



**Advanced Enzyme Technologies Ltd.**

CIN: L24200MH1989PLC051018

Sun Magnetica, 'A' wing, 5th Floor, LIC Service Road, Louiswadi, Thane (W)-400 604, India

Tel: +91-22-4170 3200, Fax: +91-22-2583 5159

Email: info@advancedenzymes.com, www.advancedenzymes.com

June 22, 2020

**BSE Limited**  
P. J. Towers,  
Dalai Street,  
Mumbai- 400 001  
**Scrip Code-540025**

**National Stock Exchange of India Ltd.**  
Exchange Plaza, Plot No. C/1,  
G Block Bandra-Kurla Complex,  
Bandra (E) Mumbai- 400 051  
**Trading Symbol-ADVENZYMES**

Dear Sir/Madam,

**Sub: Annual Report for the Financial Year 2019-20 and Notice of 31<sup>st</sup> Annual General Meeting of the Company**

**Ref.: ISIN: INE837H01020**

Pursuant to Regulation 34(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) and in furtherance to our letter dated June 10, 2020 intimating about the 31<sup>st</sup> Annual General Meeting of the Company ("AGM"), we are enclosing the Annual Report for the financial year 2019-20 along with Notice of the 31<sup>st</sup> AGM of the Company scheduled to be held on Wednesday, July 15, 2020 at 10:00 a.m. (IST) through Video Conference ("VC") or Other Audio Visual Means ("OAVM"), which is also being sent by electronic mode (emails) to the Members.

The Annual Report and AGM Notice is also being uploaded on the website of the Company:

Annual Report: [www.advancedenzymes.com/investors/annual-report/](http://www.advancedenzymes.com/investors/annual-report/)

AGM Notice : [www.advancedenzymes.com/investors/announcements-notices/](http://www.advancedenzymes.com/investors/announcements-notices/)

Pursuant to the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended), the Company has fixed Thursday, July 09, 2020 as the Cut-Off date to ascertain the eligibility of the Members of the Company entitled to vote electronically on the resolutions mentioned in the AGM Notice, as per the procedure and other details mentioned in the AGM Notice.

This is for your information and for public at large.

Thanking you,  
Yours faithfully,

**For Advanced Enzyme Technologies Limited**

Sd/-

**Sanjay Basantani**

**Company Secretary and Head-Legal**

**Encl:** As above

**WELCOME TO THE WORLD OF BETTER BUSINESS**

Factory : Plot No. A-61/62, MIDC Malegaon, Tal. Sinnar, Dist. Nashik - 422 113. Maharashtra. India. Tel.: +91-99701 00750 / +91-2551-230 044, Fax: +91-2551-230 816

ANNUAL REPORT  
**2019-20**

*Advanced Enzyme Technologies Limited*

**CATALYSING SUCCESS**

# CATALYSING SUCCESS

The enzyme and probiotic industry plays a crucial role in the health across the globe and affects every person directly. Apart from human and animal nutrition, these compounds are central to a variety of other industries as well. With better biocatalysts, probiotics, biofuels, textiles, cleaning aids, the world is indeed moving forward with enzymes as an integral part. With each industry playing an imperative role in the society, this industry has been catalyzing success. These compounds are a subject of heavy research and companies invest heavily in their development as they are a key to modern life. Advanced Enzymes is dedicated to the production of enzymes and probiotics which take the world forward. With skillful personnel and a long history of fostering innovation, we are in the constant quest for better enzymes.



#### Disclaimer:

This document may contain certain forward-looking statements/details in the current scenario, which is extremely dynamic and increasingly fraught with risks and uncertainties. Actual results, performances, achievements or sequence of events may be materially different from the views expressed herein. Investors/shareholders/public are hence cautioned not to place undue reliance on these statements/details, and are advised to conduct their own investigation and analysis of the information contained or referred to in this section before taking any action with regard to their own specific objectives. Further, the discussion following herein reflects the perceptions on major issues as on date and the opinions expressed here are subject to change without notice. The Company undertakes no obligation to publicly update or revise any of the opinions or forward-looking statements expressed in this section, consequent to new information, future events or otherwise.



SCAN ME

#### THE ANNUAL REPORT ONLINE

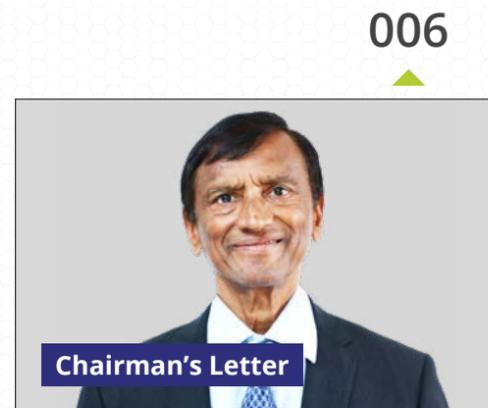
This 2020 Annual Report can also be downloaded as a PDF file from our website at

<https://www.advancedenzymes.com/investors/annual-report/>

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# CORPORATE IDENTITY



## Vision

Our vision at Advanced Enzymes is to become a leading, respected & preferred, enzyme based solutions provider in the global market.



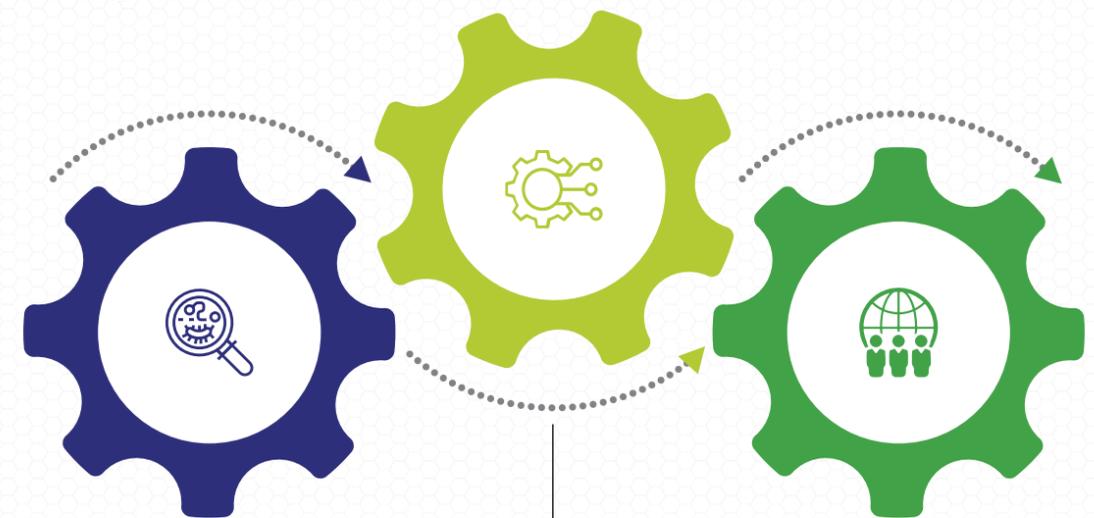
## Mission

It is our mission to see that every human being is able to utilize the power of enzymes, for general well-being, for health and for improving the quality of life.

It is also our mission to see that every possible industry is able to take the advantage of enzymes, to create & produce innovative products, improve the quality of the end products, reduce energy costs, optimise the use of raw materials & resources, reduce pollution & overall carbon footprint of the process.



## Key Strengths



Strong Research & Technology Focus

Integration Across the Value Chain

Global Competitiveness



Advanced Enzyme Technologies Limited (AETL) is a research driven company with global leadership in the manufacturing of enzymes and probiotics. We are the largest Indian enzyme company, engaged in the research and development, manufacturing and marketing of 400+ proprietary products developed from over 68+ indigenous enzymes and probiotics. We are committed to providing eco-safe solutions to a wide variety of industries like human health care and nutrition, animal nutrition, baking, fruit & vegetable processing, brewing & malting, grain processing, protein modification, dairy processing, speciality applications, textile processing, leather processing, paper & pulp processing, bio-fuels, bio-mass processing, bio-catalysis, etc. Our aim is to help consumers access side-effect free healthcare, help farmers enhance nutrition for animals, and also to help adopt modern enzyme based processes.

# CHAIRMAN'S LETTER



**V.L. Rathi**  
(Chairman)



Even though the world is facing tough times, we are proud of the consistent excellence achieved by your Company.



*Dear Shareholders,*

It brings me immense pleasure to put forth the Annual report of Your Company, Advanced Enzymes, for the financial year 2019-20.

This year was marked by the enormously challenging COVID-19 pandemic, which has fundamentally altered the world and continues to do so. It is difficult to overstate our gratitude for essential workers – from healthcare personnel to grocery workers to many staff members of Your Company. Amidst lockdowns, our team came to work across the globe because of a shared commitment to produce our enzyme and probiotics products, which are vital to the food supply.

We are proud of the consistent excellence achieved by Your Company in FY20. Our operating revenues at the consolidated level grew by about 6% to ₹ 4,440 million from ₹ 4,196 million. For the first time in history, our EBITDA crossed the ₹ 2,000 million mark, growing by about 11% to ₹ 2,023 million from ₹ 1,819 million. On the other hand, our PAT (before minority interest) has grown about 15% to ₹ 1,330 million from ₹ 1,159 million. As before, Human Nutrition is our largest revenue driver (contributing 75% of revenue), followed by Animal Nutrition (13% of revenue) and Bio Processing (12% of revenue). On the operations front, our capacity utilization continues to be in the 52%-55% range. When compared with FY19, it is clear Advanced Enzymes is staying true to its values. Further highlighting our sound decision-making and continuous hard work is

the wonderful news that Your Company is now a zero net-debt organization.

We have also made significant progress in integrating evovx, the German subsidiary. The acceleration of the integration process has resulted in evovx achieving a positive PAT on a standalone basis in FY20, as well as steady growth for the first time since its acquisition.

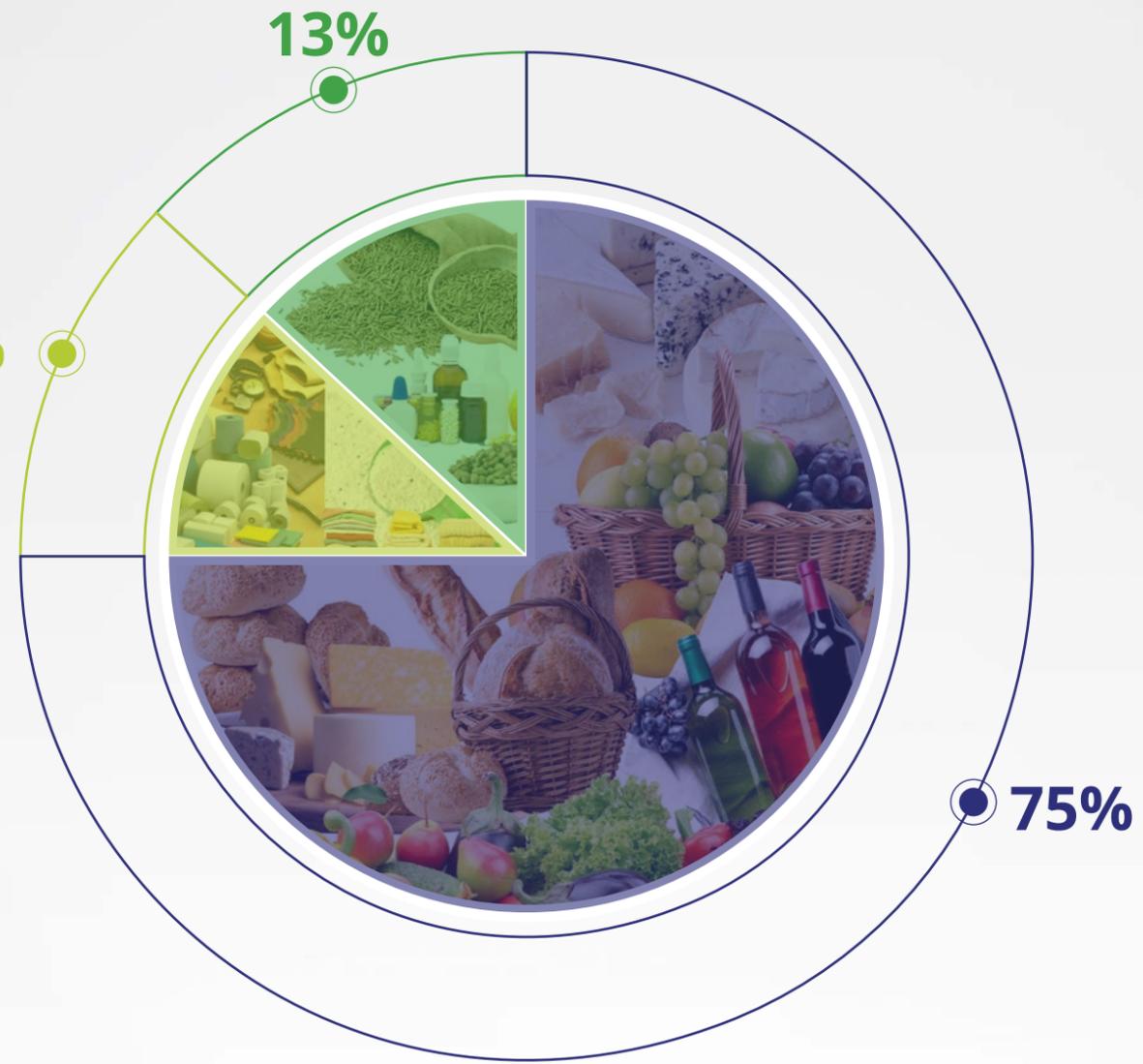
Although the world is facing tough times ahead, Your Company is well-positioned to rise to the occasion. With the entire globe clamoring for natural alternatives to boost human immunity, we anticipate numerous opportunities in the areas of biocatalysis and probiotics.

FY20 is a testament of the brilliant work of Your Company's team members, and their never-ending dedication to providing the highest-quality products, retaining the trust of customers, and looking forward to the future with optimism and innovation. As we move forward into our next year, may you and yours family stay safe and healthy!

Best Regards,

**V. L. Rathi**

# DIVERSIFIED MARKETS



## Industrial Bio-Processing

### Non-Food Processing

Enzymes are considered as potent biocatalysts for a large number of reactions. Advanced Enzyme (AETL) offers eco-safe solutions for variety of industries such as textiles, leather, detergent and pulp & paper, which are used in the manufacture of a wide range of products. Biological solutions improve the efficiency of industrial processes by saving energy, water and other raw materials, while reducing waste and effluent load, thereby helping customers to comply with the pollution norms reducing overall process cost.

### Food Processing

By maximizing the resources and continuously enhancing the quality of the products, food and beverage manufacturers are improving the choices enjoyed by consumers and users around the globe. Enzymes play an essential role in bringing more nutritious and appealing food and beverage products to the modern world, and they offer significant benefits beyond the scope of traditional alternatives.

## Animal Nutrition

AETL provides enzyme based feed additives for the animal nutrition industry, mainly catering to poultry and swine. By adding enzymes to feed, the digestibility of the components can be enhanced. Animal Nutrition product offering enables animals to maximize the nutrients they absorb from the feed, thus helping in reducing feed costs, minimizing animal waste production and accordingly helping to reduce environmental pollution. Probiotics has beneficial metabolites and competitive exclusion widely used in animal healthcare. We have developed and assessed efficacy of probiotic formulations useful in Animal healthcare.

## Human Healthcare and Nutrition

AETL provides proprietary enzyme products and customized enzyme solutions to various pharmaceutical and nutraceutical companies in India, North America, Asia (ex-India), Europe and other countries globally. These products includes various anti-inflammatory solutions, digestion solutions, probiotics, etc. which are used by customers as active ingredients. Probiotics have now become an integral part of several therapies for the digestive disorders and newer applications for treatment of several other diseases are being developed. We have developed and upscaled technologies for the production and application of several important probiotics.





Pithampur, Madhya Pradesh

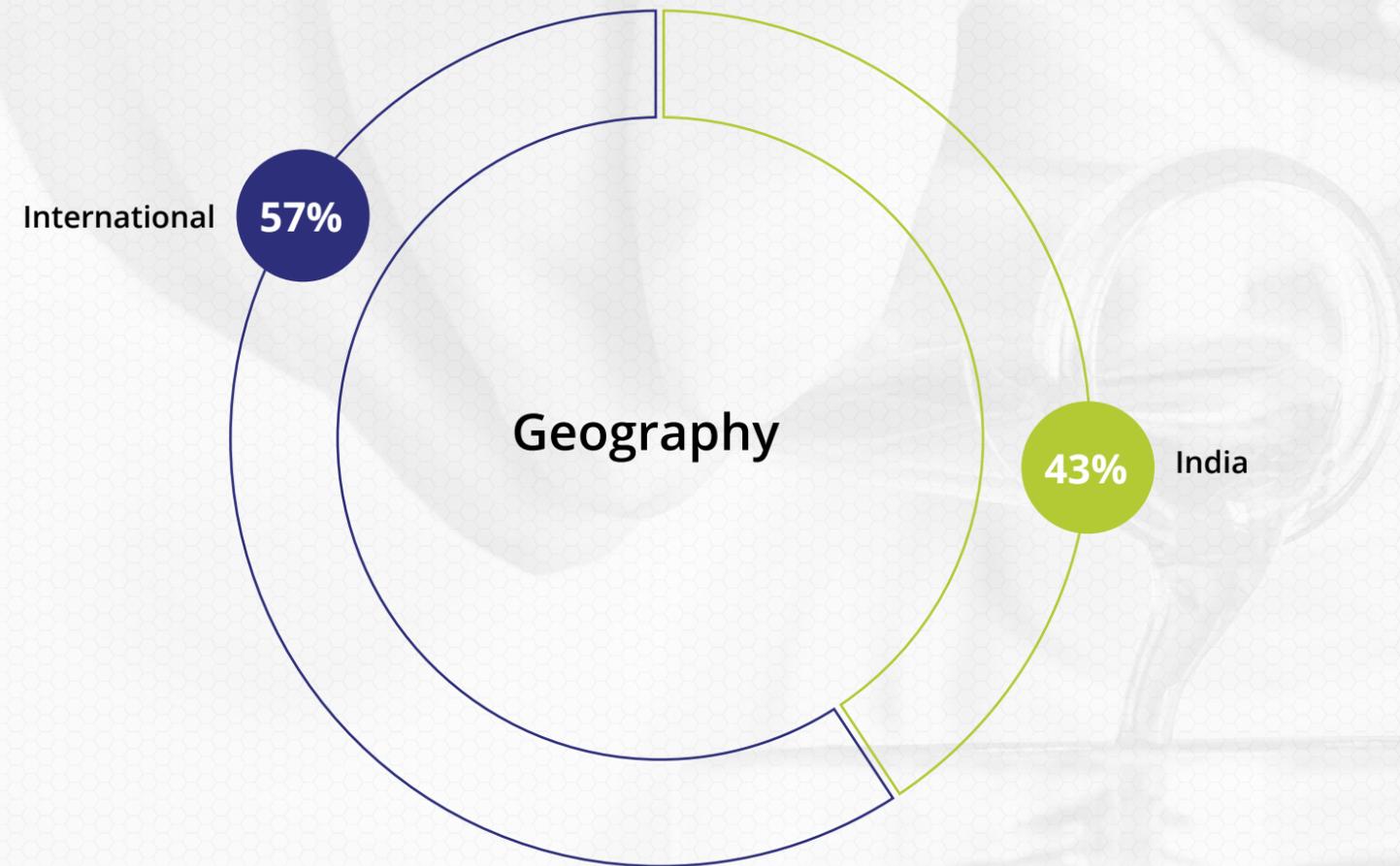


## QUICK FACTS

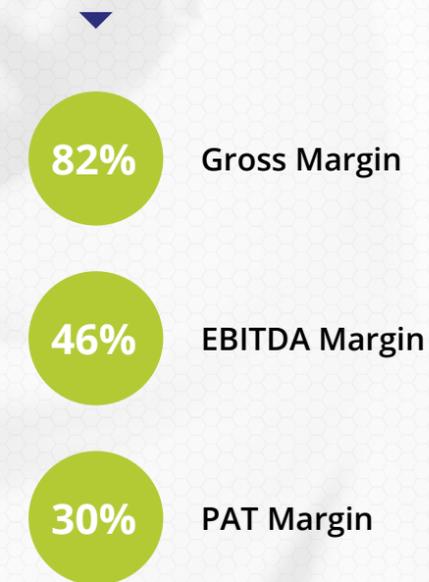
<p>400+ Proprietary Products</p>	<p>15 Amongst Top 15 Global Enzyme Companies</p>	<p>550+ Employees</p>
<p>100+ Scientists, Microbiologists, Engineers, Food Technologists, Biotechnologists</p>	<p>25+ Years of Fermentation Experience</p>	
<p>20+ Patents Granted</p>	<p>480 m<sup>3</sup> Fermentation Capacity</p>	<p>#1 Indian Enzyme Company</p>
<p>700+ Customers Worldwide</p>	<p>45+ Countries Worldwide Presence</p> <p>12# Food Dossier Filed with EFSA</p>	<p>68+ Enzymes &amp; Probiotics</p> <p>02 GRAS Dossiers filed with FDA. No Question Letter received for one dossier, another one is under evaluation</p>

#Food Dossier filed with EFSA, out of which positive opinion is received for 3 Dossiers & 9 are under evaluation

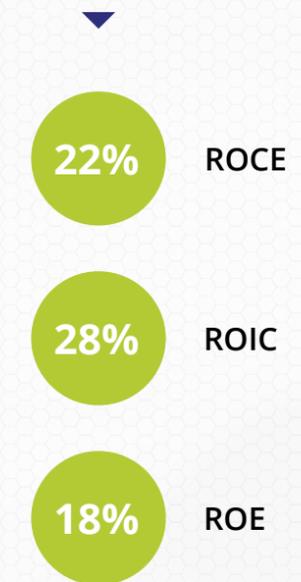
# DIVERSIFIED REVENUES



## Robust Margins\*



## Robust Returns\*\*



## Robust Performance



## Robust Balance Sheet



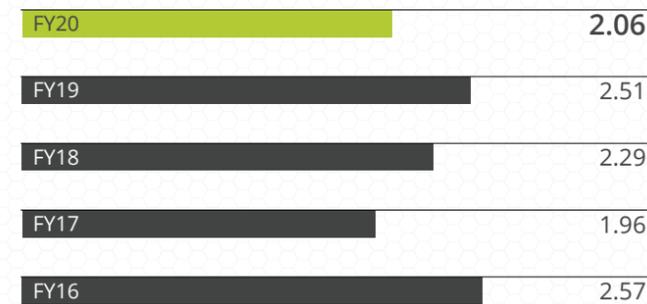
## Product Category



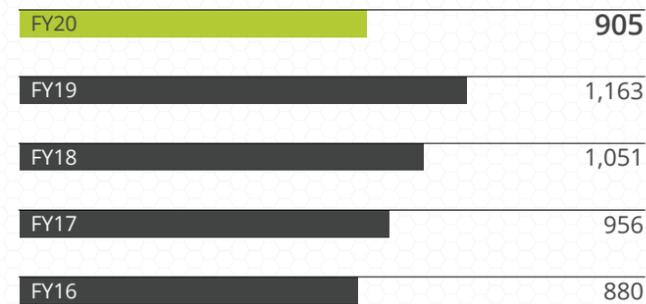
Note : \* Based on net sales (excluding export incentives)  
 \*\* Based on average shareholders' fund and average debt

# KEY PERFORMANCE INDICATORS

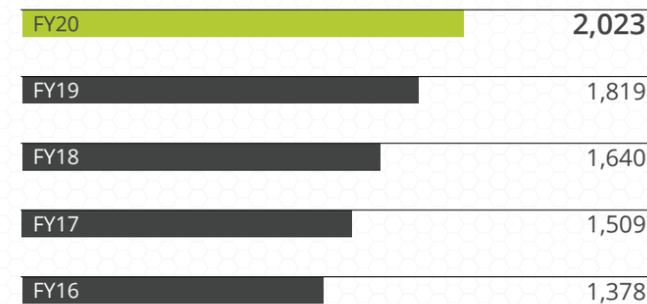
## Fixed Asset Turnover (X)



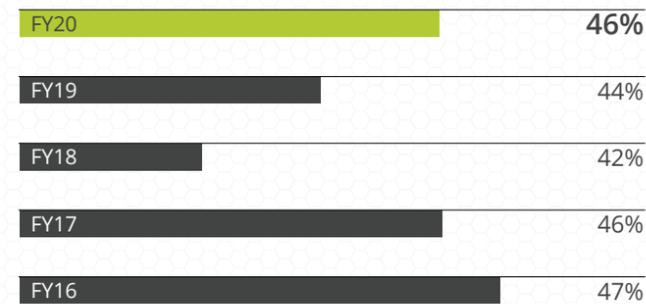
## Free Cash Flow\*



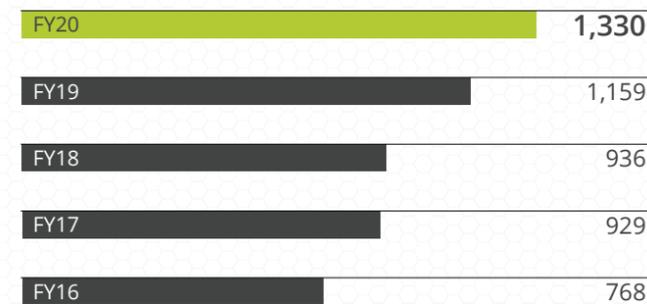
## EBITDA\*



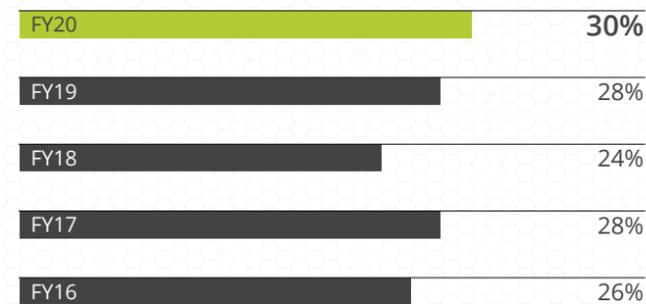
## EBITDA Margin (%)



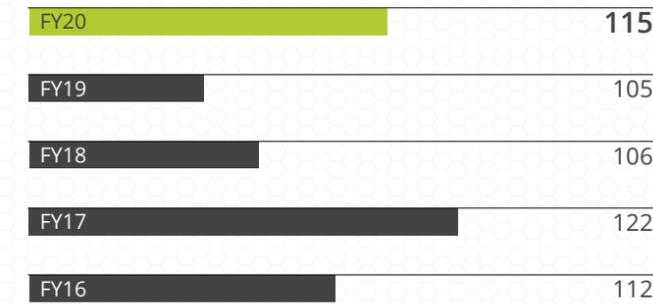
## PAT\*



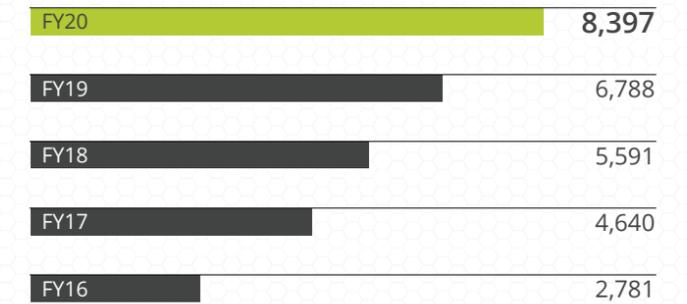
## PAT Margin (%)



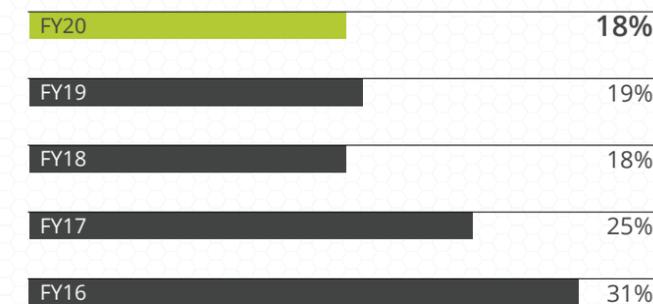
## Net Working Capital (Days)



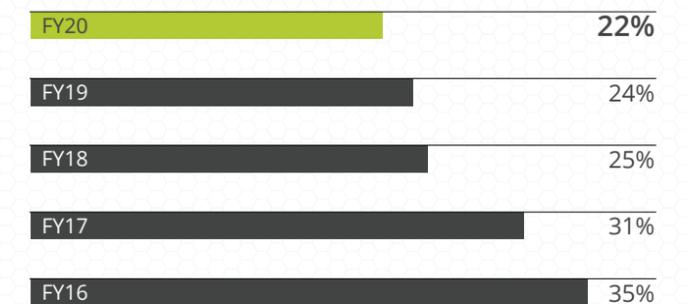
## Net Worth\*



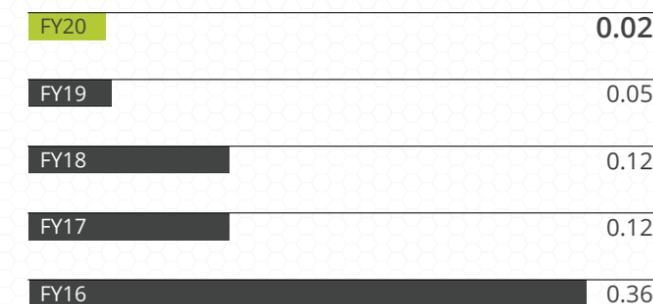
## ROE (%)



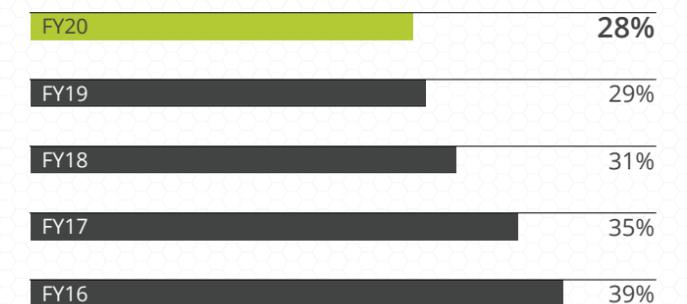
## ROCE (%)



## Net Debt / Equity (X)



## ROIC (%)



Note: As per IGAAP (FY17, FY18, FY19 & FY20 – as per Ind As)  
 All numbers are on Consolidated basis.  
 \* All numbers are in ₹ million unless otherwise stated.  
 Net working capital days = ((Trade receivables + inventories – Trade payables) / Net Sales) \* 365  
 Net Debt = Long term debt + short term debt + current maturities of long term debt – Cash & Cash Equivalent  
 ROIC = EBITDA / (Equity + Net Debt)  
 Return ratio calculated based on average of shareholders' fund and average debt

# FINANCIAL SUMMARY (Consolidated)

(₹ in million)

Particulars	2019-20	2018-19	2017-18	2016-17	2015-16
Revenue from operations (including excise duty and export incentives)	4,440	4,196	3,957	3,431	3,047
Net Sales (excluding excise duty and export incentives)	4,416	4,177	3,881	3,299	2,938
EBITDA	2,023	1,819	1,640	1,509	1,378
Depreciation	258	211	183	128	87
EBIT	1,765	1,608	1,457	1,381	1,291
Finance Charge	30	39	81	36	79
Profit Before Tax & Exceptional Items	1,735	1,569	1,376	1,345	1,212
Exceptional items	-	-	-	-	41
Other Income	56	50	14	25	11
Profit Before Tax	1,791	1,619	1,390	1,370	1,182
Tax	461	460	454	441	414
Profit After Tax including minority (PAT)	1,330	1,159	936	929	768
Profit After Tax and Allocation of Minority Interest	1,293	1,111	901	915	758
Paid up Capital-Equity	223	223	223	223	218
Reserves & Surplus	8,173	6,565	5,368	4,417	2,563
<b>Shareholders' Fund</b>	<b>8,397</b>	<b>6,788</b>	<b>5,591</b>	<b>4,640</b>	<b>2,781</b>
Minority Interest	278	260	226	211	54
Long-term Borrowings (including current maturities)	72	137	290	275	718
Working Capital Finance	127	213	377	214	296
Short Term Unsecured Borrowings	-	-	1	52	-
<b>Total Debt</b>	<b>199</b>	<b>350</b>	<b>668</b>	<b>541</b>	<b>1,014</b>
Current liabilities (excluding short term borrowings and current maturities)	437	372	519	271	480
Other Liabilities	372	341	312	227	176
Tangible Fixed Assets (Property, Plant and Equipment) (Net)	2,143	1,665	1,693	1,679	1,144
Intangible Assets (Net)	645	680	741	336	51
Goodwill on Consolidation	2,941	2,715	2,584	2,280	1,710
Current assets	3,756	2,821	2,107	1,382	1,397
Other Assets	300	230	191	213	203
Net Worth	8,397	6,788	5,591	4,640	2,781
Total outside Liabilities (TOL)	1,286	1,323	1,725	1,250	1,724

Growth Indicators	2019-20	2018-19	2017-18	2016-17	2015-16
Net Sales	6%	8%	18%	12%	32%
EBITDA	11%	11%	9%	10%	52%
EBIT	10%	10%	5%	7%	58%
PAT	15%	24%	1%	21%	48%

Key Operating Ratios*	2019-20	2018-19	2017-18	2016-17	2015-16
Gross Margin	82%	82%	79%	78%	80%
EBITDA Margin - EBITDA/Net Sales	46%	44%	42%	46%	47%
EBIT Margin- EBIT/ Net Sales	40%	38%	38%	42%	44%
PAT Margin-PAT/Net Sales	30%	28%	24%	28%	26%

Financial Leverage	2019-20	2018-19	2017-18	2016-17	2015-16
Debt/Equity	0.02	0.05	0.12	0.12	0.36
Interest Coverage	58.14	41.23	17.99	38.62	16.34
Debt/EBDAT	0.10	0.20	0.43	0.37	0.78

Return Ratios#	2019-20	2018-19	2017-18	2016-17	2015-16
RoE (PAT/ Shareholders' Fund)	18%	19%	18%	25%	31%
RoCE (EBIT/(Shareholders' Fund + Total Debt))	22%	24%	25%	31%	35%
ROIC(EBITDA)/(Equity+ Total Debt-Cash & Cash equivalent)	28%	29%	31%	35%	39%

Other Ratios	2019-20	2018-19	2017-18	2016-17	2015-16
Turnover to Tangible Assets (Net)	2.06	2.51	2.29	1.96	2.57
TOL to Net Worth Ratio	0.15	0.19	0.31	0.27	0.62
Book Value/Share (₹)	75.18	60.80	50.08	41.57	127.57
EPS (Basic)	11.58	9.95	8.07	8.27	34.85
EPS (Diluted)	11.56	9.94	8.06	8.27	34.85

Working Capital Cycle (No. of Days)*	2019-20	2018-19	2017-18	2016-17	2015-16
Inventory Turnover	66	67	71	76	75
Accounts Receivable	61	51	55	58	52
Accounts Payable	12	13	20	12	15
Net Working Capital	115	105	106	122	112

R&D Spends (Standalone)	2019-20	2018-19	2017-18	2016-17	2015-16
Capital Expenditure	28.8	6.0	8.3	13.5	17.3
Recurring Expenditure	189.9	189.9	112.4	88.4	81.8
R&D Spends	218.7	195.9	120.7	101.9	99.1
As % of Net Sales	4.95%	4.69%	3.11%	3.09%	3.37%

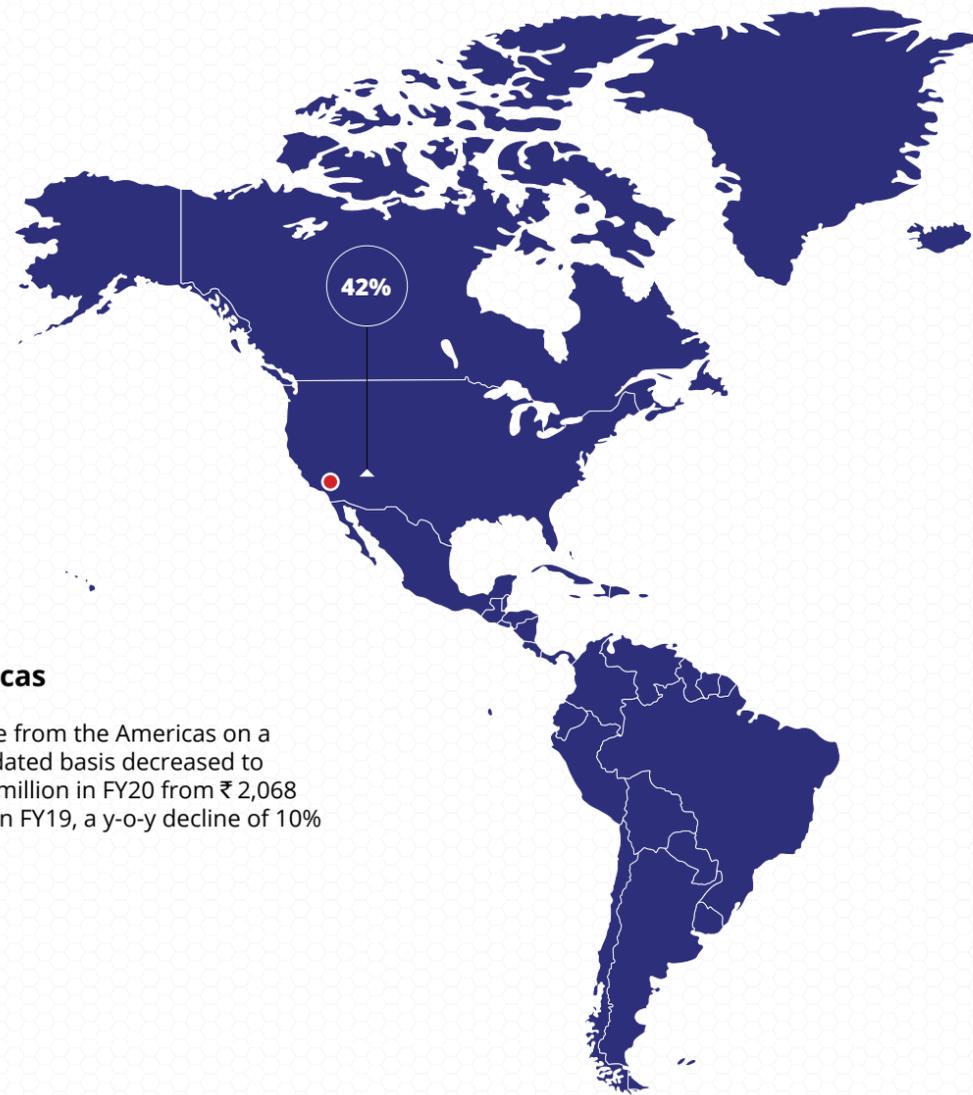
#Return ratio calculated based on average shareholders' fund and average debt

\*Based on Net sales

Note- FY 17, FY 18, FY 19 &amp; FY 20 Book value and EPS are based on face value of ₹ 2/- per share

Note- FY 17, FY 18, FY 19 &amp; FY 20 figures are as per Ind AS

# PRESENCE ACROSS THE GLOBE



## Americas

Revenue from the Americas on a consolidated basis decreased to ₹ 1,860 million in FY20 from ₹ 2,068 million in FY19, a y-o-y decline of 10%


**Manufacturing Facilities (USA)**

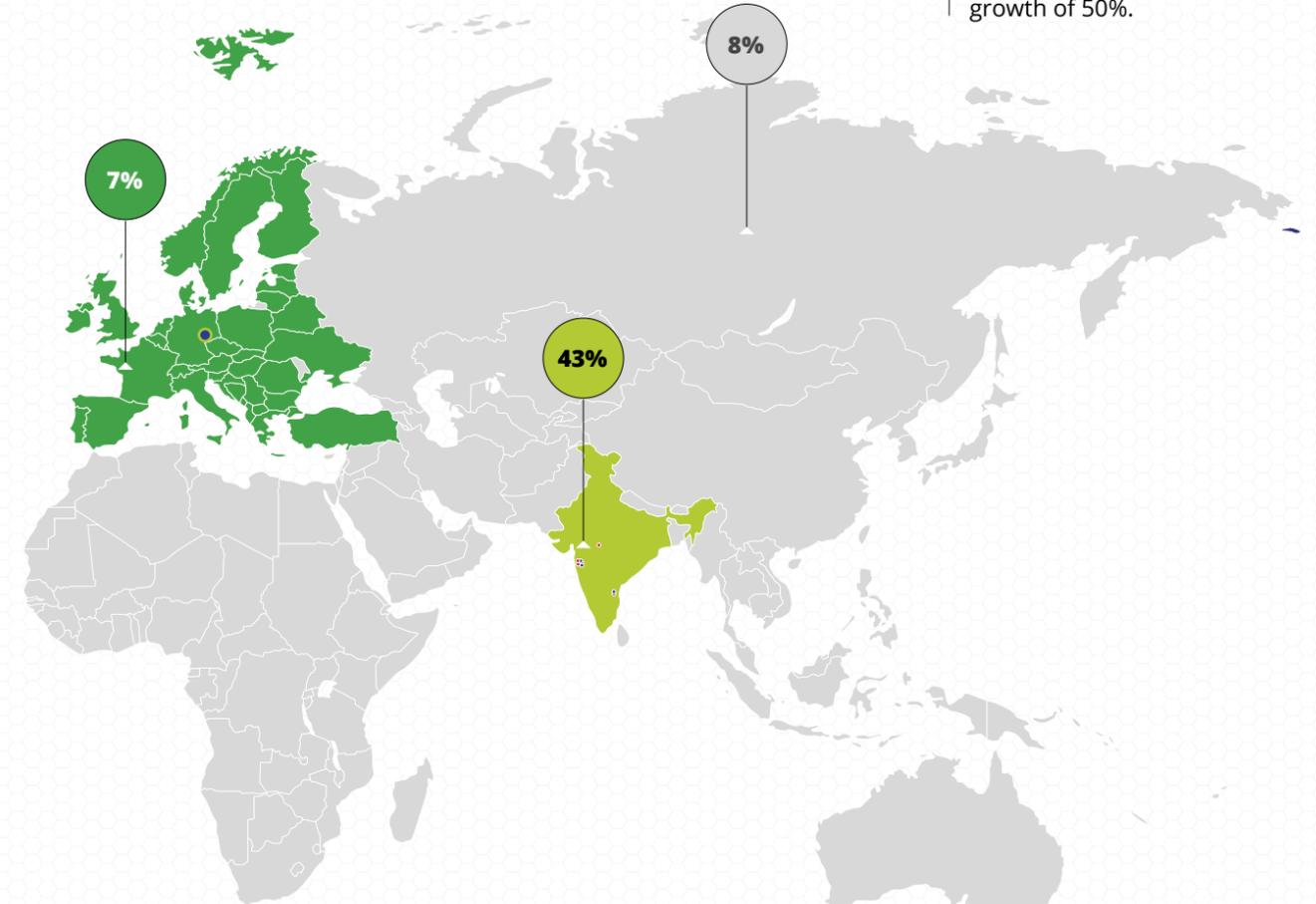

**2 California**

## Europe

Revenue from Europe on a consolidated basis increased to ₹ 322 million in FY20 as compared to ₹ 206 million in FY19, a strong y-o-y increase of 56%.


**R&D Locations (GERMANY)**


**1 Monheim am Rhein**



## Rest of the World

Revenue from Asia (ex-India) and Others (Russia, Middle East, Africa) on the consolidated basis increased to ₹ 355 million in FY20 from ₹ 236 million in FY19, strong growth of 50%.

## India

Revenue from India on a consolidated basis increased to ₹ 1,903 million in FY20 from ₹ 1,686 million in FY19, a y-o-y increase of 13%.


**Manufacturing Facilities (INDIA)**


**3 Maharashtra**

**1 Madhya Pradesh**

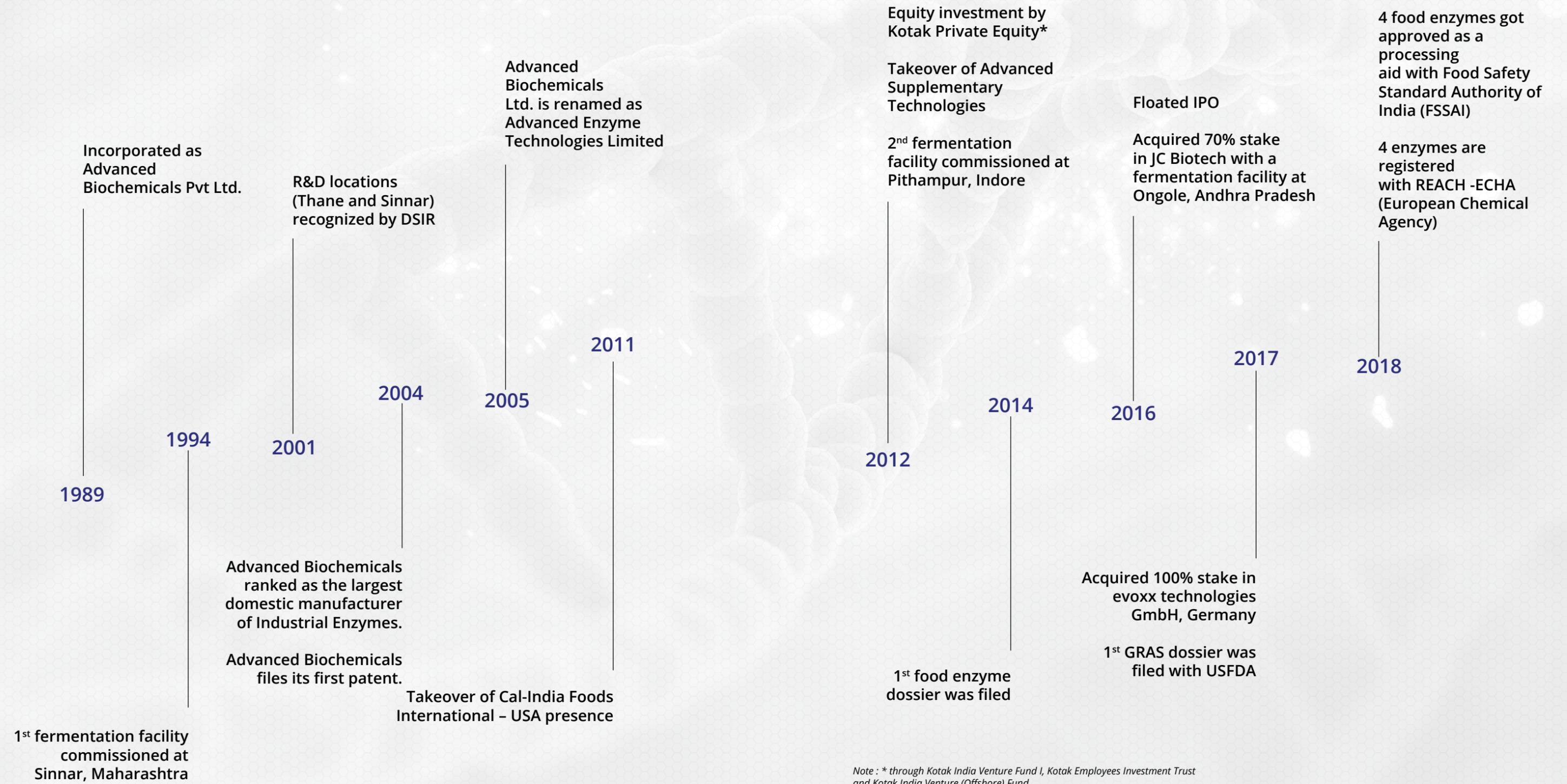
**1 Andhra Pradesh**


**R&D Locations (INDIA)**


**3 Maharashtra**

**1 Andhra Pradesh**

# OUR JOURNEY OF EXCELLENCE



*Note : \* through Kotak India Venture Fund I, Kotak Employees Investment Trust and Kotak India Venture (Offshore) Fund*

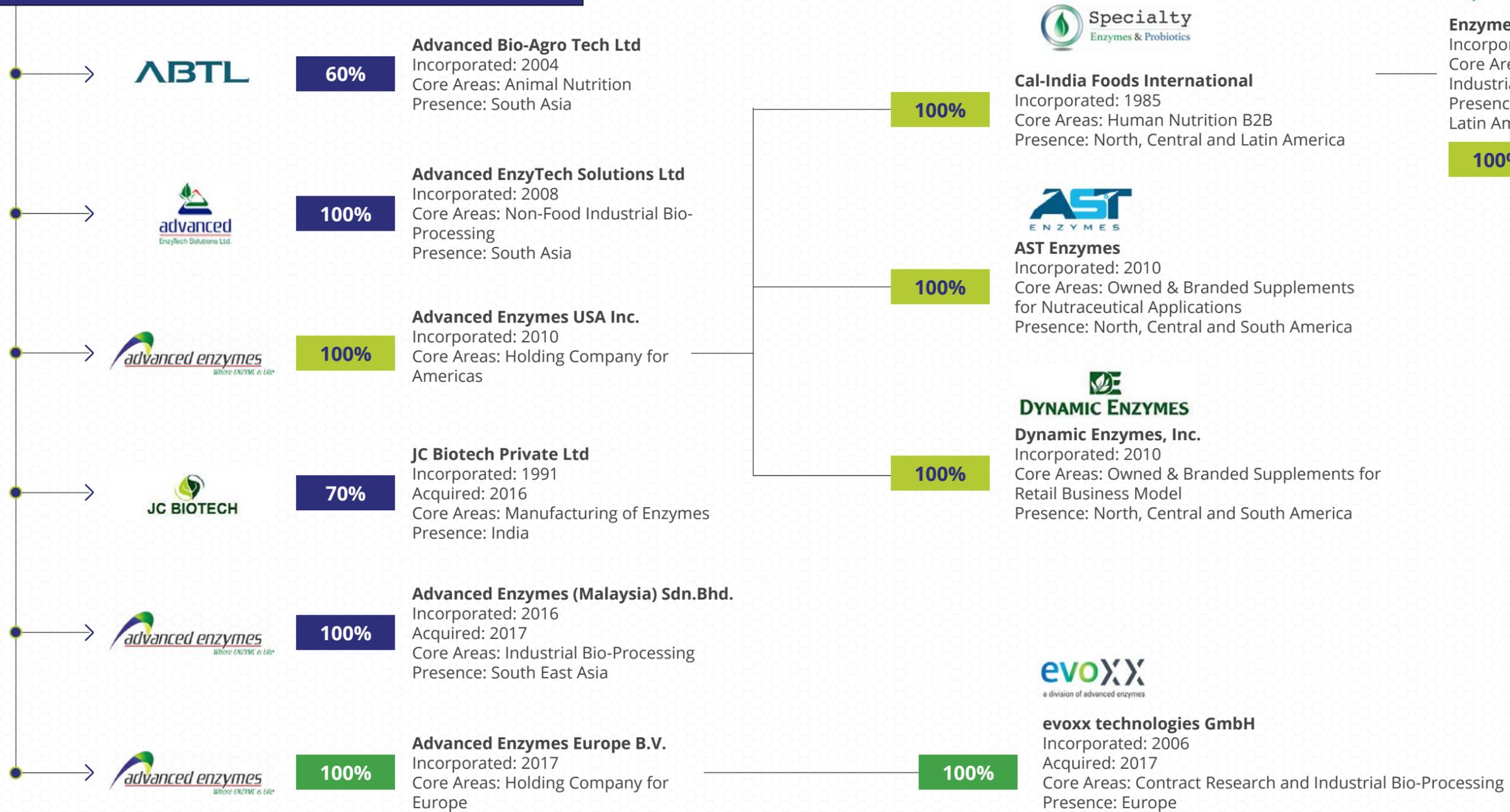
# CORPORATE STRUCTURE

## ADVANCED ENZYME TECHNOLOGIES LIMITED (AETL)



**Enzyme Innovation Inc.**  
 Incorporated: 2004  
 Core Areas: Animal Nutrition and Industrial Bio Processing  
 Presence: North, Central and Latin America

100%



# INTEGRATED ACROSS VALUE CHAIN



## RESEARCH & DEVELOPMENT

- Enzyme Development
- Microbial Engineering
- Process Scale-up
- Application Development
- Customization
- Intellectual Property Protection



## MANUFACTURING

- Highly Controlled Processes
- Flexible Batch Sizes
- Flexible Downstreaming Capabilities
- Large Capacities
- Ability to Expand Quickly
- Globally Competitive Cost Structure



## MARKETING & DISTRIBUTION

- Reliability & Quality
- Global Regulatory Expertise
- Customized Solutions
- Value Based Selling
- Direct Access to End Users
- Deep Customer Insights

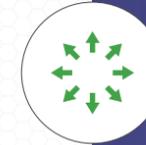
# KEY BUSINESS STRATEGIES



## Innovate

### Continued Investment in R&D

Identify product gaps and develop new Enzymes & Probiotics solutions  
Expand Competencies in Enzyme Discovery and Genetic Engineering



## Expand

### Broaden & Deepen Geographical Presence

Expand Sales, Marketing & Distribution Networks in North American, European, Latin American & Asian markets  
Build Strategic Partnerships in Key Markets for Focus Segments



## Acquire

### Inorganic Expansion

On the R&D front, Acquisition of Key Technologies, Competencies & Skill-sets which Enable Consolidation and/or Entry into New Market Segments  
Acquisition of Client Relationships & Businesses in Key Focus Markets

100+

Scientists, Microbiologists,  
Engineers, Food Technologists,  
Biotechnologists

68+

Enzymes & Probiotics

05

R&D Locations in  
India & Germany

20+

Patents Granted

12#

Food Dossier filed with EFSA, out of  
which positive opinion is received  
for 3 Dossiers & 9 are under  
evaluation

02

GRAS Dossiers filed with FDA. No  
Question Letter received for one  
dossier, another one is under  
evaluation

## STRONG R&D CAPABILITIES



### ▶ Enzyme Development

- Strengthens the Enzyme Engineering part of R&D
- Helps in designing the right set of enzymes with their target applications in mind



### ▶ Proteomics & Applied Microbiology

- Purification & Characterisation of enzymes
- Generate data for filing regulatory dossiers
- Develop newer & improved microbial systems for enzymes & probiotics application



### ▶ Process Development & Optimization

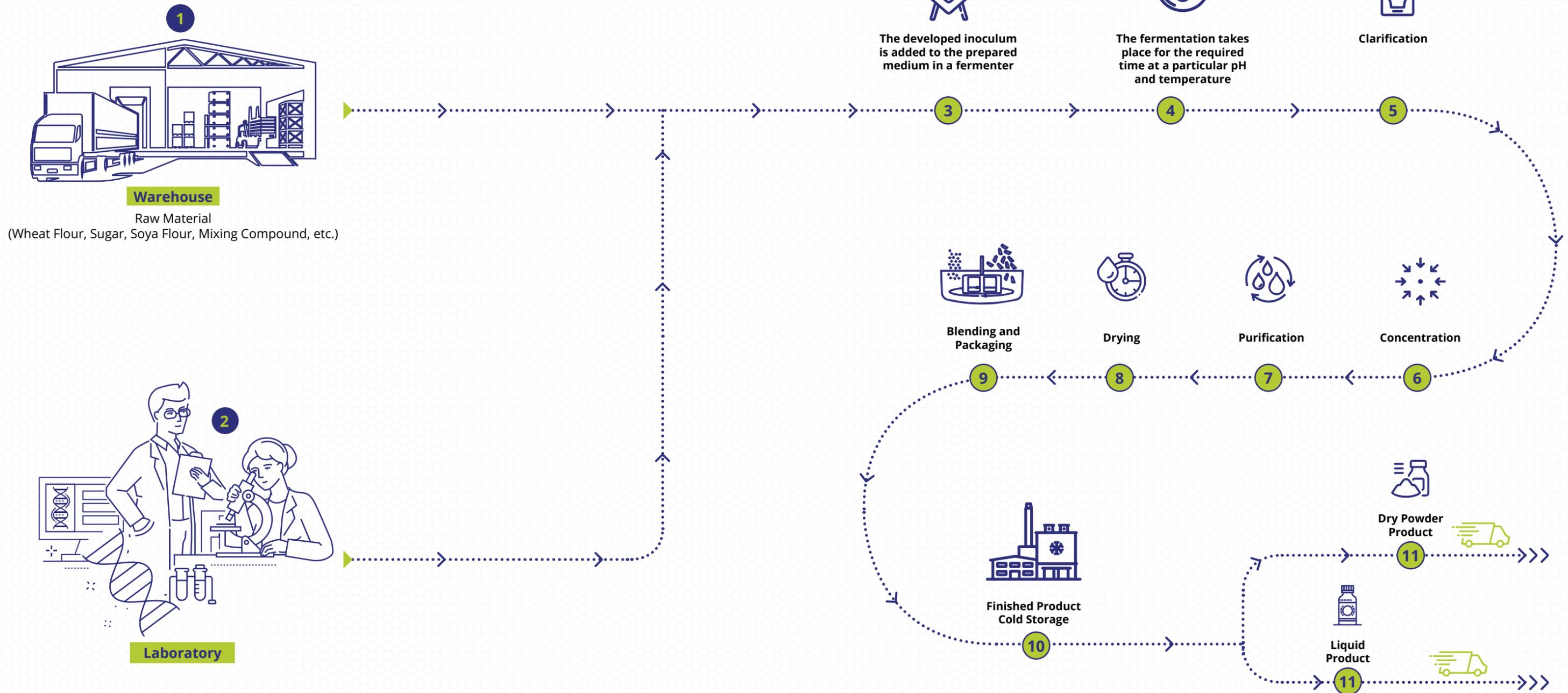
- Upscaling fermentation
- Enhance efficiency of downstream processes
- Improve recovery & purification yields



### ▶ Application Development

- Develop innovative enzyme & probiotic solutions for various food & non-food processing industries
- Lab trials support for enzymes/probiotics applications

# PRODUCTION PROCESS



# RESPONSIBILITY TOWARDS SOCIETY

## ADHAR

ADHAR provides a lifetime home to specially-abled adults and registered under the Public Trust Act 1950 as an 'Association of Parents of Mentally Retarded'. ADHAR's vision is to reach out to parents of intellectually disabled adults and provide a life-time home for their special children. The CSR amount contributed by the Company was towards vocational training and skills of differently abled adults.

## Arpan Thalassemia Society

Arpan Thalassemia Society is engaged in treatment of children and adults diagnosed with Thalassemia, a genetic disorder (transmitted from carrier parents to their children) which involve abnormal hemoglobin production with increased red blood cells destruction. The Society operates from IMA Thalassemia Care Centre, in Nashik and N.M. Shah N.V. Patel Thalassemia Care Centre Vile-Parle, Mumbai, Maharashtra. CSR contribution made by the Company towards various activities of Arpan Thalassemia society for management of Thalassemia patients.

## Shivgarjana Kala Manch

The Trust has undertaken a project for developing an "ashram" at Mendhi, Taluka Sinnar for the blind, specially-abled, aged adults and orphaned children in order to provide them shelter, education/technical skills and an opportunity for livelihood & endeavor to make them independent by providing weaving/sewing machines. The Company has contributed towards providing sewing machines under the said project, to provide them livelihood/self-employment opportunity.

## Shree Gurudev Bahudheshiya Samajik Sanstha's Divya Vidyalay

Divya Vidyalay, Jawahar, Maharashtra, is engaged in providing education to special children. CSR contribution made by the Company to provide educational support to one of the special children at the Vidyalay inter alia by sponsoring food, accommodation and skill training.

## Padsad Apang Upchar va Punarvasan Kendra / Padsad Karnabhadhir Vidyalaya, Blind School

The Trust is engaged in providing recreational and vocational training to differently abled. The Company has funded for provision of digital hearing aids, installation of FM systems in the School and to build a recreational and vocational training centre.

## Habitat for Humanity India Trust

The Trust is inter alia involved in building homes for the underprivileged in Karjat in outskirts of Mumbai. The Company has contributed the amount towards building home for the underprivileged as a measure for reducing inequalities faced by socially and economically backward groups.

## Humanity First Foundation

The Foundation has been working for social welfare of the society and has conducted various social drives for poor, underprivileged and weaker section of the society in order to support the society at large with the help of its members and volunteers. A small contribution made by the Company to support the people affected by COVID-19/ lockdown.

## Shree Gopal Shikshan Prasark Mandal - Gopal Vidhyalaya

The Trust is engaged in development of computer labs, purchase of science lab equipment, sound systems, sports equipment and donation of cycles to the underprivileged students to commute to the school. The Company's CSR contribution made towards funding necessary equipment towards promotion of education.

## RVG Education Foundation

The Trust provides hostel facility in Mumbai to ambitious students from outstation. The Company has contributed towards expanding the current capacity of the Boys' hostel located at Andheri, Mumbai.

## Samta Purushottam Agrawal Memorial Foundation

The Trust is involved in educational and related activities including CSR project of renovation of Nagpur UDPS Alumni Association's Dr. A K Dorle Auditorium used for education/academic including personality development activities. CSR Contribution made by the Company towards the said project i.e. renovation of the Auditorium, for educational / related activities.

## Adarsh Mahila Griha Udyog

The Trust is dedicated towards providing vocational training and spreading awareness regarding health/hygiene amongst women and girls. Funded the construction of a training centre at Latur, Maharashtra which will mainly provide vocational training and create awareness related to health and hygiene of women and girls.

## Yugrishi Shriram Sharma Acharya Charitable Trust

The Trust has established Akhand Jyoti Eye Hospital which is engaged in treatment of patients blinded by cataract since 2005 principally in Bihar. The Company has funded the setting up of a primary vision centre which will provide primary eye screening, spectacles for vision correction and post-operative follow-up checkup. The said centre shall be named after the Company.



# BOARD OF DIRECTORS



**Mr. V. L. Rathi**  
*Chairman and Non-Executive Director*

Mr. Vasant Laxminarayan Rathi is a Promoter and a Non-Executive Director of your Company. He holds a Bachelor's degree in Pharmacy from Nagpur University and degree of Master of Science from University of Hawaii. He has over 40 years of experience in the enzyme industry and was one of the co-founders of Rathi Papains Private Limited incorporated in the year 1978, which was engaged in the business of manufacturing of enzymes from papain. He promoted and incorporated Cal-India in the year 1985 and has been associated with your Company since the year 1993. Mr. Vasant Laxminarayan Rathi heads our international subsidiaries based in United States.



**Mr. Mukund M. Kabra**  
*Whole-time Director*

Mr. Mukund Madhusudan Kabra is a Whole-time Director of your Company. He holds a Bachelor's degree in Chemical Engineering from Sambalpur University. He has around 25 years of experience in enzyme industry and joined the Company in the year 1995. He is responsible for overlooking the manufacturing operations of the Company at Sinnar and Indore and for optimising the fermentation for existing products, strain improvement, downstream research and analytical research.



**Mr. Kedar Jagdish Desai**  
*Independent Director*

Mr. Kedar Jagdish Desai is an Independent Director on the Board. He holds a Bachelor's degree of Commerce and a Bachelor's degree in Law from the University of Mumbai. He is also a qualified solicitor from the Bombay Incorporated Law Society. He has over 22 years of experience in the field of law. He was associated with Messrs Kanga & Co. from the year 1997 to 2007, out of which during the period 2004 to 2007, he was a partner at Messrs Kanga & Co. Subsequently and ever since, he has been a part of Messrs Desai, Desai, Carrimjee & Mulla, Advocates and Solicitors, as a partner.



**Mr. Pramod Kasat**  
*Independent Director*

Mr. Pramod Kasat is an Independent Director of your Company since December 14, 2016. He holds an Engineering Degree from BITS, Pilani and a Master's in Finance from Sydenham Institute of Management Studies, Mumbai University. He is currently the Managing Director of Intellectap Advisory Services. Before joining Intellectap, he has served as Country Head of Investment Banking at IndusInd Bank, Mumbai. Before joining IndusInd Bank, he served as Director and Head of Investment Banking at Pioneer Investcorp Ltd. (PINC) and was instrumental in driving growth in the investment banking business. Prior to PINC, He was Director of Investment Banking and Global Market Solutions Group at Credit Suisse and Director at Deutsche Bank Global Markets. In his previous experience, he worked with the IL&FS Group for over a decade as the Head of Origination for the Investment Banking Group, among other leadership roles. He also worked in Citibank NA in the Capital Markets Group. He serves as an Independent Director on the Board of Shilpa Medicare Ltd. and Natural Capsules Ltd.



**Mr. Rajesh Sharma**  
*Independent Director*

Mr. Rajesh Sharma is an Independent Director on the Board of your Company. He is an Executive Vice President & Chief Financial Officer for Citrus Valley Health Partners. He has more than 21 years experience in health care finance and leadership. He most recently served as Senior Vice President of Financial Operations for City of Hope. Other previous appointments include positions at St. Mary Medical Center in Long Beach, Calif., California Hospital Medical Center in Los Angeles and Glendale Memorial Hospital and Health Center. He earned his Presidential and Key Executive Master of Business Administration degree from Pepperdine University and is a Certified Public Accountant. He also completed an executive education program in health care delivery at Harvard Business School and is an inaugural fellow of Coro's Health Leadership program and a fellow of Leadership Southern California.



**Mr. Vilas Aurangabadkar**  
*Independent Director*

Mr. Vilas Aurangabadkar is an Independent Director on the Board of your Company. He has an experience of around 6 years in Manufacturing industry; teaching experience of around 37 years including about 25 years as educationalist (Principal of pharmacy colleges). He has also been a Co-ordinator of various professional institutions. Qualification: DBM, MMS (Master in Management Sciences), B. Pharm, M. Pharm. Awards: Ideal Principal-Teacher Award 1994, Ideal Administrator Award 1996, Felicitation as Ideal Administrator-Teacher, Mahatma Gandhi Vidyamandir Trust, Malegaon 1997, Samajshri Award, Mumbai, Man of the Year, IBC (UK) 2000, National Udyog Excellence Award



**Ms. Rasika Rathi**  
*Non-Executive Director*

Ms. Rasika Rathi is a Promoter Group Member and Non-Executive Director on the Board of your Company. She is a Juris Doctorate in Law from University of Michigan Law School & B.A. Economics from University of California. She has a rich experience of around 15 years and has been associated as Vice President, General Counsel & Secretary at Specialty Enzymes & Probiotics, Chino; California (SEB), since August 2013. She is also Director of Company's Subsidiaries, Advanced Enzymes Europe B.V., Enzyme Innovation, Inc., Advanced Supplementary Technologies Corporation, Dynamic Enzymes, Inc. Before joining Specialty Enzymes & Probiotics, she was associated with Allen & Overy LLP as an Associate – Tax and Litigation in New York, United States of America (USA). Prior to this, she was a consulting analyst – Health & Life Sciences at Accenture, San Francisco. She has also founded a Non-profit National Information Centre in California USA, named Pulmonary Fibrosis NOW to disseminate information about pulmonary fibrosis, conduct research and search for alternative therapies.



**Mr. Vinodkumar Jajoo**  
*Independent Director*

Mr. Vinodkumar Hiralal Jajoo is an Independent Director on the Board of your Company. He is a Chartered Accountant in Practice by profession. He holds a Master's degree in Commerce (Mcom) and is a Fellow member of Institute of Chartered Accountants of India. He has a rich experience of over 31 years in the field of Direct and Indirect Taxation. Further, he also has a vast experience in the field of Audit work.



**Dr. Sunny Sharma**  
*Additional Director (Non-Executive)*

Dr. Sunny Sharma is an Additional Director (Non-Executive) on the Board of your Company. He is also a Senior Managing Director of Orbimed Asia. Prior to joining OrbiMed, Dr. Sharma was with Investor Growth Capital (IGC), the investment arm of Investor AB in North America, and before that with Easton Capital in New York. Earlier in his career, Dr. Sharma worked in the healthcare investment banking group of Lehman Brothers in London, and before that he practiced medicine in northern India. Dr. Sharma holds an M.B.A. from the Indian Institute of Management, Bangalore and a medical degree (M.B.B.S.) from Christian Medical College, Ludhiana where he was awarded the Vipin Khanna Memorial Gold Medal for graduating as the best intern.



**Ms. Rajshree Patel**  
*Additional Director (Independent)*

A lawyer by education, Ms. Rajshree Patel was a prosecutor for the United States Attorney's Office and Los Angeles District Attorney's Office before becoming a highly sought-after and prolific Organizational, Strategy and Executive Leadership Consultant. With three decades of experience, she has facilitated 6,500+ workshops globally. She has conducted programs and led speaking engagements at various companies. Ms. Patel maximizes individual potential and organizational performance with a unique understanding of organizational development, dynamics and strategy. She has served as lead project manager for major global initiatives, and raised millions of dollars for social service projects. Qualification: B.S (Bachelor of Science) from Stonybrook University, New York. JD (Juris Doctor) from St. Johns University, New York

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**Mr. Vasant Rathi**  
Non-Executive Chairman

**Mr. Mukund M. Kabra**  
Whole-Time Director

**Ms. Rasika Rathi**  
Non-Executive Director

**Mr. Kedar Desai**  
Independent Director

**Mr. Pramod Kasat**  
Independent Director

**Mr. Rajesh Sharma**  
Independent Director

**Mr. Vilas Aurangabadkar**  
Independent Director

**Mr. Vinodkumar Jajoo**  
Independent Director

**Dr. Sunny Sharma**  
Additional Director (Non-Executive)  
(Appointed w.e.f. November 02, 2019)

**Ms. Rajshree Patel**  
Additional Director (Independent)  
(Appointed w.e.f. June 12, 2020)

## PLANTS

(including subsidiaries)

A-61/62, M.I.D.C. Area, Sinnar,  
Nashik - 422 103. Maharashtra  
SORL, H-17, M.I.D.C, Satpur Area,  
Nashik, Maharashtra

Survey No.30, Pali, Vasind,  
Shahpur, Thane, Maharashtra

Plot No. B-5-13, SEZ, Pithampur,  
Dhar, Madhya Pradesh

Plot No 548 to 550, APIIC Growth  
Center, Gundlapalli Village,  
Maddipadu Mandal, Prakasam  
District, Ongole, Andhra Pradesh  
523 211

13591 Yorba Avenue, Chino,  
California 91710.

4880 Murrieta St., Chino CA 91710.

## LEADERSHIP TEAM

**Mr. Beni Prasad Rauka**  
Chief Financial Officer

**Dr. Anil Kumar Gupta**  
Vice President  
Research & Development

**Mr. Dipak Roda**  
Vice President  
Market & Business Development

**Mr. Sanjay Basantani**  
Company Secretary &  
Head-Legal

**Mr. Harshad Doshi**  
Chief Financial Officer & Chief  
Operating Officer of the US  
subsidiaries

**R&D LOCATIONS**  
(including subsidiaries)

Plot no. A-161, Main Road No. 27,  
Wagle Industrial Estate, Thane (W)  
400 604

A-135, Road No. 23, Wagle Industrial  
Estate, Thane (W) - 400 604

A-61/62, M I D C, Malegaon, Sinnar,  
Nashik, Maharashtra - 422 113

Plot No 548 to 550, APIIC Growth  
Center, Gundlapalli Village,  
Maddipadu Mandal,  
Prakasam District,  
Ongole, Andhra Pradesh 523 211

Alfred-Nobel-Str. 10, 40789  
Monheim am Rhein

## REGISTERED OFFICE

**Advanced Enzyme Technologies Limited**  
CIN: L24200MH1989PLC051018  
A wing, Sun Magnetica, 5<sup>th</sup> Floor,  
LIC Service Road, Louiswadi,  
Thane (W), Maharashtra - 400 604  
Tel: +91-22-41703200  
Fax: +91-22-25835159  
Email: info@advancedenzymes.com  
Website: www.advancedenzymes.com

## REGISTRAR & TRANSFER AGENT

Link Intime India Pvt. Ltd ,  
C 101, 247 Park,  
L.B.S. Marg, Vikhroli (West),  
Mumbai - 400 083  
Tel: +91-22-49186270  
Fax: +91-22-49186060  
Email ID: rnt.helpdesk@linkintime.co.in  
Website: www.linkintime.co.in

## STATUTORY AUDITORS

B S R & Co. LLP,  
Chartered Accountants  
5<sup>th</sup> Floor, Lodha Excelus,  
Apollo Mills Compound,  
N.M. Joshi Marg, Mahalaxmi,  
Mumbai - 400 011

## INTERNAL AUDITORS

Aneja Associates,  
Chartered Accountants  
301, Peninsula Towers,  
Peninsula Corporate Park  
Ganpatrao Kadam Marg,  
Lower Parel, Mumbai - 400 013

## SECRETARIAL AUDITORS

Mr. Shiv Hari Jalan  
Practicing Company Secretary  
1055, Level 10, Hubtown Solaris,  
N.S. Phadke Marg, Andheri (East),  
Mumbai - 400 069

## BANKERS

Citi Bank N.A.  
HDFC Bank Ltd.  
DBS Bank Ltd.

# LEADERSHIP TEAM



**Mr. Beni Prasad Rauka**  
(Group CFO and Director - Advanced Bio-Agro Tech Ltd, Advanced Enzytech Solutions Ltd & JC Biotech Pvt Ltd)



**Dr. Anil Kumar Gupta**  
(Vice President - Research & Development and Managing Director - evoxx technologies GmbH)



**Mr. Dipak Roda**  
(Vice President - Market & Business Development, Director - Advanced Enzytech Solutions Ltd, India)



**Mr. Sanjay Basantani**  
(Company Secretary & Head Legal)



**Mr. Harshad Doshi**  
(Chief Financial Officer & Chief Operating Officer of the US subsidiaries)



# MANAGEMENT DISCUSSION & ANALYSIS

## Global Economy

The global economy experienced a slump in FY20 due to reduced global trade and investments. Both advanced (especially the European) nations and Emerging Markets and Developing Economies (EMDEs) experienced a slowdown. Crucial economic factors fell down to their lowest levels since the worldwide financial crisis. For a major part of 2019, the trading of goods in a global scale shrank, and the manufacturing activity reduced slowly and steadily. However, during the fag end of the financial year, manufacturing picked up pace at lower levels and few growth factors were identified in some economies.

Negotiations between the United States and China softened the bilateral ties, resulting in a planned partial rollback of the tariffs that had soured the relations. Such a development after an extended period of trade dispute

has led rise to policy uncertainty and affected international trade, investment and overall confidence. The rest of the world has taken a protectionist stance since the tariffs between the two countries were increased.

Towards the end of FY20, the confidence in the financial market was restored amid better trade relations. Worldwide concern regarding growth factors compelled major banks to ease monetary policies. The global growth in the last financial year was 2.4%, which is the lowest since the global financial crisis. However, the economy is expected to revive in FY21 with gradual improvement in investments and global trade. If the trade tensions do not re-escalate, the global growth will improve from 1.4% in FY20 to 1.9% in FY20. In the coming years, the monetary policy is expected to be accommodative but the fiscal policy might fade.



The lack of growth surrounding Emerging Market and Developing Economies (EMDEs) complicates the policy challenges. Emphasis must be laid on the growth of EMDEs for ensuring progress, elevating the living standards and removing poverty. Focus must be given on drafting policies that motivates investment in human and physical capital, allocates resources for improving productivity, helps in adopting modern technology and promotes a growth-initiating and sustainable environment. Investing in green infrastructure will also help in achieving goals that will reduce the reliance on non-renewable sources and minimise pollution.

(Source: World Bank Report 2020)

## Indian Economy

The Indian economy's GDP grew at a rate of 5% in FY20 and for FY21, the rate is anticipated to rise to 6-6.5%. The current slowdown in growth rate is because of slow consumption rate, decline in fixed investment, weak trade activities and a tough manufacturing atmosphere. The fiscal deficit target might be relaxed for FY21, as revival of the economy continues to be the top priority. For boosting the consumer sentiment and sluggish demand, additional fiscal headroom will be created by adopting counter-cyclical fiscal policies.

The overall industrial segment recorded a 2.5% growth in FY20, which was 6.9% in FY19. The Index of Industrial Production Growth (IIP), which reflects the industrial performance of an economy, was recorded 0.6% for 2019-20. This steep fall is on the back of subdued domestic demand in crucial sectors, like pharmaceuticals and automotive. Additionally, sectors like leather, textiles, basic metals and jewellery also underperformed. Another important factor which had a major impact was the liquidity crunch because of lesser lending by NBFCs.

The nation's vision of becoming a \$5 trillion economy by 2025 requires strong determination and incorporation of pro-business policies. Providing essential support for new players in the market, improving the ease of doing business, eliminating unnecessary policies which prove detrimental and enhancing trade for job creation are crucial for future growth. Exports of network products has the potential to bring the economy on track, as it can provide impetus to the manufacturing sector and develop numerous jobs. This will be done by merging "Assemble in India for the world" with the "Make in India" initiative. The exports of network products is anticipated to touch \$7 trillion by 2025, which will play a crucial role for the Indian economy.

## Impact of COVID-19 on Economy

The economy was in the midst of turbulent tides in the final few quarters of FY20. Any hopes of revival in the final quarter of the fiscal year were put down by the outbreak of COVID-19. The outbreak has impacted nearly every sector of the economy, the worst affected being tourism, hospitality and aviation. The retail sector has taken a significant hit with supermarkets, malls and theatres being closed. This comes on the back of minimum to no activity in sectors like entertainment, construction, etc. The pandemic is expected to cost Indian trade \$348 million. India is one of the top 15 nations which is directly affected due to the manufacturing slowdown in China.

Considering the challenges being faced by businesses and consumers, numerous agencies have revised their growth projections for Indian for the years 2020 and 2021. With travel restrictions, subdued consumption, supply chains disruptions and low investment levels, the country has an uphill task of adapting to the scenario and bringing the economy back on track.

(Source: [www.deloitte.com](http://www.deloitte.com), [www.ficci.com](http://www.ficci.com))

## Global Enzymes Market

The enzyme market is anticipated to reach \$14.7 billion by the year 2025, on the back of a Compound Annual Growth Rate (CAGR) of 6.7%, in terms of value. A sharp improvement in the enzyme market is projected due to major breakthroughs in enzyme research and development, introduction of genetically-engineered enzymes, advancements in green chemistry and enzyme engineering. The demand for bio-fuels has also increased over time, with the depletion on non-renewable sources and increase in concerns regarding sustainability of the environment. The benefits of enzymes in multiple industries are being recognized, which will be crucial for the industry in years to follow.

The carbohydrase segment is the most promising enzyme type in the market as of now. These compounds are employed for industrial applications like leather and textiles, paper and pulp, food and beverages, biofuels and much more. Amylase, a type of carbohydrase which catalyses the hydrolysis of starch to sugar, is currently dominating the market.

