

INDEPENDENT AUDITORS' REPORT

To,
The Board of Directors
Advanced Enzymes, Malaysia Sdn. Bhd., Malaysia

Independent Auditor's Report on Financial Statements of Advanced Enzymes, Malaysia Sdn. Bhd. ('the Company')

Opinion

We have audited the accompanying Ind AS financial statements of **Advanced Enzymes, Malaysia Sdn. Bhd.** ('the Company'), which comprise the Balance sheet as at 31 March 2019, Statements of profit and loss, the Statement of Cash Flows and the Statement of changes in equity for the year then ended.

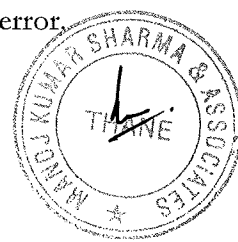
In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs (financial position) of the Company as at 31 March 2019, and its profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Basis for opinion

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.



In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Other information

The Company's Board of Directors is responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements which have been prepared in accordance with the recognition and measurement principles laid down in the Companies (Indian Accounting Standards) Rules, 2015 as per Section 133 of the Companies Act, 2013 and other accounting principles generally accepted in India. We conducted our audit in accordance Standards of Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the significant accounting estimates made by the Company's management, as well as evaluating the overall presentation of the Ind AS financial statement.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.



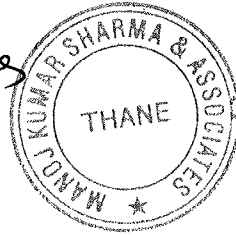
Emphasis of matter

The accompanying financial information has been prepared in both Indian rupees and Malaysian ringgit. The financial information in Malaysian ringgit is prepared solely for the purpose of filing Annual Performance Report with the Reserve Bank of India ("RBI") as per guidelines prescribed by RBI and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. We have verified the arithmetic accuracy of the presentation of the financial information. We did not audit and do not express an opinion on such information, and our opinion is not modified with respect to this matter.

For Manoj Kumar Sharma & Associates
Chartered Accountants

Manoj Sharma

Manoj Kumar Sharma
M. No.: 155859
FRN: 137265W



Place: Mumbai
Date: 16 May 2019

Advanced Enzymes, Malaysia Sdn. Bhd.
Balance Sheet
as at 31 March 2019

	Notes	As at 31 March 2019 (in RM)	As at 31 March 2019 (in INR)	As at 31 March 2018 (in RM)	As at 31 March 2018 (in INR)
I. ASSETS					
(1) Non-current assets					
(a) Property, Plant and Equipment	2	22,696	3,84,630	55,953	9,42,414
Total non current assets		22,696	3,84,630	55,953	9,42,414
(2) Current Assets					
(a) Financial Assets					
(i) Trade receivables	3	65,112	11,03,433	-	-
(ii) Cash and cash equivalents	4	29,766	5,04,431	90,220	15,19,577
(iii) Loans	5	20,600	3,49,104	20,600	3,46,968
		1,15,477	19,56,969	1,10,820	18,66,544
Total		1,38,173	23,41,599	1,66,772	28,08,958
II. EQUITY AND LIABILITIES					
(1) Equity					
(a) Equity share capital	6	5,00,000	83,81,300	4,00,000	66,04,300
(b) Other equity	7	(7,47,108)	(1,25,68,998)	(4,64,432)	(75,91,870)
		(2,47,108)	(41,87,698)	(64,432)	(9,87,570)
Total equity		(2,47,108)	(41,87,698)	(64,432)	(9,87,570)
(2) Non current liabilities					
(a) Financial liabilities					
(i) Borrowings	8	3,14,426	53,28,513	2,00,707	32,82,847
Total non current liabilities		3,14,426	53,28,513	2,00,707	32,82,847
(2) Current liabilities					
(a) Financial liabilities					
(i) Other financial Liabilities	9	43,262	7,33,161	10,249	1,72,622
(b) Other current liabilities	10	27,594	4,67,622	20,249	3,41,059
Total Current liabilities		70,856	12,00,783	30,498	5,13,681
Total liabilities		3,85,281	65,29,296	2,31,205	37,96,528
Total		1,38,174	23,41,599	1,66,772	28,08,958

The accompanying notes form an integral part of the financial statements.

This is the balance sheet referred to in our report of even date
For Manoj Kumar Sharma & Associates
Chartered Accountants
Firm Registration no. 137265W

Manoj Sharma

Manoj Kumar Sharma
Proprietor
M. No.: 155859
Place : Mumbai
Date : 16 May 2019

For and on behalf of Board of Directors of
Advanced Enzymes, Malaysia Sdn. Bhd.

M. W. Kabra

Mukund Kabra
Director

Place : Thane
Date: 16 May 2019

Abhijit Rath

Abhijit Rath
Director

Place : Thane

Advanced Enzymes, Malaysia Sdn. Bhd.
Statement of Profit and Loss
for the year ended 31 March 2019

