

Independent Auditor's Report

FOR THE YEAR ENDED 31 MARCH 2021

Component Name	Advanced Enzymes USA Inc. and its subsidiaries
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From: KNAV P.A.

Date: May 25, 2021

Subject: Component Audit of Advanced Enzymes USA Inc. and its subsidiaries for the year ended 31 March 2021

To: Sadashiv Shetty, B S R & Co. LLP, Mumbai

Independent Auditor's Report on Fit-for-Consolidation Consolidated Financial Statements of Advanced Enzymes USA Inc. and its subsidiaries

We have audited the accompanying fit-for-consolidation consolidated financial statements of Advanced Enzymes USA Inc. and its subsidiaries ('the Entity', 'the Company') which comprise the consolidated balance sheet as at 31 March 2021, the consolidated statements of profit and loss, cash flows and changes in equity for the year then ended, annexed thereto, and a summary of significant accounting policies and other explanatory information (collectively referred to as 'the financial statements'), prepared in accordance with the group accounting policies followed by Advanced Enzymes Technologies Limited ('AETL') ('the holding company of the group'). The financial statements have been prepared solely to enable the holding company of the group, to prepare its fit-for-consolidation consolidated Ind AS financial statements as at and for the year ended 31 March 2021.

Management's responsibility for the financial statements

The Company's management is responsible for the preparation of the financial statements that give a true and fair view of the financial position, financial performance, financial cash flows of the entity, and a summary of significant account policies and other explanatory information, prepared in accordance with group accounting policies followed by the holding company of the group. This responsibility also includes maintenance of adequate accounting records for safeguarding 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 are operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

The financial statements have been prepared by the management on the basis of instructions received in this regard from AETL solely for the use by AETL in preparation of its fit-for-consolidation consolidated Ind AS financial statements in accordance with the group accounting policies followed by AETL.

KNAV P.A.

Certified Public Accountants

One Lakeside Commons, Suite 850, 990 Hammond Drive NE, Atlanta, GA 30328 T 1 678 584 1200 F 1 770 676 6082 E: admin@knavecpa.com
2021-115-US

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements and other information based on our audit. We set the scope of and performed our independent audit procedures at the materiality lower than that was communicated to us through group audit instructions. We conducted our audit in accordance with the Group Audit Instructions prepared as per the generally accepted auditing standards in India and generally accepted auditing standards in the United States of America. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We have communicated all matters of significance to you in the communications you requested in your Group referral instructions.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly in all material respects, the consolidated financial position of Advanced Enzymes USA Inc. and its subsidiaries as of 31 March 2021 and the consolidated results of its operations and the consolidated cash flows for the year then ended in accordance with group accounting policies followed by AETL and are suitable for inclusion in the consolidated Ind AS financial statements of AETL.

Limitation of Use

This report is intended solely for use by B S R & Co. LLP, India in connection with its audit of consolidated Ind AS financial statements of AETL as at and for the year ended 31 March 2021 and should not be used for any other purpose.

Atul Deshmukh

Atul Deshmukh
Engagement Partner, CPA
KNAV P.A.
Certified Public Accountants
Atlanta, Georgia

Date: May 25, 2021

KNAV P.A.

Certified Public Accountants

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2021-115-US

Fit-for-consolidation consolidated financial statements

Advanced Enzymes USA, Inc. and Subsidiaries

31 March 2021

Advanced Enzymes USA, Inc. and Subsidiaries
Fit-for-consolidation consolidated balance sheets

		USD As at	INR As at	USD As at	INR As at
	Notes	31 March 2021	31 March 2021	31 March 2020	31 March 2020
I. ASSETS					
(1) Non-current assets					
(a) Property, plant and equipment	2	781,140	57,417,445	1,513,468	114,094,181
(b) Capital work-in-progress		25,073	1,842,951	23,535	1,774,209
(c) Intangible assets	3	-	-	32,666	2,462,581
(d) Goodwill		33,872,000	2,489,751,167	33,872,000	2,553,471,172
(e) Financial assets					
(i) Loans	7	6,197,393	455,537,484	5,955,573	448,966,200
(e) Deferred tax asset	11	317,993	23,373,981	337,701	25,457,882
Total non current assets		41,193,599	3,027,923,028	41,734,943	3,146,226,225
(2) Current assets					
(a) Inventories	4	4,171,960	306,658,698	3,854,375	290,565,492
(b) Financial Assets					
(i) Investments		12,022,994	883,746,570	16,251,380	1,225,124,896
(ii) Trade receivables	5	3,057,717	224,756,551	2,062,956	155,517,807
(iii) Cash and cash equivalents	6	22,739,797	1,671,481,977	9,140,945	689,098,380
(c) Income tax asset (net)	11	238,006	17,494,585	733,211	55,273,775
(c) Other current assets	8	53,344	3,921,035	135,396	10,206,916
		42,283,818	3,108,059,416	32,178,263	2,425,787,265
Total		83,477,417	6,135,982,444	73,913,206	5,572,013,490
II. EQUITY AND LIABILITIES					
(1) Equity					
(a) Equity share capital	9	5,839,000	285,831,054	5,839,000	285,831,054
(b) Other equity	10	75,028,204	5,658,288,424	65,136,718	5,064,737,343
Equity attributable to equity holders of the parent		80,867,204	5,944,119,478	70,975,718	5,350,568,397
Total equity		80,867,204	5,944,119,478	70,975,718	5,350,568,397
(a) Financial liabilities					
(i) Lease liability	12	-	-	327,011	24,652,056
Total non current liabilities		-	-	327,011	24,652,056
(2) Current liabilities					
(a) Financial liabilities					
(i) Trade payables	15	1,045,491	76,848,511	908,842	68,513,865
(ii) Other financial Liabilities	13	943,572	69,357,012	923,749	69,637,574
(b) Other current liabilities	14	439,924	32,336,448	657,288	49,550,199
(c) Short-term provisions	16	181,226	13,320,996	120,598	9,091,399
Total Current liabilities		2,610,213	191,862,966	2,610,477	196,793,037
Total liabilities		2,610,213	191,862,966	2,937,488	221,445,093
TOTAL EQUITY AND LIABILITIES		83,477,417	6,135,982,444	73,913,206	5,572,013,490

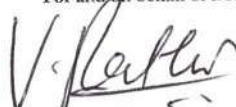
Notes 1 to 35 form an integral part of these fit-for-consolidation consolidated financial statements

This is the fit-for-consolidation consolidated balance sheets referred to in our report of even date

For KNAV P.A.
Certified Public Accountants

Atul Deshmukh
Atul Deshmukh, CPA
Engagement Partner
Licensed in Georgia
Place : Atlanta, Georgia
Date: 25 May 2021

For and on behalf of Board of Directors of Advanced Enzymes USA, Inc. and subsidiaries


V. L. Rathi
Director

Place : Chino
Date: 25 May 2021

Advanced Enzymes USA, Inc. and Subsidiaries
Fit-for-consolidation consolidated statements of profit and loss

		USD	INR	USD	INR
	Notes	For the year ended 31 March 2021	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2020
Revenue					
Revenue from operations (net)	17	29,036,055	2,154,486,634	27,326,010	1,936,842,466
Other income	18	831,872	61,725,229	592,280	41,980,245
Total revenue		29,867,927	2,216,211,863	27,918,290	1,978,822,711
Expenses					
Cost of materials consumed	19	9,158,202	684,425,020	7,868,058	541,343,104
Changes in inventories of finished goods and work-in-progress	20	(125,142)	(6,696,606)	(260,216)	(26,264,635)
Employee benefit expenses	21	4,121,994	305,853,612	3,896,212	276,159,943
Finance costs	22	23,303	1,729,089	38,604	2,736,194
Depreciation and amortisation expense	23	821,175	60,931,481	862,103	61,105,090
Other expenses	24	2,126,870	157,814,685	2,407,755	170,659,453
Total expenses		16,126,402	1,204,057,281	14,812,516	1,025,739,150
Profit before tax		13,741,525	1,012,154,582	13,105,774	953,083,561
Tax expense					
Current tax		3,834,072	284,489,616	3,805,562	269,734,720
Deferred tax		19,708	1,462,329	(232,202)	(16,458,237)
		3,853,780	285,951,945	3,573,360	253,276,483
Net profit for the year		9,887,745	726,202,637	9,532,414	699,807,078
Other comprehensive (loss)/ income					
Items that will be reclassified to profit or loss					
- Exchange differences in translating financial statements of foreign operations		-	(132,929,166)	-	400,238,620
Total comprehensive income for the year		9,887,745	593,273,471	9,532,414	1,100,045,698

