

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 31 December 2019 and year to date results for the period from 01 April 2019 to 31 December 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 revenues of Rs. 260 million and Rs. 756 million, total net profit after tax of Rs. 32 million and Rs. 87 million and total comprehensive income of Rs. 31 million and Rs. 86 million, for the quarter ended 31 December 2019 and for the period from 01 April 2019 to 31 December 2019, respectively, 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 revenue of Rs. 32 million and Rs. 90 million, total net profit/(loss) after tax of Rs. 9 million and Rs. (9) million and total comprehensive income/(loss) of Rs. 5 million and Rs. (12) million for the quarter ended 31 December 2019 and for the period from 01 April 2019 to 31 December 2019, respectively, 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 matters.

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

Chartered Accountants

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



Sadashiv Shetty

Partner

Membership No. 048648

UDIN: 20048648AAAAAF8349

Mumbai
6 February 2020

Advanced Enzyme Technologies Limited

CIN No.: L24200MH1989PLC051018

Regd. Office and Corporate Office: Sun Magnelica, 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 consolidated financial results for the quarter and nine months ended 31 December 2019

(₹ in million except per share data)

Particulars	Quarter ended			Nine months ended		Year ended
	31-Dec-19 Unaudited	30-Sep-19 Unaudited	31-Dec-18 Unaudited	31-Dec-19 Unaudited	31-Dec-18 Unaudited	31-Mar-19 Audited
1 Revenue from operations	1,119.44	1,114.42	1,017.41	3,337.22	3,091.75	4,195.91
2 Other Income	12.05	15.36	0.04	38.00	23.98	50.36
3 Total Income (1+2)	1,131.49	1,129.78	1,017.45	3,375.22	3,115.73	4,246.27
4 Expenses						
(a) Cost of materials consumed	233.02	249.83	128.25	707.06	468.54	657.11
(b) Purchases of stock-in-trade	0.46	0.49	(0.14)	1.74	0.83	2.38
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(33.96)	(8.16)	48.47	(79.67)	84.25	112.88
(d) Employee benefits expense	191.35	204.83	219.52	600.59	616.86	802.29
(e) Finance costs (including exchange difference)	7.92	7.35	(3.40)	23.42	32.90	38.70
(f) Depreciation and amortisation expense	63.94	64.71	54.06	191.25	158.40	211.16
(g) Other expenses	199.87	194.75	204.04	571.23	599.16	802.11
Total Expenses	662.60	713.80	650.80	2,015.62	1,960.94	2,626.63
5 Profit before exceptional item and tax (3-4)	468.89	415.98	366.65	1,359.60	1,154.79	1,619.64
6 Exceptional item	-	-	-	-	-	-
7 Profit before tax (5-6)	468.89	415.98	366.65	1,359.60	1,154.79	1,619.64
8 Tax expense						
Current tax	121.61	119.74	111.21	375.37	358.48	480.33
Deferred tax charge / (credit)	1.70	(22.19)	1.97	(19.48)	(28.13)	(19.72)
Total tax expense	123.31	97.55	113.18	355.89	330.35	460.61
9 Net profit for the period (7-8)	345.58	318.43	253.47	1,003.71	824.44	1,159.03
10 Other comprehensive income						
A (i) Items that will not be reclassified to profit or loss	0.57	(0.01)	(2.71)	(3.47)	(2.25)	1.22
(ii) Income tax related to items that will not be reclassified to profit or loss	(0.20)	0.01	0.78	0.99	0.63	(0.35)
B (i) Items that will be reclassified to profit or loss	52.45	92.47	(169.37)	134.93	189.91	138.56
(ii) Income tax related to items that will be reclassified to profit or loss	-	-	-	-	-	-
Total Other comprehensive income	52.82	92.47	(171.30)	132.45	188.29	139.43
11 Total comprehensive income (9+10)	398.40	410.90	82.17	1,136.16	1,012.73	1,298.46
12 Net profit attributable to:						
Shareholders of the Company	336.05	309.53	244.46	979.62	788.45	1,110.59
Non-controlling interest	9.53	8.90	9.01	24.09	35.99	48.44
13 Other comprehensive income attributable to:						
Shareholders of the Company	53.09	92.39	(171.13)	132.76	188.90	139.04
Non-controlling interest	(0.27)	0.08	(0.17)	(0.31)	(0.61)	0.39
14 Total comprehensive income attributable to:						
Shareholders of the Company	389.14	401.91	73.33	1,112.38	977.35	1,249.63
Non-controlling interest	9.26	8.99	8.84	23.78	35.38	48.83
15 Paid-up Equity Share Capital (Face Value ₹ 2 each fully paid up)	223.35	223.35	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)	3.01	2.77	2.19	8.77	7.06	9.95
(b) ₹ (Diluted)	3.01	2.77	2.19	8.76	7.06	9.94



W. W. Kabra

Advanced Enzyme Technologies Limited

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

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

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 6 February 2020. 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 nine months then ended, the Company has allotted 27,500 equity shares to employees under the 'AETL Employee Stock Option Scheme 2015' - ("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 nine months ended 31 December 2019 is as follows:

1. Depreciation and amortisation expenses has increased by Rs. 12.63 and Rs. 37.54 million for the quarter and nine months ended 31 December 2019 respectively, due to amortisation of ROU asset.

2. Finance cost has increased by Rs. 2.12 and Rs. 6.72 million for the quarter and nine months ended 31 December 2019 respectively, due to interest accrued on outstanding lease liability.

3. Rent expense has decreased by Rs. 13.29 and Rs. 36.44 million for the quarter and nine months ended 31 December 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 nine months ended 31 December 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/remeasured 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.



Place: Thane
Dated: 6 February 2020



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

M.M. Kabra

M.M. Kabra
Wholtime Director
DIN : 00148294