	Notes	For the year ended 31 March 2019 (in RM)	For the year ended 31 March 2019 (in INR)	For the year ended 31 March 2018 (in RM)	For the year ended 31 March 2018 (in INR)
Income:					
Revenue from contracts with customers		-	-	-	-
Other income	11	1,85,361	31,31,673	172	2,745
Total income		1,85,361	31,31,673	172	2,745
Expenses:					
Employee benefit expenses	12	3,11,943	52,70,274	2,76,990	44,20,894
Finance costs	13	3,719	62,829	3,512	1,50,307
Depreciation and amortisation expense	14	33,256	5,61,863	22,347	3,56,669
Other expenses	15	1,19,118	20,12,502	86,661	13,83,149
Total expenses		4,68,037	79,07,469	3,89,510	63,11,020
Profit before tax		(2,82,675)	(47,75,796)	(3,89,338)	(63,08,275)
Tax expense					
Current tax		-	-	-	-
Tax adjustment for earlier years		-	-	-	-
Net Current tax		-	-	-	-
Deferred tax		-	-	-	-
Profit for the year		(2,82,675)	(47,75,796)	(3,89,338)	(63,08,275)
Other comprehensive income / (loss) for the year, net of tax		-	-	-	-
Total comprehensive income for the period		(2,82,675)	(47,75,796)	(3,89,338)	(63,08,275)
Earnings per equity share	18				
Basic		(0.66)	(11.16)	(5.14)	(83.29)
Diluted		(0.66)	(11.16)	(5.14)	(83.29)

The accompanying notes form an integral part of the financial statements.

This is the balance sheet referred to in our report of even date

For Manoj Kumar Sharma & Associates

Chartered Accountants

Firm Registration no. 137265W

For and on behalf of Board of Directors of
Advanced Enzymes, Malaysia Sdn. Bhd.

Manoj Sharma

Manoj Kumar Sharma
Proprietor
M. No.: 155859
Place : Mumbai
Date : 16 May 2019

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Director

Place : Thane
Date: 16 May 2019

Abhijit Rath

Abhijit Rath
Director

Place : Thane

Advanced Enzymes, Malaysia Sdn. Bhd.

(All amounts are stated in Indian Rupees, unless otherwise stated)

Statement of Changes in Equity (SOCIE)

for the year ended 31 March 2019

(a) Equity share capital (refer note 6)

	As at 31 March 2019		As at 31 March 2018	
	No. of Shares	Amount	No. of Shares	Amount
Balance at the beginning of the year	4,00,000	66,04,300	50,000	7,31,955
Changes in equity share capital during the year	1,00,000	17,77,000	3,50,000	58,72,345
Balance at the end of the year	5,00,000	83,81,300	4,00,000	66,04,300

(b) Other equity (refer note 7)

Particulars	Reserves & Surplus	Other Comprehensive Income	Total Equity
	Retained earnings	Foreign currency translation reserve	
Balance at 3 July 2017	(11,04,382)	(5,145)	(11,09,527)
Profit for the year	(63,08,275)	-	(63,08,275)
Other comprehensive income for the year	-	(1,74,069)	(1,74,069)
Total comprehensive income for the year	(63,08,275)	(1,74,069)	(64,82,344)
Balance at 31 March 2018	(74,12,657)	(1,79,213)	(75,91,870)
Profit for the year	(47,75,796)	-	(47,75,796)
Other comprehensive income for the year	-	(2,01,332)	(2,01,332)
Total comprehensive income for the year	(47,75,796)	(2,01,332)	(49,77,127)
Balance at 31 March 2018	(1,21,88,453)	(3,80,545)	(1,25,68,998)

Nature and component of equity:**1. Foreign currency translation reserve**

This reserve represents exchange differences arising on account of conversion of foreign operations to Company's functional currency.

For Manoj Kumar Sharma & Associates
Chartered Accountants
Firm Registration no. 137265W

For and on behalf of Board of Directors of
Advanced Enzymes, Malaysia Sdn. Bhd.

Manoj Sharma

Manoj Kumar Sharma
Proprietor
M. No.: 155859
Place : Mumbai
Date : 16 May 2019

Mukund Kabra

Mukund Kabra
Director

Place : Thane
Date: 16 May 2019

Abhijit Rath

Abhijit Rath
Director

Place : Thane

Advanced Enzymes, Malaysia Sdn. Bhd.
Cash Flow Statement for the year ended 31 March 2019

	31 March 2019		31 March 2018	
	(in RM)	(in INR)	(in RM)	(in INR)
A. Cash flow from operating activities :				
Net loss before tax	(2,82,675)	(47,75,795)	(3,89,338)	(62,14,016)
Adjustment for :				
Depreciation	33,256	5,61,863	22,347	3,56,669
Unrealised foreign exchange loss	(11,066)	(1,86,966)	-	-
	<u>22,190</u>	<u>3,74,897</u>	<u>22,347</u>	<u>3,56,669</u>
Operating Cash Flows before Working Capital Changes	(2,60,486)	(44,00,898)	(3,66,991)	(58,57,347)
Changes in working capital:				
Current loans	-	-	(20,300)	(3,23,998)
Trade Receivables	(65,112)	(11,00,058)	-	-
Other Current Financial liabilities	33,014	5,57,765	(16,131)	(2,57,457)
Other Current Liabilities	7,344	1,24,082	20,249	3,23,187
	<u>(24,754)</u>	<u>(4,18,211)</u>	<u>(16,182)</u>	<u>(2,58,268)</u>
Cash generated from operations	(2,85,239)	(48,19,109)	(3,83,172)	(61,15,615)
Direct Taxes paid	-	-	-	-
Net Cash Flow from Operating Activities	<u>(2,85,239)</u>	<u>(48,19,109)</u>	<u>(3,83,172)</u>	<u>(61,15,615)</u>
B. Cash flow from investing activities				
Purchase of tangible assets	-	-	(78,300)	(12,49,698)
Net Cash (Used) / generated in Investing Activities	<u>-</u>	<u>-</u>	<u>(78,300)</u>	<u>(12,49,698)</u>
C. Cash flow from financing activities				
Proceeds from issue of share capital	1,00,000	17,77,000	3,50,000	55,86,168
(Repayment of)/ proceeds from long-term borrowings (net)	1,24,785	21,08,243	2,00,707	32,03,375
Net Cash (Used) / generated in Financing Activities	<u>2,24,785</u>	<u>38,85,243</u>	<u>5,50,707</u>	<u>87,89,543</u>
Net increase/(decrease) in cash and cash equivalents	(60,454)	(9,33,867)	89,235	14,24,230
Cash and cash equivalents as at the beginning of the year	90,220	15,19,577	985	15,717
Effect of exchange rate changes on cash and cash equivalents held	-	(81,279)	-	79,629
Cash and cash equivalents as at the end of the year	<u>29,766</u>	<u>5,04,431</u>	<u>90,220</u>	<u>15,19,577</u>

