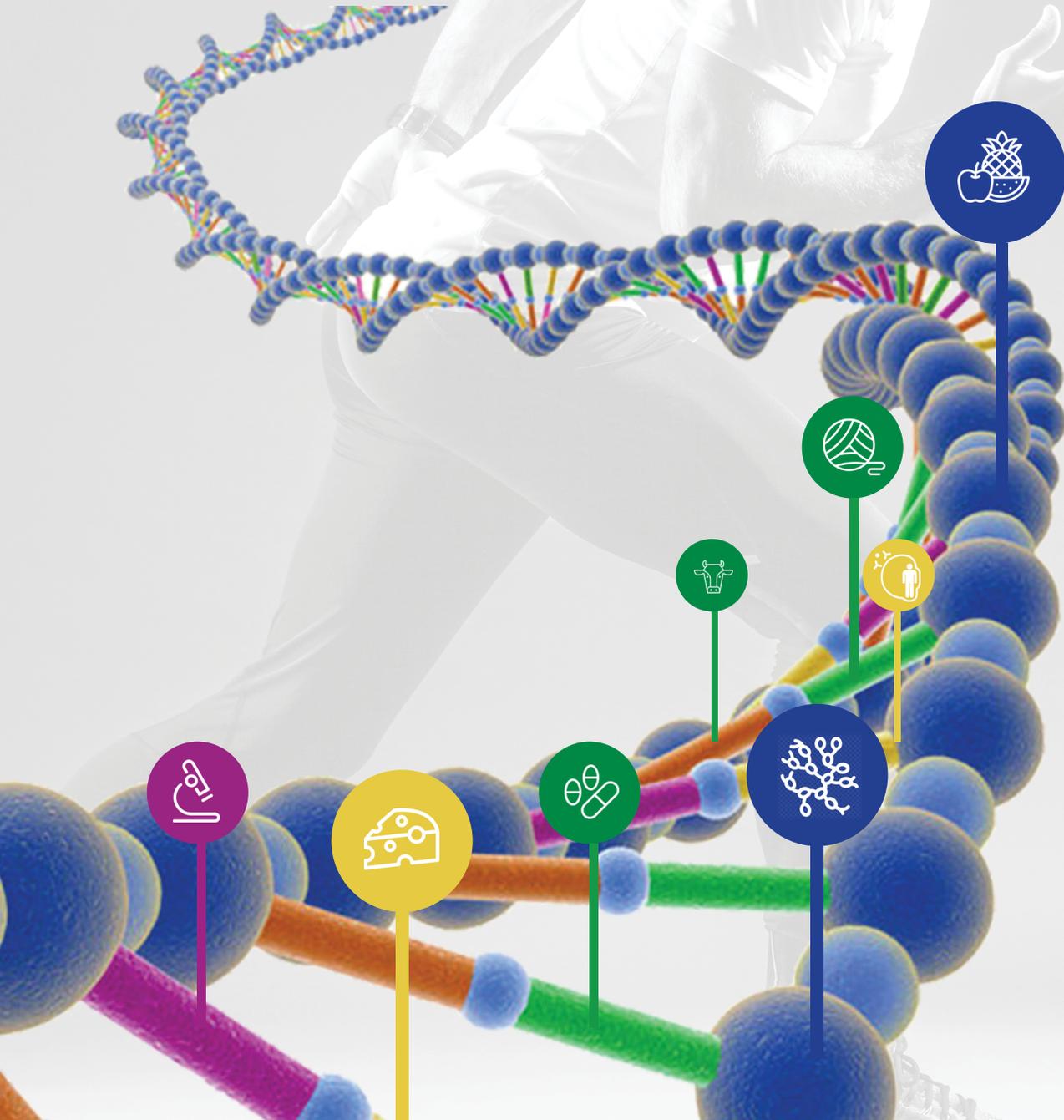


# Towards a stronger healthier world

ANNUAL REPORT | 2020-21



# TOWARDS A STRONGER, HEALTHIER WORLD

**Disclaimer:**

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



SCAN ME

**THE ANNUAL REPORT ONLINE**

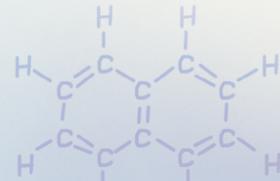
This 2021 Annual Report can also be downloaded as a PDF file from our website at

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



Enzymes and probiotics are essential for maintaining a healthy immune system. They break down complex foods and reinforce the body's ability to withstand sickness. Over the years, the science behind enzymes has developed by leaps and bounds. Humans are now able to improve their health significantly by following the right diet and intaking the right medicines. In the coming future, it will become vital for humanity to enhance its immunity, as they are the most dependable line of defense against any degree of bio-problem.

The vision of Advanced Enzymes aligns with developing modern medicines which strengthen the body's immunity, protecting people from many forms of sickness. The key to success on the road ahead will be manufacturing better enzymes and probiotics by banking on research and development. As we move ahead towards a stronger and healthier world, we at Advanced Enzymes dedicate ourselves to the cause and aim to achieve excellent end products.



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Presence Across the Globe

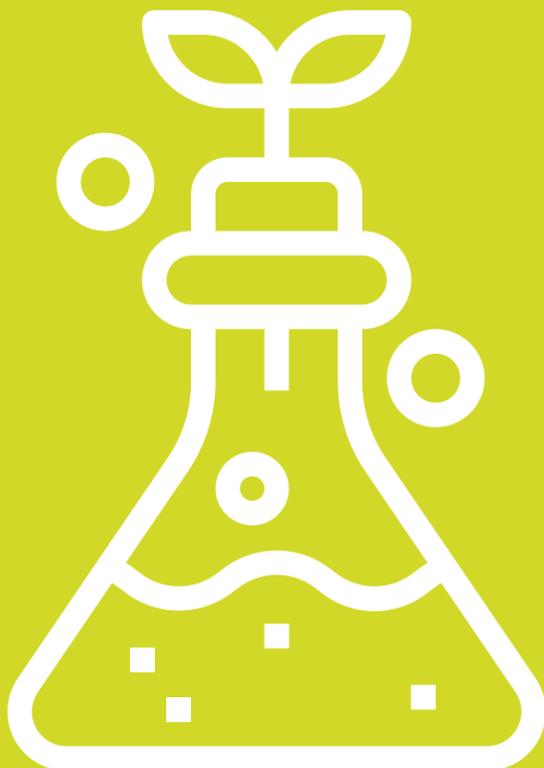
18



# CORPORATE IDENTITY



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



## Vision

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



## Mission

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

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



## Key Strengths



Strong Research & Technology Focus

Integration Across the Value Chain



Global Competitiveness





## CHAIRMAN'S LETTER



### Dear Shareholders,

I am delighted to present to you the Annual Report 2020-21 of your Company, Advanced Enzymes.

We strongly believe in the adage 'Tough times never last, but tough people do'. These are tough times and we sincerely hope that all of you and your families are in good health. At the same time, this is a battle that we have to fight together and remain united through it.

At Advanced, we are regularly taking stock of the current COVID-19 scenario as, safeguarding employee and customer health and interests is always our top most priority.

The COVID-19 pandemic, which was a defining event in 2020, continued to have a sporadic impact in different parts of the world in 2021 as well. The health, social and economic consequences were felt by people world over. Health and frontline workers continued to work tenaciously to provide all help possible to those in need.

The pandemic's impact was felt by businesses all over the globe owing to pandemic-related restrictions. However, despite the unfavourable environment, I am proud to inform you that the Company exhibited resilient performance for the year ended March 31, 2021. Your Company crossed the ₹ 5,000 million mark in FY21 – we have reached ₹ 5,018 million this year. This would not have been possible without the vision of the Board and management and the passion and dedication of our people.

We are cognizant of the COVID-19 pandemic, which is continuing to impact lives and businesses alike. On behalf of your Company, I would like to wish all those impacted a speedy recovery. I request you all to continue following all the necessary safety and social distancing measures.

### Resilient performance

During the year, our consolidated operating revenue grew by 13% to ₹ 5,018 million from ₹ 4,440 million in FY20. Our EBITDA grew by 14% to ₹ 2,315 million, continuing to remain above the ₹ 2,000-million mark, while our EBITDA margin remained at 46%. Our PAT too grew by 14% to ₹ 1,515 million compared to ₹ 1,330 million in FY20.

Human Nutrition continued to be our primary revenue driver, contributing ₹ 3,786 million in FY21, up by 18%. Our Animal Nutrition and Bio-processing segments degrew by 11% and 1%, respectively. A large chunk of our animal feed business comes from domestic markets. Due to the pandemic, and lockdown restrictions as imposed from time to time, the logistics costs rose significantly, the deliveries also took longer, and lower consumption of animal feed product range, this impacted our Animal Nutrition business. Our Bio-processing business comprises of the food and the non-food businesses. With regard to the food business, our focus this year was primarily on the European market. Due to lower consumption, we witnessed slow growth. Our non-food business consists of the industrial processes like textile processing & effluent treatment, paper & pulp, leather, and laundry solutions, etc. As people focused more on essentials during the year, these businesses did not garner much revenue.

Despite the challenges posed by the pandemic, our resilient performance has instilled in us renewed confidence to be able to face challenges in the future and emerge stronger.

### Acquisition of Scitech Specialities

In January 2021, we completed the acquisition of SciTech Specialities Private Limited (SSPL), India, a contract manufacturing company with niche technology specializing in effervescent granules and tablets. The acquisition has strengthened our manufacturing capabilities by adding two manufacturing facilities for nutraceuticals and pharmaceuticals, taking the count to nine. The combined synergies of the two companies will allow your Company to expand its B2C business and will also empower us with important applications in our existing verticals and provide new delivery systems for existing products. This venture will strengthen our overall capabilities of capacity expansion and R&D.

### A team that is committed towards a healthier world

The health and safety of our people was, is and will continue to be our topmost priority. We continued to follow all the necessary safety and social distancing measures across our facilities to curb the spread of the pandemic. Our resilient performance for FY21 would not have been possible without the determination and passion of our people – they ensured seamless operations, thus maintaining a continuous supply of our enzymes and probiotic products, which are essential primarily to the pharma industry. I would like to extend my heartfelt gratitude to you for your unwavering commitment.

### Ready for the future

The world is becoming increasingly aware of the harmful effects of chemicals on health. Natural alternatives to boost the immune system are gaining increased traction, which puts us in good stead to leverage the rising opportunities in the areas of bio-catalysis and probiotics.

Your Company will continue enhancing its research and innovation capabilities to provide side-effect free healthcare to consumer. We aspire to replace traditional thermal-chemical-mechanical processes with enzyme-passed processes in the industry and we will leave no stone unturned until we get there.

As I conclude, I would like to thank the Board for making prudent decisions for the continued growth of the Company and long-term value creation for all stakeholders. I am also grateful to the stakeholders for their faith and trust in us. We will continue to provide high-quality, cost-effective products to meet the dynamic demands of the industry.

Stay safe and healthy!

Best wishes,  
V. L. Rathi



# DIVERSIFIED MARKET



Note : Product category-wise revenue does not include SciTech Specialities Private Limited numbers



# QUICK FACTS

1<sup>st</sup>

Listed Indian enzyme company

2<sup>nd</sup>

Highest market share in India

2<sup>nd</sup>

Listed integrated enzyme player globally

68+

Enzymes & Probiotics

400+

Proprietary Products

700+

Customers Worldwide

45+

Countries Worldwide Presence

750+

Employees

13\*

Patents

12<sup>#</sup>

Food Enzyme Dossiers filed with EFSA

5

GRAS Dossiers filed with FDA. No question letter received for two dossier, another three are under evaluation

\* Patents includes the filed applications  
\* Food Dossier filed with EFSA, out of which positive opinion is received for 4 Dossiers & 8 are under evaluation

500

m<sup>3</sup> Fermentation Capacity

25+

Years of Fermentation Experience

15

Amongst Top 15 Global Enzyme Companies

9

Manufacturing Units

7

R&D Units



# DIVERSIFIED REVENUES



International

54%

GEOGRAPHY

46%



India

Product Category

77%

Human  
Nutrition

9%

Animal  
Nutrition

14%

Industrial  
Bio-Processing

Note : Product category-wise revenue does not include SciTech Specialities Private Limited numbers



1

ROBUST  
MARGINS\*

82%

Gross Margin



46%

EBITDA Margin



30%

PAT Margin

2

ROBUST  
RETURNS\*\*

22%

ROCE



32%

ROIC



17%

ROE

3

ROBUST  
PERFORMANCE

5.33

Inventory Turnover\*



2.06

Fixed Asset Turnover\*



1,435

Free Cash Flow  
₹ Mn

4

ROBUST  
BALANCE SHEET

120

Net Working Capital\* (Days)



0.02

Net Debt/Equity



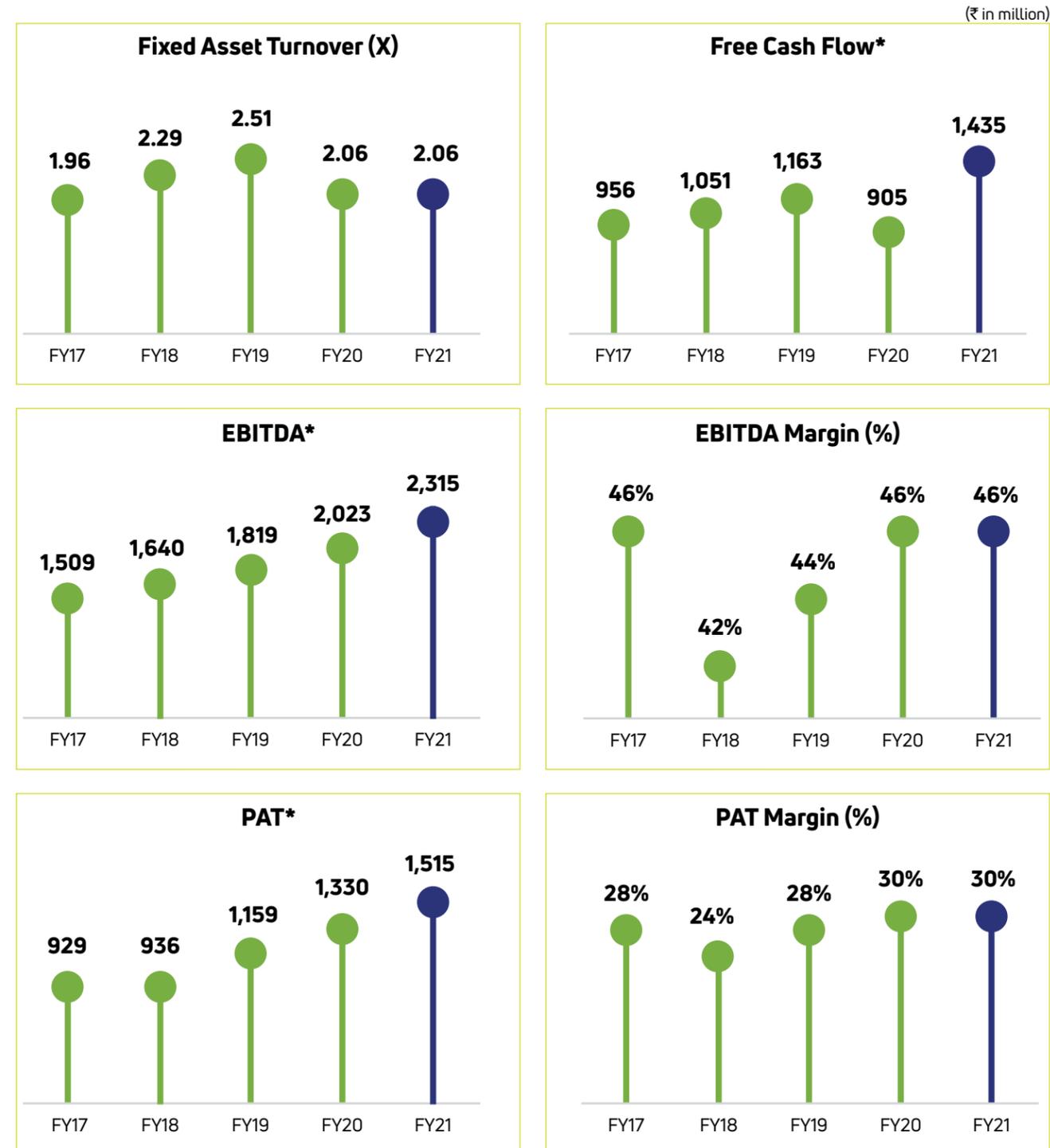
9.70

Net Worth  
₹ Bn

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



# KEY PERFORMANCE INDICATORS



Note: As per IGAAP (FY17, FY18, FY19 & FY20 – as per Ind As)

All numbers are on Consolidated basis.

\* All numbers are in ₹ million unless otherwise stated.

Net working capital days = ((Trade receivables + inventories – Trade payables) / Net Sales) \* 365

Net Debt = Long term debt + short term debt + current maturities of long term debt – Cash & Cash Equivalent

ROIC = EBITDA / (Equity + Net Debt)

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



# FINANCIAL SUMMARY (Consolidated)

(₹ in million)

Particulars	2020-21	2019-20	2018-19	2017-18	2016-17
Revenue from operations (including excise duty and export incentives)	5,018	4,440	4,196	3,957	3,431
Net Sales (excluding excise duty and export incentives)	5,004	4,416	4,177	3,881	3,299
EBITDA	2,315	2,023	1,819	1,640	1,509
Depreciation	284	258	211	183	128
EBIT	2,031	1,765	1,608	1,457	1,381
Finance Charge	16	30	39	81	36
Profit Before Tax & Exceptional Items	2,015	1,735	1,569	1,376	1,345
Other Income	88	56	50	14	25
Profit Before Tax	2,104	1,791	1,619	1,390	1,370
Tax	589	461	460	454	441
Profit After Tax Including Minority Interest	1,515	1,330	1,159	936	929
Profit After Tax and Allocation of Minority Interest	1,462	1,293	1,111	901	915
Paid up Capital-Equity	223	223	223	223	223
Reserves & Surplus	9,483	8,173	6,565	5,368	4,417
Shareholders' Fund	9,707	8,397	6,788	5,591	4,640
Minority Interest	601	278	260	226	211
Long-term Borrowings (including current maturities)	144	72	137	290	275
Working Capital Finance	47	127	213	377	214
Short Term Unsecured Borrowings	-	-	-	1	52
Total Debt	191	199	350	668	541
Current liabilities (excluding short term borrowings and current maturities)	584	437	372	519	271
Other Liabilities	445	372	341	312	227
Tangible Fixed Assets (Property, Plant and Equipment) (net)	2,432	2,143	1,665	1,693	1,679
Intangible Assets (Net)	779	645	680	741	336
Goodwill on Consolidation	2,901	2,941	2,715	2,584	2,280
Current assets	5,161	3,756	2,821	2,107	1,382
Other Assets	254	300	230	191	213
Net Worth	9,707	8,397	6,788	5,591	4,640
Total outside Liabilities (TOL)	1,820	1,286	1,323	1,725	1,250

(₹ in million)

Growth Indicators	2020-21	2019-20	2018-19	2017-18	2016-17
Net Sales	13%	6%	8%	18%	12%
EBITDA	14%	11%	11%	9%	10%
EBIT	15%	10%	10%	5%	7%
PAT	14%	15%	24%	1%	21%

Key Operating Ratios*	2020-21	2019-20	2018-19	2017-18	2016-17
Gross Margin	80%	82%	82%	79%	78%
EBITDA Margin - EBITDA/Net Sales	46%	46%	44%	42%	46%
EBIT Margin- EBIT/ Net Sales	41%	40%	38%	38%	42%
PAT Margin-PAT/Net Sales	30%	30%	28%	24%	28%

Financial Leverage	2020-21	2019-20	2018-19	2017-18	2016-17
Net Debt/Equity	0.02	0.02	0.05	0.12	0.12
Interest Coverage	127.41	58.14	41.23	17.99	38.62
Debt/EBDAT	0.08	0.10	0.20	0.43	0.37

Return Ratios#	2020-21	2019-20	2018-19	2017-18	2016-17
RoE (PAT/ Shareholders' Fund)	17%	18%	19%	18%	25%
RoCE (EBIT/(Shareholders' Fund + Total Debt))	22%	22%	24%	25%	31%
ROIC(EBITDA)/(Equity+ Total Debt-Cash & Cash equivalent)	32%	28%	29%	31%	35%

Other Ratios	2020-21	2019-20	2018-19	2017-18	2016-17
Turnover to Tangible Assets (Net)	2.06	2.06	2.51	2.29	1.96
TOL to Net Worth Ratio	0.19	0.15	0.19	0.31	0.27
Book Value/Share (Rs)	86.88	75.18	60.80	50.08	41.57
EPS (Basic)	13.09	11.58	9.95	8.07	8.27
EPS (Diluted)	13.07	11.56	9.94	8.06	8.27

Working Capital Cycle (No. of Days)*	2020-21	2019-20	2018-19	2017-18	2016-17
Inventory Turnover	68	66	67	71	76
Accounts Receivable	63	61	51	55	58
Accounts Payable	11	12	13	20	12
Net Working Capital	120	115	105	106	122

R&D Spends (Standalone)	2020-21	2019-20	2018-19	2017-18	2016-17
R&D Spends	178	219	196	121	102
Capital Expenditure	54	29	6	8	14
Recurring Expenditure	125	190	190	112	88
As % of Net Sales	3.56%	4.95%	4.69%	3.11%	3.09%

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

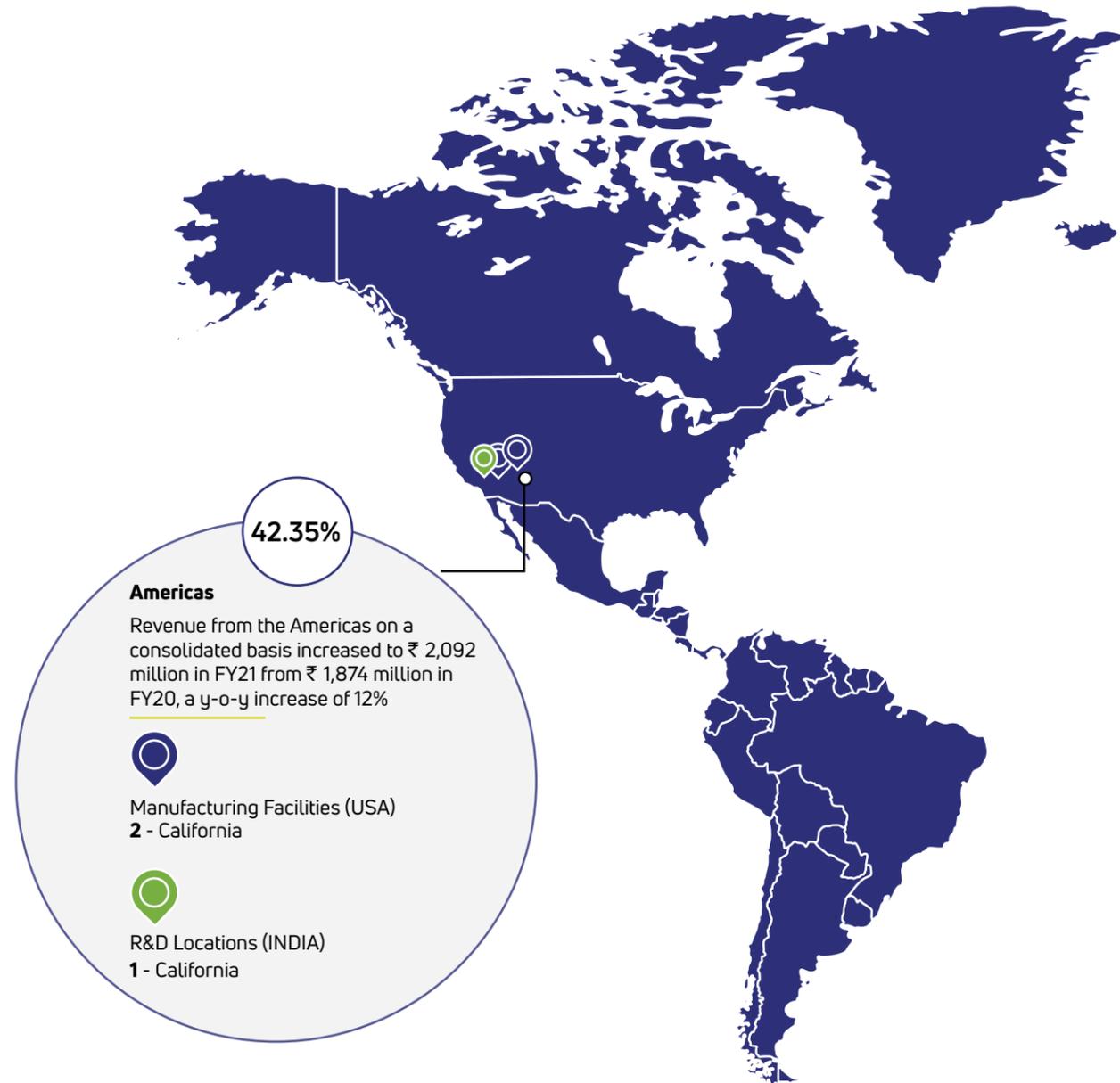
\*Based on Net sales

Note- FY 17, FY 18, FY 19, FY 20 &amp; FY21 Book value and EPS are based on face value of ₹ 2 per share

Note- FY 17, FY 18, FY 19, FY 20 &amp; FY21 figures are as per Ind AS



# PRESENCE ACROSS THE GLOBE



42.35%

**Americas**

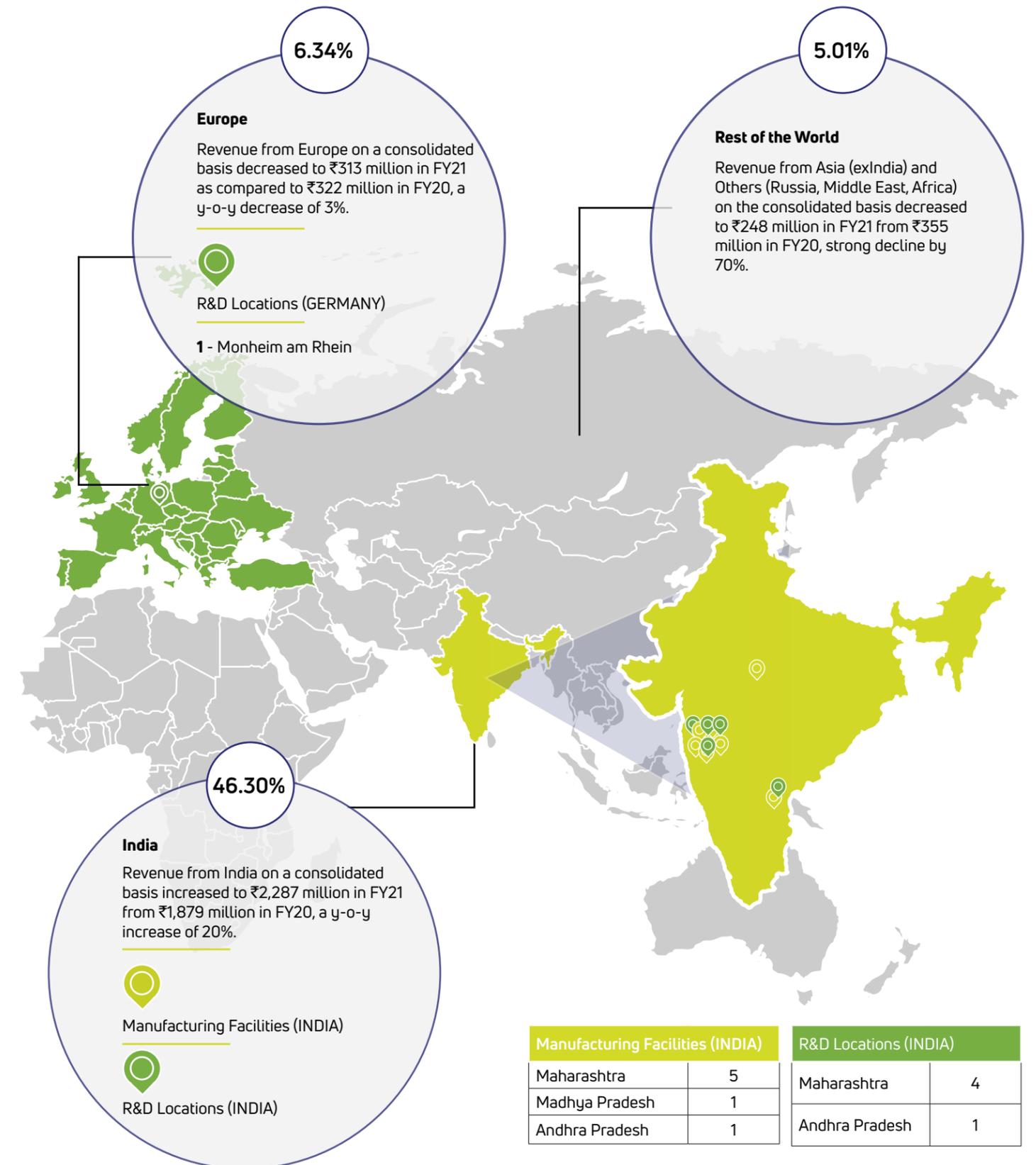
Revenue from the Americas on a consolidated basis increased to ₹ 2,092 million in FY21 from ₹ 1,874 million in FY20, a y-o-y increase of 12%



Manufacturing Facilities (USA)  
2 - California



R&D Locations (INDIA)  
1 - California



6.34%

**Europe**

Revenue from Europe on a consolidated basis decreased to ₹313 million in FY21 as compared to ₹322 million in FY20, a y-o-y decrease of 3%.



R&D Locations (GERMANY)

1 - Monheim am Rhein

5.01%

**Rest of the World**

Revenue from Asia (exIndia) and Others (Russia, Middle East, Africa) on the consolidated basis decreased to ₹248 million in FY21 from ₹355 million in FY20, strong decline by 70%.

46.30%

**India**

Revenue from India on a consolidated basis increased to ₹2,287 million in FY21 from ₹1,879 million in FY20, a y-o-y increase of 20%.



Manufacturing Facilities (INDIA)

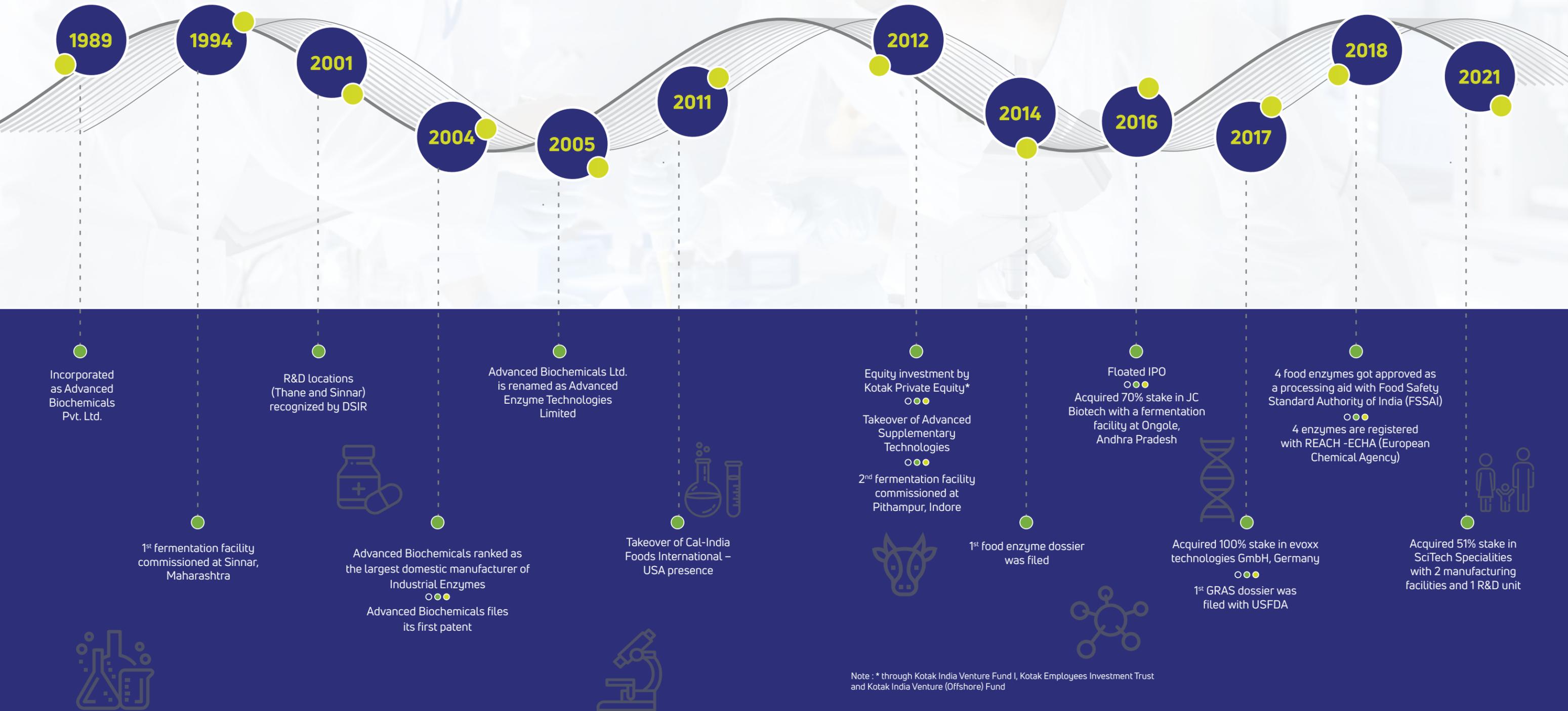


R&D Locations (INDIA)

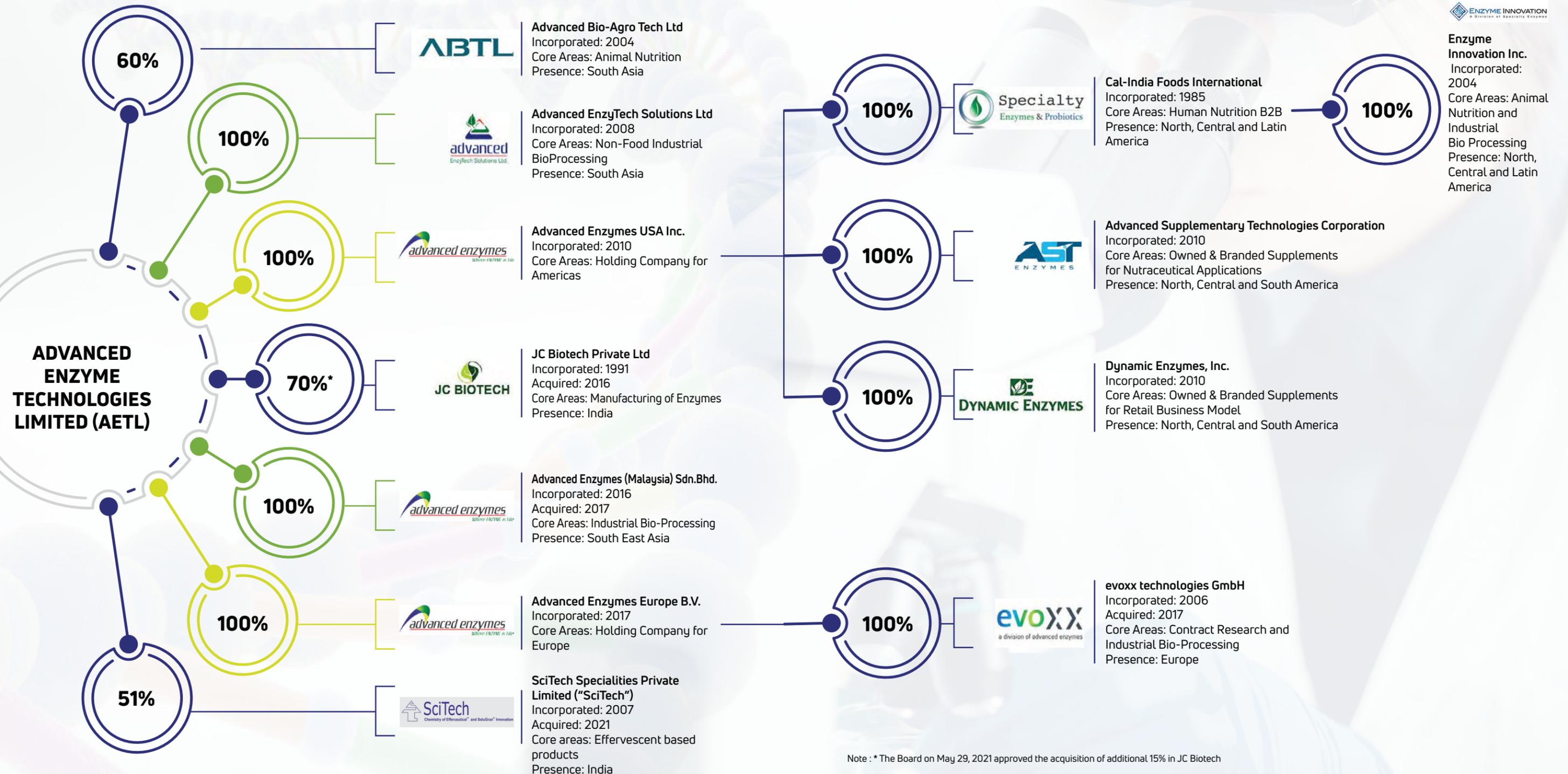
Manufacturing Facilities (INDIA)		R&D Locations (INDIA)	
Maharashtra	5	Maharashtra	4
Madhya Pradesh	1		
Andhra Pradesh	1	Andhra Pradesh	1



# OUR JOURNEY OF EXCELLENCE



# CORPORATE STRUCTURE



ENZYME INNOVATION  
A Division of Specialty Enzymes

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

Note : \* The Board on May 29, 2021 approved the acquisition of additional 15% in JC Biotech

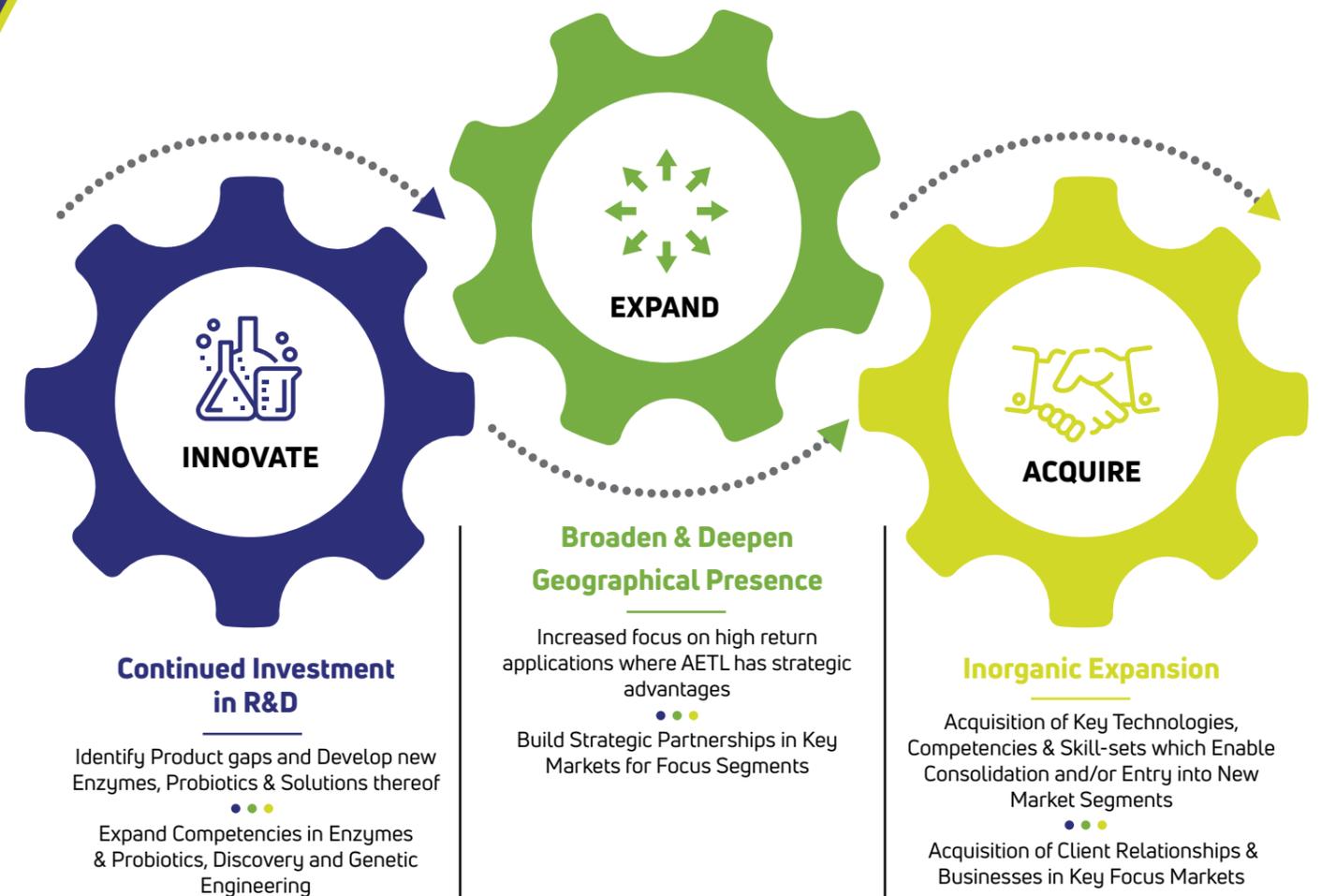


- 1**
  - Enzyme Development
  - Microbial Engineering
  - Process Scale-up
  - Application Development
  - Customization
  - Intellectual Property Protection
- 2**
  - Highly Controlled Processes
  - Flexible Batch Sizes
  - Flexible Downstreaming Capabilities
  - Large Capacities
  - Ability to Expand Quickly
  - Globally Competitive Cost Structure
- 3**
  - Reliability & Quality
  - Global Regulatory Expertise
  - Customized Solutions
  - Value Based Selling
  - Direct Access to End Users
  - Deep Customer Insights



# INTEGRATED ACROSS VALUE CHAIN

# KEY BUSINESS STRATEGIES



# STRONG R&D CAPABILITIES



01

## Enzymes & Probiotics Development



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

02

## Proteomics & Applied Microbiology



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



03

## Process Development & Optimization



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



04

## Application Development



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

R&D Locations in India & Germany

Food Dossier filed with EFSA, out of which positive opinion is received for 4 Dossiers & 8 are under evaluation

GRAS Dossiers filed with FDA. No Question Letter received for two dossier, another three are under evaluation

100+

Scientists, Microbiologists, Engineers, Food Technologists, Biotechnologists

07

68+

Enzymes & Probiotics

12

13\*

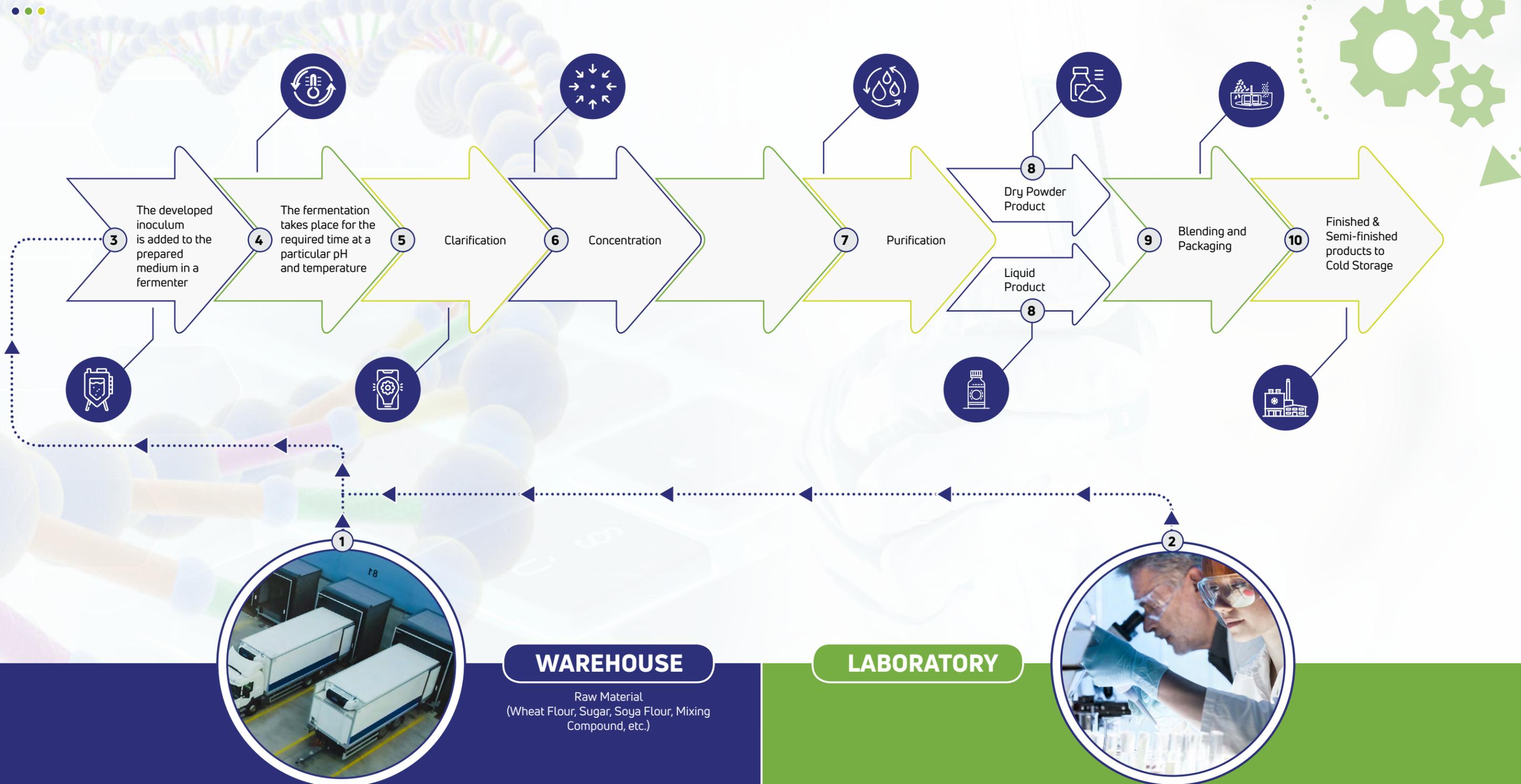
Patents Granted

05

\*Patents includes the filed applications



# PRODUCTION PROCESS



# RESPONSIBILITY TOWARDS SOCIETY

## CREATING AN EMPOWERED SOCIETY

For us, true success is when we are able to have a positive impact on our communities and take them along with us on our growth journey. We believe that there can no innovation without education and healthcare, two areas that are of fundamental concern to us. To add more colour to the lives of those less fortunate and empower them, we undertake a wide range of social activities.

### Projects completed during FY 21

1. We contributed to the PM CARES Fund to help the Central Government combat the impact of the COVID-19 pandemic
2. We contributed to the Arpan Thalassemia Society to help them manage the needs of the Thalassemia patients
3. To help those affected by the ongoing pandemic in Nashik, Maharashtra, we provided oximeter, disposable PPE kits, thermometers and other equipment
4. Through the RVG Education Foundation, we partly funded the expansion project of Agrawal Oswal Chhatrawas , a boys' hostel in Andheri, Mumbai
5. We offered education support to the children of two deceased employees
6. We supported ADHARASHRAM in eradicating hunger and malnutrition by funding for the purchase of wheat storage tanks in Nashik, Maharashtra

### Ongoing projects i.e. Projects of FY21 having the duration exceeding the financial year

1. Through Social Networking Forum, we are providing safe drinking water to 650+ people in the tribal villages at Tondwal, Taluka Peth, Nashik district
2. We are focused on promoting education and eradicating malnutrition. We are supporting the Parivaar Education Society in their Seva Kutir programme in Karahal block of Sheopur district of Madhya Pradesh to promote education and transform the lives of the tribal children
3. We are supporting ADHAR in sponsoring vocational training and skills for the differently abled adults residing there
4. Through Samta Purushottam Agrawal Memorial Foundation, we are setting up computer labs and supported computer education in Maharashtra
5. We are supporting Habitat for Humanity India Trust in building four houses and two toilets for the underprivileged near Karjat, Maharashtra. This is our effort towards reducing inequality faced by socially and economically backward groups





# BOARD OF DIRECTORS

## MR. V. L. RATHI | Chairman and Non-Executive Director

Mr. Vasant Laxminarayan Rathi is a Promoter and a Non-Executive Director of your Company. He holds a Bachelor's degree in Pharmacy from Nagpur University and degree of Master of Science from University of Hawaii. He has over 41 years of experience in the enzyme industry and was one of the co-founders of Rathi Papains Private Limited incorporated in the year 1978, which was engaged in the business of manufacturing enzymes from papain. He promoted and incorporated Cal-India in the year 1985 and has been associated with your Company since the year 1993. Mr. Vasant Laxminarayan Rathi heads our international subsidiaries based in United States.

## MR. MUKUND M. KABRA | Whole-time Director

Mr. Mukund Madhusudan Kabra is a Whole-time Director of your Company. He holds a Bachelor's degree in Chemical Engineering from Sambalpur University. He has around 26 years of experience in enzyme industry and joined the Company in the year 1995. He is responsible for overlooking the manufacturing operations of the Company at Sinnar and Indore and for optimising the fermentation for existing products, strain improvement, downstream research and analytical research.

## MR. KEDAR JAGDISH DESAI | Independent Director

Mr. Kedar Jagdish Desai is an Independent Director on the Board. He holds a Bachelor's degree of Commerce and a Bachelor's degree in Law from the University of Mumbai. He is also a qualified solicitor from the Bombay Incorporated Law Society. He has over 23 years of experience in the field of law. He was associated with Messrs Kanga & Co. from the year 1997 to 2007, out of which during the period 2004 to 2007, he was a partner at Messrs Kanga & Co. Subsequently and ever since, he has been a part of Messrs Desai, Desai, Carrimjee & Mulla, Advocates and Solicitors, as a partner.

## MR. PRAMOD KASAT | Independent Director

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

## MR. RAJESH SHARMA | Independent Director

Mr. Rajesh Sharma is an Independent Director on the Board of your Company. He is an Executive Vice President & Chief Financial Officer for Citrus Valley Health Partners. He has more than 22 years experience in health care finance and leadership. He most recently served as Senior Vice President of Financial Operations for City of Hope. Other previous appointments include positions at St. Mary Medical Center in Long Beach, Calif., California Hospital Medical Center in Los Angeles and Glendale Memorial Hospital and Health Center. He earned his Presidential and Key Executive Master of Business Administration degree from Pepperdine University and is a Certified Public Accountant. He also completed an executive education program in health care delivery at Harvard Business School and is an inaugural fellow of Coro's Health Leadership program and a fellow of Leadership Southern California.

## MR. VILAS AURANGABADKAR | Independent Director

Mr. Vilas Aurangabadkar is an Independent Director on the Board of your Company. He has an experience of around 6 years in Manufacturing industry; teaching experience of around 37 years including about 26 years as educationalist (Principal of pharmacy colleges). He has also been a Co-ordinator of various professional institutions. Qualification: DBM, MMS (Master in Management Sciences), B. Pharm, M. Pharm. Awards: Ideal Principal-Teacher Award 1994, Ideal Administrator Award 1996, Felicitation as Ideal Administrator-Teacher, Mahatma Gandhi Vidyamandir Trust, Malegaon 1997, Samajshri Award, Mumbai, Man of the Year, IBC (UK) 2000, National Udyog Excellence Award.

## MS. RASIKA RATHI | Non-Executive Director

Ms. Rasika Rathi is a Promoter Group Member and Non-Executive Director on the Board of your Company. She is a Juris Doctorate in Law from University of Michigan Law School & B.A. Economics from University of California. She has a rich experience of around 16 years and has been associated as Vice President, General Counsel & Secretary at Specialty Enzymes & Probiotics, Chino; California (SEB), since August 2013. She is also Director of Company's Subsidiaries, Advanced Enzymes Europe B.V., Enzyme Innovation, Inc., Advanced Supplementary Technologies Corporation, Dynamic Enzymes, Inc. Before joining Specialty Enzymes & Probiotics, she was associated with Allen & Overy LLP as an Associate – Tax and Litigation in New York, United States of America (USA). Prior to this, she was a consulting analyst – Health & Life Sciences at Accenture, San Francisco. She has also founded a Non-profit National Information Centre in California USA, named Pulmonary Fibrosis NOW to disseminate information about pulmonary fibrosis, conduct research and search for alternative therapies.

## MR. VINODKUMAR JAJOO | Independent Director

Mr. Vinodkumar Hiralal Jajoo is an Independent Director on the Board of your Company. He is a Chartered Accountant in Practice by profession. He holds a Master's degree in Commerce (Mcom) and is a Fellow member of Institute of Chartered Accountants of India. He has a rich experience of over 32 years in the field of Direct and Indirect Taxation. Further, he also has a vast experience in the field of Audit work.

## DR. SUNNY SHARMA | Non-Executive Director

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

## MS. RAJSHREE PATEL | Independent Director

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



# MANAGEMENT TEAM



**Mr. Beni Prasad Rauka**

(Group CFO and Director - Advanced Bio-Agro Tech Ltd., Advanced Enzytech Solutions Ltd., JC Biotech Pvt. Ltd. and SciTech Specialities Pvt. Ltd.)



**Dr. Anil Kumar Gupta**

(Vice President - Research & Development and Managing Director - evoxx technologies GmbH)



**Mr. Dipak Roda**

(Vice President – Market & Business Development, Director - Advanced Enzytech Solutions Ltd., India)



**Mr. Sanjay Basantani**

(Company Secretary & Head Legal)



**Mr. Harshad Doshi**

(Chief Financial Officer & Chief Operating Officer of the US subsidiaries)

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

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

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

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

**Mr. Kedar Desai**  
Independent Director

**Mr. Pramod Kasat**  
Independent Director

**Mr. Rajesh Sharma**  
Independent Director

**Mr. Vilas Aurangabadkar**  
Independent Director

**Mr. Vinodkumar Jajoo**  
Independent Director

**Dr. Sunny Sharma**  
Non-Executive Director

**Ms. Rajshree Patel**  
Independent Director

## PLANTS

(including subsidiaries)

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

SORL, H-17, M.I.D.C., Satpur Area, Nashik - 422 007, Maharashtra

Survey No.30, Pali, Vasind, Shahpur, Thane - 421 601, Maharashtra

Plot No. B-5-13, SEZ, Pithampur, Dhar - 452 774, Madhya Pradesh

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

Unit I - A-3, Unit II - A-12/13, STICE, Musalgaon, Tal. Sinnar District, Nashik - 422 112, Maharashtra

13591 Yorba Avenue, Chino, California 91710

4880 Murrieta St., Chino CA 91710

## LEADERSHIP TEAM

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

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

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

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

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

## R&D LOCATIONS

(including subsidiaries)

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

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

A-43 ,STICE, Musalgaon, Sinnar, Nashik - 422 112, Maharashtra

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

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

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## REGISTERED OFFICE

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Fax: +91-22-25835159  
Email: info@advancedenzymes.com  
Website: www.advancedenzymes.com

## REGISTRAR & TRANSFER AGENT

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Tel: +91-22-49186270  
Fax: +91-22-49186060  
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Website: www.linkintime.co.in

## STATUTORY AUDITORS

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N.M. Joshi Marg, Mahalaxmi,  
Mumbai - 400 011, Maharashtra

## INTERNAL AUDITORS

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301, Peninsula Towers,  
Peninsula Corporate Park,  
Ganpatrao Kadam Marg,  
Lower Parel, Mumbai - 400 013,  
Maharashtra

## SECRETARIAL AUDITORS

Mr. Shiv Hari Jalan, Shiv Hari Jalan & Co.  
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N.S. Phadke Marg,  
Andheri (East), Mumbai - 400 069,  
Maharashtra

## COST AUDITORS

Shilpa & Co.  
Cost Accountants  
101, Varad Enclave,  
Behind Shri Guruji Hospital,  
Gangapur Road, Nashik - 422013,  
Maharashtra

## BANKERS

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





Pithampur,  
Madhya Pradesh



# MANAGEMENT DISCUSSION & ANALYSIS - FY21



# MANAGEMENT DISCUSSION & ANALYSIS - FY21



## Global Economy

COVID-19 caused a global recession whose depth was surpassed only by the two World Wars and the Great Depression over the past century and a half. Although global economic activity is growing again, it is not likely to return to business as usual for the foreseeable future. The pandemic has caused a severe loss of life, is tipping millions into extreme poverty, and is expected to inflict lasting scars that push activity and income well below their pre-pandemic trend for a prolonged period.

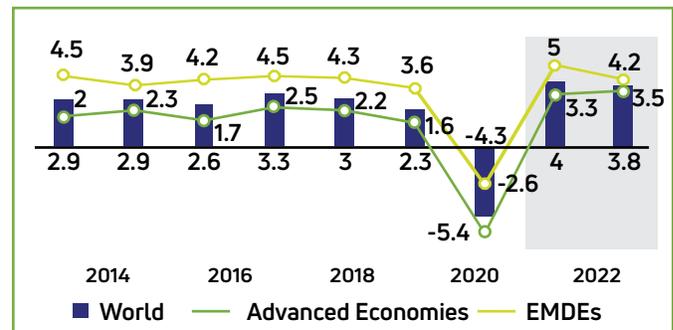
The incipient recovery was initially supported by a partial easing of stringent lockdowns. Various restrictive measures have been reintroduced, however, as COVID-19 has continued to spread around the world. Some areas have experienced a sharp resurgence of infections.

The global economy is estimated to have contracted 4.3% in 2020—a 0.9% point smaller collapse than was expected in June forecasts. In advanced economies, the initial contraction is less severe than anticipated, but the ensuing recovery has been dampened by a substantial resurgence of COVID-19 cases.



Subsequent collapse last year caused by the COVID-19 pandemic, global economic output is expected to expand 4% in 2021 but still remain more than 5% below pre-pandemic projections. Global growth is projected to moderate to 3.8% in 2022, weighed down by the pandemic's lasting damage to potential growth. In particular, the impact of the pandemic on investment and human capital is expected to erode growth prospects in emerging

market and developing economies (EMDEs) and set back key development goals.



Advanced economies are projected to recover, with growth reaching 3.3% and 3.5% in 2021 and 2022, respectively, on the back of pandemic containment aided by widespread vaccination and sustained monetary policy accommodation, which is expected to more than offset the partial unwinding of fiscal support. Although aggregate EMDE growth is envisioned to firm to 5% in 2021 and to moderate to 4.2% in 2022, the improvement largely reflects China's expected rebound. Absent China, the recovery across EMDEs is anticipated to be far more muted, averaging 3.5% in 2021-22, as the pandemic's lingering effects continue to weigh on consumption and investment. Despite the recovery, aggregate EMDE output in 2022 is expected to remain 6% below its pre-pandemic projection.

The global recovery, which has been dampened in the near term by a resurgence of COVID-19 cases, is expected to strengthen over the forecast horizon as confidence, consumption, and trade gradually improve, supported by ongoing vaccination. Downside risks to this baseline predominate, including the possibility of a further increase in the spread of the virus, delays in vaccine procurement and distribution, more severe and longer-lasting effects on potential output from the pandemic, and financial stress triggered by high debt levels and weak growth. Limiting the spread of the virus, providing relief for vulnerable populations, and overcoming vaccine-related challenges are key immediate policy priorities. As the crisis abates, policy makers need to balance the risks from large and growing debt loads with those from slowing



the economy through premature fiscal tightening. To confront the adverse legacies of the pandemic, it will be critical to foster resilience by safeguarding health and education, prioritizing investments in digital technologies and green infrastructure, improving governance, and enhancing debt transparency. Global cooperation will be key in addressing many of these challenges.

(Source: World Bank Report 2021)

## Indian Economy

India has evolved through the pandemic on the back of strong policy initiatives by the government, along with an optimistic outlook for economic recovery. India has administered ~4 million doses of COVID-19 vaccines in two weeks since January 16, 2021 becoming the fifth-largest inoculated country globally. India has become the world's vaccine hub and extended support to 90+ countries seeking to stock up vaccines.

Since March 2020, early lockdown, health-infra ramp-up, incremental unlocking, blanket testing, social distancing, tailored fiscal stimulus (to reduce supply-side disruptions and revive demand) and structural reforms initiated by the government have helped restrict the fatality rate in India to 1.2%—one of the lowest in the world. India is emerging as the world's fastest-growing major economy, with the IMF holding its growth forecasts as high as 6.8% for FY23. Also, the Economic Survey 2020-21 has drawn attention to the V-shaped economic growth—a testament to the burgeoning Indian economy and its intrinsic strength. Sustained economic recovery was recorded in January 2021.

Between April 2020 and January 2021, employment demand under the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) improved significantly (51.5% YoY). Until January 2021, 323.2 crore person-days' work was recorded under the scheme, a 46.8% YoY increase.

