

# B S R & Co. LLP

Chartered Accountants

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## Limited review report

### To the Board of Directors of Advanced Enzyme Technologies Limited

1. We have reviewed the accompanying Statement of unaudited standalone financial results of Advanced Enzyme Technologies Limited ('the Company') for the quarter ended 30 September 2019 and year to date results for the period from 01 April 2019 to 30 September 2019 ("the Statement").
2. This Statement, which is the responsibility of the Company's management and approved by the 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 issue a report 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. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with applicable accounting standards and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including the manner in which it is to be disclosed, or that it contains any material misstatement.

For B S R & Co. LLP  
Chartered Accountants

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



Sadashiv Shetty  
Partner

Mumbai  
2 November 2019

Membership No: 048648  
UDIN: 19048648AAAACM9370

**Advanced Enzyme Technologies Limited**

CIN No.: L24200MH1989PLC051018

Regd. Office and Corporate Office: Sun Magnetica, 5th Floor, Near LIC Service Road, Louiswadi, Thane-400604, Maharashtra, India.

Tel No:91-22-41703220 Fax No: +91-22-25835159

Website: www.advancedenzymes.com, Email Id :sanjay@advancedenzymes.com

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

(₹ in Million except per share data)

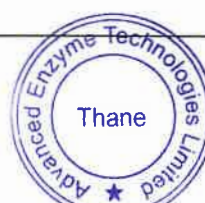
	Particulars	Quarter ended			Six months ended		
		30-Sep-19 Unaudited	30-Jun-19 Unaudited	30-Sep-18 Unaudited	30-Sep-19 Unaudited	30-Sep-18 Unaudited	31-Mar-19 Audited
1	Revenue from operations	589.08	585.13	585.67	1,174.21	1,126.09	2,220.93
2	Other Income	11.03	16.40	30.11	27.43	37.32	56.10
3	<b>Total Income (1+2)</b>	<b>600.11</b>	<b>601.53</b>	<b>615.78</b>	<b>1,201.64</b>	<b>1,163.41</b>	<b>2,277.03</b>
4	<b>Expenses</b>						
	(a) Cost of materials consumed	222.81	221.07	153.27	443.88	398.98	804.33
	(b) Purchases of stock-in-trade	-	-	-	-	-	-
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(1.21)	(17.95)	95.96	(19.16)	31.97	54.02
	(d) Employee benefits expense	86.35	85.52	81.91	171.87	171.96	350.71
	(e) Finance costs (including exchange difference)	2.17	2.81	18.41	4.98	27.67	22.27
	(f) Depreciation and amortisation expense	21.93	21.31	21.26	43.24	42.10	85.63
	(g) Other expenses (refer note vi)	125.46	106.84	126.18	232.30	230.76	488.03
	<b>Total expenses</b>	<b>457.51</b>	<b>419.60</b>	<b>496.99</b>	<b>877.11</b>	<b>903.44</b>	<b>1,804.99</b>
5	<b>Profit before exceptional item and tax (3-4)</b>	<b>142.60</b>	<b>181.93</b>	<b>118.79</b>	<b>324.53</b>	<b>259.97</b>	<b>472.04</b>
6	Exceptional item	-	-	-	-	-	-
7	<b>Profit before tax (5-6)</b>	<b>142.60</b>	<b>181.93</b>	<b>118.79</b>	<b>324.53</b>	<b>259.97</b>	<b>472.04</b>
8	Tax expense (refer note vii)						
	Current tax	37.12	47.78	29.88	84.90	64.97	119.64
	Deferred tax charge/(credit)	(6.01)	1.41	0.39	(4.60)	(2.08)	0.06
	<b>Total tax expense</b>	<b>31.11</b>	<b>49.19</b>	<b>30.27</b>	<b>80.30</b>	<b>62.89</b>	<b>119.70</b>
9	<b>Net profit for the period (7-8)</b>	<b>111.49</b>	<b>132.74</b>	<b>88.52</b>	<b>244.23</b>	<b>197.08</b>	<b>352.34</b>
10	<b>Other comprehensive income</b>						
	A (i) Items that will not be reclassified to Profit or Loss	(0.32)	(3.43)	1.64	(3.75)	2.40	(0.69)
	(ii) Income tax related to items that will not be reclassified to Profit or Loss	0.09	1.00	(0.48)	1.09	(0.70)	0.20
	B (i) Items that will be reclassified to Profit or Loss	-	-	-	-	-	-
	(ii) Income tax related to items that will be reclassified to Profit or Loss	-	-	-	-	-	-
	<b>Total Other comprehensive income</b>	<b>(0.23)</b>	<b>(2.43)</b>	<b>1.16</b>	<b>(2.66)</b>	<b>1.70</b>	<b>(0.49)</b>
11	<b>Total comprehensive income (9+10)</b>	<b>111.26</b>	<b>130.31</b>	<b>89.68</b>	<b>241.57</b>	<b>198.78</b>	<b>351.85</b>
12	Paid-up Equity Share Capital (Face Value ₹ 2 each fully paid up)	223.35	223.34	223.30	223.35	223.30	223.30
13	Other equity	-	-	-	-	-	2,971.42
14	<b>Earnings Per Share of ₹ 2 each (not annualized)</b>						
	(a) ₹ (Basic)	1.00	1.19	0.97	2.19	1.77	3.16
	(b) ₹ (Diluted)	1.00	1.19	0.97	2.18	1.76	3.15



