

## **INDEPENDENT AUDITORS' REPORT**

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

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

### **Opinion**

We have audited the accompanying consolidated financial statements of **Advanced Enzymes Europe B.V.** ('the Company') and its subsidiary Evoxx Technologies GmbH, which comprise the Consolidated Balance sheet as at 31 March 2021, Consolidated Statements of profit and loss, the Consolidated Statement of Cash Flows and the Consolidated Statement of changes in equity for the year then ended.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs (financial position) of the Company as at 31 March 2021, and its profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

### **Basis for opinion**

We conducted our audit of the consolidated Ind AS financial statements in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the consolidated financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Management's Responsibility for the Financial Statements**

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

### **Other information**

The Company's Board of Directors is responsible for the other information.



Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements which have been prepared in accordance with the recognition and measurement principles laid down in the Companies (Indian Accounting Standards) Rules, 2015 as per Section 133 of the Companies Act, 2013 and other accounting principles generally accepted in India. We conducted our audit in accordance Standards of Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the significant accounting estimates made by the Company's management, as well as evaluating the overall presentation of the consolidated Ind AS financial statement.

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

### **Other Matters**

- (a) We did not audit the financial statements of one subsidiary company, whose financial statements reflect total assets of Rs. 168.96 million and net assets of Rs. (100.33) million as at 31 March 2021 and total revenues of Rs. 281.79 million for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditor whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiary company, and our report in terms of Section 143 (3) of the Companies Act, 2013 in so far as it relates to the aforesaid subsidiary company, is based solely on the report of the other auditor.



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

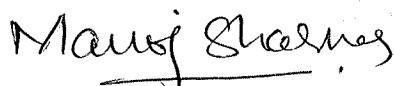
In our opinion, the consolidated financial statement referred to above present fairly in all material respects, the consolidated financial position of the Company as of 31 March 2021 and the consolidated result of its operations and the consolidated cash flow and consolidated statement of changes in equity for the year ended 31 March 2021, in accordance with Indian Accounting Standards ("Ind AS").

### **Emphasis of Matter**

We draw attention to Note 26 in the Notes to the Standalone Ind AS financial statements which describes the impact of the outbreak of Coronavirus (COVID-19) on the business operations of the Company. In view of the highly uncertain economic environment, a definitive assessment of the impact on the subsequent periods is highly dependent upon circumstances as they evolve. Our opinion is not modified in respect of this matter.

The accompanying consolidated financial information has been prepared both in Indian rupees and Euro. The financial information in Euro is prepared solely for the purpose of filing Annual Performance Report with the Reserve Bank of India ("RBI") as per guidelines prescribed by RBI and is not a required part of the basic consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. We have verified the arithmetic accuracy of the presentation of the financial information. We did not audit and do not express an opinion on such information, and our opinion is not modified with respect to this matter.

For Manoj Kumar Sharma & Associates  
Chartered Accountants



Manoj Kumar Sharma  
M. No.: 155859  
FRN: 137265W

UDIN: 21155859AAAAAX5198

Place: Mumbai  
Date: 27 May 2021

Advanced Enzymes Europe B.V.  
Consolidated Balance Sheet  
As at 31 March 2021

	Notes	As at 31 March 2021 In EURO	As at 31 March 2021 In INR	As at 31 March 2020 In EURO	As at 31 March 2020 In INR
<b>I. ASSETS</b>					
(1) Non-current assets					
(a) Property, Plant and Equipment	3	899,066	77,408,666	1,233,876	102,472,900
(b) Goodwill		3,170,110	272,943,340	3,170,110	263,276,405
(c) Other Intangible assets	3A	3,601,536	310,088,661	4,035,600	335,154,958
Total non-current assets		7,670,712	660,440,667	8,439,586	700,904,263
(2) Current Assets					
(a) Inventories	4	305,473	26,300,914	388,076	32,229,584
(b) Financial Assets					
(i) Trade receivables	5	452,653	38,972,983	465,191	38,633,838
(ii) Cash and cash equivalents	6	777,197	66,915,897	431,545	35,839,713
(d) Other current assets	7	63,599	5,475,784	138,202	11,477,614
		1,598,922	137,665,577	1,423,014	118,180,749
(3) Non-current assets classified as held for sale					
		1,598,922	137,665,577	1,423,014	118,180,749
Total current assets		9,269,634	798,106,244	9,862,600	819,085,012
Total assets					
<b>II. EQUITY AND LIABILITIES</b>					
(1) Equity					
(a) Equity share capital	8	2,000,000	149,854,930	2,000,000	149,854,930
(b) Other equity					
1.1 Other Reserves	9	(3,286,613)	(260,630,912)	(3,221,138)	(251,269,920)
Equity attributable to equity holders of the parent		(1,286,613)	(110,775,982)	(1,221,138)	(101,414,990)
Total equity		(1,286,613)	(110,775,982)	(1,221,138)	(101,414,990)
(2) Non current liabilities					
(a) Financial liabilities					
(i) Borrowings	10	8,573,064	738,132,251	8,638,973	717,463,276
(ii) Lease Liabilities		387,656	33,376,783	620,810	51,557,992
(c) Deferred tax liabilities (net)	23	1,021,183	87,922,877	1,133,937	94,173,048
Total non current liabilities		9,981,904	859,431,911	10,393,720	863,194,316
(3) Current liabilities					
(a) Financial liabilities					
(i) Trade payables	11	186,149	16,027,254	314,057	26,082,326
(ii) Other financial Liabilities		233,167	20,075,478	233,167	19,364,457
(b) Other current liabilities	12	155,026	13,347,572	142,793	11,858,896
Total Current liabilities		574,342	49,450,303	690,018	57,305,679
Total liabilities		9,269,633	798,106,233	9,862,600	819,085,006

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

*Manoj Sharma*  
Manoj Kumar Sharma  
Proprietor  
M.No.: 155859  
Place : Thane  
Date: 27 May 2021

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

*M. W. Kabra*  
Mukund Kabra  
Director  
Place : Nashik  
Date: 27 May 2021

*Rasika Rath*  
Rasika Rath  
Director  
Place : California

Advanced Enzymes Europe B.V.  
Consolidated Statement of Profit and Loss  
for the period ended 31 March 2021