In January 2021, the Manufacturing Purchasing Managers' Index (PMI) in India stood at 57.7, compared with 56.4 in December 2020. This was driven by new orders and rising exports. In January 2021, merchandise exports rose 5.4% YoY. PMI Services Index also increased to 52.8 in January 2021, from 52.3 in December 2020. Overall business optimism improved in January 2021 owing to launch of the COVID-19 vaccination programme. Power consumption increased 4.8% in January 2021 and 5.2% in December 2020, indicating sustained improvements in business and industrial activities.

FDI remains a significant engine of economic growth and a key source of India's non-debt financing. Total FDI inflows stood at a record high of US\$ 58.37 billion between April 2020 and November 2020, a 22.4% increase over first eight months of 2019-20, supporting India's position as a favoured global investor destination. Net FPI inflows stood at US\$ 1.23 billion in January 2021.

RBI kept the liquidity adjustment facility (LAF) policy repo rate unchanged at 4.0% from Feb. 3 to Feb. 5, 2021, because of the Monetary Policy Committee's (MPC) assessment of the current

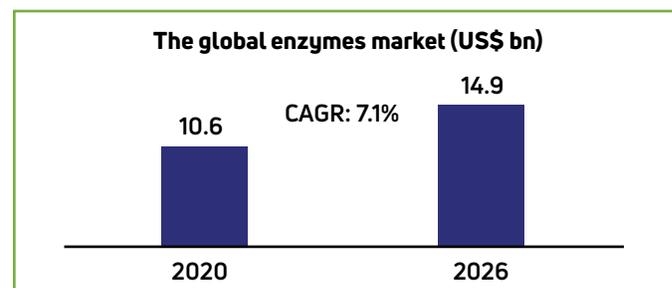
and evolving macroeconomic situation.

In the Union Budget 2021-22, capital expenditure for FY22 has been targeted to increase at 34.5% over FY21 (BE) and reach ₹ 5.5 lakh crore (US\$ 75.81 billion) to boost the economy.

(Source: IBEF)

## Global Enzymes Market

The global enzymes market size was valued at US\$ 10.6 billion in 2020 and is expected to grow at a compound annual growth rate (CAGR) of 7.1% from 2020 to 2027. Enzymes play a significant role in development and production of nutritious food and beverage products. Customized enzyme solutions and proprietary products are used in the processing of fruit and vegetable, cheese, protein, grains, and fats and oils, along with several other industries such as dairy, baking, brewing, and cereal extraction. Specialized solutions help food manufacturers produce higher yield, enhance the quality of final products, decrease costs, optimize resources, reduce wastage, and lower environmental pollution.



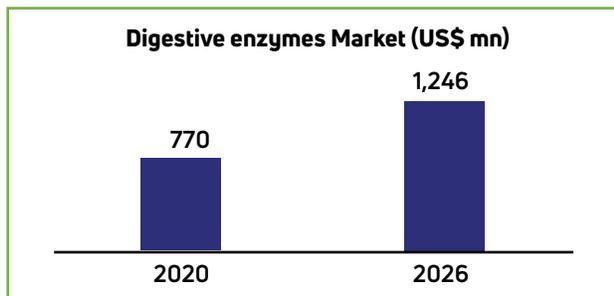
Increasing investments in research and biotechnology sector for the development of new medicines and diagnostic solutions is one of the key factors driving the global enzymes market. Increasing demand for medicinal drugs, strong funding initiatives, and extensive research activities are expected to drive this sector, which, in turn, is likely to fuel the product demand in the coming years. R&D centers of several companies focus on evaluation, development, upscaling, validation of technologies, and innovative enzyme formulation for commercial processing as well as human welfare. These research centers have developed proficiency in the expression and cloning of industrial enzymes in safe and suitable microbial hosts.

The key applications in pharmaceutical sector include promoting wound healing, killing disease-causing microorganisms, and diagnosing diseases. Increasing population, consumer demand, and awareness regarding diseases and their outcomes are expected to drive the utilization of these products in pharmaceutical industry. Increasing research and development has made it possible for specialty enzymes to be used in drug formulation and delivery. Manufacturers in pharmaceutical industry are inclined toward the production of enzyme-based pharmaceutical drug formulations that have fewer side effects.

(Source: Grand View Research)

## 1. Human Healthcare Enzymes Market

Digestive enzymes represent a group of enzymes secreted by the digestive organs, for breaking down complex macromolecules into their constituents, in order to facilitate their absorption by the body. Several digestive enzymes are commercially available as dietary supplements and for the management of digestive disorders. The demand for nutraceuticals & functional foods is expected to witness an upward surge owing to consumers opting for immunity boosting supplements during the COVID-19 pandemic.



Factors, such as the rising geriatric population, the rising prevalence of gastrointestinal (GI) disorders, increasing awareness about GI health, and focus on preventive health management, are contributing to the market growth. The global population is aging rapidly, owing to reduced birth rates and rising life expectancy. The demographic trend toward an elderly population represents a rising need for the management of disorders, such as GI tract obstructions. According to the report "World Ageing Population, 2019", the older population of age 65 and above accounted for approximately 702.9 million all around the world, and it is expected to reach around 1,548.9 million. The secretion of digestive enzymes usually reduced with age that contributes to high levels of gastric discomfort, lower digestion rates, reduced food consumption, and/or a variety of other GI disorders. Therefore, with the rising elderly population, the market for digestive enzymes is expected to increase, over the forecast period.

Digestive supplements containing micronutrients and vitamins C and D are safe, have low-cost and are an effective way of helping the immune system fight off viruses from other acute respiratory tract diseases. Due to this, the demand for digestive supplements has increased in the market. At this period of time, everyone is susceptible to becoming a carrier of COVID-19, but it is especially affecting those aged above 60 who are having low immune systems. Health organizations across the country are reporting the best practices to limit transmission and advising citizens on ways to enhance their immune system. These suggestions include getting a good night sleep, maintaining a healthy diet, exercising moderately, and taking digestive/nutritional supplements. Thus, due to COVID 19 pandemic the market will have positive impact due to rising usage of digestive supplements and increasing awareness among the people

for preventive disease management.

The digestive supplements are helpful in boosting digestion thereby boosting the immune system. Due to this new trend, the demand for digestive supplements has been increased highly. The demand for dietary supplements is increasing to immunize the body, on the other hand, due to lockdown, gym facilities, jogging park, and walking places are shut. As people are less physically active due to pandemic which leads to indigestion problems. Thus, the increasing demand for digestive supplements which helps the body to break down food compounds and increase nutrient absorption, relieving symptoms of indigestion in the process.

North America emerged as the largest regional market, in terms of revenue. The increasing prevalence of chronic gastrointestinal diseases, rapidly aging population, growing demand for preventive medicine, and the presence of major market players are primary factors contributing to the large market size.

Apart from the high prevalence of GI disorders, the changing lifestyle, unhealthy eating habits, and high disposable income are contributing to the high growth rates. On the other hand, Asia-Pacific is expected to exhibit the fastest growth rate over the forecast period.

(Source: Mordor Intelligence)

## 2. Feed Enzymes Market

Feed enzymes are considered to be commercially-manufactured feed additive products that are used to enhance characteristics, such as weight, feed conversion ratio, and feed intake, when fed in appropriate proportions.

The global feed enzymes market is projected to register a CAGR of 7.3% during the forecast period. The feed enzymes are used to help animals in easy digestion and to ensure that animals get a complete diet or nutrition from the feeds fed to them. Rising awareness, increasing demand for animal nutrition, and the ban of antibiotics in many regions are prompting the livestock industry and meat manufacturers to use added nutrition in feed, which is anticipated to drive the global feed enzymes market.





Food safety has become a paramount issue for many governments around the world, especially in North America and Europe. Animals often stand in their own waste and are under constant duress, which affects their immune system, making them prone to infections. Asia-Pacific emerges as one of the fastest-growing markets for feed enzymes and is majorly driven by the presence of a large livestock population as well as an increasing number of feed mills. These aforementioned trends are attracting more players to enter the feed enzymes market. Feed enzymes could prove to be suitable additional strategies to sustain gut function in and ensure their productive performance during coccidiosis infections.

Dairy feed production is one of the few sectors that saw growth across all the regions, primarily due to the increasing consumer demand for dairy products, such as milk, probiotics, cheese, yogurt, and others. The European Union is one of the largest dairy markets in terms of volume consumption. Thus, dairy feed production grew by an average of 2% in the European region. The United States, China, and India are the largest producers of ruminant feed, owing to the presence of a large number of cattle and other ruminant population, and the high demand for milk and meat products.

The increasing dairy feed production, coupled with the propelling demand for high-quality dairy products, has created a substantial demand for high-fiber enzymes, such as phytases, which will help the poultry animals have an improved digestibility for several blends of feed ingredients, such as maize/soybean meal.

The Asia-Pacific market is expected to register a high CAGR during the study period. China and India being a larger market in the Asia-Pacific region, their larger population is one of the major factors for Asia-Pacific remaining as the largest market in the world. In the two major economies, China and India, there are an estimated 7,200 feed mills producing nearly 227 million metric ton of compound feed. China contributes to almost 18% of the global compound feed production. The higher demand and production of compound feed in the countries are expected to provide impetus to the feed enzymes market in the Asia-Pacific region.

As the feed and animal production industry, primarily broiler and pigs, continues to evolve at a faster pace in China, the feed mill companies are actively seeking innovations in feed enzymes that add value to the growing livestock sector of the country.

(Source: Modor Intelligence)

### 3. Industrial Enzymes Market

Enzymes are proteins that catalyse chemical reactions. As such, enzymes have been widely used to facilitate industrial processes and the production of products, and these enzymes

are referenced as industrial enzymes. The industrial enzyme market was valued at over US\$ 6,300 million in 2020, and the market is projected to register a CAGR of more than 6% during the forecast period (2021-2026).

Over the medium term, the major factors driving the growth of the industrial enzymes market are the growing diversity in enzyme applications such as food and beverage, pharmaceuticals, detergents, cosmetics, and other industries. Also, the growing demand for enzymes due to increasing environmental norms and regulations regarding the use of chemicals is likely to boost the market growth of industrial enzymes. New product innovations and expansions of application bases are anticipated to provide numerous opportunities over the forecast period. North America dominated the market, with the largest consumption, but Asia-Pacific is likely to register the highest CAGR through the forecast period.

Global transport biofuel production in 2020 is around 144 billion litres, equivalent to 2,480 thousand barrels per day (kb/d), an 11.6% drop from 2019's record output and the first reduction in annual production in two decades, thus, creating a negative impact on industrial enzymes market.

Food processing dominates the industrial enzymes market with a total share of more than 35%. This is the fastest-growing application segment, mainly supported by the ever-growing global population and its increasing purchasing power. Health awareness is also a factor for people's increasing demand for food quality, safer production processing, and improved nutritional value. The global revenue of the food and beverage industry is projected to reach US\$ 276.9 billion in 2021 from US\$ 240 billion in 2020, and it is estimated to register a CAGR of more than 8% during the period, 2021-2025.

The increasing demand for higher quality foods in terms of natural flavour and taste has become a common trend among present consumers. This trend triggered the need for the development of flavoured and tasty processed foods using industrial enzyme applications. These enzymes act as catalysts by playing important roles in the breaking down of vitamins and nutrients in the metabolic reactions and inter-conversion of complex molecules to smaller molecules. Food enzymes, such as amylase, cellulase, xylanase, pectinase, protease, lipase, glucosyltransferase, arabinanase, polygalacturonanase, chymosin, and beta-glucanase, among others, have become an essential part of the global food additives industry. The food industry is continuously involved in developing new dairy products, beverages, and food items for consumers. With the development of new products in the food and beverage industry, the application of enzymes in the industry has continuously increased. With the increased innovation and development of technologies in the food industry, industrial enzymes have found extensive application in fat modification and sweetener technology,

thereby driving the industrial enzymes market. The global revenue of the food and beverage industry is projected to reach US\$ 276.9 billion in 2021 from US\$ 240 billion in 2020, and it is estimated to register a CAGR of more than 8% during the period, 2021-2025.

All the aforementioned factors are expected to increase the market demand for industrial enzymes during the forecast period.



North America has the highest share, accounting for more than 30% of the global market.

The United States occupies the top position in the global industrial enzymes market. The country has the largest revenue share globally, owing largely to beverage and biofuel production. Increasing demand for craft beer is likely to be responsible for the growth of the industrial enzymes market. Food processing application has dominated the US industrial enzymes market, accounting for more than half of the total market share in 2019. The US revenue in the food and beverages segment is projected to reach US\$ 21,320 million in 2021, witnessing a rise by around 14% from 2020.

Mexico is expected to grow at the highest rate in the North American market, owing to growing mergers and acquisitions in the detergent and food processing industry to meet the demand in the country.

In Canada, dairy products are majorly responsible for the demand for industrial enzymes. With the Industries 2030 strategy, along with the government's interest in fostering business investment, the manufacturing sector is expected to grow in the country, which, in turn, is likely to drive the demand for industrial enzymes.

The high consumption in the US industries is correlated with awareness regarding green technologies addressing environmental issues, enhanced productivity, and better product value, thus leading to growth in the research and development sector and industries using enzymes.

(Source: Mordor Intelligence)

#### 4. Specialty Enzymes Market

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

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

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

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

(Source: Markets and Markets)

#### 5. Probiotics Market

The global probiotics market is segmented by type into probiotic foods, probiotic drinks, dietary supplements, and animal feeds. Probiotic food is further sub-segmented into yogurt, bakery/breakfast cereals, baby food and infant formula, other probiotic foods. Also, probiotic drinks have been further classified into fruit-based probiotic drinks and dairy-based probiotic drinks. The global probiotics market is projected to register a CAGR of 8.08% during the forecast period, (2020-2025).

The probiotics market is driven by the robust demand for health-based products among consumers, especially from the younger generation. Probiotics are a part of functional foods and beverages. They are known for improving gut functionality, along with other benefits, such as boosting immunity.





With the sudden impact of COVID-19, the market has witnessed a surge in demand for products that provide immune health, which is likely to impact the probiotics market positively. Owing to the factors there are significant product launches to cater to the growing demand. In Asia-Pacific, India has surged in the highest number of new food, drinks, and supplements that bear immune system-boosting claims launched in the last five months, followed by Australia and Indonesia.

There is no clear demarcation for probiotics-based pharmaceuticals and food products, with variations across different countries. Thus, the complexity in the regulatory, legislative, and technological aspects is serving as a major hurdle for market growth.

Probiotics are a driving force within the booming digestive health supplement category, and people of all age groups are consuming them. However, the major consumption is observed among millennials due to their growing awareness regarding health and wellness through multi-channel publicity, which influences their consumption pattern to a large extent. Probiotic supplements represent the largest condition-specific category for mass-market retail sales in the United States, and it is the second-fastest-growing condition-specific supplement category. This shows the awareness among people regarding the benefits of probiotic supplements. The millennials, being technologically advanced, update themselves with the facts related to health and, thereby, try to amend their routines and food habits accordingly. This is inflating the demand for probiotic supplements, and it is therefore expected to drive the market for probiotics in the near future, not just in the United States, but across the world.

The Asia-Pacific probiotics market is driven by the increasing awareness about and interest in new technology, media coverage, and consumer demand. The rising awareness about probiotics in China and India is expected to further boost the market growth in the region. In China, the inclusion of probiotics in the infant formula segment has been experiencing huge demand, which is likely to increase in the upcoming years. The market has witnessed significant growth, owing to the rise in the aging population and a growing understanding of the importance of preventive health, along with a wealth of studies showing benefits around immunity, cognitive health, and skincare. The innovations in retail chains with new formulations help differentiate the brands and the corresponding products.

(Source: Mordor Intelligence)

## Indian Enzymes Market

The Indian enzyme market is yet to find its feet as it is quite small when compared to the other sectors in the country. However, the growing awareness about the capabilities of enzymes and the subsequent benefits (both nutrition and cost-wise) will be

important growth factors in the coming years. In FY19, the Indian enzyme industry was valued at INR 23.60 billion with a growth rate of 7%. The developments in pharmaceuticals and chemical sectors will provide much needed boost to the enzyme market and it is expected that the demand of specialty enzymes will be more than the industrial ones.

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

The Indian manufacturers are expanding their market base by exporting their products to a number of countries. In FY20, on an average per quarter enzymes worth INR 78.57 crores were exported to USA, Japan, Germany and Denmark. With the revival of the economy, an increase in foreign direct investment will support the industry and promote the use of enzymes. The government will motivate R&D in biotechnology to exhibit the nation's capabilities in terms of pharmaceuticals and the relevant technology. This move will make India an attractive market and companies will look for inroads for gaining grounds.

Apart from biotechnology and pharmaceuticals, enzymes are resourceful in other industries like household care, food and beverage, leather manufacturing, animal feed, etc. Better R&D infrastructure and increased awareness about enzymes and its products will help in improving the overall market size in India.

(Source: Magzter)

## Indian Nutraceutical Market

The nutraceuticals market in India is expected to grow from an estimated US\$ 4 billion to US\$ 18 billion by the end of 2025. Dietary supplements segment constitutes over 65% of the nutraceutical market and is growing at a rate of 17% and is likely to be at 22% per year, especially when preventive health has become focus for all in the current pandemic.

Currently, the Indian market imports US\$ 2.7 billion worth of nutraceuticals. This sector also has opened significantly to attract foreign investments. Government of India (GOI) has opened 100% FDI in this manufacturing sector under automatic route, and such entities can sell their products through wholesale, retail, or e-commerce platform. The Foreign Direct Investment (FDI) has increased from US\$ 131.4 million in 2012 to US\$ 584.7 million in 2019.

The Indian nutraceutical market is divided into three categories – functional food, beverages and dietary supplements. Products which fall under the first and second are breakfast cereals, sports drinks, fortified flour and glucose. Dietary supplements, on the other hand, have a market share of more than 65% and include



items like herbal and non-herbal extracts and macronutrients. The growth of this segment is 17%, which is due to the growing demand and variety of products available.

#### Demand Drivers for Indian Nutraceutical Market:

- The crucial factor which drives the nutraceutical market is the fact that 15% of the country's population is malnourished and deficient to micro-nutrients
- Increasing costs of hospitalisation are driving consumers towards health supplements and nutraceuticals
- Affluence of working population with changing lifestyles and dietary patterns and increase in disposable income
- Increasing concern about nutrition, awareness and access to information have led to an increase in use of health supplement and nutraceuticals

The **supply drivers** which provide strength and support to the Indian nutraceutical market. India transforming into a global manufacturing hub, there is strong impetus for nutraceutical product manufacturers to set up production facilities in India.

- Strong economic growth with encouraging macroeconomic indicators
- Strategic location with access to all major shipping routes
- Lowest labour costs among South Asian nations
- Large pool of technical and skilled labour
- Easy availability of ingredients
- Home to the highest number of US FDA approved plants outside the US
- String distribution networks coupled with accessibility of products through e-commerce

(Source: ITA)

#### Indian Probiotic Market

India Probiotics Market is expected to grow at a compound annual growth rate of 13.56% over the forecast period to reach a market size of US\$ 961.856 million in 2025 from US\$ 448.456 million in 2019. India has emerged as the second fastest-growing major economy in the world and is expected to be one of the top three economic powers by 2025, backed by its strong institutions and trade partnerships. India is the second most populated country in the world with a population of 1.37 billion of which 62% is below the age of 35. India's population continues to drive annual real GDP growth with private consumption accounting for almost 60% of GDP.

Food processors, importers, wholesalers, retailers, foodservice operators are all part of a developing agribusiness sector. Apart

from being a large food producer, India's bulk, intermediate, consumer-oriented, and agricultural-related imports grew from US\$ 22 billion in 2013 to US\$ 25 billion in 2018, an increase of 10%. The market for consumer-oriented foods that are imported has risen by 68% in the 6 years before 2019 at an annual growth rate of 9%. This growth is facilitated by a growing number of professional, brand-oriented importers, and an increase in the number of modern retail outlets and hotels carrying imported products.

The Indian market however remains limited due to high tariffs, ongoing import restrictions, and strong competition from the domestic industry, the imported packaged and consumer-ready foods are found in a growing number of gourmet grocery stores, in the imported foods sections of larger store formats, and thousands of small neighbourhood stores. Nevertheless, such diverse purchasing preference is also coupled with health-conscious consumers, which is on the rise in India. With yogurt occupying a traditional presence across the nation, many market players are making a significant investment in R&D as well as to make, various combinations of both "spoonable" and drinkable probiotic yogurt, available to the Indian consumers. These products are considered healthy snacks owing to the presence of a balanced source of proteins, carbohydrates, fats, minerals, and vitamins.

(Source: Research and Markets)

#### Impact of COVID-19 on Enzymes Industry

##### Negative Impact:

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

##### Positive Impact

The global nutraceuticals market is expected to witness consistent growth following the outbreak of COVID-19, as these include the food ingredients that provide medical or health benefits to prevent diseases as well as boosts the overall immune system. The flexibility in storage options, the demand





for combined formulations with multiple benefits, increased consumer education levels, informed consumers, and the rise in health concerns among connected consumers are expected to fuel the demand for the market during the forecast period.

- Furthermore, the pandemic is also a foundation stone of the start of the end of substandard nutrition, invalid claims, and smart marketing claims phrases that potentially misled the consumers. For instance, in India, ICMR and FSSAI have now been on non-negotiable terms with the claims and are demanding clinical validation of the products. ICMR has rolled out a large clinical study on Ayush ingredient for immunity, which has been tested on over 10,000 police personnel.
- Hence, the pandemic has highlighted the rightful use of nutraceutical as a preventive cure, and going forward, the global nutraceuticals industry is expected to get its rightful place in global healthcare and medical space, with a significant growth in the overall market.

## Company Overview

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



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

enzymes manufacturing. Your Company continues to set trends with the introduction of new applications for the use of enzymes across various industries. Your Company comprises of four wholly owned direct subsidiaries, three subsidiaries (60%, 70% and 51%), and five step-down wholly owned subsidiaries as on 31, March 2021.

## Subsidiaries

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

### 1. Advanced Enzymes USA (“AEU”):

Advanced Enzymes USA was incorporated on November 01, 2010 with its registered address as 13591, Yorba Avenue, Chino, California-91710. AEU is a body corporate engaged in the research, development and marketing of cutting edge, efficacious and all-natural enzyme solutions of the highest quality catering primarily to the North American and Latin American markets. AEU has stake in following corporations. In terms of the consolidated financial performance, AEU’s revenue for FY 2020-21 was ₹ 2,154 million, and PAT for FY 2020-21 was ₹ 726 million.

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

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

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

Cal-India was incorporated on March 25, 1985 and acquired by your Company on April 04, 2011 with its registered address as 13591, Yorba Avenue, Chino, California-91710. SEB is a leading producer of enzymes in the Western Hemisphere. Specialty Enzymes and Biotechnologies offers complete enzyme solutions for healthcare and nutrition primarily to North America and Latin America. A subsidiary of Advanced Enzymes USA, the company specializes in creating customized enzyme blends, from conception to finished products, and also offers highly effective established enzyme products.



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

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

**d) Dynamic Enzymes, Inc. (“DEI”):**

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



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

ABAT is a public limited company initially incorporated as a private company on November 9, 2004 with registered office at A-Wing, 5<sup>th</sup> floor, Sun Magnetica, Louiswadi, Thane(W) - 400064, Maharashtra, India. A subsidiary of your Company, ABAT is, inter alia, engaged in the business of promotion, development, marketing and selling products of your Company in the Animal Health and Nutrition segment and also developing market in crop saving drugs, composting etc. ABAT has established itself as a leader of poultry enzyme solutions within the Indian sub-continent, and offers solutions to the large South East Asian markets of Vietnam, Thailand and Malaysia. In terms of the financial performance, during FY 2020-21 ABAT’s revenue was ₹ 312 million and PAT was ₹ 45 million.

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

It was incorporated on September 1, 2008 as a public limited company with registered office at A-Wing, 5<sup>th</sup> floor, Sun Magnetica, Louiswadi, Thane (W) - 400064, Maharashtra, India. Advanced EnzyTech Solutions is a wholly owned subsidiary of AETL. AESL is engaged in the business of promotion, development, marketing and selling products of your Company in the bioprocessing non-food segment such as textile, pulp and paper and other process industries and providing enzymatic and other solution to them including providing of solution to pollution related problems faced by the process industries by using the said products. AESL aims to replace the traditional harsh chemical processes in these industries with newer, eco-friendly, yet cost-effective solutions using enzymes, micro-organisms and biodegradable chemicals. In terms of the financial performance for FY 2020-21, AESL’s revenue was ₹ 92 million and PAT was ₹ 16 million.

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

JC Biotech was established in the year 1991 and registered office is at 8-2-269/S/3/A, Plot No.3, Sagar Society, Road No.2, Banjara Hills, Hyderabad, Telangana - 500034, India, with the objective of manufacturing nutraceuticals, biopharmaceuticals and bio-chemicals. Effective December 01, 2016, JC Biotech has become a subsidiary as 70% stake of JC Biotech was acquired by your Company as on that date. Apart from continued development and manufacturing of bio-pharmaceutical molecules. In terms of the financial performance for FY 2020-21, JC Biotech’s revenue was ₹ 504 million and PAT was ₹ 75 million.

**5. SciTech Specialities Private Limited (“SciTech”):**

SciTech was established in the year 2007 and registered office at 1103 DLH Park, S. V. Road, Goregaon (West), Mumbai - 400 062, India. SciTech is a technology based manufacturing company specializing in effervescent granules and tablets, focused in animal health, pharma and nutraceutical. SciTech manufactures effervescent products with aqueous granulation technology and is into the manufacturing of Efferceuticals and Solugran products for Nutraceutical, Pharmaceutical, Poultry Products, Cosmetics, and other Speciality products. Effective January 11, 2021, SciTech has become a subsidiary, as 51% stake of SciTech was acquired by your Company as on that date. In terms of the financial performance, revenue of SciTech for the period from January 11, 2021 to March 31, 2021 was ₹ 86 million and PAT for FY21 was ₹ 14 million.

**6. Advanced Enzymes (Malaysia) Sdn. Bhd.:**

Advanced Enzymes (Malaysia) Sdn. Bhd. (“AEM”) (erstwhile Palm Techno Ventures Enzyme Sdn Bhd) is a 100% subsidiary of your Company. As it’s a newly acquired company during



2017 (incorporated in 2016), AEM conducted trials on products and was yet to generate sales. During the year, expenditures were incurred on payment of salaries of technical person, administration, and recovered such expenses from the parent company and write-off of inter-company liabilities resulted in a profit/(loss) of around ₹ (0.10) million. During the previous year, the Board approved the discontinuation of operations and closure of AEM and to initiate the process of closure thereto as AEM was not giving desired results.

## 7. Advanced Enzymes Europe B.V., Amsterdam (Netherlands) ("AEE BV"):

AEE BV was incorporated as a wholly-owned Subsidiary on July 11, 2017. It is registered with the Chamber of Commerce having issued share capital of €2 million. AEE BV is an SPV for European market and holds 100% Equity of evoxx technologies GmbH. In terms of the consolidated financial performance (including evoxx technologies, GmbH) for FY21, AEE BV's revenue was ₹ 282 million and loss of ₹ 4 million (which includes about ₹ 54 million of operational gain and ₹ 68 million of amortization expense and finance cost of ₹ 47 million).

### evoxx technologies GmbH ("evoxx"):

Your Company bought 100% stake in evoxx during August 2017 through AEE BV. Revenues for evoxx was ₹ 282 million and had positive impact on the bottom line by ₹ 14 million (which includes about ₹ 13 million of operational profit and charge of ₹ 15 million of amortization expense and finance cost of ₹ 10 million).

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

## Business Verticals Discussion

Your Company caters to diversified industries and verticals like human nutrition, animal nutrition and bio-processing. Enhancing nutrition for animals, and also helping the industry to replace traditional thermal-mechanical-chemical processes into the enzyme-based process is one of our goals. In FY21, human nutrition vertical comprising of active ingredient for nutraceuticals and pharmaceuticals contributed 75% of the revenues followed by animal nutrition and bio-processing contributing 9% and 14% respectively and SciTech (new subsidiary) contributed 2%.

### 1. Human Nutrition:

#### Enzymes:

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

these enzymes as active ingredients in their pharmaceutical and nutraceutical formulations.

#### Probiotics:

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

#### Biocatalysis:

Biocatalysis refers to enzymes that catalyze the transformation of non-natural compounds. Enzymes catalyze nearly all types of chemical reactions which makes them attractive alternatives to many traditional catalysts in chemical manufacturing. Biocatalysts are used in the production of pharmaceutical actives, cosmeceuticals, oleochemicals, etc. and other fine chemicals; they are included in specialty enzymes due to their relatively low volume use and high value-added nature.

Your Company has made significant progress on developing bio catalases for API manufacturers, providing enzymatic based solutions that are target specific, helping them to save cost of energy, time and use of chemicals. Your Company provides the enzymes and helps the API manufacturers with the process to develop the APIs through the enzymes.

### 2. Animal Nutrition:

#### Enzymes:

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

#### Probiotics:

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

Company has developed and assessed efficacy of probiotic formulations useful in Animal healthcare.

### 3. Bio-Processing:

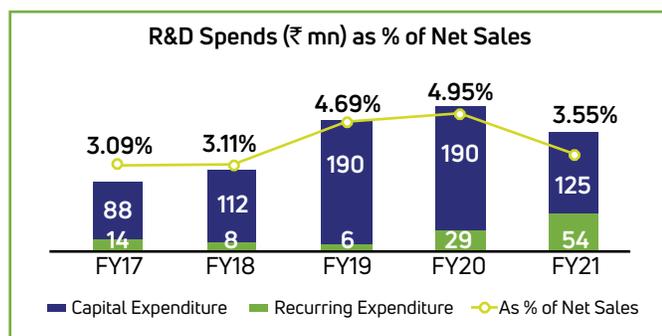
#### Food Processing:

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

#### Non-Food Processing:

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

### Research & Development (R&D)



On consolidated basis, Research and Development expenditure for FY2020-21 ("FY21") was ₹ 178.37 million (3.55% of Net sales) and FY 2019-20 ("FY20") was ₹ 144.07 million (3.24% of Net sales).

The DSIR approved R & D centres of your Company focus on development, evaluation, validation and upscaling of technologies for the commercial production and novel enzyme formulation for industrial processing & in human welfare. The research centre has developed expertise in cloning and expression of industrial

enzymes in suitable and safe microbial hosts. The centres have developed strains expressing thermostable enzymes besides other enzymes of mesophilic origin. Technology for production of EPA and DHA using immobilized lipase (in house) has been developed, scaled up and successfully commercialized. Technology for synthesis of EPA DHA rich triglycerides, using lipases, has been developed.

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

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

#### Segment wise or product-wise performance:

Your Company operates in one business segment i.e. manufacturing and sales of enzymes. The performance of the Company for the financial year 2020-21 is summarized in the Board's report, which forms part of the Annual report.

### Financial Analysis on consolidated basis

#### 1. Revenue from Operations:

Your Company's revenue from operations on consolidated basis increased to ₹ 5,018 million in the financial year 2020-21 ("FY21") from ₹ 4,440 million in the financial year 2019-20 ("FY20"), a growth rate of 13%. The total revenue comprises of International sales amounting to ₹ 2,694 million (FY20 - ₹ 2,537 million), growth of 6% and Domestic sales amounting to ₹ 2,324 million (including Export Incentives of ₹ 14 million) (FY20 - ₹ 1,903 million (including Export Incentives of ₹ 24 million)) increase of 22%.

Your Company's domestic sales constitute about 46% of revenue from operations during FY21 as compared to 43% of revenue from operations during FY20. International sales were 54% of revenue from operations as compared to 57% of revenue from operations during FY20.



**2. Financial Costs:**

Financial costs decreased to ₹ 16 million in FY21 from ₹ 30 million in FY20, a decrease of around 47%.

**3. Profit:**

Consolidated EBITDA (Earnings before interest, tax and depreciation and amortisation excluding other income) margin during FY21 was ₹ 2,315 million (46%) as compared to ₹ 2,023 million (46%) during FY20, increase of 14%. Profit before tax stood at ₹ 2,104 million (42%) during FY21 as against ₹ 1,791 million (40%) in the previous year, a growth of 17%. Profit after tax stood at ₹ 1,515 million during FY21 as compared to ₹ 1,330 million during the FY20, a growth of 14%.

**4. Other Income:**

Other income for FY21 was ₹ 89 million as compared to ₹ 56 million in FY20.

**5. Depreciation and Amortization:**

Depreciation and Amortization charge for the FY21 higher by around 10% at ₹ 284 million as compared to ₹ 258 million in the previous year.

**6. Net Worth and Returns:**

The Net Worth of the shareholders stood at ₹ 9,700 million as at March 31, 2021 as compared to ₹ 8,397 million in the previous year. Return on Equity (ROE) for the year FY21 is 17.4% as compared to 17.5% for the previous year. (Return ratio is calculated based on average shareholders' fund)

**7. Cash and Cash Equivalents:**

Cash and Cash Equivalents in FY21 stood at ₹ 1,978 million against ₹ 830 million in FY20.

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

Ratios	2020-21	2019-20	Variance	Reason for variance
Interest Coverage Ratio	129.50 times	57.99 times	122.8%	Repayment of loans and lower average utilization of working capital facilities and higher profits during the year under review.
Current Ratio	7.65 times	5.93 times	36.4%	Cash generated from operations during the year utilised for repayment of borrowings (including current maturities) coupled with lower utilization of working capital credit facilities and deployment of surplus funds in current investment resulted in improvement of current ratio.

Note: There has been no significant change in the Debt/Equity ratio, Debtors turnover ratio, Inventory turnover ratio, Operating profit margin and Net Profit margin, as compared to the financial year 2020-21. Optimisation of operating costs resulted in improvement of EBITDA margin from 45.6% to 46.3 % resulted in improvement of margins and consequently improved return of net worth.

**Outlook**

Your Company is constantly working towards improving and strengthening its business model, and will continue to focus on all three divisions - Human Nutrition, Animal Nutrition and Bio-Processing including developing, adding and launching more products in the target market of probiotics. Your Company is confident that its existing capacities and capital investments would serve well to expand its enzymes and probiotics business.

**Human Nutrition:**

Your Company already has B2C business in USA, which is performing well. The same business model is being replicated by your Company in India to explore avenues and accelerate growth. Your Company will continue its focus and thrust on expanding

B2C business in Human Nutrition business, and has recently introduced the immunity building products like Immunoseb and Biome ultra, which are very effective in curing post COVID symptoms of fatigueness.

Your Company is in the advanced stage to launch its own B2C nutraceutical online platform targeting Indian customers; this segment should be the next interesting growth driver for the Company. Your Company is also exploring other online avenues for selling the products through parallel online sales channels.

**Animal Nutrition:**

In the Animal Nutrition, your Company is continuously conducting trials and studies to bring newer and effective nutritional products, which may improve the efficacy of animal feeds. Your Company

is working on registering and introducing more products in the domestic as well as in the international markets.

Your Company is also looking to expand its sales and marketing team in USA, MENA and Asian market. At the same time, your Company is targeting to strengthen the geographical reach and distribution network by appointing more distributors in the overseas markets.

#### **Probiotics:**

Your Company is in the process to introduce more probiotics products in Human Nutrition for the immunity development, active health food, gut health and various nutraceutical applications. In the Animal Nutrition, the Company is determined to launch more products on immunity development, digestion improvement, and increase nutritional level of feed.

#### **Bio Catalysis:**

Your Company has made significant progress on developing bio catalases for API manufacturers, providing enzymatic based solutions that are target specific, helping them to save cost of energy, time and use of chemicals. Couple of products are under the advanced stage of trials at plant level by the API manufacturers. This is one of the opportunities, where your Company will continue its efforts and focus.

#### **Baking:**

Your Company has several enzymes for the food processing segment, have filed 12 dossiers with European Food Safety Authority and got positive news for 4 of the product dossiers. Your Company products are equally good in terms of efficacy and performance as compared to existing market players. Your Company has seen some uptick but in the last 15 months due to the pandemic, no further progress could be made. Your Company is confident to expand in Europe, Americas and Rest of World to tap the available opportunities by offering a value based approach in the Baking Industry.

#### **R&D:**

Your Company is making significant investments in developing state-of-the-art R&D facilities and intends to set trends in the R&D areas mainly for the formulation of new applications and shall continue to significantly invest to build its portfolio with focus on applications and industries. Your Company is also looking to expand and strengthen the R&D team.

#### **Inorganic expansion:**

Your Company has a robust record of accomplishment of growing inorganically. In the past 5 years, the Company has made 3 successful acquisitions through internal accruals maintaining its record of being zero debt company. Your Company may keep looking for strategical acquisitions that may further strengthen

its front-end marketing capabilities, geographical reach, product portfolio and B2C business.

### **Risks & Concerns**

#### **1. Customer concentration:**

Your Company's top 10 customers concentrate around 38% of total revenue of the Company on consolidated basis, which creates concentration risk. Any reduction or discontinuation in demand from the customers may have an adverse effect on our business prospects, financial condition and results of operation. Your Company has de-risked the business model having diversified client base with more than 700 customer in 45 countries and tapping new geographies, thereby the risk is being mitigated.

#### **2. Forex risk:**

A significant portion of our revenues are derived by exporting our enzyme products and solutions to North America, Asia (ex-India), Europe and various other countries. For the fiscal year ended March 31, 2021, 46% of our revenue from operations was from international markets, while 54% was contributed by the Indian market. While depreciation of the Rupee against the U.S. Dollar and other foreign currencies increases the Rupee value of such revenues, an appreciation of the Rupee, particularly with respect to the U.S. Dollar, decreases the Rupee value of our revenues. The Company uses derivative instruments, i.e., foreign exchange forward contracts to mitigate the risk of changes in foreign currency exchange rates in respect of its highly probable forecasted transactions and recognized assets and liabilities.



#### **3. Competitive risk:**

Our one of the main product "Serratiopeptidase" which is also manufactured by the subsidiary JC Biotech. Competition from few new entrants in the market with homogeneous



product and consequent pricing pressures may adversely affect sales of our product. We are confident on our product & by substantially maintaining good customer relationship in the market and constantly monitoring this issue thereby mitigating the risk.

#### 4. Regulatory & Compliance risk:

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

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

#### Opportunities

The increase in the population is driving the demand of enzymes and probiotics across the world and as we all know a simple rule of economics, higher the population bigger the opportunity. The Company may benefit from increase in healthcare spending in the U.S. and India. U.S. has the highest health spend in the world and drastically it is moving towards usage of human healthcare enzymes and Probiotics. The usage of high protein and genetically modified proteins is picking up the market in the country to match the high efficiency and fast moving lifestyle. Nevertheless the medical situations like COVID-19, Ebola, etc. which are arising in the world is forcing people towards consuming immunity booster enzymes and probiotics. Health spending in the U.S. increased by 4.6% in 2019, an amount representing 17.7% of the gross domestic product (GDP) or US\$ 11,582 per capita. Currently U.S. healthcare costs are growing 1.1% faster than annual GDP. By 2028, U.S. healthcare spending will reach US\$ 6.2 trillion and account for almost 20% of GDP.



Coming to the Indian market, the population in India is increasing at very high rate and it is expected to reach 1.4 billion by 2022. At

the same time when you look at the numbers of FY20, the annual health spending is just 1.29% of GDP which shows the lack of health awareness and a lot of untapped market. Since past few years an upside gradual shift in health spending is seen in the Indian lifestyle, which shows a positive sense.

Your Company may benefit from the increase in pet industry spending in the US. According to the American Pet Products Association (APPA), the overall pet industry spending increased. Your Company offers a number of products to the animal healthcare industry. Your Company also has subsidiaries in the US. Increase in pet industry spending may increase demand for the Company's products.

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

(Source: www.cms.gov, OECD-FAO Agricultural Outlook 2019-2028)

#### Threats

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

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

#### Internal Control and Risk Management System

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

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

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

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

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

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

### Material developments in Human Resources / Industrial Relations

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



Attracting, developing and retaining the right talent will be a key strategic imperative and the organization continues its undivided attention towards that. Your Company recognizes the fact that Human Capital is one of the vital constituents of a successful organization. The growth of your Company and execution of new projects places emphasis on the recruitment process and your Company has been successful in attracting professional talent. New talent was inducted into the organization to fill the gaps at various levels within the organization this year. Your Company is having a talented pool of around 327 employees as on March 31, 2021 (standalone), comprising of professionals from diverse backgrounds like R & D, Sales, Finance, Legal, IP & Regulatory, manufacturing etc. Your Company strives to provide a conducive and supportive work environment to help the employees excel through various employee engagement programs. The management strengthens Human Resources by making available better tools, technology, techniques at the work place to harness the latent potential as it has always aimed at bettering the performance of individuals and groups.

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

### Cautionary Statement

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



## BOARD'S REPORT

Dear Members,

Your Board of Directors ("Board") is pleased to present the 32<sup>nd</sup> Annual Report of Advanced Enzyme Technologies Limited ("Company") along with the Audited Financial Statements for the financial year ended March 31, 2021.

### FINANCIAL HIGHLIGHTS

The financial performance of your Company for the financial year ended March 31, 2021 is summarized below:

(₹ in million)

Particulars	Standalone		Consolidated	
	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2021	Year ended March 31, 2020
Revenue from operations	2,835	2,474	5,018	4,440
<b>EBITDA</b>	<b>1,006</b>	<b>768</b>	<b>2,315</b>	<b>2,023</b>
<b>Less:</b>				
Finance Cost	1	11	16	30
Depreciation and Amortisation	89	88	284	258
<b>Add:</b>				
Other income	68	90	89	56
<b>Profit Before Tax</b>	<b>984</b>	<b>759</b>	<b>2,104</b>	<b>1,791</b>
<b>Less: Provision for Taxation</b>				
Current tax	248	194	579	505
Deferred tax	26	(15)	10	(42)
MAT credit entitlement	-	-	-	-
Tax adjustment for earlier years	-	-	-	(2)
Tax expenses	<b>274</b>	<b>179</b>	<b>589</b>	<b>461</b>
<b>Profit for the year</b>	<b>710</b>	<b>580</b>	<b>1,515</b>	<b>1,330</b>
Surplus Brought Forward from Previous Year	2,639	2,140	6,575	5,376
Amount Available for Appropriations	3,349	2,639	7,970	6,575
<b>Earnings Per Share (Amount in ₹)</b>				
Basic	6.36	5.19	13.09	11.58
Diluted	6.35	5.18	13.07	11.56

### RESULTS FROM OPERATIONS

#### Revenue - Consolidated

Your Company's revenue from operations on consolidated basis increased to ₹ 5,018 million in the financial year 2020-21 ("FY21") from ₹ 4,440 million in the financial year 2019-20 ("FY20"), a growth rate of 13%. The total revenue comprises of International sales amounting to ₹ 2,694 million (FY20 - ₹ 2,537 million), growth of 6% and Domestic sales amounting

to ₹ 2,324 million (including Export Incentives of ₹ 14 million) (FY20 - ₹ 1,903 million (including Export Incentives of ₹ 24 million)) increase of 22%.

Your Company's domestic sales constitute about 46% of revenue from operations during FY21 as compared to 43% of revenue from operations during FY20. International sales were 54% of revenue from operations as compared to 57% of revenue from operations during FY20.

## Revenue - Standalone

Your Company's revenue from operations on standalone basis increased to ₹ 2,835 million from ₹ 2,474 million in the FY20, at a growth rate of 15%. The total revenue comprises of International sales of ₹ 683 million (FY20 - ₹ 749 million), decrease of 9% and Domestic sales at ₹ 2,152 million (including Export Incentives of ₹ 14 million) (FY20 - ₹ 1,725 million (including Export Incentives of ₹ 24 million and excise duty)) increase of 25%.

The domestic sales constitute 76% of revenue from operations during FY21 as compared to 70% of revenue from operations during FY20. International sales were 24% of revenue from operations as compared to 30% of revenue from operations during FY20.

## Profits - Consolidated

EBITDA (Earnings before interest, tax and depreciation & amortisation excluding other income) during FY21 was ₹ 2,315 million (46%) as compared to ₹ 2,023 million (46%) during FY20, increase of 14%.

Profit before tax stood at ₹ 2,104 million (42%) during FY21 as against ₹ 1,791 million (40%) in the previous year, a growth of 17%. Profit after tax stood at ₹ 1,515 million during FY21 as compared to ₹ 1,330 million during the FY20, a growth of 14%.

## Profits - Standalone

EBITDA during the year under review was at ₹ 1,006 million (35%) as compared to ₹ 768 million (31%) in the FY20. Profit before tax stood at ₹ 984 million during FY21 as compared to ₹ 759 million in the FY20, a growth of 30%. Profit after tax stood at ₹ 710 million during FY21 as compared to ₹ 580 million during FY20, an increase of 23%.

## DIVIDEND

Pursuant to the Dividend Distribution Policy of the Company, the Board recommends a final Dividend @ 45% i.e. ₹ 0.90/- per Equity Share of face value of ₹ 2/- each for the financial year 2020-21 ("FY21"), aggregating to about ₹ 100.60 million, i.e. an increase of 50% as compared to the final dividend of 30% (₹ 0.60 per Equity Share) as in the previous financial year 2019-20 ("FY20"), subject to deduction of taxes, as applicable. The Dividend Distribution Policy of the Company is provided as Annexure-I and forms an integral part of this Report and the said policy is available on the Company's website at [www.advancedenzymes.com/investors/corporate-governance/#codes-and-policies](http://www.advancedenzymes.com/investors/corporate-governance/#codes-and-policies).

The Dividend payout is subject to approval of Members at 32<sup>nd</sup> Annual General Meeting ("AGM") of your Company.

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

## RESERVES

During the FY21, your Company has not transferred any amount to the General Reserves.

## EMPLOYEES STOCK OPTION PLAN

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

## ESOP 2015

The Nomination & Remuneration Committee in its meeting held on February 14, 2017 granted 220,000 stock options of ₹ 2/- each to its eligible employees of the Company and the employees of subsidiaries ("Grantee"). As per the provisions of ESOP 2015 scheme, the stock options granted under the said scheme for the eligible employees/Grantees vested as follows:

- (i) First tranche of 10% of stock options got vested on February 15, 2018;
- (ii) Second tranche of 20% on February 15, 2019;
- (iii) Third tranche of 30% on February 15, 2020, and
- (iv) Fourth and last tranche of 40% on February 15, 2021.

Each Option is convertible and is equivalent to One (1) Equity Share. Based on the exercise applications received, the Board allotted a total of 49,950 Equity Shares of ₹ 2/- each (at an exercise price of ₹ 60/- each) during the year under review, under ESOP 2015 as follows:

Sr. No.	Date of Board Meeting (Allotment Date)	No. of shares allotted
1	November 12, 2020	45,450
2	February 12, 2021	4,500
<b>Total</b>		<b>49,950</b>





In view of above, the Paid-up share capital of your Company has increased as follows (as on March 31, 2021):

Particulars	Paid-up Capital	
	No. of shares	Amount (₹)
At the beginning of the year	111,678,475	223,356,950
Allotments during the year	49,950	99,900
At the end of the year	111,728,425	223,456,850

The fourth tranche of 40% of the Stock Options got vested on February 15, 2021, as per the provisions of the Scheme. Based on the exercise applications of the Grantees and amount received thereto, total 49,875 Equity Shares of ₹ 2/- each were allotted to such Grantees by the Board on May 29, 2021 and accordingly the paid up share capital of the Company has increased from ₹ 223,456,850 to ₹ 223,556,600.

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

#### Employees Incentive Plan 2017:

The Members of the Company have also approved the AETL Employees Incentive Plan 2017 ("Plan 2017") through trust route and related matters on May 04, 2017 through Postal Ballot. Your Company has received in-principle approval from BSE Limited (BSE) and National Stock Exchange of India Limited (NSE). As on the date of this report, no Stock Options / Stock Appreciation Rights have been granted under the Plan 2017.

#### FINANCIAL STATEMENTS

The financial statements of your Company for the year ended March 31, 2021 are prepared in accordance with the Indian Accounting Standards ("IND AS"), read with the provisions of Section 129 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") rules framed thereunder and Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") (including any statutory modification(s) or re-enactments thereof for the time being in force) and forms part of this Annual Report.

The estimates and judgments relating to the Financial Statements are made on a prudent basis, so as to reflect in a true and fair manner, the form and substance of transactions and reasonably present the Company's state of affairs, profits and cash flows for the year ended March 31, 2021.

#### SUBSIDIARIES

As on March 31, 2021 your Company has Twelve (12) subsidiaries as listed below:

##### Domestic Subsidiaries:

- Advanced Bio-Agro Tech Limited (60%) ["ABAT"];
- Advanced EnzyTech Solutions Limited (100%) ["AESL"];
- JC Biotech Private Limited (70%) ["JCB"];
- SciTech Specialities Private Limited (51%) ["SciTech"] – effective from January 11, 2021

In terms of the financial performances:

- ABAT's revenue for FY21 was ₹ 312 million (previous financial year ["FY20"] - ₹ 389 million), and PAT for FY21 was ₹ 45 million (FY20 - ₹ 56 million).
- AESL's revenue for FY21 was ₹ 92 million (FY20 - ₹ 91 million), and PAT for FY21 was ₹ 16 million (FY20 - ₹ 11 million).
- JCB's revenue for FY21 was ₹ 504 million (FY20 - ₹ 424 million), and PAT for FY21 was ₹ 75 million (FY20 - ₹ 61 million).
- SciTech's revenue for period from 11 January 2021 to 31 March 2021 was ₹ 86 million and PAT for FY21 was ₹ 14 million. SciTech became subsidiary of the Company effective from January 11, 2021.

##### International Subsidiaries:

- Advanced Enzymes USA (100%);
  - Advanced Supplementary Technologies Corporation (100% Subsidiary of Advanced Enzymes USA);
  - Cal-India Foods International (doing Business as Specialty Enzymes and Biotechnologies) (100% Subsidiary of Advanced Enzymes USA);
  - Dynamic Enzymes Inc. (100% Subsidiary of Advanced Enzymes USA);
  - Enzyme Innovation Inc. (100% Subsidiary of Cal-India Foods International);

In terms of the consolidated financial performance of Advanced Enzymes USA, the revenue for FY21 was ₹ 2,154 million (FY20 - ₹ 1,937 million), and PAT for FY21 was ₹ 726 million (FY20 - ₹ 700 million).

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

The Company acquired AEM in the year 2017 (incorporated in 2016). During FY20, the Board of your Company approved the discontinuation of the business and closure of AEM and to initiate the process of closure thereto, since AEM was not giving the desired results. During FY21, expenditure was incurred by AEM on payment of salaries of technical person, administration and recovered such expenses from the parent company and write-off of inter-company liabilities and resulted in a profit/(loss) of about ₹ (0.10) million (FY20 - ₹ 4 million).

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

In terms of the consolidated financial performance (including its subsidiary, evoxx technologies, GmbH), AEE's revenue for FY21 was ₹ 282 million (FY20 - ₹ 264 million), and loss of ₹ 4 million for FY21 (which includes about ₹ 54 million of operational gain and ₹ 68 million of amortization expense and finance cost of ₹ 47 million).

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

For FY21, the Revenues for evoxx was ₹ 282 million (FY20 - ₹ 264 million) and had a positive impact on the bottom line by ₹ 14 million (which includes about ₹ 13 million (FY20 - ₹ 45 million) of operational profit and charge of ₹ 15 million (FY20 - ₹ 15 million) of an amortization expense and finance cost of ₹ 10 million (FY20 - ₹ 9 million).

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

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

The individual financial statements and other reports of the Company's subsidiaries have not been attached to the financial statements of the Company for the FY21. Pursuant to the provisions of Section 136 of the Act read with SEBI Listing Regulations, the financial statements of the subsidiaries and related information are uploaded on the website of

your Company and can be accessed on the web link, [www.advancedenzymes.com/investors/quarterly-updates/financial-results](http://www.advancedenzymes.com/investors/quarterly-updates/financial-results) and also available for inspection electronically, during working hours at the registered office of the Company on working days except Saturdays and Sundays, up to the date of 32<sup>nd</sup> AGM of the Company. Any Member desirous of conducting inspection and/or of seeking information on the Annual Financial Statements of the Company's subsidiaries may write and intimate in advance, to the Company Secretary.

#### SUBSIDIARIES, JOINT VENTURE AND ASSOCIATE COMPANIES

During the year under review, SciTech Specialities Private Limited ("SciTech") has become a subsidiary of your Company with effect from January 11, 2021 as a result of acquisition of controlling stake of 51% in SciTech by way of subscription to the issue of 492,630 Equity Shares by SciTech and purchase of 27,778 Equity Shares from few selling shareholders of SciTech, aggregating to 520,408 Equity Shares, for a total consideration of ₹ 316.26 Million. SciTech is a technology-based contract manufacturing company specializing in effervescent granules and tablets. SciTech manufactures effervescent products with aqueous granulation technology.

The Board of your Company, in its meeting held on May 29, 2021, approved the acquisition of additional stake of 15% (i.e. 31,06,680 Equity Shares) from the existing shareholder(s) of JC Biotech Private Limited ("JCB"), at a consideration of ₹ 211.25 Million. On completion of the said acquisition, the stake of your Company in JCB shall increase from existing 70% to 85%. The details are also available on the website of the Company at [www.advancedenzymes.com/investors/announcements-notices/](http://www.advancedenzymes.com/investors/announcements-notices/).

Except as mentioned above, no other Company has become or ceased to be a Subsidiary, Joint Venture or Associate of the Company during the year under review.

#### MANAGEMENT DISCUSSION AND ANALYSIS

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

#### DIRECTORS' RESPONSIBILITY STATEMENT

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





- a. in the preparation of the annual accounts for the year ended March 31, 2021, the applicable accounting standards read with requirements set out under Schedule III to the Act, have been followed and there are no material departures from the same;
- b. appropriate accounting policies have been selected and applied consistently and judgments and estimates are made reasonably and prudently so as to give a true and fair view of the state of affairs of the Company as at March 31, 2021 and of the profit of the Company for the year ended on that date;
- c. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. the annual accounts have been prepared on a 'going concern' basis;
- e. Proper internal financial controls are devised to ensure compliance with all the provisions of the applicable laws and that such internal financial controls are adequate and are operating effectively; and
- f. Proper systems are devised to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

#### RISK MANAGEMENT

Your Company understands that controlling risks through a formal program is a necessary component and an integral cornerstone of Corporate Governance. Your Company has adopted Risk Assessment & Management policy which embeds the vision that a robust Risk Management system ensures commensurate controls and monitoring mechanism for smooth and efficient management of Business. The Policy outlines the framework for identification, measurement, evaluation, monitoring and mitigation of various risks. The Management has also reviewed the Risk Management framework of the Company. The Risk Registers are prepared by the concerned departments wherein the respective risks are identified along with its current control activities and the mitigation plans. Thereafter, the registers are reviewed.

The Risk Management Committee constituted by the Board assists the Board in monitoring and review of Risk Management Policy of the Company including associated systems, processes, controls & strategies thereto, various risks exposures of the Company, on a periodic basis and then inform the Board about the risks assessed, their concerns and action

plan with strategy for mitigation of the risks and such other functions related to risk management & mitigation as may be required by the Board of Directors from time to time.

#### RELATED PARTY TRANSACTIONS

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

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

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

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

Pursuant to Section 124(6) of the Companies Act, 2013, all shares in respect of which Dividend has not been paid or claimed for seven consecutive years or more shall be transferred by the company in the name of Investor Education and Protection Fund ("IEPF"). In view of this, your Company has transferred 20,000 unclaimed Equity Shares pertaining to financial year 2012-13 to the Demat account of IEPF during September, 2020. The details of the said shares are provided on the website of the Company at [www.advancedenzymes.com/investors/shareholder-information](http://www.advancedenzymes.com/investors/shareholder-information)

During the year under review, the Company has transferred unclaimed Dividend of ₹ 97,950 for the financial year 2012-13. As on March 31, 2021, the total amount lying in the Unpaid Dividend accounts of the Company in respect of the last seven years is around ₹ 9.23 lakhs. Details of unclaimed Dividend and

Shares due for transfer with due dates and procedure to claim the same are provided in the Notes to the Notice convening 32<sup>nd</sup> AGM of the Company ("AGM Notice" / "Notice of 32<sup>nd</sup> AGM") and briefly in the Corporate Governance Report which forms an integral part of this Report.

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

#### **CORPORATE SOCIAL RESPONSIBILITY ("CSR")**

The Annual Report on Corporate Social Responsibility Activities has been provided in Annexure IV and the report along with all the details thereto, forms integral part of this Report. The Composition of CSR Committee is disclosed in the said Annual Report on CSR Activities and in the Corporate Governance report section.

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

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

As per the Nomination & Remuneration Policy of the Company ("Policy"), the Nomination and Remuneration Committee inter alia recommends the appointment of Directors, Key Managerial Personnel (KMP) and Senior Management Personnel. The Policy lays down the criteria for such appointments and the framework in relation to remuneration of Directors including Managerial Personnel, KMPs and employees of the Company. The Nomination & Remuneration Committee oversees the matter of remuneration to the Executive Directors, KMPs and Senior Management Personnel and recommends to the Board, revision, if any, in the remuneration of the said Directors / Personnel subject to limits as may be approved by the Members.

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

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

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

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

The Members at their 31<sup>st</sup> Annual General Meeting ("31<sup>st</sup> AGM") held on July 15, 2020 approved the (i) appointment of Ms. Rajshree Patel (DIN: 08761022) as an Independent Director of your Company, not liable to retire by rotation, for a period of 3 (three) years effective from June 12, 2020; (ii) appointment of Dr. Sunny Sharma (DIN: 02267273) as a Non-Executive Director of your Company, liable to retire by rotation.

Further, the first term of 5 (five) years of Mr. Pramod Kasat (DIN: 00819790), Independent Director of the Company expires on December 13, 2021. Based on recommendations of the Nomination and Remuneration Committee, the Board has approved and recommended for the approval of the Members at the 32<sup>nd</sup> AGM, the re-appointment of Mr. Pramod Kasat as an Independent Director on the Board of the Company for a second term of 5 (five) consecutive years effective from December 14, 2021.

The Members may recall that Mr. Mukund Kabra was re-appointed as a Whole-Time Director of the Company for a term of 5 (five) years with effect from April 01, 2017 at their Annual General Meeting held on September 11, 2017. Accordingly, the term of Mr. Mukund Kabra as a Whole-Time Director of the Company is set to expire on March 31, 2022. Based on recommendations of the Nomination and Remuneration Committee, the Board has approved and recommended the re-appointment of Mr. Kabra as the Whole-time Director on the Board of the Company for another term of 5 (five) consecutive years effective from April 01, 2022, on the terms of remuneration as mentioned in the Notice of 32<sup>nd</sup> AGM. A brief profile of Mr. Pramod Kasat and Mr. Mukund Kabra and other related information provided/appended to the AGM Notice.

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

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

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

- (i) they meet the 'criteria of Independence' as defined under Regulation 16(1) of the SEBI Listing Regulations and Section 149(6) of the Companies Act, 2013 read with Schedule IV and the relevant Rules made thereunder;





- (ii) they have complied with the provisions of the Code of Conduct & Ethics of the Company. The Independent Directors have confirmed that they are not aware of any circumstance or situation which exist or may be reasonably anticipated, that could impair or impact their ability to discharge their duties with an objective independent judgment and without any external influence.
- (iii) they have complied with the provisions of Rule 6(1) and 6(2) of the Companies (Appointment and Qualifications of Directors) Rules, 2014 (as amended) with regards to the registration on the Independent Directors' databank.

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

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

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

#### RETIREMENT BY ROTATION

In accordance with the provisions of Section 152 of the Companies Act, 2013 read with Rules made thereunder and the Articles of Association of the Company, Mr. Vasant Rathi (DIN: 01233447), Promoter Chairman & Non-Executive Director retires by rotation at the 32<sup>nd</sup> AGM and being eligible offers himself for re-appointment. The Board recommends the said re-appointment of Mr. Vasant Rathi at the 32<sup>nd</sup> AGM and his brief profile is provided in the Notice convening 32<sup>nd</sup> AGM of the Company.

#### AUDITORS AND AUDITORS' REPORT

##### STATUTORY AUDITORS

Pursuant to provisions of Section 139 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, B S R & Co. LLP, Chartered Accountants [Firm's Registration No: 101248W/W-100022] ("BSR") were appointed as Statutory Auditors for a first term of five consecutive years to hold office

from the conclusion of 27<sup>th</sup> AGM up to the conclusion of the 32<sup>nd</sup> AGM. The Auditors' Report to the Members on the Financial Statements of the Company for the year ended March 31, 2021 forms a part of the Annual Report and the Auditors' Report does not contain any qualification, reservation or adverse remark.

#### COST RECORDS AND AUDIT

The Company has maintained Cost records in accordance with the provisions of Section 148(1) of the Companies Act, 2013 ("Act"), during the year under review. In terms of Section 148 of the Act read with Companies (Cost Records and Audits) Rules, 2014, as amended ("Rules"), the Company is required to have the audit of cost records conducted by the Cost Accountant in practice. Based on the recommendations of the Audit Committee, the Board of your Company has approved the re-appointment of M/s. Shilpa & Co., Cost Accountants, Nashik (Firm Registration No. 100558) as Cost Auditors of the Company to carry out the Cost Audit of the cost records of the Company for financial year ending March 31, 2022 ("FY22").