The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard (IND AS) 7 - "Cash Flow Statements".

As per our attached Report of even date
For Manoj Kumar Sharma & Associates
Chartered Accountants
Firm Registration no. 137265W

For and on behalf of Board of Directors of
Advanced Enzymes, Malaysia Sdn. Bhd.

Manoj Sharma

Manoj Kumar Sharma
Proprietor
M. No.: 155859
Place : Mumbai
Date : 16 May 2019

M. W. Kabra

Mukund Kabra
Director

Place : Thane
Date: 16 May 2019

Abhijit Rath

Abhijit Rath
Director

Place : Thane

Advanced Enzymes, Malaysia Sdn. Bhd.

Notes to the Financial Statements for the year ended 31 March 2019

1 Overview of the Company

Advanced Enzymes, Malaysia Sdn. Bhd. ("the Company") was incorporated on 9 May 2016 and is primarily engaged marketing of enzymes related to palm oil extraction.

1A Basis of preparation of financial statements

Statement of compliance

The Financial statements of the Company comply with all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

The financial statements of the Company for the year ended 31 March 2019 were authorised for issue in accordance with a resolution of the directors on 16 May 2019

Functional and presentation currency

These financial statements are presented in Indian rupees, the Company's functional currency is Ringgit Malaysia (RM).

Basis of measurement

The financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities (including derivative instruments) that are measured at fair value; and
- net defined benefit (asset)/ liability that are measured at fair value of plan assets less present value of defined benefit obligations.

1B Use of estimates

The preparation of the financial statements in accordance with Ind AS requires use of judgements, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised prospectively.

Assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31 March 2019 are as follows:

a. Property, plant and equipment

Determination of the estimated useful lives of tangible assets and the assessment as to which components of the cost may be capitalised. Useful lives of tangible assets are based on the life prescribed in Schedule II of the Act. In cases, where the useful lives are different from that prescribed in Schedule II, they are based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers' warranties and maintenance support.

b. Recognition of deferred tax assets

Deferred tax assets are recognised for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases, and unutilised business loss and depreciation carry-forwards and tax credits. Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, depreciation carry-forwards and unused tax credits could be utilised.

Measurement of fair values

The Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values, which includes overseeing all significant fair value measurements, including Level 3 fair values by the management. The management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the management assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of a financial asset or a financial liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

When measuring the fair value of a financial asset or a financial liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

1C Significant accounting policies:

The accounting policies set out below have been applied consistently to the periods presented in the financial statements.

a. Revenue recognition

Effective 1 April 2018 the Company has applied Ind AS 115 "Revenue from contracts with customers" which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue and Ind AS 11 Construction Contracts. The Company has adopted Ind AS 115 using the cumulative effect method and the comparative information in the statement of profit and loss is not restated – i.e., the comparative information continues to be reported under Ind AS 18. Refer Note 1C(a) – Significant accounting policies – Revenue recognition in the Annual Report of the Company for the year ended 31 March 2018, for the revenue recognition policy as per Ind AS 18 and Ind AS 11. The impact of the adoption of the standard on the financial statements of the Company is insignificant.

The following is a summary of significant accounting policies related to revenue recognition:

Revenue from contract with customers is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those products or services.

Revenue from the sale of goods is recognised at the point in time when control is transferred to the customer.

Revenue is measured based on the transaction price, which is the consideration, as specified in the contract with the customers.

Use of significant judgements in revenue recognition.

- Judgement is also required to determine the transaction price for the contract. The transaction price could be either a fixed amount of consideration or variable consideration with elements such as turnover/product/prompt payment discounts. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period.

- The Company exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Company considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.

Interest income is recognized on a time proportionate basis, taking into account the amount outstanding and the rates applicable.

b. Property, plant and equipment and depreciation

- i. Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses, if any. Cost includes taxes, duties, freight and other incidental expenses directly related to acquisition/construction and installation of the assets. Any trade discounts and rebates are deducted in arriving at the purchase price.

- ii. Subsequent expenditure related to an item of tangible assets are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

- iii. Capital work-in-progress includes fixed assets not ready for their intended use and related incidental expenses and attributable interest.

- iv. The estimated useful life of assets are as follows:

Furniture and fixtures	10 years
Office equipment	5 years

Depreciation on tangible assets other than plant and equipment has been provided on Written Down Value method and on plant and equipment on Straight Line Method. Depreciation is provided on a pro-rata basis, i.e. from the date on which asset is ready for use.

Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

- v. An item of property, plant and equipment is eliminated from the financial statements on disposal or when no further benefit is expected from its use and disposal. Gains / losses arising from disposal are recognised in the Statement of Profit and Loss.

c. Impairment of Property, plant and equipments

The carrying values of assets at each balance sheet date are reviewed for impairment if any indication of impairment exists.