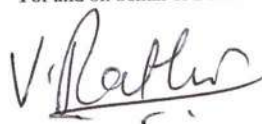
Notes 1 to 35 form an integral part of these fit-for-consolidation consolidated financial statements

This is the fit-for-consolidation consolidated statements of profit and loss referred to in our report of even date

For KNAV P.A.
Certified Public Accountants

Atul Deshmukh
Atul Deshmukh, CPA
Engagement Partner
Licensed in Georgia
Place : Atlanta, Georgia
Date: 25 May 2021

For and on behalf of Board of Directors of Advanced Enzymes USA, Inc. and subsidiaries



V. L. Rathi
Director

Place : Chino
Date: 25 May 2021

Advanced Enzymes USA, Inc. and Subsidiaries
Fit-for-consolidation consolidated statements of cash flows

	USD	INR	USD	INR
	For the year ended	For the year ended	For the year ended	For the year ended
	31 March 2021	31 March 2021	31 March 2020	31 March 2020
Cash flows from operating activities				
Profit before tax	13,741,525	1,012,154,582	13,105,774	953,083,561
Adjustments for non-cash transactions				
Depreciation and amortisation expense	821,175	60,931,481	862,103	61,105,090
ESOP amortisation expenses	3,741	277,608	8,365	592,931
Provision for inventory	31,788	2,358,695	36,850	2,611,894
Fair valuation of investments in marketable securities	-	-	(42,626)	(3,021,307)
	14,598,229	1,075,722,366	13,970,465	1,014,372,170
Items considered separately				
Interest income	(295,093)	(21,896,017)	(549,654)	(38,958,939)
Interest expenses	23,303	1,729,089	38,604	2,736,194
Payroll Protection Programme ("PPP") loan forgiveness	(536,779)	(39,829,212)	-	-
	13,789,660	1,015,726,226	13,459,415	978,149,426
Operating profit before working capital changes				
Short term liabilities and provisions	(156,735)	(11,629,761)	581,488	41,215,365
Trade payables	136,649	10,139,426	78,247	5,546,068
Inventories	(349,374)	(25,923,692)	83,176	5,895,459
Trade receivables	(994,761)	(73,811,624)	(474,503)	(33,632,335)
Other current assets	82,052	6,088,256	227,953	16,157,066
Other financial liabilities	102,156	7,579,980	(356,000)	(25,232,984)
Cash generated from operating activities	12,609,647	928,168,811	13,599,776	988,098,065
Income taxes paid	(3,338,868)	(247,745,307)	(4,865,364)	(344,852,549)
Net cash generated from operating activities	9,270,779	680,423,505	8,734,412	643,245,516
Cash flows from investing activities				
Purchase of tangible assets	(57,718)	(4,282,663)	(89,694)	(6,357,433)
Loan given to related party	-	-	(1,687,350)	(119,597,815)
Sale of current investments	4,228,386	313,747,884	-	-
Interest received	53,273	3,952,878	379,732	26,915,024
Net cash generated from (used in) investing activities	4,223,941	313,418,099	(1,397,313)	(99,040,224)
Cash flows from financing activities				
PPP loan proceeds	536,779	39,829,212	-	-
Interest paid	(23,303)	(1,729,089)	(38,604)	(2,736,194)
Lease liability paid	(409,344)	(30,373,451)	(354,396)	(25,119,284)
Net cash generated from (used in) financing activities	104,132	7,726,672	(393,000)	(27,855,478)
Net increase in cash and cash equivalents	13,598,852	1,001,568,275	6,944,099	516,349,813
Cash and cash equivalents as at the beginning of the year	9,140,045	689,098,380	2,196,846	151,958,694
Effect of exchange rate changes on cash and cash equivalents held	-	(19,184,679)	-	20,789,873
Cash and cash equivalents as at the end of the year	22,739,797	1,671,481,977	9,140,945	689,098,380
Supplemental non-cash financing activities				

- 1) The Parent Company during the year ended March 31, 2017 issued 11,500 graded options to two of the employees of the Company. The Company has elected to consider the same as contribution to reserves by the Parent Company leading to an increase in reserves and surplus by INR 277,608 for the year ended March 31, 2021 and INR 592,931 for the year ended March 31, 2020. (Refer note 25 on related parties).
- 2) As of April 01, 2020, interest outstanding of \$405,195 on loan given to related party was converted into principal balance (Refer note 7).

Notes 1 to 35 form an integral part of these fit-for-consolidation consolidated financial statements

This is the fit-for-consolidation consolidated cash flow statement referred to in our report of even date

For KNAV P.A.
Certified Public Accountants

Atul Deshmukh
Atul Deshmukh, CPA
Engagement Partner
Licensed in Georgia
Place : Atlanta, Georgia
Date: 25 May 2021

For and on behalf of Board of Directors of Advanced Enzymes USA, Inc. and subsidiaries

V. L. Rathi
Director

Place : China
Date: 25 May 2021

Advanced Enzymes USA, Inc. and Subsidiaries

Fit-for-consolidation Consolidated Statement of Changes in Equity (SOCIE)

For the year ended 31 March 2021

(All amounts are stated in Indian Rupees except for the number of shares, unless otherwise stated)

(a) Equity share capital

	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	5,839	285,831,054	5,839	285,831,054
Changes in equity share capital during the year	-	-	-	-
Balance at the end of the year	5,839	285,831,054	5,839	285,831,054

(b) Other equity

Particulars	Reserves & Surplus				Total Equity
	Securities Premium account	Capital Contribution	Other comprehensive income	Retained earnings	
Balance at April 1, 2019	242,164,086	2,321,462	329,628,373	3,389,984,794	3,964,098,715
Profit/addition for the year	-	592,931	-	699,807,078	700,400,009
Exchange differences in translating financial statements of foreign operations	-	-	400,238,620	-	400,238,620
Total comprehensive income for the year	-	592,931	400,238,620	699,807,078	1,100,638,628
Balance at March 31, 2020	242,164,086	2,914,393	729,866,993	4,089,791,872	5,064,737,343
Profit/addition for the year	-	277,608	-	726,202,637	726,480,244
Exchange differences in translating financial statements of foreign operations	-	-	(132,929,166)	-	(132,929,166)
Total comprehensive income for the year	-	277,608	(132,929,166)	726,202,637	593,551,079
Balance at March 31, 2021	242,164,086	3,192,001	596,937,827	4,815,994,508	5,658,288,423

Notes 1 to 35 form an integral part of these fit-for-consolidation consolidated financial statements

This is the fit-for-consolidation consolidated statement of changes in equity referred to in our report of even date

For KNAV P.A.
Certified Public Accountants

Atul Deshmukh
Atul Deshmukh, CPA
Engagement Partner
Licensed in Georgia
Place : Atlanta, Georgia
Date: 25 May 2021

For and on behalf of Board of Directors of Advanced Enzymes USA, Inc. and subsidiaries

V. L. Rath
V. L. Rath
Director

Place : Chino
Date: 25 May 2021

Advanced Enzyme USA Inc. and Subsidiaries
Notes to fit-for-consolidation consolidated financial statements
For the year ended 31 March 2021

1 Overview of the Company

Advanced Enzymes USA, Inc. ("AE: USA" or "the Company") was incorporated in the state of California on November 1, 2010 and began operations in February 2011. The Company is a wholly owned subsidiary of Advanced Enzymes Technologies Ltd. ("the Parent"), an India corporation. The Company was formed to serve as a holding company to allow the Parent to own interests in United States corporations.