	Note	Year ended 31 March 2021	Year ended 31 March 2020	Year ended 31 March 2020	Year ended 31 March 2020
		In Euro	In INR	In Euro	In INR
<b>Revenue</b>					
Revenue from operations	13	3,251,439	281,794,137	3,349,978	263,967,649
Other income	14	538,788	46,695,448	181,185	14,276,805
<b>Total revenue</b>		<b>3,790,227</b>	<b>328,489,585</b>	<b>3,531,163</b>	<b>278,244,453</b>
<b>Expenses</b>					
Cost of materials consumed	15	1,009,528	87,395,893	1,234,493	97,109,319
Changes in inventories of finished goods and work-in-progress	16	81,920	5,966,840	(194,438)	(17,013,332)
Employee benefit expense	17	1,096,221	95,006,799	1,054,564	83,096,269
Finance costs	18	537,212	46,558,843	609,064	47,992,322
Depreciation and amortization expense	19	789,990	68,466,494	805,543	63,474,261
Other expenses	20	453,584	39,311,009	554,042	43,656,743
<b>Total expenses</b>		<b>3,968,456</b>	<b>342,705,878</b>	<b>4,063,267</b>	<b>318,315,581</b>
<b>Profit before exceptional items and tax</b>		<b>(178,229)</b>	<b>(14,216,292)</b>	<b>(532,104)</b>	<b>(40,071,128)</b>
Exceptional items		-	-	-	-
<b>Profit before extraordinary items and tax</b>		<b>(178,229)</b>	<b>(14,216,292)</b>	<b>(532,104)</b>	<b>(40,071,128)</b>
Extraordinary items		-	-	-	-
<b>Profit before tax</b>		<b>(178,229)</b>	<b>(14,216,292)</b>	<b>(532,104)</b>	<b>(40,071,128)</b>
<b>Tax expense</b>					
Current tax	23	-	-	-	-
Deferred tax (credit)/ charge		(112,754)	(9,772,092)	(112,754)	(8,884,639)
Tax adjustment for earlier years		-	-	-	-
<b>Total tax expense</b>		<b>(112,754)</b>	<b>(9,772,092)</b>	<b>(112,754)</b>	<b>(8,884,639)</b>
<b>Profit/(Loss) for the period</b>		<b>(65,475)</b>	<b>(4,444,200)</b>	<b>(419,351)</b>	<b>(31,186,489)</b>
<b>Total comprehensive income for the period</b>		<b>(65,475)</b>	<b>(4,444,200)</b>	<b>(419,351)</b>	<b>(31,186,489)</b>
<b>Earnings per equity share</b>	22				
Basic		(0.03)	(2.22)	(0.21)	(15.59)
Diluted		(0.03)	(2.22)	(0.21)	(15.59)

Significant accounting policies

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

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

*Manoj Sharma*

Manoj Kumar Sharma  
Proprietor  
M.No.: 155859  
Place: Thane  
Date: 27 May 2021

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

*M. Kabra* *Rasika Rath*

Mukund Kabra Director  
Rasika Rath Director

Place: Nashik Place: California  
Date: 27 May 2021

Advanced Enzymes Europe B.V.  
Statement of Changes in Equity (SOCIE)  
for the year ended 31 March 2021

(a) Equity share capital (refer note 9)

	As at 31 March 2021		As at 31 March 2020	
	No. of Shares	Amount	No. of Shares	Amount
Balance at the beginning of the year	2,000,000	149,854,930	2,000,000	149,854,930
Changes in equity share capital during the year				
Balance at the end of the year	2,000,000	149,854,930	2,000,000	149,854,930

(b) Other equity (refer note 10)

Particulars	Reserves & Surplus	Other Comprehensive Income	Total Equity
	Retained earnings	Foreign currency translation reserve	
Balance at 31 March 2019	(252,359,011.85)	40,203,209.82	(212,155,712)
Profit for the year	(31,186,489)	-	(31,186,489)
Other comprehensive income for the year	-	(7,927,719)	(7,927,719)
Total comprehensive income for the year	(31,186,489)	(7,927,719)	(39,114,208)
Balance at 31 March 2020	(283,545,500)	32,275,581	(251,269,920)
Profit for the year	(4,444,200)	-	(4,444,200)
Other comprehensive income for the year	-	(4,916,792)	(4,916,792)
Total comprehensive income for the year	(4,444,200)	(4,916,792)	(9,360,992)
Balance at 31 March 2021	(287,989,700)	27,358,789	(260,630,912)

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

*Manoj Sharma*

Manoj Kumar Sharma  
Proprietor  
M.No.: 155859  
Place : Thane  
Date: 27 May 2021

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

*M. W. Kabra*

Mukund Kabra  
Director

Place : Nashik  
Date: 27 May 2021

*Rasika Rath*

Rasika Rath  
Director

Place : California

Advanced Enzymes Europe B.V.  
Consolidated Cash Flow Statement for the period ended 31 March 2021

