues are inflammatory related, right. And we have to make sure that awareness is there. People find that these products are working very well for them, and it's a marketing effort, product establishment, brand establishment, etc. But we're sure that it will grow.

Ketan Chheda

Okay. Thank you so much. Yes, that's all. There are no questions. Thank you so much, and wish you all the best.

Vasant Rathi

Thank you.

Moderator

Thank you so much, sir. The next question comes from Mr. Ravi Purohit from Securities Investment Management Private Limited. Please go ahead, sir.

Ravi Purohit

Yeah. Hi. Thanks for taking my question. So, a couple of things. One is I think, over the last few years there has been a lot of discussion on U.S. business and your business. But outside of these two, the other geographies have actually done relatively better, and we see sustained growth from these geographies. So, can you just spend some time and help us understand what are the areas which are helping us with this growth and also whether these are sustainable numbers and whether we can build upon this over a period of time. So, if you would just share some insights on this, that was question number one.

And second question was, we had created a 100% loan subsidiary to transfer our B2C business, and we had some thoughts on how to kind of get into or expand that B2C business significantly in India. So, if you could just share some update on that?

Mukund Kabra

So, when we talk about it, like we did a lot of registration in Asia and other countries. And if you really look into the rest of the world and Asia, those are the two markets which are giving us some results. The work which we did in the last two, three, four years, they are yielding some results right now, and we can see that there is certain growth in the Asia, as well as in the rest of the world area.

Coming to your next question on the Nutrazyme we did like separate this entirety, and now the team is there, which is a focused team, which is working onto this area particularly. As of now, with the way we see it, this year it will be a small sale from around INR 1 crore to INR 1.5 crore for the end of the year. But we are constantly focusing on that. The team is young and dynamic, and we'll see the results in coming two to three years.

Ravi Purohit

But do we have a significant product pipeline which we can, kind of you know -- which you could probably share with investors as to what kind of products are we looking at? And historically --

Mukund Kabra

You may visit its website. If you want to, we do have somewhere around a basket of 10 to 12 products out there, and you can look at those products at the Wellfa.

Vasant Rathi

Yes, we have a brand, Wellfa brand. You can go and take a look at it and not only take a look at the brand. I suggest you buy some and try it yourself.

Ravi Purohit

Yes. We'll do most certainly, sir. And I think you had mentioned in the past that we historically have been a B2B company and not necessarily B2C company. So any idea, just because B2C is a very different animal altogether, right, in terms of marketing, ad spend, and getting -- so is there any, like, plan to kind of do some JV with some other company or do it ourselves or, because if the products are there and if they are good and they are doing it for other people for white labeling point of view, there could be an opportunity for us to kind of scale that business.

Vasant Rathi

Thank you for suggesting and confirming what we think in the same manner. So, both of them are thinking alike on that matter. We will do all of that, whatever you said, is grow our brands, align with few others, we have to see company people, and integrate and expand. That is a totally different biz than B2B. So, we have to think in a different way, and we will take all the expertise necessary in that particular market. That's why we are separating the company under Nutrazyme.

Ravi Purohit

Okay. And sir, in the past we have kind of briefly touched upon industrial enzymes. But if you could, kind of spare some time and help us understand, in the sense, what areas in industrial enzymes do we actually do or we intend to kind of add to our portfolio? Because that seems to be a very interesting space where given all the investments that are happening in India, either from green ammonia point of view or rare earth minerals point of view or a, well, whole variety of other things that are getting manufactured. And each time we kind of read some literature, what we come across is there are a lot of industrial enzymes which get used. So, is there anything that we do in any of these spaces or intend to get into any of these spaces? Just a broad-brush idea if you could give?

Vasant Rathi

Yeah. We are intended to get into those spaces on the growing marketplace. Our new R&D Center will really help us into that, because ultimately in all industrial segment, there is a performance which really counts right then and there. So, they don't wait. There are two areas which we have to show immediately of our performance and cost effectiveness, and it requires lot of work and proving that our enzymes are better than what they are using or not using at this point in time.

Ravi Purohit

Do we have products or?

Vasant Rathi

We have products. The thing is you need lot of R&D also to support this, okay, and that is what our new center will give us, space and area to develop new applications.

Ravi Purohit

All right. I'll get back in the queue. Thank you.

Moderator

Thank you so much, sir. The next is a follow-up question from Mr. Umang Shah from Banyan Tree Advisors PMS. Please go ahead, sir.