In terms of specialty enzymes, the largest market size was of the pharmaceutical segment in FY20. With more applications of enzymes in the pharmaceutical industry, their demand has been on the rise. Manufacturers are now contemplating the use of biocatalysts in the manufacturing process, which will also lead to growth. Since enzymes contribute heavily in the development of medicines for ailments like cancer, heart-related and many more, the demand of such compounds is only about to increase.

## 1. Food Enzymes Market

The food enzymes market, at a CAGR of 6.9%, is projected to be valued at \$3.23 billion by 2023. Factors like better food quality, rising demand of processed food and increased awareness about nutrition-rich foods have contributed towards the market's growth. With growing demand of environment-friendly manufacturing processes, the market is primed to shift towards a path of promising and sustainable future. However, challenges like changing legislations and lax safety regulations can hinder the growth prospects.

In the coming years, the lipase segment by type is anticipated to have the highest CAGR. Lipase is involved in the hydrolysis of fats or lipids and catalyses the breakdown of oils and solid fats into compounds. The enzyme is crucial in the fermentation of milk products like cheese and yogurt and is widely used in the bakery, oil & fat and dairy industries. With the growth of food and beverage industry, the demand for lipase is rising.

Food enzymes in liquid forms also have bright prospects in the coming years, both in terms of market expansion and usage. These enzymes are less stable than solids; however they possess better functionality and are more active. Supplied as a solution to be sprayed on pellets, the liquid enzymes are very easy to use and are in-demand globally.

As of FY20, North America is the largest market share for food enzymes because of consistent demand of good quality processed food and the overall progress

of the food and beverage industry in the nation. However, the highest CAGR has been reported in the Asia Pacific region, owing to the rapid increase in demand of the enzyme and high population. It is estimated that Asia Pacific will be growing at a CAGR of 8% and if the trend continues, soon the region will develop as a major market for the enzyme industry.

High reaction specificity of enzymes has been the driving factor of the industry in various markets all over the globe. This also helps in eliminating any possible side reactions that affect the safety of the product for human use. Considerable time and costs are reduced by employing enzymes for the selective analysis of food elements, when compared to the conventional method of using chemicals.

Food enzymes are influenced by their environmental conditions. Any change in temperature leads to changes in reaction rates and thermal agitation can destroy the food enzyme structure. Variation of the pH outside the operational range can also have a similar deteriorating effect, leading to reduced enzyme activity and complete denaturation. Emphasis is being laid of developing enzymes that have a wide domain of operational temperature and pH range.

In 2015, the European market accounted for nearly 30% of the global market for the food enzymes industry. With large-scale manufacturing of food enzymes, the food and beverage industry of the continent attracted scrutiny for its use of the compounds. The onus is on The European Food Safety Authority (EFSA) to make a list of authorised food enzymes that will be approved for use in the European Union (EU).

The raise in demand for nutraceutical products poses an opportunity for the food enzyme industry. Manufacturers are investing heavily on research and development for finding solutions to chronic diseases. The medicine industry is working hard to incorporate nutritional values in fortified and functional food products, which is driving the need for food enzymes.

## 2. Feed Enzymes Market

In 2019, the global feed market was valued at \$1.2 billion and is expected to rise to \$2 billion by 2025 with a CAGR of 9.1%. The growing concern surrounding animal health and demand for more nutrients in their feed are the driving factors for this industry. The Asia Pacific region is the biggest market of food and enzymes because of the large population of livestock and demand for meat and meat products.

*(Source: [www.marketsandmarkets.com](http://www.marketsandmarkets.com))*



On the basis of type, the phytase segment dominates the market in terms of value. This enzymes type is preferred by livestock producers and animal feed manufacturers, due to its high activity at low pH, nutritional value and many other health-related reasons.

By source, the microorganism segment is the most popular in the market due to its use in extracting feed enzyme. The enzymes extracted are resourceful in manufacturing animal feed. As of now, molecular procedures like metagenomics and genomics are employed to discover microbial enzymes for improving feed quality.

On the basis of livestock, the poultry segment is primed for highest growth in terms of value. According to Organisation for Economic Co-operation and Development (OECD) and the Food and Agriculture Organization (FAO) Agricultural Outlook 2017-26, the worldwide meat production will rise sharply in the next decade. Additionally, the production of poultry for meat will account for more than half the production of all additional meat by 2025. Such a scenario presents a growth opportunity where there will be demand for better quality of feed, ultimately driving the feed enzyme industry.

### 3. Industrial Enzymes Market

The industrial enzymes market is valued at \$5.9 billion in 2020 and with a CAGR 6.5%; it will touch an estimated \$8.7 billion by 2026. The rising environmental concerns, increasing demand of bioethanol and breakthroughs in R&D will continue to propel the industry for years to come. The industrial usage has been boosted by developments in enzyme engineering and green chemistry, coupled by the increasing use of genetically engineered enzymes. The multifunctional benefits of these enzymes for numerous applications and introduction of new technology to reduce the consumption of chemicals are growth factors for industrial enzymes.

On the basis of type, the carbohydrases segment occupies the largest share in the industrial enzymes market. Classified into amylases, cellulases and much more, such enzymes are used in numerous industries (food and beverages, textiles, leather, detergents and bioethanol). They are cost-effective, consume less space and time, and are easily modified for various processes.

In terms of application, the food and beverages segment has the strongest hold in the industrial

enzymes market. Industrial enzymes have multiple applications in the food and beverage industry and the consequent demand is contributing towards their growth. Most of them are food processing aids, however, there are a few additives in the market such as lysozymes and invertases.

North America is the largest market for industrial enzymes, due to the use of modern technology for the application of the enzymes for various causes. The research and development of novel and enhanced products and industrialization also contribute towards driving the demand. Industrial enzymes are increasing in demand for food and beverage industry in the region, leading to a prominent market presence.

### 4. Specialty Enzymes Market

The specialty enzymes market is valued at \$4.4 billion in 2019 and at a CAGR of 6.9%, it should reach \$6.6 billion by 2025. Biological catalysts in pharmaceutical and diagnostics are in demand, which is the main growth factor of specialty enzymes. Technological enhancements for the optimization of pharmaceutical production and improvement of quality have also contributed in increasing the use of these enzymes. The market will grow further on the back of multi-functional advantage of the enzymes and introduction of modern technology to reduce the dependability on chemical catalysts.

By type, the largest market share is occupied by the polymerases & nucleases segment. These enzymes are used in applications such as biocatalysis, pharmaceuticals, diagnosis, research and biotechnology. Polymerases and nucleases are grouped together because both of them are used for catalysing the synthesis of nucleic acid polymers like deoxyribonucleic acid (DNA) and ribonucleic acid (RNA) and other similar applications.

On the basis of application, the pharmaceutical segment occupies the largest market share on the back of increasing demand for drug manufacture and disease diagnostics. Enzymes are now being incorporated into therapies for numerous diseases like cardiovascular, cancer, lysosomal storage disorders and many more, ultimately fuelling demand in the market.

Due to a progressive pharmaceutical scenario backed by heavy research and development, North America continues to be the largest market share for specialty enzymes market. Global industrialization and development of novel products for better performance are also contributing factors.

*(Source: [www.marketsandmarkets.com](http://www.marketsandmarkets.com))*

## 5. Probiotics Market

The probiotics market was valued at \$49.4 billion in 2018 and is estimated to rise to \$69.3 billion by 2023 at a CAGR of 7%. The growth will be catalysed by the nutritional benefits of foods fortified with probiotics and relevant innovation in technology in the industry. The increasing use of nutrition rich food, as a result of awareness amongst the consumers regarding a healthy diet, is a growth opportunity. In the Asian countries, the rise in aging population will improve the demand for the manufacturing of such foods and hence, the enzymes. A factor which is proving to be a hindrance is the international quality standards, high R&D costs for developing strains and regulations for probiotic products.

On the basis of ingredients, yeast is the fastest growing segment in the global market. This is due to the rise in demand of products which require *saccharomyces boulardii* and positive effects on human intestinal flora. Probiotic yogurts are now attracting consumers in developing countries like India, China and Brazil. Japan is also a lucrative market, with numerous types of probiotic food and drinks available in supermarkets.

Based on application, the food and beverages segment has the largest market share. The products that fall under this bracket offer nutrition and are cost-effective. Therefore, they have a marked presence in populated countries. The segment is also the highest revenue-earning market in various regions.

(Source: [www.marketsandmarkets.com](http://www.marketsandmarkets.com))

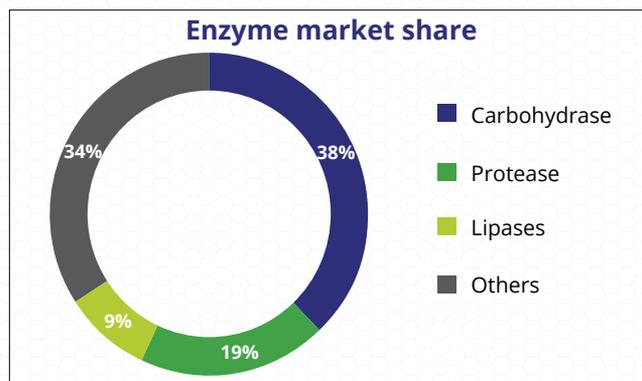
## Indian Enzymes Market

The Indian enzyme market is yet to find its feet, as it is quite small when compared to the other sectors in the country. However, the growing awareness about the capabilities of enzymes and the subsequent benefits (both nutrition and cost-wise) will be important growth factors in the coming years. In FY19, the Indian enzyme industry was valued at ₹ 23.60 billion with a growth rate of 7%. The developments in pharmaceuticals and chemical sectors will provide much needed boost to the enzyme market and it is expected that the demand of specialty enzymes will be more than the industrial ones.

The number of major players in this market in India is nearly 25, but most of them are into formulations or marketing. The country has sparse local and multi-national companies which manufacture a wide variety of enzymes to be employed in various industries like food processing, leather, paper and pulp, pharmaceuticals and many more. Considering the growing need for biological

products and nutritional food, these companies are now rapidly increasing their product range.

The Indian manufacturers are expanding their market base by exporting their products to a number of countries. In FY20, on an average per quarter enzymes worth ₹ 78.57 crores were exported to USA, Japan, Germany and Denmark. With the revival of the economy, an increase in foreign direct investment will support the industry and promote the use of enzymes. The government will motivate R&D in biotechnology to exhibit the nation's capabilities in terms of pharmaceuticals and the relevant technology. This move will make India an attractive market and companies will look for inroads for gaining grounds. Apart from biotechnology and pharmaceuticals, enzymes are resourceful in other industries like household care, food and beverage, leather manufacturing, animal feed, etc. Better R&D infrastructure and increased awareness about enzymes and its products will help in improving the overall market size in India.



(Source: [www.magzter.com](http://www.magzter.com), Pharmaion, "India Industrial Enzymes Market Forecast & Opportunities, 2020")

## Indian Nutraceutical Market

India has a vast expanse of herbal medicines and supplements, which form the core of nutraceuticals. The nutraceutical market in the country was valued at \$4 billion in 2017 and is anticipated to grow to \$18 billion by 2025, backed by the increasing demand of such products from both upper and middle-class population.

The Indian nutraceutical market is divided into three categories - functional food, beverages and dietary supplements. Products which fall under the first and second are breakfast cereals, sports drinks, fortified flour and glucose. Dietary supplements, on the other hand, have a market share of more than 65% and include items like herbal and non-herbal extracts and macronutrients. The growth of this segment is 17%, which is due to the growing demand and variety of products available.



Another crucial factor which drives the nutraceutical market is the fact that 15% of the country's population is undernourished. The Government has undertaken several initiatives to address this, including Integrated Child Development Services (ICDS), mid-day meals and National Health Mission (NHM). Alternatively, India has overseen an increase in wealth, as middle and high income families will contribute nearly \$4 trillion of the nation's incremental consumption by 2030.

Following are the supply drivers that provide strength and support to the Indian nutraceutical market:

- A strong GDP growth among trillion-dollar economies
- A large area covered, spanning 7500 kms, 200 minor ports which makes the country a manufacturing hub
- Home to the highest number of US FDA approved plants outside the US
- Lowest labour costs among South Asian nations
- Rise in the visibility and availability of nutraceuticals due to significant internet penetration

The food processing industry and retail sector of the country is primed to rise to an estimated \$958 million by 2025 and \$1.7 trillion by 2026 respectively. This will be powered by the nutraceutical segment helping pharmaceutical products become consumer-oriented and the allowance of 100% FDI in the sector.

*(Source: MRSS India, ASSOCHAM, [www.Investindia.gov.in](http://www.Investindia.gov.in), [www.economicstimes.com](http://www.economicstimes.com))*

## Indian Probiotic Market

Demand for probiotics ingredient in India was \$29.1 million in 2015 and is expected to reach \$51.9 million in 2025, growing at an estimated CAGR of 8.4% from 2019 to 2025. Probiotics market by yeast amounted \$3 million in 2018 and is expected to increase and reach \$5.2 Million in 2025, growing at an estimated CAGR of 7.8% from 2019 to 2025. Probiotics demand for genus lactobacilli was \$15.5 million in 2018 and is expected to reach \$28.2 million in 2025, growing at an estimated CAGR of 8.7% from 2019 to 2025. In terms of revenue, probiotics used in animal feed was worth \$2.8 million in 2018 and is expected to reach \$5.0 million in 2025, growing at an estimated CAGR of 8.6% from 2018 to 2025. Probiotics ingredient demand for human probiotics was \$24.6 million in 2018 and is expected to reach \$46.9 million in 2025, growing at an estimated CAGR of 8.4% from 2019 to 2025.

*(Source: grandview research)*

## Impact of COVID-19 on Enzymes Industry

The outbreak of coronavirus across the whole world has led to the shutdown of businesses and industries for uncertain periods of time. The healthcare sector is at the epicenter of this unprecedented global pandemic challenge, and dramatically rising demand for medicinal drugs, extensive research, and innovative enzyme formulation for human welfare are anticipated to foster the demand for enzymes, which will eventually drive the domestic as well as global market. Enzyme development and manufacturing is a continuous process, however during the month of April 2020, we witnessed a slowdown in the activities due to lack of clarity on operational directives and we have seen the impact of the broken supply chain on the industries in terms of very less operation of transportation across the globe. As of now, the production facilities of your Company remain operational following enhanced internal safety guidelines. The lockdown of industries that are dependent on the consumption of enzymes is currently hampering the growth of the market. Considering your Company Group's products classified as essential commodities, it is believed that that the impact of COVID-19 may not be significant and we will continue to monitor any material changes to future economic conditions.

## Company Overview

Advanced Enzyme Technologies Limited ("AETL") started operations about three decades ago with a strong vision supported by a group of professionals. Today, AETL is largest Indian enzyme company that has transformed business globally in the manufacturing of enzymes by improving the fundamentals based on research and technology. Your Company is engaged in the research and development, manufacturing and marketing of 400+ proprietary products developed from over 68 indigenous enzymes and probiotics.

Your Company is the pioneer in the production of enzymes in India and equipped with state-of-the-art manufacturing facilities and research and development centres across India, US and Germany, we offer hundreds of enzyme products. Your Company is committed to providing eco-safe solutions to a wide variety of industries like human healthcare and nutrition, animal nutrition, baking, fruit & vegetable processing, brewing & malting, grain processing, protein modification, dairy processing, specialty applications, textile processing, leather processing, paper & pulp processing, biofuels, biomass processing and biocatalysis etc. Your Company pride itself in being one of the few manufacturers in the world who possess excellence and expertise in fermented enzymes manufacturing. Your Company continues to set trends with the introduction of new applications for the

use of enzymes across various industries. Your Company comprises of four wholly owned direct subsidiaries, two subsidiaries (60% & 70%) and five step-down wholly owned subsidiaries as on 31, March 2020.

## Subsidiaries

Your Company helps consumers to access side effect free, enzyme based healthcare products

### Subsidiaries:

#### 1. Advanced Enzymes USA (“AEU”):

Advanced Enzymes USA was incorporated on November 01, 2010 with its registered address as 13591, Yorba Avenue, Chino, California-91710. AEU is a body corporate engaged in the research, development and marketing of cutting edge, efficacious and all-natural enzyme solutions of the highest quality catering primarily to the North American and Latin American markets. AEU has stake in following corporations. In terms of the consolidated financial performance, AEU’s revenue for FY 2019-20 was ₹ 1,937 million, and PAT for FY 2019-20 was ₹ 700 million.

##### a) Advanced Supplementary Technologies Corporation (“AST”):

Advanced Supplementary Technologies Corporation was incorporated on December 30, 2010 with its registered address as 13591, Yorba Avenue, Chino, California-91710. Your Company acquired AST on October 31, 2012. AST is a leading manufacturer of enzyme-based strength supplements to support cardiovascular, anti-inflammatory, joint, digestive and colon health. AST uses only non-genetically modified, natural ingredients, tested by its team of leading scientists and industry experts. AST helps customers achieve a healthy life-style with enzyme supplements that are formulated and manufactured in-house, assuring customers of the highest quality, activity, purity and safety. AST is a subsidiary of Advanced Enzymes USA.

##### b) Cal-India Foods International (doing business as Specialty Enzymes and Biotechnologies, SEB):

Cal-India was incorporated on March 25, 1985 and acquired by your Company on April 04, 2011 with its registered address as 13591, Yorba Avenue, Chino, California-91710. SEB is a leading producer of enzymes in the Western Hemisphere.

Specialty Enzymes and Biotechnologies offers complete enzyme solutions for healthcare and nutrition primarily to North America and Latin America. A subsidiary of Advanced Enzymes USA, the company specializes in creating customized enzyme blends, from conception to finished products, and also offers highly effective established enzyme products.

##### c) Enzyme Innovation, Inc. (“EI”):

Enzyme Innovation, Inc. was incorporated on October 8, 2013 as Enzytech, Inc with its registered address as 13591, Yorba Avenue, Chino, California-91710. Its name was changed to Enzyme Innovation, Inc. on April 3, 2014. Enzyme Innovation is a subsidiary of SEB, USA focused on marketing and business development of industrial enzymes in America. Enzyme Innovations caters to industries like Baking & Milling, Brewing & Malting, Brewing & Distilling, Fruit & Vegetable processing, Animal Feed, Protein Modification, Grain Alcohol, Paper & Pulp, Waste Management, Wine and Detergents & Cleaning aids. EI specializes in customized solutions.

##### d) Dynamic Enzymes, Inc. (“DEI”):

Dynamic Enzymes, Inc. was incorporated on February 24, 2015 under the laws of the State of California with its registered address at 4880, Murieta St., Ste. D, Chino, California 91710 since incorporation. DEI, inter alia, offers high quality systemic and digestive enzyme supplements through retail channels.

#### 2. Advanced Bio-Agro Tech Limited (“ABAT”):

ABAT is a public limited company initially incorporated as a private company on November 9, 2004 with registered office at A-Wing, 5<sup>th</sup> floor, Sun Magnetica, Louiswadi, Thane(W) 400064, Maharashtra, India. A subsidiary of your Company, ABAT is, inter alia, engaged in the business of promotion, development, marketing and selling products of your Company in the Animal Health and Nutrition segment and also developing market in crop saving drugs, composting etc. ABAT has established itself as a leader of poultry enzyme solutions within the Indian sub-continent, and offers solutions to the large South East Asian markets of Vietnam, Thailand and Malaysia. In terms of the financial performance, during FY 2019-20 ABAT’s revenue was ₹ 389 million and PAT was ₹ 56 million.



### 3. Advanced EnzyTech Solutions Limited (“AESL”):

It was incorporated on September 1, 2008 as a public limited company with registered office at A-Wing, 5<sup>th</sup> floor, Sun Magnetica, Louiswadi, Thane(W) 400064, Maharashtra, India. Advanced EnzyTech Solutions is a wholly owned subsidiary of AETL. AESL is engaged in the business of promotion, development, marketing and selling products of your Company in the bioprocessing non-food segment such as textile, pulp and paper and other process industries and providing enzymatic and other solution to them including providing of solution to pollution related problems faced by the process industries by using the said products. AESL aims to replace the traditional harsh chemical processes in these industries with newer, eco-friendly, yet cost-effective solutions using enzymes, micro-organisms and bio-degradable chemicals. In terms of the financial performance for FY 2019-20, AESL’s revenue was ₹ 91 million and PAT was ₹ 11 million.

### 4. JC Biotech Private Limited (“JC Biotech”):

JC Biotech was established in the year 1991 and registered office is at 8-2-269/S/3/A, Plot No.3, Sagar Society, Road No.2, Banjara Hills, Hyderabad, Telangana -500034, with the objective of manufacturing nutraceuticals, bio-pharmaceuticals and bio-chemicals. Effective December 01, 2016, JC Biotech has become a subsidiary as 70% stake of JC Biotech was acquired by your Company as on that date. Apart from continued development and manufacturing of bio-pharmaceutical molecules. In terms of the financial performance for FY 2019-20, JC Biotech’s revenue was ₹ 424 million and PAT was ₹ 61 million.

### 5. Advanced Enzymes (Malaysia) Sdn. Bhd.:

Advanced Enzymes (Malaysia) Sdn. Bhd. (“AEM”) (erstwhile Palm Techno Ventures Enzyme Sdn Bhd) is a 100% subsidiary of your Company. As it’s a newly acquired company during 2017 (incorporated in 2016), AEM conducted trials on products & yet to generate sales. During the year, expenditures were incurred on payment of salaries of technical person, administration and on trial on products and AEM recovered such expenses from the parent company and write-off of inter-company liabilities resulted in a profit of around ₹ 4 million. During the year, the Board approved the discontinuation of operations and closure of AEM and to initiate the process of closure thereto as AEM was not giving desired results.

### 6. Advanced Enzymes Europe B.V., Amsterdam (Netherlands) (“AEE BV”):

AEE BV was incorporated as a wholly-owned Subsidiary on July 11, 2017. It is registered with the Chamber of Commerce having issued share capital of €2 million. AEE BV is an SPV for European market and holds 100% Equity of evovx technologies GmbH. In terms of the consolidated financial performance (including evovx technologies, GmbH) for FY20, AEE BV’s revenue was ₹ 264 million and loss of ₹ 31 million (which includes about ₹ 80 million of operational gain and ₹ 63 million of amortization expense and finance cost of ₹ 48 million).

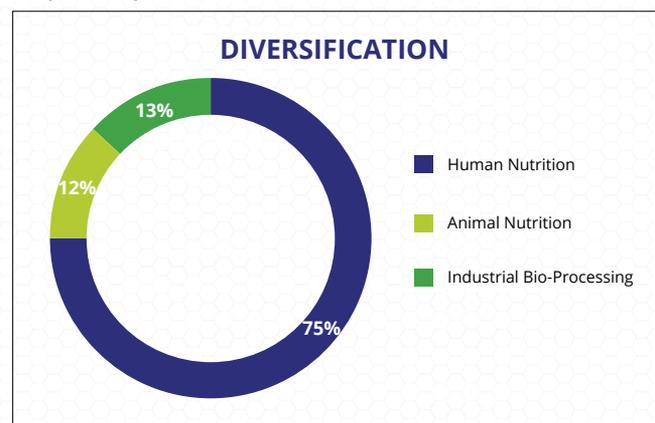
#### evovx technologies GmbH (“evovx”):

Your Company bought 100% stake in evovx during August 2017 through AEE BV. Revenues for evovx was ₹ 264 million and had positive impact on the bottom line by ₹ 21 million (which includes about ₹ 45 million of operational profit and charge ₹ 15 million of amortization expense and finance cost of ₹ 9 million).

The comparative numbers of the aforesaid subsidiaries can be referred in the Board’s Report, which forms an integral part of this Annual Report

## Product Category Discussion

Your Company caters to diversified industries and verticals like human nutrition, animal nutrition and bio-processing. Enhancing nutrition for animals, and also helping the industry to replace traditional thermal-mechanical-chemical processes into the enzyme-based process is one of our goals. In FY20, human nutrition vertical comprising of active ingredient for nutraceuticals and pharmaceuticals contributed 75% of the revenues followed by animal nutrition and bio-processing contributing 12% and 13% respectively.



## 1. Human Nutrition:

### Enzymes:

Your Company provides proprietary enzyme products and customized enzyme solutions to various pharmaceutical and nutraceutical companies in India, North America, Asia (ex-India), Europe and other countries globally. Customers use these enzymes as active ingredients in their pharmaceutical and nutraceutical formulations.

### Probiotics:

Probiotics are live microorganisms, when administered in sufficient amount, confer health benefits to human and animals. Probiotics have now become an integral part of several therapies for the digestive disorders and newer applications for treatment of several other diseases are being developed. Probiotics act by fighting with the disease causing microorganisms and by secreting beneficial metabolites in the human/animal system. Your Company has developed and upscaled technologies for the production and application of several important probiotics.

## 2. Animal Nutrition:

### Enzymes:

Enzymes increase the digestibility of modern animal feeds, which improves feed: gain ratios for ruminants and monogastric animals alike. Enzymes like cellulase and hemicellulase improve the nutritive value of silage and corn/soy-based feeds. Other enzymes like alpha-galactosidase increase the nutritional value of Non-Starch Polysaccharides (NSP). Enzymes may benefit dogs and cats by improving the digestibility of pet foods and strengthening the immune system. Our enzymes consistently deliver quality and effectiveness while having an economic value.

### Probiotics:

The ability of probiotic to produce enzymes, beneficial metabolites and competitive exclusion of harmful microorganism has led to their widespread applications in animal healthcare as well, where they are used for growth promotion and also as an antibiotic replacement tool. Your Company has developed and assessed efficacy of probiotic formulations useful in Animal healthcare.

## 3. Bio-Processing:

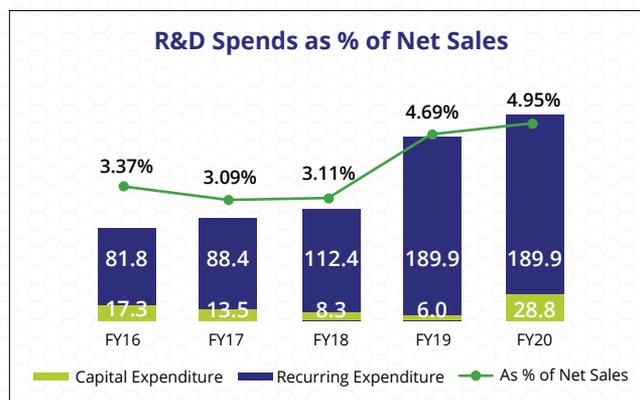
### Food Processing:

Enzymes play an essential role in developing more nutritious and appealing food and beverage products to the modern world, more-over enzymes offer significant benefits beyond the scope of traditional alternatives. Your Company provides proprietary enzyme products and customized enzyme solutions for food processing industries like baking, dairy and cheese processing, fruit and vegetable processing, cereal extraction, brewing, grain processing, protein processing and oils and fats processing. Our specialized enzyme products help customers to improve the quality of their products, reduce wastages, optimize resources, produce higher yields, reduce costs and also to decrease the environmental pollution.

### Non-Food Processing:

Enzymes are considered as potent biocatalysts for a large number of reactions replacing chemical catalysts. Your Company offers eco-safe solutions to a variety of industries such as textiles, leather, detergent and pulp and paper, which are used in the manufacturing of wide range of products. The biological solutions of your Company improve the efficiency of industrial processes by saving energy, water and other raw materials, while reducing waste and effluent load, thereby helping to comply with the pollution norms while reducing the overall process cost.

## Research & Development (R&D)



On consolidated basis, Research and Development expenditure for FY 2019-20 ("FY20") was ₹ 144.07 million (3.24% of Net sales) and FY 2018-19 ("FY19") is ₹ 112.94 million (2.69% of Net sales).



The DSIR approved R & D centres of your Company focus on development, evaluation, validation and upscaling of technologies for the commercial production and novel enzyme formulation for industrial processing & in human welfare. The research centre has developed expertise in cloning and expression of industrial enzymes in suitable and safe microbial hosts. The centres have developed strains expressing thermostable enzymes besides other enzymes of mesophilic origin. Technology for production of EPA and DHA using immobilized lipase (in house) has been developed, scaled up and successfully commercialized. Technology for synthesis of EPA DHA rich triglycerides, using lipases, has been developed.

Probiotic research has led to the development of strains and technology for production for some important probiotics belonging to Bacillus and Lactobacillus genus. Few technologies have been successfully scaled up. Our R&D Centre at Sinnar carry out research and development on improvement of enzyme production through conventional mutation technique; optimization and improvement in the fermentation technologies, and studies required for the scale-up of enzyme production. The centre has optimized fermentation technologies for the production of thermostable mannanase and xylanase. Studies related to scale up of the bacterium Lactobacillus resulted in successful upscaling. The centre has also been able to develop a proprietary technology for high density cultivation of spore forming bacterium Bacillus coagulans.

evoxx enhances our product portfolio and offerings for the Pharma Bio-Catalysis and Food Bio-Processing Industries and also brings in certain specialized nutritional carbohydrates. evoxx is helping us in strengthen our R&D capabilities.

## Financial Analysis on consolidated basis:

### 1. Revenue from Operations:

Your Company's revenue from operations on consolidated basis increased to ₹ 4,440 million in the financial year 2019-20 ("FY20") from ₹ 4,196 million in the financial year 2018-19 ("FY19"), a growth rate of 6%. The total revenue comprises of International sales amounting to ₹ 2,537 million (FY19 - ₹ 2,494 million), growth of 2% and Domestic sales amounting to ₹ 1,903 million (including Export Incentives of ₹ 24 million) (FY19 - ₹ 1,702 million (including Export Incentives of ₹ 19 million)) increase of 12%.

Your Company's domestic sales constitute about 43% of revenue from operations during FY20 as

compared to 41% of revenue from operations during FY19. International sales were 57% of revenue from operations as compared to 59% of revenue from operations during FY19.

### Financial Costs:

Financial costs decreased to ₹ 30 million in FY20 from ₹ 39 million in FY19, a decrease of around 23%.

### 2. Profit:

Consolidated EBITDA (Earnings before interest, tax and depreciation & amortisation excluding other income) margin during FY20 was ₹ 2,023 million (46%) as compared to ₹ 1,819 million (43%) during FY19, increase of 11%. Profit before tax stood at ₹ 1,791 million (40%) during FY20 as against ₹ 1,619 million (39%) in the previous year, a growth of 11%. Profit after tax stood at ₹ 1,330 million during FY20 as compared to ₹ 1,159 million during the FY19, a growth of 15%.

### 3. Other Income:

Other income for FY20 was ₹ 56 million as compared to ₹ 50 million in FY19.

### 4. Depreciation & Amortization:

Depreciation & Amortization charge for the FY20 higher by 22% at ₹ 258 million as compared to ₹ 211 million in the previous year. Increase in depreciation and amortization supported by Tangible assets (Plant and machinery) for amounted to ₹ 47 million decrease in amortisation supported by Intangible assets ₹ 0.10 million

### 5. Net Worth and Returns:

The Net Worth of the shareholders stood at ₹ 8,397 million as at March 31, 2020 as compared to ₹ 6,788 million in the previous year. Return on Equity (ROE) for the year FY20 is 18% as compared to 19% for the previous year. (Return ratio is calculated based on average shareholders' fund)

### 6. Cash and Cash Equivalents:

Cash and Cash Equivalents in FY20 stood at ₹ 830 million against ₹ 234 million in FY19.

**Details of significant changes (i.e. Change of 25% or more as compared to the immediately previous financial year) in key financial ratios, along with detailed explanations therefore:**

Ratios	2019-20	2018-19	Variance	Reasons for variance
Interest coverage ratio	57.99 times	41.46 times	about 39.87% improvement	Repayment of loans and lower average utilization of working capital credit facilities and higher profits during the year under review.
Current ratio	5.93 times	4.16 times	about 42.57% improvement	Cash generated from operations during the year used for repayment of borrowings (including current maturities) coupled with lower utilization of working capital credit facilities and deployment of surplus funds in current investments resulted in improvement of current ratio.
Debt/Equity ratio	0.02 times	0.05 times	60% improvement	Repayment of loans and lower average utilization of working capital credit facilities.

**Note 1:** There has been no significant change in the Debtors turnover ratio, Inventory turnover ratio, Operating profit margin and Net Profit margin, as compared to the financial year 2018-19

**Note 2:** Optimisation of operating costs resulted in improvement of EBITDA margin from 43% to 45% resulted in improvement of margins and consequently improved return of net worth.

## Outlook

Your Company has reviewed its business model and will continue to focus on human and animal nutrition; also efforts will be made to expand its product portfolio and market of Probiotics.

Your Company intends to expand its presence in the huge global market for Animal Feed. We will continue to drive revenues by expanding our distribution network and registrations in key target geographies like North America, Europe and Latin America. Your Company also continues to explore new avenues, both organically and inorganically, to establish a significant presence in key target segments.

To drive the growth of enzymes and probiotics business, your Company is fairly comfortable with its existing capacities and capital investments. Currently, we are operating at 55% (approximately) of the installed capacity of its fermentation assets, which is sufficient to fulfil our present customer needs. Your Company intends to set trends in the R&D areas mainly for the formulation for new applications and shall continue to significantly invest to build its portfolio in focus applications and industries.

## Risks & Concerns

### 1. Customer concentration:

Your Company's top 10 customers concentrate around 35% of total revenue of the Company on consolidated basis, which creates concentration risk. Any reduction or discontinuation in demand from

the customers may have an adverse effect on our business prospects, financial condition and results of operation. Your Company has de-risked the business model having diversified client base with more than 700 customers and tapping new geographies, thereby the risk is being mitigated.

### 2. Forex risk:

A significant portion of our revenues are derived by exporting our enzyme products and solutions to North America, Asia (ex-India), Europe and various other countries. For the fiscal year ended March 31, 2020, 57% of our revenue from operations was from international markets, while 43% was contributed by the Indian market. While depreciation of the Rupee against the U.S. Dollar and other foreign currencies increases the Rupee value of such revenues, an appreciation of the Rupee, particularly with respect to the U.S. Dollar, decreases the Rupee value of our revenues. The Company uses derivative instruments, i.e., foreign exchange forward contracts to mitigate the risk of changes in foreign currency exchange rates in respect of its highly probable forecasted transactions and recognized assets and liabilities.

### 3. Competitive risk:

Our one of the main product "Serratiopeptidase" which is manufactured by the subsidiary JC Biotech. Competition from few new entrants in the market with homogeneous product and consequent pricing pressures may adversely affect sales of our product. We are confident on our product & by substantially



maintaining good customer relationship in the market and constantly monitoring this issue thereby mitigating the risk.

#### 4. Regulatory & Compliance risk:

The Company is exposed to risks pertaining to various applicable statutes, laws and regulations. Non-compliance, if any, may result in financial loss / penalties. The framework is followed by the Company wherein the requisite compliances are reviewed periodically through internal auditors & external compliance audits.

For Financial risk management, please refer to Note No. 51(C) of the Consolidated Financial Statements which forms an integral part of this Annual Report.

#### Opportunities

The increase in the population is driving the demand of enzymes and probiotics across the world and as we all know a simple rule of economics, higher the population bigger the opportunity.

The Company may benefit from increase in healthcare spending in the U.S. and India. U.S. has the highest health spend in the world and drastically it moving towards the usage of human healthcare enzymes and Probiotics. The usage of high protein and genetically modified proteins is picking up the market in the country to match the high efficiency and fast moving lifestyle. Nevertheless the medical situations like COVID-19, Ebola, etc. which are arising in the world is forcing people towards consuming immunity booster enzymes and probiotics. In 2018 U.S spent on healthcare recorded at 14.3% of GDP and it is projected to grow at an average annual rate of 5.4% for 2019-28 and to reach \$6.2 trillion by 2028 which is 1.1% faster than GDP per year. Price growth for medical goods and services is projected to accelerate, averaging 2.4% per year for 2019-28.

Coming to the Indian market, the population in India is increasing at very high rate and it is expected to reach 1.4 billion by 2022. At the same time when you look at the numbers of FY20, the annual health spending is just 1.29% of GDP which shows the lack of health awareness and a lot of untapped market. Since past few years an upside gradual shift in health spending is seen in the Indian lifestyle, which shows a positive sense.

Your Company may benefit from the increase in pet industry spending in the US. According to the American Pet Products Association (APPA), the overall pet industry spending increased. Your Company offers a number of

products to the animal healthcare industry. Your Company also has subsidiaries in the US. Increase in pet industry spending may increase demand for the Company's products.

The rising demand of dairy, meat and poultry farms across the globe will drive the demand of animal healthcare enzymes in the market. The said market was sized at \$1.3bn in 2018 which is expected to reach at \$2.3bn by 2026. The OECD-FAO in their Agricultural Outlook to 2026 produced a series of projections for livestock products.

*(Source: [www.cms.gov](http://www.cms.gov), OECD-FAO Agricultural Outlook 2019-2028)*

#### Threats

Your Company has to abide by stringent regulations and specifications pertaining to its products in its domestic and export markets. For instance - newly marketed food enzymes need a prior market authorization by the US Food and Drug Administration (FDA) in the US and by the European Food Safety Authority (EFSA) in Europe. Additionally, few EU Member States have additional national legislations on food enzymes. These legislations include specifications for purity and activity and are aimed at ensuring the safety of enzyme preparations for the final consumers. The Company has to incur significant cost to conform to the regulations and any non-conformance may result in fines and other penalties, which may be derogatory to the Company's image.

Your Company operates in a highly competitive market. Some of the key factors driving competition in the industry include product functionality and quality, pricing, customer service, product innovation and effectiveness of marketing and distribution channels. To survive and succeed in a stiff competitive environment, it is very important for the Company to distinguish its product and service offerings through a clear and unique value proposition. Some of the competitors of the Company have greater financial, marketing and other resources, which enables them to pursue more vigorous marketing and expansion activities. Intense competition may have a material adverse impact on the Company's operations.

#### Internal Control and Risk Management System

In your Company, an internal control system is in place to ensure the effectiveness and efficiency of the operations. Internal control system plays a significant role in the process of risk identification and its mitigation. It is a valuable contribution which ensures compliance of applicable laws and regulations.

Risk management is the primary function of the internal control system. In your Company, proper communication channel from top-to-bottom and vice versa safeguard the internal control system by considering internal and external factors in an appropriate and timely manner.

Your Company has adopted a revised Risk Assessment & Management policy in supersession of the existing policy, which embeds the vision that a robust Risk Management system ensures commensurate controls and monitoring mechanism for smooth and efficient management of Business. The Policy outlines the framework for identification, measurement, evaluation, monitoring and mitigation of various risks. The Internal Auditors have also reviewed the Risk Management framework of the Company. The Risk Registers are prepared by the concerned departments wherein the respective risks are identified along with its current control activities and the mitigation plans, if any. Thereafter, the registers are reviewed periodically.

IT system is continually improved on preventive basis and to address challenges faced by IT system due to hacking and other issues.

We evaluate the effectiveness and efficiency of an internal control system by setting up the targets on a continuous basis with corrective actions in case of any deficiency by comparing it with its actual results.

Your Company maintains appropriate and adequate Internal Control System / Internal Financial Control commensurate to its size and nature of operations. Your Company's Internal control systems are tested and certified by the Internal Auditors and Statutory Auditors of the Company.

## **Material developments in Human Resources / Industrial Relations**

Your Company continues to place significant importance on its Human Resources and enjoys cordial relations at all levels. Our constant endeavour is to invest in people and people processes to improve human capital for the organization and service delivery to our stake holders.

Attracting, developing and retaining the right talent will be a key strategic imperative and the organization continues its undivided attention towards that. Your Company recognizes the fact that Human Capital is one of the vital constituents of a successful organization. The growth of your Company and execution of new projects places emphasis on the recruitment process and your Company has been successful in attracting professional talent. New talent was inducted into the organization

to fill the gaps at various levels within the organization this year. Your Company is having a talented pool of around 331 employees as on March 31, 2020, comprising of professionals from diverse backgrounds like R & D, Sales, Finance, Legal, IP & Regulatory, manufacturing etc. Your Company strives to provide a conducive and supportive work environment to help the employees excel through various employee engagement programs. The management strengthens Human Resources by making available better tools, technology, techniques at the work place to harness the latent potential as it has always aimed at bettering the performance of individuals and groups.

To sharpen the skills, update the concepts and to gain more knowledge Human Resource department constantly organized various training and development programs. For certain critical functional heads, external technical training was provided to make them ready for taking up new projects. Employees' health and safety measures were taken care at work places, manufacturing areas, etc. Human Resources endeavours to create a culture where learning is a natural outcome of all engagements. It is important to have a 'growth mindset' where learning grows when you share and help others succeed. Your Company has stressed lot of importance on de-stressing techniques as it strongly believes that "A happy individual always performs well". Industrial relations at the Company were cordial throughout the year.

## **Cautionary Statement**

Statements made in this Management Discussion and Analysis Report may contain certain forward-looking statements based on various assumptions on the Company's present and future business strategies and the environment in which it operates. Actual results may differ substantially or materially from those expressed or implied due to risk and uncertainties. These risks and uncertainties include the effect of economic and political conditions in India and abroad, volatility in interest rates and in the securities market, new regulations and Government policies that may impact the Company's businesses as well as the ability to implement its strategies. The information contained herein is as of the date referenced and the Company does not undertake any obligation to update these statements. The Company has obtained all market data and other information from sources believed to be reliable or its internal estimates, although its accuracy or completeness cannot be guaranteed.



## BOARD'S REPORT

Dear Members,

Your Board of Directors ("**Board**") is pleased to present the 31<sup>st</sup> Annual Report of Advanced Enzyme Technologies Limited ("**Company**") along with the Audited Financial Statements for the financial year ended March 31, 2020.

### FINANCIAL HIGHLIGHTS

The financial performance of your Company for the financial year ended March 31, 2020 is summarized below:

(₹ in million)

Particulars	Standalone		Consolidated	
	Year ended March 31, 2020	Year ended March 31, 2019	Year ended March 31, 2020	Year ended March 31, 2019
Revenue from operations	2,474	2,221	4,440	4,196
<b>EBITDA</b>	<b>768</b>	<b>524</b>	<b>2023</b>	<b>1,819</b>
Less:				
Finance Cost	11	22	30	39
Depreciation and Amortisation	88	86	258	211
<b>Add:</b>				
Other income	90	56	56	50
<b>Profit Before Tax</b>	<b>759</b>	<b>472</b>	<b>1,791</b>	<b>1,619</b>
<b>Less: Provision for Taxation</b>				
Current tax	194	120	505	489
Deferred tax	(15)	-	(42)	(20)
MAT credit entitlement		-		-
Tax adjustment for earlier years		-	(2)	(9)
<b>Tax expenses</b>	<b>179</b>	<b>120</b>	<b>461</b>	<b>460</b>
<b>Profit for the year</b>	<b>580</b>	<b>352</b>	<b>1,330</b>	<b>1,159</b>
Surplus Brought Forward from Previous Year	2,140	1,849	5,376	4,332
Amount Available for Appropriations	2,639	2,140	6,575	5,376
<b>Earnings Per Share (Amount in ₹)</b>				
Basic	5.19	3.16	11.58	9.95
Diluted	5.18	3.15	11.56	9.94

### RESULTS FROM OPERATIONS

#### Revenue - Consolidated

Your Company's revenue from operations on consolidated basis increased to ₹ 4,440 million in the financial year 2019-20 ("**FY20**") from ₹ 4,196 million in the financial year

2018-19 ("**FY19**"), a growth rate of 6%. The total revenue comprises of International sales amounting to ₹ 2,537 million (FY19 - ₹ 2,494 million), growth of 2% and Domestic sales amounting to ₹ 1,903 million (including Export Incentives of ₹ 24 million) (FY19 - ₹ 1,702 million (including Export Incentives of ₹ 19 million)) increase of 12%.

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Your Company's domestic sales constitute about 43% of revenue from operations during FY20 as compared to 41% of revenue from operations during FY19. International sales were 57% of revenue from operations as compared to 59% of revenue from operations during FY19.

### Revenue - Standalone

Your Company's revenue from operations on standalone basis increased to ₹ 2,474 million from ₹ 2,221 million in the FY19, at a growth rate of 11%. The total revenue comprises of International sales of ₹ 749 million (FY19 - ₹ 683 million), increase of 10% and Domestic sales at ₹ 1,725 million (including Export Incentives of ₹ 24 million) (FY19 - ₹ 1,538 million (including Export Incentives of ₹ 19 million and excise duty)) increase of 12%.

The domestic sales constitute 70% of revenue from operations during FY20 as compared to 69% of revenue from operations during FY19. International sales were 30% of revenue from operations as compared to 31% of revenue from operations during FY19.

### Profits - Consolidated

EBITDA (Earnings before interest, tax and depreciation & amortisation excluding other income) during FY20 was ₹ 2,023 million (46%) as compared to ₹ 1,819 million (43%) during FY19, increase of 11%.

Profit before tax stood at ₹ 1,791 million (40%) during FY20 as against ₹ 1,619 million (39%) in the previous year, a growth of 11%. Profit after tax stood at ₹ 1,330 million during FY20 as compared to ₹ 1,159 million during the FY19, a growth of 15%.

### Profits - Standalone

EBITDA during the year under review was at ₹ 768 million (31%) as compared to ₹ 524 million (24%) in the FY19. Profit before tax stood at ₹ 759 million during FY20 as compared to ₹ 472 million in the FY19, a growth of 61%. Profit after tax stood at ₹ 580 million during FY20 as compared to ₹ 352 million during FY19, an increase of 65%.

### DIVIDEND

Pursuant to the Dividend Distribution Policy of the Company, the Board recommends a final Dividend @ 30%

i.e. ₹ 0.60/- per Equity Share of face value of ₹ 2/- each for the financial year 2019-20 ("FY20"), aggregating to about ₹ 67 million i.e. the same rate of final dividend of 30% (₹ 0.60 per Equity Share) as in the previous financial year 2018-19 ("FY19"). The Dividend Distribution Policy of the Company is annexed after Board's report and forms an integral part of this Report and the said policy is available on the Company's website at [www.advancedenzymes.com/investors/corporate-governance/#codes-and-policies](http://www.advancedenzymes.com/investors/corporate-governance/#codes-and-policies).

The Dividend payout is subject to approval of Members at 31<sup>st</sup> Annual General Meeting ("**AGM**") of your Company.

The Dividend Distribution Tax payable by domestic companies on declaration of dividend has been abolished w.e.f. April 01, 2020. Pursuant to this amendment and consequential amendments brought vide Finance Act, 2020, as the dividend paid by the companies is taxable in the hands of the shareholders, the Company would be under an obligation to deduct tax at source ("TDS") in accordance with the provisions of the Income Tax Act, 1961 (as amended from time to time).

### RESERVES

During the FY20, your Company has not transferred any amount to the General Reserves.

### EMPLOYEES STOCK OPTION PLAN

The details of Employees Stock Option Scheme 2015 [as amended] ("**ESOP Scheme 2015**") and Employees Incentive Plan 2017 ("**Plan 2017**") are provided in Annexure I and forms part of this Report. The said scheme/plan is also published on the website of the Company at [www.advancedenzymes.com/investors/corporate-governance](http://www.advancedenzymes.com/investors/corporate-governance).

### ESOP 2015

The Nomination & Remuneration Committee in its meeting held on February 14, 2017 granted 220,000 stock options of ₹ 2/- each to its eligible employees of the Company and the employees of subsidiaries ("**Grantee**"). Out of the total Options granted, the first tranche of 10% of stock options got vested on February 15, 2018, the second tranche of 20% and the third tranche of 30% got vested on February 15, 2019 and February 15, 2020 respectively, as per the provisions of the Scheme. Each Option is convertible and



is equivalent to One (1) Equity Share. Based on the exercise applications & amount received from the Grantees, total 29,500 Equity Shares of ₹ 2/- each (at an exercise price of ₹ 60/- each) were allotted to such Grantees during the year under review as follows:

Sr. No.	Date of Board / Security Allotment Committee meeting (Allotment Date)	No. of shares allotted
1	May 24, 2019	19,100
2	July 26, 2019	8,400
3	February 06, 2020	2,000
<b>Total</b>		<b>29,500</b>

In view of above, the Paid-up share capital of your Company has increased as follows (as on March 31, 2020)

Particulars	Paid-up Capital	
	No. of shares	Amount (₹)
At the beginning of the year	111,648,975	223,297,950
Allotments during the year	29,500	59,000
At the end of the year	111,678,475	223,356,950

The third tranche of 30% of Stock Options got vested on February 15, 2020, as per the provisions of the Scheme. The Company has not received any exercise application for the said third tranche till the date of this report.

The Equity Shares allotted under ESOP Scheme 2015 are subject to lock in for a period of 1 year from the date of allotment.

#### Employees Incentive Plan 2017:

The Members of the Company have also approved the AETL Employees Incentive Plan 2017 ("**Plan 2017**") through trust route and related matters on May 4, 2017 through Postal Ballot. Your Company has received in-principle approval from BSE Limited (BSE) and National Stock Exchange of India Limited (NSE). As on the date of this report, no Stock Options / Stock Appreciation Rights have been granted under the Plan 2017.

#### FINANCIAL STATEMENTS

The financial statements of your Company for the year ended March 31, 2020 are prepared in accordance with the Indian Accounting Standards ("**IND AS**"), read with the provisions of Section 129 and other applicable provisions, if any, of the Companies Act, 2013 ("**the Act**") rules framed thereunder and Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended ("**SEBI Listing Regulations**") and forms part of this Annual Report.

The estimates and judgments relating to the Financial Statements are made on a prudent basis, so as to reflect in a true and fair manner, the form and substance of transactions and reasonably present the Company's state of affairs, profits and cash flows for the year ended March 31, 2020.

#### SUBSIDIARIES

**As on March 31, 2020 your Company has Eleven (11) subsidiaries as listed below:**

##### Domestic Subsidiaries:

- Advanced Bio-Agro Tech Limited (60%) ["**ABAT**"];
- Advanced EnzyTech Solutions Limited (100%) ["**AESL**"];
- JC Biotech Private Limited (70%) ["**JCB**"];

In terms of the financial performances:

- ABAT's revenue for FY20 was ₹ 389 million (previous financial year ["FY19"] - ₹ 395 million), and PAT for FY20 was ₹ 56 million (FY19 - ₹ 55 million).
- AESL's revenue for FY20 was ₹ 91 million (FY19 - ₹ 95 million), and PAT for FY20 was ₹ 11 million (FY19 - ₹ 5 million).
- JCB's revenue for FY20 was ₹ 424 million (FY19 - ₹ 489 million), and PAT for FY20 was ₹ 61 million (FY19 - ₹ 98 million).

##### International Subsidiaries:

- Advanced Enzymes USA (100%);
  - Advanced Supplementary Technologies Corporation (100% Subsidiary of Advanced Enzymes USA);

B. Cal-India Foods International (doing Business as Specialty Enzymes and Biotechnologies) (100% Subsidiary of Advanced Enzymes USA);

C. Dynamic Enzymes Inc. (100% Subsidiary of Advanced Enzymes USA);

D. Enzyme Innovation Inc. (100% Subsidiary of Cal-India Foods International);

In terms of the consolidated financial performance of Advanced Enzymes USA, the revenue for FY20 was ₹ 1,937 million (FY19 - ₹ 2,128 million), and PAT for FY20 was ₹ 700 million (FY19 - ₹ 823 million).

2. Advanced Enzymes (Malaysia) Sdn. Bhd. (100%) ["AEM"];

The Company acquired AEM in the year 2017 (incorporated in 2016). During the year under review, AEM was in the process of conducting trials on products and yet to generate sales. During FY20, expenditure was incurred by AEM on payment of salaries of technical person, administration and on trials on products, recovered such expenses from the parent company and write-off of inter-company liabilities resulted in a profit of about ₹ 4 million (FY19 - ₹ (5) million).

During the year under review, the Board of your Company approved the discontinuation of the business and closure of AEM and to initiate the process of closure thereto, since AEM was not giving the desired results.

3. Advanced Enzymes Europe B.V. (100%) ["AEE"];

In terms of the consolidated financial performance (including its subsidiary, evoxx technologies, GmbH), AEE's revenue for FY20 was ₹ 264 million (FY19 - ₹ 167 million), and loss of ₹ 31 million for FY20 (which includes about ₹ 80 million of operational gain and ₹ 63 million of amortization expense and finance cost of ₹ 48 million) (FY19 - ₹ 120 million).

4. evoxx technologies GmbH (100%) [Wholly owned subsidiary of AEE] ["evoxx"]

Revenues for evoxx was ₹ 264 million and had a positive impact on the bottom line by ₹ 21 million

(which includes about ₹ 45 million of operational profit and charge of ₹ 15 million of amortization expense and finance cost of ₹ 9 million). For FY19, Revenues for evoxx added ₹ 167 million to the topline and had negatively impacted the bottom line by ₹ 61 million (which includes about ₹ 34 million of operational loss and a ₹ 18 million of amortization expense and a finance cost of ₹ 9 million).

The Policy for determining Material Subsidiaries is available on the Company's website: [www.advancedenzymes.com/investors/corporate-governance](http://www.advancedenzymes.com/investors/corporate-governance). During the year under review, Cal-India Foods International and JC Biotech Private Limited were Material Subsidiaries based on the criteria specified in SEBI Listing Regulations.

A separate statement containing the salient features of the financial performance of subsidiaries in the prescribed Form AOC-1 is annexed to the financial statements of the Company. The Audited Consolidated financial statements together with Auditors' Report form an integral part of the Annual Report.

The individual financial statements and other reports of the Company's subsidiaries have not been attached to the financial statements of the Company for the FY20. Pursuant to the provisions of Section 136 of the Act, the financial statements of the subsidiaries and related information are uploaded on the website of your Company and can be accessed on the weblink: [www.advancedenzymes.com/investors/quarterly-updates/financial-results](http://www.advancedenzymes.com/investors/quarterly-updates/financial-results) and also available for inspection electronically, during working hours at the registered office of the Company on working days except Saturdays and Sundays, upto the date of 31<sup>st</sup> AGM of the Company. Any Member desirous of conducting inspection and/or of seeking information on the Annual Financial Statements of the Company's subsidiaries may write and intimate in advance, to the Company Secretary.

## MANAGEMENT DISCUSSION AND ANALYSIS

A detailed review of the operations, performance and future outlook of your Company, Subsidiaries and its Business are given in the Management Discussion and Analysis, as required under the SEBI Listing Regulations, which is provided in separate section and forms integral part of this Report.



## DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 134 of the Companies Act, 2013, the Directors, to the best of their knowledge and belief and based on the information and explanations provided to them, confirm that:

- a. in the preparation of the annual accounts for the year ended March 31, 2020, the applicable accounting standards read with requirements set out under Schedule III to the Act, have been followed and there are no material departures from the same;
- b. appropriate accounting policies have been selected and applied consistently and judgments and estimates are made reasonably and prudently so as to give a true and fair view of the state of affairs of the Company as at March 31, 2020 and of the profit of the Company for the year ended on that date;
- c. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. the annual accounts have been prepared on a 'going concern' basis;
- e. Proper internal financial controls are devised to ensure compliance with all the provisions of the applicable laws and that such internal financial controls are adequate and are operating effectively; and
- f. Proper systems are devised to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

## RISK MANAGEMENT

Your Company understands that controlling risks through a formal program is a necessary component and an integral cornerstone of Corporate Governance. Your Company has adopted Risk Assessment & Management policy which embeds the vision that a robust Risk Management system ensures commensurate controls and monitoring mechanism for smooth and efficient management

of Business. The Policy outlines the framework for identification, measurement, evaluation, monitoring and mitigation of various risks. The Management has also reviewed the Risk Management framework of the Company. The Risk Registers are prepared by the concerned departments wherein the respective risks are identified along with its current control activities and the mitigation plans. Thereafter, the registers are reviewed.

## RELATED PARTY TRANSACTIONS

During the year under review, all transactions with related parties were placed before the Audit Committee for its approval. An omnibus approval from the Audit Committee was obtained for the related party transactions which are repetitive in nature. All the transactions with related parties, entered into during the year under review were in the ordinary course of business and on arms' length basis in accordance with the provisions of the Act, Rules made thereunder and SEBI Listing Regulations. The Audit Committee and the Board, review all the transactions entered into pursuant to the omnibus approvals, on a quarterly basis. Approval of the Members of the Company is also obtained in case any related party transaction exceeds the prescribed limits and as good corporate governance practice as there may be few transactions that may be carried out in the long-term interest of the Company. The transactions of the Company with its wholly-owned subsidiaries are exempted from approval of the Members of the Company and hence such approvals are not obtained.

The Policy on Related Party Transactions is available on the Company's website and can be accessed at [www.advancedenzymes.com/investors/corporate-governance](http://www.advancedenzymes.com/investors/corporate-governance)

As prescribed under Section 134(3)(h) of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014, particulars of contracts/arrangements with related parties are given in Form AOC-2, annexed as Annexure II to this report.

## TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

Pursuant to Section 124(6) of the Companies Act, 2013 all shares in respect of which Dividend has not been paid or claimed for seven consecutive years or more shall be transferred by the company in the name of

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Investor Education and Protection Fund (“IEPF”). In view of this, your Company has transferred 4,000 unclaimed Equity Shares pertaining to financial year 2011-2012 to the Demat account of IEPF during September 2019. The details of the said shares transferred are provided on the website of the Company at [www.advancedenzymes.com/investors/shareholder-information](http://www.advancedenzymes.com/investors/shareholder-information)

During the year under review, the Company has transferred unclaimed Dividend of ₹ 59,200 for the financial year 2011-12. As on March 31, 2020, the total amount lying in the Unpaid Dividend accounts of the Company in respect of the last seven years is around ₹ 9.35 lakhs. Details of unclaimed Dividend and Shares due for transfer with due dates & procedure to claim the same are provided in the Notes to Notice for 31<sup>st</sup> AGM and briefly in the Corporate Governance Report which forms an integral part of this Report.

Details of Nodal Officer are displayed on the Company's website at: [www.advancedenzymes.com/investors/shareholder-information/](http://www.advancedenzymes.com/investors/shareholder-information/)

### **CORPORATE SOCIAL RESPONSIBILITY (“CSR”)**

The Annual Report on Corporate Social Responsibility Activities has been provided in Annexure III and forms integral part of this Report. The Composition of CSR Committee is disclosed in the said Annual Report on CSR Activities and in the Corporate Governance report section.

The Corporate Social Responsibility Policy may be accessed on the Company's website at [www.advancedenzymes.com/investors/corporate-governance](http://www.advancedenzymes.com/investors/corporate-governance).

### **POLICY ON CRITERIA FOR APPOINTMENT / REMOVAL OF DIRECTORS AND SENIOR MANAGEMENT PERSONNEL AND REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND EMPLOYEES**

As per the Nomination & Remuneration Policy of the Company (“Policy”), the Nomination and Remuneration Committee *inter alia* recommends the appointment of Directors, Key Managerial Personnel (KMP) and Senior Management Personnel. The Policy lays down the criteria for such appointments and the framework in relation to remuneration of Directors including Managerial Personnel, KMPs and employees of the Company. The Nomination & Remuneration Committee oversees the

matter of remuneration to the Executive Directors, KMPs & Senior Management Personnel and recommends to the Board, revision, if any, in the remuneration of the said Directors / Personnel subject to limits as may be approved by the Members.

The Nomination and Remuneration Policy may be accessed on the Company's website at [www.advancedenzymes.com/investors/corporate-governance](http://www.advancedenzymes.com/investors/corporate-governance).

The Board of your Company affirms that the remuneration paid to the Directors is as per the terms laid out in the Nomination and Remuneration Policy of the Company.

### **DIRECTORS AND KEY MANAGERIAL PERSONNEL**

During the year under review, the following changes occurred in the composition of the Board and the Key Managerial Personnel of your Company:

The Members at their 30<sup>th</sup> Annual General Meeting (“30<sup>th</sup> AGM”) held on August 08, 2019 approved the (i) appointment of Mr. Vilas M. Aurangabadkar (DIN: 08225986) and Mr. Vinodkumar H Jajoo (DIN: 08224980) as Independent Directors of your Company for a period of five years effective from January 08, 2019 and February 09, 2019 respectively; (ii) appointment of Ms. Rasika Rathi (DIN: 08300682) as a Non-Executive Director of your Company, liable to retire by rotation. The Members at 30<sup>th</sup> AGM did not approve the re-appointment of retiring Director, Mrs. Savita Rathi (DIN: 00365717), the then Whole-Time Director of the Company and she ceased to be the Director of your Company with effect from August 08, 2019.

The Members at the aforesaid 30<sup>th</sup> AGM, by passing a special resolution, also approved the re-appointment of Mr. Kedar Desai (DIN: 00322581) as an Independent Director of your Company for a second term of five years with effect from April 01, 2019.

During the year under review, based on the recommendation of the Nomination and Remuneration Committee, the Board approved the appointment of Dr. Sunny Sharma (DIN: 02267273) as an Additional Director (Non-Executive) with effect from November 02, 2019 to hold office upto the 31<sup>st</sup> AGM. He is not related to any Directors of the Company. The Board recommends the appointment of Dr. Sunny Sharma, liable to retire by



rotation, and brief profile of Dr. Sunny Sharma proposed to be appointed has been provided in Notice convening the said 31<sup>st</sup> AGM of the Company (“**AGM Notice**”).

Further, based on the recommendation of the Nomination and Remuneration Committee, the Board approved the appointment of Ms. Rajshree Patel as an Additional [Independent (Woman)] Director subject to and with effect from the date of allotment of Director Identification Number (“DIN”), once obtained by her, to hold office upto the date of this AGM or the date upto which AGM shall be held whichever is earlier. She is not related to any Directors of the Company. Ms. Rajshree Patel has obtained her DIN Number with effect from June 12, 2020. The Board recommends the appointment of Ms. Rajshree Patel (DIN: 08761022), not liable to retire by rotation, for a period of three (3) years effective from June 12, 2020 and brief profile of Ms. Patel proposed to be appointed has been provided in AGM Notice.

Except as mentioned above, there has been no change in the composition of Board and Key Managerial Personnel of the Company, during the year under review.

#### **DECLARATION BY THE INDEPENDENT DIRECTORS**

All Independent Directors of the Company have given the following declarations stating that:

- (i) they meet the ‘criteria of Independence’ as defined under Regulation 16(1) of the SEBI Listing Regulations and Section 149(6) of the Companies Act, 2013 read with Schedule IV and the relevant Rules made thereunder;
- (ii) they have complied with the provisions of the Code of Conduct & Ethics of the Company. The Independent Directors have confirmed that they are not aware of any circumstance or situation which exist or may be reasonably anticipated, that could impair or impact their ability to discharge their duties with an objective independent judgment and without any external influence.
- (iii) they have complied with the provisions of Rule 6(1) and 6(2) of the Companies (Appointment and Qualifications of Directors) Rules, 2014 with regards to the registration on the Independent Directors’ databank.

None of the Directors of the Company are disqualified for being appointed as Directors as specified in Section 164(2) of the Companies Act, 2013 and Rule 14(1) of the Companies (Appointment and Qualification of Directors) Rules 2014.

The Board is of the opinion that the Independent Directors of the Company possess requisite qualifications, experience and expertise and they hold highest standards of integrity.

The Independent Directors of your Company have registered on the Independent Directors’ Databank as per the requirements of Section 149 of the Companies Act, 2013 and the applicable rules thereto. However, with respect to the proficiency test, the Independent Directors have a timeline of one year as per the applicable provisions, from the date of registration on the Independent Directors’ Databank for taking the proficiency test and none of the Directors have exceeded the said period of one year from the date of registration as on the date of this Report.

#### **RETIREMENT BY ROTATION**

In accordance with the provisions of Section 152 of the Companies Act, 2013 read with Rules made thereunder and the Articles of Association of the Company, Mr. Mukund Kabra (DIN: 00148294), Whole-time Director retires by rotation at the 31<sup>st</sup> AGM (longest in office), and being eligible, offers himself for re-appointment. Accordingly, the Board recommends the said re-appointment of Mr. Mukund Kabra at the 31<sup>st</sup> AGM and his brief profile has been provided in the AGM Notice.

#### **AUDITORS AND AUDITORS’ REPORT**

##### **STATUTORY AUDITORS**

Pursuant to provisions of Section 139 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, B S R & Co. LLP, Chartered Accountants [Firm’s Registration No: 101248W/W-100022] (“**BSR**”) were appointed as Statutory Auditors for a term of five years to hold office from the conclusion of 27<sup>th</sup> AGM up to the conclusion of the 32<sup>nd</sup> AGM, subject to ratification at every AGM. However, in accordance with the amendment to the provisions of Section 139 of the Companies Act, 2013, the ratification of appointment of Statutory Auditors at every AGM has been omitted and therefore, the ratification of appointment of Statutory Auditors is not being sought.

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The Auditors' Report to the Members on the Financial Statements of the Company for the year ended March 31, 2020 does not contain any qualification, reservation or adverse remark.

### **SECRETARIAL AUDIT REPORT**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and rules made thereunder, the Board has appointed Mr. Shiv Hari Jalan, Practicing Company Secretary (FCS No. 5703 C.P.No.4226) to undertake the Secretarial Audit of the Company. The Secretarial Audit Report for the financial year 2019-20 is annexed as Annexure IV and forms an integral part of this Report. The Secretarial Audit Report for the year ended March 31, 2020 does not contain any qualification, reservation or adverse remark.

### **CORPORATE GOVERNANCE REPORT**

The Report on Corporate Governance and the Certificate of the Practicing Company Secretary regarding compliance of the conditions of Corporate Governance as required pursuant to the provisions of the SEBI Listing Regulations, are enclosed as Annexure V. A declaration signed by the Whole-time Director affirming compliance with the Code of Conduct by the members of the Board and Senior Management Personnel also forms part of this Report.

### **BUSINESS RESPONSIBILITY REPORT**

Pursuant to Regulation 34 of the SEBI Listing Regulations (as amended w.e.f December 26, 2019), top one thousand listed entities based on market capitalization (calculated as on March 31 of previous financial year) shall provide Business Responsibility Report describing the initiatives taken by them from an environmental, social and governance perspective. The said report is attached as Annexure VI to this Report.

### **COMMITTEES OF THE BOARD**

As per the Companies Act, 2013 and the SEBI Listing Regulations, during the year under review, the Board has four Statutory Committees viz., Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee, and Stakeholders Relationship Committee. The details of the composition of these Committees along with number of meetings held and

attendance at the meetings are provided in the Corporate Governance Report which forms a part of this Report.

### **VIGIL MECHANISM**

Your Company had adopted Whistle Blower Policy / Vigil Mechanism Policy pursuant to the provisions of Section 177(9) of the Companies Act, 2013 and the Companies (Meetings of Board and Its Powers) Rules, 2014 and Regulation 22 of the SEBI Listing Regulations. Details on the Vigil Mechanism of your Company have been outlined in Corporate Governance Report which forms part of this Report.

The said Policy has been amended effective from April 01, 2019 primarily encompassing the amendments to the SEBI (Prohibition of Insider Trading) Regulations, 2015.

The Whistle Blower Policy (as revised) may be accessed on your Company's website at [www.advancedenzymes.com/investors/corporate-governance](http://www.advancedenzymes.com/investors/corporate-governance)

### **MEETINGS OF THE BOARD**

During the year, Six (6) meetings of the Board of Directors were held. The requisite details of the Board Meetings and the details of the Directors present are provided in the Corporate Governance Report, which forms part of this Report.

### **SECRETARIAL STANDARDS**

The Company has complied with all the provisions of applicable Secretarial Standards issued by Institute of Company Secretaries of India and notified by the Ministry of Corporate Affairs of India.

### **EVALUATION OF PERFORMANCE OF BOARD, ITS COMMITTEES AND DIRECTORS**

Pursuant to the provisions of the Companies Act, 2013 and the SEBI Listing Regulations, the Board has undertaken an Annual Evaluation of its own performance, its various Committees and individual Directors. The manner in which the performance evaluation has been carried out has been given in the Corporate Governance Report, annexed to this Report. The Board expressed its satisfaction of the evaluation process and outcome.



The Board Evaluation policy can be accessed on your Company's website at [www.advancedenzymes.com/investors/corporate-governance](http://www.advancedenzymes.com/investors/corporate-governance).

### **FAMILIARIZATION PROGRAM FOR INDEPENDENT DIRECTORS**

Pursuant to provisions of Regulation 25(7) of the SEBI Listing Regulations, the detail of familiarization program is available at website of your Company at [www.advancedenzymes.com/investors/corporate-governance](http://www.advancedenzymes.com/investors/corporate-governance). Further, at the time of the appointment of an Independent Director, the Company issues a Letter of appointment outlining his / her role, function, duties and responsibilities. The format of the letter of appointment is available on the Company's website at: [www.advancedenzymes.com/investors/corporate-governance](http://www.advancedenzymes.com/investors/corporate-governance)

### **CODE OF CONDUCT FOR PROHIBITION OF INSIDER TRADING**

Your Company has in place a Code of Conduct for Prohibition of Insider Trading (known as the AETL Insider Trading Code w.e.f April 01, 2019), which lays down the process of trading in securities of the Company by the Designated Persons and to regulate, monitor and report trading by the employees of the Company either on his / her own behalf or on behalf of any other person, on the basis of Unpublished Price Sensitive Information.

The aforementioned amended Code is available on the website of the Company at [www.advancedenzymes.com/investors/corporate-governance](http://www.advancedenzymes.com/investors/corporate-governance)

### **INTERNAL CONTROL AND ITS ADEQUACY**

Your Company has adopted procedures and systems for ensuring the orderly and efficient conduct of its Business, including adherence to the Company's policies, safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of financial disclosures. Your Company maintains appropriate and adequate Internal Control System / Internal Financial Control commensurate to its size and nature of operations. Your Company's Internal control systems are tested and certified by the Internal Auditors and Statutory Auditors of the Company.

The Audit Committee periodically reviews the report(s) of the independent Internal Auditors along with the adequacy and effectiveness of Internal Control systems.

### **SIGNIFICANT AND MATERIAL ORDERS**

During the year under review, there were no significant and material orders passed by the Regulators or Courts or Tribunals impacting the going concern status and its future operations.

### **CHANGE IN THE NATURE OF BUSINESS, IF ANY**

There was no change in Business and in the nature of Business of your Company during the year under review affecting the financial position of the Company.

### **MATERIAL CHANGES FROM THE DATE OF END OF FINANCIAL YEAR TILL THE DATE OF THIS REPORT**

Except as otherwise mentioned in this report, there are no material changes and commitments affecting the financial position of the Company which have occurred between the end of the Financial year of the Company to which the Financial Statements relates and the date of this report.

In March 2020, the World Health Organization declared COVID-19 to be a pandemic and several restrictions have been imposed by the Governments across the globe on the travel, goods movement and transportation, considering public health and safety measures. Considering that your Company's group products are classified as an 'essential commodity', the impact of the pandemic on your Company may not be significant. As on the date of this report, the production facilities remain operational, following enhanced internal safety guidelines.

The impact of the global health pandemic may be different from that estimated as at the date of approval of the financial statements and the Company will continue to closely monitor any material changes to future economic conditions.

### **PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN AND SECURITIES PROVIDED**

The details of Loans and Investments under Section 186 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014, for the

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FY20 are given in the Standalone Financial Statements (Note No. 55 to the Standalone Financial Statements). Your Company has not provided any guarantee or security under Section 186 of the Companies Act, 2013 during the year under review.

### **EXTRACT OF ANNUAL RETURN**

Pursuant to the provisions of Section 92 the Companies Act, 2013 read with the rules framed thereunder, an extract of Annual Return of the Company in the Form MGT-9 is enclosed as Annexure VII to this report and is also available on the website of the Company at [www.advancedenzymes.com](http://www.advancedenzymes.com)

### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

Information pertaining to conservation of energy, technology absorption, foreign exchange earnings and outgo as required under Section 134 of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 (as amended) is furnished in Annexure VIII and forms part of this Report.

### **PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES**

Pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended ("Rules"), the details are disclosed in Annexure IX to this report. In terms of Section 136(1) of the Act read with second proviso to the Rule 5 of the said Rules, the Annual Report with Annexure IX is being sent to the Members excluding the statement of particulars of employees under Rule 5(2) and (3) of the Rules ("Information"), which forms part of this Report. The Annexure IX with the Information under Rule 5(2) and (3) is available for inspection of the Members electronically and any Member desirous of conducting inspection and/or obtaining a copy of the said information / Annexure may write to the Company Secretary.

### **DEPOSITS**

During the year under review, your Company did not invite or accept any Deposits covered under Chapter V of the Companies Act, 2013 ("Act"). There were no outstanding deposits within the meaning of Sections 73 and 74 of the Act, read together with the Companies (Acceptance of Deposits) Rules, 2014, at the end of the year under review or the previous financial year.

### **CREDIT RATING**

During the year under review, your Company has received a long term rating of CRISIL A/Stable (Reaffirmed) and a short term rating of CRISIL A1 (Reaffirmed) for outstanding Bank loan facilities (outstanding facilities), by Credit Rating Information Services of India Limited (CRISIL).

### **COST RECORDS AND AUDIT**

The Company has maintained Cost records in accordance with the provisions of Section 148(1) of the Companies Act, 2013 ("Act"), during the year under review.

The Cost Audit is applicable to the Company for the financial year 2020-21 ("FY21"). In terms of Section 148 of the Act read with Companies (Cost Records and Audits) Rules, 2014, as amended, and based on the recommendations of the Audit Committee, the Board of your Company has approved the appointment of M/s. Shilpa & Co. Cost Accountants, Nashik (Registration No. 100558) as Cost Auditors of the Company and the remuneration payable to carry out the Cost Audit of the cost accounts of the Company for financial year ending March 31, 2021 ("FY21"). Your Company has received the written consent of the Cost Auditors *inter alia* stating that the appointment is in accordance with the applicable provisions of the Act and rules framed thereunder. The Cost Auditors have confirmed they are free from any disqualifications to be appointed as the Cost Auditors of your Company. The remuneration of Cost Auditors has been approved by the Board and therefore the requisite resolution for ratification of remuneration of the Cost Auditors by the Members has been set out in the Notice of the 31<sup>st</sup> AGM of your Company.



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## GENERAL DISCLOSURES

During the year under review:

- a. The Whole-time Director of your Company has not received any remuneration or commission from any of the subsidiaries.
- b. Your Company has not issued Shares with Differential Rights as to Dividend, Voting or otherwise.
- c. Your Company has devised a policy on Prevention of Sexual Harassment to comply with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The said policy is hosted on the Company's website at [www.advancedenzymes.com](http://www.advancedenzymes.com). During the year under review, there were no cases / grievances reported or pending and the Company has complied with

provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

- d. There are no details to be disclosed under Section 134(3)(ca) of the Act as there has been no such fraud reported by the Auditors under Section 143(12) of the Act.

## ACKNOWLEDGEMENTS

Your Directors acknowledge with gratitude the support received by the Company from the Banks, Government Agencies/ organizations and employees of your Company.

Your Directors also acknowledge with thanks the faith reposed by the Investors in the Company and look forward to their continued support for times to come.

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For and on behalf of the Board of Directors of  
**Advanced Enzyme Technologies Limited**

**Vasant Rathi**

*Chairman*

DIN: 01233447

Date : June 16, 2020

Place : California

# DIVIDEND DISTRIBUTION POLICY

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The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [as amended] (“Regulations”) mandates for the top 500 listed companies (as per market capitalisation) to formulate, adopt and disclose the company’s Dividend Distribution Policy in its Annual report and website.

The Board of Directors (“Board”) of Advanced Enzyme Technologies Limited (“Company”) has adopted this Dividend Distribution Policy (“Policy”) to comply with these requirements.

The Company currently has only one class of shares, viz. equity, for which this Policy is applicable. The Policy is subject to review by the Board, when the Company issues different class of shares.

The terms not defined herein shall have the meaning ascribed to them under the Companies Act, 2013, rule made therein and/or under the SEBI Regulations.

## OBJECTIVE OF THE POLICY

The Policy establishes the principles to ascertain amount that can be distributed as dividend by the Company to its shareholders as well as to enable the Company strike a balance between payout and retained earnings, in order to meet the future fund requirements of the Company.

## FACTORS/PARAMETERS TO BE CONSIDERED AT THE TIME OF RECOMMENDATION / DECLARATION OF DIVIDEND

The philosophy of the Company is to maximize the stakeholders’ wealth in the Company and the Board shall consider the following factors while declaring interim dividend / recommending final dividend to its shareholders:

### a) Internal Factors / Financial Parameters:

- Operating Profit after Tax and Distributable surplus available as per the provisions of the applicable laws including the Companies Act, 2013 and rules made thereunder;
- Working Capital requirements;
- Capital Expenditure (CAPEX) plans /requirements;

- Fund requirement in relation to the acquisitions and/or diversification plans;
- The Company’s Cash Flow position including Cash Flow, if any, required for Contingencies;
- Outstanding and proposed Borrowings;
- Dividend pay-out trend / history; and
- Assessment of Impact of Dividend pay-out on Credit Rating & other consequential factors
- Any other factor(s) that the Board may consider relevant.

### b) External Factors:

- Applicable Interest rates on the borrowings of the Company;
- Taxation on distribution of dividend;
- Covenants of any loan agreement(s)
- Dividend Payout Ratios of comparable companies / companies in same industry; and
- Applicable statutory / regulatory conditions or restrictions laid down under the laws including tax laws
- Prospective business opportunities and threats or in the event of any expected challenging circumstances such as change in regulatory / Government policies and/or financial environment.
- Any other factor(s) that the Board may consider relevant

## CIRCUMSTANCES UNDER WHICH SHAREHOLDERS MAY OR MAY NOT EXPECT DIVIDEND

- i) The Company proposes/has undertaken a significant expansion project/CAPEX;
- ii) Mergers, Acquisitions or Joint Ventures (proposed / in-process);



- 
- iii) Buy-back of securities and the proposed utilization of surplus cash / reserves;
  - iv) Any other similar plan or proposal which requires higher capital allocation; and/or
  - v) Due to inadequacy of profits or losses.

#### **RETAINED EARNINGS**

Subject to the provisions of the applicable laws, the retained earnings of the Company may be applied for the following purpose(s):

- i) Capital expenditure / working capital requirements;
- ii) Organic and/ or inorganic growth;
- iii) Investment in new business(es) and/or additional investment or expansion of the existing business(es);
- iv) Issue of Bonus shares;
- v) Buy back of shares;
- vi) General corporate purposes;
- vii) Any other permissible purposes

#### **GENERAL**

- i) This Policy is subject to any amendments/revisions as per the guidelines that may be issued by Ministry of Corporate Affairs and/or Securities and Exchange Board of India, from time to time;
- ii) The Company / Board reserves its right to alter, modify, add, delete or amend any of the provisions of this Policy, as it may deem fit, subject to the provisions of the applicable laws; and
- iii) In case of any amendment(s), clarification(s), circular(s) etc., issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s), etc., shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s), etc.