	EURO For the year ended 31 March 2021	INR For the year ended 31 March 2021	EURO For the year ended 31 March 2020	INR For the year ended 31 March 2020
Cash flows from operating activities				
Profit before tax	(178,229)	(14,216,292)	(532,104)	(40,071,128)
Adjustments for non-cash transactions				
Depreciation and amortisation expense	789,990	68,466,494	805,543	63,474,261
Loss on sale of Property, plant and equipment	-	-	758,000	59,728
Advances written off	-	-	43,119	3,397,633
Unrealised foreign exchange (gain)/ loss	(427,853)	(37,080,935)	(127,879)	(10,076,452)
	183,910	17,169,267	189,437	16,784,042
Items considered separately				
Interest income	(0.14)	(12)	(801)	(63,140)
Interest expenses	537,212	46,558,843	609,064	47,992,322
	721,122	63,728,098	797,700	64,713,224
Operating profit before working capital changes				
Increase / (decrease) in trade payables	(127,908)	(11,085,477)	204,868	16,142,966
(Increase) / decrease in inventories	82,603	7,159,032	(199,297)	(15,703,977)
(Increase) / decrease in trade receivables	12,538	1,086,616	(200,098)	(15,767,051)
Decrease in short term loans and advances	0.24	21	1	102
Decrease in other current assets	74,603	6,465,676	24,121	1,900,667
(Decrease) in other current liabilities	12,333	1,060,198	(75,001)	(5,909,809)
Cash generated from operating activities	775,191	68,414,164	552,295	45,376,123
Income taxes paid				
Net cash generated from operating activities	775,191	68,414,164	552,295	45,376,123
Cash flows from investing activities				
Purchase of tangible assets	(17,181)	(1,489,064)	(21,172)	(1,668,325)
Purchase of intangible assets	(3,935)	(341,036,701)	(3,538)	(278,783)
Net cash used in investing activities	(21,115)	(1,830,101)	(24,710)	(1,947,108)
Cash flows from financing activities				
Proceeds from non-current borrowings	(115,726)	(10,029,723)	3,695,287	291,176,901
(Repayments)/ Proceeds from current borrowings			(3,806,111)	(299,909,474)
Interest paid	(59,542)	(5,160,366)	(79,648)	(6,276,010)
Lease liability paid	(233,154)	(20,206,859)	(179,314,99)	(14,129,452,37)
Net cash used in financing activities	(408,422)	(35,396,948)	(369,787)	(29,138,035)
Net (decrease) / increase in cash and cash equivalents	345,654	31,187,114	157,800	14,290,979
Cash and cash equivalents as at the beginning of the year	431,545	35,839,713	273,744	14,326,051
Effect of exchange rate changes on cash and cash equivalents held	-	(110,932)	-	(288,684)
Cash and cash equivalents as at the end of the year	777,199	66,915,896	431,543	28,328,347
2		1	(2)	
* Reconciliation of cash and cash equivalents				
Cash in hand	280	24,097	448	37,224
Balance with banks:				
Current account	776,917	66,891,798	431,098	35,802,487
	777,197	66,915,896	431,546	35,839,712

The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard (IND AS) 7 - "Cash Flow Statements".

As per our attached Report of even date

For Manoj Kumar Sharma & Associates  
Chartered Accountants

Firm Registration no. 137265W

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

*Manoj Sharma*  
Manoj Kumar Sharma  
Proprietor

M.No.: 155859

Place : Thane

Date: 27 May 2021

*M. W. Kabra*  
Mukund Kabra  
Director

Place : Nashik  
Date: 27 May 2021

*Rasika Rath*  
Rasika Rath  
Director

Place : California

## Advanced Enzymes Europe B.V.

Notes to the Financial Statements for the period ended 31 March 2021

### 1 Overview of the Company

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

### 2 Basis of preparation of consolidated financial statements

The financial statements of the Company comply with all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

The financial statements of the Company for the year ended 31 March 2021 were authorised for issue in accordance with a resolution of the directors on 27 May 2021.

### Functional and presentation currency

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

### Basis of measurement

The financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities (including derivative instruments) that are measured at fair value; and
- net defined benefit (asset)/ liability that are measured at fair value of plan assets less present value of defined benefit obligations.

### 2A Use of estimates

The preparation of the financial statements in accordance with Ind AS requires use of judgements, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised prospectively.

Assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31 March 2021 are as follows:

#### a. Revenue from contracts with customers:

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

#### b. Property, plant and equipment

Determination of the estimated useful lives of tangible assets and the assessment as to which components of the cost may be capitalised. Useful lives of tangible assets are based on the life prescribed in Schedule II of the Act. In cases, where the useful lives are different from that prescribed in Schedule II, they are based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers' warranties and maintenance support.

#### c. Recognition and measurement of defined benefit obligations

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

#### d. Recognition of deferred tax assets

Deferred tax assets are recognised for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases, and unutilised business loss and depreciation carry-forwards and tax credits. Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, depreciation carry-forwards and unused tax credits could be utilised.





#### Measurement of fair values

The Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values, which includes overseeing all significant fair value 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:

When measuring the fair value of a financial asset or a financial liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

#### 2B Significant accounting policies:

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

##### a. Revenue recognition

###### Revenue from sale of services:

The Company offers various services ranging from enzyme identification, enzyme optimisation, enzyme and process development, scale-up and production 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.

###### Revenue from sale of products:

The Company is engaged in selling proprietary enzymes.

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

Interest income is recognized on a time proportionate basis, taking into account the amount outstanding and the rates applicable.

##### b. Property, plant and equipment and depreciation

i. Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses, if any. Cost includes taxes, duties, freight and other incidental expenses directly related to acquisition/construction and installation of the assets. Any trade discounts and rebates are deducted in arriving at the purchase price.

ii. Subsequent expenditure related to an item of tangible assets are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

iii. Capital work-in-progress includes fixed assets not ready for their intended use and related incidental expenses and attributable interest.

iv. The estimated useful life of assets are as follows:

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

Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

v. An item of property, plant and equipment is eliminated from the financial statements on disposal or when no further benefit is expected from its use and disposal. Gains / losses arising from disposal are recognised in the Statement of Profit and Loss.

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

**c. Impairment of Property, plant and equipments**

The carrying values of assets at each balance sheet date are reviewed for impairment if any indication of impairment exists.

If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognized for such excess amount. The impairment loss is recognized as an expense in the Statement of Profit and Loss, unless the asset is carried at revalued amount, in which case any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset.

The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor.

When there is indication that an impairment loss recognized for an asset (other than a revalued asset) in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognized in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss. In case of revalued assets such reversal is not recognized.

**d. Inventories**

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

**e. Employee benefits**

- i. Employee benefits payable wholly within twelve months of receiving employees services are classified as short-term employee benefits. The short-term employee benefits are accounted on undiscounted basis during the accounting period based on services rendered by employees.

**f. Income taxes**

Income tax expense comprises current tax (i.e. amount of tax for the period determined in accordance with the income tax law), deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period) and Minimum Alternate Tax (MAT) credit entitlement.

**Current tax**

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

**g. Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation.

**h. Borrowing costs**

Borrowing costs incurred on constructing or acquiring a qualifying asset are capitalized as cost of that asset until it is ready for its intended use. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue and recognized as an expense in the Statement of Profit and Loss.

**i. Provisions and contingencies**

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but will probably not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision disclosure is made.

**j. Leases**

Policy applicable before 1 April 2019

At the inception of a lease, the lease arrangement is classified as either a finance lease or an operating lease, based on the substance of the lease arrangement.