## Statement of standalone assets and liabilities

(₹ in million)

Particulars	As at 30 Sep 2019 Unaudited	As at 31 March 2019 Audited
<b>I. ASSETS</b>		
<b>(1) Non-current assets</b>		
(a) Property, Plant and Equipment	935.33	950.20
(b) Capital work-in-progress	20.61	12.61
(c) Other Intangible assets	20.03	23.31
(d) Intangible assets under development	53.69	57.40
(e) Financial Assets		
(i) Investments		
- Investment in subsidiaries	1,196.75	1,204.02
- other investment	0.62	0.62
(ii) Loans	369.14	355.36
(iii) Other financial assets	0.04	0.04
(f) Income tax asset (net)	76.03	71.16
(g) Other non-current assets	14.30	14.22
<b>Total non-current assets</b>	<b>2,686.54</b>	<b>2,688.94</b>
<b>(2) Current Assets</b>		
(a) Inventories	553.65	586.16
(b) Financial Assets		
(i) Trade receivables	432.36	381.46
(ii) Cash and cash equivalents	1.63	1.86
(iii) Bank balances other than (ii) above	3.35	3.50
(iv) Loans	0.17	0.24
(v) Other financial assets	18.77	10.35
(c) Other current assets	67.81	38.22
<b>Total current assets</b>	<b>1,077.74</b>	<b>1,021.79</b>
<b>(3) Non-current assets held for sale (refer note viii)</b>	<b>48.17</b>	<b>48.17</b>
<b>Total assets</b>	<b>3,812.45</b>	<b>3,758.90</b>
<b>II. EQUITY AND LIABILITIES</b>		
<b>(1) Equity</b>		
(a) Equity share capital	223.35	223.30
(b) Other equity	3,143.27	2,971.42
<b>Total equity</b>	<b>3,366.62</b>	<b>3,194.72</b>
<b>(2) Non-current liabilities</b>		
(a) Financial liabilities		
(i) Borrowings	8.36	16.96
(ii) Lease liability	3.74	-
(b) Provisions	5.59	5.14
(c) Deferred tax liabilities (net)	62.89	38.53
<b>Total non-current liabilities</b>	<b>80.58</b>	<b>60.63</b>
<b>(3) Current liabilities</b>		
(a) Financial liabilities		
(i) Borrowings	99.21	165.11
(ii) Trade payables		
a) total outstanding dues of micro enterprises and small enterprises	1.25	0.69
b) total outstanding dues of creditors other than micro enterprises and small enterprises	79.78	155.15
(iii) Other financial Liabilities	102.84	86.96
(b) Other current liabilities	10.08	24.92
(c) Provisions	17.14	16.60
(d) Current tax liabilities (net)	0.19	0.36
<b>Total current liabilities</b>	<b>310.49</b>	<b>449.79</b>
<b>(4) Liabilities for non-current assets held for sale (refer note viii)</b>	<b>54.76</b>	<b>53.76</b>
<b>Total equity and liabilities</b>	<b>3,812.45</b>	<b>3,758.90</b>



