Sector: Biotechnology | RESULT REVIEW Q3FY26 | Declared On: 31 Jan 2026

Advanced Enzyme Technologies Limited

RECOMMENDATION SNAPSHOT				
*CMP	MCap (Rsbn)	Recommendation	Target	Potential Upside
Rs291	32.5	Accumulate	Rs380	31%

as on 05th Feb, 2026

About the Company:

Advanced Enzyme Technologies Limited (AETL) is a research-driven company with prominent global positioning in the production of enzymes and probiotics. With over three decades of experience; AETL stands as India's largest enzyme company, providing an impressive range of over 400 proprietary products, manufactured using around 68 indigenous enzymes and probiotics. AETL operates 9 state-of-the-art manufacturing facilities globally, with 8 in India and 1 in the US. These facilities are equipped with large fermentation, recovery, purification, and formulation capabilities. They cater to a range of industries, including animal nutrition, nutraceuticals, pharmaceuticals, poultry products, cosmetics, and other specialty products. The facilities are certified with ISO and WHO cGMP, with the US-based facilities focusing on the blending and mixing of enzymes and probiotics. Some of the marquee clients across the business segments include, Sanofi Aventis, Lupin, Cipla, Ranbaxy, Nestle, Mankind, Bilt, Biological E, Malwa Industries, etc. Mr. V. L. Rathi is the Chairman of the company.

Results: Quick Glance:

- The net sales for the quarter reported a growth of 1.7% to Rs1719mn as compared to Rs1691mn in Q3FY25
- The Ebitda margins for the quarter under review stood at 28.7% as compared to 32.7% in the comparative quarter last year
- The company reported profit of Rs432mn as compared to Rs389mn in the same quarter last year
- The EPS for the quarter stood at Rs3.80 as compared to Rs3.36 in the corresponding period of last year
- For 9MFY26, the revenues came in at Rs5424mn as compared to Rs4697mn; growth of 15.5% while the PAT stood at Rs1284mn as against Rs1072mn. The EPS came in at Rs11.24 as against Rs9.36 in 9MFY25

Conference Call Highlights:

- During the quarter under review, the company has reported muted performance, Ebitda margin continued to remain stable. The Management clearly indicated that the volatility during the quarter should not be viewed in separate, as customer procurement cycles, inventory behaviour, and regional shipment schedules tend to create lumpiness, especially in export-oriented businesses
- Geographically, India continued to be the largest market, contributing ~47% of Q3FY26 revenue, with revenue increasing by ~6% on a y-o-y basis to ~Rs801mn. The Americas contributed ~29% of revenue with a decline of ~11% on a y-o-y basis to ~Rs501mn, primarily due to shipment timing and customer inventory adjustments. Europe contributed ~6% of revenue and declined by ~9% on a y-o-y basis, while Asia excluding India contributed ~13% and grew by ~14% on a y-o-y basis. The RoW contributed ~6% and recorded strong growth of ~40% on a y-o-y basis. In 9MFY26, India revenues grew by ~21%, Asia grew by ~60%, RoW grew by ~35%, Europe grew by ~30% while America reported a drop of ~6%
- On the segmental front, the **Human Nutrition** segment continued to remain the largest contributor to the overall revenues with contribution of ~56% in Q3FY26. The revenue contribution on a y-o-y basis declined by ~6% due to softer ordering in certain export markets. However, for 9MFY26, Human Nutrition revenue grew by ~12% contributing ~63% of total revenue. The **serratiopeptidase** continues to remain the single largest product within Human Nutrition segment. The Management indicated that, there's no expansion plans as of now for this product line, current capacity across the group is sufficient enough to cater to the demand for the next few quarters
- The **Animal Nutrition** segment reported strong performance during the quarter under review. The segment contributed ~14% to the total revenue in Q3FY26, reported growth of ~22% on a y-o-y basis. In 9MFY26 the contribution stood at ~13% reporting a growth of ~26%. The Management indicated that growth in this segment is being driven by customer additions and favourable demand trends across both domestic and international markets
- The **Industrial Bio-Processing** segment contributed ~21% of total revenue in Q3FY26. The segment revenue grew by ~13% on a y-o-y basis and ~41% on a q-o-q basis. Within this segment, the food sub-segment contributed ~Rs310mn during the quarter and grew by ~16% on a y-o-y basis and ~51% on a q-o-q basis. The contribution from non-food sub-segment stood at Rs51mn in Q3FY26 reporting a growth of ~3% on q-o-q basis and declined by ~5% on a y-o-y basis. For the 9MFY26, Industrial Bio-Processing revenue increased by ~15% on a y-o-y basis. The Management highlighted that food applications remain the dominant driver, while non-food applications continue to scale gradually

