

February 13, 2026

## ADVANCED ENZYME TECHNOLOGIES LIMITED: [ICRA]AA- (Stable)/[ICRA]A1+; assigned

### Summary of rating action

Instrument*	Current rated amount (Rs. crore)	Rating action
Long-term-Fund-based – Cash credit	40.00	[ICRA]AA- (Stable); assigned
Short-term – Non-fund based limit	15.00	[ICRA]A1+; assigned
Long-term/Short-term – Unallocated limits	45.00	[ICRA]AA- (Stable) / [ICRA]A1+; assigned
<b>Total</b>	<b>100.00</b>	

\*Instrument details are provided in Annexure I

### Rationale

The ratings assigned factor in Advanced Enzyme Technologies Limited (AETL)'s established position as a leading integrated enzyme and probiotic manufacturer in India, supported by its diversified product portfolio, strong in-house R&D capabilities, and presence across more than 45 countries. The company benefits from long-standing relationships with over 700 customers and a diversified application base across human nutrition, animal nutrition, and industrial bio-processing, which supports stability in revenues. The ratings also factor in the company's robust R&D capabilities, which support continuous product innovation, proprietary strain development and competitiveness in the global enzymes market.

The company's revenue rose at a healthy CAGR of around 7.5% during FY2020–FY2025 on the back of stable demand across human and animal nutrition segments, and continued introduction of new enzyme and probiotic products. The company recorded healthy YoY revenue growth of around 16% in 9M FY2026, driven by robust demand across the human nutrition, animal nutrition and industrial bio-processing segments. Healthy demand and the company's well-established market position are expected to drive revenue growth of 10-15% over the next three years. A highly specialised product portfolio with a wide range of proprietary products has resulted in strong operating margins of 30-33% over the past three years, which are likely to sustain, going forward. Given the healthy internal cash generation, AETL's reliance on debt has remained low leading to a strong financial profile, characterised by comfortable debt metrics reflected in total debt/ OPBITDA of 0.2 times and DSCR of 20.4 times as of September 2025. AETL's capital structure also remains robust, with a sustained net debt negative position and strong liquidity. The company's financial position is likely to remain strong going forward as well.

The ratings, however, remain constrained by high working capital intensity due to elevated inventory levels along and elongated receivable cycle. The company's scale has been moderate despite steady revenue growth over the past five years. The ratings also remain constrained by AETL's exposure to regulatory risks pertaining to product registration and geo-political risks. Besides, the company's profitability continues to be vulnerable to volatility in input costs and fluctuations in forex rates. The Stable outlook reflects ICRA's opinion that the company will continue to record a healthy growth in revenues and earnings on the back of healthy demand for its existing products, along with new product launches.

### Key rating drivers and their description

#### Credit strengths

**Experienced management and established track record** – The company's promoters and management have significant experience of more than two decades in the enzymes and the probiotic industry. The promoters possess strong technical and domain expertise in fermentation technology, with the promoter, Mr. Vasant Rathi, having over four decades of experience in the field of biotechnology, which supports the company's business growth and product development capabilities.

**Key player in a niche product segment** – The company enjoys a healthy position in the niche segment of enzymes and probiotics, driven by its diversified product portfolio with wide range of proprietary products across human nutrition, animal nutrition, food processing, and industrial applications. The company has filed 17 patents, 15 food enzyme dossiers with EFSA (European Food Safety Authority), and has 9 GRAS (generally recognised as safe) dossiers evaluated by USFDA (United States Food and Drug Administration). The company focuses on high-value, customised enzyme solutions that involve long development cycles and stringent customer qualification processes, resulting in significant entry barriers driven by specialised fermentation technology. Strong technical capabilities, specialised nature of its products, and continued innovation are likely to aid the company sustain its market position and support stable growth, going forward.