# Annexure I

## Details of Employees Stock Option Scheme 2015 and Employees Incentive Plan 2017

### DISCLOSURES IN COMPLIANCE WITH REGULATION 14 OF SECURITIES AND EXCHANGE BOARD OF INDIA (SHARE BASED EMPLOYEE BENEFITS) REGULATIONS, 2014 AND RULE 12(9) OF THE COMPANIES (SHARE CAPITAL AND DEBENTURES) RULES, 2014 ["DISCLOSURES"]

The Members, at the Extra-Ordinary General Meeting of the Company held on December 23, 2015, passed a Special Resolution approving the Company's Employee Stock Option Scheme 2015 ("**ESOS 2015**" / "**Scheme**"). The Scheme was then amended primarily to align it with the provisions of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (as amended from time to time).

The main features of the amendments to the ESOS 2015 are as follows:

1. The Nomination and Remuneration Committee shall not act in any manner, which may be detrimental to the interest of its employees.
2. Maximum quantum of benefits to be provided per employee under the Scheme.
3. Implementation and administration of the Scheme.
4. Procedure adopted for adjustment to the entitlement of number of Options and to Exercise price in the event of any Corporate actions of the Company.
5. Statement of Risks.

The detailed note on the disclosure as required as per the 'Guidance note on accounting for employee share-based payments' is under Note No. 44 to the Standalone Financial Statements for the year ended March 31, 2020 and forms part of this Report.

Diluted Earnings per share pursuant to issue of shares on exercise of options calculated in accordance with Accounting Standard (AS) 20 - Details of same are provided under Note No. 41 to the aforesaid Standalone Financial Statements and forms integral part of this Report.

#### (I) Employee Stock Option Scheme 2015 (ESOS 2015) [As on March 31, 2020]:

##### 1) Brief Description:

Sr. No.	Particulars	Details
1.	Date of Shareholders' approval	Approval of Scheme by the Members at Extra Ordinary General Meeting held on December 23, 2015 Amendment to ESOP 2015 approved by the Members on September 15, 2016.
2.	Total number of options approved under ESOS 2015	10,00,000 Options*



Sr. No.	Particulars	Details										
a)	Vesting requirements	The Options shall not vest for a period of one year after grant. After the expiry of one year, the vesting of Options shall take place over a term of four years, as follows: <table border="1" style="margin-left: 20px;"> <thead> <tr> <th style="text-align: left;">Year of Vesting</th> <th style="text-align: left;">Percentage of Vesting</th> </tr> </thead> <tbody> <tr> <td>1 year after the date of grant</td> <td>10%</td> </tr> <tr> <td>2 years after the date of grant</td> <td>20%</td> </tr> <tr> <td>3 years after the date of grant</td> <td>30%</td> </tr> <tr> <td>4 years after the date of grant</td> <td>40%</td> </tr> </tbody> </table>	Year of Vesting	Percentage of Vesting	1 year after the date of grant	10%	2 years after the date of grant	20%	3 years after the date of grant	30%	4 years after the date of grant	40%
Year of Vesting	Percentage of Vesting											
1 year after the date of grant	10%											
2 years after the date of grant	20%											
3 years after the date of grant	30%											
4 years after the date of grant	40%											
3.	Exercise price or pricing formula	Not exceeding ₹ 60/- per share*										
4.	Maximum term of options granted	Exercise period shall not exceed five years from the relevant vesting date and the date after which the option shall lapse.										
5.	Source of shares (primary, secondary or combination)	Primary										
6.	Variation in terms of options	The Company shall not vary the terms of the Scheme, in any manner, which may be detrimental to the interests of the Eligible Employees.										

\*At the time of approval of the Scheme, number of options approved was 200,000 (face value: ₹ 10/- each) and the Exercise Price was ₹ 300/-. Thereafter, sub-division of Equity Shares from face value of ₹ 10/- each to ₹ 2/- each was approved by the Members on May 04, 2017. The present face value of the Equity Shares is ₹ 2/- each. Accordingly, in the above table the number of Options and the Exercise Price is correspondingly adjusted to that extent.

**2) Method used to account for ESOS – Fair Value as at the grant date (Black-Scholes-Option Valuation Model)**

**3) Where the Company opts for expensing of the options using the intrinsic value of the options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options shall be disclosed. The impact of this difference on profits and on EPS of the company shall also be disclosed – Not Applicable**

**4) Option movement during the year (For each ESOS):**

Number of options outstanding at the beginning of the period	1,84,900 (face value of ₹ 2/-)
Number of options granted during the year	NIL
Number of options forfeited / lapsed during the year	6,300
Number of options vested during the year	59,400
Number of options exercised during the year	29,500
Number of shares arising as a result of exercise of options	29,500
Money realized by exercise of options (INR), if scheme is implemented directly by the company	17,70,000 (29,500*60)

Loan repaid by the Trust during the year from exercise price received	Not Applicable
Number of options outstanding at the end of the year	1,49,100
Number of options exercisable at the end of the year	72,700 (face value of ₹ 2/- each)

\* Lapsed due to resignation / retirement of the concerned grantees.  
In case of resignation/retirement of the concerned grantees, all the unvested Options are shown as lapsed above during the year.

### 5) Weighted-average exercise prices and weighted-average fair values of options

#### A. as it is less than market price of the stock

(in ₹)

Date of Vesting	February 15, 2018	February 15, 2019	February 15, 2020	February 15, 2021
Weighted-average exercise prices		₹ 60*		
Weighted-average fair value of options	270	272	274	276

\*At the time of approval of the Scheme, 200,000 options (of ₹ 10/- each) was approved and the Exercise Price was ₹ 300/-. Thereafter, sub-division of Equity Shares from face value of ₹ 10/- each to ₹ 2/- each was approved by the Members on May 04, 2017. The present face value of the Equity Shares is ₹ 2/-. Accordingly, in the above table Exercise Price is correspondingly adjusted to that extent.

#### B. as it is equals or exceeds the market price of the stock

Date of Vesting	February 15, 2018	February 15, 2019	February 15, 2020	February 15, 2021
Weighted-average exercise prices			NA	
Weighted-average fair value of options			NA	

### 6) Employee wise details (name of employee, designation, number of options granted during the year, exercise price) of options granted to –

#### a) Senior Managerial Personnel;

During the year under review, there was no stock option granted to the Senior Managerial Personnel of your Company.

#### b) any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year; and : NIL

#### c) identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant: NIL



7) A description of the method and significant assumptions used during the year to estimate the fair value of options including the following information:

Sr. No.	Particulars	Details			
1.	the weighted-average values of share price:				
	<b>Date of Vesting</b>	<b>February 15, 2018</b>	<b>February 15, 2019</b>	<b>February 15, 2020</b>	<b>February 15, 2021</b>
	exercise price:			₹ 60	
	expected volatility:	0.49	0.49	0.49	0.49
	expected option life:	3 years	3.5 years	4 years	4.5 years
	expected dividends % :	0.06%	0.06%	0.06%	0.06%
	the risk-free interest rate:	6.60% p.a	6.66% p.a.	6.72% p.a.	6.84% p.a.
	any other inputs to the model	-			
2.	the method used and the assumptions made to incorporate the effects of expected early exercise	Black-Scholes-Option Valuation Model			
3.	how expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility	<ul style="list-style-type: none"> <li>Fair value calculated by using Black-Scholes option pricing model.</li> <li>Share price: The closing price on NSE as on the date of grant has been considered for valuing the options granted.</li> </ul>			
4.	Whether and how any other features of the option grant were incorporated into the measurement of fair value, such as a market condition.	<ul style="list-style-type: none"> <li>Exercise Price: Exercise Price is the price (₹ 60 per share) as determined by the Nomination and Remuneration Committee.</li> <li>Expected Volatility: Volatility of the Company's stock price based on the NSE price data from the date of listing (i.e. August 1, 2016) upto the date of grant.</li> <li>Expected Option Life: The expected life of the options i.e. the average of the period upto the vesting date and the exercise period corresponding to each vesting.</li> <li>Expected dividends: Expected dividend yield has been calculated as an average of dividend yields for the five financial years preceding the date of the grant.</li> <li>Risk free interest rate: Zero coupon Government Bond rate representing the risk free interest rate.</li> </ul>			

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## (II) AETL's Employees Incentive Plan 2017 (Plan 2017):

Brief Description:

<b>Sr. No.</b>	<b>Particulars</b>	<b>Details</b>										
1.	Date of shareholders' approval	The Scheme / Plan 2017 was approved by the Members through Postal Ballot on May 4, 2017.										
2.	Total number of options approved under the Plan 2017	Under this Plan 2017, the maximum number of Shares awarded through Options and Stock Appreciation Rights (SARs), shall not exceed 45,80,000 Equity Shares (9,16,000 Equity Shares before sub-division) Or 5% of the paid up share capital of the Company whichever is lower. 1 (One) Stock Option shall be on Exercise be entitled to 1(one) Equity Share of the Company. 1 (One) SAR shall on Exercise be entitled to Appreciation on 1(one) Equity Share of the Company, payable in the form of Equity Shares and /or cash payment.										
3.	Vesting requirements	The Options and SARs shall not Vest for a period of one year from the date of the Grant. After the expiry of one year from the date of the Grant, the Vesting of Options and/or SARs shall take place over a term of 4 (four) years, as per provisions of this Plan 2017. <table border="1"><thead><tr><th><b>Year of Vesting</b></th><th><b>Percentage of Vesting</b></th></tr></thead><tbody><tr><td>1 year after the date of grant</td><td>10% of Options/SARs Granted shall Vest</td></tr><tr><td>2 years after the date of grant</td><td>20% of Options/SARs Granted shall Vest</td></tr><tr><td>3 years after the date of grant</td><td>30% of Options/SARs Granted shall Vest</td></tr><tr><td>4 years after the date of grant</td><td>40% of Options/SARs Granted shall Vest</td></tr></tbody></table>	<b>Year of Vesting</b>	<b>Percentage of Vesting</b>	1 year after the date of grant	10% of Options/SARs Granted shall Vest	2 years after the date of grant	20% of Options/SARs Granted shall Vest	3 years after the date of grant	30% of Options/SARs Granted shall Vest	4 years after the date of grant	40% of Options/SARs Granted shall Vest
<b>Year of Vesting</b>	<b>Percentage of Vesting</b>											
1 year after the date of grant	10% of Options/SARs Granted shall Vest											
2 years after the date of grant	20% of Options/SARs Granted shall Vest											
3 years after the date of grant	30% of Options/SARs Granted shall Vest											
4 years after the date of grant	40% of Options/SARs Granted shall Vest											
4.	Exercise price or pricing formula	Exercise Price shall not be higher than the prevailing Market Price of the Shares as on Grant date ('relevant date') discounted by 20%. "Market Price" means the latest available closing price on a recognised stock exchange on which the shares of the company are listed on the date immediately prior to the relevant date.										
5.	Maximum term of options granted	Exercise period shall not exceed five years from vesting date and the date after which the option shall lapse.										
6.	Source of shares (primary, secondary or combination)	Combination										
7.	Variation in terms of options	Subject to the provisions of the SEBI Regulations, the Committee may alter, modify, and/or amend the terms and conditions of the Plan 2017 provided that such amendment/ alterations/ modification is not detrimental to the interests of the Employees.										

As no Options / SARs have been granted by the Company under the Plan 2017, during the year under review and as on the date of Board's Report, other Disclosures are not applicable.



## Annexure II

### FORM NO. AOC-2

(Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

**Form for disclosure of particulars of contracts/arrangements entered into by the Company with Related Parties referred to in subsection (1) of Section 188 of the Companies Act, 2013 including certain Arm's Length transactions under third proviso thereto.**

1. Details of contracts or arrangements or transactions not at Arm's Length basis: NIL
  - (a) Name(s) of the related party and nature of relationship: Not Applicable
  - (b) Nature of contracts/arrangements/transactions: Not Applicable
  - (c) Duration of the contracts/arrangements/transactions: Not Applicable
  - (d) Salient terms of the contracts or arrangements or transactions including the value, if any: Not Applicable
  - (e) Justification for entering into such contracts or arrangements or transactions: Not Applicable
  - (f) Date(s) of approval by the Board: Not Applicable
  - (g) Amount paid as advances, if any: Not Applicable
  - (h) Date on which the Special Resolution was passed in general meeting as required under first proviso to Section 188: Not Applicable

2. Details of material contracts or arrangements or transactions at arm's length basis:

Sr. No.	Particulars	Transaction – Sale / Purchase
(a)	Name(s) of the related party and Nature of relationship	JC Biotech Private Limited ("JC Biotech") Subsidiary (70%)
(b)	Nature of contracts/ arrangements/ transactions	Sale / Purchase of Goods
(c)	Duration of the contracts/ arrangements/ transactions	Transactions during the year ended March 31, 2020
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any:	Total: ₹ 422.09 million (Sale : ₹ 1.15 million, Purchase : ₹ 420.94 million)
(e)	Date(s) of approval by the Board, if any:	May 19, 2018 and May 24, 2019
(f)	Amount paid as advances, if any:	NIL (Advances, if any paid by the Company during the year has been adjusted against the supply of goods by JC Biotech)

Note: The above disclosure of material related party transaction(s) is based on the aggregate transaction value exceeding 10% of annual consolidated turnover of the Company as on March 31, 2019 pursuant to the provisions of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and Policy on Related Party Transactions of the Company, as amended from time to time.

For and on behalf of the Board of Directors of  
**Advanced Enzyme Technologies Limited**

**Vasant Rathi**

Chairman

DIN: 01233447

Date : June 16, 2020

Place : California

# Annexure III

## ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

- I. **A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs:**

### COMPANY'S CSR POLICY:

#### PREAMBLE:

The Corporate Social Responsibility ("CSR") Policy of Advanced Enzyme Technologies Limited ("Company" / "AETL") was approved & adopted by the Board of Directors of the Company in its meeting held on December 26, 2014 pursuant to the provisions of Section 135 of the Companies Act, 2013 read with rules made thereto including Schedule VII to the said Act (including amendment(s) or re-enactment thereof). Based on the recommendations of the CSR Committee of the Board of Directors of the Company ("CSR Committee"), this revised Policy is approved & adopted by the Board of Directors of the Company in its meeting held on January 08, 2019 and shall supersede the existing CSR policy, effective from January 08, 2019.

### 1. INTRODUCTION

The Company is one of the leading manufacturer of enzymes in India registered under the Companies Act, 1956 having its registered office at Sun-Magnetica, A Wing, 5<sup>th</sup> Floor, Near LIC Service Road, Thane (W), Maharashtra - 400604, India. AETL believes in holistic approach towards business meaning a responsible behaviour towards all its stakeholders including the society it operates in. The Company believes that the said approach would remain incomplete if it does not include a well-defined approach to participate in Corporate Social Responsibility activities.

AETL is the largest Indian enzyme company engaged in the Research & Development, manufacturing and marketing of enzyme products and operating in two primary business verticals namely Healthcare & Nutrition and Bio-Processing. AETL offers these products to globally and has presence across 45 countries worldwide and supply these value-added

enzyme products to diverse end-user industries like healthcare, human nutrition, animal nutrition and industrial processing segment such as food processing, brewing, grain processing, textile and leather processing, paper and pulp processing, bio-fuels etc.

As part of its CSR activities, AETL intends to focus on certain projects which shall include initiatives, *inter alia*, in the fields of education, skill development / vocational training, health care, sanitation, safe & clean drinking water, environment sustainability, women empowerment, betterment of differently abled and rural development which will enable creation of a sustainable livelihood in society and better human capital.

This Policy is aimed at providing a framework within which the Company will endeavour to implement CSR activities in the society by addressing social and environmental concerns of the marginalized sections of the society. This Policy is made in accordance with the Companies Act, 2013 [including any amendment(s) or re-enactment thereof] ("Act") along with Companies (Corporate Social Responsibility) Rules, 2014 [including any amendment(s) or re-enactment thereof] ("Rules") and forms part of AETL's key business processes and is as per the recommendations of the CSR Committee.

### 2. CSR VISION OF AETL

*The CSR vision of AETL is to "care for lives that matters beyond making money".*

*"to create, facilitate and provide support for persuasion, continuity and improvement in the field of education, health including safe & clean drinking water, sanitation and living conditions of the underprivileged sections of society including betterment of differently abled thereby creating a quality human capital for the country."*

### 3. CONSTITUTION AND ROLE OF THE CSR COMMITTEE & BOARD

In accordance with the Act, the existing Corporate Social Responsibility Committee ("CSR Committee") comprises 3 (Three) members (including the Independent Directors and an Executive Director). The



membership of the CSR Committee shall be subject to review & change by the Board on a periodical basis.

#### i. Role of CSR Committee

The CSR Committee shall, *inter alia*, perform the following role:

- Formulate and recommend to the Board, a CSR Policy (including any modification thereto) which shall indicate the frame work within which the proposed CSR activities would be undertaken;
- Select, review and recommend to the Board, CSR projects / activities which will be identified based on the proposed thematic areas / activities as provided under the Act and the Rules therein;
- Recommend the amount of expenditure to be incurred on the CSR projects / activities; and
- Monitor the implementation of the CSR Policy from time to time and take such other action as it may deem fit in pursuance of the CSR Vision of AETL.

The Company shall endeavour to spend, in every financial year, at least 2% of the average net profits of the Company made during the immediately preceding three financial years on CSR activities. For this purpose, 'average net profit' shall be calculated in accordance with provisions of Section 198 of the Act, after deducting there from the dividends that may be received from Companies in India which are covered under and complying with the provisions of Companies Act 2013.

#### ii. Role of Board

The Board shall be responsible for:

- Consider & approve the CSR policy as formulated by the CSR Committee
- Ensure that in each financial year, the Company spends at least 2% of the average net profit as enumerated in the Act.

- Ensure that in each financial year, the funds committed by the Company for CSR activities are utilized effectively, and regularly monitoring implementation
- Disclose in the Annual Report, all the statutory disclosures in the prescribed format, if any, as may be required under the Act and other voluntary disclosures as may be deemed fit by the Board.

#### 4. CSR PROJECTS, PROGRAMMES AND ACTIVITIES

In accordance with the CSR philosophy of AETL following projects or activities thereto can be identified by the CSR Committee:

- a) Advanced Shiksha Yogdan
- b) Advanced Shiksha Abhiyan
- c) Advanced Basti / Gaon
- d) Advanced Badlav
- e) Advanced Protection of National Culture
- f) Any other activities as enumerated under Schedule VII to the Act, may be deemed fit by the CSR Committee

##### a) Advanced Shiksha Yogdan (Education Sponsorship)

###### (i) Advanced Shiksha

Under this initiative, education of child shall be given paramount importance. AETL can undertake responsibility of meritorious and needy children and work towards fulfilling their dreams to pursue education and/or underprivileged children by Sponsoring tuition fees, hostel fees, educational fees, mentoring and guiding them in their career paths. Support can also be provided indirectly by way of financial support to schools in remote place or area whether affiliated by Government/ Semi Government/Gram Panchayat/Zilla Parishad or NGO(s), for construction or repair of school building/class room/ hostel/ toilets, drinking water facility etc. AETL can partner with NGOs, Trusts, education institutions, colleges / schools, Women and Child Welfare committee to refer such children.

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**(ii) Advanced Heroes (differently abled education sponsorship for education & vocational training)**

Under this initiative, AETL can take care of the education of differently abled students, children and/or adults. AETL can help either directly and/or through any local government / semi government bodies / trusts / NGOs / institutions / orphanage / other centres by:

- Creating awareness about career options and providing access to disability-appropriate training;
- Sponsoring tuition fees, hostel fees and in some cases even coaching fees & others;
- Mentoring and guiding them in their career paths
- Providing vocation training & development of skills
- Setting up centres, hostels, institutions etc.
- Providing infrastructural support, books, benches, equipment etc.
- Health care
- Construction or repair of school building/ class room/ hostel/ toilets, drinking water facility

**b) Advanced Vidhya Abhiyan (through schools / colleges/ institutions / centres run by local government / bodies/NGO/ Trust/AOP)**

Under the Advanced Vidhya Abhiyan, the objective under this initiative would be to focus on one or more of the following activities / matters to schools/colleges/educational institutions/centres/labs/etc.:

- Provide good quality infrastructural support such as attending to repair and painting of building, electrical equipment, computer or

other laboratory, sanitation infrastructure, e-learning etc.;

- Providing books as per curriculum of the School or motivational books whether or not part of curriculum or note books or writing materials for students of the School
- Provide teaching aids, benches, class room material, additional teachers, if required;
- Teacher Training programmes to help teachers imparting education in such schools to upgrade their abilities and delivery;
- Counselling for single parents, children or any member of the family as may be required;
- Provide and make available safe and clean drinking water for the students;
- Medical check-up and follow-up of general health of students;
- Make available hygienic sanitation separately for boys and girls;
- Other weekend or fun activities including vocational training & may at times, involve AETL staff.
- Providing nutritional food and/ or drinks to students.
- Setting up and/or running of educational institutions, schools, hostels & centres.

**c) Advanced Basti / Gaon (adopting a slum / village)**

Under the Advanced Basti / Gaon initiative, Advanced shall work towards development of a slum / village. To begin with, Advanced shall look into the number of slums within the urban Mumbai or Thane metropolitan area or the areas nearby any of the plants of the Company.



Under this initiative, AETL can undertake any one or more of the following activities with due permission from concerned authorities in the following areas, either directly and / or through local government / bodies / NGOs / Trust(s) / AOP /any other institutions etc.:

- Provide safe / clean drinking water (water tankers, water filters) or such other facilities as may help to provide safe drinking water.
- Sanitation upkeep (provide portable toilets with cleaning and maintenance contract)
- Set up Health care centres, to be operated from within the Schools (Free health check-ups)
- Malnutrition
- Environment (Cleanliness drive within the lanes of the basti / gaon)
- Setting up medical units or hospitals
- Vocational Training / skill development training or setting up of such centres and/or sponsoring such activities
- Setting up educational centres, schools, colleges, homes / hostels for women, orphans, & senior citizens

**d) Advanced Badlav (awareness campaign for change)**

AETL believes that for creating long-lasting and sustainable social impact, it is important to bring a change in the thought process of the society by creating public awareness of various issues that are prevalent in society and the need for change by creating public opinion.

This awareness initiative will aim to create a change in the way the society approaches certain pertinent social issues which will help reduce the crime and create a better place for

people to live. Some of the issues that AETL believes need to be addressed on priority are:

- Environment (save water, plant trees, global warming)
- Shram Dhan
- Felicitation of those who care, share and serve to the Society
- Anti-Rape
- Dowry deaths
- Drug and Alcohol abuse
- Female foeticide
- Gender equality, literacy programs, vocation trainings.

**e) Advanced Protection of National Culture (Protection and/or promotion of national heritage, art and culture)**

AETL believes that protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional arts and handicrafts, is very important for sustained growth and development of the Society and Nation. The cultural heritage of India is considered to be most pious and is always inclusive “vasudev kutumbakam”.

**f) Any other activities / project as may be deemed fit by the CSR Committee**

Notwithstanding anything contained in the afore-stated focal areas, the CSR Committee may decide to contribute to any other activities / projects as it may deem fit, and as enumerated in Schedule VII to Companies Act, 2013 (as may be amended from time to time).

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## 5. IMPLEMENTATION:

- a) AETL will identify suitable programmes for implementation in line with the CSR Policy of the Company. The approved projects / activities will be implemented by either directly and/or through any Governmental bodies / Semi-Government or local bodies / Trusts / NGOs / Any other institutions or centres.
- b) The time period / duration of each project / programme / activity shall depend on its nature, extent, of coverage and intended impact of such activity;
- c) The investment in CSR shall be project based and for every project time period, periodic milestones shall be finalised by the CSR committee from time to time in consultation with the related implementation team;
- d) The CSR spend would include building capacities of the Company's personnel as well as their implementing agencies and travel & logistics for the purpose of project implementation.

## 6. SURPLUS OF CSR PROJECTS

In line with the guidelines provided by the Act, surplus, if any, arising out of the projects or programs or activities shall not form part of the business profit of AETL and such surplus shall be invested in appropriate bank deposits, liquid funds and other instruments offering adequate safety and reliability and any interest income earned on the foregoing shall be utilized for CSR purposes.

## 7. MONITORING & REPORTING FRAMEWORK

### MONITORING

- The CSR Committee shall consider & institute a transparent monitoring mechanism for implementation of the CSR projects / programs / activities undertaken. For the said purpose, the CSR Committee can set-up an Internal Monitoring Group. The Internal Monitoring Group shall, as and when the CSR Committee requires, make a

periodical presentation to submit its report to the CSR Committee.

The CSR Committee through the Internal Monitoring Group / team (if any) shall:

- Ensure that the CSR projects are implemented in terms of the CSR policy of the Company.
- The reporting format, framework & system is aligned as per the provisions of the Act
- Closely monitor the implementation schedules of each of the projects; and where there has been delay in the implementation schedules, the reasons for delay to be looked into and addressed to the extent possible.
- Ensure all fund disbursement in respect of CSR programmes is directed only towards the projects / programmes set out in the CSR Policy and funds are released against verified utilizations through approved projects / activities.

The CSR Committee may undertake periodic or surprise field visits, interact with the beneficiaries of the projects and undertake independent evaluation. Also, the CSR spends may be subjected to periodical Audit, as and when and in a manner that the Committee & Board deems fit.

## 8. REPORTING

At the end of each financial year CSR Committee shall also provide a consolidated 12 (twelve) months activity and expenditure report in the format prescribed in the Act, which will be included in the Annual Report of the Company.

## 9. AMENDMENT/ MODIFICATION

This Policy may be amended or modified by the CSR Committee & Board as may be deemed necessary, subject to the provisions of applicable laws & regulations.

The CSR policy of the Company covers the proposed CSR activities in line with Section 135 of the Companies



Act, 2013 and Schedule VII thereto. The CSR Policy of the Company including the overview of projects or programs may be accessed on the Company's website at [www.advancedenzymes.com/investors/corporate-governance](http://www.advancedenzymes.com/investors/corporate-governance)

## II. The Composition of the CSR Committee is as under:

As on March 31, 2020, the CSR Committee comprises following members:

Mr. Kedar Desai	(Independent Director)	- Chairman
Mr. Mukund Kabra	(Whole-time Director)	- Member
Mr. Vasant Rathi	(Non-Executive Director)	- Member

## III. Average net profit of the Company for last three financial years: ₹ 4191.14 Lakhs

## IV. Prescribed CSR Expenditure (Two percent of amount as in Item no. 3): ₹ 83.82 Lakhs

## V. Details of CSR spent during the financial year:

- (a) Total amount spent for the financial year: ₹ 85.66 lakhs  
 (b) Amount unspent, if any: NIL

(₹ in lakhs)

Sr. No.	CSR project or activity identified	Sector in which the Project is covered	Projects or programs (1) Local area or Other (2) Specify the State and district where projects or programs were undertaken	Amount outlay (budget) project or program wise	Amount spent on the projects or programs Sub-heads: (1) Direct Expenditure on projects or programs. (2) Overheads	Cumulative expenditure upto to the reporting period	Amount spent: Direct or through Implementing agency
1.	Advanced Shiksha Yogdan (Education Sponsorship) [Advanced Heroes]  Contribution for vocational training and skills for differently abled adults	Promoting education, including special education and vocation skills especially among the differently abled and livelihood enhancement projects	Nashik, Maharashtra	2.00	Direct: 2.00 Overheads: NIL	2.00	Direct - NIL Through- ADHAR: ADHAR is a lifetime Home for Specially Abled adults and registered under the Public Trust Act 1950 as an 'Association of Parents of Mentally Retarded'
2.	Advanced Shiksha Yogdan (Education Sponsorship) [Advanced Heroes]  Contribution for Education to special children by sponsoring food, accommodation and skill training.	Promoting Education including special education & vocational skills	Jawahar, Thane, Maharashtra	1.20	Direct: 1.20 Overheads: NIL	1.20	Direct- NIL Through - Shree Gurudev Bahudheshiya Samajik Sanstha - Divya Vidyalay where primarily differently abled children get special education, food & accommodation. The contribution was made for the said sponsoring of one of the special children at Divya Vidyalay.

Sr. No.	CSR project or activity identified	Sector in which the Project is covered	Projects or programs (1) Local area or Other (2) Specify the State and district where projects or programs were undertaken	Amount outlay (budget) project or program wise	Amount spent on the projects or programs Sub-heads: (1) Direct Expenditure on projects or programs. (2) Overheads	Cumulative expenditure upto to the reporting period	Amount spent: Direct or through Implementing agency
3.	Advanced Shiksha Yogdan (Education Sponsorship) [Advanced Shiksha]	Promoting Education & measures for reducing inequalities faced by socially and economically backward groups	Thane / Maharashtra	0.70	Direct: 0.70 Overheads: NIL	0.70	Direct: Education sponsorship of two children Through: NIL
4.	Advanced Shiksha Yogdan (Education Sponsorship) [Advanced Heroes]  Contribution for various activities of Arpan Thalassemia society for management of Thalassemia patients	Promotion of health care	Nashik / Maharashtra	5.00	Direct: 5.00 Overheads: NIL	5.00	Direct: NIL Through: Arpan Thalassemia Society. The society is treating kids at IMA Thalassemia Care Centre, Nashik and N.M. Shah N.V. Patel Thalassemia Care Centre Vile-Parle, Mumbai and manages the treatment of Thalassemia patients.
5.	Advanced Shiksha Yogdan (Education Sponsorship) [Advanced Heroes]  Contribution for providing sewing machines to the blind / orphans / differently abled people to provide them livelihood/ self-employment opportunity	Promoting education, including special education and vocation skills especially among the differently abled and livelihood enhancement projects	Rahuri, Ahmednagar / Maharashtra	2.21	Direct: 2.21 Overheads: NIL	2.21	Direct: NIL Through: Shivgarjana Kala Manch. The Trust is involved in a project for developing an "ashram" at Mendhi, Taluka Sinnar <i>inter alia</i> for blind, differently abled, old aged and orphan children in order to provide them shelter, education/technical skills and an opportunity for livelihood & endeavor to make them independent by providing weaving/sewing machines.
6.	Advanced Shiksha Yogdan (Education Sponsorship) [Advanced Heroes]  Contribution for provision of digital hearing aids, installation of FM systems in the school and to build recreational and vocational training centre for physically challenged children	Promoting education, including special education and vocation skills especially among the differently abled and livelihood enhancement projects	Nashik / Maharashtra	5.00	Direct: 5.00 Overheads: NIL	5.00	Direct: NIL Through Padsad Apang Upchar va Punarvasan Kendra (registered trust under Bombay Public Trust Act) / Padsad Karnabadhir Vidyalaya, Blind School in Nasik The trust is engaged in providing digital hearing aids, installation of FM systems in the school and to build recreational and vocational training centre for physically challenged children



Sr. No.	CSR project or activity identified	Sector in which the Project is covered	Projects or programs (1) Local area or Other (2) Specify the State and district where projects or programs were undertaken	Amount outlay (budget) project or program wise	Amount spent on the projects or programs Sub-heads: (1) Direct Expenditure on projects or programs. (2) Overheads	Cumulative expenditure upto to the reporting period	Amount spent: Direct or through Implementing agency
7.	Contribution for building home for underprivileged	Promoting equality & measures for reducing inequalities faced by socially and economically backward groups	Karjat / Maharashtra	4.80	Direct: 4.80 Overheads: NIL	4.80	Direct: NIL Through Habitat for Humanity India Trust. The trust is involved in building homes for underprivileged in Karjat
8.	Healthcare Contribution for those affected during lockdown / COVID-19	Promotion of education and preventive healthcare	Navi Mumbai / Maharashtra	0.85	Direct: 0.85 Overheads: NIL	0.85	Direct: NIL Through Humanity First Foundation. Distribution of Food (Ration) packets
9.	Advanced Vidhya Abhiyan Contribution of necessary equipment for promotion of education	Promotion of education	Pimple, Sinnar Taluka, Nashik / Maharashtra	2.00	Direct: 2.00 Overheads: NIL	2.00	Direct: NIL Through Shree Gopal Shikshan Prasark Mandal's - Gopal Vidhyalaya, Pimple. The trust is involved in development of computer labs, purchase of science lab equipment, Sports equipment, sound system and donation of cycles to students for commuting
10.	Advanced Vidhya Abhiyan Contribution for expanding the present capacity of the Boys' Hostel for students.	Promotion of education	Andheri, Mumbai / Maharashtra	11.00	Direct: 11.00 Overheads: NIL	11.00	Direct: NIL Through RVG Education Foundation The trust is involved in providing hostel facility to aspiring students in Mumbai
11.	Advanced Shiksha Yogdan (Education Sponsorship) For funding Educational & related activities	Promoting Education	Nagpur / Maharashtra	25.00	Direct: 25.00 Overheads: NIL	25.00	Direct: NIL Through Samta Purushottam Agrawal Memorial Foundation. The trust is involved in educational & related activities. The CSR funds were utilized for renovation of Nagpur UDPS Alumni Association's Dr. A K Dorle Auditorium used for education/academic including personality development activities

Sr. No.	CSR project or activity identified	Sector in which the Project is covered	Projects or programs (1) Local area or Other (2) Specify the State and district where projects or programs were undertaken	Amount outlay (budget) project or program wise	Amount spent on the projects or programs Sub-heads: (1) Direct Expenditure on projects or programs. (2) Overheads	Cumulative expenditure upto to the reporting period	Amount spent: Direct or through Implementing agency
12.	Advanced Vidhya Abhiyan  Contribution for a training centre for providing vocational training & creating awareness related to health / hygiene of the women & girls.	Empowering women by providing vocational training and awareness related to health and hygiene	Latur / Maharashtra	10.00	Direct: 10.00 Overheads: NIL	10.00	Direct: NIL Through Adarsh Mahila Griha Udyog. The trust is engaged in providing vocational training & creating awareness related to health / hygiene of the women & girls.
13.	Setting up primary vision centre for providing primary eye screening, spectacles for vision correction, refers patients to our surgical facilities for eye surgeries, and provides post-operative follow-up check-up pursuant to Schedule VII	Promotion of health care	Bihar	15.90	Direct: 15.90 Overheads: NIL	15.90	Direct: NIL Through Yugrishi Shriram Sharma Acharya Charitable Trust. The trust has established Akhand Jyoti Eye Hospital which treats people blinded by cataracts, principally in the state of Bihar.
<b>Total</b>				<b>85.66</b>	<b>85.66</b>	<b>85.66</b>	

\*excluding overheads, if any

VI. In case the Company fails to spend the 2% of the average net profit (INR) of the last three financial years, the reasons for not spending the amount shall be stated in the Board report: Not Applicable

VII. The CSR Committee confirms that the implementation and monitoring of CSR Policy is in Compliance with CSR Objective and Policy of the Company.

For and on behalf of the Board of Directors of  
**Advanced Enzyme Technologies Limited**

**Kedar Desai**  
Independent Director & Chairman of CSR Committee  
DIN: 00322581

Date : June 16, 2020  
Place : Mumbai

**Mukund Kabra**  
Wholtime Director & CSR Committee member  
DIN: 00148294

Date : June 16, 2020  
Place : Nashik



## Annexure IV

### FORM NO. MR-3 SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2020

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies

(Appointment and Remuneration Personnel) Rules, 2014]

To  
The Members,  
**Advanced Enzyme Technologies Limited**  
Sun Magnetica, 5<sup>th</sup> Floor,  
Near LIC Service Road, Louis Wadi,  
Thane- 400604.

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Advanced Enzyme Technologies Limited** (hereinafter called the "Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Due to COVID -19 lockdown I have conducted Audit through remote location using software Forticlient VPN for verification of books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31.03.2020 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2020 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 and amendments from time to time;
  - (d) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
  - (e) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
  - (f) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not applicable to the company during the period under review)
  - (g) Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; (Not applicable to the company during the period under review)

- 
- (h) Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013; (Not applicable to the company during the period under review)
- (i) Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and (Not applicable to the company during the period under review)
- (j) Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; (Not applicable to the company during the period under review)
- (vi) Other laws applicable specifically to the Company namely:
- (a) Factories Act, 1948;
- (b) The Contract Labour (Regulation and Abolition) Act, 1970 and Rules made thereunder;
- (c) Air (Prevention and Control of Pollution) Act, 1981 and Rules made thereunder;
- (d) Environment Protection Act, 1986
- (e) Water (Prevention and Control of Pollution) Act, 1974 and Rules made thereunder;
- (f) Explosive Act, 1884;
- (g) The Petroleum Act, 1934;
- (h) Drugs & Cosmetics Act, 1940;
- (i) Food Safety and Standard Act, 2006 & rules made thereunder;
- (j) Prevention of Food Adulteration Act, 1954.

I have also examined compliance with the applicable clauses of the Secretarial Standards issued by The Institute of Company Secretaries of India.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc. mentioned above.

**I further report that:**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in advance in accordance with the provisions of Companies Act, 2013 and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

As per the minutes, the decisions at the Board Meetings were taken unanimously.

**I further report** that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**I further report** that during the audit period the company had no specific actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above.

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Place: Mumbai  
Date: 30.05.2020

UDIN: F005703B000304001

This report is to be read with my letter of even date which is annexed as Annexure 'A' and forms an integral part of this report.

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**SHIV HARI JALAN**  
*Practicing Company Secretary*  
FCS No: 5703  
C.P.NO: 4226



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## 'Annexure A'

To  
The Members,  
**Advanced Enzyme Technologies Limited**  
Sun Magnetica, 5<sup>th</sup> Floor,  
Near LIC Service Road, Louis Wadi,  
Thane - 400604.

My Report of even date is to be read along with this letter.

1. Maintenance of Secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the process and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and books of accounts of the company.
4. Wherever required, I have obtained the management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The Compliance of provision of Corporate and other applicable laws, rules, regulations, standard is the responsibility of management. My examination was limited to the verification of procedure on test basis.
6. The secretarial Audit report is neither an assurance as to the future viability of Company nor of the efficacy of effectiveness with which the management has conducted the affairs of the company.

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Place: Mumbai  
Date: 30.05.2020

UDIN: F005703B000304001

**SHIV HARI JALAN**  
*Practicing Company Secretary*  
FCS No: 5703  
C.P.NO: 4226

# Annexure V

## CORPORATE GOVERNANCE REPORT

### COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Corporate Governance is about maximizing shareholders value legally, ethically and sustainably with a goal to ensure fairness for every stakeholder. We are dedicated to ensure to adopt and attain the best practices in Corporate Governance. The Company believes in ensuring corporate fairness, transparency, professionalism, accountability and propriety in the functioning of the Company, and believes that these are pre-requisites for attaining sustainable growth in this competitive corporate world.

### BOARD OF DIRECTORS

#### Composition of Board of Directors as on March 31, 2020

The Board of Directors of the Company (hereinafter referred as "the Board") comprises an optimum combination of Executive and Non-Executive Directors. As on March 31, 2020, the Board comprised 9 (Nine) Directors i.e. 1 (One) Executive Director and 8 (Eight) Non-Executive Directors, out of which 5 (Five) were Independent Directors. The Chairman of the Board is a Non-Executive Director (Promoter) and more than half of the Board members are Independent. Pursuant to the provisions of Regulation 17(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended from time to time) (hereinafter referred as "SEBI Listing Regulations"), the Board of top 1000 Companies needs to have one Independent Woman Director. The Board, at its meeting held on March 28, 2020 [through Video Conferencing] approved the appointment of Ms. Rajshree Patel as an Additional Director (Independent Woman Director) of the Company, *inter alia* subject to and with effect from the date of her obtaining Director Identification Number ("DIN"). However, mainly due to the ongoing lockdown to prevent further spread of Coronavirus (COVID-19) pandemic, the Digital Signature ("DSC") which is mandatory to obtain a DIN could not be obtained in March 2020. The Board approved appointment of Ms. Rajshree Patel as an Additional Director *inter alia* subject to allotment of DIN. The composition of the Board is in line with requirements of SEBI Listing Regulations

as mentioned here. The Independent Directors do not have any material pecuniary relationship or transactions with the Company, Promoters or Management, which may affect their judgment in any manner. Further, in the opinion of the Board, the Independent Directors fulfill the conditions specified in the SEBI Listing Regulations and are independent of the management. The Directors are eminently qualified and experienced professionals in business, finance and corporate management.

The relevant details of composition of the Board of Directors are as follows:

Sr. No.	Names of the Directors	Category of Directors
1.	Mr. Vasant L. Rathi	Chairman & Non-Executive Director
2.	Mr. Mukund Kabra	Whole-time Director
3.	Ms. Rasika Rathi	Non-Executive Director
4.	Mr. Kedar Desai	Independent Director
5.	Mr. Pramod Kasat	Independent Director
6.	Mr. Rajesh Sharma	Independent Director
7.	Mr. Vilas Aurangabadkar	Independent Director
8.	Mr. Vinodkumar Jajoo	Independent Director
9.	Dr. Sunny Sharma*	Additional Director (Non-Executive)

\*appointed as an Additional Director (Non-Executive) w.e.f November 02, 2019

**Notes:** Mrs. Rajshree Patel appointed as an Additional Director as mentioned above, with effect from date of allotment of DIN. (i.e. June 12, 2020) None of the Directors of the Company are related to any other Director on the Board in terms of the definition of 'Relative' given under the Companies Act, 2013 read with the corresponding Rules framed thereunder ("Act") except Ms. Rasika Rathi (Promoter group member) is daughter of Mr. Vasant Rathi.



**Number of Board or Board Committees of which a Director is a member or Chairperson; the names of Other Listed entities where the Directors of the Company are Directors and the Category of their Directorship:**

Sr. No.	Names of Directors	No. of Directorship held in other companies (\$)	No. of Committee membership in other Companies(*)	No. of Committees in which Director is a Chairperson (Other companies) (*)	Name of the listed entities where the person is a Director (Category of Directorship)
1.	Mr. Vasant Rathi	-	-	-	-
2.	Mr. Mukund Kabra	3	1	-	-
3.	Ms. Rasika Rathi	-	-	-	-
4.	Dr. Sunny Sharma	-	-	-	-
5.	Mr. Kedar Desai	2	2	-	-
6.	Mr. Pramod Kasat	3	2	1	Shilpa Medicare Limited (Independent Director) Natural Capsules Limited (Independent Director)
7.	Mr. Rajesh Sharma	-	-	-	-
8.	Mr. Vinodkumar Jajoo	-	-	-	-
9.	Mr. Vilas Aurangabadkar	-	-	-	-

*\$ Excludes Directorship in private companies, foreign companies and Section 8 companies.*

*\* Audit Committee and Stakeholders' Relationship Committee in listed and unlisted public limited companies have been considered.*

Note: During the year under review, all the recommendations of the Committees of the Board which are mandatorily required were approved by the Board. Ms. Rajshree Patel is not holding Directorship in any company in India.

**Attendance of each Director at the Board Meetings and the last Annual General Meeting:**

During the financial year 2019-20 ("FY20"), the meetings of the Board of Directors were held Six (6) times i.e. on May 24, 2019 (No. 04/2019), August 08, 2019 (No. 05/2019), August 12, 2019 (No. 06/2019), November 02, 2019 (No. 07/2019), February 06, 2020 (No. 01/2020), and March 28, 2020 (No. 02/2020). The maximum gap between any two Board meetings was less than One hundred and Twenty (120) days, as stipulated under Regulation 17(2) of the SEBI Listing Regulations. The details of attendance at the Board meetings and General Meeting as the Directors of the Company, during the year under review and post their appointment as Director on the Board:

Sr. No.	Name of Directors	No. of Board Meeting attended		Attended - last AGM held on August 8, 2019
		Held	Attended	
1.	Mr. Vasant Rathi	6	6	Yes
2.	Mrs. Savita Rathi#	2	2	No
3.	Mr. Mukund Kabra	6	6	Yes
4.	Mr. Kedar Desai	6	6	Yes

Sr. No.	Name of Directors	No. of Board Meeting attended		Attended - last AGM held on August 8, 2019
		Held	Attended	
5.	Mr. Pramod Kasat	6	6	Yes
6.	Mr. Rajesh Sharma	6	5	No
7.	Mr. Vilas Aurangabadkar	6	5	Yes
8.	Ms. Rasika Rathi	6	6	Yes
9.	Mr. Vinodkumar Jajoo	6	6	Yes
10.	Dr. Sunny Sharma@	2	2	NA

*#ceased to be a Director on the Board w.e.f. August 08, 2019 due to non-appointment by the Members at the 30<sup>th</sup> Annual General Meeting of the Company held on August 08, 2019  
@appointed as an Additional Director (Non-Executive) w.e.f November 02, 2019*

#### SKILLS, EXPERTISE AND COMPETENCIES OF THE BOARD

The Board comprises qualified personnel who have the key skills, competencies and expertise required for the Board members' effective contribution to the Board & its Committees and also for the Board to function effectively. Following is the chart / matrix setting out the requisite skills/competencies/expertise of the Board of Directors of the Company:

Experience in the enzyme business / industry	The experience in the enzyme business / industry is seen as most critical considering the nature of business of the Company.
Leadership	Extensive leadership experience of an organization for practical understanding of the organization, its processes, strategic planning, risk management for driving change and long-term growth
Finance	Finance field skills/competencies/expertise is seen as important for intricate and high quality financial management and financial reporting processes
Legal	In order to strengthen and maintain the governance levels & practices in the organization.
Understanding of Global Business	Owing to presence across the globe, the understanding of global business & markets is seen as pivotal.

The aforementioned skills are only indicative and not possessing any skill/competency/expertise is not seen as a disqualifying ability. The nominations to the Board are made on the recommendations of the Nomination and Remuneration Committee which considers various other factors.

Following is the chart/matrix setting out the Names of the Directors of the Company possessing the requisite skills/competencies/expertise:

Name of Directors	Skills/Competencies/expertise (detailed profile is provided elsewhere in the Annual report under the heading "Board of Directors")
Mr. Vasant Rathi	Immense experience in Enzyme business / industry, Business strategic planning & development, Finance, Leadership with experience of business at global level and international markets.
Mr. Mukund Kabra	Experience in Enzyme business, Business Strategy, Sales, Marketing, Leadership with understanding of global business and markets
Ms. Rasika Rathi	Experience in Enzyme business, Legal including Risk Management, Leadership and understanding of global business



Mr. Kedar Desai	Legal with rich experience in field of law, Leadership and understanding of global business
Mr. Pramod Kasat	Finance with rich experience in Investment Banking, Leadership and understanding of global business
Mr. Rajesh Sharma	Finance with rich experience in health care finance & Leadership and understanding of global business
Mr. Vinodkumar Jajoo	Finance with rich experience in Direct/Indirect Taxation and Audit
Mr. Vilas M Aurangabadkar	Experience in manufacturing industry and as educationalist.
Dr. Sunny Sharma	Finance, rich experience in Investment Banking/Fund, Leadership and understanding of global business

#### **CERTIFICATION FROM THE COMPANY SECRETARY IN PRACTICE**

Mr. Shiv Hari Jalan, Practising Company Secretary (FCS No.: 5703), has issued a certificate as required under the SEBI Listing Regulations that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as a Director of Companies by SEBI / Ministry of Corporate Affairs or any such statutory authority. The Certificate is enclosed as an Annexure to this report.

#### **AUDIT COMMITTEE**

##### **Brief Description of term of reference**

The terms of reference of Audit Committee articulates the roles, responsibilities and powers of the Audit Committees under Regulation 18(3) read with Schedule II (Part C) of SEBI Listing Regulations and Section 177 of the Companies Act, 2013 (hereinafter referred to as "the Act"). The Role of the Audit Committee is as prescribed under Regulation 18 of SEBI Listing Regulations.

The role of the Audit Committee *inter alia* includes the following:

- Oversight of Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- Recommendation for the appointment, remuneration and terms of appointment of auditors of the Company;
- Approval of payment to Statutory Auditors for any other services rendered by the statutory auditors;
- Review with the management, the annual financial statements and Auditor's Report thereon before submission to the Board for approval, with particular reference to:
  - Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section (3) of Section 134 of the Act;
  - Changes, if any, in accounting policies and practices and reasons for the same;
  - Major accounting entries involving estimates based on the exercise of judgment by management;
  - Significant adjustments made in the financial statements arising out of audit findings;
  - Compliance with listing and other legal requirements relating to financial statements;
  - Disclosure of any related party transactions; and
  - Modified opinion(s) in the draft audit report.
- Review with the management, the quarterly financial statements before submission to the Board for approval;
- Review with the management, the statement of uses / application of funds, if any, raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/ notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of

- a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- Approval or any subsequent modification of transactions of the Company with related parties;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the Company, wherever it is necessary;
- Evaluation of Internal Financial Controls and Risk Management Systems;
- Review with the management, performance of statutory and internal auditors, and adequacy of the internal control systems;
- Review the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- Discussion with internal auditors of any significant findings and follow up there on;
- Review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- Review the reasons for substantial defaults, if any, in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;

- Review the functioning of the whistle blower mechanism;
- Approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate;
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee under the Act and the SEBI Listing Regulations.

**Composition, Names of Members and Chairman, Meetings of the Committee and Attendance during the year**

In accordance with the provisions of Regulation 18 of SEBI Listing Regulations read with Section 177 of the Act, the Audit Committee of the Board comprises of three (3) Independent Directors and one (1) Non-Executive Director as on March 31, 2020. All the members of the Audit Committee are financially literate. The Committee invites the representatives of the Statutory and Internal Auditor(s). Further, the Chief Financial Officer also attends the Audit Committee meeting(s). The Company Secretary acts as a Secretary to the Audit Committee.

During the FY20, the Audit Committee met Six (6) times i.e. on May 24, 2019 (No. 03/2019), July 20, 2019 (No. 04/2019), August 08, 2019 (No. 05/2019), November 02, 2019 (No. 06/2019), February 06, 2020 (No. 01/2020) and March 28, 2020 (No. 02/2020).

The composition of the Audit Committee along with the details of the meetings held and attended during the aforesaid period is detailed below:

Names of Members	Designation	No. of Audit Committee Meetings	
		Held	Attended
Mr. Kedar Desai	Chairman	6	6
Mr. Pramod Kasat	Member	6	6
Mr. Rajesh Sharma	Member	6	5
Mr. Vasant Rathi	Member	6	6



## NOMINATION AND REMUNERATION COMMITTEE

### Brief Description of terms of reference

The terms of reference of the Nomination and Remuneration Committee are in line with Regulation 19 read with Part D of Schedule II of the SEBI Listing Regulations and Section 178 of the Act:

- To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation.
- To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.

The role of the Nomination and Remuneration *inter alia* includes the following:

- Formulation of the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy relating to the remuneration of the Directors, Key Managerial Personnel and other employees;
- Formulation of criteria for evaluation of performance of Independent Directors and the Board;
- Devising a policy on diversity of the Board;
- Identifying persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.
- Whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors.
- Devising a policy on Employee Stock Option Scheme and ensuring proper implementation as per scope provided in ESOP Scheme.

### Composition, Name of Members and Chairman, Meetings of the Committee and Attendance during the year

During the FY20, Nomination and Remuneration Committee met four (4) times i.e. on May 24, 2019 (No. 03/2019), November 02, 2019 (No. 04/2019), February 06, 2020 (No. 01/2020) and March 28, 2020 (No. 02/2020).

The composition of the Nomination and Remuneration Committee as on March 31, 2020 along with the details of the meetings held and attended during the aforesaid period is detailed below:

Name of Members	Designation	No. of Meetings	
		Held	Attended
Mr. Pramod Kasat	Chairman	4	4
Mr. Kedar Desai	Member	4	4
Mr. Vasant Rathi	Member	4	4
Mr. Rajesh Sharma	Member	4	3

### Familiarization Programme for Independent Directors

The Familiarization programme for the Directors during the year covered topics such as Operations, Financials, Strategy, Performance, Outlook and update on amendment of statutory & regulatory laws and visit of few Independent Directors to the plant of a subsidiary in India (JC Biotech Private Limited).

The details of the Familiarization programme are available on the Company's website at: [www.advancedenzymes.com/investors/corporate-governance](http://www.advancedenzymes.com/investors/corporate-governance)

### Performance Evaluation of Board and Individual Directors

The Board has adopted a formal policy for evaluating the performance of its Board, Committees and Directors, including the Chairman of the Board ("Board Evaluation Policy"). The said evaluation typically examines the role of the Board and the entailing responsibilities, and assesses their effectiveness by the Board. The effectiveness of the Board depends on various factors, some of which are derived from the functions of the Board. A structured performance evaluation exercise was carried out based on criteria such as Board / Committee compositions,

dynamics and functioning of the Board, Business Strategy, Governance & Monitoring role, Financial reporting, Internal Audit, Internal Controls and Advisory role etc.

Pursuant to provisions of the Act, SEBI Listing Regulations and Board Evaluation Policy, the Directors of the Company carried out annual performance evaluation of the Board as a whole, Committees of the Board and the Independent Directors (excluding the Director being evaluated), as per evaluation forms circulated to them. The evaluation of Independent Directors was conducted on the basis of the parameters which included the participation & contribution at the Board & Committee meetings, understanding of the governance, regulatory, financial, fiduciary and ethical requirements of the Board & Committees, standards of ethics & integrity, ability to exercise objective independent judgment in the best interests of the Company & its stakeholders.

A meeting of Independent Directors of the Company was held through video conference on March 28, 2020 to: (a) review the performance of Chairperson, Non Independent Directors and the Board as a whole; (b) assess the quality, quantity and timeliness of flow of information between the Company management and the Board. The results of the performance evaluation were placed and reviewed at the meeting of the Independent Directors, Nomination and Remuneration Committee and the Board.

## REMUNERATION OF DIRECTORS

There were no pecuniary relationships or transactions between the Non-Executive Directors (including Independent Directors) and the Company, except the following:

1. Sitting fees drawn by Independent Directors for attending the meeting of the Board, Committee(s) thereof and Independent Directors' Meeting.
2. Commission paid to Non-Executive Directors of the Company.

### Criteria for making payment to Non-Executive Directors

The Company has formulated a Nomination and Remuneration Policy which indicates criteria for making payment to Non-Executive Directors. As per the said Policy, the remuneration / commission to Non-Executive Directors shall be in accordance with the statutory provisions of the Act, and the rules made thereunder for the time being in force. The Non-Executive / Independent Directors may receive remuneration by way of sitting fees for attending meetings of Board or Committees thereof. Provided that the amount of such fees shall not exceed the maximum amount as provided in the Act per meeting of the Board or Committees. Limits of Remuneration / Commission to be paid shall be within the monetary limits as approved by Members, and not exceeding 1% of the net profits of the Company computed as per the applicable provisions of the Act.

The said Policy is available on the Company's website. The web-link for the same is [www.advancedenzymes.com/investors/corporate-governance](http://www.advancedenzymes.com/investors/corporate-governance).

## Details of Remuneration to Directors:

### Remuneration to Executive Directors

The details of the Remuneration of Executive Directors of the Company for the year ended March 31, 2020 is as follows: (in ₹)

Particulars		Mrs. Savita Rathi*	Mr. Mukund M. Kabra
Basic	<b>A</b>	8,04,957	45,41,964
Other Allowances		16,27,110	99,60,100
Bonus		2,56,373	3,44,088
	<b>B</b>	<b>18,83,483</b>	<b>1,03,04,188</b>
<b>Sub-total</b>	<b>(A+B)</b>	<b>26,88,440</b>	<b>1,48,46,152</b>



Particulars	Mrs. Savita Rathi*	Mr. Mukund M. Kabra
Contribution to :		
Provident fund	96,594	5,45,040
Super Annuation Fund	-	4,12,906
Gratuity	-	2,18,364
<b>C</b>	<b>96,594</b>	<b>11,76,310</b>
<b>Total (A+B+C)</b>	<b>27,85,034</b>	<b>1,60,22,462</b>
Commission to Directors for FY20	-	28,77,863
<b>D</b>		
<b>Grand Total (A+B+C+D)</b>	<b>27,85,034</b>	<b>1,89,00,325</b>
Stock Options (Granted during the year)#	NIL	NIL

\*ceased to be a Director on the Board pursuant to non-reappointment at the previous AGM held on August 08, 2019.

Note: The aforesaid amount is on payable basis and is excluding leave encashment.

#During February 2017, the Company has granted 12,500 Options to Mr. Mukund Kabra (Whole-time Director), as per the provisions of Employees Stock Option Scheme 2015 (as amended) of the Company. Out of which 10% Options (i.e. 1,250) got vested on February 15, 2018 & 20% Options (i.e. 2,500) got vested on February 15, 2019. Further, during the Financial year under review, 30% Options (i.e. 3,750) got vested on February 15, 2020. During the year under review, Mr. Mukund Kabra has not exercised any Stock Options.

### Remuneration and Shareholding (as on March 31, 2020) of the Non-Executive Directors

All the Independent Directors receive remuneration by way of sitting fees for attending meetings of the Board/ Committees and for meeting of the Independent Directors. The details of Sitting Fees and Commission paid to Independent Directors and Non-Executive Directors for the FY20 along with the Shareholding of the Non-Executive Directors are as under:

Names of Directors	Category of Non-Executive Directorship	Sitting Fees (Note 2) (₹ In million)	Commission (Note 3) (₹ In million)	No. of Shares (Face Value ₹ 2/- each)	% of Shareholding
Mr. Vasant Rathi	Non-Executive Non-Independent	-	-	3,65,78,702	32.75
Ms. Rasika Rathi	Non-Executive Non-Independent	-	0.37	25,65,000	2.30
Dr. Sunny Sharma	Additional Director (Non-Executive Non-Independent)	-	-	NIL	NIL
Mr. Kedar Desai	Independent Director	0.54	1.41	2,000	0.001
Mr. Pramod Kasat	Independent Director	0.40	1.16	NIL	NIL
Mr. Rajesh Sharma	Independent Director	0.33	0.80	NIL	NIL

Names of Directors	Category of Non-Executive Directorship	Sitting Fees (Note 2) (₹ In million)	Commission (Note 3) (₹ In million)	No. of Shares (Face Value ₹ 2/- each)	% of Shareholding
Mr. Vilas Aurangabadkar	Independent Director	0.17	0.31	NIL	NIL
Mr. Vinodkumar Hiralal Jajoo	Independent Director	0.24	0.49	NIL	NIL

**Note 1:** The shareholding of Ms. Rasika Rathi mentioned above does not include 71,700 (0.06%) Equity Shares purchased by her on March 31, 2020 which due to the settlement cycle would have been credited in her demat account, post March 31, 2020.

**Note 2:** During the year under review, sitting fees of ₹ 30,000/- was paid for each Board Meeting and ₹ 20,000 was paid for each Committee Meeting and Independent Directors' Meeting.

**Note 3:** Commission payable to Non-Executive Directors is as per the approval of the Members at the 30<sup>th</sup> Annual General Meeting held on August 08, 2019. The amount of commission is determined and approved by the Board of Directors in proportion to the number of meetings of the Board and Committees thereto attended by the respective Non-Executive Director(s) during the financial year 2019-20, as per Members' approval. The total amount of commission to Non-Executive Directors is within the limit of 1% of the Net profits of the Company for the year under review, calculated as per the provisions of Section 198 of the Act.

**Note 4:** Mr. Vasant Rathi and Dr. Sunny Sharma voluntarily waived the commission for the FY20 amounting to ₹ 1.10 million and ₹ 0.12 million respectively.

#### Details of service contracts, notice period and severance fees of the Executive Directors as on March 31, 2020

Name of Director	Mr. Mukund Kabra
Date of contract	September 11, 2017
Term of contract	Five years w.e.f April 1, 2017
Notice Period	Three Months
Severance Fees	-

During the FY20, Stakeholders' Relationship Committee has met four (4) times i.e. on May 24, 2019 (No. 02/2019), August 08, 2019 (No. 03/2019), November 02, 2019 (No. 04/2019), and February 6, 2020 (No. 02/2020) respectively.

The following is the constitution of the Stakeholders' Relationship Committee along with the meeting and attendance during the year:

Name of Members	Type of Membership	No. of Committee Meetings	
		Held	Attended
Mr. Kedar Desai	Chairman	4	4
Mrs. Savita Rathi*	Member	2	2
Mr. Mukund Kabra	Member	4	4
Mr. Vinodkumar Jajoo**	Member	2	2

\*Ceased to be member of the Committee as well as the Board of the Company w.e.f August 08, 2019

\*\* Appointed to the Committee w.e.f. August 12, 2019

#### STAKEHOLDERS' RELATIONSHIP COMMITTEE

Pursuant to the provisions of Section 178 of the Act and Regulation 20 of the SEBI Listing Regulations read with Part D of Schedule II thereto, the Company has in place, a Stakeholders' Relationship Committee ("SRC"). The SRC comprises of two Independent Directors and the Whole-time Director as on March 31, 2020. The Chairman of the Committee is an Independent Director. The Company Secretary and the Head-Legal, acts as a Secretary to the Committee.



The role of the Stakeholders' Relationship Committee is in accordance with Section 178 of the Act and as per Regulation 20 and Part D of Schedule II of the SEBI Listing Regulations and *inter alia* includes:-

- i) Transfer / transmission of shares including change of name
- ii) Consolidation of shares
- iii) Issue of duplicate share certificates
- iv) Dematerialization / Rematerialization of shares
- v) Resolving the grievances of the security holders of the listed entity including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.
- vi) Review of measures taken for effective exercise of voting rights by shareholders.
- vii) Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent
- viii) Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company.
- ix) Other matters as may be required for aforesaid purposes.

#### Name and Designation of Compliance Officer

Mr. Sanjay Basantani - 'Company Secretary & Head - Legal'

#### Status Report of Investor Complaints for the year ended March 31, 2020

No. of Complaints as on April 01, 2019	- 3
No. of Complaints Received during the year	- 6
No. of Complaints Resolved during the year	- 9
No. of Complaints Pending as on March 31, 2020	- NIL

All valid requests for share transfer and dematerialization where in the complete documentation was received during the year have been acted upon and no such valid transfer and dematerialization request is pending as on date of this report.

#### CORPORATE SOCIAL RESPONSIBILITY COMMITTEE (CSR COMMITTEE)

In line with the provisions of Section 135 of the Act read with the corresponding Rules framed thereunder, the Board has constituted a CSR Committee comprising of an Independent Director, a Non-Executive Director and a Whole-time Director. The Company Secretary and the Head-Legal, acts as a Secretary to the Committee.

During the FY2020, the CSR Committee has met thrice i.e. on May 24, 2019 (No. 02/2019), November 02, 2019 (No. 03/ 2019) and February 06, 2020 (No. 01/2020). All the Members were present in the Meeting.

The following is the constitution of the CSR Committee along with the meeting and attendance during the year:

Names of Members	Type of Membership	No. of Committee Meetings	
		Held	Attended
Mr. Kedar Desai	Chairman	3	3
Mr. Mukund Kabra	Member	3	3
Mr. Vasant Rathi*	Member	2	2

\* Appointed to the Committee w.e.f. May 24, 2019

The terms of reference of the Corporate Social Responsibility Committee is in accordance with Section 135 of the Act and *inter alia* includes:

- To formulate and recommend to the Board of Directors, a CSR policy which shall indicate the activities to be undertaken by the Company as per the Schedule VII to the Act;
- To review and recommend the amount of expenditure to be incurred on the activities to be undertaken by the Company;
- To monitor the CSR policy of the Company from time to time; and
- Any other matter as the CSR Committee may deem appropriate after approval of the Board or as may be directed by the Board from time to time.

## GENERAL BODY MEETINGS

Details of location, time & date of last three Annual General Meetings are given below:

Financial Year	Date	Location	Time
2018-2019	August 08, 2019 (30 <sup>th</sup> AGM)	Shehnai Banquet Hall, Shahid Mangal Pandey Road, Louiswadi, Opposite Louiswadi Police Chowki, Thane (West) - 400604	3:30 p.m.
2017-2018	September 21, 2018 (Adjourned 29 <sup>th</sup> AGM)	Shehnai Banquet Hall, Shahid Mangal Pandey Road, Louiswadi, Opposite Louiswadi Police Chowki, Thane (West) - 400604	11:30 a.m.
	September 14, 2018 (29 <sup>th</sup> AGM)		11:30 a.m.
2016-2017	September 11, 2017 (28 <sup>th</sup> AGM)	Shehnai Banquet Hall, Shahid Mangal Pandey Road, Louiswadi, Opposite Louiswadi Police Chowki, Thane (West) - 400604	02:30 p.m.

### Special Resolutions passed in the previous three Annual General Meetings (AGMs)

During the Annual General Meetings held in the last 3 years i.e. for FY17 to FY19 approvals of the Members were obtained by passing special resolutions in AGMs, as follows:

Sr. No.	Special Resolutions	Date of Meeting
1.	Re-appointment of Mr. Kedar Desai (DIN: 00322581) as an Independent Director of the Company	August, 08, 2019
2.	Creation of mortgage / charge on the properties of the Company under Section 180(1)(a) of the Companies Act, 2013	September 14, 2018
3.	Re-appointment of Mr. Mukund Kabra as Whole-time Director	September 11, 2017

### Resolutions passed through postal ballot & details of voting pattern:

During the year under review, no resolution was passed through postal ballot.

### MEANS OF COMMUNICATION

The Board believes that effective communication of information is an essential component of Corporate

Governance. The Company regularly interacts with its Members through multiple channels of communication such as results announcement and newspaper publications, annual report, media releases, Company's website and specific communications to Stock Exchanges, where the Company's shares are listed.

### Quarterly Results

The unaudited quarterly financial results of the Company were published in English and regional newspaper. These are not sent individually to the Members.

### Newspapers wherein results are normally published

The results are normally published in an English Newspaper viz. The Free Press Journal and a Regional Newspaper viz. Navshakti.

### Website

The Company has in place a website addressed as [www.advancedenzymes.com](http://www.advancedenzymes.com). The Website contains the basic information about the Company viz. details of its Business, financial information, Annual Reports, Company's policies & Code of Conduct & Ethics as required under the Act and the SEBI Listing Regulations, Shareholding Pattern, Compliance With Corporate Governance report, contact information of the Designated officials of the Company, who is responsible for assisting and handling Investor Grievances and such other details as may be required



under sub regulation (2) of Regulation 46 of SEBI Listing Regulations. The Company ensures that the contents of this website are periodically updated. In addition, the Company publishes official news release and presentations, if any, made to institutional investors / analysts on its website.

## GENERAL SHAREHOLDER INFORMATION

Annual General Meeting Date, Time and Venue	31 <sup>st</sup> Annual General Meeting July 15, 2020 (Wednesday), at 10:00 a.m. IST Venue: Through Video Conference or Other Audio Visual Means with Registered Office of the Company deemed to be the venue of the 31 <sup>st</sup> Annual General Meeting and for proceedings of the AGM.
Financial Year	April 01 to March 31
Schedule (Tentative) for declaration of financial results during the FY21:	First quarter - Upto August 14, 2020 Second quarter - Upto November 14, 2020 Third quarter - Upto February 14, 2021 Annual & fourth quarter - Upto May 30, 2021 Annual General Meeting - Upto September 2021
Dividend Payment Date	On or after July 16, 2020
Listing on Stock Exchanges	Company's Shares are listed at: <b>BSE Limited (BSE)</b> Phiroze Jeejeebhoy Towers Dalal Street Mumbai - 400001  <b>National Stock Exchange of India Limited (NSE)</b> Exchange Plaza, Bandra Kurla Complex, Mumbai - 400051
	The Company hereby confirms that it has made the payment of Annual Listing Fees to BSE Limited and National Stock Exchange of India Limited.
Stock Code / Symbol ISIN	<b>BSE:</b> 540025/ <b>NSE:</b> ADVENZYMES  INE837H01020

Registrar & Share Transfer Agent

Link Intime India Private Limited  
C 101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai - 400083.  
Tel: (+91 22) 49186270  
Fax: (+91 22) 49186060  
Email ID: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)  
Website: [www.linkintime.co.in](http://www.linkintime.co.in)

## Share Transfer System

All shares sent for transfer by the shareholder(s) in physical form are registered by the Registrar and Share Transfer Agents as per the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. In case of any objection(s) in relation to the share transfer, the same is normally attended to within 15 days. The Stakeholders' Relationship Committee generally meets on quarterly basis as may be warranted by the number of share transaction requests received by the Company. All requests for dematerialization of shares are processed and the confirmation is given by the Registrar & Transfer Agents of the Company to respective Depositories i.e., National Securities Depository Limited and Central Depository Services (India) Limited.

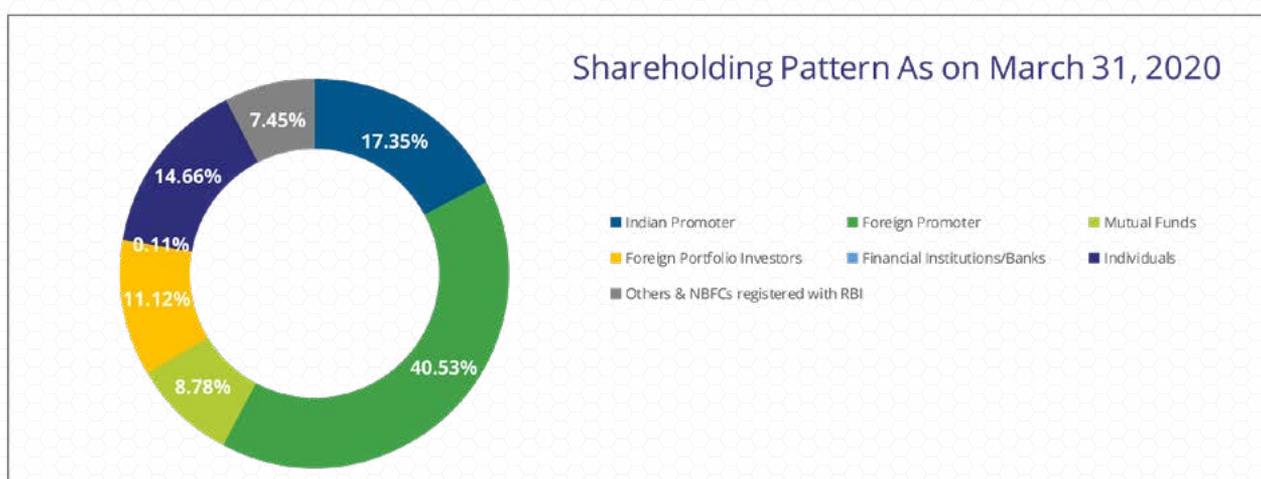
The certificate received from a Practicing Company Secretary pursuant to the provisions of Regulation 40(9) of the SEBI Listing Regulations is submitted by the Company to the Stock Exchanges, on half yearly basis. The Certificate has also been received from a Practicing Company Secretary and submitted to the Stock Exchanges, on a quarterly basis, for timely dematerialization of shares of the Company and for reconciliation of the share capital of the Company, as required under SEBI (Depositories and Participants) Regulations, 2018.

The Company has designated the e-mail ID: [investor.grievances@advancedenzymes.com](mailto:investor.grievances@advancedenzymes.com), for addressing the investors' grievances.

## Shareholding Pattern of the Company as on March 31, 2020:

Category of Shareholder	No. of Shares held	% of holding
<b>Promoter and Promoter Group:</b>		
-Indian	1,93,75,476	17.35
-Foreign	4,52,64,560	40.53
<b>Sub-Total (A)</b>	<b>6,46,40,036</b>	<b>57.88</b>
<b>Public:</b>		
Institutions:		
- Mutual Funds	98,02,842	8.78
- Foreign Portfolio Investors	1,24,21,894	11.12
- Financial Institutions/Banks	1,18,093	0.11
Non Institutions:		
- Individuals	1,63,67,896	14.66
- HUF/ NRI/ Trust/ Bodies Corporate/ IEPF/ Clearing Members/ Others	83,25,214	7.45
NBFCs registered with RBI	2,500	0.00
<b>Sub-Total (B)</b>	<b>4,71,40,499</b>	<b>42.12</b>
<b>Grand Total (A+B)</b>	<b>11,16,78,475</b>	<b>100.00</b>

**Note:** It may be noted that the above data does not include the purchase of 76,500 shares, 54,000 shares & 71,700 shares by Ms. Rachana Rathi, Ms. Reshma Rathi & Ms. Rasika Rathi (Foreign Promoter Group members) respectively on March 30, 2020 and March 31, 2020 primarily due to the settlement cycle as a result of which the respective demat accounts would have been credited post March 31, 2020.



**Distribution of Shareholding as on March 31, 2020:**

Shareholding (Range)	Number of Shareholders	%	Shares	%
Upto 500	50,303	93.00	49,66,314	4.48
501 to 1000	1,968	3.64	15,23,751	1.36
1001 to 2000	914	1.69	13,82,743	1.24
2001 to 3000	276	0.51	7,01,057	0.63
3001 to 4000	152	0.28	5,60,170	0.50
4001 to 5000	97	0.18	4,57,402	0.41
5001 to 10000	161	0.30	12,32,613	1.10
10001 and above	214	0.40	10,08,54,425	90.31
<b>Total</b>	<b>54,085</b>	<b>100</b>	<b>11,16,78,475</b>	<b>100</b>

Note: The above distribution summary of Shareholding Pattern is folio based and not PAN based.

**Dematerialization of shares and liquidity**

As on March 31, 2020, **99.46%** of shareholding was held in Dematerialized form with National Securities Depository Limited and Central Depository Services (India) Limited.

**Note:** Trading in the Equity Shares of the Company is permitted only in Dematerialized form in accordance with the circular issued by SEBI.

**Particulars of Unclaimed Dividend of the Company**

Financial Year	Type of Dividend	Date of Declaration	Due date to transfer to IEPF
2012-2013	Final Dividend	August 1, 2013	September 6, 2020
2013-2014	Final Dividend	August 12, 2014	September 17, 2021
2014-2015	Final Dividend	September 1, 2015	October 07, 2022
2015-2016	Interim Dividend	March 26, 2016	May 01, 2023
2016-2017	Final Dividend	September 11, 2017	October 17, 2024
2017-2018	Final Dividend	September 14, 2018	October 20, 2025
2018-2019	Final Dividend	August 08, 2019	September 13, 2026

The Company will transfer the Unclaimed Dividend to Investor Education and Protection Fund (IEPF) within thirty (30) days from the aforesaid due dates.

**Equity Shares lying with the Company in Suspense Account**

During the year under review, there were no shares lying with the Company in its' demat/unclaimed suspense account. Pursuant to Section 124(6) of the Companies Act, 2013 all shares in respect of which Dividend has not been paid or claimed for seven consecutive years or more shall be transferred by the company in the name of Investor Education and Protection Fund ("IEPF"). The details of the said shares transferred and/or to be transferred are provided on the website of the Company at [www.advancedenzymes.com/investors/shareholder-information](http://www.advancedenzymes.com/investors/shareholder-information)

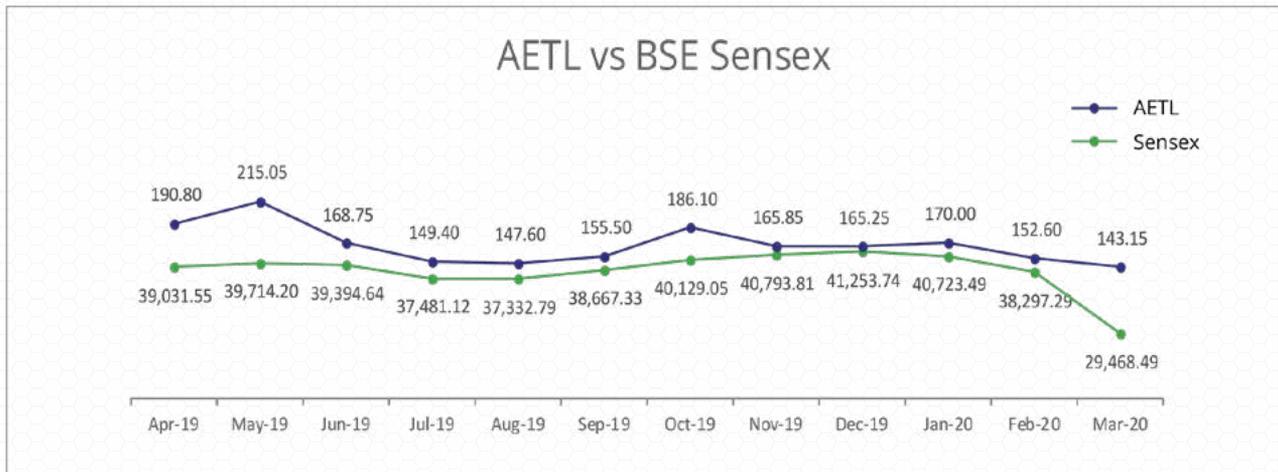
## Market Price Data of Company's Shares

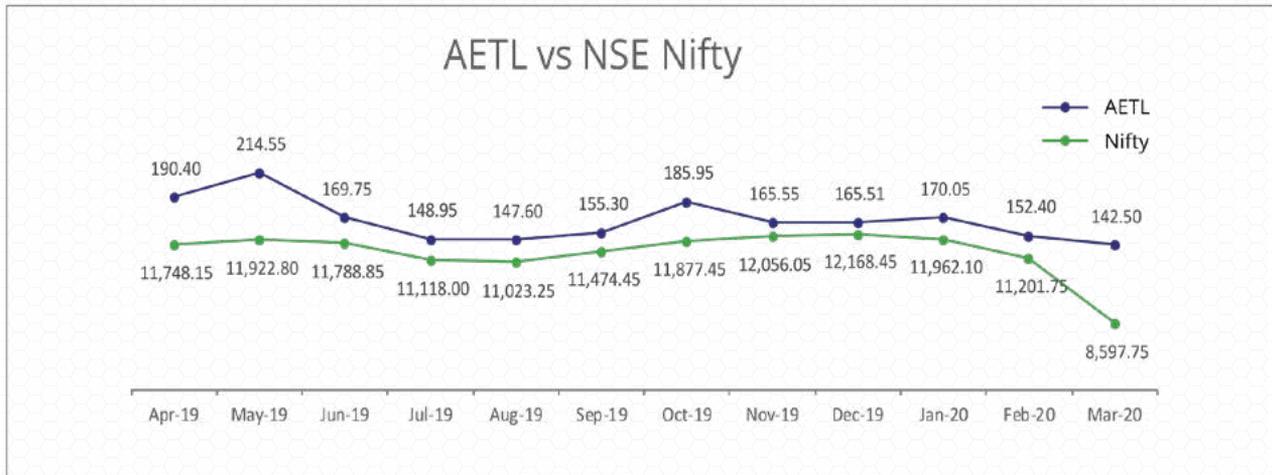
(in ₹)

Month	BSE		NSE	
	High	Low	High	Low
Apr-19	200.75	179.30	201.00	179.70
May-19	217.30	166.70	217.90	166.25
Jun-19	225.00	164.00	224.90	164.10
Jul-19	178.00	148.25	177.95	148.00
Aug-19	159.50	142.00	159.80	142.40
Sep-19	180.00	146.15	173.90	145.15
Oct-19	194.50	146.05	194.95	145.10
Nov-19	206.85	160.30	206.60	160.10
Dec-19	172.00	152.00	171.90	151.50
Jan-20	187.15	162.00	187.35	161.95
Feb-20	183.00	152.25	184.40	152.00
Mar-20	155.00	91.05	156.70	98.10

## Share Price performance in comparison to broad based indices - S & P BSE Sensex & NSE Nifty

### AETL vs. BSE Sensex



**AETL vs NSE NIFTY**

\*The above graphs are prepared on the basis of closing prices

The Company has not issued any Global Depository Receipt / American Depository Receipt / Warrant or any convertible instrument, which is likely to have impact on the Company's Equity.