Your Company has received the consent of the Cost Auditors inter alia stating that the said appointment is in accordance with the applicable provisions of the Act and rules framed thereunder. The Cost Auditors have confirmed they are free from any disqualifications to be appointed as the Cost Auditors of your Company. Based on recommendations of the Audit Committee, the remuneration of Cost Auditors has been approved by the Board and recommended to the Members and therefore the requisite resolution for ratification of remuneration of the Cost Auditors by the Members is set out in the Notice of the 32<sup>nd</sup> AGM of your Company.

The Cost Audit was not applicable for the financial year 2019-20. As per the applicable provisions of the Act, the Cost Auditor is required to forward the Cost Audit Report to the Company within 180 days from the end of the financial year, by September 27, 2021. Once the Cost Audit Report is received, the same shall be filed by the Company within the due date prescribed under the Act.

#### SECRETARIAL AUDIT REPORT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and rules made thereunder, the Board has appointed Mr. Shiv Hari Jalan, Practicing Company Secretary (FCS No. 5703 C.P.No.4226) to undertake the Secretarial Audit of the Company. The Secretarial Audit Report for the financial year 2020-21 is annexed as Annexure V and forms an integral part of this Report. The Secretarial Audit Report for the year ended March 31, 2021 does not contain any qualification, reservation or adverse remark. In the said report, the Secretarial Auditor has indicated to the letter/email received by the Company

from NSE and BSE (Stock Exchanges) on August 20, 2020 levying penalty on the Company pertaining to the provisions of Regulation 17(1) of SEBI Listing Regulations pertaining to the appointment of Woman Independent Director on the Board and the waiver of penalty received by the Company from both the Stock Exchanges (brief details are also provided elsewhere in the Board's report); and also that primarily due to the COVID-19 pandemic situation and the restrictions of the State Local Authorities to contain further spread thereto, the Company transferred the unspent CSR amount as on March 31, 2021 pertaining to the ongoing CSR projects to a separate Bank account on May 05, 2021, both of which are self-explanatory.

#### **CORPORATE GOVERNANCE REPORT**

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

#### **BUSINESS RESPONSIBILITY REPORT**

Pursuant to Regulation 34 of the SEBI Listing Regulations, top one thousand listed entities based on market capitalization (calculated as on March 31 of previous financial year) shall provide Business Responsibility Report for the financial year 2020-21, describing the initiatives taken by them from an environmental, social and governance perspective. The said report is attached as Annexure VII to this Report.

#### **COMMITTEES OF THE BOARD**

As per the Companies Act, 2013 and the SEBI Listing Regulations, during the year under review, the Board has five statutory Committees viz., Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee, Stakeholders Relationship Committee and the Risk Management Committee. The details of the composition of these Committees along with number of meetings held and attendance at the meetings are provided in the Corporate Governance Report which forms a part of this Report.

#### **VIGIL MECHANISM**

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

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

#### **MEETINGS OF THE BOARD**

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

#### **SECRETARIAL STANDARDS**

To the best of our understanding and knowledge, it is hereby confirmed that during the year under review, the Company has complied with all the provisions of applicable Secretarial Standards (as amended and/or relaxations provided) issued by the Institute of Company Secretaries of India with respect to the Board and General Meetings, as notified by the Ministry of Corporate Affairs of India.

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

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

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

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

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

[www.advancedenzymes.com/investors/corporate-governance](http://www.advancedenzymes.com/investors/corporate-governance)

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

Your Company has in place a Code of Conduct for Prohibition of Insider Trading (known as the AETL Insider Trading Code), which lays down the process for trading in securities of the





Company by the Designated Persons and to regulate, monitor and report trading by the employees of the Company either on his/her own behalf or on behalf of any other person, on the basis of Unpublished Price Sensitive Information.

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

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

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

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

#### **SIGNIFICANT AND MATERIAL ORDERS**

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

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

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

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

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

In March 2020, the World Health Organization declared COVID-19 to be a pandemic and several restrictions have been imposed by the Governments across the globe on the travel, goods movement and transportation, considering public health and safety measures. As informed in the previous year report, considering that your Company's group product(s) are classified as an 'essential commodity', the impact of the pandemic on

your Company may not be significant. The Company has considered internal and external information while assessing recoverability of its assets disclosed in the financial statement up to the date of approval of the financial statements by the Board of your Company. Based on such assessment and considering the current economic indicators, the Company expects to recover the carrying amount of these assets. The Company has also considered the impact of COVID-19 on the business for the foreseeable future and has concluded that the Company has sufficient resources to continue as a going concern. The impact of the global health pandemic may be different from that estimated as at the date of approval of the financial statements and the Company will continue to closely monitor any material changes to future economic conditions.

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

The details of Loans and Investments under Section 186 of the Act read with the Companies (Meetings of Board and its Powers) Rules, 2014 (as amended), for the FY21 are given in the Standalone Financial Statements (Note No. 55 to the Standalone Financial Statements). Your Company has not provided any guarantee or security under Section 186 of the Act during the year under review.

#### **ANNUAL RETURN**

Pursuant to Section 92(3) read with Section 134(3)(a) of the Act, the Annual Return of the Company as on March 31, 2021 is available on the website of the Company at [www.advancedenzymes.com](http://www.advancedenzymes.com).

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

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

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

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



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of the Members electronically and any Member desirous of conducting inspection and/or obtaining a copy of the said information / Annexure may write to the Company Secretary.

#### DEPOSITS

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

#### CREDIT RATING

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

#### GENERAL DISCLOSURES

During the year under review:

- a. The Whole-time Director of your Company has not received any remuneration or commission from any of the subsidiaries.
- b. Your Company has not issued Shares with Differential Rights as to Dividend, Voting or otherwise.

- c. Your Company has devised a policy on Prevention of Sexual Harassment to comply with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The said policy is hosted on the Company's website at [www.advancedenzymes.com](http://www.advancedenzymes.com). During the year under review, there were no cases / grievances reported or pending and the Company has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013
- d. There are no details to be disclosed under Section 134(3) (ca) of the Act as there has been no such fraud reported by the Auditors under Section 143(12) of the Act.
- e. There are no applications made by or any proceedings pending against the Company under the Insolvency and Bankruptcy Code, 2016, during the year under review.

#### ACKNOWLEDGEMENTS

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

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

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

**Vasant Rathi**

*Chairman*

**DIN: 01233447**

**Date** : August 07, 2021

**Place** : California, USA



## ANNEXURE – I

### DIVIDEND DISTRIBUTION POLICY

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

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

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

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

#### OBJECTIVE OF THE POLICY

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

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

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

##### a) Internal Factors / Financial Parameters:

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

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

##### b) External Factors:

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

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

- i) The Company proposes/has undertaken a significant expansion project/CAPEX;
- ii) Mergers, Acquisitions or Joint Ventures (proposed / in-process);
- iii) Buy-back of securities and the proposed utilization of surplus cash / reserves;
- iv) Any other similar plan or proposal which requires higher capital allocation; and/or
- v) Due to inadequacy of profits or losses.

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## RETAINED EARNINGS

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

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

## GENERAL

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



## ANNEXURE II

### DETAILS OF EMPLOYEES STOCK OPTION SCHEME 2015 (ESOP 2015) AND EMPLOYEES INCENTIVE PLAN 2017 (PLAN 2017) DISCLOSURES IN COMPLIANCE WITH REGULATION 14 OF SECURITIES AND EXCHANGE BOARD OF INDIA (SHARE BASED EMPLOYEE BENEFITS) REGULATIONS, 2014 AND RULE 12(9) OF THE COMPANIES (SHARE CAPITAL AND DEBENTURES) RULES, 2014 ["DISCLOSURES"]

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

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

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

The detailed note on the disclosure as required as per the 'Guidance note on accounting for employee share-based payments' is under Note 44 to the Standalone Financial Statements for the year ended March 31, 2021 and forms part of this Report.

Diluted Earnings per share pursuant to issue of shares on exercise of options calculated in accordance with Accounting Standard (AS) 20 - Details of same are provided under Note 41 to the aforesaid Standalone Financial Statements and forms integral part of this Report.

#### (i) Employee Stock Option Scheme 2015 (ESOP 2015) [As on March 31, 2021]

##### 1) Brief Description:

Sr. No.	Particulars	Details										
	Date of Shareholders' approval	Approval of Scheme by the Members at Extra Ordinary General Meeting held on December 23, 2015 Amendment to ESOP 2015 approved by the Members on September 15, 2016.										
	Total number of options approved under ESOS	10,00,000 Options*										
	Vesting requirements	The Options shall not vest for a period of one year after grant. After the expiry of one year, the vesting of Options shall take place over a term of four years, as follows: <table border="1"> <thead> <tr> <th>Year of Vesting</th> <th>Percentage of Vesting</th> </tr> </thead> <tbody> <tr> <td>1 year after the date of grant</td> <td>10% of Options/SARs Granted shall Vest</td> </tr> <tr> <td>2 years after the date of grant</td> <td>20% of Options/SARs Granted shall Vest</td> </tr> <tr> <td>3 years after the date of grant</td> <td>30% of Options/SARs Granted shall Vest</td> </tr> <tr> <td>4 years after the date of grant</td> <td>40% of Options/SARs Granted shall Vest</td> </tr> </tbody> </table>	Year of Vesting	Percentage of Vesting	1 year after the date of grant	10% of Options/SARs Granted shall Vest	2 years after the date of grant	20% of Options/SARs Granted shall Vest	3 years after the date of grant	30% of Options/SARs Granted shall Vest	4 years after the date of grant	40% of Options/SARs Granted shall Vest
Year of Vesting	Percentage of Vesting											
1 year after the date of grant	10% of Options/SARs Granted shall Vest											
2 years after the date of grant	20% of Options/SARs Granted shall Vest											
3 years after the date of grant	30% of Options/SARs Granted shall Vest											
4 years after the date of grant	40% of Options/SARs Granted shall Vest											
	Exercise price or pricing formula	Not exceeding ₹ 60/- per share*										

Sr. No.	Particulars	Details
	Maximum term of options granted	Exercise period shall not exceed five years from the relevant vesting date and the date after which the option shall lapse.
	Source of shares (primary, secondary or combination)	Primary
	Variation in terms of options	The Company shall not vary the terms of the Scheme, in any manner, which may be detrimental to the interests of the Eligible Employees.

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

- 2) **Method used to account for ESOS:** Fair Value as at the grant date (Black-Scholes-Option Valuation Model)
- 3) **Where the Company opts for expensing of the options using the intrinsic value of the options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options shall be disclosed. The impact of this difference on profits and on EPS of the company shall also be disclosed:** Not Applicable
- 4) **Option movement during the year (For each ESOS):**

Number of options outstanding at the beginning of the period	1,49,100 (face value of ₹ 2/-)
Number of options granted during the year	NIL
Number of options forfeited / lapsed during the year	3,200
Number of options vested during the year	76,200
Number of options exercised during the year	49,950
Number of shares arising as a result of exercise of options	49,950
Money realized by exercise of options (INR), if scheme is implemented directly by the company	29,97,000 (49,950*60)
Loan repaid by the Trust during the year from exercise price received	Not Applicable
Number of options outstanding at the end of the year	95,950
Number of options exercisable at the end of the year	95,950 (face value of ₹ 2/- each)

\* Lapsed due to resignation / retirement of the concerned grantees.

In case of resignation/retirement, if any, of the concerned grantees, all the unvested Options are shown as lapsed above during the year.

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

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

(in ₹)

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

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



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

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

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

a) Senior Managerial Personnel;

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

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

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

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

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

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

Brief Description:

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

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



## ANNEXURE III

### FORM NO. AOC-2

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

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

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

Sr. No.	Particulars	Transaction – Sales / Purchase
1.	<b>Name(s) of the related party and Nature of relationship</b>	JC Biotech Private Limited ("JC Biotech") Subsidiary (70%)
2.	<b>Nature of contracts/ arrangements/ transactions</b>	Sales / Purchase of Goods
3.	<b>Duration of the contracts/ arrangements/ transactions</b>	Transactions during the year ended March 31, 2021
4.	<b>Salient terms of the contracts or arrangements or transactions including the value, if any</b>	Total (Sales & Purchase of goods): ₹ 502.46 million (Sales : ₹ 0.91 million Purchase : ₹ 501.55 million) Shareholders' approval received in the Annual General Meeting (AGM) held on August 08, 2019 and July 15, 2020 for aggregate limit of Sales and Purchase of ₹ 650 Million for the period from October 01, 2019 to September 30, 2020 and the same aggregate limit for the period from October 01, 2020 to September 30, 2021 respectively.
5.	<b>Date(s) of approval by the Board, if any</b>	May 24, 2019, May 30, 2020 and February 12, 2021
6.	<b>Amount paid as advances, if any</b>	Advances as may be paid by the Company, during the year, were only towards the supply of goods by JC Biotech to the Company, under the limits as mentioned above.

**Note:** The above disclosure of material related party transaction(s) is based on the aggregate transaction value exceeding 10% of annual consolidated turnover of the Company as on March 31, 2021 pursuant to the provisions of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and Policy on Related Party Transactions of the Company, as amended from time to time.

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

Vasant Rathi  
Chairman  
DIN: 01233447

Date : August 07, 2021  
Place : California, USA

## ANNEXURE IV

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

1) A brief outline of the CSR policy of the Company:

The Company's CSR policy intends to focus on certain long term projects which shall include initiatives, *inter alia*, in the fields of Education, skill development/vocational training, Health Care, Sanitation, Safe Drinking Water, Environment Sustainability, Women Empowerment and Rural Development which will enable creation of a sustainable livelihood in society and better human capital culture.

The CSR policy of the Company covers the proposed CSR activities in line with Section 135 of the Companies Act, 2013 (as amended) and Schedule VII thereto. The CSR Policy of the Company including the overview of projects or programme may be accessed on the Company's website at [www.advancedenzymes.com/investors/corporate-governance](http://www.advancedenzymes.com/investors/corporate-governance)

2) The Composition of the CSR Committee is as under:

Sr No.	Name of Director	Designation / nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Mr. Kedar Desai	Independent Director & Chairman of Committee	2	2
2.	Mr. Mukund Kabra	Whole-Time Director	2	2
3.	Mr. Vasant Rathi	Non-Executive Director	2	2
4.	Ms. Rajshree Patel*	Independent Director	1	1

\*Appointed as the Committee member effective from November 12, 2020

3) Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of the company: [www.advancedenzymes.com/investors/corporate-governance](http://www.advancedenzymes.com/investors/corporate-governance)

4) Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report): Not Applicable

5) Details of the amount available for set off in pursuance of sub-rule (3) of Rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any:

Sr. No.	Financial Year	Amount available for set-off from preceding financial years (in Rs)	Amount required to be set-off for the financial year, if any (in Rs)
Not Applicable			

6) Average net profit of the Company for last three financial years: ₹ 5247.74 lakhs

7) (a) Two percent of average net profit of the company as per Section 135(5): ₹ 104.95 lakhs

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: NA

(c) Amount required to be set off for the financial year, if any: NIL

(d) Total CSR obligation for the financial year (7a+7b-7c): ₹ 104.95 lakhs

8) (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year (₹ in lakhs)	Amount Unspent (₹ in lakhs)				
	Total Amount transferred to Unspent CSR Account as per Section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
68.16	36.95	May 05, 2021*		-	



\*Primarily due to the ongoing pandemic, restrictions by the State local authorities, logistical challenges and delay from the Bank, the said account was activated by the Bank on May 04, 2021 and thereafter, the Unspent CSR funds earmarked could be credited to the said separate Bank Account.

(b) Details of CSR amount spent against ongoing projects for the financial year:

Sr. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the project		Project duration #	Amount allocated for the project (₹ in lakhs)	Amount spent in the current financial Year (₹ in lakhs)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (₹ in lakhs)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State	District						Name	CSR Registration number.*
1.	Contribution for providing drinking water facility in tribal village(s)	Making available safe drinking water	Yes	Maharashtra	Nashik	Before end of financial year 2021-22	5.35	NIL	5.35	No	Social Networking Forum	N.A
2.	Sponsoring vocational training and skills for differently abled adults and related activities	Promoting education including special education and vocation skills especially among the differently abled / livelihood enhancement projects	Yes	Maharashtra	Nashik	Before end of financial year 2021-22	4.80	0.80	4.00	No	AADHAR	N.A
3.	For sponsoring one Sevakutir Program for a year to help in transforming the lives of tribal children	Promoting Education and a step towards eradicating malnutrition	No	Sheopur	Madhya Pradesh	Before end of financial year 2021-22	12.50	1.04	11.46	No	Parivaar Education Society	N.A
4.	Building four houses and two toilets for underprivileged near Karjat area of Maharashtra	Promoting equality and reducing inequalities faced by socially and economically backward groups	Yes	Maharashtra	Raigad	Before end of financial year 2021-22	4.80	0.04	4.76	No	Habitat for Humanity India Trust	N.A
5.	Contribution for setting up of computer labs/ computer education in school(s) / related educational activities	Promotion of Education	No	Maharashtra	Nagpur	Before end of financial year 2022-23	11.88	0.50	11.38	No	Samta Purushottam Agrawal Memorial Foundation	N.A
<b>Total</b>							<b>39.33</b>	<b>2.38</b>	<b>36.95</b>			

\*In accordance with the applicable provisions of Companies (Corporate Social Responsibility Policy) Rules, 2014 (as amended) CSR Registration Number for Implementing Agencies is applicable only w.e.f April 01, 2021. Hence, the CSR Registration Number is stated as N.A. i.e. 'Not Applicable' for all the implementing agencies in this report which pertains to CSR Activities for the financial year ended March 31, 2021.

# The project may be delayed under the current scenario of COVID-19 pandemic or any other unforeseeable circumstances.

**(c) Details of CSR amount spent against other than ongoing projects for the financial year:**

Sr No.	Name of the Project	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No)	Location of the project.		Amount spent for the project (₹ In lakhs)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State	District			Name	CSR Registration number
1.	Contribution to the Central Government to combat the distress situation of COVID-19	Contribution to the PM CARES Fund	N.A.	N.A.	N.A.	35.00	Yes	N.A	N.A
2.	CSR project of supporting and providing relief and help to those affected, directly or indirectly due to COVID-19	Promotion of health care including preventive health care (COVID-19 relief activities - MCA circulars)	Yes	Maharashtra	Sinnar	10.18	Yes	N.A	N.A
3.	Contribution for various activities for management of Thalassemia patients	Promotion of health care including preventive health care	Yes	Maharashtra	Nashik	5.00	No	Arpan Thalassemia Society	N.A
4.	Part funding of expansion project of current capacity of the Boys' Hostel in Andheri, Mumbai i.e. Agrawal Oswal Chhatrawas	Promotion of Education	Yes	Maharashtra	Mumbai Suburban	11.00	No	RVG Educational Foundation	N.A
5.	Education support for a child each of two deceased employees		Yes	Maharashtra	Nashik	2.60	Yes	N.A	N.A
6.	Contribution for purchase of wheat (primarily for benefit of children at AADHARASHRAM)	Step towards eradication of hunger and malnutrition	Yes	Maharashtra	Nashik	2.00	No	AADHARASHRAM	N.A
<b>Total</b>						<b>65.78</b>			

**(d) Amount Spent in Administrative Overheads:** NIL by the Company

**(e) Amount spent on Impact Assessment, if applicable:** N.A

**(f) Total amount spent for the Financial Year (8b+8c+8d+8e):** ₹ 68.19 lakhs

**(g) Excess amount for set off, if any:** NIL and hence the following details are mentioned as Not Applicable

Sr. No.	Particulars	Amount
(i)	Two percent of average net profit of the company as per Section 135(5)	Not Applicable
(ii)	Total amount spent for the Financial Year	
(iii)	Excess amount spent for the financial year [(ii)-(i)]	
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	



## 9) (a) Details of Unspent CSR amount for the preceding three financial years:

Sr. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under Section 135 (6)	Amount spent in the reporting Financial Year	Amount transferred to any fund specified under Schedule VII as per Section 135(6), if any			Amount remaining to be spent in succeeding financial years
				Name of the Fund	Amount	Date of transfer	
Not Applicable							

## (b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

Sr. No.	Project ID	Name of the Project	Financial Year in which the project was commenced	Project duration	Total amount allocated for the project	Amount spent on the project in the reporting Financial Year	Cumulative amount spent at the end of reporting Financial Year	Status of the project - Completed /Ongoing
Not Applicable								

## 10) In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year: Not Applicable

(a) Date of creation or acquisition of capital asset, (b) amount of CSR spent on such creation or acquisition of capital asset, (c) details of the entity or public authority or beneficiary under whose name such capital asset is registered, (d) their address etc., details of capital asset created or acquired (including complete address and location of the capital asset): Not Applicable

## 11) Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per Section 135(5): Not Applicable

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

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

**Mukund Kabra**  
Whole-time Director & CSR Committee member  
DIN: 00148294

Date : August 07, 2021  
Place : Mumbai

Date : August 07, 2021  
Place : Nashik

## ANNEXURE V

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

FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2021

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies  
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

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

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

Due to COVID -19 lockdown restrictions we have conducted Audit through remote location using software Forticlient VPN for verification of books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31.03.2021 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2021 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

- (a) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 and amendments from time to time;
  - (d) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
  - (e) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
  - (f) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not applicable to the company during the period under review)
  - (g) Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; (Not applicable to the company during the period under review)
  - (h) Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013; (Not applicable to the company during the period under review)
  - (i) Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and (Not applicable to the company during the period under review)
  - (j) Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; (Not applicable to the company during the period under review)
- (vi) Other laws applicable specifically to the Company namely:
- (a) Factories Act, 1948;





- (b) The Contract Labour (Regulation and Abolition) Act, 1970 and Rules made thereunder;
- (c) Air (Prevention and Control of Pollution) Act, 1981 and Rules made thereunder;
- (d) Environment Protection Act, 1986
- (e) Water (Prevention and Control of Pollution) Act, 1974 and Rules made thereunder;
- (f) Explosive Act, 1884;
- (g) The Petroleum Act, 1934;
- (h) Drugs & Cosmetics Act, 1940;
- (i) Food Safety and Standard Act, 2006 & rules made thereunder;
- (j) Prevention of Food Adulteration Act, 1954.

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

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

**We further report that:**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act. However pursuant to Regulation 17(1) (a) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, The Company was required to have a Woman Independent Director with effect from April 01, 2020. The Board, at its meeting held on March 28, 2020 approved the appointment of Ms. Rajshree Patel as an Additional Director (Independent Woman Director) of the Company, *inter alia* subject to and with effect from the date of her obtaining Director Identification Number ("DIN"). However due to the ongoing lockdown to prevent further spread of Coronavirus

(COVID-19) pandemic, the Digital Signature ("DSC") which is mandatory to obtain a DIN could not be obtained in March 2020. The DIN was allotted to Ms. Rajshree Patel on June 12, 2020 and hence, as per the approval of the Board at its meeting held on March 28, 2020, Ms. Rajshree Patel became an Additional Director (Woman Independent) of the Company w.e.f June 12, 2020. The BSE Limited vide their email dated 20.08.2020 and The National Stock Exchange of India Limited (NSE) vide their letter (NSE/LISTSOP/CG/FINES/101661) dated 20.08.2020 levied fine of ₹ 5,000/- per day from April 01, 2020 till June 11, 2020 i.e. ₹ 3,60,000/-, excluding GST. The Company had made an application on August 25, 2020 for waiver of said penalty to both the Stock Exchanges. The BSE Limited vide their email dated 19.05.2021 and The National Stock Exchange of India Limited (NSE) vide their letter (Ref. No. NSE/LIST/SOP/ ADVENZYMES) dated 08.02.2021 has based on the details of the case, considered the application of the Company favourably and waived the fine levied.

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

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

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

**We further report** that during the audit period the company had no specific actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above. However due to the COVID-19 and restrictions by state local authorities to contain further spread of COVID-19, an unspent CSR amount pertaining to the ongoing projects of ₹ 36,95,000 as on 31.03.2021 which was required to be transferred to a special bank account by 30<sup>th</sup> April 2021 is transferred on 5<sup>th</sup> May 2021.

Place: Mumbai  
Date: 29.05.2021  
UDIN: F005703C000392375

For Shiv Hari Jalan & Co.  
Company Secretaries  
FRN: S2016MH382700

(Shiv Hari Jalan)  
Proprietor  
FCS No: 5703  
C.P.NO: 4226

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



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## 'Annexure A'

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

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

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

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Place: Mumbai  
Date: 29.05.2021  
UDIN: F005703C000392375

**For Shiv Hari Jalan & Co.**  
*Company Secretaries*  
FRN: S2016MH382700

**(Shiv Hari Jalan)**  
*Proprietor*  
FCS No: 5703  
C.P.NO: 4226



## ANNEXURE VI

### CORPORATE GOVERNANCE REPORT

#### COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

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

#### BOARD OF DIRECTORS

##### Composition of Board of Directors as on March 31, 2021

The Board of Directors of the Company (hereinafter referred as "the Board") comprises of an optimum combination of Executive and Non-Executive Directors. As on March 31, 2021, the Board comprised of 10 (Ten) Directors i.e. 1 (One) Executive Director and 9 (Nine) Non-Executive Directors, out of which 6 (Six) were Independent Directors. The Chairman of the Board is a Non-Executive Director (Promoter) and more than half of the Board members are Independent. Pursuant to the provisions of Regulation 17(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended from time to time) (hereinafter referred as "SEBI Listing Regulations"), the Board of top 1000 Companies as per the market capitalization of immediate previous year needs to have one Independent Woman Director. Therefore, the Company was required to have a Woman Independent Director with effect from April 01, 2020. The Board, at its meeting held on March 28, 2020 [through Video Conferencing] approved the appointment of Ms. Rajshree Patel as an Additional Director (Independent Woman Director) of the Company, *inter alia* subject to and with effect from the date of her obtaining Director Identification Number ("DIN"). However, mainly due to the then ongoing lockdown to prevent further spread of Coronavirus (COVID-19) pandemic, the Digital Signature ("DSC") which is mandatory to obtain a DIN could not be obtained in March 2020. The Board approved appointment of Ms. Rajshree Patel as an Additional Director *inter alia* subject to and w.e.f the date of allotment of DIN. The DIN was allotted to Ms. Patel on June 12, 2020 and hence, as per the approval of the Board at its meeting held

on March 28, 2020, Ms. Patel became an Additional Director (Woman Independent) of the Company w.e.f June 12, 2020. The composition of the Board is in line with requirements of SEBI Listing Regulations as mentioned here. The Independent Directors do not have any material pecuniary relationship or transactions with the Company, Promoters or Management, which may affect their judgment in any manner. Further, in the opinion of the Board, the Independent Directors fulfill the conditions specified in the SEBI Listing Regulations and are independent of the management. The Directors are eminently qualified and experienced professionals in business, finance and corporate management.

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

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

**Notes:** Ms. Rajshree Patel was appointed by the Board as an Additional Director (Independent) at their meeting held on March 28, 2020 subject to and with effect from the date of allotment of DIN. Ms. Patel obtained her DIN on June 12, 2020 and hence her appointment became effective from June 12, 2020. None of the Directors of the Company are related to any other Director on the Board in terms of the definition of 'Relative' given under the Companies Act, 2013 read with the corresponding Rules framed thereunder ("Act") except Ms. Rasika Rathi (Promoter group member) is daughter of Mr. Vasant Rathi.

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

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

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

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

Note: During the year under review, all the recommendations of the Committees of the Board which are mandatorily required were approved by the Board.

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

During the financial year 2020-21 ("FY21"), the meetings of the Board of Directors were held 6 (Six) times i.e. on May 30, 2020 (No. 03/2020), August 12, 2020 (No. 04/2020), November 12, 2020 (No. 05/2020), December 26, 2020 (No. 06/2020), February 12, 2021 (No. 01/2021), and March 27, 2021 (No. 02/2021). The maximum gap between any two Board meetings was less than One hundred and Twenty (120) days, as stipulated under Regulation 17(2) of the SEBI Listing Regulations. The details of attendance at the Board meetings and General Meeting as the Directors of the Company, during the year under review and post their appointment as Director on the Board:

Sr. No.	Name of Directors	No. of Board Meeting attended		Attended - last AGM held on July 15, 2020
		Held	Attended	
1.	Mr. Vasant Rathi	6	6	Yes
2.	Mr. Mukund Kabra	6	6	Yes
3.	Mr. Kedar Desai	6	6	Yes
4.	Mr. Pramod Kasat	6	6	Yes
5.	Mr. Rajesh Sharma	6	4	Yes
6.	Mr. Vilas Aurangabadkar	6	6	Yes
7.	Ms. Rasika Rathi	6	6	Yes
8.	Mr. Vinodkumar Jajoo	6	6	Yes
9.	Dr. Sunny Sharma	6	6	Yes
10.	Ms. Rajshree Patel	5	5	Yes





## SKILLS, EXPERTISE AND COMPETENCIES OF THE BOARD

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

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

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

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

Name of Directors	Skills/Competencies/expertise (to be read along with profile as provided elsewhere in the Annual report under the heading "Board of Directors")
Mr. Vasant Rathi	Immense experience in Enzyme business / industry, Business strategic planning & development, Finance, Leadership with experience of business at global level and international markets.
Mr. Mukund Kabra	Experience in Enzyme business, Business Strategy, Sales, Marketing, Leadership with understanding of global business and markets

Name of Directors	Skills/Competencies/expertise (to be read along with profile as provided elsewhere in the Annual report under the heading "Board of Directors")
Ms. Rasika Rathi	Experience in Enzyme business, Legal including Risk Management, Leadership and understanding of global business
Mr. Kedar Desai	Legal with rich experience in field of law, Leadership and understanding of global business
Mr. Pramod Kasat	Finance with rich experience in Investment Banking, Leadership and understanding of global business
Mr. Rajesh Sharma	Finance with rich experience in health care finance & Leadership and understanding of global business
Mr. Vinodkumar Jajoo	Finance with rich experience in Direct/ Indirect Taxation and Audit
Mr. Vilas M Aurangabadkar	Experience in manufacturing industry and as an educationalist.
Dr. Sunny Sharma	Finance, rich experience in Investment Banking/Fund, Leadership and understanding of global business
Ms. Rajshree Patel	Prolific Organizational, Strategy and Executive Leadership Consultant

## CERTIFICATION FROM THE COMPANY SECRETARY IN PRACTICE

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

## AUDIT COMMITTEE

### Brief Description of term of reference

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

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

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

- Valuation of undertakings or assets of the Company, wherever it is necessary;
- Evaluation of Internal Financial Controls and Risk Management Systems;
- Review with the management, performance of statutory and internal auditors, and adequacy of the internal control systems;
- Review the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- Discussion with internal auditors of any significant findings and follow up there on;
- Review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- Review the reasons for substantial defaults, if any, in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- Review the functioning of the whistle blower mechanism;
- Approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate;
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee under the Act and the SEBI Listing Regulations.

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

In accordance with the provisions of Regulation 18 of SEBI Listing Regulations read with Section 177 of the Act, the Audit Committee of the Board comprises of three (3) Independent Directors and one (1) Non-Executive Director as on March 31, 2021. All the members of the Audit Committee are financially literate. The Committee invites the representatives of the Statutory and Internal Auditor(s). Further, the Chief Financial Officer also attends the Audit Committee meeting(s). The Company Secretary acts as a Secretary to the Audit Committee.





During the FY21, the Audit Committee met 6 (Six) times i.e. on May 30, 2020 (No. 03/2020), August 12, 2020 (No. 04/2020), November 12, 2020 (No. 05/2020), December 26, 2020 (No. 06/2020), February 12, 2021 (No. 01/2021) and March 27, 2021 (No. 02/2021).

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

Names of Members	Designation	No. of Audit Committee Meetings	
		Held	Attended
Mr. Kedar Desai	Chairman	6	6
Mr. Pramod Kasat	Member	6	6
Mr. Rajesh Sharma	Member	6	4
Mr. Vasant Rathi	Member	6	6

## NOMINATION AND REMUNERATION COMMITTEE

### Brief Description of terms of reference

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

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

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

- Formulation of the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy relating to the remuneration of the Directors, Key Managerial Personnel and other employees;
- Formulation of criteria for evaluation of performance of Independent Directors and the Board;
- Devising a policy on diversity of the Board;

- Identifying persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.
- Whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors.
- Devising a policy on Employee Stock Option Scheme and ensuring proper implementation as per scope provided in ESOP Scheme.

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

During the FY21, Nomination and Remuneration Committee met 3 (three) times i.e. on May 28, 2020 (No. 03/2020), August 11, 2020 (No. 04/2020), and March 27, 2021 (No. 01/2021).

The composition of the Nomination and Remuneration Committee as on March 31, 2021 along with the details of the meetings held and attended during the aforesaid period is detailed below:

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

### Familiarization Programme for Independent Directors

The Familiarization programme for the Directors during the year covered topics such as Operations, Financials, Strategy, Performance, Outlook and update on amendment of statutory & regulatory laws.

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

### Performance Evaluation of Board and Individual Directors

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

was carried out based on criteria such as Board / Committee compositions, dynamics and functioning of the Board, Business Strategy, Governance & Monitoring role, Financial reporting, Internal Audit, Internal Controls and Advisory role etc.

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

A meeting of Independent Directors of the Company was held through tele/video conference on March 27, 2021 to: (a) review the performance of Chairperson, Non-Independent Directors and the Board as a whole; (b) assess the quality, quantity and timeliness of flow of information between the Company management and the Board. The results of the performance evaluation were placed and reviewed at the meeting of the Independent Directors, Nomination and Remuneration Committee and the Board.

#### REMUNERATION OF DIRECTORS

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

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

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

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

to be paid shall be within the monetary limits as approved by Members, and not exceeding 1% of the net profits of the Company computed as per the applicable provisions of the Act.

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

#### Details of Remuneration to Directors:

##### Remuneration to Executive Director

The details of the Remuneration of Executive Director of the Company for the year ended March 31, 2021 is as follows:

(in ₹)

Particulars		Mr. Mukund M. Kabra
Basic	A	47,84,204
Other Allowances		1,13,20,177
Bonus		3,78,497
	B	1,16,98,674
<b>Sub-total</b>	<b>(A+B)</b>	<b>1,64,82,878</b>
Contribution to :		
Provident fund		5,74,104
Super Annuation Fund		4,54,196
Gratuity		2,35,833
	C	12,64,133
<b>Total</b>	<b>(A+B+C)</b>	<b>1,77,47,011</b>
Commission to Directors for FY21	D	35,37,271
<b>Grand Total</b>	<b>(A+B+C+D)</b>	<b>2,12,84,282</b>
Stock Options (Granted during the year)#		NIL

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

#During February 2017, the Company has granted 12,500 Options to Mr. Mukund Kabra (Whole-time Director), as per the provisions of Employees Stock Option Scheme 2015 (as amended) of the Company.

Out of the total Options granted the following are sequential details of vesting:

Sr. No.	Date of Vesting	% Options Vested out of Total Grant
1.	February 15, 2018	10% (i.e. 1,250 Options)
2.	February 15, 2019	20% (i.e. 2,500 Options)
3.	February 15, 2020	30% (i.e. 3,750 Options)
4.	February 15, 2021	40% (i.e. 5,000 Options)



During the year under review, Mr. Mukund Kabra has exercised 6,250 Stock Options at the exercise price of ₹ 60/- per Option as per the provisions of AETL Employee Stock Option Scheme, 2015. Based on this, 6,250 Equity Shares were allotted to Mr. Kabra on November 12, 2020. Further, post March 31, 2021, Mr. Kabra has also exercise remaining 5,000 Options at the said exercise price and 5,000 Equity Shares were allotted by the Board on May 29, 2021.

#### Remuneration and Shareholding (as on March 31, 2021) of the Non-Executive Directors

All the Independent Directors receive remuneration by way of sitting fees for attending meetings of the Board/Committees and for meeting of the Independent Directors. The details of Sitting Fees and Commission paid/payable to Independent Directors and Non-Executive Directors for the FY21 along with the Shareholding of the Non-Executive Directors are as under:

Names of Directors	Category of Non-Executive Directorship	Sitting Fees (Note 1) (₹ In million)	Commission (Note 2) (₹ In million)	No. of Shares (Face Value ₹ 2/- each)	% of Shareholding
Mr. Vasant Rathi	Non-Executive Non-Independent	-	1.18	3,65,78,702 *	32.74
Ms. Rasika Rathi	Non-Executive Non-Independent	-	0.49	26,36,700	2.36
Dr. Sunny Sharma	Non-Executive Non-Independent	-	0.42	NIL	NIL
Mr. Kedar Desai	Independent Director	0.46	1.39	2,000	0.001
Mr. Pramod Kasat	Independent Director	0.38	1.11	NIL	NIL
Mr. Rajesh Sharma	Independent Director	0.26	0.76	NIL	NIL
Mr. Vilas Aurangabadkar	Independent Director	0.22	0.55	NIL	NIL
Mr. Vinodkumar Hiralal Jajoo	Independent Director	0.26	0.69	NIL	NIL
Ms. Rajshree Patel	Independent Director	0.19	0.49	NIL	NIL

\* Including 75,00,000 equity shares held by Mr. Vasant Rathi on behalf of Vasant and Prabha Rathi Generation Trust and shown/clubbed basis PAN of Mr. Vasant Rathi.

**Note 1:** During the year under review, sitting fees of ₹ 30,000/- was paid/payable for each Board Meeting and ₹ 20,000 for each Committee Meeting and Independent Directors' Meeting.

**Note 2:** Commission payable to Non-Executive Directors is as per the approval of the Members at the 30<sup>th</sup> Annual General Meeting held on August 08, 2019. The amount of commission is determined and approved by the Board of Directors in proportion to the number of meetings of the Board and Committees thereto attended by the respective Non-Executive Director(s) during the financial year 2020-21, as per Members' approval. The total amount of commission to Non-Executive Directors is within the limit of 1% of the Net profits of the Company for the year under review, calculated as per the provisions of the Act.

#### Details of service contracts, notice period and severance fees of the Executive Director as on March 31, 2021

Name of Director	Mr. Mukund Kabra, Whole-time Director
Date of contract	September 11, 2017
Term of contract	Five years w.e.f April 01, 2017
Notice Period	Three Months
Severance Fees	-

#### STAKEHOLDERS' RELATIONSHIP COMMITTEE

Pursuant to the provisions of Section 178 of the Act and Regulation 20 of the SEBI Listing Regulations read with Part D of Schedule II thereto, the Company has in place, a Stakeholders' Relationship Committee ("SRC"). The SRC comprises of two Independent Directors and the Whole-time Director as on March 31, 2021. The Chairman of the Committee is an Independent Director. The Company Secretary and the Head-Legal, acts as a Secretary to the Committee.

During the FY21, Stakeholders' Relationship Committee has met 2 (two) times i.e. on November 12, 2020 (No. 02/2020), and February 12, 2021 (No. 01/2021) respectively.

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

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

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

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

#### Name and Designation of Compliance Officer

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

#### Status Report of Investor Complaints for the year ended March 31, 2021

No. of Complaints as on April 01, 2020 - NIL  
 No. of Complaints Received during the year - 2

No. of Complaints Resolved during the year - 2

No. of Complaints not resolved to the satisfaction of the shareholders - NIL

No. of Complaints Pending as on March 31, 2021 - NIL

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

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

In line with the provisions of Section 135 of the Act read with the corresponding Rules framed thereunder, the CSR Committee comprises of two Independent Directors, a Non-Executive Director and a Whole-time Director as on March 31, 2021. The Company Secretary and the Head-Legal, acts as a Secretary to the Committee.

During the FY21, the CSR Committee has met twice i.e. on May 28, 2020 (No. 02/2020), and February 11, 2021 (No. 01/2021).

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

Names of Members	Type of Membership	No. of Committee Meetings	
		Held	Attended
Mr. Kedar Desai	Chairman	2	2
Mr. Mukund Kabra	Member	2	2
Mr. Vasant Rathi	Member	2	2
Ms. Rajshree Patel*	Member	1	1

\*Appointed to the Committee w.e.f. November 12, 2020

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

- To formulate and recommend to the Board of Directors, a CSR policy which shall indicate the activities to be undertaken by the Company as per the Schedule VII to the Act;
- To review and recommend the amount of expenditure to be incurred on the activities to be undertaken by the Company;
- To monitor the CSR policy of the Company from time to time; and



- Any other matter as the CSR Committee may deem appropriate after approval of the Board or as may be directed by the Board from time to time.

### RISK MANAGEMENT COMMITTEE

Pursuant to the provisions of Regulation 21 of the SEBI Listing Regulations, constitution of Risk Management Committee was mandatory for top 500 listed entities determined on the basis of the market capitalization as at the end of the immediate previous financial year. The Company was enlisted in top 500 listed entities based on the market capitalization as on March 31, 2020 and hence the Risk Management Committee of the Company was re-constituted during FY21, to align the same with the applicable provisions of SEBI Listing Regulations.

Pursuant to the composition of the Risk Management Committee prescribed under the provisions of Regulation 21 of the SEBI Listing Regulations, the Risk Management Committee comprises of two Independent Directors, a Non-Executive Director and a Whole-time Director, the Chief Financial Officer and the Company Secretary of the Company as on March 31, 2021.

During the FY21, the Risk Management Committee has met once i.e. on October 07, 2020 (No. 01/2020).

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

Names of Members	Type of Membership	No. of Committee Meetings	
		Held	Attended
Mr. Vinodkumar Jajoo	Chairman	1	1
Mr. Mukund Kabra	Member	1	1
Ms. Rasika Rathi	Member	1	1
Mr. Vilas M. Aurangabadkar	Member	1	1
Mr. Beni P Rauka	Member	1	1
Mr. Sanjay Basantani	Member	1	1

The terms of reference of the Risk Management Committee *inter alia* includes:

- To monitor & review Risk Management Policy of the Company including associated systems, processes, controls & strategies thereto;
- To monitor & review various risks exposures of the Company, on a periodic basis and then inform the Board about the risks assessed, their concerns and action plan with strategy for mitigation of the risks;
- To assist Audit Committee in assessment of internal financial controls, monitoring of the risk management plan, overview of processes for identification & assessment of the risks, reviewing the outcomes of risk management processes and for advising the Committee, as may be necessary, from time to time;
- To perform such other functions related to risk management & mitigation as may be required by the Board of Directors and/or SEBI Listing Regulations, from time to time;

The following terms of reference of the said Committee are included as per the amendment to the SEBI Listing Regulations with effect from May 05, 2021:

- To formulate a detailed risk management policy which shall include:
  - A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.
  - Measures for risk mitigation including systems and processes for internal control of identified risks.
  - Business continuity plan.
- To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
- To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
- To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
- To keep the Board of Directors informed about the nature and content of its discussions, recommendations and actions to be taken;
- The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.

## GENERAL BODY MEETINGS

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

Financial Year	Date	Location	Time
2019-20	July 15, 2020 (31 <sup>st</sup> AGM)	Through Video Conference ("VC") or Other Audio Visual Means ("OAVM") (deemed venue: Registered office of the Company at Thane (W) – 400604, Maharashtra, India)	10:00 a.m
2018-2019	August 08, 2019 (30 <sup>th</sup> AGM)	Shehnai Banquet Hall, Shahid Mangal Pandey Road, Louiswadi, Opposite Louiswadi Police Chowki, Thane (West) – 400604	3:30 p.m.
2017-2018	September 21, 2018 (Adjourned 29 <sup>th</sup> AGM)	Shehnai Banquet Hall, Shahid Mangal Pandey Road, Louiswadi, Opposite Louiswadi Police Chowki, Thane (West) – 400604	11:30 a.m.
	September 14, 2018 (29 <sup>th</sup> AGM)		11:30 a.m.

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

During the Annual General Meetings held in the last 3 years i.e. for FY18 to FY20 approvals of the Members were obtained by passing special resolutions in AGMs, as follows:

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

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

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

### MEANS OF COMMUNICATION

The Board believes that effective communication of information is an essential component of Corporate Governance. The Company regularly interacts with Members through multiple channels of communication such as results announcement and newspaper publications, Annual Report, media releases, Company's website and specific communications to Stock Exchanges, where the Company's shares are listed.

### Quarterly Results

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

### Newspapers wherein results are normally published

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

### Website

The Company has in place a website addressed as [www.advancedenzymes.com](http://www.advancedenzymes.com). The Website contains the basic information about the Company viz. details of its Business, financial information, Annual Reports, Company's policies & Code of Conduct & Ethics as required under the Act and the SEBI Listing Regulations, Shareholding Pattern, Compliance with Corporate Governance report, contact information of the Designated officials of the Company, who is responsible for assisting and handling Investor Grievances and such other details as may be required under sub regulation (2) of Regulation 46 of SEBI Listing Regulations. The Company ensures that the contents of this website are periodically updated. In addition, the Company publishes official news release and presentations, if any, made to institutional investors /analysts on its website.





## GENERAL SHAREHOLDER INFORMATION

Annual General Meeting Date, Time and Venue	32 <sup>nd</sup> Annual General Meeting September 08, 2021 (Wednesday), at 10:00 a.m. IST Venue: Through Video Conference or Other Audio Visual Means with Registered Office of the Company deemed to be the venue of the 32 <sup>nd</sup> Annual General Meeting and proceedings of the AGM.
Financial Year	April 01 to March 31
Schedule (Tentative) for declaration of financial results during the FY22	First quarter - Up to August 14, 2021 Second quarter - Up to November 14, 2021 Third quarter - Up to February 14, 2022 Annual & fourth quarter - Up to May 30, 2022 Annual General Meeting - Up to September, 2022
Dividend Payment Date	On or after September 10, 2021 (subject to declaration of dividend by the Members at the 32 <sup>nd</sup> AGM)
Listing on Stock Exchanges	Company's Shares are listed at: <b>BSE Limited (BSE)</b> Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400001 <b>National Stock Exchange of India Limited (NSE)</b> Exchange Plaza, Bandra Kurla Complex, Mumbai 400051 The Company hereby confirms that it has made the payment of Annual Listing Fees to BSE Limited and National Stock Exchange of India Limited.
Stock Code / Symbol ISIN	<b>BSE:</b> 540025/ <b>NSE:</b> ADVENZYMES INE837H01020
Registrar & Share Transfer Agent	Link Intime India Private Limited C 101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai - 400083. Tel: +91-22-49186270 Fax: +91-22-49186060 Email ID: rnt.helpdesk@linkintime.co.in Website: www.linkintime.co.in

## Share Transfer System

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

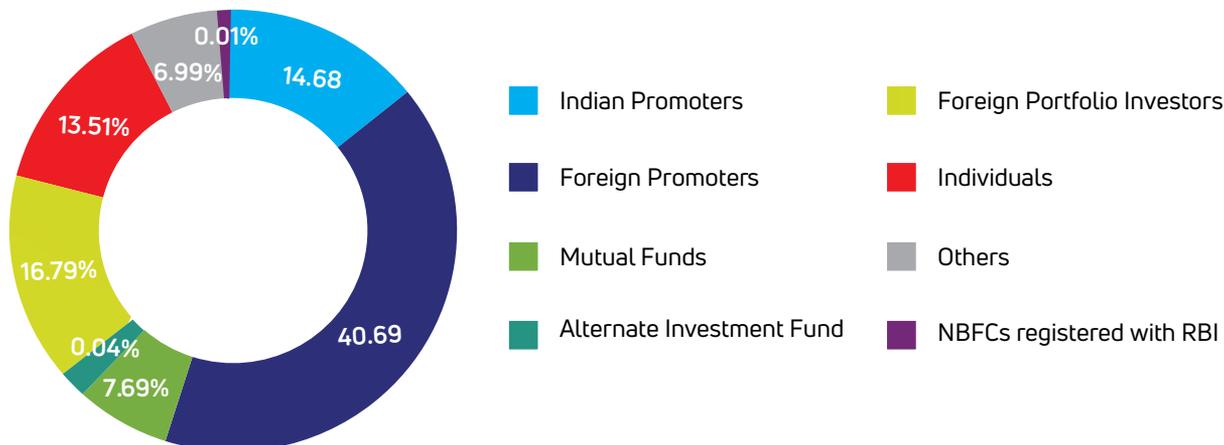
The certificate received from a Practicing Company Secretary pursuant to the provisions of Regulation 40(9) of the SEBI Listing Regulations is submitted by the Company to the Stock Exchanges, on half yearly basis. The Certificate has also been received from a Practicing Company Secretary and submitted to the Stock Exchanges, on a quarterly basis, for timely dematerialization of shares of the Company and for reconciliation of the share capital of the Company, as required under SEBI (Depositories and Participants) Regulations, 1996.

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

## Shareholding Pattern of the Company as on March 31, 2021

Category of Shareholders	No. of Shares held	% of holding
<b>Promoter and Promoter Group:</b>		
-Indian	1,64,05,476	14.68
-Foreign	4,54,66,760	40.69
<b>Sub-Total (A)</b>	<b>6,18,72,236</b>	<b>55.38</b>
<b>Public:</b>		
Institutions:		
-Mutual Funds	81,45,603	7.29
-Alternate Investment Fund	42,045	0.04
-Foreign Portfolio Investors	1,87,54,616	16.79
-Financial Institutions/Banks	12	0.00
Non Institutions:		
-Individuals	1,50,98,807	13.51
-HUF/ NRI/ Trust/ Bodies Corporate/ IEPF/ Clearing Members/ Others	78,08,606	6.99
NBFCs registered with RBI	6,500	0.01
<b>Sub-Total (B)</b>	<b>4,98,56,189</b>	<b>44.62</b>
<b>Grand Total (A+B)</b>	<b>11,17,28,425</b>	<b>100.00</b>

## Shareholding Pattern As on March 31, 2021



### Distribution of Shareholding as on March 31, 2021

Shareholding (Range)	Number of Shareholders	%	Shares	%
Up to 500	60,071	94.74	47,48,426	4.25
501 to 1000	1,667	2.63	12,90,786	1.16
1001 to 2000	828	1.30	12,57,884	1.13
2001 to 3000	258	0.41	6,57,524	0.59
3001 to 4000	124	0.19	4,56,932	0.41
4001 to 5000	75	0.12	3,49,304	0.31
5001 to 10000	156	0.25	11,76,803	1.05
10001 and above	229	0.36	10,17,90,766	91.10
<b>Total</b>	<b>63,408</b>	<b>100</b>	<b>11,17,28,425</b>	<b>100</b>

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

### Dematerialization of shares and liquidity

As on March 31, 2021, **99.55%** of shareholding was held in Dematerialized form with National Securities Depository Limited and Central Depository Services (India) Limited.

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

### Particulars of Unclaimed Dividend of the Company

Financial Year	Type of Dividend	Date of Declaration	Due date to transfer to IEPF
2013-2014	Final Dividend	August 12, 2014	September 17, 2021
2014-2015	Final Dividend	September 01, 2015	October 07, 2022
2015-2016	Interim Dividend	March 26, 2016	May 01, 2023
2016-2017	Final Dividend	September 11, 2017	October 17, 2024
2017-2018	Final Dividend	September 14, 2018	October 16, 2025
2018-2019	Final Dividend	August 08, 2019	September 13, 2026
2019-2020	Final Dividend	July 15, 2020	August 20, 2027

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

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

During the year under review, there were no shares lying with the Company in demat/unclaimed suspense account. As on March 31, 2021, 71,700 Equity Shares were lying unclaimed with the Registrar & Transfer Agents ("RTA") of the Company in physical mode. Pursuant to the provisions of Regulation 39(4) read with Schedule VI of the SEBI Listing Regulations,



during the year under review, the Company has sent three reminders to the relevant shareholders of the Company to claim the unclaimed shares and the Board of the Company has approved the transfer of such unclaimed shares, subject to claim as may be received prior to the cut-off date, to the Unclaimed Suspense Account.

Pursuant to Section 124(6) of the Companies Act, 2013 all shares in respect of which Dividend has not been paid or claimed for seven consecutive years or more shall be transferred by the company in the name of Investor Education and Protection Fund ("IEPF"). The details of the said shares transferred and/or are provided on the website of the Company at [www.advancedenzymes.com/investors/shareholder-information](http://www.advancedenzymes.com/investors/shareholder-information)

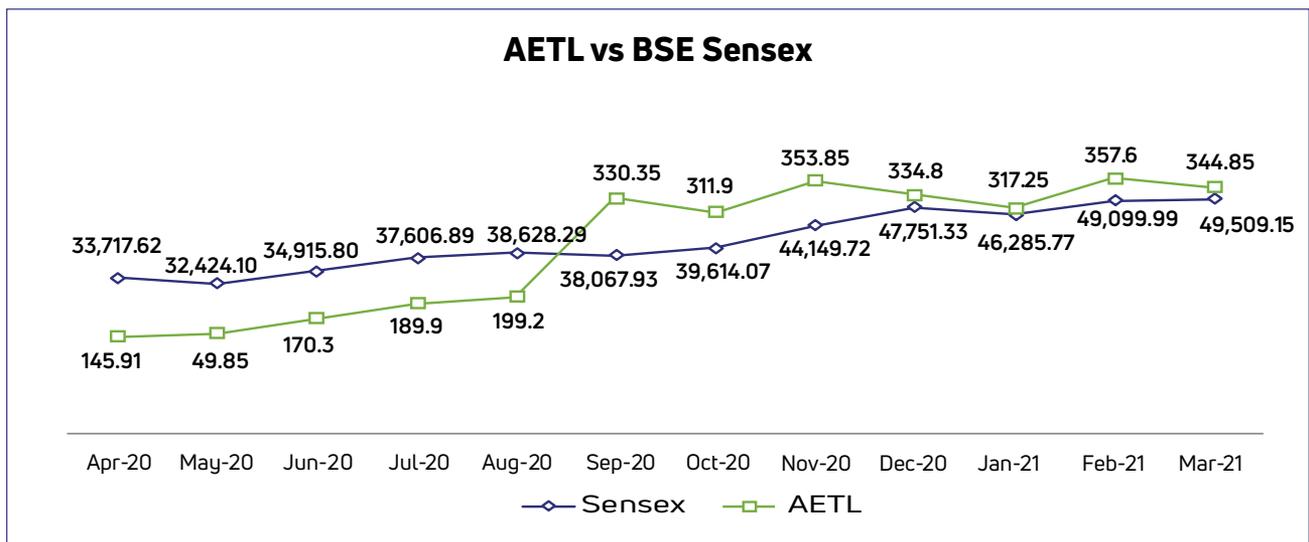
#### Market Price Data of the Shares of the Company listed on BSE and NSE

(in ₹)

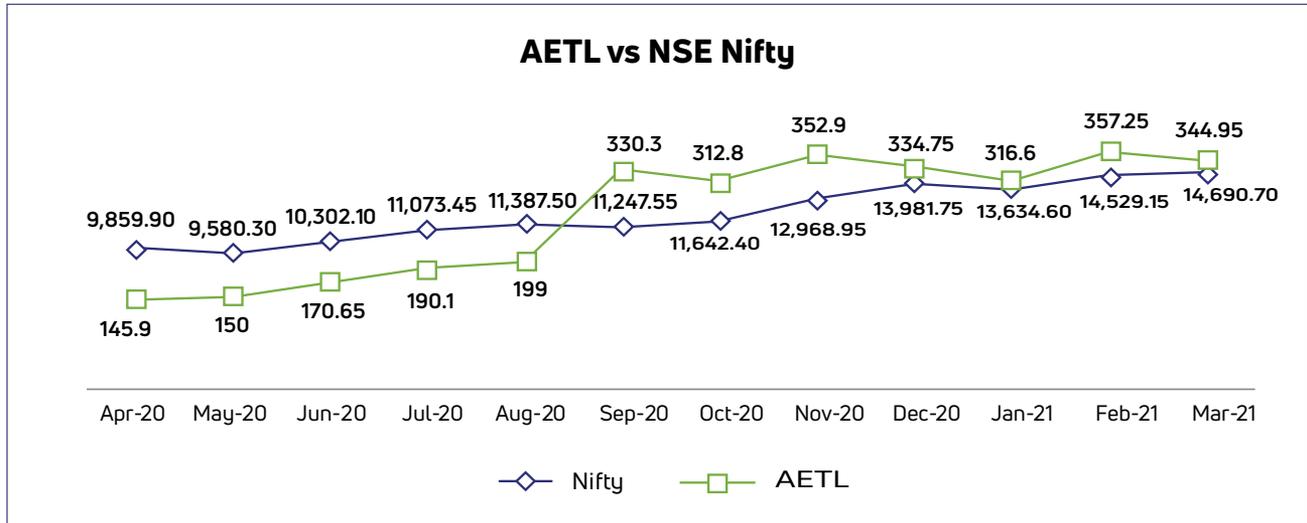
Month	BSE		NSE	
	High	Low	High	Low
Apr-20	174.60	129.30	173.00	130.10
May-20	165.40	135.30	166.00	135.00
Jun-20	192.00	149.40	192.00	149.00
Jul-20	194.40	158.00	194.65	158.00
Aug-20	247.70	192.00	248.00	190.20
Sep-20	339.10	197.50	339.00	200.05
Oct-20	384.75	300.00	384.70	300.10
Nov-20	357.55	281.60	357.20	281.10
Dec-20	368.70	299.15	368.00	296.00
Jan-21	344.75	300.90	344.70	301.10
Feb-21	416.50	310.05	417.00	310.65
Mar-21	379.15	333.00	380.00	333.40

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

##### AETL vs. BSE Sensex



## AETL vs NSE NIFTY



\*The above graphs are prepared on the basis of closing prices on last trading day of every month

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

### Commodity price risk or foreign exchange risk and hedging activities

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

### Custodian Fees

The Company has paid custodian fees for folios maintained by National Securities Depository Limited and Central Depository Services (India) Limited for the FY21, as per the Invoices received.

### Plant Locations of the Company

1. A-61/62, M.I.D.C. Area, Sinnar, Nashik - 422 103, Maharashtra
2. SORL, H-17, M.I.D.C, Satpur Area, Nashik, Maharashtra
3. Survey No.30, Pali, Vasind, Shahpur, Thane, Maharashtra
4. Plot No. B-5-13, SEZ, Pithampur, Dhar, Madhya Pradesh

### Address for Correspondence

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

### Company Secretary and Compliance Officer

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

### Registrar & Transfer Agent

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





## CREDIT RATING

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

## OTHER DISCLOSURES

### Materially Significant Related Party Transactions

During the year under review, the related party transactions are done on arm's length basis and in ordinary course of business. The Company presents a statement of Related Party Transactions before the Audit Committee on a quarterly basis specifying *inter alia* the nature & value of the transactions. Transactions with Related Parties are conducted in a transparent manner in the interest of the Company and are approved by the Audit Committee and have no potential conflict with the interest of the Company at large. There were no significant related party transactions, monetary transactions or relationships between the Company and Directors, the management, Subsidiaries or relatives except as disclosed in the Note No. 43 of Standalone financial statements for the year ended March 31, 2021 and AOC - 2 annexed as Annexure III to the Board's report.

### Whistle Blower Policy

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

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

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

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

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

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

(₹ in million)

Particulars	Year ended March 31, 2021
<b>Company to Statutory Auditors:</b>	
Statutory Audit	3.65
Limited review	2.85
Certification work	0.23
Transfer pricing	-
Reimbursement of expenses	0.06
<b>Total</b>	<b>6.79</b>
<b>Company to network entity of Statutory Auditors:</b>	
Issuing Form 3CEB	-
Transfer Pricing Report for FY 2020-21	0.25
Reimbursement of expenses	0.01
<b>Total</b>	<b>0.26</b>
<b>Subsidiaries</b>	<b>NIL</b>

### Compliance with mandatory / Non-mandatory requirements

The Company has complied with the mandatory Corporate Governance requirements under the SEBI Listing Regulations, read with the Disclosures specified below.

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

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

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

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

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

#### Disclosures

The Company has a Risk Management Policy. Minutes of Risk Management Committee meeting was placed before the Board, during the year under review.

During the last three years, there were no instances of non-compliance reported by the Company and no penalties or strictures were imposed on the Company by the Stock Exchange(s) or SEBI or any statutory authority, on any matter related to the capital markets. However a letter/e-mail dated August 20, 2020 was received from BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE") levying penalty on the Company pertaining to the provisions of Regulation 17(1) of SEBI Listing Regulations with regards to appointment of Woman Independent Director from April 01, 2020, being the top 1000 listed company as on the then previous financial year end i.e. as on March 31, 2019 (Presently, the Company is enlisted as top 500 listed companies as on March 31, 2021). The penalty prescribed by the said letter/email was ₹ 5,000/- per day from April 01, 2020 till June 11, 2020, as the effective date of appointment of Ms. Rajshree Patel as a Woman Independent Director on the Board of the Company was June 12, 2020 i.e. date of allotment of DIN. As per the Carve-out policy of the said Stock Exchanges, the Company, on August 25, 2020, made an application for waiver of said penalty to both the Stock Exchanges on the grounds inter alia stating that the Nomination & Remuneration Committee and the Board of the Company, at its meeting held on March 28, 2020 approved the appointment of Ms. Rajshree Patel as an Additional Director (Woman Independent) *inter alia* subject to and with effect from the date of obtaining the DIN. The said appointment was intimated by the Company to BSE and NSE vide its letter dated March 28, 2020. Further, the Company faced difficulty in obtaining the DSC and DIN within the timelines, primarily due to the force majeure condition pertaining to COVID-19 situation and nation-wide lockdown thereto during that period.

