



INNOVATION
WELLNESS SUSTAINABILITY



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.

INNOVATION

With more than three decades of expertise in developing Enzymes & Probiotics and proven R&D capabilities, Advanced Enzymes emerged as the market leader in the country and one of the most prominent players globally. Being a research-driven company, innovation is at the core of what we do and is imbibed into our fundamentals. It enables us to consistently introduce products & solutions to cater to the continuously evolving needs of the wide range of our customers.

WELLNESS

At Advanced Enzymes, we are committed to our vision of a healthy and chemical-free world. In recent times, factors such as aging population, obesity rates and comorbidities have driven consumers toward nutritional needs. Today, consumers are looking for healthy alternatives of nutrition intake. Our Human nutrition range includes Immunity boosters, Gut health solutions (Lactose & Gluten intolerance, Daily Intestinal health) and probiotics. Our solutions to Animal nutrition are also for improving Gut health & digestibility thereby improving FCR and immunity development by use of Enzymes & Probiotics to address the usage of Antibiotics. We contribute to a wider segment of the market with our eco-friendly solutions to minimize our environmental impact.

SUSTAINABILITY

Being a part of a fast-evolving industry, we have pioneered the art of amalgamating innovation with sustainability. We offer a biodegradable range of products. Sustainable solutions are the bedrock of our sustainable growth. We are a Zero Liquid Discharge Company and we utilize Environment-friendly resources for our solutions thus replacing harmful chemicals. We understand our responsibilities towards our stakeholders and strive to live up to their expectations.

Being one of the frontrunners in the Enzymes & Probiotics Industry, we are set to lead the promising future of the market. With our technological expertise, market experience, strong R&D capabilities, and sustainable business processes, we are well placed to cater to the demand of our customers across industries. With the aim of strengthening our spirit of Innovation, Wellness and Sustainability across our business verticals, we are stepping into the fiscal year 2022-23. As we see it, what you focus on grows, and what you believe in thrives.



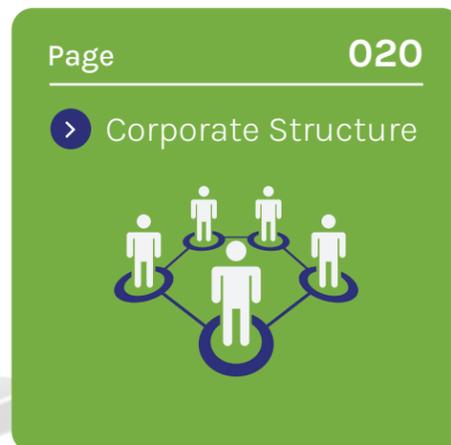
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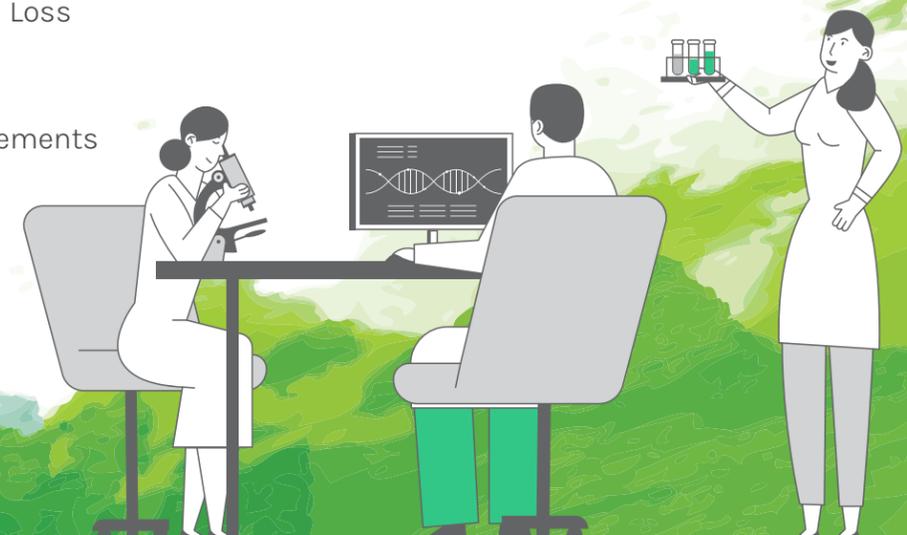
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> **Board of Directors**



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> **Financial Statements**



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.



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, optimize the use of raw materials & resources, reduce pollution & overall carbon footprint of the process.



Vision

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

KEY STRENGTHS

STRONG RESEARCH AND TECHNOLOGY FOCUS



INTEGRATION ACROSS THE VALUE CHAIN



GLOBAL COMPETITIVENESS



CHAIRMAN'S LETTER

Dear Shareholders,

I sincerely hope that all of you are safe and in good health. I am delighted to write to you at the end of what has been quite a tumultuous year. Against a challenging backdrop, Your Company's business remained resilient, bolstered by our diverse product portfolio and the dedication of our employees.

The past year will be remembered as unprecedented, with the continued effects of COVID and the conflict between Russia and Ukraine changing the global landscape. Supply chain issues and a sharp surge in crude oil prices have fueled an inflation that has not been seen in decades. Businesses, trade, manufacturing, and employment opportunities have been severely impacted across the global economy. Amidst such a market scenario, your Company could not remain unaffected. Due to soaring inflation, the price of raw materials and other input costs increased multiple-fold. Your Company also faced logistical bottlenecks, supply-chain constraints and other short-term operational hurdles.

Your Company persevered these challenges only to emerge even stronger. Keeping the focus on Innovation, Wellness and Sustainability, your Company managed to keep growing when the market was struggling to stay afloat. This is a testament to the Company's grit and determination to build and lead a more environmentally-friendly and healthy world.

The Year under Review

Developments during the year

Because of your Company's focus on strong, research-backed products, the systemic enzyme and probiotic supplements ImmunoSEB and ProbioSEB CSC3 were listed with the National



Institute of Health (NIH) for their proven clinical efficacy to moderate and resolve COVID and Post-COVID fatigue and muscle weakness.

Your Company's dedication to the safety of its products yielded an FDA grant of a No Further Questions letter of its GRAS dossiers regarding the safety in food for *Bacillus clausii* (SEBclausii™) and *Bacillus subtilis* (SEBtilis™). This enormous accomplishment places Your Company in an elite group of probiotic manufacturers. Your Company is continually innovating more probiotics, grounded in strong research of efficacy and safety.

Expanding and diversifying its offerings, the Company launched its B2C product line and sales platform in India this year based on its established and thriving B2C business model in the U.S. These products can be found at www.advancedenzymedirect.com as well as through other e-commerce aggregators.

To strengthen the supply chain and improve market reach, your Company also inked two strategic distribution pacts for food and dietary supplements in South East Asian and India.



“Keeping the focus on Innovation, Wellness and Sustainability, your Company managed to keep growing when the market was struggling to stay afloat.”



Major Headwinds

Inflation and supply chain disruptions have caused major headwinds for your Company.

Overall input costs increased significantly due to high levels of inflation. Prices of raw materials and fuel used for manufacturing increased multi-fold. Shutdowns and supply chain issues in procurements from China further amplified the cost of raw materials in the domestic market, especially for solvents.

This year, trade across the globe was severely impacted from a ruptured supply chain, which caused obstacles in raw material procurement as well as finished goods supply. The crisis included severely increased containerized freight rates and massive scarcity of truckers in the US, UK and Europe. Furthermore, the clearance for shipment faced elongated delays. Over and above that, spurt in fuel prices and freight costs escalated overall cost for the Company thereby impacting margin over the short term.

Although the market was resuscitating well at the onset of the year, supply chain disruptions have caused lumpy demand from customers. In anticipation of supply chain concerns and further pandemic-related lockdowns, our customers over-procured inventories early in the year. As a result of those high inventories, our customers withheld

new orders later in the year.

Financial Overview

Our operating revenues at the consolidated level grew by about 6% to ₹5,294 million from ₹5,018 million. Our EBITDA stood at ₹2,014 million, de-grew by about 13% to ₹2,316 million. On the other hand, our PAT (before minority interest) declined by 18% to ₹1,238 million from ₹1,513 million.

As earlier, Human Nutrition is our largest revenue contributor (68% of revenue), followed by Animal Nutrition (11% of revenue), Bio Processing (12% of revenue) and Specialized Manufacturing (9% of revenue). At the operations front, our capacity utilization continued to be in the 55-60% range.

Your Company is almost at zero debt with the debt/equity ratio standing at 0.01x. The balance sheet remained healthy and robust during the year. All operations and other proceedings are funded through internal accruals.

Geared for the Future

The entire world has reached an inflection point and the need to adopt sustainable business practices has never been greater. On the back of this, the global enzymes and probiotics market holds immense potential. With our strong and unique knowledge of enzymes and probiotics, presence across the value chain, and multi-country and multi-industry model, we are diversified and well-positioned to continue to grow sustainably.

To conclude, I would like thank all of our stakeholders, and especially our employees, as our joint efforts help us continue on our journey. We are entering the new fiscal year with optimism that together we can overcome any challenge to ensure growth and sustainability.

Sincerely,
V. L. Rathi
(Chairman)

DIVERSIFIED MARKET

HUMAN HEALTHCARE & NUTRITION

We offer a range of our proprietary enzyme products and customized enzyme solutions to numerous pharmaceutical and nutraceutical companies in India, North America, Asia (ex-India), Europe and other countries as well. Our product line include anti-inflammatory, pro-digestion, probiotics products which are utilized by our clients as active ingredients. We have developed and up scaled technologies for the production and application of several important probiotics which are immensely helpful in various therapies for the digestive disorders and newer applications for treatment of several other diseases.

We have made significant progress on developing biocatalysis for API manufacturers, providing enzymatic based solutions that are target specific, helping them to save cost of energy, time and use of chemicals.

