<u>INDEPENDENT AUDITORS' REPORT</u>

To,
The Board of Directors
Advanced Enzymes Europe B.V., Netherlands

Independent Auditor's Report on Financial Statements of Advanced Enzymes Europe B.V., Netherlands ('the Company')

Opinion

We have audited the accompanying consolidated financial statements of **Advanced Enzymes Europe B.V.** ('the Company') and it's subsidiary Evoxx Technologies Gmbh**,** which comprise the Consolidated Balance sheet as at 31 March 2020, Consolidated Statements of profit and loss, the Consolidated Statement of Cash Flows and the Consolidated 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 consolidated 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 2020, 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 consolidated 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 consolidated 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 consolidated 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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Indian Accounting Standards ('Ind AS'), as issued by the Institute of Chartered Accountants of India ('ICAI') and notified by Ministry of Corporate Affairs ('MCA'), India, under the Companies Act, 2013; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated Ind AS financial statement.

We believe that the audit evidence obtained by us and the audit evidence obtained by other auditor in terms of their report referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Other Matters

(a) We did not audit the financial statements of one subsidiary company, whose financial statements reflect total assets of Rs. 169.29 million and net assets of Rs. (109.45) million as at 31 March 2020 and total revenues of Rs. 263.97 million for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditor whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiary company, and our report in terms of Section 143 (3) of the Companies Act, 2013 in so far as it relates to the aforesaid subsidiary company, is based solely on the report of the other auditor.

One subsidiary is located in Germany whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in Germany and which have been audited by other auditor under German GAAP. The Company's management has converted the financial statement of this subsidiary from accounting principles generally accepted in Germany to accounting principles generally accepted in India (Ind AS). We have audited these conversion adjustments made by the Company's management. Our opinion in so far as it relates to the balances and affairs of subsidiary located in Germany is based on the report of other auditor and the conversion adjustments prepared by the management of the Company and audited by us.

In our opinion, the consolidated financial statement referred to above present fairly in all material respects, the consolidated financial position of the Company as of 31 March 2020 and the consolidated result of its operations and the consolidated cash flow and consolidated statement of changes in equity for the year ended 31 March 2020, in accordance with Indian Accounting Standards ("Ind AS").

Emphasis of Matter

We draw attention to Note 37 in the Notes to the Standalone Ind AS financial statements which describes the impact of the outbreak of Coronavirus (COVID-19) on the business operations of the Company. In view of the highly uncertain economic environment, a definitive assessment of the impact on the subsequent periods is highly dependent upon circumstances as they evolve. Our opinion is not modified in respect of this matter.

The accompanying consolidated financial information has been prepared both in Indian rupees and Euro. The financial information in Euro 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 consolidated 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 consolidated 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 Kumar Sharma
M. No.: 155859
FRN: 137265W

UDIN: 20155859AAAAAP9720

Place: Navi Mumbai
Date: 27 May 2020

Advanced Enzymes Europe B.V.

Consolidated Balance Sheet

As at 31 March 2020

	Notes	As at 31 March 2020 In EURO	As at 31 March 2020 In INR	As at 31 March 2019 In EURO	As at 31 March 2019 In INR
I. ASSETS					
(1) Non-current assets					
(a) Property, Plant and Equipment	3	1,233,876	102,472,900	546,238	42,444,004
(b) Goodwill		3,170,110	263,276,405	3,170,110	246,325,190
(c) Other Intangible assets	3A	4,035,600	335,154,958	4,471,537	347,449,149
Total non-current assets		8,439,586	700,904,263	8,187,885	636,218,343
(2) Current Assets					
(a) Inventories	4	388,076	32,229,584	188,779	14,668,602
(b) Financial Assets					
(i) Trade receivables	5	465,191	38,633,838	265,093	20,598,311
(ii) Cash and cash equivalents	6	431,545	35,839,713	273,744	21,270,611
(iv) Loans	7	-	-	42,319	3,288,280
(d) Other current assets	8	138,202	11,477,614	162,323	12,612,888
Total current assets		1,423,014	118,180,749	932,258	72,438,692
Total assets		9,862,600	819,085,012	9,120,143	708,657,035
II. EQUITY AND LIABILITIES					
(1) Equity					
(a) Equity share capital	9	2,000,000	149,854,930	2,000,000	149,854,930
(b) Other equity					
1.1 Other Reserves	10	(3,221,138)	(251,269,920)	(2,801,787)	(212,155,712)
Equity attributable to equity holders of the parent		(1,221,138)	(101,414,990)	(801,787)	(62,300,782)
Total equity		(1,221,138)	(101,414,990)	(801,787)	(62,300,782)
(2) Non current liabilities					
(a) Financial liabilities					
(i) Borrowings	11	8,638,973	717,463,276	4,694,997	364,812,549
(i) Lease Liabilities		620,810	51,557,992		-
(c) Deferred tax liabilities (net)	24	1,133,937	94,173,048	1,246,691	96,870,908
Total non current liabilities		10,393,720	863,194,316	5,941,689	461,683,457
(3) Current liabilities					
(a) Financial liabilities					
(i) Borrowings	11	-	-	3,653,263	283,867,287
(ii) Trade payables	12	314,057	26,082,326	109,189	8,484,247
(iii) Other financial Liabilities		233,167	19,364,457		-
(b) Other current liabilities	13	142,793	11,858,896	217,790	16,922,826
Total Current liabilities		690,018	57,305,679	3,980,242	309,274,360
Total liabilities		9,862,600	819,085,006	9,120,143	708,657,035

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

For and on behalf of Board of Directors of
Advanced Enzymes Europe B.V.