Waiver received from both the Stock Exchanges: NSE by its letter dated February 08, 2021 informed that the Company's application for waiver of said penalty has been considered favorably. Further, the Company has also received an email from BSE dated May 19, 2021 stating that after considering the facts of case and the Company's representation, their Committee has decided to waive the said penalty.

Pursuant to Regulation 17(8) read with Part B of Schedule II of the SEBI Listing Regulations, the Whole-time Director and the Chief Financial Officer have submitted a certificate to the Board of Directors for the financial year ended March 31, 2021. The Certificate has been reviewed by the Audit Committee and taken on record by the Board of Directors.

The Certificate of the Practicing Company Secretary regarding compliance of the conditions of Corporate Governance for the year ended March 31, 2021 by the Company, as stipulated in Regulations 17 to 27, clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI Listing Regulations is annexed to this report and forms an integral part of this Report.

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

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

#### Shareholders' Right

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

#### Auditors' Report

The Auditors' Report to the Members on the Financial Statements of the Company for the year ended March 31, 2021 does not contain any qualification, reservation or adverse remark.





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

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

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

This is to confirm that the Company has adopted Code of Conduct and Ethics for all the Members of Board of Directors, Senior Management/Officers of the Company as stipulated under Regulation 17(5) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, and the members of Board of Directors, Senior Management / Officers of the Company have affirmed compliance with this Code of Conduct & Ethics for the financial year ended on March 31, 2021.

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**For Advanced Enzyme Technologies Limited**

Date : May 04, 2021  
Place : Nashik

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

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## CERTIFICATION ON CORPORATE GOVERNANCE

To,

**The Members of Advanced Enzyme Technologies Limited**

We have examined the compliance of conditions of Corporate Governance by **Advanced Enzyme Technologies Limited** ('the Company') for the year ended March 31, 2021 as stipulated in Regulations 17 to 27, clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

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

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

Based on our examination of the relevant records and according to the information and explanations provided to me and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and para C and D of Schedule V of the Listing Regulations during the year ended March 31, 2021.

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

### Restriction on use

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

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**Place: Mumbai**

**Date: 29.05.2021**

**UDIN: F005703C000392331**

**For Shiv Hari Jalan & Co.**

**Company Secretaries**

**FRN: S2016MH382700**

**(Shiv Hari Jalan)**

**Proprietor**

**FCS No: 5703**

**C.P.NO: 4226**

Our certificate of corporate governance is to be read with our letter of even date which is annexed as Annexure 'A' and forms an integral part of this certificate.

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### Annexure – A

Our certificate of corporate governance of even date is to be read along with this letter:

Pursuant to Regulation 17(1)(a) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company was required to have a Woman Independent Director with effect from April 01, 2020. The Board, at its meeting held on March 28, 2020 approved the appointment of Ms. Rajshree Patel as an Additional Director (Independent Woman Director) of the Company, *inter alia* subject to and with effect from the date of her obtaining Director Identification Number ("DIN"). However due to the ongoing lockdown to prevent further spread of Coronavirus (COVID-19) pandemic, the Digital Signature ("DSC") which is mandatory to obtain a DIN could not be obtained in March 2020. The DIN was allotted to Ms. Rajshree Patel on June 12, 2020 and hence, as per the approval of the Board at its meeting held on March 28, 2020, Ms. Rajshree Patel became an Additional Director (Woman Independent) of the Company w.e.f June 12, 2020. The BSE Limited vide their email dated 20.08.2020 and The National Stock Exchange of India Limited (NSE) vide their letter (NSE/LISTSOP/CG/FINES/101661) dated 20.08.2020 levied fine of ₹ 5,000/- per day from April 01, 2020 till June 11, 2020 i.e. ₹ 3,60,000/-, excluding GST. The Company had made an application on August 25, 2020 for waiver of said penalty to both the Stock Exchanges. The BSE Limited vide their email dated 19.05.2021 and The National Stock Exchange of India Limited (NSE) vide their letter (Ref. No. NSE/LIST/SOP/ ADVENZYMES) dated 08.02.2021 has based on the details of the case, considered the application of the Company favourably and waived the fine levied.

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**Place: Mumbai**

**Date: 29.05.2021**

**UDIN: F005703C000392331**

**For Shiv Hari Jalan & Co.**

**Company Secretaries**

**FRN: S2016MH382700**

**(Shiv Hari Jalan)**

**Proprietor**

**FCS No: 5703**

**C.P.NO: 4226**



## **CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**

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

To

The Members of

**Advanced Enzyme Technologies Limited**

Sun Magnetica, 5<sup>th</sup> Floor,

Near LIC Service Road,

Louis Wadi, Thane- 400604.

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

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to us by the Company & its officers, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31<sup>st</sup> March, 2021 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority

Sr. No.	Name of Director	DIN	Date of Appointment in Company *
1	Mr. Mukund Kabra	00148294	04/09/1999
2	Mr. Kedar Desai	00322581	27/08/2010
3	Mr. Pramod Kasat	00819790	14/12/2016
4	Mr. Vasant Rathi	01233447	05/03/1993
5	Mr. Rajesh Kumar Sharma	08195715	11/08/2018
6	Mr. Vinodkumar Jajoo	08224980	09/02/2019
7	Mr. Vilas Aurangabadkar	08225986	08/01/2019
8	Ms. Rasika Rathi	08300682	08/01/2019
9	Mr. Sunny Sharma	02267273	02/11/2019
10	Ms. Rajshree Patel	08761022	12/06/2020

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

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

Place : Mumbai  
Date : 24.05.2021  
UDIN : F005703C000361047

**For Shiv Hari Jalan & Co.**  
*Company Secretaries*  
FRN: S2016MH382700

(Shiv Hari Jalan)  
*Proprietor*  
FCS No: 5703  
C.P.NO: 4226

## ANNEXURE VII

### BUSINESS RESPONSIBILITY REPORT

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

Sr. No.	Particulars	Company Information
1.	Corporate Identification Number (CIN) of the Company	L24200MH1989PLC051018
2.	Name of the Company	Advanced Enzyme Technologies Limited
3.	Registered address	5 <sup>th</sup> Floor, Sun Magnetica, LIC Service Road, Louiswadi, Thane (W) – 400604, Maharashtra, India
4.	Website	www.advancedenzymes.com
5.	E-mail id	info@advancedenzymes.com
6.	Financial Year reported	April 01, 2020 to March 31, 2021
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	Enzymes NIC Code: 21001
8.	List three key products/services that the Company manufactures/provides	Enzyme products & Enzyme solutions for Human Nutrition, Animal Nutrition & Bio-processing. Details are provided in Management Discussion & Analysis
9.	Total number of locations where business activity is undertaken by the Company (a) Number of International Locations (Provide details of major 5) (b) Number of National Locations	The Company carries out its business activities through its subsidiaries in USA, Europe, Germany. And sales in Russia, Middle East and Africa The Company carries out business activities across India with: (a) Plants – 7 (seven); including 3 (three) plants of subsidiaries (b) R & D Centres – 4 (four); including 2 (two) R & D centre of subsidiary
10.	Markets served by the Company – Local/State/National/International	Markets served by the Company are spread across 45+ countries including India.

#### SECTION B: FINANCIAL DETAILS OF THE COMPANY (As on March 31, 2021)

Sr. No.	Particulars	Company Information
1	Paid up Capital as on March 31, 2021	₹ 223.45 million
2	Total Turnover	₹ 2,835 million (On Standalone basis)
3	Total profit after taxes (INR)	₹ 710 million (On Standalone basis)
4	Total Spending on Corporate Social Responsibility (CSR) a. in ₹  b. as percentage of profit after tax (%)	₹ 10.50 million Total amount spent: ₹ 6.82 million (An amount of ₹ 3.70 million is earmarked towards Ongoing Projects as per the Companies (Corporate Social Responsibility Policy) Rules, 2014 as amended). 2% of average net profits of last 3 financial years calculated as per provisions of Section 135 of the Companies Act, 2013 (as amended)
5	List of activities in which expenditure in 4 above has been incurred	Education, healthcare, vocational training for differently abled, education to special / underprivileged children, activity for providing drinking water facility, activities related to supporting and providing relief and help to those affected, directly or indirectly due to Covid-19 (Details provided in Annual report on CSR activities which is Annexure IV to the Board's report)





### SECTION C: Other Details

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

Yes, as on March 31, 2021, the Company has 7 (seven) direct subsidiaries and 5 (five) step-down subsidiaries. Out of which 4 (four) are Indian subsidiaries and 8 (eight) are foreign subsidiaries. The details of the subsidiaries are provided in the Board's Report.

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

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

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

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

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

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

Sr. No.	Particulars	P1	P2	P3	P4	P5	P6	P7*	P8	P9
1.	Do you have a policy/ policies for the principles?	Y	Y	Y	Y	Y	Y	NA	Y	Y
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	NA	Y	Y
3.	Does the policy conform to any national / international standards? If yes, specify? (50 words)	Policies are prepared considering the relevant provisions of applicable law and wherever applicable on relevant provisions of 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business' or generally accepted provisions, as deemed appropriate at the time of formulation of policies.								
4.	Has the policy being approved by the Board? Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director? #	Y	Y	Y	Y	Y	Y	NA	Y	Y
5.	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	NA	Y	Y

support in Company's BR initiatives for the financial year 2020-21.

### SECTION D: Business Responsibility ("BR") Information

1. Details of Director/Directors responsible for Business Responsibility ("BR")

- a) Details of the Director responsible for implementation of the BR Principles / Policies:

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

- b) Details of BR Head responsible for implementation of the BR Principles/Policies:

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

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

#Either approved by the Board and/or signed by the Executive Director on the Board of the Company

§Communication may be inter alia by way of display on the website / notice board of the Company or through trainings/ emails/contracts/other mode of communication

\*During the year, the Company was not actively engaged in influencing any such public and regulatory policy.

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

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





### 3. Governance related to BR

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

The Board of Directors or BR Head / Director to assess the BR performance of the Company on an annual basis.

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

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

## SECTION E: PRINCIPLE-WISE PERFORMANCE

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

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

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

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

The Company has in place a mechanism for dealing with complaints received from various stakeholders. The details of shareholders complaints received, resolved and pending during the financial year 2020-21 are detailed in the Corporate Governance Report.

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

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

The Company is committed to efficient use of energy, water, chemicals; & waste reduction in order to accomplish environmental and economic benefits. Entire range of enzymes is environmental friendly. The 3 products are: Enviro SEB range of products; Adphos range of products reduces consumption phosphates and Addzyme70 reduces consumption of solvents in API manufacturing process. The Company endeavors and strives to fulfill all applicable compliance requirements related to products, environment, health and safety.

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

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

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

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

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

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

Yes

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

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

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

Yes

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

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

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

Yes, the Company has a mechanism to recycle waste water - Equipment wash water and process RO reject water (Liquid waste). This waste water is processed at dedicated Evaporation Systems. The condensate water collected (Approx. 28 to 30 kilo liters per day) is recycled by utility department for usage in cooling towers and other applications. Thus out of total 190 to 200 kilo liters total water requirement per day, 25 to 30 kilo liter water is used from recycling and balance 160 to 180 kilo liter fresh water is taken from MIDC supply. This amounts to >10% usage of recycled water. Similarly process waste in semi-solid form are dried and converted in to useful powder which is subsequently used in many agro based products of the company.

**Principle 3: Businesses should promote the wellbeing of all employees (As on March 31, 2021)**

1. Please indicate the Total number of employees – 327
2. Please indicate the Total number of employees hired on temporary/contractual/casual basis. – 176
3. Please indicate the Number of permanent women employees. - 45
4. Please indicate the Number of permanent employees with disabilities - 1
5. Do you have an employee association that is recognized by management? – Yes at Plant.
6. What percentage of your permanent employees is members of this recognized employee association? – 30% of the aforesaid Plant.

7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

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

8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?

Following is the respective percentage (rounded-off) for these employees:

- (a) Permanent Employees – 57%
- (b) Permanent Women Employees – 12%
- (c) Casual/Temporary/Contractual Employees – 23%
- (d) Employees with Disabilities – NIL

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

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

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

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

The Company is committed to the welfare of disadvantaged, vulnerable and marginalized sections of the society and intends to create a sustainable livelihood in society and better human capital culture. The Company's Corporate Social Responsibility (CSR) policy intends to focus on certain initiatives, *inter alia*, in the fields





of education, skill development, health care, sanitation, environment sustainability, women empowerment and rural development. The Company has identified specific area in order to enable them to improve the standard of living and build a good society thereafter.

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

The Company has contributed to the Trusts/NGOs for various CSR activities viz. Vocational training and skills for differently abled adults, to address the problem of malnutrition and poor educational levels for tribal children, treatment of Thalassaemia patients, contribution for education and other related activities. The details are provided in Annual Report on CSR Activities which is Annexure IV to the Board's report.

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

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

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

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

No stakeholders' complaint in relation to human rights was received by the Company in the financial year 2020-21.

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

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

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

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

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

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

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

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

The Company has identified and assessed several potential environmental risks.

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

For the year under review, no such project is undertaken by the Company.

5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.

The Company has not taken the said initiatives, during the year under review.

6. Are the Emissions/Waste generated by the company within the permissible limits given by Centre Pollution Control Board (CPCB) / State Pollution Control Board (SPCB) for the financial year being reported?

Yes, the Emissions/Waste generated by the Company was within the permissible limits given by CPCB / SPCB for the financial year being reported.

7. Number of show cause/ legal notices received from CPCB/ SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.

NIL

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**Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner**

1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:
  - i. Confederation of Indian Industry
  - ii. Trade Promotion Council of India
  - iii. Bombay Chamber of Commerce and Industry
  - iv. Health Foods and Dietary Supplement Association
  - v. Protein Foods and Nutrition Development
  - vi. Confederation of Indian Food Regulatory Cell
  - vii. The Council of EU Chambers of Commerce
  - viii. Confederation of Indian Food Trade and Industry (CIFTI).
2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/ No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)  
  
NIL

**Principle 8: Businesses should support inclusive growth and equitable development**

1. Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.  
  
The Company has a Corporate Social Responsibility (CSR) policy in line with the requirement of the Companies Act, 2013 and rules made thereunder. The Company has taken various CSR initiatives for support and development of society. The details of the CSR initiatives of the Company are provided in the Annexure IV to the Board's Report.
2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?  
  
The Company, through Trusts/NGOs, supports various CSR initiatives in a project/ program mode.
3. Have you done any impact assessment of your initiative?  
  
The Company has not carried out any impact assessment of CSR initiative.

4. What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken.

For the financial year 2020-21, the prescribed amount to be spent by Company on CSR Activities was ₹10.50 million. Total amount spent during the year was ₹ 6.82 million and an amount of ₹ 3.70 million is earmarked towards Ongoing Projects as per the Companies (Corporate Social Responsibility Policy) Rules, 2014 (as amended).

The details of the CSR activities and the amount contributed thereon are provided in Annual Report on CSR activities forming part of the Board's Report (Annexure IV).

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

Yes. The Company endeavors to track its CSR initiatives undertaken to ensure that the community is benefited. Telephonic and email communications are carried out on periodic basis. Any CSR initiative is reviewed and assessed by the Management. If the Management finds the initiative / project convincing, the proposal is placed before the CSR Committee for consideration & approval and thereafter before the Board for approval.

**Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner**

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year.

The Company obtains the feedback from its various customer(s), from time to time. In case any complaint is received from the customer / consumer, the same is appropriately attended, addressed and endeavored to be resolved by the Company. The customers of the Company have various options to connect with the Company's representatives i.e. through email, telephone, website and feedback emails. As on March 31, 2021, there was no unresolved complaint / cases of the customers(s) pending against the Company.

2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks (additional information)

The Company adheres to the applicable laws & regulations regarding the display of the product label and the information related thereto.



- 
3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.
- No such legal case is pending against the Company as on end of the financial year.
4. Did your company carry out any consumer survey/ consumer satisfaction trends?
- The consumer feedback / satisfaction surveys are being conducted during few consumer meetings (virtual/ telecon) and through an online survey form, to assess the consumer satisfaction levels from the products / services provided by the Company.

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

**Vasant Rathi**  
*Chairman*  
DIN: 01233447

**Date** : August 07, 2021  
**Place** : California, USA

## ANNEXURE VIII

### INFORMATION UNDER SECTION 134(3)(m) OF THE COMPANIES ACT, 2013 READ WITH RULE 8(3) OF THE COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF THE BOARD'S REPORT FOR THE YEAR ENDED MARCH 31, 2021

#### A) CONSERVATION OF ENERGY

##### (i) Steps taken for conservation of energy:

- Installed Energy Efficient Steam based Hot Air Generator at Spray Dryer.
- Installed Steam Condensate hot water recovery system at Spray Dryer. This hot water is recycled to Boiler and used as feed water.
- Installed 2 Energy Efficient Air Blowers at Spray Dryer. Less Electrical Power is utilised for these blowers.
- Installed Energy Efficient & VFD grade motors for Spray Dryer.
- Installed Variable Frequency Drive Electrical Power Panel for all Motors of Spray Dryer
- Installation of LED lights for the various sections of Plant.
- Implementation of Preventive Maintenance Plan to enhance Energy Efficiency for all the Critical and Utility Equipments.
- Installed Energy Efficient steam based Vapour absorption machine (Chiller)
- Installed Steam Condensate hot water recovery system at Vapour absorption machine (Chiller). This hot water is recycled to Boiler and used as feed water.
- Installed Variable Frequency Drive Electrical Power Panel for Homogenizer.
- Implementation of Preventive Maintenance Plan to enhance Energy Efficiency for all the Critical and Utility Equipments.
- Installed sprinkles in garden for Evaporation plant water use.
- Installed water meter to control water uses.
- Maintain Power factor.
- Auto programming of Cooling tower pump and fans for energy saving.

##### (ii) Impact of measures taken:

- Reduction in Steam Consumption of Spray Dryer hot air generator by @ 100 kg /Hr
- Electrical Current Utilisation of Blowers reduced by 15 Amp /Hr
- Preventive Maintenance of all Critical and Utility equipment has enhanced its Performance and resulted in reduction in the consumption of Power and Fuel.
- Efficient performance of Electrical equipment.
- Power Factor incentive received from MSEDCL - ₹ 8.5 Lakhs.
- Generator set KWH to Fuel ratio achieved 3.9%.
- Reduction in electrical consumption by Vapour absorption machine, and by VFD.
- Preventive maintenance of all Critical and Utility equipment has enhanced its performance and resulted in reduction in the consumption of Power and Fuel.
- Efficient performance of Electrical equipment.
- Water consumption reduced by using evaporation plant water.

##### (iii) The steps taken by the company for utilising alternate sources of energy:

NIL

##### (iv) The capital investment on energy conservation equipment:

Sr. No.	Item Description	Amount (₹ In million)
1.	Energy Efficient blower system with steam heater	1.83
2.	Energy Efficient Control System	1.08
3.	Energy Efficient LED Lighting systems	0.32
4.	Energy Efficient Vapour absorption machine	7.03
5.	Energy Efficient Homogenizer Drive panel	0.85
<b>Total</b>		<b>11.11</b>





## B) TECHNOLOGY ABSORPTION

### I. Efforts in brief made towards technology absorption:

1. Technologies to produce and commercially utilize industrial enzymes, probiotics and biocatalysts have been developed and adopted.
2. Research focus on biocatalysts developments for API (Active Pharma Ingredients) manufacturing led to the successful development of new enzymes. These new enzymes showed promising results at large scale API manufacturing applications.
3. New food enzymes for baking applications have been developed. The technologies have been successfully scaled up.
4. New probiotic strains with potential applications in human and animal health have been developed.

### II. Benefits derived as a result of the above efforts:

1. Biocatalysts: Application trials at commercial scales have been successful and expected to open up new business avenues in the pharma segment. There is a large market for biocatalysts owing to limited availability of the suitable enzymes. Biocatalysts based green and economical manufacturing processes are now preferred options for many API manufacturers.
2. Food/baking Enzymes: The new enzymes developed are supplementary to the existing enzyme products in food/baking enzyme sector. The new enzymes are expected to be used by the same customers using the other baking enzymes in their applications.
3. Probiotics: The Company is actively pursuing production and sales of probiotics to various customers. The newly developed probiotics will bring further sales revenue.

### III. Imported technology:

Technology imported: NIL

a) the details of technology imported: NA

b) Year of Import: NA

c) Has the technology been fully absorbed: NA

d) If not fully absorbed areas where absorption has not taken place, and the reasons thereof: NA

### IV. Benefits derived as a result of the above efforts pertaining to Imported Technology: NA

### IV) Expenditure incurred on Research and Development:

(₹ in million)

Sr. No.	Particulars	2020-21	2019-20
a)	Capital	53.06	21.76
b)	Recurring	204.16	181.91
c)	Total	257.22	203.67
d)	Total R&D expenditure as a % of Net Sales of the Company	9.07%	8.23%

Net Sales of ₹ 2,834.73 million (previous year ₹ 2,473.52 million)

On consolidated basis Research and Development expenditure for FY 2020-21 is ₹ 178.37 million (3.55% of Net sales) and for FY 2019-20 was ₹ 137 million (3.08% of Net sales).

Information on R&D expenditure incurred by the Company pursuant to requirement of the recognition granted to the Company's three In-House Research and Development Centres by the Department of Scientific and Industrial Research, Ministry of Science and Technology, Government of India, vide their letter No. TU/IV-RD/2159/2019 dated May 01, 2019 is provided in the Note 47 of Notes to the financial statements of the Company on Standalone basis.

### C) Foreign Exchange Earnings and Outgo

(₹ in million)

Sr. No.	Particulars	2020-21	2019-20
(a)	Foreign Exchange Earnings	648.09	728.50
(b)	Foreign Exchange Outgo	297.51	269.03

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

Vasant Rathi  
Chairman  
DIN: 01233447

Date : August 07, 2021  
Place : California, USA

## ANNEXURE IX

### DISCLOSURE IN BOARD'S REPORT PURSUANT TO SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL), RULES, 2014

Sr. No.	Requirements	Disclosure		
		Name of the Directors	Remuneration (₹ in million)	Ratio to median remuneration
1	The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the Financial Year	Mr. Vasant L. Rathi (Chairman & Non-Executive Director)	1.18	2.27
		Mr. Mukund M. Kabra (Whole-Time Director)	21.28	40.92
		Ms. Rasika Rathi (Non-Executive Director)	0.49	0.94
		Mr. Kedar Desai (Independent Director)	1.39	2.67
		Mr. Pramod Kasat (Independent Director)	1.11	2.13
		Mr. Rajesh Sharma (Independent Director)	0.76	1.46
		Mr. Vilas M. Aurangabadkar (Independent Director)	0.55	1.06
		Mr. Vinodkumar H. Jajoo (Independent Director)	0.69	1.33
		Dr. Sunny Sharma (Non-Executive Director)	0.42	0.81
		Ms. Rajshree Patel (Independent Director)	0.49	0.94

**Notes:**

- The median remuneration of employees of the Company was ₹ 0.52 million
- The Commission for financial year 2020-21 (FY21) payable to Directors is also included in the total Remuneration.
- For this purpose, the Sitting Fees paid to the Independent Directors have not been considered as remuneration.
- Figures have been rounded off wherever necessary.
- The remuneration of Mr. Mukund Kabra mentioned above is excluding leave encashment. During February 2017, the Company has granted 12,500 Options to Mr. Kabra, under the Employees Stock Option Scheme 2015 of the Company. During the year under review, Mr. Kabra exercised 6,250 Stock Options at the exercise price of ₹ 60/- per Option as per the provisions of the said Scheme. Based on this, 6,250 Equity Shares were allotted to him on November 12, 2020. Further, post March 31, 2021, Mr. Kabra has also exercised remaining 5,000 Options at the said exercise price and 5,000 Equity Shares were allotted by the Board on May 29, 2021.

Sr. No.	Requirements	Name of the Directors	Designation	% change (to be read with notes)
2	The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary in the financial year (Name with % change in the financial year 2020-21) (To be read with notes below)	Mr. Vasant L. Rathi	Chairman & Non-Executive Director	100%
		Mr. Mukund M. Kabra	Whole-time Director	8%
		Mr. Kedar Desai	Independent Director	(1.42)%
		Mr. Pramod Kasat	Independent Director	(4.31)%
		Mr. Rajesh Sharma	Independent Director	(3.80)%
		Mr. Vilas M. Aurangabadkar	Independent Director	77.42%
		Ms. Rasika Rathi	Non-Executive Director	32.42%
		Mr. Vinodkumar H. Jajoo	Independent Director	40.82%
		Dr. Sunny Sharma	Non-Executive Director	100%
		Ms. Rajshree Patel	Independent Director	100%
		Mr. Beni P Rauka	Chief Financial Officer	8%
Mr. Sanjay Basantani	Company Secretary	8%		



**Notes:**

- (i) The % increase in remuneration of Mr. Mukund Kabra, Whole-time Director is determined after excluding Commission.
- (ii) The percentage change in remuneration of Ms. Rasika Rathi shown in the above table is from the standalone perspective (i.e. commission payable). Besides, as per resolution passed by the Members of the Company in its meeting held on September 15, 2016, recommendation of the Nomination & Remuneration Committee and approval of the Board, since Mr. Vasant Rathi heads the US Operations and Ms. Rasika Rathi is Vice President, General Counsel & Secretary there, they were paid remuneration aggregating to ₹ 31.46 million (excluding commission of ₹ 7.34 million from US Subsidiary) and ₹ 12.54 million respectively for FY21 by the Company's subsidiary in US for the services rendered.
- (iii) The % change indicated above i.e. 8% increase in Annual remuneration for Mr. Mukund Kabra, Mr. Beni P Rauka and Mr. Sanjay Basantani was effective from August 01, 2020
- (iv) Mr. Vasant Rathi and Dr. Sunny Sharma had waived of their respective commission for FY20 amounting to ₹ 1.10 Million and ₹ 0.12 Million respectively. Ms. Rajshree Patel became a Director on the Board of the Company w.e.f June 12, 2021. Hence, the % increase appears on the higher side.

3	The percentage increase in the median remuneration of employees in the financial year	During Financial Year 2020-2021, the percentage increase in the median remuneration of employees as compared to previous year was approximately 15.56%
4	The number of permanent employees on the rolls of company (As on March 31, 2021)	327
5	Average percentage increase already made in the salaries of employees other than the Managerial Personnel in the last Financial Year and its comparison with the percentage increase in the Managerial Remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the Managerial Remuneration	Average increase in remuneration is around 13% for employees other than Managerial Personnel and around 8% for Managerial Personnel.

*Note: The average percentage increase was based on the financial performance of the Company as summarised in the Board's Report and the factors mentioned in the Nomination and Remuneration Policy of the Company.*

6	Affirmation that the remuneration is as per the remuneration policy of the Company	Pursuant to Rule 5(1)(xii) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, it is affirmed that the remuneration paid to the Directors, Key Managerial Personnel and Senior Management is as per the Remuneration Policy of your Company.
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**For and on behalf of the Board of Directors of  
Advanced Enzyme Technologies Limited**

**Vasant Rathi**  
**Chairman**  
**DIN: 01233447**

**Date** : August 07, 2021  
**Place** : California, USA

# Independent Auditors' Report

To the Members of

Advanced Enzyme Technologies Limited

## Report on the Audit of the Standalone Financial Statements

### Opinion

We have audited the standalone financial statements of Advanced Enzyme Technologies Limited ("the Company"), which comprise the standalone balance sheet as at 31 March 2021, and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2021, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

### Revenue Recognition

The key audit matter	How the matter was addressed in our audit
<p>Revenue is recognised when control of the products being sold has been transferred to the customer. The timing of revenue recognition is relevant to the reported performance of the Company.</p> <p>We identified revenue recognition as a key audit matter because there is presumed fraud risk of revenue being overstated at period end by recognising certain transactions as revenue though control over those goods may not have transferred to the customers as at year-end by changing the timing of transfer of control.</p> <p>Refer note 4 (a) of accounting policy and note 29 in standalone financial statements.</p>	<p>In view of significance of the matter we applied following audit procedures in this area, among others to obtain sufficient and appropriate audit evidence:</p> <ul style="list-style-type: none"> <li>• Evaluated compliance of the revenue recognition accounting policies by comparing with Ind AS 115 "Revenue from Contracts with Customers".</li> <li>• Tested the design, implementation and operating effectiveness of the Company's general IT controls and key IT application/ manual controls over the Company's systems which governs recording of revenue, creation of new customers and key controls over revenue cut-off in the general ledger.</li> <li>• Performed substantive testing by selecting statistical samples of revenue transactions recorded during the year and year-end cut-off testing by verifying the underlying documents, which include testing contractual terms of sale contracts / invoices, shipping documents and proof of delivery to test evidence for transfer of control.</li> <li>• Performed analysis such as sales trend, one-off sales to customers during the year to identify any unusual fluctuations.</li> <li>• Tested significant manual journals posted to revenue to identify unusual items.</li> <li>• Evaluated adequacy of disclosures in relation to revenue in the standalone financial statements.</li> </ul>

### Basis for Opinion

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

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



## Independent Auditors' Report (Continued)

### Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditors' report thereon.

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

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

### Management's and Board of Directors' Responsibility for the Standalone Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, the Management and Board of Directors are responsible for

assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

### Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the standalone financial statements made by the Management and Board of Directors.

## Independent Auditors' Report (Continued)

- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. (A) As required by Section 143(3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under section 133 of the Act.
  - e) On the basis of the written representations received from the directors as on 31 March 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2021 from being appointed as a director in terms of Section 164(2) of the Act.
  - f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- (B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations as at 31 March 2021 on its financial position in its standalone financial statements - Refer Note 52 to the standalone financial statements;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;



## Independent Auditors' Report (Continued)

- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company; and
- iv. The disclosures in the standalone financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2021.
- (c) With respect to the matter to be included in the Auditors' Report under section 197(16):
- In our opinion and according to the information and explanations given to us, the remuneration paid by the company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

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

*Chartered Accountants*

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

Place: Mumbai  
Date: 29 May 2021

**Sadashiv Shetty**

*Partner*

Membership No: 048648

ICAI UDIN: 21048648AAAABG2104

## Annexure A to the Independent Auditors' Report –31 March 2021

With reference to the Annexure A referred to in the Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31 March 2021, we report the following:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular program of physical verification of its fixed assets by which the fixed assets are verified by the management according to a phased program designed to cover all the items over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. In accordance with the program, the Company has physically verified certain fixed assets during the year. The discrepancies noticed on such verification were not material and have been appropriately dealt with in the books of account.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties as disclosed in Note 5 to the standalone financial statements are held in the name of the Company.
- (ii) The inventory, except for goods in transit, has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been adequately dealt with in books of account.
- (iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013 ('the Act'). Accordingly, paragraphs 3 (iii) (a) of the Order are not applicable to the Company.
- (b) According to the information and explanation given to us, there were no principle repayment or payment of interest which are due during the year. Accordingly, paragraphs 3 (iii) (b) of the Order are not applicable to the Company.
- (c) According to the information and explanations given to us, there are no overdue principle repayment of loans or interest during the year. Accordingly, paragraphs 3 (iii) (c) of the Order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanation given to us, the Company has complied with provisions of Section 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- (v) In our opinion, and according to the information and explanations given to us, the Company has not accepted deposits as per the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 148 (1) of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records with a view to determine whether they are accurate or complete.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Provident fund, Employees' State Insurance, Profession tax, Income-tax, Goods and Services tax, Duty of Customs, cess and other material statutory dues have been generally regularly deposited during the year by the Company with the appropriate authorities.  
  
According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Employees' State Insurance, Profession tax, Income-tax, Goods and Services tax, Duty of Customs, cess and other material statutory dues were in arrears as at 31 March 2021 for a period of more than six months from the date they became payable.



## Independent Auditors' Report (Continued)

- (b) According to the information and explanations given to us and based on our examination of the records of the Company, there are no dues of Income-tax, Sales tax, Service tax, Duty of Customs, Duty of Excise and Value added tax as at 31 March 2021 which have not been deposited with the appropriate authorities on account of any dispute, except as stated below:

Name of the statute	Nature of dues	Amount (Rs. in million)	Amount paid under protest (Rs. in million)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax	0.40	-	AY 2004-05	Bombay High Court
Income Tax Act, 1961	Income Tax	9.26	9.26	AY 2010-11	Income Tax Appellate Tribunal, Mumbai
Income Tax Act, 1961	Income Tax	0.18	-	AY 2013-14	Commissioner Appeals
Income Tax Act, 1961	Income Tax	24.37	4.87	AY 2012-13	Commissioner Appeals
Central Excise Act, 1944 read with Cenvat Credit Rules, 2004	Service Tax, Interest and Penalty	12.51	10.38	July 2010 to January 2015	Customs, Excise and Service Tax Appellate Tribunal, West Zone
Central Excise Act, 1944 read with Cenvat Credit Rules, 2004	Excise Duty, Interest and Penalty	2.84	-	April 2012 to January 2015	Additional Commissioner of Central Excise, Customs and Service Tax
Central Excise Act, 1944 read with Cenvat Credit Rules, 2004	Excise Duty	4.19	-	July 2010 to January 2015	Additional Commissioner of Central Excise, Customs and Service Tax
Central Excise Act, 1944 read with Cenvat Credit Rules, 2004	Excise Duty, Interest and Penalty	2.79	2.79	July 2011 to January 2015	Commissioner of Central Excise, Customs and Service Tax
Central Excise Act, 1944 read with Cenvat Credit Rules, 2004	Excise Duty, Interest and Penalty	0.53	0.53	March 15 to October 15	Customs, Excise and Service Tax Appellate Tribunal, West Zone
Central Excise Act, 1944 read with Cenvat Credit Rules, 2004	Service Tax, Interest and Penalty	1.37	1.06	March 2015 to December 2015	Customs, Excise and Service Tax Appellate Tribunal, West Zone
Central Excise Act, 1944 read with Cenvat Credit Rules, 2004	Excise Duty	0.60	-	March 2015 to December 2015	Commissioner of Central Excise, Customs and Service Tax
Central Excise Act, 1944 read with Cenvat Credit Rules, 2004	Excise Duty	2.11	-	January 2016 to June 2017	Commissioner of GST, Central Excise, Customs and Service Tax

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to banks and government. The Company did not have any loans or borrowings from financial institutions or dues to debenture holders during the year.
- (ix) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) and has not obtained any term loans during the year. Accordingly, paragraph 3(ix) of the Order is not applicable to the Company.

## Independent Auditors' Report (Continued)

- (x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the management.
- (xi) In our opinion and according to the information and explanations given to us, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.
- (xiii) In our opinion and according to the information and explanations given to us, the Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act, where applicable and the details of such related party transactions have been disclosed in the standalone financial statements as required by the applicable Indian Accounting Standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable to the Company.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.
- (xvi) In our opinion and according to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable to the Company.

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

*Chartered Accountants*

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

**Sadashiv Shetty**

*Partner*

Membership No: 048648

ICAI UDIN: 21048648AAAABG2104

Place: Mumbai

Date: 29 May 2021



## Annexure B to the Independent Auditors' report

on the standalone financial statements of Advanced Enzyme Technologies Limited for the year ended 31 March 2021.

### Report on the internal financial controls with reference to the aforesaid standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph 2(A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

#### Opinion

We have audited the internal financial controls with reference to financial statements of Advanced Enzyme Technologies Limited ("the Company") as of 31 March 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2021, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

#### Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

#### Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

#### Meaning of Internal Financial controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies

## Independent Auditors' Report (Continued)

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and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the Standalone financial statements.

### **Inherent Limitations of Internal Financial controls with Reference to Financial Statements**

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to Standalone financial statements to future periods are subject to the risk that the internal financial controls with reference to standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

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

*Chartered Accountants*

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

Place: Mumbai  
Date : 29 May 2021

**Sadashiv Shetty**

*Partner*

Membership No: 048648  
UDIN: 21048648AAAABG2104

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# Standalone Balance Sheet

as at 31 March 2021

(₹ in million)

	Note	As at 31 March 2021	As at 31 March 2020
<b>I. ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Property, plant and equipment	5	1,298.34	1,251.63
(b) Capital work-in-progress	5A	19.61	45.80
© Other intangible assets	6	11.96	17.89
(d) Intangible assets under development	6A	53.79	53.75
<b>(e) Financial assets</b>			
(i) Investments			
- investment in subsidiaries	7	1,514.97	1,197.83
- other investment	7	0.62	0.62
(ii) Loans	8	288.50	265.21
(iii) Other financial assets	9	0.05	0.05
(f) Income tax asset (net)		92.55	76.03
(g) Other non-current assets	10	9.33	16.15
<b>Total non-current assets</b>		<b>3,289.72</b>	<b>2,924.96</b>
<b>(2) Current assets</b>			
(a) Inventories	11	634.22	596.54
<b>(b) Financial assets</b>			
(i) Investments	12	329.25	10.00
(ii) Trade receivables	13	547.41	518.87
(iii) Cash and cash equivalents	14	15.05	26.69
(iv) Bank balances other than (iii) above	14A	3.65	3.56
(v) Loans	15	0.27	0.19
(vi) Other financial assets	16	16.06	23.62
© Other current assets	17	56.88	74.15
<b>Total current assets</b>		<b>1,602.79</b>	<b>1,253.62</b>
<b>(3) Non-current assets held for sale</b>	18	-	48.17
<b>Total assets</b>		<b>4,892.51</b>	<b>4,226.75</b>
<b>II. EQUITY AND LIABILITIES</b>			
<b>(1) Equity</b>			
(a) Equity share capital	19	223.46	223.36
(b) Other equity	20	4,131.00	3,481.47
<b>Total equity</b>		<b>4,354.46</b>	<b>3,704.83</b>
<b>(2) Non current liabilities</b>			
<b>(a) Financial liabilities</b>			
(i) Borrowings	21	1.75	7.61
(ii) Lease liabilities	22	-	2.08
(b) Provisions	23	9.94	10.84
© Deferred tax liabilities (net)	24	115.96	90.34
<b>Total non-current liabilities</b>		<b>127.65</b>	<b>110.87</b>
<b>(3) Current liabilities</b>			
<b>(a) Financial liabilities</b>			
(i) Borrowings	25	1.42	78.63
(ii) Trade payables	26		
a) total outstanding dues of micro enterprises and small enterprises		1.91	2.73
b) total outstanding dues other than micro enterprises and small enterprises		223.36	134.39
(iii) Other financial liabilities	27	102.61	93.40
(b) Other current liabilities	28	59.79	25.97
© Provisions	23	20.49	17.05
(d) Current tax liabilities (net)		0.82	4.12
<b>Total current liabilities</b>		<b>410.40</b>	<b>356.29</b>
<b>(4) Liabilities for non-current assets held for sale</b>	18	-	54.76
<b>Total equity and liabilities</b>		<b>4,892.51</b>	<b>4,226.75</b>

Significant accounting policies

4

Notes form an integral part of these consolidated financial statements

5 - 55

As per our report of even date attached.

For B S R & Co. LLP

Chartered Accountants

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

Sadashiv Shetty

Partner

Membership No: 048648

Place: Mumbai

Date: 29 May 2021

For and on behalf of Board of Directors of

Advanced Enzyme Technologies Limited

CIN No.: L24200MH1989PLC051018

Mukund Kabra

Wholetime Director

DIN : 00148294

Place: Nashik

Sanjay Basantani

Company Secretary

Membership No: A19637

Place: Thane

Date: 29 May 2021

Kedar Desai

Director

DIN : 00322581

Place: Mumbai

Beni. P. Rauka

Chief Financial Officer

Membership No: 039980

Place: Mumbai



# Standalone Statement of Profit and Loss

for the year ended 31 March 2021  
(₹ in million)

	Note	Year ended 31 March 2021	Year ended 31 March 2020
<b>Income</b>			
Revenue from operations	29	2,834.73	2,473.54
Other income	30	68.23	90.01
<b>Total income</b>		<u>2,902.96</u>	<u>2,563.55</u>
<b>Expenses</b>			
Cost of materials consumed	31	950.34	944.36
Changes in inventories of finished goods, work-in-progress and stock-in-trade	32	12.74	(56.78)
Employee benefits expense	33	342.34	326.07
Finance costs (including exchange difference)	34	0.84	11.00
Depreciation and amortisation expense	35	89.32	88.14
Other expenses	36	523.10	492.23
<b>Total expenses</b>		<u>1,918.68</u>	<u>1,805.02</u>
<b>Profit before tax</b>		<u>984.28</u>	<u>758.53</u>
<b>Tax expense</b>	37		
Current tax		248.44	193.89
Deferred tax charge/(credit)		25.72	(14.91)
<b>Total tax expense</b>		<u>274.16</u>	<u>178.98</u>
<b>Profit for the year</b>		<u>710.12</u>	<u>579.55</u>
<b>Other comprehensive income/(loss)</b>			
A (i) Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit charge/(credit)		(0.39)	(4.49)
(ii) Income tax related to items that will not be reclassified to profit or loss		0.10	1.31
B (i) Items that will be reclassified to profit or loss		-	-
(ii) Income tax related to items that will be reclassified to profit or loss		-	-
		<u>(0.29)</u>	<u>(3.18)</u>
<b>Total Comprehensive Income for the year</b>		<u>709.83</u>	<u>576.37</u>
<b>Earnings per equity share (face value Rs 2 each fully paid up)</b>	41		
Basic		6.36	5.19
Diluted		6.35	5.18

Significant accounting policies

4

Notes form an integral part of these consolidated financial statements

5 - 55

As per our report of even date attached.

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

Chartered Accountants

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

**Sadashiv Shetty**

Partner

Membership No: 048648

Place: Mumbai

Date: 29 May 2021

For and on behalf of Board of Directors of

**Advanced Enzyme Technologies Limited**

CIN No.: L24200MH1989PLC051018

**Mukund Kabra**

Wholetime Director

DIN : 00148294

Place: Nashik

**Sanjay Basantani**

Company Secretary

Membership No: A19637

Place: Thane

Date: 29 May 2021

**Kedar Desai**

Director

DIN : 00322581

Place: Mumbai

**Beni. P. Rauka**

Chief Financial Officer

Membership No: 039980

Place: Mumbai



## Standalone Statement of Changes in Equity (SOCIE)

for the year ended 31 March 2021  
(₹ in millions)

### (a) Equity share capital

	31 March 2021		31 March 2020	
	No. of Shares	Amount	No. of Shares	Amount
Balance at the beginning of the year (refer note 19)	11,16,78,475	223.36	11,16,48,975	223.30
Changes in equity share capital during the year	49,950	0.10	29,500	0.06
Balance at the end of the year	<u>11,17,28,425</u>	<u>223.46</u>	<u>11,16,78,475</u>	<u>223.36</u>

### (b) Other equity

Particulars	Reserves and Surplus					Total Equity
	Securities Premium	Capital Reserve	General reserve	Employee stock option account	Retained earnings	
<b>Balance at 1 April 2019</b>	<b>761.00</b>	<b>3.00</b>	<b>32.53</b>	<b>35.27</b>	<b>2,139.62</b>	<b>2,971.42</b>
Profit for the year	-	-	-	-	579.55	579.55
Other comprehensive income for the year	-	-	-	-	(3.18)	(3.18)
<b>Total comprehensive income for the year</b>	-	-	-	-	<b>576.37</b>	<b>576.37</b>
Add : Options granted during the year	9.79	-	-	11.34	-	21.13
Less: Options lapsed during the year	-	-	-	(2.47)	-	(2.47)
Less: Exercise of Share options	-	-	-	(8.08)	-	(8.08)
Less: Dividend	-	-	-	-	(67.01)	(67.01)
Less: Dividend Distribution Tax	-	-	-	-	(9.89)	(9.89)
<b>Balance at 31 March 2020</b>	<b>770.79</b>	<b>3.00</b>	<b>32.53</b>	<b>36.06</b>	<b>2,639.09</b>	<b>3,481.47</b>
Profit for the year	-	-	-	-	710.12	710.12
Other comprehensive income for the year	-	-	-	-	(0.29)	(0.29)
<b>Total comprehensive income for the year</b>	-	-	-	-	<b>709.83</b>	<b>709.83</b>
Options granted during the year	16.58	-	-	5.31	-	21.89
Options lapsed during the year	-	-	-	(1.49)	-	(1.49)
Exercise of Share options	-	-	-	(13.69)	-	(13.69)
Dividend	-	-	-	-	(67.01)	(67.01)
<b>Balance at 31 March 2021</b>	<b>787.37</b>	<b>3.00</b>	<b>32.53</b>	<b>26.19</b>	<b>3,281.92</b>	<b>4,131.00</b>

As per our report of even date attached.  
For **B S R & Co. LLP**  
Chartered Accountants  
Firm's Registration No.: 101248W/W-100022

**Sadashiv Shetty**  
Partner  
Membership No: 048648

Place: Mumbai  
Date: 29 May 2021

For and on behalf of Board of Directors of  
**Advanced Enzyme Technologies Limited**  
CIN No.: L24200MH1989PLC051018

**Mukund Kabra**  
Wholtime Director  
DIN : 00148294  
Place: Nashik

**Sanjay Basantani**  
Company Secretary  
Membership No: A19637  
Place: Thane  
Date: 29 May 2021

**Kedar Desai**  
Director  
DIN : 00322581  
Place: Mumbai

**Beni. P. Rauka**  
Chief Financial Officer  
Membership No: 039980  
Place: Mumbai

# Standalone Cash flow statement

for the year ended 31 March 2021  
(₹ in million)

	Year ended 31 March 2021	Year ended 31 March 2020
<b>A. Cash flows from operating activities</b>		
Profit before tax	984.28	758.53
<b>Adjustments for non-cash transactions</b>		
Depreciation and amortization expense	89.32	88.14
Property, plant and equipment written off	-	0.51
(Profit) / Loss on sale of property, plant and equipment	(7.06)	0.01
Bad debts written off	0.43	0.26
Provision for doubtful trade receivables provided / (written back)	1.55	-
Employee stock compensation expense	3.54	8.29
Guarantee commission	(0.60)	(1.60)
Excess provision written back #	0.00	(0.00)
Sundry balances written off/ (back) (net)	0.39	0.26
Unrealized foreign exchange loss/(gain)	0.91	(2.37)
Fair value adjustment on investments	(1.58)	-
Provision for investments and loans given to subsidiary	-	10.52
	<u>1,071.18</u>	<u>862.55</u>
<b>Items considered separately</b>		
Interest income	(26.36)	(30.83)
Interest expenses	0.84	6.47
Dividend income	(26.69)	(47.60)
	<u>1,018.97</u>	<u>790.59</u>
<b>Operating profit before working capital changes</b>		
Adjustments for working capital changes.		
(Increase) / Decrease in Non-current loans	-	(0.13)
(Increase) / Decrease in Other non-current assets	1.32	(0.39)
(Increase) / Decrease in Inventories	(37.69)	(10.37)
(Increase) / Decrease in Trade receivables	(31.40)	(131.84)
(Increase) / Decrease in Current loans	(0.08)	0.05
(Increase) / Decrease in Other current financial assets	7.56	(13.65)
(Increase) / Decrease in Other current assets	17.25	(35.94)
(Decrease) / Increase in Provisions	2.17	1.68
(Decrease) / Increase in Trade payables	87.64	(19.23)
(Decrease) / Increase in Other current financial liabilities	10.62	4.93
(Decrease) / Increase in Other current liabilities	33.82	1.05
	<u>1,110.18</u>	<u>586.75</u>
<b>Cash generated from operating activities</b>		
Income taxes paid (net)	(268.26)	(126.99)
	<u>841.92</u>	<u>459.76</u>
<b>B. Cash flows from investing activities</b>		
Purchase of property, plant and equipment (tangible and intangible both)	(94.70)	(408.49)
Proceeds from sale of property, plant and equipment	1.23	0.27
Purchase of intangible assets (net of refunds)	(1.33)	2.06
Purchase of non-current investments	(316.26)	-
(Purchase) / Proceeds from sale of current investments (net)	(317.67)	(10.00)
Interest received	3.07	67.12
Proceeds from repayment of loan given to subsidiary	-	52.22
Dividend received	26.69	47.60
(Increase) / Decrease in bank deposits with maturity more than 3 months but less than 12 months	(0.11)	(0.14)
(Increase) / Decrease in bank deposits with maturity of more than 12 months #	(0.00)	(0.00)
	<u>(699.08)</u>	<u>(249.36)</u>
<b>Net cash (used in) investing activities</b>		



## Standalone Cash flow statement (Continued)

for the year ended 31 March 2021  
(₹ in million)

	Year ended 31 March 2021	Year ended 31 March 2020
<b>C. Cash flows from financing activities</b>		
Proceeds from issue of share capital including securities premium	3.00	1.77
Repayment from long-term borrowings (net)	(9.33)	(11.53)
Repayment of short-term borrowings (net)	(77.11)	(89.69)
Interest paid	(0.84)	(6.47)
Payment of Lease liabilities	(3.19)	(2.76)
Dividends paid (including dividend distribution tax)	(67.01)	(76.89)
<b>Net cash (used in) financing activities</b>	<b>(154.48)</b>	<b>(185.57)</b>
<b>Net (decrease) / increase in cash and cash equivalents (A+B+C)</b>	<b>(11.64)</b>	<b>24.83</b>
Cash and cash equivalents as at the beginning of the period	26.69	1.86
<b>Cash and cash equivalents as at the end of the period</b>	<b>15.05</b>	<b>26.69</b>
<b>* Composition of cash and cash equivalents (refer note 14)</b>		
Cash in hand	0.14	0.34
Balance with banks :		
Current account	14.44	10.90
Fixed deposit account (with maturity less than 3 months)	0.47	15.45
	<b>15.05</b>	<b>26.69</b>

# Figures are below ₹ 0.01 Million, hence disclosed as ₹ 0.00

### Reconciliation between the opening and closing balances in the standalone balance sheet for liabilities arising from financing activities

Particulars	Notes	31 March 2020	Cashflows	Non cash changes				31 March 2021
				Acquisitions	Foreign exchange movement	Fair value change	Other adjustments	
Non-current borrowings	21 & 27	16.96	(9.33)	-	-	-	-	7.63
Cash credit, packing credit and working capital demand loans	25	78.63	(77.11)	-	(0.10)	-	-	1.42
<b>Total liabilities from financing</b>		<b>95.59</b>	<b>(86.45)</b>	<b>-</b>	<b>(0.10)</b>	<b>-</b>	<b>-</b>	<b>9.05</b>

### Notes to the standalone cash flow statement

- 1) The cash flow statement has been prepared under indirect method as set out in Ind AS 7, 'Cash Flow Statement' as notified by the Central Government under the Companies Act, 2013.

# Figures are below ₹ 0.01 Million, hence disclosed as ₹ 0.00

As per our report of even date attached.

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

Chartered Accountants

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

**Sadashiv Shetty**

Partner

Membership No: 048648

For and on behalf of Board of Directors of

Advanced Enzyme Technologies Limited

CIN No.: L24200MH1989PLC051018

**Mukund Kabra**

Wholetime Director

DIN : 00148294

Place: Nashik

**Sanjay Basantani**

Company Secretary

Membership No: A19637

Place: Thane

Date: 29 May 2021

**Kedar Desai**

Director

DIN : 00322581

Place: Mumbai

**Beni. P. Rauka**

Chief Financial Officer

Membership No: 039980

Place: Mumbai

Place: Mumbai  
Date: 29 May 2021

# Notes to the Standalone Financial Statements

For the year ended 31 March 2021

(₹ in million)

## 1 Overview of the Company

Advanced Enzyme Technologies Limited ('the Company') was incorporated on 15 March 1989 under the provisions of Companies Act, 1956. The Company is engaged in the business of manufacturing and sales of enzymes. The equity shares of the Company were listed on National Stock Exchange of India Limited (NSE) via id ADVENZYMES and on BSE Limited (BSE) via Id 540025 on 1 August 2016.

## 2 Basis of preparation of financial statements

The Financial Statements of the Company have been prepared in accordance with the Indian Accounting Standards (Ind AS) to comply with the section 133 of the Companies Act 2013 ("the 2013 Act"), read with Rule 3 of the Companies (Indian Accounting Standards) Rules 2015, and Companies (Indian Accounting Standards) Rules, 2016. The standalone financial statements were authorised for issue by the Company's Board of Directors on 29 May 2021.

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

### Functional and presentation currency:

These Standalone financial statements are presented in Indian rupees, which is the Company's functional currency. All amounts have been rounded off to two decimal places to the nearest million, unless otherwise indicated.

### Historical cost convention:

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

- certain financial assets and liabilities (including derivative instrument) that are measured at fair value;
- defined benefit plans – plan assets measured at fair value

## 3 Use of estimates

The preparation of financial statements in conformity with Ind AS requires the management to make use of judgements, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets and liabilities, revenue and expenses

and disclosure of contingent liabilities. The estimates and assumptions used in accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual results may differ from the estimates and assumptions used in preparing the accompanying standalone financial statements and reviewed on an ongoing basis. Any revision to accounting estimates is recognized prospectively in current and future periods.

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

### a. Property, plant and equipment

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

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

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

### c. Recognition of deferred tax assets

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



# Notes to the Standalone Financial Statements

For the year ended 31 March 2021

(₹ in million)

## d. Recognition and measurement of other provisions

The recognition and measurement of other provisions are based on the assessment of the probability of an outflow of resources, and on past experience and circumstances known at the balance sheet date. The actual outflow of resources at a future date may therefore vary from the amount included in other provisions.

## e. Discounting of long-term financial assets / liabilities

All financial assets / liabilities are required to be measured at fair value on initial recognition. In case of financial liabilities/assets which are required to subsequently be measured at amortised cost, interest is accrued using the effective interest method.

## f. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting. The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

## g. Fair value of financial instruments

Derivatives are carried at fair value. Derivatives includes foreign currency forward contracts. Fair value of foreign currency forward contracts are determined using the fair value reports provided by respective merchant bankers.

## h. Measurement of fair values

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

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

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

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

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

## 3A Standards issued but not yet effective

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from 1 April 2021.

## 4 Significant accounting policies:

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

### a. Revenue recognition

- i. Revenue is recognized to the extent that it is probable that economic benefits will flow to the Company and the revenue can be reliably measured.
- ii. Revenue from contracts with customers is recognised when control of the goods is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods. Revenue from the sale of goods is measured

# Notes to the Standalone Financial Statements

For the year ended 31 March 2021

(₹ in million)

at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Sales are exclusive of Goods and Service Tax (GST).

- iii. Export incentives received pursuant to the Duty Drawback Scheme and Merchandise Export from India Scheme are accounted on an accrual basis, to the extent it is probable that realization is certain.
- iv. Interest income is recognized on a time proportionate basis, taking into account the amount outstanding and the rates applicable.
- v. Dividend income is recognized when the Company's right to receive dividend is established by the reporting date.

## b. Property, plant and equipment and depreciation

### Recognition and measurement

- i. Items of property, plant and equipment are stated at cost less accumulated depreciation and amortisation and accumulated impairment losses, if any. Cost includes taxes, non refundable duties and taxes, freight and other incidental expenses directly related to acquisition/construction and installation of the assets. Any trade discounts and rebates are deducted in arriving the purchase price. Interest on borrowings to finance acquisition of property, plant and equipment during qualifying period is capitalized.
- ii. Leasehold improvements represent expenses incurred towards civil work and interior furnishings on the leased premises.
- iii. An asset is eliminated from the financial statements on disposal or when no further benefit is expected from its use and disposal. Gains / losses arising from disposal of property, plant and equipment carried at cost are recognised in the Statement of Profit and Loss.
- iv. Capital work-in-progress includes assets not ready for their intended use and related incidental expenses and attributable interest.
- v. The Company has elected to continue with the carrying value of all its property, plant and equipment as recognized in the standalone financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and

use that as the deemed cost as at the transition date pursuant to the exemption under Ind AS 101.

### Subsequent expenditure

- vi. Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

### Depreciation

- vii. Depreciation on tangible fixed assets other than plant and equipment has been provided on Written Down Value method and on plant and equipment on Straight Line Method. Depreciation is provided on a pro-rata basis, i.e. from the date on which asset is ready for use.

### The estimated useful life of assets are as follows:

Particulars	Estimated useful life
Building	30 - 60 years
Plant and equipment	10 - 25 years
Furniture and fixture	10 years
Vehicles	8 years
Office equipments	5 years
Computer and data processing equipment	3 - 6 years

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

- viii. Leasehold improvements and leasehold land are amortized over the unexpired primary period of lease except for lease hold land acquired under perpetual lease.
- ix. The Company has reviewed its policy for providing depreciation on its tangible assets and has also reassessed their useful lives as per Part C of Schedule II of the Act. The revised useful lives, as assessed by the management, match those specified in Part C of Schedule II of the Act, for all classes of tangible assets.

## c. Intangible assets

- i. Intangible assets are stated at cost of acquisition less accumulated amortisation and accumulated impairment losses, if any.



## Notes to the Standalone Financial Statements

For the year ended 31 March 2021

(₹ in million)

- ii. Costs relating to acquisition of technical know-how and software are capitalized as intangible assets. Further, the expenditure incurred towards product studies during the development of product dossiers are grouped under "Intangible assets under development" to the extent such expenditure meet the criteria of intangible asset.
- iii. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.
- iv. An intangible asset is eliminated from the financial statements on disposal or when no further benefit is expected from its use and disposal. Gains / losses arising from disposal are recognised in the Statement of Profit and Loss.
- v. Any expected loss is recognized immediately in the Statement of Profit and Loss.
- vi. Intangible assets that are ready for use are amortized on a straight line basis as follows:

Particulars	Estimated useful life
Computer software	4 years
Product dossiers	10 years

### d. Non-current assets held for sale

Non-current assets classified as held for sale, if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such assets, are generally measured at the lower of their carrying amount and fair value less costs to sell. Losses on initial classification as held for sale and subsequent gains and losses on re-measurement are recognised in Statement of Profit and Loss. Once classified as held-for-sale they are no longer depreciated.

### e. Impairment of non-financial assets

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

If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognized for such excess amount. The impairment loss is recognized as an expense in the Statement of Profit and Loss, unless the asset is carried at revalued amount, in which case any impairment loss of the

revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset.

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

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

### f. Foreign currency transactions

- i. Initial recognition - Foreign currency transactions are recorded in the functional currency, by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency at the date of the transaction.
- ii. Subsequent measurement- Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognised in the Statement of Profit and Loss. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.
- iii. Exchange differences - All exchange differences arising on settlement/conversion on foreign currency transactions are included in the Statement of Profit and Loss in the period in which they arise.

### g. Stock based Compensation:

Employees Stock Option Plans ("ESOPs"):

Equity-settled plans are accounted at fair value as at the grant date. The fair value of the share-based option is determined at the grant date using a market-based option valuation model (Black Scholes Option

# Notes to the Standalone Financial Statements

For the year ended 31 March 2021

(₹ in million)

Valuation Model). The fair value of the option is recorded as compensation expense amortized over the vesting period of the options, with a corresponding increase in Reserves and Surplus under the head "Employee Stock Option account". On exercise of the option, the proceeds are recorded as share capital.

The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the Statement of Profit and Loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized in employee benefits expense.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of equity instruments that will ultimately vest.

Employee stock options provided to the employees of subsidiary under a group plan is accounted as capital contribution to the subsidiary, if no payments for related costs from the subsidiary to the Company is agreed, and recorded as investments in the standalone financial statements.

## h. Inventories

- i. Inventories of raw materials, packing materials, consumables, finished goods and work in process are valued at lower of cost or net realizable value on an item-by-item basis.
- ii. Cost of raw materials, consumables and packing materials is determined on weighted average basis. Cost of finished goods and stock in process is determined by considering materials, labour costs, conversion costs, including an appropriate share of fixed production overheads based on normal operating capacity and other related costs incurred in bringing the inventories to their present condition and location.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. Raw materials and other supplies held for use in the production

of inventories are not written down below cost except in case where material prices have declined and it is estimated that the cost of the finished product will exceed its net realisable value.

During the previous year, valuation policy for raw materials, consumables and packing materials inventory was changed from first in first out to Weighted average to align with valuation methods for finished goods and stock in process. The impact of the change in accounting policy for raw material and packing material as at 31 March 2020 is insignificant to the financial statements.

## i. Employee benefits

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

### i. Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays specified contributions to a separate entity and has no obligation to pay any further amounts. The Company contributes to statutory provident fund in accordance with Employees' Provident Fund and Miscellaneous Provisions Act, 1952 that is a defined contribution plan and contribution paid or payable is recognized as an expense in the period in which the employee renders services.

Superannuation benefits, a defined contribution plan, has been funded with Life Insurance Corporation of India and the contribution is charged to Statement of Profit and Loss, when the contribution to the Fund is due.