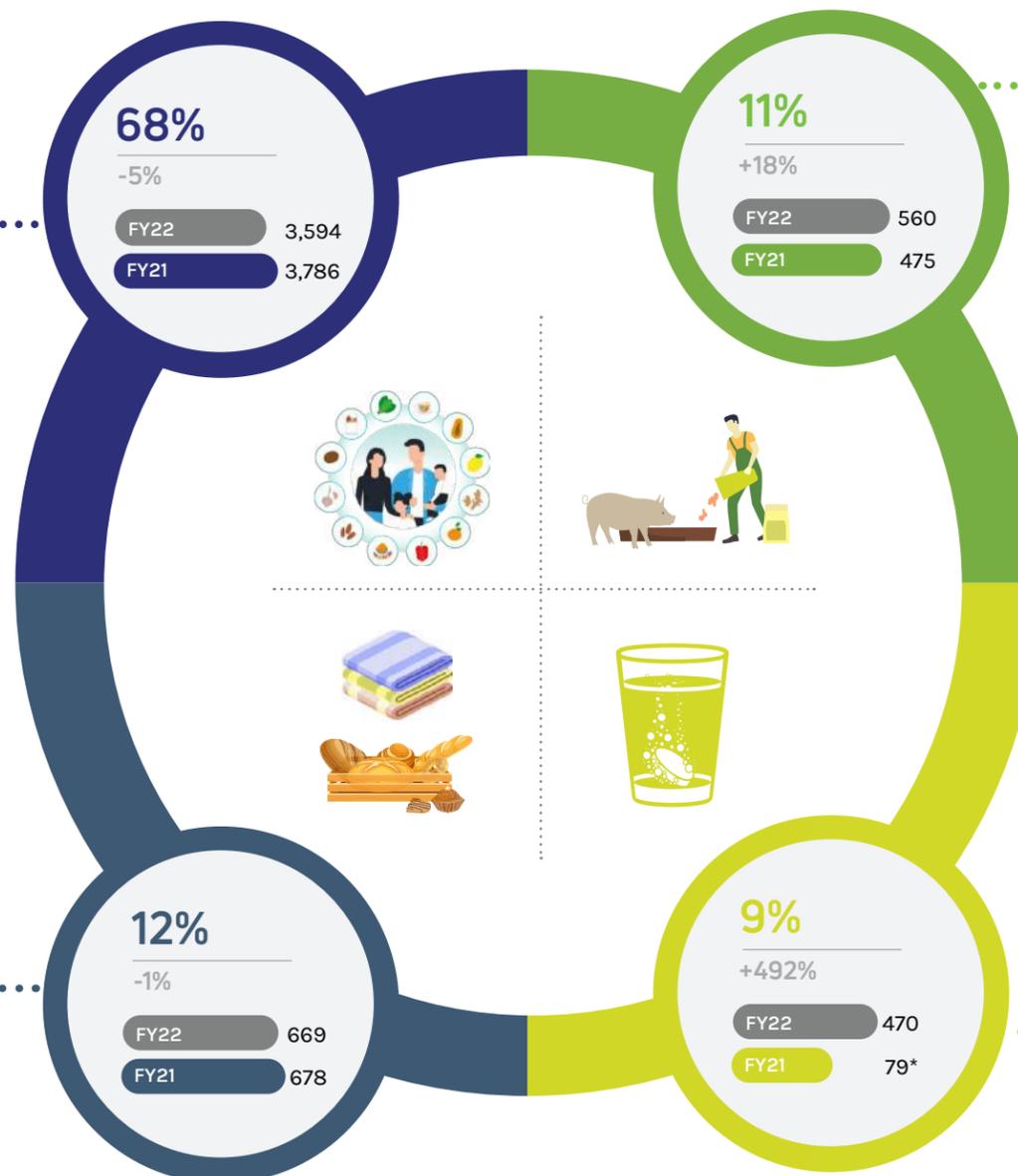
INDUSTRIAL BIO PROCESSING

NON-FOOD PROCESSING

There are a number of reactions in which enzymes are considered to be powerful biocatalysts. We offer eco-safe solutions for a variety of industries, including textiles, leather, detergents, and pulp & paper, that are used in the manufacture of a wide range of products. Biological solutions reduce energy consumption, water use, and waste, not to mention reducing the load of effluent and waste, which improves efficiency and reduces the overall cost of industrial processes.

FOOD PROCESSING

Food and beverage manufacturers are continuously enhancing the quality of the products and maximizing the resources to cater to the shift in consumer pattern towards healthier living across the globe. Enzymes are essential to increase the nutritional value and appeal of food and beverage products. They also provide substantial benefits which are above and beyond the scope of options which have been used so far.



*Revenue number from Jan'21 to Mar'21

All the figures are in ₹ million, unless otherwise stated

ANIMAL NUTRITION

We offer enzyme-based feed additives for the animal nutrition in the relevant industries, which are majorly poultry and swine. The enzymes are added to animal's feed to enhanced the digestibility of the components. Our product offering enables animals to maximize the amount of nutrients they absorb from their feed, therefore aiding in animal feed cost reduction, decreasing animal waste and consequently helping to curb environmental pollution. We have also developed and evaluated efficacy of probiotic formulations for Animal healthcare. Probiotics have beneficial metabolites and competitive exclusion widely used in animal healthcare.

SPECIALIZED MANUFACTURING

The Specialized manufacturing segment is newly added to the revenue stream as synergy from the acquisition of SciTech Specialities Pvt. Ltd. (SSPL). In Specialized manufacturing, we manufacture products based on effervescent technology. These effervescent products extend our solutions in Nutraceutical, Pharmaceutical, Bakery, Washing solutions and other Speciality products. SciTech Specialities also helps us in strengthening our B2C segment.



QUICK FACTS



1st

LISTED INDIAN
ENZYME COMPANY

2nd

HIGHEST
MARKET SHARE IN
INDIA

2nd

LISTED INTEGRATED
ENZYME PLAYER
GLOBALLY

68+

Enzymes &
Probiotics

750+

Employees

500

m³ Fermentation
Capacity

400+

Proprietary
Products

13^{*}

Patents

25+

Years of
Fermentation
Experience

700+

Customers
Worldwide

12[#]

Food Enzyme
Dossiers
filed with EFSA

45+

Countries
Worldwide
Presence

5^{**}

GRAS Dossiers
filed with FDA

9

Manufacturing
Units

7

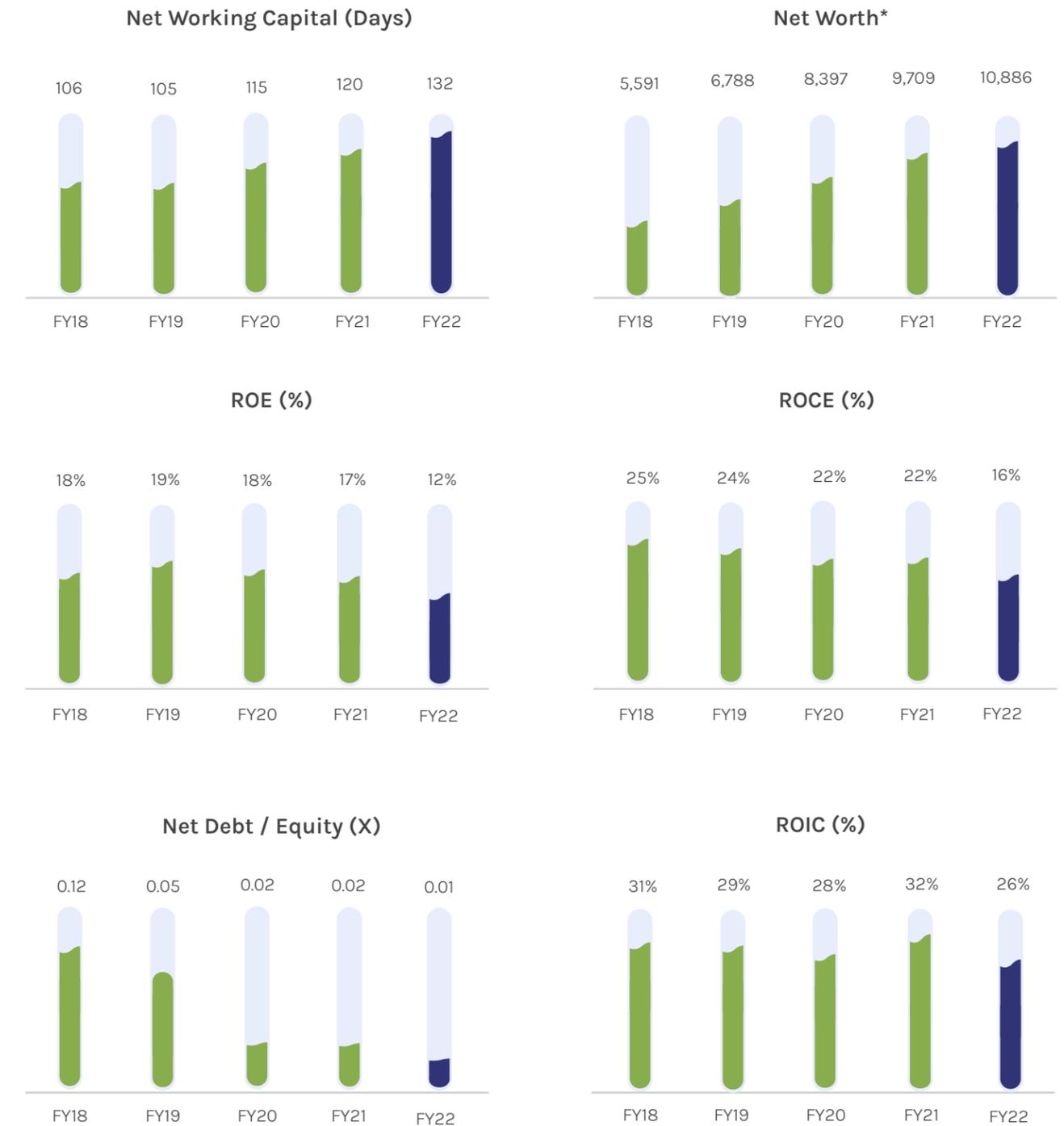
R&D Units

* Patents include the filed applications

#Received 4 Dossiers, 2 are in the process of being published and 6 are under evaluation

** Received no question letter received for 4 GRAS Dossiers and another 1 is under evaluation

KEY PERFORMANCE INDICATORS



All the numbers are on Consolidated basis

*All the numbers are in ₹ million, Unless otherwise Stated

Net working capital days = $(\text{Trade receivables} + \text{inventories} - \text{Trade payables}) / \text{Net Sales} \times 365$

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

ROIC = $\text{EBITDA} / (\text{Equity} + \text{Net Debt})$

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

FINANCIAL SUMMARY (Consolidated)

| Particulars | 2021-22 | 2020-21 | 2019-20 | 2018-19 | 2017-18 |
|--|---------|---------|---------|---------|---------|
| Revenue from Operations (including excise duty and export incentives) | 5,294 | 5,018 | 4,440 | 4,196 | 3,957 |
| Net Sales (excluding excise duty and export incentives) | 5,289 | 5,004 | 4,416 | 4,177 | 3,881 |
| EBITDA | 2,014 | 2,316 | 2,023 | 1,819 | 1,640 |
| Depreciation | 349 | 287 | 258 | 211 | 183 |
| EBIT | 1,664 | 2,029 | 1,765 | 1,608 | 1,457 |
| Finance Charge | 18 | 16 | 30 | 39 | 81 |
| Profit Before Tax & Exceptional Items | 1,646 | 2,013 | 1,735 | 1,569 | 1,376 |
| Other Income | 64 | 88 | 56 | 50 | 14 |
| Profit Before Tax | 1,711 | 2,101 | 1,791 | 1,619 | 1,390 |
| Tax | 473 | 588 | 461 | 460 | 454 |
| Profit After Tax Including Minority Interest (PAT) | 1,238 | 1,513 | 1,330 | 1,159 | 936 |
| Profit After Tax and Allocation of Minority Interest | 1,196 | 1,459 | 1,293 | 1,111 | 901 |
| Paid up Capital-Equity | 224 | 223 | 223 | 223 | 223 |
| Reserves & Surplus | 10,662 | 9,486 | 8,173 | 6,565 | 5,368 |
| Shareholders' Fund | 10,886 | 9,709 | 8,397 | 6,788 | 5,591 |
| Minority Interest | 518 | 617 | 278 | 260 | 226 |
| Long-term Borrowings (including current maturities) | 81 | 99 | 72 | 137 | 290 |
| Working Capital Finance | 19 | 38 | 127 | 213 | 377 |
| Short Term Borrowings | 9 | 54 | - | - | 1 |
| Total Debt | 109 | 191 | 199 | 350 | 668 |
| Current Liabilities (excluding short term borrowings and current maturities) | 576 | 584 | 437 | 372 | 519 |
| Other Liabilities | 587 | 461 | 372 | 341 | 312 |
| Net Tangible Fixed Assets (Property, Plant and Equipment) | 2,718 | 2,510 | 2,143 | 1,665 | 1,693 |
| Net Intangible Assets | 663 | 747 | 645 | 680 | 741 |
| Goodwill on Consolidation | 2,961 | 2,887 | 2,941 | 2,715 | 2,584 |
| Current Assets | 6,044 | 5,160 | 3,756 | 2,821 | 2,107 |
| Other Assets | 290 | 222 | 300 | 230 | 191 |
| Net Worth | 10,886 | 9,709 | 8,397 | 6,788 | 5,591 |
| Total Outside Liabilities (TOL) | 1,790 | 1,852 | 1,286 | 1,323 | 1,725 |