Manoj Kumar Sharma
Proprietor
M.No.: 155859
Place : Navi Mumbai
Date: 27 May 2020

Mukund Kabra
Director
Place : Nashik
Date: 27 May 2020

Rasika Rathi
Director
Place : California

Advanced Enzymes Europe B.V.
Consolidated Statement of Profit and Loss
for the period ended 31 March 2020

	Note	Year ended 31 March 2020 In Euro	Year ended 31 March 2020 In INR	Year ended 31 March 2019 In Euro	Year ended 31 March 2019 In INR
Revenue					
Revenue from operations	*14*	**3,349,978**	**263,967,649**	**2,060,270**	**166,735,114**
Other income	*15*	**181,185**	**14,276,805**	**173,524**	**14,043,068**
Total revenue		**3,531,163**	**278,244,453**	**2,233,794**	**180,778,182**
Expenses					
Cost of materials consumed	*16*	**1,234,493**	**97,109,319**	**337,523**	**27,386,089**
Changes in inventories of finished goods and work-in-progress	*17*	**(194,438)**	**(17,013,332)**	**11,032**	**1,361,932**
Employee benefit expense	*18*	**1,054,564**	**83,096,269**	**1,378,078**	**111,526,153**
Finance costs	*19*	**609,064**	**47,992,322**	**571,715**	**46,268,174**
Depreciation and amortization expense	*20*	**805,543**	**63,474,261**	**593,475**	**48,029,217**
Other expenses	*21*	**554,042**	**43,656,743**	**934,904**	**75,660,654**
Total expenses		**4,063,267**	**318,315,581**	**3,826,728**	**310,232,219**
Profit before exceptional items and tax		**(532,104)**	**(40,071,128)**	**(1,592,934)**	**(129,454,037)**
Exceptional items		-	-	-	-
Profit before extraordinary items and tax		**(532,104)**	**(40,071,128)**	**(1,592,934)**	**(129,454,037)**
Extraordinary items					
Profit before tax		**(532,104)**	**(40,071,128)**	**(1,592,934)**	**(129,454,037)**
Tax expense					
Current tax	*24*	-	-	-	-
Deferred tax (credit)/ charge		**(112,754)**	**(8,884,639)**	**(111,033)**	**(8,985,762)**
Tax adjustment for earlier years		-	-	-	-
Total tax expense		**(112,754)**	**(8,884,639)**	**(111,033)**	**(8,985,762)**
Profit/(Loss) for the period		**(419,351)**	**(31,186,489)**	**(1,481,901)**	**(120,468,275)**
Total comprehensive income for the period		**(419,351)**	**(31,186,489)**	**(1,481,901)**	**(120,468,275)**
Earnings per equity share	*23*				
Basic		**(0.21)**	**(15.59)**	**(0.74)**	**(60.23)**
Diluted		**(0.21)**	**(15.59)**	**(0.74)**	**(60.23)**

Significant accounting policies
Notes form an integral part of these standalone financial statements
As per our report of even date attached.

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

Manoj Kumar Sharma
Proprietor
M.No.: 155859
Place : Navi Mumbai
Date: 27 May 2020

For and on behalf of Board of Directors of
Advanced Enzymes Europe B.V.

Mukund Kabra
Director
Place : Nashik
Date: 27 May 2020

Rasika Rathi
Director
Place : California

Advanced Enzymes Europe B.V.
Statement of Changes in Equity (SOCIE)
for the year ended 31 March 2020

(a) Equity share capital (refer note 9)

	As at 31 March 2020		As at 31 March 2019	
	No. of Shares	**Amount**	**No. of Shares**	**Amount**
Balance at the beginning of the year	2,000,000	149,854,930	2,000,000	149,854,930
Changes in equity share capital during the year	-	-	-	-
Balance at the end of the year	**2,000,000**	**149,854,930**	**2,000,000**	**149,854,930**

(b) Other equity (refer note 10)

Particulars	**Reserves & Surplus**	**Other Comprehensive Income**	**Total Equity**
	Retained earnings	**Foreign currency translation reserve**	
Balance at 31 March 2018	(131,890,736.54)	68,325,075.10	**(63,565,661)**
Profit for the year	(120,468,275)	-	(120,468,275)
Other comprehensive income for the year	-	(28,121,775)	(28,121,775)
Total comprehensive income for the year	(120,468,275)	(28,121,775)	(148,590,051)
Balance at 31 March 2019	**(252,359,012)**	**40,203,300**	**(212,155,712)**
Profit for the year	(31,186,489)	-	(31,186,489)
Other comprehensive income for the year	-	(7,927,719)	(7,927,719)
Total comprehensive income for the year	(31,186,489)	(7,927,719)	(39,114,208)
Balance at 31 March 2020	**(283,545,500)**	**32,275,581**	**(251,269,920)**

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

Manoj Kumar Sharma
Proprietor
M.No.: 155859
Place : Navi Mumbai
Date: 27 May 2020

For and on behalf of Board of Directors of
Advanced Enzymes Europe B.V.