**Assets taken on finance lease**

A finance lease is recognized as an asset and a liability at the commencement of the lease, at the lower of the fair value of the asset and the present value of the minimum lease payments. Initial direct costs, if any, are also capitalized and, subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

**Assets taken on operating lease**

Leases other than finance leases are operating leases, and the leased assets are not recognized on the Company's balance sheet. Payments made under operating leases are recognized in the income statement on a straight-line basis over the term of the lease.

Policy applicable after 1 April 2019

Policy applicable after April 1, 2019 The Company has adopted Ind AS 116 effective from April 1 2019 using modified retrospective approach. For the purpose of preparation of Standalone Financial Information, management has evaluated the impact of change in accounting policies required due to adoption of Ind AS 116 for year ended March 31 2021.

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 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 Company's incremental borrowing rate.

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

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

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

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

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

**k. Cash and cash equivalents**

Statement of cash flows is prepared in accordance with the indirect method prescribed in the relevant Accounting Standard. For the purpose of presentation in the Statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. However, Bank overdrafts are shown within borrowings in current liabilities in the balance sheet for the purpose of presentation.

**l. Operating cycle**

All assets and liabilities have been classified as current or non-current as per criteria set out in the Schedule III to the Companies Act, 2013.

**m. Financial Instruments**

**a. Financial assets**

**i. Recognition and initial measurement**

Trade receivables and debt instruments issued are initially recognised when they are originated. All other financial assets are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

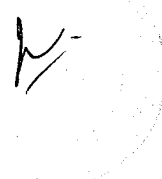
A financial asset is initially measured at fair value. In the case of financial assets which are recognised at fair value through profit and loss (FVTPL), the transaction costs are recognised in the statement of profit and loss. In other cases, the transaction costs are attributed to the acquisition value of the financial asset.

**ii. Classification**

On initial recognition, a financial asset is classified as measured at

- amortised cost; or
- fair value through profit or loss (FVTPL); or
- fair value through other comprehensive income (FVOCI) - debt investment or equity investment

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

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A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI – equity investment). This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL, if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

### iii Subsequent measurement and gains and losses

Financial assets at FVTPL

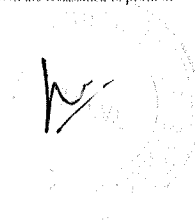
These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.



#### Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to profit or loss.

#### iv. Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset. If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

#### v. Impairment of financial assets

In accordance with Ind AS 109, the company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

i. Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, and bank balance.

ii. Trade receivables.

The application of simplified approach does not require the company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

#### b. Financial liabilities

##### i. Recognition and initial measurement

All financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial liability is initially measured at fair value. In the case of financial liabilities which are recognised at fair value through profit and loss (FVTPL), the transaction costs are recognised in the statement of profit and loss. In other cases, the transaction costs are attributed to the acquisition or issue of financial liability.

##### ii. Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

#### iii. Derecognition

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

#### iv. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

#### n. Share capital and share premium

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction net of tax from the proceeds. Par value of the equity share is recorded as share capital and the amount received in excess of the par value is classified as share premium.

#### o. Dividend Distribution to equity shareholders

The Company recognizes a liability to make cash distributions to equity holders when the distribution is authorized and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorized when it is approved by the shareholders. A corresponding amount is recognized directly in other equity along with any tax thereon.

#### p. Foreign Currency Transactions

The Financial Statements of Company are presented in INR, which is also its functional currency. In preparing the Financial Statements, transactions in currencies other than the entity's functional currency are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary items denominated in foreign currency are reported at the exchange rate ruling on the date of transaction.

Exchange differences on monetary items are recognised in the Statement of Profit & Loss in the period in which they arise.

Advanced Enzymes Europe B.V.

Notes to the Financial Statements for the period ended 31 March 2021

3 Property, Plant and Equipment

Gross block	Plant and equipment	Office equipment	Right of use of assets	(In INR) Total
Balance as at 1 April 2019	91,992,645	71,090,288	-	163,082,933
Additions	319,154	1,349,171	81,420,132	83,088,457
Disposals	264,174	313,618	-	577,792
- Foreign exchange fluctuation	2,438,940	1,058,213	3,384,186	6,881,339
Balance as at 31 March 2020	94,486,565	73,184,055	84,804,317	252,474,937
Additions	1,411,756	77,308	-	1,489,064
Disposals				
- Foreign exchange fluctuation	1,135,605	255,691	2,561,633	3,952,929
Balance as at 31 March 2021	97,033,926	73,517,054	87,365,950	257,916,930
Accumulated depreciation and amortization				
Balance as at 1 April 2019	57,242,733	63,396,197	-	120,638,930
	-	-	-	-
Depreciation and amortization	7,049,979	3,078,289	18,716,776	28,845,043
Reversal on disposal of assets	(206,968)	(311,096)	-	(518,064)
Balance as at 31 March 2020	64,499,680	66,785,582	18,716,776	150,002,037
Depreciation and amortization	6,678,974.62	3,240,932.90	20,586,318.94	30,506,226
Balance as at 31 March 2021	71,178,654	70,026,514	39,303,095	180,508,263
Net block				
Balance as at 31 March 2020	29,986,885	6,398,473	66,087,542	102,472,900
Balance as at 31 March 2021	25,855,271	3,490,540	48,062,855	77,408,666

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Advanced Enzymes Europe B.V.