If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognized for such excess amount. The impairment loss is recognized as an expense in the Statement of Profit and Loss, unless the asset is carried at revalued amount, in which case any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset.

The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor.

When there is indication that an impairment loss recognized for an asset (other than a revalued asset) in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognized in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss. In case of revalued assets such reversal is not recognized.

d. Inventories

Stock in trade is valued at lower of cost and net reliable value. Cost is determined on weighted average cost method, which is determined on their i. specific individual costs which includes only purchase cost.

e. Employee benefits

Employee benefits payable wholly within twelve months of receiving employees services are classified as short-term employee benefits. The short i. term employee benefits are accounted on undiscounted basis during the accounting period based on services rendered by employees.

f. Income taxes

Income tax expense comprises current tax (i.e. amount of tax for the period determined in accordance with the income tax law), deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period).

Current tax

Current tax is computed and provided for in accordance with the regulations applicable to the Company.

g. Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation.

Minimum Alternate Tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the company will pay normal income tax during the specified period.

h. Borrowing costs

Borrowing costs incurred on constructing or acquiring a qualifying asset are capitalized as cost of that asset until it is ready for its intended use. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue and recognized as an expense in the Statement of Profit and Loss.

i. Provisions and contingencies

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but will probably not, require an outflow of resources. When there is a possible obligation of a present obligation in respect of which the likelihood of outflow of resources is remote, no provision disclosure is made.

j. Leases

At the inception of a lease, the lease arrangement is classified as either a finance lease or an operating lease, based on the substance of the lease arrangement.

Assets taken on finance lease

A finance lease is recognized as an asset and a liability at the commencement of the lease, at the lower of the fair value of the asset and the present value of the minimum lease payments. Initial direct costs, if any, are also capitalized and, subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Assets taken on operating lease

Leases other than finance leases are operating leases, and the leased assets are not recognized on the Company's balance sheet. Payments made under operating leases are recognized in the income statement on a straight-line basis over the term of the lease.

k. Cash and cash equivalents

Statement of cash flows is prepared in accordance with the indirect method prescribed in the relevant Accounting Standard. For the purpose of presentation in the Statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. However, Bank overdrafts are shown within borrowings in current liabilities in the balance sheet for the purpose of presentation.

l. Operating cycle

All assets and liabilities have been classified as current or non-current as per criteria set out in the Schedule III to the Companies Act, 2013.

m. Financial Instruments

a. Financial assets

i. Recognition and initial measurement

Trade receivables and debt instruments issued are initially recognised when they are originated. All other financial assets are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset is initially measured at fair value. In the case of financial assets which are recognised at fair value through profit and loss (FVTPL), the transaction costs are recognised in the statement of profit and loss. In other cases, the transaction costs are attributed to the acquisition value of the financial asset.

ii. Classification

On initial recognition, a financial asset is classified as measured at

- amortised cost; or
- fair value through profit or loss (FVTPL); or
- fair value through other comprehensive income (FVOCI) - debt investment or equity investment

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI – equity investment). This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

iii Subsequent measurement and gains and losses

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to profit or loss.

iv. Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

v. Impairment of financial assets

In accordance with Ind AS 109, the company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- i. Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, and bank balance.
- ii. Trade receivables.

The application of simplified approach does not require the company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

b. Financial liabilities

i. Recognition and initial measurement

All financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial liability is initially measured at fair value. In the case of financial liabilities which are recognised at fair value through profit and loss (FVTPL), the transaction costs are recognised in the statement of profit and loss. In other cases, the transaction costs are attributed to the acquisition or issue of financial liability.

ii Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

iii. Derecognition

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

iv. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

n. Share capital and share premium

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction net of tax from the proceeds. Par value of the equity share is recorded as share capital and the amount received in excess of the par value is classified as share premium.

o. Dividend Distribution to equity shareholders

The Company recognizes a liability to make cash distributions to equity holders when the distribution is authorized and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorized when it is approved by the shareholders. A corresponding amount is recognized directly in other equity along with any tax thereon.

p. Foreign Currency Transactions

The Financial Statements of Company are presented in INR, Company's functional currency is RM. In preparing the Financial Statements, transactions in currencies other than the entity's functional currency are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary items denominated in foreign currency are reported at the exchange rate ruling on the date of transaction. Exchange differences on monetary items are recognised in the Statement of Profit & Loss in the period in which they arise.

1D Recent accounting pronouncements

The Ministry of Corporate Affairs (MCA) on 30 March, 2019 through companies (Indian Accounting Standards) Amendment Rules, 2019 has notified the following new IND AS and amendments to IND AS which are applicable on 1 April 2019

i) Issue of IND AS 116 – Leases

IND AS 116 Leases will replace the existing lease standard, IND AS 17 and related interpretations.

The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both the parties to a contract i.e., the lessee and the lessor. It introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months unless the underlying asset is of low value.

Currently operating lease expenses are charged to statement of profit and loss account. As regards accounting requirements of lessor are concerned IND AS 116, Substantially carries forward the requirements in IND AS 17.

The company is proposing to use the "Modified Retrospective Approach" for transition to IND AS 116 and accordingly take the cumulative adjustments to retained earnings on the date of initial application (1st April 2019) and will not restate the comparative information. The company will recognize a lease liability at the present value of remaining lease payments, discounted at the incremental borrowing rate and the right of use assets at its carrying amount as if the standard had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate at the date of initial application.

In accordance with the standard the company will elect not to apply the requirements of IND AS 116 to short term leases for which the underlying asset is of low value.