Mukund Kabra
Director
Place : Nashik
Date: 27 May 2020

Rasika Rathi
Director
Place : California

Advanced Enzymes Europe B.V.
Consolidated Cash Flow Statement for the year ended 31 March 2020

Cash flows from operating activities	EURO For the year ended 31 March 2020	INR For the year ended 31 March 2020	EURO For the year ended 31 March 2019	INR For the year ended 31 March 2019
Profit before tax	(532,104)	(40,071,128)	(1,592,934)	(129,454,037)
Adjustments for non-cash transactions				
Depreciation and amortisation expense	805,543	63,474,261	593,475	48,029,217
Loss on sale of Property, plant and equipment	758	59,728	-	-
Advances written off	43,119	3,397,632.53	24,144	1,953,944
Unrealised foreign exchange (gain)/ loss	(127,879)	(10,076,452)	67,741	5,482,196
Provision for inventory				
	189,438	**16,784,042**	**(907,574)**	**(73,988,680)**
Items considered separately				
Interest income	**(801)**	(63,140)	(10,122)	(819,192)
Interest expenses	**609,064**	47,992,322	503,974	40,785,978
	797,701	**64,713,224**	**(413,722)**	**(34,021,894)**
Operating profit before working capital changes				
Increase / (decrease) in trade payables	**204,868**	16,142,966	59,485	4,814,042
(Increase) / decrease in inventories	**(199,297)**	(15,703,977)	36,986	2,993,247
(Increase) / decrease in trade receivables	**(200,098)**	(15,767,051)	237,796	19,244,540
Decrease in short term loans and advances	**1**	102	11,368	919,964
Decrease in other current assets	**24,121**	1,900,667	68,884	5,574,670
(Decrease) in other current liabilities	**(75,001)**	(5,909,809)	(386,402)	(31,271,029)
Cash generated from operating activities	**552,297**	**45,376,123**	**(385,606)**	**(31,746,461)**
Income taxes paid	-	-	-	-
Net cash generated from operating activities	**552,297**	**45,376,123**	**(385,606)**	**(31,746,461)**
Cash flows from investing activities				
Purchase of tangible assets	**(21,172)**	(1,668,325)	(52,157)	(4,220,981)
Proceeds from sale of tangible assets	-	-	10,701	866,019
Purchase of intangible assets	**(3,538)**	(278,783.18)	(5,573)	(451,051)
Net cash used in investing activities	**(24,709)**	**(1,947,108)**	**(47,029)**	**(3,806,013)**
Cash flows from financing activities				
Proceeds from issue of share capital				
Proceeds from non-current borrowings	**3,695,287**	291,176,901	248,950	20,147,196
Proceeds from current borrowings	**(3,806,111)**	(299,909,474)	300,000	24,278,626
Interest paid	**(79,648)**	(6,276,010)	(20,266)	(1,640,106)
Lease liability paid	(179,315)	(14,129,452)	-	-
Net cash used in financing activities	**(369,787)**	**(29,138,035)**	**528,684**	**42,785,716**
Net (decrease) / increase in cash and cash equivalents	157,801	14,290,979	96,050	7,233,242
Cash and cash equivalents as at the beginning of the year	273,744	21,270,611	177,694	14,326,051
Effect of exchange rate changes on cash and cash equivalents held	-	278,121	-	(288,684)
Cash and cash equivalents as at the end of the year	**431,545**	**35,839,712**	**273,744**	**21,270,610**
	-			
*** Reconciliation of cash and cash equivalents**				
Cash in hand	448	37,224	273	21,221
Balance with banks :				
Current account	431,098	35,802,487	273,471	21,249,390
	431,545	**35,839,712**	**273,745**	**21,270,610**

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 Europe B.V.

Manoj Kumar Sharma
Proprietor
M.No.: 155859
Place : Navi Mumbai
Date: 27 May 2020

Mukund Kabra
Director
Place : Nashik
Date: 27 May 2020

Rasika Rathi
Director
Place : California

Advanced Enzymes Europe B.V.

Notes to the Financial Statements for the year ended 31 March 2020

1 Overview of the Company

Advanced Enzymes Europe B.V. ("the Company", "AEE BV") was incorporated on 11 July 2017. AEE BV is a wholly owned subsidiary of Advanced Enzymes Technologies Ltd. ("the Parent"), an India corporation. AEE BV was formed to serve as a holding company to allow the Parent to own interests in Europe corporations.

2 Basis of preparation of consolidated financial statements

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 2020 were authorised for issue in accordance with a resolution of the directors on 27 May 2020

Functional and presentation currency

These financial statements are presented in Indian rupees, which is also the Company's functional currency.

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.

2A 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. Revenue from contracts with customers:

The Management applied judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers such as identifying performance obligations, estimating relative standalone selling price of items not sold separately, and determining timing of satisfaction of performance obligations for revenue from research and development contracts.

b. 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.

c. Recognition and measurement of defined benefit obligations

The obligation arising from defined benefit plan is determined on the basis of actuarial assumptions. Key actuarial assumptions include discount rate, trends in salary escalation, actuarial rates and life expectancy. The discount rate is determined by reference to market yields at the end of the reporting period on government bonds. The period to maturity of the underlying bonds correspond to the probable maturity of the post-employment benefit obligations.

d. 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 meaasurements, 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.

2B Significant accounting policies:
The accounting policies set out below have been applied consistently to the periods presented in the financial statements.

a. Revenue recognition

Revenue from sale of services:
The Company offers various services ranging from enzyme identification, enzyme optimisation, enzyme and process development, scale-up and production ender fixed price contracts.

Revenue from providing services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. This is determined based on the actual labour hours spent relative to the total expected labour hours.

Revenue from sale of products:
The Company is engaged in selling proprietary enzymes.

Revenues related to sale of products is recognized at a point in time when control of the asset is transferred to the customer based on an overall assessment of the existence of a right to payment, the allocation of ownership rights, the transfer of physical possession, the transfer of risk and rewards, and acceptance by the customer. In case of product sales undertaken by the Company, sales are recognized when control of the products has transferred, being when the products are either delivered to pre-agreed location or shipped from the warehouse, as agreed in the contract, the risk and rewards has transferred, the entity has right to payment and has transferred legal title to a customer. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated trade discounts.