Notes to the Financial Statements for the period ended 31 March 2021

### 3A Intangible assets

						(In INR)
Gross block	Rights & licences	Computer software	Developed technology	Tradename	Customer relationship	Total
Balance as at 1 April 2019	230,093,006	4,042,016	264,248,588	26,565,314	81,358,186	606,307,110
Additions	278,783	-	-	-	-	278,783
Disposals	-	-	-	-	-	-
- Foreign exchange fluctuation	1,428,194	258	15,211,072	1,189,438	4,227,282	22,056,243
Balance as at 31 March 2020	231,799,983	4,042,274	279,459,661	27,754,752	85,585,468	628,642,137
Additions	341,036.70	-	-	-	-	341,037
Disposals	-	-	-	-	-	-
- Foreign exchange fluctuation	810,292	95	8,662,022	675,611	2,404,934	12,552,953
Balance as at 31 March 2021	232,951,312	4,042,368	288,121,682	28,430,363	87,990,401	641,536,126
Accumulated depreciation and amortization						
Balance as at 1 April 2019	205,826,186	4,033,080	29,235,090	6,279,437	13,484,168	258,857,961
On acquisition of Evovx Tech.	-	-	-	-	-	-
Depreciation and amortization	4,758,225.24	6,618.93	17,818,589.30	3,827,274.49	8,218,509.13	34,629,217
Balance as at 31 March 2020	210,584,411	4,039,699	47,053,679	10,106,712	21,702,677	293,487,178
Depreciation and amortization	5,112,863.87	-	19,598,387.06	4,209,528.28	9,039,422.69	37,960,202
Balance as at 31 March 2021	215,697,275	4,039,699	66,652,066	14,316,240	30,742,100	331,447,380
Balance as at 1 April 2019	24,266,820	8,936	235,013,499	20,285,877	67,874,018	347,449,149
Balance as at 31 March 2020	21,215,572	2,575	232,405,982	17,648,040	63,882,790	335,154,958
Balance as at 31 March 2021	17,254,036	2,669	221,469,616	14,114,123	57,248,301	310,088,746

**Advanced Enzymes Europe B.V.****Notes to the Financial Statements for the period ended 31 March 2021**

	As at 31 March 2021 In INR	As at 31 March 2020 In INR
<b>4 Inventories</b>		
(valued at lower of cost and net realizable value)		
Raw materials and packing materials	2,680,218	2,642,049
Finished goods	23,620,696	29,587,535
	<u>26,300,914</u>	<u>32,229,584</u>
<b>5 Trade receivables</b>		
Unsecured		
- Considered good	38,972,982.70	38,633,838
- Considered doubtful	-	-
	<u>38,972,983</u>	<u>38,633,838</u>
Less : Provision for:		
- Doubtful Trade Receivables	-	-
	<u>38,972,983</u>	<u>38,633,838</u>
	<u>38,972,983</u>	<u>38,633,838</u>





Advanced Enzymes Europe B.V.

Notes to the Financial Statements for the period ended 31 March 2021

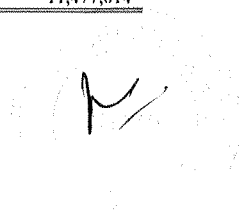
	As at 31 March 2021 In INR	As at 31 March 2020 In INR
6 Cash and cash equivalents		
Balances with banks		
- in current accounts	66,891,798	35,802,487
Cash on hand	24,097	37,224
	<u>66,915,897</u>	<u>35,839,713</u>

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**Advanced Enzymes Europe B.V.**

**Notes to the Financial Statements for the period ended 31 March 2021**

	As at 31 March 2021 In INR	As at 31 March 2020 In INR
<b>7 Other current assets</b>		
Prepaid expenses	2,529,110	2,607,616
Others	2,946,674	8,869,997
	<u>5,475,784</u>	<u>11,477,614</u>

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Advanced Enzymes Europe B.V.  
Notes to the Financial Statements for the period ended 31 March 2021

8 Share capital

	As at 31 March 2021		As at 31 March 2020	
	Number	In INR	Number	In INR
Authorized				
Equity shares of Euro 1 each	2,000,000	149,854,930	2,000,000	149,854,930
	<u>2,000,000</u>	<u>149,854,930</u>	<u>2,000,000</u>	<u>149,854,930</u>
Issued, subscribed and fully paid up				
Equity shares of Euro 1 each	2,000,000	149,854,930	2,000,000	149,854,930
Total	<u>2,000,000</u>	<u>149,854,930</u>	<u>2,000,000</u>	<u>149,854,930</u>

a) Reconciliation of Equity share capital

	As at 31 March 2021		As at 31 March 2020	
	Number	In INR	Number	In INR
Balance at the beginning of the year	2,000,000	149,854,930	2,000,000	149,854,930
Add : Issued during the year	-	-	-	-
Balance at the end of the year	<u>2,000,000</u>	<u>149,854,930</u>	<u>2,000,000</u>	<u>149,854,930</u>

b) Shareholders holding more than 5% of the shares

	As at 31 March 2021		As at 31 March 2020	
	Number	% of holding	Number	% of holding
Equity shares of Euro 1 each				
Advanced Enzyme Technologies Limited	2,000,000	100%	2,000,000	100%
	<u>2,000,000</u>	<u>100%</u>	<u>2,000,000</u>	<u>100%</u>

c) Rights, preferences and restrictions attached to equity shares

The company has one class of equity shares having a par value of Euro 1 per share. Each shareholder is eligible for one vote per share held. Any dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company, in proportion to their shareholding.

Advanced Enzymes Europe B.V.

Notes to the Financial Statements for the period ended 31 March 2021

	As at 31 March 2021 In INR	As at 31 March 2020 In INR
<b>9 Other Equity</b>		
<b>Reserves and surplus</b>		
<b>Retained earnings</b>		
Balance at the beginning of the year	(283,545,500)	(252,359,012)
Add : Transferred from Statement of Profit and Loss	(4,444,200)	(31,186,489)
Balance at the end of the year	<u>(287,989,700)</u>	<u>(283,545,500)</u>
<b>Other Comprehensive Income</b>		
<b>Foreign Currency Translation Reserve</b>		
Balance at the beginning of the year	32,275,581	40,203,300
Add : Additions made during the year	<u>(4,916,792)</u>	<u>(7,927,719)</u>
Balance at the end of the year	<u>27,358,789</u>	<u>32,275,581</u>
<b>Total</b>	<u><u>(260,630,912)</u></u>	<u><u>(251,269,920)</u></u>

*W*

**Advanced Enzymes Europe B.V.**

**Notes to the Financial Statements for the period ended 31 March 2021**

**10 Borrowings**

	As at 31 March 2021 Non- Current In INR	As at 31 March 2020 Non- Current In INR
<b>Secured</b>		
<b>Term loans</b>		
Equipment loans	7,158,797	16,516,285
	<u>7,158,797</u>	<u>16,516,285</u>
<b>Unsecured</b>		
From related parties	730,973,454	700,946,991
	<u>730,973,454</u>	<u>700,946,991</u>
	<u><u>738,132,251</u></u>	<u><u>717,463,276</u></u>

**a) Terms of repayment of term loans and other loans**

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

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

**b) Loan repayable on demand**

- (i) Current loan is repayable on demand.
- (ii) Related party loan is repayable in twenty equal quarterly installments commencing from 30 September 2022.
- (iii) Equipment loans are payable in 72 equal monthly instalments of Rs. 0.34 million each along with interest up to 1 April 2022

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Advanced Enzymes Europe B.V.