W. W. K.



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	30 Sep 2019 Rs. in million Unaudited	30 Sep 2018 Rs. in million Unaudited
<b>A. Cash flows from operating activities</b>		
Profit before tax	324.53	259.97
	<u>324.53</u>	<u>259.97</u>
<b>Adjustments for non-cash transactions</b>		
Depreciation and amortization expense	43.24	42.10
(Profit) / Loss on sale of property, plant and equipment	-	(0.06)
Bad debts written off	0.26	-
Provision for doubtful trade receivables provided / (written back)	-	0.04
Employee stock compensation expense	5.27	8.57
Guarantee commission	(0.80)	(0.80)
Excess provision written back	0.00	(5.68)
Sundry balances written off/ (back) (net)	0.26	0.01
Unrealized foreign exchange loss/(gain)	(0.23)	1.70
Provision for investments and loans given to subsidiary	10.52	-
	<u>383.05</u>	<u>305.85</u>
<b>Items considered separately</b>		
Interest income	(15.95)	(13.48)
Interest expenses	3.92	13.27
Dividend income	(8.10)	(9.30)
	<u>362.92</u>	<u>296.34</u>
<b>Operating profit before working capital changes</b>		
Adjustments for working capital changes		
(Increase) in Non-current loans	(0.13)	(32.41)
(Increase) / Decrease in other non-current assets	(1.16)	0.50
Decrease / (Increase) in inventories	32.50	(26.78)
(Increase) in trade receivables	(51.12)	(37.75)
Decrease in Current loans	0.08	20.35
(Increase) in financial current assets - Others	(8.80)	(2.25)
(Increase) in Other current assets	(29.59)	(5.79)
(Decrease) in provisions	(2.75)	(7.11)
(Decrease) in trade payables	(75.15)	(27.10)
Increase in current financial liabilities - others	15.89	6.63
(Decrease) / Increase in other current liabilities	(14.84)	17.80
	<u>227.85</u>	<u>202.43</u>
<b>Cash generated from operating activities</b>		
Income taxes paid (net)	(59.89)	(36.01)
	<u>167.96</u>	<u>166.42</u>
<b>Net cash generated from operating activities</b>		
	<u>167.96</u>	<u>166.42</u>
<b>B. Cash flows from investing activities</b>		
Purchase of property, plant and equipment (tangible and intangible both)	(23.81)	(24.24)
Proceeds from sale of property, plant and equipment	-	0.09
Capital expenditure on intangible assets under development	-	-
Purchase of intangible assets (net of refunds)	3.52	(4.82)
Purchase of non-current investments	-	(1.78)
Interest received	0.53	0.51
Dividend received	8.10	9.30
(Increase) / Decrease in bank deposits with maturity more than 3 months but less than 12 months	(0.07)	(0.06)
(Increase) / Decrease in bank deposits with maturity of more than 12 months #	(0.00)	(0.00)
	<u>(11.73)</u>	<u>(21.00)</u>
<b>Net cash (used in) investing activities</b>		
	<u>(11.73)</u>	<u>(21.00)</u>
<b>C. Cash flows from financing activities</b>		
Proceeds from issue of share capital including securities premium	1.65	1.13
Repayment of long-term borrowings (net)	(10.37)	(27.01)
Repayment of short-term borrowings (net)	(65.63)	(41.22)
Interest paid	(3.92)	(14.54)
Payment of Lease liabilities	(1.30)	-
Dividends paid (including dividend distribution tax)	(76.89)	(61.38)
	<u>(156.46)</u>	<u>(143.02)</u>
<b>Net cash generated from financing activities</b>		
	<u>(156.46)</u>	<u>(143.02)</u>
<b>Net (decrease) / increase in cash and cash equivalents (A+B+C)</b>	(0.23)	2.40
Cash and cash equivalents as at the beginning of the period	1.86	1.90
<b>Cash and cash equivalents as at the end of the period*</b>	<u>1.63</u>	<u>4.30</u>
<b>* Composition of cash and cash equivalents</b>		
Cash in hand	0.34	0.63
Balance with banks :		
Current account	1.16	3.52
Fixed deposit account (with maturity less than 3 months)	0.13	0.15
	<u>1.63</u>	<u>4.30</u>



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**Notes:**

(i) The above unaudited standalone financial results of the Advanced Enzyme Technologies Limited ('the Company') 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 unaudited standalone financial results have 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.

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

(iii) The Company 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 Company 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 Company has recognised, a lease liability of Rs. 8.03 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 Company's unaudited standalone financial results for the quarter and six months ended 30 September 2019 is as follows:

- Depreciation and amortisation expenses has increased by Rs. 0.77 million and Rs. 1.54 million for the quarter and six months ended 30 September 2019 respectively due to amortisation of ROU asset.
- Finance cost has increased by Rs 0.17 million and Rs. 0.35 million for the quarter and six months ended 30 September 2019 respectively due to interest accrued on outstanding lease liability.
- Rent expense has decreased by Rs 0.83 million and Rs. 1.66 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.

(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 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.

(vi) During the quarter ended 30 September 2019, the Company has provided for impairment in the value of investment made in Advanced Enzymes Malaysia Sdn. Bhd. ('AEM'), loan given to AEM and interest receivable from AEM aggregating to Rs. 10.5 million.

(vii) 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 financial year 2021-22. Accordingly, there is no impact on the provision for income tax for the quarter and six months ended 30 September 2019. The Company expects to reverse the deferred tax liabilities partly in the current financial year and partly in the subsequent periods. 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 statement of profit and loss over three quarters (including current quarter) of financial year 2019-20.

(viii) The Company has decided to sell the lease rights for one of its leasehold land situated at Jaina, 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.

By Order of the Board of Directors  
For Advanced Enzyme Technologies Limited  
CIN: L24200MH1989PLC051018

*M. M. Kabra*

M. M. Kabra  
Wholtime Director  
DIN : 00148294

Place: Thane  
Dated: 2 November 2019