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 exisiting 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:

Plant and equipment	10-25 years
Office equipment	5 years
Rights & Licences	10 years
Computer Software	3-5 years
Developed Technology	12 years
Trade Name	12 years
Customer relationship	10 years

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.

vi. The Company has elected to continue with the carrying value of all its property, plant and equipment as recognized in the standalone financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as the deemed cost as at the transition date pursuant to the exemption under Ind AS 101

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**

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

e. **Employee benefits**

i. Employee benefits payable wholly within twelve months of receiving employees services are classified as short-term employee benefits. The short 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) and Minimum Alternate Tax (MAT) credit entitlement.

Current tax

Current tax is computed and provided for in accordance with the applicable provisions of the Income Tax Act, 1961.

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.

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

Policy applicable before 1 April 2019

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.

Policy applicable after 1 April 2019

Policy applicable after April 1, 2019 The Company has adopted Ind AS 116 effective from April 1 2019 using modified retrospective approach. For the purpose of preparation of Standalone Financial Information, management has evaluated the impact of change in accounting policies required due to adoption of lnd AS 116 for year ended March 31 2020.

The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified assets, the Company assesses whether:
(i) the contact involves the use of an identified asset
(ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and
(iii) the Company has the right to direct the use of the asset.

As a lessee, the Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the rightof-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

Generally, the Company uses its incremental borrowing rate as the discount rate. Lease payments included in the measurement of the lease liability comprise the fixed payments, including in substance fixed payments;

The lease liability is measured at amortised cost using the effective interest method.

The Company has used number of practical expedients when applying Ind AS 116: - Short-term leases, leases of low-value assets and single discount rate.

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense on a straightline basis over the lease term. The Company applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date.

The Company's leases mainly comprise office premises. The Company's leases land and buildings for warehouse facilities.

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 transactionin 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, which is also its functional currency. 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.

2C Standards issued but not yet effective

Ministry of Corporate Affairs (“MCA”) notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from 1 April 2020.

3 Property, Plant and Equipment

(In INR)

Gross block	**Plant and equipment**	**Office equipment**	**Right of use of assets**	**Total**
Balance as at 1 April 2018	98,070,434	71,162,333	-	169,232,768
Additions	2,589,720	1,631,261	-	4,220,981
Disposals	7,393,381	1,425,562	-	8,818,943
- Foreign exchange fluctuation	(1,274,129)	(277,743)	-	(1,551,872)
Balance as at 31 March 2019	**91,992,645**	**71,090,288**	**-**	**163,082,933**
Additions	319,154	1,349,171	81,420,132	**83,088,457**
Disposals	264,174	313,618	-	**577,792**
- Foreign exchange fluctuation	2,438,940	1,058,213	3,384,186	6,881,339
Balance as at 31 March 2020	**94,486,565**	**73,184,055**	**84,804,317**	**252,474,937**
Accumulated depreciation and amortization				
Balance as at 1 April 2018	53,688,800	60,187,475	-	113,876,275
Depreciation and amortization	8,573,026	4,188,852	-	12,761,878
Reversal on disposal of assets	5,019,093	980,131	-	5,999,223
Other adjustments			-	
Balance as at 31 March 2019	**57,242,733**	**63,396,197**	**-**	**120,638,930**
	-	**-**		**-**
Depreciation and amortization	7,049,979	3,078,289	18,716,776	**28,845,043**
Reversal on disposal of assets	(206,968)	(311,096)	-	**(518,064)**
Other adjustments			-	-
Balance as at 31 March 2020	**64,499,680**	**66,785,582**	**18,716,776**	**150,002,037**
Net block				
Balance as at 31 March 2019	**34,749,912**	**7,694,092**	**-**	**42,444,004**
Balance as at 31 March 2020	**29,986,885**	**6,398,473**	**66,087,542**	**102,472,900**

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Notes to the Financial Statements for the year ended 31 March 2020

3A Intangible assets

(In INR)

Gross block	Rights & licences	Computer software	Developed technology	Tradename	Customer relationship	Total
Balance as at 1 April 2018	230,538,653	4,041,824	273,010,299	27,312,700	83,876,694	618,780,170
Additions	451,051	-	-	-	-	451,051
Other adjustments						
- Foreign exchange fluctuation	(896,698)	192	(8,761,710)	(747,387)	(2,518,508)	(12,924,111)
Balance as at 31 March 2019	**230,093,006**	**4,042,016**	**264,248,588**	**26,565,314**	**81,358,186**	**606,307,110**
Additions	278,783	-	-	-	-	278,783
- Foreign exchange fluctuation	1,428,194	258	15,211,072	1,189,438	4,227,282	22,056,243
Balance as at 31 March 2020	**231,799,983**	**4,042,274**	**279,459,661**	**27,754,752**	**85,585,468**	**628,642,137**
Accumulated depreciation and amortization						
Balance as at 1 April 2018	201,370,590	3,893,721	10,934,401	2,348,612	5,043,299	223,590,622
Additions	4,455,597	139,359	18,300,689	3,930,825	8,440,869	35,267,339
Balance as at 31 March 2019	**205,826,186**	**4,033,080**	**29,235,090**	**6,279,437**	**13,484,168**	**258,857,961**
Depreciation and amortization	4,758,225	6,619	17,818,589	3,827,274	8,218,509	34,629,217
Balance as at 31 March 2020	**210,584,411**	**4,039,699**	**47,053,679**	**10,106,712**	**21,702,677**	**293,487,178**
Net block						
Balance as at 31 March 2019	**24,266,820**	**8,936**	**235,013,499**	**20,285,877**	**67,874,018**	**347,449,149**
Balance as at 31 March 2020	**21,215,572**	**2,575**	**232,405,982**	**17,648,040**	**63,882,790**	**335,154,958**

Advanced Enzymes Europe B.V.
Notes to the Financial Statements for the year ended 31 March 2020

	As at 31 March 2020 In INR	As at 31 March 2019 In INR
4 Inventories		
(valued at lower of cost and net realizable value)		
Raw materials and packing materials	2,642,049	2,094,398
Finished goods	29,587,535	12,574,203
	32,229,584	**14,668,602**