| Particulars | 2021-22 | 2020-21 | 2019-20 | 2018-19 | 2017-18 |
|---|---------|---------|---------|---------|---------|
| Growth Indicators | | | | | |
| Net Sales | 6% | 13% | 6% | 8% | 18% |
| EBITDA | -13% | 14% | 11% | 11% | 9% |
| EBIT | -18% | 15% | 10% | 10% | 5% |
| PAT | -18% | 14% | 15% | 24% | 1% |
| Key Operating Ratios* | | | | | |
| Gross Margin | 79% | 80% | 82% | 82% | 79% |
| EBITDA Margin (EBITDA/Net Sales) | 38% | 46% | 46% | 44% | 42% |
| EBIT Margin (EBIT/ Net Sales) | 31% | 41% | 40% | 38% | 38% |
| PAT Margin (PAT/Net Sales) | 23% | 30% | 30% | 28% | 24% |
| Financial Leverage | | | | | |
| Net Debt/Equity | 0.01 | 0.02 | 0.02 | 0.05 | 0.12 |
| Interest Coverage | 92.66 | 126.07 | 58.14 | 41.23 | 17.99 |
| Debt/EBDAT | 0.05 | 0.08 | 0.10 | 0.20 | 0.43 |
| TOL/Net Worth | 0.16 | 0.19 | 0.15 | 0.19 | 0.31 |
| Return Ratios# | | | | | |
| RoE (PAT/ Shareholders' Fund) | 12% | 17% | 18% | 19% | 18% |
| RoCE (EBIT/(Shareholders' Fund + Total Debt)) | 16% | 22% | 22% | 24% | 25% |
| ROIC (EBITDA/(Equity+ Total Debt-Cash & Cash equivalent)) | 26% | 32% | 28% | 29% | 31% |
| Other Ratios | | | | | |
| Turnover to Tangible Assets (Net) | 1.95 | 1.99 | 2.06 | 2.51 | 2.29 |
| Inventory Turnover | 4.93 | 5.77 | 5.66 | 5.50 | 5.49 |
| Book Value/Share (₹) | 97.37 | 86.90 | 75.18 | 60.80 | 50.08 |
| EPS (Basic) | 10.70 | 13.09 | 11.58 | 9.95 | 8.07 |
| EPS (Diluted) | 10.68 | 13.07 | 11.56 | 9.94 | 8.06 |
| Working Capital Cycle (No. of Days)* | | | | | |
| Inventory Turnover | 83 | 68 | 66 | 67 | 71 |
| Accounts Receivable | 61 | 63 | 61 | 51 | 55 |
| Accounts Payable | 12 | 11 | 12 | 13 | 20 |
| Net Working Capital | 132 | 120 | 115 | 105 | 106 |
| R&D Spends | | | | | |
| Capital Expenditure | 16 | 54 | 22 | 6 | 8 |
| Recurring Expenditure | 150 | 125 | 115 | 107 | 98 |
| Total R&D Expenditure | 166 | 178 | 137 | 113 | 106 |
| As % of Net Sales | 3% | 4% | 3% | 3% | 3% |

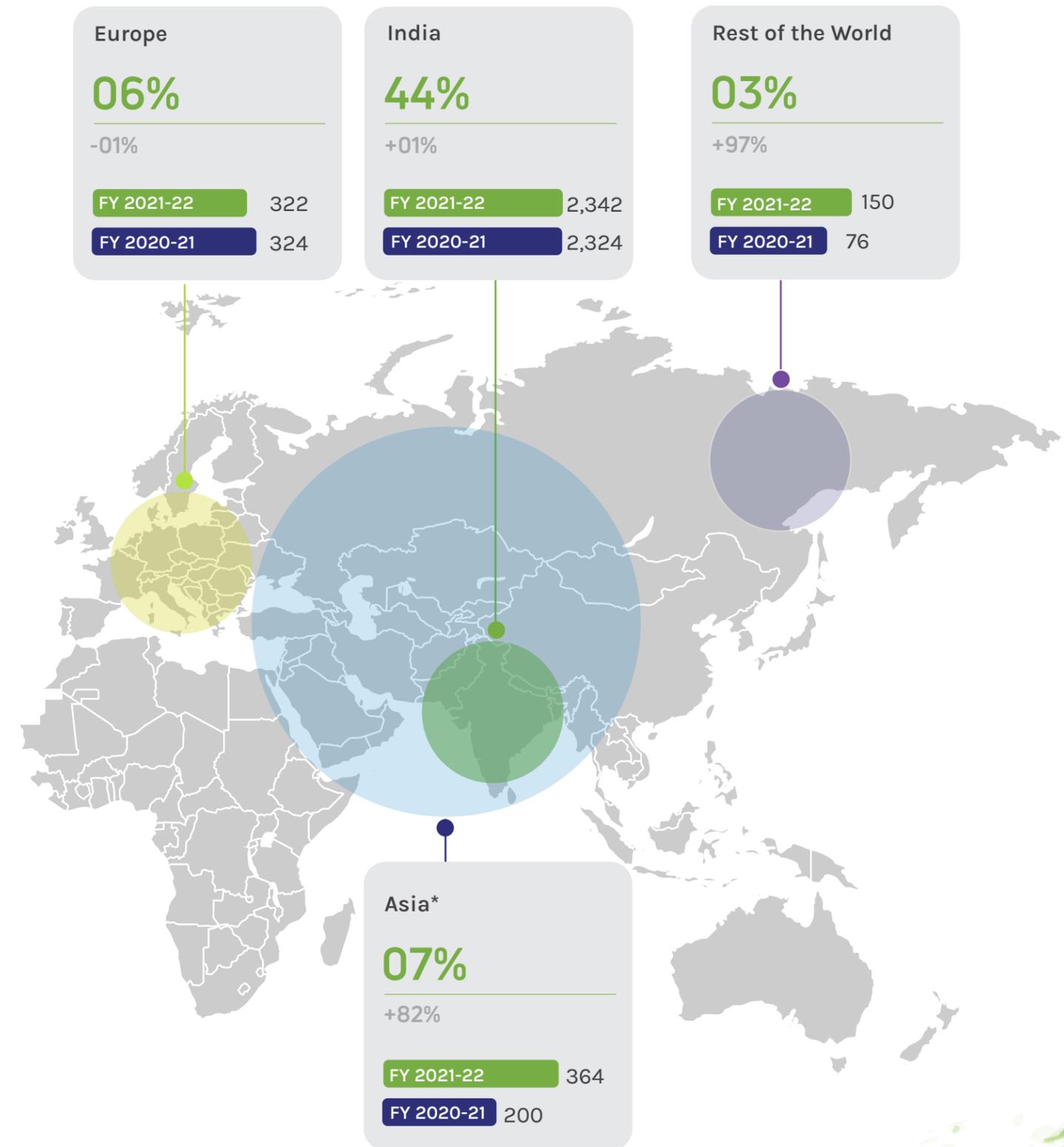
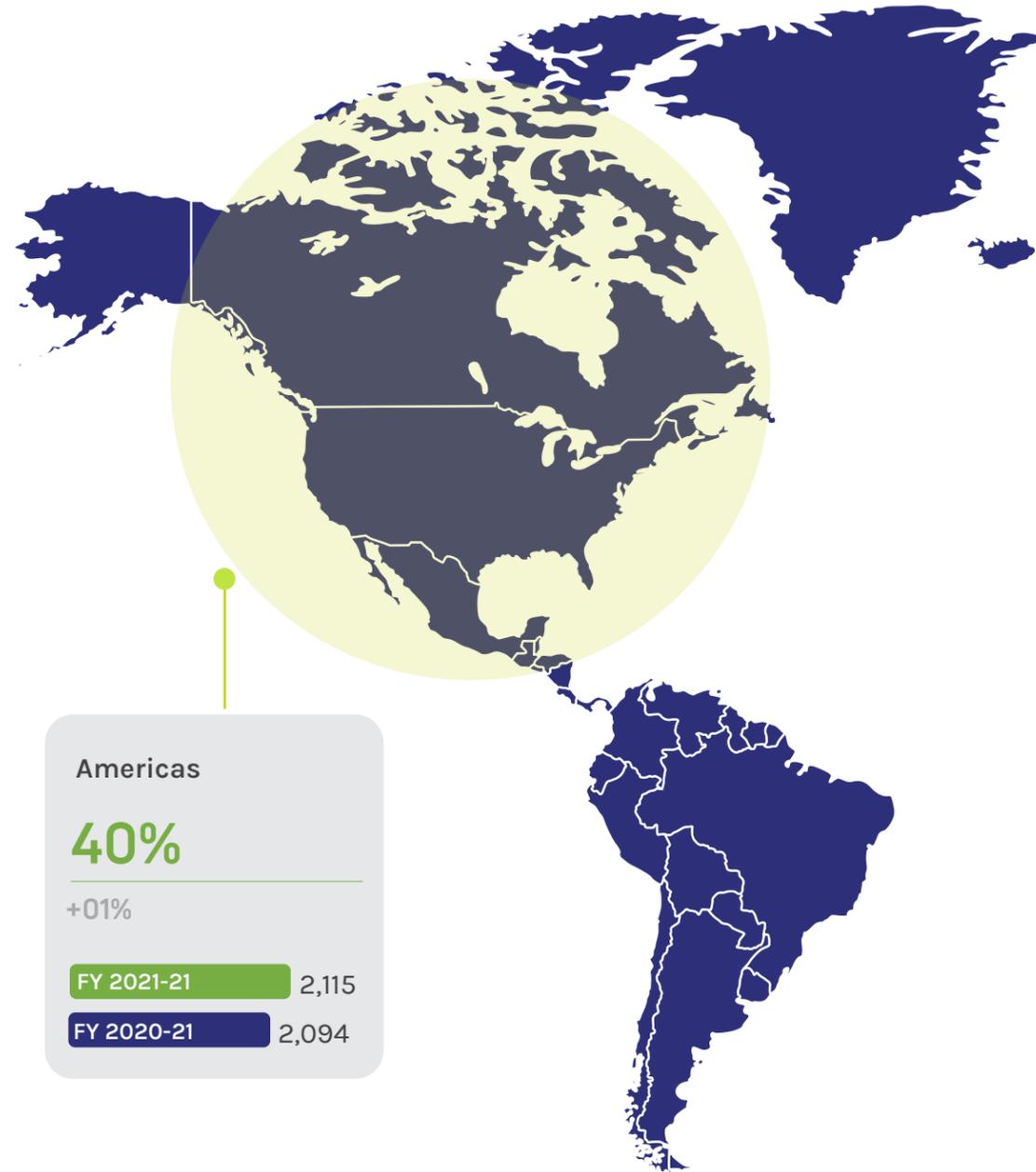
Note - Book value and EPS are based on face value of ₹ 2 per share

*Based on Net sales

All figures are in ₹ million, unless otherwise stated

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

OUR PRESENCE ACROSS THE GLOBE



Note - *excluding India
All the figures are in ₹ million, unless otherwise stated

OUR JOURNEY OF EXCELLENCE

1989

Incorporated as Advanced Biochemicals Pvt. Ltd.

2001

R&D locations (Thane and Sinnar) recognized by DSIR

2005

Advanced Biochemicals Ltd. is renamed as Advanced Enzyme Technologies Limited

2012

Equity investment by Kotak Private Equity
Takeover of Advanced Supplementary Technologies
2nd fermentation facility commissioned at Pithampur, Indore

2016

Floated IPO
Acquired 70% stake in JC Biotech with a fermentation facility at Ongole, Andhra Pradesh

2018

4 food enzymes got approved as a processing aid with Food Safety Standard Authority of India (FSSAI)
4 enzymes are registered with REACH -ECHA (European Chemical Agency)

2022

Received NIH grant for ImmunoSEB and ProbioSEB CSC3
Approvals of 2 GRAS Dossiers for SEBtilis™ and SEBclausii™
Increased 15% stake in JC Biotech

1994

1st fermentation facility commissioned at Sinnar, Maharashtra

2011

Takeover of Cal-India Foods International - USA presence

2014

1st food enzyme Dossier was filed

2017

Acquired 100% stake in evoxx technologies GmbH, Germany
1st GRAS dossier was filed with USFDA