**Commodity price risk or foreign exchange risk and hedging activities:**

The Company does not trade in commodities. The relevant details of foreign exchange exposure & risk / hedging activities are provided in Note No. 42(C) of Standalone Financial Statements.

**Custodian Fees**

The Company has paid custodian fees for folios maintained by National Securities Depository Limited and Central Depository Services (India) Limited for the FY20, as per the Invoices received.

**Plant Locations of the Company**

1. A-61/62, M.I.D.C. Area, Sinnar, Nashik - 422 103, Maharashtra
2. SORL, H-17, M.I.D.C, Satpur Area, Nashik, Maharashtra
3. Survey No.30, Pali, Vasind, Shahpur, Thane, Maharashtra

4. Plot No. B-5-13, SEZ, Pithampur, Dhar, Madhya Pradesh

**Address for Correspondence**

Advanced Enzyme Technologies Limited  
5<sup>th</sup> Floor, 'A' wing, Sun Magnetica, LIC Service Road, Louiswadi, Thane(W), Maharashtra - 400604, India  
Phone: +91-22-4170 3200, Fax: +91-22-2583 5159  
Email Id: investor.grievances@advancedenzymes.com  
Website: www.advancedenzymes.com

**Company Secretary and Compliance Officer**

Mr. Sanjay Basantani  
Company Secretary & Head - Legal  
5<sup>th</sup> Floor, 'A' wing, Sun Magnetica, LIC Service Road, Louiswadi, Thane, Maharashtra - 400604, India  
Phone: +91-22-4170 3200, Fax: +91-22-2583 5159  
Email Id: sanjay@advancedenzymes.com  
Website: www.advancedenzymes.com

**Registrar & Transfer Agent**

Link Intime India Private Limited  
C-101, 247 Park,  
L.B.S. Marg, Vikhroli (West),  
Mumbai - 400083  
Tel: +91-22-49186270 Fax: +91-22-49186060  
Email Id: rnt.helpdesk@linkintime.co.in  
Website: www.linkintime.co.in

## CREDIT RATING

During the year under review, your Company has received a long term rating of CRISIL A/Stable (Reaffirmed) and a short term rating of CRISIL A1 (Reaffirmed) for outstanding Bank loan facilities (outstanding facilities), by Credit Rating Information Services of India Limited (CRISIL).

## OTHER DISCLOSURES

### Materially Significant Related Party Transactions

During the year under review, the related party transactions are done on arm's length basis and in ordinary course of business. The Company presents a statement of related party transactions before the Audit Committee on a quarterly basis specifying *inter alia* the nature & value of the transactions. Transactions with related parties are conducted in a transparent manner in the interest of the Company and are approved by the Audit Committee and have no potential conflict with the interest of the Company at large. There were no significant related party transactions, monetary transactions or relationships between the Company and Directors, the management, Subsidiaries or relatives except as disclosed in the Note No. 43 of Standalone financial statements for the year ended March 31, 2020 and Form AOC-2 annexed as Annexure II to the Board's report.

### Whistle Blower Policy

The Board had adopted Vigil Mechanism/Whistle Blower Policy pursuant to the provisions of Section 177(9) of the Act and the Companies (Meetings of Board and its Powers) Rules, 2014 as amended and Regulation 22 of the SEBI Listing Regulations, in order to establish a Vigil Mechanism for the Directors and Employees to report the genuine concerns in such manner as may be prescribed. Your Company believes in the conduct of the affairs of its various constituents in a fair and transparent manner, by adopting the highest standards of professionalism, honesty, integrity and ethical behavior and open communication. Accordingly, the Whistle Blower Policy has been formulated with a view to provide a mechanism for associates of the Company to approach the Chairperson of the Audit Committee of the Company to, *inter alia*, report to the management, instances of unethical behaviour, actual or suspected, fraud or violation of the Company's policy.

No personnel were denied access to the Audit Committee of the Company.

### Details of Utilization of Funds Raised through Preferential allotment or Qualified Institutions placement as specified under Regulation 32(7)

The Company has not raised any funds through preferential allotment or qualified institutions placement during the year under review.

### Details of total fees paid to the Statutory Auditors

The details of total fees for all services paid by the Company and its subsidiaries, on a consolidated basis, to the Statutory Auditor and all entities in the network firm/network entity of which the Statutory Auditor is a part, are as follows:

(₹ in million)	
Particulars	Year ended March 31, 2020
<b>Company to Statutory Auditors:</b>	
Statutory Audit	2.75
Limited review	2.85
Certification work	0.23
Transfer pricing	-
Reimbursement of expenses	0.29
<b>Total</b>	<b>6.12</b>
<b>Company to network entity of Statutory Auditors:</b>	
Issuing Form 3CEB	-
Transfer Pricing Report for FY 18-19	0.32
Reimbursement of expenses	0.01
<b>Total</b>	<b>0.33</b>
Subsidiaries	NIL

### Compliance with mandatory / Non-mandatory requirements

The Company has complied with the mandatory Corporate Governance requirements under the SEBI Listing Regulations.



The provisions of Schedule V Part C read with Schedule II Part E, further states that the non-mandatory requirements adopted by the Company be highlighted in the Corporate Governance Report. Accordingly, the Company has complied with the following non-mandatory requirements:

During the year, the Office of Chairman and the Whole-Time Director or CEO was held by distinct individuals.

The Internal Auditors have direct access to the Audit Committee and present their Internal Audit observations to the Audit Committee.

#### **Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013**

<b>Sr. No.</b>	<b>Particulars</b>	<b>Number</b>
1.	Number of Complaints filed during the Financial Year	NIL
2.	Number of Complaints disposed of during the Financial year	NA
3.	Number of Complaints pending as on the end of the Financial year	NA

#### **Disclosures**

The Company has a Risk Management Policy. An update on risk management was placed before the Board for review, based on the system and procedures devised.

During the last three years, there were no instances of non-compliance reported by the Company and no penalties or strictures were imposed on the Company by the Stock Exchange(s) or SEBI or any statutory authority, on any matter related to the capital markets.

Pursuant to Regulation 17(8) read with Part B of Schedule II of the SEBI Listing Regulations, the Whole-Time Director and the Chief Financial Officer have submitted a certificate to the Board of Directors for the financial year ended March 31, 2020. The Certificate has been reviewed by the Audit Committee and taken on record by the Board of Directors.

The Certificate of the Practicing Company Secretary regarding compliance of the conditions of Corporate Governance for the year ended March 31, 2020 by the Company, as stipulated in Regulations 17 to 27, clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI Listing Regulations is annexed to this report and forms an integral part of this Report.

#### **Web link for material subsidiaries and Related Party Transactions**

In accordance with the requirements of the SEBI Listing Regulations, the Company has formulated a Policy for determining Material Subsidiary and Policy on Related Party Transactions. These policies have been hosted on the website of the Company at: [www.advancedenzymes.com/investors/corporate-governance](http://www.advancedenzymes.com/investors/corporate-governance)

#### **Shareholders' Right**

The Quarterly / Half-Yearly / Annual Results of the Company are published in English and Vernacular newspapers and are also displayed on the Company's website, [www.advancedenzymes.com](http://www.advancedenzymes.com) and at the website of the stock exchanges, where the shares of the Company are listed / traded, as soon as the results are approved by the Board. These are not sent individually to the Members.

#### **Auditors' Report**

The Auditors' Report to the Members on the Financial Statements of the Company for the year ended March 31, 2020 does not contain any qualification, reservation or adverse remark.

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**DECLARATION ON ADHERENCE WITH COMPANY'S CODE OF CONDUCT & ETHICS**

**[Pursuant to Regulation 34(3) and Schedule V of Securities and Exchange Board of India  
(Listing Obligations and Disclosure Requirements) Regulations, 2015]**

To  
The Members of  
**Advanced Enzyme Technologies Limited**

This is to confirm that the Company has adopted Code of Conduct and Ethics for all the Members of Board of Directors, Senior Management/Officers of the Company as stipulated under Regulation 17(5) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, and the members of Board of Directors, Senior Management / Officers of the Company have affirmed compliance with this Code of Conduct & Ethics for the financial year ended on March 31, 2020.

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**For Advanced Enzyme Technologies Limited**

Date : May 29, 2020  
Place : Nashik

**Mukund Kabra**  
*Whole-time Director*  
DIN: 00148294



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## CERTIFICATION ON CORPORATE GOVERNANCE

**To**  
**The Members of Advanced Enzyme Technologies Limited**

I have examined the compliance of conditions of Corporate Governance by **Advanced Enzyme Technologies Limited** ('the Company') for the year ended March 31, 2020 as stipulated in Regulations 17 to 27, clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

The compliance of conditions of Corporate Governance is the responsibility of the management. My examination was limited to procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

Due to COVID -19 lockdown I have examined through remote location using software Forticlient VPN the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.

Based on my examination of the relevant records and according to the information and explanations provided to me and the representations provided by the Management, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the Listing Regulations during the year ended March 31, 2020.

I further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

### **Restriction on use**

This certificate is issued solely for the purpose of complying with the aforesaid regulations and may not be suitable for any other purpose.

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Place: Mumbai  
Date: 30.05.2020

UDIN: F005703B000303990

**SHIV HARI JALAN**  
*Practicing Company Secretary*  
FCS No: 5703  
C.P.NO: 4226

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**CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**  
*(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)*

**To**  
**The Members of**  
**Advanced Enzyme Technologies Limited**  
Sun Magnetica, 5<sup>th</sup> Floor,  
Near LIC Service Road,  
Louis Wadi, Thane- 400604.

Due to COVID -19 lockdown I have examined through remote location using software Forticlient VPN the relevant registers, records, forms, returns and disclosures received from the Directors of Advanced Enzyme Technologies Limited having CIN L24200MH1989PLC051018 and having registered office at Sun Magnetica, 5<sup>th</sup> Floor, Near LIC Service Road, Louis Wadi, Thane- 400604 (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31<sup>st</sup> March, 2020 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority

Sr. No.	Name of Director	DIN	Date of Appointment in Company *
1	Mukund Kabra	00148294	04/09/1999
2	Kedar Desai	00322581	27/08/2010
3	Pramod Kasat	00819790	14/12/2016
4	Vasant Rathi	01233447	05/03/1993
5	Rajesh Kumar Sharma	08195715	11/08/2018
6	Vinodkumar Jajoo	08224980	09/02/2019
7	Vilas Aurangabadkar	08225986	08/01/2019
8	Rasika Rathi	08300682	08/01/2019
9	Sunny Sharma	02267273	02/11/2019

*\*the date of appointment is as per the MCA Portal*

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

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Place: Mumbai  
Date: 30.05.2020

UDIN: F005703B000303935

**SHIV HARI JALAN**  
*Practicing Company Secretary*  
FCS No: 5703  
C.P.NO: 4226



## Annexure VI

### BUSINESS RESPONSIBILITY REPORT

#### SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

Sr. No.	Particulars	Company Information
1.	Corporate Identification Number (CIN) of the Company	L24200MH1989PLC051018
2.	Name of the Company	Advanced Enzyme Technologies Limited
3.	Registered address	5 <sup>th</sup> Floor, Sun Magnetica, LIC Service Road, Louiswadi, Thane (W) – 400604, Maharashtra, India
4.	Website	www.advancedenzymes.com
5.	E-mail id	info@advancedenzymes.com
6.	Financial Year reported	April 01, 2019 to March 31, 2020
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	Enzymes NIC Code: 21001
8.	List three key products/services that the Company manufactures/ provides	Enzyme products & Enzyme solutions for Human Nutrition, Animal Nutrition & Bio-processing. Details are provided in Management Discussion & Analysis which forms part of the Annual Report.
9.	Total number of locations where business activity is undertaken by the Company (a) Number of International Locations (Provide details of major 5) (b) Number of National Locations	The Company carries out its business activities through its subsidiaries in USA, Europe, Germany and sales in Russia, Middle East and Africa  The Company carries out business activities across India with: (a) Plants – 5 (five); including 1 (one) plant of subsidiary (b) R & D Centres – 4 (four); including 1 (one) R & D centre of subsidiary
10.	Markets served by the Company – Local/State/National/International	Markets served by the Company are spread across 45+ countries including India.

#### SECTION B: FINANCIAL DETAILS OF THE COMPANY (As on March 31, 2020):

Sr. No.	Particulars	Company Information
1.	Paid up Capital as on March 31, 2020	₹ 223.36 million
2.	Total Turnover	₹ 2,474 million (On Standalone basis)
3.	Total profit after taxes (INR)	₹ 580 million (On Standalone basis)
4.	Total Spending on Corporate Social Responsibility (CSR)  a. in ₹ b. as percentage of profit after tax (%)	Prescribed CSR Expenditure (Two percent of amount mentioned above in point no. 3): ₹ 8.38 million Total amount contributed: ₹ 8.57 million 2% of average net profits of last 3 financial years calculated as per provisions of Section 135 of the Companies Act, 2013
5.	List of activities in which expenditure in 4 above has been incurred:	Education, healthcare, vocational training for differently abled, education to special / underprivileged children (Details provided in Annual report on CSR activities which is Annexure III to the Board's report)

**SECTION C: Other Details**

1. Does the Company have any Subsidiary Company/ Companies?

Yes, as on March 31, 2020, the Company has 6 (six) direct subsidiaries and 5 (five) step-down subsidiaries. Out of which 3 (three) are Indian subsidiaries and 8 (eight) are foreign subsidiaries. The details of the subsidiaries are provided in Board's report read with Annexure VII to Board's Report i.e. Form MGT-9.

2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s).

The Subsidiaries are separate entities and hence they follow BR initiatives as per the laws applicable to them.

3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%].

The Company has not mandated any supplier, distributor etc., to participate in BR Initiatives of the Company. However, they are encouraged to adopt BR Initiatives and follow the concept / initiatives expected from responsible businesses. It is difficult to establish the extent of their support in Company's BR initiatives for the financial year 2019-20.

**SECTION D: Business Responsibility (BR) Information**

1. Details of Director/Directors responsible for BR

- a) Details of the Director/Director responsible for implementation of the BR policy/policies

Sr. No.	Particulars	Company Information
1.	DIN Number	01233447
2.	Name	Mr. Vasant Rathi
3.	Designation	Chairman & Non-Executive Director

- b) Details of BR Head

Sr. No.	Particulars	Company Information
1.	DIN Number (if applicable)	00148294
2.	Name	Mr. Mukund Kabra
3.	Designation	Whole-Time Director
4.	Telephone Number	+91-22-41703200
5.	Email ID	mukund@advancedenzymes.com

Note: The BR Director, BR Head together with the Business Responsibility Committee constituted by the Board are responsible for review of implementation of BR Principles / Policies of the Company.

2. Principle-wise [as per National Voluntary Guidelines (NVGs)] BR Policy/policies

- a) Details of compliance (Reply in Y/N)

Sr. No.	Particulars	P1	P2	P3	P4	P5	P6	P7*	P8	P9
1.	Do you have a policy/ policies for the principles?	Y	Y	Y	Y	Y	Y	NA	Y	Y
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	NA	Y	Y
3.	Does the policy conform to any national / international standards? If yes, specify? (50 words)	Policies are prepared considering the relevant provisions of applicable law and wherever applicable on relevant provisions of 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business', as deemed appropriate at the time of formulation of policies.								



Sr. No.	Particulars	P1	P2	P3	P4	P5	P6	P7*	P8	P9
4.	Has the policy being approved by the Board? Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	Y	N	Y	Y	Y	Y	NA	Y	Y
5.	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	NA	Y	Y
6.	Indicate the link for the policy to be viewed online?	Following policies are displayed on the Company's website, <a href="http://www.advancedenzymes.com/investors/corporate-governance">www.advancedenzymes.com/investors/corporate-governance</a> 1. Code of Conduct and Ethics 2. Corporate Social Responsibility Policy 3. Policy on Human Rights and Employee Well Being								
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	NA	Y	Y
8.	Does the company have in-house structure to implement the policy/ policies	Y	Y	Y	Y	Y	Y	NA	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Y	Y	Y	Y	NA	Y	Y
10.	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	The Independent audit has not been carried out by external agency. However, the policies, if required, are evaluated in-house, from time to time and updated whenever necessary.								

\* Presently, the Company is not actively engaged in influencing any public and regulatory policy.

b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

Sr. No.	Particulars	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	The company has not understood the Principles	-	-	-	-	-	-	-	-	-
2.	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	-	-	-	-	-	-	-	-	-
3.	The company does not have financial or manpower resources available for the task	-	-	-	-	-	-	-	-	-
4.	It is planned to be done within next 6 months	-	-	-	-	-	-	-	-	-
5.	It is planned to be done within the next 1 year	-	-	-	-	-	-	-	-	-
6.	Any other reason (please specify)	-	-	-	-	-	-	Presently, the Company is not engaged in influencing public and regulatory policy.	-	-

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3. Governance related to BR

- (a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year.

The Board of Directors / Director / Committee responsible for implementing BR policies alongwith BR Head shall assess the BR performance of the Company on an annual basis henceforth as it's applicable to top 1000 listed entities based on market capitalization as per SEBI Listing Regulations.

- (b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

The Company proposes to publish BR depending on the requirement and applicability pursuant to provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015. The BR report of the Company can be viewed at [www.advancedenzymes.com/investors/corporate-governance](http://www.advancedenzymes.com/investors/corporate-governance)

**SECTION E: PRINCIPLE-WISE PERFORMANCE**

**Principle 1: Businesses should conduct and govern themselves with ethics, transparency and accountability**

1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/ Contractors/NGOs /Others?

The Company has a Code of Conduct & Ethics. The Subsidiaries are encouraged to follow the similar code. The Policy is also extended to the Indian Subsidiaries of the Company. Further, similar policy is also being extended to Suppliers / Contractors *inter alia* by executing the said clauses in the contracts or otherwise encouraged for the same.

2. How many stakeholder complaints have been received in the past financial year and what percentage was

satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

The Company has in place a mechanism for dealing with complaints received from various stakeholders. The details of shareholders complaints received, resolved and pending during the financial year 2019-20 are detailed in the Corporate Governance Report.

**Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle**

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

The Company is committed to efficient use of energy, water, chemicals; & waste reduction in order to accomplish environmental and economic benefits. Entire range of enzymes is environmental friendly. The 3 products are: Enviro SEB range of products; animal feed fitase reduces consumption phosphates and CalB 7L. The Company endeavors & strives to fulfill all applicable compliance requirements related to products, environment, health & safety.

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):

- a) Reduction during sourcing / production / distribution achieved since the previous year throughout the value chain?

The Company is committed to environment sustainability. For this, the Company constantly works to adapt new techniques & ideas towards efficient and optimal utilization of resources, energy, water, raw material etc.

- b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?

Primarily the products are supplied on B2B basis. The usage of the Company's products by the consumers does not have any direct impact on energy and water consumption.



3. Does the company have procedures in place for sustainable sourcing (including transportation)?

Yes

- (a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

The Company constantly emphasizes on cost effectiveness while procuring any raw material or inputs. The key raw material(s) are procured from reputed manufacturers to ensure consistency in quality and delivery timelines. Adequate steps are followed by the Company to ensure safety & optimization during transportation which, in a way, contributes towards minimizing the impact on environment.

4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?

Yes

- (a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

The Company encourages procurement of goods and services from local producers in proximity to the Company's plants. Knowledge sharing, on job training & initiatives like periodic visits of vendors to plants and Plant personnel visits to vendors are taken by the Plant(s) towards skill development of local people and thereby increase their employment scope.

5. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.

Yes, the Company has a mechanism to recycle waste water - Equipment wash water and process RO reject water (Liquid waste). This waste water is processed at dedicated Evaporation Systems. The condensate water collected (Approx. 28 to 30 kilo liters per day) is recycled by utility department for usage in cooling towers and other applications. Thus out of total 190

to 200 kilo liters total water requirement per day, 25 to 30 kilo liter water is used from recycling and balance 160 to 180 kilo liter fresh water is taken from MIDC supply. This amounts to >10% usage of recycled water. Similarly process waste in semi-solid form are dried and converted in to useful powder which is subsequently used in many agro based products of the company. Approximately 60 to 70% of the process semi-solid waste and slurry is thus recycled.

**Principle 3: Businesses should promote the wellbeing of all employees (As on March 31, 2020)**

1. Please indicate the Total number of employees - 331
2. Please indicate the Total number of employees hired on temporary/contractual/casual basis. - 165
3. Please indicate the Number of permanent women employees. - 43
4. Please indicate the Number of permanent employees with disabilities - 01
5. Do you have an employee association that is recognized by management? - Yes at Plant.
6. What percentage of your permanent employees is members of this recognized employee association? - 30% of the aforesaid Plant.
7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year. -

Sr. No.	Category	No of complaints filed during the financial year	No of complaints pending as on end of the financial year
1.	Child labour/ Forced labour/ Inventory labour	NIL	NA
2.	Sexual harassment	NIL	NA
3.	Discriminatory employment	NIL	NA

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8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year? Following is the respective percentage (rounded-off) for these employees:

- (a) Permanent Employees – 88%
- (b) Permanent Women Employees – 98%
- (c) Casual/Temporary/Contractual Employees – 75%
- (d) Employees with Disabilities – 100%

**Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.**

1. Has the company mapped its internal and external stakeholders? Yes/No

Yes. The Company has mapped its internal and key external stakeholders such as employees, shareholders, customers, suppliers, bankers, channel partners (dealers / distributors), associated academic institutions / universities, people residing in the vicinity of plants and media; The Company acknowledge their contribution in the growth of sustainable business of the Company.

2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders.

The Company is committed to the welfare of disadvantaged, vulnerable and marginalized sections of the society and intends to create a sustainable livelihood in society and better human capital culture. The Company's Corporate Social Responsibility (CSR) policy intends to focus on certain initiatives, *inter alia*, in the fields of education, skill development, health care, sanitation, environment sustainability, women empowerment and rural development. The Company has identified specific area in order to enable them to improve the standard of living and build a good society thereafter.

3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.

The Company has contributed to the Trusts/NGOs for various CSR activities viz. Vocational training and skills for differently abled adults, Education to special children and under privileged children, treatment of Thalassemia patients, Contribution for providing sewing machines to the blind / orphans / differently abled people to provide them livelihood/self-employment opportunity, contribution for education and other related activities. The details are provided in Annual Report on CSR Activities which is Annexure III to the Board's report.

**Principle 5: Businesses should respect and promote human rights**

1. Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?

The Company believes that its employees shall live with social & economic dignity & freedom, and treated equally regardless of nationality, gender, race, economic status or religion. The said human rights practices are followed by the Group as well. The Company's support for the fundamental principles of human rights is reflected in the Company's policies and actions towards our employees, suppliers, clients and communities.

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

No stakeholders' complaint in relation to human rights was received by the Company in the financial year 2019-20.

**Principle 6: Business should respect, protect, and make efforts to restore the environment**

1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.

The Company is committed to provide & maintain a safe work environment for the health, safety & welfare of the Company's staff, contractors, visitors and others in the vicinity. Periodic training is provided



to enable employees to support this policy. The Group is encouraged to adopt the practices of Company.

2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc.? Y/N. If yes, please give hyperlink for webpage etc.

The policies of the Company require that the operations shall be conducted in a manner, to ensure (i) safety of employees, local people and all concerned; (ii) compliances of applicable environmental regulations; and (iii) minimum utilization & preservation of natural resources. The Company & all its plants / labs strive to improve energy efficiency through innovative techniques & ideas and thereby reduce wastage and optimize consumption.

The Company provides enzymatic ecofriendly solutions for industries such as detergents and pharma bio-catalysts.

3. Does the company identify and assess potential environmental risks? Y/N.

The Company has identified and assessed several potential environmental risks.

4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?

Currently no such project is undertaken by the Company.

5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.

The Company has not taken the said initiatives, during the year under review.

6. Are the Emissions/Waste generated by the company within the permissible limits given by Centre Pollution Control Board (CPCB) / State Pollution Control Board (SPCB) for the financial year being reported?

Yes, the Emissions/Waste generated by the Company was within the permissible limits given by CPCB / SPCB for the financial year being reported.

7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.

NIL

**Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner**

1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:

Yes, the details during the year under review are as follows:

- i. Confederation of Indian Industry
- ii. Trade Promotion Council of India
- iii. Bombay Chamber of Commerce and Industry
- iv. Health Foods and Dietary Supplement Association
- v. Protein Foods and Nutrition Development
- vi. Confederation of Indian Food Regulatory Cell
- vii. The Council of EU Chambers of Commerce
- viii. Confederation of Indian Food Trade & Industry (CIFTI)

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)

NIL

**Principle 8: Businesses should support inclusive growth and equitable development.**

1. Does the company have specified programmes/ initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.

The Company has a Corporate Social Responsibility (CSR) policy in line with the requirement of the

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Companies Act, 2013 and rules made thereunder. The Company has taken various CSR initiatives for support and development of society. The details of the CSR initiatives of the Company are provided in the Annexure III to the Board's Report.

2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?

The Company, through Trusts/NGOs, supports various CSR initiatives in a project/ program mode.

3. Have you done any impact assessment of your initiative?

The Company has not carried out any impact assessment of CSR initiative.

4. What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken.

For the financial year 2019-20, the Company has contributed ₹ 85.66 lakhs for the CSR activities. The details of the CSR activities and the amount contributed thereon are provided in Annual Report on CSR activities forming part of the Board's Report (Annexure III).

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

Yes. The Company endeavors to track its CSR initiatives undertaken to ensure that the community is benefited. Telephonic and email communications are carried out on periodic basis. Any CSR initiative is reviewed and assessed by the Management. If the Management finds the initiative / project convincing, the proposal is placed before the CSR Committee for consideration & approval and thereafter before the Board for approval.

### **Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner**

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year.

The Company obtains the feedback from its various customer(s), from time to time. In case any complaint is received from the customer / consumer, the same is appropriately attended, addressed & resolved by the Company. The customers of the Company have various options to connect with the Company's representatives i.e. through email, telephone, website & feedback emails. As on March 31, 2020, there was negligible percentage of unresolved complaints / cases of the consumers(s).

2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks(additional information)

The Company adheres to the applicable laws & regulations regarding the display of the product label and the information related thereto.

3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.

No such case is pending against the Company as on end of the financial year.

4. Did your company carry out any consumer survey/ consumer satisfaction trends?

The consumer feedback / satisfaction surveys are being conducted during few consumer visits to assess the consumer satisfaction levels from the products & services provided by the Company.



## Annexure VII

**FORM NO. MGT-9**  
**EXTRACT OF ANNUAL RETURN**  
**As on financial year ended March 31, 2020**

*[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management & Administration) Rules, 2014]*

### I. REGISTRATION & OTHER DETAILS

1. CIN	L24200MH1989PLC051018
2. Registration Date	March 15, 1989
3. Name of the Company	Advanced Enzyme Technologies Limited
4. Category/ Sub-category	Company limited by Shares/ Non-government Company
5. Address of the Registered office	5 <sup>th</sup> Floor, A-Wing, Sun Magnetica, LIC Service Road, Louiswadi, Thane (W), Maharashtra - 400604, India
6. Whether shares listed on recognized Stock Exchange(s)	Yes
7. If yes, details of stock exchanges where shares are listed	BSE Limited (BSE): 540025 National Stock Exchange of India Limited (NSE): ADVENZYMES
8. Contact details	Telephone: +91-22-41703200 Fax: +91-22-25835159 Email ID: investor.grievances@advancedenzymes.com Website: www.advancedenzymes.com
9. Name of the Registrar & Transfer Agent, if any.	Link Intime India Private Limited
Address	C-101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai – 400 083
Contact details	Telephone: +91-22-49186270 Fax:+91-22- 49186060 Website: www.linkintime.co.in E-mail: rnt.helpdesk@linkintime.co.in

### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

(All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

Sr. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Enzymes	21001	100%

### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES AS ON MARCH 31, 2020

Sr. No.	Name of the Company	Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares Held	Applicable Section
1.	Advanced Bio-Agro Tech Limited	A-Wing, 5 <sup>th</sup> Floor, Sun Magnetica, Louiswadi, Thane (W) - 400604, Maharashtra	U24100MH2004PLC149464	Subsidiary	60%	2(87)(ii)
2.	Advanced Enzytech Solutions Limited	A-Wing, 5 <sup>th</sup> Floor, Sun Magnetica, Louiswadi, Thane (W) - 400604, Maharashtra	U24200MH2008PLC186383	Subsidiary	100%	2(87)(ii)
3.	JC Biotech Private Limited	8-2-269/S/3/A, Plot No.3, Sagar Society, Road No.2, Banjara Hills, Hyderabad TG 500034	U65993TG1991PTC013624	Subsidiary	70%	2(87)(ii)
4.	Advanced Enzymes USA	13591, Yorba Avenue, Chino, California, 91710	NA*	Subsidiary	100%	2(87)(ii)
5.	Cal India Foods International, USA	13591, Yorba Avenue, Chino, California, 91710	NA*	Subsidiary of Advanced Enzymes, USA	100%	2(87)(ii)
6.	Advanced Supplementary Technologies Corporation, USA	13591, Yorba Avenue, Chino, California, 91710	NA*	Subsidiary of Advanced Enzymes, USA	100%	2(87)(ii)
7.	Dynamic Enzymes Inc.,	4880, Murrieta St., Ste., D, Chino, CA 91710	NA*	Subsidiary of Advanced Enzymes, USA	100%	2(87)(ii)
8.	Enzyme Innovation Inc.	13591, Yorba Avenue, Chino, California, 91710	NA*	Subsidiary of Cal-India Foods International, USA	100%	2(87)(ii)
9.	Advanced Enzymes (Malaysia) Sdn. Bhd.#	E-7-3, (7 <sup>th</sup> Floor), Block-E, Megan Avenue 1, 189, Jalan Tun Razak, 50400, Kuala Lumpur	NA*	Subsidiary	100%	2(87)(ii)
10.	Advanced Enzymes Europe B. V.	Hullenbergweg, 278, 1101 BV, Amsterdam, Netherlands	NA*	Subsidiary	100%	2(87)(ii)
11.	evoxx technologies GmbH	Alfred-Nobel-Str. 10, 40789 Monheim am Rhein, Germany	NA*	Subsidiary of Advanced Enzymes Europe B. V.	100%	2(87)(ii)

\*Incorporated outside India.

# During the year under review, the Board approved the discontinuation of operations and closure of Advanced Enzymes (Malaysia) Sdn. Bhd. ("AEM") and to initiate the process of closure thereto since AEM was not giving desired results.



#### IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

##### i) Category-wise Share Holding -

Sr. No.	Category of Shareholders	Shareholding at the beginning of the year - April 01, 2019				Shareholding at the end of the year - March 31, 2020				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>(A)</b>	<b>Shareholding of Promoter and Promoter Group</b>									
<b>[1]</b>	<b>Indian</b>									
(a)	Individuals / Hindu Undivided Family	23,74,600	-	23,74,600	2.13	23,74,600	-	23,74,600	2.13	-
(b)	Central Government / State Government(s)	-	-	-	-	-	-	-	-	-
(c)	Financial Institutions / Banks	-	-	-	-	-	-	-	-	-
(d)	Bodies Corporate	1,63,71,876	-	1,63,71,876	14.66	1,70,00,876	-	1,70,00,876	15.22	0.56
(e)	Any Other (Specify)	-	-	-	-	-	-	-	-	-
	<b>Sub Total (A)(1)</b>	<b>1,87,46,476</b>	<b>-</b>	<b>1,87,46,476</b>	<b>16.79</b>	<b>1,93,75,476</b>	<b>-</b>	<b>1,93,75,476</b>	<b>17.35</b>	<b>0.56</b>
<b>[2]</b>	<b>Foreign</b>									
(a)	Individuals (Non-Resident Individuals / Foreign Individuals)	4,52,42,500	-	4,52,42,500	40.52	4,52,64,560	-	4,52,64,560	40.53	0.01
(b)	Other Individuals	-	-	-	-	-	-	-	-	-
(c)	Bodies Corporate	-	-	-	-	-	-	-	-	-
(d)	Banks/Financial Institutions	-	-	-	-	-	-	-	-	-
(e)	Any Other (Specify)	-	-	-	-	-	-	-	-	-
	<b>Sub Total (A)(2)</b>	<b>4,52,42,500</b>	<b>-</b>	<b>4,52,42,500</b>	<b>40.52</b>	<b>4,52,64,560</b>	<b>-</b>	<b>4,52,64,560</b>	<b>40.53</b>	<b>0.01</b>
	<b>Total Shareholding of Promoter and Promoter Group(A)=(A)(1)+(A)(2)</b>	<b>6,39,88,976</b>	<b>-</b>	<b>6,39,88,976</b>	<b>57.31</b>	<b>6,46,40,036</b>	<b>-</b>	<b>6,46,40,036</b>	<b>57.88</b>	<b>0.57</b>
<b>(B)</b>	<b>Public Shareholding</b>									
<b>[1]</b>	<b>Institutions</b>									
(a)	Mutual Funds / UTI	88,89,636	-	88,89,636	7.96	98,02,842	-	98,02,842	8.78	0.82
(b)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
(c)	Central Government / State Government(s)	-	-	-	-	-	-	-	-	-
(e)	Alternate Investment Funds	-	-	-	-	-	-	-	-	-

Sr. No.	Category of Shareholders	Shareholding at the beginning of the year - April 01, 2019				Shareholding at the end of the year - March 31, 2020				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(f)	Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
(g)	Foreign Portfolio Investor	1,23,69,567	-	1,23,69,567	11.08	1,24,21,894	-	1,24,21,894	11.12	0.04
(h)	Banks/Financial Institutions	3,32,562	-	3,32,562	0.30	1,18,093	-	1,18,093	0.11	(0.19)
(i)	Insurance Companies	-	-	-	-	-	-	-	-	-
(j)	Provident Funds/ Pension Funds	-	-	-	-	-	-	-	-	-
(k)	Any Other (Specify)	-	-	-	-	-	-	-	-	-
	<b>Sub Total (B)(1)</b>	<b>2,15,91,765</b>	<b>-</b>	<b>2,15,91,765</b>	<b>19.34</b>	<b>2,23,42,829</b>	<b>-</b>	<b>2,23,42,829</b>	<b>20.01</b>	<b>0.67</b>
<b>[2]</b>	<b>Central Government/ State Government(s)/ President of India</b>									
	<b>Sub Total (B)(2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>[3]</b>	<b>Non-Institutions</b>									
(a)	Bodies Corporate	-	-	-	-	-	-	-	-	-
(i)	Indian	12,92,207	-	12,92,207	1.16	11,47,423	-	11,47,423	1.03	(0.13)
(ii)	Overseas	-	-	-	-	-	-	-	-	-
(b)	Individuals									
(i)	Individual shareholders holding nominal share capital upto ₹ 1 lakh.	1,20,80,852	9,23,265	1,30,04,117	11.65	1,13,97,623	6,05,215	1,20,02,838	10.75	(0.90)
(ii)	Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	43,16,694	-	43,16,694	3.87	43,65,058	-	43,65,058	3.91	0.04
(c)	NBFCs registered with RBI	10,763	-	10,763	0.01	2,500	-	2,500	0.00	(0.01)
(d)	Overseas Depositories(holding DRs) (balancing figure)	-	-	-	-	-	-	-	-	-
(e)	Any Other (Specify)									
	IEPF	75,000	-	75,000	0.07	74,000	-	74,000	0.07	(0.00)
	Trusts	300	11,77,000	11,77,300	1.05	11,77,300	-	11,77,300	1.05	-
	Hindu Undivided Family	5,26,285	-	5,26,285	0.47	4,79,467	-	4,79,467	0.43	(0.04)
	Foreign Companies	24,56,277	-	24,56,277	2.20	24,56,277	-	24,56,277	2.20	-



Sr. No.	Category of Shareholders	Shareholding at the beginning of the year - April 01, 2019				Shareholding at the end of the year - March 31, 2020				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
	Non Resident Indians (Non Repat)	22,39,364	-	22,39,364	2.01	22,25,131	-	22,25,131	1.99	(0.02)
	Non Resident Indians (Repat)	5,51,332	-	5,51,332	0.49	5,41,507	-	5,41,507	0.48	(0.01)
	Foreign Portfolio Investor (Individual)	500	-	500	0.00	500	-	500	0.00	-
	Clearing Member	4,18,395	-	4,18,395	0.38	2,23,609	-	2,23,609	0.20	(0.17)
	<b>Sub Total (B)(3)</b>	<b>2,39,67,969</b>	<b>21,00,265</b>	<b>2,60,68,234</b>	<b>23.35</b>	<b>2,29,40,472</b>	<b>6,05,215</b>	<b>2,35,45,687</b>	<b>22.11</b>	<b>(1.24)</b>
	<b>Total Public Shareholding(B)=(B)(1)+(B)(2)+(B)(3)</b>	<b>4,55,59,734</b>	<b>21,00,265</b>	<b>4,76,59,999</b>	<b>42.69</b>	<b>4,64,33,224</b>	<b>6,05,215</b>	<b>4,70,38,439</b>	<b>42.12</b>	<b>(0.57)</b>
	<b>Total (A)+(B)</b>	<b>10,95,48,710</b>	<b>21,00,265</b>	<b>11,16,48,975</b>	<b>100</b>	<b>11,10,73,260</b>	<b>6,05,215</b>	<b>11,16,78,475</b>	<b>100.00</b>	<b>-</b>
<b>(C)</b>	<b>Non Promoter - Non Public</b>									
[1]	Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
[2]	Employee Benefit Trust (under SEBI (Share based Employee Benefit) Regulations, 2014)	-	-	-	-	-	-	-	-	-
	<b>Total (A)+(B)+(C)</b>	<b>10,95,48,710</b>	<b>21,00,265</b>	<b>11,16,48,975</b>	<b>100</b>	<b>11,10,73,260</b>	<b>6,05,215</b>	<b>11,16,78,475</b>	<b>100.00</b>	<b>-</b>

## ii. Shareholding of Promoters (to be read with notes)

Sr. No	Shareholders' Name	Shareholding at the beginning of the year - April 01, 2019			Shareholding at the end of the year - March 31, 2020			% Change in Shareholding during the year
		No. of Shares held	% of total Shares of the Company	% of Shares Pledged / encumbered to Total Shares	No. of Shares held	% of total Shares of the Company	% of Shares Pledged / encumbered to Total Shares	
1	Mr. Vasant L. Rathi	3,65,04,500	32.70	-	3,65,78,702	32.75	-	0.05
2	Mrs. Prabhavati V. Rathi	10,43,000	0.93	-	9,63,000	0.86	-	(0.07)
3	Chandrakant Rathi Innovations And Projects Private Limited	1,63,71,876	14.66	7.18	1,63,71,876	14.66	-	-
4	Atharva Green Ecotech LLP	-	-	-	6,29,000	0.56	-	0.56
5	Ms. Rachana Rathi	25,65,000	2.30	-	25,65,000	2.30	-	-
6	Ms. Rasika Rathi	25,65,000	2.30	-	25,65,000	2.30	-	-
7	Ms. Reshma Rathi	25,65,000	2.30	-	25,92,858	2.32	-	0.02
8	Mr. Kishor L. Rathi	14,66,000	1.31	-	14,66,000	1.31	-	-

Sr. No	Shareholders' Name	Shareholding at the beginning of the year - April 01, 2019			Shareholding at the end of the year - March 31, 2020			% Change in Shareholding during the year
		No. of Shares held	% of total Shares of the Company	% of Shares Pledged / encumbered to Total Shares	No. of Shares held	% of total Shares of the Company	% of Shares Pledged / encumbered to Total Shares	
9	Mrs. Mangala M. Kabra	4,35,600	0.39	-	4,35,600	0.39	-	
10	Mrs. Savita C. Rathi	3,71,500	0.33	-	3,71,500	0.33	-	
11	Mr. Piyush C. Rathi	23,500	0.02	-	23,500	0.02	-	
12	Mr. Chandrakumar L. Rathi	46,500	0.04	-	46,500	0.04	-	
13	Ms. Radhika A. Pujara	31,500	0.03	-	31,500	0.03	-	
	<b>Total</b>	<b>6,39,88,976</b>	<b>57.31</b>	<b>7.18</b>	<b>6,46,40,036</b>	<b>57.88</b>	<b>0.57</b>	

- Notes: 1. Paid up Share Capital of the Company at the end of the year is ₹ 22,33,56,950 divided into 11,16,78,475 Equity Shares of Face Value ₹ 2/- each.
2. The details of holding has been clubbed based on PAN.
3. % of total Shares of the Company is based on the paid up Share Capital of the Company at the end of the year.
4. It may be noted that the above data does not include the purchase of 76,500 (0.07%) Equity Shares by Ms. Rachana Rathi, 54,000 (0.05%) Equity Shares by Ms. Reshma Rathi both on March 30, 2020; and 71,700 (0.06%) Equity Shares by Ms. Rasika Rathi (Promoter Group members) on March 31, 2020 primarily due to the settlement cycle as a result of which the respective demat accounts would have been credited post March 31, 2020.

### iii. Changes in Promoters' Shareholding (Promoter and Promoter Group)

Sr. No.	Name & Type of Transaction	Shareholding at the beginning of the year - April 01, 2019		Transactions during the year		Cumulative Shareholding at the end of the year - March 31, 2020	
		No. of Shares Held	% of Total Shares of the Company	Date of Transactions	No. of Shares	No. of Shares Held	% of Total Shares of the Company
1	Mr. Vasant Rathi	3,65,04,500	32.70	-	-	3,65,04,500	32.70
	Purchase	-	-	March 26, 2020	25,202	3,65,29,702	32.71
	Purchase	-	-	March 27, 2020	49,000	3,65,78,702	32.75
	At the End of the Year	-	-	-	-	3,65,78,702	32.75
2	Chandrakant Rathi Innovations And Projects Private Limited	1,63,71,876	14.66	-	-	1,63,71,876	14.66
	At the End of the Year	-	-	-	-	1,63,71,876	14.66
3	Ms. Reshma Rathi	25,65,000	2.30	-	-	25,65,000	2.30
	Purchase	-	-	March 27, 2020	27,858	25,92,858	2.32
	At the End of the Year	-	-	-	-	25,92,858	2.32
4	Ms. Rasika Rathi	25,65,000	2.30	-	-	25,65,000	2.30
	At the End of the Year	-	-	-	-	25,65,000	2.30
5	Ms. Rachana Rathi	25,65,000	2.30	-	-	25,65,000	2.30
	At the End of the Year	-	-	-	-	25,65,000	2.30
6	Mr. Kishor L. Rathi	14,66,000	1.31	-	-	14,66,000	1.31
	At the End of the Year	-	-	-	-	14,66,000	1.31
7	Mrs. Prabhavati V. Rathi	10,43,000	0.93	-	-	10,43,000	0.93
	Gift of Shares	-	-	March 17, 2020	(80,000)	9,63,000	0.86
	At the End of the Year	-	-	-	-	9,63,000	0.86



Sr. No.	Name & Type of Transaction	Shareholding at the beginning of the year - April 01, 2019		Transactions during the year		Cumulative Shareholding at the end of the year - March 31, 2020	
		No. of Shares Held	% of Total Shares of the Company	Date of Transactions	No. of Shares	No. of Shares Held	% of Total Shares of the Company
8	Atharva Green Ecotech LLP	-	-	-	-	-	-
	Purchase	-	-	September 26, 2019	-	6,29,000	0.56
	At the End of the Year	-	-	-	-	6,29,000	0.56
9	Mrs. Mangala M. Kabra	4,35,600	0.39	-	-	4,35,600	0.39
	At the End of the Year	-	-	-	-	4,35,600	0.39
10	Mrs. Savita C. Rathi	3,71,500	0.33	-	-	3,71,500	0.33
	At the End of the Year	-	-	-	-	3,71,500	0.33
11	Mr. Chandrakumar L. Rathi	46,500	0.04	-	-	46,500	0.04
	At the End of the Year	-	-	-	-	46,500	0.04
12	Ms. Radhika A. Pujara	31,500	0.03	-	-	31,500	0.03
	At the End of the Year	-	-	-	-	31,500	0.03
13	Mr. Piyush C. Rathi	23,500	0.02	-	-	23,500	0.02
	At the End of the Year	-	-	-	-	23,500	0.02

- Notes:
1. Paid up Share Capital of the Company at the end of the year is ₹ 22,33,56,950 divided into 11,16,78,475 Equity Shares of Face Value ₹ 2/- each.
  2. The details of holding has been clubbed based on PAN.
  3. % of total Shares of the Company is based on the paid up Share Capital of the Company at the end of the year.
  4. It may be noted that the above data does not include the purchase of 76,500 (0.07%) Equity Shares by Ms. Rachana Rathi, 54,000 (0.05%) Equity Shares by Ms. Reshma Rathi both on March 30, 2020; and 71,700 (0.06%) Equity Shares by Ms. Rasika Rathi (Promoter Group members) on March 31, 2020 primarily due to the settlement cycle as a result of which the respective demat accounts would have been credited post March 31, 2020.

#### iv. Shareholding Pattern of Top Ten Shareholders

Sr. No.	Name & Type of Transaction	Shareholding at the beginning of the year - April 01, 2019		Transactions during the year		Cumulative Shareholding at the end of the year - March 31, 2020	
		No. of Shares Held	% of Total Shares of the Company	Date of Transactions	No. of Shares	No. of Shares Held	% of Total Shares of the Company
1	Orbimed Asia III Mauritius Limited	1,10,53,245	9.90	-	-	1,10,53,245	9.90
	At the End of the Year	-	-	-	-	1,10,53,245	9.90
2	HDFC Small Cap Fund	69,47,478	6.22	-	-	69,47,478	6.22
		-	-	September 06, 2019	6,208	69,53,686	6.23
		-	-	September 13, 2019	19,100	69,72,786	6.24
		-	-	September 20, 2019	64,800	70,37,586	6.30
	Purchase	-	-	September 27, 2019	1,49,000	71,86,586	6.44
		-	-	November 08, 2019	2,14,000	74,00,586	6.63
		-	-	March 13, 2020	69,000	74,69,586	6.69
		-	-	March 20, 2020	1,67,500	76,37,086	6.84
	At the End of the Year	-	-	-	-	76,37,086	6.84
3	Orbimed Asia III Mauritius FVCI Limited	24,56,277	2.20	-	-	24,56,277	2.20
	At the End of the Year	-	-	-	-	24,56,277	2.20

Sr. No.	Name & Type of Transaction	Shareholding at the beginning of the year - April 01, 2019		Transactions during the year		Cumulative Shareholding at the end of the year - March 31, 2020	
		No. of Shares Held	% of Total Shares of the Company	Date of Transactions	No. of Shares	No. of Shares Held	% of Total Shares of the Company
4	Mr. Pradip B. Shah	20,04,000	1.79	-	-	20,04,000	1.79
	Purchase			March 27, 2020	25,075	20,29,075	1.82
	At the End of the Year	-	-	-	-	20,29,075	1.82
5	Reliance Capital Trustee Co. Ltd- A/C Nippon India Small Cap Fund	17,40,872	1.56	-	-	17,40,872	1.56
		-	-	August 09, 2019	41,500	17,82,372	1.59
		-	-	August 23, 2019	4,300	17,86,672	1.60
		-	-	August 30, 2019	11,524	17,98,196	1.61
	Purchase	-	-	September 13, 2019	700	17,98,896	1.61
		-	-	September 30, 2019	19,300	18,18,196	1.63
		-	-	January 17, 2020	80,000	18,98,196	1.70
		-	-	January 31, 2020	35,000	19,33,196	1.73
	Sale	-	-	March 31, 2020	(48,556)	18,84,640	1.69
	At the End of the Year	-	-	-	-	18,84,640	1.69
6	Mr. Mukund M. Kabra	16,81,750	1.51	-	-	16,81,750	1.51
	Purchase			March 23, 2020	90,900	17,72,650	1.59
	Purchase	-	-	March 24, 2020	39,100	18,11,750	1.62
	At the End of the Year	-	-	-	-	18,11,750	1.62
7	Sri Sri Ravi Shankar Trust	11,77,000	1.05	-	-	11,77,000	1.05
	At the End of the Year	-	-	-	-	11,77,000	1.05
8	Mr. Arvind Varchaswi	9,53,682	0.85	-	-	9,53,682	0.85
	At the End of the Year	-	-	-	-	9,53,682	0.85
9	Gymkhana Partners L.P.	2,14,481	0.19	-	-	2,14,481	0.19
		-	-	August 23, 2019	22,119	2,36,600	0.22
		-	-	August 30, 2019	32,450	2,69,050	0.24
		-	-	September 06, 2019	12,050	2,81,100	0.25
		-	-	September 13, 2019	3,233	2,84,333	0.25
	Purchase	-	-	October 11, 2019	36,867	3,21,200	0.29
		-	-	October 25, 2019	1,523	3,22,723	0.29
		-	-	March 06, 2020	13,877	3,36,600	0.30
		-	-	March 13, 2020	13,600	3,50,200	0.31
		-	-	March 20, 2020	14,300	3,64,500	0.33
At the End of the Year	-	-	-	-	3,64,500	0.33	
10	Mr. Madhusudan Girdharilal Kabra	1,85,000	0.17	-	-	1,85,000	0.17
	Purchase	-	-	March 24, 2020	35,000	2,20,000	0.20
		-	-	March 25, 2020	60,000	2,80,000	0.25
	At the End of the Year	-	-	-	-	2,80,000	0.25

- Notes:
1. Paid up Share Capital of the Company at the end of the year is ₹ 22,33,56,950 divided into 11,16,78,475 Equity Shares of Face Value ₹ 2/- each.
  2. The details of holding has been clubbed based on PAN.
  3. % of total Shares of the Company is based on the paid up Capital of the Company at the end of the Year.
  4. Except Mr. Mukund Kabra and Mr. Madhusudan Kabra, the date of Transfers mentioned above are as per the Benpos dates received from the Registrar and Transfer Agent of the Company and may not be exact transfer dates.

**v. Shareholding of Directors and Key Managerial Personnel (“KMP”)**

Sr. No.	Name & Type of Transactions	Shareholding at the beginning of the year - April 01, 2019		Transactions during the year		Cumulative Shareholding at the end of the year - March 31, 2020	
		No. of Shares Held	% of Total Shares of the Company	Date of Transactions	No. of Shares	No. of Shares Held	% of Total Shares of the Company
<b>Directors including KMP</b>							
1	Mr. Vasant Rathi (Non-Executive Chairman)	3,65,04,500	32.70	-	-	3,65,04,500	32.70
	Purchase	-	-	March 26, 2020	25,202	3,65,29,702	32.71
	Purchase	-	-	March 27, 2020	49,000	3,65,78,702	32.75
	At the End of the Year	-	-	-	-	3,65,78,702	32.75
2	Ms. Rasika Rathi (Non-Executive Director)	25,65,000	2.30	-	-	25,65,000	2.30
	At the End of the Year	-	-	-	-	25,65,000	2.30
3	Dr. Sunny Sharma [Additional Director (Non-Executive)]*	-	-	-	-	-	-
	At the End of the Year	-	-	-	-	-	-
4	Mr. Mukund M. Kabra (Whole-Time Director)	16,81,750	1.51	-	-	16,81,750	1.51
	Purchase	-	-	March 23, 2020	90,900	17,72,650	1.59
	Purchase	-	-	March 24, 2020	39,100	18,11,750	1.62
	At the End of the Year	-	-	-	-	18,11,750	1.62
5	Mr. Kedar J. Desai (Independent Director)	2,000	0.00	-	-	2,000	0.00
	At the End of the Year	-	-	-	-	2,000	0.00
6	Mr. Pramod B. Kasat (Independent Director)	-	-	-	-	-	-
	At the End of the Year	-	-	-	-	-	-
7	Mr. Rajesh Sharma (Independent Director)	-	-	-	-	-	-
	At the End of the Year	-	-	-	-	-	-
8	Mr. Vilas M. Aurangabadkar (Independent Director)	-	-	-	-	-	-
	At the End of the Year	-	-	-	-	-	-
9	Mr. Vinodkumar H. Jajoo (Independent Director)	-	-	-	-	-	-
	At the End of the Year	-	-	-	-	-	-

\*Appointed as an Additional Director (Non-Executive) w.e.f November 02, 2019

Sr. No.	Name & Type of Transactions	Shareholding at the beginning of the year - April 01, 2019		Transactions during the year		Cumulative Shareholding at the end of the year - March 31, 2020	
		No. of Shares Held	% of Total Shares of the Company	Date of Transactions	No. of Shares	No. of Shares Held	% of Total Shares of the Company
<b>Key Managerial Personnel</b>							
1	Mr. Beni P. Rauka (Chief Financial Officer)	1,59,250	0.14	-	-	1,59,250	0.14
	Purchase (Allotment under ESOP Scheme 2015)	-	-	May 24, 2019	2,500	1,61,750	0.14
	At the End of the Year	-	-	-	-	1,61,750	0.14
2	Mr. Sanjay Basantani (Company Secretary & Head - Legal)	-	-	-	-	-	-
	At the End of the Year	-	-	-	-	-	-

- Notes:
1. Paid up Share Capital of the Company at the end of the year is ₹ 22,33,56,950 divided into 11,16,78,475 Equity Shares of Face Value ₹ 2/- each.
  2. The details of holding has been clubbed based on PAN.
  3. % of total Shares of the Company is based on the paid up Capital of the Company at the end of the Year.
  4. Shareholding of all those Directors and Key Managerial Personnel who held the office as on March 31, 2020 is shown herein above
  5. It may be noted that the above data does not include the purchase of 71,700 Equity Shares by Ms. Rasika Rathi (Non-Executive Director) on March 31, 2020 primarily due to the settlement cycle as a result of which the respective demat accounts would have been credited post March 31, 2020.

## V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ in million)

Indebtedness at the beginning of the financial year	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
i) Principal Amount	169.49	24.11	-	193.60
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>169.49</b>	<b>24.11</b>	<b>-</b>	<b>193.60</b>
<b>Change in Indebtedness during the financial year</b>				
* Addition	-	-	-	-
* Reduction	88.84	9.17	-	98.01
<b>Net Change</b>	<b>88.84</b>	<b>9.17</b>	<b>-</b>	<b>98.01</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	80.65	14.94	-	95.59
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>80.65</b>	<b>14.94</b>	<b>-</b>	<b>95.59</b>



## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(₹ in million)

Sr. No.	Particulars of Remuneration	Name of Managing Director and Whole-time Directors		Total
		Mrs. Savita Rathi	Mr. Mukund M Kabra	
<b>1.</b>	<b>Gross salary</b>			
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	2.64	15.60	18.24
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.03	0.29	0.32
	(c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	-	-	-
<b>2.</b>	<b>Stock Option*</b>	-	-	-
<b>3.</b>	<b>Sweat Equity</b>	-	-	-
<b>4.</b>	<b>Commission (refer Notes (ii) below)</b>	-	<b>2.88</b>	<b>2.88</b>
	- as % of profit	-	0.50%	-
	- others specify	-	-	-
<b>5.</b>	<b>Others</b>	-	-	-
	<b>Total of the above</b>	<b>2.67</b>	<b>18.77</b>	<b>21.44</b>
	<b>Total (A)</b>	₹ <b>21.44 million</b> (which is within the ceiling as per the Act, mentioned below)		
	<b>Ceiling as per the Act</b>	₹ <b>75.67 million</b> (being 10% of Net Profits of the Company calculated as per Section 198 of the Companies Act, 2013)		

#### Notes:

- (i) The above remuneration is excluding retirement benefits contribution but including gratuity paid, if any, during the year under review.
- (ii) Commission is related to the FY20, which is payable during FY21.
- (iii) \*During the year under review, 3750 stock options were vested on Mr. Mukund Kabra. However, during the year under review, Mr. Kabra has not exercised the stock options vested on him.
- (iv) Mrs. Savita Rathi ceased to be a Director on the Board w.e.f. August 08, 2019.

## B. Remuneration to other Directors:

(₹ in million)

Particulars of Remuneration	Independent Directors					Non-Executive Non-Independent Directors			Total Amount
	Mr. Kedar Desai	Mr. Pramod Kasat	Mr. Rajesh Sharma	Mr. Vilas Aurangabadkar	Mr. Vinodkumar Jajoo	Mr. Vasant Rathi*	Ms. Rasika Rathi	Dr. Sunny Sharma*	
Fee for attending Board/Committee meetings	0.54	0.40	0.33	0.17	0.24	-	-	-	1.68
Commission	1.41	1.16	0.80	0.31	0.49	-	0.37	-	4.54
Others, please specify	-	-	-	-	-	-	-	-	-
<b>Total (B)</b>	<b>1.95</b>	<b>1.56</b>	<b>1.13</b>	<b>0.48</b>	<b>0.73</b>	<b>-</b>	<b>0.37</b>	<b>-</b>	<b>6.22</b>
<b>Total Managerial Remuneration(A+B)</b>	<b>₹ 27.66 million</b>								
<b>Overall Ceiling as per the Act</b>	<b>₹ 83.23 million (Being 11% of the net profit of the Company calculated as per Section 198 of the Companies Act, 2013)</b>								

\*Note: Mr. Vasant Rathi and Dr. Sunny Sharma voluntarily waived the commission for the FY20 amounting to ₹ 1.10 million and ₹ 0.12 million respectively.

## C. Remuneration to Key Managerial Personnel Other than Managing Director/Manager/Whole time Director

(₹ in million)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		Total
		Mr. Beni P Rauka (Chief Financial Officer)	Mr. Sanjay Basantani (Company Secretary & Head-Legal) ##	
1.	Gross salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	8.30	2.79	11.09
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.03	-	0.03
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2.	Stock Option	# Refer note below		-
3.	Sweat Equity	-	-	-
4.	Commission	-	-	-
	- as % of profit	-	-	-
	- others, specify	-	-	-
5.	Others, please specify	-	-	-
	<b>Total</b>	<b>8.33</b>	<b>2.79</b>	<b>11.12</b>

Note: The above remuneration is excluding retirement benefits contribution.

# During the year under review, Mr. Beni P Rauka exercised and was allotted 2,500 Equity Shares of ₹ 2/- each at the exercise price of ₹ 60/- per share on May 24, 2019 under the Employees Stock Option Scheme 2015 of the Company.

## The above remuneration of Mr. Sanjay Basantani is excluding annual variable incentive for the financial year 2019-20, which is payable in financial year 2020-21



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**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty					
Punishment			NIL		
Compounding					
<b>B. DIRECTORS</b>					
Penalty					
Punishment			NIL		
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty			NIL		
Punishment					
Compounding					

## Annexure VIII

**Information under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 and forming part of the Board's Report for the year ended March 31, 2020.**

### A) CONSERVATION OF ENERGY-

#### (i) Steps taken for conservation of energy:

- Installed APFC and Harmonics Filter Unit/ Panel
- Installed 178 LED based lighting fixtures in Laboratories

#### (ii) Impact of measures taken:

- Due to improved power factor the total electricity KVA demand reduces significantly
- Reduction in electricity consumption

#### (iii) The steps taken by the company for utilising alternate sources of energy: NIL

#### (iv) The capital investment on energy conservation equipment:

- Harmonics Filter Panel – ₹ 0.98 million
- LED Lighting Fixtures – ₹ 0.67 million

### B) TECHNOLOGY ABSORPTION

#### I. Efforts in brief made towards technology absorption:

1. Green, biocatalysis based processes for API (Active Pharma Ingredients) synthesis have been developed and adopted.
2. New and Improved food processing enzymes have been developed, found better than the existing counterparts.
3. Improved system for fungal enzyme production is developed and absorbed.
4. Upstream and downstream production technologies for probiotics have been upgraded and absorbed.

#### II. Benefits derived as a result of the above efforts:

1. Cost effective and efficient processes for production of probiotics resulted in improved sales performance.

2. Green biocatalysis processes opens up new avenues for enzymatic production of pharma ingredients production.

3. Newly developed enzymes with improved performance are making positive marketing impacts. Higher yields in case of some enzymes have been observed at production scale.

### III. Imported technology

Technology imported: NIL

(a) The details of technology imported: NA

(b) Year of Import: NA

(c) Has the technology been fully absorbed: NA

(d) If not fully absorbed areas where absorption has not taken place, and the reasons thereof: NA

### IV) Expenditure incurred on Research and Development: (₹ in million)

Sr. No.	Particulars	2019-20	2018-19
(a)	Capital	28.81	6.03
(b)	Recurring	189.91	189.93
(c)	Total	218.72	195.96
(d)	Total R&D expenditure as a % of net sales of the Company	8.84%	8.82%

\*Net Sales of ₹ 2,473.52 million (previous year ₹ 2,220.93 million)

On consolidated basis Research and Development expenditure for FY 2019-20 is ₹ 144.07 million (3.24% of Net sales) and for FY 2018-19 was ₹ 112.94 million (2.69% of Net sales).

### C) Foreign Exchange Earnings and Outgo

(₹ in million)

Sr. No.	Particulars	2019-20	2018-19
(a)	Foreign Exchange Earnings	728.50	668.95
(b)	Foreign Exchange Outgo	269.03	285.78

For and on behalf of the Board of Directors of  
**Advanced Enzyme Technologies Limited**

**Vasant Rathi**

Chairman

DIN: 01233447

Date : June 16, 2020

Place : California



## Annexure IX

### DISCLOSURE IN BOARD'S REPORT PURSUANT TO SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL), RULES, 2014

Sr. No.	Requirements	Disclosure		
		Name of the Directors	Remuneration (₹ in million)	Ratio to median remuneration
1	The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the Financial Year	Mr. Vasant L. Rathi	-	-
		Mrs. Savita C. Rathi *	2.79	6.20
		Mr. Mukund M. Kabra	18.90	42.00
		Ms. Rasika Rathi	0.37	0.82
		Mr. Kedar Desai	1.41	3.13
		Mr. Pramod Kasat	1.16	2.58
		Mr. Rajesh Sharma	0.79	1.76
		Mr. Vilas M. Aurangabadkar	0.31	0.69
		Mr. Vinodkumar H. Jajoo	0.49	1.09
		Dr. Sunny Sharma	-	-

**Notes:**

- The median remuneration of employees of the Company was ₹ 0.45 million
- The Commission for financial year 2019-20 (FY20) payable to Directors is also included in the total Remuneration, excluding commission of ₹ 1.10 million and ₹ 0.12 million voluntarily waived by Mr. Vasant Rathi and Dr. Sunny Sharma respectively.
- For this purpose, the Sitting Fees paid to the Independent Directors have not been considered as remuneration
- Figures have been rounded off wherever necessary.
- \*Mrs. Savita Rathi ceased to be a Director on the Board w.e.f. August 08, 2019.

Sr. No.	Requirements	Name of the Director		Designation	% change (to be read with notes)
		Name of the Director	Designation		
2	The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary in the financial year (Name with % change in the financial year 2019-20)	Mr. Vasant L. Rathi	Chairman		(100)%
		Mrs. Savita Rathi	Whole-time Director (ceased to be the Director of the Company w.e.f. August 08, 2019)		Not Applicable
		Mr. Mukund M. Kabra	Whole-time Director		10.00%
		Mr. Kedar Desai	Independent Director		101.43%
		Mr. Pramod Kasat	Independent Director		65.71%
		Mr. Rajesh Sharma	Independent Director		44.30%
		Mr. Vilas M. Aurangabadkar	Independent Director		72.22%
		Ms. Rasika Rathi	Non-Executive Director		311.11%
		Mr. Vinodkumar H. Jajoo	Independent Director		444.44%
		Dr. Sunny Sharma	Additional (Non-Executive) Director		Not Applicable
Mr. Beni P Rauka	Chief Financial Officer		10.00%		
Mr. Sanjay Basantani	Company Secretary		8.00%		

Notes:

- (i) The % increase in remuneration of Mr. Mukund Kabra, Whole-time Director is determined after excluding Commission.
- (ii) Mr. Vasant Rathi and Dr. Sunny Sharma voluntarily waived the commission for the FY20 amounting to ₹ 1.10 million and ₹ 0.12 million respectively. Hence, the percentage change in the above table is shown as (100)% and Not Applicable for Mr. Vasant Rathi and Dr. Sunny Sharma respectively. Dr. Sunny Sharma was appointed effective from November 02, 2019.
- (iii) Ms. Rasika Rathi and Mr. Vilas Aurangabadkar were appointed on January 08, 2019 and Mr. Vinodkumar Jajoo was appointed on February 09, 2019 and accordingly the commission for the previous year FY19 was paid based on the number of Board meetings attended by them post their appointment, for part of the financial year 2018-19. Whereas, for the FY20, they were Directors for the entire financial year and hence accordingly the commission amount is paid based on the number of meetings attended during the entire FY20. Hence the percentage increase is on the higher side.
- (iv) The percentage change in remuneration of Ms. Rasika Rathi shown in the above table is from the standalone perspective (i.e. commission payable). Besides, as per resolution passed by the Members of the Company in its meeting held on September 15, 2016, recommendation of the Nomination & Remuneration Committee and approval of the Board, since Mr. Vasant Rathi heads the US Operations and Ms. Rasika Rathi is Vice President, General Counsel & Secretary there, they were paid remuneration aggregating to ₹ 28.37 million (excluding commission of ₹ 6.76 million) and ₹ 11.40 million respectively for FY20 by the Company's subsidiary in US for the services rendered.

3	The percentage increase in the median remuneration of employees in the financial year:	During Financial Year 2019-2020, the percentage decrease in the median remuneration of employees as compared to previous year was approximately 6.47%
4	The number of permanent employees on the rolls of company (As on March 31, 2020)	331
5	Average percentage increase already made in the salaries of employees other than the Managerial Personnel in the last Financial Year and its comparison with the percentage increase in the Managerial Remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the Managerial Remuneration.	Average increase in remuneration is around 9% for employees other than Managerial Personnel and around 10% for Managerial Personnel.
<p><i>Note: The average percentage increase was based on the financial performance of the Company as summarised in the Board's Report and the factors mentioned in the Nomination and Remuneration Policy of the Company.</i></p>		
6	Affirmation that the remuneration is as per the remuneration policy of the Company	Pursuant to Rule 5(1)(xii) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, it is affirmed that the remuneration paid to the Directors, Key Managerial Personnel and Senior Management is as per the Remuneration Policy of your Company.



# INDEPENDENT AUDITORS' REPORT

## To the Members of Advanced Enzyme Technologies Limited

### Report on the Audit of the Standalone Financial Statements

#### Opinion

We have audited the standalone financial statements of Advanced Enzyme Technologies Limited ("the Company"), which comprise the standalone balance sheet as at 31 March 2020, and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2020, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

#### Description of Key Audit Matter

##### Revenue Recognition

###### The key audit matter

Revenue is recognized when the control of the products being sold has been transferred to the customer. We have identified recognition of revenue as a key audit matter as revenue is a key performance indicator. Also, there is a presumed fraud risk of revenue being overstated/ understated through manipulation on the timing of transfer of control arising from pressure to achieve performance targets and meeting external expectations.

#### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Standalone 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 standalone financial statements under the provisions of the Act 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 on the Standalone financial statements.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

###### How the matter was addressed in our audit

Our principal audit procedures included:

- Assessing the compliance of the revenue recognition accounting policies by comparing with Ind AS 115 "Revenue from Contracts with Customers".
- Testing the design, implementation and operating effectiveness of the Company's general Information Technology (IT) controls, by involving our IT specialists.
- Testing the design, implementation and operating effectiveness of key IT application/manual controls over the Company's systems for revenue recognition, by involving our IT specialists.

# INDEPENDENT AUDITORS' REPORT (Continued)

The key audit matter	How the matter was addressed in our audit
	<ul style="list-style-type: none"><li>Performing substantive testing (including year-end cut-off testing) by selecting statistical samples of revenue transactions recorded during the year (and before and after the financial year end).</li><li>Verifying the underlying documents, which included sales invoices/contracts and shipping documents for the selected transactions.</li><li>Assessing manual journals posted to revenue to identify unusual items.</li><li>Considering the adequacy of the Company's disclosures in respect of revenue.</li></ul>

## Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the standalone 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 standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone 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.

## Management's and Board of Directors' Responsibility for the Standalone Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

## Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance



## INDEPENDENT AUDITORS' REPORT (Continued)

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with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the standalone financial statements made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion.

Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. (A) As required by Section 143(3) of the Act, we report that:

# INDEPENDENT AUDITORS' REPORT (Continued)

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- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under section 133 of the Act.
- e) On the basis of the written representations received from the directors as on 31 March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- (B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations as at 31 March 2020 on its financial position in its standalone financial statements - Refer Note 53 to the standalone financial statements;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company; and
  - iv. The disclosures in the standalone financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2020.
- (C) With respect to the matter to be included in the Auditors' Report under section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid by the company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

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Mumbai  
30 May 2020

For **BSR & Co. LLP**  
Chartered Accountants  
Firm's Registration No: 101248W/W-100022

**Sadashiv Shetty**  
Partner  
Membership No: 048648  
UDIN: 20048648AAAAAS5800



## Annexure A to the Independent Auditors' Report – 31 March 2020

With reference to the Annexure A referred to in the Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31 March 2020, we report the following:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which the fixed assets are verified by the management according to a phased programme designed to cover all the items over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. In accordance with the programme, the Company has physically verified certain fixed assets during the year. The discrepancies noticed on such verification were not material and have been appropriately dealt with in the books of account.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties as disclosed in Note 5 to the standalone financial statements are held in the name of the Company except in respect of the lease for the Company's land at Jalna, Maharashtra with Maharashtra Industrial Development Corporation (gross block: ₹ 12.57 million and net block ₹ 12.57 million included under Non-current assets held for sale under note 18 to the standalone financial statements).
- (ii) The inventory, except for goods in transit has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been adequately dealt with in books of account.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013 ('the Act'). Accordingly, paragraphs 3 (iii) (a) and (b) of the Order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanation given to us, the Company has complied with provisions of Section 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- (v) In our opinion, and according to the information and explanations given to us, the Company has not accepted deposits as per the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 148 (1) of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records with a view to determine whether they are accurate or complete.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Provident fund, Employees' State Insurance, Profession tax, Income-tax, Goods and Service tax, Duty of Customs, cess and other material statutory dues have been generally regularly deposited during the year by the Company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Employees' State Insurance, Profession tax, Income-tax, Goods and Services tax, Duty of Customs, cess and other material statutory dues were in arrears as at 31 March 2020 for a period of more than six months from the date they became payable.

## INDEPENDENT AUDITORS' REPORT (Continued)

(b) According to the information and explanations given to us and based on our examination of the records of the Company, there are no dues of Income-tax, Sales tax, Service tax, Duty of Customs, Duty of Excise and Value added tax as at 31 March 2020 which have not been deposited with the appropriate authorities on account of any dispute, except as stated below:

Name of the statute	Nature of dues	Amount (Rs. in million)	Amount paid under protest (Rs. in million)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax	0.40	-	AY 2004-05	Bombay High Court
Income Tax Act, 1961	Income Tax	9.26	9.26	AY 2010-11	Income Tax Appellate Tribunal, Mumbai
Income Tax Act, 1961	Income Tax	0.18	-	AY 2013-14	Commissioner Appeals
Income Tax Act, 1961	Income Tax	24.37	4.87	AY 2012-13	Commissioner Appeals
Central Excise Act, 1944 read with Cenvat Credit Rules, 2004	Service Tax, Interest and Penalty	12.51	10.38	July 2010 to January 2015	Customs, Excise and Service Tax Appellate Tribunal, West Zone
Central Excise Act, 1944 read with Cenvat Credit Rules, 2004	Excise Duty, Interest and Penalty	2.84	-	April 2012 to January 2015	Additional Commissioner of Central Excise, Customs and Service Tax
Central Excise Act, 1944 read with Cenvat Credit Rules, 2004	Excise Duty	4.19	-	July 2010 to January 2015	Additional Commissioner of Central Excise, Customs and Service Tax
Central Excise Act, 1944 read with Cenvat Credit Rules, 2004	Excise Duty, Interest and Penalty	2.79	2.79	July 2011 to January 2015	Commissioner of Central Excise, Customs and Service Tax
Central Excise Act, 1944 read with Cenvat Credit Rules, 2004	Excise Duty, Interest and Penalty	0.53	0.53	March 15 to October 15	Customs, Excise and Service Tax Appellate Tribunal, West Zone
Central Excise Act, 1944 read with Cenvat Credit Rules, 2004	Service Tax, Interest and Penalty	1.37	1.06	March 2015 to December 2015	Customs, Excise and Service Tax Appellate Tribunal, West Zone
Central Excise Act, 1944 read with Cenvat Credit Rules, 2004	Excise Duty	0.60	-	March 2015 to December 2015	Commissioner of Central Excise, Customs and Service Tax
Central Excise Act, 1944 read with Cenvat Credit Rules, 2004	Excise Duty	2.11	-	January 2016 to June 2017	Commissioner of GST, Central Excise, Customs and Service Tax



## INDEPENDENT AUDITORS' REPORT (Continued)

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to banks and government. The Company does not have any loans or borrowings from financial institutions or dues to debenture holders during the year.
- (ix) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) and has not obtained any term loans during the year. Accordingly, paragraph 3(ix) of the Order is not applicable to the Company.
- (x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- (xi) In our opinion and according to the information and explanations given to us, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.
- (xiii) In our opinion and according to the information and explanations given to us, the Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act, where applicable and the details of such related party transactions have been disclosed in the standalone financial statements as required by the applicable Indian Accounting Standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable to the Company.
- (xv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.
- (xvi) In our opinion and according to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable to the Company.

For **BSR & Co. LLP**

Chartered Accountants

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

**Sadashiv Shetty**

Partner

Membership No: 048648

UDIN: 20048648AAAAAS5800

Mumbai  
30 May 2020

## Annexure B to the Independent Auditors' Report

on the standalone financial statements of Advanced Enzyme Technologies Limited for the year ended 31 March 2020

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### **Report on the internal financial controls with reference to the aforesaid standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013**

**(Referred to in paragraph 2(A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

#### **Opinion**

We have audited the internal financial controls with reference to financial statements of Advanced Enzyme Technologies Limited ("the Company") as of 31 March 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to standalone financial statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

#### **Management's Responsibility for Internal Financial Controls**

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to standalone financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to standalone financial statements were established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to standalone financial statements.

#### **Meaning of Internal Financial controls with Reference to Financial Statements**

A company's internal financial controls with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to standalone financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly



## INDEPENDENT AUDITORS' REPORT (Continued)

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reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial controls with Reference to Financial Statements**

Because of the inherent limitations of internal financial controls with reference to standalone financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to standalone financial statements to future periods are subject to the risk that the internal financial controls with reference to standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

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

Chartered Accountants

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

**Sadashiv Shetty**

*Partner*

Membership No: 048648

UDIN: 20048648AAAAAS5800

Mumbai  
30 May 2020

# Standalone Balance Sheet

as at 31 March 2020

(₹ in million)

	Note	As at 31 March 2020	As at 31 March 2019
<b>I. ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Property, plant and equipment	5	1,251.63	950.20
(b) Capital work-in-progress	5A	45.80	12.61
(c) Other intangible assets	6	17.89	23.31
(d) Intangible assets under development	6A	53.75	57.40
(e) Financial assets			
(i) Investments			
- investment in subsidiaries	7	1,197.83	1,204.02
- other investment	7	0.62	0.62
(ii) Loans	8	265.21	355.36
(iii) Other financial assets	9	0.05	0.04
(f) Income tax asset (net)		76.03	71.16
(g) Other non-current assets	10	16.15	14.22
<b>Total non-current assets</b>		<b>2,924.96</b>	<b>2,688.94</b>
<b>(2) Current assets</b>			
(a) Inventories	11	596.54	586.16
(b) Financial assets			
(i) Investment	12	10.00	-
(ii) Trade receivables	13	518.87	381.46
(iii) Cash and cash equivalents	14	26.69	1.86
(iv) Bank balances other than (iii) above	14A	3.56	3.50
(v) Loans	15	0.19	0.24
(vi) Other financial assets	16	23.62	10.35
(c) Other current assets	17	74.15	38.22
<b>Total current assets</b>		<b>1,253.62</b>	<b>1,021.79</b>
<b>(3) Non-current assets held for sale</b>	18	<b>48.17</b>	<b>48.17</b>
<b>Total assets</b>		<b>4,226.75</b>	<b>3,758.90</b>
<b>II. EQUITY AND LIABILITIES</b>			
<b>(1) Equity</b>			
(a) Equity share capital	19	223.36	223.30
(b) Other equity	20	3,481.47	2,971.42
<b>Total equity</b>		<b>3,704.83</b>	<b>3,194.72</b>
<b>(2) Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	21	7.61	16.96
(ii) Lease liabilities	22	2.08	-
(b) Provisions	23	10.84	5.14
(c) Deferred tax liabilities (net)	24	90.34	38.53
<b>Total non-current liabilities</b>		<b>110.87</b>	<b>60.63</b>
<b>(3) Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	25	78.63	165.11
(ii) Trade payables	26		
a) total outstanding dues of micro enterprises and small enterprises		2.73	0.69
b) total outstanding dues other than micro enterprises and small enterprises		134.39	155.15
(iii) Other financial liabilities	27	93.40	86.96
(b) Other current liabilities	28	25.97	24.92
(c) Provisions	23	17.05	16.60
(d) Current tax liabilities (net)		4.12	0.36
<b>Total current liabilities</b>		<b>356.29</b>	<b>449.79</b>
<b>(4) Liabilities for non-current assets held for sale</b>		<b>54.76</b>	<b>53.76</b>
<b>Total equity and liabilities</b>		<b>4,226.75</b>	<b>3,758.90</b>

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

4  
5 - 56

For **B S R & Co. LLP**  
Chartered Accountants  
Firm's Registration No: 101248W/W-100022

**Sadashiv Shetty**  
Partner  
Membership No: 048648

Place: Mumbai  
Date: 30 May 2020

For and on behalf of Board of Directors of  
**Advanced Enzyme Technologies Limited**  
CIN No: L24200MH1989PLC051018

**Mukund Kabra**  
Wholetime Director  
DIN : 00148294  
Place: Nashik

**Sanjay Basantani**  
Company Secretary  
Membership No: A19637  
Place: Thane  
Date: 30 May 2020

**Kedar Desai**  
Director  
DIN : 00322581  
Place: Mumbai

**Beni. P. Rauka**  
Chief Financial Officer  
Membership No: 039980  
Place: Mumbai



# Standalone Statement of Profit and Loss

for the year ended 31 March 2020

(₹ in million)

	Note	Year ended 31 March 2020	Year ended 31 March 2019
<b>Income</b>			
Revenue from operations	29	2,473.54	2,220.93
Other income	30	90.01	56.10
<b>Total income</b>		<b>2,563.55</b>	<b>2,277.03</b>
<b>Expenses</b>			
Cost of materials consumed	31	944.36	804.33
Changes in inventories of finished goods, work-in-progress and stock-in-trade	32	(56.78)	54.02
Employee benefits expense	33	326.07	350.71
Finance costs	34	11.00	22.27
Depreciation and amortisation expense	35	88.14	85.63
Other expenses	36	492.23	488.03
<b>Total expenses</b>		<b>1,805.02</b>	<b>1,804.99</b>
<b>Profit before tax</b>		<b>758.53</b>	<b>472.04</b>
<b>Tax expense</b>			
Current tax		193.89	119.64
Deferred tax charge/(credit)		(14.91)	0.06
<b>Total tax expense</b>		<b>178.98</b>	<b>119.70</b>
<b>Profit for the year</b>		<b>579.55</b>	<b>352.34</b>
<b>Other comprehensive income/(loss)</b>			
A (i) Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit liability/(asset)		(4.49)	(0.69)
(ii) Income tax relating to items that will not be reclassified to profit or loss		1.31	0.20
B (i) Items that will be reclassified to profit or loss		-	-
(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
		(3.18)	(0.49)
<b>Total comprehensive income for the year</b>		<b>576.37</b>	<b>351.85</b>
<b>Earnings per equity share (face value ₹ 2 each fully paid up)</b>	41		
Basic		5.19	3.16
Diluted		5.18	3.15

Significant accounting policies

4

Notes form an integral part of these standalone financial statements

5 - 56

As per our report of even date attached.