On transition to IND AS 116, the company will be using the practical expedient provided in the standard and will not reassess whether a contract is or contains a lease, at the date of initial application. As on the transition date the company will recognize new assets and liabilities for its operating lease of premises and other assets. The nature of expenses related to those leases will change from lease rent in previous periods to amortization charge for the right to use assets and interest accrued on lease liability.

The company is currently evaluating the effect of adoption as on the transition date.

ii) Amendments to existing issued IND AS

The MCA has also carried out amendments to the following accounting standards :-

- a) IND AS 12 - Income Taxes (amendments relating to income tax consequences of dividend and uncertainty over income tax treatments)
- b) IND AS 109 - Financial Instruments (prepayment features with negative compensation)
- c) IND AS 19 - Employee Benefits (plan amendment, curtailment or settlement)
- d) IND AS 23 - Borrowing Cost
- e) IND AS 28 - Investments in Associates and Joint Ventures (long term interest in Associates and Joint Ventures)
- f) IND AS 103 - Business Combinations (Business Combinations and IND AS 111 – Joint Arrangements)

Adoption of amendments to the above standards (to the extent applicable) are not expected to have a significant impact on the company's financial statements.

Advanced Enzymes, Malaysia Sdn. Bhd.

Notes to the Financial Statements for the year ended 31 March 2019

(All amounts are stated in Indian Rupees, unless otherwise stated)

2 Property, Plant and Equipment

				(In INR)
Gross block	Office equipments	Furniture	Leasehold improvements	Total
Balance as at 1 April 2017	-	-	-	-
Additions	25,113	3,33,981	9,39,988	12,99,082
Disposals	-	-	-	-
Balance as at 31 March 2018	25,113	3,33,981	9,39,988	12,99,082
Additions	-	-	-	-
- Foreign exchange fluctuation	94	1,511	2,474	4,079
Balance as at 31 March 2019	25,207	3,35,492	9,42,462	13,03,162

Accumulated depreciation and amortisation

Balance as at 1 April 2017	-	-	-	-
Depreciation and amortisation	5,331	52,095	2,99,243	3,56,669
Balance as at 31 March 2018	5,331	52,095	2,99,243	3,56,669
Depreciation and amortisation	8,919	73,202	4,79,741	5,61,863
Balance as at 31 March 2019	14,250	1,25,297	7,78,984	9,18,532

Net block

Balance as at 31 March 2018	19,782	2,81,886	6,40,745	9,42,414
Balance as at 31 March 2019	10,957	2,10,195	1,63,477	3,84,630

				(In RM)
Gross block	Office equipments	Furniture	Leasehold improvements	Total
Balance as at 1 April 2017	-	-	-	-
Additions	1,509	20,000	56,791	78,300
Disposals	-	-	-	-
Balance as at 31 March 2018	1,509	20,000	56,791	78,300
Additions	-	-	-	-
Disposals	-	-	-	-
Balance as at 31 March 2019	1,509	20,000	56,791	78,300

Accumulated depreciation and amortisation

Balance as at 1 April 2017	-	-	-	-
Depreciation and amortisation	334	3,264	18,749	22,347
Balance as at 31 March 2018	334	3,264	18,749	22,347
Depreciation and amortisation	528	4,333	28,396	33,256
Balance as at 31 March 2019	862	7,597	47,145	55,603

Net block

Balance as at 31 March 2018	1,175	16,736	38,042	55,953
Balance as at 31 March 2019	647	12,403	9,647	22,696

Advanced Enzymes, Malaysia Sdn. Bhd.

Notes to the Financial Statements for the year ended 31 March 2019

(All amounts are stated in Indian Rupees, unless otherwise stated)

	As at 31 March 2019 (in RM)	As at 31 March 2019 (in INR)	As at 31 March 2018 (in RM)	As at 31 March 2018 (in INR)
3 Trade receivables				
Outstanding for a period exceeding six months from the date they are due for				
Unsecured considered good	-	-	-	-
Other debts				
Unsecured considered good	65,112	11,03,433	-	-
Provision of bad and doubtful debts	-	-	-	-
	<u>65,112</u>	<u>11,03,433</u>	<u>-</u>	<u>-</u>

Advanced Enzymes, Malaysia Sdn. Bhd.

Notes to the Financial Statements for the year ended 31 March 2019

	As at 31 March 2019 (in RM)	As at 31 March 2019 (in INR)	As at 31 March (in RM)	As at 31 March 2018 (in INR)
4 Cash and Cash Equivalents				
Balances with banks				
- in current accounts	26,426	4,47,828	88,880	14,97,007
Cash on hand	3,340	56,602	1,340	22,570
Total	29,766	5,04,431	90,220	15,19,577

Advanced Enzymes, Malaysia Sdn. Bhd.

Notes to the Financial Statements for the year ended 31 March 2019

	As at 31 March 2019 (in RM)	As at 31 March 2019 (in INR)	As at 31 March 2018 (in RM)	As at 31 March 2018 (in INR)
5 Current Loans				
Security deposits	20,600	3,49,104	20,600	3,46,968
	20,600	3,49,104	20,600	3,46,968

Advanced Enzymes, Malaysia Sdn. Bhd.