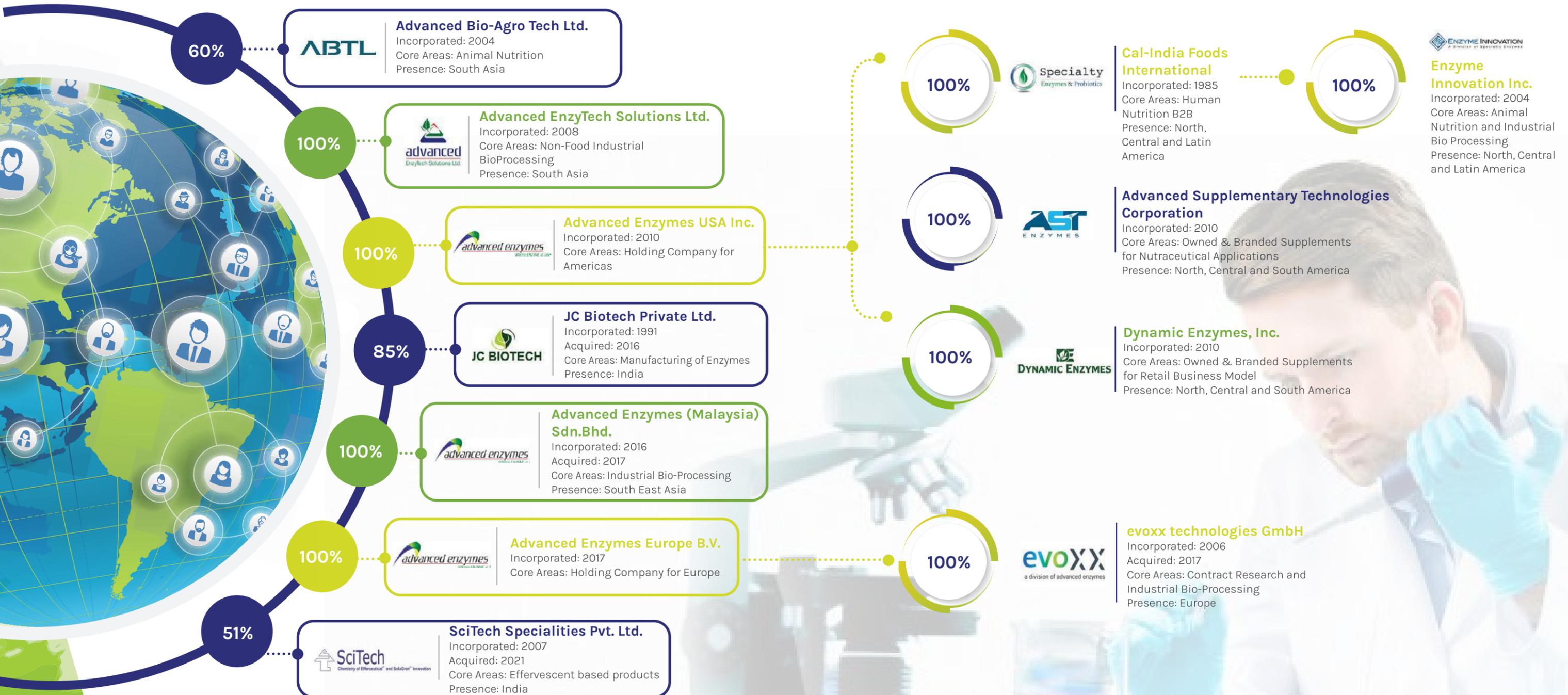
2021

Acquired 51% stake in SciTech Specialities with 2 manufacturing facilities and 1 R&D unit

2004

Advanced Biochemicals ranked as the largest domestic manufacturer of Industrial Enzymes.
Advanced Biochemicals files its first patent

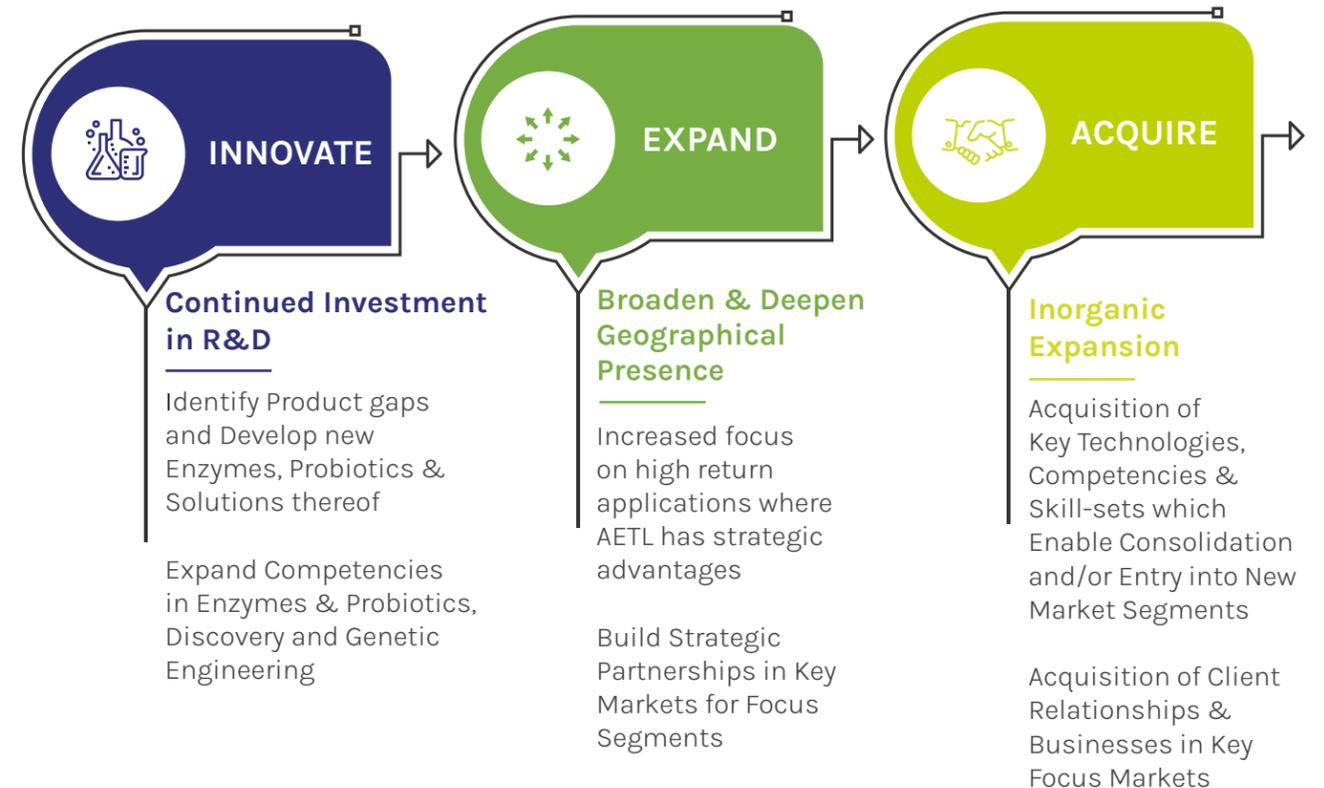
CORPORATE STRUCTURE



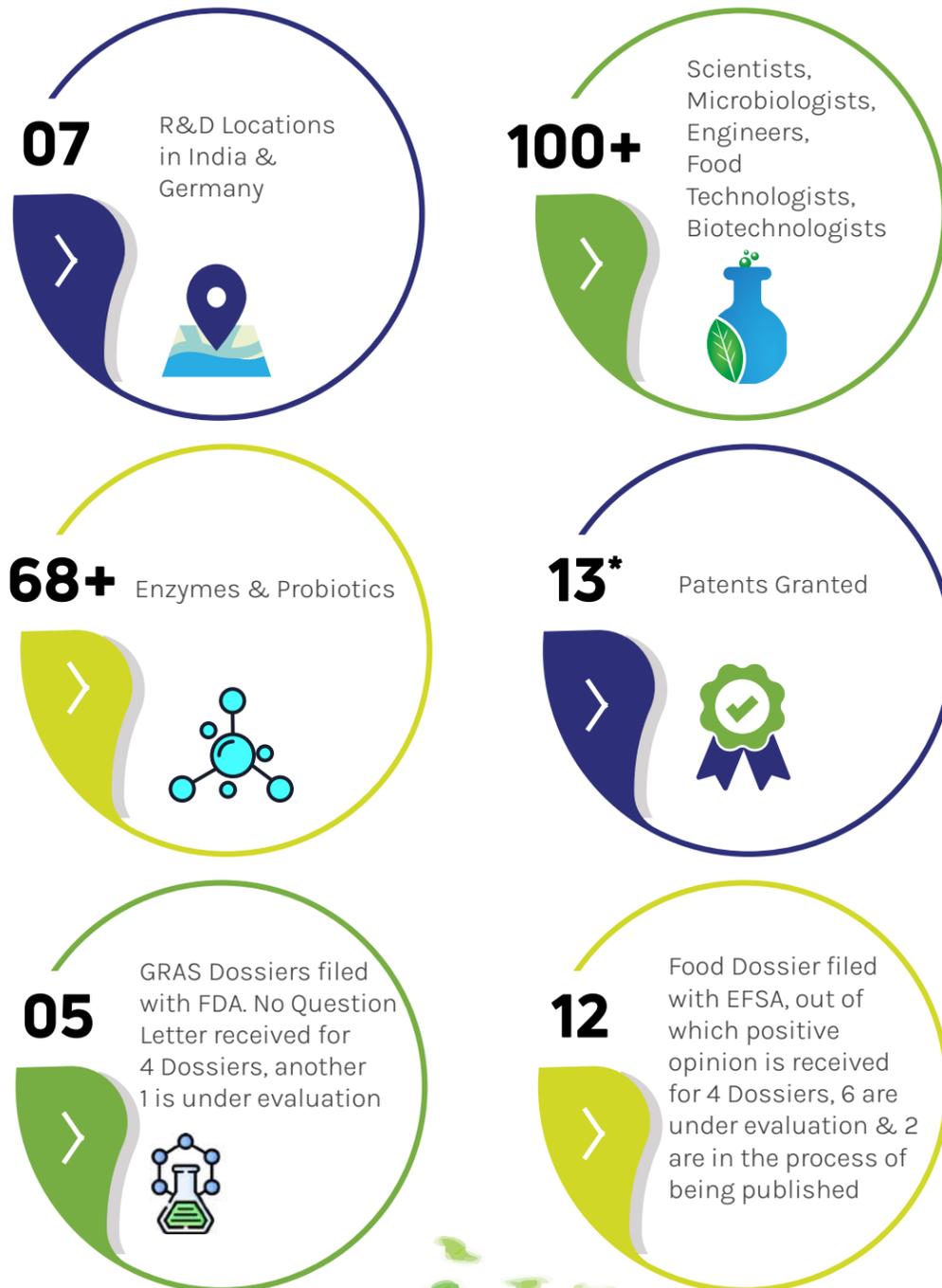
INTEGRATED ACROSS VALUE CHAIN



KEY BUSINESS STRATEGIES



STRONG R&D CAPABILITIES



*Patents include the filed applications



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



Proteomics & Applied Microbiology

Purification & Characterisation of Enzymes & Probiotics

Generate data for filing regulatory Dossiers

Develop newer & improved microbial systems for Enzymes & Probiotics application



Process Development & Optimization

Upscaling fermentation

Enhance efficiency of downstream processes

Improve recovery & purification yields



Application Development

Develop innovative Enzyme & Probiotic solutions for various food & non-food processing industries

Lab trials support for Enzymes/ Probiotics applications



RESPONSIBILITY TOWARDS SOCIETY



CREATING A BETTER FUTURE BY EMPOWERING COMMUNITIES

AETL views community development as a springboard for improving people's lives. The Company believes, and hence emphasizes, on community participation as one of the most crucial factors to achieve sustainable livelihood in society. Education, health-care, skill development/vocational training, sanitation, safe & clean drinking water, environment sustainability, women empowerment, betterment of differently abled and rural development are among the fundamental issues that the Company seeks to focus on. The Company works together with its employees and partners in order to improve society to make it a better place for future generations.

Projects for FY 2021-22

1. As our contribution to COVID-19 pandemic relief efforts, we extended help by providing Ventilators/ Oxygen concentrators/cabinets to the Hospital / care centre in Nashik.
2. We provided our contribution to the Arpan Thalassemia Society (Nashik) in order to help them to meet the requirements of Thalassemia patients primarily for their treatment.
3. We are contributing to the expansion of Agrawal Oswal Chhatrawas, a Boys' hostel in Andheri, Mumbai, through the RVG Educational Foundation. We are providing educational support to children of three deceased employees.
4. We are contributing for the construction of building premises at Yeola Taluka and Nashik in Maharashtra through Laxminarayan Rathi Bahuuddeshiya Seva Sanstha for the purposes related to the objects of the said Sanstha pertaining to the education, skill development and vocation training.
5. We are contributing for providing organic fertilizers to the farmers in villages of Nashik and Nagar District located in Maharashtra through Laxminarayan Rathi Bahuuddeshiya Seva Sanstha.
6. We are contributing for the construction of Hostel for Women at Vocational training and Skills development centre in the multi-utility building named "Center for Excellence" of Vipra Foundation at Mansarovar, Jaipur, Rajasthan.