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

Chartered Accountants

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

**Sadashiv Shetty**

Partner

Membership No: 048648

Place: Mumbai

Date: 30 May 2020

For and on behalf of Board of Directors of

**Advanced Enzyme Technologies Limited**

CIN No: L24200MH1989PLC051018

**Mukund Kabra**

Wholtime Director

DIN : 00148294

Place: Nashik

**Sanjay Basantani**

Company Secretary

Membership No: A19637

Place: Thane

Date: 30 May 2020

**Kedar Desai**

Director

DIN : 00322581

Place: Mumbai

**Beni. P. Rauka**

Chief Financial Officer

Membership No: 039980

Place: Mumbai

# Statement of Changes in Equity (SOCIE)

for the year ended 31 March 2020  
(₹ in million)

## (a) Equity share capital

	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 (refer note 19)	111,648,975	223.30	111,630,025	223.26
Changes in equity share capital during the year	29,500	0.06	18,950	0.04
Balance at the end of the year	111,678,475	223.36	111,648,975	223.30

## (b) Other equity

Particulars	Reserves and Surplus					Total Equity
	Securities Premium	Capital Reserve	General reserve	Employee stock option account	Retained earnings	
<b>Balance at 1 April 2018</b>	<b>754.71</b>	<b>3.00</b>	<b>32.53</b>	<b>26.33</b>	<b>1,849.15</b>	<b>2,665.72</b>
Profit for the year	-	-	-	-	352.34	352.34
Other comprehensive income for the year	-	-	-	-	(0.49)	(0.49)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>351.85</b>	<b>351.85</b>
Add : Options granted during the year	6.29	-	-	17.33	-	23.62
Less: Options lapsed during the year	-	-	-	(3.20)	-	(3.20)
Less: Exercise of Share options	-	-	-	(5.19)	-	(5.19)
Less: Dividend	-	-	-	-	(55.82)	(55.82)
Less: Dividend Distribution Tax	-	-	-	-	(5.56)	(5.56)
<b>Balance at 31 March 2019</b>	<b>761.00</b>	<b>3.00</b>	<b>32.53</b>	<b>35.27</b>	<b>2,139.62</b>	<b>2,971.42</b>
Profit for the year	-	-	-	-	579.55	579.55
Other comprehensive income for the year	-	-	-	-	(3.18)	(3.18)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>576.37</b>	<b>576.37</b>
Options granted during the year	9.79	-	-	11.34	-	21.13
Options lapsed during the year	-	-	-	(2.46)	-	(2.46)
Exercise of Share options	-	-	-	(8.08)	-	(8.08)
Dividend	-	-	-	-	(67.01)	(67.01)
Dividend Distribution Tax	-	-	-	-	(9.89)	(9.89)
<b>Balance at 31 March 2020</b>	<b>770.79</b>	<b>3.00</b>	<b>32.53</b>	<b>36.06</b>	<b>2,639.09</b>	<b>3,481.47</b>

For **B S R & Co. LLP**  
Chartered Accountants  
Firm's Registration No: 101248W/W-100022

**Sadashiv Shetty**  
Partner  
Membership No: 048648

Place: Mumbai  
Date: 30 May 2020

For and on behalf of Board of Directors of  
**Advanced Enzyme Technologies Limited**  
CIN No: L24200MH1989PLC051018

**Mukund Kabra**  
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Company Secretary  
Membership No: A19637  
Place: Thane  
Date: 30 May 2020

**Kedar Desai**  
Director  
DIN : 00322581  
Place: Mumbai

**Beni. P. Rauka**  
Chief Financial Officer  
Membership No: 039980  
Place: Mumbai



# Standalone Cash Flow Statement

for the year ended 31 March 2020

(₹ in million)

	Year ended 31 March 2020	Year ended 31 March 2019
<b>A. Cash flows from operating activities</b>		
<b>Profit before tax</b>	<b>758.53</b>	472.04
<b>Adjustments for non-cash transactions</b>		
Depreciation and amortization expense	88.14	85.63
Property, plant and equipment written off	0.51	0.30
(Profit) / Loss on sale of property, plant and equipment	0.01	0.62
Bad debts written off	0.26	0.13
Provision for doubtful trade receivables provided / (written back)	-	0.32
Employee stock compensation expense	8.29	13.23
Guarantee commission	(1.60)	(1.60)
Excess provision written back	(0.00)	(5.97)
Sundry balances written off/ (back) (net)	0.26	0.24
Unrealized foreign exchange loss/(gain)	(2.37)	(0.02)
Provision for investments and loans given to subsidiary	10.52	-
	<b>862.55</b>	564.92
<b>Items considered separately</b>		
Interest income	(30.83)	(28.87)
Interest expenses	6.47	22.01
Dividend income	(47.60)	(18.90)
<b>Operating profit before working capital changes</b>	<b>790.59</b>	539.16
Adjustments for working capital changes.		
(Increase) / Decrease in Non-current loans	(0.13)	(33.77)
(Increase) / Decrease in other non-current assets	(0.39)	0.50
(Increase) / Decrease in inventories	(10.37)	(37.53)
(Increase) / Decrease in trade receivables	(131.84)	2.67
(Increase) / Decrease in Current loans	0.05	20.34
(Increase) / Decrease in financial current assets - Others	(13.65)	20.58
(Increase) / Decrease in Other current assets	(35.94)	12.84
(Decrease) / Increase in provisions	1.68	(2.48)
(Decrease) / Increase in trade payables	(19.23)	(50.54)
(Decrease) / Increase in current financial liabilities - others	4.93	(4.05)
(Decrease) / Increase in other current liabilities	1.05	9.73
<b>Cash generated from operating activities</b>	<b>586.75</b>	477.45
Income taxes paid (net)	(126.99)	(123.71)
<b>Net cash generated from operating activities</b>	<b>459.76</b>	353.74
<b>B. Cash flows from investing activities</b>		
Purchase of property, plant and equipment (tangible and intangible both)	(416.52)	(31.71)
Proceeds from sale of property, plant and equipment	0.27	0.70
Purchase of intangible assets (net of refunds)	2.06	(5.76)
Purchase of non-current investments	-	(1.78)
(Purchase) / Proceeds from sale of current investments (net)	(10.00)	-
Interest received	67.12	0.72
Proceeds from repayment of loan given to subsidiary	52.22	-
Dividend received	47.60	18.90
(Increase) / Decrease in bank deposits with maturity more than 3 months but less than 12 months	(0.14)	(0.13)
(Increase) / Decrease in bank deposits with maturity of more than 12 months #	(0.00)	(0.00)
<b>Net cash (used in) investing activities</b>	<b>(257.39)</b>	(19.06)
<b>C. Cash flows from financing activities</b>		
Proceeds from issue of share capital including securities premium	1.77	1.14
Repayment of long-term borrowings (net)	(11.53)	(94.34)
Repayment of short-term borrowings (net)	(89.69)	(156.86)
Interest paid	(6.47)	(23.28)

# Standalone Cash flow statement (Continued)

for the year ended 31 March 2020  
(₹ in million)

	Year ended 31 March 2020	Year ended 31 March 2019
Payment of Lease liabilities	5.27	-
Dividends paid (including dividend distribution tax)	(76.89)	(61.38)
<b>Net cash (used in) financing activities</b>	<b>(177.54)</b>	<b>(334.72)</b>
<b>Net (decrease) / increase in cash and cash equivalents (A+B+C)</b>	<b>24.83</b>	<b>(0.04)</b>
Cash and cash equivalents as at the beginning of the period	1.86	1.90
<b>Cash and cash equivalents as at the end of the period</b>	<b>26.69</b>	<b>1.86</b>
<b>* Composition of cash and cash equivalents (refer note 14)</b>		
Cash in hand	0.34	0.26
Balance with banks :		
Current account	10.90	1.59
Fixed deposit account (with maturity less than 3 months)	15.45	0.01
Deposits with maturity more than 3 months but less than 12 months	2.62	2.49
	29.31	4.35
Less: Deposits with maturity more than 3 months but less than 12 months	2.62	2.49
	26.69	1.86

## Reconciliation between the opening and closing balances in the standalone balance sheet for liabilities arising from financing activities

Particulars	Notes	Non cash changes						31 March 2020
		31 March 2019	Cashflows	Acquisitions	Foreign exchange movement	Fair value change	Other adjustments	
Non-current borrowings	21 & 27	28.49	(11.53)	-	-	-	-	16.96
Cash credit, packing credit and working capital demand loans	25	165.11	(89.68)	-	3.20	-	-	78.63
<b>Total liabilities from financing</b>		<b>193.60</b>	<b>(101.21)</b>	<b>-</b>	<b>3.20</b>	<b>-</b>	<b>-</b>	<b>95.59</b>

## Notes to the standalone cash flow statement

1) The cash flow statement has been prepared under indirect method as set out in Ind AS 7, 'Cash Flow Statement' as notified by the Central Government under the Companies Act, 2013.

# Figures are below ₹ 0.01 Million, hence disclosed as ₹ 0.00

For **B S R & Co. LLP**  
Chartered Accountants  
Firm's Registration No: 101248W/W-100022

**Sadashiv Shetty**  
Partner  
Membership No: 048648

Place: Mumbai  
Date: 30 May 2020

For and on behalf of Board of Directors of  
**Advanced Enzyme Technologies Limited**  
CIN No: L24200MH1989PLC051018

**Mukund Kabra**  
Wholetime Director  
DIN : 00148294  
Place: Nashik

**Sanjay Basantani**  
Company Secretary  
Membership No: A19637  
Place: Thane  
Date: 30 May 2020

**Kedar Desai**  
Director  
DIN : 00322581  
Place: Mumbai

**Beni. P. Rauka**  
Chief Financial Officer  
Membership No: 039980  
Place: Mumbai



# Notes to the Standalone Financial Statements

for the year ended 31 March 2020  
(₹ in million)

## 1 Overview of the Company

Advanced Enzyme Technologies Limited (‘the Company’) was incorporated on 15 March 1989 under the provisions of Companies Act, 1956. The Company is engaged in the business of manufacturing and sales of enzymes. The equity shares of the Company were listed on National Stock Exchange of India Limited (NSE) via id ADVENZYMES and on BSE Limited (BSE) via Id 540025 on 1 August 2016.

## 2 Basis of preparation of financial statements

‘The Financial Statements of the Company have been prepared in accordance with the Indian Accounting Standards (Ind AS) to comply with the section 133 of the Companies Act 2013(‘the 2013 Act’), read with Rule 3 of the Companies (Indian Accounting Standards) Rules 2015, and Companies (Indian Accounting Standards) Rules, 2016. The standalone financial statements were authorised for issue by the Company’s Board of Directors on 29 May 2020.

All the assets and liabilities have been classified as current or non current as per the Company’s normal operating cycle and other criteria set out in Schedule III to the Act. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalent, the Company has ascertained the operating cycle to be 12 months.

### Functional and presentation currency:

These Standalone financial statements are presented in Indian rupees, which is the Company’s functional currency. All amounts have been rounded off to two decimal places to the nearest million, unless otherwise indicated.

### Historical cost convention:

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

- certain financial assets and liabilities (including derivative instrument) that are measured at fair value;

- defined benefit plans – plan assets measured at fair value”

## 3 Use of estimates

The preparation of financial statements in conformity with Ind AS requires the management to make use of judgements, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets and liabilities, revenue and expenses and disclosure of contingent liabilities. The estimates and assumptions used in accompanying financial statements are based upon management’s evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual results may differ from the estimates and assumptions used in preparing the accompanying standalone financial statements and reviewed on an ongoing basis. Any revision to accounting estimates is recognized prospectively in current and future periods.

Assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31 March 2020 are as follows:

### a. Property, plant and equipment

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

### b. Recognition 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

# Notes to the Standalone Financial Statements

for the year ended 31 March 2020  
(₹ in million)

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.

## c. 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.

## d. Recognition and measurement of other provisions

The recognition and measurement of other provisions are based on the assessment of the probability of an outflow of resources, and on past experience and circumstances known at the balance sheet date. The actual outflow of resources at a future date may therefore vary from the amount included in other provisions.

## e. Discounting of long-term financial assets / liabilities

All financial assets / liabilities are required to be measured at fair value on initial recognition. In case of financial liabilities/assets which are required to subsequently be measured at amortised cost, interest is accrued using the effective interest method.

## f. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting. The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

## g. Fair value of financial instruments

Derivatives are carried at fair value. Derivatives includes foreign currency forward contracts. Fair value of foreign currency forward contracts are determined using the fair value reports provided by respective merchant bankers.

## h. Measurement of fair values

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

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

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

“- 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).”



# Notes to the Standalone Financial Statements

for the year ended 31 March 2020  
(₹ in million)

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.

## 3A 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.

## 4 Significant accounting policies:

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

### a. Revenue recognition

- i. Revenue is recognized to the extent that it is probable that economic benefits will flow to the Company and the revenue can be reliably measured.
- ii. Revenue from contracts with customers is recognised when control of the goods is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Sales are exclusive of Goods and Service Tax (GST).
- iii. Export incentives received pursuant to the Duty Drawback Scheme and Merchandise Export from India Scheme are accounted on an accrual basis, to the extent it is probable that realization is certain.

- iv. Interest income is recognized on a time proportionate basis, taking into account the amount outstanding and the rates applicable.
- v. Dividend income is recognized when the Company's right to receive dividend is established by the reporting date.

### b. Property, plant and equipment and depreciation

#### Recognition and measurement

- i. Items of property, plant and equipment are stated at cost less accumulated depreciation and amortisation and accumulated impairment losses, if any. Cost includes taxes, non refundable duties and taxes, freight and other incidental expenses directly related to acquisition/construction and installation of the assets. Any trade discounts and rebates are deducted in arriving the purchase price. Interest on borrowings to finance acquisition of property, plant and equipment during qualifying period is capitalized.
- ii. Leasehold improvements represent expenses incurred towards civil work and interior furnishings on the leased premises.
- iii. An asset 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 of property, plant and equipment carried at cost are recognised in the Statement of Profit and Loss.
- iv. Capital work-in-progress includes assets not ready for their intended use and related incidental expenses and attributable interest.
- v. 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.

# Notes to the Standalone Financial Statements

for the year ended 31 March 2020  
(₹ in million)

## Subsequent expenditure

- vi. Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

## Depreciation

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

The estimated useful life of assets are as follows:

Particulars	Estimated useful life
Building	30 - 60 years
Plant and equipment	10 - 25 years
Furniture and fixture	10 years
Vehicles	8 years
Office equipments	5 years
Computer and data processing equipment	3 - 6 years

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

- viii. Leasehold improvements and leasehold land are amortized over the unexpired primary period of lease except for lease hold land acquired under perpetual lease.
- ix. The Company has reviewed its policy for providing depreciation on its tangible assets and has also reassessed their useful lives as per Part C of Schedule II of the Act. The revised useful lives, as assessed by the management, match those specified in Part C of Schedule II of the Act, for all classes of tangible assets.

## c. Intangible assets

- i. Intangible assets are stated at cost of acquisition less accumulated amortisation and accumulated impairment losses, if any.
- ii. Costs relating to acquisition of technical know-how and software are capitalized as intangible assets. Further, the expenditure incurred towards product studies during the development of product dossiers are grouped under "Intangible assets under development" to the extent such expenditure meet the criteria of intangible asset.
- iii. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.
- iv. An intangible asset 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.
- v. Any expected loss is recognized immediately in the Statement of Profit and Loss.
- vi. Intangible assets that are ready for use are amortized on a straight line basis as follows:

Particulars	Estimated useful life
Computer software	4 years
Product dossiers	10 years

## d. Non-current assets held for sale

Non-current assets classified as held for sale, if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such assets, are generally measured at the lower of their carrying amount and fair value less costs to sell. Losses on initial classification as held for sale and subsequent gains and losses on re-measurement are recognised in



# Notes to the Standalone Financial Statements

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Statement of Profit and Loss. Once classified as held-for-sale they are no longer depreciated.

## e. Impairment of non-financial assets

"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."

## f. Foreign currency transactions

i. Initial recognition - Foreign currency transactions are recorded in the functional currency, by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency at the date of the transaction.

ii. Subsequent measurement- Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities

that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognised in the Statement of Profit and Loss. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

iii. Exchange differences - All exchange differences arising on settlement/conversion on foreign currency transactions are included in the Statement of Profit and Loss in the period in which they arise.

## g. Stock based Compensation:

Employees Stock Option Plans ("ESOPs"):

"Equity-settled plans are accounted at fair value as at the grant date. The fair value of the share-based option is determined at the grant date using a market-based option valuation model (Black Scholes Option Valuation Model). The fair value of the option is recorded as compensation expense amortized over the vesting period of the options, with a corresponding increase in Reserves and Surplus under the head "Employee Stock Option account". On exercise of the option, the proceeds are recorded as share capital.

The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the Statement of Profit and Loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized in employee benefits expense.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of equity instruments that will ultimately vest."

# Notes to the Standalone Financial Statements

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Employee stock options provided to the employees of subsidiary under a group plan is accounted as capital contribution to the subsidiary, if no payments for related costs from the subsidiary to the Company is agreed, and recorded as investments in the standalone financial statements.

## **h. Inventories**

- i. Inventories of raw materials, packing materials, consumables, finished goods and work in process are valued at lower of cost or net realizable value on an item-by-item basis.
- ii. Cost of raw materials, consumables and packing materials is determined on weighted average basis. Cost of finished goods and stock in process is determined by considering materials, labour costs, conversion costs, including an appropriate share of fixed production overheads based on normal operating capacity and other related costs incurred in bringing the inventories to their present condition and location.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. Raw materials and other supplies held for use in the production of inventories are not written down below cost except in case where material prices have declined and it is estimated that the cost of the finished product will exceed its net realisable value.

During the year, valuation policy for raw materials, consumables and packing materials inventory is changed from first in first out to Weighted average to align with valuation methods for finished goods and stock in process. The impact of the change in accounting policy for raw material and packing material as at 31 March 2020 and 1 April 2019 is insignificant to the financial statements.

## **i. Employee benefits**

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.

## **i. Defined contribution plans**

A defined contribution plan is a post-employment benefit plan under which an entity pays specified contributions to a separate entity and has no obligation to pay any further amounts. The Company contributes to statutory provident fund in accordance with Employees' Provident Fund and Miscellaneous Provisions Act, 1952 that is a defined contribution plan and contribution paid or payable is recognized as an expense in the period in which the employee renders services.

Superannuation benefits, a defined contribution plan, has been funded with Life Insurance Corporation of India and the contribution is charged to Statement of Profit and Loss, when the contribution to the Fund is due.

## **ii. Defined benefit plans**

The Company provides for Gratuity benefit and Compensated Absences, which are defined benefit plans, covering all its eligible employees. Liability towards gratuity benefits and compensated absences expected to occur after twelve months, are determined using the Projected Unit Credit Method. Actuarial valuations are carried out at the balance sheet date. Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in OCI. The retirement benefit obligation recognized in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost, and as reduced by the fair value of scheme assets. The gratuity benefit and compensated



# Notes to the Standalone Financial Statements

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absences scheme is funded with the Life Insurance Corporation of India (LIC).

The short term provision for compensated absences has been calculated on undiscounted basis, based on the balance of leave available over and above the maximum accumulation allowed as per the Company policy.

## j. 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 income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

### Deferred tax

“Deferred tax is recognised in respect of temporary difference between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

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 Other Comprehensive Income (OCI) or directly in equity.

Deferred tax assets and liabilities are offset only if:

- a) The entity has a legally enforceable right to set off current tax assets against current tax liabilities; and
- b) The deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

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”

# Notes to the Standalone Financial Statements

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## Minimum Alternate Tax

Minimum Alternate Tax (MAT) under the provisions of Income Tax Act, 1961 is recognized as deferred tax in the the Statement of Profit and Loss. The Company recognizes MAT credit available as an asset only when it is probable that the future economic benefit associated with it will flow to the Company i.e. the Company will pay normal income tax during the period for which MAT Credit is allowed to be carried forward. In the year in which the Company recognizes MAT Credit recognized as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternate Tax under the Income Tax Act, 1961, by way of credit to the Statement of Profit and Loss and shown as "Deferred tax" MAT credit recognized as an asset is reviewed at each balance sheet date and written down to the extent the aforesaid evidence no longer exists.

## k. Borrowing costs

Borrowing costs are interest and other costs that the Company incurs in connection with the borrowing of funds and is measured with reference to the Effective Interest Rate (EIR) applicable to the respective borrowing. Borrowing cost include interest costs measured at EIR and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

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 or sale. All other borrowing costs are charged to revenue and recognized as an expense in the Statement of Profit and Loss.

## l. Research and development costs

Research and development costs incurred for development of products are expensed as incurred, except for development costs that relate to the design and testing of new or improved

materials, products or processes, which are recognized as an intangible asset to the extent that it is technically feasible to complete the development of such asset and future economic benefits are expected to be generated from such assets. Capital expenditure on research and development is included as part of assets and depreciated on the same basis as other assets.

## m. Provisions and contingencies

Provisions are determined by discounting the expected future cash flows specific to the liability. The unwinding of the discount is recognised as finance cost. A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognises any impairment loss on the assets associated with that contract.

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 or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

A contingent asset is not recognised but disclosed in the financial statements where an inflow of economic benefit is probable.

## n. 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



# Notes to the Standalone Financial Statements

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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 Ind 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 contract 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

# Notes to the Standalone Financial Statements

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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 leases land and buildings for warehouse facilities. The Company also has leases for equipment.

## **o. Cash and cash equivalents**

Cash comprises of cash at bank and in hand and cash equivalents comprise of short-term bank deposits with an original maturity of three months or less.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

## **p. Operating cycle**

Operating cycle is the time between the acquisition of assets for processing an their realization in cash or cash equivalents. Based on the nature of products/ activities of the Company, the management has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

## **q. Share issue expenses**

Share issue expenses are adjusted against the Securities premium as permissible under Section 52 of the Companies Act, 2013, to the extent any balance is available for utilization in the Securities premium. Share issue expenses in excess of the balance in the Securities premium is expensed in the Statement of Profit and Loss.

## **r. 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:



# Notes to the Standalone Financial Statements

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– 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 Statement of Profit and 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 Statement of Profit and Loss. Any gain or loss on derecognition is recognised in Statement of Profit and 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 Statement of Profit and Loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to Statement of Profit and Loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in Statement of Profit and 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 Statement of Profit and Loss.

### iv. Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company

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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.

## vi. Financial guarantee contract

Financial guarantee contracts issued on behalf of a subsidiary is accounted as capital contribution to the subsidiary, if no payments from the subsidiary to the Company is agreed, and recorded as investments in the standalone financial statement.

## 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.

## vi. Investment in subsidiaries

Investment in subsidiaries is carried at cost in the standalone financial statements.

## 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 Statement of Profit and 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 Statement of Profit and Loss. Any gain or loss on derecognition is also recognised in Statement of Profit and 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



# Notes to the Standalone Financial Statements

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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 Statement of Profit and 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.

#### v. Financial guarantee contract

Financial guarantee contracts issued on behalf of a subsidiary is accounted as capital contribution to the subsidiary, if no payments from the subsidiary to the Company is agreed, and recorded as investments in the standalone financial statement.

#### vi. Derivative financial instruments

The Company uses derivative financial instruments, such as forward currency contracts to hedge its interest rate risk. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value at each reporting period. Any changes therein are generally recognised in the Statement of profit and loss.

#### s. Earnings Per Share:

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

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## 5 Property, plant and equipment

Gross block	Land Freehold	Land Leasehold	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Leasehold improvements	Computer and data processing equipment	Right to use asset	Total
<b>Balance as at 1 April 2018</b>	<b>0.90</b>	<b>5.22</b>	<b>206.96</b>	<b>870.88</b>	<b>16.74</b>	<b>17.53</b>	<b>6.90</b>	<b>2.37</b>	<b>7.26</b>	-	<b>1,134.76</b>
Additions	-	-	6.24	39.67	0.59	0.82	0.91	-	6.60	-	54.83
Disposals	-	-	-	1.39	-	0.36	-	-	0.65	-	2.40
Reversal on account of assets written off	-	-	-	0.03	0.24	-	0.21	-	0.08	-	0.56
<b>Balance as at 31 March 2019</b>	<b>0.90</b>	<b>5.22</b>	<b>213.20</b>	<b>909.13</b>	<b>17.09</b>	<b>17.99</b>	<b>7.60</b>	<b>2.37</b>	<b>13.13</b>	-	<b>1,186.63</b>
Additions	326.32	-	-	41.70	0.99	-	1.61	-	4.70	8.03	383.35
Disposals	-	-	-	0.20	-	0.65	0.08	-	-	-	0.93
Reversal on account of assets written off	-	-	-	0.57	0.11	-	0.36	-	0.16	-	1.20
<b>Balance as at 31 March 2020</b>	<b>327.22</b>	<b>5.22</b>	<b>213.20</b>	<b>950.06</b>	<b>17.97</b>	<b>17.34</b>	<b>8.77</b>	<b>2.37</b>	<b>17.67</b>	<b>8.03</b>	<b>1567.85</b>
<b>Accumulated depreciation and amortization</b>											
<b>Balance as at 1 April 2018</b>	-	<b>0.14</b>	<b>32.33</b>	<b>102.16</b>	<b>6.72</b>	<b>8.46</b>	<b>3.48</b>	<b>1.83</b>	<b>3.58</b>	-	<b>158.70</b>
Depreciation and amortization	-	0.07	16.18	51.62	2.68	2.86	1.47	0.02	4.18	-	79.08
Reversal on disposal of assets	-	-	-	0.36	-	0.25	-	-	0.48	-	1.09
- Reversal on account of assets written off	-	-	-	0.01	0.12	-	0.07	-	0.06	-	0.26
<b>Balance as at 31 March 2019</b>	-	<b>0.21</b>	<b>48.51</b>	<b>153.41</b>	<b>9.28</b>	<b>11.07</b>	<b>4.88</b>	<b>1.85</b>	<b>7.22</b>	-	<b>236.43</b>
Depreciation and amortization	-	0.07	14.99	53.15	2.13	2.42	1.19	-	4.09	3.09	81.13
Reversal on disposal of assets	-	-	-	0.11	-	0.47	0.07	-	-	-	0.65
Reversal on account of assets written off	-	-	-	0.26	0.07	-	0.23	-	0.13	-	0.69
<b>Balance as at 31 March 2020</b>	-	<b>0.28</b>	<b>63.50</b>	<b>206.19</b>	<b>11.34</b>	<b>13.02</b>	<b>5.77</b>	<b>1.85</b>	<b>11.18</b>	<b>3.09</b>	<b>316.22</b>
<b>Net block</b>											
<b>Balance as at 31 March 2019</b>	<b>0.90</b>	<b>5.01</b>	<b>164.69</b>	<b>755.72</b>	<b>7.81</b>	<b>6.92</b>	<b>2.72</b>	<b>0.52</b>	<b>5.91</b>	-	<b>950.20</b>
<b>Balance as at 31 March 2020</b>	<b>327.22</b>	<b>4.94</b>	<b>149.70</b>	<b>743.87</b>	<b>6.63</b>	<b>4.32</b>	<b>3.00</b>	<b>0.52</b>	<b>6.49</b>	<b>4.94</b>	<b>1,251.63</b>

Note 1: 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 under Note 18.

Note 2:

The Company has availed the deemed cost exemption in relation to the property, plant and equipment on the date of transition and hence the net block carrying amount has been considered as the gross block carrying amount on 1 April 2016.

### 5A Capital work-in-progress (CWIP)

CWIP as at 1 April 2018	24.26
Additions during the year	42.92
Capitalised during the year	54.57
CWIP as at 31 March 2019	12.61
Additions during the year	408.48
Capitalised during the year	375.29
CWIP as at 31 March 2020	45.80



# Notes to the Standalone Financial Statements

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## 6 Intangible assets

Gross block	Computer Software	Product Dossiers	Total
Balance as at 1 April 2018	3.98	-	3.98
Additions	23.37	3.83	27.20
Disposals	-	-	-
Balance as at 31 March 2019	27.35	3.83	31.18
Additions	1.59	-	1.59
Disposals	-	-	-
Balance as at 31 March 2020	1.32	-	1.32
<b>Accumulated amortisation</b>	<b>6.44</b>	<b>0.11</b>	<b>6.55</b>
Balance as at 1 April 2018	7.76	0.11	7.87
Amortisation	6.63	0.38	7.01
Balance as at 31 March 2020	14.39	0.49	14.88
<b>Net block</b>			
Balance as at 31 March 2019	19.59	3.72	23.31
<b>Balance as at 31 March 2020</b>	<b>14.55</b>	<b>3.34</b>	<b>17.89</b>

## 6A Intangible assets under development

	₹ in million
Balance as at 1 April 2018	78.84
Addition during the year*	5.77
Capitalized during the year	27.19
Balance as at 31 March 2019	57.41
Addition during the year*	1.65
Capitalized during the year	1.59
Balance as at 31 March 2020	53.75

\*Refer note 41

# Notes to the Standalone Financial Statements

as at 31 March 2020  
(₹ in million)

## 7 Non-current investments

	As at 31 March 2020	As at 31 March 2019
<b>Investment in Equity Instruments (Unquoted)</b>		
<b>Investment in subsidiaries (Valued at cost unless stated otherwise)</b>		
60,000 Equity shares (31 March 2019 - 60,000) of ₹ 10 each fully paid up of Advanced Bio-Agro Tech Limited	0.60	0.60
70,000 Equity shares (31 March 2019 - 70,000) of ₹ 10 each fully paid up of Advanced Enzytech Solutions Limited	1.57	1.57
5,839 Equity shares (31 March 2019 - 5,839) of USD 1,000 each fully paid up of Advanced Enzymes USA, Inc. *	530.91	530.32
14,499,000 Equity shares (31 March 2019 - 14,499,000) of ₹ 10 each fully paid up of JC Biotech Private Limited #	514.90	513.30
500,000 Equity shares (31 March 2019 - 500,000) of MYR 1 each fully paid up of Advanced Enzymes (Malaysia) Sdn. Bhd. (refer note 50)	8.38	8.38
2,000,000 Equity shares (31 March 2019 - 2,000,000) of Euro 1 each fully paid up of Advanced Enzymes Europe B.V.	149.85	149.85
Less: Provision for diminution in the value of investment (refer note 51)	(8.38)	-
	<b>1,197.83</b>	1,204.02
<b>Other investments (unquoted)</b>		
<b>Equity shares at fair value through profit and loss</b>		
19,100 Equity shares (31 March 2019 - 19,100) of ₹ 10 each fully paid up of Advanced Vital Enzymes Private Limited	0.57	0.57
1,666 Equity shares (31 March 2019 - 1,666) of ₹ 30 each fully paid up of Bombay Mercantile Co-op. Bank Limited	0.05	0.05
	0.62	0.62
	<b>1,198.45</b>	1,204.64
Aggregate value of unquoted investments	<b>1,198.45</b>	1,204.64

Refer Note 43

\* Includes cost of shares options issued to employees of subsidiary under the group plan as per Ind AS 102.

# Includes Guarantee commission income recorded accounting of fair value for financial guarantee contract as per Ind AS 109

## 8 Long-term loans

(Unsecured considered good unless otherwise stated)

	As at 31 March 2020	As at 31 March 2019
Security deposits	12.62	12.49
Loans to related parties (Refer note 43)	247.97	300.19
Less: Provision for diminution of loan given (refer note 51)	(1.95)	-

	As at 31 March 2020	As at 31 March 2019
Interest receivable	6.76	42.68
Less: Provision for diminution of interest receivable (refer note 51)	(0.19)	-
	<b>265.21</b>	355.36



# Notes to the Standalone Financial Statements

as at 31 March 2020

(₹ in million)

## 9 Other non-current financial assets

(unsecured considered good unless otherwise stated)

	As at 31 March 2020	As at 31 March 2019
Non-current bank balances	0.05	0.04
	0.05	0.04

## 10 Other non-current assets

(unsecured considered good unless otherwise stated)

	As at 31 March 2020	As at 31 March 2019
Prepaid expenses	10.45	10.07
Capital advances	5.70	4.15
	16.15	14.22

## 11 Inventories

(valued at lower of cost and net realizable value)

	As at 31 March 2020	As at 31 March 2019
Raw materials and packing materials [including goods-in-transit of ₹ 54.08 million (31 March 2019: ₹ 30.01 million)]	216.65	272.17
Work-in-progress	206.95	184.79
Finished goods [including goods-in-transit of ₹ 47.07 million (31 March 2019 ₹ 36.46 million)]	119.52	84.90
Consumables and fuel	53.42	44.30
	596.54	586.16

As at 31 March 2020, the Company has written down the value for slow moving inventory aggregating ₹ 69.75 million (31 March 2019: ₹ 60.96 million). The charge on account of written down during the year ended 31 March 2020 is ₹ 8.79 million (31 March 2019: 49.86 million) is included in cost of materials consumed and changes in inventories.

## 12 Current investments

### Mutual funds (Quoted)

(carried at fair value through profit and loss)

	As at 31 March 2020	As at 31 March 2019
DSP Liquidity Fund - Direct Plan - Growth	10.00	-
(No. of units 31 March 2020: 3,520.242, 31 March 2019: Nil)		
(Market value 31 March 2020: 2,840.7140/unit)		
	10.00	-

## 13 Trade receivables

	As at 31 March 2020	As at 31 March 2019
Secured, considered good	0.13	0.13
Unsecured, considered good	518.74	381.33
Unsecured, credit impaired	0.70	0.70
Less : Impairment loss allowance	(0.70)	(0.70)
	518.87	381.46
(Refer note 42 for information about credit risk and market risk of trade receivables)		
The above balance includes amounts due by private companies in which directors are interested (Refer note 43)	130.39	55.57

# Notes to the Standalone Financial Statements

as at 31 March 2020  
(₹ in million)

## 14 Cash and cash equivalents

	As at 31 March 2020	As at 31 March 2019
Cash on hand	0.34	0.26
Balances with banks		
- in current accounts	10.90	1.59
- in deposit account with original maturity upto three months	15.45	0.01
	26.69	1.86

### 14A Other bank balances

	As at 31 March 2020	As at 31 March 2019
Unpaid dividend accounts	0.94	1.01
Bank deposits with original maturity more than three months but less than twelve months*	2.62	2.49
	3.56	3.50
* includes earmarked balances for performance guarantees	2.62	2.49

## 15 Short-term loans

(unsecured considered good unless otherwise stated)

	As at 31 March 2020	As at 31 March 2019
Loan to employees	0.19	0.24
	0.19	0.24

## 16 Other current financial assets

(unsecured considered good unless otherwise stated)

	As at 31 March 2020	As at 31 March 2019
Interest receivable	-	0.37
Export incentives receivable	20.76	9.40
Others	2.86	0.58
	23.62	10.35

## 17 Other current assets

(unsecured considered good unless otherwise stated)

	As at 31 March 2020	As at 31 March 2019
Prepaid expenses	7.93	8.65
Advance to suppliers	11.12	2.82
Balance with Government authorities	46.74	20.19
Assets recoverable from customers	8.36	6.56
	74.15	38.22

## 18 Non-current assets held for sale

	As at 31 March 2020	As at 31 March 2019
Assets held for sale (refer Note 5 and note below)	48.17	48.17

### Note:

Description	31 March 2020	31 March 2019
Land	12.57	12.57
Development costs	35.60	35.60
	48.17	48.17



# Notes to the Standalone Financial Statements

as at 31 March 2020  
(₹ in million)

## 19 Equity share capital

	As at 31 March 2020		As at 31 March 2019	
	Number of shares	Amount	Number of shares	Amount
<b>Authorised</b>				
Equity shares of ₹ 2 each	175,000,000	350.00	175,000,000	350.00
	175,000,000	350.00	175,000,000	350.00
<b>Issued, subscribed and fully paid up</b>				
Equity shares of ₹ 2 each	111,678,475	223.36	111,648,975	223.30
<b>Total</b>	<b>111,678,475</b>	<b>223.36</b>	<b>111,648,975</b>	<b>223.30</b>

### a) Reconciliation of equity share capital

	As at 31 March 2020		As at 31 March 2019	
	Number of shares	Amount	Number of shares	Amount
Balance at the beginning of the year	111,648,975	223.30	111,630,025	223.26
Add : Issued during the year (Refer note 19d below)	29,500	0.06	18,950	0.04
Balance at the end of the year	111,678,475	223.36	111,648,975	223.30

### b) Shareholders holding more than 5% of equity shares

	As at 31 March 2020		As at 31 March 2019	
	Number of shares	% of holding	Number of shares	% of holding
<u>Equity shares of ₹ 2 each</u>				
Mr. Vasant L. Rathi *	36,578,702	32.75%	36,504,500	32.70%
Chandrakant Rathi Innovations and Projects Private limited	16,371,876	14.66%	16,371,876	14.66%
HDFC Small Cap Fund	7,637,086	6.84%	6,947,478	6.22%
Orbimed Asia III Mauritius Limited	11,053,245	9.90%	11,053,245	9.90%
	<b>71,640,909</b>	<b>64.15%</b>	<b>70,877,099</b>	<b>63.48%</b>

\*includes shares held by Vasant and Prabha Rathi Generation Trust – 31 March 2020: 5,000,000 shares (4.48%) [31 March 2019: 5,000,000 shares (4.48%)]

# Notes to the Standalone Financial Statements

as at 31 March 2020  
(₹ in million)

## c) Rights, preferences and restrictions attached to equity shares

The Company has only one class of equity share having a par value of ₹ 2 per share. Each holder of equity share is entitled to one vote per share. The final dividend, if any, proposed by Board of Directors is subject to approval by the Shareholders. All shares rank pari passu on repayment of capital in the event of liquidation. Dividend proposed by the Board of Directors is subject to the approval of shareholders in the ensuing Annual General Meeting except interim dividend.

## d) Shares reserved for issue under options

The Company had reserved issuance of 220,000 Equity shares of ₹ 2 each (31 March 2019: 220,000) for offering to eligible employees of the Company under Employees Stock Option Scheme (ESOS). The option would vest on graded basis over a maximum period of 4 years or such other period as may be decided by the Employees Stock Compensation Committee from the date of grant based on specific criteria. (refer note 44)

## 20 Other equity

	As at 31 March 2020	As at 31 March 2019
<b>Capital reserve</b>	<b>3.00</b>	3.00
<b>Securities premium</b>		
Balance at the beginning of the year	<b>761.00</b>	754.71
Add: Premium on issue of equity shares under ESOP scheme	<b>9.79</b>	6.29
<b>Balance at the end of the year</b>	<b>770.79</b>	761.00
<b>Employee stock option account</b>		
Balance at the beginning of the year	<b>35.27</b>	26.33
Add: Options granted during the year (refer note 44)	<b>11.34</b>	17.33

	As at 31 March 2020	As at 31 March 2019
Less: Exercised during the year	<b>(8.08)</b>	(5.19)
Less: Lapsed during the year	<b>(2.47)</b>	(3.20)
<b>Balance at the end of the year</b>	<b>36.06</b>	35.27
<b>General reserve</b>	<b>32.53</b>	32.53
<b>Surplus in the Statement of Profit and Loss</b>		
Balance at the beginning of the year	<b>2,139.62</b>	1,849.15
Add: Transferred from Statement of Profit and Loss	<b>579.55</b>	352.34
Add: Transferred from Other comprehensive income	<b>(3.18)</b>	(0.49)
Less: Dividend	<b>(67.01)</b>	(55.82)
Less: Tax on dividends distributed during the year	<b>(9.89)</b>	(5.56)
<b>Balance at the end of the year</b>	<b>2,639.09</b>	2,139.62
	<b>3,481.47</b>	2,971.42

## Nature and purpose of reserves

### Capital reserve

The reserve comprises of profits/gains of capital nature earned by the Company and credited directly to such reserve.

### Securities premium

Securities premium is used to record the premium received on issue of shares. It is utilised in accordance with the provisions of the Companies Act, 2013.



# Notes to the Standalone Financial Statements

as at 31 March 2020  
(₹ in million)

## General reserve

General reserve is created out of the profits earned by the Company by way of transfer from surplus in the Statement of Profit and Loss. The Company can use this reserve for payment of dividend and issue of fully paid up and not paid up bonus shares.

## Dividends

The following dividends were declared and paid by the Company during the year

Particulars	Paid during 01-Apr-19 to 31-Mar-20	Paid during 01-Apr-18 to 31-Mar-19
₹ 0.60 per equity share (31 March 2019: ₹ 0.50 share)	67.01	55.82
Dividend distribution tax on dividend to equity shareholders	9.89	5.56
	76.90	61.38

## b) Terms of repayment of term loans and other loans

### Vehicle Loans (including current maturities)

Interest rate	No. of installments	Date of last installment	Amount of installment	Outstanding as at 31 March 2020	Outstanding as at 31 March 2019
10.50%	60	07-Nov-19	0.02	-	0.12
10.15%	59	15-Mar-20	0.03	-	0.37
10.14%	59	15-Mar-20	0.03	-	0.33
9.90%	60	05-Jun-20	0.01	0.03	0.13
9.75%	60	07-Nov-20	0.01	0.09	0.23
9.16%	60	07-Apr-21	0.09	1.15	2.14
8.35%	60	05-Mar-22	0.03	0.75	1.05
<b>Total</b>				<b>2.02</b>	<b>4.37</b>

## Deferred sales tax payment liabilities

Deferred Sales Tax Loan is interest free and payable in 5 equal annual installments after expiry of initial 10 years of moratorium year from each such year of deferral period from 1996-97 to 2006-07.

## 21 Non-current borrowings

	As at 31 March 2020	As at 31 March 2019
<b>Secured</b>		
<b>Term loans:</b>		
Vehicle loans	0.46	2.02
	0.46	2.02
<b>Unsecured</b>		
Deferred sales tax payment liabilities	7.15	14.94
	7.15	14.94
	7.61	16.96

## a) Details of security for each type of borrowing

- (i) Vehicle loans availed from four banks and two financial institutions are secured by charge on vehicles as specified in their respective loan agreements.

# Notes to the Standalone Financial Statements

as at 31 March 2020  
(₹ in million)

## 22 Lease liabilities

	As at 31 March 2020	As at 31 March 2019
Lease liability (refer note 39)	2.08	-
	2.08	-

## 23 Provisions

	As at 31 March 2020		As at 31 March 2019	
	Long-term	Short-term	Long-term	Short-term
Provision for employee benefits				
Compensated absences	0.29	6.30	0.53	5.77
Gratuity (Refer note 38)	10.55	5.28	4.61	4.34
Provision for sales return (Also, refer note below)	-	5.47	-	6.49
	10.84	17.05	5.14	16.60

Note:

As per best estimate of the management, provision has been made towards probable return of goods from customers, as per Indian Accounting Standard (Ind AS) 37

	As at 31 March 2020	As at 31 March 2019
Movement in provision for sales return		
Provision at the beginning of the year	6.49	8.78
Provision created during the year	5.47	6.49
Provision reversed/utilised during the year	(6.49)	(8.78)
Provision at the end of the year	5.47	6.49

## 24 Deferred tax liabilities (net)

	As at 31 March 2020	As at 31 March 2019
<b>Deferred tax liabilities</b>		
Excess of depreciation/amortisation on Property, plant and equipment under income-tax law over depreciation/amortisation provided in standalone financial statements	128.17	142.43
	128.17	142.43



# Notes to the Standalone Financial Statements

as at 31 March 2020  
(₹ in million)

	As at 31 March 2020	As at 31 March 2019
<b>Deferred tax assets</b>		
Minimum Alternate Tax credit entitlement	26.33	94.35
Provision for employee benefits	9.70	7.46
Others	1.80	2.09
	<b>37.83</b>	103.90
	<b>90.34</b>	38.53

## Movement in deferred tax balances

Particulars	31 March 2020						
	Net balance 1 April 2019	Recognised in Statement of Profit and Loss	Recognised in OCI	Others	Net deferred tax asset/ liability	Deferred tax asset	Deferred tax liability
<b>Deferred tax asset/(liabilities)</b>							
Property, plant and equipment	(142.43)	14.26	-	-	(128.17)	-	(128.17)
Provision for employee benefits	7.46	0.93	1.31	-	9.70	9.70	-
Other items	2.09	(0.29)	-	-	1.80	1.80	-
Minimum Alternate Tax Credit	94.35	-	-	(68.02)	26.33	26.33	-
<b>Tax assets/ (liabilities)</b>	<b>(38.53)</b>	<b>14.90</b>	<b>1.31</b>	<b>(68.02)</b>	<b>(90.34)</b>	<b>37.83</b>	<b>(128.17)</b>
Offsetting of deferred tax assets and liabilities						(37.83)	37.83
<b>Net deferred tax assets/(liabilities)</b>	<b>(38.53)</b>	<b>14.90</b>	<b>1.31</b>	<b>(68.02)</b>	<b>(90.34)</b>	-	<b>(90.34)</b>

# Notes to the Standalone Financial Statements

as at 31 March 2020  
(₹ in million)

Particulars	31 March 2019						
	Net balance 1 April 2018	Recognised in Statement of Profit and Loss	Recognised in OCI	Others	Net deferred tax asset/ liability	Deferred tax asset	Deferred tax liability
<b>Deferred tax asset/(liabilities)</b>							
Property, plant and equipment	(142.39)	(0.04)	-	-	(142.43)	-	(142.43)
Provision for employee benefits	6.71	0.55	0.20	-	7.46	7.46	-
Other items	2.66	(0.57)	-	-	2.09	2.09	-
Minimum Alternate Tax Credit	117.77	-	-	(23.42)	94.35	94.35	-
<b>Tax assets/(liabilities)</b>	<b>(15.25)</b>	<b>(0.06)</b>	<b>0.20</b>	<b>(23.42)</b>	<b>(38.53)</b>	<b>103.90</b>	<b>(142.43)</b>
Offsetting of deferred tax assets and liabilities						(103.90)	103.90
<b>Net deferred tax assets/(liabilities)</b>	<b>(15.25)</b>	<b>(0.06)</b>	<b>0.20</b>	<b>(23.42)</b>	<b>(38.53)</b>	<b>-</b>	<b>(38.53)</b>

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Significant management judgement is required in determining provision for income tax, deferred income tax assets and liabilities and recoverability of deferred income tax assets. The recoverability of deferred income tax assets is based on estimates of taxable income and the period over which deferred income tax assets will be recovered. Any changes in future taxable income would impact the recoverability of deferred tax assets.

As at year end, the Company has tax credits in respect of Minimum Alternative Tax ("MAT" credit) of ₹ 26.33 million (31 March 2019: ₹ 94.35 million). The Company is reasonably certain of availing the said MAT credit in future years against the normal tax expected to be paid in those years.

Given that the Company does not have any intention to dispose investments in subsidiaries in the foreseeable future, deferred tax asset on indexation benefit in relation

to such investments has not been recognised.

## 25 Current borrowings

	As at 31 March 2020	As at 31 March 2019
<b>Secured</b>		
<b>Loans repayable on demand</b>		
From banks in foreign currency	53.84	98.37
From banks in rupees	24.79	66.74
	<b>78.63</b>	165.11

### a) Details of security for each type of borrowing as at 31 March 2020

Loans repayable on demand from Banks (Working Capital loans) are secured by first pari passu charge on all existing and future current assets of the Company.



# Notes to the Standalone Financial Statements

as at 31 March 2020  
(₹ in million)

## b) Terms of loans repayable on demand

- (i) Cash Credit from bank for ₹ 24.79 million (31 March 2019: ₹ 66.74 million) carries an interest rate of 9% to 12%.
- (ii) Packing credit foreign currency loan from bank for ₹ 53.84 million (31 March 2019: ₹ 98.37 million) carries an interest rate of Libor + 100 to 125 bps (31 March 2019: Libor + 100 to 125 bps).

## 26 Trade payables

	As at 31 March 2020	As at 31 March 2019
Total outstanding dues to micro and small enterprises (refer note below)	2.73	0.69
Total outstanding dues to others (refer note 43 for payable to related parties)	134.39	155.15
	<b>137.12</b>	155.84

Note:

Dues to micro, small and medium enterprises pursuant to section 22 of the Micro, Small and Medium Enterprises Development Act (MSMED), 2006

Principal amount remaining unpaid	2.73	0.69
Interest due thereon	0.02	0.01
Interest paid by the Company in terms of Section 16 of MSMED Act, 2006, along with the amount of the payment made to the suppliers and service providers beyond the appointed day during the year.	-	-

Interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006	-	-
Interest accrued and remaining unpaid as at balance sheet date	0.03	0.01
Further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006.	-	-

The Management has identified enterprises which have provided goods and services to the Company and which qualify under the definition of micro and small enterprises, as defined under Micro, Small and Medium Enterprises Development Act, 2006. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31 March 2020 has been made in the standalone financial statements based on information received and available with the Company.

## 27 Other current financial liabilities

	As at 31 March 2020	As at 31 March 2019
Current maturities of long-term borrowings (refer note 21)		
- Vehicle loans	1.56	2.35

# Notes to the Standalone Financial Statements

for the year ended 31 March 2020  
(₹ in million)

	As at 31 March 2020	As at 31 March 2019
- Deferred sales tax payment liabilities	7.79	9.18
- Lease liabilities (refer note 39)	3.19	-
Unpaid dividends (refer note below)	0.94	1.01
Security deposits from customers	0.17	0.17
Payable for purchase of property, plant and equipment	7.76	7.24
Employee benefits payable	50.13	49.59
Other payables	21.86	17.42
	<b>93.40</b>	86.96

Note:

The amount due and paid during the year to "Investor Education and Protection Fund" is ₹ 0.06 million (31 March 2019: 0.02 million).

## 28 Other current liabilities

	As at 31 March 2020	As at 31 March 2019
Statutory dues:		
Provident fund payable	1.91	1.65
Employees' State Insurance Scheme contribution payable	0.02	0.05
Other dues payable	4.69	6.07
Advance from customers	19.35	17.15
	<b>25.97</b>	24.92

## 29 Revenue from operations

	Year ended 31 March 2020	Year ended 31 March 2019
<b>Revenue from operations</b>		
Sale of goods		
Export	748.97	682.88
Domestic	1,700.26	1,519.51
	<b>2,449.23</b>	2,202.39
<b>Other operating revenues</b>		
Export incentives	24.31	18.54
	<b>2,473.54</b>	2,220.93

## Disaggregation of revenue

Following table provides disaggregation of revenue and a reconciliation of product categorywise revenue and revenue recognised in Statement of Profit and Loss as revenue from contracts with customers:

Particulars of segment	31 March 2020	31 March 2019
Human nutrition	1,765.38	1,602.20
Animal nutrition	372.02	321.30
Bio-process	312.12	277.28
	<b>2,449.52</b>	2,200.78
<b>Adjustments</b>		
Reversal/(Provision) for sales return	1.02	2.29
Discount	(1.31)	(0.68)
	<b>(0.29)</b>	1.61
<b>Total revenue from contract with customers</b>	<b>2,449.23</b>	2,202.39



# Notes to the Standalone Financial Statements

for the year ended 31 March 2020

(₹ in million)

## 30 Other income

	31 March 2020	31 March 2019
<b>Interest income</b>		
- on bank deposits	-	0.18
- on loan to related parties (refer note 43)	29.77	28.19
- on others	1.06	0.50
Liabilities no longer required written back	0.00	5.97
Net gain on foreign currency transactions and translations	8.49	-
Dividend income	47.60	18.90
Guarantee commission from related parties (refer note 43)	1.60	1.60
Miscellaneous income	1.49	0.76
	<b>90.01</b>	56.10

## 31 Cost of materials consumed

	Year ended 31 March 2020	Year ended 31 March 2019
Opening stock	272.17	186.80
Add: Purchases during the year	888.84	889.70
Less: Closing stock	216.65	272.17
	<b>944.36</b>	804.33

## 32 Changes in inventories of finished goods, work-in-progress and stock-in-trade

	Year ended 31 March 2020	Year ended 31 March 2019
<b>Opening stock</b>		
- Finished goods	84.90	67.39
- Work-in-progress	184.79	256.32
	<b>269.69</b>	323.71
<b>Closing stock</b>		
- Finished goods	119.52	84.90
- Work-in-progress	206.95	184.79
	<b>326.47</b>	269.69
	<b>(56.78)</b>	54.02

## 33 Employee benefits expense

	Year ended 31 March 2020	Year ended 31 March 2019
Salaries, wages and bonus	282.78	283.39
Compensatory payment to managing director for loss of office (refer note 47)	-	21.84
Contribution to provident and other funds (refer note 38)	12.44	11.90
Retirement benefits expense	8.00	8.17
Staff welfare expenses	14.56	12.18
Employee stock compensation expense (refer note 44)	8.29	13.23
	<b>326.07</b>	350.71

## 34 Finance costs

	Year ended 31 March 2020	Year ended 31 March 2019
Interest expenses on financial liabilities - borrowings carried at amortised cost	5.84	16.01
Interest on term loan - carried at amortised cost	-	6.00
Net loss on foreign currency transactions and translations	4.53	0.26
Interest expenses on lease assets (refer note 39)	0.63	-
	<b>11.00</b>	22.27

# Notes to the Standalone Financial Statements

for the year ended 31 March 2020  
(₹ in million)

## 35 Depreciation and amortisation expense

	Year ended 31 March 2020	Year ended 31 March 2019
Depreciation on property, plant and equipment	<b>78.04</b>	79.08
Amortisation of intangible assets	<b>7.01</b>	6.55
Amortisation of right to use of lease assets (refer note 39)	<b>3.09</b>	-
	<b>88.14</b>	85.63

## 36 Other expenses

	Year ended 31 March 2020	Year ended 31 March 2019
Consumption of stores and spare parts	<b>38.80</b>	28.96
Power and fuel	<b>109.54</b>	102.09
Water charges	<b>3.49</b>	3.41
Laboratory expenses	<b>17.21</b>	14.93
Repairs and maintenance		
- Buildings	<b>7.89</b>	6.91
- Plant and equipment	<b>15.71</b>	11.75
- Others	<b>7.67</b>	7.64
Travel, conveyance and car hire	<b>21.19</b>	25.59
Commission	<b>5.66</b>	5.75
Sales promotion and advertisement	<b>0.98</b>	1.51
Freight outward and forwarding	<b>19.45</b>	17.07
Selling and distribution expenses	<b>18.03</b>	21.36
Rent (refer note 39)	<b>2.30</b>	6.71
Rates and taxes	<b>51.01</b>	40.01
Insurance	<b>3.68</b>	3.40

	Year ended 31 March 2020	Year ended 31 March 2019
Printing and stationery	<b>1.90</b>	1.84
Communication expenses	<b>5.74</b>	5.51
Directors' sitting fees	<b>1.72</b>	1.99
Legal and professional charges	<b>28.58</b>	39.27
Technical services	<b>90.27</b>	102.67
Payment to Auditors (refer note 46)	<b>6.87</b>	6.66
Bad debts	<b>0.26</b>	0.13
Provisions of doubtful debts charge / (written back)	<b>-</b>	0.32
Net bad debts	<b>0.26</b>	0.45
Donations	<b>0.62</b>	0.51
Loss on sale of property, plant and equipment (net)	<b>0.01</b>	0.62
Net loss on foreign currency transactions and translations	<b>-</b>	0.38
Property, plant and equipment written off	<b>0.51</b>	0.30
Provision for diminution of investment in subsidiary (refer note 51)	<b>10.52</b>	-
Bank charges	<b>1.92</b>	4.96
Corporate Social Responsibility expenditure (refer note 49)	<b>8.57</b>	7.53
Miscellaneous expenses	<b>12.13</b>	18.25
	<b>492.23</b>	488.03



# Notes to the Standalone Financial Statements

for the year ended 31 March 2020  
(₹ in million)

## Note 37 Income taxes

### Tax expense

#### (a) Income tax recognised in Statement of Profit and Loss

	Year ended 31 March 2020	Year ended 31 March 2019
Current income tax	193.89	119.64
<b>Deferred income tax liability / (asset), net</b>		
Origination and reversal of temporary differences	(14.91)	0.06
<b>Tax expense for the year</b>	<b>178.98</b>	119.70

#### (b) Income tax recognised in Other Comprehensive Income

	Year ended 31 March 2020			Year ended 31 March 2019		
	Before tax	Tax (expense) / benefit	Net of tax	Before tax	Tax (expense) / benefit	Net of tax
<b>Items that will not be reclassified to profit or loss</b>						
Remeasurements of the defined benefit plans	(4.49)	1.31	(3.18)	(0.69)	0.20	(0.49)
	(4.49)	1.31	(3.18)	(0.69)	0.20	(0.49)

#### (c) Reconciliation of effective tax rate

	Year ended 31 March 2020	Year ended 31 March 2019
<b>Profit before tax</b>	<b>758.53</b>	472.04
Tax using the Company's domestic tax rate (31 March 2020: 29.12% and 31 March 2019: ₹ 29.12%)	220.88	137.46
<b>Tax effect of:</b>		
Incremental deduction allowed for research and development costs	(15.88)	(12.73)
Tax-exempt income	(13.86)	(5.50)
Permanent differences	5.49	2.22
Change in Income tax rates	(19.26)	-
Others	1.61	(1.75)
<b>Tax expense as per profit or loss</b>	<b>178.98</b>	119.70

# Notes to the Standalone Financial Statements

for the year ended 31 March 2020  
(₹ in million)

## Note 38 Employee benefits

The Company contributes to the following post-employment plans in India.

### (A) Defined Contribution Plans:

The Company makes contributions towards provident fund and superannuation fund which are in the nature of defined contribution post employment benefit plans. Under the plan, the Company is required to contribute a specified percentage of payroll cost to fund the benefits.

The Company recognised ₹ 11.63 million for the year ended 31 March 2020 (31 March 2019: ₹ 10.81 million) towards provident fund contribution and ₹ 3.09 million for the year ended 31 March 2020 (31 March 2019: ₹ 3.12 million) towards super-annuation fund contribution in the Statement of Profit and Loss.

The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

### (B) Defined Benefit Plan:

The Company provides for gratuity benefit, which is defined benefit plans, covering all its eligible employees. The Company has taken a Group Gratuity for its employees with the Life Insurance Corporation of India (LIC). Under gratuity policy, the eligible employees are entitled to receive gratuity payments upon their resignation or death (subject to completion of 4.5 years of employment) in lumpsum after deduction of necessary taxes.

The most recent actuarial valuation of the defined benefit obligation along with the fair valuation of the plan assets in relation to the gratuity scheme was carried out as at 31 March 2020. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

Based on the actuarial valuation obtained in this respect, the following table sets out the details of the employee benefit obligation and the plan assets as at balance sheet date:

	As at 31 March 2020	As at 31 March 2019
	Gratuity	Gratuity
Defined benefit obligation	62.52	52.19
Fair value of plan assets	46.69	43.24
<b>Net defined benefit obligation/(assets)</b>	<b>15.83</b>	8.95

### i) Reconciliation in present value of obligations ('PVO') - defined benefit obligation:

	Defined benefit obligation	
	As at 31 March 2020	As at 31 March 2019
	Gratuity	Gratuity
Opening balance	52.19	48.87
<b>Included in profit or loss</b>		
Current service cost	4.34	4.03
Past service cost	-	0.48
Interest cost	3.78	3.51
Transfer in/(out) obligation	-	0.10
	<b>60.31</b>	56.99
<b>Included in OCI</b>		
Remeasurement loss/(gain):		
Actuarial loss/(gain) arising from:		
Financial assumptions	3.92	0.82
Experience adjustment	0.41	0.30
	<b>64.64</b>	58.11
Benefits paid	(2.12)	(5.92)
Closing balance	<b>62.52</b>	52.19



# Notes to the Standalone Financial Statements

for the year ended 31 March 2020  
(₹ in million)

## ii) Change in fair value of plan assets

	Fair value of plan assets	
	As at 31 March 2020	As at 31 March 2019
	Gratuity	Gratuity
Opening balance	43.24	39.80
<b>Included in profit or loss</b>		
Expected return on plan assets	3.28	2.97
Transfer in/(out) obligation	-	0.10
	46.52	42.87
<b>Included in OCI</b>		
Remeasurement (loss)/gain:		
Actuarial (loss)/gain arising from:		
Experience adjustment	(0.17)	0.43
	46.36	43.30
<b>Other</b>		
Contributions paid by the employer	2.45	5.86
Benefits paid	(2.12)	(5.92)
Closing balance	46.69	43.24

### Impact on Standalone Statement of Profit and Loss for the current year

	31 March 2020	31 March 2019
	Gratuity	Gratuity
Service cost:		
Current service cost	4.34	4.03
Past service cost and loss/(gain) on curtailments and settlement	-	0.48
Net interest cost	0.50	0.54

	31 March 2020	31 March 2019
	Gratuity	Gratuity
Total included in Employee Benefit expenses	4.84	5.05
Expenses deducted from the fund	-	-
Total Charge to Standalone Statement of Profit and Loss	4.84	5.05

### Impact on Other comprehensive income for the current year

	31 March 2020	31 March 2019
	Gratuity	Gratuity
Components of actuarial gain/losses on obligations:		
Due to Change in financial assumptions	3.92	0.82
Due to experience adjustments	0.41	0.30
Return on plan assets excluding amounts included in interest income	0.17	(0.43)
Amounts recognized in Other Comprehensive Income	4.49	0.69

### Plan assets

Plan assets comprise the following

Gratuity	31 March 2020	31 March 2019
Policy of insurance	100%	100%
	100%	100%

### iii. Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

# Notes to the Standalone Financial Statements

for the year ended 31 March 2020  
(₹ in million)

	31 March 2020	31 March 2019
	Gratuity	Gratuity
Policy of insurance	100.00%	100.00%
Discount rate	6.55%	7.40%
Rate of return on plan assets	6.55%	7.40%
Salary Escalation	8.50%	8.50%
Withdrawal rates	12% at younger ages reducing to 2% at older ages	12% at younger ages reducing to 2% at older ages
Retirement age	58 years	58 years
Mortality rates	As published under the Indian assured lives mortality (2012-14) table	As published under the Indian assured lives mortality (2006-08) table

Assumptions regarding future mortality have been based on published statistics and mortality tables.

#### iv. Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation as shown below.

	31 March 2020	31 March 2019
	Gratuity	Gratuity
Increase in	₹ in million	₹ in million
Discount rate (0.5% movement)	60.16	50.18
Future salary growth (0.5% movement)	64.80	54.17
Withdrawal rates (10% movement)	62.20	52.10

	31 March 2020	31 March 2019
	Gratuity	Gratuity
Decrease in	₹ in million	₹ in million
Discount rate (0.5% movement)	65.02	54.33
Future salary growth (0.5% movement)	60.33	50.31
Withdrawal rates (10% movement)	62.84	52.38

The sensitivity analysis above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

#### v. Expected future cash flows

##### Expected contribution

The expected contributions for the defined benefit plan for the next financial years are mentioned below:

Expected future benefit payments

31 March 2021	3.82
31 March 2022	6.07
31 March 2023	3.60
31 March 2024	7.12
31 March 2025	3.04
Thereafter	30.77

The trustees of the plan have outsourced the investment management of the fund to an insurance company. The insurance company in turn manages these funds as per the mandate provided to them by the trustees and the asset allocation which is within the permissible limits prescribed in the insurance regulations. Due to the restrictions in the type of investments that can be held by the fund, it may not be possible to explicitly follow an asset-liability matching strategy to manage risk actively in a conventional fund.



# Notes to the Standalone Financial Statements

for the year ended 31 March 2020  
(₹ in million)

## Note 39 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:

Particulars	As on 01 April 2019
Lease liability	8.03
Right of Use (ROU) asset	8.03
Deferred tax assets	-
<b>Net Impact on Retained Earnings</b>	<b>-</b>

(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.

Particulars	As on 01 April 2019
Lease commitments as at 31 March 2019	-
Add: Impact of assessment of opening lease commitments under Ind AS 116	8.03
Add/(less): contracts reassessed as lease contracts	-
<b>Lease liabilities as on 1 April 2019</b>	<b>8.03</b>

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

Please refer note no. 5 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:

Particulars	Year Ended 31 March 2020
Decrease in Rental expenses by	<b>3.39</b>
Increase in Finance cost by	<b>0.63</b>
Increase in Depreciation by (excludes depreciation on reclassified assets)	<b>3.09</b>
<b>Net Impact on Profit/Loss</b>	<b>(0.33)</b>

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

Particulars	Year Ended 31 March 2020
Less than one year	<b>3.55</b>
One to five years	<b>2.16</b>
More than five years	-
<b>Total undiscounted lease liabilities at 31 March 2020</b>	<b>5.71</b>
Discounted Lease liabilities included in the statement of financial position at 31 March 2020	
Current lease liability	<b>3.19</b>
Non-current lease liability	<b>2.08</b>

(f) The Weighted average incremental borrowing rate of 9.25% 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 ₹ 3.39 million

(h) General Description of leasing agreements:

- Leased Assets: Office
- Future Lease rentals are determined on the basis of agreed terms.

# Notes to the Standalone Financial Statements

for the year ended 31 March 2020  
(₹ in million)

- 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.

## Lease disclosure as per Ind AS 17 applicable till 31 March 2019

### A. Leases as lessee

The Company has taken certain facilities under operating lease arrangements. The lease can be terminated at the option of either parties by giving due notice. The rental expenses under operating leases "Other expenses" in the Standalone Statement of Profit and Loss. The Company has entered into non-cancellable leasing arrangements which are mentioned below:

Amounts recognised in the Statement of Profit and Loss	31 March 2019
Lease expense	2.30
	2.30

The future minimum lease payments under non-cancellable leases payable as at the year ending are as follows:

Particulars	31 March 2019
Less than one year	0.51
Between one to five years	2.05
More than five years	6.85

### Note 40 Segment reporting

#### Basis of segmentation

The Company operates only in one business segment viz. 'manufacturing and sales of enzymes' and hence no separate information for primary segment wise disclosure is required.

### Geographic information

The geographic information analyses the Company's revenues and non-current assets by the Company's country of domicile and other countries. In presenting geographic information, segment revenue has been based on the selling location in relation to sales to customers and segment assets are based on geographical location of assets.

	Year ended 31 March 2020	Year ended 31 March 2019
<b>Segment revenue (based upon location of customers)</b>		
India	1,700.26	1,519.51
Europe	149.48	92.61
USA	271.49	426.45
Asia	295.68	142.55
Others	32.32	21.27
	2,449.23	2,202.39
	31 March 2020	31 March 2019
<b>Segment assets (based upon location of assets)</b>		
India	1,404.23	1,067.78
Europe	53.69	57.41
USA	3.34	3.72
	1,461.26	1,128.91

### Major customer

Revenue from one customer, a subsidiary based in U.S.A. is ₹ 302.32 million (31 March 2019: ₹ 411.60 million) out of the total revenue of the Company (Refer note 43).

### Note 41 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.



# Notes to the Standalone Financial Statements

for the year ended 31 March 2020

(₹ in million)

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

## i. Profit attributable to Equity holders

	31 March 2020	31 March 2019
Profit attributable to equity holders	579.55	352.34

## ii. Weighted average number of equity shares

	31 March 2020	31 March 2019
Issued equity shares at 1 April	111,648,975	111,630,025
Effect of fresh issue of shares for cash under ESOP scheme	22,372	16,294

### Note 42

#### Financial instruments

## i. Financial instruments - Fair values and risk management

### A. Accounting classification and fair values

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

31 March 2020	Note No.	Carrying amount				Fair value			
		FVTPL	FVTOCI	Amortised Cost	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
<b>Financial assets</b>									
Investments - Non-current	7	0.62	-	-	0.62	-	0.62	-	0.62
Loans - Non-current	8	-	-	265.21	265.21	-	-	-	-
Others - Non-current	9	-	-	0.05	0.05	-	-	-	-
Investments	12	10.00	-	-	10.00	10.00	-	-	10.00
Trade receivables	13	-	-	518.87	518.87	-	-	-	-
Cash and cash equivalents	14	-	-	26.69	26.69	-	-	-	-

# Notes to the Standalone Financial Statements

for the year ended 31 March 2020  
(₹ in million)

31 March 2020	Note No.	Carrying amount				Fair value			
		FVTPL	FVTOCI	Amortised Cost	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Bank balances	14A	-	-	3.56	3.56	-	-	-	-
Loans - Current	15	-	-	0.19	0.19	-	-	-	-
Others - Current	16	-	-	23.62	23.62	-	-	-	-
		10.62	-	838.19	848.81	10.00	0.62	-	10.62
<b>Financial liabilities</b>									
Borrowings - Non current	21	-	-	7.61	7.61	-	-	-	-
Borrowings - Current	25	-	-	78.63	78.63	-	-	-	-
Leases - Non current	22	-	-	2.08	2.08	-	-	-	-
Trade payables	26	-	-	137.12	137.12	-	-	-	-
Other financial Liabilities	27	-	-	93.40	93.40	-	-	-	-
		-	-	318.84	318.84	-	-	-	-

Note: There have been no transfers among Level 1, Level 2 and Level 3 during the year.

31 March 2019	Note No.	Carrying amount				Fair value			
		FVTPL	FVTOCI	Amortised Cost	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
<b>Financial assets</b>									
Investments	7	0.62	-	-	0.62	-	0.62	-	0.62
Loans - Non-current	8	-	-	355.36	355.36	-	-	-	-
Others - Non-current	9	-	-	0.04	0.04	-	-	-	-
Trade receivables	13	-	-	381.46	381.46	-	-	-	-
Cash and cash equivalents	14	-	-	1.86	1.86	-	-	-	-
Bank balances	14A	-	-	3.50	3.50	-	-	-	-
Loans - Current	15	-	-	0.24	0.24	-	-	-	-
Others - Current	16	-	-	10.35	10.35	-	-	-	-
		0.62	-	752.81	753.43	-	0.62	-	0.62
<b>Financial liabilities</b>									
Borrowings - Non current	21	-	-	16.96	16.96	-	-	-	-
Borrowings - Current	25	-	-	165.11	165.11	-	-	-	-
Trade payables	26	-	-	155.84	155.84	-	-	-	-
Other financial Liabilities	27	-	-	86.96	86.96	-	-	-	-
		-	-	424.87	424.87	-	-	-	-

Note: There have been no transfers among Level 1, Level 2 and Level 3 during the year.



# Notes to the Standalone Financial Statements

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(₹ in million)

## 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
Forward contracts for foreign exchange contracts	Forward pricing : The fair value is determined using quoted forward exchange rates at the reporting date and present value calculations based on high credit quality yield curves in the respective currencies
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. The board of directors has established the Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the board of directors on its activities

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and

controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee oversees how management monitors compliance with the company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The audit committee is assisted in its oversight role by internal audit. Internal auditor undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

### 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.

### Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment.

At 31 March 2020, the carrying amount of the Company's most significant customer accounted for ₹ 97.90 million (31 March 2019 - ₹ 57.17 million)

# Notes to the Standalone Financial Statements

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(₹ in million)

Summary of the Company's exposure to credit risk by age of the outstanding from various customers is as follows:

	31 March 2020		
	Carrying Amount	Weighted Average Loss Rate	Loss Allowance
Not due	301.82	0.01%	0.04
0-90 days	210.65	0.02%	0.04
91-180 days	3.54	0.26%	0.01
181-270 days	1.70	0.00%	-
271-360 days	1.17	8.47%	0.10
More than 360 days	0.69	73.46%	0.51
	<b>519.57</b>		<b>0.70</b>

	31 March 2019		
	Carrying Amount	Weighted Average Loss Rate	Loss Allowance
Not due	277.41	0.01%	0.04
0-90 days	99.25	0.04%	0.04
90-180 days	1.04	0.91%	0.01
180-270 days	-	0.00%	-
270-360 days	2.00	4.96%	0.10
More than 360 days	2.46	20.76%	0.51
	<b>382.16</b>		<b>0.70</b>

## Expected credit loss assessment for customers as at 31 March 2019 and 31 March 2020

The Company allocates each exposure to a credit risk grade based on a variety of data that is determined to be predictive of the risk of loss (e.g. timeliness of payments, available press information etc.) and applying experienced credit judgement.

Exposures to customers outstanding at the end of each reporting period are reviewed by the Company to determine incurred and expected credit losses. Historical trends of impairment of trade receivables do not reflect

any significant credit losses. Given that the macro economic indicators affecting customers of the Company have not undergone any substantial change, the Company expects the historical trend of minimal credit losses to continue.

The movement in the allowance for impairment in respect of trade and other receivables during the year was as follows:

Particulars	Amount
Balance as at 1 April 2018	0.38
Impairment loss recognised	0.32
Amounts written back	-
<b>Balance as at 31 March 2019</b>	<b>0.70</b>
<b>Impairment loss recognised</b>	<b>-</b>
<b>Amounts written off</b>	<b>-</b>
<b>Balance as at 31 March 2020</b>	<b>0.70</b>

The impairment loss at 31 March 2020 and 31 March 2019 related to certain customers that have defaulted on their payments to the Company and are not expected to be able to pay their outstanding balances, mainly due to economic circumstances.

## Cash and cash equivalents

The Company held cash and cash equivalents of ₹ 26.69 million at 31 March 2020 (31 March 2019: ₹ 1.86 million). The cash and cash equivalents are held with bank and financial institution counterparties with good credit ratings.

## Derivatives

There are no derivatives contracts outstanding as on 31 March 2020.

## Investments

The Company limits its exposure to credit risk by generally investing in liquid securities and only with counterparties that have a good credit rating. The Company does not expect any losses from non-performance by these counter-parties, and does not have any significant concentration of exposures to specific industry sectors or specific country risks.



# Notes to the Standalone Financial Statements

for the year ended 31 March 2020

(₹ in million)

Other than trade and other receivables, the Company has no other financial assets that are past due but not impaired

### 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.

The Company has obtained fund and non-fund based working capital lines from various banks. The Company invests its surplus funds in bank fixed deposit which carry no/low mark-to-market risks. The Company monitors funding options available in the debt and capital markets with a view to maintaining financial flexibility.

Exposure to liquidity risk:

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

31 March 2020	Contractual cash flows					
	Carrying amount	Total	Upto 1 year	1-3 years	3-5 years	More than 5 years
Long-term borrowings	7.61	7.61	-	7.61	-	-
Interest on borrowings	-	-	-	-	-	-
Lease liabilities - Non-current	2.08	2.08	-	2.08	-	-
Current maturities of long-term borrowings	9.35	9.35	9.35	-	-	-
Lease liabilities - Current	3.19	3.19	3.19	-	-	-
Short-term borrowings	78.63	78.63	78.63	-	-	-
Trade payables	137.12	137.12	137.12	-	-	-
Other financial liabilities	80.86	80.86	80.86	-	-	-
Issued financial guarantee contracts on behalf of subsidiaries*	-	-	-	-	-	-

31 March 2019	Contractual cash flows					
	Carrying amount	Total	Upto 1 year	1-3 years	3-5 years	More than 5 years
Long-term borrowings	16.96	16.96	-	16.96	-	-
Interest on borrowings	-	0.83	0.33	0.50	-	-
Short-term borrowings	165.11	165.11	165.11	-	-	-
Trade payables	155.84	155.84	155.84	-	-	-
Other financial liabilities	86.96	86.96	86.96	-	-	-
Issued financial guarantee contracts on behalf of subsidiaries*	-	-	-	-	-	-

\* Guarantees issued by the Company on behalf of subsidiary are with respect to borrowings raised by the subsidiary. These amount will be payable on default by the subsidiary. As of the reporting date, the subsidiary has not defaulted and hence, the Company does not have any present obligation to third parties in relation to such guarantee (Refer note: 53)

# Notes to the Standalone Financial Statements

for the year ended 31 March 2020  
(₹ in million)

## 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 and long term debt. We are 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.

### Currency risk

The Company is exposed to currency risk on account of its operations in other countries. The functional currency of the Company is Indian Rupee. The exchange rate between the Indian rupee and foreign currencies has changed substantially in recent periods and may continue to fluctuate substantially in the future. Consequently, the Company uses derivative instruments, i.e. foreign exchange forward contracts to mitigate the risk of changes in foreign currency exchange rates in respect of its highly probable forecasted transactions and recognized assets and liabilities.