The Company purchased all of the outstanding common stock of Cal-India Foods International, Inc. ("CAI") and Advanced Supplementary Technologies Corporation ("AST") on April 4, 2011 and October 31, 2012 respectively. CAI does business as Specialty Enzymes and Biochemicals Co. ("SEB"). The Company segregated the existing business in two additional companies, Enzymes Innovation Inc. and Dynamic Enzymes Inc. AE: USA incorporated Enzyfuel Innovation Inc. ("EFI"), a California Company on December 30, 2015. However, this Company (EFI) was diluted in September 2017. AE: USA and its subsidiaries, collectively, are hereinafter referred to as "the Company".

The Company engages in manufacturing custom formulated enzymes to fit the needs of a variety of clients, and it offers lab testing and product formulation from conception to finished product. The Company primarily services small to middle market companies. The Company focuses on consumer sales of encapsulated and bottled enzyme supplements primarily online and through medical professionals. Its customers primarily operate in the nutraceutical industry, though it also services the food and beverage industry, municipal water industries, and is increasingly targeting industrial companies. The company also offers healthcare professionals and consumers a natural therapeutic alternative for preventative care and health.

1A Basis of preparation of consolidated Consolidated financial statements

a. Statement of compliance

These Fit-for-Consolidation Consolidated Financial Statements (the consolidated financial statements) relate to Advanced Enzymes USA Inc. and its Subsidiaries (the Company). The consolidated financial statements have been prepared in conformity with the group accounting policies of Advanced Enzyme Technologies Limited (AETL), which are in accordance with the recognition and measurement principles of Indian Accounting Standard notified under section 133 of the Companies Act 2013 (the Act) (Companies (Indian Accounting Standards) Rules, 2015, including subsequent amendments) (Ind AS) and other accounting principles generally accepted in India. The consolidated financial statements have been prepared to facilitate AETL in preparation of its consolidated financial statements. The consolidated financial statements include the disclosures as required under Ind AS to the extent it facilitates and is applicable for preparation of AETL's consolidated financial statements.

The financial information in these consolidated financial statements is shown in both US Dollars (USD) and in Indian Rupees (INR) for March 31, 2021 and March 31, 2020. Dollar amounts are translated into Indian Rupees using closing rate for consolidated balance sheets items, average rates for consolidated profit and loss statements items and historic rate for equity.

The Consolidated financial statements were authorized for issue by the Company's Board of Directors.

b. Basis of measurement

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

- certain financial assets and liabilities that are measured at fair value.

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

The Company has an established control framework with respect to the measurement of fair values, which includes overseeing all significant fair value measurements, including Level 3 fair values by the management. The management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the management assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which such valuations should be classified.

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

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

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.

1A.1 Basis of presentation

a. Functional and presentation currency

The Consolidated financial statements of the Company are reported in Indian Rupees. The functional currency of the Company is United States Dollars (USD). The consolidated results and financial position of the Company that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities are translated at the closing rate at the date of that balance sheet
- Income and expenses are translated at average exchange rates and;
- All resulting exchange differences are recognized in other comprehensive income.

b. Classification of assets as current and non-current:

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current and non current classification of assets and liabilities.

1A.2 Use of estimates

The preparation of consolidated financial statements in conformity with the generally accepted accounting principles requires management to make estimates and assumption that affect the reported amounts of assets and liabilities, revenue and expenses and disclosure of contingent liabilities. The estimates and assumptions used in accompanying consolidated financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the consolidated financial statements are reviewed on an ongoing basis. Actual results may differ from the estimates and assumptions used in preparing the accompanying consolidated financial statements. Any revision to accounting estimates is recognised prospectively in current and future periods.

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

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 and intangible assets

Property, plant and equipment and intangible assets represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Company's assets are determined by management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

c. Recognition of deferred tax assets

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

d. Business combination and intangible assets

Business combinations are accounted for using Ind AS 103, Business Combinations. Ind AS 103 requires the identifiable intangible assets and contingent consideration to be fair valued in order to ascertain the net fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. Significant estimates are required to be made in determining the value of intangible assets. These valuations are conducted by independent valuation experts.

1A.3 Significant accounting policies:

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

a. Principles of Consolidation

The consolidated financial statements' (hereafter, consolidated financial statements') relates to the Company and its subsidiary companies (collectively called "the Company"). Subsidiary companies have been consolidated as per Ind AS 103. The consolidated financial statements have been prepared on the following basis:

- The consolidated financial statements of the Company ("Advanced Enzyme USA Inc.") and its subsidiaries have been consolidated on a line by line basis by adding together the like items of assets, liabilities, income and expenses after eliminating intra Company balances, intra Company transactions and unrealised profits/ losses from the intra Company transactions.
- The excess/deficit (as on the date of acquisition) of the Company's investment cost over the subsidiaries net worth is recognised as goodwill on consolidation or capital reserve as the case may be and the impairment loss, if any is provided for.
- The consolidated financial statements of the Company and its subsidiaries have been consolidated using uniform accounting policies for like transactions and other events in similar circumstances as mentioned in the policies.
- Subsidiary companies are consolidated from the date on which effective control is transferred to the Company and are no longer consolidated from the date of disposal.
- The Subsidiary companies considered in the consolidated financial statements are as follows:

Name of the Company	Country of Incorporation	% age voting power held as at 31 March 2021	% age voting power held as at 31 March 2020
1. Cal India Foods International (Wholly owned subsidiary of Advanced Enzymes USA, Inc.)	USA	100%	100%
2. Advanced Supplementary Technologies Corporation (Wholly owned subsidiary of Advanced Enzymes USA, Inc.)	USA	100%	100%
3. Enzyme Innovation, Inc. (Wholly owned subsidiary of Cal India Foods International)	USA	100%	100%
4. Dynamic Enzymes, Inc. (Wholly owned subsidiary of Advanced Enzymes USA, Inc.)	USA	100%	100%

b. Business combination

As part of its transition to Ind AS, the Company has elected to apply the relevant Ind AS, viz. Ind AS 103, Business Combinations, to only those business combinations that occurred on or after 1 April 2011. In accordance with Ind AS 103, the Company accounts for these business combinations using the acquisition method when control is transferred to the Company. The consideration transferred for the business combination is measured at fair value as at the date the control is acquired (acquisition date), as are the net identifiable assets acquired. Any goodwill that arises is tested annually for impairment. Transaction costs are expensed as incurred, except to the extent related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships with the acquiree. Such amounts are recognised in the consolidated statement of profit and loss.

If a business combination is achieved in stages, any previously held equity interest in the acquiree is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in the consolidated statement of profit and loss or Other Comprehensive Income ("OCI"), as appropriate.

c. Revenue recognition

The Company manufactures and sells custom formulated enzymes. Revenues are recognized through profit and loss when the Company transfers control of goods at a point in time in exchange for a consideration.

i. Revenue from sale of products:

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.

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

d. Income taxes

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the consolidated net profit or loss for the period. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the applicable tax laws.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

e. Stock based compensation:

The Company accounts for stock based compensation expense relating to equity stock options that will be settled in shares of Advane Enzymes Technology Limited, its ultimate parent company. Equity-settled plans are accounted at fair value as at the grant date. The fair value of the share-based option is determined at the grant date using a market-based option valuation model (Black Scholes Option Valuation Model). The fair value of the option is recorded as compensation expense amortized over the vesting period of the options, with a corresponding increase in Reserves and Surplus under the head "Retained earnings".

The Company recognized stock based compensation for awards granted by the ultimate parent company, that are expected to vest on a straight line basis over the requisite service period of the awards. In respect of awards that have a graded vesting schedule and with only service conditions, compensation cost is recognized on straight line basis over the requisite service period for each separately vesting portion of the award as if the award was-in-substance, multiple awards.

f. Employee benefits

i. Defined contribution plans

Contributions to defined contribution plans are charged to income in the period in which they accrue. The Company has a discretionary profit sharing plan and 401(k) matching plan covering eligible and participating employees.

g. Provisions and contingencies

The Company recognizes a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

h. Leases

The company has applied Ind AS 116 using the modified retrospective approach.