Umang Shah

Hi, sir. Thank you for taking my questions again. Sir, since Vasant Ji is also on the call, I just wanted to hear from him in terms of over the next two to three years, in which areas of enzymes that we see the most opportunity and will Advanced Enzymes be able to take part in it?

Vasant Rathi

Umang, thank you for calling. See, we had to stick with lot of these areas which we are already servicing, but we will also expand it to few other market areas. In the same market see, there are two, geographical marketplace and different application marketplace, and still our healthcare will be always a top area for us. But we are also going into biochemical processing and various other areas where the margins are not necessarily very high, but at the same time opportunities are enormous.

So we are looking at both, different areas where we can expand and utilize our capacities very efficiently, at the same time grow our marketplace, and that's where the whole concentration of the management is at this time.

Umang Shah

Great, sir. Thank you so much. And sir, now in the budget buybacks have become better in terms of the tax implications. So would really suggest if, now where the stock price are, if you can consider a buyback of equity shares, that also helps in increasing the promoter holding and also helps long term shareholders increase the stake without any friction. So just if that's something you could consider. And the last thing was, if I heard it right, there was a loss in JC Biotech. Is that the right understanding?

Mukund Kabra

That is right.

Beni Rauka

This quarter, yes.

Mukund Kabra

This quarter, yes. But you don't look at it Q-o-Q.

Umang Shah

Okay. Was there an operational loss or a one-time loss? Because it was EBITDA margin positive, but --

Mukund Kabra

There was some major, what you can call it, like a repair -- not repair. Stores and spare consumption for this quarter, which comes annually sometimes.

Umang Shah

Okay. Is it one-time, or does it happen once every year?

Beni Rauka

Once in a year.

Mukund Kabra

Once in a year or twice in a year -- in two years once or that kind of thing. And this quarter, like again, there was some lower sale. But again, we don't get it Q-o-Q.

Umang Shah

Okay, great. Thank you so much, sir.

Moderator

Thank you, sir. The next question comes from Mr. Shubham Sehgal from SIMPL. Please go ahead, sir.

Shubham Sehgal

Hello. Am I audible?

Moderator

Yes, sir.

Shubham Sehgal

Yeah. I just had one question. So, in the earlier response, you mentioned that going forward you're seeing a much better outlook and a lot more inquiries on interest. Could you specify in which segment are we seeing all of these inquiries coming in?

Vasant Rathi

We are only in the two places, no, enzymes and probiotics. So, most of it is -- for example, our marketplace is a very different and dynamic marketplace. You know, in U.S. -- you are talking about U.S. market, right?

Shubham Sehgal

So, in general, you specified that we're seeing a better outlook going forward. So our case inquiry is more of -- yes.

Vasant Rathi

Yeah, more inquiries into U.S. marketplaces, okay?

Shubham Sehgal

Okay. So emphasis are specifically to U.S. market, right?

Vasant Rathi

Correct. You are correct.

Shubham Sehgal

Okay.

Mukund Kabra

He was referring to the more of U.S. market, but there are always inquiries in Indian market as well or this area, exactly, right?

Vasant Rathi

Yeah. Overall, it is a bigger market.

Shubham Sehgal

Okay. Got it. Thank you. And just next question was on the specialized manufacturing segment. So, we saw good growth in the last four to five quarters, and this quarter was relatively flat. So like, just going forward, how do we see this segment turning out?

Mukund Kabra

Again, don't look at it Q-o-Q. There are always sometimes the payment issues or other issues, and sometimes the sales rework that are there. So don't look at it Q-o-Q. Look at it just nine months, and it's good, and I think it's continued to grow.

Shubham Sehgal

Yes. So going forward, are we adding new products in this segment? I mean, as we had acquired this earlier. So, like, how is it going on? Can we just get some color on it? Like, are we adding new products? Are we getting good traction?

Beni Rauka

So this is basically an effervescent based technology company. So they do work for various clients. So, they are doing for, say, nutraceutical segment and of course for animal -- I mean, division also. We are doing a lot of work for overseas company as well as now we are expanding our footprint in India. So basically it is like tablet or sachet. This is effervescent based.

So, we are now looking into, like now how do we market this product into -- whether we can go for even in textile segment. Can we have some product like that which can be used? You know even disinfectants can be used and cosmetic also there is a scope. So we are working on various things. But yes, I mean it is a process which is taking its own time, and we are working with a couple of good clients or companies on different areas in this particular company.