### Exposure to currency risk

The currency profile of financial assets and financial liabilities as at 31 March 2020 and 31 March 2019 are as below:  
₹ in million

	31 March 2020	31 March 2020	31 March 2020
	USD	EURO	Others
<b>Financial assets</b>			
Cash and cash equivalents	0.02	0.01	0.02
Trade and other receivables	115.10	24.96	-
	115.12	24.97	0.02
<b>Financial liabilities</b>			
Trade and other payables	17.99	12.02	0.98
Loans	53.84	-	-
	71.83	12.02	0.98
<b>Net exposure</b>	<b>43.29</b>	<b>12.95</b>	<b>(0.96)</b>
	31 March 2019	31 March 2019	31 March 2019
	USD	EURO	Others
<b>Financial assets</b>			
Cash and cash equivalents	0.11	0.01	0.03
Trade and other receivables	44.57	5.62	-
	44.68	5.63	0.03
<b>Financial liabilities</b>			
Trade payables	9.11	9.64	1.11
Loans	98.37	-	-
	107.48	9.64	1.11
<b>Net exposure</b>	<b>(62.80)</b>	<b>(4.01)</b>	<b>(1.08)</b>



# Notes to the Standalone Financial Statements

for the year ended 31 March 2020

(₹ in million)

## Sensitivity analysis

A reasonably possible strengthening / (weakening) of the Indian Rupee against US dollars and Euros at March 31 would have affected the measurement of financial instruments denominated in US dollars and Euros and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

Effect in ₹	Profit or loss	
	Strengthening	Weakening
<b>31 March 2020</b>		
<b>1% movement</b>		
USD	(0.43)	0.43
EUR	(0.13)	0.13
Others	0.01	(0.01)
	(0.55)	0.55

Effect in Rs	Profit or loss	
	Strengthening	Weakening
<b>31 March 2019</b>		
<b>1% movement</b>		
USD	0.63	(0.63)
EUR	0.04	(0.04)
Others	0.01	(0.01)
	0.68	(0.68)

## Derivative instruments

The Company uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to trade receivable. The use of foreign currency forward contracts is governed by the Company's strategy approved by the Board of Directors, which provide principles on the use of such forward contracts consistent with the Company's Risk Management Policy. The Company does not use forward contracts for speculative purposes.

Particulars	As at 31 March 2020	As at 31 March 2019
	USD in million	USD in million
Forward contracts used for hedging trade receivables	-	0.15
	-	0.15

## v. Interest rate risk

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

### Exposure to interest rate risk

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

	31 March 2020	31 March 2019
<b>Fixed-rate instruments</b>		
<b>Financial liabilities - measured at amortised cost</b>		
Vehicle Loan	2.02	4.37
<b>Floating-rate instruments</b>		
<b>Financial liabilities - measured at amortised cost</b>		
From banks in foreign currency	53.84	98.37
From banks in rupees	24.79	66.74
<b>Total</b>	<b>80.65</b>	<b>169.48</b>

# Notes to the Standalone Financial Statements

for the year ended 31 March 2020  
(₹ in million)

Note: Deferred Sales Tax scheme is not included in the above since it does not bear any interest rate.

## 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.

Cash flow sensitivity (net)	Profit or loss	
	25 bp increase	25 bp decrease
<b>31 March 2020</b>		
Variable-rate loan instruments	(0.20)	0.20
Cash flow sensitivity (net)	(0.20)	0.20
31 March 2019		
Variable-rate loan instruments	(0.41)	0.41
Cash flow sensitivity (net)	(0.41)	0.41

## Note 43 Related party relationships, transactions and balances

The table provides the information about the Group's structure including the details of the subsidiaries and the holding company. The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

### a) Name of Related Parties

#### I Subsidiaries including step-down subsidiaries

- Advanced Bio-Agro Tech Limited
- Advanced Enzytech Solutions Limited
- Advanced Enzymes Europe B.V. (w.e.f. 11 July 2017)
- JC Biotech Private Limited
- Advanced Enzymes USA, Inc.
- Evoxx Technologies GmbH (Wholly owned subsidiary of Advanced Enzymes Europe B. V.) (w.e.f. 15 August 2017)
- Advanced Enzymes (Malaysia) Sdn. Bhd.
- Cal India Foods International (Wholly owned subsidiary of Advanced Enzymes USA, Inc.)
- Advanced Supplementary Technologies Corporation (Wholly owned subsidiary of Advanced Enzymes USA, Inc.)
- Enzyme Innovation, Inc. (Wholly owned subsidiary of Cal India Foods International)
- Dynamic Enzymes, Inc. (Wholly owned subsidiary of Advanced Enzymes USA, Inc.)



# Notes to the Standalone Financial Statements

for the year ended 31 March 2020

(₹ in million)

## II Key Management Personnel (KMP)

Mr. Vasant L Rathi	Chariman and Non-executive director
Mr. Chandrakumar L. Rathi (up to 14 September 2018)	Managing director
Mrs. Savita C. Rathi (up to 08 August 2019)	Whole-time director
Mr. Mukund M. Kabra	Whole-time director
Mr. Piyush C. Rathi (up to 31 December 2018)	Chief Business Officer
Mr. Beni P. Rauka	Chief Financial Officer
Mr. Sanjay Basantani	Company secretary
Mrs. Rupa Vora (up to 18 May 2018)	Independent director
Mr. Kedar Desai	Independent director
Mr. Ramesh Mehta (up to 31 March 2019)	Independent director
Mr. Pramod Kasat	Independent director
Mr. Suresh Paharia (w.e.f. 11 August 2018) (up to 14 September 2018)	Additional (Independent) Director
Mr. Rajesh Sharma (w.e.f. 11 August 2018)	Independent director
Ms. Rasika Rathi (w.e.f. 08 January 2019)	Non-executive director and daughter of Chairman
Mr. Vilas M. Aurangabadkar (w.e.f. 08 January 2019)	Independent director
Mr. Vinod Jajoo (w.e.f. 09 February 2019)	Independent director
Mr. Sunny Sharma (w.e.f. 02 November 2019)	Additional (Non-executive) director

### Relatives of KMP :

Mrs. Prabha V. Rathi	Wife of chairman
Mr. Kishore L. Rathi	Brother of Chairman
Mrs. Mangala M. Kabra	Mother of Whole-time director

## III Other related parties (entities in which either of the KMP's have significant influence) and with whom transactions have taken place during the year

Advanced Vital Enzymes Private Limited  
Om Manufacturing Jalna Private Limited  
Silverttech Trading Company Private Limited

# Notes to the Standalone Financial Statements

for the year ended 31 March 2020  
(₹ in million)

## b) Transactions with related parties

Transactions during the year	Subsidiaries		KMP and relatives		Other related parties	
	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2019
<b>1 Purchases of goods</b>						
Silvertech Trading Company Private Limited	-	-	-	-	1.98	-
JC Biotech Private Limited	420.94	488.66	-	-	-	-
Cal India Foods International	5.20	1.92	-	-	-	-
	<b>426.14</b>	<b>490.58</b>	-	-	<b>1.98</b>	-
<b>2 Sale of goods</b>						
Advanced EnzyTech Solutions Limited	62.70	72.10	-	-	-	-
Advanced Bio-Agro Tech Limited	221.04	237.49	-	-	-	-
Advanced Vital Enzymes Private Limited	-	-	-	-	20.64	24.21
Cal India Foods International	302.32	411.60	-	-	-	-
JC Biotech Private Limited	1.15	0.45	-	-	-	-
Evoxx Technologies GmbH	53.10	0.48	-	-	-	-
	<b>640.31</b>	<b>722.12</b>	-	-	<b>20.64</b>	<b>24.21</b>
<b>3 Remuneration * ^</b>						
Mr. Chandrakumar L. Rathi (refer note 47)	-	-	-	31.92	-	-
Mrs. Savita. C. Rathi	-	-	2.66	7.25	-	-
Mr. Mukund Kabra	-	-	16.77	15.26	-	-
Mr. Kishore.L. Rathi	-	-	2.89	2.75	-	-
Mrs. Mangala M. Kabra	-	-	3.36	3.18	-	-
Mr. Piyush Rathi	-	-	-	9.34	-	-
Mr. Beni P. Rauka	-	-	8.95	8.26	-	-
Mr. Sanjay Basantani	-	-	2.94	2.65	-	-
	-	-	<b>37.57</b>	<b>80.61</b>	-	-
<b>4 Commission to directors *</b>						
Mr. Vasant L. Rathi	-	-	-	0.70	-	-
Mr. Mukund Kabra	-	-	2.88	1.75	-	-
Ms. Rasika Rathi	-	-	0.37	0.09	-	-
Mr. Kedar Desai	-	-	1.41	0.70	-	-
Mr. Ramesh Mehta	-	-	-	0.61	-	-
Mr. Pramod Kasat	-	-	1.16	0.70	-	-
Mr. Vilas M. Aurangabadkar	-	-	0.31	0.18	-	-



# Notes to the Standalone Financial Statements

for the year ended 31 March 2020

(₹ in million)

Transactions during the year	Subsidiaries		KMP and relatives		Other related parties	
	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2019
Mr. Vinod Jajoo	-	-	0.49	0.09	-	-
Mr. Rajesh Sharma	-	-	0.80	0.44	-	-
	-	-	7.42	5.26	-	-
<b>5 Sitting fees to Independent directors</b>						
Mrs. Rupa Vora	-	-	-	0.02	-	-
Mr. Kedar Desai	-	-	0.54	0.62	-	-
Mr. Ramesh Mehta	-	-	-	0.57	-	-
Mr. Pramod Kasat	-	-	0.40	0.44	-	-
Mr. Vilas M. Aurangabadkar	-	-	0.19	0.08	-	-
Mr. Vinod Jajoo	-	-	0.26	0.05	-	-
Mr. Rajesh Sharma	-	-	0.33	0.21	-	-
	-	-	1.72	1.99	-	-
<b>6 Interest income</b>						
Advanced Enzymes Europe B.V.	29.67	28.10	-	-	-	-
Advanced Enzymes (Malaysia) Sdn. Bhd.	0.10	0.09	-	-	-	-
	29.77	28.19	-	-	-	-
<b>7 Advances / Loan given</b>						
Advanced Enzymes Europe B.V.	-	32.40	-	-	-	-
Advanced Enzymes (Malaysia) Sdn. Bhd.	-	1.96	-	-	-	-
	-	34.36	-	-	-	-
<b>8 Advances / Loan repaid including interest</b>						
Advanced Enzymes Europe B.V.	118.44	-	-	-	-	-
	118.44	-	-	-	-	-
<b>9 Investment in subsidiaries</b>						
Advanced Enzymes (Malaysia) Sdn. Bhd.	-	1.78	-	-	-	-
	-	1.78	-	-	-	-
<b>10 Dividend income</b>						
Advanced Enzytech Solutions Limited	24.50	-	-	-	-	-
Advanced Bio-Agro Tech Limited	23.10	18.90	-	-	-	-
	47.60	18.90	-	-	-	-

# Notes to the Standalone Financial Statements

for the year ended 31 March 2020  
(₹ in million)

Transactions during the year	Subsidiaries		KMP and relatives		Other related parties	
	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2019
<b>11 Reimbursement of expenses</b>						
Advanced Enzymes USA, Inc.	0.59	0.91				
JC Biotech Private Limited	-	0.20				
Advanced EnzyTech Solutions Limited	-	0.04				
Advanced Bio-Agro Tech Limited	-	0.05				
Advanced Enzymes (Malaysia) Sdn. Bhd.	-	0.17				
	<b>0.59</b>	<b>1.37</b>	-	-	-	-
<b>12 Commission income</b>						
JC Biotech Private Limited	1.60	1.60	-	-	-	-
	<b>1.60</b>	<b>1.60</b>	-	-	-	-
<b>13 Technical services</b>						
Evoxx Technologies GmbH	71.32	86.95	-	-	-	-
	<b>71.32</b>	<b>86.95</b>	-	-	-	-
<b>14 Selling and distribution expenses</b>						
Advanced Enzymes (Malaysia) Sdn. Bhd.	3.59	2.98	-	-	-	-
	<b>3.59</b>	<b>2.98</b>	-	-	-	-
<b>15 Assets written off</b>						
Advanced Enzymes (Malaysia) Sdn. Bhd. - Investment	8.38					
Advanced Enzymes (Malaysia) Sdn. Bhd. - Loan given	1.95					
Advanced Enzymes (Malaysia) Sdn. Bhd. - Interest receivable	0.19					
	<b>10.52</b>	-	-	-	-	-

\* included in Employee benefit expense

“^ The amount does not include gratuity and compensated absences which are actuarially determined on an overall basis for the Company and individual information in respect of the Key Management Personnel is not available.”



# Notes to the Standalone Financial Statements

for the year ended 31 March 2020

(₹ in million)

c) Balances at the year end	Subsidiaries		KMP and relatives		Other related parties	
	As on 31 March 2020	As on 31 March 2019	As on 31 March 2020	As on 31 March 2019	As on 31 March 2020	As on 31 March 2019
<b>Outstanding balances</b>						
<b>1 Investments</b>						
Advanced Bio-Agro Tech Limited	0.60	0.60	-	-	-	-
Advanced EnzyTech Solutions Limited	1.57	1.57	-	-	-	-
Advanced Enzymes USA, Inc.	530.91	530.32	-	-	-	-
JC Biotech Private Limited	514.90	513.30	-	-	-	-
Advanced Enzymes (Malaysia) Sdn. Bhd.	-	8.38	-	-	-	-
Advanced Enzymes Europe B.V.	149.85	149.85	-	-	-	-
Advanced Vital Enzymes Private Limited	-	-	-	-	0.57	0.57
	<b>1,197.83</b>	<b>1,204.02</b>	-	-	<b>0.57</b>	<b>0.57</b>
<b>2 Trade receivables</b>						
Advanced EnzyTech Solutions Limited	5.09	-	-	-	-	-
Advanced Bio-Agro Tech Limited	2.18	10.87	-	-	-	-
Advanced Vital Enzymes Private Limited	-	-	-	-	0.23	4.16
Cal India Foods International	97.90	40.51	-	-	-	-
Om Manufacturing Jalna Private Limited	-	-	-	-	0.03	0.03
Evoxx Technologies GmbH	24.96	-	-	-	-	-
	<b>130.13</b>	<b>51.38</b>	-	-	<b>0.26</b>	<b>4.19</b>
<b>3 Trade payables</b>						
Cal India Foods International	3.46	-	-	-	-	-
Advanced EnzyTech Solutions Limited	-	0.08	-	-	-	-
Evoxx Technologies GmbH	6.64	8.58	-	-	-	-
JC Biotech Private Limited	53.32	87.03	-	-	-	-
Advanced Enzymes (Malaysia) Sdn. Bhd.	-	1.11	-	-	-	-
	<b>63.42</b>	<b>96.80</b>	-	-	-	-

# Notes to the Standalone Financial Statements

for the year ended 31 March 2020  
(₹ in million)

c) Balances at the year end	Subsidiaries		KMP and relatives		Other related parties	
	As on 31 March 2020	As on 31 March 2019	As on 31 March 2020	As on 31 March 2019	As on 31 March 2020	As on 31 March 2019
<b>4 Loans and advances (including current maturities and interest receivable)</b>						
Advanced Enzymes (Malaysia) Sdn. Bhd.	-	2.05	-	-	-	-
Advanced Enzymes Europe B.V.	<b>251.98</b>	340.76	-	-	-	-
Cal India Foods International	<b>0.06</b>	0.06	-	-	-	-
	<b>252.04</b>	<b>342.87</b>	-	-	-	-
<b>5 Remuneration payable</b>						
Mrs. Savita C. Rathi	-	-	-	3.13	-	-
Mr. Mukund M. Kabra	-	-	<b>0.68</b>	0.59	-	-
Mr. Kishore L. Rathi	-	-	<b>0.16</b>	0.16	-	-
Mrs. Mangala M. Kabra	-	-	<b>0.20</b>	0.15	-	-
Mr. Beni P. Rauka	-	-	<b>0.33</b>	0.27	-	-
Mr. Sanjay Basantani	-	-	<b>0.13</b>	0.13	-	-
	-	-	<b>1.50</b>	<b>4.43</b>	-	-
<b>6 Commission payable</b>						
Mr. Vasant L. Rathi	-	-	-	0.70	-	-
Mr. Mukund Kabra	-	-	<b>2.88</b>	1.75	-	-
Ms. Rasika Rathi	-	-	<b>0.37</b>	0.09	-	-
Mr. Kedar Desai	-	-	<b>1.41</b>	0.70	-	-
Mr. Ramesh Mehta	-	-	-	0.61	-	-
Mr. Pramod Kasat	-	-	<b>1.16</b>	0.70	-	-
Mr. Vilas M. Aurangabadkar	-	-	<b>0.31</b>	0.18	-	-
Mr. Vinod Jajoo	-	-	<b>0.49</b>	0.09	-	-
Mr. Rajesh Sharma	-	-	<b>0.80</b>	0.44	-	-
	-	-	<b>7.42</b>	<b>5.26</b>	-	-

## Notes:

The Company's international transactions with related parties are at arm's length as per the independent accountants report for the year ended 31 March 2019. Management believes that the Company's international transactions and domestic transactions with related parties post 31 March 2019 continue to be at arm's length and that the transfer pricing legislation will not have any material impact on these financial statements, particularly on amount of tax expense and that of provision for taxation.



# Notes to the Standalone Financial Statements

for the year ended 31 March 2020  
(₹ in million)

In compliance with Ind AS - 27 'Separate Financial Statements', the required information is as under:

Subsidiaries	Ownership interest		
	Country of incorporation	31 March 2020	31 March 2019
i. Advanced Bio-Agro Tech Limited	India	60%	60%
ii. JC Biotech Private Limited	India	70%	70%
iii. Advanced Enzytech Solutions Limited	India	100%	100%
iv. Advanced Enzymes USA, Inc.	USA	100%	100%
v. Advanced Enzymes Europe B.V. (Wholly owned subsidiary 11 July 2017)	Netherlands	100%	100%
vi. Evoxx Technologies GmbH (Wholly owned subsidiary of Advanced Enzymes Europe B. V.) (w.e.f. 15 August 2017)	Germany	100%	100%
vii. Cal India Foods International (Wholly owned subsidiary of Advanced Enzymes USA, Inc.)	USA	100%	100%
viii. Advanced Supplementary Technologies Corporation (Wholly owned subsidiary of Advanced Enzymes USA, Inc.)	USA	100%	100%
ix. Enzyme Innovation, Inc. (Wholly owned subsidiary of Cal India Foods International)	USA	100%	100%
x. Dynamic Enzymes, Inc. (Wholly owned subsidiary of Advanced Enzymes USA, Inc.)	USA	100%	100%
xi. Advanced Enzymes (Malaysia) Sdn. Bhd. (Subsidiary w.e.f. 3 July 2017 up to 11 March 2018) (Wholly owned subsidiary w.e.f. 12 March 2018)	Malaysia	100%	100%

## Note 44

### Employee share-based payment plans

#### a) Description of share-based payment arrangements:

As at 31 March 2020, the Company has the following share-based payment arrangements for employees.

AETL Employee Stock Option Scheme 2015' (""AETL ESOS 2015"")

AETL ESOS 2015 (amended) provides for the grant of 44,000 stock options to specified employees on 15 February 2017. The AETL ESOS 2015 had been formulated by Board of Directors which was further adopted by Nomination and Remuneration committee and recommended further changes to AETL ESOS 2015. The Shareholders approved the amended scheme on 15 September 2016. The plan entitles specified employees to purchase shares in the Company at the stipulated exercise price, subject to compliance with vesting conditions. As per the plan, holders of vested options are entitled to purchase one equity share for every option at an exercise price of ₹ 300."

220,000 Equity Shares of Face Value of ₹ 2 each (31 March 2019: 220,000) are reserved for issue under AETL Employee Stock Option Scheme 2015 (AETL ESOS-2015)

# Notes to the Standalone Financial Statements

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(₹ in million)

The terms and conditions related to the grant of the share options are as follows:

Employees entitled	Number of options	Vesting conditions	Contractual life of options
Specified employees	220,000	- Continued employment with the Company:	Graded vesting over 4 years
		After 1 year of the date of grant 10% vesting	
		After 2 year of the date of grant 20% vesting	
		After 3 year of the date of grant 30% vesting	
		After 4 year of the date of grant 40% vesting	

## b) Measurement of fair value :

The fair values are measured based on the Black-Scholes-option valuation model. Service and non-market performance conditions attached to the arrangements were not taken into account in measuring fair value. The inputs used in the measurement of the fair values at grant date and measurement date of the stock options were as follows.

Particulars	1 Year	2 Years	3 Years	4 Years
Share price at grant date (Face value - ₹ 10 per share)	₹ 1,598	₹ 1,598	₹ 1,598	₹ 1,598
Exercise price (Face value - ₹ 2 per share)	₹ 60	₹ 60	₹ 60	₹ 60
Expected volatility (weighted average)	0.49	0.49	0.49	0.49
Expected life (weighted average)	3 years	3.5 years	4 years	4.5 years
Expected dividend	0.06%	0.06%	0.06%	0.06%
Risk-free interest rate (based on government bond)	6.60% p.a.	6.66% p.a.	6.72% p.a.	6.84% p.a.

Weighted-average exercise prices and weighted-average fair values of options

Date of Vesting	1 Year	2 Years	3 Years	4 Years
Weighted-average exercise prices	₹ 60	₹ 60	₹ 60	₹ 60
Weighted-average fair value of options	270	272	274	276



# Notes to the Standalone Financial Statements

for the year ended 31 March 2020  
(₹ in million)

## c) Reconciliation of outstanding stock options :

The number and weighted-average exercise prices of share options under the stock option were as follows.

Particular	31 March 2020		31 March 2019	
	No. of options	Weighted average exercise price(in rupees)	No. of options	Weighted average exercise price (in rupees)
Outstanding at 1 April	184,900	60	220,000	60
Adjustment for sub-division of Equity shares	-	-	-	-
Vested	59,400	60	61,750	60
Forfeited	6,300	60	16,150	60
Expired	-	-	-	-
Exercised	29,500	60	18,950	60
<b>Outstanding at 31 March</b>	<b>149,100</b>	<b>60</b>	184,900	60
Exercisable at 31 March	72,700	60	42,800	60

The options outstanding at 31 March have an exercise price as given below:

	31 March 2020		31 March 2019	
	No. of options	Exercise price	No. of options	Exercise price
AETL ESOS 2015	149,100	60	184,900	60

## d) Expense recognized in the Standalone Statement of Profit or Loss :

	31 March 2020	31 March 2019
AETL ESOS 2015	8.29	13.23
<b>Total expense recognized in 'employee benefits'</b>	<b>8.29</b>	<b>13.23</b>

### Note 45 Capital Management

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

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

	31 March 2020	31 March 2019
Non-current borrowings	7.61	16.96
Current borrowings	78.63	165.11
Current maturity of long term debt	9.35	11.53
Gross debt	95.59	193.60

# Notes to the Standalone Financial Statements

for the year ended 31 March 2020  
(₹ in million)

	31 March 2020	31 March 2019
Less - Cash and cash equivalents	26.69	1.86
Less - Other bank deposits	3.56	3.50
Adjusted net debt	65.34	188.24
Total equity	3,704.83	3,194.72
Adjusted net debt to equity ratio	1.76%	5.89%

## Note 46

### Payments to auditors (excluding GST)

	Year ended 31 March 2020	Year ended 31 March 2019
As auditor		
Statutory audit	3.15	2.75
Limited review	2.85	2.85
Certification work	0.23	0.69
Transfer pricing	0.33	0.05
Reimbursement of expenses	0.31	0.32
	6.87	6.66

## Note 47

### Compensatory payment to Managing director for loss of office

During year ended 31 March 2019, pursuant to Section 202 of the Companies Act, 2013 and other applicable provisions, the Board of Directors on recommendation of Nomination and Remuneration Committee approved compensation of ₹ 21.8 million for loss of office to Mr. C. L. Rathi, former Managing Director.

## Note 48

### Research and development

The Company has incurred the following expenditure on research and development activities:

	Year ended 31 March 2020	Year ended 31 March 2019
Revenue expenditure		
Laboratory expenses and consumables	12.98	9.31
Employee benefit expenses	54.44	48.77
Legal and professional charges	5.20	6.64
Technical services	81.80	93.49
Electricity	9.81	9.83
Rent, rates and taxes	5.68	7.73
Repairs and maintenance	6.20	5.69
Travelling and conveyance expenses	2.75	2.72
Other expenses	3.05	5.65
	181.91	189.83
Less: Other non-operating income	-	-
	181.91	189.83
Capital expenditure		
Plant and equipment	22.42	5.35
Furniture and fixtures	0.60	-
Office equipment	1.20	0.20
Computer and data processing equipment	4.59	0.48
Vehicles	-	-
	28.81	6.03

This information also complies with the terms of the recognition granted upto 31 March 2022 to the Company's In- House Research and Development Activities by the Department of Scientific and Industrial Research, Ministry of Science and Technology, Government of India, vide their letter No. TU/IV-RD/2159/2019 dated 1 May 2019.



# Notes to the Standalone Financial Statements

for the year ended 31 March 2020  
(₹ in million)

## Note 49 Corporate Social Responsibility

As required by section 135 of Companies Act, 2013 and Rules therein, a Corporate social responsibility committee has been formed by the Company. The Company has spent the following amount during the year towards corporate social responsibility (CSR) for activities listed under schedule VII of the Companies Act, 2013.

- Gross amount required to be spent by the Company during the year Rs 8.38 million (31 March 2019 ₹ 7.03 million).
- Amount spent by the Company during the year on purpose other than construction/ acquisition of assets is ₹ 8.57 million (31 March 2019 ₹ 7.53 million)

## Note 50 Acquisition of Advanced Enzymes (Malaysia) Sdn. Bhd. ("AEM")

On 10 July 2018, the Company has purchased 100,000 ordinary shares of RM (Malaysian Ringitt) 1.00 each of Advanced Enzymes (Malaysia) Sdn. Bhd. by way of subscription to the rights issue, equivalent to ₹ 1.78 million.

## Note 53 Contingent liabilities and commitments (to the extent not provided for)

	31 March 2020	31 March 2019
<b>Contingent liabilities</b>		
Pertains to income tax demand/ matters on account of deductions/ disallowances for earlier years, pending for appeals consequent to order passed against the Company/ demands raised by the Department under Income Tax Act, 1961. Amount paid and adjusted there against and included under Income tax asset ₹ 98.31 million (31 March 2019: ₹ 74.60 million).	34.21	154.35
Pertains to Excise Duty and Service Tax demand raised by Commissioner of Central Excise, Customs and Service tax on account of inadmissible CENVAT credit, incorrect product classification and service tax levy on directors' remuneration for various periods. Amount paid there against and included under note 17 'Other current assets'.	26.94	26.94
Letter of comfort issued by the Company towards the credit facilities sanctioned by bankers of subsidiary company aggregating to ₹ 201 million (31 March 2019: ₹ 201 million)	74.33	113.61

## Note 51 Impairment in value of investment in Advanced Enzymes (Malaysia) Sdn. Bhd. ("AEM")

During the year ended 31 March 2020, the Company has provided for impairment in the value of investment made in Advanced Enzymes Malaysia Sdn. Bhd. ('AEM'), loan given to AEM and interest receivable from AEM aggregating to ₹ 10.52 million.

## Note 52 Proposed Dividend

The Board of Directors recommended a final dividend for the financial year 2019-20 of ₹ 0.60 (31 March 2019: ₹ 0.60) per equity share of the face value of ₹ 2/- each, and the same will be paid after approval of shareholders in the Annual General Meeting of the Company.

# Notes to the Standalone Financial Statements

for the year ended 31 March 2020  
(₹ in million)

	31 March 2020	31 March 2019
<p>"The Hon'ble Supreme Court of India ("SC") by their order dated February 28, 2019, in the case of Surya Roshni Limited &amp; others v/s EPFO, set out the principles based on which allowances paid to the employees should be identified for inclusion in basic wages for the purposes of computation of Provident Fund contribution. Subsequently, a review petition against this decision has been filed and is pending before the SC for disposal.</p> <p>In view of the management, the liability for the period from date of the SC order to 31 March 2019 is not significant. Further, pending decision on the subject review petition and directions from the EPFO, the impact for the past period, if any, is not ascertainable and consequently no effect has been given in the accounts. Accordingly, this has been disclosed as a Contingent liability in the financial statements."</p>	-	-
	<b>135.48</b>	294.90

The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liability, where applicable in its standalone financial statements. The Company's management does not reasonably expect that these legal actions, when ultimately concluded and determined, will have a material and adverse effect of the Company's results of operations or financial condition.

## Commitments

	31 March 2020	31 March 2019
Estimated amount of commitments remaining to be executed		
- Capital (net of advances)	<b>25.06</b>	13.70
	<b>25.06</b>	13.70

## Note 54 Impact of COVID-19

In March 2020, the World Health Organisation declared COVID-19 to be a pandemic and several restrictions have

been imposed by the Governments across the globe on the travel, goods movement and transportation considering public health and safety measures. Considering the Company's products are classified as an 'essential commodity', management believes that the impact of the pandemic may not be significant. As of today, production facilities remain operational, following enhanced internal safety guidelines. The Company has considered internal and external information while assessing recoverability of its assets disclosed in the financial statements upto the date of approval of these financial statements by the Board of Directors. Based on such assessment and considering the current economic indicators, the Company expects to recover the carrying amount of these assets. Management has also considered the impact of COVID-19 on the business for the foreseeable future and have concluded that the Company has sufficient resources to continue as a going concern. 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.



# Notes to the Standalone Financial Statements

for the year ended 31 March 2020  
(₹ in million)

## Note 55

### Disclosure under Section 186 of the Companies Act, 2013

a) The details of loan under Section 186 of the Act read with the Companies (Meetings of the board and its Powers) Rules, 2014 are as follows:

Name of entity	As at 31 March 2018	Loan given during the year	Repaid during the year	As at 31 March 2019
Advanced Enzymes Europe B.V.	265.77	32.40	-	298.17
Advanced Enzymes (Malaysia) Sdn. Bhd.	-	1.96	-	1.96

	As at 31 March 2018	Investment during the year	Investment reversed during the year	As at 31 March 2019
Advanced Enzymes USA, Inc.	529.41	0.91	-	530.32
JC Biotech Private Limited	511.70	1.60	-	513.30
Advanced Enzymes Europe B.V.	149.85	-	-	149.85
Advanced Enzymes (Malaysia) Sdn. Bhd.	6.60	1.78	-	8.38

Name of entity	As at 31 March 2019	Loan given during the year	Repaid / written off during the year	As at 31 March 2020
Advanced Enzymes Europe B.V.	298.17	-	52.22	<b>245.95</b>
Advanced Enzymes (Malaysia) Sdn. Bhd.	1.96	-	1.96	-

	As at 31 March 2019	Investment during the year	Investment reversed during the year	As at 31 March 2020
Advanced Enzymes USA, Inc.	530.32	0.59	-	<b>530.91</b>
JC Biotech Private Limited	513.30	1.60	-	<b>514.90</b>
Advanced Enzymes Europe B.V.	149.85	-	-	<b>149.85</b>
Advanced Enzymes (Malaysia) Sdn. Bhd.	8.38	-	8.38	-

# Notes to the Standalone Financial Statements

for the year ended 31 March 2020  
(₹ in million)

## Note 1:

Purpose of utilisation of above loans	1) <b>Advanced Enzymes Europe B.V.:</b> For acquisition of Evoxx Technologies GmbH 2) <b>Advanced Enzymes (Malaysia) Sdn. Bhd.:</b> Towards working capital requirements.
Loan repayment terms	1) <b>Advanced Enzymes Europe B.V.:</b> 14 quarterly instalments including interest starting from Sep 21. 2) <b>Advanced Enzymes (Malaysia) Sdn. Bhd.:</b> 23 month moratorium period from October 2018 to August 2020 and then 12 quarterly instalments including interest starting from September 2020 till July 2023 respectively. (now written off)
Rate of Interest	1) <b>Advanced Enzymes Europe B.V.:</b> 9.00% 2) <b>Advanced Enzymes (Malaysia) Sdn. Bhd.:</b> 9.50%

Maximum amount outstanding during the year is ₹ 364.38 million (31 March 2019: ₹ 300.11 million) as per additional disclosures pursuant to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

## Note 56 Specified Bank Notes Disclosure

The disclosures regarding details of specified bank notes held and transacted during 8 November 2016 to 30 December 2016 has not been made in these financial statements since the requirement does not pertain to financial year ended 31 March 2020.

For **BSR & Co. LLP**  
Chartered Accountants  
Firm's Registration No: 101248W/W-100022

**Sadashiv Shetty**  
Partner  
Membership No: 048648

Place: Mumbai  
Date: 30 May 2020

For and on behalf of Board of Directors of  
**Advanced Enzyme Technologies Limited**  
CIN No: L24200MH1989PLC051018

**Mukund Kabra**  
Wholetime Director  
DIN : 00148294  
Place: Nashik

**Sanjay Basantani**  
Company Secretary  
Membership No: A19637  
Place: Thane  
Date: 30 May 2020

**Kedar Desai**  
Director  
DIN : 00322581  
Place: Mumbai

**Beni. P. Rauka**  
Chief Financial Officer  
Membership No: 039980  
Place: Mumbai



# INDEPENDENT AUDITORS' REPORT

## To the Members of Advanced Enzyme Technologies Limited

### Report on the Audit of Consolidated Financial Statements

#### Opinion

We have audited the consolidated financial statements of Advanced Enzyme Technologies Limited (hereinafter referred to as the 'Holding Company') and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), which comprise the consolidated balance sheet as at 31 March 2020, and the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors on separate financial statements of such subsidiaries as were audited by the other auditors, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2020, of its consolidated profit and other comprehensive

#### Description of Key Audit Matter

##### Revenue Recognition

###### The key audit matter

Revenue is recognized when the control of the products being sold has been transferred to the customer. We have identified recognition of revenue as a key audit matter as revenue is a key performance indicator. Also, there is a presumed fraud risk of revenue being overstated/ understated through manipulation on the timing of transfer of control arising from pressure to achieve performance targets and meeting external expectations.

income, consolidated changes in equity and consolidated cash flows for the year then ended.

#### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs 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 Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in sub paragraph (a) of the "Other Matters" paragraph below, is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

###### How the matter was addressed in our audit

Our principal audit procedures included:

- Assessing the compliance of the revenue recognition accounting policies by comparing with Ind AS 115 "Revenue from Contracts with Customers".
- Testing the design, implementation and operating effectiveness of the Company's general Information Technology (IT) controls, by involving our IT specialists.

# INDEPENDENT AUDITORS' REPORT (Continued)

The key audit matter	How the matter was addressed in our audit
	<ul style="list-style-type: none"> <li>• Testing the design, implementation and operating effectiveness of key IT application/manual controls over the Company's systems for revenue recognition, by involving our IT specialists.</li> <li>• Performing substantive testing (including year-end cut-off testing) by selecting statistical samples of revenue transactions recorded during the year (and before and after the financial year end).</li> <li>• Verifying the underlying documents, which included sales invoices/contracts and shipping documents for the selected transactions.</li> <li>• Assessing manual journals posted to revenue to identify unusual items.</li> <li>• Considering the adequacy of the Group's disclosures in respect of revenue.</li> </ul>

## Other Information

The Holding Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the holding Company's annual report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the consolidated 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 and based on the work done/ audit report of other auditors, 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.

## Management's and Board of Directors' Responsibilities for the Consolidated Financial Statements

The Holding Company's Management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit/ loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. The respective Management and Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each company. and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and



## INDEPENDENT AUDITORS' REPORT (Continued)

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are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Management and Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Management and Board of Directors of the companies included in the Group are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group is responsible for overseeing the financial reporting process of each company.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error,
- as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on the internal financial controls with reference to the consolidated financial statements and the operating effectiveness of such controls based on our audit.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.
- Conclude on the appropriateness of Management and Board of Directors use of the going concern basis of accounting in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the consolidated financial statements of which we

# INDEPENDENT AUDITORS' REPORT (Continued)

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are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in para (a) of the section titled 'Other Matters' in this audit report.

We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors 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.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Other Matters

(a) We did not audit the financial statements / financial information of eleven subsidiaries, whose financial statements/financial information reflect total assets

(before consolidation adjustments) of ₹ 7,221 million as at 31 March 2020, total revenues (before consolidation adjustments) of ₹ 3,181 million and net cash flows (before consolidation adjustments) amounting to ₹ 510 million for the year ended on that date, as considered in the consolidated financial statements. These financial statements/financial information have been audited by other auditors 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 these subsidiaries and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the audit reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements/financial information certified by the Management.

## Report on Other Legal and Regulatory Requirements

- A. As required by Section 143(3) of the Act, based on our audit and on the consideration of reports of the other auditors on separate financial statements of such subsidiaries as were audited by other auditors, as noted in the 'Other Matters' paragraph, we report, to the extent applicable, that:
- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
  - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
  - c) The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated



## INDEPENDENT AUDITORS' REPORT (Continued)

statement of changes in equity and the consolidated statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

- d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under section 133 of the Act.
- e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2020 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
- B. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiaries as noted in the 'Other Matters' paragraph:
- i. The consolidated financial statements disclose the impact of pending litigations as at 31 March 2020 on the consolidated financial position of the Group. Refer Note 53 to the consolidated financial statements.
- ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended 31 March 2020.
- iii. There has been no delay in transferring amounts to the Investor Education and Protection Fund by the Holding Company or its subsidiary companies incorporated in India during the year ended 31 March 2020.
- iv. The disclosures in the consolidated financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in the financial statements since they do not pertain to the financial year ended 31 March 2020.
- C. With respect to the matter to be included in the Auditor's report under section 197(16):
- In our opinion and according to the information and explanations given to us and based on the reports of the statutory auditors of such subsidiary companies incorporated in India which were not audited by us, the remuneration paid during the current year by the Holding Company and its subsidiary companies, to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the Holding Company and its subsidiary companies is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

Mumbai  
30 May 2020

For **B S R & Co. LLP**  
Chartered Accountants  
Firm's Registration No.101248W/W-100022

**Sadashiv Shetty**  
Partner  
Membership No. 048648  
UDIN: 20048648AAAAAR3922

## Annexure A to the Independent Auditors' report

on the consolidated financial statements of Advanced Enzyme Technologies Limited for the year ended 31 March 2020

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### **Report on the internal financial controls with reference to the aforesaid consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013**

**(Referred to in paragraph (A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

#### **Opinion**

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2020, we have audited the internal financial controls with reference to consolidated financial statements of Advanced Enzyme Technologies Limited (hereinafter referred to as "the Holding Company") and such companies incorporated in India under the Companies Act, 2013 which are its subsidiary companies as of that date.

In our opinion, the Holding Company and such companies incorporated in India which are its subsidiary companies, have, in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to consolidated financial statements criteria established by such companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

#### **Management's Responsibility for Internal Financial Controls**

The respective Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the criteria established by the respective company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly

and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of the internal controls based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the relevant subsidiary companies in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements.



## INDEPENDENT AUDITORS' REPORT (Continued)

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### Meaning of Internal Financial controls with Reference to Consolidated Financial Statements

A company's internal financial controls with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to consolidated financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial controls with Reference to consolidated Financial Statements

Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to consolidated financial statements to future periods are subject to the risk that the internal financial controls with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Other Matters

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements in so far as it relates to three subsidiary companies which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

Mumbai  
30 May 2020

For **B S R & Co. LLP**  
Chartered Accountants  
Firm's Registration No.101248W/W-100022

**Sadashiv Shetty**  
Partner  
Membership No. 048648  
UDIN: 20048648AAAAAR3922

# Consolidated Balance Sheet

as at 31 March 2020

(₹ in million)

	Note	As at 31 March 2020	As at 31 March 2019
<b>I. ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Property, plant and equipment	6A	2,095.75	1,617.64
(b) Capital work-in-progress	6B	47.57	47.54
(c) Goodwill on consolidation	6C	2,941.26	2,714.74
(d) Other intangible assets	6D	591.69	622.26
(e) Intangible assets under development	6E	53.75	57.41
(f) Financial assets			
(i) Investments	7	0.62	0.62
(ii) Loans	8	22.77	21.81
(iii) Others	9	0.05	0.04
(g) Deferred tax assets (net)	39	74.24	59.14
(h) Income tax asset (net)		136.40	77.56
(i) Other non-current assets	10	18.05	23.37
<b>Total non-current assets</b>		<b>5,982.15</b>	<b>5,242.13</b>
<b>(2) Current assets</b>			
(a) Inventories	11	800.30	768.99
(b) Financial assets			
(i) Investments	12	1,235.27	1,109.85
(ii) Trade receivables	13	746.91	587.27
(iii) Cash and cash equivalents	14	826.64	230.62
(iv) Bank balances other than (iii) above	15	3.56	3.50
(v) Loans	16	0.73	1.29
(vi) Others	17	35.68	22.42
(c) Other current assets	18	106.65	96.69
<b>Total current assets</b>		<b>3,755.74</b>	<b>2,820.63</b>
<b>(3) Non-current assets held for sale</b>	19	<b>48.17</b>	<b>48.17</b>
<b>Total assets</b>		<b>9,786.06</b>	<b>8,110.93</b>
<b>II. EQUITY AND LIABILITIES</b>			
<b>(1) Equity</b>			
(a) Equity share capital	20	223.36	223.30
(b) Other equity	21	8,173.17	6,565.15
<b>Equity attributable to the owners of the Company</b>		<b>8,396.53</b>	<b>6,788.45</b>
<b>Non-controlling interest</b>	49	<b>277.95</b>	<b>259.62</b>
<b>Total equity</b>		<b>8,674.48</b>	<b>7,048.07</b>
<b>(2) Non current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	22	41.54	70.48
(ii) Lease liability	23	78.29	-
(b) Provisions	24	12.97	5.46
(c) Deferred tax liabilities (net)	39	328.55	281.98
<b>Total non current liabilities</b>		<b>461.35</b>	<b>357.92</b>
<b>(3) Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	25	127.40	213.45
(ii) Trade payables	26		
a) total outstanding dues of micro enterprises and small enterprises		5.66	5.95
b) total outstanding dues other than micro enterprises and small enterprises		90.76	90.90
(iii) Other financial liabilities	27	237.94	233.06
(b) Other current liabilities	28	97.29	56.59
(c) Short-term provisions	29	32.29	26.77
(d) Current tax liabilities (net)	39	4.13	24.46
<b>Total current liabilities</b>		<b>595.47</b>	<b>651.18</b>
<b>(4) Liabilities for non-current assets held for sale</b>		<b>54.76</b>	<b>53.76</b>
<b>Total equity and liabilities</b>		<b>9,786.06</b>	<b>8,110.93</b>

Significant accounting policies

5

Notes form an integral part of these consolidated financial statements

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As per our report of even date attached.

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

Chartered Accountants

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

**Sadashiv Shetty**

Partner

Membership No: 048648

Place: Mumbai

Date: 30 May 2020

For and on behalf of Board of Directors of

**Advanced Enzyme Technologies Limited**

CIN No: L24200MH1989PLC051018

**Mukund Kabra**

Wholetime Director

DIN : 00148294

Place: Nashik

**Sanjay Basantani**

Company Secretary

Membership No: A19637

Place: Thane

Date: 30 May 2020

**Kedar Desai**

Director

DIN : 00322581

Place: Mumbai

**Beni. P. Rauka**

Chief Financial Officer

Membership No: 039980

Place: Mumbai



# Consolidated Statement of Profit and Loss

for the year ended 31 March 2020

(₹ in million)

	Note	Year ended 31 March 2020	Year ended 31 March 2019
<b>Income</b>			
Revenue from operations	30	4,439.86	4,195.91
Other income	31	56.43	50.36
<b>Total income</b>		<b>4,496.29</b>	<b>4,246.27</b>
<b>Expenses</b>			
Cost of materials consumed	32	906.00	657.11
Purchases of stock-in-trade	33	2.30	2.38
Changes in inventories of finished goods, work-in-progress and stock-in-trade	34	(99.21)	112.88
Employee benefits expense	35	801.92	802.29
Finance costs	36	30.36	38.70
Depreciation and amortisation expense	37	257.78	211.16
Other expenses	38	805.57	802.11
<b>Total expenses</b>		<b>2,704.72</b>	<b>2,626.63</b>
<b>Profit before exceptional items and tax</b>		<b>1,791.57</b>	<b>1,619.64</b>
Exceptional items		-	-
<b>Profit before tax</b>		<b>1,791.57</b>	<b>1,619.64</b>
<b>Tax expense (refer note 9)</b>			
Current tax		505.26	488.77
Deferred tax (credit)/ charge		(41.69)	(19.72)
Tax adjustment for earlier years		(2.49)	(8.44)
<b>Total tax expense</b>		<b>461.08</b>	<b>460.61</b>
<b>Profit for the year</b>		<b>1,330.49</b>	<b>1,159.03</b>
Less: Share of profit attributable to Non-controlling interest		37.55	48.44
<b>Profit for the year attributable to the owners of the Company</b>		<b>1,292.94</b>	<b>1,110.59</b>
Other comprehensive income			
A (i) Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit liability (asset)		(5.70)	1.22
(ii) Income tax related to items that will not be reclassified to profit or loss		1.65	(0.35)
B (i) Items that will be reclassified to profit or loss			
Exchange differences in translating financial statements of foreign operations		398.87	138.56
(ii) Income tax related to items that will be reclassified to profit or loss		-	-
<b>Other comprehensive income for the year, net of tax</b>		<b>394.82</b>	<b>139.43</b>
Share of Other Comprehensive Income / (Loss) attributable to Non-Controlling Interest		(0.27)	0.39
<b>Other Comprehensive Income for the year attributable to Owners of the Company</b>		<b>395.09</b>	<b>139.04</b>
<b>Total Comprehensive Income attributable to:</b>			
Owners of the Company		1,688.03	1,249.63
Non-Controlling Interest		37.28	48.83
<b>Total Comprehensive Income for the year</b>		<b>1,725.31</b>	<b>1,298.46</b>
<b>Earnings per equity share (face value ₹ 2 each fully paid up)</b>	46		
Basic		11.58	9.95
Diluted		11.56	9.94

## Significant accounting policies

Notes form an integral part of these consolidated financial statements

As per our report of even date attached.

For **B S R & Co. LLP**  
Chartered Accountants  
Firm's Registration No: 101248W/W-100022

**Sadashiv Shetty**  
Partner  
Membership No: 048648

Place: Mumbai  
Date: 30 May 2020

For and on behalf of Board of Directors of  
**Advanced Enzyme Technologies Limited**  
CIN No: L24200MH1989PLC051018

**Mukund Kabra**  
Wholesale Director  
DIN : 00148294  
Place: Nashik

**Sanjay Basantani**  
Company Secretary  
Membership No: A19637  
Place: Thane  
Date: 30 May 2020

**Kedar Desai**  
Director  
DIN : 00322581  
Place: Mumbai

**Beni. P. Rauka**  
Chief Financial Officer  
Membership No: 039980  
Place: Mumbai

# Consolidated Statement of Changes in Equity (SOCIE)

For the year ended 31 March 2020

(₹ in millions)

## (a) Equity share capital

	31 March 2020		31 March 2019	
	No. of Shares	Amount	No. of Shares	Amount
Balance at the beginning of the year (refer note 20)	111,648,975	223.30	111,630,025	223.26
Changes in equity share capital during the year	29,500	0.06	18,950	0.04
Balance at the end of the year	111,678,475	223.36	111,648,975	223.30

## (b) Other equity

Particulars	Attributable to owners of the Company							Total attributable to owners of the Company	Attributable to NCI	Total Equity
	Reserves and Surplus									
	Securities Premium account	Capital Reserve	General reserve	Retained earnings	Employee stock option account	Other reserve	Foreign currency translation reserve			
<b>Balance at 1 April 2018</b>	<b>756.90</b>	<b>3.00</b>	<b>38.77</b>	<b>4,332.16</b>	<b>26.34</b>	<b>(1.81)</b>	<b>212.19</b>	<b>5,367.55</b>	<b>225.98</b>	<b>5,593.53</b>
Profit for the year	-	-	-	1,110.59	-	-	-	1,110.59	48.44	1,159.03
Other comprehensive income for the year	-	-	-	0.48	-	-	138.56	139.04	0.39	139.43
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,111.07</b>	<b>-</b>	<b>-</b>	<b>138.56</b>	<b>1,249.63</b>	<b>48.83</b>	<b>1,298.46</b>
Issue of Share capital	6.29	-	-	-	-	-	-	6.29	-	6.29
Exercise of Share options	-	-	-	-	(5.19)	-	-	(5.19)	-	(5.19)
Options lapsed during the year	-	-	-	-	(3.20)	-	-	(3.20)	-	(3.20)
Dividends paid	-	-	-	(55.82)	-	-	-	(55.82)	-	(55.82)
Dividend Distribution Tax (DDT)	-	-	-	(11.44)	-	-	-	(11.44)	-	(11.44)
Add : Options granted during the year (refer note 45)	-	-	-	-	17.33	-	-	17.33	-	17.33
Movement in non-controlling interest	-	-	-	-	-	-	-	-	(15.19)	(15.19)
<b>Balance at 31 March 2019</b>	<b>763.19</b>	<b>3.00</b>	<b>38.77</b>	<b>5,375.97</b>	<b>35.28</b>	<b>(1.81)</b>	<b>350.75</b>	<b>6,565.15</b>	<b>259.62</b>	<b>6,824.77</b>
Profit for the year	-	-	-	1,292.94	-	-	-	1,292.94	37.55	1,330.49
Other comprehensive income for the year	-	-	-	(3.80)	-	-	398.87	395.07	(0.27)	394.80
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,289.14</b>	<b>-</b>	<b>-</b>	<b>398.87</b>	<b>1,688.01</b>	<b>37.28</b>	<b>1,725.29</b>
Issue of Share capital	9.79	-	-	-	-	-	-	9.79	-	9.79
Exercise of Share options	-	-	-	-	(10.55)	-	-	(10.55)	-	(10.55)
Dividends paid	-	-	-	(67.01)	-	-	-	(67.01)	-	(67.01)
Dividend Distribution Tax (DDT)	-	-	-	(23.56)	-	-	-	(23.56)	-	(23.56)
Add : Options granted during the year (refer note 45)	-	-	-	-	11.34	-	-	11.34	-	11.34
Movement in non-controlling interest	-	-	-	-	-	-	-	-	(18.95)	(18.95)
<b>Balance at 31 March 2020</b>	<b>772.98</b>	<b>3.00</b>	<b>38.77</b>	<b>6,574.54</b>	<b>36.07</b>	<b>(1.81)</b>	<b>749.62</b>	<b>8,173.17</b>	<b>277.95</b>	<b>8,451.12</b>

For **B S R & Co. LLP**  
Chartered Accountants  
Firm's Registration No: 101248W/W-100022

**Sadashiv Shetty**  
Partner  
Membership No: 048648

Place: Mumbai  
Date: 30 May 2020

For and on behalf of Board of Directors of  
**Advanced Enzyme Technologies Limited**  
CIN No: L24200MH1989PLC051018

**Mukund Kabra**  
Wholetime Director  
DIN : 00148294  
Place: Nashik

**Sanjay Basantani**  
Company Secretary  
Membership No: A19637  
Place: Thane  
Date: 30 May 2020

**Kedar Desai**  
Director  
DIN : 00322581  
Place: Mumbai

**Beni. P. Rauka**  
Chief Financial Officer  
Membership No: 039980  
Place: Mumbai



# Consolidated Cash flow statement

for the year ended 31 March 2020

(₹ in million)

	Year ended 31 March 2020	Year ended 31 March 2019
<b>A. Cash flows from operating activities</b>		
<b>Profit before tax</b>	<b>1,791.55</b>	1,619.63
	<b>1,791.55</b>	1,619.63
<b>Adjustments for non-cash transactions</b>		
Depreciation and amortization expense	<b>257.78</b>	211.16
Property, plant and equipments written off	<b>0.68</b>	0.36
(Profit) / Loss on sale of Property, plant and equipments	<b>0.07</b>	2.57
Allowances for bad and doubtful trade receivables	-	1.05
Bad and doubtful trade receivables written off	<b>0.30</b>	11.42
Goodwill written off	<b>0.93</b>	-
Provision for doubtful trade receivables written back	<b>(0.75)</b>	0.32
Employee stock compensation expense	<b>8.88</b>	14.13
Excess provision written back	<b>(2.68)</b>	(13.67)
Sundry balances written off	<b>0.26</b>	3.59
Fair valuation of investments in marketable securities	<b>(3.00)</b>	(11.18)
Unrealized foreign exchange loss/(gain)	<b>(2.38)</b>	5.31
	<b>2,051.64</b>	1,844.69
<b>Items considered separately</b>		
Interest income	<b>(3.60)</b>	(3.46)
Interest expenses	<b>25.82</b>	38.60
	<b>2,073.86</b>	1,879.83
<b>Operating profit before working capital changes</b>		
(Increase) / Decrease in non-current loans	<b>(0.43)</b>	(1.38)
(Increase) / Decrease in other non-current assets	<b>6.87</b>	(2.12)
(Increase) / Decrease in inventories	<b>(5.20)</b>	(2.22)
(Increase) / Decrease in trade receivables	<b>(139.05)</b>	(85.16)
(Increase) / Decrease in current loans	<b>0.29</b>	18.51
(Increase) / Decrease in financial current assets	<b>(13.70)</b>	21.40
(Increase) / Decrease in other current assets	<b>(22.92)</b>	(11.97)
(Decrease) / Increase in provisions	<b>6.16</b>	(10.37)
(Decrease) / Increase in trade payables	<b>(6.79)</b>	(77.25)
(Decrease) / Increase in current financial liabilities - others	<b>(17.89)</b>	47.92
(Decrease) / Increase in other current liabilities	<b>36.70</b>	(18.38)
<b>Cash generated from operating activities</b>	<b>1,917.90</b>	1,758.81
(Decrease) / Increase in other current liabilities	<b>(508.90)</b>	(473.16)
<b>Net cash generated from operating activities</b>	<b>1,409.00</b>	1,285.65
<b>B. Cash flows from investing activities</b>		
Purchase of property, plant and equipment (tangible and intangible both)	<b>(506.51)</b>	(117.65)
Proceeds from sale of Property, plant and equipments	<b>0.26</b>	1.57
Purchase of intangible assets (net of refund)	<b>1.78</b>	(6.21)
Consideration for acquisition of subsidiary	-	(17.47)
(Purchase) / Proceeds from sale of current investments (net)	<b>(10.10)</b>	(1,110.14)
Interest received	<b>69.73</b>	3.50
(Increase) in bank deposits with maturity more than 3 months but less than 12 months	<b>(0.14)</b>	(0.13)
(Increase) / Decrease in bank deposits with maturity of more than 12 months #	<b>(0.00)</b>	(0.00)
<b>Net cash (used in) investing activities</b>	<b>(444.98)</b>	(1,246.53)

# Consolidated Cash flow statement (Continued)

for the year ended 31 March 2020

(₹ in million)

	Year ended 31 March 2020	Year ended 31 March 2019
<b>C. Cash flows from financing activities</b>		
Proceeds from issue of share capital including securities premium	1.77	1.14
Proceed/ (Repayment) from long-term borrowings (net)	(110.18)	(149.69)
Repayment of short-term borrowings (net)	(112.97)	(163.20)
Interest paid	(24.94)	(38.65)
Lease liability paid	(33.98)	-
Dividends paid (including dividend tax)	(105.24)	(80.45)
<b>Net cash generated from financing activities</b>	<b>(385.54)</b>	<b>(430.86)</b>
<b>Net (decrease) / increase in cash and cash equivalents (A+B+C)</b>	<b>578.48</b>	<b>(391.74)</b>
Cash and cash equivalents as at the beginning of the year	230.62	611.28
Effect of exchange rate changes on cash and cash equivalents held	17.54	11.08
<b>Cash and cash equivalents as at the end of the year*</b>	<b>826.64</b>	<b>230.62</b>
<b>Composition of cash and cash equivalents (refer note 14)</b>		
Cash in hand	0.79	0.44
Balance with banks :		
Current account	477.41	191.63
Fixed deposit account (with maturity less than 3 months)	23.49	30.01
Money market deposits	324.95	8.54
Deposits with maturity more than 3 months but less than 12 months	2.62	2.49
	829.26	230.62
Less: Deposits with maturity more than 3 months but less than 12 months	2.62	2.49
	826.64	230.62

Reconciliation between the opening and closing balances in the balances sheet for liabilities arising from financing activities

Particulars	Notes	31 March 2019	Cashflows	Non cash changes				31 March 2020
				Acquisitions	Foreign exchange movement	Fair value change	Other adjustments	
Non-current borrowings	22 & 27	136.82	(110.18)	-	45.71	-	-	72.36
Cash credit, packing credit and working capital demand loans	25	213.45	(112.97)	-	26.92	-	-	127.40
Total liabilities from financing		350.27	(223.14)	-	72.62	-	-	199.75

## Notes to the consolidated cash flow statement

1) The cash flow statement has been prepared under indirect method as set out in Ind AS 7, 'Statement of cashflows'.

# Figures are below ₹ 0.01 Million, hence disclosed as ₹ 0.00

As per our report of even date attached.

For **B S R & Co. LLP**  
Chartered Accountants  
Firm's Registration No: 101248W/W-100022

**Sadashiv Shetty**  
Partner  
Membership No: 048648

Place: Mumbai  
Date: 30 May 2020

For and on behalf of Board of Directors of  
**Advanced Enzyme Technologies Limited**  
CIN No: L24200MH1989PLC051018

**Mukund Kabra**  
Wholetime Director  
DIN : 00148294  
Place: Nashik

**Sanjay Basantani**  
Company Secretary  
Membership No: A19637  
Place: Thane  
Date: 30 May 2020

**Kedar Desai**  
Director  
DIN : 00322581  
Place: Mumbai

**Beni. P. Rauka**  
Chief Financial Officer  
Membership No: 039980  
Place: Mumbai



# Notes to the Consolidated Financial Statements

for the year ended 31 March 2020

(₹ in million)

## 1 Overview of the Company

Advanced Enzyme Technologies Limited (herein referred to as 'the Parent Company' or the 'the Company') together with its subsidiaries (together referred to as 'the Group') carries on the business of manufacturing and sales of enzymes. The equity shares of the Company were listed on National Stock Exchange of India Limited (NSE) via id ADVENZYMES and on BSE Limited (BSE) via Id 540025 on 1 August 2016. The registered office of the Company is Sun Magnetica, A wing, 5<sup>th</sup> Floor, Near LIC Service Road, Louiswadi, Thane (W), Maharashtra - 400604

## 2 Basis of preparation

### a Statement of compliance

These consolidated Ind AS financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of the Companies Act, 2013 ('the Act') and other relevant provisions and amendments as applicable.

These consolidated Ind AS financial statements were authorised for issue by the Group's Board of Directors on 30 May 2020.

All the assets and liabilities have been classified as current or non current as per the Group's normal operating cycle and other criteria set out in Schedule III to the Act. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalent, the Group has ascertained the operating cycle to be 12 months.

### b Functional and presentation currency

These consolidated financial statements are presented in Indian Rupees (INR), which is also the Company's functional currency. All amounts have been rounded-off to the nearest millions, unless otherwise indicated.

## c Historical cost convention:

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

- certain financial assets and liabilities (including derivative instrument) that are measured at fair value;
- defined benefit plans – plan assets measured at fair value

## 3 Use of estimates

The preparation of Consolidated Financial Statements in conformity with Ind AS requires the management to make use of judgements, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets and liabilities, revenue and expenses and disclosure of contingent liabilities. The estimates and assumptions used in accompanying Consolidated financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual results may differ from the estimates and assumptions used in preparing the accompanying Consolidated financial statements and reviewed on an ongoing basis. Any revision to accounting estimates is recognized prospectively in current and future periods.

Assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31 March 2020 are as follows:

### a. Property, plant and equipment

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

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## b. 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.

## c. 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.

## d. Recognition and measurement of other provisions

The recognition and measurement of other provisions are based on the assessment of the probability of an outflow of resources, and on past experience and circumstances known at the balance sheet date. The actual outflow of resources at a future date may therefore vary from the amount included in other provisions.

## e. Discounting of long-term financial assets / liabilities

All financial assets / liabilities are required to be measured at fair value on initial recognition. In case of financial liabilities/assets which are required to subsequently be measured at amortised cost, interest is accrued using the effective interest method.

## f. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting. The Group prepares its segment information in conformity with

the accounting policies adopted for preparing and presenting the Consolidated financial statements of the Group.

## g. Fair value of financial instruments

Derivatives are carried at fair value. Derivatives includes foreign currency forward contracts. Fair value of foreign currency forward contracts are determined using the fair value reports provided by respective merchant bankers.

## h. Measurement of fair values

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

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

When measuring the fair value of a financial asset or a financial liability, the Group 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).



# Notes to the Consolidated Financial Statements

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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 Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

## 3A 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.

## 4 Principles of Consolidation

### a Business combinations

As part of its transition to Ind AS, the group has elected to apply Ind AS 103, Business Combinations, to only those business combinations that occurred on or after the transition date i.e 1 April 2016. In accordance with Ind AS 103, the group accounts for these business combinations using the acquisition method when control is transferred to the group. The consideration transferred for the business combination is measured at fair value as at the date the control is acquired (acquisition date), as are the net identifiable assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in Other Comprehensive Income (OCI) and accumulated in equity as capital reserve if there exists clear evidence of the underlying reasons for classifying the business combination as resulting in a bargain purchase; otherwise the gain is recognised

directly in equity as capital reserve. Transaction costs are expensed as incurred, except to the extent related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships with the acquiree. Such amounts are recognised in the consolidated statement of profit and loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured subsequently and settlement is accounted for within equity. Other contingent consideration is remeasured at fair value at each reporting date and changes in the fair value of the contingent consideration are recognised in the consolidated statement of profit and loss.

If a business combination is achieved in stages, any previously held equity interest in the acquiree is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in the consolidated statement of profit and loss or OCI, as appropriate.

### b Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

# Notes to the Consolidated Financial Statements

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The Subsidiary companies considered in the Consolidated Financial Statements are as follows:

Name of the Company	Country of incorporation	% age voting power held as at 31 March 2020	% age voting power held as at 31 March 2019
i. Advanced Bio-Agro Tech Limited	India	60.00%	60.00%
ii. JC Biotech Private Limited (Acquired on 1 December 2016)	India	70.00%	70.00%
iii. Advanced Enzytech Solutions Limited	India	100.00%	100.00%
iv. Advanced Enzymes USA, Inc.	USA	100.00%	100.00%
v. Advanced Enzymes Europe B.V. (Wholly owned subsidiary) (incorporated on 11 July 2017)	Netherlands	100.00%	100.00%
vi. Evoxx Technologies GmbH (Wholly owned subsidiary of Advanced Enzymes Europe B. V.) (w.e.f. 15 August 2017)	Germany	100.00%	100.00%
vii. Cal India Foods International (Wholly owned subsidiary of Advanced Enzymes USA, Inc.)	USA	100.00%	100.00%
viii. Advanced Supplementary Technologies Corporation (Wholly owned subsidiary of Advanced Enzymes USA, Inc.)	USA	100.00%	100.00%
ix. Enzyme Innovation, Inc. (Wholly owned subsidiary of Cal India Foods International)	USA	100.00%	100.00%
x. Dynamic Enzymes, Inc. (Wholly owned subsidiary of Advanced Enzymes USA, Inc.)	USA	100.00%	100.00%
xi. Advanced Enzymes (Malaysia) Sdn. Bhd. (Subsidiary w.e.f. 3 July 2017 up to 11 March 2018) (Wholly owned subsidiary w.e.f. 12 March 2018)	Malaysia	100.00%	100.00%

## c Non-controlling interests (NCI)

NCI are measured at their proportionate share of the acquiree's net identifiable assets at the date of acquisition.

Changes in the Group's equity interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

## d Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary,

and any related NCI and other components of equity. Any interest retained in the former subsidiary is measured at fair value at the date the control is lost. Any resulting gain or loss is recognised in consolidated statement profit or loss.

## e Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated.



# Notes to the Consolidated Financial Statements

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## 5 Significant accounting policies:

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

### a. Revenue recognition

i. Revenue is recognised to the extent that it is probable that economic benefits will flow to the Group and the revenue can be reliably measured.

ii. Revenue from sale of products:

Revenue from contracts with customers is recognised when control of the goods is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Sales are exclusive of Goods and Service Tax (GST).

iii. Revenue from sale of services:

The Group offers various services ranging from enzyme identification, enzyme optimisation, enzyme and process development, scale-up and production under 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.

iv. Export incentives received pursuant to the Duty Drawback Scheme and Merchandise Export from India Scheme are accounted on an accrual basis, to the extent it is probable that realization is certain.

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

### b. Property, plant and equipment and depreciation

#### *Recognition and measurement*

i. Items of property, plant and equipment are stated at cost less accumulated depreciation and amortisation and accumulated impairment losses, if any. Cost includes taxes, non refundable duties and taxes, freight and other incidental expenses directly related to acquisition/construction and installation of the assets. Any trade discounts and rebates are deducted in arriving the purchase price. Interest on borrowings to finance acquisition of property, plant and equipment during qualifying period is capitalized.

ii. Leasehold improvements represent expenses incurred towards civil work and interior furnishings on the leased premises.

iii. Asset is eliminated from the Consolidated financial statements on disposal or when no further benefit is expected from its use and disposal. Gains / losses arising from disposal of property, plant and equipment carried at cost are recognised in the Consolidated Statement of Profit and Loss.

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

v. The Group has elected to continue with the carrying value of all its property, plant and equipment as recognized in the Consolidated 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.

# Notes to the Consolidated Financial Statements

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## Subsequent expenditure

- vi. Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

## Depreciation

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

The estimated useful life of assets are as follows:

Particulars	Estimated useful life
Building	30 - 60 years
Plant and equipment	10 - 25 years
Furniture and fixture	3 - 10 years
Vehicles	8 years
Office equipments	5 years
Computer and data processing equipment	3 - 6 years

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

- viii Leasehold improvements and leasehold land are amortized over the unexpired primary period of lease except for lease hold land acquired under perpetual lease.

## c. Intangible assets

- i. Intangible assets are stated at cost of acquisition less accumulated amortisation and accumulated impairment losses, if any.
- ii. Costs relating to acquisition of technical know-how and software are capitalized as intangible

assets. Further, the expenditure incurred towards product studies during the development of product dossiers are grouped under "Intangible assets under development" to the extent such expenditure meet the criteria of intangible asset.

- iii. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.
- iv. An intangible asset is eliminated from the Consolidated 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.
- v. Any expected loss is recognized immediately in the Statement of Profit and Loss.

**Intangible assets are amortised over their estimated useful life on Straight Line Method as follows:**

Particulars	Estimated useful life
Computer software	1-5 years
Customer relationship	10 years
Developed technologies	15-25 years
Rights and Licences	10-15 years
Product Dossiers	10 years
Trade name	7 years

## d. Non-current assets held for sale

Non-current assets classified as held for sale, if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such assets, are generally measured at the lower of their carrying amount and fair value less costs to sell. Losses on initial classification as held for sale and subsequent gains and losses on re-measurement are recognised in Statement of Profit and Loss. Once classified as held-for-sale they are no longer depreciated.



# Notes to the Consolidated Financial Statements

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## e. Impairment of non-financial assets

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.

## f. Foreign currency

### Foreign currency transactions

- i. Initial recognition - Foreign currency transactions are recorded in the functional currency, by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency at the date of the transaction.
- ii. Subsequent measurement- Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate

when the fair value was determined. Foreign currency differences are generally recognised in consolidated statement of Profit and Loss. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

- iii. Exchange differences - All exchange differences arising on settlement/conversion on foreign currency transactions are included in the consolidated statement of Profit and Loss in the period in which they arise.

### Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into Indian rupee at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into Indian rupee at the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income (OCI) and accumulated in the translation reserve, except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed of in its entirety or partially such that control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI.

## g. Stock based Compensation:

Employees Stock Option Plans ("ESOPs"):

Equity-settled plans are accounted at fair value as at the grant date. The fair value of the share-based option is determined at the grant date using a market-based option valuation model (Black Scholes Option Valuation Model). The fair value of the option is recorded as compensation expense amortized over the vesting period of the options, with a corresponding increase in Reserves and Surplus under the head

# Notes to the Consolidated Financial Statements

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“Employee Stock Option account”. On exercise of the option, the proceeds are recorded as share capital.

The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the consolidated statement of Profit and Loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized in employee benefits expense.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest.

## h. Inventories

- i. Inventories of raw materials, packing materials, consumables, finished goods and work in process are valued at lower of cost or net realizable value on an item-by-item basis.
- ii. Cost of raw materials, consumables and packing materials is determined on weighted average basis. Cost of finished goods and stock in process is determined by considering materials, labour costs, conversion costs, including an appropriate share of fixed production overheads based on normal operating capacity and other related costs incurred in bringing the inventories to their present condition and location.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. Raw materials and other supplies held for use in the production of inventories are not written down below cost except in case where material prices have declined and it is estimated that the cost of the finished product will exceed its net realisable value.

During the year, valuation policy for raw materials, consumables and packing materials inventory is

changed from first in first out to Weighted average to align with valuation methods for finished goods and stock in process. The impact of the change in accounting policy for raw material and packing material as at 31 March 2020 and 1 April 2019 is insignificant to the financial statements.

## i. Employee benefits

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.

### i. Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays specified contributions to a separate entity and has no obligation to pay any further amounts. The Group contributes to statutory provident fund in accordance with Employees' Provident Fund and Miscellaneous Provisions Act, 1952 that is a defined contribution plan and contribution paid or payable is recognized as an expense in the period in which the employee renders services.

Superannuation benefits, a defined contribution plan, has been funded with Life Insurance Corporation of India and the contribution is charged to Statement of profit and loss, when the contribution to the Fund is due.

For the entities incorporated in U.S.A., the companies contributed towards the pension cum retirement benefit plan in accordance with 401(k) of the Internal Revenue Code and the contribution paid or payable is recognised as an expense in the period in which the employee renders services.

### ii. Defined benefit plans

The Group provides for Gratuity benefit and Compensated Absences, which are defined benefit plans, covering all its eligible employees. Liability towards gratuity benefits and compensated absences expected to occur after twelve months,



# Notes to the Consolidated Financial Statements

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are determined using the Projected Unit Credit Method. Actuarial valuations are carried out at the balance sheet date. Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in OCI. The retirement benefit obligation recognized in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost, and as reduced by the fair value of scheme assets. The gratuity benefit and compensated absences scheme is funded with the Life Insurance Corporation of India (LIC).

The short term provision for compensated absences has been calculated on undiscounted basis, based on the balance of leave available over and above the maximum accumulation allowed as per the Group's policy.

## j. 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 income tax relating to items recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

### Deferred tax

Deferred tax is recognised in respect of temporary difference between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

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.

Deferred tax assets and liabilities are offset only if:

- The entity has a legally enforceable right to set off current tax assets against current tax liabilities; and
- The deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

# Notes to the Consolidated Financial Statements

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## Minimum Alternate Tax

Minimum Alternate Tax (MAT) under the provisions of Income Tax Act, 1961 is recognized as current tax in the consolidated statement of Profit and Loss. The Group recognizes MAT credit available as an asset only when it is probable that the future economic benefit associated with it will flow to the Group i.e. the Group will pay normal income tax during the period for which MAT Credit is allowed to be carried forward. In the year in which the Group recognizes MAT Credit recognized as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternate Tax under the Income Tax Act, 1961, by way of credit to the Statement of Profit and Loss and shown as "MAT Credit Entitlement." MAT credit recognized as an asset is reviewed at each balance sheet date and written down to the extent the aforesaid evidence no longer exists.

## k. Borrowing costs

Borrowing costs are interest and other costs that the Group incurs in connection with the borrowing of funds and is measured with reference to the Effective Interest Rate (EIR) applicable to the respective borrowing. Borrowing cost include interest costs measured at EIR and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

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 or sale. All other borrowing costs are charged to revenue and recognized as an expense in the consolidated statement of Profit and Loss.

## l. Research and development costs

Research and development costs incurred for development of products are expensed as incurred, except for development costs that relate to the design and testing of new or improved materials, products or processes, which are recognized as an intangible asset to the extent that it is technically feasible to

complete the development of such asset and future economic benefits are expected to be generated from such assets. Capital expenditure on research and development is included as part of assets and depreciated on the same basis as other assets.

## m. Provisions and contingencies

Provisions are determined by discounting the expected future cash flows specific to the liability. The unwinding of the discount is recognised as finance cost. A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

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 or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

A contingent asset is not recognised but disclosed in the Consolidated financial statements where an inflow of economic benefit is probable.

## n. 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



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

The Group 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 Group assesses whether:

- (i) the contract involves the use of an identified asset
- (ii) the Group has substantially all of the economic benefits from use of the asset through the period of the lease and
- (iii) the Group has the right to direct the use of the asset.

As a lessee, the Group 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 right-of-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 Group's incremental borrowing rate.

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

The Group 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 Group recognises the lease payments associated with these leases as an expense on a straightline basis over the lease term. The Group applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date.

The Group's leases mainly comprise Office premises, land and buildings for warehouse facilities. The Group also has leases for equipment.

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## **o. Cash and cash equivalents**

Cash comprises of cash at bank and in hand and cash equivalents comprise of short-term bank deposits with an original maturity of three months or less.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

## **p. Operating cycle**

Operating cycle is the time between the acquisition of assets for processing and their realization in cash or cash equivalents. Based on the nature of products/activities of the Group, the management has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

## **q. 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 Group 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 Group 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 Group 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 Group



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(₹ in million)

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 consolidated statement of Profit and 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 Statement of Profit and Loss. Any gain or loss on derecognition is recognised in consolidated statement of Profit and 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 consolidated statement of Profit and Loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to consolidated statement of Profit and Loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in Statement of Profit and 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 consolidated statement of Profit and Loss.

### iv. Derecognition

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

If the Group 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 Group 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 Group 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 Group becomes a party to the contractual provisions of the instrument.

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2020  
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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 consolidated 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 consolidated statement of profit and 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 consolidated statement of profit and loss. Any gain or loss on derecognition is also recognised in consolidated statement of profit and loss.

## iii. Derecognition

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

The Group 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 consolidated statement of profit and loss.

## iv. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group 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.

## v. Derivative financial instruments

The Group uses derivative financial instruments, such as forward currency contracts to hedge its interest rate risk. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value at each reporting period. Any changes therein are generally recognised in the consolidated statement of profit and loss.

## s. Government grants

Grants received from the government are recognized at their fair value where there is reasonable assurance that the grant will be received and the Group will comply with the conditions.

Government grants related to income are deferred and recognized in the consolidated statement of profit and loss over the period necessary to match them with the costs that they are intended to compensate and netted off with the expense in the consolidated statement of profit and loss. Government grants related to purchase of property plant and equipment are recognised as deferred income and are credited to consolidated statement of profit and loss on a straight line basis over expected life of the related asset and presented within other income.

## t. Earnings Per Share:

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.



# Notes to the Consolidated Financial Statements

as at 31 March 2020

(₹ in million)

## 6A Property, Plant and Equipment

Gross block	Land freehold	Land leasehold	Buildings	Plant and equipments	Furniture and fixtures	Vehicles	Office equipments	Leasehold improvements	Computer and data processing equipments	Right to use asset	Total
Balance as at 1 April 2018	138.45	5.22	325.15	1,442.80	25.57	24.01	80.43	93.49	15.02	-	2,150.14
Additions	-	-	6.76	79.65	1.45	5.29	3.00	3.22	8.75	-	108.12
Disposals	-	-	-	8.78	-	0.36	1.43	-	0.65	-	11.22
Reversal on account of assets written off#	-	-	-	0.03	0.00	-	0.00	-	0.03	-	0.06
<b>Balance as at 31 March 2019</b>	<b>138.45</b>	<b>5.22</b>	<b>331.91</b>	<b>1,513.64</b>	<b>27.02</b>	<b>28.94</b>	<b>82.00</b>	<b>96.71</b>	<b>23.09</b>	<b>-</b>	<b>2,246.98</b>
Additions	326.32	-	26.32	131.96	1.36	-	4.87	0.48	7.05	168.97	667.33
Disposals	-	-	-	0.46	-	0.65	0.40	-	-	-	1.51
Reversal on account of assets written off	-	-	-	0.57	0.29	-	0.38	0.94	0.16	-	2.34
<b>Balance as at 31 March 2020</b>	<b>464.77</b>	<b>5.22</b>	<b>358.23</b>	<b>1,644.57</b>	<b>28.09</b>	<b>28.29</b>	<b>86.09</b>	<b>96.25</b>	<b>29.98</b>	<b>168.97</b>	<b>2,910.46</b>
<b>Accumulated depreciation and amortisation</b>											
Balance as at 1 April 2018	-	0.14	66.51	291.32	12.46	12.65	65.40	28.78	7.67	-	484.93
Depreciation and amortisation	-	0.07	26.74	90.99	4.12	4.09	6.37	17.13	6.63	-	156.14
Reversal on disposal of assets#	-	-	-	5.38	0.00	0.25	0.00	-	0.48	-	6.11
<b>Balance as at 31 March 2019</b>	<b>-</b>	<b>0.21</b>	<b>93.25</b>	<b>376.93</b>	<b>16.58</b>	<b>16.49</b>	<b>71.77</b>	<b>45.91</b>	<b>13.82</b>	<b>-</b>	<b>634.96</b>
Depreciation and amortisation	-	0.07	24.74	90.73	3.10	4.11	5.23	17.96	6.20	50.72	202.86
Reversal on disposal of assets written off	-	-	-	0.11	-	0.47	0.07	-	-	-	0.65
Reversal on account of assets written off	-	-	-	0.26	0.25	-	0.25	0.94	0.13	-	1.83
<b>Balance as at 31 March 2020</b>	<b>-</b>	<b>0.28</b>	<b>117.99</b>	<b>467.29</b>	<b>19.43</b>	<b>20.13</b>	<b>76.68</b>	<b>62.93</b>	<b>19.89</b>	<b>50.72</b>	<b>835.34</b>
<b>Other Adjustment</b>											
Foreign currency translation adjustments as at 31 March 2019	-	-	-	2.42	0.04	-	0.52	2.58	0.06	-	5.62
Foreign currency translation adjustments during the year	-	-	-	3.91	0.01	-	0.81	3.40	0.28	6.60	15.01
<b>Balance as at 31 March 2020</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6.33</b>	<b>0.05</b>	<b>-</b>	<b>1.33</b>	<b>5.98</b>	<b>0.34</b>	<b>6.60</b>	<b>20.63</b>
<b>Net block</b>											
Balance as at 31 March 2019	138.45	5.01	238.66	1,139.13	10.48	12.45	10.75	53.38	9.33	-	1,617.64
<b>Balance as at 31 March 2020</b>	<b>464.77</b>	<b>4.94</b>	<b>240.24</b>	<b>1,183.61</b>	<b>8.71</b>	<b>8.16</b>	<b>10.74</b>	<b>39.30</b>	<b>10.43</b>	<b>124.85</b>	<b>2,095.75</b>

Note 1:

The Group 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 in Note 19.