### ii. Defined benefit plans

The Company provides for Gratuity benefit and Compensated Absences, which are defined benefit plans, covering all its eligible employees. Liability towards gratuity benefits and compensated absences expected to occur after twelve months, are determined using the Projected Unit Credit Method. Actuarial valuations are carried out at the balance sheet date. Remeasurements of the net defined benefit liability, which comprise actuarial



# Notes to the Standalone Financial Statements

For the year ended 31 March 2021

(₹ in million)

gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in OCI. The retirement benefit obligation recognized in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost, and as reduced by the fair value of scheme assets. The gratuity benefit and compensated absences scheme is funded with the Life Insurance Corporation of India (LIC).

The short term provision for compensated absences has been calculated on undiscounted basis, based on the balance of leave available over and above the maximum accumulation allowed as per the Company policy.

## j. Income taxes

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

### Current tax

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

### Deferred tax

Deferred tax is recognised in respect of temporary difference between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

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

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

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

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

Deferred tax assets and liabilities are offset only if:

- a) The entity has a legally enforceable right to set off current tax assets against current tax liabilities; and
- b) The deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

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

### Minimum Alternate Tax

Minimum Alternate Tax (MAT) under the provisions of Income Tax Act, 1961 is recognized as deferred tax in the the Statement of Profit and Loss. The Company recognizes MAT credit available as an asset only when it is probable that the future economic benefit associated with it will flow to the Company i.e. the Company will pay normal income tax during the period for which MAT Credit is allowed to be carried

# Notes to the Standalone Financial Statements

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forward. In the year in which the Company recognizes MAT Credit recognized as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternate Tax under the Income Tax Act, 1961, by way of credit to the Statement of Profit and Loss and shown as "Deferred tax" MAT credit recognized as an asset is reviewed at each balance sheet date and written down to the extent the aforesaid evidence no longer exists.

## k. Borrowing costs

Borrowing costs are interest and other costs that the Company incurs in connection with the borrowing of funds and is measured with reference to the Effective Interest Rate (EIR) applicable to the respective borrowing. Borrowing cost include interest costs measured at EIR and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

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

## l. Research and development costs

Research and development costs incurred for development of products are expensed as incurred, except for development costs that relate to the design and testing of new or improved materials, products or processes, which are recognized as an intangible asset to the extent that it is technically feasible to complete the development of such asset and future economic benefits are expected to be generated from such assets. Capital expenditure on research and development is included as part of assets and depreciated on the same basis as other assets.

## m. Provisions and contingencies

Provisions are determined by discounting the expected future cash flows specific to the liability. The unwinding of the discount is recognised as finance cost. A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognises any impairment loss on the assets associated with that contract.

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

A contingent asset is not recognised but disclosed in the financial statements where an inflow of economic benefit is probable.

## n. Leases

The Company has adopted Ind AS 116 effective from April 1 2019 using modified retrospective approach.

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.





# Notes to the Standalone Financial Statements

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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.

## o. Cash and cash equivalents

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

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

## p. Operating cycle

Operating cycle is the time between the acquisition of assets for processing and their realization in cash or cash equivalents. Based on the nature of products/activities of the Company, the management has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

## q. Share issue expenses

Share issue expenses are adjusted against the Securities premium as permissible under Section 52 of the Companies Act, 2013, to the extent any balance is available for utilization in the Securities premium. Share issue expenses in excess of the balance in the Securities premium is expensed in the Statement of Profit and Loss.

## r. Financial Instruments

### a. Financial assets

#### i. Recognition and initial measurement

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

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

#### ii. Classification

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

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

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

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

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

# Notes to the Standalone Financial Statements

For the year ended 31 March 2021

(₹ in million)

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

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

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

### iii. Subsequent measurement and gains and losses

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in Statement of Profit and Loss.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains

and losses and impairment are recognised in Statement of Profit and Loss. Any gain or loss on derecognition is recognised in Statement of Profit and Loss.

Debt investments at FVOCI

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

Equity investments at FVOCI

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

### iv. Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company 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 that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, and bank balance.





## Notes to the Standalone Financial Statements

For the year ended 31 March 2021

(₹ in million)

- ii. **Trade receivables.**
- The application of simplified approach does not require the company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.
- vi. **Investment in subsidiaries**
- Investment in subsidiaries is carried at cost in the standalone financial statements.
- b. **Financial liabilities**
- i. **Recognition and initial measurement**
- All financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.
- A financial liability is initially measured at fair value. In the case of financial liabilities which are recognised at fair value through profit and loss (FVTPL), the transaction costs are recognised in the Statement of Profit and Loss. In other cases, the transaction costs are attributed to the acquisition or issue of financial liability.
- ii. **Classification, subsequent measurement and gains and losses**
- Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in Statement of Profit and Loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in Statement of Profit and Loss. Any gain or loss on derecognition is also recognised in Statement of Profit and Loss.
- iii. **Derecognition**
- The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.
- The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in Statement of Profit and Loss.
- iv. **Offsetting**
- Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.
- v. **Financial guarantee contract**
- Financial guarantee contracts issued on behalf of a subsidiary is accounted as capital contribution to the subsidiary, if no payments from the subsidiary to the Company is agreed, and recorded as investments in the standalone financial statement.
- vi. **Derivative financial instruments**
- The Company uses derivative financial instruments, such as forward currency contracts to hedge its interest rate risk. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value at each reporting period. Any changes therein are generally recognised in the Statement of profit and loss.
- s. **Earnings Per Share:**
- Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.
- For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

# Notes to the Standalone Financial Statements

For the year ended 31 March 2021

(₹ in million)

## 5 Property, Plant and Equipment

Gross block	Land freehold	Land leasehold	Buildings	Plant and equipments	Furniture and fixtures	Vehicles	Office equipments	Leasehold improvements	Computer and data processing equipments	Right to use asset	Total
Balance as at 1 April 2019	0.90	5.22	213.20	909.13	17.09	17.99	7.60	2.37	13.13	-	1,186.63
Additions	326.32	-	-	41.70	0.99	-	1.61	-	4.70	8.03	383.35
Disposals	-	-	-	0.20	-	0.65	0.08	-	-	-	0.93
Reversal on account of assets written off	-	-	-	0.57	0.11	-	0.36	-	0.16	-	1.20
<b>Balance as at 31 March 2020</b>	<b>327.22</b>	<b>5.22</b>	<b>213.20</b>	<b>950.06</b>	<b>17.97</b>	<b>17.34</b>	<b>8.77</b>	<b>2.37</b>	<b>17.67</b>	<b>8.03</b>	<b>1,567.85</b>
Additions	-	-	37.88	83.50	1.94	-	3.39	-	3.41	-	130.12
Disposals	-	-	0.02	2.18	0.00	0.93	0.37	-	0.11	-	3.61
Reversal on account of assets written off	-	-	-	-	-	-	-	-	-	-	-
<b>Balance as at 31 March 2021</b>	<b>327.22</b>	<b>5.22</b>	<b>251.06</b>	<b>1,031.38</b>	<b>19.91</b>	<b>16.41</b>	<b>11.79</b>	<b>2.37</b>	<b>20.97</b>	<b>8.03</b>	<b>1,694.36</b>
<b>Accumulated depreciation and amortisation</b>											
Balance as at 1 April 2019	-	0.21	48.51	153.41	9.28	11.07	4.88	1.85	7.22	-	236.43
Depreciation and amortisation	-	0.07	14.99	53.15	2.13	2.42	1.19	-	4.09	3.09	81.13
Reversal on disposal of assets	-	-	-	0.11	-	0.47	0.07	-	-	-	0.65
Reversal on account of assets written off	-	-	-	0.26	0.07	-	0.23	-	0.13	-	0.69
<b>Balance as at 31 March 2020</b>	<b>-</b>	<b>0.28</b>	<b>63.50</b>	<b>206.19</b>	<b>11.34</b>	<b>13.02</b>	<b>5.77</b>	<b>1.85</b>	<b>11.18</b>	<b>3.09</b>	<b>316.22</b>
Depreciation and amortisation	-	0.07	13.87	56.46	1.69	1.35	1.63	-	3.95	3.09	82.11
Reversal on disposal of assets	-	-	0.01	1.15	0.00	0.72	0.35	-	0.08	-	2.31
Reversal on account of assets written off	-	-	-	-	-	-	-	-	-	-	-
<b>Balance as at 31 March 2021</b>	<b>-</b>	<b>0.35</b>	<b>77.36</b>	<b>261.50</b>	<b>13.03</b>	<b>13.65</b>	<b>7.05</b>	<b>1.85</b>	<b>15.05</b>	<b>6.18</b>	<b>396.02</b>
<b>Net block</b>											
Balance as at 31 March 2020	327.22	4.94	149.70	743.87	6.63	4.32	3.00	0.52	6.49	4.94	1,251.63
<b>Balance as at 31 March 2021</b>	<b>327.22</b>	<b>4.87</b>	<b>173.70</b>	<b>769.88</b>	<b>6.88</b>	<b>2.76</b>	<b>4.74</b>	<b>0.52</b>	<b>5.92</b>	<b>1.85</b>	<b>1,298.34</b>

# Figures are below ₹ 0.01 Million, hence disclosed as ₹ 0.00

## 5A Capital work-in-progress (CWIP)

	Amount
CWIP as at 1 April 2019	12.61
Additions during the year	408.48
Capitalised during the year	375.29
<b>CWIP as at 31 March 2020</b>	<b>45.80</b>
Additions during the year	103.01
Capitalised during the year	129.20
<b>CWIP as at 31 March 2021</b>	<b>19.61</b>





## Notes to the Standalone Financial Statements

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### 6 Intangible assets

Gross block	Computer software	Product Dossiers	Total
Balance as at 1 April 2019	27.35	3.83	31.18
Additions	1.59	-	1.59
Disposals	-	-	-
<b>Balance as at 31 March 2020</b>	<b>28.94</b>	<b>3.83</b>	<b>32.77</b>
Additions	1.28	-	1.28
Disposals	-	-	-
<b>Balance as at 31 March 2021</b>	<b>30.22</b>	<b>3.83</b>	<b>34.05</b>
<b>Accumulated amortisation</b>			
Balance as at 1 April 2019	7.76	0.11	7.87
Amortisation	6.63	0.38	7.01
<b>Balance as at 31 March 2020</b>	<b>14.39</b>	<b>0.49</b>	<b>14.88</b>
Amortisation	6.83	0.38	7.21
<b>Balance as at 31 March 2021</b>	<b>21.22</b>	<b>0.87</b>	<b>22.09</b>
<b>Net block</b>			
<b>Balance as at 31 March 2020</b>	<b>14.55</b>	<b>3.34</b>	<b>17.89</b>
<b>Balance as at 31 March 2021</b>	<b>9.00</b>	<b>2.96</b>	<b>11.96</b>

### 6A Intangible assets under development

	Amount
Balance as on 1 April 2019	57.41
Addition during the year	1.65
Capitalised during the year	1.59
Refund	3.72
<b>Balance as on 31 March 2020</b>	<b>53.75</b>
Addition during the year	1.33
Capitalised during the year	1.29
<b>Balance as at 31 March 2021</b>	<b>53.79</b>

### 7 Non-current investments

	As at 31 March 2021	As at 31 March 2020
<b>Investment in Equity Instruments (Unquoted)</b>		
<b>Investment in subsidiaries (Valued at cost unless stated otherwise)</b>		
60,000 Equity shares (31 March 2020 - 60,000) of ₹ 10 each fully paid up of Advanced Bio-Agro Tech Limited	0.60	0.60
70,000 Equity shares (31 March 2020 - 70,000) of ₹ 10 each fully paid up of Advanced Enzytech Solutions Limited	1.57	1.57
5,839 Equity shares (31 March 2020 - 5,839) of USD 1,000 each fully paid up of Advanced Enzymes USA, Inc. *	531.19	530.91
14,499,000 Equity shares (31 March 2020 - 14,499,000) of ₹ 10 each fully paid up of JC Biotech Private Limited #	515.50	514.90
500,000 Equity shares (31 March 2020 - 500,000) of MYR 1 each fully paid up of Advanced Enzymes (Malaysia) Sdn. Bhd. (refer note 49)	8.38	8.38
2,000,000 Equity shares (31 March 2020 - 2,000,000) of Euro 1 each fully paid up of Advanced Enzymes Europe B.V.	149.85	149.85

# Notes to the Standalone Financial Statements

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	As at 31 March 2021	As at 31 March 2020
520,408 Equity shares (31 March 2020 - Nil) of ₹ 10 each fully paid up of Scitech Specialities Pvt. Ltd. (refer note 51)	316.26	-
Less: Provision for diminution in the value of investment (refer note 49)	(8.38)	(8.38)
	<u>1,514.97</u>	<u>1,197.83</u>
<b>Other investments (unquoted)</b>		
<b>Equity shares at fair value through profit and loss</b>		
19,100 Equity shares (31 March 2020 - 19,100) of ₹ 10 each fully paid up of Advanced Vital Enzymes Private Limited	0.57	0.57
1,666 Equity shares (31 March 2020 - 1,666) of ₹ 30 each fully paid up of Bombay Mercantile Co-op. Bank Limited	0.05	0.05
	<u>0.62</u>	<u>0.62</u>
	<u>1,515.59</u>	<u>1,198.45</u>
Value of unquoted investments	1,515.59	1,198.45
Provision for diminution in value of investments	8.38	8.38

Refer Note 43

\* Includes cost of shares options issued to employees of subsidiary under the group plan as per Ind AS 102.

# Includes Guarantee commission income recorded for accounting of fair value for financial guarantee contract as per Ind AS 109

## 8 Long-term loans

	As at 31 March 2021	As at 31 March 2020
<i>(unsecured considered good unless otherwise stated)</i>		
Security deposits	12.62	12.62
Loans to related parties (Refer note 43)	247.97	247.97
Less: Provision for diminution of loan given (refer note 49)	(1.95)	(1.95)
Interest receivable	30.05	6.76
Less: Provision for diminution of interest receivable (refer note 49)	(0.19)	(0.19)
	<u>288.50</u>	<u>265.21</u>

## 9 Other non-current financial assets

	As at 31 March 2021	As at 31 March 2020
<i>(unsecured considered good unless otherwise stated)</i>		
Non-current bank deposits	0.05	0.05
	<u>0.05</u>	<u>0.05</u>

## 10 Other non-current assets

	As at 31 March 2021	As at 31 March 2020
<i>(unsecured considered good unless otherwise stated)</i>		
Prepaid expenses	9.13	10.45
Capital advances	0.20	5.70
	<u>9.33</u>	<u>16.15</u>





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For the year ended 31 March 2021

(₹ in million)

### 11 Inventories

	As at 31 March 2021	As at 31 March 2020
<i>(valued at lower of cost and net realizable value)</i>		
Raw materials and packing materials [including goods-in-transit of ₹ 34.61 million (31 March 2020: ₹ 54.08 million)]	254.29	216.65
Work-in-progress	205.27	206.95
Finished goods [including goods-in-transit of ₹ 34.79 million (31 March 2020 ₹ 47.07 million)]	108.46	119.52
Consumables and fuel	66.20	53.42
	<u>634.22</u>	<u>596.54</u>

As at 31 March 2021, the Company has written down the value for slow moving inventory aggregating ₹ 86.53 million (31 March 2020: ₹ 69.75 million). The charge on account of written down during the year ended 31 March 2021 is ₹ 26.78 million (31 March 2020: 8.79 million) is included in cost of materials consumed and changes in inventories.

### 12 Current investments

	As at 31 March 2021	As at 31 March 2020
<b>Mutual funds (Quoted)</b> <i>(carried at fair value through profit and loss)</i>		
DSP Liquidity Fund - Direct Plan - Growth (No. of units 31 March 2021: Nil, 31 March 2020: 3520.242) (Market value 31 March 2020: 2,840.7140/unit)	-	10.00
DSP Savings fund - Direct - Growth (No. of units 31 March 2021: 3,613,215.850, 31 March 2020: Nil) (Market value 31 March 2021: 42.1007/unit)	152.12	-

	As at 31 March 2021	As at 31 March 2020
DSP overnight fund - Direct - Growth (No. of units 31 March 2021: 160,702.822, 31 March 2020: Nil) (Market value 31 March 2021: 1,102.2382/unit)	177.13	-
	<u>329.25</u>	<u>10.00</u>

### 13 Trade receivables

	As at 31 March 2021	As at 31 March 2020
Secured, considered good	0.13	0.13
Unsecured, considered good	547.28	518.74
Unsecured, credit impaired	2.25	0.70
Less: Impairment loss allowance	(2.25)	(0.70)
	<u>547.41</u>	<u>518.87</u>
(Refer note 42 for information about credit risk and market risk of trade receivables)		
The above balance includes amounts due by private companies in which directors are interested (Refer note 43)	96.39	130.39

### 14 Cash and cash equivalents

	As at 31 March 2021	As at 31 March 2020
Cash on hand	0.14	0.34
<b>Balances with banks</b>		
- in current accounts	14.44	10.90
- in deposit account with original maturity upto three months	0.47	15.45
	<u>15.05</u>	<u>26.69</u>

# Notes to the Standalone Financial Statements

For the year ended 31 March 2021

(₹ in million)

## 14A Other bank balances

	As at 31 March 2021	As at 31 March 2020
Unclaimed dividend account	0.92	0.94
Bank deposits with original maturity of more than three months but less than twelve months*	2.73	2.62
	<u>3.65</u>	<u>3.56</u>
* includes earmarked balances for performance guarantees	2.73	2.62

## 15 Short-term loans

	As at 31 March 2021	As at 31 March 2020
<i>(unsecured considered good unless otherwise stated)</i>		
Loan to employees	0.27	0.19
	<u>0.27</u>	<u>0.19</u>

## 16 Other current financial assets

	As at 31 March 2021	As at 31 March 2020
<i>(unsecured considered good unless otherwise stated)</i>		
Export incentives receivable	12.80	20.77
Others	3.26	2.87
	<u>16.06</u>	<u>23.62</u>

## 17 Other current assets

	As at 31 March 2021	As at 31 March 2020
<i>(unsecured considered good unless otherwise stated)</i>		
Prepaid expenses	9.06	7.93
Advance to suppliers	4.37	11.12
Balance with Government authorities	33.90	46.74
Asset recoverable from customers	9.55	8.38
	<u>56.88</u>	<u>74.16</u>

## 18 Non-current assets held for sale

	As at 31 March 2021	As at 31 March 2020
Assets held for sale (refer note below)	-	48.17
	<u>-</u>	<u>48.17</u>

During the year, the Company has concluded transfer and assignment of its leasehold rights in the property situated at Jalna (BT park), Maharashtra with a tripartite agreement with Maharashtra Industrial Development Corporation ('MIDC') and the transferees to relinquish its rights on the said leasehold property. Accordingly, the gain on the transaction aggregating ₹ 7.15 million is included under "Other Income".

In accordance with the tripartite agreement, the related liabilities aggregating ₹ 54.76 million (comprising advances received and cost incurred by transferee) has been adjusted against the sales consideration.

Particulars	Amount
Non-current assets held for sale (A)	48.17
Total consideration (B)	55.32
Gain on sale of non-current asset held for sale shown under "Other income" (C=B-A)	7.15

### Breakup of non-current asset held for sale

Description	31 March 2021	31 March 2020
Land	-	12.57
Development costs	-	35.60
	<u>-</u>	<u>48.17</u>





## Notes to the Standalone Financial Statements

For the year ended 31 March 2021

(₹ in million)

### 19 Equity share capital

	As at 31 March 2021		As at 31 March 2020	
	Number of shares	Amount	Number of shares	Amount
<b>Authorised</b>				
Equity shares of ₹ 2 each	17,50,00,000	350.00	17,50,00,000	350.00
	<u>17,50,00,000</u>	<u>350.00</u>	<u>17,50,00,000</u>	<u>350.00</u>
<b>Issued, subscribed and fully paid up</b>				
Equity shares of ₹ 2 each	11,17,28,425	223.46	11,16,78,475	223.36
<b>Total</b>	<u>11,17,28,425</u>	<u>223.46</u>	<u>11,16,78,475</u>	<u>223.36</u>

a) Reconciliation of equity share capital	As at 31 March 2021		As at 31 March 2020	
	Number of shares	Amount	Number of shares	Amount
Balance at the beginning of the year	11,16,78,475	223.36	11,16,48,975	223.30
Add : Issued during the year (Refer note 19d below)	49,950	0.10	29,500	0.06
<b>Balance at the end of the year</b>	<u>11,17,28,425</u>	<u>223.46</u>	<u>11,16,78,475</u>	<u>223.36</u>

b) Shareholders holding more than 5% of the equity shares	As at 31 March 2021		As at 31 March 2020	
	Number of shares	% of holding	Number of shares	% of holding
Equity shares of ₹ 2 each				
Mr. Vasant L. Rathi*	3,65,78,702	32.74%	3,65,78,702	32.75%
Advanced Vital Enzymes Private Limited (Chandrakant Rathi Innovations and Projects Private limited)	1,33,71,876	11.97%	1,63,71,876	14.66%
Orbimed Asia III Mauritius Limited	1,10,53,245	9.89%	1,10,53,245	9.90%
HDFC Small Cap Fund	56,70,573	5.08%	76,37,086	6.84%
	<u>6,66,74,396</u>	<u>59.68%</u>	<u>7,16,40,909</u>	<u>64.15%</u>

\*includes shares held by Vasant and Prabha Rathi Generation Trust – 31 March 2021: 7,500,000 shares (6.71%) [31 March 2020: 7,500,000 shares (6.72%)]

### c) Rights, preferences and restrictions attached to equity shares

The Company has only one class of equity share having a par value of ₹ 2 per share. Each holder of equity share is entitled to one vote per share. The final dividend, if any, proposed by Board of Directors is subject to approval by the Shareholders. All shares rank pari passu on repayment of capital in the event of liquidation. Dividend proposed by the Board of Directors is subject to the approval of shareholders in the ensuing Annual General Meeting except interim dividend.

### d) Shares reserved for issue under options

The Company had reserved issuance of 220,000 Equity shares of ₹ 2 each (31 March 2020: 220,000) for offering to eligible employees of the Company under Employees Stock Option Scheme (ESOS). The option would vest on graded basis over a maximum period of 4 years or such other period as may be decided by the Employees Stock Compensation Committee from the date of grant based on specific criteria. (refer note 44).

# Notes to the Standalone Financial Statements

For the year ended 31 March 2021

(₹ in million)

## 20 Other equity

	As at 31 March 2021	As at 31 March 2020
<b>Capital reserves</b>		
Balance at the beginning of the year	3.00	3.00
Add : Additions made during the year	-	-
Less : Deletions made during the year	-	-
Balance at the end of the year	<u>3.00</u>	<u>3.00</u>
<b>Securities premium account</b>		
Balance at the beginning of the year	770.79	761.00
Add: Premium on issue of equity shares under ESOP scheme	16.58	9.79
Balance at the end of the year	<u>787.37</u>	<u>770.79</u>
<b>Employee stock option account</b>		
Balance at the beginning of the year	36.06	35.27
Add: Options granted during the year (refer note 44)	5.31	11.34
Less: Exercised during the year	(13.69)	(8.08)
Less: Lapsed during the year	(1.49)	(2.47)
Balance at the end of the year	<u>26.19</u>	<u>36.06</u>
<b>General reserve</b>		
Balance at the beginning of the year	32.53	32.53
Add: Additions made during the year	-	-
Less: Deletions made during the year	-	-
Balance at the end of the year	<u>32.53</u>	<u>32.53</u>

	As at 31 March 2021	As at 31 March 2020
<b>Surplus in the Statement of Profit and Loss</b>		
Balance at the beginning of the year	2,639.09	2,139.62
Add: Transferred from Statement of Profit and Loss	710.12	579.55
Add: Transferred from Other comprehensive income	(0.29)	(3.18)
Less: Dividend	(67.01)	(67.01)
Less: Tax on dividends distributed during the year	-	(9.89)
<b>Balance at the end of the year</b>	<u>3,281.91</u>	<u>2,639.09</u>
	<u>4,131.00</u>	<u>3,481.47</u>

### Nature and purpose of reserves

#### Capital reserve

The reserve comprises of profits/gains of capital nature earned by the Company and credited directly to such reserve.

#### Securities premium

Securities premium is used to record the premium received on issue of shares. It is utilised in accordance with the provisions of the Companies Act, 2013.

#### General reserve

General reserve is created out of the profits earned by the Company by way of transfer from surplus in the Statement of Profit and Loss. The Company can use this reserve for payment of dividend and issue of fully paid up and not paid up bonus shares.





## Notes to the Standalone Financial Statements

For the year ended 31 March 2021

(₹ in million)

### Dividends

The following dividends were declared and paid by the Company during the year

Particulars	Paid during 01-Apr-20 to 31-Mar-21	Paid during 01-Apr-19 to 31-Mar-20
₹ 0.60 per equity share (31 March 2020: ₹ 0.60 per equity share)	67.01	67.01
Dividend distribution tax on dividend to equity shareholders	-	9.89
	<u>67.01</u>	<u>76.90</u>

### 21 Non-current borrowings

	As at 31 March 2021	As at 31 March 2020
<b>Secured</b>		
<b>Term loans:</b>		
Vehicle loans	-	0.46
	-	<u>0.46</u>
<b>Unsecured</b>		
Deferred sales tax payment liabilities	1.75	7.15
	<u>1.75</u>	<u>7.15</u>
	<u>1.75</u>	<u>7.61</u>

#### a) Details of security for each type of borrowings

##### The Company:

- (i) Vehicle loans availed from three banks and one financial institution are secured by charge on vehicles as specified in their respective loan agreements.

#### b) Terms of repayment of term loans and other loans

##### Vehicle Loans (including current maturities)

Interest rate	No. of installments	Date of last installment	Amount of installment	Outstanding as at 31 March 2021	Outstanding as at 31 March 2020
9.90%	60	05-Jun-20	0.01	-	0.03
9.75%	60	07-Nov-20	0.01	-	0.09
9.16%	60	07-Apr-21	0.09	0.09	1.15
8.35%	60	05-Mar-22	0.03	0.39	0.75
<b>Total</b>				<u>0.48</u>	<u>2.02</u>

### Deferred sales tax payment liabilities

Deferred Sales Tax Loan is interest free and payable in 5 equal annual installments after expiry of initial 10 years of moratorium year from each such year of deferral period from 1996-97 to 2006-07.

### 22 Lease liabilities

	As at 31 March 2021	As at 31 March 2020
Lease liability (refer note 39)	-	2.08
	-	<u>2.08</u>

# Notes to the Standalone Financial Statements

For the year ended 31 March 2021

(₹ in million)

## 23 Provisions

	As at 31 March 2021		As at 31 March 2020	
	Long-term	Short-term	Long-term	Short-term
Provision for employee benefits				
Compensated absences	2.28	7.75	0.29	6.30
Gratuity (Refer note 38)	7.66	5.73	10.55	5.28
Provision for sales return (Also, refer note below)	-	7.01	-	5.47
	<u>9.94</u>	<u>20.49</u>	<u>10.84</u>	<u>17.05</u>

### Note:

As per best estimate of the management, provision has been made towards probable return of goods from customers, as per Indian Accounting Standard (Ind AS) 37.

	As at 31 March 2021	As at 31 March 2020
<b>Movement in provision for sales return</b>		
Provision at the beginning of the year	5.47	6.49
Provision created during the year	7.01	5.47
Provision reversed/utilised during the year	(5.47)	(6.49)
Provision at the end of the year	<u>7.01</u>	<u>5.47</u>

## 24 Deferred tax liabilities (net)

	As at 31 March 2021	As at 31 March 2020
<b>Deferred tax liabilities</b>		
Excess of depreciation/amortisation on Property, plant and equipment under income-tax law over depreciation/amortisation provided in standalone financial statements	126.97	128.17
	<u>126.97</u>	<u>128.17</u>
<b>Deferred tax assets</b>		
Minimum Alternate Tax credit entitlement	0.00	26.33
Provision for employee benefits	8.68	9.70
Others	2.33	1.80
	<u>11.01</u>	<u>37.83</u>
	<u>115.96</u>	<u>90.34</u>

Refer note 37





## Notes to the Standalone Financial Statements

For the year ended 31 March 2021

(₹ in million)

### Movement in deferred tax balances

Particulars	31 March 2021						
	Net balance 1 April 2020	Recognised in Statement of Profit and Loss	Recognised in OCI	Others	Net deferred tax asset/ liability	Deferred tax asset	Deferred tax liability
<b>Deferred tax asset / (liability)</b>							
Property, plant and equipment	(128.17)	1.20	-	-	(126.97)	-	(126.97)
Provision for employee benefits	9.70	(1.12)	0.10	-	8.68	8.68	-
Other items	1.80	0.53	-	-	2.33	2.33	-
Minimum Alternate Tax Credit	26.33	-	-	(26.33)	0.00	0.00	-
<b>Tax assets / (liabilities)</b>	<b>(90.34)</b>	<b>0.60</b>	<b>0.10</b>	<b>(26.33)</b>	<b>(115.96)</b>	<b>11.01</b>	<b>(126.97)</b>
Offsetting of deferred tax assets and liabilities						(11.01)	11.01
<b>Net deferred tax assets/(liabilities)</b>	<b>(90.34)</b>	<b>0.60</b>	<b>0.10</b>	<b>(26.33)</b>	<b>(115.96)</b>	<b>-</b>	<b>(115.96)</b>

### Movement in deferred tax balances

Particulars	31 March 2020						
	Net balance 1 April 2019	Recognised in Statement of Profit and Loss	Recognised in OCI	Others	Net deferred tax asset/ liability	Deferred tax asset	Deferred tax liability
<b>Deferred tax asset / (liability)</b>							
Property, plant and equipment	(142.43)	14.26	-	-	(128.17)	-	(128.17)
Provision for employee benefits	7.46	0.93	1.31	-	9.70	9.70	-
Other items	2.09	(0.29)	-	-	1.80	1.80	-
Minimum Alternate Tax Credit	94.35	-	-	(68.02)	26.33	26.33	-
<b>Tax assets / (Liabilities)</b>	<b>(38.53)</b>	<b>14.90</b>	<b>1.31</b>	<b>(68.02)</b>	<b>(90.34)</b>	<b>37.83</b>	<b>(128.17)</b>
Offsetting of deferred tax assets and liabilities	-	-	-	-	-	(37.83)	37.83
<b>Net deferred tax assets/(liabilities)</b>	<b>(38.53)</b>	<b>14.90</b>	<b>1.31</b>	<b>(68.02)</b>	<b>(90.34)</b>	<b>-</b>	<b>(90.34)</b>

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Significant management judgement is required in determining provision for income tax, deferred income tax assets and liabilities and recoverability of deferred income tax assets. The recoverability of deferred income tax assets is based on estimates of taxable income and the period over which deferred income tax assets will be recovered. Any changes in future taxable income would impact the recoverability of deferred tax assets.

As at year end, the Company has written off tax credits in respect of Minimum Alternative Tax ("MAT" credit) of ₹ 26.33 million which was available balance as at 31 March 2020 (refer note 37).

Given that the Company does not have any intention to dispose investments in subsidiaries in the foreseeable future, deferred tax asset on indexation benefit in relation to such investments has not been recognised.

# Notes to the Standalone Financial Statements

For the year ended 31 March 2021

(₹ in million)

## 25 Current borrowings

	As at 31 March 2021	As at 31 March 2020
<b>Secured</b>		
<b>Loans repayable on demand:</b>		
From banks in foreign currency	-	53.84
From banks in rupees	1.42	24.79
	<u>1.42</u>	<u>78.63</u>

### a) Details of security for each type of borrowings as at 31 March 2021

Loans repayable on demand from Banks (Working Capital loans) are secured by first pari passu charge on all existing and future current assets of the Company.

### b) Terms of loans repayable on demand

- Cash Credit from bank for ₹ 1.42 million (31 March 2020: ₹ 24.79 million) carries an interest rate of 9% to 12%.
- Packing credit foreign currency loan from bank for ₹ Nil (31 March 2020: ₹ 53.84 million) carries an interest rate of Libor + 100 to 125 bps (31 March 2020: Libor + 100 to 125 bps).

## 26 Trade payables

	As at 31 March 2021	As at 31 March 2020
Total outstanding dues to micro and small enterprises (refer note below)	1.91	2.73
Total outstanding dues to others (refer note 43 for payable to related parties)	223.36	134.39
	<u>225.27</u>	<u>137.12</u>

### Note:

Dues to micro, small and medium enterprises pursuant to section 22 of the Micro, Small and Medium Enterprises Development Act (MSMED), 2006

	As at 31 March 2021	As at 31 March 2020
Principal amount remaining unpaid	1.91	2.73
Interest due thereon	0.03	0.02
Interest paid by the Company in terms of Section 16 of MSMED Act, 2006, along with the amount of the payment made to the suppliers and service providers beyond the appointed day during the year	-	-
Interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006	-	-
Interest accrued and remaining unpaid as at balance sheet date	0.05	0.02
Further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006.	0.05	0.02

The Management has identified enterprises which have provided goods and services to the Company and which qualify under the definition of micro and small enterprises, as defined under Micro, Small and Medium Enterprises Development Act, 2006. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31 March 2021 has been made in the standalone financial statements based on information received and available with the Company.





## Notes to the Standalone Financial Statements

For the year ended 31 March 2021

(₹ in million)

### 27 Other current financial liabilities

	As at 31 March 2021	As at 31 March 2020
Current maturities of long-term borrowings		
- Vehicle loans (refer note 21)	0.48	1.56
- Deferred sales tax payment liabilities (refer note 21)	5.39	7.79
- Lease liabilities (refer note 39)	2.08	3.19
Unpaid dividends (refer note below)	0.92	0.94
Security deposits from customers	0.17	0.17
Payable for purchase of property, plant and equipment	10.97	7.76
Employee benefits payable	57.18	50.13
Other payables	25.42	21.86
	<u>102.61</u>	<u>93.40</u>

#### Note :

The amount due and paid during the year to "Investor Education and Protection Fund" is ₹ 0.10 million (31 March 2020: 0.06 million).

### 28 Other current liabilities

	As at 31 March 2021	As at 31 March 2020
Statutory dues:		
Provident fund payable	2.01	1.91
Employees' State Insurance Scheme contribution payable	0.01	0.02
Other dues payable	5.56	4.64
Advance from customers	49.77	19.35
Other Payables	2.44	0.06
	<u>59.79</u>	<u>25.97</u>

### 29 Revenue from operations

	Year ended 31 March 2021	Year ended 31 March 2020
<b>Revenue from operations</b>		
Sale of goods (refer note 40)		
Export	682.88	748.97
Domestic	2,137.90	1,700.26
	<u>2,820.78</u>	<u>2,449.23</u>
<b>Other operating revenues</b>		
Export incentives	13.95	24.31
	<u>2,834.73</u>	<u>2,473.54</u>

#### Disaggregation of revenue

Following table provides disaggregation of revenue and a reconciliation of product categorywise revenue and revenue recognised in Statement of Profit and Loss as revenue from contracts with customers:

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Human nutrition	2,294.91	1,765.38
Animal nutrition	320.06	372.02
Bio-process	250.23	312.12
	<u>2,865.20</u>	<u>2,449.52</u>
<b>Adjustments</b>		
Reversal/(Provision) for sales return	(1.54)	1.02
Discount	(42.88)	(1.31)
	<u>(44.42)</u>	<u>(0.29)</u>
<b>Total revenue from contract with customers</b>	<b>2,820.78</b>	<b>2,449.23</b>

# Notes to the Standalone Financial Statements

For the year ended 31 March 2021

(₹ in million)

## 30 Other income

	Year ended 31 March 2021	Year ended 31 March 2020
Interest income		
- on loan to related parties (refer note 43)	23.46	29.77
- on others	2.90	1.06
Liabilities no longer required written back #	0.00	0.00
Profit on sale of property, plant and equipment (net) (refer note 18)	7.06	-
Net gain on foreign currency transactions and translations	-	8.49
Dividend income	26.69	47.60
Guarantee commission from related parties (refer note 43)	0.60	1.60
Miscellaneous income	7.52	1.49
	<u>68.23</u>	<u>90.01</u>

## 31 Cost of materials consumed

	Year ended 31 March 2021	Year ended 31 March 2020
Opening stock	216.65	272.17
Add : Purchases during the year	987.98	888.84
Less : Closing stock	254.29	216.65
	<u>950.34</u>	<u>944.36</u>

## 32 Changes in inventories of finished goods, work-in-progress and stock-in-trade

	Year ended 31 March 2021	Year ended 31 March 2020
Opening stock		
- Finished goods	119.52	84.90
- Work-in-progress	206.95	184.79
	<u>326.47</u>	<u>269.69</u>
Closing stock		
- Finished goods	108.46	119.52
- Work-in-progress	205.27	206.95
	<u>313.73</u>	<u>326.47</u>
	<u>12.74</u>	<u>(56.78)</u>

## 33 Employee benefit expenses

	Year ended 31 March 2021	Year ended 31 March 2020
Salaries, wages and bonus	306.53	282.78
Contribution to provident and other funds (refer note 38)	12.86	12.44
Retirement benefits expense	9.42	8.00
Staff welfare expenses	9.99	14.56
Employee stock compensation expense (refer note 44)	3.54	8.29
	<u>342.34</u>	<u>326.07</u>

## 34 Finance costs

	Year ended 31 March 2021	Year ended 31 March 2020
Interest expenses on financial liabilities - borrowings carried at amortised cost	0.48	5.84
Net loss on foreign currency transactions and translations #	0.00	4.53
Interest expenses on lease assets (refer note 39)	0.36	0.63
	<u>0.84</u>	<u>11.00</u>

## 35 Depreciation and amortisation expense

	Year ended 31 March 2021	Year ended 31 March 2020
Depreciation on property, plant and equipment	79.02	78.04
Amortisation of intangible assets	7.21	7.01
Amortisation of Right to use of lease assets (refer note 39)	3.09	3.09
	<u>89.32</u>	<u>88.14</u>

# Figures are below ₹ 0.01 Million, hence disclosed as ₹ 0.00





## Notes to the Standalone Financial Statements

For the year ended 31 March 2021

(₹ in million)

### 36 Other expenses

	Year ended 31 March 2021	Year ended 31 March 2020
Consumption of stores and spare parts	39.32	38.80
Power and fuel	115.33	109.54
Water charges	4.10	3.49
Laboratory expenses	16.25	17.21
Repairs and maintenance		
- Buildings	5.67	7.89
- Plant and equipments	22.40	15.71
- Others	4.75	7.67
Travel, conveyance and car hire	9.78	21.19
Commission	6.71	5.66
Sales promotion and advertisement	1.32	0.98
Freight outward and forwarding	37.46	19.45
Selling and distribution expenses	2.91	18.03
Rent (refer note 39)	2.49	2.30
Rates and taxes	51.52	51.01
Insurance	6.90	3.68
Printing and stationary	1.01	1.90
Communication expenses	4.62	5.74
Directors' sitting fees	1.77	1.72
Legal and professional charges	38.24	28.58
Technical Services	113.99	90.27
Payment to Auditors (refer note 46)	7.06	6.87
Bad debts	0.43	0.26

	Year ended 31 March 2021	Year ended 31 March 2020
Provisions for doubtful accounts receivables (net)	1.55	0.00
Donation	0.59	0.62
Loss on sale of property, plant and equipment (net)	-	0.01
Net loss on foreign currency transactions and translations	2.99	(0.00)
Property, plant and equipment written off	-	0.51
Provision for diminution of investment in subsidiary (refer note 49)	-	10.52
Bank charges	1.38	1.92
Corporate Social Responsibility expenditure (refer note 48)	10.51	8.57
Miscellaneous expenses	12.05	12.13
	<u>523.10</u>	<u>492.23</u>

#### Note 37

#### Income taxes

#### Tax expense

#### (a) Income tax recognised in Statement of profit and loss

	For the year ended 31 March 2021	For the year ended 31 March 2020
Current income tax	248.44	193.89
Deferred income tax liability/ (asset) net		
Origination and reversal of temporary differences	25.72	(14.91)
Tax expense for the year	<u>274.16</u>	<u>178.98</u>

#### (b) Income tax recognised in Other Comprehensive Income

	For the year ended 31 March 2021			For the year ended 31 March 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	(0.39)	0.10	(0.29)	(4.49)	1.31	(3.18)
	<u>(0.39)</u>	<u>0.10</u>	<u>(0.29)</u>	<u>(4.49)</u>	<u>1.31</u>	<u>(3.18)</u>

# Notes to the Standalone Financial Statements

For the year ended 31 March 2021

(₹ in million)

## © Reconciliation of effective tax rate

	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>Profit before tax</b>	<b>984.28</b>	758.53
Tax using the Company's domestic tax rate (31 March 2021: 25.17% and 31 March 2020: ₹ 29.12%)	<b>247.74</b>	220.88
<b>Tax effect of:</b>		
Incremental deduction allowed for research and development costs	-	(15.88)
Tax-exempt income	<b>(6.72)</b>	(13.86)
Non tax deductible items	<b>2.99</b>	5.49
Change in Income tax rates	<b>0.80</b>	(19.26)
Minimum Alternate Tax credit written off	<b>26.33</b>	-
Others	<b>3.02</b>	1.61
<b>Tax expense as per profit or loss</b>	<b>274.16</b>	178.98

### Adoption of new Income Tax laws u/s 115BAA of the Income Tax Act, 1961

During the year the Company has computed its corporate tax liability as per lower tax rate available under Section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Company has remeasured and charged off its deferred tax assets/liability (net) including Minimum Alternate Tax credit balance aggregating ₹ 27.08 million equally over two quarters ended 31 December 2020 and 31 March 2021.

### Note 38

#### Employee benefits

The Group contributes to the following post-employment plans in India.

#### (A) Defined Contribution Plans:

The Company makes contributions towards provident fund and superannuation fund which are in the nature of defined contribution post employment benefit plans. Under the plan, the Company is required to contribute a specified percentage of payroll cost to fund the benefits.

The Company recognised ₹ 12.06 million for the year ended 31 March 2021 (31 March 2020: ₹ 11.63 million) towards provident fund contribution and ₹ 3.14 million for the year ended 31 March 2021 (31 March 2020: ₹ 3.09 million) towards super-annuation fund contribution in the Statement of Profit and Loss.

The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

#### (B) Defined Benefit Plan:

The Company provides for gratuity benefit, which is defined benefit plans, covering all its eligible employees. The Company has taken a Group Gratuity for its employees with the Life Insurance Corporation of India (LIC). Under gratuity policy, the eligible employees are entitled to receive gratuity payments upon their resignation or death (subject to completion of 4.5 years of employment) in lumpsum after deduction of necessary taxes.

The most recent actuarial valuation of the defined benefit obligation along with the fair valuation of the plan assets in relation to the gratuity scheme was carried out as at 31 March 2021. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

Based on the actuarial valuation obtained in this respect, the following table sets out the details of the employee benefit obligation and the plan assets as at balance sheet date:

	31 March 2021	31 March 2020
Defined benefit obligation	<b>69.19</b>	62.52
Fair value of plan assets	<b>55.79</b>	46.69
<b>Net defined benefit obligation/(assets)</b>	<b>13.40</b>	15.83





## Notes to the Standalone Financial Statements

For the year ended 31 March 2021

(₹ in million)

### i) Reconciliation in present value of obligations ('PVO') – defined benefit obligation:

	Defined benefit obligation	
	31 March 2021	31 March 2020
	Gratuity	Gratuity
Opening balance	62.52	52.19
<b>Included in profit or loss</b>		
Current service cost	5.28	4.34
Interest cost	3.97	3.78
	71.77	60.31
<b>Included in OCI</b>		
Remeasurement loss (gain):		
Actuarial loss (gain) arising from:		
Financial assumptions	0.26	3.92
Experience adjustment	(1.08)	0.41
	70.96	64.64
Benefits paid	(1.76)	(2.12)
Closing balance	69.19	62.52

### ii) Change in fair value of plan assets

	Fair value of plan assets	
	31 March 2021	31 March 2020
	Gratuity	Gratuity
Opening balance	46.69	43.24
<b>Included in profit or loss</b>		
Expected return on plan assets	3.11	3.28
	49.79	46.52
<b>Included in OCI</b>		
Remeasurement loss (gain):		
Actuarial loss (gain) arising from:		
Experience adjustment	(1.21)	(0.16)
	48.59	46.36
<b>Other</b>		
Contributions paid by the employer	8.96	2.45
Benefits paid	(1.76)	(2.12)
Closing balance	55.79	46.69

### Impact on consolidated Statement of Profit and Loss for the current year

	31 March 2021	31 March 2020
	Gratuity	Gratuity
Service cost:		
Current service cost	5.28	4.34
Past service cost and loss/(gain) on curtailments and settlement	-	-
Net interest cost	0.86	0.50
Total included in Employee Benefit expenses	6.14	4.84
Expenses deducted from the fund	-	-
Total Charge to Statement of Profit and Loss	6.14	4.84

### Impact on Other comprehensive income for the current year

	31 March 2021	31 March 2020
	Gratuity	Gratuity
Components of actuarial gain/losses on obligations:		
Due to Change in financial assumptions	0.26	3.92
Due to experience adjustments	(1.08)	0.41
Return on plan assets excluding amounts included in interest income	1.21	0.16
Amounts recognized in Other Comprehensive Income	0.39	4.49

### Plan assets

Plan assets comprise the following

Gratuity	31 March 2021	31 March 2020
Policy of insurance	100%	100%
	100%	100%

# Notes to the Standalone Financial Statements

For the year ended 31 March 2021

(₹ in million)

### iii. Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

	31 March 2021	31 March 2020
	Gratuity	Gratuity
Policy of insurance	100.00%	100.00%
Discount rate	6.50%	6.55%
Rate of return on plan assets	6.50%	6.55%
Salary Escalation	8.50%	8.50%
Withdrawal rates	12% at younger ages reducing to 2% at older ages	12% at younger ages reducing to 2% at older ages
Retirement age	58 years	58 years
Mortality rates	As published under the Indian assured lives mortality (2012-14) table	As published under the Indian assured lives mortality (2012-14) table

Assumptions regarding future mortality have been based on published statistics and mortality tables.

### iv. Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation as shown below.

	31 March 2021	31 March 2020
	Gratuity	Gratuity
<b>Increase in</b>		
Discount rate (0.5% movement)	66.65	60.16
Future salary growth (0.5% movement)	71.61	64.80
Withdrawal rates (10% movement)	68.94	62.20

	31 March 2021	31 March 2020
	Gratuity	Gratuity
<b>Decrease in</b>		
Discount rate (0.5% movement)	71.85	65.02
Future salary growth (0.5% movement)	66.85	60.33
Withdrawal rates (10% movement)	69.62	62.84

The sensitivity analysis above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

### v. Expected future cash flows

#### Expected contribution

The expected contributions for defined benefit plan for the next financial years mentioned below:

#### Expected future benefit payments

March 31, 2022	6.49
March 31, 2023	3.90
March 31, 2024	7.59
March 31, 2025	3.35
March 31, 2026	4.38
Thereafter	47.13

The trustees of the plan have outsourced the investment management of the fund to an insurance company. The insurance company in turn manages these funds as per the mandate provided to them by the trustees and the asset allocation which is within the permissible limits prescribed in the insurance regulations. Due to the restrictions in the type of investments that can be held by the fund, it may not be possible to explicitly follow an asset-liability matching strategy to manage risk actively in a conventional fund.





## Notes to the Standalone Financial Statements

For the year ended 31 March 2021

(₹ in million)

### 39 Leases

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

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

Particulars	As on 01 April 2019
Lease liability	8.03
Right of Use (ROU) asset	8.03
Deferred tax assets	-
<b>Net Impact on Retained Earnings</b>	<b>-</b>

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

Particulars	As on 01 April 2019
Lease commitments as at 31 March 2019	-
Add: Impact of assessment of opening lease commitments under Ind AS 116	8.03
Add/(less): contracts reassessed as lease contracts	-
<b>Lease liabilities as on 1 April 2019</b>	<b>8.03</b>

- (c) Following are the carrying value of Right of Use Assets for the year ended March 31, 2021:

Please refer note no. 5 for detailed presentation of fair value of Right of Use of Assets.

- (d) Impact of adoption of Ind AS 116 for the year ended March 31, 2021 is as follows:

Particulars	Year Ended 31 March 2021	Year Ended 31 March 2020
Decrease in Rental expenses by	3.55	3.39
Increase in Finance cost by	0.36	0.63
Increase in Depreciation by (excludes depreciation on reclassified assets)	3.09	3.09
<b>Net Impact on Profit/Loss</b>	<b>0.11</b>	<b>(0.33)</b>

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

Particulars	Year Ended 31 March 2021	Year Ended 31 March 2020
Less than one year	2.16	3.55
One to five years	-	2.16
More than five years	-	-
<b>Total undiscounted lease liabilities at 31 March 2020</b>	<b>2.16</b>	<b>5.71</b>
Discounted Lease liabilities included in the statement of financial position at 31 March		
Current lease liability	2.08	3.19
Non-Current lease liability	-	2.08

- (f) The Weighted average incremental borrowing rate of 9.25% p.a. for local currency borrowings has been applied for measuring the lease liability at the date of initial application.
- (g) Total cash outflow for leases for year ended 31 March 2021 is ₹ 3.55 million (31 March 20: ₹ 3.39 million).
- (h) General Description of leasing agreements:
- Leased Assets: Office
  - Future Lease rentals are determined on the basis of agreed terms.

# Notes to the Standalone Financial Statements

For the year ended 31 March 2021

(₹ in million)

- At the expiry of lease terms, the Company has an option to return the assets or extend the term by giving notice in writing.
- Lease agreements are generally cancellable and are renewable by mutual consent on mutually agreed terms.

## 40 Segment reporting

### Basis of segmentation

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

### Geographic information

The geographic information analyses the Company's revenues and non-current assets by the Company's country of domicile and other countries. In presenting geographic information, segment revenue has been based on the selling location in relation to sales to customers and segment assets are based on geographical location of assets.

	Year ended 31 March 2021	Year ended 31 March 2020
<b>Segment revenue (based upon location of customers)</b>		
India	2,137.90	1,700.26
Europe	122.60	149.48
USA	378.85	271.49
Asia	140.21	295.68
Others	41.22	32.32
	<u>2,820.78</u>	<u>2,449.23</u>

	As at 31 March 2021	As at 31 March 2020
<b>Segment assets (based upon location of assets)</b>		
India	1,428.94	1,404.23
Europe	53.69	53.69
USA	2.95	3.34
	<u>1,485.59</u>	<u>1,461.26</u>

### Major customer

Revenue from two customers, a domestic customer and a subsidiary based in U.S.A. aggregating to ₹ 918.12 million is in excess of 10% respectively of the Company's revenue for the year (31 March 2020: ₹ 302.32 million from one customer, subsidiary based in U.S.A) (Refer note 43 for related party disclosures).

## Note 41

### Earnings per share (EPS)

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

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

#### i. Profit attributable to Equity holders

	31 March 2021	31 March 2020
Profit attributable to equity holders	710.12	579.55

#### ii. Weighted average number of equity shares

	31 March 2021	31 March 2020
Issued equity shares at 1 April	11,16,78,475	11,16,48,975
Effect of fresh issue of shares for cash under ESOP scheme	18,025	22,372
<b>Weighted average number of shares at 31 March for basic EPS</b>	<u>11,16,96,500</u>	<u>11,16,71,347</u>
Effect of exercise of share options	1,72,283	1,34,117
<b>Weighted average number of shares at 31 March for diluted EPS</b>	<u>11,18,68,783</u>	<u>11,18,05,464</u>

### Basic and Diluted earnings per share

	31 March 2021	31 March 2020
Basic earnings per share	6.36	5.19
Diluted earnings per share	6.35	5.18

## Note 42

### 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.





## Notes to the Standalone Financial Statements

For the year ended 31 March 2021

(₹ in million)

31 March 2021	Note No.	Carrying amount				Fair value			
		FVTPL	FVTOCI	Amortised Cost	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
<b>Financial assets</b>									
Investments - Non-current	7	0.62	-	-	0.62	-	0.62	-	0.62
Loans - Non-current	8	-	-	288.50	288.50	-	-	-	-
Others - Non-current	9	-	-	0.05	0.05	-	-	-	-
Investments	12	329.25	-	-	329.25	329.25	-	-	329.25
Trade receivables	13	-	-	547.41	547.41	-	-	-	-
Cash and cash equivalents	14	-	-	15.05	15.05	-	-	-	-
Bank balances	14A	-	-	3.65	3.65	-	-	-	-
Loans - Current	15	-	-	0.27	0.27	-	-	-	-
Others - Current	16	-	-	16.06	16.06	-	-	-	-
		<b>329.87</b>	<b>-</b>	<b>870.99</b>	<b>1,200.86</b>	<b>329.25</b>	<b>0.62</b>	<b>-</b>	<b>329.87</b>
<b>Financial liabilities</b>									
Borrowings - Non current	21	-	-	1.75	1.75	-	-	-	-
Borrowings - Current	25	-	-	1.42	1.42	-	-	-	-
Leases - Non current	22	-	-	-	-	-	-	-	-
Trade payables	26	-	-	225.27	225.27	-	-	-	-
Other financial Liabilities	27	-	-	102.61	102.61	-	-	-	-
		<b>-</b>	<b>-</b>	<b>331.05</b>	<b>331.05</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Note: There have been no transfers among Level 1, Level 2 and Level 3 during the year

31 March 2020	Note No.	Carrying amount				Fair value			
		FVTPL	FVTOCI	Amortised Cost	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
<b>Financial assets</b>									
Investments	7	0.62	-	-	0.62	-	0.62	-	0.62
Loans - Non-current	8	-	-	265.21	265.21	-	-	-	-
Others - Non-current	9	-	-	0.05	0.05	-	-	-	-
Investments	12	10.00	-	-	10.00	10.00	-	-	10.00
Trade receivables	13	-	-	518.87	518.87	-	-	-	-
Cash and cash equivalents	14	-	-	26.69	26.69	-	-	-	-
Bank balances	14A	-	-	3.56	3.56	-	-	-	-
Loans - Current	15	-	-	0.19	0.19	-	-	-	-
Others - Current	16	-	-	23.62	23.62	-	-	-	-
		<b>10.62</b>	<b>-</b>	<b>838.19</b>	<b>848.81</b>	<b>10.00</b>	<b>0.62</b>	<b>-</b>	<b>10.62</b>

# Notes to the Standalone Financial Statements

For the year ended 31 March 2021

(₹ in million)

31 March 2020	Note No.	Carrying amount				Fair value			
		FVTPL	FVTOCI	Amortised Cost	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
<b>Financial liabilities</b>									
Borrowings - Non current	21	-	-	7.61	7.61	-	-	-	-
Borrowings - Current	25	-	-	78.63	78.63	-	-	-	-
Leases - Non current	22	-	-	2.08	2.08	-	-	-	-
Trade payables	26	-	-	137.12	137.12	-	-	-	-
Other financial Liabilities	27	-	-	93.40	93.40	-	-	-	-
		-	-	<b>318.84</b>	<b>318.84</b>	-	-	-	-

Note: There have been no transfers among Level 1, Level 2 and Level 3 during the year

## B. Measurement of fair values

Valuation techniques and significant unobservable inputs

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

### Financial instruments measured at fair value

Type	Valuation technique
Forward contracts for foreign exchange contracts	Forward pricing : The fair value is determined using quoted forward exchange rates at the reporting date and present value calculations based on high credit quality yield curves in the respective currencies
Non-current financial assets / liabilities measured at amortised cost	Discounted cash flow technique: The valuation model considers present value of expected payments discounted using an appropriate discounting rate.

## C. Financial risk management

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

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

## i. Risk management framework

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

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

The audit committee oversees how management monitors compliance with the company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The audit committee is assisted in its oversight role by internal audit. Internal auditor undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.





## Notes to the Standalone Financial Statements

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(₹ in million)

### ii. Credit risk

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

#### Trade and other receivables

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

At 31 March 2021, the carrying amount of the Company's most significant customer accounted for ₹ 89.31 million (31 March 2020 - ₹ 97.90 million).

Summary of the Group'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	387.00	0.05%	0.20
0-90 days	155.59	0.10%	0.15
91-180 days	2.37	4.14%	0.10
181-270 days	0.10	0.00%	0.01
271-360 days	1.75	21.12%	0.37
More than 360 days	2.88	49.35%	1.42
	<b>549.67</b>		<b>2.25</b>

	31 March 2020		
	Carrying Amount	Weighted Average Loss Rate	Loss Allowance
Not due	301.82	0.01%	0.04
0-90 days	210.65	0.02%	0.04
90-180 days	3.54	0.26%	0.01
180-270 days	1.70	0.00%	-
270-360 days	1.17	8.47%	0.10
More than 360 days	0.69	73.46%	0.51
	<b>519.57</b>		<b>0.70</b>

### Expected credit loss assessment for customers as at 31 March 2020 and 31 March 2021

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

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

The movement in the allowance for impairment in respect of trade and other receivables during the year was as follows.

Particulars	Amount
Balance as at 1 April 2019	0.70
Impairment loss recognised	-
Amounts written back	-
<b>Balance as at 31 March 2020</b>	<b>0.70</b>
Impairment loss recognised	1.98
Amounts written off	0.43
<b>Balance as at 31 March 2021</b>	<b>2.25</b>

The impairment loss at 31 March 2021 and 31 March 2020 related to certain customers that have defaulted on their payments to the Company and are not expected to be able to pay their outstanding balances, mainly due to economic circumstances.

### Cash and cash equivalents

The Company held cash and cash equivalents of ₹ 15.05 million at 31 March 2021 (31 March 2020: ₹ 26.69 million). The cash and cash equivalents are held with bank and financial institution counterparties with good credit ratings.

### Derivatives

There are no derivatives contracts outstanding as on 31 March 2021.

### Investments

The Company limits its exposure to credit risk by generally investing in liquid securities and only with counterparties that have a good credit rating. The Company does not expect any

# Notes to the Standalone Financial Statements

For the year ended 31 March 2021

(₹ in million)

losses from non-performance by these counter-parties, and does not have any significant concentration of exposures to specific industry sectors or specific country risks.

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

### iii. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that

it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company has obtained fund and non-fund based working capital lines from various banks. The Company invests its surplus funds in bank fixed deposit and mutual funds which carry no/low mark-to-market risks. The Company monitors funding options available in the debt and capital markets with a view to maintaining financial flexibility.

Exposure to liquidity risk:

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

31 March 2021	Contractual cash flows					
	Carrying amount	Total	Upto 1 year	1-3 years	3-5 years	More than 5 years
Long-term borrowings	1.75	1.75	-	1.75	-	-
Interest on borrowings	-	-	-	-	-	-
Lease liabilities - Non-current	-	-	-	-	-	-
Current maturities of long-term borrowings	5.88	5.88	5.88	-	-	-
Lease liabilities - Current	2.08	2.08	2.08	-	-	-
Short-term borrowings	1.42	1.42	1.42	-	-	-
Trade payables	225.27	225.27	225.27	-	-	-
Other financial liabilities	94.66	94.66	94.66	-	-	-
Issued financial guarantee contracts on behalf of subsidiaries*	-	-	-	-	-	-

31 March 2020	Contractual cash flows					
	Carrying amount	Total	Upto 1 year	1-3 years	3-5 years	More than 5 years
Long-term borrowings	7.61	7.61	-	7.61	-	-
Interest on borrowings	-	-	-	-	-	-
Lease liabilities - Non-current	2.08	2.08	-	2.08	-	-
Current maturities of long-term borrowings	9.35	9.35	9.35	-	-	-
Lease liabilities - Current	3.19	3.19	3.19	-	-	-
Short-term borrowings	78.63	78.63	78.63	-	-	-
Trade payables	137.12	137.12	137.12	-	-	-
Other financial liabilities	80.86	80.86	80.86	-	-	-
Issued financial guarantee contracts on behalf of subsidiaries*	-	-	-	-	-	-

\* Guarantees issued by the Company on behalf of subsidiary are with respect to borrowings raised by the subsidiary. These amount will be payable on default by the subsidiary. As of the reporting date, the subsidiary has not defaulted and hence, the Company does not have any present obligation to third parties in relation to such guarantee (Refer note: 53).





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(₹ in million)

### iv. Market risk

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

#### Currency risk

The Company is exposed to currency risk on account of its operations in other countries. The functional currency of the Company is Indian Rupee. The exchange rate between the Indian rupee and foreign currencies has changed substantially in recent periods and may continue to fluctuate substantially in the future. Consequently, the Company uses derivative instruments, i.e. foreign exchange forward contracts to mitigate the risk of changes in foreign currency exchange rates in respect of its highly probable forecasted transactions and recognized assets and liabilities.

#### Exposure to currency risk

The currency profile of financial assets and financial liabilities as at 31 March 2021 and 31 March 2020 are as below:

	31 March 2021	31 March 2021	31 March 2021
	USD	EURO	Others
<b>Financial assets</b>			
Cash and cash equivalents	0.04	0.01	0.04
Trade and other receivables	63.68	22.17	-
	<u>63.72</u>	<u>22.18</u>	<u>0.04</u>
<b>Financial liabilities</b>			
Trade and other payables	26.78	11.52	-
Loans	-	-	-
	<u>26.78</u>	<u>11.52</u>	<u>-</u>
Net exposure	<u>36.95</u>	<u>10.65</u>	<u>0.04</u>

	31 March 2020	31 March 2020	31 March 2020
	USD	EURO	Others
<b>Financial assets</b>			
Cash and cash equivalents	0.02	0.01	0.02
Trade and other receivables	115.10	24.96	-
	<u>115.12</u>	<u>24.97</u>	<u>0.02</u>
<b>Financial liabilities</b>			
Trade and other payables	17.99	12.02	0.98
Loans	53.84	-	-
	<u>71.83</u>	<u>12.02</u>	<u>0.98</u>
Net exposure	<u>43.29</u>	<u>12.95</u>	<u>(0.96)</u>

#### Sensitivity analysis

A reasonably possible strengthening / (weakening) of the Indian Rupee against US dollars and Euros at March 31 would have affected the measurement of financial instruments denominated in US dollars and Euros and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales.