	As at 31 March 2020 In INR	As at 31 March 2019 In INR
5 Trade receivables		
Unsecured		
- Considered good	38,633,838	20,598,311
- Considered doubtful	-	-
	38,633,838	**20,598,311**
Less : Provision for:		
- Doubtful Trade Receivables	-	-
	38,633,838	**20,598,311**
	38,633,838	**20,598,311**

		As at 31 March 2020 In INR	As at 31 March 2019 In INR
6	**Cash and cash equivalents**		
	Balances with banks		
	- in current accounts	35,802,487	21,249,390
	Cash on hand	37,224	21,221
		35,839,713	**21,270,611**

7 Current Loans

	As at 31 March 2020 In INR	As at 31 March 2019 In INR
- Secured, considered good		
Related parties	-	3,288,280
	-	**3,288,280**

Advanced Enzymes Europe B.V.
Notes to the Financial Statements for the year ended 31 March 2020

	As at 31 March 2020 In INR	As at 31 March 2019 In INR
8 Other current assets		
Prepaid expenses	2,607,616	1,630,344
Balance with sales tax authorities	-	-
Others	8,869,997	10,982,544
	11,477,614	**12,612,888**

9 Share capital

	As at 31 March 2020		As at 31 March 2019	
	Number	**In INR**	**Number**	**In INR**
Authorized				
Equity shares of Euro 1 each	2,000,000	149,854,930	2,000,000	149,854,930
	2,000,000	**149,854,930**	**2,000,000**	**149,854,930**
Issued, subscribed and fully paid up				
Equity shares of Euro 1 each	2,000,000	149,854,930	2,000,000	149,854,930
Total	**2,000,000**	**149,854,930**	**2,000,000**	**149,854,930**

a) Reconciliation of Equity share capital

	As at 31 March 2020		As at 31 March 2019	
	Number	**In INR**	**Number**	**In INR**
Balance at the beginning of the year	**2,000,000**	**149,854,930**	**2,000,000**	**149,854,930**
Add : Issued during the year	-	-	-	-
Balance at the end of the year	**2,000,000**	**149,854,930**	**2,000,000**	**149,854,930**

b) Shareholders holding more than 5% of the shares

	As at 31 March 2020		As at 31 March 2019	
	Number	**% of holding**	**Number**	**% of holding**
Equity shares of Euro 1 each				
Advanced Enzyme Technologies Limited	**2,000,000**	**100%**	**2,000,000**	**100%**
	2,000,000	**100%**	**2,000,000**	**100%**

c) Rights, preferences and restrictions attached to equity shares

The company has one class of equity shares having a par value of Euro 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.

		As at 31 March 2020 In INR	As at 31 March 2019 In INR
10	**Other Equity**		
	Reserves and surplus		
	Retained earnings		
	Balance at the beginning of the year	**(252,359,012)**	(131,890,737)
	Add : Transferred from Statement of Profit and Loss	**(31,186,489)**	(120,468,275)
	Balance at the end of the year	**(283,545,500)**	(252,359,012)
	Other Comprehensive Income		
	Foreign Currency Translation Reserve		
	Balance at the beginning of the year	**40,203,300**	68,325,075
	Add : Additions made during the year	**(7,927,719)**	(28,121,775)
	Balance at the end of the year	**32,275,581**	40,203,300
	Total	**(251,269,920)**	(212,155,712)

11 Borrowings

	As at 31 Mar 2020		As at 31 March 2019	
	Non- Current In INR	**Current In INR**	**Non- Current In INR**	**Current In INR**
Secured				
Term loans				
From banks	-	-	-	-
Equipment loans	16,516,285	-	24,064,158	-
	16,516,285	**-**	**24,064,158**	**-**
Unsecured				
From related parties	700,946,991	-	340,748,391	283,867,287
	700,946,991	**-**	**340,748,391**	**283,867,287**
	717,463,276	**-**	**364,812,549**	**283,867,287**

a) Terms of repayment of term loans and other loans

Term loan from banks

Borrowings are taken from related parties: Advanced Enzyme Technologies Limited ("the Parent", "AETL") and Advanced Enzymes USA, Inc. ("wholly owned subsidiary of the Parent", "AEU"). Rate of interest is 9% and 4% from AETL and AEU respectively.

(a) Term loans availed are secured by charge on equipments as specified in their respective loan agreements.

b) Loan repayable on demand

(i) Current loan is repayable on demand.

(ii) Related party loan is repayable in fourteen equal quarterly installments commencing from 30 September 2021.

(iii) Equipment loans are payable in 72 equal monthly instalments of Rs. 0.34 million each along with interest up to 1 April 2022

		As at 31 Mar 2020 In INR	As at 31 March 2019 In INR
12	**Trade payables**		
	Total outstanding dues to others	26,082,326	8,484,247
		26,082,326	**8,484,247**

		As at 31 Mar 2020 In INR	As at 31 March 2019 In INR
13	**Other current liabilities**		
	Statutory dues		
	Other dues payable	1,465,437	1,202,869
	Advance from customers	-	3,515,101
	Provision for expenses	10,346,159	10,924,104
	Other current liabilities	47,300	1,280,752
		11,858,896	**16,922,826**

		Year ended 31 March 2020 In INR	Period ended 31 March 2019 In INR
14	**Revenue from contracts with customers**		
14.1	**Disaggregated revenue information**		
	Sale of goods	105,995,726	31,221,184
	Sale of services	157,971,923	135,513,931
	Revenue from contracts with customers (Gross)	**263,967,649**	**166,735,114**
	Total revenue from contracts with customers	**263,967,649**	**166,735,114**
14.1 A	**Disaggregated revenue information based on segment**		
	Sale of goods		
	Bio-processing	105,995,726	31,221,184
		105,995,726	**31,221,184**
14.2	**Timing of revenue recognition**		
	Revenue recognized at a point in time	263,967,649	166,735,114
		263,967,649	**166,735,114**

14.3 Contract balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers.

	Trade receivables (Refer Note 5)	**38,633,838**	**20,598,311**

Trade receivables are non-interest bearing and are generally on terms of 15 to 30 days. Increase in overall trade receivables resulted from increase in the revenue from operations.