Note 2:

The Group has availed the deemed cost exemption in relation to the property, plant and equipment on the date of transition and hence the net block carrying amount has been considered as the gross block carrying amount on that date.

# Figures are below Rs 0.01 Million, hence disclosed as Rs 0.00

# Notes to the Consolidated Financial Statements

as at 31 March 2020  
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## 6B Capital work-in-progress (CWIP)

CWIP as at 1 April 2018	26.55
Addition during the year	97.23
Capitalised during the year	76.24
<b>CWIP as at 31 March 2019</b>	<b>47.54</b>
Addition during the year	492.03
Capitalised during the year	492.00
<b>CWIP as at 31 March 2020</b>	<b>47.57</b>

## 6C Goodwill on consolidation (refer note 50)

	As at 31 March 2020	As at 31 March 2019
Advanced Enzymes USA, Inc.	2,553.47	2,342.97
JC Biotech Private Limited	123.65	123.65
Advanced Enzytech Solutions Limited	0.87	0.87
Advanced Enzymes (Malaysia) Sdn. Bhd.	-	0.93
Advanced Enzymes Europe B.V.	263.27	246.32
	<b>2,941.26</b>	<b>2,714.74</b>

## 6D Intangible assets

Gross block	Computer software	Customer relationship	Developed Technologies	Rights and Licences	Trade name	Website Domain	Product Dossiers	Total
Balance as at 1 April 2018	8.16	78.62	527.93	228.59	25.63	6.32	-	875.25
Additions	23.37	-	-	0.45	-	-	3.83	27.65
<b>Balance as at 31 March 2019</b>	<b>31.53</b>	<b>78.62</b>	<b>527.93</b>	<b>229.04</b>	<b>25.63</b>	<b>6.32</b>	<b>3.83</b>	<b>902.90</b>
Additions	1.76	-	-	0.28	-	-	-	2.04
<b>Balance as at 31 March 2020</b>	<b>33.29</b>	<b>78.62</b>	<b>527.93</b>	<b>229.32</b>	<b>25.63</b>	<b>6.32</b>	<b>3.83</b>	<b>904.94</b>
<b>Accumulated amortisation</b>								
Balance as at 1 April 2018	5.22	5.04	25.40	201.65	2.35	-	-	239.66
Amortisation	6.61	8.44	29.08	4.46	3.93	2.39	0.11	55.02
<b>Balance as at 31 March 2019</b>	<b>11.83</b>	<b>13.48</b>	<b>54.48</b>	<b>206.11</b>	<b>6.28</b>	<b>2.39</b>	<b>0.11</b>	<b>294.68</b>
Amortisation	6.68	8.21	28.74	4.76	3.83	2.32	0.38	54.92
<b>Balance as at 31 March 2020</b>	<b>18.51</b>	<b>21.69</b>	<b>83.22</b>	<b>210.87</b>	<b>10.11</b>	<b>4.71</b>	<b>0.49</b>	<b>349.60</b>



# Notes to the Consolidated Financial Statements

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Gross block	Computer software	Customer relationship	Developed Technologies	Rights and Licences	Trade name	Website Domain	Product Dossiers	Total
<b>Other Adjustment</b>								
Foreign currency translation adjustments as at 31 March 2019	0.01	2.74	8.82	1.05	0.93	0.49	-	14.04
Foreign currency translation adjustments during the year	0.00	4.23	15.20	1.43	1.19	0.26	-	22.31
<b>Balance as at 31 March 2020</b>	<b>0.01</b>	<b>6.97</b>	<b>24.02</b>	<b>2.48</b>	<b>2.12</b>	<b>0.75</b>	<b>-</b>	<b>36.35</b>
<b>Net block</b>								
Balance as at 31 March 2019	19.71	67.88	482.27	23.98	20.28	4.42	3.72	622.26
<b>Balance as at 31 March 2020</b>	<b>14.79</b>	<b>63.90</b>	<b>468.73</b>	<b>20.93</b>	<b>17.64</b>	<b>2.36</b>	<b>3.34</b>	<b>591.69</b>

## Note 1

The Company has availed the deemed cost exemption in relation to the intangible assets on the date of transition and hence the net block carrying amount has been considered as the gross block carrying amount on 1 April 2016.

## 6E Intangible assets under development

Balance as on 1 April 2018	78.84
Addition during the year	5.76
Capitalised during the year	27.19
<b>Balance as on 31 March 2019</b>	<b>57.41</b>
Addition during the year	1.65
Capitalised during the year	1.59
Other adjustment	3.72
<b>Balance as at 31 March 2020</b>	<b>53.75</b>

	As at 31 March 2020	As at 31 March 2019
1,666 Equity shares (31 March 2019 - 1,666) of ₹.30 each fully paid up of Bombay Mercantile Co-op. Bank Limited	0.05	0.05
Aggregate value of unquoted investments	0.62	0.62

\* refer note 43

## 7 Non-current investments

	As at 31 March 2020	As at 31 March 2019
<b>Other investments (unquoted)</b>		
<b>Equity shares at fair value through profit and loss</b>		
19,100 Equity shares (31 March 2019 - 19,100) of ₹10 each fully paid up of Advanced Vital Enzymes Private Limited *	0.57	0.57

## 8 Long-term loans

(unsecured considered good unless otherwise stated)

	As at 31 March 2020	As at 31 March 2019
Security deposits	22.77	21.81
	22.77	21.81

# Notes to the Consolidated Financial Statements

as at 31 March 2020  
(₹ in million)

## 9 Other non-current financial assets (unsecured considered good unless otherwise stated)

	As at 31 March 2020	As at 31 March 2019
Non-current bank deposits	0.05	0.04
	<b>0.05</b>	0.04

## 10 Other non-current assets (unsecured considered good unless otherwise stated)

	As at 31 March 2020	As at 31 March 2019
Prepaid expenses	10.45	10.07
Capital advances	7.60	13.30
	<b>18.05</b>	23.37

## 11 Inventories (valued at lower of cost and net realisable value)

	As at 31 March 2020	As at 31 March 2019
Raw materials and packing materials [including goods-in-transit of ₹ 54.08 million (31 March 2019 ₹ 30.1 million)]	323.70	400.70
Work-in-progress	218.03	196.08
Finished goods [including goods-in-transit of ₹ 47.07 million (31 March 2019 ₹ 36.46 million)]	194.20	116.94
Stores, consumables and fuel	64.37	55.27
	<b>800.30</b>	768.99

As at 31 March 2020, the Company has written down the value for slow moving inventory aggregating ₹ 72.53 million (31 March 2019: ₹ 64.04 million). The charge on account of written down during the year ended 31 March

2020 is ₹ 8.26 million (31 March 2019: ₹ 52.94 million) is included in cost of materials consumed and changes in inventories.

## 12 Current investments

	As at 31 March 2020	As at 31 March 2019
<b>Mutual funds (Quoted)</b>		
<b>Measured at fair value through profit and loss</b>		
Fixed income securities	1,225.13	1,109.81
ICICI Prudential Mutual Fund- "ICICI Prudential Liquid - Growth"	0.04	0.04
(No. of units 31 March 2020: 145.78, 31 March 2019: 145.78)		
(Market value 31 March 2020: 292.50/unit, 31 March 2019: 275.42/unit)		
Franklin India Ultra Short Bond Fund Super Institutional Plan - Direct - Growth	0.10	-
(No. of units 31 March 2020: 3,593.245, 31 March 2019: Nil)		
(Market value 31 March 2020: 27.65349/unit, 31 March 2019: Nil)		
DSP Liquidity Fund-Direct Plan- Growth	10.00	-
(No. of units 31 March 2020: 3,539.507, 31 March 2019: Nil)		
(Market value 31 March 2020: 2,840.7140/unit, 31 March 2019: Nil)		
	<b>1,235.27</b>	1,109.85



# Notes to the Consolidated Financial Statements

as at 31 March 2020  
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## 13 Trade receivables

	As at 31 March 2020	As at 31 March 2019
Secured, considered good	0.13	0.13
Unsecured, considered good	746.78	587.14
Unsecured, credit impaired	9.03	15.28
Less: Impairment loss allowance	(9.03)	(15.28)
	<b>746.91</b>	587.27
(refer note 51 for information about credit risk and market risk of trade receivables)		
The above balance includes amounts due from Private companies in which directors are interested (refer note 43)		
	<b>0.26</b>	4.19

## 14 Cash and cash equivalents

	As at 31 March 2020	As at 31 March 2019
Cash on hand	0.79	0.44
<b>Balances with banks</b>		
- in current accounts	477.41	191.63
- in deposit account with original maturity upto three months	23.49	30.01
Money market desopits	324.95	8.54
	<b>826.64</b>	230.62

## 15 Other bank balances

	As at 31 March 2020	As at 31 March 2019
Unclaimed dividend account	0.94	1.01
Bank deposits with original maturity of more than three months but less than twelve months*	2.62	2.49
	<b>3.56</b>	3.50
* includes earmarked balances for performance guarantees	2.62	2.49

## 16 Short-term loans

(unsecured considered good unless otherwise stated)

	As at 31 March 2020	As at 31 March 2019
Security deposits	0.21	0.35
Loan to employees	0.52	0.94
	<b>0.73</b>	1.29

## 17 Other current financial assets

(unsecured considered good unless otherwise stated)

	As at 31 March 2020	As at 31 March 2019
Interest receivable	0.53	0.92
Export incentives receivable	20.77	9.40
Others	14.38	12.10
	<b>35.68</b>	22.42

# Notes to the Consolidated Financial Statements

as at 31 March 2020  
(₹ in million)

## 18 Other current assets

(unsecured considered good unless otherwise stated)

	As at 31 March 2020	As at 31 March 2019
Prepaid expenses	22.46	13.06
Advance to suppliers	15.59	3.41
Excess of Planned Assets over Obligation - Gratuity	-	0.99
Balance with Government authorities	49.31	22.67
Asset recoverable from customers	8.38	6.55
Others	10.91	50.01
	<b>106.65</b>	96.69

## 19 Non-current assets held for sale

	As at 31 March 2020	As at 31 March 2019
Assets held for sale (refer Note 6A and note below)	48.17	48.17
	<b>48.17</b>	48.17

### Note:

Description	31 March 2020	31 March 2019
Land	12.57	12.57
Development costs	35.60	35.60
	<b>48.17</b>	48.17

## 20 Equity share capital

	As at 31 March 2020		As at 31 March 2019	
	Number of shares	Amount	Number of shares	Amount
<b>Authorised</b>				
Equity shares of ₹ 2 each	175,000,000	350.00	175,000,000	350.00
	175,000,000	350.00	175,000,000	350.00
<b>Issued, subscribed and fully paid up</b>				
Equity shares of ₹ 2 each	111,678,475	223.36	111,648,975	223.30
<b>Total</b>	<b>111,678,475</b>	<b>223.36</b>	111,648,975	223.30

### a) Reconciliation of equity share capital

	As at 31 March 2020		As at 31 March 2019	
	Number of shares	Amount	Number of shares	Amount
<b>Balance at the beginning of the year</b>	111,648,975	223.30	111,630,025	223.26
Add : Issued during the year (Refer note 20 d)	29,500	0.06	18,950	0.04
<b>Balance at the end of the year</b>	<b>111,678,475</b>	<b>223.36</b>	111,648,975	223.30



# Notes to the Consolidated Financial Statements

as at 31 March 2020

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b) Shareholders holding more than 5% of the equity shares	As at 31 March 2020		As at 31 March 2019	
	Number of shares	% of holding	Number of shares	% of holding
Equity shares of ₹ 2 each				
Mr. Vasant L. Rathi*	36,578,702	32.75%	36,504,500	32.70%
Chandrakant Rathi Innovations and Projects Private limited	16,371,876	14.66%	16,371,876	14.66%
Orbimed Asia III Mauritius Limited	11,053,245	9.90%	11,053,245	9.90%
HDFC Small Cap Fund	7,637,086	6.84%	6,947,478	6.22%
	<b>71,640,909</b>	<b>64.15%</b>	70,877,099	63.48%

\*includes shares held by Vasant and Prabha Rathi Generation Trust – 31 March 2020: 5,000,000 shares (4.48%) [31 March 2019: 5,000,000 shares (4.48%)]

## c) Rights, preferences and restrictions attached to equity shares

The Company has only one class of equity share having a par value of ₹ 2 per share. Each holder of equity share is entitled to one vote per share. The final dividend, if any, proposed by Board of Directors is subject to approval by the Shareholders. All shares rank pari passu on repayment of capital in the event of liquidation. Dividend proposed by the Board of Directors is subject to the approval of shareholders in the ensuing Annual General Meeting except interim dividend.

## d) Shares reserved for issue under options

The Company had reserved issuance of 220,000 Equity shares of ₹ 2 each (31 March 2019: 220,000) for offering to eligible employees of the Company under Employees Stock Option Scheme (ESOS). The option would vest on graded basis over a maximum period of 4 years or such other period as may be decided by the Employees Stock Compensation Committee from the date of grant based on specific criteria (refer note 45).

## 21 Other equity

	As at 31 March 2020	As at 31 March 2019
<b>Capital reserves</b>	3.00	3.00
<b>Securities premium account</b>		
Balance at the beginning of the year	763.19	756.90
Add: Premium on issue of equity shares under ESOP scheme	9.79	6.29
Balance at the end of the year	772.98	763.19
<b>Employee stock option account</b>		
Balance at the beginning of the year	35.28	26.34
Add: Options granted during the year (refer note 45)	11.34	17.33

# Notes to the Consolidated Financial Statements

as at 31 March 2020  
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	As at 31 March 2020	As at 31 March 2019
Less: Exercised during the year	(10.55)	(5.19)
Less: Lapsed during the year	-	(3.20)
Balance at the end of the year	36.07	35.28
<b>Other Reserve</b>	<b>(1.81)</b>	(1.81)
<b>General reserve</b>	<b>38.77</b>	38.77
<b>Surplus in the Statement of Profit and Loss</b>		
Balance at the beginning of the year	5,375.97	4,332.16
Add: Profit for the year	1,292.94	1,110.59
Add: Transferred from Other comprehensive income	(3.80)	0.48
Less: Dividend paid	(67.01)	(55.82)
Less: Tax on dividends distributed during the year	(23.56)	(11.44)
Balance at the end of the year	6,574.54	5,375.97
<b>Other Comprehensive Income</b>		
<b>Foreign currency translation reserve</b>		
Balance at the beginning of the year	350.75	212.19
Add: Exchange rate difference in translation (net)	398.87	138.56
Balance at the end of the year	749.62	350.75
	<b>8,173.17</b>	6,565.15

## Nature and purpose of reserves

### Capital reserve

The reserve comprises of profits/gains of capital nature earned by the Company and credited directly to such reserve.

### Securities premium

Securities premium is used to record the premium received on issue of shares. It is utilised in accordance with the provisions of the Companies Act, 2013.

### General reserve

General reserve is created out of the profits earned by the Company by way of transfer from surplus in the Statement of Profit and Loss. The Company can use this reserve for payment of dividend and issue of fully paid up and not paid up bonus shares.

### Dividends

The following dividends were declared and paid by the Company during the year

Particulars	Paid during 01-Apr-19 to 31-Mar-20	Paid during 01-Apr-18 to 31-Mar-19
₹ 0.60 per equity share (31 March 2019: ₹ 0.50 per equity share)	67.01	55.82
Dividend distribution tax on dividend to equity shareholders	23.56	11.44
	<b>90.57</b>	<b>67.26</b>



# Notes to the Consolidated Financial Statements

as at 31 March 2020

(₹ in million)

## 22 Non-current borrowings

	As at 31 March 2020	As at 31 March 2019
<b>Secured</b>		
<b>Term loans:</b>		
From banks	11.82	29.89
Vehicle loans	0.46	2.02
From other parties	22.11	23.63
	<b>34.39</b>	55.54
<b>Unsecured</b>		
Deferred sales tax payment liabilities	7.15	14.94
	<b>7.15</b>	14.94
	<b>41.54</b>	70.48

### a) Details of security for each type of borrowings as at 31 March 2020

#### The Company:

- (a) Vehicle loans availed from four banks and two financial institution are secured by charge on vehicles as specified in their respective loan agreements.

### JC Biotech Private Limited:

#### (a) Term Loan and Overdraft facility:

- (i) The Term Loan and Drop Line Overdraft from Yes Bank is secured by way of Hypothecation on current assets and movable assets of the company and deed of mortgage on Immovable properties of the company.
- (ii) The Term Loan and Drop Line Overdraft from Yes Bank is further secured by the personal guarantee of Mr.S Chandrashekhar, Managing Director of JC Biotec Private Limited.
- (iii) The Parent Company has given the letter of comfort to YES Bank for availing the credit facility of ₹ 201 Million.
- (vi) Term Loan from Biotechnology Industry Research Assistance Council (BIRAC/SBIRI) is secured by way of Hypothecation of Assets acquired for the project sanctioned by BIRAC/SBIRI

### Evoxx technologies GmbH:

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

# Notes to the Consolidated Financial Statements

as at 31 March 2020  
(₹ in million)

## c) Terms of repayment of term loans and other loans (including current maturities)

Term loans	Interest rates	Repayment terms	Outstanding as at 31 March 2020	Outstanding as at 31 March 2019
<b>From Banks</b>				
Yes Bank	9.25%	Loan amount is repaid during the current financial year	-	23.36
Yes Bank - drop line overdraft facility	9.25%	60 equal monthly instalments of ₹ 1.42 million each along with interest up to 31 March 2022	<b>28.80</b>	47.12
<b>From others</b>				
Deutsche Leasing für Sparkassen und Mittelstand GmbH	4.32%	72 equal monthly instalments of ₹ 0.34 million each along with interest up to 1 April 2022	<b>8.42</b>	11.41
Deutsche Leasing für Sparkassen und Mittelstand GmbH	4.35%	65 equal monthly instalments of ₹ 0.57 million each along with interest up to 1 Aug 2021	<b>8.10</b>	12.65
Biotechnology Industry Research Assistance Council	Up to ₹ 10 million - 1%, balance - 2%	10 equal half yearly instalments of ₹ 2.22 million each along with interest up to 5 May 2022	<b>10.07</b>	13.79

## Vehicle Loans (including current maturities)

Interest rate	No. of installments	Date of last installment	Amount of installment	Outstanding as at 31 March 2020	Outstanding as at 31 March 2019
10.50%	60	07-Nov-19	0.02	-	0.12
10.15%	59	15-Mar-20	0.03	-	0.37
10.14%	59	15-Mar-20	0.03	-	0.33
9.90%	60	05-Jun-20	0.01	<b>0.03</b>	0.13
9.75%	60	07-Nov-20	0.01	<b>0.09</b>	0.23
9.16%	60	07-Apr-21	0.09	<b>1.13</b>	2.14
8.35%	60	05-Mar-22	0.03	<b>0.75</b>	1.05
<b>Total</b>				<b>2.02</b>	4.37

## Deferred sales tax payment liabilities

Deferred Sales Tax Loan is interest free and payable in 5 equal annual installments after expiry of initial 10 years moratorium year from each such year of deferral period from 1996-97 to 2006-07.

## 23 Lease liabilities

	As at 31 March 2020	As at 31 March 2019
Lease liability	<b>78.29</b>	-
	<b>78.29</b>	-



# Notes to the Consolidated Financial Statements

as at 31 March 2020  
(₹ in million)

## 24 Non-current provisions

	As at 31 March 2020	As at 31 March 2019
Provision for employee benefits		
Compensated absences	1.85	0.85
Gratuity (refer note 40)	11.12	4.61
	12.97	5.46

## 25 Current borrowings

	As at 31 March 2020	As at 31 March 2019
<b>Secured</b>		
<b>Loans repayable on demand:</b>		
From banks in foreign currency	53.84	98.37
From banks in rupees	73.56	115.08
	127.40	213.45

### a) Details of security for each type of borrowings as at 31 March 2020

#### The Company:

Loans repayable on demand from Banks (Working Capital loans) are secured by first pari passu charge on all existing and future current assets of the Company.

#### Advanced Bio Agro Tech Limited:

(a) Loans repayable on demand from banks (Working Capital loans) are secured as under:

1. Negative lien on Land & Building situated at Gat No 551, Off Nashik-Pune Road, Dapurwad Road, Mauje, Musalgaon, Taluka- Sinnar, Dist-Nashik, Sole Charge on Plant & Machinery located at the above address as and when procured.

2. First Exclusive charge on Stocks and Book Debts of the Advanced Bio Agro Tech Limited.

3. Personal guarantee given by the Managing Director Mr. OP Singh.

#### JC Biotech Private Limited:

(i) The cash credit facility from bank is secured by way of hypothecation of current assets and moveable assets of the Company and deed of mortgage on immovable properties of the JC Biotech Private Limited.

#### b) Terms of repayment of loans

##### Loan repayable on demand - from banks

- (i) Cash Credit from bank for ₹ 73.56 million (31 March 2019: ₹ 115.06 million) carries an interest rate of 9% to 12%.
- (ii) Packing credit foreign currency loan from bank for ₹ 53.84 million (31 March 2019: ₹ 98.37 million) carries an interest rate of Libor + 100 to 125 bps (31 March 2019: Libor + 100 to 125 bps).

## 26 Trade payables

	As at 31 March 2020	As at 31 March 2019
Total outstanding dues to micro and small enterprises (refer note below)	5.66	5.95
Total outstanding dues to others (refer note 43 for payable to related parties)	90.76	90.90
	96.42	96.85

#### Note:

Dues to micro, small and medium enterprises pursuant to section 22 of the Micro, Small and Medium Enterprises Development Act (MSMED), 2006

# Notes to the Consolidated Financial Statements

as at 31 March 2020

(₹ in million)

Principal amount remaining unpaid	<b>5.66</b>	5.95
Interest due thereon	<b>0.02</b>	0.01
Interest paid by the Company in terms of Section 16 of MSMED Act, 2006, along with the amount of the payment made to the suppliers and service providers beyond the appointed day during the year	-	-
Interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006	-	-
Interest accrued and remaining unpaid as at balance sheet date	<b>0.04</b>	0.02
Further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006.	-	-

## Note:

The management has identified enterprises which have provided goods and services to the Companies within the Group which are incorporated in India and which qualify under the definition of micro and small enterprises, as defined under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED). Accordingly, the disclosure in respect of the amounts payable to such enterprises has been made in the Consolidated financial statements based on information received and available with the Group.

## 27 Other current financial liabilities

	As at 31 March 2020	As at 31 March 2019
Current maturities of long-term term loans (refer note no. 22)		
- From banks	<b>16.98</b>	40.59
- Vehicle loans	<b>1.56</b>	2.35
- Others	<b>4.48</b>	14.22
- Deferred sales tax payment liabilities	<b>7.79</b>	9.18
- Current maturities of lease liabilities	<b>55.76</b>	-
Unpaid dividends (refer note below)	<b>0.94</b>	1.01
Security deposits from customers	<b>6.90</b>	6.93
Payable for purchase of property, plant and equipment	<b>10.45</b>	8.78
Employee benefits payable	<b>60.39</b>	60.59
Other payables	<b>72.69</b>	89.41
	<b>237.94</b>	233.06

## Note :

The amount due and paid during the year to "Investor Education and Protection Fund" is ₹ 0.06 million (31 March 2019: ₹ 0.02 million).

## 28 Other current liabilities

	As at 31 March 2020	As at 31 March 2019
Statutory dues:		
Provident fund payable	<b>2.63</b>	2.35
Employees' State Insurance Scheme contribution payable	<b>0.08</b>	0.16
Other dues payable	<b>16.45</b>	14.04



# Notes to the Consolidated Financial Statements

as at 31 March 2020

(₹ in million)

	As at 31 March 2020	As at 31 March 2019
Advance from customers	67.73	27.82
Other Payables	10.40	12.22
	97.29	56.59

## 29 Current provisions

	As at 31 March 2020	As at 31 March 2019
Provision for employee benefits		
Compensated absences	9.15	7.94
Gratuity (refer note 40)	8.58	6.43
Provision for 401(k) (refer note a below)	9.09	5.91
Provision for sales return (refer note b below)	5.47	6.49
	32.29	26.77

### Note:

#### a) Advanced Enzymes USA, Inc.

The Company has maintained a 401(k) Safe Harbor Profit Sharing Plan ("Plan") to provide retirement and incidental benefits for its eligible employees. Employees may contribute from 1% to 15% of their annual compensation to the Plan, limited to a maximum annual amount as set periodically by the Internal Revenue Service. The Company contributes 100% of each dollar of mandatory contributions each eligible participant makes each plan year. All safe harbor contributions vest immediately.

### Movement in provision 401(k) during the year:

	As at 31 March 2020	As at 31 March 2019
Provision at the beginning of the year	5.91	8.76
Contribution during the year	(11.40)	(10.75)
Provision created during the year	13.48	5.58
Foreign exchange currency translation	1.10	2.32
<b>Provision at the end of the year</b>	<b>9.09</b>	5.91

#### b) Provision for sales return

As per best estimate of the management, provision has been made towards probable return of goods from customers, as per Indian Accounting Standard (Ind AS) 37

### Movement in provision for sales return

	As at 31 March 2020	As at 31 March 2019
Provision at the beginning of the year	6.49	8.78
Provision created during the year	5.47	6.49
Provision reversed during the year	(6.49)	(8.78)
<b>Provision at the end of the year</b>	<b>5.47</b>	6.49

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2020  
(₹ in Millions)

## 30 Revenue from contracts with customers

### 30.1 Disaggregated revenue information

	Year ended 31 March 2020	Year ended 31 March 2019
Sale of goods		
Export	<b>2,450.82</b>	2,443.30
Domestic	<b>1,878.78</b>	1,682.97
	<b>4,329.60</b>	4,126.27
Sale of services		
Export	<b>85.95</b>	51.10
	<b>85.95</b>	51.10
	<b>4,415.55</b>	4,177.37
Other operating revenues		
Export incentives	<b>24.31</b>	18.54
	<b>4,439.86</b>	4,195.91

### 30.2 Disaggregation of revenue from contracts with customers and reconciliation:

Following table provides disaggregation of revenue and a reconciliation of product categorywise revenue and revenue recognised in Statement of Profit and Loss as revenue from contracts with customers:

	Year ended 31 March 2020	Year ended 31 March 2019
<b>Particulars of segment</b>		
Human nutrition	<b>3,197.03</b>	3,118.29
Animal nutrition	<b>536.20</b>	492.33
Bio-process	<b>596.66</b>	514.04
	<b>4,329.89</b>	4,124.65
<b>Adjustments</b>		
Reversal for sales return	<b>1.02</b>	2.29
Discount	<b>(1.31)</b>	(0.68)
	<b>(0.29)</b>	1.62
<b>Total revenue from contract with customers</b>	<b>4,329.60</b>	4,126.27

## 31 Other income

	Year ended 31 March 2020	Year ended 31 March 2019
Interest income		
- on bank deposits carried at amortised cost	<b>2.01</b>	2.10
- on other assets carried at amortised cost	<b>1.59</b>	1.36
Provision for doubtful debts written back	<b>3.06</b>	0.23
Liabilities no longer required written back	<b>2.96</b>	21.84
Net gain on foreign currency transactions and translations	<b>8.49</b>	0.24
Commission received	-	0.30
Miscellaneous income	<b>38.32</b>	24.29
	<b>56.43</b>	50.36

## 32 Cost of materials consumed

	Year ended 31 March 2020	Year ended 31 March 2019
<b>Opening stock</b>		
Raw materials and packing materials (including goods-in-transit)	<b>400.70</b>	282.01
Add : Purchases during the year		
Raw materials and packing materials	<b>829.00</b>	775.80
Less : Closing stock		
Raw materials and packing materials (including goods-in-transit)	<b>323.70</b>	400.70
	<b>906.00</b>	657.11



# Notes to the Consolidated Financial Statements

for the year ended 31 March 2020

(₹ in Millions)

## 33 Purchase of traded goods

	Year ended 31 March 2020	Year ended 31 March 2019
Purchase of traded goods	2.30	2.38
	2.30	2.38

## 34 Changes in inventories of finished goods, work-in-progress and stock-in-trade

	Year ended 31 March 2020	Year ended 31 March 2019
Opening stock		
- Finished goods	116.94	158.50
- Work-in-progress	196.08	264.66
	313.02	423.16
Closing stock		
- Finished goods	194.20	116.94
- Work-in-progress	218.03	196.08
	412.23	313.02
Adjustment / foreign currency translation	-	2.74
	(99.21)	112.88

## 35 Employee benefit expenses

	Year ended 31 March 2020	Year ended 31 March 2019
Salaries, wages and bonus	698.64	682.48
Compensatory payment to director for loss of office (refer note 56)	-	21.84
Contribution to gratuity, provident fund, payroll taxes and other funds	50.43	47.27
Retirement benefits expense	22.41	17.59

	Year ended 31 March 2020	Year ended 31 March 2019
Staff welfare expenses	21.56	18.97
Employee stock compensation expense (refer note 45)	8.88	14.13
	801.92	802.29

## 36 Finance costs

	Year ended 31 March 2020	Year ended 31 March 2019
Interest expenses on financial liabilities - borrowings carried at amortised cost	20.85	28.72
Interest on term loan - carried at amortised cost	1.60	9.88
Net loss on foreign currency transactions and translations	4.54	0.10
Interest expenses on lease assets	3.37	-
	30.36	38.70

## 37 Depreciation and amortisation expense

	Year ended 31 March 2020	Year ended 31 March 2019
Depreciation on property, plant and equipment	152.14	156.14
Amortisation of intangible assets	54.92	55.02
Amortisation of Right to use of lease assets	50.72	-
	257.78	211.16

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2020  
(₹ in Millions)

## 38 Other expenses

	Year ended 31 March 2020	Year ended 31 March 2019
Consumption of stores and spare parts	62.78	41.68
Power and fuel	190.19	192.92
Water charges	3.49	3.41
Laboratory expenses	34.95	24.97
Analysis & Testing charges	5.01	5.17
Repairs and maintenance		
- Buildings	11.76	8.18
- Plant and equipments	21.09	12.91
- Others	28.34	21.96
Travel, conveyance and car hire	55.80	54.63
Commission	6.33	6.74
Sales promotion and advertisement	47.67	38.83
Freight outward and forwarding	31.71	28.28
Selling and distribution expenses	19.87	22.75
Rent (refer note 42 and 43)	2.79	46.41
Rates and taxes	56.33	45.49
Insurance	16.06	13.71
Printing and stationary	3.16	3.15
Communication expenses	10.59	10.09
Directors' sitting fees (refer note 43)	1.93	2.27
Legal and professional charges	82.97	84.00
Technical Services	18.97	15.74
Payments to Auditors (refer note 41)	10.93	9.84
Provision for doubtful debts	-	1.39
Bad debts	2.61	11.38
Less: Provisions of doubtful debts written back	(2.34)	(6.86)

	Year ended 31 March 2020	Year ended 31 March 2019
Bad debts (net)	0.27	4.52
Advances/assets written off	9.37	11.44
Research and development expenses	4.67	4.03
Donation	0.71	2.33
Bank Charges	10.41	13.32
Net loss on foreign currency transactions and translations	0.12	0.38
Property, plant and equipment written off	0.73	0.30
Loss on sale of fixed assets (net)	0.07	2.63
Corporate Social Responsibility expenditure (refer note 55)	11.56	8.90
Commuting expenses	1.02	9.29
Miscellaneous expenses	43.92	50.45
	805.57	802.11

## Note 39 Income taxes

### Tax expense

#### (a) Income tax recognised in Statement of profit and loss

	For the year ended 31 March 2020	For the year ended 31 March 2019
Current income tax	505.26	488.77
Changes in estimates related to prior period	(2.49)	(8.44)
<b>Total current tax</b>	<b>502.77</b>	<b>480.33</b>
<b>Deferred income tax liability/(asset) net</b>		
Origination and reversal of temporary differences	(41.69)	(19.72)
<b>Tax expense for the year</b>	<b>461.08</b>	<b>460.61</b>



# Notes to the Consolidated Financial Statements

for the year ended 31 March 2020

(₹ in Millions)

## (b) Income tax recognised in Other Comprehensive Income

	For the year ended 31 March 2020			For the year ended 31 March 2019		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
<b>Items that will not be reclassified to profit or loss</b>						
Remeasurements of the defined benefit plans	5.70	(1.65)	4.05	(1.22)	0.35	(0.87)
	5.70	(1.65)	4.05	(1.22)	0.35	(0.87)

## (c) Reconciliation of effective tax rate

	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>Profit before tax</b>	1,791.57	1,619.64
Tax using the Company's domestic tax rate (31 March 2020: 29.12%, 31 March 2019: 29.12%)	521.70	471.64
<b>Tax effect of:</b>		
Incremental deduction allowed for research and development costs	(16.54)	(13.32)
Tax on losses on which no deferred tax is created	10.57	39.09
Permanent differences	6.53	3.54
Prior period tax	(2.50)	(8.44)
Tax rate differential	(35.18)	(13.56)
Others	(23.50)	(18.34)
<b>Tax expense as per profit or loss</b>	461.08	460.61

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2020  
(₹ in Millions)

## Income taxes (continued)

### (d) Movement in deferred tax balances

	31 March 2020							
	Net balance 1 April 2019	Recognised in profit or loss	Recognised in OCI	Acquired on business combination	Others	Net deferred tax asset/liability	Deferred tax asset	Deferred tax liability
<b>Deferred tax asset / (liability)</b>								
Property, plant and equipment	(383.19)	23.41	-	-	0.14	(359.64)	-	(359.64)
Other items	17.67	18.78	-	-	(1.84)	34.61	34.61	-
Unabsorbed depreciation	49.58	-	-	-	-	49.58	49.58	-
Provision for employee benefits	8.29	0.92	(1.65)	-	-	7.56	7.56	-
Unrealised profits on unsold inventory	46.14	(1.42)	-	-	-	44.72	44.72	-
Intangibles assets	(80.73)	-	-	-	(4.05)	(84.78)	-	(84.78)
MAT Credit	119.40	-	-	-	(65.76)	53.65	53.65	-
<b>Tax assets / (liabilities)</b>	<b>(222.84)</b>	<b>41.69</b>	<b>(1.65)</b>	<b>-</b>	<b>(71.51)</b>	<b>(254.30)</b>	<b>190.12</b>	<b>(444.42)</b>
Set off tax							(190.12)	190.12
<b>Net tax assets/ (liabilities)</b>	<b>(222.84)</b>	<b>41.69</b>	<b>(1.65)</b>	<b>-</b>	<b>(71.51)</b>	<b>(254.30)</b>	<b>-</b>	<b>(254.30)</b>

### (e) Movement in deferred tax balances

	31 March 2019							
	Net balance 1 April 2018	Recognised in profit or loss	Recognised in OCI	Acquired on business combination	Others	Net deferred tax asset/liability	Deferred tax asset	Deferred tax liability
<b>Deferred tax asset / (liability)</b>								
Property, plant and equipment	(395.06)	12.34	-	-	(0.47)	(383.19)	-	(383.19)
Other items	18.69	(0.60)	-	-	(0.42)	17.67	17.67	-
Unabsorbed depreciation	55.64	(6.06)	-	-	-	49.58	49.58	-
Provision for employee benefits	9.34	(0.70)	(0.35)	-	-	8.30	8.29	-
Unrealised profits on unsold inventory	31.40	14.74	-	-	-	46.13	46.14	-
Intangibles assets	(85.38)	-	-	-	4.65	(80.73)	-	(80.73)
MAT Credit	146.54	-	-	-	(27.14)	119.40	119.40	-
<b>Tax assets / (Liabilities)</b>	<b>(218.83)</b>	<b>19.72</b>	<b>(0.35)</b>	<b>-</b>	<b>(23.38)</b>	<b>(222.84)</b>	<b>241.08</b>	<b>(463.92)</b>
Set off tax							(241.08)	241.08
<b>Net tax assets/ (liabilities)</b>	<b>(218.83)</b>	<b>19.72</b>	<b>(0.35)</b>	<b>-</b>	<b>(23.38)</b>	<b>(222.84)</b>	<b>-</b>	<b>(222.84)</b>

As at year end, the Group has tax credits in respect of Minimum Alternative Tax (MAT credit) of ₹ 53.66 million (March 31, 2019 : ₹ 119.40 million). The Group is reasonably certain of availing the said MAT credit in future years against the normal tax expected to be paid in those years.

Given that the Group does not have any intention to dispose investments in subsidiaries in the foreseeable future, deferred tax asset on indexation benefit in relation to such investments has not been recognised.



# Notes to the Consolidated Financial Statements

for the year ended 31 March 2020

(₹ in Millions)

## Unrecognised deferred tax assets/ liabilities

As at 31 March 2020 undistributed earning of subsidiaries amounted to ₹ 4,511.01 millions (March 31, 2019: ₹ 3,759.99 millions). The corresponding deferred tax liability of ₹ 699.23 millions (March 31, 2019 ₹ 583.83 millions), was not recognised because the Company controls the dividend policy of its subsidiaries i.e. the Company controls the timing of reversal of the related taxable temporary differences and management is satisfied that they will not reverse in the foreseeable future.

## Note 40 Employee benefits

The Group contributes to the following post-employment plans in India.

### Defined Contribution Plans:

The Group makes contributions towards provident fund and superannuation fund which are in the nature of defined contribution post employment benefit plans. Under the plan, the Group is required to contribute a specified percentage of payroll cost to fund the benefits.

The Group recognised ₹ 44.55 million for the year ended 31 March 2020 (31 March 2019 ₹ 40.05 million) towards provident fund and other retirement benefits funds contribution and ₹ 3.09 million for the year ended 31 March 2020 (31 March 2019 ₹ 3.12 million) towards super-annuation fund contribution in the Statement of Profit and Loss.

The contributions payable to these plans by the Group are at rates specified in the rules of the schemes.

### (A) Defined Benefit Plan:

The Group provides for gratuity benefit and compensated absences, which are defined benefit plans, covering all its eligible employees. The Group has taken a Group Gratuity and Compensated Absences policy for its employees with the Life Insurance Corporation of India (LIC). Under gratuity policy, the eligible employees are entitled to receive gratuity payments upon their resignation or death (subject to completion of 4.5 years of employment) in lumpsum after deduction of necessary taxes.

The most recent actuarial valuation of the defined benefit obligation along with the fair valuation of the plan assets in relation to the gratuity scheme was carried out as at 31 March 2020. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

These defined benefit plans expose the Group to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.

Based on the actuarial valuation obtained in this respect, the following table sets out the details of the employee benefit obligation and the plan assets as at balance sheet date:

	31 March 2020	31 March 2019
Defined benefit obligation	78.10	64.82
Fair value of plan assets	58.40	54.77
<b>Net defined benefit obligation</b>	<b>(19.70)</b>	<b>(10.05)</b>

### i) Reconciliation in present value of obligations ('PVO') – defined benefit obligation:

	Defined benefit obligation	
	31 March 2020	31 March 2019
Opening balance	64.82	65.51
Included in profit or loss		
Additional charge	-	-
Current service cost	6.09	2.23
Past service cost	-	0.48
Interest cost	4.58	4.48
	75.49	72.70
Included in OCI	5.50	(0.79)
Remeasurement loss (gain):		
Actuarial loss (gain) arising from:		

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2020  
(₹ in Millions)

	Defined benefit obligation	
	31 March 2020	31 March 2019
Demographic assumptions	(0.00)	-
Financial assumptions	5.32	(1.46)
Experience adjustment	0.18	0.67
	<b>80.99</b>	71.91
Benefits paid	(2.89)	(7.09)
Closing balance	<b>78.10</b>	64.82

## ii) Change in fair value of plan assets

	Fair value of plan assets	
	31 March 2020	31 March 2019
Opening balance	54.77	48.81
Included in profit or loss		
Expenses deducted from the fund	-	-
Expected return on plan assets	4.03	3.59
	<b>58.80</b>	52.41
Included in OCI		
Remeasurement loss (gain):		
Actuarial loss (gain) arising from:		
Experience adjustment	(0.20)	0.43
	<b>58.60</b>	52.84
Other		
Contributions paid by the employer	2.69	8.61
Benefits paid	(2.89)	(6.68)
Closing balance	<b>58.40</b>	54.77

## Impact on consolidated Statement of Profit and Loss for the current year

	31 March 2020	31 March 2019
Service cost:		
Current service cost	6.09	2.23
Past service cost and loss/(gain) on curtailments and settlement	-	0.48
Net interest cost	0.55	0.89
Total included in Employee Benefit expenses	<b>6.64</b>	3.60
Expenses deducted from the fund	-	-
Total Charge to Statement of Profit and Loss	<b>6.64</b>	3.60

## Impact on Other comprehensive income for the current year

	31 March 2020	31 March 2019
Components of actuarial gain/losses on obligations:		
Due to Change in financial assumptions	(5.32)	1.46
Due to change in demographic assumption	(0.00)	-
Due to experience adjustments	(0.18)	(0.67)
Return on plan assets excluding amounts included in interest income	(0.20)	0.43
Amounts recognized in Other Comprehensive Income	<b>(5.70)</b>	1.22



# Notes to the Consolidated Financial Statements

for the year ended 31 March 2020

(₹ in Millions)

## ii. Plan assets

Plan assets comprise the following

Gratuity	31 March 2020	31 March 2019
Policy of insurance	100%	100%
	100%	100%

## iii. Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

	31 March 2020	31 March 2019
Discount rate	6.55% - 6.78%	7.40% - 7.80%
Rate of return on plan assets	6.55% - 6.78%	7.40% - 7.80%
Salary Escalation	6.00% - 8.50%	6.00% - 8.50%
Withdrawal rates	12%-4% at younger ages reducing to 2%-1% at older ages	12%-5% at younger ages reducing to 2%-1% at older ages
Retirement age	58-60 years	58-60 years
Mortality rates	As published under the Indian assured lives mortality (2012-14) table	As published under the Indian assured lives mortality (2006-08) table

Assumptions regarding future mortality have been based on published statistics and mortality tables.

## iv. Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation as shown below.

	31 March 2020	31 March 2019
	Increase	Increase
Discount rate (0.5% movement)	69.70	59.22
Future salary growth (0.5% movement)	74.81	63.61
Withdrawal rates (10% movement)	62.20	52.10

	31 March 2020	31 March 2019
	Decrease	Decrease
Discount rate (0.5% movement)	75.02	63.77
Future salary growth (0.5% movement)	69.88	59.35
Withdrawal rates (10% movement)	62.84	52.38

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

## v. Expected future cash flows

### Expected contribution

The expected contributions for defined benefit plan for the next financial years will be as follows:

### Expected future benefit payments

March 31, 2021	3.93
March 31, 2022	6.18
March 31, 2023	4.74

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2020  
(₹ in Millions)

March 31, 2024	7.21
March 31, 2025	3.13
Thereafter	32.20

The trustees of the plan have outsourced the investment management of the fund to an insurance company. The insurance company in turn manages these funds as per the mandate provided to them by the trustees and the asset allocation which is within the permissible limits prescribed in the insurance regulations. Due to the restrictions in the type of investments that can be held by the fund, it may not be possible to explicitly follow an asset-liability matching strategy to manage risk actively in a conventional fund.

## 41 Payments to auditors (excluding taxes)

	Year ended 31 March 2020	Year ended 31 March 2019
As auditor		
Statutory audit	6.86	5.55
Limited review	3.20	3.23
Certification work	0.23	0.69
Transfer pricing	0.34	0.05
Reimbursement of expenses	0.30	0.32
	10.93	9.84

## 42 Leases

### A. Leases as lessee

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

- (a) The Group 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:

Particulars	As on 01 April 2019
Lease liability	166.05
Right of Use (ROU) asset	166.05
Deferred tax assets	-
<b>Net Impact on Retained Earnings</b>	-

- (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.

Particulars	As on 01 April 2019
Lease commitments as at 31 March 2019	178.70
Less: Impact on account of adoption of Ind AS 116	20.68
Add: Impact of assessment of opening lease commitments under Ind AS 116	8.03
Add/(less): contracts reassessed as lease contracts	-
<b>Lease liabilities as on 1 April 2019</b>	166.05

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

Please refer note no. 6A 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:



# Notes to the Consolidated Financial Statements

for the year ended 31 March 2020

(₹ in Millions)

Particulars	Year Ended 31 March 2020
Decrease in Rental expenses by	50.76
Increase in Finance cost by	8.76
Increase in Depreciation by (excludes depreciation on reclassified assets)	50.72
Net Impact on Profit/Loss	(8.72)

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

Particulars	Year Ended 31 March 2020
Less than one year	60.66
One to five years	85.36
More than five years	-
<b>Total undiscounted lease liabilities at 31 March 2020</b>	<b>146.02</b>
Discounted Lease liabilities included in the statement of financial position at 31 March 2020	
Current lease liability	55.76
Non-Current lease liability	78.29

(f) The Weighted average incremental borrowing rate of ranges from 4% p.a. to 9.25% 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 ₹ 33.97 million

**(II) As a lessee (Ind AS 17) for year ended March 31, 2019 :**

**(a) Future minimum rentals payable under non-cancellable operating lease**

The Group has taken certain facilities under operating lease arrangement. The lease can be terminated at the option of either of the parties by giving due notice. The rental expense under operating leases "Other expenses" in the Consolidated Statement of Profit & Loss. The Group has entered into non-cancellable leasing arrangements which are mentioned below-

**For the  
year ended  
31 March  
2019**

Disclosures in respect of non-cancellable operating leases	
Payable not later than 1 year	45.80
Payable later than 1 year not later than five years	118.11
Payable later than five years	6.85
<b>Total</b>	<b>170.76</b>

(b) Operating lease payment recognised in the Consolidated Statement of Profit and Loss amounts to ₹ 46.41 million for the year ended March 31, 2019

(c) General Description of leasing agreements:

- Leased Assets: Office, Warehouse & 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.

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2020

(₹ in Millions)

## 43 Related Party Disclosures

### a) Names of related parties

#### I Key Management Personnel (KMP)

Mr. Vasant L. Rathi	Chairman and Non-executive Director
Mr. Chandrakumar L. Rathi (up to 14 September 2018)	Managing Director
Mrs. Savita C. Rathi (up to 08 August 2019)	Whole time Director
Mr. Mukund M. Kabra	Whole time Director
Mr. Piyush C. Rathi (up to 31 December 2018)	Chief Business Officer
Mr. Beni P. Rauka	Chief Financial Officer
Mr. Sanjay Basantani	Company Secretary
Mrs. Rupa Vora (up to 18 May 2018)	Independent Director
Mr. Kedar Desai	Independent Director
Mr. Ramesh Mehta (up to 31 March 2019)	Independent Director
Mr. Pramod Kasat	Independent Director
Mr. Suresh Paharia (w.e.f. 11 August 2018) (up to 14 September 2018)	Additional (Independent) Director
Mr. Rajesh Sharma (w.e.f. 11 August 2018)	Independent Director
Ms. Rasika Rathi (w.e.f. 08 January 2019)	Non-executive Director and daughter of Chairman
Mr. Vilas M. Aurangabadkar (w.e.f. 08 January 2019)	Independent Director
Mr. Vinod Jajoo (w.e.f. 09 February 2019)	Independent Director
Mr. Sunny Sharma (w.e.f. 02 November 2019)	Additional (Non-executive) Director

#### II Relatives of KMP :

Mrs. Prabha V. Rathi	Wife of Chairman
Ms. Rachana Rathi	Daughter of Chairman
Ms. Reshma Rathi	Daughter of Chairman
Ms. Rasika Rathi	Daughter of Chairman
Mr. Kishore L. Rathi	Brother of Chairman
Mrs. Mangala M. Kabra	Mother of Whole-time director

#### III Other related parties (entities in which either of the KMP's have significant influence) with whom transactions have taken place during the year

Advanced Vital Enzymes Private Limited  
Rathi Properties LLC  
Om Manufacturing Jalna Private Limited  
Silvertech Trading Company Private Limited



# Notes to the Consolidated Financial Statements

for the year ended 31 March 2020

(₹ in Millions)

## b) Transactions with related parties

Transactions during the year	KMPs and relatives		Other related parties	
	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2019
<b>1 Purchase of goods</b>				
Silvertech Trading Company Private Limited	-	-	1.98	-
	-	-	1.98	-
<b>2 Sale of goods</b>				
Advanced Vital Enzymes Private Limited	-	-	24.21	24.21
	-	-	24.21	24.21
<b>3 Rent paid</b>				
Rathi Properties LLC	-	-	19.24	17.51
Mr. Vasant L Rathi	8.61	7.39	-	-
	8.61	7.39	19.24	17.51
<b>4 Remuneration *^</b>				
Mr. Chandrakumar L. Rathi (refer note 58)	-	31.92	-	-
Mr. Vasant L. Rathi	28.37	23.55	-	-
Mrs. Savita C. Rathi	2.66	7.25	-	-
Mr. Mukund M. Kabra	16.77	15.26	-	-
Mr. Kishore L. Rathi	2.89	2.75	-	-
Mrs. Mangala M. Kabra	3.36	3.18	-	-
Mr. Piyush C. Rathi	-	9.34	-	-
Mrs. Prabha V. Rathi	14.90	13.87	-	-
Ms. Reshama Rathi	8.19	7.37	-	-
Ms. Rachana Rathi	7.22	7.37	-	-
Ms. Rasika Rathi	11.40	10.41	-	-
Mr. Beni P. Rauka	8.95	8.26	-	-
Mr. Sanjay Basantani	2.94	2.65	-	-
	107.65	143.18	-	-
<b>5 Commission *</b>				
Mr. Vasant L. Rathi	6.76	8.76	-	-
Mr. Mukund Kabra	2.88	1.75	-	-
Ms. Rasika Rathi	0.37	0.09	-	-
Mr. Kedar Desai	1.41	0.70	-	-

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2020

(₹ in Millions)

Transactions during the year	KMPs and relatives		Other related parties	
	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2019
Mr. Ramesh Mehta	-	0.61	-	-
Mr. Pramod Kasat	<b>1.16</b>	0.70	-	-
Mr. Vilas M. Aurangabadkar	<b>0.31</b>	0.18	-	-
Mr. Vinod Jajoo	<b>0.49</b>	0.09	-	-
Mr. Rajesh Sharma	<b>0.80</b>	0.44	-	-
	<b>14.18</b>	<b>13.32</b>	-	-
* included in Employee benefit expense				
<b>6 Sitting fees to Independent directors</b>				
Mrs. Rupa Vora	-	0.02	-	-
Mr. Kedar Desai	<b>0.64</b>	0.77	-	-
Mr. Ramesh Mehta	-	0.57	-	-
Mr. Pramod Kasat	<b>0.51</b>	0.57	-	-
Mr. Vilas M. Aurangabadkar	<b>0.19</b>	0.08	-	-
Mr. Vinod Jajoo	<b>0.26</b>	0.05	-	-
Mr. Rajesh Sharma	<b>0.33</b>	0.21	-	-
	<b>1.93</b>	<b>2.27</b>	-	-

^ The amount does not include gratuity and compensated absences which are actuarially determined on an overall basis for the Company and individual information in respect of the Key Management Personnel is not available.



# Notes to the Consolidated Financial Statements

for the year ended 31 March 2020

(₹ in Millions)

## c) Outstanding balances

	KMPs and relatives		Other related parties	
	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2019
<b>Outstanding balances</b>				
<b>a. Investment</b>				
Advanced Vital Enzymes Private Limited	-	-	<b>0.57</b>	0.57
	-	-	<b>0.57</b>	0.57
<b>b. Trade receivables</b>				
Advanced Vital Enzymes Private Limited	-	-	<b>0.23</b>	4.16
Om Manufacturing Jalna Private Limited	-	-	<b>0.03</b>	0.03
	-	-	<b>0.26</b>	4.19
<b>c. Remuneration payable</b>				
Mrs. Savita C. Rathi (up to 08 August 2019)	-	3.13	-	-
Mr. Mukund M. Kabra	<b>0.68</b>	0.59	-	-
Mr. Kishore L. Rathi	<b>0.16</b>	0.16	-	-
Mrs. Mangala M. Kabra	<b>0.20</b>	0.15	-	-
Mr. Beni P. Rauka	<b>0.33</b>	0.27	-	-
Mr. Sanjay Basantani	<b>0.13</b>	0.13	-	-
	<b>1.50</b>	4.43	-	-
<b>d. Commission payable</b>				
Mr. Vasant L. Rathi	<b>6.76</b>	8.76	-	-
Mr. Mukund Kabra	<b>2.88</b>	1.75	-	-
Ms. Rasika Rathi	<b>0.37</b>	0.09	-	-
Mr. Kedar Desai	<b>1.41</b>	0.70	-	-
Mr. Ramesh Mehta	-	0.61	-	-
Mr. Pramod Kasat	<b>1.16</b>	0.70	-	-
Mr. Vilas M. Aurangabadkar	<b>0.31</b>	0.18	-	-
Mr. Vinod Jajoo	<b>0.49</b>	0.09	-	-
Mr. Rajesh Sharma	<b>0.80</b>	0.44	-	-
	<b>14.18</b>	13.32	-	-

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2020  
(₹ in Millions)

## 44 Segment reporting

### A Basis of segmentation

The Group operates only in one business segment viz. 'manufacturing and sales of enzymes' and hence no separate information for primary segment wise disclosure is required.

### B Geographic information

The geographic information analyses the Company's revenues and non-current assets by the Company's country of domicile and other countries. In presenting geographic information, segment revenue has been based on the selling location in relation to sales to customers and segment assets are based on geographical location of assets.

	Year ended 31 March 2020	Year ended 31 March 2019
<b>Segment revenue (based upon location of customers)</b>		
India	1,877.64	1,682.97
Europe	321.91	207.11
US	1,800.62	2,054.87
Asia	325.91	177.86
Others	89.47	54.56
	4,415.55	4,177.37

	As at 31 March 2020	As at 31 March 2019
<b>Segment assets (based upon location of assets)</b>		
India	1,946.77	2,035.81
Europe	758.31	693.62
USA	3,179.38	2,431.09
	5,884.46	5,160.52

## Major customer

Revenue from one customer is ₹ 387.60 million (March 2019: ₹ 719.17 million) out of total revenue of the Group (Refer note 30).

## Note 45 Employee share-based payment plans

### a) Description of share-based payment arrangements:

As at 31 March 2020, the Company has the following share-based payment arrangements for employees.

'AETL Employee Stock Option Scheme 2015'- (AETL ESOS 2015)

AETL ESOS 2015 (amended) provides for the grant of 44,000 stock options to specified employees on 15 February 2017. The AETL ESOS 2015 had been formulated by Board of Directors which was further adopted by Nomination and Remuneration committee and recommended further changes to AETL ESOS 2015. The Shareholders approved the amended scheme on 15 September 2016. The plan entitles specified employees to purchase shares in the Company at the stipulated exercise price, subject to compliance with vesting conditions. As per the plan, holders of vested options are entitled to purchase one equity share for every option at an exercise price of ₹ 300.

220,000 Equity Shares of Face Value of ₹ 2 each (31 March 2019: 220,000) are reserved for issue under AETL Employee Stock Option Scheme 2015 (AETL ESOS-2015)



# Notes to the Consolidated Financial Statements

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(₹ in Millions)

The terms and conditions related to the grant of the share options are as follows:

Employees entitled	Number of options	Vesting conditions	Contractual life of options
Specified employees	220,000	- Continued employment with the Group: After 1 year of the date of grant 10% vesting After 2 year of the date of grant 20% vesting After 3 year of the date of grant 30% vesting After 4 year of the date of grant 40% vesting	Graded vesting over 4 years

## b) Measurement of fair value :

The fair values are measured based on the Black-Scholes-option valuation model. Service and non-market performance conditions attached to the arrangements were not taken into account in measuring fair value. The inputs used in the measurement of the fair values at grant date and measurement date of the stock options were as follows.

Particulars	1 Year	2 Years	3 Years	4 Years
<b>Vesting</b>				
Share price at grant date (Face value - ₹ 10 per share)	₹ 1,598	₹ 1,598	₹ 1,598	₹ 1,598
Exercise price (Face value - ₹ 2 per share)	₹ 60	₹ 60	₹ 60	₹ 60
Expected volatility (weighted average)	0.49	0.49	0.49	0.49
Expected life (weighted average)	3 years	3.5 years	4 years	4.5 years
Expected dividend	0.06%	0.06%	0.06%	0.06%
Risk-free interest rate (based on government bond)	6.60% p.a.	6.66% p.a.	6.72% p.a.	6.84% p.a.

Weighted-average exercise prices and weighted-average fair values of options

Date of Vesting	1 Year	2 Years	3 Years	4 Years
Weighted-average exercise prices	₹ 60	₹ 60	₹ 60	₹ 60
Weighted-average fair value of options	270	272	274	276

## c) Reconciliation of outstanding stock options :

The number and weighted-average exercise prices of share options under the stock option were as follows.

Particulars	31 March 2020		31 March 2019	
	No. of options	Weighted average exercise price (in rupees)	No. of options	Weighted average exercise price (in rupees)
Outstanding at 1 April	184,900	60	220,000	60
Adjustment for sub-division of Equity shares	-	-	-	-

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2020  
(₹ in Millions)

Particulars	31 March 2020		31 March 2019	
	No. of options	Weighted average exercise price (in rupees)	No. of options	Weighted average exercise price (in rupees)
Vested	59,400	60	61,750	60
Forfeited	6,300	-	16,150	-
Expired	-	-	-	-
Exercised	29,500	60	18,950	60
<b>Outstanding at 31 March</b>	<b>149,100</b>	<b>60</b>	<b>184,900</b>	<b>60</b>
Exercisable at 31 March	72,700	60	42,800	60

The options outstanding at 31 March have an exercise price as given below:

	31 March 2020		31 March 2019	
	No. of options	Exercise price	No. of options	Exercise price
AETL ESOS 2015	149,100	60	184,900	60

## d) Expense recognized in the Consolidated Statement of Profit or Loss :

	31 March 2020	31 March 2019
AETL ESOS 2015	8.88	14.13
Total expense recognized in 'employee benefits'	8.88	14.13

## Note 46 Earnings per share (EPS)

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

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

### i. Profit attributable to Equity holders

	31 March 2020	31 March 2019
Profit attributable to equity holders	1,292.94	1,110.59



# Notes to the Consolidated Financial Statements

for the year ended 31 March 2020  
(₹ in Millions)

## ii. Weighted average number of equity shares

	31 March 2020	31 March 2019
Issued equity shares at 1 April	111,648,975	111,630,025
Effect of fresh issue of shares for cash	22,372	16,294
<b>Weighted average number of shares at 31 March for basic EPS</b>	<b>111,671,347</b>	111,646,319
Effect of exercise of share options	134,117	79,417
<b>Weighted average number of shares at 31 March for diluted EPS</b>	<b>111,805,464</b>	111,725,736

## Basic and Diluted earnings per share

	31 March 2020	31 March 2019
<b>Basic earnings per share</b>	<b>11.58</b>	9.95
<b>Diluted earnings per share</b>	<b>11.56</b>	9.94

**Note 47 Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013.**

Particulars	As at 31 March 2020		Year ended 31 March 2020		Year ended 31 March 2020		Year ended 31 March 2020	
	Net assets i.e. total assets minus total liabilities		Share in profit or loss		Share of Other Comprehensive income		Share of Total Comprehensive income	
	As a % of consolidated net assets	₹ in million	As a % of consolidated profit and loss	₹ in million	As a % of OCI	₹ in million	As a % of Total Comprehensive income	₹ in million
<b>Parent</b>								
Advanced Enzyme Technologies Limited	44.12	3,704.83	44.82	579.53	(0.81)	(3.18)	34.14	576.34
<b>Subsidiaries</b>								
<b>Indian</b>								
Advanced Bio-Agro Tech Limited	1.82	152.61	4.35	56.27	(0.03)	(0.11)	3.33	56.16
Advanced EnzyTech Solutions Limited	0.31	26.09	0.85	11.00	(0.01)	(0.03)	0.65	10.97
JC Biotech Private Limited	5.59	469.66	4.70	60.77	(0.19)	(0.75)	3.56	60.02
<b>Foreign</b>								
Advanced Enzymes USA, Inc. (including its subsidiaries)	63.72	5,350.57	54.13	699.81	101.30	400.24	65.17	1,100.05
Advanced Enzymes (Malaysia) Sdn. Bhd.	(0.01)	(0.48)	0.29	3.76	(0.01)	(0.05)	0.22	3.70
Advanced Enzymes Europe B.V. (including its subsidiaries)	(1.21)	(101.41)	(2.41)	(31.18)	(2.00)	(7.91)	(2.32)	(39.08)
Total eliminations/adjustments	(11.03)	(927.39)	(3.83)	(49.47)	1.68	6.61	(2.54)	(42.86)
Share of Non- controlling interest	(3.31)	(277.95)	(2.90)	(37.55)	0.07	0.27	(2.21)	(37.28)
<b>Total</b>	<b>100.00</b>	<b>8,396.53</b>	<b>100.00</b>	<b>1,292.94</b>	<b>100.00</b>	<b>395.09</b>	<b>100.00</b>	<b>1,688.03</b>

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2020  
(₹ in Millions)

Particulars	As at 31 March 2019		Year ended 31 March 2019		Year ended 31 March 2019		Year ended 31 March 2019	
	Net assets i.e. total assets minus total liabilities		Share in profit or loss		Share of Other Comprehensive income		Share of Total Comprehensive income	
	As a % of consolidated net assets	₹ in million	As a % of consolidated profit and loss	₹ in million	As a % of OCI	₹ in million	As a % of Total Comprehensive income	₹ in million
<b>Parent</b>								
Advanced Enzyme Technologies Limited	47.06	3,194.72	31.73	352.34	(0.35)	(0.49)	28.16	351.85
<b>Subsidiaries</b>								
<b>Indian</b>								
Advanced Bio-Agro Tech Limited	2.10	142.86	4.95	55.02	(0.20)	(0.27)	4.38	54.75
Advanced EnzyTech Solutions Limited	0.66	44.65	0.47	5.23	(0.03)	(0.04)	0.42	5.19
JC Biotech Private Limited	6.01	408.10	8.84	98.18	1.20	1.66	7.99	99.84
<b>Foreign</b>								
Advanced Enzymes USA, Inc. (including its subsidiaries)	62.61	4,249.93	74.09	822.84	131.57	182.93	80.49	1,005.77
Advanced Enzymes (Malaysia) Sdn. Bhd.	(0.06)	(4.19)	(0.43)	(4.78)	(0.14)	(0.20)	(0.40)	(4.98)
Advanced Enzymes Europe B.V. (including its subsidiaries)	(0.92)	(62.31)	(10.85)	(120.47)	(20.23)	(28.12)	(11.89)	(148.59)
Total eliminations/adjustments	(13.64)	(925.69)	(4.44)	(49.33)	(11.54)	(16.04)	(5.23)	(65.37)
Share of Non- controlling interest	(3.82)	(259.62)	(4.36)	(48.44)	(0.28)	(0.39)	(3.91)	(48.83)
<b>Total</b>	<b>100.00</b>	<b>6,788.45</b>	<b>100.00</b>	<b>1,110.59</b>	<b>100.00</b>	<b>139.04</b>	<b>100.00</b>	<b>1,249.63</b>

The above amounts/percentage of net assets and net profit or loss in respect of Advanced Enzyme Technologies Limited and its subsidiaries are determined based on the amount of the respective entities included in Consolidated Financial Statements before elimination of inter company transactions.

## Note 48 Acquisition of Advanced Enzymes (Malaysia) Sdn. Bhd.

Advanced Enzymes (Malaysia) Sdn. Bhd. formerly known as Palm Techno Ventures Enzyme Sdn Bhd ("PTVE"), Malaysia was established in the year 2016 with registered address as E-7-3, (7<sup>th</sup> Floor), Block - E, Megan Avenue 1, 189, Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia having focus on supplying and providing enzyme based solutions with primary focus initially on enzymatic solutions for extraction of palm oil from palm furits.

On 3 July 2017, the Company completed its acquisition of Advanced Enzymes (Malaysia) Sdn. Bhd. ("AEM") formerly known as Palm Techno Ventures Enzyme Sdn Bhd ("PTVE"), Malaysia by way of an investment of 200,000 Malaysian Ringitt (RM), equivalent to ₹ 3.14 Million, in 200,000 ordinary shares of RM 1.00 each of PTVE i.e. 80% of the paid-up share capital of PTVE. On 13 March 2018, the Company purchased 150,000 ordinary shares of RM 1.00 each of AEM by way of rights issue, equivalent to ₹ 2.60 Million, i.e. 87.50% of the paid-up share capital of AEM. On 30 March 2018, the Company acquired balance 12.50% of the share capital of AEM by way of an investment of 50,000 Malaysian Ringitt (RM), equivalent to ₹ 0.87 Million, in 50,000 ordinary shares of RM 1.00 each, thereby making it a wholly owned subsidiary.

In terms of the financial performance commencing from 3 July 2017 till 31 March 2018, Acquisition of Advanced Enzymes (Malaysia) Sdn. Bhd.'s revenue was nil, and loss after tax was ₹ 6.31 Million. If the acquisition had occurred on 1 April 2017,



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the revenue and profit for the full year ended would have been nil and ₹ 8.41 million respectively based on the amounts extrapolated by the management.

The following table summarises the acquisition date fair value of assets acquired, fair value of the consideration transferred, share of Non- Controlling interest and goodwill:

Description	Amount
Total net assets	2.76
Share of Non controlling interest in total net assets	0.55
Purchase Consideration	3.13
Goodwill	0.93

## Note 49 Non controlling interest

Financial information of subsidiaries that have material non-controlling interests is provided below :

Name of the entity	Place of business / country of incorporation	Ownership interest held by the group		Ownership interest held by non-controlling interest	
		31 March 2020	31 March 2019	31 March 2020	31 March 2019
Advanced Bio-Agro Tech Limited	India	60.00%	60.00%	40.00%	40.00%
JC Biotech Private Limited	India	70.00%	70.00%	30.00%	30.00%

The following table summarises information relating to each of the Group's subsidiary, before any inter-company eliminations

### I. Summarised statement of profit or loss (a) Advanced Bio-Agro Tech Limited

	31 March 2020	31 March 2019
Total Revenue	388.89	395.39
Profit for the year	56.27	55.02
Other Comprehensive Income	0.14	0.38
<b>Profit allocated to non-controlling interests</b>	<b>22.57</b>	22.16
<b>OCI allocated to non-controlling interests</b>	<b>0.06</b>	0.15
<b>Dividends paid to non-controlling interests</b>	<b>15.40</b>	12.60

### (b) JC Biotech Private Limited

	31 March 2020	31 March 2019
Total Revenue	423.69	488.83
Profit for the year	60.77	98.18
Other Comprehensive Income	1.03	(2.34)
Ind AS adjustments	(10.63)	(11.37)
<b>Profit allocated to non-controlling interests</b>	<b>15.35</b>	25.34
<b>OCI allocated to non-controlling interests</b>	<b>0.31</b>	(0.70)
<b>Dividends paid to non-controlling interests</b>	-	-

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## II. Summarised balance sheet

### (a) Advanced Bio-Agro Tech Limited

	31 March 2020	31 March 2019
Non-current liabilities	-	-
Current liabilities	30.50	41.21
	30.50	41.21
Non-current assets	27.18	31.51
Current assets	155.93	152.56
	183.11	184.07
Net assets	152.61	142.86
Net assets attributable to non-controlling interest	61.04	57.14

### (b) JC Biotech Private Limited

	31 March 2020	31 March 2019
Non-current liabilities	43.80	59.07
Current liabilities	93.47	114.58
	137.27	173.65
Non-current assets	476.11	429.14
Current assets	130.82	152.61
	606.93	581.75
Net assets	469.66	408.10
Ind AS adjustments	253.36	266.84
Net assets attributable to non-controlling interest	216.91	202.48

## III. Summarised cash flow information

### (a) Advanced Bio-Agro Tech Limited

	31 March 2020	31 March 2019
Cash flows from(used in) in operating activities	4.32	30.63
Cash flows from(used in) in investing activities	0.47	0.67
Cash flows from(used in) in financing activities	(19.41)	(16.10)
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(14.62)</b>	15.20

### (b) JC Biotech Private Limited

	31 March 2020	31 March 2019
Cash flows from(used in) in operating activities	44.87	36.54
Cash flows from(used in) in investing activities	(24.42)	(16.44)
Cash flows from(used in) in financing activities	(15.85)	(18.72)
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>4.60</b>	1.38

### Note 50 Goodwill and other intangibles Impairment testing of Goodwill

For the purposes of impairment testing, goodwill is allocated to the Group's operating divisions which represent the lowest level within the Group at which goodwill is monitored for internal management purposes, which is not higher than the Group's operating segments. The aggregate carrying amounts of goodwill allocated to each unit are as follows:

Particulars	31 March 2020	31 March 2019
Advanced Enzymes USA, Inc.	2,553.47	2,342.97
JC Biotech Private Limited	123.65	123.65
Advanced Enzymes Europe B.V.	263.27	246.32
Advanced Enzymes (Malaysia) Sdn. Bhd.	-	0.93
Advanced EnzyTech Solutions Limited	0.87	0.87
	2,941.26	2,714.74

The recoverable amount of this cash generating unit was based on fair value less costs of disposal, estimated using discounted cash flows. The fair value measurement was categorised as a Level 3 fair value based on inputs in the valuation technique used.



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The key assumptions used in the estimation of the recoverable amount are set out below. The values assigned to the key assumptions represent management's assessment of future trends in the relevant industries and have been based on historical data from both external and internal sources.

Particulars	31 March 2020	31 March 2019
Discount rate	8% - 15%	8% - 14%
Terminal value growth rate	3%-5%	5%
Sales growth rate	8% - 25%	8% - 20%

The discount rate was post tax measure estimated based on the weighted-average cost of capital.

The cash flow projections include specific estimates for five years and a terminal growth rate thereafter. The terminal growth rate has been determined based on management's estimate of the long-term business growth rate, consistent with the assumptions that a market participant would make.

Sales growth rate has been considered based on past performance duly adjusted with new sales mix as envisaged by the management.

With regard to assessment of value in use, no reasonably possible change in any of the above key assumptions would cause the carrying amount of the cash generating unit's to exceed their recoverable amount.

## Note 51 Financial instruments

### 1. Financial instruments - Fair values and risk management

#### A. Accounting classification and fair values

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

31 March 2020	Note No.	Carrying amount				Fair value			
		FVTPL	FVTOCI	Amortised Cost	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
<b>Financial assets</b>									
Non-current investments	7	0.62	-	-	0.62	-	0.62	-	0.62
Long-term loans	8	-	-	22.77	22.77	-	-	-	-
Other non-current financial assets	9	-	-	0.05	0.05	-	-	-	-
Current investments	12	1,235.27	-	-	1,235.27	1,235.27	-	-	1,235.27
Trade receivables	13	-	-	746.91	746.91	-	-	-	-
Cash and cash equivalents	14	-	-	826.64	826.64	-	-	-	-
Other bank balances	15	-	-	3.56	3.56	-	-	-	-
Short-term loans	16	-	-	0.73	0.73	-	-	-	-
Other current financial assets	17	-	-	35.68	35.68	-	-	-	-
		1,235.89	-	1,636.34	2,872.23	1,235.27	0.62	-	1235.89

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31 March 2020	Note No.	Carrying amount				Fair value			Total
		FVTPL	FVTOCI	Amortised Cost	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
<b>Financial liabilities</b>									
Long-term borrowings	22	-	-	41.54	41.54	-	-	-	-
Lease liability	23	-	-	78.29	78.29	-	-	-	-
Short-term borrowings	25	-	-	127.40	127.40	-	-	-	-
Trade payables	26	-	-	96.42	96.42	-	-	-	-
Other Current financial liabilities	27	-	-	237.94	237.94	-	-	-	-
		-	-	581.59	581.59	-	-	-	-

Note: There have been no transfers among Level 1, Level 2 and Level 3 during the year

31 March 2019	Note No.	Carrying amount				Fair value			Total
		FVTPL	FVTOCI	Amortised Cost	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
<b>Financial assets</b>									
Non-current investments	7	0.62	-	-	0.62	-	0.62	-	0.62
Long-term loans	8	-	-	21.81	21.81	-	-	-	-
Other non-current financial assets	9	-	-	0.04	0.04	-	-	-	-
Current investments	12	1,109.85	-	-	1,109.85	1,109.85	-	-	1,109.85
Trade receivables	13	-	-	587.27	587.27	-	-	-	-
Cash and cash equivalents	14	-	-	230.62	230.62	-	-	-	-
Other bank balances	15	-	-	3.50	3.50	-	-	-	-
Short-term loans	16	-	-	1.29	1.29	-	-	-	-
Other current financial assets	17	-	-	22.42	22.42	-	-	-	-
		1,110.47	-	866.95	1,977.42	1,109.85	0.62	-	1,110.47
<b>Financial liabilities</b>									
Long-term borrowings	22	-	-	70.48	70.48	-	-	-	-
Short-term borrowings	25	-	-	213.45	213.45	-	-	-	-
Trade payables	26	-	-	96.85	96.85	-	-	-	-
Other Current financial liabilities	27	-	-	233.06	233.06	-	-	-	-
		-	-	613.84	613.84	-	-	-	-

Note: There have been no transfers among Level 1, Level 2 and Level 3 during the year



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## 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
Forward contracts for foreign exchange contracts	Forward pricing : The fair value is determined using quoted forward exchange rates at the reporting date and present value calculations based on high credit quality yield curves in the respective currencies
Non-current financial assets 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 Group has exposure to the following risks arising from financial instruments:

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

### i. Risk management framework

The Group's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The board of directors has established the Risk Management Committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the board of directors on its activities

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and

controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

### ii. Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counter party to a financial instrument fails to meet its contractual obligations, and arises principally from the Group'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 Group grants credit terms in the normal course of business. The Group establishes an allowance for doubtful debts and impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments.

### Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment.

There is no concentration of risk for trade receivables.

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Summary of the Group's exposure to credit risk by age of the outstanding from various customers is as follows:

	31 March 2020		
	Carrying Amount	Weighted Average Loss Rate	Loss Allowance
Not due	427.76	0.03%	0.11
0-90 days	298.85	0.05%	0.15
90-180 days	15.60	0.90%	0.14
180-270 days	2.85	1.84%	0.05
270-360 days	1.58	7.83%	0.12
More than 360 days	9.31	90.78%	8.45
	<b>755.94</b>		<b>9.03</b>

	31 March 2019		
	Carrying Amount	Weighted Average Loss Rate	Loss Allowance
Not due	428.06	0.26%	1.11
0-90 days	152.91	0.56%	0.86
90-180 days	3.03	22.96%	0.70
180-270 days	0.39	55.80%	0.22
270-360 days	4.91	47.39%	2.33
More than 360 days	13.25	75.93%	10.06
	<b>602.55</b>		<b>15.28</b>

Expected credit loss assessment for customers as at 31 March 2019 and 31 March 2020

The Group allocates each exposure to a credit risk grade based on a variety of data that is determined to be predictive of the risk of loss (e.g. timeliness of payments, available press information etc.) and applying experienced credit judgement.

Exposures to customers outstanding at the end of each reporting period are reviewed by the Group to determine incurred and expected credit losses. Historical trends of impairment of trade receivables do not reflect any significant credit losses. Given that the macro economic indicators affecting customers of the Group have not undergone any substantial change, the Group expects the historical trend of minimal credit losses to continue.

The movement in the allowance for impairment in respect of trade and other receivables during the year was as follows.

Particulars	Amount
Balance as at 31 March 2018	20.75
Impairment loss recognised	1.39
Less: Amounts written back	6.86
<b>Balance as at 31 March 2019</b>	<b>15.28</b>
Impairment loss recognised	(3.91)
Less: Amounts written off	2.34
<b>Balance as at 31 March 2020</b>	<b>9.03</b>

The impairment loss is related to several customers that have defaulted on their payments to the Group and are not expected to be able to pay their outstanding balances, mainly due to economic circumstances.

## Cash and cash equivalents

The Group held cash and cash equivalents of ₹ 826.64 million at 31 March 2020 (31 March 2019: ₹ 230.62 million). The cash and cash equivalents are held with bank and as money market deposits.



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## Derivatives

The derivatives are entered into with bank and financial institution counterparties with good credit ratings.

## Investments

The Group limits its exposure to credit risk by generally investing in liquid securities and only with counterparties that have a good credit rating. The Group does not expect any losses from non-performance by these counterparties, and does not have any significant concentration of exposures to specific industry sectors or specific country risks.

Other than trade and other receivables, the Group has no other financial assets that are past due but not impaired

## iii. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group'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 Group's reputation.

The Group has obtained fund and non-fund based working capital lines from various banks. The Group invests its surplus funds in bank fixed deposit which carry no/low mark-to-market risks. The Group monitors funding options available in the debt and capital markets with a view to maintaining financial flexibility

## Exposure to liquidity risk:

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

31 March 2020	Contractual cash flows					
	Carrying amount	Total	Upto 1 year	1-3 years	3-5 years	More than 5 years
Long-term borrowings	41.54	41.54	-	40.40	1.14	-
Interest payable on borrowings	-	3.70	1.75	1.94	0.01	-
Lease liability	78.29	78.29	78.29	-	-	-
Short-term borrowings	127.40	127.40	127.40	-	-	-
Trade payables	96.42	96.42	96.42	-	-	-
Other financial liabilities	237.94	237.94	237.94	-	-	-

31 March 2019	Contractual cash flows					
	Carrying amount	Total	Upto 1 year	1-3 years	3-5 years	More than 5 years
Long-term borrowings	70.48	70.48	-	68.22	2.26	-
Interest payable on borrowings	-	8.47	4.76	3.69	0.02	-
Short-term borrowings	213.45	213.45	213.45	-	-	-
Trade payables	96.85	96.85	96.85	-	-	-
Other financial liabilities	233.06	233.06	233.06	-	-	-

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## 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 Group'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 and long term debt. We are 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.

## Currency risk

The Group is exposed to currency risk on account of its operations in other countries. The functional currency of the Group is Indian Rupee. The exchange rate between the Indian rupee and foreign currencies has changed substantially in recent periods and may continue to fluctuate substantially in the future. Consequently, the Group uses both derivative instruments, i.e, foreign exchange forward contracts to mitigate the risk of changes in foreign currency exchange rates in respect of its highly probable forecasted transactions and recognized assets and liabilities.