Notes to the Financial Statements for the year ended 31 March 2019

(All amounts are stated in Indian Rupees except for the number of shares, unless otherwise stated)

	As at 31 March 2019		As at 31 March 2018	
	Number	Amount	Number	Amount
6 Share capital				
Authorised				
Equity shares of RM 1 each	5,00,000	83,81,300	4,00,000	66,04,300
	5,00,000	83,81,300	4,00,000	66,04,300
Issued, subscribed and fully paid up				
Equity shares of RM 1 each	5,00,000	83,81,300	4,00,000	66,04,300
Total	5,00,000	83,81,300	4,00,000	66,04,300
	As at 31 March 2019		As at 31 March 2018	
	Number	INR	Number	INR
Reconciliation of Equity share capital				
Balance at the beginning of the year	4,00,000	66,04,300	50,000	7,31,955
Add : Issued during the year	1,00,000	17,77,000	3,50,000	58,72,345
Balance at the end of the year	5,00,000	83,81,300	4,00,000	66,04,300

a) Rights, preferences and restrictions attached to shares

The company has one class of equity shares having a par value of RM 1 per share. Each shareholder is eligible for one vote per share held. Any dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company, in proportion to their shareholding.

Shareholding structure

b) Shareholders holding more than 5% of the shares

	Number	% of holding	Number	% of holding
<u>Equity shares of RM 1 each</u>				
Advanced Enzyme Technologies Limited	5,00,000	100%	4,00,000	100%
	5,00,000	100%	4,00,000	100%

Advanced Enzymes, Malaysia Sdn. Bhd.

Notes to the Financial Statements for the year ended 31 March 2019

	As at 31 March 2019 (in RM)	As at 31 March 2019 (in INR)	As at 31 March 2018 (in RM)	As at 31 March 2018 (in INR)
7 Other Equity				
Reserves and surplus				
Retained earnings				
Balance at the beginning of the year	(4,64,432)	(74,12,657)	(75,095)	(11,04,382)
Add : Transferred from statement of profit and loss	(2,82,675)	(47,75,796)	(3,89,338)	(63,08,275)
Balance at the end of the year	<u>(7,47,108)</u>	<u>(1,21,88,453)</u>	<u>(4,64,432)</u>	<u>(74,12,657)</u>
Other Comprehensive Income				
Foreign currency translation reserve				
Balance at the beginning of the year	-	(1,79,213)	-	(5,145)
Add : Additions made during the year	-	(2,01,332)	-	(1,74,069)
Balance at the end of the year	<u>-</u>	<u>(3,80,545)</u>	<u>-</u>	<u>(1,79,213)</u>
Total	<u>(7,47,108)</u>	<u>(1,25,68,998)</u>	<u>(4,64,432)</u>	<u>(75,91,870)</u>

Advanced Enzymes, Malaysia Sdn. Bhd.

Notes to the Financial Statements for the year ended 31 March 2019

	As at 31 March 2019 (in RM)	As at 31 March 2019 (in INR)	As at 31 March 2018 (in RM)	As at 31 March 2018 (in INR)
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8 Current Borrowings

Unsecured

Loans from related parties

3,14,426	53,28,513	2,00,707	32,82,847
<u>3,14,426</u>	<u>53,28,513</u>	<u>2,00,707</u>	<u>32,82,847</u>

Advanced Enzymes, Malaysia Sdn. Bhd.

Notes to the Financial Statements for the year ended 31 March 2019

	As at 31 March 2019 (in RM)	As at 31 March 2019 (in INR)	As at 31 March 2018 (in RM)	As at 31 March 2018 (in INR)
9 Current - Other financial liabilities				
Employee benefits payable	32,358	5,48,373	6,845	1,15,288
Other payables	10,904	1,84,789	3,404	57,334
	<u>43,262</u>	<u>7,33,161</u>	<u>10,249</u>	<u>1,72,622</u>

Advanced Enzymes, Malaysia Sdn. Bhd.

Notes to the Financial Statements for the year ended 31 March 2019

	As at 31 March 2019 (in RM)	As at 31 March 2019 (in INR)	As at 31 March 2018 (in RM)	As at 31 March 2018 (in INR)
10 Other current liabilities				
Other statutory dues	27,594	4,67,622	20,249	3,41,059
	27,594	4,67,622	20,249	3,41,059

Advanced Enzymes, Malaysia Sdn. Bhd.

Notes to the Financial Statements for the year ended 31 March 2019

	For the year ended 31 March 2019 (in RM)	For the year ended 31 March 2019 (in INR)	For the year ended 31 March 2018 (in RM)	For the year ended 31 March 2018 (in INR)
11 Other income				
Interest income	162	2,741	172	2,745
Other non-operating income	1,85,199	31,28,932	-	-
	<u>1,85,361</u>	<u>31,31,673</u>	<u>172</u>	<u>2,745</u>
12 Employee benefit expense				
Salaries, wages and bonus	2,74,500	46,37,671	2,17,915	34,78,032
Contribution to defined contribution plan	37,443	6,32,604	59,075	9,42,862
	<u>3,11,943</u>	<u>52,70,274</u>	<u>2,76,990</u>	<u>44,20,894</u>
13 Finance costs				
Interest expenses	12,905	2,18,026	3,512	56,049
Loss on foreign currency transactions and translations	(9,186)	(1,55,197)	-	94,258
	<u>3,719</u>	<u>62,829</u>	<u>3,512</u>	<u>1,50,307</u>
14 Depreciation and amortisation expense				
Depreciation (Also, refer note 2)	33,256	5,61,863	22,347	3,56,669
	<u>33,256</u>	<u>5,61,863</u>	<u>22,347</u>	<u>3,56,669</u>
15 Other expenses				
Utilities	443	7,478	607	9,695
Carriage inward and freight	-	-	1,696	27,069
Rent	69,600	11,75,890	52,200	8,33,137
Repairs and maintenance	-	-	2,411	38,481
Printing and stationery	-	-	1,375	21,948
Legal and professional fees	1,256	21,217	3,355	53,543
Communication	2,009	33,939	2,081	33,212
Travel, conveyance and car hire	-	-	4,452	71,061
Advertisement and sales promotion	1,800	30,411	4,857	77,526
General expense	4,240	71,636	3,959	63,188
Trial Exp	8,596	1,45,229	2,000	31,921
Bank charges	3,218	54,362	97	1,550
Others	27,957	4,72,339	7,570	1,20,819
	<u>1,19,118</u>	<u>20,12,502</u>	<u>86,661</u>	<u>13,83,149</u>