Effect in ₹	Profit or loss	
	Strengthening	Weakening
<b>31 March 2021</b>		
<b>1% movement</b>		
USD	(0.37)	0.37
EUR	(0.11)	0.11
Others	(0.00)	0.00
	<u>(0.48)</u>	<u>0.48</u>

Effect in ₹	Profit or loss	
	Strengthening	Weakening
<b>31 March 2020</b>		
<b>1% movement</b>		
USD	(0.43)	0.43
EUR	(0.13)	0.13
Others	0.01	(0.01)
	<u>(0.55)</u>	<u>0.55</u>

# Notes to the Standalone Financial Statements

For the year ended 31 March 2021

(₹ in million)

## v. Interest rate risk

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

### Exposure to interest rate risk

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

	31 March 2021	31 March 2020
<b>Fixed-rate instruments</b>		
<b>Financial liabilities - measured at amortised cost</b>		
Vehicle Loan	0.48	2.02
<b>Floating-rate instruments</b>		
<b>Financial liabilities - measured at amortised cost</b>		
From banks in foreign currency	-	53.84
From banks in rupees	1.42	24.79
<b>Total</b>	<b>1.90</b>	<b>80.65</b>

Note: Deferred Sales Tax scheme is not included in the above since it does not bear any interest rate.

## Fair value sensitivity analysis for fixed-rate instruments

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

## Cash flow sensitivity analysis for variable-rate instruments

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

Cash flow sensitivity (net)	Profit or loss	
	25 bp increase	25 bp decrease
<b>31 March 2021</b>		
Variable-rate loan instruments	(0.00)	0.00
<b>Cash flow sensitivity (net)</b>	<b>(0.00)</b>	<b>0.00</b>
<b>31 March 2020</b>		
Variable-rate loan instruments	(0.20)	0.20
<b>Cash flow sensitivity (net)</b>	<b>(0.20)</b>	<b>0.20</b>





## Notes to the Standalone Financial Statements

For the year ended 31 March 2021

(₹ in million)

### 43 Related party relationships, transactions and balances

The table provides the information about the Group's structure including the details of the subsidiaries and the holding company. The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

#### a) Names of related parties

##### I Subsidiaries including step-down subsidiaries

Advanced Bio-Agro Tech Limited  
 Advanced Enzytech Solutions Limited  
 Advanced Enzymes Europe B.V.  
 JC Biotech Private Limited  
 Advanced Enzymes USA, Inc.  
 Evoxx Technologies GmbH (Wholly owned subsidiary of Advanced Enzymes Europe B. V.)  
 Advanced Enzymes (Malaysia) Sdn. Bhd.  
 Cal India Foods International (Wholly owned subsidiary of Advanced Enzymes USA, Inc.)  
 Advanced Supplementary Technologies Corporation (Wholly owned subsidiary of Advanced Enzymes USA, Inc.)  
 Enzyme Innovation, Inc. (Wholly owned subsidiary of Cal India Foods International)  
 Dynamic Enzymes, Inc. (Wholly owned subsidiary of Advanced Enzymes USA, Inc.)  
 Scitech Specialities Private Limited (Subsidiary w.e.f 11 January 2021)

##### II Key Management Personnel (KMP)

Mr. Vasant L. Rathi	Chairman and Non-executive director
Mrs. Savita C. Rathi (up to 08 August 2019)	Whole-time director
Mr. Mukund M. Kabra	Whole-time director
Mr. Beni P. Rauka	Chief Financial Officer
Mr. Sanjay Basantani	Company secretary
Mr. Kedar Desai	Independent director
Mr. Pramod Kasat	Independent director
Mr. Rajesh Sharma	Independent director
Ms. Rasika Rathi	Non-executive director and daughter of Chairman
Mr. Vilas M. Aurangabadkar	Independent director
Mr. Vinod Jajoo	Independent director
Mr. Sunny Sharma (w.e.f. 02 November 2019)	Additional (Non-executive) director
Mrs. Rajshree Patel (w.e.f. 12 June 2020)	Independent Director

##### Relatives of KMP :

Mrs. Prabha V. Rathi	Wife of Chairman
Mr. Kishore L. Rathi	Brother of Chairman
Mrs. Mangala M. Kabra	Mother of Whole-time director

##### III Other related parties (entities in which either of the KMP's have significant influence) with whom transactions have taken place during the year

Advanced Vital Enzymes Private Limited  
 Om Manufacturing Jalna Private Limited  
 Silverttech Trading Company Private Limited

# Notes to the Standalone Financial Statements

For the year ended 31 March 2021

(₹ in million)

## b) Transactions with related parties

Transactions during the year	Subsidiaries		KMPs and relatives		Other related parties	
	Year ended 31 March 2021	Year ended 31 March 2020	Year ended 31 March 2021	Year ended 31 March 2020	Year ended 31 March 2021	Year ended 31 March 2020
<b>1 Purchase of materials</b>						
Silvertech Trading Company Private Limited	-	-	-	-	-	1.98
JC Biotech Private Limited	501.55	420.94	-	-	-	-
Cal India Foods International	-	5.20	-	-	-	-
Scitech Specialities Private Limited	5.50	-	-	-	-	-
	<u>507.05</u>	<u>426.14</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1.98</u>
<b>2 Sale of goods and materials</b>						
Advanced EnzyTech Solutions Limited	63.51	62.70	-	-	-	-
Advanced Bio-Agro Tech Limited	188.63	221.04	-	-	-	-
Advanced Vital Enzymes Private Limited	-	-	-	-	1.86	20.64
Cal India Foods International	364.75	302.32	-	-	-	-
JC Biotech Private Limited	0.91	1.15	-	-	-	-
Evoxx Technologies GmbH	30.62	53.10	-	-	-	-
Scitech Specialities Private Limited	3.16	-	-	-	-	-
	<u>651.58</u>	<u>640.31</u>	<u>-</u>	<u>-</u>	<u>1.86</u>	<u>20.64</u>
<b>3 Remuneration *^</b>						
Mrs. Savita. C. Rathi	-	-	-	2.66	-	-
Mr. Mukund Kabra	-	-	17.74	16.77	-	-
Mr. Kishore.L. Rathi	-	-	2.99	2.89	-	-
Mrs. Mangala M. Kabra	-	-	3.46	3.36	-	-
Mr. Beni P. Rauka	-	-	10.37	8.95	-	-
Mr. Sanjay Basantani	-	-	3.00	2.94	-	-
	<u>-</u>	<u>-</u>	<u>37.56</u>	<u>37.57</u>	<u>-</u>	<u>-</u>
<b>4 Commission to directors *</b>						
Mr. Vasant L. Rathi	-	-	1.18	-	-	-
Mr. Mukund Kabra	-	-	3.54	2.88	-	-
Ms. Rasika Rathi	-	-	0.49	0.37	-	-
Mr. Kedar Desai	-	-	1.39	1.41	-	-
Mr. Pramod Kasat	-	-	1.11	1.16	-	-
Mr. Vilas M. Aurangabadkar	-	-	0.55	0.31	-	-
Mr. Vinod Jajoo	-	-	0.69	0.49	-	-
Mr. Rajesh Sharma	-	-	0.76	0.80	-	-
Mr. Sunny Sharma	-	-	0.42	-	-	-
Mrs. Rajshree Patel	-	-	0.49	-	-	-
	<u>-</u>	<u>-</u>	<u>10.61</u>	<u>7.42</u>	<u>-</u>	<u>-</u>





## Notes to the Standalone Financial Statements

For the year ended 31 March 2021

(₹ in million)

Transactions during the year	Subsidiaries		KMPs and relatives		Other related parties	
	Year ended 31 March 2021	Year ended 31 March 2020	Year ended 31 March 2021	Year ended 31 March 2020	Year ended 31 March 2021	Year ended 31 March 2020
<b>6 Sitting fees to Independent directors</b>						
Mr. Kedar Desai	-	-	0.46	0.54	-	-
Mr. Pramod Kasat	-	-	0.38	0.40	-	-
Mr. Vilas M. Aurangabadkar	-	-	0.22	0.19	-	-
Mr. Vinod Jajoo	-	-	0.26	0.26	-	-
Mr. Rajesh Sharma	-	-	0.26	0.33	-	-
Mrs. Rajshree Patel	-	-	0.19	-	-	-
	-	-	1.77	1.72	-	-
<b>6 Interest income</b>						
Advanced Enzymes Europe B.V.	23.46	29.67	-	-	-	-
Advanced Enzymes (Malaysia) Sdn. Bhd.	-	0.10	-	-	-	-
	23.46	29.77	-	-	-	-
<b>7 Advances / Loan repaid including interest</b>						
Advanced Enzymes Europe B.V.	-	118.44	-	-	-	-
	-	118.44	-	-	-	-
<b>8 Investment in subsidiaries</b>						
Scitech Specialities Private Limited	316.26	-	-	-	-	-
	316.26	-	-	-	-	-
<b>9 Dividend income</b>						
Advanced Enzytech Solutions Limited	7.49	24.50	-	-	-	-
Advanced Bio-Agro Tech Limited	19.20	23.10	-	-	-	-
	26.69	47.60	-	-	-	-
<b>10 Reimbursement of expenses</b>						
Advanced Enzymes USA, Inc.	0.59	0.59	-	-	-	-
	0.59	0.59	-	-	-	-
<b>11 Commission income</b>						
JC Biotech Private Limited	0.60	1.60	-	-	-	-
	0.60	1.60	-	-	-	-
<b>12 Technical services procured</b>						
Evovx Technologies GmbH	85.80	71.32	-	-	-	-
	85.80	71.32	-	-	-	-
<b>13 Selling and distribution expenses</b>						
Advanced Enzymes (Malaysia) Sdn. Bhd.	-	3.59	-	-	-	-
	-	3.59	-	-	-	-
<b>14 Assets provided for impairment</b>						
Advanced Enzymes (Malaysia) Sdn. Bhd. - Investment	-	8.38	-	-	-	-
Advanced Enzymes (Malaysia) Sdn. Bhd. - Loan given	-	1.95	-	-	-	-
Advanced Enzymes (Malaysia) Sdn. Bhd. - Interest receivable	-	0.19	-	-	-	-
	-	10.52	-	-	-	-

\* included in Employee benefit expense

^ The amount does not include gratuity and compensated absences which are actuarially determined on an overall basis for the Company and individual information in respect of the Key Management Personnel is not available.

# Notes to the Standalone Financial Statements

For the year ended 31 March 2021

(₹ in million)

## c) Outstanding balances

	Subsidiaries		KMPs and relatives		Other related parties	
	Year ended 31 March 2021	Year ended 31 March 2020	Year ended 31 March 2021	Year ended 31 March 2020	Year ended 31 March 2021	Year ended 31 March 2020
<b>1 Investment</b>						
Advanced Bio-Agro Tech Limited	0.60	0.60	-	-	-	-
Advanced EnzyTech Solutions Limited	1.57	1.57	-	-	-	-
Advanced Enzymes USA, Inc.	531.19	530.91	-	-	-	-
JC Biotech Private Limited	515.50	514.90	-	-	-	-
Advanced Enzymes (Malaysia) Sdn. Bhd.	-	-	-	-	-	-
Advanced Enzymes Europe B.V.	149.85	149.85	-	-	-	-
Advanced Vital Enzymes Private Limited	-	-	-	-	0.57	0.57
Scitech Specialities Private Limited	316.26	-	-	-	-	-
	<u>1,514.97</u>	<u>1,197.83</u>	<u>-</u>	<u>-</u>	<u>0.57</u>	<u>0.57</u>
<b>2 Trade receivables</b>						
Advanced EnzyTech Solutions Limited	3.60	5.09	-	-	-	-
Advanced Bio-Agro Tech Limited	14.57	2.18	-	-	-	-
Advanced Vital Enzymes Private Limited	-	-	-	-	0.41	0.23
Cal India Foods International	55.56	97.90	-	-	-	-
Om Manufacturing Jalna Private Limited	-	-	-	-	0.03	0.03
Evoxx Technologies GmbH	22.17	24.96	-	-	-	-
Scitech Specialities Private Limited	0.04	-	-	-	-	-
	<u>95.95</u>	<u>130.13</u>	<u>-</u>	<u>-</u>	<u>0.44</u>	<u>0.26</u>
<b>3 Trade payables</b>						
Cal India Foods International	-	3.46	-	-	-	-
Evoxx Technologies GmbH	8.99	6.64	-	-	-	-
JC Biotech Private Limited	122.96	53.32	-	-	-	-
Scitech Specialities Private Limited	4.76	-	-	-	-	-
	<u>136.71</u>	<u>63.42</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>4 Loans and advances (including current maturities and interest receivable)</b>						
Advanced Enzymes (Malaysia) Sdn. Bhd.	-	2.05	-	-	-	-
Advanced Enzymes Europe B.V.	275.44	340.76	-	-	-	-
Cal India Foods International	0.06	0.06	-	-	-	-
	<u>275.50</u>	<u>342.87</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>





## Notes to the Standalone Financial Statements

For the year ended 31 March 2021

(₹ in million)

	Subsidiaries		KMPs and relatives		Other related parties	
	Year ended 31 March 2021	Year ended 31 March 2020	Year ended 31 March 2021	Year ended 31 March 2020	Year ended 31 March 2021	Year ended 31 March 2020
<b>5 Remuneration payable</b>						
Mrs. Savita C. Rathi	-	-	-	3.13	-	-
Mr. Mukund M. Kabra	-	-	0.68	0.59	-	-
Mr. Kishore L. Rathi	-	-	0.16	0.16	-	-
Mrs. Mangala M. Kabra	-	-	0.20	0.15	-	-
Mr. Beni P. Rauka	-	-	0.46	0.27	-	-
Mr. Sanjay Basantani	-	-	0.17	0.13	-	-
	<u>-</u>	<u>-</u>	<u>1.66</u>	<u>4.43</u>	<u>-</u>	<u>-</u>
<b>6 Commission payable</b>						
Mr. Vasant L. Rathi	-	-	1.18	-	-	-
Mr. Mukund Kabra	-	-	3.54	2.88	-	-
Ms. Rasika Rathi	-	-	0.49	0.37	-	-
Mr. Kedar Desai	-	-	1.39	1.41	-	-
Mr. Pramod Kasat	-	-	1.11	1.16	-	-
Mr. Vilas M. Aurangabadkar	-	-	0.55	0.31	-	-
Mr. Vinod Jajoo	-	-	0.69	0.49	-	-
Mr. Rajesh Sharma	-	-	0.76	0.80	-	-
Mr. Sunny Sharma	-	-	0.42	-	-	-
Mrs. Rajshree Patel	-	-	0.49	-	-	-
	<u>-</u>	<u>-</u>	<u>10.61</u>	<u>7.42</u>	<u>-</u>	<u>-</u>

Notes:

The Company's international transactions with related parties are at arm's length as per the independent accountants report for the year ended 31 March 2020. Management believes that the Company's international transactions and domestic transactions with related parties post 31 March 2020 continue to be at arm's length and that the transfer pricing legislation will not have any material impact on these financial statements, particularly on amount of tax expense and that of provision for taxation.

**In compliance with Ind AS – 27 'Separate Financial Statements', the required information is as under:**

Subsidiaries		Ownership interest		
		Country of incorporation	31 March 2021	31 March 2020
i.	Advanced Bio-Agro Tech Limited	India	60%	60%
ii.	JC Biotech Private Limited	India	70%	70%
iii.	Advanced Enzytech Solutions Limited	India	100%	100%
iv.	Advanced Enzymes USA, Inc.	USA	100%	100%
v.	Advanced Enzymes Europe B.V.	Netherlands	100%	100%
vi.	Evoxx Technologies GmbH (Wholly owned subsidiary of Advanced Enzymes Europe B. V.)	Germany	100%	100%
vii.	Cal India Foods International (Wholly owned subsidiary of Advanced Enzymes USA, Inc.)	USA	100%	100%
viii.	Advanced Supplementary Technologies Corporation (Wholly owned subsidiary of Advanced Enzymes USA, Inc.)	USA	100%	100%
ix.	Enzyme Innovation, Inc. (Wholly owned subsidiary of Cal India Foods International)	USA	100%	100%
x.	Dynamic Enzymes, Inc. (Wholly owned subsidiary of Advanced Enzymes USA, Inc.)	USA	100%	100%
xi.	Advanced Enzymes (Malaysia) Sdn. Bhd.	Malaysia	100%	100%
xii.	Scitech Specialities Private Limited (Subsidiary w.e.f 11 January 2021)	India	51%	0%



# Notes to the Standalone Financial Statements

For the year ended 31 March 2021

(₹ in million)

## Note 44

### Employee share-based payment plans

#### a) Description of share-based payment arrangements:

As at 31 March 2021, the Company has the following share-based payment arrangements for employees.

'AETL Employee Stock Option Scheme 2015'- ("AETL ESOS 2015")

AETL ESOS 2015 (amended) provides for the grant of 44,000 stock options to specified employees on 15 February 2017. The AETL ESOS 2015 had been formulated by Board of Directors which was further adopted by Nomination and Remuneration committee and recommended further changes to AETL ESOS 2015. The Shareholders approved the amended scheme on 15 September 2016. The plan entitles specified employees to purchase shares in the Company at the stipulated exercise price, subject to compliance with vesting conditions. As per the plan, holders of vested options are entitled to purchase one equity share of face value of ₹ 10 each for every option at an exercise price of ₹ 300.

220,000 Equity Shares of Face Value of ₹ 2 each (31 March 2020: 220,000) are reserved for issue under AETL Employee Stock Option Scheme 2015 (AETL ESOS-2015).

The terms and conditions related to the grant of the share options are as follows:

Employees entitled	Number of options	Vesting conditions	Contractual life of options
Specified employees	2,20,000	- Continued employment with the Group: After 1 year of the date of grant 10% vesting After 2 year of the date of grant 20% vesting After 3 year of the date of grant 30% vesting After 4 year of the date of grant 40% vesting	Graded vesting over 4 years

#### b) Measurement of fair value :

The fair values are measured based on the Black-Scholes-option valuation model. Service and non-market performance conditions attached to the arrangements were not taken into account in measuring fair value.

The inputs used in the measurement of the fair values at grant date and measurement date of the stock options were as follows.

Particulars	1 Year	2 Years	3 Years	4 Years
<b>Vesting</b>				
Share price at grant date (Face value - ₹ 10 per share)	₹ 1,598	₹ 1,598	₹ 1,598	₹ 1,598
Exercise price (Face value - ₹ 2 per share)	60	₹ 60	₹ 60	₹ 60
Expected volatility (weighted average)	0.49	0.49	0.49	0.49
Expected life (weighted average)	3 years	3.5 years	4 years	4.5 years
Expected dividend	0.06%	0.06%	0.06%	0.06%
Risk-free interest rate (based on government bond)	6.60% p.a.	6.66% p.a.	6.72% p.a.	6.84% p.a.

Weighted-average exercise prices and weighted-average fair values of options

Date of Vesting	1 Year	2 Years	3 Years	4 Years
Weighted-average exercise prices	₹ 60	₹ 60	₹ 60	₹ 60
Weighted-average fair value of options	270	272	274	276





## Notes to the Standalone Financial Statements

For the year ended 31 March 2021

(₹ in million)

### c) Reconciliation of outstanding stock options :

The number and weighted-average exercise prices of share options under the stock option were as follows.

Particulars	31 March 2021		31 March 2020	
	No. of options	Weighted average exercise price (in rupees)	No. of options	Weighted average exercise price (in rupees)
Outstanding at 1 April	1,49,100	60	1,84,900	60
Adjustment for sub-division of Equity shares				
Vested	76,200	60	59,400	60
Forfeited	200	60	6,300	60
Expired	3,000	-	-	-
Exercised	49,950	60	29,500	60
<b>Outstanding at 31 March</b>	<b>95,950</b>	<b>60</b>	<b>1,49,100</b>	<b>60</b>
Exercisable at 31 March	95,950	60	72,700	60

The options outstanding at 31 March have an exercise price as given below:

	31 March 2021		31 March 2020	
	No. of options	Exercise price	No. of options	Exercise price
AETL ESOS 2015	95,950	60	1,49,100	60

### d) Expense recognized in the Consolidated Statement of Profit or Loss :

	31 March 2021	31 March 2020
AETL ESOS 2015	3.54	8.29
<b>Total expense recognized in 'employee benefits'</b>	<b>3.54</b>	<b>8.29</b>

### Note 45

#### Capital Management

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

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

	31 March 2021	31 March 2020
Non-current borrowings	1.75	7.61
Current borrowings	1.42	78.63
Current maturity of long term debt	5.88	9.35
<b>Gross debt</b>	<b>9.05</b>	<b>95.59</b>
Less - Cash and cash equivalents	15.05	26.69
Less - Other bank deposits	3.65	3.56
<b>Adjusted net debt</b>	<b>(9.65)</b>	<b>65.34</b>
Total equity	4,354.46	3,704.83
Adjusted net debt to equity ratio	(0.22)%	1.76%

# Notes to the Standalone Financial Statements

For the year ended 31 March 2021

(₹ in million)

## Note 46

### Payments to auditors (excluding GST)

	Year ended 31 March 2021	Year ended 31 March 2020
As auditor		
Statutory audit	3.65	3.15
Limited review	2.85	2.85
Certification work	0.23	0.23
Transfer pricing	0.25	0.33
Reimbursement of expenses	0.08	0.31
	<u>7.06</u>	<u>6.87</u>

## Note 47

### Research and development

The Company has incurred the following expenditure on research and development activities:

	Year ended 31 March 2021	Year ended 31 March 2020
Revenue expenditure		
Laboratory expenses and consumables	14.55	12.98
Employee benefit expenses	57.64	54.44
Legal and professional charges	5.14	5.20
Technical services	105.97	81.80
Electricity	9.41	9.81
Rent, rates and taxes	2.24	5.68
Repairs and maintenance	5.38	6.20
Travelling and conveyance expenses	0.81	2.75
Other expenses	3.02	3.05
	<u>204.16</u>	<u>181.91</u>
Capital expenditure		
Plant and equipment	33.30	19.25
Furniture and fixtures	1.55	0.39
Office equipment	2.95	0.41
Computer and data processing equipment	1.10	1.71
Building	14.16	-
	<u>53.06</u>	<u>21.76</u>

## Note 48

### Corporate Social Responsibility

The gross amount required to be spent by the Company during the year towards Corporate Social Responsibility (CSR) as per the provision of section 135 of the Companies Act, 2013 amounts to ₹ 10.50 million (31 March 2020: ₹ 8.38 million). Amount spent during the year on CSR activities as under:

Particulars	For the year ended 31-Mar-21	For the year ended 31-Mar-20
<b>Expenses incurred for the year</b>		
Amount spent during the year (for healthcare and sanitation, education, skill development and supporting underprivileged)	6.81	8.57
Expenses yet to be incurred (refer note below)	3.70	-
<b>Total</b>	<u>10.51</u>	<u>8.57</u>
In cash	6.81	8.57
Yet to be paid in cash (refer note below)	3.70	-

\*The Committee of Corporate Social Responsibility had approved the budget of ₹ 10.50 million, the Company contributes to the various projects undertaken by various organisations. During the year the amount spent is ₹ 6.81 million on the ongoing projects however the activities under the project are hampered due to the ongoing pandemic. The Company has deposited the balance unspent amount of ₹ 3.70 million in a separate bank account on 5 May 2021.

## Note 49

### Impairment in value of investment in Advanced Enzymes (Malaysia) Sdn. Bhd. ("AEM")

During the year ended 31 March 2020, the Company has provided for impairment in the value of investment made in Advanced Enzymes Malaysia Sdn. Bhd. ('AEM'), loan given to AEM and interest receivable from AEM aggregating to ₹ 10.52 million.

## Note 50

### Proposed Dividend

The Board of Directors recommended a final dividend for the financial year 2020-21 of ₹ 0.90 (31 March 2020: ₹ 0.60) per equity share of the face value of ₹ 2/- each, and the same will be paid after approval of shareholders in the Annual General Meeting of the Company.





## Notes to the Standalone Financial Statements

For the year ended 31 March 2021

(₹ in million)

### Note 51

#### Acquisition of 51% stake in Scitech Specialities Private Limited ("SSPL")

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

### Note 52

#### Contingent liabilities and commitments

	As at 31 March 2021	As at 31 March 2020
<b>a) Contingent liabilities</b>		
Pertains to income tax demand/matters on account of deductions/ disallowances for earlier years, pending for appeals consequent to order passed against the Company/ demands raised by the Department under Income Tax Act, 1961. Amount paid and adjusted there against and included under Income tax asset ₹ 98.31 million (31 March 2020: ₹ 98.31 million).	34.21	34.21
Pertains to Excise Duty and Service Tax demand raised by Commissioner of Central Excise, Customs and Service tax on account of inadmissible CENVAT credit, incorrect product classification and service tax levy on directors' remuneration for various periods. Amount paid there against and included under note 17 'Other current assets'.	26.94	26.94
Letter of comfort issued by the Company towards the credit facilities sanctioned by bankers of subsidiary company aggregating to ₹ 76.80 million (31 March 2020: ₹ 201 million)	51.67	74.33

	As at 31 March 2021	As at 31 March 2020
The Hon'ble Supreme Court of India ("SC") by their order dated February 28, 2019, in the case of Surya Roshni Limited & others v/s EPFO, set out the principles based on which allowances paid to the employees should be identified for inclusion in basic wages for the purposes of computation of Provident Fund contribution. Subsequently, a review petition against this decision has been filed and is pending before the SC for disposal.	-	-
In view of the management, the liability for the period from date of the SC order to 31 March 2019 is not significant. Further, pending decision on the subject review petition and directions from the EPFO, the impact for the past period, if any, is not ascertainable and consequently no effect has been given in the accounts. Accordingly, this has been disclosed as a Contingent liability in the financial statements.		
	<u>112.82</u>	<u>135.48</u>

The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liability, where applicable in its standalone financial statements. The Company's management does not reasonably expect that these legal actions, when ultimately concluded and determined, will have a material and adverse effect of the Company's results of operations or financial condition.

	As at 31 March 2021	As at 31 March 2020
<b>b) Commitments</b>		
Estimated amount of commitments remaining to be executed		
-Capital (net of advances)	3.14	25.06
	<u>3.14</u>	<u>25.06</u>

# Notes to the Standalone Financial Statements

For the year ended 31 March 2021

(₹ in million)

## Note 53

### Impact of COVID-19

In March 2020, the World Health Organisation declared COVID-19 to be a pandemic and several restrictions have been imposed by the Governments across the globe on the travel, goods movement and transportation considering public health and safety measures. Considering the Company's products are classified as an 'essential commodity', management believes that the impact of the pandemic may not be significant. As of today, production facilities remain operational, following enhanced internal safety guidelines. The Company has considered internal and external information while assessing

recoverability of its assets disclosed in the financial statement upto the date of approval of these financial statements by the Board of Directors. Based on such assessment and considering the current economic indicators, the Company expects to recover the carrying amount of these assets. Management has also considered the impact of COVID-19 on the business for the foreseeable future and have concluded that the Company has sufficient resources to continue as a going concern. The impact of the global health pandemic may be different from that estimated as at the date of approval of these financial statements and the Company will continue to closely monitor any material changes to future economic conditions.

## Note 54

### Disclosure under Section 186 of the Companies Act, 2013

a) The details of loan under Section 186 of the Act read with the Companies (Meetings of the board and its Powers) Rules, 2014 are as follows:

Name of entity	As at 31 March 2019	Loan given during the year	Repaid/ written off during the year	As at 31 March 2020
Advanced Enzymes Europe B.V.	298.17	-	52.22	245.95
Advanced Enzymes (Malaysia) Sdn. Bhd.	1.96	-	1.96	-

	As at 31 March 2019	Investment during the year	Investment reversed during the year	As at 31 March 2020
Advanced Enzymes USA, Inc.	530.32	0.59	-	530.91
JC Biotech Private Limited	513.30	1.60	-	514.90
Advanced Enzymes Europe B.V.	149.85	-	-	149.85
Advanced Enzymes (Malaysia) Sdn. Bhd.	8.38	-	8.38	-

Name of entity	As at 31 March 2020	Loan given during the year	Repaid / written off during the year	As at 31 March 2021
Advanced Enzymes Europe B.V.	245.95	-	-	245.95
Advanced Enzymes (Malaysia) Sdn. Bhd.	-	-	-	-





## Notes to the Standalone Financial Statements

For the year ended 31 March 2021

(₹ in million)

	As at 31 March 2020	Investment during the year	Investment reversed during the year	As at 31 March 2021
Advanced Enzymes USA, Inc.	530.91	0.28	-	531.19
JC Biotech Private Limited	514.90	0.60	-	515.50
Advanced Enzymes Europe B.V.	149.85	-	-	149.85
Scitech Specialities Private Limited	-	316.26	-	316.26
Advanced Enzymes (Malaysia) Sdn. Bhd.	-	-	-	-

### Note 1:

Purpose of utilisation of above loans	1) <b>Advanced Enzymes Europe B.V.:</b> For acquisition of Evoxx Technologies GmbH 2) <b>Advanced Enzymes (Malaysia) Sdn. Bhd.:</b> Towards working capital requirements.
Loan repayment terms	1) <b>Advanced Enzymes Europe B.V.:</b> 14 quarterly instalments including interest starting from September 2022. 2) <b>Advanced Enzymes (Malaysia) Sdn. Bhd.:</b> 23 month moratorium period from October 2018 to August 2020 and then 12 quarterly instalments including interest starting from September 2020 till July 2023 respectively. (this amount has been written off during FY 19-20)
Rate of Interest	1) <b>Advanced Enzymes Europe B.V.:</b> 9.00% 2) <b>Advanced Enzymes (Malaysia) Sdn. Bhd.:</b> 9.50%

Maximum amount outstanding during the year is ₹ 245.95 million (31 March 2020: ₹ 364.38 million) as per additional disclosures pursuant to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

### Note 55

#### Specified Bank Notes Disclosure

The disclosures regarding details of specified bank notes held and transacted during 8 November 2016 to 30 December 2016 has not been made in these financial statements since the requirement does not pertain to financial year ended 31 March 2021.

As per our report of even date attached.

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

Chartered Accountants

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

For and on behalf of Board of Directors of

**Advanced Enzyme Technologies Limited**

CIN No.: L24200MH1989PLC051018

**Sadashiv Shetty**

Partner

Membership No: 048648

**Mukund Kabra**

Wholtime Director

DIN : 00148294

Place: Nashik

**Kedar Desai**

Director

DIN : 00322581

Place: Mumbai

**Sanjay Basantani**

Company Secretary

Membership No: A19637

Place: Thane

Date: 29 May 2021

**Beni. P. Rauka**

Chief Financial Officer

Membership No: 039980

Place: Mumbai

Place: Mumbai

Date: 29 May 2021



# Independent Auditors' Report

To the Members of  
Advanced Enzyme Technologies Limited

## Report on the Audit of Consolidated Financial Statements

### Opinion

We have audited the consolidated financial statements of Advanced Enzyme Technologies Limited (hereinafter referred to as the 'Holding Company') and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), which comprise the consolidated balance sheet as at 31 March 2021, and the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors on separate financial statements of such subsidiaries, as were audited by the other auditors, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, as at 31 March 2021, of its consolidated profit and other comprehensive

Description of Key Audit Matter

### Revenue Recognition

The key audit matter	How the matter was addressed in our audit
<p>Revenue is recognised when control of the products being sold has been transferred to the customer. The timing of revenue recognition is relevant to the reported performance of the Group.</p> <p>We identified revenue recognition as a key audit matter because there is presumed fraud risk of revenue being overstated at period end by recognising certain transactions as revenue though control over those goods may not have transferred to the customers as at year-end by changing the timing of transfer of control.</p>	<p>In view of significance of the matter we applied following audit procedures in this area, among others to obtain sufficient and appropriate audit evidence:</p> <ul style="list-style-type: none"> <li>Evaluated compliance of the Group's revenue recognition accounting policies by comparing with Ind AS 115 "Revenue from Contracts with Customers".</li> <li>Tested the design, implementation and operating effectiveness of the Company's general IT controls and key IT application/ manual controls over the Company's systems which governs recording of revenue, creation of new customers and key controls over revenue cut-off in the general ledger.</li> </ul>

income, consolidated changes in equity and consolidated cash flows for the year then ended.

### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in sub paragraph (a) of the "Other Matters" paragraph below, is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



## Independent Auditors' Report (Continued)

The key audit matter	How the matter was addressed in our audit
<p>Refer Note 5 (a) to the consolidated financial statements for details on accounting policy on revenue recognition and note 30 for disclosure of revenue in the consolidated financial statements.</p>	<ul style="list-style-type: none"> <li>• Performed substantive testing by selecting statistical samples of revenue transactions recorded during the year and year-end cut-off testing by verifying the underlying documents, which include testing contractual terms of sale contracts / invoices, shipping documents and proof of delivery to test evidence for transfer of control.</li> <li>• Performed analysis such as sales trend, one-off sales to customers during the year to identify any unusual fluctuations.</li> <li>• Tested significant manual journals posted to revenue to identify unusual items.</li> <li>• Evaluated adequacy of disclosures in relation to revenue in the consolidated financial statements.</li> </ul>

### Other Information

The Holding Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the holding Company's annual report, but does not include the financial statements and our auditors' report thereon.

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

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

### Management's and Board of Directors' Responsibilities for the Consolidated Financial Statements

The Holding Company's Management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian

Accounting Standards (Ind AS) specified under section 133 of the Act. The respective Management and Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each company, and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Management and Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Management and Board of Directors of the companies included in the Group are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group is responsible for overseeing the financial reporting process of each company.

## Independent Auditors' Report (Continued)

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Act, we are also responsible for expressing our opinion on the internal financial controls with reference to the consolidated financial statements and the operating effectiveness of such controls based on our audit.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.
- Conclude on the appropriateness of Management and Board of Directors use of the going concern basis of accounting in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures

in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in para (a) of the section titled 'Other Matters' in this audit report.

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

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements



## Independent Auditors' Report (Continued)

of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Other Matters

(a) We did not audit the financial statements / financial information of 12 subsidiaries, whose financial statements/financial information reflect total assets (before consolidation adjustment) of Rs. 8,504 million as at 31 March 2021, total revenues (before consolidation adjustment) of Rs. 3,554 million and net cash flows amounting to Rs. 1,145 million for the year ended on that date, as considered in the consolidated financial statements. These financial statements/financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the audit reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

### Report on Other Legal and Regulatory Requirements

A. As required by Section 143(3) of the Act, based on our audit and on the consideration of reports of the other auditors on separate financial statements of such subsidiaries as were audited by other auditors, as noted in the 'Other Matters' paragraph, we report, to the extent applicable, that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

c) The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under section 133 of the Act.

e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2021 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on 31 March 2021 from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company, its subsidiary companies incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

B. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiaries as noted in the 'Other Matters' paragraph:

- i. The consolidated financial statements disclose the impact of pending litigations as at 31 March 2021 on the consolidated financial position of the Group. Refer Note 53 to the consolidated financial statements;
- ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended 31 March 2021;
- iii. There has been no delay in transferring amounts to the Investor Education and Protection Fund by the Holding Company or its subsidiary companies incorporated in India during the year ended 31 March 2021; and

## Independent Auditors' Report (Continued)

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- iv. The disclosures in the consolidated financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in the financial statements since they do not pertain to the financial year ended 31 March 2021.
- C. With respect to the matter to be included in the Auditor's report under section 197(16):

In our opinion and according to the information and explanations given to us and based on the reports of

the statutory auditors of such subsidiary companies incorporated in India which were not audited by us, the remuneration paid during the current year by the Holding Company, its subsidiary companies to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the Holding Company, its subsidiary companies is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

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

*Chartered Accountants*

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

**Sdashiv Shetty**

*Partner*

Membership No: 048648

ICAI UDIN: 21048648AAAABI2813

Place: Mumbai

Date: 29 May 2021



## Annexure A to the Independent Auditors' report

on the consolidated financial statements of Advanced Enzyme Technologies Limited for the year ended 31 March 2021

### Report on the internal financial controls with reference to the aforesaid consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph (A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

#### Opinion

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2021, we have audited the internal financial controls with reference to consolidated financial statements of Advanced Enzyme Technologies Limited (hereinafter referred to as "the Holding Company") and such companies incorporated in India under the Companies Act, 2013 which are its subsidiary companies, as of that date.

In our opinion, the Holding Company and such companies incorporated in India which are its subsidiary companies, have, in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls were operating effectively as at 31 March 2021 based on the internal financial controls with reference to consolidated financial statements criteria established by such companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

#### Management's Responsibility for Internal Financial Controls

The respective Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the criteria established by the respective Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

#### Auditors' Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial

statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of the internal controls based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the relevant subsidiary companies in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements.

#### Meaning of Internal Financial controls with Reference to Consolidated Financial Statements

A company's internal financial controls with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to consolidated financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company;

## Annexure A to the Independent Auditors' report (Continued)

on the consolidated financial statements of Advanced Enzyme Technologies Limited for the year ended 31 March 2021

and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial controls with Reference to consolidated Financial Statements**

Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to

consolidated financial statements to future periods are subject to the risk that the internal financial controls with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Other Matters**

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements in so far as it relates to four subsidiary companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

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

*Chartered Accountants*

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

**Sadashiv Shetty**

*Partner*

Membership No: 048648

UDIN: 21048648AAAABI2813

Place: Mumbai

Date: 29 May 2021





# Consolidated Balance Sheet

as at 31 March 2021

(₹ in million)

	Note	As at 31 March 2021	As at 31 March 2020
<b>I. ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Property, plant and equipment	6A	2,382.00	2,095.75
(b) Capital work-in-progress	6B	50.44	47.57
(c) Goodwill	6C	2,900.75	2,941.26
(d) Other intangible assets	6D	724.77	591.69
(e) Intangible assets under development	6E	53.79	53.75
(f) Financial assets			
(i) Investments	7	0.65	0.62
(ii) Loans	8	25.18	22.77
(iii) Other financial assets	9	0.05	0.05
(g) Deferred tax assets (net)	39	68.68	74.24
(h) Income tax asset (net)		119.78	136.40
(i) Other non-current assets	10	39.96	18.05
<b>Total non-current assets</b>		<b>6,366.05</b>	<b>5,982.15</b>
<b>(2) Current assets</b>			
(a) Inventories	11	938.81	800.30
(b) Financial assets			
(i) Investments	12	1,213.10	1,235.27
(ii) Trade receivables	13	862.74	746.91
(iii) Cash and cash equivalents	14	1,919.19	826.64
(iv) Bank balances other than (iii) above	15	58.55	3.56
(v) Loans	16	0.94	0.73
(vi) Other financial assets	17	58.23	35.68
(c) Other current assets	18	109.09	106.65
<b>Total current assets</b>		<b>5,160.65</b>	<b>3,755.74</b>
<b>(3) Non-current assets held for sale</b>	19	-	48.17
<b>Total assets</b>		<b>11,526.70</b>	<b>9,786.06</b>
<b>II. EQUITY AND LIABILITIES</b>			
<b>(1) Equity</b>			
(a) Equity share capital	20	223.46	223.36
(b) Other equity	21	9,483.10	8,173.17
<b>Equity attributable to the owners of the Company</b>		<b>9,706.56</b>	<b>8,396.53</b>
<b>Non-controlling interest</b>	49	601.10	277.95
<b>Total equity</b>		<b>10,307.66</b>	<b>8,674.48</b>
<b>(2) Non current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	22	98.71	41.54
(ii) Lease liability	23	35.70	78.29
(b) Provisions	24	13.56	12.97
(c) Deferred tax liabilities (net)	39	395.50	328.55
<b>Total non current liabilities</b>		<b>543.47</b>	<b>461.35</b>
<b>(3) Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	25	46.92	127.40
(ii) Trade payables	26		
a) total outstanding dues of micro enterprises and small enterprises		10.78	5.66
b) total outstanding dues other than micro enterprises and small enterprises		141.39	90.76
(iii) Other financial liabilities	27	304.08	237.94
(b) Other current liabilities	28	130.07	97.29
(c) Provisions	29	40.43	32.29
(d) Current tax liabilities (net)		1.91	4.13
<b>Total current liabilities</b>		<b>675.57</b>	<b>595.47</b>
<b>(4) Liabilities for non-current assets held for sale</b>	19	-	54.76
<b>Total equity and liabilities</b>		<b>11,526.70</b>	<b>9,786.06</b>

Significant accounting policies

Notes form an integral part of these consolidated financial statements

As per our report of even date attached.

For B S R & Co. LLP

Chartered Accountants

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

Sadashiv Shetty

Partner

Membership No: 048648

Place: Mumbai

Date: 29 May 2021

For and on behalf of Board of Directors of

Advanced Enzyme Technologies Limited

CIN No.: L24200MH1989PLC051018

Mukund Kabra

Wholtime Director

DIN : 00148294

Place: Nashik

Sanjay Basantani

Company Secretary

Membership No: A19637

Place: Thane

Date: 29 May 2021

Kedar Desai

Director

DIN : 00322581

Place: Mumbai

Beni. P. Rauka

Chief Financial Officer

Membership No: 039980

Place: Mumbai



# Consolidated Statement of Profit and Loss

for the year ended 31 March 2021  
(₹ in million)

	Note	Year ended 31 March 2021	Year ended 31 March 2020
<b>Income</b>			
Revenue from operations (including excise duty)	30	5,018.41	4,439.86
Other income	31	88.47	56.43
<b>Total income</b>		<u>5,106.88</u>	<u>4,496.29</u>
<b>Expenses</b>			
Cost of materials consumed	32	1,001.78	906.00
Purchases of stock-in-trade	33	0.28	2.30
Changes in inventories of finished goods, work-in-progress and stock-in-trade	34	(11.64)	(99.21)
Employee benefits expense	35	871.07	801.92
Finance costs (including exchange difference)	36	15.94	30.36
Depreciation and amortisation expense	37	284.12	257.78
Other expenses	38	841.62	805.57
<b>Total expenses</b>		<u>3,003.16</u>	<u>2,704.72</u>
<b>Profit before exceptional items and tax</b>		2,103.71	1,791.57
Exceptional items		-	-
<b>Profit before tax</b>		2,103.71	1,791.57
<b>Tax expense</b>	39		
Current tax		579.83	505.26
Deferred tax (credit)/ charge		9.50	(41.69)
Tax adjustment for earlier years		(0.26)	(2.49)
<b>Total tax expense</b>		<u>589.07</u>	<u>461.08</u>
<b>Profit for the year</b>		1,514.64	1,330.49
Less: Share of profit attributable to Non-controlling interest		52.66	37.55
<b>Profit for the year attributable to the owners of the Company</b>		<u>1,461.98</u>	<u>1,292.94</u>
<b>Other comprehensive income</b>			
A (i) Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit charge/(credit)		1.55	(5.70)
(ii) Income tax related to items that will not be reclassified to profit or loss		(0.41)	1.65
B (i) Items that will be reclassified to profit or loss			
Exchange differences in translating financial statements of foreign operations		(100.44)	398.87
(ii) Income tax related to items that will be reclassified to profit or loss		-	-
<b>Other comprehensive income for the year, net of tax</b>		<u>-99.30</u>	<u>394.82</u>
Share of Other Comprehensive Income / (Loss) attributable to Non-Controlling Interest		0.47	(0.27)
<b>Other Comprehensive Income for the year attributable to Owners of the Company</b>		<u>(99.77)</u>	<u>395.09</u>
<b>Total Comprehensive Income attributable to:</b>			
Owners of the Company		1,362.21	1,688.03
Non-Controlling Interest		53.13	37.28
<b>Total Comprehensive Income for the year</b>		<u>1,415.34</u>	<u>1,725.31</u>
<b>Earnings per equity share (face value ₹ 2 each fully paid up)</b>	46		
Basic		13.09	11.58
Diluted		13.07	11.56

Significant accounting policies

5

Notes form an integral part of these consolidated financial statements

6-58

As per our report of even date attached.

For B S R & Co. LLP

Chartered Accountants

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

Sadashiv Shetty

Partner

Membership No: 048648

Place: Mumbai

Date: 29 May 2021

For and on behalf of Board of Directors of

Advanced Enzyme Technologies Limited

CIN No.: L24200MH1989PLC051018

Mukund Kabra

Wholtime Director

DIN : 00148294

Place: Nashik

Sanjay Basantani

Company Secretary

Membership No: A19637

Place: Thane

Date: 29 May 2021

Kedar Desai

Director

DIN : 00322581

Place: Mumbai

Beni. P. Rauka

Chief Financial Officer

Membership No: 039980

Place: Mumbai



## Consolidated Statement of Changes in Equity (SOCIE)

for the year ended 31 March 2021  
(₹ in millions)

### (a) Equity share capital

	31 March 2021		31 March 2020	
	No. of Shares	Amount	No. of Shares	Amount
Balance at the beginning of the year (refer note 20)	11,16,78,475	223.36	11,16,48,975	223.30
Changes in equity share capital during the year	49,950	0.10	29,500	0.06
Balance at the end of the year	<u>11,17,28,425</u>	<u>223.46</u>	<u>11,16,78,475</u>	<u>223.36</u>

### (b) Other equity

Particulars	Attributable to owners of the Company							Total attributable to owners of the Company	Attributable to NCI	Total Equity
	Reserves and Surplus									
	Securities Premium account	Capital Reserve	General reserve	Retained earnings	Employee stock option account	Other reserve	Foreign currency translation reserve			
<b>Balance at 1 April 2019</b>	763.19	3.00	38.77	5,375.97	35.28	(1.81)	350.75	6,565.15	259.62	6,824.77
Profit for the year	-	-	-	1,292.94	-	-	-	1,292.94	37.55	1,330.49
Other comprehensive income for the year	-	-	-	(3.80)	-	-	398.87	395.07	(0.27)	394.80
<b>Total comprehensive income for the year</b>	-	-	-	<b>1,289.14</b>	-	-	<b>398.87</b>	<b>1,688.01</b>	<b>37.28</b>	<b>1,725.29</b>
Issue of Share capital	9.79	-	-	-	-	-	-	9.79	-	9.79
Exercise of Share options	-	-	-	-	(10.55)	-	-	(10.55)	-	(10.55)
Dividends paid	-	-	-	(67.01)	-	-	-	(67.01)	(18.95)	(85.96)
Dividend Distribution Tax (DDT)	-	-	-	(23.56)	-	-	-	(23.56)	-	(23.56)
Add : Options granted during the year (refer note 45)	-	-	-	-	11.34	-	-	11.34	-	11.34
<b>Balance at 31 March 2020</b>	<b>772.98</b>	<b>3.00</b>	<b>38.77</b>	<b>6,574.54</b>	<b>36.07</b>	<b>(1.81)</b>	<b>749.62</b>	<b>8,173.17</b>	<b>277.95</b>	<b>8,451.12</b>
Profit for the year	-	-	-	1,470.02	-	-	-	1,470.02	52.66	1,522.68
Other comprehensive income for the year	-	-	-	0.66	-	-	(100.45)	(99.79)	0.47	(99.32)
<b>Total comprehensive income for the year</b>	-	-	-	<b>1,470.68</b>	-	-	<b>(100.45)</b>	<b>1,370.23</b>	<b>53.13</b>	<b>1,423.36</b>
Issue of Share capital	16.58	-	-	-	-	-	-	16.58	-	16.58
Exercise of Share options	-	-	-	-	(13.69)	-	-	(13.69)	-	(13.69)
Options lapsed during the year	-	-	-	-	(1.50)	-	-	(1.50)	-	(1.50)
Dividends paid	-	-	-	(67.01)	-	-	-	(67.01)	(12.80)	(79.81)
Add : Options granted during the year (refer note 45)	-	-	-	-	5.32	-	-	5.32	-	5.32
Movement in non-controlling interest (refer note 48)	-	-	-	-	-	-	-	-	282.82	282.82
<b>Balance at 31 March 2021</b>	<b>789.56</b>	<b>3.00</b>	<b>38.77</b>	<b>7,978.21</b>	<b>26.20</b>	<b>(1.81)</b>	<b>649.17</b>	<b>9,483.10</b>	<b>601.10</b>	<b>10,084.19</b>

As per our report of even date attached.

For B S R & Co. LLP

Chartered Accountants

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

Sadashiv Shetty

Partner

Membership No: 048648

For and on behalf of Board of Directors of

Advanced Enzyme Technologies Limited

CIN No.: L24200MH1989PLC051018

Mukund Kabra

Wholtime Director

DIN : 00148294

Place: Nashik

Sanjay Basantani

Company Secretary

Membership No: A19637

Place: Thane

Date: 29 May 2021

Kedar Desai

Director

DIN : 00322581

Place: Mumbai

Beni. P. Rauka

Chief Financial Officer

Membership No: 039980

Place: Mumbai

Place: Mumbai

Date: 29 May 2021

# Consolidated Cash flow statement

for the year ended 31 March 2021  
(₹ in million)

	Year ended 31 March 2021	Year ended 31 March 2020
<b>A. Cash flows from operating activities</b>		
<b>Profit before tax</b>	<u>2,103.71</u>	<u>1,791.55</u>
	2,103.71	1,791.55
<b>Adjustments for non-cash transactions</b>		
Depreciation and amortization expense	284.12	257.78
Prepaid lease amortisation	0.10	-
Property, plant and equipments written off#	0.00	0.68
(Profit) / Loss on sale of Property, plant and equipments	(7.25)	0.07
Bad and doubtful trade receivables written off	0.43	0.30
Goodwill written off	-	0.93
Provision for doubtful trade receivables written back	(1.75)	(0.75)
Employee stock compensation expense	3.81	8.88
Excess provision written back	(2.80)	(2.68)
Sundry balances written off	0.39	0.26
Fair valuation of investments in marketable securities	(1.57)	(3.00)
Unrealized foreign exchange loss/(gain)	0.91	(2.38)
	<u>2,380.08</u>	<u>2,051.64</u>
<b>Items considered separately</b>		
Interest income	(9.89)	(3.60)
Interest expenses	15.94	25.82
Paycheck Protection Programme loan forgiveness	(39.83)	-
	<u>2,346.30</u>	<u>2,073.86</u>
<b>Operating profit before working capital changes</b>		
(Increase) / Decrease in Non-current loans	(0.40)	(0.43)
(Increase) / Decrease in Other non-current assets	(0.99)	6.87
(Increase) / Decrease in Inventories	(81.80)	(5.20)
(Increase) / Decrease in Trade receivables	(72.24)	(139.05)
(Increase) / Decrease in Current loans	(0.09)	0.29
(Increase) / Decrease in Financial current assets	2.76	(13.70)
(Increase) / Decrease in Other current assets	14.26	(22.92)
(Decrease) / Increase in Provisions	(9.74)	6.16
(Decrease) / Increase in Trade payables	14.73	(6.79)
(Decrease) / Increase in Current financial liabilities- others	(56.07)	(17.89)
(Decrease) / Increase in Other current liabilities	39.30	36.70
<b>Cash generated from operating activities</b>	<u>2,196.02</u>	<u>1,917.90</u>
Income taxes paid (net of refund)	(567.10)	(508.90)
<b>Net cash generated from operating activities</b>	<u>1,628.92</u>	<u>1,409.00</u>
<b>B. Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(194.47)	(506.51)
Proceeds from sale of property, plant and equipments	1.51	0.26
Purchase of intangible assets (net of refund)	(1.33)	1.78
Acquisition of business (refer note 48)	(16.26)	-
(Purchase) / Proceeds from sale of current investments (net)	(3.87)	(10.10)
Interest received	9.10	69.73
(Increase) in bank deposits with maturity more than 3 months but less than 12 months	(55.01)	(0.14)
(Increase) / Decrease in bank deposits with maturity of more than 12 months #	(0.00)	(0.00)
<b>Net cash (used in) investing activities</b>	<u>(260.33)</u>	<u>(444.98)</u>



## Consolidated Cash flow statement (Continued)

for the year ended 31 March 2021  
(₹ in million)

	Year ended 31 March 2021	Year ended 31 March 2020
<b>C. Cash flows from financing activities</b>		
Proceeds from issue of share capital including securities premium	3.00	1.77
Proceeds from long term borrowings	80.20	-
Paycheck Protection Programme loan proceeds	39.83	-
Repayment from long-term borrowings (net)	(125.36)	(110.18)
Repayment of short-term borrowings (net)	(111.53)	(112.97)
Interest paid	(15.36)	(24.94)
Lease liability paid	(54.07)	(33.98)
Dividends paid (including dividend tax)	(79.81)	(105.24)
<b>Net cash generated from financing activities</b>	<b>(263.10)</b>	<b>(385.54)</b>
<b>Net (decrease) / increase in cash and cash equivalents (A+B+C)</b>	<b>1105.49</b>	<b>578.48</b>
Cash and cash equivalents as at the beginning of the year	826.64	230.62
Cash acquired on acquisition (refer note 48)	6.02	-
Effect of exchange rate changes on cash and cash equivalents held	(18.96)	17.54
<b>Cash and cash equivalents as at the end of the year*</b>	<b>1919.19</b>	<b>826.64</b>
<b>* Composition of cash and cash equivalents (refer note 14)</b>		
Cash in hand	0.54	0.79
Balance with banks :		
Current account	1179.93	477.41
Fixed deposit account (with maturity less than 3 months)	108.94	23.49
Money market desposits	629.78	324.95
	<b>1919.19</b>	<b>826.64</b>

# Figures are below ₹ 0.01 Million, hence disclosed as ₹ 0.00

### Reconciliation between the opening and closing balances in the standalone balance sheet for liabilities arising from financing activities

Particulars	Notes	31 March 2020	Cashflows	Non cash changes				31 March 2021
				Acquisitions	Foreign exchange movement	Fair value change	Other adjustments	
Non-current borrowings	22 & 27	72.36	(45.16)	100.47	16.06	-	-	143.73
Cash credit, packing credit and working capital demand loans	25	127.40	(111.53)	31.14	(0.09)	-	-	46.92
<b>Total liabilities from financing</b>		<b>199.75</b>	<b>(156.69)</b>	<b>131.61</b>	<b>15.97</b>	<b>-</b>	<b>-</b>	<b>190.65</b>

### Notes to the standalone cash flow statement

1) The cash flow statement has been prepared under indirect method as set out in Ind AS 7, 'Statement of cashflows'.

# Figures are below ₹ 0.01 Million, hence disclosed as ₹ 0.00

As per our report of even date attached.

For B S R & Co. LLP

Chartered Accountants

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

Sadashiv Shetty

Partner

Membership No: 048648

For and on behalf of Board of Directors of

Advanced Enzyme Technologies Limited

CIN No.: L24200MH1989PLC051018

Mukund Kabra

Wholtime Director

DIN : 00148294

Place: Nashik

Sanjay Basantani

Company Secretary

Membership No: A19637

Place: Thane

Date: 29 May 2021

Kedar Desai

Director

DIN : 00322581

Place: Mumbai

Beni. P. Rauka

Chief Financial Officer

Membership No: 039980

Place: Mumbai

Place: Mumbai  
Date: 29 May 2021

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

(₹ in million)

## 1 Overview of the Company

Advanced Enzyme Technologies Limited (herein referred to as 'the Parent Company' or the 'the Company') together with its subsidiaries (together referred to as 'the Group') carries on the business of manufacturing and sales of enzymes. The equity shares of the Company were listed on National Stock Exchange of India Limited (NSE) via id ADVENZYMES and on BSE Limited (BSE) via Id 540025 on 1 August 2016. The registered office of the Company is Sun Magnetica, A wing, 5th Floor, Near LIC Service Road, Louiswadi, Thane (W), Maharashtra - 400604

## 2 Basis of preparation

### a Statement of compliance

These consolidated Ind AS financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of the Companies Act, 2013 ('the Act') and other relevant provisions and amendments as applicable.

These consolidated Ind AS financial statements were authorised for issue by the Group's Board of Directors on 29 May 2021.

All the assets and liabilities have been classified as current or non current as per the Group's normal operating cycle and other criteria set out in Schedule III to the Act. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalent, the Group has ascertained the operating cycle to be 12 months.

### b Functional and presentation currency

These consolidated financial statements are presented in Indian Rupees (INR), which is also the Company's functional currency. All amounts have been rounded-off to the nearest millions, unless otherwise indicated.

### c Historical cost convention:

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

- certain financial assets and liabilities (including derivative instrument) that are measured at fair value;
- defined benefit plans – plan assets measured at fair value

## 3 Use of estimates

The preparation of Consolidated Financial Statements in conformity with Ind AS requires the management to make use of judgements, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets and liabilities, revenue and expenses and disclosure of contingent liabilities. The estimates and assumptions used in accompanying Consolidated financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual results may differ from the estimates and assumptions used in preparing the accompanying Consolidated financial statements and reviewed on an ongoing basis. Any revision to accounting estimates is recognized prospectively in current and future periods.

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

### a. Property, plant and equipment

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

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

The obligation arising from defined benefit plan is determined on the basis of actuarial assumptions. Key actuarial assumptions include discount rate, trends in salary escalation, actuarial rates and life expectancy. The discount rate is determined 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.



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

(₹ in million)

## c. Recognition of deferred tax assets

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

## d. Recognition and measurement of other provisions

The recognition and measurement of other provisions are based on the assessment of the probability of an outflow of resources, and on past experience and circumstances known at the balance sheet date. The actual outflow of resources at a future date may therefore vary from the amount included in other provisions.

## e. Discounting of long-term financial assets / liabilities

All financial assets / liabilities are required to be measured at fair value on initial recognition. In case of financial liabilities/assets which are required to subsequently be measured at amortised cost, interest is accrued using the effective interest method.

## f. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting. The Group prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the Consolidated financial statements of the Group.

## g. Fair value of financial instruments

Derivatives are carried at fair value. Derivatives includes foreign currency forward contracts. Fair value of foreign currency forward contracts are determined using the fair value reports provided by respective merchant bankers.

## h. Measurement of fair values

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

The Group has an established control framework with respect to the measurement of fair values, which includes overseeing all significant fair value measurements, including Level 3 fair values by the management. The

management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the management assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which such valuations should be classified.

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

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

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

## 3A Standards issued but not yet effective

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from 1 April 2021.

## 4 Principles of Consolidation

### a Business combinations

As part of its transition to Ind AS, the group has elected to apply Ind AS 103, Business Combinations, to only those business combinations that occurred on or after the transition date i.e 1 April 2016. In accordance with Ind AS 103, the group accounts for these business combinations using the acquisition method when control is transferred to the group. The consideration transferred for the

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

(₹ in million)

business combination is measured at fair value as at the date the control is acquired (acquisition date), as are the net identifiable assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in Other Comprehensive Income (OCI) and accumulated in equity as capital reserve if there exists clear evidence of the underlying reasons for classifying the business combination as resulting in a bargain purchase; otherwise the gain is recognised directly in equity as capital reserve. Transaction costs are expensed as incurred, except to the extent related to the issue of debt or equity securities.

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

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured

subsequently and settlement is accounted for within equity. Other contingent consideration is remeasured at fair value at each reporting date and changes in the fair value of the contingent consideration are recognised in the consolidated statement of profit and loss.

If a business combination is achieved in stages, any previously held equity interest in the acquiree is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in the consolidated statement of profit and loss or OCI, as appropriate.

## b Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

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
i. Advanced Bio-Agro Tech Limited	India	60.00%	60.00%
ii. JC Biotech Private Limited	India	70.00%	70.00%
iii. Advanced Enzytech Solutions Limited	India	100.00%	100.00%
iv. Advanced Enzymes USA, Inc.	USA	100.00%	100.00%
v. Advanced Enzymes Europe B.V. (Wholly owned subsidiary)	Netherlands	100.00%	100.00%
vi. Evoxx Technologies GmbH (Wholly owned subsidiary of Advanced Enzymes Europe B. V.)	Germany	100.00%	100.00%
vii. Cal India Foods International (Wholly owned subsidiary of Advanced Enzymes USA, Inc.)	USA	100.00%	100.00%
vii. Advanced Supplementary Technologies Corporation (Wholly owned subsidiary of Advanced Enzymes USA, Inc.)	USA	100.00%	100.00%
ix. Enzyme Innovation, Inc. (Wholly owned subsidiary of Cal India Foods International)	USA	100.00%	100.00%
x. Dynamic Enzymes, Inc. (Wholly owned subsidiary of Advanced Enzymes USA, Inc.)	USA	100.00%	100.00%
xi. Advanced Enzymes (Malaysia) Sdn. Bhd. (Wholly owned subsidiary)	Malaysia	100.00%	100.00%
xii. Sci-Tech Specialties Private Limited (Acquired on 11 January 2021)	India	51.00%	Nil



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

(₹ in million)

## c Non-controlling interests (NCI)

NCI are measured at their proportionate share of the acquiree's net identifiable assets at the date of acquisition.