BOARD OF DIRECTORS



1 MR. V. L. RATHI | Chairman & Non-Executive Director

Mr. Vasant Laxminarayan Rathi is a Promoter Chairman and a Non-Executive Director of your Company. He holds a Bachelor's degree in Pharmacy from Nagpur University and a degree of Master of Science from University of Hawaii. He has over 42 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/Group since the year 1985. Mr. Vasant Laxminarayan Rathi heads our international subsidiaries based in United States.

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.

4 MR. PRAMOD KASAT | Independent Director

Mr. Pramod Kasat 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. He holds diverse experience in a leadership role across various reputed organizations such as IndusInd Bank, Pioneer Investcorp, Credit Suisse, Deutsche Bank, Citibank NA and IL&FS Group. He serves as an Independent Director on the Board of Natural Capsules Ltd. and Fermenta Biotech Ltd.

5 MR. RAJESH SHARMA | Independent Director

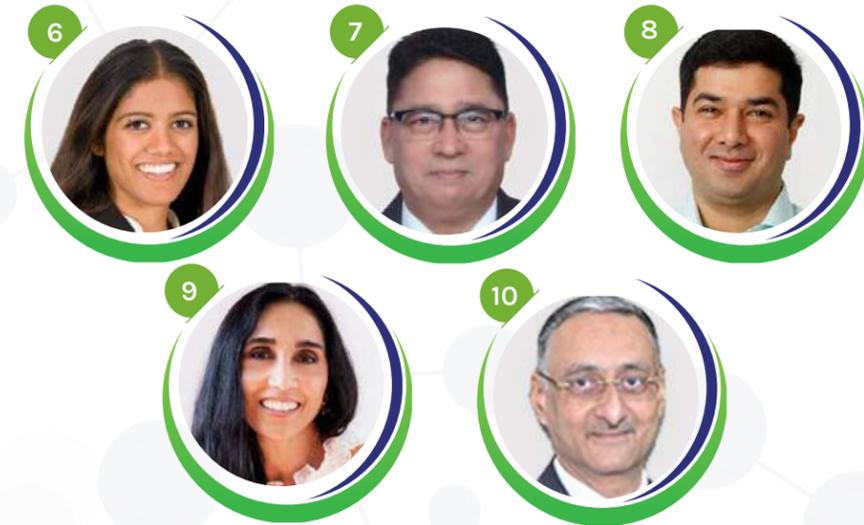
Mr. Rajesh Sharma earned his Presidential & CEO and Key Executive Master of Business Administration degree from Pepperdine University and is a Certified Public Accountant. He also completed an executive education program in health care delivery at Harvard Business School and is an inaugural fellow of Coro's Health Leadership program and a fellow of Leadership Southern California. He is a President and CEO of Emanate Health. He has more than 23 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.

3 MR. KEDAR JAGDISH DESAI | Independent Director

Mr. Kedar Jagdish Desai holds a Bachelor 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 24 years of experience in the field of law.

2 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 more than 27 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 Sinner and Indore and for optimising the fermentation for existing products, strain improvement, downstream research and analytical research.



6 MS. RASIKA RATHI | Non-Executive Director

Ms. Rasika Rathi is a Promoter Group Member and NonExecutive 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 over 17 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 5 Subsidiaries. Prior to this, she was associated with Allen & Overy LLP as an Associate - Tax and Litigation in New York, United States of America (USA). 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.

7 MR. VINODKUMAR JAJOO | Independent Director

Mr. Vinodkumar Hiralal Jajoo 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 33 years in the field of Direct and Indirect Taxation. Further, he also has a vast experience in the field of Audit work.

8 DR. SUNNY SHARMA | Non-Executive Director

Dr. Sunny Sharma holds a M.B.A. from the Indian Institute of Management, Bangalore and a medical degree (M.B.B.S.) from Christian Medical College, Ludhiana. 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.

9 MS. RAJSHREE PATEL | Independent Director

Ms. Rajshree Patel is a B.S (Bachelor of Science) from Stonybrook University, New York. JD (Juris Doctor) from St. Johns University, New York. As a lawyer, she was a prosecutor for the United States Attorney's Office and Los Angeles District Attorney's Office before becoming a high-profile Leadership Consultant. With three decades of experience, she has facilitated 6,500+ workshops globally. She has served as lead project manager for major global initiatives, and raised millions of dollars for social service projects.

10 MR. NITIN DESHMUKH | Addl. Director (Independent)*

Mr. Nitin currently serves as an Advisor at Kotak Investment Advisors Limited and holds several Board and Advisory Board positions. Nitin has previously held investment roles at Kotak Investment Advisors Limited, ICICI Venture Funds Management Company Limited, Dresdner Kleinwort Benson Advisory Services (India) Private Limited and on the operations side with Cipla Limited. He holds a postgraduate degree in Pharmacy from the University of Mumbai and a postgraduate degree in Management from University of Mumbai. He also completed a Post Graduate Program in Pharmaceutical Technology from University of Ghent, Belgium. He is a Distinguished Alumnus of the Institute of Chemical Technology (earlier known as UDCT).

(*w.e.f. July 01, 2022)

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.)



Mr. Dipak Roda

(Sr. Vice President - Marketing & 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)



Ms. Martina Doering

Managing Director /Head Of Business Development - evoxx technologies GmbH, Germany



Dr. Michael Puls

Managing Director /Head Of Research and Development - evoxx technologies GmbH, Germany

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
(*Ceased to be director w.e.f from January 27, 2022, due to his sad demise)

Mr. Vinodkumar Jajoo
Independent Director

Dr. Sunny Sharma
Non-Executive Director

Ms. Rajshree Patel
Independent Director

Mr. Nitin Desmukh
Additional Director (Independent)*
(*Appointed w.e.f from July 01, 2022)

MANAGEMENT TEAM

Mr. Beni Prasad Rauka
Chief Financial Officer

Mr. Dipak Roda
Sr. Vice President Marketing & Business Development

Mr. Sanjay Basantani
Company Secretary & Head-Legal

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

Ms. Martina Doering
Managing Director /Head Of Business Development, evoxx technologies GmbH, Germany

Dr. Michael Puls
Managing Director /Head Of R&D, evoxx technologies GmbH, Germany

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

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

1406 Lexington Street, Tustin CA 92782

REGISTERED OFFICE

Advanced Enzyme Technologies Limited
CIN: L24200MH1989PLC051018
A - Wing, Sun Magnetica, 5th Floor, LIC
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Tel: +91-22-41703200, Fax: +91-22-25835159
Email: info@advancedenzymes.com
Website: www.advancedenzymes.com

REGISTRAR & TRANSFER AGENT

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

STATUTORY AUDITORS

MSKA & Associates
Chartered Accountants
408, 4th Floor, Manish Chambers, Sonawala
Road, above Axis bank, Jay Prakash Nagar,
Goregaon, Mumbai - 400063, Maharashtra

INTERNAL AUDITORS

Aneja Associates
Chartered Accountants
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.
Practicing Company Secretaries,
1055, Level 10, Hubtown Solaris,
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.
ICICI Bank Ltd.
Axis Bank Ltd.

MANAGEMENT DISCUSSION & ANALYSIS - FY 2021-22

Global Economy

The onset of year 2021 was markedly subdued due to severe hit of COVID variant Omicron across the globe. The continued lockdowns gravely impacted businesses, trades, manufacturing and employment opportunities globally. The Geo-political tensions stemmed up from the Russia-Ukraine war added to the woes of already staggering economies. This led to a steep surge in crude oil prices which subsequently gave way to soaring inflation. Widespread supply bottlenecks weighed appreciably on global activity in the latter part of the year. Moreover, the retrenchment of the real estate sector in China and a slower recovery of private consumption, limit the growth prospects.



In the October World Economic Outlook (WEO), growth is projected to be 4.4% in 2022, down half a percent from 5.9% in 2021. Global growth is expected to slow to 3.8% in 2023 as pentup demand settles and supportive macroeconomic policies continue to be unwound. The upgrade, while 0.2 percentage points higher than the previous forecast, is largely a result of a mechanical pickup in growth after current drags on growth dissipate by the end of 2022.

| | Estimate | Projections | |
|---|----------|-------------|------|
| | 2021 | 2022 | 2023 |
| World Output | 5.9 | 4.4 | 3.8 |
| Advanced Economies | 5.0 | 3.9 | 2.6 |
| Emerging Market and Developing Economies | 6.5 | 4.8 | 4.7 |
| Emerging Market and Middle-income Economies | 6.8 | 4.8 | 4.6 |
| Low-income Developing Economies | 3.1 | 5.3 | 5.5 |

(Source - IMF)

Growth in advanced economies is estimated to be 3.9% and 2.6% in 2022 and 2023 respectively. Although output and investment opportunities in advanced economies are projected to return to pre-pandemic trends next year, in EMDEs they will remain markedly below. Growth in Emerging markets is the key factor for booming global outlook as it has been in recent yesteryears, however, the near-term outlook is seeming mute with 4.8% and 4.7%, weighed down by the pandemic's lasting damage to potential growth.

To combat the overwhelming challenge, governments and central banks across all economies provided unprecedented fiscal and monetary support to protect economies, businesses and support the vulnerable sections of the population. Even then, EMDEs are going through notably weaker and sluggish recoveries compared to those in advanced economies due to slower vaccination progress and torpid revival from pandemic's scarring after effects. Assuming that vaccine rates worldwide improve and therapies become more effective by end of 2022, the forecast assumes adverse health outcomes will decline to low levels in most countries.

Various downside risks cloud the outlook, including simultaneous Omicron-driven economic disruptions, further supply bottlenecks, a de-anchoring of inflation expectations, financial stress, climate-related disasters, and a weakening of long-term growth drivers.

This underscores the importance of strengthening global cooperation to foster rapid and equitable vaccine distribution, calibrate health and economic policies, enhance debt sustainability in the economies who are facing challenges in recovery and tackle the mounting costs of climate change.

A solid rebound is projected for investment, based on sustained aggregate demand and broadly favorable financing conditions. Global health strategies are more essential than ever as the pandemic continues to grip the world. To counter this, supplies must be increased, in-country delivery systems should be improved, and international distribution must be fairer. To reduce the risk of climate change, investments in climate policies remain crucial.

(Source: World Bank Report 2022)

Indian Economy

The Indian economy maintained its recuperation momentum during the fourth quarter (Q4) of FY 2021-22. The recovery is led by a gradual revival in industrial output, growth in core sectors and a push of government initiatives and policies. India has emerged as the fastest-growing economy in the world, its Nominal Gross Domestic Product (GDP) at current prices is estimated to be at ₹ 236.44 lakh crore in FY 2021-22 as against ₹ 198.01 lakh crore in FY 2020-21, registering a growth of 19.4%. Real GDP for the year 2021-22 is forecasted to reach ₹ 147.72 lakh crore, as against ₹ 135.58 lakh crore (the First Revised Estimate of GDP) in FY 2020-21. The GDP growth for FY 2021-22 is gauged at 8.9% as compared to 6.6% for the year FY 2020-21

₹ 236.44 lakh crore

Nominal Gross Domestic Product for FY 2021-22 as against ₹ 198.01 lakh crore for FY 2020-21

₹ 147.72 lakh crore

Real Gross Domestic Product as against ₹ 135.58 lakh crore

8.9%

GDP Growth rate for FY 2021-22 as against 6.6% for FY 2020-21

11.8%

Industrial Sector for FY 2021-22 as against 7% in FY 2020-21

Recent high frequency indicators show signs of improvement, raising business and consumer confidence. A number of factors, including freight activity, passenger traffic, power consumption, electronic waybills and GST collections, are trending upward. Investment across a range of sectors of the economy has increased due to an improving economic environment and is expected to see a strong growth of 15% in FY 2021-22. Further revitalization of industrial activities is also anticipated as a result. Industrial sector is to observe a rebound from 7% in the year FY 2020-21 to 11.8% in FY 2021-22. Index for Industrial Production (IIP) for February 2022 grew 1.7% year on year advancing from an upwardly revised 1.5% rise in the previous month. The Quick Estimates of IIP with base 2011-12 stands at 132.1. The IIP for the manufacturing sector for the month of February 2022 stands at 130.8.