Notes to the Financial Statements for the period ended 31 March 2021

	As at 31 March 2021 In INR	As at 31 March 2020 In INR
<b>11 Trade payables</b>		
Total outstanding dues to others	16,027,254	26,082,326
	<u>16,027,254</u>	<u>26,082,326</u>

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Advanced Enzymes Europe B.V.

Notes to the Financial Statements for the period ended 31 March 2021

	As at 31 March 2021 In INR	As at 31 March 2020 In INR
<b>12 Other current liabilities</b>		
Statutory dues		
Other dues payable	1,489,633	1,465,437
Provision for expenses	11,836,704	10,346,159
Other current liabilities	21,235	47,300
	<u>13,347,572</u>	<u>11,858,896</u>

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## Advanced Enzymes Europe B.V.

Notes to the Financial Statements for the period ended 31 March 2021

	Year ended 31 March 2021 In INR	Period ended 31 March 2020 In INR
<b>13 Revenue from contracts with customers</b>		
<b>13.1 Disaggregated revenue information</b>		
Sale of goods	138,181,808	105,995,726
Sale of services	143,612,329	157,971,923
<b>Revenue from contracts with customers (Gross)</b>	<b>281,794,137</b>	<b>263,967,649</b>
<b>Total revenue from contracts with customers</b>	<b>281,794,137</b>	<b>263,967,649</b>
<b>13.1 A Disaggregated revenue information based on segment</b>		
Sale of goods		
Bio-processing	138,181,808	105,995,726
	<b>138,181,808</b>	<b>105,995,726</b>
<b>13.2 Timing of revenue recognition</b>		
Revenue recognized at a point in time	281,794,137	263,967,649
	<b>281,794,137</b>	<b>263,967,649</b>
<b>13.3 Contract balances</b>		
The following table provides information about receivables, contract assets and contract liabilities from contracts with customers.		
Trade receivables (Refer Note 5)	38,972,983	38,633,838
Trade receivables are non-interest bearing and are generally on terms of 15 to 30 days. Increase in overall trade receivables resulted from increase in the revenue from operations.		
<b>14 Other income</b>		
Interest income		
- on others	12.13	63,140
- Net (gain)/loss on foreign currency transactions and translations	37,080,934.74	10,076,452
Miscellaneous income	9,614,502	4,137,213
	<b>46,695,448</b>	<b>14,276,805</b>
<b>15 Cost of materials consumed</b>		
Opening stock		
Raw materials and packing material	2,642,049	2,094,398
	<b>2,642,049</b>	<b>2,094,398</b>
<b>Add : Purchases during the year</b>		
Raw materials and components	87,434,062.07	97,656,969
	<b>87,434,062</b>	<b>97,656,969</b>
<b>Less : Closing stock</b>		
Raw materials and packing material	2,680,218	2,642,049
	<b>2,680,218</b>	<b>2,642,049</b>
	<b>87,395,893</b>	<b>97,109,319</b>
<b>16 Changes in inventories of finished goods and work-in-progress</b>		
Opening stock		
- Finished goods	29,587,535	12,574,203
- Work-in-progress	-	-
	<b>29,587,535</b>	<b>12,574,203</b>
<b>Closing stock</b>		
- Finished goods	23,620,696	29,587,535
- Work-in-progress	-	-
Differential excise duty on stocks	23,620,696	29,587,535
	<b>5,966,840</b>	<b>(17,013,332)</b>



Advanced Enzymes Europe B.V.

Notes to the Financial Statements for the period ended 31 March 2021

	Year ended 31 March 2021 In INR	Period ended 31 March 2020 In INR
<b>17 Employee benefit expenses</b>		
Salaries, wages and bonus	79,397,601	69,413,320
Contribution to provident and other defined contribution funds	15,609,198	13,682,949
	<u>95,006,799</u>	<u>83,096,269</u>
<b>18 Finance costs</b>		
Interest expenses	46,558,843.09	47,992,322
	<u>46,558,843</u>	<u>47,992,322</u>
<b>19 Depreciation and amortization expense</b>		
Depreciation of tangible fixed assets	9,919,908	10,128,268
Amortization of intangible fixed assets	58,546,586.86	53,345,993
	<u>68,466,494</u>	<u>63,474,261</u>
<b>20 Other expenses</b>		
<b>Manufacturing expenses</b>		
Power and fuel	(28,585)	20,281
	<u>(28,585)</u>	<u>20,281</u>
<b>Selling and distribution expenses</b>		
Travel, conveyance and car hire	461,930.97	2,254,733
Sales promotion and advertisement	17,802	156,698
Freight outward and forwarding	3,334,127	2,980,857
Other selling and distribution expenses	176,141	208,883
	<u>3,990,001</u>	<u>5,601,171</u>
<b>Administrative and general expenses</b>		
Rent (refer note 22)	(2,204,313.92) -	789,245
Repairs and maintenance		
- Others	5,938,666	3,676,087
Insurance	3,476,083	3,390,644
Legal and professional charges	16,374,417.59	16,331,852
Advances/assets written off	8,865,240	12,021,791
Loss on sale of fixed assets (net)	-	59,728
Bank Charges	11,479.98	92,192
Commuting expenses	713,764	1,020,246
Miscellaneous expenses	2,174,256	2,231,997
	<u>35,349,592</u>	<u>38,035,291</u>
	<u>39,311,009</u>	<u>43,656,743</u>

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Advanced Enzymes Europe B.V.  
Notes to the Financial Statements for the period ended 31 March 2021  
(All amounts are stated in Indian Rupees, unless otherwise stated.)

21 Leases

The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis.

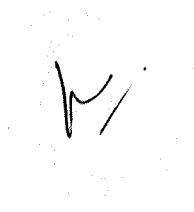
Particulars	INR
Less than one year	20,075,478
One to five years	33,376,783
More than five years	-
Total	53,452,261

The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

Rental expense recorded for short-term leases was INR 22,882,114/- for the year ended March 31, 2021 (INR 19,519,263/- for year ended March 31, 2020)

The Company has recognised interest on lease liability of INR 14,495,759/- for the year ended March 31, 2021 under finance costs (INR 14,029,618/- for year ended March 31, 2020)

The aggregate depreciation on ROU assets has been included under depreciation and amortisation expense in the Statement of Profit and Loss.



