

B S R & Co. LLP

Chartered Accountants

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Independent Auditors' Report

To the Board of Directors of Advanced Enzyme Technologies Limited

Report on the audit of the Standalone Annual Financial Results

Opinion

We have audited the accompanying standalone annual financial results of Advanced Enzyme Technologies Limited (hereinafter referred to as the "Company") for the year ended 31 March 2021, attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('Listing Regulations').

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone annual financial results:

- a. are presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard; and
- b. give a true and fair view in conformity with the recognition and measurement principles laid down in the applicable Indian Accounting Standards, and other accounting principles generally accepted in India, of the net profit and other comprehensive income and other financial information for the year ended 31 March 2021.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing ("SAs") specified under section 143(10) of the Companies Act, 2013 ("the Act"). Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Standalone Annual Financial Results* 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 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 annual financial results.

Management's and Board of Directors' Responsibilities for the Standalone Annual Financial Results

These standalone annual financial results have been prepared on the basis of the standalone annual financial statements.

Registered Office:

Independent Auditors' Report (*Continued*)

Advanced Enzyme Technologies Limited

Management's and Board of Directors' Responsibilities for the Standalone Annual Financial Results (*Continued*)

The Company's Management and the Board of Directors are responsible for the preparation and presentation of these standalone annual financial results that give a true and fair view of the net profit and other comprehensive income and other financial information in accordance with the recognition and measurement principles laid down in Indian Accounting Standards prescribed under Section 133 of the Act and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. 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 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 standalone annual financial results that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone annual financial results, the Management and the 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 responsible for overseeing the Company's financial reporting process

Auditor's Responsibilities for the Audit of the Standalone Annual Financial Results

Our objectives are to obtain reasonable assurance about whether the standalone annual financial results 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 standalone annual financial results.

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 annual financial results, 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 through a separate report on the complete set of financial statements 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 results made by the Management and Board of Directors.

Independent Auditors' Report (*Continued*)

Advanced Enzyme Technologies Limited

Auditor's Responsibilities for the Audit of the Standalone Annual Financial Results (*Continued*)

- 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 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 standalone annual financial results 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 annual financial results, including the disclosures, and whether the standalone annual financial results 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.

Other Matters

The standalone annual financial results include the results for the quarter ended 31 March 2021 being the balancing figure between the audited figures in respect of the full financial year and the published unaudited year to date figures up to the third quarter of the current financial year which were subject to limited review by us.

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

Chartered Accountants

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

Place: Mumbai
Date: 29 May 2021

Sadashiv Shetty

Partner

Membership No: 048648

UDIN: 21048648AAAABF6583

Advanced Enzyme Technologies Limited

CIN No.: L24200MH1989PLC051018

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

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Statement of audited standalone financial results for the quarter and year ended 31 March 2021

(₹ in Million except per share data)

	Particulars	Quarter ended			Year ended	
		31-Mar-21 Audited (Refer note viii)	31-Dec-20 Unaudited	31-Mar-20 Audited (Refer note viii)	31-Mar-21 Audited	31-Mar-20 Audited
1	Revenue from operations	706.08	791.45	684.20	2,834.73	2,473.54
2	Other Income (refer note iv)	25.84	17.74	12.89	68.23	90.01
3	Total Income (1+2)	731.92	809.19	697.09	2,902.96	2,563.55
4	Expenses					
	(a) Cost of materials consumed	249.12	280.20	249.90	950.34	944.36
	(b) Purchases of stock-in-trade	-	-	-	-	-
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	3.64	25.50	(12.46)	12.74	(56.78)
	(d) Employee benefits expense	84.16	85.52	80.42	342.34	326.07
	(e) Finance costs (including exchange difference)	0.09	0.15	3.67	0.84	11.00
	(f) Depreciation and amortisation expense	24.35	22.24	22.53	89.32	88.14
	(g) Other expenses	149.88	131.38	137.01	523.10	492.23
	Total expenses	511.24	544.99	481.07	1,918.68	1,805.02
5	Profit before exceptional item and tax (3-4)	220.68	264.20	216.02	984.28	758.53
6	Exceptional item	-	-	-	-	-
7	Profit before tax (5-6)	220.68	264.20	216.02	984.28	758.53
8	Tax expense					
	Current tax	54.82	51.45	62.61	248.44	193.89
	Deferred tax charge/(credit)	13.46	9.58	(6.64)	25.72	(14.91)
	Total tax expense	68.28	61.03	55.97	274.16	178.98
9	Net profit for the period (7-8)	152.40	203.17	160.05	710.12	579.55
10	Other comprehensive income					
	A (i) Items that will not be reclassified to Profit or Loss					
	Remeasurements of defined benefit liability/(asset)	2.90	(1.10)	(2.26)	(0.39)	(4.49)
	(ii) Income tax related to items that will not be reclassified to Profit or Loss	(0.86)	0.32	0.66	0.10	1.31
	B (i) Items that will be reclassified to Profit or Loss	-	-	-	-	-
	(ii) Income tax related to items that will be reclassified to Profit or Loss	-	-	-	-	-
	Total Other comprehensive income	2.04	(0.78)	(1.60)	(0.29)	(3.18)
11	Total comprehensive income (9+10)	154.44	202.39	158.45	709.83	576.37
12	Paid-up Equity Share Capital (Face Value ₹ 2 each fully paid up)	223.46	223.45	223.36	223.46	223.36
13	Other equity				4,131.00	3,481.47
14	Earnings Per Share of ₹ 2 each (not annualized)					
	(a) ₹ (Basic)	1.37	1.82	1.43	6.36	5.19
	(b) ₹ (Diluted)	1.36	1.82	1.43	6.35	5.18