Advanced Enzymes, Malaysia Sdn. Bhd.**Notes to the Financial Statements for the year ended 31 March 2019**

(All amounts are stated in Indian Rupees, unless otherwise stated)

16 Segment Reporting - Disclosures under Ind AS 108 - "Operating Segment":

The Company has no revenue from operation for the year ended 31 March 2019

17 Leases**Operating leases**

The Company has taken certain facilities under operating lease arrangement that are renewable on a periodic basis at the option of both lessor and lessee. The initial tenure of the lease is generally for 24 months. The lease rentals recognised in the Statement of Profit and Loss (Refer note 15) for the year are Rs. 1,175,890/- (previous year Rs. 833,137/-). The future minimum lease payments and payment profile of non-cancellable operating leases are as under:

Particulars	31 March 2019	31 March 2018
Less than one year	3,52,936	11,10,849
Between one to five years	-	3,33,414
More than five years	-	-

18 Earnings per share (EPS)

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders by the weighted average number of Equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares.

i. Profit attributable to Equity holders

	31 March 2019	31 March 2018
Profit attributable to equity holders	(47,75,796)	(63,08,275)

ii. Weighted average number of ordinary shares

	31 March 2019	31 March 2018
Issued ordinary shares at beginning	4,00,000	50,000
Effect of fresh issue of shares for cash	27,945	25,735
Weighted average number of shares at 31 March for basic EPS	4,27,945	75,735
Effect of exercise of share options	-	-
Weighted average number of shares at 31 March for diluted EPS	4,27,945	75,735

Basic and Diluted earnings per share

	31 March 2019	31 March 2018
Basic earnings per share	(11.16)	(83.29)
Diluted earnings per share	(11.16)	(83.29)

Advanced Enzymes, Malaysia Sdn. Bhd.

Notes to the Financial Statements for the year ended 31 March 2019

(All amounts are stated in Indian Rupees, unless otherwise stated)

19. Financial instruments

1. Financial instruments – Fair values and risk management

A. Accounting classification and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels are presented below. It does not include the fair value information for financial assets and financial liabilities not measured at fair value if their carrying amount is a reasonable approximation of fair value

31 March 2019	Note No.	Carrying amount			Total	Fair value			Total
		FVTPL	FVTOCI	Amortised Cost		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Financial assets									
Trade receivables	3	-	-	11,03,433	11,03,433	-	-	-	-
Cash and cash equivalents	4	-	-	5,04,431	5,04,431	-	-	-	-
Loans	5	-	-	3,49,104	3,49,104	-	-	-	-
		-	-	19,56,969	19,56,969	-	-	-	-
Financial liabilities									
Borrowings	8	-	-	53,28,513	53,28,513	-	-	-	-
Other financial Liabilities	9	-	-	7,33,161	7,33,161	-	-	-	-
		-	-	60,61,674	60,61,674	-	-	-	-
P									
31 March 2018	Note No.	Carrying amount			Total	Fair value			Total
		FVTPL	FVTOCI	Amortised Cost		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Financial assets									
Cash and cash equivalents	4	-	-	15,19,577	15,19,577	-	-	-	-
Loans	5	-	-	3,46,968	3,46,968	-	-	-	-
		-	-	18,66,544	18,66,544	-	-	-	-
Financial liabilities									
Borrowings	8	-	-	32,82,847	32,82,847	-	-	-	-
Other financial Liabilities	9	-	-	1,72,622	1,72,622	-	-	-	-
		-	-	34,55,469	34,55,469	-	-	-	-

B. Measurement of fair values

Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used:

Financial instruments measured at fair value

Type	Valuation technique
Non current financial assets / liabilities measured at amortised cost	Discounted cash flow technique : The valuation model considers present value of expected payments discounted using an appropriate discounting rate.

C. Financial risk management

The Company has exposure to the following risks arising from financial instruments:

- Credit risk ;
- Liquidity risk ; and
- Market risk

i. Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

Advanced Enzymes, Malaysia Sdn. Bhd.

Notes to the Financial Statements for the year ended 31 March 2019

(All amounts are stated in Indian Rupees, unless otherwise stated)

Financial instruments – Fair values and risk management

ii. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment securities. The Company is not exposed to credit risk as it has not generated any revenue from operations for the financial year 2018-19, it has only receivables on account of service fees amounting to INR 11,03,433/- from the parent Company for the year ended as on 31 March 2019 and also the Company does not holds any financial instrument at the end of financial year.