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. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability. The lease liability is initially measured as 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, 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 following: – fixed payments, including in-substance fixed payments; – variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date; – Amounts expected to be payable under a residual value guarantee; and – The exercise price under a purchase option that the company is reasonably certain to exercise, lease payments in an optional renewal period if the company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the company's estimate of the amount expected to be payable under a residual value guarantee, or if the company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. The Company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

Short-term leases and leases of low-value assets the Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of real estate properties that have a lease term of 12 months. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

i. Inventories

- i. Inventories are valued at lower of cost or net realizable.

- Cost of finished goods, traded goods and work in progress is determined by considering materials, labour and other related costs incurred in bringing the inventories to their present condition and location.
- ii. Cost of raw materials, packing materials and consumables is determined on first-in-first-out basis. Cost of finished goods (including traded goods) and work in progress is determined on weighted average cost basis.

j. Cash and cash equivalents

Cash comprises of cash at bank and on hand and cash equivalents comprise of short-term bank deposits and highly liquid investments with an original maturity of three months or less.

k. Investments

Investments comprise of marketable securities with an original maturity of 12 months or less. Marketable securities are initially measured at fair value. They are classified and subsequently measured at Fair Value through Profit or Loss ("FVTPL") on the basis of following:

- the entity's business model for managing the financial assets and
- the contractual cash flow characteristics of the financial asset.

Interest income from financial assets at fair value through profit or loss is disclosed as interest income within 'other income' in the consolidated statement of profit and loss. Investments classified as current assets have maturity dates of less than one year from the balance sheet date. Investments classified as non-current assets have maturity dates greater than one year from the balance sheet date.

l. 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 fixed asset 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. Leasehold improvements represent expenses incurred towards civil work and interior furnishings on the leased premises.
- iv. The estimated useful life of assets are as follows:

Leasehold improvements	Term of lease
Plant and Equipments	3 to 7 years
Furniture and fixtures	5 years
Office equipment	5 years
Computer and data processing equipment	3 to 5 years

Depreciation on tangible fixed assets (property, plant and equipment) has been provided on Straight Line Method. Depreciation is provided on a pro-rata basis, i.e. from the date on which asset is ready for use.

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

- vi. Leasehold improvements and leasehold land are amortized over the unexpired primary period of lease except for lease hold land acquired under perpetual lease.

m. Impairment of assets

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

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

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

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

n. Intangible assets

- i. Intangible assets are stated at cost of acquisition less accumulated amortisation and accumulated impairment losses, if any.
- ii. Subsequent expenditure related to an item of intangible 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. Costs relating to acquisition of technical know-how and software are capitalized as intangible assets.
- iv. The Company has elected to continue with the carrying value of all its property, plant and equipment as recognized in the consolidated financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as the deemed cost as at the transition date pursuant to the exemption under Ind AS 101.
- v. The estimated useful life of intangible assets comprising of website domain is 3 years.

o. Foreign currency transactions

The translation of consolidated financial statements from the local currency to the reporting currency of the Company is performed for balance sheet accounts using the exchange rate in effect at the balance sheet date and for revenue, expense and cash-flow items using average exchange rate for the respective periods and the resulting difference is presented as foreign currency translation reserve included in "Reserves and Surplus". The consolidated financial statements of the company are reported in Indian Rupees. The functional currency of Advanced Enzymes USA, Inc. and subsidiaries is United States Dollar.

p. Financial Instruments

a. Financial assets

i. Recognition and initial measurement

Trade receivables and debt securities 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 case of financial asset which are recognised at fair value through profit and loss (FVTPL), its transaction cost are recognised in the consolidated statement of profit and loss. In other cases, the transaction costs are attributed to the acquisition value of the financial asset.

ii. Classification

Financial assets

On initial recognition, a financial asset is classified as measured at
– amortised cost;

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

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

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

iii. Subsequent measurement and gains and losses

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 the consolidated statement of profit and loss. Any gain or loss on derecognition is recognised in the consolidated statement of profit and loss.

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

iv. Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company 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 consolidated 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 case of financial liability which are recognised at fair value through profit and loss (FVTPL), its transaction cost are recognised in the consolidated statement of profit and loss.

ii. Classification, subsequent measurement and gains and losses

Financial liabilities are classified as 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 the consolidated statement of profit and loss. Interest expense and foreign exchange gains and losses are recognised in the consolidated statement of profit and loss.

iv. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the consolidated 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.

Advanced Enzymes USA, Inc. and Subsidiaries
Notes to the fit-for-consolidation consolidated financial statements
(All amounts are stated in Indian Rupees, unless otherwise stated)

2 Tangible assets

	Office equipments	Furniture and fixtures	Computer	Leasehold improvements	Plant and equipment	Right to use asset	Total
Gross block							
Balance as at 1 April 2020	1,249,997	4,472,218	7,616,473	95,962,237	54,676,710	-	163,977,642
Additions	1,050,995	-	2,118,746	482,474	1,037,079	79,517,489	84,206,783
- Foreign exchange fluctuation	61,502	6,509	284,574	3,398,993	1,824,305	3,217,513	8,793,196
Balance as at 31 March 2020	2,362,294	4,478,727	10,019,793	99,843,704	57,538,094	82,735,002	256,977,621
Additions	-	-	1,782,572	948,756	1,437,250	-	4,168,578
- Foreign exchange fluctuation	(15,141)	-	(88,712)	(734,612)	(439,980)	(1,059,218)	(2,337,663)
Balance as at 31 March 2021	2,347,153	4,478,727	11,713,653	100,057,848	58,535,364	81,675,784	258,808,536
Accumulated depreciation and amortisation							
Balance as at 1 April 2020	950,116	4,208,632	4,685,175	45,875,844	28,373,988	-	84,093,755
Depreciation expense	510,613	270,095	1,785,090	17,797,161	9,511,276	28,915,451	58,789,684
Balance as at 31 March 2020	1,460,729	4,478,727	6,470,264	63,673,005	37,885,264	28,915,451	142,883,440
Depreciation expense	784,669	-	1,768,195	18,867,251	6,817,141	30,270,395	58,507,651
Balance as at 31 March 2021	2,245,398	4,478,727	8,238,459	82,540,256	44,702,405	59,185,846	201,391,091
Net block							
Balance as at 31 March 2020	901,565	-	3,549,529	36,170,699	19,652,830	53,819,551	114,094,181
Balance as at 31 March 2021	101,756	-	3,475,193	17,517,593	13,832,959	22,489,938	57,417,445

Advanced Enzymes USA, Inc. and Subsidiaries**Notes to the fit-for-consolidation consolidated financial statements***(All amounts are stated in Indian Rupees, unless otherwise stated)***3 Intangible assets**

	Website Domain	Total
Gross block		
Balance as at 1 April 2019	6,802,229	6,802,229
Additions	-	-
- Foreign exchange fluctuation	258,772	258,772
Balance as at 31 March 2020	7,061,001	7,061,001
Additions	-	-
- Foreign exchange fluctuation	(38,751)	(38,751)
Balance as at 31 March 2021	7,022,250	7,022,250
Accumulated depreciation and amortisation		
Balance as at 1 April 2019	2,283,037	2,283,037
Amortisation expense	2,315,383	2,315,383
Balance as at 31 March 2020	4,598,420	4,598,420
Amortisation expense	2,423,830	2,423,830
Balance as at 31 March 2021	7,022,250	7,022,250
Net block		
Balance as at 31 March 2020	2,462,581	2,462,581
Balance as at 31 March 2021	-	-

Advanced Enzymes USA, Inc. and Subsidiaries

Notes to the fit-for-consolidation consolidated financial statements

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

	As at 31 March 2021	As at 31 March 2020
4 Inventories (valued at cost or lower of net realisable value)		
Raw materials	199,701,648	190,305,048
Work-in-progress	-	11,083,515
Finished goods	102,044,910	85,997,063
Stores and spares	4,912,140	3,179,866
	<u>306,658,698</u>	<u>290,565,492</u>