Advanced Enzymes Europe B.V.

Notes to the Financial Statements for the period ended 31 March 2021

## 22. 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

	(In INR)	
	31 March 2021	31 March 2020
<b>i. Profit attributable to Equity holders</b>		
Profit attributable to equity holders	(4,444,200)	(31,186,489)
<b>ii. Weighted average number of ordinary shares</b>		
	31 March 2021	31 March 2020
Equity shares/Issued ordinary shares at 11 July 2017	2,000,000	2,000,000
Effect of fresh issue of shares for cash	-	-
Weighted average number of shares at 31 March for basic EPS	2,000,000	2,000,000
Effect of exercise of share options	-	-
Weighted average number of shares at 31 March for diluted EPS	2,000,000	2,000,000
<b>Basic and Diluted earnings per share</b>		
	31 March 2021	31 March 2020
Basic earnings per share	(2.22)	(15.59)
Diluted earnings per share	(2.22)	(15.59)

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Advanced Enzymes Europe B.V.

Notes to the Financial Statements for the period ended 31 March 2021

## 23 Income taxes

### Tax expense

#### (a) Amounts recognised in profit and loss

(In INR)

	Year ended 31 March 2021	Year ended 31 March 2020
Current income tax	-	-
Changes in estimates related to prior period	-	-
<b>Deferred income tax liability / (asset), net</b>		
Change in recognised deductible temporary differences	(9,772,092)	(8,884,639)
Deferred tax expense	(9,772,092)	(8,884,639)
<b>Tax expense for the year</b>	<b>(9,772,092)</b>	<b>(8,884,639)</b>

#### (b) Reconciliation of effective tax rate

	Year ended 31 March 2021	Year ended 31 March 2018
Profit before tax	(4,444,200)	(31,186,489)
<b>Tax effect of:</b>		
Temporary differences	(9,772,092)	(8,884,639)
Others	-	-
<b>Tax expense as per profit or loss</b>	<b>(9,772,092)</b>	<b>(8,884,639)</b>

## Advanced Enzymes Europe B.V.

## 23 Income taxes (continued)

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Advanced Enzymes Europe B.V.  
Notes to the Financial Statements for the period ended 31 March 2021  
(All amounts are stated in Indian Rupees, unless otherwise stated)

## 24. Financial instruments

### 1. Financial instruments – Fair values and risk management

#### A. Accounting classification and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels are presented below. It does not include the fair value information for financial assets and financial liabilities not measured at fair value if their carrying amount is a reasonable approximation of fair value.

(in INR)

(in INR)									
		Carrying amount				Fair value			
31 March 2021	Note No.	FVTPL	FVTOCI	Amortised Cost	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Financial assets									
Trade receivables	5	-	-	38,972,983	38,972,983	-	-	38,972,983	38,972,983
Cash and cash equivalents	6	-	-	66,915,897	66,915,897	-	-	66,915,897	66,915,897
		-	-	105,888,879	105,888,879	-	-	105,888,879	105,888,879
Financial liabilities									
Borrowings - Non current	10	-	-	738,132,251	738,132,251	-	-	-	-
Borrowings - Current	10	-	-	-	-	-	-	-	-
Trade payables	11	-	-	16,027,254	16,027,254	-	-	-	-
		-	-	754,159,505	754,159,505	-	-	-	-
		Carrying amount				Fair value			
31 March 2020	Note No.	FVTPL	FVTOCI	Amortised Cost	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Financial assets									
Trade receivables	5	-	-	38,633,838	38,633,838	-	-	38,633,838	38,633,838
Cash and cash equivalents	6	-	-	35,839,713	35,839,713	-	-	35,839,713	35,839,713
Loans	7	-	-	-	-	-	-	-	-
		-	-	74,473,551	74,473,551	-	-	74,473,551	74,473,551
Financial liabilities									
Borrowings - Non current	11	-	-	717,463,276	717,463,276	-	-	-	-
Borrowings - Current	11	-	-	-	-	-	-	-	-
Trade payables	12	-	-	26,082,326	26,082,326	-	-	-	-
		-	-	743,545,603	743,545,603	-	-	-	-

### B. Measurement of fair values

#### Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used:

#### Financial instruments measured at fair value

Type	Valuation technique
Non current financial assets / liabilities measured at amortised cost	Discounted cash flow technique : The valuation model considers present value of expected payments discounted using an appropriate discounting rate.

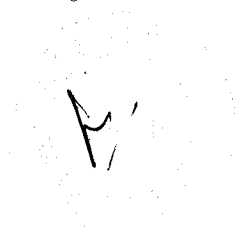
### C. Financial risk management

The Company has exposure to the following risks arising from financial instruments:

- Credit risk ;
- Liquidity risk ; and
- Market risk

#### i. Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework.



**Advanced Enzymes Europe B.V.**

**Notes to the Financial Statements for the period ended 31 March 2021**

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

**Financial instruments – Fair values and risk management**

**ii. Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment securities. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. The Company establishes an allowance for doubtful debts and impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments.

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Advanced Enzymes Europe B.V.

Notes to the Financial Statements for the period ended 31 March 2021

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

Financial instruments – Fair values and risk management

iii. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Exposure to liquidity risk:

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments

(In INR)

31 March 2021	Carrying amount	Total	Contractual cash flows			
			Upto 1 year	1-3 years	3-5 years	More than 5 years
Non- current borrowings	263,355,675	284,005,483	12,899,311	117,388,045	153,718,127	-
Interest on borrowings	81,205,331	81,205,331	-	32,482,132	48,723,199	-
Current borrowings	424,933,851	424,933,851	-	169,973,540	254,960,311	-
Trade payable	16,027,254	16,027,254	16,027,254	-	-	-

(In INR)

31 March 2020	Carrying amount	Total	Contractual cash flows			
			Upto 1 year	1-3 years	3-5 years	More than 5 years
Non- current borrowings	262,248,752	-	11,162,411	131,990,626	178,633,317	-
Interest on borrowings	35,436,473	58,458,414	-	23,383,366	35,075,048	-
Current borrowings	419,778,052	419,778,052	-	107,374,027	161,061,041	-
Trade payable	26,082,326	26,082,326	26,082,326	-	-	-

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Advanced Enzymes Europe B.V.