Please Turn Over

Conference Call Highlights (contd.):

- The **Specialized Manufacturing** segment contributed ~9% to the total revenue in Q3FY26. The segment revenue remained flat on a y-o-y basis, while sequentially it declined by ~16%. In 9MFY26, the segment delivered strong growth of ~25% on a y-o-y basis, with revenue increasing to ~Rs482mn from ~Rs385mn in 9MFY25, contributing ~8% of total revenue. This segment involves effervescent-based technologies and customized manufacturing solutions for nutraceutical, animal nutrition, and select overseas clients. The Management indicated that this business is still evolving, remains largely export-focused and is in the process of gradually expanding its footprint in India as well
- The upcoming R&D facility in Nashik will be a significantly larger setup compared to existing facilities and will primarily focus on developing next-generation enzyme solutions across nutrition and other segments. The Management indicated that multiple products are currently in the pipeline, and commercialization timelines may vary based on customer trials, regulatory approvals, and market pull
- The overall capacity utilization currently stands in the range of ~60-65%. There are no major greenfield or brownfield manufacturing capex plans in the near term. The only planned capital expenditure in the current period relates to the new R&D facility and supporting infrastructure. The Management indicated that a larger manufacturing capex could be considered in FY28E or FY29E, with an indicative cost of around ~Rs50mn, subject to demand visibility
- The long-standing legal dispute involving Advanced Supplementary Technologies Corporation, a WoS US subsidiary, based on the directions from the US Court of Appeals and legal opinion received during the quarter, saw the reversal of the provision of Rs159.64mn created earlier for this litigation. The Management indicated that this legal resolution removes a long-standing overhang on the US nutraceutical subsidiary and improves clarity on future operations and profitability from that entity. The global developments pertaining to the US economic conditions, tariffs, and policy announcements, the Management stated that while such factors influence customer behaviour, demand normalization is gradually improving

Financials:

Performance (Q3FY26)									
Q3FY26 Result (Rs mn)	**Dec-25**	**Dec-24**	**y-o-y**	**Sept-25**	**q-o-q**	**9MFY26**	**9MFY25**	**y-o-y**	**FY26E**
Total Revenue	1719	1691	1.7%	1845	(6.8%)	5424	4697	15.5%	7208
EBITDA	494	553	(10.7%)	601	(17.8%)	1658	1488	11.4%	2198
Other Income	85	77	10.2%	103	(17.6%)	276	243	13.6%	358
Interest	6	9	(39.8%)	7	(21.3%)	21	27	(25.2%)	35
Depreciation	102	90	13.7%	101	1.3%	299	265	12.9%	400
Exceptional Items	(112)	0	-	0	-	(112)	0	-	(112)
Tax	151	141	6.8%	148	2.0%	444	367	21.1%	606
Net Profit	**432**	**389**	**11.1%**	**447**	**(3.5%)**	**1284**	**1072**	**19.7%**	**1628**

Outlook and Recommendations:

The quarter under review reflected mixed performance, where revenue remained largely stable but profitability was impacted due to softer demand in certain geographies and temporary shipment/procurement delays by customers. On a broader basis, the underlying business momentum remains intact, as the company continues to benefit from its diversified portfolio across human nutrition, animal nutrition, industrial bio-processing and specialized manufacturing. The Management highlighted that demand visibility is improving across segments, with better inquiry levels and customer engagement, particularly outside a few volatile regions, indicating a more constructive environment ahead. The company is not facing capacity constraints at present, which allows it to support growth without immediate heavy capital expenditure, while also maintaining operational flexibility. The focus on research and development remains central to the long-term strategy, with the Management emphasizing a strong pipeline of multiple products rather than dependence on a single product, even though commercialization timelines may vary depending on customer trials and market acceptance. The upcoming expansion of R&D infrastructure is expected to strengthen innovation capabilities over time. From a margin perspective, the Management acknowledged ongoing competitive and pricing pressures, especially in global markets, but reiterated its intent to balance customer retention with cost control rather than aggressively pushing price increases.

Outlook and Recommendations (contd.):

The resolution of legacy legal matters and clarity on regulatory-related impacts has reduced uncertainty and improves confidence in future performance. Geographically, while some regions remain uneven owing to customer behaviour and economic factors, the Management indicated that diversification across markets and applications helps mitigate risks. Overall, the Management anticipates that while near-term quarters may continue to show variability, the company is positioned for stable and sustainable growth driven by innovation, diversification, and disciplined execution; thus we continue to maintain our target price of Rs380.

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