**Strong financial profile** – The company's revenues rose at a healthy CAGR of around 7.5% over the past five years, backed by healthy demand for its existing enzyme portfolio and incremental contributions from new product introductions over the years. Its healthy market share in the niche enzyme segments and benefits from operating leverage have supported strong operating margins of 30-33% in the last three years, which resulted in healthy annual cash accruals and net worth. This, coupled with low dependence on borrowings, resulted in a comfortable capital structure and coverage metrics, with TOL/TNW of 0.1 times, TD/ OPBITDA of 0.2 times, and DSCR of 15.5 times as on March 31, 2025. The company's financial profile is expected to remain healthy going forward, supported by continued growth in revenues and earnings while debt levels are likely to remain low.

### Credit challenges

**Relatively moderate scale of operations** – The company's scale of operations is moderate with revenues of around Rs. 637 crore in FY2025. However, the company has registered steady growth, with revenues increasing at a CAGR of around 7.5% over the last five fiscals. Going forward, the scale-up of its specialised manufacturing business, and increased traction in both human and animal nutrition segments will be critical for sustained growth.

**Vulnerability of profitability to fluctuations in raw material prices and forex rates** – The company's profitability remains exposed to fluctuations in the prices of key raw materials, including fermentation media, culture inputs and other specialty chemicals, which are partly imported and are also subject to global supply-demand dynamics. Any sharp increase in input costs if not fully passed on to customers, could exert pressure on margins. Further, the company derives a part of its revenues from the exports market, which exposes it to forex fluctuations. The same is partly mitigated by the natural hedge available through imports.

**High working capital intensity** – The company's working capital intensity has been high at over 30% in the past five years, owing to long fermentation cycle, operations spread across multiple manufacturing sites, and presence across diverse end-user industries, leading to high raw material and finished goods stock. Moreover, the presence of export sales results in longer shipping timelines, which in turn contribute to higher inventory levels. The company also undertakes formulation activities at its US facilities based on customer-specific requirements, which necessitates maintaining higher inventory levels and further contributes to the overall working capital intensity.

### Environmental and social risks

**Environmental considerations** – The company does not face any major physical climate risk. However, it operates in a regulated environment and is subject to various domestic and international environmental laws. AETL remains exposed to evolving environmental regulations, including norms related to waste disposal and emissions, which could impact operating costs and future capacity expansion. To address these risks, the company has implemented structured monitoring of safety and environmental parameters and utilises modern equipment designed to minimise environmental impact as per annual report. Further, it has implemented a zero liquid discharge system at its facilities indicating compliances with environmental laws.

**Social considerations** – As part of the pharmaceutical industry, the company faces high social risks from product safety and associated litigation risks, access to qualified personnel for R&D and process engineering, and maintenance of high manufacturing compliance standards.

### Liquidity position: Strong

The company’s liquidity position is strong, with cash and investments of Rs. 605.7 crore as on September 30, 2025 and a cushion of Rs. 12 crore in working capital limits as of September 2025 on standalone basis. The company’s retained cash flows are estimated at Rs. 110-120 crore in the next 12 months, which will sufficiently cover the capex requirements of Rs. 75-85 crore during the period. The company has limited debt repayment obligations of Rs. 1-2 crore per annum over the next few years.

### Rating sensitivities

**Positive factors** – A significant growth in scale and diversification of revenues along with improvement in working capital cycle, supporting free cash flows, may trigger a positive rating action.

**Negative factors** – Pressure on the ratings could arise if there is any significant decline in revenues or material deterioration in margins on a sustained basis. Moreover, higher-than-anticipated debt-funded capex or acquisitions, or any adverse regulatory measures that weaken the company’s credit profile may trigger a rating downgrade.

### Analytical approach

Analytical approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology</a> <a href="#">Pharmaceuticals</a>
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of AETL. The subsidiaries of AETL as on December 31, 2025, are enlisted in Annexure-2.

### About the company

Advanced Enzyme Technologies Limited (AETL), headquartered in Thane, Maharashtra, is among India’s largest enzyme manufacturers and a leading player globally. The company is engaged in the research, development, and manufacturing of enzymes and probiotics, catering to a wide range of industries including human and animal nutrition, food processing, textiles, biofuels, and environmental applications.