During the year end March 31, 2021, inventory amounting to INR 2,336,581 (\$31,788) and INR 2,777,970 (\$36,850) during the year ended March 31, 2020 was written off pursuant to being attributed as

5 Trade receivables

Outstanding for a period exceeding six months from the date they are due for

Unsecured considered good

Other debts

Unsecured considered good

Provision of bad and doubtful debts

-	-
224,756,551	155,517,807
-	-
<u>224,756,551</u>	<u>155,517,807</u>

(Refer note 28(ii) for information about credit risk and market risk of trade receivables)

(Refer note 25 for receivables from related parties)

Advanced Enzymes USA, Inc. and Subsidiaries

Notes to the fit-for-consolidation consolidated financial statements

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

	As at 31 March 2021	As at 31 March 2020
<hr/>		
6 Cash and bank balances		
Cash and cash equivalents		
Cash on hand	36,752	37,693
Balances with banks		
- in current accounts	1,041,665,448	364,109,234
Money market desposits	629,779,777	324,951,453
Total	1,671,481,977	689,098,380

Advanced Enzymes USA, Inc. and Subsidiaries**Notes to the fit-for-consolidation consolidated financial statements***(All amounts are stated in Indian Rupees, unless otherwise stated.)*

	As at 31 March 2021	As at 31 March 2020
	Long term	Long term
7 Loans		
(unsecured considered good unless otherwise stated)		
Loan to related parties	455,537,484	448,966,200
	<u>455,537,484</u>	<u>448,966,200</u>

Note:

During the year ended March 31, 2021, the Company advanced a sum of USD Nil (INR Nil) and USD 1,687,350 (INR 119,597,815) during the year ended March 31, 2020 to Advanced Enzymes Europe B.V for business purposes. The said advances bear an interest rate of 4% p.a. and are repayable over a period of five years from September 30, 2022. As of April 01, 2020, interest outstanding of \$405,195 was converted into principal balance and further interest was charged at a rate of 4% during the year ended March 31, 2021. During the year ended March 31, 2021 the Company earned an interest income of USD 241,820 (INR 17,943,139) and USD 169,922 (INR 12,043,915) during the year ended March 31, 2020 from its advances to Advanced Enzymes Europe B.V.

Advanced Enzymes USA, Inc. and Subsidiaries

Notes to the fit-for-consolidation consolidated financial statements

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

	As at 31 March 2021	As at 31 March 2020
	Short term	Short term
8 Other current assets		
Advance to suppliers	187,437	489,319
Prepaid Expenses	3,439,050	9,133,398
Others	294,548	584,199
	3,921,035	10,206,916

Advanced Enzymes USA, Inc. and Subsidiaries

Notes to the fit-for-consolidation consolidated financial statements

(All amounts are stated in Indian Rupees except for the number of shares, unless otherwise stated)

	As at 31 March 2021		As at 31 March 2020	
	Number	Amount	Number	Amount
9 Share capital				
Authorised				
Equity shares of USD 1,000 each	100,000	6,633,290,000	100,000	6,633,290,000
	100,000	6,633,290,000	100,000	6,633,290,000
Issued, subscribed and fully paid up				
Equity shares of USD 1,000 each	5,839	285,831,054	5,839	285,831,054
Total	5,839	285,831,054	5,839	285,831,054

	As at 31 March 2021		As at 31 March 2020	
	Number	INR	Number	INR
a) Reconciliation of Equity share capital				
Balance at the beginning of the year	5,839	285,831,054	5,839	285,831,054
Add : Issued during the year	-	-	-	-
Balance at the end of the year	5,839	285,831,054	5,839	285,831,054

b) Rights, preferences and restrictions attached to shares

The Company has one class of equity shares having a par value of USD \$ 1,000 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.

c) Shareholders holding more than 5% of the shares

	Number	% of holding	Number	% of holding
<u>Equity shares of USD 1,000 each</u>				
Advanced Enzyme Technologies Limited	5,839	100.00%	5,839	100.00%
	5,839	100.00%	5,839	100.00%

Advanced Enzymes USA, Inc. and Subsidiaries**Notes to the fit-for-consolidation consolidated financial statements***(All amounts are stated in Indian Rupees, unless otherwise stated.)*

	As at 31 March 2021	As at 31 March 2020
10 Reserves and surplus		
Other comprehensive income: Foreign currency translation reserve		
Balance at the beginning of the year	729,866,993	329,628,373
Add : Additions made during the year	(132,929,166)	400,238,620
Balance at the end of the year	<u>596,937,827</u>	<u>729,866,993</u>
Capital Contribution		
Balance at the beginning of the year	2,914,393	2,321,462
Add : Additions made during the year	277,608	592,931
Less : Deletions made during the year	-	-
Balance at the end of the year	<u>3,192,001</u>	<u>2,914,393</u>
Securities premium		
Balance at the beginning of the year	242,164,086	242,164,086
Add : Additions made during the year	-	-
Less : Deletions made during the year	-	-
Balance at the end of the year	<u>242,164,086</u>	<u>242,164,086</u>
Surplus in the statement of profit and loss		
Balance at the beginning of the year	4,089,791,872	3,389,984,794
Add : Transferred from statement of profit and loss	726,202,637	699,807,078
Balance at the end of the year	<u>4,815,994,509</u>	<u>4,089,791,872</u>
	<u>5,658,288,424</u>	<u>5,064,737,343</u>

Advanced Enzymes USA, Inc. and Subsidiaries
Notes to the fit-for-consolidation consolidated financial statements
(All amounts are stated in Indian Rupees, unless otherwise stated.)

11. Income taxes

Tax expense

(a) Amounts recognised in profit and loss

	Year ended 31 March, 2021	Year ended 31 March, 2020
Current income tax	284,489,616	269,734,720
Deferred tax expense	1,462,329	(16,458,237)
Tax expense for the year	<u>285,951,944</u>	<u>253,276,482</u>

(b) Amounts recognised in other comprehensive income

	Year ended March 31, 2021			Year ended March 31, 2020		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
Items that will not be reclassified to profit or loss						
Remeasurements of the defined benefit plans	-	-	-	-	-	-

(c) Reconciliation of effective tax rate

	Year ended 31 March, 2021	Year ended 31 March, 2020
Profit before tax	1,012,154,582	953,083,561
Tax using the Company's domestic tax rate (March 31, 2021 : 21%, March 31, 2020 : 21%)	212,552,462	200,147,548
Tax effect of:		
Incremental deduction allowed for research and development costs	70,445,959	66,334,616
State Tax	2,953,523	(13,205,681)
Others	<u>285,951,944</u>	<u>253,276,482</u>
Tax expense as per profit or loss		

Advanced Enzymes USA, Inc. and Subsidiaries
Notes to the fit-for-consolidation consolidated financial statements
(All amounts are stated in Indian Rupees, unless otherwise stated.)