Advanced Enzymes, Malaysia Sdn. Bhd.**Notes to the Financial Statements for the year ended 31 March 2019**

(All amounts are stated in Indian Rupees, unless otherwise stated)

Financial instruments – Fair values and risk management**iii. Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Exposure to liquidity risk:

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments

31 March 2019	Carrying amount	Total	Contractual cash flows			
			Upto 1 year	1-3 years	3-5 years	More than 5 years
Short term borrowings including interest	53,28,513	53,28,513	53,28,513	-	-	-
Other financial liabilities	7,33,161	7,33,161	7,33,161	-	-	-

31 March 2018	Carrying amount	Total	Contractual cash flows			
			Upto 1 year	1-3 years	3-5 years	More than 5 years
Short term borrowings including interest	32,82,847	32,82,847	32,82,847	-	-	-
Other financial liabilities	1,72,622	1,72,622	1,72,622	-	-	-

Advanced Enzymes, Malaysia Sdn. Bhd.

Notes to the Financial Statements for the year ended 31 March 2019

(All amounts are stated in Indian Rupees, unless otherwise stated)

Financial instruments – Fair values and risk management (continued)

iv. Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Company's income or the value of its holdings of financial instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables. The Company is exposed to market risk primarily related to foreign exchange rate risk. Thus, our exposure to market risk is a function of revenue generating and operating activities in foreign currency. The objective of market risk management is to avoid excessive exposure in our foreign currency revenues and costs.

Advanced Enzymes, Malaysia Sdn. Bhd.

Notes to the Financial Statements for the year ended 31 March 2019

(All amounts are stated in Indian Rupees, unless otherwise stated)

Financial instruments – Fair values and risk management (continued)

Interest rate risk

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing investments will fluctuate because of fluctuations in the interest rates.

Exposure to interest rate risk

Company's interest rate risk arises from borrowings. Borrowings issued at fixed rates exposes to fair value interest rate risk. The interest rate profile of the Company's interest-bearing financial instruments as reported to the management of the Company is as follows.

	31 March 2019	31 March 2018
Fixed-rate instruments		
Fixed-rate instruments		
Financial liabilities - measured at amortised cost		
From related party	53,28,513	32,82,847
Total	53,28,513	32,82,847

Fair value sensitivity analysis for fixed-rate instruments

The Company does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Advanced Enzymes, Malaysia Sdn. Bhd.

Notes to the Financial Statements for the year ended 31 March 2019

(All amounts are stated in Indian Rupees, unless otherwise stated)

20. Capital Management

For the purpose of the Company's capital management, capital includes issued capital and other equity reserves . The primary objective of the Company's Capital Management is to maximise shareholders value. The Company manages its capital structure and makes adjustments in the light of changes in economic environment and the requirements of the financial covenants.

The Company monitors capital using adjusted net debt to equity ratio. For this purpose, adjusted net debt is defined as total debt less cash and bank balances.

	31 March 2019	31 March 2018
Current borrowings	53,28,513	32,82,847
Gross debt	53,28,513	32,82,847
Less - Cash and cash equivalents	5,04,431	15,19,577
Adjusted net debt	48,24,082	17,63,270
Total equity	(41,87,698)	(9,87,570)
Adjusted net debt to equity ratio	(1.15)	(1.79)

Advanced Enzymes, Malaysia Sdn. Bhd.

Notes to the Financial Statements for the year ended 31 March 2019

(All amounts are stated in Indian Rupees, unless otherwise stated)

21 Related Party Disclosures, as required by Indian Accounting Standard 24 (Ind AS 24) are given below:

A Relationships:

I Holding Company

Advanced Enzyme Technologies Limited (w.e.f. 3 July 2017)

II Fellow Subsidiaries

Advanced Bio- Agro Tech Limited

Advanced Enzytech Solutions Limited

JC Biotech Private Limited

Advanced Enzymes, USA

Cal India Food International, USA (subsidiary of Advanced Enzymes USA, Inc.)

Advanced Supplementary Technologies Corporation, USA (Wholly owned subsidiary of Advanced Enzymes USA, Inc.)

Dynamic Enzymes Inc., USA (Wholly owned subsidiary of Advanced Enzymes USA)

Enzyme Innovation Inc., USA (Wholly owned subsidiary of Cal India Foods International)

Enzyfuel Innovation Inc., USA (Wholly owned subsidiary of Advanced Enzymes USA, Inc. from 3 July 2017 to 19 September 2017)

Advanced Enzymes Europe B.V., Netherland (w.e.f. 11 July 2017)

Evovx Technologies GMBH, Germany (Wholly owned subsidiary of Advanced Enzymes Europe B. V.) (w.e.f. 15 August 2017)

III Key Management Personnel

B. Nature of transactions:

The following transactions were carried out with the related parties mentioned in A above, in the ordinary course of business.

	As at 31 March 2019 (in INR)	As at 31 March 18 (in INR)
Service fee income	31,28,932	-

C. Balances due from/to the related parties:

	As at 31 March 2019 (in INR)	As at 31 March 18 (in INR)
i. Borrowing		
from fellow subsidiary	32,85,159	32,82,847
from holding Company	20,12,468	-
ii Trade recivables		
Holding Company	11,03,433	-

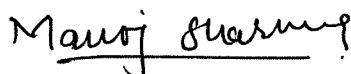
This is the balance sheet referred to in our report of even date

For Manoj Kumar Sharma & Associates

Chartered Accountants

Firm Registration no. 137265W

For and on behalf of Board of Directors of
Advanced Enzymes, Malaysia Sdn. Bhd.



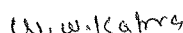
Manoj Kumar Sharma

Proprietor

M. No.: 155859

Place : Mumbai

Date : 16 May 2019

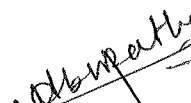


Mukund Kabra

Director

Place : Thane

Date : 16 May 2019



Abhijit Rathi

Director

Place : Thane