India's overall exports in April-March 2021-22 rose by 34.5% over the same period last year, reaching USD 6,69,650 million. In March 2022, India's exports were up 15.51% over the same period last year to USD 64,750 million. Even so, recently, the International Monetary Fund (IMF) has lowered its forecast for India's growth in 2022-23 by 80 basis points to 8.2%, warning that the Russian invasion of Ukraine will hurt consumers and therefore growth. However, widening trade deficit and inflationary pressures remain a cause for concern. Adding to it, oil prices have been steadily rising and are currently hovering over USD 100 per barrel. High commodity prices will put pressure on production costs, which in turn will feed inflation. Inflation is fueled by disruptions to the financial system and supply chain, especially in the semiconductor, food, and auto industries, since Russia and Ukraine are major raw material suppliers. The Ministry of Statistics and Programme Implementation reports that Consumer Price Inflation (CPI) remained high in most quarters during the year, as on March 2022 it was 6.95% as against 5.52% on March 2021. However, the unemployment rate - which was 7.06% as of March 2022 - declined from 11.8% in May 2021 when there was a sharp surge in COVID cases.

As an effort to revive the economy in the country, the Indian Government has taken various steps, such as supportive monetary policies, infrastructure development initiatives, Production Linked Incentive Scheme (PLI), allowing foreign direct investments, eased Foreign Trade policy to boost domestic manufacturing, international trade & sustainable exports. India's economy will face critical challenges in the coming months as the government and RBI attempt to balance the pressure on inflation, currency, external accounts, and fiscal deficit. Nevertheless, in spite of the pandemic lasting nearly two years, India has managed to emerge stronger as a result, and shall continue to steer through in future as well.

(Sources: 2nd Estimate National Income 2021-22, MOSPI - IIP, MOSPI - CPI, IBEF, PIB - Foreign Trade, PIB - Economic Survey 2021-22)

Global Enzymes Market

An enzyme is a biocatalyst that alters the reaction rate and yields desired results during a biological reaction. Due to their extensive applications, enzymes have recently gained special attention. It is expected that the global enzyme market size will grow by 4.6% between 2021 and 2026 to USD 11,630 million from USD 8,896.5 million in 2020.

Enzymes are used in a wide range of industries including food, animal feed, textiles, detergents, pharmaceutical research, manufacturing, leather processing, and agriculture. As a result of their application in manufacturing processes, enzymes have led to significant cost savings, reduced energy consumption, and better substrate activity, leading to the expansion of the enzymes industry.

An important driver of the global enzyme market is increased investment in research and biotechnology. Growing demand for medicinal drugs, strong funding initiatives, and extensive research activities are expected to further drive growth in this sector. In the pharmaceutical industry, enzymes are required to synthesize intermediates in active pharmaceutical ingredients (APIs) for effective medications, which is expected to boost the enzymes market's growth. Due to the ability of an enzyme to convert complex molecules to simpler molecules (starch to glucose), demand in food & beverage companies is bound to rise. In the coming years, there will be a demand for enzymes due to factors such as improving the bleaching properties of paper and pulp, and removing fats and oil stains from detergents. They are also employed in the food & beverage industry in various processes including baking and brewing. They are also used in pharmaceutical formulation. Further bolstering the market's growth are rising prevalence of different chronic diseases such as digestive disorders and inflammation, and a surge in demand for renewable energy sources such as biofuels.

A rapid rise in environmental concerns and requirements for biofuel, advances in technical enzyme development, the growing animal feed market, increasing general awareness of food quality, and growing application scope in biofuels and the pulp & paper industry will all be key growth drivers for the market.

On the other hand, factors such as higher sensitivity to temperature & pH as well as handling & safety issues associated with enzymes are anticipated to limit market growth. Due to high costs of raw materials, enzymes cannot be used as widely, which hampers the growth of the Industrial Enzymes market. In several countries, patent laws are not transparent, which may obtuse the growth of the Industrial Enzymes Market.

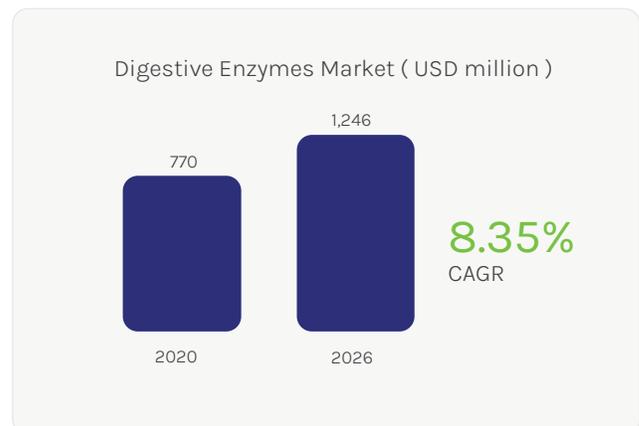
(Sources: Allied Market Research, Vantage Market Research, Market Watch, Verified Market Research)

1. Human Healthcare Market

By 2026, digestive enzymes are expected to reach USD 1,245.92 million, growing at a CAGR of 8.35% over the forecast period, 2021-26. Segmentation of the digestive enzymes market is based on enzyme type (carbohydrase, protease, lipase, and other enzyme types), origin (animal, microbial, and plant), and region (North America, Europe, Asia-Pacific, Middle East and Africa, and South America).

North America emerged as the largest regional market, in terms of revenue. The increasing prevalence of chronic gastrointestinal (GI) diseases, rapid aging population, growing demand for preventive medicine, and the presence of major players all contributed to the size of the market. On the other hand, Asia-Pacific is expected to exhibit the fastest growth rate over the forecast period, in part due to the high prevalence of GI disorders, changing lifestyle, unhealthy eating habits, and the high disposable income in the region.

In different age groups, digestive disorders are becoming increasingly prevalent, driving the market for digestive enzymes. GI disorders are disorders affecting the gastrointestinal tract, including the mouth, the Oesophagus, the stomach, small intestine, the large intestine, and anus due to a lack of digestive enzymes. According to the American Gastroenterological Association's survey published recently on global prevalence and burden of functional gastrointestinal disorders, 40.3% of adults met the diagnostic criteria for at least 1 functional gastrointestinal disorder. Smoking, diet, genetics, sanitation and increased antibiotic use are associated with the increased rates of gastrointestinal disorders as well as the changing environment as a result of industrialization and urbanization.



Factors, such as the aging population, the increased prevalence of gastrointestinal disorders, increasing awareness of GI health, and emphasis on prevention are

also driving market growth. Due to reduced birth rates and rising life expectancy, the global population is aging rapidly. The trend towards an aging population means there is a greater need for managing disorders, such as obstructions in the digestive tract. As per World Health Organisation, the proportion of the world's population over 60 years will nearly double from 12% to 22% between 2015 and 2050. By 2030, 1 in 6 people in the world will be aged 60 years or over. The secretion of digestive enzymes usually decreases with age, which can lead to high levels of gastric discomfort, low digestion rates, reduced food consumption, and/or a variety of other gastrointestinal disorders. Consequently, as the elderly population increases, the market for digestive enzymes is expected to grow.

The digestive enzymes market is investing in the development of customized digestive enzymes as well, keeping the huge potential of this market under view.

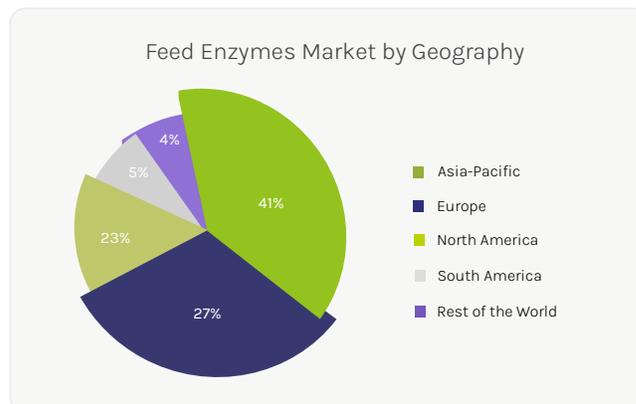
(Sources: The Business Research, Mordor Intelligence, Globe newswire)

2. Feed Enzymes Market

Global feed enzymes market size is estimated to grow from USD 1,500 million in FY 2020-21 to USD 2,300 million in 2027, with annual growth rate of 8.2% between FY 2021-22 and 2027. Digestibility-improving enzymes are added to animal feed to aid digestion of food which the digestive system of the animal cannot break down effectively. Using feed enzymes can improve the nutritional value of feed ingredients, thereby reducing feed costs and improving animal performance. Livestock and poultry production consume 60-70% of their total expenses on feed, which is why enzymes are used in feed to reduce the cost and volume consumption. There is growing evidence that feed enzymes can substantially contribute to a sustainable animal production. Enzymes play an important role in the health of livestock, they aid in weaning a young animal, they promote healthy weight gain, they increase egg production, and they also aid in digestion of feed to make more manure. COVID-19 has mildly impacted feed enzymes production due to international trade barriers, closure of restaurants, hotels, and live animal markets, supply chain hindrances, and consumption patterns of livestock-based products.

Animals are given phytase, carbohydrase, and protease enzymes. During the forecast period, the carbohydrase segment is expected to hold the largest market share. This enzyme breaks down carbohydrates in the digestive system of animals. The two most commonly used carbohydrase enzymes are amylase and xylanase. As the protease enzyme segment grows, it will be driven by its ability to act as a catalyst for protein digestion and break it down into usable nutrients as soon as it is consumed. In terms of form (dry and liquid), and geography (Asia-pacific, Europe, North America, South America, and rest of the world), the animal feed enzymes market is segmented further. In the forecast period, the dry segment is expected to grow significantly in terms of market share. In addition to its capability to sustain temperatures during fodder processing, it offers

better thermal stability and is easy to handle.



(Source: Industryarc)

In terms of geography, North America emerges as one of the largest 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. US production of wheat stands at 215 million tonnes, followed by Mexico and Canada. The Asia-Pacific market will grow at the fastest rate during the forecast period. The region's largest markets are India and China due to their large populations therefore increase in consumption of meat and dairy products. The two major economies are estimated to have 7,200 feed mills and produce 227 million metric tonnes of compound feed. Around 18% of the world's feed compound production comes from China alone. Because of the growing demand for meat in Europe, the market is expected to grow steadily during the forecast period.

The feed enzyme market can be divided into poultry, swine, ruminants and aquatic animals depending on the type of livestock. Market share for the swine segment is expected to remain steady during the forecast period. It is due to the fact that the swine are not able to digest all components of the diet, so a specific enzyme is added to their feed to help break down the complex carbohydrate, protein, and phytate through carbohydrase, protease, and phytase. Carbohydrase are the most used type of enzyme for the young swine. The main carbohydrate in their feed is glucose, which is derived from corn. Swine are able to digest most of the starch in corn, but they are not able to digest more complex carbohydrates such as fiber. To make sure that these unutilized fibres are digested, enzymes are given to swine. Nevertheless, the potential to improve the digestibility of feed depends largely on the nutritional value of the diet itself. Feed can account for up to 90% of the variance in response to enzyme addition.

Feed enzymes are classified into micro-organisms, plants, and animals based on their source. The production of animal feed relies extensively on enzymes derived from microorganisms. Microbial enzymes are produced by using various fermentation techniques, such as solid-state fermentation and submerged fermentation. However, excessive levels of

feed enzymes could adversely affect animal's health.

Increasing demand in the market for protein-based products such as dairy, eggs, and meat in the household and hotel industries and the rise in the livestock population in turn increases the demand for feed enzymes in animal feed, which fuels the growth of the feed enzyme market. These factors are going to contribute to the growth of the feed enzyme market during the period between 2022 and 2027.