Changes in the Group's equity interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

## d Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any interest retained in the former subsidiary is measured at fair value at the date the control is lost. Any resulting gain or loss is recognised in consolidated statement profit or loss.

## e Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated.

## 5 Significant accounting policies:

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

### a. Revenue recognition

i. Revenue is recognised to the extent that it is probable that economic benefits will flow to the Group and the revenue can be reliably measured.

ii. Revenue from sale of products:

Revenue from contracts with customers is recognised when control of the goods is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Sales are exclusive of Goods and Service Tax (GST).

iii. Revenue from sale of services:

The Group offers various services ranging from enzyme identification, enzyme optimisation, enzyme and process development, scale-up and production under fixed price contracts.

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

iv. Export incentives received pursuant to the Duty Drawback Scheme and Merchandise Export from India Scheme are accounted on an accrual basis, to the extent it is probable that realization is certain.

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

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

#### Recognition and measurement

i. Items of property, plant and equipment are stated at cost less accumulated depreciation and amortisation and accumulated impairment losses, if any. Cost includes taxes, non refundable duties and taxes, freight and other incidental expenses directly related to acquisition/construction and installation of the assets. Any trade discounts and rebates are deducted in arriving the purchase price. Interest on borrowings to finance acquisition of property, plant and equipment during qualifying period is capitalized.

ii. Leasehold improvements represent expenses incurred towards civil work and interior furnishings on the leased premises.

iii. Asset is eliminated from the Consolidated financial statements on disposal or when no further benefit is expected from its use and disposal. Gains / losses arising from disposal of property, plant and equipment carried at cost are recognised in the Consolidated Statement of Profit and Loss.

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

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

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

(₹ in million)

## Subsequent expenditure

- vi. Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

## Depreciation

- vii. Depreciation on tangible fixed assets other than plant and equipment has been provided on Written Down Value method and on plant and equipment on Straight Line Method. Depreciation is provided on a pro-rata basis, i.e. from the date on which asset is ready for use.

The estimated useful life of assets are as follows:

Particulars	Estimated useful life
Building	30 - 60 years
Plant and equipment	10 - 25 years
Furniture and fixture	3 - 10 years
Vehicles	8 years
Office equipments	5 years
Computer and data processing equipment	3 - 6 years

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

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

## c. Intangible assets

- i. Intangible assets are stated at cost of acquisition less accumulated amortisation and accumulated impairment losses, if any.
- ii. Costs relating to acquisition of technical know-how and software are capitalized as intangible assets. Further, the expenditure incurred towards product studies during the development of product dossiers are grouped under "Intangible assets under development" to the extent such expenditure meet the criteria of intangible asset.
- iii. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

- iv. An intangible asset is eliminated from the Consolidated financial statements on disposal or when no further benefit is expected from its use and disposal. Gains / losses arising from disposal are recognised in the Statement of Profit and Loss.

- v. Any expected loss is recognized immediately in the Statement of Profit and Loss.

**Intangible assets are amortised over their estimated useful life on Straight Line Method as follows:**

Particulars	Estimated useful life
Computer software	1-5 years
Customer relationship	10 years
Developed technologies	15-25 years
Rights and Licences	10-15 years
Product Dossiers	10 years
Trade name	7 years

## d. Non-current assets held for sale

Non-current assets classified as held for sale, if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such assets, are generally measured at the lower of their carrying amount and fair value less costs to sell. Losses on initial classification as held for sale and subsequent gains and losses on re-measurement are recognised in Statement of Profit and Loss. Once classified as held-for-sale they are no longer depreciated.

## e. Impairment of non-financial assets

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

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

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



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

(₹ in million)

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

## f. Foreign currency

### Foreign currency transactions

- i. Initial recognition - Foreign currency transactions are recorded in the functional currency, by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency at the date of the transaction.
- ii. Subsequent measurement- Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognised in consolidated statement of Profit and Loss. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.
- iii. Exchange differences - All exchange differences arising on settlement/conversion on foreign currency transactions are included in the consolidated statement of Profit and Loss in the period in which they arise.

### Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into Indian rupee at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into Indian rupee at the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income (OCI) and accumulated in the translation reserve, except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed of in its entirety or partially such that control is lost, the cumulative amount

in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI.

## g. Stock based Compensation:

Employees Stock Option Plans ("ESOPs"):

Equity-settled plans are accounted at fair value as at the grant date. The fair value of the share-based option is determined at the grant date using a market-based option valuation model (Black Scholes Option Valuation Model). The fair value of the option is recorded as compensation expense amortized over the vesting period of the options, with a corresponding increase in Reserves and Surplus under the head "Employee Stock Option account". On exercise of the option, the proceeds are recorded as share capital.

The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the consolidated statement of Profit and Loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized in employee benefits expense.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest.

## h. Inventories

- i. Inventories of raw materials, packing materials, consumables, finished goods and work in process are valued at lower of cost or net realizable value on an item-by-item basis.
- ii. Cost of raw materials, consumables and packing materials is determined on weighted average basis. Cost of finished goods and stock in process is determined by considering materials, labour costs, conversion costs, including an appropriate share of fixed production overheads based on normal operating capacity and other related costs incurred in bringing the inventories to their present condition and location.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

(₹ in million)

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. Raw materials and other supplies held for use in the production of inventories are not written down below cost except in case where material prices have declined and it is estimated that the cost of the finished product will exceed its net realisable value.

During the previous year, valuation policy for raw materials, consumables and packing materials inventory was changed from first in first out to Weighted average to align with valuation methods for finished goods and stock in process. The impact of the change in accounting policy for raw material and packing material as at 31 March 2020 is insignificant to the financial statements.

## i. Employee benefits

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

### i. Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays specified contributions to a separate entity and has no obligation to pay any further amounts. The Group contributes to statutory provident fund in accordance with Employees' Provident Fund and Miscellaneous Provisions Act, 1952 that is a defined contribution plan and contribution paid or payable is recognized as an expense in the period in which the employee renders services.

Superannuation benefits, a defined contribution plan, has been funded with Life Insurance Corporation of India and the contribution is charged to Statement of profit and loss, when the contribution to the Fund is due.

For the entities incorporated in U.S.A., the companies contributed towards the pension cum retirement benefit plan in accordance with 401(k) of the Internal Revenue Code and the contribution paid or payable is recognised as an expense in the period in which the employee renders services.

## ii. Defined benefit plans

The Group provides for Gratuity benefit and Compensated Absences, which are defined benefit plans, covering all its eligible employees. Liability towards gratuity benefits and compensated absences expected to occur after twelve months, are determined using the Projected Unit Credit Method. Actuarial valuations are carried out at the balance sheet date. Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in OCI. The retirement benefit obligation recognized in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost, and as reduced by the fair value of scheme assets. The gratuity benefit and compensated absences scheme is funded with the Life Insurance Corporation of India (LIC).

The short term provision for compensated absences has been calculated on undiscounted basis, based on the balance of leave available over and above the maximum accumulation allowed as per the Group's policy.

## j. Income taxes

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

### Current tax

Current income tax relating to items recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

### Deferred tax

Deferred tax is recognised in respect of temporary difference between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

(₹ in million)

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

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

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

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

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

Deferred tax assets and liabilities are offset only if:

- a) The entity has a legally enforceable right to set off current tax assets against current tax liabilities; and
- b) The deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

## Minimum Alternate Tax

Minimum Alternate Tax (MAT) under the provisions of Income Tax Act, 1961 is recognized as current tax in the the consolidated statement of Profit and Loss. The Group recognizes MAT credit available as an asset only when it is probable that the future economic benefit associated with it will flow to the Group i.e. the Group will pay normal income tax during the period for which MAT Credit is allowed to be carried forward. In the year in which the Group recognizes MAT Credit recognized as an asset in accordance with

the Guidance Note on Accounting for Credit Available in respect of Minimum Alternate Tax under the Income Tax Act, 1961, by way of credit to the Statement of Profit and Loss and shown as "MAT Credit Entitlement." MAT credit recognized as an asset is reviewed at each balance sheet date and written down to the extent the aforesaid evidence no longer exists.

## k. Borrowing costs

Borrowing costs are interest and other costs that the Group incurs in connection with the borrowing of funds and is measured with reference to the Effective Interest Rate (EIR) applicable to the respective borrowing. Borrowing cost include interest costs measured at EIR and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

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

## l. Research and development costs

Research and development costs incurred for development of products are expensed as incurred, except for development costs that relate to the design and testing of new or improved materials, products or processes, which are recognized as an intangible asset to the extent that it is technically feasible to complete the development of such asset and future economic benefits are expected to be generated from such assets. Capital expenditure on research and development is included as part of assets and depreciated on the same basis as other assets.

## m. Provisions and contingencies

Provisions are determined by discounting the expected future cash flows specific to the liability. The unwinding of the discount is recognised as finance cost. A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

(₹ in million)

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

A contingent asset is not recognised but disclosed in the Consolidated financial statements where an inflow of economic benefit is probable.

## n. Leases

The Group has adopted Ind AS 116 effective from April 1 2019 using modified retrospective approach.

The Group assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified assets, the Group assesses whether:

- (i) the contract involves the use of an identified asset
- (ii) the Group has substantially all of the economic benefits from use of the asset through the period of the lease and
- (iii) the Group has the right to direct the use of the asset.

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

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

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

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

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

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

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

The Group's leases mainly comprise Office premises, land and buildings for warehouse facilities. The Group also has leases for equipment.

## o. Cash and cash equivalents

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

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

## p. Operating cycle

Operating cycle is the time between the acquisition of assets for processing and their realization in cash or cash equivalents. Based on the nature of products/ activities of the Group, the management has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

(₹ in million)

## q. Financial Instruments

### a. Financial assets

#### i. Recognition and initial measurement

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

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

#### ii. Classification

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

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

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

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

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

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

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the 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 consolidated statement of Profit and Loss.

Financial assets at amortised cost

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

Debt investments at FVOCI

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

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

(₹ in million)

## Equity investments at FVOCI

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

### iv. Derecognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Group enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

### v. Impairment of financial assets

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

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

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

## b. Financial liabilities

### i. Recognition and initial measurement

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

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

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

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

### iii. Derecognition

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

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

### iv. Offsetting

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



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

(₹ in million)

## v. Derivative financial instruments

The Group uses derivative financial instruments, such as forward currency contracts to hedge its interest rate risk. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value at each reporting period. Any changes therein are generally recognised in the consolidated statement of profit and loss.

## s. Government grants

Grants received from the government are recognized at their fair value where there is reasonable assurance that the grant will be received and the Group will comply with the conditions.

Government grants related to income are deferred and recognized in the consolidated statement of profit and loss over the period necessary to match them with the costs

that they are intended to compensate and netted off with the expense in the consolidated statement of profit and loss.

Government grants related to purchase of property plant and equipment are recognised as deferred income and are credited to consolidated statement of profit and loss on a straight line basis over expected life of the related asset and presented within other income.

## t. Earnings Per Share:

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

(₹ in million)

## 6A Property, Plant and Equipment

Gross block	Land freehold	Land leasehold	Buildings	Plant and equipments	Furniture and fixtures	Vehicles	Office equipments	Leasehold improvements	Computer and data processing equipments	Right to use asset	Total
Balance as at 1 April 2019	138.45	5.22	331.91	1,513.64	27.02	28.94	82.00	96.72	23.08	-	2,246.98
Additions	326.32	-	26.32	131.96	1.36	-	4.87	0.48	7.05	168.97	667.33
Disposals	-	-	-	0.46	-	0.65	0.40	-	-	-	1.51
Reversal on account of assets written off	-	-	-	0.57	0.29	-	0.38	0.94	0.16	-	2.34
<b>Balance as at 31 March 2020</b>	<b>464.77</b>	<b>5.22</b>	<b>358.23</b>	<b>1,644.57</b>	<b>28.09</b>	<b>28.29</b>	<b>86.09</b>	<b>96.25</b>	<b>29.98</b>	<b>168.97</b>	<b>2,910.46</b>
Additions	-	-	138.56	107.51	7.48	0.58	6.37	0.95	6.11	-	267.56
Addition on acquisition of subsidiary company	51.40	-	90.93	123.61	5.26	8.06	0.99	-	2.09	6.39	288.73
Disposals	-	-	0.02	2.21	0.13	0.93	0.37	-	0.11	-	3.77
<b>Balance as at 31 March 2021</b>	<b>516.17</b>	<b>5.22</b>	<b>587.70</b>	<b>1,873.48</b>	<b>40.70</b>	<b>36.00</b>	<b>93.08</b>	<b>97.20</b>	<b>38.07</b>	<b>175.36</b>	<b>3,462.98</b>
<b>Accumulated depreciation and amortisation</b>											
Balance as at 1 April 2019	-	0.21	93.25	376.93	16.58	16.49	71.77	45.91	13.82	-	634.96
Depreciation and amortisation	-	0.07	24.74	90.73	3.10	4.11	5.23	17.96	6.20	50.72	202.86
Reversal on disposal of assets	-	-	-	0.11	-	0.47	0.07	-	-	-	0.65
Reversal on account of assets written off	-	-	-	0.26	0.25	-	0.25	0.94	0.13	-	1.83
<b>Balance as at 31 March 2020</b>	<b>-</b>	<b>0.28</b>	<b>117.99</b>	<b>467.29</b>	<b>19.43</b>	<b>20.13</b>	<b>76.68</b>	<b>62.93</b>	<b>19.89</b>	<b>50.72</b>	<b>835.34</b>
Depreciation and amortisation	-	0.07	26.11	101.77	2.58	3.02	6.43	18.87	6.21	54.19	219.25
On acquisition of subsidiary company	-	-	9.44	33.61	1.70	2.13	0.38	-	1.13	2.62	51.01
Reversal on disposal of assets	-	-	0.01	1.16	0.06	0.72	0.35	-	0.08	-	2.38
<b>Balance as at 31 March 2021</b>	<b>-</b>	<b>0.35</b>	<b>153.53</b>	<b>601.51</b>	<b>23.65</b>	<b>24.56</b>	<b>83.14</b>	<b>81.80</b>	<b>27.15</b>	<b>107.53</b>	<b>1,103.22</b>
<b>Other Adjustment</b>											
Foreign currency translation adjustments as at 31 March 2020	-	-	-	6.33	0.05	-	1.33	5.98	0.34	6.60	20.63
Foreign currency translation adjustments during the year	-	-	-	0.69	0.00	-	0.24	(0.73)	(0.09)	1.50	1.61
<b>Balance as at 31 March 2021</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7.02</b>	<b>0.05</b>	<b>-</b>	<b>1.57</b>	<b>5.25</b>	<b>0.25</b>	<b>8.10</b>	<b>22.24</b>
<b>Net block</b>											
Balance as at 31 March 2020	464.77	4.94	240.24	1,183.61	8.71	8.16	10.74	39.30	10.43	124.85	2,095.75
<b>Balance as at 31 March 2021</b>	<b>516.17</b>	<b>4.87</b>	<b>434.17</b>	<b>1,278.99</b>	<b>17.10</b>	<b>11.44</b>	<b>11.51</b>	<b>20.65</b>	<b>11.17</b>	<b>75.93</b>	<b>2,382.00</b>

# Figures are below ₹ 0.01 Million, hence disclosed as ₹ 0.00

## 6B Capital work-in-progress (CWIP)

CWIP as at 1 April 2019	47.54
Addition during the year	492.03
Capitalised during the year	492.00
<b>CWIP as at 31 March 2020</b>	<b>47.57</b>
Addition during the year	747.24
Capitalised during the year	744.37
<b>CWIP as at 31 March 2021</b>	<b>50.44</b>



## Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

(₹ in million)

### 6C Goodwill on consolidation (refer note 50)

	As at 31 March 2021	As at 31 March 2020
Advanced Enzymes USA, Inc.	2,489.75	2,553.47
JC Biotech Private Limited	123.65	123.65
Advanced Enzytech Solutions Limited	0.87	0.87
Advanced Enzymes Europe B.V.	272.94	263.27
Scitech Specialities Private Limited	13.54	-
	<b>2,900.75</b>	<b>2,941.26</b>

### 6D Intangible assets

Gross block	Computer software	Customer relationship	Developed Technologies	Rights and Licences	Tradenname	Website Domain	Product Dossiers	Technical Knowhow	Non-compete Fee	Total
Balance as at 1 April 2019	31.53	78.62	527.93	229.04	25.63	6.32	3.83	-	-	902.90
Additions	1.76	-	-	0.28	-	-	-	-	-	2.04
<b>Balance as at 31 March 2020</b>	<b>33.29</b>	<b>78.62</b>	<b>527.93</b>	<b>229.32</b>	<b>25.63</b>	<b>6.32</b>	<b>3.83</b>	-	-	<b>904.94</b>
Additions	1.29	-	-	0.34	-	-	-	-	10.60	12.23
Addition on acquisition of subsidiary company	1.01	14.60	-	-	-	-	-	138.20	19.40	173.21
<b>Balance as at 31 March 2021</b>	<b>35.59</b>	<b>93.22</b>	<b>527.93</b>	<b>229.66</b>	<b>25.63</b>	<b>6.32</b>	<b>3.83</b>	<b>138.20</b>	<b>30.00</b>	<b>1,090.38</b>
<b>Accumulated amortisation</b>										
Balance as at 1 April 2019	11.83	13.48	54.48	206.11	6.28	2.28	0.11	-	-	294.57
Amortisation	6.68	8.21	28.74	4.76	3.83	2.32	0.38	-	-	54.92
<b>Balance as at 31 March 2020</b>	<b>18.51</b>	<b>21.69</b>	<b>83.22</b>	<b>210.87</b>	<b>10.11</b>	<b>4.60</b>	<b>0.49</b>	-	-	<b>349.49</b>
Amortisation	6.90	9.04	30.49	5.11	4.21	2.42	0.38	-	-	58.55
Addition on acquisition of subsidiary company	0.27	0.63	-	-	-	-	-	4.27	1.14	6.31
<b>Balance as at 31 March 2021</b>	<b>25.68</b>	<b>31.36</b>	<b>113.71</b>	<b>215.98</b>	<b>14.32</b>	<b>7.02</b>	<b>0.87</b>	<b>4.27</b>	<b>1.14</b>	<b>414.35</b>
<b>Other Adjustment</b>										
Foreign currency translation adjustments as at 31 March 2020	0.01	6.97	24.02	2.48	2.12	0.64	-	-	-	36.24
Foreign currency translation adjustments during the year	0.00	2.40	8.65	0.81	0.68	0.07	-	-	-	12.61
<b>Balance as at 31 March 2021</b>	<b>0.01</b>	<b>9.37</b>	<b>32.67</b>	<b>3.29</b>	<b>2.80</b>	<b>0.71</b>	-	-	-	<b>48.85</b>
<b>Net block</b>										
<b>Balance as at 31 March 2020</b>	<b>14.80</b>	<b>63.91</b>	<b>468.72</b>	<b>20.92</b>	<b>17.64</b>	<b>2.36</b>	<b>3.34</b>	-	-	<b>591.69</b>
<b>Balance as at 31 March 2021</b>	<b>9.92</b>	<b>71.23</b>	<b>446.89</b>	<b>16.97</b>	<b>14.11</b>	-	<b>2.95</b>	<b>133.93</b>	<b>28.86</b>	<b>724.77</b>

# Figures are below ₹ 0.01 Million, hence disclosed as ₹ 0.00

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

(₹ in million)

## 6E Intangible assets under development

Balance as on 1 April 2019	57.41
Addition during the year	1.65
Capitalised during the year	1.59
Other adjustment	3.72
<b>Balance as on 31 March 2020</b>	<b>53.75</b>
Addition during the year	1.33
Capitalised during the year	1.29
<b>Balance as at 31 March 2021</b>	<b>53.79</b>

## 7 Non-current investments

	As at 31 March 2021	As at 31 March 2020
<b>Other investments (unquoted)</b>		
<b>Equity shares at fair value through profit and loss</b>		
19,100 Equity shares (31 March 2020 - 19,100) of ₹ 10 each fully paid up of Advanced Vital Enzymes Private Limited *	0.57	0.57
1,666 Equity shares (31 March 2020 - 1,666) of ₹ 30 each fully paid up of Bombay Mercantile Co- op. Bank Limited	0.05	0.05
2,520 Equity shares (31 March 2020 - Nil) of ₹ 10 each fully paid up of Saraswat Coop Bank Ltd.	0.03	-
	<u>0.65</u>	<u>0.62</u>
Aggregate value of unquoted investments	0.65	0.62

\* refer note 43

## 8 Long-term loans

	As at 31 March 2021	As at 31 March 2020
<i>(unsecured considered good unless otherwise stated)</i>		
Security deposits	25.18	22.77
	<u>25.18</u>	<u>22.77</u>

## 9 Other non-current financial assets

	As at 31 March 2021	As at 31 March 2020
<i>(unsecured considered good unless otherwise stated)</i>		
Non-current bank deposits	0.05	0.05
	<u>0.05</u>	<u>0.05</u>

## 10 Other non-current assets

	As at 31 March 2021	As at 31 March 2020
<i>(unsecured considered good unless otherwise stated)</i>		
Prepaid expenses	35.56	10.45
Capital advances	3.88	7.60
Others	0.52	-
	<u>39.96</u>	<u>18.05</u>

## 11 Inventories (valued at lower of cost and net realisable value)

	As at 31 March 2021	As at 31 March 2020
Raw materials and packing materials [including goods-in- transit of ₹ 34.61 million (31 March 2020 ₹ 54.08 million)]	407.99	323.70
Work-in-progress	212.24	218.03
Finished goods [including goods-in-transit of ₹ 34.79 million (31 March 2020 ₹ 47.07 million)]	227.61	194.20
Stores, consumables and fuel	90.97	64.37
	<u>938.81</u>	<u>800.30</u>

As at 31 March 2021, the Company has written down the value for slow moving inventory aggregating ₹ 88.87 million (31 March 2020: ₹ 72.53 million). The charge on account of written down during the year ended 31 March 2021 is ₹ 29.14 million (31 March 2020: ₹ 8.26 million) is included in cost of materials consumed and changes in inventories.



## Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

(₹ in million)

### 12 Current investments

	As at 31 March 2021	As at 31 March 2020
<b>Mutual funds (Quoted) Measured at fair value through profit and loss</b>		
Fixed income securities	<b>883.76</b>	1,225.13
DSP overnight fund - Direct - Growth (No. of units 31 March 2021: 160,702.822, 31 March 2020: Nil) (Market value 31 March 2021: 1,102.2382/unit)	<b>177.13</b>	-
DSP Savings fund - Direct - Growth (No. of units 31 March 2021: 3,613,215.850, 31 March 2020: Nil) (Market value 31 March 2021: 42.1007/unit)	<b>152.12</b>	-
ICICI Prudential Mutual Fund- "ICICI Prudential Liquid - Growth" (No. of units 31 March 2021: 145.78, 31 March 2020: 145.78) (Market value 31 March 2021: 297.34/unit, 31 March 2020: 292.50/unit)	<b>0.04</b>	0.04
Franklin India Ultra Short Bond Fund Super Institutional Plan - Direct - Growth (No. of units 31 March 2021: 1,813.611, 31 March 2020: 3,593.245) (Market value 31 March 2021: 29.9099/unit, 31 March 2020: 27.65349/unit)	<b>0.05</b>	0.10
DSP Liquidity Fund- Direct Plan- Growth (No. of units 31 March 2021: Nil, 31 March 2020: 3,539.507) (Market value 31 March 2021: NA, 31 March 2020: 2,840.7140/unit)	-	10.00
	<b><u>1,213.10</u></b>	<b><u>1,235.27</u></b>

### 13 Trade receivables

	As at 31 March 2021	As at 31 March 2020
Secured, considered good	<b>0.13</b>	0.13
Unsecured, considered good	<b>862.61</b>	746.78
Unsecured, credit impaired	<b>7.28</b>	9.03
Less: Impairment loss allowance	<b>(7.28)</b>	(9.03)
	<b><u>862.74</u></b>	<b><u>746.91</u></b>
(refer note 51 for information about credit risk and market risk of trade receivables) The above balance includes amounts due from Private companies in which directors are interested (refer note 43)	<b>0.44</b>	0.26

### 14 Cash and cash equivalents

	As at 31 March 2021	As at 31 March 2020
Cash on hand	<b>0.54</b>	0.79
<b>Balances with banks</b>		
- in current accounts	<b>1,179.93</b>	477.41
- in deposit account with original maturity upto three months	<b>108.94</b>	23.49
Money market desposits	<b>629.78</b>	324.95
	<b><u>1,919.19</u></b>	<b><u>826.64</u></b>

### 15 Other bank balances

	As at 31 March 2021	As at 31 March 2020
Unclaimed dividend account	<b>0.92</b>	0.94
Bank deposits with original maturity of more than three months but less than twelve months*	<b>57.63</b>	2.62
	<b><u>58.55</u></b>	<b><u>3.56</u></b>
* includes earmarked balances for performance guarantees	<b>2.73</b>	2.62

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

(₹ in million)

## 16 Short-term loans

	As at 31 March 2021	As at 31 March 2020
<i>(unsecured considered good unless otherwise stated)</i>		
Security deposits	0.21	0.21
Loan to employees	0.73	0.52
	<u>0.94</u>	<u>0.73</u>

## 17 Other current financial assets

	As at 31 March 2021	As at 31 March 2020
<i>(unsecured considered good unless otherwise stated)</i>		
Interest receivable	1.55	0.53
Export incentives receivable	22.00	20.77
Others	34.68	14.38
	<u>58.23</u>	<u>35.68</u>

## 18 Other current assets

	As at 31 March 2021	As at 31 March 2020
<i>(unsecured considered good unless otherwise stated)</i>		
Prepaid expenses	20.17	22.46
Advance to suppliers	19.64	15.59
Balance with Government authorities	55.94	49.31
Asset recoverable from customers	9.57	8.38
Others	3.77	10.91
	<u>109.09</u>	<u>106.65</u>

## 19 Non-current assets held for sale

	As at 31 March 2021	As at 31 March 2020
Assets held for sale (refer note below)	-	48.17
	<u>-</u>	<u>48.17</u>

During the year, the Company has concluded transfer and assignment of its leasehold rights in the property situated at Jalna (BT park), Maharashtra with a tripartite agreement with Maharashtra Industrial Development Corporation ('MIDC') and the transferees to relinquish its rights on the said leasehold property. Accordingly, the gain on the transaction aggregating ₹ 7.15 million is included under "Other Income".

In accordance with the tripartite agreement, the related liabilities aggregating ₹ 54.76 million (comprising advances received and cost incurred by the transferee) has been adjusted against the sales consideration.

Particulars	Amount
Non-current assets held for sale (A)	48.17
Total consideration (B)	55.32
Gain on sale of non-current asset held for sale shown under "Other income" (C=B-A)	7.15

### Breakup of non-current asset held for sale

Description	31 March 2021	31 March 2020
Land	-	12.57
Development costs	-	35.60
	<u>-</u>	<u>48.17</u>



## Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

(₹ in million)

### 20 Equity share capital

	As at 31 March 2021		As at 31 March 2020	
	Number of shares	Amount	Number of shares	Amount
<b>Authorised</b>				
Equity shares of ₹ 2 each	17,50,00,000	350.00	17,50,00,000	350.00
	<u>17,50,00,000</u>	<u>350.00</u>	<u>17,50,00,000</u>	<u>350.00</u>
<b>Issued, subscribed and fully paid up</b>				
Equity shares of ₹ 2 each	11,17,28,425	223.46	11,16,78,475	223.36
<b>Total</b>	<u>11,17,28,425</u>	<u>223.46</u>	<u>11,16,78,475</u>	<u>223.36</u>

a) Reconciliation of equity share capital	As at 31 March 2021		As at 31 March 2020	
	Number of shares	Amount	Number of shares	Amount
Balance at the beginning of the year	11,16,78,475	223.36	11,16,48,975	223.30
Add : Issued during the year (Refer note 20 d)	49,950	0.10	29,500	0.06
<b>Balance at the end of the year</b>	<u>11,17,28,425</u>	<u>223.46</u>	<u>11,16,78,475</u>	<u>223.36</u>

b) Shareholders holding more than 5% of the equity shares	As at 31 March 2021		As at 31 March 2020	
	Number of shares	% of holding	Number of shares	% of holding
<u>Equity shares of ₹ 2 each</u>				
Mr. Vasant L. Rathi*	3,65,78,702	32.74%	3,65,78,702	32.75%
Chandrakant Rathi Innovations and Projects Private limited	1,33,71,876	11.97%	1,63,71,876	14.66%
Orbimed Asia III Mauritius Limited	1,10,53,245	9.89%	1,10,53,245	9.90%
HDFC Small Cap Fund	56,70,573	5.08%	76,37,086	6.84%
	<u>6,66,74,396</u>	<u>59.68%</u>	<u>7,16,40,909</u>	<u>64.15%</u>

\*includes shares held by Vasant and Prabha Rathi Generation Trust – 31 March 2021: 5,000,000 shares (4.48%) [31 March 2020: 5,000,000 shares (4.48%)]

### c) Rights, preferences and restrictions attached to equity shares

The Company has only one class of equity share having a par value of ₹ 2 per share. Each holder of equity share is entitled to one vote per share. The final dividend, if any, proposed by Board of Directors is subject to approval by the Shareholders. All shares rank pari passu on repayment of capital in the event of liquidation. Dividend proposed by the Board of Directors is subject to the approval of shareholders in the ensuing Annual General Meeting except interim dividend.

### d) Shares reserved for issue under options

The Company had reserved issuance of 220,000 Equity shares of ₹ 2 each (31 March 2020: 220,000) for offering to eligible employees of the Company under Employees Stock Option Scheme (ESOS). The option would vest on graded basis over a maximum period of 4 years or such other period as may be decided by the Employees Stock Compensation Committee from the date of grant based on specific criteria (refer note 45).

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

(₹ in million)

## 21 Other equity

	As at 31 March 2021	As at 31 March 2020
<b>Capital reserves</b>		
Balance at the beginning of the year	3.00	3.00
Add : Additions made during the year	-	-
Less : Deletions made during the year	-	-
Balance at the end of the year	<u>3.00</u>	<u>3.00</u>
<b>Securities premium account</b>		
Balance at the beginning of the year	772.98	763.19
Add: Premium on issue of equity shares under ESOP scheme	16.58	9.79
Balance at the end of the year	<u>789.56</u>	<u>772.98</u>
<b>Employee stock option account</b>		
Balance at the beginning of the year	36.07	35.28
Add: Options granted during the year (refer note 45)	5.32	11.34
Less: Exercised during the year	(13.69)	(10.55)
Less: Lapsed during the year	(1.50)	-
Balance at the end of the year	<u>26.20</u>	<u>36.07</u>
<b>Other Reserve</b>		
Balance at the beginning of the year	(1.81)	(1.81)
Add: Additions made during the year	-	-
Less: Deletions made during the year	-	-
Balance at the end of the year	<u>(1.81)</u>	<u>(1.81)</u>

	As at 31 March 2021	As at 31 March 2020
<b>General reserve</b>		
Balance at the beginning of the year	38.77	38.77
Add: Additions made during the year	-	-
Less: Deletions made during the year	-	-
Balance at the end of the year	<u>38.77</u>	<u>38.77</u>
<b>Surplus in the Statement of Profit and Loss</b>		
Balance at the beginning of the year	6,574.54	5,375.97
Add: Profit for the year	1,470.02	1,292.94
Add: Transferred from Other comprehensive income	0.66	(3.80)
Less: Dividend paid	(67.01)	(67.01)
Less: Tax on dividends distributed during the year	-	(23.56)
<b>Balance at the end of the year</b>	<u>7,978.21</u>	<u>6,574.54</u>
<b>Other Comprehensive Income</b>		
<b>Foreign currency translation reserve</b>		
Balance at the beginning of the year	749.62	350.75
Add: Exchange rate difference in translation (net)	(100.45)	398.87
<b>Balance at the end of the year</b>	<u>649.17</u>	<u>749.62</u>
	<u>9,483.10</u>	<u>8,173.17</u>

### Nature and purpose of reserves

#### Capital reserve

The reserve comprises of profits/gains of capital nature earned by the Company and credited directly to such reserve.



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

(₹ in million)

## Securities premium

Securities premium is used to record the premium received on issue of shares. It is utilised in accordance with the provisions of the Companies Act, 2013.

## General reserve

General reserve is created out of the profits earned by the Company by way of transfer from surplus in the Statement of Profit and Loss. The Company can use this reserve for payment of dividend and issue of fully paid up and not paid up bonus shares.

## Dividends

The following dividends were declared and paid by the Company during the year

Particulars	Paid during 01-Apr-20 to 31-Mar-21	Paid during 01-Apr-19 to 31-Mar-20
₹ 0.60 per equity share (31 March 2020: ₹ 0.60 per equity share)	67.01	67.01
Dividend distribution tax on dividend to equity shareholders	-	23.56
	<u>67.01</u>	<u>90.57</u>

## 22 Non-current borrowings

	As at 31 March 2021	As at 31 March 2020
<b>Secured</b>		
<b>Term loans:</b>		
From banks	82.58	11.82
Vehicle loans	5.55	0.46
From other parties	8.83	22.11
	<u>96.96</u>	<u>34.39</u>
<b>Unsecured</b>		
Deferred sales tax payment liabilities	1.75	7.15
	<u>1.75</u>	<u>7.15</u>
	<u>98.71</u>	<u>41.54</u>

### a) Details of security for each type of borrowings as at 31 March 2021

#### The Company:

- (a) Vehicle loans availed from three banks and one financial institution are secured by charge on vehicles as specified in their respective loan agreements.

#### Scitech Specialities Private Limited:

- a) The term loan is secured by way of equitable mortgage of Land, Building located at A-3, STICE, Musalgaon, Taluka Sinnar, Dist. Nasik and other immovables & Hypothecation of movable machineries and personal guarantee by the directors (refer note 22(b) below #).
- b) The term loan is secured by way of equitable mortgage of Building located at 501, DLH Park, S. V. Road, Goregaon (West), Mumbai, Maharashtra and personal guarantee by the directors (refer note 22(b) below ##).
- c) Vehicle loans availed from five banks and are secured by way of hypothecation of respective vehicle.

#### JC Biotech Private Limited:

- (a) Term Loan and Overdraft facility:
- (i) The Term Loan and Drop Line Overdraft from Yes Bank is secured by way of Hypothecation on current assets and movable assets of the company and deed of mortgage on Immovable properties of the company.
- (ii) The Term Loan and Drop Line Overdraft from Yes Bank is further secured by the personal guarantee of Mr.S Chandrashekhar, Managing Director of JC Biotech Private Limited.
- (iii) The Parent Company has given the letter of comfort to Axis Bank for availing the credit facility of ₹ 76.80 Million.
- (vi) Term Loan from Biotechnology Industry Research Assistance Council (BIRAC/SBIRI) is secured by way of Hypothecation of Assets acquired for the project sanctioned by BIRAC/SBIRI
- (vii) The Cash credit facility from Axis Bank (erstwhile with Yes Bank) is secured by way of Hypothecation of current assets and movable assets of the company and deed of mortgage on Immovable properties of the company.

#### Evovx technologies GmbH:

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

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

(₹ in million)

## b) Terms of repayment of term loans and other loans (including current maturities)

Term loans	Interest rates	Repayment terms	Outstanding as at 31 March 2021	Outstanding as at 31 March 2020
<b>From Banks</b>				
Yes Bank - drop line overdraft facility	9.25%	60 equal monthly instalments of ₹ 1.42 million each along with interest up to 31 March 2022	-	28.80
Axis Bank- drop line overdraft facility	8.90%	16 equal monthly instalments of ₹ 1.42 million each along with interest up to 31 March 2022	12.18	-
HDFC Bank (Term Loan 1) #	L+4.50%	6 equal monthly instalments of ₹ 0.13 million each along with interest up to 20 September 2021	0.76	-
HDFC Bank (Term Loan 2) #	L+4.50%	14 equal monthly instalments of ₹ 0.90 million each along with interest up to 22 May 2022	12.60	-
HDFC Bank (Term Loan 3) #	L+4.50%	14 equal monthly instalments of ₹ 0.18 million each along with interest up to 22 May 2022	2.49	-
HDFC Bank (Under GECL Scheme)	8.25%	36 equal monthly instalments of ₹ 0.28 million each along with interest up to 15 June 2024	9.91	-
Deutsche Bank AG ##	7.90%	142 equal monthly instalments of ₹ 0.56 million each along with interest up to 30 Jan 2033	79.38	-
<b>From others</b>				
Deutsche Leasing für Sparkassen und Mittelstand GmbH	4.32%	72 equal monthly instalments of ₹ 0.34 million each along with interest up to 1 April 2022	4.64	8.42
Deutsche Leasing für Sparkassen und Mittelstand GmbH	4.35%	65 equal monthly instalments of ₹ 0.57 million each along with interest up to 1 Aug 2021	2.52	8.10
Biotechnology Industry Research Assistance Council	Up to ₹ 10 million - 1%, balance - 2%	10 equal half yearly instalments of ₹ 2.22 million each along with interest up to 5 May 2022	4.46	10.07

## Vehicle Loans (including current maturities)

Interest rate	No. of installments	Date of last installment	Amount of installment	Outstanding as at 31 March 2021	Outstanding as at 31 March 2020
9.90%	60	05-Jun-20	0.01	-	0.05
9.75%	60	07-Nov-20	0.01	-	0.09
9.16%	60	07-Apr-21	0.09	0.09	1.13



## Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

(₹ in million)

### Vehicle Loans (including current maturities)

Interest rate	No. of installments	Date of last installment	Amount of installment	Outstanding as at 31 March 2021	Outstanding as at 31 March 2020
8.35%	60	05-Mar-22	0.03	0.39	0.75
8.55%	14	07-May-22	0.04	0.51	-
8.55%	30	07-Sep-23	0.02	0.47	-
10.20%	30	05-Sep-23	0.03	0.83	-
8.50%	52	05-Jul-25	0.02	1.19	-
9.10%	44	05-Nov-24	0.05	2.02	-
10.00%	41	15-Aug-24	0.01	0.53	-
<b>Total</b>				<b>6.03</b>	<b>2.02</b>

### Deferred sales tax payment liabilities

Deferred Sales Tax Loan is interest free and payable in 5 equal annual installments after expiry of initial 10 years moratorium year from each such year of deferral period from 1996-97 to 2006-07.

### 23 Lease liabilities

	As at 31 March 2021	As at 31 March 2020
Lease liability	35.70	78.29
	<u>35.70</u>	<u>78.29</u>

### 24 Non-current provisions

	As at 31 March 2021	As at 31 March 2020
Provision for employee benefits		
Compensated absences	3.69	1.85
Gratuity (refer note 40)	9.87	11.12
	<u>13.56</u>	<u>12.97</u>

### 25 Current borrowings

	As at 31 March 2021	As at 31 March 2020
<b>Secured</b>		
<b>Loans repayable on demand:</b>		
From banks in foreign currency	8.66	53.84
From banks in rupees	38.26	73.56
	<u>46.92</u>	<u>127.40</u>

### a) Details of security for each type of borrowings as at 31 March 2021

#### The Company:

Loans repayable on demand from Banks (Working Capital loans) are secured by first pari passu charge on all existing and future current assets of the Company.

#### Advanced Bio Agro Tech Limited:

(a) Loans repayable on demand from banks (Working Capital loans) are secured as under:

- Negative lien on Land & Building situated at Gat No 551, Off Nashik-Pune Road, Dapurwad Road, Mauje, Musalgaon, Taluka- Sinnar, Dist-Nashik, Sole Charge on Plant & Machinery located at the above address as and when procured.
- First Exclusive charge on Stocks and Book Debts of the Advanced Bio Agro Tech Limited.
- Personal guarantee given by the Managing Director Mr. OP Singh.

#### JC Biotech Private Limited:

- The cash credit facility from bank is secured by way of hypothecation of current assets and moveable assets of the Company and deed of mortgage on immovable properties of the JC Biotech Private Limited.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

(₹ in million)

## Scitech Specialities Private Limited:

- (i) The working capital facility from bank are secured against the inventories and Trade receivables of of the Scitech Specialities Private Limited.

## b) Terms of repayment of loans

### Loan repayable on demand - from banks

- (i) Cash Credit from bank for ₹ 38.26 million (31 March 2020: ₹ 73.65 million) carries an interest rate of 8.9% to 12%.
- (ii) Packing credit foreign currency loan from bank for ₹ 8.66 million (31 March 2020: ₹ 53.84 million) carries an interest rate of Libor + 150 to 250 bps (31 March 2020: Libor + 100 to 125 bps).

## 26 Trade payables

	As at 31 March 2021	As at 31 March 2020
Total outstanding dues to micro and small enterprises (refer note below)	10.78	5.66
Total outstanding dues to others (refer note 43 for payable to related parties)	141.39	90.76
	<u>152.17</u>	<u>96.42</u>

### Note:

Dues to micro, small and medium enterprises pursuant to section 22 of the Micro, Small and Medium Enterprises Development Act (MSMED), 2006

Principal amount remaining unpaid	10.78	5.66
Interest due thereon	0.03	0.02
Interest paid by the Company in terms of Section 16 of MSMED Act, 2006, along with the amount of the payment made to the suppliers and service providers beyond the appointed day during the year	-	-

	As at 31 March 2021	As at 31 March 2020
Interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006	-	-
Interest accrued and remaining unpaid as at balance sheet date	0.07	0.04
Further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006.	0.07	0.04

### Note:

The management has identified enterprises which have provided goods and services to the Companies within the Group which are incorporated in India and which qualify under the definition of micro and small enterprises, as defined under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED). Accordingly, the disclosure in respect of the amounts payable to such enterprises has been made in the Consolidated financials statements based on information received and available with the Group.



## Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

(₹ in million)

### 27 Other current financial liabilities

	As at 31 March 2021	As at 31 March 2020
Current maturities of long-term term loans (refer note no. 22)		
- From banks	33.09	16.98
- Vehicle loans	2.09	1.56
- Others	4.45	4.48
- Deferred sales tax payment liabilities	5.39	7.79
- Current maturities of lease liabilities	49.80	55.76
Unpaid dividends (refer note below)	0.92	0.94
Security deposits from customers	6.95	6.90
Payable for purchase of property, plant and equipment	12.98	10.45
Employee benefits payable	66.77	60.39
Other payables	121.64	72.69
	<u>304.08</u>	<u>237.94</u>

**Note :**

The amount due and paid during the year to "Investor Education and Protection Fund" is ₹ 0.10 million (31 March 2020: ₹ 0.06 million).

### 28 Other current liabilities

	As at 31 March 2021	As at 31 March 2020
Statutory dues:		
Provident fund payable	2.76	2.63
Employees' State Insurance Scheme contribution payable	0.07	0.08
Other dues payable	18.26	16.45
Advance from customers	94.73	67.73
Other Payables	14.25	10.40
	<u>130.07</u>	<u>97.29</u>

### 29 Current provisions

	As at 31 March 2021	As at 31 March 2020
Provision for employee benefits		
Compensated absences	9.70	9.15
Gratuity (refer note 40)	8.39	8.58
Provision for 401(k) (refer note a below)	13.32	9.09
Provision for CSR activity expenses	2.01	-
Provision for sales return (refer note b below)	7.01	5.47
	<u>40.43</u>	<u>32.29</u>

**Note:**

a) **Advanced Enzymes USA, Inc.**

The Company has maintained a 401(k) Safe Harbor Profit Sharing Plan ("Plan") to provide retirement and incidental benefits for its eligible employees. Employees may contribute from 1% to 15% of their annual compensation to the Plan, limited to a maximum annual amount as set periodically by the Internal Revenue Service. The Company contributes 100% of each dollar of mandatory contributions each eligible participant makes each plan year. All safe harbor contributions vest immediately.

**Movement in provision 401(k) during the year:**

	As at 31 March 2021	As at 31 March 2020
Provision at the beginning of the year	9.09	5.91
Contribution during the year	(7.86)	(11.40)
Provision created during the year	12.36	13.48
Foreign exchange currency translation	(0.27)	1.10
<b>Provision at the end of the year</b>	<u>13.32</u>	<u>9.09</u>

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

(₹ in million)

## b) Provision for sales return

As per best estimate of the management, provision has been made towards probable return of goods from customers, as per Indian Accounting Standard (Ind AS) 37

### Movement in provision for sales return

	As at 31 March 2021	As at 31 March 2020
Provision at the beginning of the year	5.47	6.49
Provision created during the year	7.01	5.47
Provision reversed during the year	(5.47)	(6.49)
<b>Provision at the end of the year</b>	<b>7.01</b>	<b>5.47</b>

## 30 Revenue from contracts with customers

### 30.1 Disaggregated revenue information

	Year ended 31 March 2021	Year ended 31 March 2020
Sale of goods		
Export	2,636.26	2,450.82
Domestic	2,310.23	1,878.78
	<b>4,946.49</b>	<b>4,329.60</b>
Sale of services		
Export	57.97	85.95
	<b>57.97</b>	<b>85.95</b>
	<b>5,004.46</b>	<b>4,415.55</b>
<b>Other operating revenues</b>		
Export incentives	13.95	24.31
	<b>5,018.41</b>	<b>4,439.86</b>

### 30.2 Disaggregation of revenue from contracts with customers and reconciliation:

Following table provides disaggregation of revenue and a reconciliation of product categorywise revenue and revenue recognised in Statement of Profit and Loss as revenue from contracts with customers:

	Year ended 31 March 2021	Year ended 31 March 2020
<b>Particulars of segment</b>		
Human nutrition	3,763.89	3,197.03
Animal nutrition	475.23	536.20
Bio-process	751.80	596.66
	<b>4,990.92</b>	<b>4,329.89</b>
Adjustments		
Reversal for sales return	(1.54)	1.02
Discount	(42.89)	(1.31)
	<b>(44.43)</b>	<b>(0.29)</b>
<b>Total revenue from contract with customers</b>	<b>4,946.49</b>	<b>4,329.60</b>

## 31 Other income

	Year ended 31 March 2021	Year ended 31 March 2020
Interest income		
- on bank deposits carried at amortised cost	2.55	2.01
- on other assets carried at amortised cost	3.30	1.59
Provision for doubtful debts written back	4.40	3.06
Profit on sale of property, plant and equipment (net) (refer note 19)	7.25	-
Liabilities no longer required written back	2.83	2.96
Net gain on foreign currency transactions and translations	1.37	8.49
Government Grant for Paycheck Protection Program	39.83	-
Miscellaneous income	26.94	38.32
	<b>88.47</b>	<b>56.43</b>



## Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

(₹ in million)

### 32 Cost of materials consumed

	Year ended 31 March 2021	Year ended 31 March 2020
Opening stock		
Raw materials and packing materials (including goods-in-transit)	323.70	400.70
Add : Purchases during the year		
Raw materials and packing materials	1,044.00	829.00
Stock acquired on acquisition of subsidiary	42.07	-
Less : Closing stock		
Raw materials and packing materials (including goods-in-transit)	407.99	323.70
	<u>1,001.78</u>	<u>906.00</u>

### 33 Purchase of traded goods

	Year ended 31 March 2021	Year ended 31 March 2020
Purchase of traded goods	0.28	2.30
	<u>0.28</u>	<u>2.30</u>

### 34 Changes in inventories of finished goods, work-in-progress and stock-in-trade

	Year ended 31 March 2021	Year ended 31 March 2020
Opening stock		
- Finished goods	194.20	116.94
- Work-in-progress	218.03	196.08
Stock acquired on acquisition of subsidiary		
- Finished goods	18.30	-
- Work-in-progress	2.57	-
	<u>433.10</u>	<u>313.02</u>
Closing stock		
- Finished goods	232.50	194.20
- Work-in-progress	212.24	218.03
	<u>444.74</u>	<u>412.23</u>
	<u>(11.64)</u>	<u>(99.21)</u>

### 35 Employee benefit expenses

	Year ended 31 March 2021	Year ended 31 March 2020
Salaries, wages and bonus	771.14	698.64
Contribution to gratuity, provident fund, payroll taxes and other funds	50.04	50.43
Retirement benefits expense	29.54	22.41
Staff welfare expenses	16.54	21.56
Employee stock compensation expense (refer note 45)	3.81	8.88
	<u>871.07</u>	<u>801.92</u>

### 36 Finance costs

	Year ended 31 March 2021	Year ended 31 March 2020
Interest expenses on financial liabilities - borrowings carried at amortised cost	7.30	20.85
Interest on term loan - carried at amortised cost	1.35	1.60
Net loss on foreign currency transactions and translations#	0.00	4.54
Interest expenses on lease assets	7.29	3.37
	<u>15.94</u>	<u>30.36</u>

### 37 Depreciation and amortisation expense

	Year ended 31 March 2021	Year ended 31 March 2020
Depreciation on property, plant and equipment	165.06	152.14
Amortisation of intangible assets	64.87	54.92
Amortisation of Right to use of lease assets	54.19	50.72
	<u>284.12</u>	<u>257.78</u>

# Figures are below ₹ 0.01 Million, hence disclosed as ₹ 0.00

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

(₹ in million)

## 38 Other expenses

	Year ended 31 March 2021	Year ended 31 March 2020
Consumption of stores and spare parts	65.52	62.78
Power and fuel	210.42	190.19
Water charges	4.10	3.49
Laboratory expenses	30.78	34.95
Analysis & Testing charges	6.52	5.01
Repairs and maintenance		
- Buildings	8.76	11.76
- Plant and equipments	29.48	21.09
- Others	27.71	28.34
Travel, conveyance and car hire	20.03	55.80
Commission	8.52	6.33
Sales promotion and advertisement	26.38	47.67
Freight outward and forwarding	55.30	31.71
Selling and distribution expenses	3.82	19.87
Rent (refer note 42 and 43)	1.53	2.79
Rates and taxes	58.46	56.33
Insurance	22.55	16.06
Printing and stationary	1.79	3.16
Communication expenses	9.62	10.59
Directors' sitting fees (refer note 43)	2.06	1.93
Legal and professional charges	114.47	82.97
Technical Services	28.19	18.97
Payments to Auditors (refer note 41)	11.64	10.93
Bad debts	0.43	2.61
Provisions for doubtful accounts receivables (net)	1.55	(2.34)

	Year ended 31 March 2021	Year ended 31 March 2020
Advances/assets written off	8.87	9.37
Research and development expenses	6.29	4.67
Donation	0.77	0.71
Bank Charges	9.61	10.41
Net loss on foreign currency transactions and translations	2.99	0.12
Property, plant and equipment written off	-	0.73
Loss on sale of property, plant and equipment (net)	-	0.07
Corporate Social Responsibility expenditure (refer note 55)	14.12	11.56
Commuting expenses	0.88	1.02
Miscellaneous expenses	48.46	43.92
	<u>841.62</u>	<u>805.57</u>

## Note 39

### Income taxes

#### Tax expense

##### (a) Income tax recognised in Statement of profit and loss

	For the year ended 31 March 2021	For the year ended 31 March 2020
Current income tax	579.83	505.26
Changes in estimates related to prior period	(0.26)	(2.49)
<b>Total current tax</b>	<u>579.57</u>	<u>502.77</u>
<b>Deferred income tax liability/ (asset) net</b>		
Origination and reversal of temporary differences	9.50	(41.69)
<b>Tax expense for the year</b>	<u>589.07</u>	<u>461.08</u>



## Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

(₹ in million)

### (b) Income tax recognised in Other Comprehensive Income

	For the year ended 31 March 2021			For the year ended 31 March 2020		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
<b>Items that will not be reclassified to profit or loss</b>						
Remeasurements of the defined benefit plans	(1.55)	0.41	(1.14)	5.70	(1.65)	4.05
	<b>(1.55)</b>	<b>0.41</b>	<b>(1.14)</b>	<b>5.70</b>	<b>(1.65)</b>	<b>4.05</b>

### (c) Reconciliation of effective tax rate

	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>Profit before tax</b>	<b>2,103.71</b>	1,791.57
Tax using the Company's domestic tax rate (31 March 2021: 25.17%, 31 March 2020: 29.12%)	<b>529.50</b>	521.70
<b>Tax effect of:</b>		
Incremental deduction allowed for research and development costs	<b>(0.17)</b>	(16.54)
Tax on losses on which no deferred tax is created	<b>3.60</b>	10.57
Non tax deductible items	<b>4.11</b>	6.53
Prior period tax	<b>(0.27)</b>	(2.50)
Minimum Alternate Tax credit written off	<b>26.33</b>	-
Tax rate differential	<b>29.24</b>	(35.18)
Others	<b>(3.27)</b>	(23.50)
<b>Tax expense as per profit or loss</b>	<b>589.07</b>	461.08

### Adoption of new Income Tax laws u/s 115BAA of the Income Tax Act, 1961

During the year the Company has computed its corporate tax liability as per lower tax rate available under Section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Company has remeasured and charged off its deferred tax assets/ liability (net) including Minimum Alternate Tax credit balance aggregating ₹ 27.08 million equally over two quarters ended 31 December 2020 and 31 March 2021.

### (d) Movement in deferred tax balances

	31 March 2021							
	Net balance 1 April 2020	Recognised in profit or loss	Recognised in OCI	Acquired on business combination	Others	Net deferred tax asset/ liability	Deferred tax asset	Deferred tax liability
<b>Deferred tax asset / (liability)</b>								
Property, plant and equipment	(359.64)	10.27	-	(7.35)	0.78	(355.94)	-	(355.94)
Other items	34.61	(1.54)	-	(1.28)	0.03	31.82	31.82	-
Unabsorbed depreciation	49.58	(3.53)	-	-	-	46.05	46.05	-
Provision for employee benefits	7.56	(0.68)	0.41	-	-	7.29	7.29	-
Unrealised profits on unsold inventory	44.72	(1.19)	-	-	0.58	44.11	44.11	-
Intangibles assets	(84.78)	13.50	-	(43.34)	-	(114.62)	-	(114.62)
MAT Credit	53.65	(26.33)	-	-	(12.84)	14.48	14.48	-
<b>Tax assets / (liabilities)</b>	<b>(254.30)</b>	<b>(9.50)</b>	<b>0.41</b>	<b>(51.97)</b>	<b>(11.45)</b>	<b>(326.81)</b>	<b>143.75</b>	<b>(470.56)</b>
Set off tax							<b>(143.75)</b>	<b>143.75</b>
<b>Net tax assets/ (liabilities)</b>	<b>(254.30)</b>	<b>(9.50)</b>	<b>0.41</b>	<b>(51.97)</b>	<b>(11.45)</b>	<b>(326.81)</b>	<b>-</b>	<b>(326.81)</b>

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For the year ended 31 March 2021

(₹ in million)

## (e) Movement in deferred tax balances

	31 March 2020							
	Net balance 1 April 2019	Recognised in profit or loss	Recognised in OCI	Acquired on business combination	Others	Net deferred tax asset/ liability	Deferred tax asset	Deferred tax liability
<b>Deferred tax asset / (liability)</b>								
Property, plant and equipment	(383.19)	23.41	-	-	0.14	(359.64)	-	(359.64)
Other items	17.67	18.78	-	-	(1.84)	34.61	34.61	-
Unabsorbed depreciation	49.58	-	-	-	-	49.58	49.58	-
Provision for employee benefits	8.29	0.92	(1.65)	-	-	7.56	7.56	-
Unrealised profits on unsold inventory	46.14	(1.42)	-	-	-	44.72	44.72	-
Intangibles assets	(80.73)	-	-	-	(4.05)	(84.78)	-	(84.78)
MAT Credit	119.40	-	-	-	(65.76)	53.65	53.65	-
<b>Tax assets / (Liabilities)</b>	<b>(222.84)</b>	<b>41.69</b>	<b>(1.65)</b>	<b>-</b>	<b>(71.51)</b>	<b>(254.30)</b>	<b>190.12</b>	<b>(444.42)</b>
Set off tax							(190.12)	190.12
<b>Net tax assets/ (liabilities)</b>	<b>(222.84)</b>	<b>41.69</b>	<b>(1.65)</b>	<b>-</b>	<b>(71.51)</b>	<b>(254.30)</b>	<b>-</b>	<b>(254.30)</b>

As at year end, the Group has tax credits in respect of Minimum Alternative Tax (MAT credit) of ₹ 14.48 million (March 31, 2020 : ₹ 53.66 million). The Group is reasonably certain of availing the said MAT credit in future years against the normal tax expected to be paid in those years (refer note 39)

Given that the Group does not have any intention to dispose investments in subsidiaries in the foreseeable future, deferred tax asset on indexation benefit in relation to such investments has not been recognised.

### Unrecognised deferred tax assets/ liabilities

As at 31 March 2021 undistributed earning of subsidiaries amounted to ₹ 5,460.62 millions (March 31, 2020: ₹ 4,511.01 millions). The corresponding deferred tax liability of ₹ 853.64 millions (March 31, 2020 ₹ 699.23 millions), was not recognised because the Company controls the dividend policy of its subsidiaries i.e. the Company controls the timing of reversal of the related taxable temporary differences and management is satisfied that they will not reverse in the foreseeable future.

#### Note 40

##### Employee benefits

The Group contributes to the following post-employment plans in India.

##### Defined Contribution Plans:

The Group makes contributions towards provident fund and superannuation fund which are in the nature of defined contribution post employment benefit plans. Under the plan, the Group is required to contribute a specified percentage of payroll cost to fund the benefits.

The Group recognised ₹ 46.17 million for the year ended 31 March 2021 (31 March 2020 ₹ 44.55 million) towards provident fund and other retirement benefits funds contribution and ₹ 3.14 million for the year ended 31 March 2021 (31 March 2020 ₹ 3.09 million) towards super-annuation fund contribution in the Statement of Profit and Loss.

The contributions payable to these plans by the Group are at rates specified in the rules of the schemes.

##### (A) Defined Benefit Plan:

The Group provides for gratuity benefit and compensated absences, which are defined benefit plans, covering all its eligible employees. The Group has taken a Group Gratuity and Compensated Absences policy for its employees with the Life Insurance Corporation of India (LIC). Under gratuity policy, the eligible employees are entitled to receive gratuity payments upon their resignation or death (subject to completion of 4.5 years of employment) in lumpsum after deduction of necessary taxes.

The most recent actuarial valuation of the defined benefit obligation along with the fair valuation of the plan assets in relation to the gratuity scheme was carried out as at 31 March 2021. The present value of the defined benefit



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obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

These defined benefit plans expose the Group to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.

Based on the actuarial valuation obtained in this respect, the following table sets out the details of the employee benefit obligation and the plan assets as at balance sheet date:

	31 March 2021	31 March 2020
Defined benefit obligation	91.27	78.10
Fair value of plan assets	73.01	58.40
<b>Net defined benefit obligation</b>	<b>(18.26)</b>	<b>(19.70)</b>

i) **Reconciliation in present value of obligations ('PVO') – defined benefit obligation:**

	Defined benefit obligation 31 March 2021	31 March 2020
Opening balance	78.10	64.82
On account of acquisition of subsidiary	5.05	
<b>Included in profit or loss</b>		
Current service cost	8.08	6.09
Interest cost	4.89	4.58
	96.12	75.49
<b>Included in OCI</b>		
Remeasurement loss (gain):		
Actuarial loss (gain) arising from:		
Demographic assumptions	-	(0.00)
Financial assumptions	(1.17)	5.32
Experience adjustment	(1.63)	0.18
	93.32	80.99
Benefits paid	(2.05)	(2.89)
Closing balance	91.27	78.10

ii) **Change in fair value of plan assets**

	Fair value of plan assets	
	31 March 2021	31 March 2020
Opening balance	58.40	54.77
On account of acquisition of subsidiary	1.03	
<b>Included in profit or loss</b>		
Expected return on plan assets	3.63	4.03
	63.06	58.80
<b>Included in OCI</b>		
<b>Remeasurement loss (gain):</b>		
Actuarial loss (gain) arising from:		
Experience adjustment	(1.24)	(0.20)
	61.82	58.60
<b>Other</b>		
Contributions paid by the employer	12.95	2.69
Benefits paid	(1.76)	(2.89)
Closing balance	73.01	58.40

**Impact on consolidated Statement of Profit and Loss for the current year**

	31 March 2021	31 March 2020
Service cost:		
Current service cost	8.08	6.09
Net interest cost	1.26	0.55
Total included in Employee Benefit expenses	9.34	6.64
Expenses deducted from the fund	-	-
Total Charge to Statement of Profit and Loss	9.34	6.64

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

(₹ in million)

## Impact on Other comprehensive income for the current year

	31 March 2021	31 March 2020
Components of actuarial gain/losses on obligations:		
Due to Change in financial assumptions	1.17	(5.32)
Due to change in demographic assumption	-	(0.00)
Due to experience adjustments	1.63	(0.18)
Return on plan assets excluding amounts included in interest income	(1.24)	(0.20)
Amounts recognized in Other Comprehensive Income	<u>1.55</u>	<u>(5.70)</u>

## ii. Plan assets

Plan assets comprise the following

Gratuity	31 March 2021	31 March 2020
Policy of insurance	100%	100%
	<u>100%</u>	<u>100%</u>

## iii. Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

	31 March 2021	31 March 2020
Discount rate	6.50% - 6.90%	6.55% - 6.78%
Rate of return on plan assets	6.50% - 6.90%	6.55% - 6.78%
Salary Escalation	6.00% - 8.50%	6.00% - 8.50%
Withdrawal rates	12%-4% at younger ages reducing to 2%-1% at older ages	12%-4% at younger ages reducing to 2%-1% at older ages
Retirement age	58-65 years	58-60 years

	31 March 2021	31 March 2020
Mortality rates	As published under the Indian assured lives mortality (2012-14) table	As published under the Indian assured lives mortality (2012-14) table

Assumptions regarding future mortality have been based on published statistics and mortality tables.