## Exposure to currency risk

The currency profile of financial assets and financial liabilities as at 31 March 2020 and 31 March 2019 are as below:

	31 March 2020	31 March 2020	31 March 2020
	USD	EURO	Others
<b>Financial assets</b>			
Cash and cash equivalents	0.02	0.01	0.02
Trade and other receivables	17.20	-	-
	17.22	0.01	0.02
<b>Financial liabilities</b>			
Trade and other payables	14.53	5.38	0.98
Loans	53.84	-	-
	68.37	5.38	0.98
Net exposure	(51.15)	(5.37)	(0.96)

	31 March 2019	31 March 2019	31 March 2019
	USD	EURO	Others
<b>Financial assets</b>			
Cash and cash equivalents	0.11	0.01	0.03
Trade and other receivables	4.07	5.62	-
	4.18	5.63	0.03
<b>Financial liabilities</b>			
Loans	9.11	1.06	-
Trade payables	98.37	-	-
	107.48	1.06	-
Net exposure	(103.30)	4.57	0.03



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## Sensitivity analysis

A reasonably possible strengthening (weakening) of the Indian Rupee against US dollars and Euros at March 31 would have affected the measurement of financial instruments denominated in US dollars and Euros and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

Effect in ₹	Profit or loss	
	Strengthening	Weakening
<b>31 March 2020</b>		
<b>1% movement</b>		
USD	0.51	(0.51)
EUR	0.05	(0.05)
Others	0.01	(0.01)
	0.57	(0.57)

Effect in ₹	Profit or loss	
	Strengthening	Weakening
<b>31 March 2019</b>		
<b>1% movement</b>		
USD	1.03	(1.03)
EUR	(0.05)	0.05
Others	(0.00)	0.00
	0.98	(0.98)

# Figures are below ₹ 0.01 Million, hence disclosed as ₹ 0.00

## Derivative instruments

The Group uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to accounts receivable. The use of foreign currency forward contracts is governed by the Group's strategy approved by the Board of Directors, which provide principles on the use of such forward contracts consistent with the Group's Risk Management Policy. The Group does not use forward contracts for speculative purposes.

Particulars	As at 31 March 2020	As at 31 March 2019
	USD in million	USD in million
Forward contracts used for hedging Receivables	-	0.15
	-	0.15

## 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

Group'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 Group's interest-bearing financial instruments as reported to the management of the Group is as follows.

	31 March 2020	31 March 2019
<b>Fixed-rate instruments</b>		
<b>Financial liabilities - measured at amortised cost</b>		
Vehicle Loan	2.02	4.37
Loan from others	26.55	37.67
<b>Floating-rate instruments</b>		
<b>Financial liabilities - measured at amortised cost</b>		
Term loan from banks	28.81	70.22
From banks in foreign currency	53.84	98.37
From banks in rupees	73.60	115.51
<b>Total</b>	<b>184.82</b>	<b>326.14</b>

\* Deferred Sales Tax scheme is not included above since it does not bear any interest.

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## Fair value sensitivity analysis for fixed-rate instruments

The Group 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.

Cash flow sensitivity (net)	Profit or loss	
	25 bp increase	25 bp decrease
<b>31 March 2020</b>		
Variable-rate loan instruments	(0.39)	0.39
<b>Cash flow sensitivity (net)</b>	<b>(0.39)</b>	<b>0.39</b>
<b>31 March 2019</b>		
Variable-rate loan instruments	(0.71)	0.71
<b>Cash flow sensitivity (net)</b>	<b>(0.71)</b>	<b>0.71</b>

## Note 52 Capital Management

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

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

	31 March 2020	31 March 2019
Non-current borrowings	41.54	70.48
Current borrowings	127.40	213.45
Current maturity of long term debt	30.82	66.34
<b>Gross debt</b>	<b>199.76</b>	<b>350.27</b>
Less - Cash and cash equivalents	826.64	230.62
Less - Other bank deposits	3.56	3.50
<b>Adjusted net debt</b>	<b>(630.44)</b>	<b>116.16</b>
Total equity	8,396.53	6,788.45
Adjusted net debt to equity ratio	-*	2%

\*At the end of current financial year the Group has excess cash and cash equivalent over gross debt.



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## Note 53 Contingent liabilities and commitments

	As at 31 March 2020	As at 31 March 2019
<b>a) Contingent liabilities</b>		
Pertains to income tax demand/ matters on account of deductions/ disallowances for earlier years, pending for appeals consequent to order passed against the Company/ demands raised by the Department under Income Tax Act, 1961. Amount paid and adjusted there against and included under Income tax asset ₹ 98.31 million (31 March 2019: ₹ 74.60 million).	34.21	154.35
Pertains to Excise Duty and Service Tax demand raised by Commissioner of Central Excise, Customs and Service tax on account of inadmissible CENVAT credit, incorrect product classification and service tax levy on directors' remuneration for various periods. Amount paid there against and included under note 18 'Other current assets'.	26.94	26.94
Letter of comfort issued by the Company towards the credit facilities sanctioned by bankers of subsidiary company aggregating to ₹ 201 million (31 March 2019: ₹ 201 million)	74.33	113.61
"The Hon'ble Supreme Court of India ("SC") by their order dated February 28, 2019, in the case of Surya Roshni Limited & others v/s EPFO, set out the principles based on which allowances paid to the employees should be identified for inclusion in basic wages for the purposes of computation of Provident Fund contribution. Subsequently, a review petition against this decision has been filed and is pending before the SC for disposal.	-	-
In view of the management, the liability for the period from date of the SC order to 31 March 2019 is not significant. Further, pending decision on the subject review petition and directions from the EPFO, the impact for the past period, if any, is not ascertainable and consequently no effect has been given in the accounts. Accordingly, this has been disclosed as a Contingent liability in the financial statements."		
	<b>135.48</b>	294.90
In respect of above contingent liabilities, it is not practicable for the Group to estimate the closure of these issues and the consequential timings of cash flows, if any, in respect of the same.		
<b>b) Commitments</b>		
Estimated amount of commitments remaining to be executed		
- Capital (net of advances)	25.06	18.00
	<b>25.06</b>	18.00
	<b>160.54</b>	312.90

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2020  
(₹ in Millions)

## Note 54 Research and development

The Group has incurred the following expenditure on research and development activities:

	Year ended 31 March 2020	Year ended 31 March 2019
<b>Revenue expenditure</b>		
Laboratory expenses and consumables	14.01	10.54
Employee benefit expenses	57.78	51.50
Legal and professional charges	5.20	6.64
Technical services	10.49	6.55
Electricity	9.81	9.83
Rent, rates and taxes	5.68	7.73
Repairs and maintenance	6.47	5.77
Travelling and conveyance expenses	2.75	2.72
Other expenses	3.05	5.65
	115.24	106.93
Less: Other non-operating income	-	-
	115.24	106.93
<b>Capital expenditure</b>		
Plant and equipment	22.47	5.35
Furniture and fixture	0.60	-
Office equipment	1.20	0.20
Computer and data processing equipments	4.59	0.48
	28.86	6.03

This information also complies with the terms of the recognition granted upto 31 March 2022 to the Company's In- House Research and Development Activities by the Department of Scientific and Industrial Research, Ministry of Science and Technology, Government of India, vide their letter No. TU/IV-RD/2159/2019 dated 1 May 2019. This includes information of JC Biotech Private Limited, In-House Research Development Activities of this subsidiary are approved by the Department of Scientific and Industrial Research, Ministry of Science and Technology, Government of India.

## Note 55 Corporate Social Responsibility

As required by section 135 of Companies Act, 2013 and Rules therein, a Corporate social responsibility committee has been formed for the Parent Company and its subsidiary (Advanced Bio Agro Tech Limited and JC Biotech Private Limited). All the companies had spent the following amount during the year towards corporate social responsibility (CSR) for activities listed under schedule VII of the Companies Act, 2013.

- Gross amount required to be spent by all the three companies during the year 2019-20 ₹ 11.38 million (previous year ₹ 9.02 million).
- Amount spent by all the three companies during the year on purpose other than construction/ acquisition of assets is ₹ 11.56 million (previous year ₹ 9.52 million).

## Note 56 Compensatory payment to Managing director for loss of office

During the previous year, pursuant to Section 202 of the Companies Act, 2013 and other applicable provisions, the Board of Directors on recommendation of Nomination and Remuneration Committee approved compensation of ₹ 21.8 million for loss of office to Mr. Chandrakumar L. Rathi, former Managing Director.

## Note 57 Acquisition of Advanced Enzymes (Malaysia) Sdn. Bhd. ("AEM")

On 10 July 2018, the Company has purchased 100,000 ordinary shares of RM (Malaysian Ringitt) 1.00 each of Advanced Enzymes (Malaysia) Sdn. Bhd. by way of subscription to the rights issue, equivalent to ₹ 1.78 million.

## Note 58 Impairment in value of investment in Advanced Enzymes (Malaysia) Sdn. Bhd. ("AEM")

During the year ended 31 March 2020, the Company has provided for impairment in the value of investment made in Advanced Enzymes Malaysia Sdn. Bhd. ('AEM'), loan given to AEM and interest receivable from AEM aggregating to ₹ 10.5 million.



# Notes to the Consolidated Financial Statements

for the year ended 31 March 2020

(₹ in Millions)

## Note 59 Proposed Dividend

The Board of Directors recommended a final dividend for the financial year 2019-20 of ₹ 0.60 (31 March 2019: ₹ 0.60) per equity share of the face value of ₹ 2/- each, and the same will be paid after approval of shareholders in the Annual General Meeting of the Company.

## Note 60 Specified Bank Notes Disclosure

The disclosures regarding details of specified bank notes held and transacted during 8 November 2016 to 30 December 2016 has not been made in these financial statements since the requirement does not pertain to financial year ended 31 March 2020.

## Note 61 Note on COVID 19

In March 2020, the World Health Organisation declared COVID-19 to be a pandemic and several restrictions have been imposed by the Governments across the globe on the travel, goods movement and transportation considering

public health and safety measures. Considering the Group's products are classified as an 'essential commodity', management believes that the impact of the pandemic may not be significant. As of today, production facilities remain operational, following enhanced internal safety guidelines. The Group has considered internal and external information while assessing recoverability of its assets disclosed in the financial statements upto the date of approval of these financial statements by the Board of Directors. Based on such assessment and considering the current economic indicators, the Group expects to recover the carrying amount of these assets. Management has also considered the impact of COVID-19 on the business for the foreseeable future and has concluded that the Group has sufficient resources to continue as a going concern. 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 Group will continue to closely monitor any material changes to future economic conditions.

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

*Chartered Accountants*

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

**Sadashiv Shetty**

*Partner*

Membership No: 048648

Place: Mumbai

Date: 30 May 2020

For and on behalf of Board of Directors of

**Advanced Enzyme Technologies Limited**

CIN No: L24200MH1989PLC051018

**Mukund Kabra**

*Wholetime Director*

DIN : 00148294

Place: Nashik

**Sanjay Basantani**

*Company Secretary*

Membership No: A19637

Place: Thane

Date: 30 May 2020

**Kedar Desai**

*Director*

DIN : 00322581

Place: Mumbai

**Beni. P. Rauka**

*Chief Financial Officer*

Membership No: 039980

Place: Mumbai

**FORM NO. AOC-I**

(Pursuant to first proviso to sub-section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014)

**Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures****FINANCIAL YEAR 2019-20  
Part "A"- Subsidiaries**

(₹ in Million except % shareholding &amp; exchange rate)

Sr. No.	1	2	3	4	5	6
Name of the Subsidiaries	Advanced Bio-Agro Tech Limited	Advanced Enzytech Solutions Limited	JC Biotech Private Limited	Advanced Enzymes USA	Advanced Enzymes (Malaysia) Sdn Bhd	Advanced Enzymes Europe B.V.
Reporting period for the subsidiary concerned, if different from the holding Company's reporting period	2019-20	2019-20	2019-20	2019-20	2019-20	2019-20
Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	INR	INR	INR	USD [1 USD = INR 75.39]	MYR [1 MYR= INR 17.31]	EUR [1 EUR= INR 83.05]
Share capital	1.00	0.70	207.11	285.83	8.38	149.85
Reserves & surplus	151.61	25.39	262.55	5,064.74	(8.87)	(251.27)
Total assets	183.11	39.55	606.93	5,572.01	0.51	819.09
Total liabilities	30.50	13.46	137.27	221.45	1.00	920.50
Investments	0.14	-	-	1,225.12	-	-
Turnover	388.89	91.21	423.69	1,936.84	-	263.97
Profit before taxation	76.21	15.67	80.62	953.08	3.75	(40.07)
Less: Provision for taxation	19.94	4.67	19.92	253.28	-	(8.88)
Profit after taxation	56.27	11.00	60.70	699.81	3.75	(31.19)
Proposed Dividend	-	-	-	-	-	-
Extent (%) of shareholding	60%	100%	70%	100%	100%	100%

- The financials of Advanced Enzymes, USA are consolidated financials and includes financials of four step down subsidiaries of the Company viz; Cal-India Foods International Inc., USA, Advanced Supplementary Technologies Corporation, USA, Enzyme Innovation Inc., USA and Dynamic Enzymes Inc., USA.
- The financials of Advanced Enzymes Europe B.V. ("AEE") are consolidated financials and includes financials of evoxx technologies GmbH, step down subsidiary of the Company.
- Names of the Subsidiaries which are yet to commence the operations: NIL during financial year 2019-20
- Names of the Subsidiaries which have been sold or liquidated during the year: NIL during financial year 2019-20
- The figures for foreign subsidiaries are arrived on the basis of exchange rate as on March 31, 2020:

Exchange Rate on 31/03/2020:  
 1USD = INR 75.39  
 1MYR = INR 17.31  
 1EUR = INR 83.05

Average Exchange Rate for financial year 2019-20:  
 1USD = INR 70.88  
 1MYR = INR 17.13  
 1EUR = INR 78.79

**Part 'B': Associates & Joint Ventures - NIL**For and on behalf of Board of Directors of **Advanced Enzyme Technologies Limited**

**Mukund Kabra**  
 Wholetime Director  
 DIN : 00148294  
 Place: Nashik  
 Date: 30 May 2020

**Kedar Desai**  
 Director  
 DIN : 00322581  
 Place: Mumbai

**Sanjay Basantani**  
 Company Secretary  
 Membership No: A19637  
 Place: Thane

**Beni. P. Rauka**  
 Chief Financial Officer  
 Membership No: 039980  
 Place: Mumbai









## Advanced Enzyme Technologies Limited

CIN: L24200MH1989PLC051018

'A' Wing, 5<sup>th</sup> floor, Sun Magnetica, LIC Service Road, Louiswadi, Thane (W) - 400 604, India.

Tel: +91 22 4170 3200 | Fax: +91 22 2583 5159, Email: [info@advancedenzymes.com](mailto:info@advancedenzymes.com)

[www.advancedenzymes.com](http://www.advancedenzymes.com)

**ADVANCED ENZYME TECHNOLOGIES LIMITED**

**CIN:** L24200MH1989PLC051018

**Registered Office:** 5<sup>th</sup> Floor, A Wing, Sun Magnetica, LIC Service Road, Louiswadi, Thane (W) - 400604, Maharashtra, India

**Email:** info@advancedenzymes.com, **Website:** www.advancedenzymes.com

**Phone:** +91-22-41703200 **Fax:** +91-22-25835159

## NOTICE

**NOTICE** is hereby given that the **31<sup>st</sup> (Thirty-first) Annual General Meeting ("AGM")** of the Members of **ADVANCED ENZYME TECHNOLOGIES LIMITED** will be held on Wednesday, **July 15, 2020 at 10:00 a.m. (IST)** through Video Conference ("VC") or Other Audio Visual Means ("OAVM"), to transact the following Business:

### Ordinary Business:

1. To receive, consider and adopt the Audited Financial Statements (Standalone) of the Company for the financial year ended March 31, 2020 together with the Auditors' report thereon and the report of the Board of Directors of the Company; and the Audited Financial Statements (Consolidated) of the Company for the financial year ended March 31, 2020 together with the Auditors' report thereon.
2. To declare Final Dividend (₹ 0.60/- per Equity Share) on Equity Shares of ₹ 2/- each, for the financial year ended March 31, 2020.
3. To appoint a Director in place of Mr. Mukund Kabra (DIN: 00148294), who retires by rotation and being eligible, offers himself for re-appointment as a Director.

### Special Business:

#### 4. To approve Related Party Transactions with Advanced Bio-Agro Tech Limited, Subsidiary

To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution:**

**"RESOLVED THAT** pursuant to the provisions of Section 188(1)(a) and other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Meetings of Board and its Powers) Rules, 2014 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactments thereof), consent of the Members of the Company be and is hereby accorded to enter into any contract / arrangement / transactions with 'Advanced Bio-Agro Tech Limited' (an Indian subsidiary of the Company), for a period from October 01, 2020 to September 30, 2021 as per the details provided in the Explanatory Statement attached to this Notice, and

on such terms and conditions as may be mutually agreed upon between the Board of Directors of the Company with Advanced Bio-Agro Tech Limited.

**RESOLVED FURTHER THAT** the Board of Directors and / or any Committee thereof be and is hereby authorised to settle any question, difficulty or doubts that may arise and to do all such acts, deeds and things as may be necessary, usual, proper or expedient in this regard."

#### 5. To approve Related Party Transactions with JC Biotech Private Limited, Subsidiary

To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution:**

**"RESOLVED THAT** pursuant to the provisions of Section 188(1)(a) and other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Meetings of Board and its Powers) Rules, 2014 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactments thereof), consent of the Members of the Company be and is hereby accorded to enter into any contract / arrangement / transactions with 'JC Biotech Private Limited' (an Indian subsidiary of the Company), for a period from October 01, 2020 to September 30, 2021, as per the details provided in the Explanatory Statement attached to this Notice, and on such terms and conditions as may be mutually agreed upon between the Board of Directors of the Company with JC Biotech Private Limited.

**RESOLVED FURTHER THAT** the Board of Directors and / or any Committee thereof be and is hereby authorised to settle any question, difficulty or doubts that may arise and to do all such acts, deeds and things as may be necessary, usual, proper or expedient in this regard."

#### 6. To ratify the remuneration payable to M/s. Shilpa & Co. (Firm Registration Number: 100558), the Cost Auditors of the Company for the financial year ending March 31, 2021

To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution:**

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**“RESOLVED THAT** pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 and Companies (Cost Records and Audit) Rules, 2014 (including any statutory modification(s) or re-enactments thereof for the time being in force), and based on the approval of the Board of Directors of the Company, the remuneration of ₹ 1,35,000/- (Rupees One Lakh Thirty Five Thousand Only) exclusive of the applicable taxes and out of pocket expenses, if any, be paid to M/s. Shilpa & Co., Cost Accountants (Firm Registration Number: 100558), for conducting audit of the cost accounting records of the product(s) of the Company for the financial year ending March 31, 2021 and the same be and is hereby ratified.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds and things as may be necessary to give effect to this resolution.”

**7. To consider and grant approval for Mr. Vasant Rathi (Promoter Chairman and Non-Executive Director) to continue to hold Office or Place of Profit in the Subsidiaries of the Company in USA and approval of remuneration payable thereto.**

To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

**“RESOLVED THAT** pursuant to the provisions of Section 188 and other applicable provisions, if any, of the Companies Act, 2013 read with Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014 (“**Act**”) and Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**SEBI Listing Regulations**”) (including any statutory modification(s) or re-enactments thereof for the time being in force), approval of the Members of the Company be and is hereby accorded for Mr. Vasant Rathi, Promoter Chairman and Non-Executive Director of the Company to continue to hold an office or place of profit, in Cal-India Foods International, USA, a step-down wholly owned subsidiary and/or other subsidiaries in USA, and to pay him the monthly remuneration not exceeding such sum as mentioned in the Explanatory Statement, with liberty to the Board of Directors (including the Committees of

the Board) to vary, amend or revise the remuneration and the terms and conditions of his office in accordance with the provisions of the Act and SEBI Listing Regulations, as may be agreed to between the Board of Directors and Mr. Vasant Rathi.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds and things as may be necessary to give effect to this resolution.”

**8. To consider and grant approval for Mrs. Prabhavati Rathi (Promoter Group Member) to continue to hold Office or Place of Profit in the Subsidiaries of the Company in USA and approval of remuneration payable thereto.**

To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

**“RESOLVED THAT** pursuant to the provisions of Section 188 and other applicable provisions, if any, of the Companies Act, 2013 read with Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014 (“**Act**”) and Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**SEBI Listing Regulations**”) (including any statutory modification(s) or re-enactments thereof for the time being in force), approval of the Members of the Company be and is hereby accorded for Mrs. Prabhavati Rathi, Promoter Group member of the Company to continue to hold an office or place of profit in Cal-India Foods International, USA, a step-down wholly-owned subsidiary and/or other subsidiaries in USA, and to pay her the monthly remuneration not exceeding such sum as mentioned in the Explanatory Statement, with liberty to the Board of Directors (including the Committees of the Board) to vary, amend or revise the remuneration and the terms and conditions of her office in accordance with the provisions of the Act and SEBI Listing Regulations, as may be agreed to between the Board of Directors and Mrs. Prabhavati Rathi.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds and things as may be necessary to give effect to this resolution.”

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**9. To consider and grant approval for Ms. Rachana Rathi (Promoter Group Member) to continue to hold an Office or Place of Profit in the Subsidiaries of the Company in USA and approval of remuneration payable thereto.**

To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

**“RESOLVED THAT** pursuant to the provisions of Section 188 and other applicable provisions, if any, of the Companies Act, 2013 read with Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014 (“**Act**”) and Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**SEBI Listing Regulations**”) (including any statutory modification(s) or re-enactments thereof for the time being in force), approval of the Members of the Company be and is hereby accorded for Ms. Rachana Rathi, Promoter Group member of the Company to continue to hold an office or place of profit in Cal-India Foods International, USA, a step-down wholly-owned subsidiary and/or other subsidiaries in USA, and to pay her the monthly remuneration not exceeding such sum as mentioned in the Explanatory Statement, with liberty to the Board of Directors (including the Committees of the Board) to vary, amend or revise the remuneration and the terms and conditions of her office in accordance with the provisions of the Act and SEBI Listing Regulations, as may be agreed to between the Board of Directors and Ms. Rachana Rathi.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds and things as may be necessary to give effect to this resolution.”

**10. To consider and grant approval for Ms. Rasika Rathi (Non-Executive Director and Promoter Group Member) to continue to hold an Office or Place of Profit in the Subsidiaries of the Company in USA and approval of remuneration payable thereto.**

To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

**“RESOLVED THAT** pursuant to the provisions of Section 188 and other applicable provisions, if any, of the Companies Act, 2013 read with Rule 15 of the Companies

(Meetings of Board and its Powers) Rules, 2014 (“**Act**”) and Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**SEBI Listing Regulations**”) (including any statutory modification(s) or re-enactments thereof for the time being in force), approval of the Members of the Company be and is hereby accorded for Ms. Rasika Rathi, Non-Executive Director and a Promoter Group member of the Company to continue to hold an office or place of profit, in Cal-India Foods International, USA, a step-down wholly-owned subsidiary and/or other subsidiaries in USA, and to pay her the monthly remuneration not exceeding such sum as mentioned in the Explanatory Statement, with liberty to the Board of Directors (including the Committees of the Board) to vary, amend or revise the remuneration and the terms and conditions of her office in accordance with the provisions of the Act and SEBI Listing Regulations, as may be agreed to between the Board of Directors and Ms. Rasika Rathi.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds and things as may be necessary to give effect to this resolution.”

**11. To consider and grant approval for Ms. Reshma Rathi (Promoter Group Member) to continue to hold an Office or Place of Profit in the Subsidiaries of the Company in USA and approval of remuneration payable thereto.**

To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

**“RESOLVED THAT** pursuant to the provisions of Section 188 and other applicable provisions, if any, of the Companies Act, 2013 read with Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014 (“**Act**”) and Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**SEBI Listing Regulations**”) (including any statutory modification(s) or re-enactments thereof for the time being in force), approval of the Members of the Company be and is hereby accorded for Ms. Reshma Rathi, Promoter Group member of the Company to continue to hold an office or place of profit in Cal-India Foods International, USA, a step-down wholly-owned subsidiary and/or other subsidiaries in USA, and to pay her the monthly remuneration not exceeding such sum

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as mentioned in the Explanatory Statement, with liberty to the Board of Directors (including the Committees of the Board) to vary, amend or revise the remuneration and the terms and conditions of her appointment in accordance with the provisions of the Act and SEBI Listing Regulations, as may be agreed to between the Board of Directors and Ms. Reshma Rathi.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds and things as may be necessary to give effect to this resolution."

**12. To approve appointment of Dr. Sunny Sharma (DIN: 02267273) as a Non-Executive Director of the Company**

To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Section 152 and 160 of the Companies Act, 2013, corresponding rules framed thereunder and such other provisions as may be applicable ("**Act**"), read with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactments thereof for the time being in force), the explanatory statement annexed to the Notice of 31<sup>st</sup> Annual General Meeting of the Company, and in furtherance to the recommendations of the Nomination and Remuneration Committee and the Board of the Company, approval of the Members of the Company be and is hereby accorded to appoint Dr. Sunny Sharma (DIN: 02267273), who was appointed as an Additional Director (Non-Executive) with effect from November 02, 2019 as a Non-Executive Director on the Board of the Company with immediate effect, liable to

retire by rotation, in respect of whom the Company has received a Notice in writing from a Member under Section 160 of the Act, signifying the intention to propose the candidature of Dr. Sunny Sharma for the office of Director."

**13. To approve appointment of Mrs. Rajshree Patel (DIN: 08761022) as an Independent Director of the Company**

To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Section 149, 152 and 160 of the Companies Act, 2013, Schedule IV thereto, corresponding rules framed thereunder and such other provisions as may be applicable ("**Act**"), read with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactments thereof for the time being in force), the explanatory statement annexed to the Notice of 31<sup>st</sup> Annual General Meeting of the Company, and in furtherance to the recommendations of the Nomination and Remuneration Committee and the Board of the Company, approval of the Members of the Company be and is hereby accorded for the appointment of Ms. Rajshree Patel (DIN: 08761022), who was appointed by the Board as an Additional Director (Independent) subject to and with effect from DIN allotment date (June 12, 2020), as an Independent Director on the Board of the Company to hold office for a period of three years effective from June 12, 2020 to June 11, 2023, in respect of whom the Company has received a Notice in writing from a Member under Section 160 of the Act, signifying the intention to propose the candidature of Ms. Rajshree Patel for the office of Director."

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By Order of the Board  
**For Advanced Enzyme Technologies Limited**

**Sanjay Basantani**

*Company Secretary and Head - Legal*  
Membership No.: A19637

**Place** : Thane  
**Date** : June 16, 2020

**Registered Office:**

Sun Magnetica, A Wing,  
5<sup>th</sup> Floor, Louiswadi, LIC Service Road  
Thane (W) - 400 604, Maharashtra, India

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## NOTES:

1. The Explanatory Statement pursuant to Section 102 (1) of the Companies Act, 2013 ("**Act**"), Secretarial Standard-2 on General Meetings and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in respect of the Special Business is annexed hereto.
2. In view of the outbreak of the COVID-19 pandemic, social distancing norms and pursuant to the General Circular No. 14/2020, 17/2020 and 20/2020 dated April 08, 2020, April 13, 2020 and May 05, 2020, respectively, issued by the Ministry of Corporate Affairs (collectively "**MCA Circulars**") and Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 issued by the Securities and Exchange Board of India ("**SEBI Circular**") read with and in compliance with the applicable provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**Listing Regulations**"), the 31<sup>st</sup> Annual General Meeting ("**AGM**") of the Company is being held through VC/OAVM Facility, which does not require physical presence of Members at the venue. The proceedings of the 31<sup>st</sup> AGM shall be deemed to be made at the Registered Office of the Company situated at 5<sup>th</sup> Floor, A Wing, LIC Service Road, Louiswadi, Thane (W), Maharashtra - 400604, India (deemed venue for the AGM).
3. The Register of Members and Share Transfer Books of the Company will remain closed from July 11, 2020 (Saturday) to July 15, 2020 (Wednesday) (both days inclusive), for the purpose of payment of final Dividend, if declared at the AGM. Subject to the provisions of the Act, the final Equity Dividend as recommended by the Board of Directors, if declared at the AGM will be paid on or after July 16, 2020 to those Members whose names appear: (a) in the Register of Members of the Company after giving effect to valid share transfers lodged with the Company on or before July 10, 2020 and (b) as beneficial owners as at the end of business hours of July 10, 2020 as per the list furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) in respect of Shares held in Dematerialised form.
4. Members are requested to register/update mandate for receiving the Dividend electronically and to note the following:
  - a) Members holding shares in physical form are requested to register or intimate any change in their address, name, bank details, ECS Mandates, nominations, Power of Attorney etc. to the Company's Registrar and Transfer Agent (RTA), Link Intime India Pvt. Ltd., C-101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai - 400 083 (rnt.helpdesk@linkintime.co.in). Kindly quote the ledger folio number in all your correspondence. For updation of the Bank Account details / mandate, kindly send the scan copy of a signed request letter mentioning therein the name, folio number, Bank Account details, self-attested copy of PAN Card and a cancelled cheque leaf with pre-printed name of the Member (first shareholder) of the Company, to the RTA.
  - b) Members holding shares in dematerialized form are requested to register or intimate any change in their address, name, bank details, ECS mandates, nominations, Power of Attorney etc. to their respective Depository Participants (DPs) only. Kindly quote client ID and DP ID numbers in all your correspondence.
  - c) In the cases where the ECS mandates of the Members are not available to enable the payment of Dividend electronically, the Dividend warrant/cheques shall be dispatched only upon resumption and normalization of the postal services.
5. As the Members may be aware that effective April 01 2020, Dividend Distribution Tax under Section 115-O of the Income-tax Act, 1961 as may be amended from time to time ("**IT Act**") payable by domestic companies on declaration of Dividend has been abolished. Pursuant to this amendment brought vide Finance Act, 2020, the Company would be under an obligation to deduct tax at source ("**TDS**") in accordance with the provisions of the IT Act, from the final Dividend, if approved by the Members at the AGM. In this regard, the Members may refer the Note on TDS on Dividend distribution, appended to this AGM Notice.
6. The 31<sup>st</sup> Annual Report along with Notice of the AGM including general guidelines for participation at the 31<sup>st</sup> AGM through VC/OAVM, procedure for remote e-voting including during the AGM, is being sent by electronic mode to those Members whose e-mail addresses are registered with the Company/Depository. The same has also been uploaded on the website of the Company, i.e. [www.advancedenzymes.com](http://www.advancedenzymes.com). To support the 'Green Initiative' and in accordance with the MCA Circulars and SEBI Circular, copy of the Annual Report is being sent only through emails to the Members of the Company. Members who have not registered their e-mail addresses are requested to register the same with the Company or with the R&T Agent / respective Depository Participant(s).

7. Members are requested to note that as per Section 124 of the Companies Act, 2013, Dividends not claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account shall be transferred to the Investor Education and Protection Fund of the Government. Unclaimed Dividends as per details given in the table below are due to be transferred to the 'Investor Education and Protection Fund' on the dates mentioned below:

Financial Year	Type of Dividend	Date of Declaration	Due date for transfer to IEPF	Indicative date of transfer to IEPF
2012-13	Final Dividend	August 1, 2013	September 6, 2020	October 05, 2020
2013-14	Final Dividend	August 12, 2014	September 17, 2021	October 16, 2021
2014-15	Final Dividend	September 1, 2015	October 7, 2022	November 05, 2022
2015-16	Interim Dividend	March 26, 2016	May 01, 2023	May 30, 2023
2016-17	Final Dividend	September 11, 2017	October 17, 2024	November 16, 2024
2017-18	Final Dividend	September 14, 2018	October 20, 2025	November 19, 2025
2018-19	Final Dividend	August 08, 2019	September 13, 2026	October 14, 2026

Note: Those Members who have not, so far, encashed these Dividend warrants or any subsequent Dividend warrants may claim or approach our Registrar and Transfer Agents viz. Link Intime India Private Limited or the Company for payment thereof. Members are hereby informed that the Unclaimed Dividend amount shall be transferred by the Company to IEPF within the period of thirty (30) days from the aforementioned Due date(s) or such other period as may be specified under the Companies Act, 2013 and rules made thereunder, from time to time and no claims will be entertained by the Company for any unclaimed Dividend transferred to IEPF. The details of unclaimed Dividends and its due dates for transfer to IEPF are available on the website of the Company: [www.advancedenzymes.com/investors/shareholder-information](http://www.advancedenzymes.com/investors/shareholder-information).

Section 124(6) of Companies Act, 2013 also provides that all shares in respect of which Dividend has not been paid or claimed for seven consecutive years or more shall also be transferred to IEPF. The Company has intimated through letter to the concerned Members regarding their Equity shares including the unclaimed Dividend due for transfer during September, 2020. Details are also available on the Company's website ([www.advancedenzymes.com](http://www.advancedenzymes.com)). The concerned Members are requested to claim the same latest by September 06, 2020 to avoid transfer of Shares/Dividend to IEPF Account. No claim shall lie against the Company after the shares are transferred to IEPF. Upon transfer, the Members can claim these Equity shares from the IEPF Authority by following the requisite procedure, the details of which are also available at [www.iepf.gov.in](http://www.iepf.gov.in). Hence, it is in the Members' interest to claim any uncashed Dividends and for future, opt for Electronic Credit of Dividend, so that Dividends paid by the Company are credited to the Member's account on time.

email address authorizing their representatives to attend the AGM on their behalf, at the email ID, [sanjay@advancedenzymes.com](mailto:sanjay@advancedenzymes.com). Further, the Corporate Members are requested to also state the Client ID/DP ID in which the Company's shares are held.

8. Corporate Members intending to attend the meeting through VC/OAVM are requested to send a scanned copy of the certified true copy of Board Resolution / Power of Attorney from the Corporate Member's registered
9. Members holding shares in physical form can avail the nomination facility by filing Form SH-13, as prescribed under Section 72 of the Companies Act, 2013 and rules made thereunder, with the Company. Members holding shares in demat form may contact their respective Depository Participant(s) for availing this facility.
10. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore requested to submit the PAN to their Depository Participant with whom they are maintaining their demat account(s). Members holding shares in physical form can submit their PAN details to the Company's Registrar and Transfer Agent. As per Regulation 40 of SEBI Listing Regulations (as amended), requests for effecting transfer of securities, except in case of transmission or transposition of

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securities, shall not be processed effective from April 01, 2019 unless the securities are held in the dematerialized form. Hence, the Members holding equity shares of the Company in physical form are requested to take action to dematerialize the same promptly.

**11.** The brief profile and other requisite details of the Directors recommended for appointment/ reappointment at the AGM under Item No. 3, 12 and 13 of this Notice, as required by SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings (SS-2), is furnished on page no. 19 of the AGM Notice.

**12.** The Register of Directors' and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act, and the Register of Contracts or Arrangements in which the Directors are interested under Section 189 of the Act will be available for inspection during the AGM electronically.

**13.** All the relevant documents referred in this Notice shall be available for inspection by the Members upto the date of 31<sup>st</sup> Annual General Meeting electronically and the Member(s) may send a request for inspection of documents to the Company Secretary (Email ID: sanjay@advancedenzymes.com) and mention the details of Folio No. or Client ID/DP ID wherein the shares of the Company are held by the Member(s).

**14. General Instructions for accessing and participating at the 31<sup>st</sup> AGM through Electronic Means (VC/OAVM)**

i) Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 (as amended), and MCA Circulars, the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has engaged the services of Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-voting agency. The facility of casting votes by a Member using remote e-voting including during the AGM will be provided by CDSL.

ii) Members may join the AGM in the VC/OAVM mode 15 minutes before, and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in this Notice. The facility of participation at the AGM through VC/OAVM will be made available to atleast 1000 Members on first come first served basis. This will not include large Members (Members holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.

iii) The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Act.

iv) Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this 31<sup>st</sup> AGM is being held, pursuant to the MCA Circulars, through VC/OAVM, physical attendance of Members has been dispensed with. In view of this, the facility for appointment of proxies by the Members is not available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice. However, in pursuance of Section 112 and Section 113 of the Act, representatives of the Members such as the President of India or the Governor of a State or Body Corporates can attend the AGM through VC/OAVM and cast their votes through e-voting, subject to the applicable conditions as mentioned in Note No. 20 below.

v) Notice of the AGM has been uploaded under the tab 'Shareholders Meetings' on the website of the Company at [www.advancedenzymes.com/investors/announcements-notices/](http://www.advancedenzymes.com/investors/announcements-notices/). The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively. The AGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-voting facility) i.e. [www.evotingindia.com](http://www.evotingindia.com).

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vi) AGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circulars. Members shall also refer to instructions for attending the AGM through VC/OAVM at Note No. 18 of this Notice.

vii) The recorded transcript of the 31<sup>st</sup> AGM shall be made available on the website of the Company, [www.advancedenzymes.com](http://www.advancedenzymes.com) under the tab "Shareholders Meetings" in the Investors section, after the conclusion of the AGM as soon as possible.

**15. Process for those Members whose Email addresses are not registered - for registration of Email addresses to obtain AGM Notice/Annual Report of the Company and/or login credentials for e-voting on the Resolutions set out in this Notice:**

- i) For Members holding shares in physical form - Member(s) may send a request providing necessary details viz., Folio No., Name of Member, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to [cs@advancedenzymes.com](mailto:cs@advancedenzymes.com).
- ii) For Members holding shares in demat mode - Member(s) are requested to register their email addresses with the respective Depository Participant(s). For login credentials, please send request providing Demat account details (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + Client ID), Name, Client Master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) to [cs@advancedenzymes.com](mailto:cs@advancedenzymes.com).

**16. Voting through electronic means:**

The Company is pleased to provide remote e-voting facility through Central Depository Services (India) Limited (CDSL) for the Members of the Company to enable them to cast their votes electronically on the resolutions mentioned in this Notice of 31<sup>st</sup> Annual General Meeting of the Company dated June 16, 2020 ("**Notice**"). The

details and instructions for remote e-voting are furnished in Note No. 17, 19 and 20 of the AGM Notice. These details form an integral part of this Notice of 31<sup>st</sup> AGM.

**17. Procedure for Remote E-Voting: The instructions for the shareholders / Members voting electronically are as under:**

- i) The remote e-voting period begins on July 11, 2020 (Saturday) at 09:00 a.m. (IST) and ends on July 14, 2020 (Tuesday) at 05:00 p.m. (IST). During this period Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of July 09, 2020 (Thursday) may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- ii) The Members who have already voted prior to the meeting date would not be entitled to vote during the meeting.
- iii) The Members should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- iv) Click on "Shareholders" module.
- v) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. The Members holding shares in Physical Form should enter Folio Number registered with the Company.
- vi) Next enter the Image Verification as displayed and Click on Login.
- vii) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier e-voting of any company, then your existing password is to be used.
- viii) If you are a first time user follow the steps given below:

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For Members holding shares in Demat Form and Physical Form

PAN

- Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both Demat Members as well as physical Members)
- Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is emailed alongwith Annual Report and AGM Notice, under the "Password"/ "PAN" field.

Dividend Bank Details or Date of Birth (DOB)

- Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.
- If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v) above.

- ix) After entering these details appropriately, click on "SUBMIT" tab.
- x) Members holding shares in physical form will then directly reach the Company selection screen. However, the Members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

xii) Click on the EVSN of ADVANCED ENZYME TECHNOLOGIES LIMITED on which you choose to vote.

xiii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

xv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

xvii) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.

xviii) If a Demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password and enter the details as prompted by the system.

xix) The Members can also cast their vote using CDSL's mobile app "**m-Voting**". The m-Voting app can be downloaded from respective Store. Please follow the instructions as prompted by the mobile app while Remote Voting on your mobile.

**Other Instructions/information:**

- i) The voting rights of the Members shall be in proportion of the shares held by them in paid-up Equity Share Capital of the Company as on the Cut-Off Date i.e. July 09, 2020. A person who is not the Member as on Cut-Off Date should treat this notice for information purpose only.

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- ii) Any person(s), who acquires shares of the Company i.e. becomes Member(s) after Notice is sent by the Company, and holds shares as of the Cut-Off date i.e. July 09, 2020 should follow the same procedure of e-Voting as mentioned in this Notice. In case such Member(s) has not updated the respective PAN with the Company/ Depository Participant, the Member may approach the Company/RTA as per details provided in Note No. 21 of this Notice.
- iii) Mr. Shiv Hari Jalan (C.P. No. 4226), Practicing Company Secretary, has been appointed as the Scrutinizer to Scrutinize the e-voting process (including the remote e-voting at the Annual General Meeting) in a fair and transparent manner.
- iv) The Scrutinizer shall, within a period not exceeding two days from the conclusion of the e-voting period and after conclusion of AGM, unblock the votes in the presence of at least two witnesses (not in the employment of the Company) and a Scrutinizer's Report of the votes cast in the favor or against, if any, shall be submitted to the Chairman of the AGM or any Director of the Company. The result will be intimated to Stock Exchanges where the Company's securities are listed and displayed along with the Scrutinizer's report on the Company's website ([www.advancedenzymes.com](http://www.advancedenzymes.com)) and CDSL's website ([www.evotingindia.com](http://www.evotingindia.com)). Subject to receipt of requisite number of votes, the Resolutions shall be deemed to be passed on the date of 31<sup>st</sup> AGM i.e. July 15, 2020.
- v) Members who are present at AGM through VC/OAVM and have not used the facility of remote e-voting during the above mentioned e-voting period to cast their votes on the resolution(s) mentioned in this Notice, and are otherwise not barred from doing so, shall be provided remote e-voting facility at the AGM.
- vi) Members can opt for only one mode of voting i.e. either through remote e-voting during e-voting period before the AGM date or remote e-voting during the AGM subject to the Member(s) joining the AGM through VC/OAVM. The result declared along with Scrutinizer's report shall be placed on the Company's website, [www.advancedenzymes.com](http://www.advancedenzymes.com), and on the website of the CDSL, [www.evotingindia.com](http://www.evotingindia.com) within two days of the passing of the resolutions at the 31<sup>st</sup> AGM of the Company and shall be communicated to the Stock Exchanges where the shares of the Company are listed.
- vii) The details of dispatch of Notice to the Members will be published in at least one (1) English and one (1) vernacular language newspaper circulating in Maharashtra.
- 18. Instructions for Members attending the AGM through VC/OAVM are as under:**
- i) Members will be provided with a facility to attend the AGM through VC/OAVM through the CDSL e-Voting system. Members may access the same at <https://www.evotingindia.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVSN of Company will be displayed.
- ii) Members are encouraged to join the Meeting through Laptops / IPads / Tablets for better experience. Further Members may be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
- iii) Please note that Participants i.e. Members connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/ Video loss due to fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
- iv) Members who would like to express their views/ask questions during the AGM may register themselves as a speaker by sending their request from their respective registered email id(s) in advance atleast 48 hours before the commencement time of 31<sup>st</sup> AGM, mentioning their name, demat account number/folio number, email id, mobile number at [cs@advancedenzymes.com](mailto:cs@advancedenzymes.com). Members who do not wish to speak during the AGM but would like to seek further information or clarification on the Annual financial statements or operations of the Company, may send their queries from their registered email id(s) in advance atleast 7 (seven) days prior to AGM date, mentioning their name, demat account number/folio number, email id, mobile number at [cs@advancedenzymes.com](mailto:cs@advancedenzymes.com), so that the queries can be replied by the Company suitably.
- v) Those Members who have registered themselves as a speaker, as mentioned above, will only be allowed to express their views/ask questions as speaker during the AGM.

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**19. Instructions for Members for E-voting during the AGM are as under:**

- i) The procedure for e-voting during the AGM is same as the instructions mentioned above for Remote e-voting during e-voting period before the AGM date.
- ii) Only those Members as on July 09, 2020 (Cut-off Date) and who are present in the AGM through VC/OAVM facility and have not cast their vote on the Resolutions through remote e-voting earlier and are otherwise not barred from doing so, shall be eligible to vote through e-voting system available during the AGM ([www.evotingindia.com](http://www.evotingindia.com)).
- iii) If any votes are cast by the Members through the e-voting available during the AGM and if the same Members have not participated in the meeting through VC/OAVM facility, then the votes cast by such Members shall be considered invalid as the facility of e-voting during the AGM is available only to the Members attending the AGM through VC/OAVM.
- iv) The Members who have voted through Remote e-voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

**20. Note for Non - Individual Members and Custodians.**

- i) Non-Individual Members (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves in the "Corporates" module.
- ii) A scanned copy of the Registration Form bearing the stamp and sign of the entity shall be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) with copy to [cs@advancedenzymes.com](mailto:cs@advancedenzymes.com)
- iii) After receiving the login details a Compliance User would be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- iv) The list of accounts linked in the login shall be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.

- v) A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the Scrutinizer to verify the same.
- vi) Alternatively Non Individual Members are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; [cs@advancedenzymes.com](mailto:cs@advancedenzymes.com), if they have voted from individual tab and not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

- 21.** In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call 1800225533.

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, (CDSL) Central Depository Services (India) Limited, A Wing, 25<sup>th</sup> Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call 1800225533.

In addition, any query / grievance with respect to the voting by electronic means may please be addressed to Link Intime India Private Limited, Registrar and Transfer Agents of the Company at [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in) or Tel No.: +91-22-49186270 or to the Company at [cs@advancedenzymes.com](mailto:cs@advancedenzymes.com) / [investor.grievances@advancedenzymes.com](mailto:investor.grievances@advancedenzymes.com)

- 22.** Since the 31<sup>st</sup> AGM shall be held through VC/OAVM facility only and physical presence of the Members at the venue is not required, the route map is not annexed to this Notice.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013, SECRETARIAL STANDARD-2 (SS-2) ON GENERAL MEETINGS AND REGULATION 36 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015**

**Item No. 4**

The Company markets its Enzyme based products for Animal Nutrition and Feed through its one of the subsidiaries, Advanced Bio Agro-Tech Limited (CIN: U24100MH2004PLC149464), having its registered office at A Wing, 5<sup>th</sup> Floor, Sun Magnetica, LIC Service Road, Louiswadi, Thane (West) - 400604, Maharashtra, India (hereinafter referred to as "**ABTL**"). The Company holds 60% shareholding in ABTL.

Pursuant to the provisions of Section 188 of the Companies Act, 2013, read with Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014 (including any statutory modification(s) or re-enactments thereof for the time being in force) ("**Act**"), approval of the Members of the Company is required for the Related Party Transactions on account of the sale, purchase or supply of any goods or materials amounting to 10% or more of the turnover of the Company only if the transaction is either not in ordinary course or not at arm's length basis i.e. the Act provides for an exemption from obtaining the approval of the Members of the Company, in case such transactions are entered into the ordinary course of business and at arm's length basis. As per Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 ("**SEBI Listing Regulations**"), the Company is required to obtain the approval of the Members in case such Related Party Transactions are material in nature. As per the SEBI Listing Regulations, a transaction with a related party shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds 10% of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity. The proposed transaction of the Company with ABTL may exceed the limits prescribed under the SEBI Listing Regulations.

The proposed transaction of the Company with ABTL is in ordinary course of business and shall be on arms' length basis. However, there may be some transactions which can be done in the interest of the Company. Hence *inter alia* in view of the aforementioned SEBI Listing Regulations, approval of

the Members of the Company for the proposed transactions with ABTL is being obtained.

The disclosures and particulars of related party contracts, arrangements or transactions as required to be given under the provisions of the Companies Act, 2013 and the SEBI Listing Regulations are as follows:

<b>Name of the Related Party</b>	Advanced Bio-Agro Tech Limited (" <b>ABTL</b> ")
<b>Names of Directors or Key Managerial Personnel who is related</b>	The following personnel of the Company viz. Mr. Mukund Kabra, Whole-Time Director; Mr. Beni P Rauka, Chief Financial Officer (KMP) of the Company are the Directors on the Board of Advanced Bio-Agro Tech Limited i.e. as Nominees representing the interest of Advanced Enzyme Technologies Limited (Holding Company).
<b>Nature of Relationship</b>	The Company is holding 60% Equity Shareholding in Advanced Bio-Agro Tech Limited and the above mentioned personnel are holding shares of ABTL as nominee(s) of the Holding Company.
<b>Material terms of the contract / arrangement / transactions</b>	Sale and/or Purchase of Goods in the ordinary course of business not exceeding the monetary value (and during the period) mentioned below.
<b>Monetary value and period of approval</b>	Not Exceeding ₹ 500 Million for a period from October 01, 2020 to September 30, 2021
<b>Any other information relevant or important for the Members to take the decision on the proposed resolution</b>	This Related Party Transaction with the Subsidiary Company is in the Ordinary Course of Business and shall be at arm's length basis, still there may be some transactions which can be done in the interest of the Company.

The Board recommends the resolution set out at Item No. 4 to be passed as an **Ordinary Resolution**.

None of the Directors or Key Managerial Personnel of the Company or their relatives are concerned or interested financially or otherwise in the resolution, except as mentioned above.

#### Item No. 5

The Company markets its enzyme based products for Pharma Sector through one of its subsidiaries, JC Biotech Private Limited (CIN: U65993TG1991PTC013624), having its registered office at Plot No. 3, Sagar Society, Road No. 2, Banjara Hills, Hyderabad - 500 034, India (hereinafter referred to as "**JCB**"). The Company holds 70% shareholding in JCB.

Pursuant to the provisions of Section 188 of the Companies Act, 2013, read with Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014 (including any statutory modification(s) or re-enactments thereof for the time being in force) ("**Act**"), approval of the Members of the Company is required for the Related Party Transactions on account of the sale, purchase or supply of any goods or materials amounting to 10% or more of the turnover of the Company only if the transaction is either not in ordinary course or not at arm's length basis i.e. the Act provides for an exemption from obtaining the approval of the Members of the Company, in case such transactions are entered into the ordinary course of business and at arm's length basis. As per Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 ("**SEBI Listing Regulations**"), approval of the Members of the Company is required in case of material Related Party Transactions.

As per the said Regulation 23 of SEBI Listing Regulations, a transaction with a related party shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds 10% of the annual consolidated turnover of the listed entity as per its last audited financial statements.

The proposed transaction of the Company with JCB may exceed the limits prescribed under the SEBI Listing Regulations for material Related Party Transactions. The proposed transaction of the Company with JCB is in ordinary course of business and on arms' length basis. However, there may be some transactions that can be done in the interest of the Company. Hence, *inter alia*, in view of the aforementioned SEBI Listing Regulations, approval of the Members of the Company for the proposed transactions, with JCB is being obtained.

All the prescribed disclosures / particulars of contracts / arrangements / transactions as required to be given under the provisions of the Companies Act, 2013 and the SEBI Listing Regulations are as follows:

<b>Name of the Related Party</b>	JC Biotech Private Limited (" <b>JCB</b> ")
<b>Name of Directors or Key Managerial Personnel who is related</b>	The following personnel of the Company viz. Mr. Mukund Kabra, Whole-time Director; and Mr. Beni P Rauka, Chief Financial Officer (KMP) of the Company are the Directors on the Board of JC Biotech Private Limited, i.e. as Nominees representing the interest of Advanced Enzyme Technologies Limited (Holding Company). Mr. Kedar Desai and Mr. Pramod Kasat are common Independent Directors.
<b>Nature of Relationship</b>	The Company is holding 70% Equity Shares in JC Biotech Private Limited
<b>Material terms of the contract / arrangement / transactions</b>	Sale and/or Purchase of Goods in the ordinary course of business not exceeding the monetary value (and during the period) mentioned below.
<b>Monetary value and period of approval</b>	Not Exceeding ₹ 650 Million for a period from October 01, 2020 to September 30, 2021
<b>Any other information relevant or important for the Members to take the decision on the proposed resolution</b>	This Related Party Transaction with the Subsidiary Company is in the Ordinary Course of Business and at arm's length basis, still there may be some transactions that can be done in the interest of the Company.

The Board recommends the resolution set out at Item No. 5 to be passed as an **Ordinary Resolution**.

None of the Directors or Key Managerial Personnel of the Company or their relatives are concerned or interested financially or otherwise in the resolution, except as mentioned above.

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## Item No. 6

The Board of Directors of your Company, based on the recommendations of the Audit Committee, at its meeting held on May 30, 2020, appointed M/s. Shilpa & Co., Cost Accountants (Firm Registration Number: 100558), Nashik, as the Cost Auditors of the Company for the financial year ending March 31, 2021 at a remuneration of ₹ 1,35,000/- (Rupees One Lakh Thirty Five Thousand Only), exclusive of the applicable taxes and out of pocket expenses, if any, for the Cost Audit.

In terms of the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, as amended, the remuneration payable to the Cost Auditors is required to be ratified by the Members of the Company.

Accordingly, the Board recommends the resolution set out at Item No. 6 to be passed as an **Ordinary Resolution**.

None of the Directors or Key Managerial Personnel of the Company or their relatives are concerned or interested financially or otherwise in the resolution.

## Item Nos. 7 to 11

### Mr. Vasant Rathi

Mr. Vasant Rathi, aged 72 years, is the Chairman / Non-Executive Director and a Promoter of the Company (Advanced Enzyme Technologies Limited). He holds a Bachelor's degree in Pharmacy from Nagpur University and degree of Master of Science from University of Hawaii. Mr. Rathi has over 40 years of experience in the enzyme industry and was one of the co-founders of Rathi Papain Private Limited incorporated in the year 1978, which was engaged in the business of manufacturing of enzymes from papain. He has been associated with the Company since March 1993 and promoted and incorporated Cal-India Foods International, US in the year 1985. Mr. Vasant Rathi heads the Company's international subsidiaries based in United States (US).

Members of the Company in its 27<sup>th</sup> Annual General Meeting held on September 15, 2016 accorded the approval for Mr. Vasant Rathi to hold an office or place of profit for a period of five years effective from April 01, 2016 upto March 31, 2021 in Cal-India Foods International, step-down subsidiary of the Company (wholly owned subsidiary of Advanced Enzymes USA, which is a wholly owned subsidiary of the Company) and

terms of remuneration thereto. The last drawn remuneration of Mr. Vasant Rathi from US Subsidiary was ₹ 28.37 Million (excluding commission of ₹ 6.76 Million) for the FY20. Details of his terms of remuneration as per approval by the Board of the Company based on the recommendations of the Nomination & Remuneration Committee, payable from the said US Subsidiary is given below:

1. Existing Salary: USD 4,25,000 (excluding car allowance and performance bonus) for the financial year 2020-21, with liberty to the Board of Directors to increase the salary by not exceeding 30% annually, and as may be approved by the Nomination and Remuneration Committee and the approval of the Audit Committee / the Board.
2. Performance Bonus/ Incentive: An amount not exceeding 1% of Profit After Tax (consolidated) of Advanced Enzymes USA (wholly-owned subsidiary) for that financial year.
3. Perquisites: He shall be entitled to medical reimbursement, club fees, personal accident insurance, company maintained car, telephone, mobile, other communication facilities at residence and such other perquisites in accordance with the Company's rules as per the Company remuneration structure applicable to senior management cadre and to be decided by Nomination and Remuneration Committee. The value of the all the above perquisites in aggregate will not exceed 10% of the salary.
4. Contribution to Fund: Contribution to full medical (in a Preferred Provider Organization) and participation in the Company's 401(k) Plan and profit sharing plan to the extent as per applicable rules.

Further, the Members at the 30<sup>th</sup> Annual General Meeting of the Company held on August 08, 2019, approved payment of a commission not exceeding one percent per annum of the net profits of the Company calculated in accordance with the provisions of Section 198 and other applicable provisions, if any, of the Companies Act, 2013 for that financial year, to all or any of the Non-Executive Directors in proportion to the number of meetings of the Board / Committees thereto attended by the respective Non-Executive Director(s) during the relevant financial year, or in such other manner as may be decided and directed by the Board of Directors of the Company on a financial year basis, for a period of five financial years from April 01, 2019 to March 31, 2024. As per this approval of the Members, Mr. Rathi was entitled to

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a commission for the financial year 2019-20 (FY20) from the Company, being a Non-Executive Director. The commission amount approved by the Board was ₹ 1.10 Million. However, Mr. Rathi voluntarily waived the commission for the FY20.

### **Mrs. Prabhavati Rathi**

Mrs. Prabhavati Rathi, aged 63 years, is Chief Operating Officer (COO) for the US subsidiaries. She holds a Bachelor's degree in Chemistry, Shivaji University. Mrs. Rathi has been associated with the US entities since the inception of Cal-India Foods International in 1985. She is Promoter Group Member of the Company. Mrs. Rathi has over 34 years of experience in the enzyme industry and as COO of US subsidiaries, she is responsible for managing all the operations of the US subsidiaries.

Members of the Company in its 27<sup>th</sup> Annual General Meeting held on September 15, 2016 accorded the approval to Mrs. Prabhavati Rathi to hold an office or place of profit for a period of five years effective from April 01, 2016 upto March 31, 2021 in the Company/Subsidiary and terms of remuneration thereto. The last drawn remuneration of Mrs. Prabhavati Rathi from US Subsidiary was ₹ 14.90 Million for the FY20. Details of her terms of remuneration, as per approval by the Board of the Company based on the recommendations of the Nomination & Remuneration Committee, payable from the US Subsidiary is given below:

1. Existing Salary: USD 225,000 (excluding car allowance) for the financial year 2020-21, with liberty to the Board of Directors to increase the salary by not exceeding 30% annually, with one or two annual increments not exceeding 30% each, and as may be approved by the Nomination and Remuneration Committee and the approval of the Audit Committee / the Board.
2. Other Allowances: As per salary structure applicable to senior management of the Company including annual customary bonus.
3. Other Perquisites: Medical reimbursement, club fees, personal accident insurance, company maintained car, telephone, mobile, other communication facilities at residence and such other perquisites in accordance with the Company's rules as per the Company remuneration structure applicable to senior management cadre and to be decided by Nomination and Remuneration Committee. The value of all the above perquisites in aggregate will not exceed 10% of the salary.

4. Contribution to Fund: Contribution to full medical (in a Preferred Provider Organization) and participation in the Company's 401(k) Plan and profit sharing plan to the extent as per applicable rules.

### **Ms. Rachana Rathi**

Ms. Rachana Rathi, aged 40 years, is Director of Marketing for the US subsidiaries. She holds a Bachelor's degree in Business Administration with an emphasis in finance and minor psychology, a post-graduate degree in print journalism with the Sri Sri Centre for Media Studies and a Masters in Journalism, Print and Broadcast from the University of Colorado, Boulder. Ms. Rachana Rathi joined Cal-India Foods International in May 2010 and has over 19 years of experience in marketing, sales and writing. Ms. Rachana Rathi has over 10 years of experience in the enzyme industry. She is responsible for overseeing all aspects of marketing for the US subsidiaries, including developing marketing and sales materials, and overseeing tradeshows, advertising, graphic design, website development, white papers, newsletters, other company communications, and public relations streamlining systems and processes and identifying new growth avenues for the US subsidiaries.

Members of the Company in its 27<sup>th</sup> Annual General Meeting held on September 15, 2016 accorded the approval to Ms. Rachana Rathi to hold an office or place of profit for a period of five years effective from April 01, 2016 upto March 31, 2021 in the Company/Subsidiary and terms of remuneration thereto. The last drawn remuneration of Ms. Rachana Rathi from US Subsidiary was ₹ 7.22 Million for the FY20. Details of her terms of remuneration, as per approval by the Board of the Company based on the recommendations of the Nomination & Remuneration Committee, payable from the US Subsidiary is given below:

1. Existing Salary: USD 122,000 for the financial year 2020-21, with liberty to the Board of Directors to increase the salary by not exceeding 30% annually, with one or two annual increments not exceeding 30% each, and as may be approved by the Nomination and Remuneration Committee and the approval of the Audit Committee/the Board.
2. Other Allowances: As per salary structure applicable to senior management of the company including annual customary bonus.

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3. Other Perquisites: Medical reimbursement, club fees, personal accident insurance, company maintained car, telephone, mobile, other communication facilities at residence and such other perquisites in accordance with the Company's rules as per the Company remuneration structure applicable to senior management cadre and to be decided by Nomination and Remuneration Committee. The value of all the above perquisites in aggregate will not exceed 10% of the salary.
  4. Contribution to Fund: Contribution to full medical (in a Preferred Provider Organization) and participation in the Company's 401(k) Plan and profit sharing plan to the extent as per applicable rules.

#### **Ms. Rasika Rathi**

Ms. Rasika Rathi, aged 37 years, is a Non-Executive Director effective from January 08, 2019 and a Promoter Group member of the Company. Further, she is the General Counsel, Vice President & Secretary in US Subsidiary. Ms. Rasika Rathi joined Cal-India Foods International, US Subsidiary, in 2013. Prior to joining Cal-India Foods International, Ms. Rathi was an associate with Allen & Overy LLP and an analyst with Accenture. Ms. Rasika Rathi has over 14 years of experience in business and law. She manages all US global legal, risk management, regulatory matters, including litigation, patents, contracts and product filings for US subsidiaries and consults on same for global business and manages US consumer products division, including P&L responsibility and growth strategy.

Members of the Company in its 27<sup>th</sup> Annual General Meeting held on September 15, 2016 accorded the approval to Ms. Rasika Rathi to hold an office or place of profit for a period of five years effective from April 01, 2016 upto March 31, 2021 in the Company/Subsidiary and terms of remuneration thereto. The last drawn remuneration of Ms. Rasika Rathi from US Subsidiary was ₹ 11.40 Million for the FY20. Details of her terms of remuneration, as per approval by the Board of the Company based on the recommendations of the Nomination & Remuneration Committee, payable from the US Subsidiary is given below:

1. Existing Salary: USD 169,000 for the financial year 2020-21, with liberty to the Board of Directors to increase the salary by not exceeding 30% annually, with one or two annual increments not exceeding 30% each, and as may be approved by the Nomination and Remuneration Committee and the approval of the Audit Committee/the Board.

2. Other Allowances: As per salary structure applicable to senior management of the Company including annual customary bonus.
3. Other Perquisites: Medical reimbursement, club fees, personal accident insurance, Company maintained car, telephone, mobile, other communication facilities at residence and such other perquisites in accordance with the Company's rules as per the Company remuneration structure applicable to senior management cadre and to be decided by Nomination and Remuneration Committee. The value of all the above perquisites in aggregate will not exceed 10% of the salary.
4. Contribution to Fund: Contribution to full medical (in a Preferred Provider Organization) and participation in the Company's 401(k) Plan and profit sharing plan to the extent as per applicable rules.

Further, the Members at the 30<sup>th</sup> Annual General Meeting of the Company held on August 08, 2019, approved payment of a commission not exceeding one percent per annum of the net profits of the Company calculated in accordance with the provisions of Section 198 and other applicable provisions, if any, of the Companies Act, 2013 for that financial year, to all or any of the Non-Executive Directors in proportion to the number of meetings of the Board / Committees thereto attended by the respective Non-Executive Director(s) during the relevant Financial Year, or in such other manner as may be decided and directed by the Board of Directors of the Company on a financial year basis, for a period of five financial years from April 01, 2019 up to March 31, 2024. Basis this approval from the Members, Ms. Rasika Rathi is entitled to a commission for the financial year 2019-20 (FY20) from the Company, being a Non-Executive Director. The commission for the FY20 for Ms. Rasika Rathi approved by the Board is ₹ 0.37 Million.

#### **Ms. Reshma Rathi**

Ms. Reshma Rathi, aged 33 years, is Senior Vice President for the US Subsidiary. She holds a Bachelor's degree in Global Business from the University of Southern California. Ms. Reshma Rathi has over 11 years of experience in the enzyme industry. As Senior Vice President at the US Subsidiary, she is responsible to oversee all logistics and operations of the US Subsidiary, including as primary manager of sales department, purchasing and interdepartmental coordination.

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Members of the Company in its 27<sup>th</sup> Annual General Meeting held on September 15, 2016 accorded the approval to Ms. Reshma Rathi to hold an office or place of profit for a period of five years effective from April 01, 2016 upto March 31, 2021 in the Company/Subsidiary and terms of remuneration thereto. The last drawn remuneration of Ms. Reshma Rathi from US Subsidiary was ₹ 8.19 Million for the FY20. Details of her terms of remuneration, as per approval by the Board of the Company based on the recommendations of the Nomination & Remuneration Committee, payable from the US Subsidiary is given below:

1. Existing Salary: USD 130,000 for the financial year 2020-21, with liberty to the Board of Directors to increase the salary by not exceeding 30% annually, with one or two annual increments not exceeding 30% each, and as may be approved by the Nomination and Remuneration Committee and the approval of the Audit Committee/the Board.
2. Other Allowances: As per salary structure applicable to senior management of the Company including annual customary bonus.
3. Other Perquisites: Medical reimbursement, club fees, personal accident insurance, company maintained car, telephone, mobile, other communication facilities at residence and such other perquisites in accordance with the Company's rules as per the Company remuneration structure applicable to senior management cadre and to be decided by Nomination and Remuneration Committee. The value of all the above perquisites in aggregate will not exceed 10% of the salary.
4. Contribution to Fund: Contribution to full medical (in a Preferred Provider Organization) and participation in the Company's 401(k) Plan and profit sharing plan to the extent as per applicable rules.

The Board recommends the resolutions set out in Item Nos. 7 to 11 to be passed as **Ordinary Resolutions**.

Except Mr. Vasant Rathi (Non-Executive Chairman of the Company) and Ms. Rasika Rathi (Non-Executive Director of the Company), none of the Directors or Key Managerial Personnel of the Company or their relatives are concerned or interested financially or otherwise in the resolution Nos. 7 to 11 [excluding Mrs. Mangala Kabra (Promoter Group Member) who is deemed to be interested in the Resolution

No. 7, by virtue of being an Immediate Relative of Mr. Mukund Kabra, Whole-Time Director and Mr. Vasant Rathi, Chairman and Non-Executive Director]. Shareholding of Mr. Vasant Rathi (Promoter), Mrs. Prabhavati Rathi, Ms. Rachana Rathi, Ms. Rasika Rathi and Ms. Reshma Rathi (Promoter Group Members) in the Company is provided in MGT-9 i.e. Annexure VII to the Board's report which forms part of Annual report circulated alongwith AGM Notice.

#### **Item No. 12**

Dr. Sunny Sharma (DIN: 02267273) was appointed as an Additional Director (Non-Executive) by the Board of Directors at its meeting held on November 02, 2019, to hold the office upto the conclusion of this Annual General Meeting and is eligible for the appointment as a Director of the Company, liable to retire by rotation. The Company has received a notice in writing from a Member under Section 160 of the Companies Act, 2013 ("**Act**") proposing the candidature of Dr. Sunny Sharma as a Non-Executive Director of the Company.

Dr. Sunny Sharma has submitted the declaration as required that he is not disqualified from being appointed as a Director in terms of Section 164 of the Act. Further having regard to his qualification, knowledge and experience, appointment of Dr. Sunny Sharma as a Non-Executive Director will be in the best interest of the Company.

Brief profile and other requisite details of Dr. Sunny Sharma as required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings is provided on page no. 19 of this Notice.

The Board recommends the resolution set out in Item No. 12 to be passed as an **Ordinary Resolution**.

Except Dr. Sunny Sharma, none of the Directors / Key Managerial Personnel of the Company / their relatives are in any way, concerned or interested, financially or otherwise in the resolution.

#### **Item No. 13**

Ms. Rajshree Patel (DIN: 08761022) was appointed as an Additional Director (Independent) by the Board of Directors at its meeting held on March 28, 2020 *inter alia* subject to her obtaining Director Identification Number (DIN) and effective from DIN allotment date. It may be noted that Ms. Rajshree Patel has obtained her DIN number on June 12,

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2020 and hence her appointment has become effective from the said date, as per the approval of the Board. The Board had appointed and recommended her appointment as an Independent Director of the Company for a term of three (3) years effective from June 12, 2020 for the approval of the Members of the Company.

The Company has received a notice in writing from a Member under Section 160 of the Companies Act, 2013 ("**Act**") proposing the candidature of Ms. Patel as an Independent Director of the Company. She has submitted declarations as required pursuant to Section 149(7) of the Companies Act, 2013 ("**Act**"), stating that she meets the criteria of independence as provided in subsection (6) of Section 149 of the Act and SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 (as amended) ["**SEBI Listing Regulations**"]. She has also confirmed in her declaration of Independence that she has complied with the Rules 6(1) and 6(2) of the Companies (Appointment and Qualifications of Directors) Rules, 2014 (as amended). Further, she is not disqualified from being appointed as a Director in terms of Section 164 of the Act, basis the declaration received from her. The Board is of the opinion that she fulfils the conditions as specified in the Act and rules made thereunder for her appointment and that Ms. Patel is Independent of the

management. Further having regard to her qualifications, knowledge, expertise and experience, appointment of Ms. Patel as Independent Director will be in the best interest of the Company.

A copy of appointment letter, the said declaration of eligibility under the Act and SEBI Listing Regulations received from her and other relevant documents are open for inspection electronically as mentioned in Note No. 13 to this Notice, upto the date of 31<sup>st</sup> AGM and copy of the appointment letter is available on the website of the Company at [www.advancedenzymes.com](http://www.advancedenzymes.com).

Brief profile and other requisite details of Ms. Rajshree Patel as required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings is provided on Page No. 19 of this Notice.

The Board recommends the resolution set out in Item No. 13 to be passed as an **Ordinary Resolution**.

Except Ms. Rajshree Patel, none of the Directors / Key Managerial Personnel of the Company / their relatives are in any way, concerned or interested, financially or otherwise in resolution.

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By Order of the Board  
**For Advanced Enzyme Technologies Limited**

**Sanjay Basantani**  
Company Secretary and Head - Legal  
Membership No.: A19637

**Place** : Thane  
**Date** : June 16, 2020

**Registered Office:**  
Sun Magnetica, A Wing,  
5<sup>th</sup> Floor, Louiswadi, LIC Service Road  
Thane (W) - 400 604, Maharashtra, India

**Information on Directors being appointed/re appointed as required under Regulation 36 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards-2 on General Meetings:**

<b>Names of Directors</b>	<b>Mr. Mukund Kabra</b>	<b>Dr. Sunny Sharma</b>	<b>Ms. Rajshree Patel</b>
<b>Date of Birth/ Age</b>	July 09, 1972 (47 years)	August 31, 1974 (45 years)	February 26, 1962 (58 years)
<b>Experience/ Expertise in Specific Functional Area</b>	Mr. Mukund Kabra has around 25 years of experience in enzyme industry and is associated with the Company since 1995. Mr. Kabra is solely responsible for scaling-up entire operations of the plants and during his association with the Company, the plants have been modernized and manufacturing facilities have been expanded. He is responsible for overlooking the manufacturing operations of the Company and for optimising the fermentation for existing products, strain improvement, downstream research and analytical research.	Dr. Sunny Sharma is a Senior Managing Director of OrbiMed Asia. Prior to joining OrbiMed, he was with Investor Growth Capital, the investment arm of Investor AB in North America, and before that with Easton Capital in New York. Earlier in his career, Dr. Sharma worked in the healthcare investment banking group of Lehman Brothers in London, and before that he practiced medicine in northern India.	A lawyer by education, Ms. Rajshree Patel was a prosecutor for the United States Attorney's Office and Los Angeles District Attorney's Office before becoming a highly sought-after and prolific Organizational, Strategy and Executive Leadership Consultant. With three decades of experience, she has facilitated 6,500+ workshops globally. She has conducted programs and led speaking engagements at various companies. Ms. Patel maximizes individual potential and organizational performance with a unique understanding of organizational development, dynamics and strategy. She has served as lead project manager for major global initiatives, and raised millions of dollars for social service projects.
<b>Terms and Conditions of Appointment</b>	<p>Re-appointment, as liable to retire by rotation.</p> <p>Existing tenure as Whole-time Director: 5 years effective from April 01, 2017</p> <p>Basic Salary: In the range of ₹ 3,18,600 - ₹ 7,00,000 per month with an annual increment not exceeding 30% of the previous year basic.</p> <p>Commission: Equivalent to 0.50% of Profit After Tax of the Company.</p> <p>Other allowances, perquisites, contribution to PF, leave encashment and other terms and conditions as set out in the Resolution No. 8 with explanatory statement passed in the 28<sup>th</sup> Annual General Meeting held on September 11, 2017 and copy of 28<sup>th</sup> AGM Notice is available on the website of the Company, <a href="http://www.advancedenzymes.com">www.advancedenzymes.com</a></p>	As per Resolution No. 12 read with the explanatory statement	As per Resolution No. 13 read with the explanatory statement
<b>Details of Remuneration</b>	As per details provided in Corporate Governance report which forms part of the Annual Report (2019-20), which is circulated alongwith this AGM Notice and hosted on the website of the Company (Annual report 2019-20).	Commission within the limits specified under the Companies Act, 2013 and as approved by the Board/Members of the Company, from time to time.	Sitting fees and commission as per the limits specified under the Companies Act, 2013 and as approved by the Board/Members of the Company from time to time.
<b>Date of First Appointment</b>	September 04, 1999	November 02, 2019	June 12, 2020
<b>Qualification</b>	Bachelor's degree in Chemical Engineering	M.B.A from IIM, Bangalore M.B.B.S from Christian Medical College, Ludhiana	B.S (Bachelor of Science) from Stonybrook University, New York. JD (Juris Doctor) from St. Johns University, New York

<b>Names of Directors</b>	<b>Mr. Mukund Kabra</b>	<b>Dr. Sunny Sharma</b>	<b>Ms. Rajshree Patel</b>
<b>Shareholding in the Company (As on March 31, 2020)</b>	18,11,750 Equity Shares of ₹ 2/- each	NIL	NIL
<b>No. of Board Meeting attended during the Financial Year</b>	Eligible: 6 Attended: 6	Eligible: 2 Attended: 2	Eligible: NIL Attended: NIL
<b>Relative of any other Director / Manager and other KMP</b>	NIL	NIL	NIL
<b>List of outside Directorship held (excluding foreign companies)</b>	i) Advanced Enzytech Solutions Limited (wholly owned subsidiary) ii) Advanced Bio-Agro Tech Limited iii) JC Biotech Private Limited	i) Laxmi Dental Export Private Limited ii) Eurolife Healthcare Private Limited iii) Orbimed Advisors India Private Limited iv) Tresara Health Private Limited v) Blue Sapphire Healthcares Private Limited vi) Entero Healthcare Solutions Private Limited vii) Vitalic Health Private Limited viii) Suraksha Diagnostic Private Limited	NIL
<b>Chairman / Member of the Committee of the Board of Directors of the Company</b>	Member of Corporate Social Responsibility Committee and Stakeholders' Relationship Committee	NIL	NIL
<b>Chairman / Member of the Committee of Directors of other Public Limited Companies in which he / she is a Director</b>	Audit Committee member of JC Biotech Private Limited (Subsidiary of the Company)	NIL	NIL

Note: Pursuant to Regulation 26 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, only two Committees viz. Audit Committee and Stakeholders' Relationship Committee have been considered.

**Note for the Members of Advanced Enzyme Technologies Limited ("Company") on Tax Deduction at Source on Dividend:**

Pursuant to the provisions of Finance Act, 2020, the Company would deduct tax at source ("**TDS**") in accordance with the provisions of the Income Tax Act 1961 as may be amended from time to time ("**IT Act**"), from the final Dividend, if approved by the Members at the AGM, as Dividend income is taxable in the hands of the shareholders, effective April 01 2020.

- To enable the Company to determine the appropriate TDS rate as may be applicable, Members are requested to submit the following document(s) by email to the Company at [tds.dividend@advancedenzymes.com](mailto:tds.dividend@advancedenzymes.com) from the registered email address of the Member(s) by July 06, 2020:

- In case of Resident Members:** TDS on Dividend under the provisions of Section 194 of the IT Act will be as follows (or as may be notified by the Government of India):

- For Members having valid PAN: 7.5%
- For Members not having PAN: 20%

Further, no tax shall be deducted on the Dividend amount payable to a resident Member(s) if the total Dividend to be received by such Member(s) during financial year 2020-21 does not exceed ₹ 5,000; and in cases where Member(s) provide Form 15G / Form 15H (applicable to individuals aged 60 years or more) subject to the conditions as may be specified in the IT Act, from time to time. The Member(s) may also submit any other document(s) as prescribed under the IT Act to claim a lower or NIL tax. Valid PAN is mandatory for Members providing Form 15G / 15H or any other document(s) as mentioned above.

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- b) **In case of non-resident Member(s):** Taxes are required to be withheld pursuant to the provisions of Section 195 and other applicable provisions of the IT Act, as per the rates applicable, from time to time. The withholding tax rate on the amount of Dividend payable shall be 20% plus applicable surcharge and cess, or as may be notified by the Government of India, from time to time. As per the IT Act, non-resident Members have the option to be governed by the provisions of the Double Tax Avoidance Agreement (“DTAA”) between India and the country of tax residence of the said Member(s). The non-resident Member(s) shall provide the following document(s) to avail the available benefits under the provisions of DTAA:
- i) Copy of the PAN card allotted by the authorities in India (duly certified by the Member)
  - ii) Copy of Tax Residency Certificate (TRC) for the financial year 2020-21 obtained from the revenue authorities of the country of tax residence (duly certified by the Member)
  - iii) Self-declaration in Form 10F
  - iv) Self-declaration by the Member(s) for having no permanent establishment in India in accordance with the applicable tax treaty
  - v) Self-declaration of beneficial ownership by the Member(s)
  - vi) Any other document(s) as may be prescribed under the provisions of the IT Act and/or required by the Company thereto, for lower withholding of taxes if applicable (duly certified by the Member).
2. Application of TDS rate is subject to necessary due diligence including verification by the Company of the details of the Member(s) available as per the Register of Members on the Book closure date mentioned in the AGM Notice, documents / other information available in the records of the Company / its Registrar & Transfer Agents (RTA) and other reliable source(s). The Company may deduct TDS on Dividend (if approved at the AGM) at the maximum applicable rate, in case of any incomplete, conflicting or ambiguous information and/or the valid proper documents and/or information not provided by the Member(s).
  3. In case TDS is deducted at a higher rate, an option would be available with the Member(s), as may be eligible subject to the applicable provisions, to file the return of income and claim an appropriate refund.
  4. In the event of any income tax demand(s) including any interest / penalty thereto etc. arising due to any misrepresentation, inaccuracy and/or omission of document(s) and/or information provided and/or to be provided by the Member(s), such Member(s) shall indemnify the Company and provide the Company with all the relevant information, documents and co-operation in any such proceedings.
- Disclaimer:**  
The Notes on TDS as mentioned herein, set out the summary of applicable material provisions in India pertaining to TDS on Dividend payment by the company, and is subject to amendment(s), if any from time to time and does not purport to be a complete and/or detailed analysis or listing of all potential tax consequences and/or applicability. The Members should consult their own tax advisor, as may be required, for the tax provisions applicability to them, its analysis and other related matters.

**In case of Foreign Institutional Investors / Foreign Portfolio Investors:** Tax will be deducted under the provisions of Section 196D of the IT Act at the rate of 20% plus applicable surcharge and cess.