15	**Other income**		
	Interest income		
	- on others	63,140	132,496
	- Net (gain)/loss on foreign currency transactions and translations	10,076,452	-
	Miscellaneous income	4,137,213	13,910,572
		14,276,805	**14,043,068**
16	**Cost of materials consumed**		
	Opening stock		
	Raw materials and packing material	2,094,398	4,265,572
		2,094,398	**4,265,572**
	Add : Purchases during the year		
	Raw materials and components	97,656,969	25,214,915
		97,656,969	**25,214,915**
	Less : Closing stock		
	Raw materials and packing material	**2,642,049**	**2,094,398**
		2,642,049	**2,094,398**
		97,109,319	**27,386,089**
17	**Changes in inventories of finished goods and work-in-progress**		
	Opening stock		
	- Finished goods	12,574,203	13,936,136
	- Work-in-progress	-	-
		12,574,203	**13,936,136**
	Closing stock		
	- Finished goods	29,587,535	12,574,203
	- Work-in-progress	-	-
	Differential excise duty on stocks	**29,587,535**	**12,574,203**
		(17,013,332)	**1,361,932**

Advanced Enzymes Europe B.V.
Notes to the Financial Statements for the year ended 31 March 2020

		Year ended 31 March 2020 In INR	Period ended 31 March 2019 In INR
18	**Employee benefit expenses**		
	Salaries, wages and bonus	69,413,320	93,425,800
	Contribution to provident and other defined contribution funds	13,682,949	18,100,354
		83,096,269	**111,526,153**
19	**Finance costs**		
	Interest expenses	47,992,322	40,785,978
	Net (gain)/loss on foreign currency transactions and translations	-	5,482,196
		47,992,322	**46,268,174**
20	**Depreciation and amortization expense**		
	Depreciation of tangible fixed assets	10,128,268	12,761,878
	Amortization of intangible fixed assets	53,345,993	35,267,339
		63,474,261	**48,029,217**
21	**Other expenses**		
	Manufacturing expenses		
	Power and fuel	20,281	9,716,806
		20,281	**9,716,806**
	Selling and distribution expenses		
	Travel, conveyance and car hire	2,254,733	4,522,652
	Sales promotion and advertisement	156,698	189,775
	Freight outward and forwarding	2,980,857	1,602,126
	Other selling and distribution expenses	208,883	147,919
		5,601,171	**6,462,472**
	Administrative and general expenses		
	Rent (refer note 22)	- 789,245	12,025,102
	Repairs and maintenance		
	- Others	3,676,087	3,560,913
	Insurance	3,390,644	3,216,333
	Legal and professional charges	16,331,852	20,195,703
	Advances/assets written off	12,021,791	11,438,349
	Loss on sale of fixed assets (net)	59,728	1,953,944
	Bank Charges	92,192	86,647
	Commuting expenses	1,020,246	1,250,456
	Miscellaneous expenses	2,231,997	5,753,929
		38,035,291	**59,481,376**
		43,656,743	**75,660,654**

22 Leases

(I) **As a lessee (Ind AS 116)**

(a) The Company has implemented Indian Accounting Standard for Leases (“Ind AS 116”) with effect from April 1, 2019 using the modified retrospective approach, under which the cumulative effect of Initial application is recognized in retained earnings as on April 1, 2019. The effect of initial recognition as per Ind AS 116 is as follows:

	Amount in ₹
Particulars	**As on 01 April 2019**
Lease liability	81,420,132
Right of Use (ROU) asset	81,420,132
Deferred tax assets	-
Net Impact on Retained Earnings	**-**

(b) The difference between the future minimum lease rental commitments towards non-cancellable operating leases and finance leases reported as at March 31, 2019 compared to the lease liability as accounted as at April 1, 2019 is primarily due to contracts reassessed as lease contracts under Ind AS 116, reduction due to discounting of the lease liabilities as per the requirement of Ind AS 116 and exclusion of the commitments for the leases to which the Company has chosen to apply the practical expedient as per the standard.

	Amount in ₹
Particulars	**As on 01 April 2019**
Lease commitments as at 31 March 2019	95,475,673
Less: Impact on account of adoption of Ind AS 116	14,055,542
Add: Impact of assessment of opening lease commitments under Ind AS 116	-
Add/(less): contracts reassessed as lease contracts	-
Lease liabilities as on 1 April 2019	**81,420,132**

(c) Following are the carrying value of Right of Use Assets for the year ended March 31, 2020:

Please refer note no. 3 for detailed presentation of fair value of Right of Use of Assets.

(d) Impact of adoption of Ind AS 116 for the year ended March 31, 2020 is as follows:

	Amount in ₹
Particulars	**Year Ended 31 March 2020**
Decrease in Power and Fuel, and Other expenses by	19,519,263
Increase in Finance cost by	5,389,811
Increase in Depreciation by (excludes depreciation on reclassified assets)	18,716,776
Net Impact on Profit/Loss	**(4,587,323)**

(e) Maturity analysis of lease liabilities– contractual undiscounted cash flows:

	Amount in ₹
Particulars	**Year Ended 31 March 2020**
Less than one year	23,904,584
One to five years	56,350,853
More than five years	-
Total undiscounted lease liabilities at 31 March 2020	**80,255,437**
Discounted Lease liabilities included in the statement of financial position at 31 March 2020	
Current lease liability	19,364,457
Non-Current lease liability	51,557,992

(f) The Weighted average incremental borrowing rate of 7.10% p.a. for local currency borrowings has been applied for measuring the lease liability at the date of initial application.