Notes to the Financial Statements for the period ended 31 March 2021

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

**Financial instruments – Fair values and risk management (continued)**

**iv. Market risk**

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Company's income or the value of its holdings of financial instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables. The Company is exposed to market risk primarily related to foreign exchange rate risk. Thus, our exposure to market risk is a function of revenue generating and operating activities in foreign currency. The objective of market risk management is to avoid excessive exposure in our foreign currency revenues and costs.

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**Advanced Enzymes Europe B.V.**

**Notes to the Financial Statements for the period ended 31 March 2021**

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

**Financial instruments – Fair values and risk management (continued)**

**Interest rate risk**

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing investments will fluctuate because of fluctuations in the interest rates.

**Exposure to interest rate risk**

Company's interest rate risk arises from borrowings. Borrowings issued at fixed rates exposes to fair value interest rate risk. The interest rate profile of the Company's interest-bearing financial instruments as reported to the management of the Company is as follows.

	(In INR)	
	31 March 2021	31 March 2020
<b>Fixed-rate instruments</b>		
<b>Fixed-rate instruments</b>		
<b>Financial liabilities - measured at amortised cost</b>		
From related party	730,973,454	700,946,991
Equipment Loan	7,158,797	16,516,285
<b>Floating-rate instruments</b>		
<b>Financial liabilities - measured at amortised cost</b>		
From banks in foreign currency	-	-
<b>Total</b>	<b>738,132,251</b>	<b>717,463,276</b>

**Fair value sensitivity analysis for fixed-rate instruments**

The Company does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

**Cash flow sensitivity analysis for variable-rate instruments**

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

	(In INR)	
<b>Cash flow sensitivity (net)</b>	<b>Profit or loss</b>	
	25 bp increase	25 bp decrease
<b>31-Mar-21</b>		
Variable-rate loan instruments	-	-
<b>Cash flow sensitivity (net)</b>	<b>-</b>	<b>-</b>
<b>31-Mar-20</b>		
Variable-rate loan instruments	-	-
<b>Cash flow sensitivity (net)</b>	<b>-</b>	<b>-</b>

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**Advanced Enzymes Europe B.V.****Notes to the Financial Statements for the period ended 31 March 2021**

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

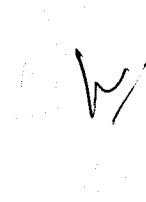
**25. Capital Management**

For the purpose of the Company's capital management, capital includes issued capital and other equity reserves. The primary objective of the Company's Capital Management is to maximise shareholders value. The Company manages its capital structure and makes adjustments in the light of changes in economic environment and the requirements of the financial covenants.

The Company monitors capital using adjusted net debt to equity ratio. For this purpose, adjusted net debt is defined as total debt less cash and bank balances.

	(In INR)	
	31 March 2021	31-Mar-20
Non-current borrowings	738,132,251	717,463,276
Current borrowings	-	-
Current maturity of long term debt	-	-
Gross debt	738,132,251	717,463,276
Less - Cash and cash equivalents	66,915,897	35,839,713
Less - Other bank deposits	-	-
<b>Adjusted net debt</b>	<b>671,216,354</b>	<b>681,623,563</b>
Total equity	(110,775,982)	(101,414,990)
Adjusted net debt to equity ratio	(6.06)	(6.72)

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



Advanced Enzymes Europe B.V.

Notes to the Financial Statements for the period ended 31 March 2021  
(All amounts are stated in Indian Rupees, unless otherwise stated)

27 Related Party Disclosures, as required by Indian Accounting Standard 24 (Ind AS 24) are given below:

**A. Relationships:**

**I. Holding Company**

Advanced Enzyme Technologies Limited

**II. Subsidiaries:**

Evovx Technologies GMBH, Germany (Wholly owned subsidiary of Advanced Enzymes Europe B. V.)

**III. Fellow Subsidiaries**

Advanced Bio- Agro Tech Limited

Advanced Enzytech Solutions Limited

JC Biotech Private Limited

Advanced Enzymes, USA

Cal India Food International, USA (subsidiary of Advanced Enzymes USA, Inc.)

Advanced Supplementary Technologies Corporation, USA (Wholly owned subsidiary of Advanced Enzymes USA, Inc.)

Dynamic Enzymes Inc., USA (Wholly owned subsidiary of Advanced Enzymes USA)

Enzyme Innovation Inc., USA (Wholly owned subsidiary of Cal India Foods International)

Scitech Specialities Private Limited (w.e.f. 11th January 2021)

**B. Nature of transactions:**

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

	31 March 2021 (in INR)	31 March 2020 (in INR)
i. Loan taken from fellow subsidiary company	-	118,195,242
ii. Loan given and interest receivable from fellow fellow subsidiary written off	-	3,397,633
iii. Repayment of loan and interest to parent company	23,456,453	118,195,242
iv. Interest on loan taken from parent company	17,944,267	29,672,357
v. Interest on loan taken from fellow subsidiary company	-	12,043,956
vi. Interest on loan given to fellow subsidiary company	85,646,983	63,037
vii. Sale of services to holding company	30,258,572	70,875,898
viii. Purchase of goods from holding company	122,013	53,235,137
ix. Commission income from parent company	-	-

**C. Balances due from/to the related parties:**

	As at 31 March 2021 (in INR)	As at 31 March 2020 (in INR)
i. Borrowing:	245,656,905	245,732,467
from fellow holding	407,452,016	419,778,052
from fellow subsidiary	-	-
ii. Interest payable:	29,779,024	6,248,281
from fellow holding	48,085,509	29,188,192
from fellow subsidiary	-	-
iii. Trade receivable	9,094,551	7,374,804
iv. Trade payable	22,426,637	24,964,710

This is the balance sheet referred to in our report of even date

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

*Manoj Sharma*

Manoj Kumar Sharma  
Proprietor  
M.No.: 155859  
Place : Thane  
Date: 27 May 2021

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

*M. W. Kabra*

Mukund Kabra  
Director

Place : Nashik  
Date: 27 May 2021

*Rasika Rath*

Rasika Rath  
Director

Place : California