

B S R & Co. LLP

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Limited review report

To Board of Directors of Advanced Enzyme Technologies Limited

1. We have reviewed the accompanying Statement of unaudited consolidated financial results of Advanced Enzyme Technologies Limited ("the Parent") and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group") for the quarter ended and year to date results for the period from 01 April 2019 to 30 September 2019 ("the Statement"), being submitted by the Parent pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations").
2. This Statement, which is the responsibility of the Parent's management and approved by the Parent's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33 (8) of the Listing Regulations, to the extent applicable.

4. The Statement includes the results of the following entities:

Sr. No.	Name of entity	Relationship	Country of incorporation
1	Advanced Bio-Agro Tech Limited	Subsidiary (60%)	India
2	Advanced Enzytech Solutions Limited	Wholly owned subsidiary	India
3	Advanced Enzymes USA, Inc. ("AEU")	Wholly owned subsidiary	U.S.A
4	Cal India Foods International ("CAL")	Wholly owned subsidiary of AEU	U.S.A
5	Advanced Supplementary Technologies Corporation	Wholly owned subsidiary of AEU	U.S.A
6	Enzyme Innovation, Inc.	Wholly owned subsidiary of CAL	U.S.A
7	Dynamic Enzymes, Inc.	Wholly owned subsidiary of AEU	U.S.A
8	JC Biotech Private Limited	Subsidiary (70%)	India
9	Advanced Enzymes (Malaysia) Sdn. Bhd	Wholly owned subsidiary	Malaysia
10	Advanced Enzymes Europe B.V. ("AEBV")	Wholly owned subsidiary	Netherlands
11	Evovx Technologies GmbH	Wholly owned subsidiary of AEBV	Germany

Limited review report (*Continued*)

Advanced Enzyme Technologies Limited

5. Based on our review conducted and procedures performed as stated in paragraph 3 above and based on the consideration of the review reports of other auditors referred to in paragraph 6 below, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.
6. We did not review the interim financial statements /financial information/ financial results of three subsidiaries included in the Statement, whose interim financial statements / financial information / financial results reflect total assets of Rs. 951 million as at 30 September 2019 and total revenues of Rs. 270 million and Rs. 496 million, total net profit after tax of Rs. 42 million and Rs. 55 million and total comprehensive income of Rs. 42 million and Rs. 55 million, for the quarter ended 30 September 2019 and for the period from 01 April 2019 to 30 September 2019, respectively, and cash flows (net) of Rs 2 million for the period from 01 April 2019 to 30 September 2019, as considered in the consolidated unaudited financial results. These interim financial statements / financial information / financial results have been reviewed by other auditors whose reports have been furnished to us by the management and our conclusion on the Statement, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries is based solely on the reports of the other auditors and the procedures performed by us as stated in paragraph 3 above.

Our conclusion on the Statement is not modified in respect of the above matters.

7. The Statement includes the interim financial statements/ financial information/ financial results of three subsidiaries which have not been reviewed, whose interim financial statements/ financial information/ financial results reflect total assets of Rs. 781 million as at 30 September 2019 and total revenue of Rs. 24 million and Rs. 58 million, total net (loss) after tax of Rs. (18) million and Rs. (18) million and total comprehensive (loss) of Rs. (16) million and Rs. (17) million for the quarter ended 30 September 2019 and for the period from 01 April 2019 to 30 September 2019, respectively, and cash flows (net) of Rs. 19 million for the period from 01 April 2019 to 30 September 2019, as considered in the Statement. According to the information and explanations given to us by the management, these interim financial statements / financial information / financial results are not material to the Group.

Our conclusion on the Statement is not modified in respect of the above matter.