Shubham Sehgal

Okay. Actually, just one clarification. So currently as you mentioned, so this business is not yet present and we don't have a lot of clients in India as of now, right? So is it really more of concentrated in U.S. or like it's spread out geographically?

Mukund Kabra

So, it's a combination of both, and there are a lot of different projects which are going on with different companies in India as well as in abroad, okay.

Shubham Sehgal

Okay, got it. Thank you.

Moderator

Thank you so much, sir. The next question comes from Mr. Rohit Ohri from Progressive Shares. Please go ahead, sir.

Rohit Ohri

Hi, team. Two questions and two parts to them, the first one being on the U.S. subsidiary. So, by when do you anticipate that the volume will start picking up from there? Because as you mentioned, the inquiries have already started flowing, and we also see that World Nutrition Inc. versus Advanced Supplementary, that case is also solved. So, by when do you expect that higher sales? Because if I read well, the margins tend to increase if sales are higher from U.S.

Vasant Rathi

It's a good question. I think it should reflect things trending into this year, okay.

Rohit Ohri

And sir, on the R&D side, there were some products which were just about to be launched in March. So, are we on track for that or will we see some delay or maybe spilling over into June or September?

Vasant Rathi

Do you have a specific on the product which you're talking about?

Rohit Ohri

No, sir. It was not -- it was mentioned in the previous concall, but then there were no specific as such, but it was said that it will be launched in March probably.

Mukund Kabra

So, it's a constant process, Rohit Ji. So, I don't know which product we are referring to at this point of time.

Vasant Rathi

We have several products in the pipelines.

Mukund Kabra

So, it's again dependent on the market. Once you go into the market, you come back. You again do some kind of thing if we'd require it. If it is good, then it is good. So it's constant process, Rohit Ji.

Vasant Rathi

In short, listen, there is not like simple thing to concentrate on one product. We have multiple products in pipeline, which we are working on, and let me tell you that not every quarter we are going to review and see what happens on that particular one. But several products are there, and there are some products get hit very quickly. Some products take a little longer time. Some will have delays because you have to go into pilot scale, then people are just not going to jump on it. They go a slow process. Sometimes somebody is very fast. It depends on the market pool.

So, believe me, all of these are under continuous review and push is very big and trying to get some products which are hit, get more bigger hit, so that our revenue generations can be there ASAP.

Rohit Ohri

Sir, the union budget, it was speaking quite a lot about fillip to the toll manufacturing while the FM was also trying to attract some global businesses and some investments, thereof, while she also mentioned about some impetus for biopharma Shakti or maybe biologic mediums. Do you think that these developments can get some volumes as well as value for us?

Vasant Rathi

The chances are very high, provided if we get some kind of a relief from this government regulations and bureaucratic message, you know? Government talks very big, and they respect you. But as we all know, there is so many rules and regulations, but a lot of companies are greatly interested, and we are very much interested in working with them.

Mukund Kabra

I was just saying this, there's still a lot more to understand. It's very easy to say. There are like lot of things which we are coming with like new institutes and other things is what I understand, but we need to go through the fine lines and understand it more deeply.

Rohit Ohri

Because Kabra ji, in one of the concalls recently, we mentioned that we were working on some contract manufacturing and some developments thereof. And even if you look slightly into the fine print, they are giving some tax benefits, which Rathi just mentioned about. So it's any different off sense is the only thing that I'm asking.

Mukund Kabra

We still need to evaluate the impact of it on the budget and other things, right. So we are working on some of the areas, but let's see. And we still need to understand the budget, honestly.

Rohit Ohri

Okay, Kabra ji. That makes a lot of sense. Thank you for answering my question. Thanks a lot.

Mukund Kabra

Thank you, Rohit.

Moderator

Thank you, sir. Next, we have a follow-up question from Mr. Rohan from Blue River Capital. Please go ahead, sir.

Rohan

This is for Mr. Rathi. Thank you for being on the call today, sir. From a three to five year perspective, so if you say a medium to long term perspective, where do you see a company progressing towards? And what do you think is really needed to get there? I mean R&D, obviously, is a huge and strong pillar for us. But apart from R&D, I think from what else do you think is required for us to take us to that position there in three to five years?