The growth of the market is attributed to the increase in the demand for meat and dairy products in the household and hotel industries and the rise in the livestock population. Consumers are mostly shifting their preferences towards organic meat. Producers are looking out for innovative solutions and efficient techniques that cater to the demand for organic meat. This has led to increased consumption of feed additives including enzymes by the feed producers to enhance animal productivity.

The feed industry needs high R&D investments and new enzyme development and manufacturing capabilities to manufacture high-quality feed enzymes at globally competitive prices. It requires enhanced infrastructural strength that comprises equipped labs for molecular techniques, such as metagenomics and genomics which are used to discover new enzymes. Increasing instances of livestock diseases due to poor food intake and stringent government regulations would offer lucrative opportunities for market players in the next five years.

(Sources: PR Newswire, Strat view research, Market research, Market data forecast, Mordor Intelligence)

3. Industrial Enzymes Market

The industrial enzyme market is expected to cross USD 6,000 million witnessing a CAGR of more than 6% during 2022-2027. Industrial enzymes catalyze chemical reactions, and as a result, they have been widely used in industrial processes.

The market is segmented by types- Saccharifying Enzyme, Amylase, Protease, Lipases, Others and by applications Food and Beverage, Detergents, Animal Feed, Textile, Pulp and Paper, Bioenergy, Others.

More than 35% of the industrial enzymes market is dominated by the food processing industry. With the evergrowing global population and its increasing purchasing power, this is the fastest growing application segment. People's increasing awareness of health also drives the demand for better food quality, safer food processing, and better nutritional value. Foods of higher quality in terms of natural flavor and taste are becoming increasingly popular

among consumers. This trend has led to the demand for flavored and tasty processed foods made from industrial enzyme applications.



The global food additive industry has become highly dependent on food enzymes, such as amylase, cellulase, xylanase, pectinase, proteases, lipases, glucosyltransferases, arabinanases, polygalacturonanases, chymosin, and betaglucanases. The food industry uses carbohydrases to make fruit juices, wine and cheese. Additionally, carbohydrases are used in detergents, textiles, and leather, as well as bioethanol.

The enzymes, such as carbohydrases, derived from plants and microbes, have no negative impact on the environment since they work under mild conditions, reducing energy consumption as well as greenhouse gas emissions. Various industries utilize carbohydrases derived from plants and microorganisms, including textiles, starch processing, and bioethanol production. In the leather industry, proteases and trypsin have replaced lime and sulfur to obtain cleaner products. The bakery industry uses amylase and protease to maximize output. Furthermore, enzymes are used to make food and feed products more nutritionally dense. Using enzymes reduces water consumption, chemical waste generation, and by-product generation, posing negligible risks to humans and the environment. Hence, enzymes are considered safe, environmentally friendly and cost effective.

Throughout the food and beverage industry, new dairy products, beverages, and food items are continually being developed for consumers. With the development of new products, the use of enzymes in the industry has increased. Increasing innovation in the food industry and technological advancements have made industrial enzymes widely applicable in fat modification and sweetener technology, thereby driving the market for industrial enzymes. As a result of all the factors discussed above, the industrial enzyme market is expected to increase during the forecast period.



Through the forecast period, North America is expected to dominate the market, with the highest consumption, while Asia-Pacific is expected to exhibit the highest growth. In Mexico, the industrial enzymes market continues to grow rapidly due to the increased demand for processed food and increased applications of enzymes in the processed food industry, which are driving demand for industrial enzymes. The consumption of baked goods in Canada is shifting from traditional bread consumption towards baking goods such as pancakes, cupcakes, croissants, and rolls, which is likely to drive the demand for industrial enzymes used in the food and beverage industry. In the US, high consumption is correlated with awareness of green technologies that implement eco-friendly solutions, enhanced productivity, and better products, which are driving growth in the research and development sector and enzyme-based industries.

| By Type | By Geography | By Applications | By Source |
|------------|-------------------|----------------------------------|----------------|
| Amylases | North America | Food & Beverage | Plants |
| Cellulases | Europe | Cleaning Agents | Animals |
| Proteases | Asia Pacific | Textiles | Microorganisms |
| | Rest of the world | Animal Feed | |
| Lipases | | Pharmaceuticals & Nutraceuticals | |
| | | Biofuels | |
| | | Pulp & paper | |
| | | Personal care & cosmetics | |

(Source: marketresearchfuture)

During the forecast period, Asia Pacific is expected to witness the highest growth of 7.81% for industrial enzymes market, due to the wide range of applications they find in industries. Technological advancements in machinery, synthetic fibers, logistics, and globalization of business, among other things, have made textile & leather an important industry in the Asia Pacific region. A shift in industrial production over the past decade from developed nations such as North America and Western Europe to Asia Pacific has also helped boost the market for industrial enzymes.

Nevertheless, the major factors fueling the growth of the industrial enzymes market in the short to medium term are the increasing diversity of enzyme applications including food and beverage, pharmaceuticals, detergents, cosmetics, and others. In addition, environmental norms and regulations related to the use of chemicals are contributing to the market growth of industrial enzymes.

(Sources: researchandmarkets, mordorintelligence, dataintel, rehub, globe newswire, marketsandmarkets)

4. Specialty Enzymes Market

The global market for specialty enzymes is expected to grow at a CAGR of 7.5% to reach USD 6,600 million by 2025. Due to their potential applications in various fields such as pharmaceuticals, biotechnology research, and diagnostics, specialty enzymes have gained popularity in recent years. Pharmaceuticals and diagnostics use specialty enzymes to accelerate reactions and produce desired results. Pharmaceutical enzymes play a significant role in the formulation and delivery of drugs. Cancer and AIDS are chronic conditions that are treated with enzyme-based pharmaceutical drug formulation. There has been extensive use of specialty enzymes in biotechnology research, particularly in molecular biology. Moreover, they are used to cut, replicate, and attach DNA according to requirements in genetic engineering techniques. Cancer, cardio-vascular diseases, and lysosomal disorders can all be diagnosed with the use of specialty enzymes.

Probiotics are enzymes that convert food into energy in a more efficient manner. Special enzymes are also used to rebuild new tissue in the body and replace old ones. The market is segmented by application into pharmaceuticals, biotechnology R&D, and diagnostics. According to the source, the market is divided into three categories: microorganisms, plants, and animals. Based on the product type, the market is segmented into acylases, hydratases, humulin, oxidase, lyases, restriction enzymes, ligases, polymerases, lipases, amylases, nucleases, proteases, dehydrogenases, glucuronidase and others. The segment of polymerases & nucleases accounted for the largest market share, these enzymes are used in applications such as biocatalysis, pharmaceuticals, diagnosis, research, and biotechnology.

Specialty enzyme markets can be segmented geographically into North America, Europe, Asia-Pacific, and LAMEA. The market is dominated by North America due to the presence of a large number of biopharmaceutical companies in the U.S. and favorable government regulations. Furthermore, there are high prevalence rates of digestive disorders in North America, which would drive the demand for digestive aids and supplements. Asia-Pacific is the fastest-growing region as a result of rising disposable incomes and awareness, which have resulted in an increase in sales.

Improvements in the production of pharmaceuticals and improvements in quality have greatly contributed to the increased use of these enzymes. Due to the multifunctional benefits of enzymes and the introduction of modern technology that will reduce the dependency on chemical catalysts, the enzyme market will grow further.

“Increasing urbanization and change in consumer preference have also resulted in an increase in demand for specialty enzymes in the last few years.”

(Sources: mordorintelligence, alliedmarketresearch, globe newswire, persistencemarketresearch, emergenresearch)

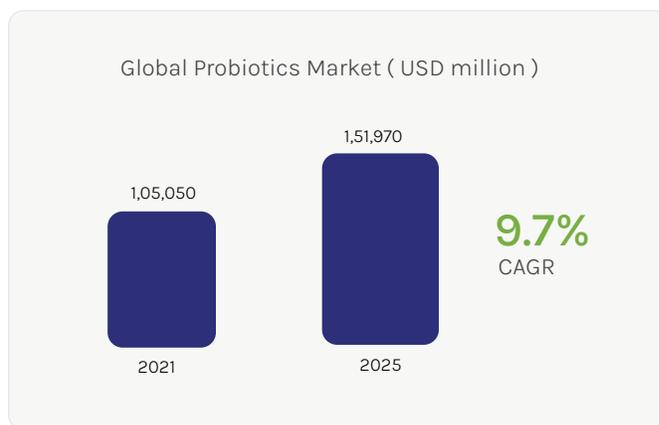
Probiotics Market

The global probiotics market was estimated to be valued at USD 1,05,050 million in 2021 and is projected to reach USD 1,51,970 million by 2025, at a CAGR of 9.7% during the forecast period. Probiotics demand has increased significantly due to several factors, including the health benefits associated with probiotic-fortified food, the multi-functionality of probiotics, and the heightened consumer awareness related to healthy eating. Probiotics in fortified foods are expected to remain in high demand due to the increased awareness of their benefits and the willingness of consumers to purchase premium products with probiotics. Adding probiotics to a regular diet offers health benefits like promoting intestinal health, reducing calorie intake, boosting immunity, and increasing calcium absorption, thereby driving the market for probiotics ingredients.

Probiotic products can be classified according to the bacterial strain used, such as Lactobacillus and Bifidobacterium. Lactobacillus Bulgaricus is the most popular strain of probiotic bacteria, which has long been used in the manufacture of American yogurt. Secondly, Lactococcus Bulgaricus and Streptococcus Thermophilus are the most common strains of bacteria used to culture milk.

Probiotic foods & beverages are broadly divided into probiotic dairy products (cheese, yogurts, and milk) and probiotic nondairy products (juices, kombucha, bakery, meat, and baby food). Probiotics are categorized according to their ingredients as bacteria and yeast. Probiotics are also classified by function into regular, preventative healthcare, and therapeutic healthcare. Based on application, probiotics are divided into food & beverage, dietary supplement, and animal feed. As per end user, the probiotics market is bifurcated into human and animal. Region-wise, the probiotics market is observed across North America, Europe, Asia-Pacific, and LAMEA.

COVID-19 has sparked a surge in demand for products which provide immune health, and thus the probiotics market remains positively impacted. As a result, a number of new products have been introduced to meet the increase in demand. In addition to consumer preference for natural products influencing market growth, concerns about preventive healthcare and the effectiveness of probiotics on health are also major factors. The consumer is looking for products with a high nutritional value rather than junk or processed foods. As people seek nutrient boosters to enhance their immune and physical health, probiotics sales surged by 33% suddenly in the U.S. People suffer from obesity, digestive issues, gastrointestinal infections and other ailments, so market players have developed probiotics products to help treat such ailments.



Due to its use in yogurt, which is one of the most popular sources of probiotics, demand of liquid probiotics have increased as compared to dry probiotics. Asia Pacific is projected to be a key market for yogurt in the next few years.

With a revenue share of more than 75%, the probiotic food and beverage segment led the global market in 2021. Among the segments, preventative healthcare led with the largest market share. This can be attributed to a growing number of health-related issues that have encouraged industry players to develop novel and innovative probiotics products. Within the market by application, the dietary supplements segment is forecasted to hold the largest market share during the forecast period. The reason for this is that some manufacturers of diet supplements add dietary fiber that contains probiotics and prebiotics (FOS and Sunfiber). These supplements fight diarrhea, gas, eczema, and yeast infections.

Growing consumer awareness about probiotics in China and India is expected to further propel market growth in the Asia Pacific region, driven by an increased interest in and awareness of new technologies, media coverage, and consumer demand. In China, probiotics are increasingly being included in infant formula, which is likely to increase in the upcoming years.

Based on the number of new immune-boosting foods, drinks, and supplements introduced in Asia-Pacific in the past five months, India has seen the biggest increase. Australia and Indonesia follow closely. Globally, the population is aging at a rapid pace. The number of people aged 60 and above is expected to reach nearly 2,100 million by 2050, according to the United Nations Department of Economic and Social Affairs. As the elderly population increases, chronic diseases will be more prevalent, which, in turn, will fuel the need for microbes, such as probiotics, in order to limit the threat of these ailments. However, the lack of awareness related to probiotics, lactose intolerance, and strict regulations and legislation are the major impediments to market expansion. Investments in research and development, laboratory equipment, and the high cost of products pose barriers to the development of the probiotics market.