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No: 101248W/W-100022



Sadashiv Shetty

Partner

Membership No. 048648

UDIN: 19048648AAAACL3816

Mumbai
2 November 2019

Advanced Enzyme Technologies Limited

CIN No.: L24200MH1989PLC051018

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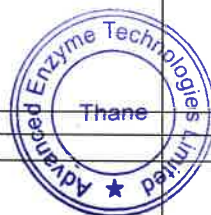
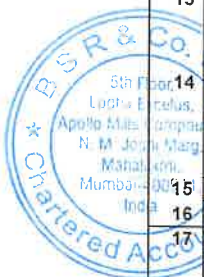
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Statement of unaudited consolidated financial results for the quarter and six months ended 30 September 2019

(₹ in million except per share data)

Particulars	Quarter ended			Six months ended		Year ended
	30th Sept 2019 Unaudited	30th June 2019 Unaudited	30th Sept 2018 Unaudited	30th Sept 2019 Unaudited	30th Sept 2018 Unaudited	31st March 2019 Audited
1 Revenue from operations	1,114.42	1,103.36	1,031.51	2,217.78	2,074.34	4,195.91
2 Other Income	15.36	10.60	20.16	25.96	23.94	50.36
3 Total Income (1+2)	1,129.78	1,113.96	1,051.67	2,243.74	2,098.28	4,246.27
4 Expenses						
(a) Cost of materials consumed	249.83	224.22	109.87	474.05	340.29	657.11
(b) Purchases of stock-in-trade	0.49	0.79	0.73	1.28	0.97	2.38
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(8.16)	(37.55)	95.38	(45.71)	35.78	112.88
(d) Employee benefits expense	204.83	204.42	195.89	409.25	397.34	802.29
(e) Finance costs (including exchange difference)	7.35	8.15	22.58	15.50	36.30	38.70
(f) Depreciation and amortisation expense	64.71	62.60	52.51	127.31	104.34	211.16
(g) Other expenses	194.75	176.61	208.41	371.36	395.12	802.11
Total Expenses	713.80	639.24	685.37	1,353.04	1,310.14	2,626.63
5 Profit before exceptional item and tax (3-4)	415.98	474.72	366.30	890.70	788.14	1,619.64
6 Exceptional item	-	-	-	-	-	-
7 Profit before tax (5-6)	415.98	474.72	366.30	890.70	788.14	1,619.64
8 Tax expense						
Current tax	119.74	134.03	124.79	253.77	247.27	480.33
Deferred tax charge / (credit)	(22.19)	1.01	(17.14)	(21.18)	(30.10)	(19.72)
Total tax expense	97.55	135.04	107.65	232.59	217.17	460.61
9 Net profit for the period (7-8)	318.43	339.68	258.65	658.11	570.97	1,159.03
10 Other comprehensive income						
A (i) Items that will not be reclassified to profit or loss	(0.01)	(4.03)	0.61	(4.04)	0.46	1.22
(ii) Income tax related to items that will not be reclassified to profit or loss	0.01	1.18	(0.41)	1.19	(0.15)	(0.35)
B (i) Items that will be reclassified to profit or loss	92.47	(9.99)	209.44	82.48	359.28	138.56
(ii) Income tax related to items that will be reclassified to profit or loss	-	-	-	-	-	-
Total Other comprehensive income	92.47	(12.84)	209.64	79.63	359.59	139.43
11 Total comprehensive income (9+10)	410.90	326.84	468.29	737.74	930.56	1,298.46
12 Net profit attributable to:						
Shareholders of the Company	309.53	334.03	247.34	643.55	543.99	1,110.59
Non-controlling interest	8.90	5.65	11.31	14.56	26.98	48.44
13 Other comprehensive income attributable to:						
Shareholders of the Company	92.39	(12.72)	209.88	79.67	360.03	139.04
Non-controlling interest	0.08	(0.12)	(0.24)	(0.04)	(0.44)	0.39
14 Total comprehensive income attributable to:						
Shareholders of the Company	401.91	321.31	457.22	723.22	904.02	1,249.63
Non-controlling interest	8.99	5.53	11.07	14.52	26.54	48.83
15 Paid-up Equity Share Capital. (Face Value ₹ 2 each fully paid up)	223.35	223.34	223.30	223.35	223.30	223.30
16 Other equity						6,565.15
17 Earnings Per Share of ₹ 2 each (not annualized)						
(a) ₹ (Basic)	2.77	2.99	2.21	5.76	4.87	9.95
(b) ₹ (Diluted)	2.77	2.99	2.21	5.76	4.87	9.94