Income taxes (continued)

(d) Movement in deferred tax balances

	31 March, 2021						
	Net balance April 1, 2020	Recognised in profit or loss	Recognised in OCI	Others	Net deferred tax asset/liability	Deferred tax asset	Deferred tax liability
Deferred tax asset							
Property, plant and equipment	(514,762)	(264,599)	15,326	-	(764,035)		(764,035)
Inventories	22,831,841	810,355	(577,349)	-	23,064,847	23,064,847	
Other items	3,140,803	(2,008,085)	(59,549)	-	1,073,169	1,073,169	
	25,457,882	(1,462,329)	(621,572)	-	23,373,981	24,138,016	(764,035)
Tax assets (Liabilities)						(24,138,016)	24,138,016
Set off tax						-	23,373,981
Net tax assets	25,457,882	(1,462,329)	(621,572)	-	23,373,981		

(e) Movement in deferred tax balances

	31 March, 2020						
	Net balance April 1, 2019	Recognised in profit or loss	Recognised in OCI	Others	Net deferred tax asset/liability	Deferred tax asset	Deferred tax liability
Deferred tax asset							
Property, plant and equipment	(4,450,921)	4,076,823	(140,663)	-	(514,762)	-	(514,762)
Inventories	11,748,437	9,428,380	1,655,024	-	22,831,841	22,831,841	-
Other items	-	2,953,034	187,769	-	3,140,803	3,140,803	-
	7,297,517	16,458,236	1,702,128	-	25,457,882	25,972,644	(514,762)
Tax assets (Liabilities)						(25,972,644)	25,972,644
Offsetting of deferred tax assets and liabilities						-	25,457,882
Net tax assets	7,297,517	16,458,236	1,702,128	-	25,457,882		

Realization of net deferred tax assets is dependent upon generation of sufficient taxable income in future years, benefit from the reversal of taxable temporary differences and tax planning strategies. Management assesses the available positive and negative evidence to estimate whether sufficient future taxable income will be generated to permit use of the existing deferred tax assets. The amount of net deferred tax assets considered realizable is subject to adjustment in future periods if estimates of future taxable income change.

Advanced Enzymes USA, Inc. and Subsidiaries

Notes to the fit-for-consolidation consolidated financial statements

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

	As at 31 March 2021	As at 31 March 2020
12 Lease liabilities		
Lease liability	-	24,652,056
	<u>-</u>	<u>24,652,056</u>
	As at 31 March 2021	As at 31 March 2020
13 Current - Other financial liabilities		
Current maturities of lease liabilities	26,324,639	33,205,039
Other payables	43,032,373	36,432,535
	<u>69,357,012</u>	<u>69,637,574</u>

Advanced Enzymes USA, Inc. and Subsidiaries

Notes to the fit-for-consolidation consolidated financial statements

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

	As at 31 March 2021	As at 31 March 2020
14 Other current liabilities		
Advance from customers	29,172,521	48,380,239
Other statutory dues	3,163,927	1,169,960
	<u>32,336,448</u>	<u>49,550,199</u>

Advanced Enzymes USA, Inc. and Subsidiaries

Notes to the fit-for-consolidation consolidated financial statements

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

	As at 31 March 2021	As at 31 March 2020
15 Trade payables		
Total outstanding dues	76,848,511	68,513,865
	<u>76,848,511</u>	<u>68,513,865</u>

(Refer note 25 for payables to related parties)

Advanced Enzymes USA, Inc. and Subsidiaries

Notes to the fit-for-consolidation consolidated financial statements

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

		As at 31 March 2021	As at 31 March 2020
		Short term	Short term
16	Provisions		
	Provision for employee Benefits	13,320,996	9,091,399
		13,320,996	9,091,399
Movement for provision of employee benefits during the year:			
		For the year ended 31 March 2021	For the year ended 31 March 2020
		Short term	Short term
	Opening	9,091,399	5,912,942
	Contribution during the year	(7,860,348)	(11,398,540)
	Provided during the year	12,358,992	13,482,624
	Foreign exchange currency translation	(269,047)	1,094,374
	Closing Provision	13,320,996	9,091,399

Advanced Enzymes USA, Inc. and Subsidiaries

Notes to the fit-for-consolidation consolidated financial statements

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

	For the year ended 31 March 2021	For the year ended 31 March 2020
17 Revenue from contracts with customers		
17.1 Disaggregated revenue information		
Sale of finished products	2,154,486,634	1,936,842,466
Total	2,154,486,634	1,936,842,466
17.1.A Segment wise breakup of goods sold		
Human Health care	1,748,496,804	1,647,147,995
Animal Health care	80,973,496	49,052,576
Bio-processing	325,016,334	240,641,895
	2,154,486,634	1,936,842,466
17.2 Timing of revenue recognition		
Revenue recognized at a point in time	2,154,486,634	1,936,842,466
Total	2,154,486,634	1,936,842,466
17.3 Contract balances		
The following table provides information about receivables, contract assets and contract liabilities from contracts with customers.		
Trade receivables (Refer Note 5)	224,756,551	155,517,807
	224,756,551	155,517,807
Trade receivables are non-interest bearing and are generally on terms of 30 to 60 days. Increase in overall trade receivables resulted from increase in the revenue from operations.		
17.4 Right of return assets and liabilities		
The Company does not have any right of return assets and liabilities as at March 31, 2021 and March 31, 2020.		
17.5 Performance obligation		
Performance obligation for revenues has been summarized in the Note 1.c.i		
18 Other income		
Gain on MTM on marketable securities	-	3,021,307
Interest income from related party advance	17,943,139	12,043,915
Other non-operating income	3,952,878	26,915,024
Government Grant for PPP (Refer note 34)	39,829,212	-
	61,725,229	41,980,245
19 Cost of materials consumed		
Opening stock		
Raw materials and components	190,305,048	200,918,662
	190,305,048	200,918,662
Add : Purchases during the year		
Raw materials and components	693,821,620	530,729,490
	693,821,620	530,729,490
Less : Closing stock		
Raw materials and components	199,701,648	190,305,048
	199,701,648	190,305,048
	684,425,020	541,343,104

20 Changes in inventories of finished goods, work-in-progress and traded goods

Opening stock		
- Manufactured goods	89,176,928	66,912,057
- Work-in-progress	11,083,515	7,083,751
	<u>100,260,443</u>	<u>73,995,808</u>
Closing stock		
- Manufactured goods	106,957,049	89,176,928
- Work-in-progress	-	11,083,515
	<u>106,957,049</u>	<u>100,260,443</u>
	<u>(6,696,606)</u>	<u>(26,264,635)</u>

21 Employee benefit expense

Salaries, wages and bonus	274,720,634	246,179,597
Contribution to defined contribution plan	12,358,992	13,482,624
Payroll taxes	18,496,378	15,904,792
Employee stock compensation expense	277,608	592,931
	<u>305,853,612</u>	<u>276,159,943</u>

22 Finance costs

Interest expenses on lease liability	1,729,089	2,736,194
	<u>1,729,089</u>	<u>2,736,194</u>

23 Depreciation and amortisation expense

Depreciation of tangible assets (Also, refer note 2)	28,237,256	29,874,256
Amortisation of intangible assets	2,423,830	2,315,383
Depreciation of Right to use of lease assets	30,270,395	28,915,451
	<u>60,931,481</u>	<u>61,105,090</u>

24 Other expenses

Utilities	7,428,361	6,480,925
Custom brokers	9,063,685	4,504,405
Rates and taxes	4,190,705	2,627,137
Repairs and maintenance	9,087,657	8,280,099
Laboratory expenses	14,528,880	17,743,472
Insurance	7,692,067	7,085,609
Legal and professional fees	48,678,429	31,208,143
Auditors' remuneration	2,337,312	2,126,372
Donation	20,405	88,953
Communication	3,500,093	3,243,926
Travel, conveyance and car hire	1,795,362	14,793,526
Commission	502,121	590,108
Advertisement and sales promotion	22,546,863	42,837,227
Sales tax	31,241	61,454
General expense	12,953,197	11,393,940
IT consulting	5,763,639	8,562,214
Bank charges	7,694,667	8,244,264
Penalty - Income tax	-	787,679
	<u>157,814,685</u>	<u>170,659,453</u>