(g) The total cash outflow for leases for year ended 31 March 2020 is ₹ 19,519,263

(h) General Description of leasing agreements:
- Leased Assets: Office and vehicle
- Future Lease rentals are determined on the basis of agreed terms.
- At the expiry of lease terms, the Company has an option to return the assets or extend the term by giving notice in writing.
- Lease agreements are generally cancellable and are renewable by mutual consent on mutually agreed terms.

23 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 (In INR)

	31 March 2020	31 March 2019
Profit attributable to equity holders	**(31,186,489)**	**(120,468,275)**

ii. Weighted average number of ordinary shares

	31 March 2020	31 March 2019
Equity shares/Issued ordinary shares at 11 July 2017	**2,000,000**	**2,000,000**
Effect of fresh issue of shares for cash	-	-
Weighted average number of shares at 31 March for basic EPS	**2,000,000**	**2,000,000**
Effect of exercise of share options	-	-
Weighted average number of shares at 31 March for diluted EPS	**2,000,000**	**2,000,000**

Basic and Diluted earnings per share

	31 March 2020	31 March 2019
Basic earnings per share	**(15.59)**	**(60.23)**
Diluted earnings per share	**(15.59)**	**(60.23)**

24 Income taxes

Tax expense

(a) Amounts recognised in profit and loss

(In INR)

	Year ended 31 March 2020	Year ended 31 March 2019
Current income tax	-	-
Changes in estimates related to prior period	-	-
	-	-
Deferred income tax liability / (asset), net		
Change in recognised deductible temporary differences	(8,884,639)	(8,985,762)
Deferred tax expense	(8,884,639)	(8,985,762)
Tax expense for the year	**(8,884,639)**	**(8,985,762)**

(b) Reconciliation of effective tax rate

	Year ended 31 March 2020	Year ended 31 March 2018
Profit before tax	**(31,186,489)**	**(120,468,275)**
Tax effect of:		
Temporary differences	(8,884,639)	(8,985,762)
Others	-	-
Tax expense as per profit or loss	**(8,884,639)**	**(8,985,762)**

24 Income taxes (continued)

(c) Movement in deferred tax balances

(In INR)

	31 March 2020						
	Net balance 1 April 2019	**Recognised in profit or loss**	**Recognised in OCI**	**Others**	**Net deferred tax asset/ liability**	**Deferred tax asset**	**Deferred tax liability**
Deferred tax asset							
Property, plant and equipment	13,175,476	8,884,639	-	1,386,218	23,446,333	23,446,333	-
Other items	(110,046,384)	-	-	(7,572,997)	(117,619,381)	-	(117,619,381)
Tax assets (Liabilities)	**(96,870,908)**	**8,884,639**	**-**	**(6,186,779)**	**(94,173,048)**	**23,446,333**	**(117,619,381)**
Offsetting of deferred tax assets and liabilities						**(23,446,333)**	**23,446,333**
Net tax liabilities	**(96,870,908)**	**8,884,639**	**-**	**(6,186,779)**	**(94,173,048)**	**-**	**(94,173,048)**

	31 March 2019						
	Net balance 1 April 2018	**Recognised in profit or loss**	**Recognised in OCI**	**Others**	**Net deferred tax asset/ liability**	**Deferred tax asset**	**Deferred tax liability**
Deferred tax asset							
Property, plant and equipment	4,719,203	8,985,762	-	(529,489)	13,175,476	13,175,476	-
Other items	(114,181,564)		-	4,135,180	(110,046,384)	-	(110,046,384)
Tax assets (Liabilities)	**(109,462,361)**	**8,985,762**	**-**	**3,605,691**	**(96,870,908)**	**13,175,476**	**(110,046,384)**
Offsetting of deferred tax assets and liabilities						**(13,175,476)**	**13,175,476**
Net tax liabilities	**(109,462,361)**	**8,985,762**	**-**	**3,605,691**	**(96,870,908)**	**-**	**(96,870,908)**

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

25. 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

(In INR)

		Carrying amount				Fair value			
31 March 2020	**Note No.**	**FVTPL**	**FVTOCI**	**Amortised Cost**	**Total**	**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
Financial assets									
Trade receivables	5	-	-	38,633,838	38,633,838	-	-	38,633,838	38,633,838
Cash and cash equivalents	6	-	-	35,839,713	35,839,713	-	-	35,839,713	35,839,713
		-	-	74,473,551	74,473,551	-	-	74,473,551	74,473,551
Financial liabilities									
Borrowings - Non current	11	-	-	717,463,276	717,463,276	-	-	-	-
Borrowings - Current	11	-	-	-	-	-	-	-	-
Trade payables	12	-	-	26,082,326	26,082,326	-	-	-	-
		-	-	743,545,603	743,545,603	-	-	-	-

		Carrying amount				Fair value			
31 March 2019	**Note No.**	**FVTPL**	**FVTOCI**	**Amortised Cost**	**Total**	**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
Financial assets									
Trade receivables	5	-	-	20,598,311	20,598,311	-	-	20,598,311	20,598,311
Cash and cash equivalents	6	-	-	21,270,611	21,270,611	-	-	21,270,611	21,270,611
Loans	7	-	-	3,288,280	3,288,280	-	-	3,288,280	3,288,280
		-	-	45,157,202	45,157,202	-	-	45,157,202	45,157,202
Financial liabilities									
Borrowings - Non current	11	-	-	364,812,549	364,812,549	-	-	-	-
Borrowings - Current	11	-	-	283,867,287	283,867,287	-	-	-	-
Trade payables	12	-	-	8,484,247	8,484,247	-	-	-	-
		-	-	657,164,083	657,164,083	-	-	-	-

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.