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Statement of consolidated assets and liabilities

Particulars	(₹ in million)	
	As at 30 Sept 2019	As at 31 March 2019
	Unaudited	Audited
I. ASSETS		
(1) Non-current assets		
(a) Property, Plant and Equipment	1,706.24	1,617.64
(b) Capital work-in-progress	103.03	47.54
(c) Goodwill	2,763.90	2,714.74
(d) Other Intangible assets	593.92	622.26
(e) Intangible assets under development	53.69	57.41
(f) Financial Assets		
(i) Investments	0.62	0.62
(ii) Loans	21.85	21.81
(iii) Other financial assets	0.04	0.04
(g) Deferred tax assets (net)	65.55	59.14
(h) Income tax assets (net)	79.20	77.56
(i) Other non-current assets	17.76	23.37
Total non-current assets	5,405.80	5,242.13
(2) Current Assets		
(a) Inventories	745.76	768.99
(b) Financial Assets		
(i) Investments	1,140.20	1,109.85
(ii) Trade receivables	665.11	587.27
(iii) Cash and cash equivalents	688.38	230.62
(iv) Bank balances other than (iii) above	3.35	3.50
(v) Loans	0.70	1.29
(vi) Other financial assets	31.28	22.42
(c) Income tax asset	28.35	-
(c) Other current assets	92.68	96.69
Total current assets	3,395.81	2,820.63
(3) Non-current assets held for sale (refer note viii)	48.17	48.17
Total assets	8,849.78	8,110.93
II. EQUITY AND LIABILITIES		
(1) Equity		
(a) Equity share capital	223.35	223.30
(b) Other equity	7,214.76	6,565.15
(c) Non-controlling interest	267.23	259.62
Total equity	7,705.34	7,048.07
Total equity	7,705.34	7,048.07
(2) Non-current liabilities		
(a) Financial liabilities		
(i) Borrowings	56.46	70.48
(ii) Lease liability	100.28	-
(b) Provisions	6.34	5.46
(c) Deferred tax liabilities (net)	296.32	281.98
Total non-current liabilities	459.40	357.92
(3) Current liabilities		
(a) Financial liabilities		
(i) Borrowings	134.53	213.45
(ii) Trade payables		
a) total outstanding dues of micro enterprises and small enterprises	8.01	5.95
b) total outstanding dues of creditors other than micro enterprises and small enterprises	72.67	90.90
(iii) Other financial Liabilities	231.33	233.06
(b) Other current liabilities	156.09	56.59
(c) Provisions	25.27	26.77
(d) Current tax liabilities (net)	2.38	24.46
(e) Net employee benefit liabilities	-	-
Total current liabilities	630.28	651.18
(4) Liabilities for non-current assets held for sale (refer note viii)	54.76	53.76
Total equity and liabilities	8,849.78	8,110.93



Statement of unaudited consolidated statement of cash flows for the six months ended 30 September 2019

(₹ in million)