AETL has an established track record of over three decades and offers a diversified product portfolio comprising more than 400 proprietary formulations developed from over 68 indigenous enzymes and probiotics. The company provides customised solutions aimed at replacing conventional chemical processes with enzyme-based alternatives.

The company’s operations are supported by strong in-house R&D capabilities, backed by 17 patents (including filed application), 15 food enzyme dossiers filed with EFSA, nine GRAS dossiers evaluated by the USFDA, which enhance its product credibility and regulatory readiness across key markets.

### Key financial indicators (audited)

AETL – Consolidated	FY2024	FY2025	9M FY2026*
Operating income	623.9	636.9	542.4
PAT	137.0	134.0	128.4
OPBDITA/OI (%)	33.2%	30.9%	30.6%
PAT/OI (%)	22.0%	21.0%	23.7%
Total outside liabilities/Tangible net worth (times)	0.1	0.1	NA
Total debt/OPBDITA (times)	0.2	0.2	NA
Interest coverage (times)	50.2	42.4	80.7

Source: Company, ICRA Research; All ratios are as per ICRA's calculations; Amount in Rs. crore; PAT: Profit after tax; OPBDITA: Operating profit before depreciation, interest, taxes and amortisation; NA - Not available; \* Unaudited

**Status of non-cooperation with previous CRA: Not applicable**

**Any other information: None**

### Rating history for past three years

Instruments	Type	Current (FY2026)		Chronology of rating history for the past 3 years					
		Amount rated (Rs. crore)	Feb 13, 2026	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Fund based – Cash credit	Long-term	40.00	[ICRA]AA- (Stable)	-	-	-	-	-	-
Non-fund based limit	Short-term	15.00	[ICRA]A1+	-	-	-	-	-	-
Unallocated limits	Long-term/ short-term	45.00	[ICRA]AA- (Stable) / [ICRA]A1+	-	-	-	-	-	-

### Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term fund based – Cash credit	Simple
Short-term-Non-fund based limit	Simple
Long-term/Short-term-Unallocated limits	Not applicable

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click Here](#)

**Annexure I: Instrument details**

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Long-term fund based – Cash credit	NA	NA	NA	40.00	[ICRA]AA- (Stable)
NA	Short-term-Non-fund based limit	NA	NA	NA	15.00	[ICRA]A1+
NA	Long-term/Short-term-Unallocated limits	NA	NA	NA	45.00	[ICRA]AA- (Stable)/ [ICRA]A1+

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

**Annexure II: List of entities considered for consolidated analysis**

Company name	Ownership	Consolidation approach
Advanced Bio-Agro Tech Limited	60.00%	Full consolidation
JC Biotech Private Limited	95.72%	Full consolidation
Advanced Enzytech Solutions Limited	100.00%	Full consolidation
Advanced Enzymes Europe B.V.	100.00%	Full consolidation
Evoxx Technologies GmbH (Wholly owned subsidiary of Advanced Enzymes Europe B.V.)	100.00%	Full consolidation
Advanced Enzymes USA, Inc.	100.00%	Full consolidation
Advanced Supplementary Technologies Corporation (Wholly owned subsidiary of Advanced Enzymes USA, Inc.)	100.00%	Full consolidation
Starya Labs Inc. (Wholly owned subsidiary of Advanced Enzymes USA)	100.00%	Full consolidation
Cal India Foods International (Wholly owned subsidiary of Advanced Enzymes USA, Inc.)	100.00%	Full consolidation
Enzyme Innovation, Inc. (Wholly owned subsidiary of Cal India Foods International)	100.00%	Full consolidation
Scitech Specialities Private Limited	51.00%	Full consolidation
Saiganesh Enzytech Solutions Private Limited	50.00%	Full consolidation
Advanced Nutrazyme Private Limited	100.00%	Full consolidation

Source: Company

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