Advanced Enzymes USA, Inc. and Subsidiaries

Notes to the fit-for-consolidation consolidated financial statements

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

25 Related parties

a) Names of related parties

Relationship	Name
Ultimate holding company	Advanced Enzyme Technologies Limited
Fellow subsidiaries	Advanced Bio-Agro Tech Limited Advanced EnzyTech Solutions Limited JC Biotech Private Limited Advanced Enzymes Europe B.V SciTech Specialities Private Limited (w.e.f. 11 January 2021)
Companies in which directors of the Company are able to exercise control or have significant influence	Rathi Properties LLC Vasant and Prabha Rathi Generation Trust
Key management personnel (KMP)	Mr. Vasant L. Rathi Mrs. Prabha V. Rathi
Relatives of KMP:	Ms. Rachana V. Rathi Ms. Rasika V. Rathi Ms. Reshama V. Rathi

b) Transactions with related parties

	For the year ended 31 March 2021	For the year ended 31 March 2020
Purchases of Goods		
Advanced Enzyme Technologies Ltd	364,623,508	301,944,171
Sale of Goods		
Advanced Enzyme Technologies Limited	-	5,023,555
Rent Paid		
Rathi Properties LLC	22,000,342	19,243,670
Vasant Rathi	10,102,198	8,611,808
Remuneration to Directors & their Relatives		
Prabha V. Rathi	16,652,284	14,904,854
Reshma Rathi	9,646,051	8,186,539
Vasant L. Rathi	31,463,816	28,371,890
Rachana Rathi	9,052,448	7,219,645
Rasika Rathi	12,539,866	11,396,163
Loan Given		
Advanced Enzymes Europe B.V.	-	119,597,815
Interest Income		
Advanced Enzymes Europe B.V.	17,943,139	12,043,915
Reimbursement of expenses		
Advanced Enzyme Technologies Limited	277,608	592,931

Advanced Enzymes USA, Inc. and Subsidiaries

Notes to the fit-for-consolidation consolidated financial statements

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

c) Balances with related parties

	As at 31 March 2021	As at 31 March 2020
a. Trade receivable		
Advanced Enzyme Technologies Ltd	-	3,458,328
b. Trade payable		
Advanced Enzyme Technologies Ltd	55,564,040	57,406,363
c. Interest receivable		
Advanced Enzymes Europe B.V.	17,774,907	30,545,990
d. Loan receivable		
Advanced Enzymes Europe B.V.	437,762,577	418,420,211

Employee stock options:

During the year ended March 31, 2017, the parent Company issued stock options totaling up to 11,500 to two of the employees of the Company. These options are graded options and shall vest as follows:

Vesting conditions	Vesting proportion
After 1 year from the date of grant	10%
After 2 years from the date of grant	20%
After 3 years from the date of grant	30%
After 4 years from the date of grant	40%

The date of grant for the above mentioned options is September 15, 2016 and the exercise price of the same is INR 300 and the share price at the date of grant amounts to be INR 1,598.

On the basis of the pronouncements of IND AS 102, the Company has an option to either record the same as liability, payable to the parent Company or the same should be considered as contribution to reserves by the parent Company.

The Company elects to consider the same as contribution made by the Parent Company. As a result of which, there has been an addition to reserves amounting to \$ 3,741 (INR 277,608) in the year ended March 31, 2021 and \$ 8,365 (INR 592,931) in the year ended March 31, 2020.

Advanced Enzymes USA, Inc. and Subsidiaries
Notes to the fit-for-consolidation consolidated financial statements
(All amounts are stated in Indian Rupees, unless otherwise stated)

26 Capital Management

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

The Company determines the amount of capital required on the basis of annual as well as long term operating plans and other strategic investment plans. It 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.

Advanced Enzymes USA, Inc. and Subsidiaries**Notes to the fit-for-consolidation consolidated financial statements***(All amounts are stated in Indian Rupees, unless otherwise stated)***27 Leases**

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

Particulars	USD	INR
Less than one year	358,135	26,324,639
One to five years	-	-
More than five years	-	-

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 USD 432,647/- (INR 32,102,540/-) for the year ended March 31, 2021 [USD 393,000/- (INR 27,855,478/-) for year ended March 31, 2020]

The Company has recognised interest on lease liability of USD 23,305/- (INR 1,729,089/-) for the year ended March 31, 2021 under finance costs [USD 38,604/- (INR 2,736,194/-) 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.

28 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

March 31, 2021 INR	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amortised Cost	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Financial assets								
Investments	883,746,570	-	-	883,746,570	883,746,570	-	-	883,746,570
Trade receivables	-	-	224,756,551	224,756,551	-	-	-	-
Cash and cash equivalents	-	-	1,671,481,977	1,671,481,977	-	-	-	-
Loans	-	-	455,537,484	455,537,484	-	-	-	-
	883,746,570	-	2,351,776,012	3,235,522,582	883,746,570	-	-	883,746,570
Financial liabilities								
Trade payables	-	-	76,848,511	76,848,511	-	-	-	-
Other financial Liabilities	-	-	69,557,012	69,557,012	-	-	-	-
	-	-	146,205,523	146,205,523	-	-	-	-
March 31, 2020 INR	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amortised Cost	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Financial assets								
Investments	1,225,124,896	-	-	1,225,124,896	1,225,124,896	-	-	1,225,124,896
Trade receivables	-	-	155,517,807	155,517,807	-	-	-	-
Cash and cash equivalents	-	-	689,098,380	689,098,380	-	-	-	-
Loans	-	-	-	-	-	-	-	-
	1,225,124,896	-	844,616,187	2,069,741,083	1,225,124,896	-	-	1,225,124,896
Financial liabilities								
Lease liability - Non current	-	-	24,652,056	24,652,056	-	-	-	-
Trade payables	-	-	68,513,865	68,513,865	-	-	-	-
Other financial Liabilities	-	-	69,637,574	69,637,574	-	-	-	-
	-	-	162,803,495	162,803,495	-	-	-	-

B. Measurement of fair values

Valuation techniques for unobservable inputs include

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. The board of directors has established the Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the board of directors on its activities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

Advanced Enzymes USA, Inc. and Subsidiaries
Notes to the fit-for-consolidation consolidated financial statements
(All amounts are stated in Indian Rupees, unless otherwise stated)

Financial instruments – Fair values and risk management (continued)

ii. Credit risk

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

Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment. 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.

There is no concentration of risk for trade receivables.

Summary of the Company's exposure to credit risk by age of the outstanding from various customers is as follows:

		31 March 2021	
	Carrying Amount	Weighted Average Loss Rate	Loss Allowance
Not due	170,542,524	0.00%	-
0-90 days	54,083,520	0.00%	-
90-180 days	130,507	0.00%	-
180-270 days	-	0.00%	-
270-360 days	-	0.00%	-
More than 360 days	-	0.00%	-
	<u>224,756,551</u>		<u>-</u>

		31 March 2020	
	Carrying Amount	Weighted Average Loss Rate	Loss Allowance
Not due	123,625,971	0.00%	-
0-90 days	30,764,960	0.00%	-
90-180 days	1,126,875	0.00%	-
180-270 days	-	0.00%	-
270-360 days	-	0.00%	-
More than 360 days	-	0.00%	-
	<u>155,517,807</u>		<u>-</u>

The Company allocates each exposure to a credit risk grade based on a variety of data that is determined to be predictive of the risk of loss (e.g. timeliness of payments, available press information etc.) and applying experienced credit judgement.

Exposures to customers outstanding at the end of each reporting period are reviewed by the Company to determine incurred and expected credit losses. Historical trends of impairment of trade receivables do not reflect any significant credit losses. Given that the macro economic indicators affecting customers of the Company have not undergone any substantial change, the Company expects the historical trend of minimal credit losses to continue.

The Company's exposure to credit risk for trade receivables by geographic region is as follows:

	As at March 31	
Region	2021	2020
USA	205,011,426	138,891,288
Asia	189,296	3,713,457
Europe	14,161,755	10,085,073
Others	5,394,074	2,827,989
	<u>224,756,551</u>	<u>155,517,807</u>

Cash and cash equivalents

The Company held cash and cash equivalents of INR 1,671,481,977 at March 31, 2021 (March 31, 2020: INR 689,098,381). The cash and cash equivalents are held with bank and financial institution counterparties with good credit ratings. The Company has investments in US Treasury Bills amounting to INR 883,746,570. The US Treasury bills are liquid investments and carry risk free status with the credit rating of AAA with stable outlook.