	Period ended 30-Sep-19 Unaudited	Period ended 30 Sept 2018 Unaudited
A. Cash flows from operating activities		
Profit before tax	890.70	788.14
	890.70	788.14
Adjustments for non-cash transactions		
Depreciation and amortization expense	127.31	104.34
(Profit) / Loss on sale of Property, plant and equipments	-	(0.06)
Allowances for bad and doubtful trade receivables	-	(5.61)
Bad and doubtful trade receivables written off	0.26	9.38
Goodwill written off	0.93	-
Provision for doubtful trade receivables written back	0.24	0.04
Employee stock compensation expense	5.59	9.04
Excess provision written back	-	(5.68)
Sundry balances written off	0.26	0.01
Unrealized foreign exchange loss/(gain)	(0.18)	1.62
	1025.11	901.22
Items considered separately		
Interest income	(1.93)	(0.66)
Interest expenses	14.41	21.90
Operating profit before working capital changes	1037.59	922.46
Adjustments for:		
Decrease in Non-current loans	0.02	0.02
Decrease) / (Increase) in other non-current assets	4.54	(4.80)
Decrease in inventories	29.35	10.87
(Increase) / Decrease in trade receivables	(76.03)	14.54
Decrease in Current loans	0.31	20.35
(Increase) in financial current assets	(8.96)	(1.81)
Decrease) / (Increase) in Other current assets	2.49	(11.86)
Increase in provisions	117.08	68.82
(Decrease) in trade payables	(16.64)	(47.16)
(Decrease) / Increase in current financial liabilities - others	(38.86)	8.05
(Decrease) / Increase in other current liabilities	(27.64)	10.21
Cash generated from operating activities	1023.25	989.69
Income taxes paid (net of refund)	(274.89)	(232.04)
Net cash generated from operating activities	748.36	757.65
B. Cash flows from investing activities		
Purchase of Property, plant and equipments	(75.59)	(61.95)
Proceeds from sale of Property, plant and equipments	-	0.09
Purchase of intangible assets (net of refund)	3.52	(5.10)
Purchase of current investments	(5.98)	(687.61)
Interest received	1.97	0.53
(Increase) in bank deposits with maturity more than 3 months but less than 12 months	(0.07)	(0.06)
Net cash (used in) investing activities	(76.15)	(754.10)
C. Cash flows from financing activities		
Proceeds from issue of share capital including securities premium	1.65	2.85
(Repayment of) long-term borrowings (net)	(25.82)	(53.75)
(Repayment of) short-term borrowings (net)	(78.65)	(53.47)
Interest paid	(13.92)	(23.80)
Lease liability paid	(18.55)	-
Dividends paid (including dividend tax)	(80.78)	(70.73)
Net cash generated from financing activities	(216.07)	(198.90)
Net (decrease) / increase in cash and cash equivalents (A+B+C)	456.14	(195.35)
Cash and cash equivalents as at the beginning of the period	230.62	611.31
Effect of exchange rate changes on cash and cash equivalents held	1.62	14.43
Cash and cash equivalents as at the end of the period*	688.38	430.39
* Composition of cash and cash equivalents		
Cash in hand	0.79	0.94
Balance with banks :		
Current account	322.30	392.80
Fixed deposit account (with maturity less than 3 months)	64.03	36.65
Liquid fund balance (with maturity less than 3 months)	301.26	-
	688.38	430.39



Advanced Enzyme Technologies Limited

CIN No.: L24200MH1989PLC051018

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Notes:

(i) The above unaudited consolidated financial results include the financial results of Advanced Enzyme Technologies Limited (the "Company" or the "Holding Company") and the financial results of the subsidiary companies: Advanced Bio-Agro Tech Limited (India), Advanced Enzytech Solutions Limited (India), JC Biotech Private Limited (India), Advanced Enzymes USA, Inc. (U.S.A.), Cal India Foods International (U.S.A.), Advanced Supplementary Technologies Corporation (U.S.A.), Enzyme Innovation, Inc. (U.S.A.), Dynamic Enzymes, Inc. (U.S.A.), Advanced Enzymes (Malaysia) Sdn. Bhd. (Malaysia), Advanced Enzymes Europe B.V. (Netherlands) and Evoxx Technologies GmbH (Germany). The Holding Company and its subsidiary companies constitute the "Group".