## iv. Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation as shown below.

	31 March 2021	31 March 2020
	Increase	Increase
Discount rate (0.5% movement)	84.67	59.22
Future salary growth (0.5% movement)	92.83	63.61
Withdrawal rates (10% movement)	88.65	52.10

	31 March 2021	31 March 2020
	Decrease	Decrease
Discount rate (0.5% movement)	93.10	63.77
Future salary growth (0.5% movement)	84.87	59.35
Withdrawal rates (10% movement)	88.87	52.38

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.



## Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

(₹ in million)

### v. Expected future cash flows

#### Expected contribution

The expected contributions for defined benefit plan for the next financial years will be as follows:

#### Expected future benefit payments

March 31, 2022	8.77
March 31, 2023	4.21
March 31, 2024	7.93
March 31, 2025	3.78
March 31, 2026	5.48
Thereafter	50.38

The trustees of the plan have outsourced the investment management of the fund to an insurance company. The insurance company in turn manages these funds as per the mandate provided to them by the trustees and the asset allocation which is within the permissible limits prescribed in the insurance regulations. Due to the restrictions in the type of investments that can be held by the fund, it may not be possible to explicitly follow an asset-liability matching strategy to manage risk actively in a conventional fund.

### 41 Payments to auditors (excluding taxes)

	Year ended 31 March 2021	Year ended 31 March 2020
<b>As auditor</b>		
Statutory audit	7.80	6.86
Limited review	3.23	3.20
Certification work	0.27	0.23
Tax audit fee	0.01	-
Transfer pricing	0.25	0.34
Reimbursement of expenses	0.08	0.30
	<u>11.64</u>	<u>10.93</u>

### 42 Leases

#### A. Leases as lessee

##### (i) As a lessee (Ind AS 116)

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

Particulars	As on 01 April 2019
Lease liability	166.05
Right of Use (ROU) asset	166.05
Deferred tax assets	-
<b>Net Impact on Retained Earnings</b>	<u>-</u>

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

Particulars	As on 01 April 2019
Lease commitments as at 31 March 2019	178.70
Less: Impact on account of adoption of Ind AS 116	20.68
Add: Impact of assessment of opening lease commitments under Ind AS 116	8.03
Add/(less): contracts reassessed as lease contracts	-
<b>Lease liabilities as on 1 April 2019</b>	<u>166.05</u>

- (c) Following are the carrying value of Right of Use Assets for the year ended March 31, 2021:

Please refer note no. 6A for detailed presentation of fair value of Right of Use of Assets.

- (d) Impact of adoption of Ind AS 116 for the year ended March 31, 2021 is as follows:

Particulars	Year Ended 31 March 2021	Year Ended 31 March 2020
Decrease in Rental expenses by	60.16	50.76
Increase in Finance cost by	6.74	8.76
Increase in Depreciation by (excludes depreciation on reclassified assets)	54.20	50.72
<b>Net Impact on Profit/Loss</b>	<u>(0.78)</u>	<u>(8.72)</u>

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

(₹ in million)

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

Particulars	Year Ended 31 March 2021	Year Ended 31 March 2020
Less than one year	54.56	60.66
One to five years	36.57	85.36
More than five years	-	-
<b>Total undiscounted lease liabilities at 31 March 2020</b>	<b>91.13</b>	<b>146.02</b>
Discounted Lease liabilities included in the statement of financial position at 31 March		
Current lease liability	49.80	55.76
Non-Current lease liability	35.69	78.29

- (f) The Weighted average incremental borrowing rate of ranges from 4% p.a. to 9.25% p.a. for local currency borrowings has been applied for measuring the lease liability at the date of initial application.

- (g) The total cash outflow for leases for year ended 31 March 2021 is ₹ 54.07 million (31 March 2020: ₹ 33.98 million).

**(II) As a lessee (Ind AS 17) for year ended March 31, 2019 :**

**(a) Future minimum rentals payable under non-cancellable operating lease**

The Group has taken certain facilities under operating lease arrangement. The lease can be terminated at the option of either of the parties by giving due notice. The

rental expense under operating leases "Other expenses" in the Consolidated Statement of Profit & Loss. The Group has entered into non-cancellable leasing arrangements which are mentioned below-

	For the year ended 31 March 2020
<b>Disclosures in respect of non-cancellable operating leases</b>	
Payable not later than 1 year	45.80
Payable later than 1 year not later than five years	118.11
Payable later than five years	6.85
<b>Total</b>	<b>170.76</b>

- (b) Operating lease payment recognised in the Consolidated Statement of Profit and Loss amounts to ₹ 46.41 million for the year ended March 31, 2019

(c) General Description of leasing agreements:

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



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

(₹ in million)

## 43 Related Party Disclosures

### a) Names of related parties

#### I Key Management Personnel (KMP)

Mr. Vasant L. Rathi	Chairman and Non-executive director
Mrs. Savita C. Rathi (up to 08 August 2019)	Whole time director
Mr. Mukund M. Kabra	Whole time director
Mr. Beni P. Rauka	Chief Financial Officer
Mr. Sanjay Basantani	Company secretary
Mr. Kedar Desai	Independent Director
Mr. Pramod Kasat	Independent Director
Mr. Rajesh Sharma	Independent Director
Ms. Rasika Rathi	Non-executive Director and daughter of Chairman
Mr. Vilas M. Aurangabadkar	Independent Director
Mr. Vinod Jajoo	Independent Director
Mr. Sunny Sharma (w.e.f. 02 November 2019)	(Non-executive) Director
Mrs. Rajshree Patel (w.e.f. 12 June 2020)	Independent Director

#### II Relatives of KMP :

Mrs. Prabha V. Rathi	Wife of Chairman
Ms. Rachana Rathi	Daughter of Chairman
Ms. Reshma Rathi	Daughter of Chairman
Ms. Rasika Rathi	Daughter of Chairman
Mr. Kishore L. Rathi	Brother of Chairman
Mrs. Mangala M. Kabra	Mother of Whole-time director

#### III Other related parties (entities in which either of the KMP's have significant influence) with whom transactions have taken place during the year

Advanced Vital Enzymes Private Limited  
Rathi Properties LLC  
Om Manufacturing Jalna Private Limited  
Silvertch Trading Company Private Limited

### b) Transactions with related parties

Transactions during the year	KMPs and relatives		Other related parties	
	Year ended 31 March 2021	Year ended 31 March 2020	Year ended 31 March 2021	Year ended 31 March 2020
<b>1 Purchase of materials</b>				
Silvertch Trading Company Private Limited	-	-	-	1.98
	-	-	-	1.98
<b>2 Sale of goods</b>				
Advanced Vital Enzymes Private Limited	-	-	1.86	20.64
	-	-	1.86	20.64
<b>3 Rent paid</b>				
Rathi Properties LLC	-	-	22.00	19.24
Mr. Vasant L Rathi	10.10	8.61	-	-
	10.10	8.61	22.00	19.24

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

(₹ in million)

Transactions during the year		KMPs and relatives		Other related parties	
		Year ended 31 March 2021	Year ended 31 March 2020	Year ended 31 March 2021	Year ended 31 March 2020
<b>4</b>	<b>Remuneration **^</b>				
	Mr. Vasant L. Rathi	31.46	28.37	-	-
	Mrs. Savita C. Rathi	-	2.66	-	-
	Mr. Mukund M. Kabra	17.74	16.77	-	-
	Mr. Kishore L. Rathi	2.99	2.89	-	-
	Mrs. Mangala M. Kabra	3.46	3.36	-	-
	Mrs. Prabha V. Rathi	16.65	14.90	-	-
	Ms. Reshama Rathi	9.65	8.19	-	-
	Ms. Rachana Rathi	9.05	7.22	-	-
	Ms. Rasika Rathi	12.54	11.40	-	-
	Mr. Beni P. Rauka	10.37	8.95	-	-
	Mr. Sanjay Basantani	3.00	2.94	-	-
		<b>116.91</b>	<b>107.65</b>	-	-
<b>5</b>	<b>Commission *</b>				
	Mr. Vasant L. Rathi	8.52	6.76	-	-
	Mr. Mukund Kabra	3.54	2.88	-	-
	Ms. Rasika Rathi	0.49	0.37	-	-
	Mr. Kedar Desai	1.39	1.41	-	-
	Mr. Pramod Kasat	1.11	1.16	-	-
	Mr. Vilas M. Aurangabadkar	0.55	0.31	-	-
	Mr. Vinod Jajoo	0.69	0.49	-	-
	Mr. Rajesh Sharma	0.76	0.80	-	-
	Mr. Sunny Sharma	0.42	-	-	-
	Mrs. Rajshree Patel	0.49	-	-	-
		<b>17.96</b>	<b>14.18</b>	-	-
	* included in Employee benefit expense				
<b>6</b>	<b>Sitting fees to Independent directors</b>				
	Mr. Kedar Desai	0.61	0.64	-	-
	Mr. Pramod Kasat	0.52	0.51	-	-
	Mr. Vilas M. Aurangabadkar	0.22	0.19	-	-
	Mr. Vinod Jajoo	0.26	0.26	-	-
	Mr. Rajesh Sharma	0.26	0.33	-	-
	Mrs. Rajshree Patel	0.19	-	-	-
		<b>2.06</b>	<b>1.93</b>	-	-

^ The amount does not include gratuity and compensated absences which are actuarially determined on an overall basis for the Company and individual information in respect of the Key Management Personnel is not available.



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

(₹ in million)

## c) Outstanding balances

	KMPs and relatives		Other related parties	
	Year ended 31 March 2021	Year ended 31 March 2020	Year ended 31 March 2021	Year ended 31 March 2020
<b>a. Investment</b>				
Advanced Vital Enzymes Private Limited	-	-	0.57	0.57
	-	-	0.57	0.57
<b>b. Trade receivables</b>				
Advanced Supplementary Technologies Corporation	-	-	0.41	0.23
Advanced Vital Enzymes Private Limited	-	-	0.03	0.03
Om Manufacturing Jalna Private Limited	-	-	0.44	0.26
<b>c. Remuneration payable</b>				
Mr. Mukund M. Kabra	0.68	0.68	-	-
Mr. Kishore L. Rathi	0.16	0.16	-	-
Mrs. Mangala M. Kabra	0.20	0.20	-	-
Mr. Beni P. Rauka	0.46	0.33	-	-
Mr. Sanjay Basantani	0.17	0.13	-	-
	1.67	1.50	-	-
<b>d. Commission payable</b>				
Mr. Vasant L. Rathi	8.52	6.76	-	-
Mr. Mukund Kabra	3.54	2.88	-	-
Ms. Rasika Rathi	0.49	0.37	-	-
Mr. Kedar Desai	1.39	1.41	-	-
Mr. Pramod Kasat	1.11	1.16	-	-
Mr. Vilas M. Aurangabadkar	0.55	0.31	-	-
Mr. Vinod Jajoo	0.69	0.49	-	-
Mr. Rajesh Sharma	0.76	0.80	-	-
Mr. Sunny Sharma	0.42	-	-	-
Mrs. Rajshree Patel	0.49	-	-	-
	17.96	14.18	-	-

## 44 Segment reporting

### A Basis of segmentation

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

### B Geographic information

The geographic information analyses the Company's revenues and non-current assets by the Company's country of domicile and other countries. In presenting geographic information, segment revenue has been based on the selling location in relation to sales to customers and segment assets are based on geographical location of assets.

	Year ended 31 March 2021	Year ended 31 March 2020
<b>Segment revenue (based upon location of customers)</b>		
India	2,310.24	1,877.64
Europe	337.28	321.91
US	2,079.99	1,800.62
Asia	200.93	325.91
Others	76.02	89.47
	<u>5,004.46</u>	<u>4,415.55</u>

	As at 31 March 2021	As at 31 March 2020
<b>Segment assets (based upon location of assets)</b>		
India	2,985.90	1,946.78
Europe	716.13	758.31
USA	2,569.46	3,179.38
	<u>6,271.49</u>	<u>5,884.47</u>

### Major customer

Revenue from one customer of ₹ 553.37 million is in excess of 10% of the Group's revenue (March 2020: ₹ 387.60 million) out of total revenue of the Group (Refer note 30).

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

(₹ in million)

## Note 45

### Employee share-based payment plans

#### a) Description of share-based payment arrangements:

As at 31 March 2021, the Company has the following share-based payment arrangements for employees.

'AETL Employee Stock Option Scheme 2015'- ("AETL ESOS 2015")

AETL ESOS 2015 (amended) provides for the grant of 44,000 stock options to specified employees on 15 February 2017. The AETL ESOS 2015 had been formulated by Board of Directors which was further

adopted by Nomination and Remuneration committee and recommended further changes to AETL ESOS 2015. The Shareholders approved the amended scheme on 15 September 2016. The plan entitles specified employees to purchase shares in the Company at the stipulated exercise price, subject to compliance with vesting conditions. As per the plan, holders of vested options are entitled to purchase one equity share of face value of ₹ 10 each for every option at an exercise price of ₹ 300.

220,000 Equity Shares of Face Value of ₹ 2 each (31 March 2020: 220,000) are reserved for issue under AETL Employee Stock Option Scheme 2015 (AETL ESOS-2015).

The terms and conditions related to the grant of the share options are as follows:

Employees entitled	Number of options	Vesting conditions	Contractual life of options
Specified employees	2,20,000	- Continued employment with the Group: After 1 year of the date of grant 10% vesting After 2 year of the date of grant 20% vesting After 3 year of the date of grant 30% vesting After 4 year of the date of grant 40% vesting	Graded vesting over 4 years

#### b) Measurement of fair value :

The fair values are measured based on the Black-Scholes-option valuation model. Service and non-market performance conditions attached to the arrangements were not taken into account in measuring fair value.

The inputs used in the measurement of the fair values at grant date and measurement date of the stock options were as follows.

Particulars	1 Year	2 Years	3 Years	4 Years
<b>Vesting</b>				
Share price at grant date (Face value - ₹ 10 per share)	₹ 1,598	₹ 1,598	₹ 1,598	₹ 1,598
Exercise price (Face value - ₹ 2 per share)	₹ 60	₹ 60	₹ 60	₹ 60
Expected volatility (weighted average)	0.49	0.49	0.49	0.49
Expected life (weighted average)	3 years	3.5 years	4 years	4.5 years
Expected dividend	0.06%	0.06%	0.06%	0.06%
Risk-free interest rate (based on government bond)	6.60% p.a.	6.66% p.a.	6.72% p.a.	6.84% p.a.

Weighted-average exercise prices and weighted-average fair values of options

Date of Vesting	1 Year	2 Years	3 Years	4 Years
Weighted-average exercise prices	₹ 60	₹ 60	₹ 60	₹ 60
Weighted-average fair value of options	270	272	274	276



## Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

(₹ in million)

### c) Reconciliation of outstanding stock options :

The number and weighted-average exercise prices of share options under the stock option were as follows.

Particulars	31 March 2021		31 March 2020	
	No. of options	Weighted average exercise price(in rupees)	No. of options	Weighted average exercise price(in rupees)
Outstanding at 1 April	1,49,100	60	1,84,900	60
Adjustment for sub-division of Equity shares		-		-
Vested	76,200	60	59,400	60
Forfeited	200	-	6,300	-
Expired	3,000	-	-	-
Exercised	49,950	60	29,500	60
<b>Outstanding at 31 March</b>	<b>95,950</b>	<b>60</b>	<b>1,49,100</b>	<b>60</b>
Exercisable at 31 March	95,950	60	72,700	60

The options outstanding at 31 March have an exercise price as given below:

	31 March 2021		31 March 2020	
	No. of options	Exercise price	No. of options	Exercise price
AETL ESOS 2015	95,950	60	1,49,100	60

### d) Expense recognized in the Consolidated Statement of Profit or Loss :

	31 March 2021	31 March 2020
AETL ESOS 2015	3.81	8.88
<b>Total expense recognized in 'employee benefits'</b>	<b>3.81</b>	<b>8.88</b>

### Note 46

#### Earnings per share (EPS)

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

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

#### i. Profit attributable to Equity holders

	31 March 2021	31 March 2020
Profit attributable to equity holders	1,461.98	1,292.94

#### ii. Weighted average number of equity shares

	31 March 2021	31 March 2020
Issued equity shares at 1 April	11,16,78,475	11,16,48,975
Effect of fresh issue of shares for cash	18,025	22,372
<b>Weighted average number of shares at 31 March for basic EPS</b>	<b>11,16,96,500</b>	<b>11,16,71,347</b>
Effect of exercise of share options	1,72,283	1,34,117
<b>Weighted average number of shares at 31 March for diluted EPS</b>	<b>11,18,68,783</b>	<b>11,18,05,464</b>

#### Basic and Diluted earnings per share

	31 March 2021	31 March 2020
Basic earnings per share	13.09	11.58
Diluted earnings per share	13.07	11.56

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

(₹ in million)

## Note 47

Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013.

Particulars	As at 31 March 2021		Year ended 31 March 2021		Year ended 31 March 2021		Year ended 31 March 2021	
	Net assets i.e. total assets minus total liabilities		Share in profit or loss		Share of Other Comprehensive income		Share of Total Comprehensive income	
	As a % of consolidated net assets	₹ in million	As a % of consolidated profit and loss	₹ in million	As a % of OCI	₹ in million	As a % of Total Comprehensive income	₹ in million
<b>Parent</b>								
Advanced Enzyme Technologies Limited	44.86	4,354.46	48.57	710.12	0.29	(0.29)	52.11	709.83
<b>Subsidiaries</b>								
<b>Indian</b>								
Advanced Bio-Agro Tech Limited	1.71	166.22	3.09	45.19	(0.43)	0.43	3.35	45.62
Advanced EnzyTech Solutions Limited	0.36	34.49	1.08	15.86	(0.03)	0.03	1.17	15.89
JC Biotech Private Limited	5.65	548.70	5.30	77.51	(0.92)	0.92	5.76	78.43
Scitech Specialties Private Limited	4.58	444.21	0.96	13.97	(0.04)	0.04	1.03	14.01
<b>Foreign</b>								
Advanced Enzymes USA, Inc. (including its subsidiaries)	61.24	5,944.12	49.67	726.20	133.23	(132.93)	43.55	593.27
Advanced Enzymes (Malaysia) Sdn. Bhd.	(0.01)	(0.59)	(0.01)	(0.10)	0.01	(0.01)	(0.01)	(0.11)
Advanced Enzymes Europe B.V. (including its subsidiaries)	(1.14)	(110.78)	(0.30)	(4.44)	4.91	(4.90)	(0.69)	(9.34)
Total eliminations/adjustments	(11.06)	(1,073.17)	(4.76)	(69.67)	(37.49)	37.41	(2.37)	(32.26)
Share of Non- controlling interest	(6.19)	(601.10)	(3.60)	(52.66)	0.47	(0.47)	(3.90)	(53.13)
<b>Total</b>	<b>100.00</b>	<b>9,706.56</b>	<b>100.00</b>	<b>1,461.98</b>	<b>100.00</b>	<b>(99.77)</b>	<b>100.00</b>	<b>1,362.21</b>

Particulars	As at 31 March 2020		Year ended 31 March 2020		Year ended 31 March 2020		Year ended 31 March 2020	
	Net assets i.e. total assets minus total liabilities		Share in profit or loss		Share of Other Comprehensive income		Share of Total Comprehensive income	
	As a % of consolidated net assets	₹ in million	As a % of consolidated profit and loss	₹ in million	As a % of OCI	₹ in million	As a % of Total Comprehensive income	₹ in million
<b>Parent</b>								
Advanced Enzyme Technologies Limited	44.12	3,704.83	44.82	579.53	(0.81)	(3.18)	34.14	576.34
<b>Subsidiaries</b>								
<b>Indian</b>								
Advanced Bio-Agro Tech Limited	1.82	152.61	4.35	56.27	(0.03)	(0.11)	3.33	56.16
Advanced EnzyTech Solutions Limited	0.31	26.09	0.85	11.00	(0.01)	(0.03)	0.65	10.97
JC Biotech Private Limited	5.59	469.66	4.70	60.77	(0.19)	(0.75)	3.56	60.02
<b>Foreign</b>								
Advanced Enzymes USA, Inc. (including its subsidiaries)	63.72	5,350.57	54.13	699.81	101.30	400.24	65.17	1,100.05
Advanced Enzymes (Malaysia) Sdn. Bhd.	(0.01)	(0.48)	0.29	3.76	(0.01)	(0.05)	0.22	3.70
Advanced Enzymes Europe B.V. (including its subsidiaries)	(1.21)	(101.41)	(2.41)	(31.18)	(2.00)	(7.91)	(2.32)	(39.08)
Total eliminations/adjustments	(11.03)	(927.39)	(3.83)	(49.47)	1.68	6.61	(2.54)	(42.86)
Share of Non- controlling interest	(3.31)	(277.95)	(2.90)	(37.55)	0.07	0.27	(2.21)	(37.28)
<b>Total</b>	<b>100.00</b>	<b>8,396.53</b>	<b>100.00</b>	<b>1,292.94</b>	<b>100.00</b>	<b>395.09</b>	<b>100.00</b>	<b>1,688.03</b>

The above amounts/percentage of net assets and net profit or loss in respect of Advanced Enzyme Technologies Limited and its subsidiaries are determined based on the amount of the respective entities included in Consolidated Financial Statements before elimination of inter company transactions.



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

(₹ in million)

## Note 48

### A. Acquisition of Scitech Specialities Private Limited

On 11 January 2021, the Company has acquired controlling stake of 51.00% in Scitech Specialities Private Limited ('SSPL') for a consideration of ₹ 316.26 million by way of subscription to the issue of 492,630 equity shares of SSPL and purchase of 27,778 equity shares from selling shareholders of SSPL, aggregating to 520,408 equity shares. Pursuant to this acquisition, the Company's shareholding in SSPL is 51.00% and it became a subsidiary of the Company.

For the period from 11 Jan 2021 to 31st March 2021, the Group's result include a revenue of INR 84.03 million and a profit of INR 14.01 million basis accounting for the acquisition using provisional value of purchase price allocation by the Company. If the acquisition had occurred on 1 April, 2020, management estimates that consolidated revenue would have been INR 400 million and consolidated profit would have been INR 60 million.

In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 April 2020.

SSPL is technology based contract manufacturing company specialising in effervescent granules and tablets. SSPL synergies and fits with the Company's move to expand its business to customer ("B2C") business.

### B. Details of purchase consideration, net assets acquired and goodwill-

Particulars	Amount
Cash paid (For 520,408 equity shares fully paid-up)	316.26
<b>Total consideration transferred</b>	<b>316.26</b>

### C. Acquisition related cost

The Group incurred acquisition related costs of INR 1.00 million related to the acquisition of SSPL. These costs have been included under "Other expenses."

### D. Identifiable assets acquired and liabilities assumed on provisional basis

The following table summaries the recognised amounts of assets acquired and liabilities assumed at the date of acquisition-

Particulars	Amount
Property, plant and equipment	237.72
Capital work-in-progress	95.16
Other intangible assets	1.01
Technical Knowhow	138.20
Customer Relationships	14.60
Non-compete	19.40
Other non-current assets	28.70
Inventory	62.96
Trade receivables	46.30
Cash and cash equivalents	6.02
Other current assets	40.96
<b>Total fair value of assets acquired</b>	<b>691.03</b>
<b>Fair value of liabilities acquired</b>	
Borrowings	131.61
Employee benefit obligations	4.16
Deferred Tax Liabilities (net)	50.17
Trade & other payables	202.34
Current tax liabilities (net)	9.17
<b>Total fair value of liabilities acquired</b>	<b>397.45</b>
<b>Cash paid by the Company</b>	<b>300.00</b>
<b>Total identifiable net assets/ (liabilities) acquired</b>	<b>593.57</b>

The gross contractual amounts and the fair value of trade and other receivables acquired is INR 46.30 million. None of the trade and other receivables are credit impaired and it is expected that the full contractual amounts will be recoverable.

The Group is in process to finalise purchase price accounting for the acquisition basis final fair valuation for assets and liabilities acquired. The Company has used provisional valuation for accounting for the acquisition in these financial statements as at and for the year ended 31 March 2021.

Purchase price accounting will be finalised on determination of the final fair valuation by the Company within one year from the date of acquisition as per Ind AS 103 Business Combinations. If any new information is obtained within one year of the date of acquisition about facts and circumstances that existed at the date of acquisition, which identifies adjustments to the above amounts, or any additional provisions that existed at the date of acquisition, then the accounting for the acquisition will be revised.

# Notes to the Consolidated Financial Statements

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(₹ in million)

## E. Goodwill

Particulars	Amount
Consideration transferred	316.26
Non-controlled interest in the acquired entity	290.85
Net identifiable assets acquired	(593.57)
<b>Goodwill</b>	<b>13.54</b>

Goodwill on acquisition comprises the value of expected synergies arising from the acquisition. No amount of Goodwill is expected to be deductible for tax purpose.

The fair value of non-controlling interest has been estimated as proportion of net assets acquired.

## F. Purchase consideration - Cash outflow

Particulars	Amount
Outflow of cash to acquire subsidiary, net of cash acquired-	
Cash consideration	316.26
Less: Cash paid on acquisition to SSPL	(300.00)
Less: Opening cash balance of SSPL as of 11 Jan 2021	(6.02)
<b>Net outflow of cash - investing activities</b>	<b>10.24</b>

## Note 49

### Non controlling interest

Financial information of subsidiaries that have material non-controlling interests is provided below :

Name of the entity	Place of business / country of incorporation	Ownership interest held by the group		Ownership interest held by non-controlling interest	
		31 March 2021	31 March 2020	31 March 2021	31 March 2020
Advanced Bio-Agro Tech Limited	India	60.00%	60.00%	40.00%	40.00%
JC Biotech Private Limited	India	70.00%	70.00%	30.00%	30.00%
Scitech Specialities Private Limited	India	51.00%	-	49.00%	-

The following table summarises information relating to each of the Group's subsidiary, before any inter-company eliminations

## I. Summarised statement of profit or loss

### (a) Advanced Bio-Agro Tech Limited

	31 March 2021	31 March 2020
Total Revenue	311.80	388.89
Profit for the year	45.19	56.27
Other Comprehensive Income	(0.57)	0.14
<b>Profit allocated to non-controlling interests</b>	<b>18.08</b>	<b>22.51</b>
<b>Total comprehensive income allocated to non-controlling interests</b>	<b>17.85</b>	<b>22.57</b>
OCI allocated to non-controlling interests	(0.23)	0.06
Dividends paid to non-controlling interests	12.80	15.40

### (b) JC Biotech Private Limited

	31 March 2021	31 March 2020
Total Revenue	503.70	423.69
Profit for the year	77.51	60.77
Other Comprehensive Income	(1.28)	1.03
Ind AS adjustments	1.61	(10.63)
<b>Profit allocated to non-controlling interests</b>	<b>23.73</b>	<b>18.23</b>
<b>Total comprehensive income allocated to non-controlling interests</b>	<b>23.35</b>	<b>15.35</b>
OCI allocated to non-controlling interests	(0.38)	0.31
Dividends paid to non-controlling interests	-	-



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

(₹ in million)

## (c) Scitech Specialities Private Limited

	31 March 2021	31 March 2020
Total Revenue	84.03	-
Profit for the year	13.97	-
Other Comprehensive Income	(0.05)	-
Ind AS adjustments	(8.21)	-
<b>Profit allocated to non-controlling interests</b>	<b>2.82</b>	-
<b>Total comprehensive income allocated to non-controlling interests</b>	<b>2.80</b>	-
<b>OCI allocated to non-controlling interests</b>	<b>(0.02)</b>	-
<b>Dividends paid to non-controlling interests</b>	<b>-</b>	-

## (c) Scitech Specialities Private Limited

	31 March 2021	31 March 2020
Non-current liabilities	95.26	-
Current liabilities	105.88	-
	<u>201.14</u>	-
Non-current assets	372.99	-
Current assets	272.36	-
	<u>645.35</u>	-
Net assets	444.21	-
Ind AS adjustments	155.17	-
Net assets attributable to non-controlling interest	293.70	-

## II. Summarised balance sheet

### (a) Advanced Bio-Agro Tech Limited

	31 March 2021	31 March 2020
Non-current liabilities	-	-
Current liabilities	43.06	30.50
	<u>43.06</u>	<u>30.50</u>
Non-current assets	29.95	27.18
Current assets	179.33	155.93
	<u>209.28</u>	<u>183.11</u>
Net assets	166.22	152.61
Net assets attributable to non-controlling interest	66.49	61.04

### (b) JC Biotech Private Limited

	31 March 2021	31 March 2020
Non-current liabilities	37.78	43.80
Current liabilities	80.98	93.47
	<u>118.75</u>	<u>137.27</u>
Non-current assets	460.93	476.11
Current assets	206.52	130.82
	<u>667.45</u>	<u>606.93</u>
Net assets	548.70	469.66
Ind AS adjustments	254.36	253.36
Net assets attributable to non-controlling interest	240.92	216.91

## III. Summarised cash flow information

### (a) Advanced Bio-Agro Tech Limited

	31 March 2021	31 March 2020
Cash flows from(used in) in operating activities	43.51	4.32
Cash flows from(used in) in investing activities	(21.73)	0.47
Cash flows from(used in) in financing activities	(14.11)	(19.41)
<b>Net increase /(decrease) in cash and cash equivalents</b>	<u>7.69</u>	<u>(14.63)</u>

### (b) JC Biotech Private Limited

	31 March 2021	31 March 2020
Cash flows from(used in) in operating activities	10.09	44.87
Cash flows from(used in) in investing activities	(5.62)	(24.42)
Cash flows from(used in) in financing activities	(10.65)	(15.85)
<b>Net increase /(decrease) in cash and cash equivalents</b>	<u>(6.19)</u>	<u>4.60</u>

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(₹ in million)

## (c) Scitech Specialities Private Limited

	31 March 2021	31 March 2020
Cash flows from(used in) in operating activities	(41.04)	-
Cash flows from(used in) in investing activities	(35.99)	-
Cash flows from(used in) in financing activities	132.81	-
<b>Net increase /(decrease) in cash and cash equivalents</b>	<b>55.78</b>	<b>-</b>

### Note 50

#### Goodwill and other intangibles

##### Impairment testing of Goodwill

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

Particulars	31 March 2021	31 March 2020
Advanced Enzymes USA, Inc.	2,489.75	2,553.47
JC Biotech Private Limited	123.65	123.65
Advanced Enzymes Europe B.V.	272.94	263.27
Advanced EnzyTech Solutions Limited	0.87	0.87
Scitech Specialities Private Limited	13.54	-
	<b>2,900.75</b>	<b>2,941.26</b>

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

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% - 15%	8% - 15%
Terminal value growth rate	3%-5%	3%-5%
Sales growth rate	8% - 25%	8% - 25%

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

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

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

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



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

(₹ in million)

## Note 51

### Financial instruments

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

##### A. Accounting classification and fair values

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

31 March 2021	Note No.	Carrying amount				Fair value			
		FVTPL	FVTOCI	Amortised Cost	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
<b>Financial assets</b>									
Non-current investments	7	0.65	-	-	0.65	-	0.65	-	0.65
Long-term loans	8	-	-	25.18	25.18	-	-	-	-
Other non-current financial assets	9	-	-	0.05	0.05	-	-	-	-
Current investments	12	1,213.10	-	-	1,213.10	1,213.10	-	-	1,213.10
Trade receivables	13	-	-	862.74	862.74	-	-	-	-
Cash and cash equivalents	14	-	-	1,919.19	1,919.19	-	-	-	-
Other bank balances	15	-	-	58.55	58.55	-	-	-	-
Short-term loans	16	-	-	0.94	0.94	-	-	-	-
Other current financial assets	17	-	-	58.23	58.23	-	-	-	-
		1,213.75	-	2,924.88	4,138.63	1,213.10	0.65	-	1,213.75
<b>Financial liabilities</b>									
Long-term borrowings	22	-	-	98.71	98.71	-	-	-	-
Lease liability	23	-	-	35.70	35.70	-	-	-	-
Short-term borrowings	25	-	-	46.92	46.92	-	-	-	-
Trade payables	26	-	-	152.16	152.16	-	-	-	-
Other Current financial liabilities	27	-	-	304.08	304.08	-	-	-	-
		-	-	637.57	637.57	-	-	-	-

Note: There have been no transfers among Level 1, Level 2 and Level 3 during the year

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

(₹ in million)

31 March 2020	Note No.	Carrying amount				Fair value			
		FVTPL	FVTOCI	Amortised Cost	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
<b>Financial assets</b>									
Non-current investments	7	0.62	-	-	0.62	-	0.62	-	0.62
Long-term loans	8	-	-	22.77	22.77	-	-	-	-
Other non-current financial assets	9	-	-	0.05	0.05	-	-	-	-
Current investments	12	1,235.27	-	-	1,235.27	1,235.27	-	-	1,235.27
Trade receivables	13	-	-	746.91	746.91	-	-	-	-
Cash and cash equivalents	14	-	-	826.64	826.64	-	-	-	-
Other bank balances	15	-	-	3.56	3.56	-	-	-	-
Short-term loans	16	-	-	0.73	0.73	-	-	-	-
Other current financial assets	17	-	-	35.68	35.68	-	-	-	-
		1,235.89	-	1,636.34	2,872.23	1,235.27	0.62	-	1,235.89
<b>Financial liabilities</b>									
Long-term borrowings	22	-	-	41.54	41.54	-	-	-	-
Lease liability	23	-	-	78.29	78.29	-	-	-	-
Short-term borrowings	25	-	-	127.40	127.40	-	-	-	-
Trade payables	26	-	-	96.42	96.42	-	-	-	-
Other Current financial liabilities	27	-	-	237.94	237.94	-	-	-	-
		-	-	581.59	581.59	-	-	-	-

Note: There have been no transfers among Level 1, Level 2 and Level 3 during the year

## B. Measurement of fair values

Valuation techniques and significant unobservable inputs

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

### Financial instruments measured at fair value

Type	Valuation technique
Forward contracts for foreign exchange contracts	Forward pricing : The fair value is determined using quoted forward exchange rates at the reporting date and present value calculations based on high credit quality yield curves in the respective currencies
Non-current financial assets measured at amortised cost	Discounted cash flow technique: The valuation model considers present value of expected payments discounted using an appropriate discounting rate.



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

(₹ in million)

## C. Financial risk management

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

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

### i. Risk management framework

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

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

The audit committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

### ii. Credit risk

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

### Trade and other receivables

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

There is no concentration of risk for trade receivables.

Summary of the Group'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	608.71	0.04%	0.23
0-90 days	246.79	0.07%	0.17
90-180 days	2.74	3.88%	0.11
180-270 days	0.42	3.47%	0.01
270-360 days	2.26	19.75%	0.45
More than 360 days	9.11	69.22%	6.31
	<b>870.02</b>		<b>7.28</b>

	31 March 2020		
	Carrying Amount	Weighted Average Loss Rate	Loss Allowance
Not due	427.76	0.03%	0.11
0-90 days	298.85	0.05%	0.15
90-180 days	15.60	0.90%	0.14
180-270 days	2.85	1.84%	0.05
270-360 days	1.58	7.83%	0.12
More than 360 days	9.31	90.79%	8.46
	<b>755.94</b>		<b>9.03</b>

*Expected credit loss assessment for customers as at 31 March 2020 and 31 March 2021*

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

Exposures to customers outstanding at the end of each reporting period are reviewed by the Group to determine incurred and expected credit losses. Historical trends of impairment of trade receivables do not reflect any significant

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

(₹ in million)

credit losses. Given that the macro economic indicators affecting customers of the Group have not undergone any substantial change, the Group expects the historical trend of minimal credit losses to continue.

The movement in the allowance for impairment in respect of trade and other receivables during the year was as follows.

Particulars	Amount
Balance as at 31 March 2019	15.28
Impairment loss recognised	(3.91)
Less: Amounts written back	2.34
Balance as at 31 March 2020	9.03
Impairment loss recognised	(1.33)
Less: Amounts written off	0.42
Balance as at 31 March 2021	7.28

The impairment loss is related to several customers that have defaulted on their payments to the Group and are not expected to be able to pay their outstanding balances, mainly due to economic circumstances.

## Cash and cash equivalents

The Group held cash and cash equivalents of ₹ 1919.19 million at 31 March 2021 (31 March 2020: ₹ 826.64 million). The cash and cash equivalents are held with bank and as money market deposits.

Exposure to liquidity risk:

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

31 March 2021	Contractual cash flows					
	Carrying amount	Total	Upto 1 year	1-3 years	3-5 years	More than 5 years
Long-term borrowings	98.71	98.71	-	31.59	13.05	54.07
Interest payable on borrowings	-	9.40	1.17	2.92	1.03	4.27
Lease liability	35.70	35.70	35.70	-	-	-
Short-term borrowings	46.92	46.92	46.92	-	-	-
Trade payables	152.16	152.16	152.16	-	-	-
Other financial liabilities	304.08	304.08	304.08	-	-	-

## Derivatives

There are no derivatives contracts outstanding as on 31 March 2021.

## Investments

The Group limits its exposure to credit risk by generally investing in liquid securities and only with counterparties that have a good credit rating. The Group does not expect any losses from non-performance by these counter-parties, and does not have any significant concentration of exposures to specific industry sectors or specific country risks.

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

## iii. Liquidity risk

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

The Group has obtained fund and non-fund based working capital lines from various banks. The Group invests its surplus funds in bank fixed deposit which carry no/ low mark-to-market risks. The Group monitors funding options available in the debt and capital markets with a view to maintaining financial flexibility



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(₹ in million)

## Contractual cash flows

31 March 2020	Carrying amount	Total	Upto 1 year	1-3 years	3-5 years	More than 5 years
Long-term borrowings	41.54	41.54	-	40.40	1.14	-
Interest payable on borrowings	-	3.70	1.75	1.94	0.01	-
Lease liability	78.29	78.29	78.29	-	-	-
Short-term borrowings	127.40	127.40	127.40	-	-	-
Trade payables	96.42	96.42	96.42	-	-	-
Other financial liabilities	237.94	237.94	237.94	-	-	-

#### iv. Market risk

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

#### Currency risk

The Group is exposed to currency risk on account of its operations in other countries. The functional currency of the Group is Indian Rupee. The exchange rate between the Indian rupee and foreign currencies has changed substantially in recent periods and may continue to fluctuate substantially in the future. Consequently, the Group uses both derivative instruments, i.e, foreign exchange forward contracts to mitigate the risk of changes in foreign currency exchange rates in respect of its highly probable forecasted transactions and recognized assets and liabilities.

#### Exposure to currency risk

The currency profile of financial assets and financial liabilities as at 31 March 2021 and 31 March 2020 are as below:

	31 March 2021	31 March 2021	31 March 2021
	USD	EURO	Others
<b>Financial assets</b>			
Cash and cash equivalents	0.04	0.01	0.04
Trade and other receivables	8.11	-	-
	<u>8.15</u>	<u>0.01</u>	<u>0.04</u>
<b>Financial liabilities</b>			
Trade and other payables	26.78	2.53	-
Loans	8.66	-	-
	<u>35.44</u>	<u>2.53</u>	<u>-</u>
Net exposure	<u>(27.29)</u>	<u>(2.52)</u>	<u>0.04</u>

	31 March 2020	31 March 2020	31 March 2020
	USD	EURO	Others
<b>Financial assets</b>			
Cash and cash equivalents	0.02	0.01	0.02
Trade and other receivables	17.20	-	-
	<u>17.22</u>	<u>0.01</u>	<u>0.02</u>
<b>Financial liabilities</b>			
Trade and other payables	14.53	5.38	0.98
Loans	53.84	-	-
	<u>68.37</u>	<u>5.38</u>	<u>0.98</u>
Net exposure	<u>(51.15)</u>	<u>(5.37)</u>	<u>(0.96)</u>

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## Sensitivity analysis

A reasonably possible strengthening (weakening) of the Indian Rupee against US dollars and Euros at March 31 would have affected the measurement of financial instruments denominated in US dollars and Euros and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

Effect in ₹	Profit or loss	
	Strengthening	Weakening
<b>31 March 2021</b>		
<b>1% movement</b>		
USD	0.27	(0.27)
EUR	0.03	(0.03)
Others	(0.00)	0.00
	<u>0.30</u>	<u>(0.30)</u>

Effect in ₹	Profit or loss	
	Strengthening	Weakening
<b>31 March 2020</b>		
<b>1% movement</b>		
USD	0.51	(0.51)
EUR	0.05	(0.05)
Others	0.01	(0.01)
	<u>0.57</u>	<u>(0.57)</u>

# Figures are below ₹ 0.01 Million, hence disclosed as ₹ 0.00

## Derivative instruments

The Group uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to accounts receivable. The use of foreign currency forward contracts is governed by the Group's strategy approved by the Board of Directors, which provide principles on the use of such forward contracts consistent with the Group's Risk Management Policy. The Group does not use forward contracts for speculative purposes.

Particulars	As at 31 March 2021	As at 31 March 2020
	USD in million	USD in million
Forward contracts used for hedging Receivables	-	-
	<u>-</u>	<u>-</u>

## Interest rate risk

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

### Exposure to interest rate risk

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

	31 March 2021	31 March 2020
<b>Fixed-rate instruments</b>		
<b>Financial liabilities - measured at amortised cost</b>		
Vehicle Loan	6.03	4.37
Loan from others	102.53	37.67
<b>Floating-rate instruments</b>		
<b>Financial liabilities - measured at amortised cost</b>		
Term loan from banks	12.18	70.22
From banks in foreign currency	8.66	98.37
From banks in rupees	54.11	115.51
<b>Total</b>	<u>183.51</u>	<u>326.14</u>

\* Deferred Sales Tax scheme is not included above since it does not bear any interest.

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

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

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

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



## Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

(₹ in million)

Cash flow sensitivity (net)	Profit or loss	
	25 bp increase	25 bp decrease
<b>31 March 2021</b>		
Variable-rate loan instruments	(0.19)	0.19
<b>Cash flow sensitivity (net)</b>	<b>(0.19)</b>	<b>0.19</b>
<b>31 March 2020</b>		
Variable-rate loan instruments	(0.71)	0.71
<b>Cash flow sensitivity (net)</b>	<b>(0.71)</b>	<b>0.71</b>

### Note 52

#### Capital Management

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

### Note 53

#### Contingent liabilities and commitments

	As at 31 March 2021	As at 31 March 2020
<b>a) Contingent liabilities</b>		
Pertains to income tax demand/ matters on account of deductions/ disallowances for earlier years, pending for appeals consequent to order passed against the Company/ demands raised by the Department under Income Tax Act, 1961. Amount paid and adjusted there against and included under Income tax asset ₹ 98.31 million (31 March 2020: ₹ 98.31 million).	34.21	34.21
Pertains to Excise Duty and Service Tax demand raised by Commissioner of Central Excise, Customs and Service tax on account of inadmissible CENVAT credit, incorrect product classification and service tax levy on directors' remuneration for various periods. Amount paid there against and included under note 18 'Other current assets'.	26.94	26.94
Letter of comfort issued by the Company towards the credit facilities sanctioned by bankers of subsidiary company aggregating to ₹ 76.80 million (31 March 2020: ₹ 201 million)	51.67	74.33
The Hon'ble Supreme Court of India ("SC") by their order dated February 28, 2019, in the case of Surya Roshni Limited & others v/s EPFO, set out the principles based on which allowances paid to the employees should be identified for inclusion in basic wages for the purposes of computation of Provident Fund contribution. Subsequently, a review petition against this decision has been filed and is pending before the SC for disposal.	-	-
In view of the management, the liability for the period from date of the SC order to 31 March 2019 is not significant. Further, pending decision on the subject review petition and directions from the EPFO, the impact for the past period, if any, is not ascertainable and consequently no effect has been given in the accounts. Accordingly, this has been disclosed as a Contingent liability in the financial statements.		
	<b>112.82</b>	<b>135.48</b>

In respect of above contingent liabilities, it is not practicable for the Group to estimate the closure of these issues and the consequential timings of cash flows, if any, in respect of the same.

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

	31 March 2021	31 March 2020
Non-current borrowings	98.71	41.54
Current borrowings	46.92	127.40
Current maturity of long term debt	45.02	30.82
<b>Gross debt</b>	<b>190.65</b>	<b>199.76</b>
Less - Cash and cash equivalents	1,919.19	826.64
Less - Other bank deposits	58.55	3.56
<b>Adjusted net debt</b>	<b>(1,787.09)</b>	<b>(630.44)</b>
Total equity	9,706.56	8,396.53
Adjusted net debt to equity ratio	-*	-*

\*At the end of current financial year the Group has excess cash and cash equivalent over gross debt.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

(₹ in million)

	As at 31 March 2021	As at 31 March 2020
<b>b) Commitments</b>		
Estimated amount of commitments remaining to be executed		
-Capital (net of advances)	73.32	25.06
	<u>73.32</u>	<u>25.06</u>
	<u>186.14</u>	<u>160.54</u>

## Note 54

### Research and development

The Group has incurred the following expenditure on research and development activities:

	Year ended 31 March 2021	Year ended 31 March 2020
<b>Revenue expenditure</b>		
Laboratory expenses and consumables	16.90	14.01
Employee benefit expenses	61.42	57.78
Legal and professional charges	5.14	5.20
Technical services	20.17	10.49
Electricity	9.41	9.81
Rent, rates and taxes	2.24	5.68
Repairs and maintenance	5.53	6.47
Travelling and conveyance expenses	0.81	2.75
Other expenses	3.02	3.05
	<u>124.64</u>	<u>115.24</u>
<b>Capital expenditure</b>		
Plant and equipment	33.97	19.25
Furniture and fixture	1.55	0.39
Office equipment	2.95	0.41
Computer and data processing equipments	1.10	1.71
Building	14.16	-
	<u>53.73</u>	<u>21.76</u>

## Note 55

### Corporate Social Responsibility

As required by section 135 of Companies Act, 2013 and Rules therein, a Corporate social responsibility committee has been formed for the Parent Company and its subsidiary (Advanced Bio Agro Tech Limited and JC Biotech Private Limited). All the companies had spent the following amount during the year towards corporate social responsibility (CSR) for activities listed under schedule VII of the Companies Act, 2013.

- Gross amount required to be spent by all the three companies during the year 2020-21 ₹ 14.08 million (previous year ₹ 11.38 million).
- Amount spent by all the three companies during the year on CSR activities (included in note 38 of the Consolidated statement of profit and loss) as under:

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>Expenses incurred for the year</b>		
Amount spent during the year (for healthcare and sanitation, education, skill development and supporting underprivileged)	8.41	11.56
Expenses yet to be incurred (refer note below)	5.71	-
	<u>14.12</u>	<u>11.56</u>
In cash	8.41	11.56
Yet to be paid in cash (refer note below)	5.71	-
	<u>14.12</u>	<u>11.56</u>

\*In Parent Company the Committee of Corporate Social Responsibility had approved the budget of ₹ 10.50 million, the Company contributes to the various projects undertaken by various organisations. During the year the amount spent is ₹ 6.81 million on the ongoing projects however the activities under the project are hampered due to the ongoing pandemic. The Company has deposited the balance unspent amount of ₹ 3.70 million in a separate bank account on 5 May 2021. In JC Biotech Private Limited the Committee of Corporate Social Responsibility had approved the budget of ₹ 2.06 million, JC Biotech Private Limited contributes to the various projects undertaken by various organisations. During the year the amount spent is ₹ 0.05 million on the ongoing projects however the activities under the project are hampered due to the ongoing pandemic. JC Biotech Private Limited has deposited the balance unspent amount of ₹ 2.01 million in a separate bank account on 30 April 2021.



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

(₹ in million)

## Note 56

### Proposed Dividend

The Board of Directors recommended a final dividend for the financial year 2020-21 of ₹ 0.90 (31 March 2020: ₹ 0.60) per equity share of the face value of ₹ 2/- each, and the same will be paid after approval of shareholders in the Annual General Meeting of the Company.

## Note 57

### Specified Bank Notes Disclosure

The disclosures regarding details of specified bank notes held and transacted during 8 November 2016 to 30 December 2016 has not been made in these financial statements since the requirement does not pertain to financial year ended 31 March 2021.

## Note 58

### Note on COVID 19

In March 2020, the World Health Organisation declared COVID-19 to be a pandemic and several restrictions have been imposed by the Governments across the globe on the travel, goods movement and transportation considering public health and safety measures. Considering the Group's products are classified as an 'essential commodity', management believes that the impact of the pandemic may not be significant. As of today, production facilities remain operational, following enhanced internal safety guidelines. The Group has considered internal and external information while assessing recoverability of its assets disclosed in the financial statements upto the date of approval of these financial statements by the Board of Directors. Based on such assessment and considering the current economic indicators, the Group expects to recover the carrying amount of these assets. Management has also considered the impact of COVID-19 on the business for the foreseeable future and has concluded that the Group has sufficient resources to continue as a going concern. The impact of the global health pandemic may be different from that estimated as at the date of approval of these financial statements and the Group will continue to closely monitor any material changes to future economic conditions.

As per our report of even date attached.

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

*Chartered Accountants*

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

For and on behalf of Board of Directors of

**Advanced Enzyme Technologies Limited**

CIN No.: L24200MH1989PLC051018

**Sadashiv Shetty**

*Partner*

Membership No: 048648

**Mukund Kabra**

*Wholetime Director*

DIN : 00148294

Place: Nashik

**Kedar Desai**

*Director*

DIN : 00322581

Place: Mumbai

**Sanjay Basantani**

*Company Secretary*

Membership No: A19637

Place: Thane

Date: 29 May 2021

**Beni. P. Rauka**

*Chief Financial Officer*

Membership No: 039980

Place: Mumbai

Place: Mumbai

Date: 29 May 2021

## FORM NO. AOC-I

(Pursuant to first proviso to sub-section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014)

### Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures FINANCIAL YEAR 2020-21

#### Part "A"- Subsidiaries

(₹ in Million except % shareholding & exchange rate)

Sr. No.	1	2	3	4	5	6	7	8
Name of the subsidiary	Advanced Bio-Agro Tech Limited	Advanced Enzytech Solutions Limited	JC Biotech Private Limited	Scitech Specialities Private Limited*	Advanced Enzymes USA	Advanced Enzymes (Malaysia) Sdn Bhd	Advanced Enzymes Europe B.V.	Evoxx Technologies GmbH
Reporting period for the subsidiary concerned, if different from the holding company's reporting period	2020-21	2020-21	2020-21	2020-21	2020-21	2020-21	2020-21	2020-21
Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	INR	INR	INR	INR	USD [1 USD = INR 73.05]	MYR [1 MYR= INR 17.65]	EUR [1 EUR= INR 86.09]	EUR [1 EUR= INR 86.09]
Share capital	1.00	0.70	207.11	10.20	285.83	8.38	149.85	12.36
Reserves & surplus	165.22	33.79	341.58	434.01	5658.29	(8.97)	(260.63)	(117.35)
Total assets	209.28	47.42	667.45	645.35	6135.98	0.51	798.11	216.91
Total liabilities	43.06	12.93	118.75	201.14	191.86	1.1	908.88	321.89
Investments	0.10	-	-	0.03	883.74	-	-	-
Turnover	311.8	92.15	503.7	84.03	2154.49	-	281.79	281.79
Profit before taxation	60.7	21.16	106.78	18.64	1012.15	(0.1)	(14.22)	14.08
Less: Provision for taxation	15.51	5.3	29.27	4.67	285.95	-	(9.77)	-
Profit after taxation	45.19	15.86	77.51	13.97	726.2	(0.10)	(4.44)	14.08
Proposed Dividend	-	-	-	-	-	-	-	-
Extent (%) of shareholding	60%	100%	70%	51%	100%	100%	100%	100%

\* AETL has acquired SSPL on 11th Jan 2021. Figures in above table related to Statement of Profit & Loss pertains to period from acquisition date to year end date, i.e. 11th January, 2021 to 31st March 2021

- The financials of Advanced Enzymes, USA are consolidated financials and includes financials of four step down subsidiaries of the Company viz; Cal-India Foods International Inc., USA, Advanced Supplementary Technologies Corporation, USA, Enzyme Innovation Inc., USA and Dynamic Enzymes Inc., USA.
- The financials of Advanced Enzymes Europe B.V. ("AEE") are consolidated financials and includes financials of evovx technologies GmbH, step down subsidiary of the Company.
- Names of the Subsidiaries which are yet to commence the operations: NIL during financial year 2020-21
- Names of the Subsidiaries which have been sold or liquidated during the year: NIL during financial year 2020-21
- The figures for foreign subsidiaries are arrived on the basis of exchange rate as on March 31, 2021:

Exchange Rate on 31/03/2021:  
1USD = INR 73.05  
1MYR = INR 17.65  
1EUR = INR 86.09

Average Exchange Rate for financial year 2020-21:  
1USD = INR 74.20  
1MYR = INR 17.48  
1EUR = INR 86.67

#### Part 'B': Associates & Joint Ventures - NIL

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

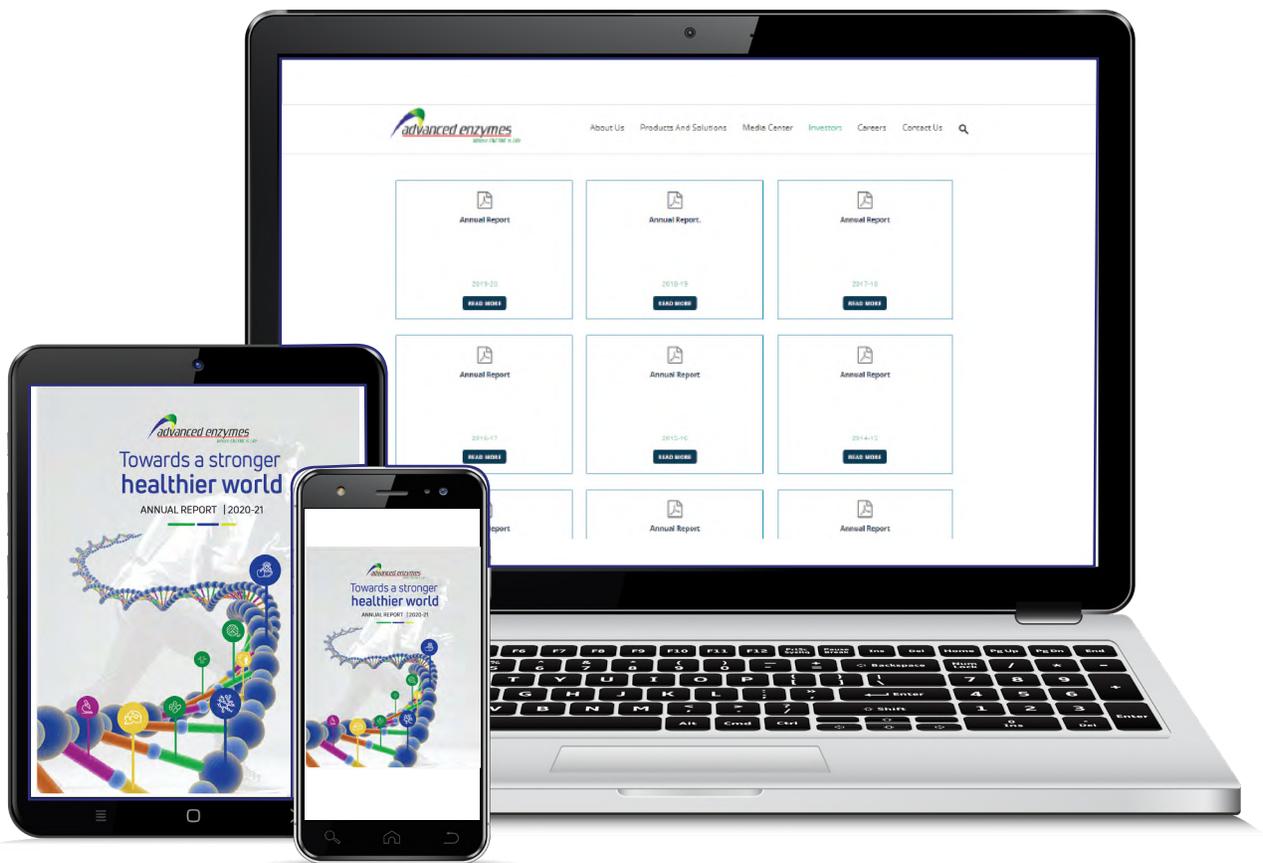
**Mukund Kabra**  
Whole-Time Director  
DIN: 00148294  
Place : Nashik  
Date: 29 May 2021

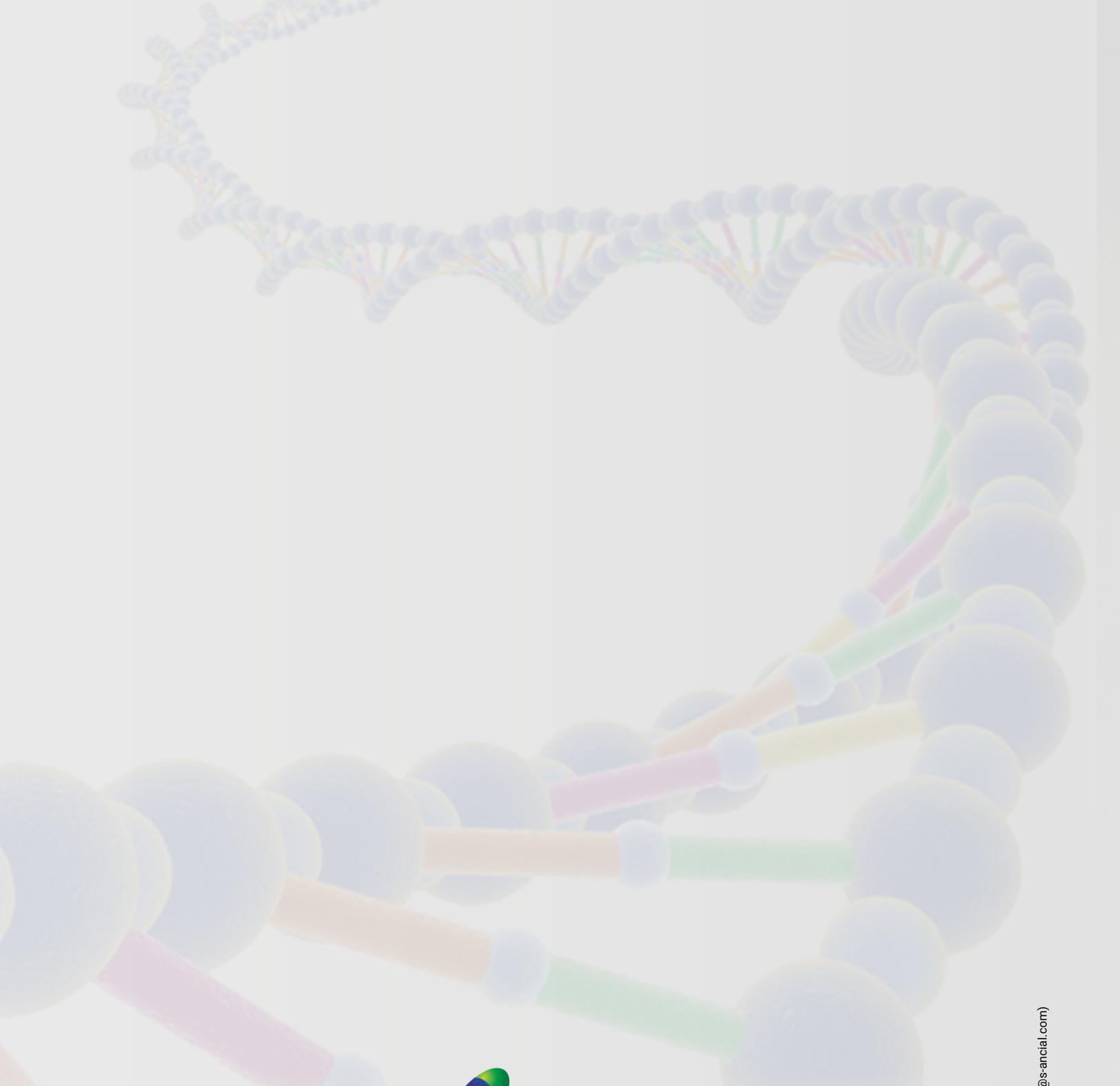
**Kedar Desai**  
Independent Director  
DIN: 00322581  
Place : Mumbai

**Beni P Rauka**  
Chief Financial Officer  
Membership No.: 039980  
Place : Mumbai

**Sanjay Basantani**  
Company Secretary  
Membership No.: A19637  
Place : Thane







## Advanced Enzyme Technologies Limited

CIN: L24200MH1989PLC051018

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