Other than trade and other receivables, the Company has no other financial assets that are past due but not impaired

Advanced Enzymes USA, Inc. and Subsidiaries
Notes to the fit-for-consolidation consolidated financial statements
(All amounts are stated in Indian Rupees, unless otherwise stated)

Financial instruments – Fair values and risk management (continued)

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

March 31, 2021	Contractual cash flows					
	Carrying amount	Total	Upto 1 year	1-3 years	3-5 years	More than 5 years
Trade payable	76,848,511	76,848,511	76,848,511	-	-	-
Other financial liabilities	69,357,012	69,357,012	69,357,012	-	-	-

March 31, 2020	Contractual cash flows					
	Carrying amount	Total	Upto 1 year	1-3 years	3-5 years	More than 5 years
Trade payable	68,513,865	68,513,865	68,513,865	-	-	-
Other financial liabilities	69,637,574	69,637,574	69,637,574	-	-	-

Advanced Enzymes USA, Inc. and Subsidiaries**Notes to the fit-for-consolidation consolidated financial statements***(All amounts are stated in Indian Rupees, unless otherwise stated)***29 Earnings per share (EPS)**

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders by the weighted average number of Equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares.

i. Profit attributable to Equity holders

	March 31, 2021	March 31, 2020
Profit attributable to equity holders from continuing operations	726,202,637	699,807,078

ii. Weighted average number of ordinary shares

	March 31, 2021	March 31, 2020
Issued ordinary shares at April 1	5,839	5,839
Effect of fresh issue of shares for cash	-	-
Weighted average number of shares at March 31 for basic EPS	5,839	5,839

Basic and Diluted earnings per share

	March 31, 2021	March 31, 2020
Basic earnings per share	124,371	119,851
Diluted earnings per share	124,371	119,851

Advanced Enzymes USA, Inc. and Subsidiaries**Notes to the fit-for-consolidation consolidated financial statements***(All amounts are stated in Indian Rupees, unless otherwise stated)***30 Segment reporting****Primary segment**

The Company operates only in one primary business segment viz. 'manufacturing and sales of enzymes' and hence no separate information for primary segment wise disclosure is required.

Secondary segment (based upon geography)

	Year ended 31 March 2021	Year ended 31 March 2020
Segment revenue (based upon location of customers)		
Outside USA	90,629,523	105,393,099
Within USA	2,063,857,111	1,831,449,367
	<u>2,154,486,634</u>	<u>1,936,842,466</u>
	31 March 2021	31 March 2020
Segment assets (based upon location of assets)		
Outside USA	-	-
Within USA	3,004,549,047	3,120,768,343
	<u>3,004,549,047</u>	<u>3,120,768,343</u>
Capital expenditure		
Outside USA	-	-
Within USA	4,168,578	84,206,783
	<u>4,168,578</u>	<u>84,206,783</u>

Advanced Enzymes USA, Inc. and Subsidiaries**Notes to the fit-for-consolidation consolidated financial statements***(All amounts are stated in Indian Rupees, unless otherwise stated)***31 Impairment testing of Goodwill**

For the purposes of impairment testing, goodwill is allocated to the Company's operating divisions which represent the lowest level within the Company at which goodwill is monitored for internal management purposes, which is not higher than the Company's operating segments. The aggregate carrying amounts of goodwill allocated to each unit are as follows:

Particulars	31 March 2021	31 March 2020
Advanced Enzymes USA, Inc.	2,489,751,167	2,553,471,172
	<u>2,489,751,167</u>	<u>2,553,471,172</u>

The recoverable amount of this CGU was based on fair value less costs of disposal, estimated using discounted cash flows. The fair value measurement was categorised as a Level 3 fair value based on inputs in the valuation technique used.

The key assumptions used in the estimation of the recoverable amount are set out below. The values assigned to the key assumptions represent management's assessment of future trends in the relevant industries and have been based on historical data from both external and internal sources.

Particulars	31 March 2021	31 March 2020
Discount rate	7%	8%
Terminal value growth rate	5%	5%
Sales growth rate	10%	10%

The discount rate for was post tax measure estimated based on the weighted-average cost of capital.

The cash flow projections include specific estimates for five years and a terminal growth rate thereafter. The terminal growth rate has been determined based on management's estimate of the long-term business growth rate, consistent with the assumptions that a market participant would make.

Sales growth rate has been considered based on past performance duly adjusted with new sales mix as envisaged by the management.

With regard to assessment of value in use, no reasonably possible change in any of the above key assumptions would cause the carrying amount of the CGU's to exceed their recoverable amount.

Advanced Enzymes USA, Inc. and Subsidiaries**Notes to the fit-for-consolidation consolidated financial statements***(All amounts are stated in Indian Rupees, unless otherwise stated)*

32 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 consolidated 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 consolidated financial statements and the Company will continue to closely monitor any material changes to future economic conditions.

33 Liabilities and contingencies

During the previous year, a competitor filed a lawsuit against the Company for false advertising, unfair competition and consumer fraud. Given the early stage of dispute, the Company cannot reasonably estimate the likelihood or amount of potential liability. Accordingly, no provision has been made as at March 31, 2021.

34 Government Grant for Paycheck Protection Programme forgiveness

In response to the COVID-19 pandemic, the Paycheck Protection Programme ("PPP") was established under the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") and administered by the U.S. Small Business Administration ("SBA"). Companies who met the eligibility requirements set forth by the PPP could qualify for PPP loans provided by local lenders, which supports payroll, rent and utility expenses ("qualified expenses"). If the loan proceeds are fully utilized to pay qualified expenses over the covered period, as further defined by the PPP, the full principal amount of the PPP loan may qualify for loan forgiveness, subject to potential reduction based on the level of full-time employees maintained by the organization during the covered period as compared to a baseline period.

The Company's subsidiaries Specialty Enzymes & Biochemicals ("SEB"), Advanced Supplementary Technologies Corporation ("AST") and Enzymes Innovation Inc. ("EI") received a loan from Wells Fargo Bank in the amount of \$383,478, \$84,901 and \$68,400, respectively under the PPP aggregating to \$536,779. The Company applied for forgiveness and has been notified that \$383,478 of SEB and \$84,901 of AST, in eligible expenditures for payroll and other expenses described in the CARES Act has been forgiven.

EI has applied for forgiveness of the loan but has not yet received approval for the same. The Company has performed initial calculations for the PPP loan forgiveness according to the terms and conditions of the SBA's Loan Forgiveness Application and, based on such calculations, expects that the PPP loan will be forgiven in full. In addition, the Company has determined that it is probable the Company will meet all the conditions of the PPP loan forgiveness.

As such, the Company has decided that the PPP loan should be accounted for as a government grant which analogizes with Ind AS 20, Accounting for Government Grants and Disclosure of Government Assistance. Under the provisions of Ind AS 20, "a forgivable loan from government is treated as a government grant when there is reasonable assurance that the entity will meet the terms for forgiveness of the loan." In addition, in accordance with the provisions of Ind AS 20, government grants shall be recognized in the consolidated statement of income on a systematic basis over the periods in which the Company recognizes costs for which the grant is intended to compensate (i.e. qualified expenses). Therefore, the Company recognized PPP funding during the periods when qualified expenses were incurred.

The balance and activity related to the PPP loan is as follows as at March 31, 2021:

Particulars	As at March 31, 2021
PPP loan proceeds	536,779
Less: Loan forgiven	(468,379)
Less: Qualified expenses eligible for forgiveness	(68,400)
PPP loan balance	-

35 Subsequent Events

The Company has evaluated all events and transactions that occurred after March 31, 2021 through May 25, 2021; the date the consolidated financial statements are issued. Based on the evaluation, the Company is not aware of any events or transactions that would require recognition or disclosure in the consolidated financial statements.

For KNAV P.A.
Certified Public Accountants

Atul Deshmukh
Atul Deshmukh, CPA
Engagement Partner
KNAV P.A.
Certified Public Accountants
Licensed in Georgia
Place : Atlanta, Georgia
Date: 25 May 2021

For and on behalf of Board of Directors of Advanced
Enzyme USA Inc. and subsidiaries

V. L. Rath
V. L. Rath
Director

Place : Chino
Date: 25 May 2021