Statement of standalone assets and liabilities

Particulars	(₹ in million)	
	As at 31 March 2021 Audited	As at 31 March 2020 Audited
I. ASSETS		
(1) Non-current assets		
(a) Property, Plant and Equipment	1,298.34	1,251.63
(b) Capital work-in-progress	19.61	45.80
(c) Other Intangible assets	11.96	17.89
(d) Intangible assets under development	53.79	53.75
(e) Financial Assets		
(i) Investments		
- Investment in subsidiaries	1,514.97	1,197.83
- other investment	0.62	0.62
(ii) Loans	288.50	265.21
(iii) Other financial assets	0.05	0.05
(g) Deferred tax assets (net)	-	-
(f) Income tax asset (net)	92.55	76.03
(g) Other non-current assets	9.33	16.15
Total non-current assets	3,289.72	2,924.96
(2) Current Assets		
(a) Inventories	634.22	596.54
(b) Financial Assets		
(i) Investments	329.25	10.00
(ii) Trade receivables	547.41	518.87
(iii) Cash and cash equivalents	15.05	26.69
(iv) Bank balances other than (iii) above	3.65	3.56
(v) Loans	0.27	0.19
(vi) Other financial assets	16.06	23.62
(c) Other current assets	56.88	74.15
Total current assets	1,602.79	1,253.62
(3) Non-current assets held for sale	-	48.17
Total assets	4,892.51	4,226.75
II. EQUITY AND LIABILITIES		
(1) Equity		
(a) Equity share capital	223.46	223.36
(b) Other equity	4,131.00	3,481.47
Total equity	4,354.46	3,704.83
(2) Non-current liabilities		
(a) Financial liabilities		
(i) Borrowings	1.75	7.61
(ii) Lease liability	-	2.08
(b) Provisions	9.94	10.84
(c) Deferred tax liabilities (net)	115.96	90.34
Total non-current liabilities	127.65	110.87
(3) Current liabilities		
(a) Financial liabilities		
(i) Borrowings	1.42	78.63
(ii) Trade payables		
a) total outstanding dues of micro enterprises and small enterprises	1.91	2.73
b) total outstanding dues of creditors other than micro enterprises and small enterprises	223.36	134.39
(iii) Other financial Liabilities	102.61	93.40
(b) Other current liabilities	59.79	25.97
(c) Provisions	20.49	17.05
(d) Current tax liabilities (net)	0.82	4.12
(e) Net employee benefit liabilities	-	-
Total current liabilities	410.40	356.29
(4) Liabilities for non-current assets held for sale	-	54.76
Total equity and liabilities	4,892.51	4,226.75