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. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. The Company establishes an allowance for doubtful debts and impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments.

(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

(In INR)

			Contractual cash flows			
31 March 2020	**Carrying amount**	**Total**	**Upto 1 year**	**1-3 years**	**3-5 years**	**More than 5 years**
Non- current borrowings	262,248,752	271,452,634	11,930,568	112,082,586	147,439,480	-
Interest on borrowings	35,436,473	35,436,473	-	14,174,589	21,261,884	-
Current borrowings	419,778,052	419,778,052	-	167,911,221	251,866,831	-
Trade payable	26,082,326	26,082,326	26,082,326	-	-	-

(In INR)

			Contractual cash flows			
31 March 2019	**Carrying amount**	**Total**	**Upto 1 year**	**1-3 years**	**3-5 years**	**More than 5 years**
Non- current borrowings	321,786,353	-	11,162,411	131,990,626	178,633,317	-
Interest on borrowings	58,458,414	58,458,414	-	23,383,366	35,075,048	-
Current borrowings	268,435,069	268,435,069	-	107,374,027	161,061,041	-
Trade payable	8,484,247	8,484,247	8,484,247	-	-	-

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.

(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.

(In INR)

	31 March 2020	31-Mar-19
Fixed-rate instruments		
Fixed-rate instruments		
Financial liabilities - measured at amortised cost		
From related party	700,946,991	624,615,677
Equipment Loan	16,516,285	24,064,158
Floating-rate instruments		
Financial liabilities - measured at amortised cost		
From banks in foreign currency	-	-
Total	**717,463,276**	**648,679,835**

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.

Cash flow sensitivity analysis for variable-rate instruments

The risk estimates provided assume a change of 25 basis points interest rate for the interest rate benchmark as applicable to the borrowings summarised above. This calculation assumes that the change occurs at the balance sheet date and has been calculated based on risk exposures outstanding as at that date assuming that all other variables, in particular foreign currency exchange rates, remain constant.. The period end balances are not necessarily representative of the average debt outstanding during the period.

(In INR)

Cash flow sensitivity (net)	**Profit or loss**	
	25 bp increase	**25 bp decrease**
31-Mar-20		
Variable-rate loan instruments	-	-
Cash flow sensitivity (net)	**-**	**-**
31-Mar-19		
Variable-rate loan instruments	-	-
Cash flow sensitivity (net)	**-**	**-**

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

26. 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.

(In INR)

	31 March 2020	31-Mar-19
Non-current borrowings	717,463,276	364,812,549
Current borrowings	-	283,867,287
Current maturity of long term debt	-	-
Gross debt	717,463,276	648,679,835
Less - Cash and cash equivalents	35,839,713	21,270,611
Less - Other bank deposits	-	-
Adjusted net debt	**681,623,563**	**627,409,224**
Total equity	(101,414,990)	(62,300,782)
Adjusted net debt to equity ratio	(6.72)	(10.07)

27. In view of the unprecedented COVID-19 pandemic and economic forecasts, the Management has assessed the recoverability of its assets including receivables & inventories. In such assessment, the Company has considered internal and external information upto the date of approval of these financial statements including economic forecasts. The Company has performed analysis on the assumptions used and based on current indicators of future economic conditions, the Company expects to recover the carrying amount of these assets. The impact of the global health pandemic may be different from that estimated as at the date of approval of these financial statements and the Company will continue to closely monitor any material changes to future economic conditions.

Advanced Enzymes Europe B.V.
Notes to the Financial Statements for the year ended 31 March 2020
(All amounts are stated in Indian Rupees, unless otherwise stated)

28 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

II **Subsidiaries:**
Evoxx Technologies GMBH, Germany (Wholly owned subsidiary of Advanced Enzymes Europe B. V.)

III **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)

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

		31 March 2020 (in INR)	31 March 2019 (in INR)
i.	Loan taken from parent company	-	32,371,502
ii.	Loan taken from fellow subsidiary company	118,195,242	24,278,626
iii.	Loan given and interest receivable from fellow fellow subsidiary written off	3,397,633	-
iv.	Repayment of loan and interest to parent company	118,195,242	-
v.	Interest on loan taken from parent company	29,672,357	29,261,203
vi.	Interest on loan taken from fellow subsidiary company	12,043,956	9,884,669
vii.	Interest on loan given to fellow subsidiary company	63,037	129,486
viii.	Sale of services to holding company	70,875,898	84,419,927
ix.	Sale of goods to holding company	-	1,252,562
x.	Purchase of goods from holding company	53,235,137	477,080

C.	**Balances due from/to the related parties:**	As at 31 March 2020 (in INR)	As at 31 March 2019 (in INR)
i.	Borrowing:		
	from fellow holding	245,732,467	297,722,195
	from fellow subsidiary	419,778,052	268,435,069
ii.	Loan given to fellow subsidiary	-	3,108,096
iii.	Interest payable:		
	from fellow holding	6,248,281	43,026,196
	from fellow subsidiary	29,188,192	15,432,218
iv.	Interest receivable	-	180,184
v.	Trade receivable	7,374,804	8,577,242
vi.	Trade payable	24,964,710	-

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 Europe B.V.

Manoj Kumar Sharma
Proprietor
M.No.: 155859
Place : Navi Mumbai
Date: 27 May 2020

Mukund Kabra
Director
Place : Nashik
Date: 27 May 2020

Rasika Rathi
Director
Place : California