(ii) The above unaudited consolidated financial results of the Group were reviewed by the Audit Committee and thereafter approved by the Board of Directors at their meeting held on 2 November 2019. The above results have been subjected to 'limited review' by the statutory auditors of the Company and they have expressed an unmodified opinion. The limited review report will be filed with stock exchanges and will be available on the Company's website. The above results has been prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 (Ind AS) prescribed under Section 133 of the Companies Act, 2013 and other recognised accounting practices and policies to the extent applicable.

(iii) The Group operates only in one primary business segment viz. 'manufacturing and sales of enzymes'.

(iv) During the quarter ended 30 September 2019, the Company has allotted 8,400 equity shares to employees under the 'AETL Employee Stock Option Scheme 2015' - ("AETL ESOS 2015") and during the six months then ended, the Company has allotted 27,500 equity shares to employees under AETL ESOS 2015.

(v) The Group has adopted Ind AS 116 'Leases', effective annual reporting period beginning 1 April, 2019 and applied the standard to its leases using modified retrospective approach. Accordingly the Group is not required to restate the comparative information for the previous year/period. There is no impact of adoption of Ind AS 116 to the retained earnings as at 1 April, 2019.

The Group has recognised, a lease liability of Rs. 150.69 million and corresponding Right-of-Use (ROU) asset on the date of transition i.e. 1 April, 2019.

The major impact of adopting Ind AS 116 on the Group's unaudited consolidated financial results for the quarter and six months ended 30 September, 2019 is as follows:

1. Depreciation and amortisation expenses has increased by Rs. 13.29 and Rs. 24.91 million for the quarter and six months ended 30 September 2019 respectively, due to amortisation of ROU asset.
2. Finance cost has increased by Rs. 2.50 and Rs. 4.60 million for the quarter and six months ended 30 September 2019 respectively, due to interest accrued on outstanding lease liability.
3. Rent expense has decreased by Rs. 11.23 and Rs. 23.15 million for the quarter and six months ended 30 September 2019 respectively, due to recognition of operating lease as ROU asset and a corresponding lease liability.

(vi) The Company and one of its subsidiary viz. JC Biotech Private Limited has decided to exercise the option permitted under Section 115BAA of the Income Tax Act, 1961 as introduced by the taxation Laws (Amendment) Ordinance, 2019 from subsequent financial year. Accordingly, there is no impact on the provision for income tax for the quarter and six months ended 30 September 2019. These two companies expect to reverse the deferred tax liabilities partly in the current financial year and partly in the subsequent years. Accordingly, the deferred tax balances have been re-measured using the tax rate expected to be prevalent in the period in which the deferred tax balances are expected to reverse, and the resultant impact shall be recognised in the statement of profit and loss over three quarters (including current quarter) of financial year 2019-20. Advanced Bio-Agro Tech Limited and Advanced Enzytech Solutions Limited, subsidiaries of the Company has decided to exercise the option permitted under Section 115BAA of the Income Tax Act, 1961 as introduced by the taxation Laws (Amendment) Ordinance, 2019 from current financial year. Accordingly the provision for income tax and deferred tax balances have been recorded/re-measured using the new tax rate and the resultant impact has been recognised in the current period Statement of Profit and Loss.

(vii) The Group has discontinued the operations of one of its subsidiary Advanced Enzymes Malaysia Sdn. Bhd. ('AEM') and the goodwill on acquisition of AEM amounting to Rs. 0.93 million has been written off. Also the Company will initiate the procedure for winding up of AEM.

(viii) The Company has decided to sell the lease rights for one of its leasehold land situated at Jalna, Maharashtra. Accordingly, the cost of land and building appurtenant thereto along with the development costs has been classified as non-current assets held for sale.

(ix) The Shareholders in its meeting held on 8 August 2019 have approved the final dividend for the financial year 2018-19 of Rs 0.60 per equity share and the same was paid on 13 August 2019.

By Order of the Board of Directors
For Advanced Enzyme Technologies Limited
CIN No.: L24200MH1989PLC051018

M.M. Kabra
Wholetime Director
DIN : 00148294



Place: Thane
Dated: 02 November 2019