Vasant Rathi

Well, as we said before also same thing. I don't think we are changing our tune anywhere. We'll grow 13% to 15% double digit, more than double digit growth overall on a continuous basis in three to five years. There are a lot of hurdles will come in the places, and there will be some sellings. But overall, we're very comfortable with our thinking, and accordingly sometimes we can hit a very big way. The growth may increase rapidly, but overall we are 13% to 15% is very comfortable for us.

Rohan

That's good, sir. Because from a historical perspective, last couple of years have been slightly weak. This year nine months obviously we have credit where we have done well. But as I said, the last few years, the last two, three, four years all have been weak. So, given that context, I'm asking, do we require any changes, any particular functions per se, be it sales, marketing, manufacturing, operations, anywhere else? Does anything have to change? And if yes, what would that be?

Vasant Rathi

We are addressing to those, that is what you are looking at overall for nine months performance also, and we'll see that we'll continue to meet your expectations.

Mukund Kabra

The only thing what I would like to add out here, the ride will be roller coaster. It will not be the straightforward graph of like this. Some years we will grow faster, and some years we might grow a little slower.

Rohan

That is understandable, sir. And a small bookkeeping question. So, on margins, what was earlier communicated was that tariffs would have a 200 bps odd impact on margins. Now with tariffs kind of moderating, how is margins trend going out from here?

Beni Rauka

So almost nine months is gone. So I think another three months we have to see the impact, but it is most likely instead of 2% on EBITDA, I think it will be around 1% or so.

Mukund Kabra

Yeah. But it's a worst-case scenario. We are also trying to pass on, as Vasant Sir had mentioned, some of the cost to the customers in U.S. So, we'll see what will be the last impact, but this is the worst case scenario.

Rohan

Understood, sir. Thanks a lot, and wishing you all the very best.

Vasant Rathi

Thank you.

Moderator

Thank you so much, sir. The next question comes from Mr. Chandramouli Jaganathan, an individual investor. Please go ahead, sir.

Chandramouli Jaganathan

Sir, the previous participant was talking to you about the buyback, which you did not answer. We also feel that the current market cap of your company kind is at a lower level. Maybe you can think of if there is any view on that?

Mukund Kabra

Sorry, your question is not clear. Can you please repeat?

Chandramouli Jaganathan

No, I'm talking about the buyback. Even there is a previous participant also asked you about that, you did not answer. Since the valuation is so attractive, maybe do you have any plans and the taxation of the buyback also the recent budget become little attractive?

Beni Rauka

No. We appreciate your question and your guidance. But there are many things which you know very well. This is the probability with the board, right? So, it cannot be answered as such.

Chandramouli Jaganathan

Okay. Thank you, sir.

Moderator

Thank you so much, sir. We have one final question, which is a follow-up question from Mr. Ketan Chheda, an individual investor. Please go ahead, sir.

Ketan Chheda

Thank you for the opportunity again. Sir, my question is with regards to slide number 25 of your presentation. There is one segment within Human Nutrition, biocatalysis. And if I see the revenues in FY24 and FY25, we've kind of gone down from \$3.3 million to \$2.1 million. Now my question is with respect to the biocatalysis, could you explain what are we doing right now? And maybe in the next three to four years or five years, where do we go ourselves going ahead in that -- in this segment of biocatalysis?

Mukund Kabra

We are working on the Biocatalyst area. Like, that's what I can say. A lot of things are there on the pipeline. There might be something here and there, and we still need to understand that, but the growth prospects are very good into this area, Ketan Ji.

Ketan Chheda

Okay. Because even in some of the previous calls, you mentioned that there are some products under trial with some customers. So, is there any update of those trials of those products, or if there is some kind of outlook in terms of time-line, like how long there will be some outcome of those trials, be it one year, two year, something like that?

Mukund Kabra

Maybe I would like to say that, probably we will have to wait till the first quarter of the next financial year.

Ketan Chheda

Okay. Thank you so much. Wish you all the best.

Beni Rauka

Thank you. I think, Shreyans Gathani has asked one question. Shreyas, probably you were reducing the Evoxx number directly from the European top line, European numbers, whatever we have shared with you. So, I mean it is -- you know, the number which we have shared is net of our intercompany transaction. So you have to look from that angle. So our Europe, I think revenue number was about INR 96 million during this quarter as compared to INR 105 million in Q3 of last year and INR 116 million for Q2 of this year.

Moderator

Thank you, sir. There are no further questions. Now I hand over the floor to Mr. Ronak Saraf for closing comments.

Ronak Saraf

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

Mukund Kabra

Thank you. Bye everyone.

Moderator

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