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	31 March 2021 Rs. in million Audited	31 Mar 2020 Rs. in million Audited
A. Cash flows from operating activities		
Profit before tax	984.28	758.53
	984.28	758.53
Adjustments for non-cash transactions		
Depreciation and amortization expense	89.32	88.14
Property, plant and equipment written off	-	0.51
(Profit) / Loss on sale of property, plant and equipment	(7.06)	0.01
Bad debts written off	0.43	0.26
Provision for doubtful trade receivables provided / (written back)	1.55	-
Employee stock compensation expense	3.54	8.29
Guarantee commission	(0.60)	(1.60)
Excess provision written back	0.00	(0.00)
Sundry balances written off/ (back) (net)	0.39	0.26
Unrealized foreign exchange loss/(gain)	0.91	(2.37)
Fair value adjustment on investments	(1.58)	-
Provision for investments and loans given to subsidiary	-	10.52
	1,071.18	862.55
Items considered separately		
Interest income	(26.36)	(30.83)
Interest expenses	0.84	6.47
Dividend income	(26.69)	(47.60)
Operating profit before working capital changes	1,018.97	790.59
Adjustments for working capital changes.		
(Increase) / Decrease in Non-current loans	-	(0.13)
(Increase) / Decrease in other non-current assets	1.32	(0.39)
(Increase) / Decrease in inventories	(37.69)	(10.37)
(Increase) / Decrease in trade receivables	(31.40)	(131.84)
(Increase) / Decrease in Current loans	(0.08)	0.05
(Increase) / Decrease in other current financial assets	7.56	(13.65)
(Increase) / Decrease in Other current assets	17.25	(35.94)
(Decrease) / Increase in provisions	2.17	1.68
(Decrease) / Increase in trade payables	87.64	(19.23)
(Decrease) / Increase in other current financial liabilities	10.62	4.93
(Decrease) / Increase in other current liabilities	33.82	1.05
Cash generated from operating activities	1,110.18	586.75
Income taxes paid (net)	(268.26)	(126.99)
Net cash generated from operating activities	841.92	459.76
B. Cash flows from investing activities		
Purchase of property, plant and equipment (tangible and intangible both)	(94.70)	(408.49)
Proceeds from sale of property, plant and equipment	1.23	0.27
Capital expenditure on intangible assets under development	-	-
Purchase of intangible assets (net of refunds)	(1.33)	2.06
Purchase of non-current investments	(316.26)	-
Proceeds from sale of non-current investments	-	-
Purchase of current investments	-	-
(Purchase) / Proceeds from sale of current investments (net)	(317.67)	(10.00)
Interest received	3.07	67.12
Proceeds from repayment of loan given to subsidiary	-	52.22
Dividend received	26.69	47.60
(Increase) / Decrease in bank deposits with maturity more than 3 months but less than 12 months	(0.11)	(0.14)
(Increase) / Decrease in bank deposits with maturity of more than 12 months #	(0.00)	(0.00)
Net cash (used in) investing activities	(699.08)	(249.36)
C. Cash flows from financing activities		
Proceeds from issue of share capital including securities premium	3.00	1.77
Repayment of long-term borrowings (net)	(9.33)	(11.53)
Repayment of short-term borrowings (net)	(77.11)	(89.69)
Interest paid	(0.84)	(6.47)
Payment of Lease liabilities	(3.19)	(2.76)
Dividends paid (including dividend distribution tax)	(67.01)	(76.89)
Net cash (used in) financing activities	(154.48)	(185.57)
Net (decrease) / increase in cash and cash equivalents (A+B+C)	(11.64)	24.83
Cash and cash equivalents as at the beginning of the period	26.69	1.86
Cash and cash equivalents as at the end of the period	15.05	26.69

Figures are below Rs 0.01 Million, hence disclosed as Rs 0.00

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Notes:

(i) The above standalone financial results of the Advanced Enzyme Technologies Limited ('the Company') were reviewed by the Audit Committee and thereafter approved by the Board of Directors at their meeting held on 29 May 2021. The statutory auditors have expressed unmodified opinion. The audit report will be filed with stock exchanges and will be available on the Company's website. The above results has been prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 (Ind AS) prescribed under Section 133 of the Companies Act, 2013 and other recognised accounting practices and policies in India.

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

(iii) The Company has allotted 4,500 equity shares during the quarter and 49,950 equity shares during the year ended 31 March 2021 to employees under the 'AETL Employee Stock Option Scheme 2015' - ("AETL ESOS 2015").

(iv) During the year, the Company has concluded transfer and assignment of its leasehold rights in the property situated at Jalna (BT park), Maharashtra with a tripartite agreement with Maharashtra Industrial Development Corporation ('MIDC') and the transferees to relinquish its rights on the said leasehold property. Accordingly, the gain on the transaction aggregating Rs 7.2 million is included under "Other Income" in the quarter ended 31 December 2020.

(v) During the year the Company has computed its corporate tax liability as per lower tax rate available under Section 115BAA of the Income Tax Act, 1961 as introduced by the taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Company has remeasured its deferred tax assets/ liability including unutilized Minimum Alternate Tax credit asset aggregating Rs 27.08 million and is expensing it out equally over a period of two quarters beginning from the quarter ended 31 December 2020.

(vi) On 11 January 2021, the Company completed the acquisition of 51% of the paid up equity share capital in SciTech Specialties Private Limited ('SSPL') for a total consideration of Rs 316.26 million. SSPL is technology based contract manufacturing company specialising in effervescent granules and tablets.

(vii) The Company has considered internal and external information while assessing recoverability of its assets disclosed in the financial statement upto the date of approval of these financial results 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. The Company has also considered the impact of COVID-19 on the business for the foreseeable future and has 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 results and the Company will continue to closely monitor any material changes to future economic conditions.

(viii) The figures for the quarter ended 31 March 2021 and corresponding quarter ended in the previous year as reported in these standalone financial results are the balancing figures between standalone audited figures in respect of the full financial year and the published year to date figures upto the end of the third quarter of the relevant financial year. Also, the figures up to the end of the third quarter had only been reviewed and not subjected to audit.

(ix) The Board of Directors in its meeting held on 29 May 2021 have proposed the final dividend for the financial year 2020-21 of Rs 0.90 per equity share and the same will be paid after approval of the shareholders in Annual General Meeting of the Company.

By Order of the Board of Directors

For Advanced Enzyme Technologies Limited

CIN: L24200MH1989PLC051018

Place: Thane

Dated: 29 May 2021

M. M. Kabra

Wholetime Director

DIN : 00148294