(Source: marketsandmarkets, alliedmarketresearch, grandviewresearch, databridgemarketresearch, PR Newswire, meticulousresearch, marketresearch)

Indian Enzymes Market

The Indian food enzymes market is at ₹290.7 million and is projected to grow at a CAGR of 3.8% during the forecast period (2020-2025). This is majorly due to the increasing demand for processed food in the country and the wide applications of enzymes in the processed food industry. Additionally, the innovation in food technology in the country and the awareness of better-quality products being manufactured by using enzymes is driving the market as well. The development of the pharmaceuticals and chemical sectors will also provide a much-needed boost to the enzyme market. Growing dairy production and increasing use in animal feed in India is expected to boost demand for enzymes. Another factor behind this market's growth is the increasing popularity of recombinant enzymes in various industries such as detergents, pharmaceuticals, etc.

₹290.7 mn

Market size of Indian Enzymes market

3.8%

CAGR

Depending on application, the Indian Enzymes Market is segmented into industrial and specialty enzymes. The industrial segment is further classified into food & beverages, detergent, animal feed, paper & pulp, textile, and others. The specialty enzymes segment is further categorized into

pharmaceutical, research & biotechnology, diagnostics, biocatalysts.

In recent years, the processed foods market has grown significantly, owing to the change in lifestyle patterns of consumers and a strong influence on the consumption of convenience foods. The Indian food enzyme market is highly competitive with a number of domestic and multinational companies battling for market share. Moreover, consumers increasingly demand healthy food products as well as goods with a wide range of tastes. Thus, several processed foods, which are rich in fiber, protein, and calcium, are being marketed by the key players to attract more consumers. Functional properties, such as gluten-free, cholesterol-free, GMO-free, and low-sodium, are also attributes of these products.



However, the limited range of optimal temperatures and pH levels, and the rigid policy rules of the standard systems for approving and utilizing enzymes for consumption are restraining the growth of the domestic market.

The growing demand for food enzymes in the food and beverage industry is one of the factors driving market growth. As a result of lifestyle changes and improvements in dietary patterns, the demand for nutrient-rich food and beverages is on the rise in India. As a result, food enzymes are increasingly used to enhance the quality of these products. Furthermore, the widespread use of food enzymes in the extraction, clarification, and filtration of fruit and vegetable juices is contributing to the market growth. Additionally, extensive research and development (R&D) has been conducted by poultry producers on protease to improve protein digestion and the development of innovative techniques to synthesize these enzymes naturally has contributed to the growth of the market across the country. In the years to come, the market will likely continue to grow steadily these enzymes naturally has contributed to the growth of the market across the country. In the years to come, the market will likely continue to grow steadily.

(Source: mordorintelligence, researchandmarkets, imarcgroup)

Indian Nutraceutical Market

Currently, the Indian nutraceuticals market is valued at USD 5,000 million and is expected to grow at 7% by 2024. India's share is 2% in the global nutraceutical market and has a lot of potential to grow. The use of nutritional supplements has gained a lot of popularity in India, especially for proactive health care. A number of reasons are driving their popularity, including their effectiveness in managing skin and hair, furthering beauty trends, as well as promoting holistic health and well-being. For decades, the Indian market for nutraceutical supplements and dietary supplements has been one of the fastest-growing in the world and is referred to as Fast Moving Healthcare Goods (FMHG).

USD 5,000 mn

Market size of Indian Nutraceuticals market

7%

Expected to grow by 2024

Food Safety and Standards Authority of India (FSSAI) is an autonomous regulatory body established under the Ministry of Health & Family Welfare to protect and promote public health. The FSSAI is governed by the Food Safety and Standards Act, 2006, which is charged with food safety supervision and regulation. Dietary supplements for sports use are categorized as Foods for Special Dietary Uses (FSDU), which means that the manufacturers will need to abide by the FSDU regulatory policies. Additionally, the Health Foods and Dietary Supplements Association, a non-profit organization established in April 2002, is dedicated to promoting the interests of health foods, dietary supplements, nutraceuticals, and the healthcare industry.

For the pharmaceutical industry, the government has authorized a Production Linked Incentive (PLI) plan. As part of the Union Budget 2021, several initiatives were outlined, including new programs and opportunities to improve healthcare in India. A 137% increase in healthcare funding to USD 30,000 million was proposed by the government for investments in nutraceutical supplements. In addition, key international expansion initiatives such as the UNPA-India Campaign are bolstering demand for nutraceutical supplements in India.

100% FDI is permitted in the manufacturing of nutraceuticals under automatic route

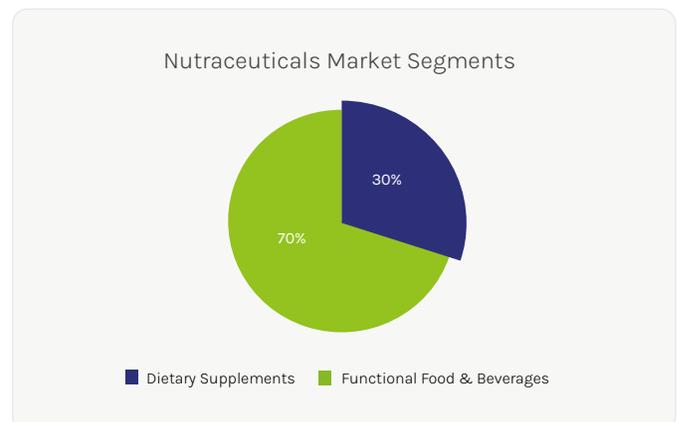
India has the largest number of FDA approved plants located outside the USA

32%

Functional beverages make upto 32% of the functional F&B market

(Source: foodprocessingindia)

Because of the availability of abundant raw materials and advanced research and development facilities, India has an advantage over other countries. Additionally, India's nutraceuticals industry has expanded due to growth in the economy and a rise in disposable income. Due to the growing health consciousness of Indians, the demand for nutrients and micronutrients like Vitamins (A, D, C), zinc, folate, and selenium has substantially increased.



(Source: Deloitte)

Consumption of nutraceuticals and dietary supplements has surged across India as lifestyle conditions such as diabetes, obesity, thyroid issues, and cardiovascular disease (CVD) become more prevalent. According to the World Health Organization (WHO), nearly 4.77 million Indians have been diagnosed with CVD, with approximately 2.26 million adults died of the disease. For this reason, India has shifted its focus to the consumption of supplements and nutraceuticals. There is a direct correlation between diet and the onset, development, and morbidity of chronic diseases. Dietary variables contribute to 40-50% of cardiovascular disease cases, 35-50% of malignancies, and 20% of osteoporosis cases.

However, there is concern over counterfeit or unregulated products due to problems related to product definitions, approvals, health claims, and manufacturing standards.

Nutraceutical sector lacks specific industry associations, supervisory authorities, academic facilities, incentives, financing, and strategic initiatives, and aid for globalization. Meanwhile, manufacturers and marketers of nutraceuticals are taking on the task of educating the consumer by releasing thorough information on the advantages and functions of products, as well as establishing transparency and consumer confidence. Manufacturers are attracted to e-commerce because of the opportunity to establish themselves on a global platform.

In the aftermath of the COVID-19 pandemic, consumers have turned their attention to illness prevention, resulting in a rise in sales of nutraceuticals. Additionally, the nutraceutical industry has benefited from the change in public perception of healthcare. Due to changing consumer behavior and government incentives, the Indian nutraceutical industry is expected to grow rapidly. In the next five years, quadrupling of growth in the urban market and a growing share of the semiurban and rural market is expected.

(Sources: trade.gov, vitalfoodinsights, foodprocessingindia.gov, yourstory)

Demand Drivers

- The crucial factor which drives the nutraceutical market is the fact that 15%* of the country's population is malnourished and deficient in micro-nutrients.
- Increasing costs of hospitalization are driving consumers towards health supplements and nutraceuticals.
- Increase in the size of population, surge in adoption of western culture and rise in demand for trusted & branded products are some of the key factors to drive demand for nutraceuticals.
- Increasing concerns about nutrition, awareness and access to information have led to a rise in use of health supplements and nutraceuticals.
- Affluence of the working population with changing lifestyles and dietary patterns and increase in disposable income.
- Gradual mainstreaming and formalization of this sector through Government impetus such as Atmanirbhar Bharat etc.
- Rising health awareness post COVID for proper nutrition.
- Environment friendly and sustainable alternative.
- Shifting preferences and patterns of consumer food consumption.

Supply Drivers

- The supply drivers which provide strength and support to the Indian nutraceutical market. India is transforming into a global manufacturing hub, there is strong impulsion for nutraceutical product manufacturers to set up production facilities in India.
- Strong economic growth with encouraging macro economic indicators.
- Strategic location with access to all major shipping routes.
- Availability of large pool of technical and skilled labour at low cost among South Asian Nations.
- Easy availability of ingredients.
- String distribution networks coupled with accessibility of products through e-commerce.

(Sources: trade.gov, * ncbi)

Indian Probiotics Market

The Indian probiotics market is expected to reach ₹7,700 million in 2027 from ₹2,600 million in 2021, exhibiting a CAGR of 20.5%.

₹7,700 mn

Market size of Indian Probiotics market

20.5%

CAGR

Probiotics contain live microbial ingredients that help in maintaining gut health. Probiotics allow the body to replenish good bacteria and combat the adverse effects of chronic diseases. Some of the common probiotic products include curd, yogurt, drink, dietary supplements, etc. Probiotics aid in preventing the growth of harmful bacteria inside the digestive tract, leading to better nutrient absorption and bowel movement, reducing risk of type-2 diabetes, aiding in enhanced digestive health, boosting immunity, etc. They also help to treat and potentially prevent gastrointestinal issues, such as diarrhea, irritable bowel syndrome, colorectal cancer, constipation, etc.

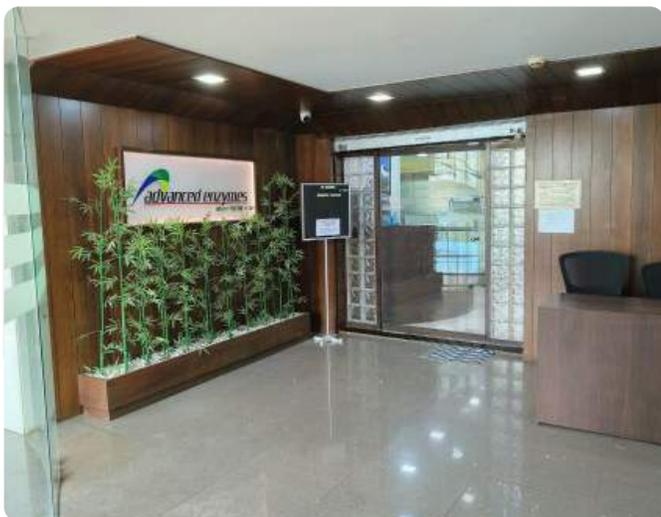
Considering probiotics are classified as functional foods or drugs, their laws are ambiguous, and therefore they are regulated differently in various countries based on their intended use. In India, regulatory bodies such as ICMR, DBT,

and FSSAI are responsible for defining probiotic production and release regulations.

Probiotics are in high demand in India due to increasing consumer concerns regarding the high prevalence of gastrointestinal illnesses. Furthermore, the increasing awareness of probiotics' numerous associated health benefits in boosting immunity and gut health is also propelling the market growth in the country. In addition, the growing geriatric population, which has a higher risk of chronic gastrointestinal disorders, is a major growth factor. Furthermore, consumers are shifting away from a high-calorie diet towards functional food and beverages, which is increasing the demand for probiotics. In addition, the growing population of working women and the focus on improving female health are driving the adoption of specialized probiotics. Aside from this, due to hectic work schedules and sedentary lifestyles, the popularity of ready-to-eat products is further boosting the demand for probiotic curd, yogurt, and drinks in convenient, easy-to-store, and portable packaging materials. Moreover, the expansion of the nutraceutical sector, along with several dairy-free, allergen-free, and sugar-free formulations, is positively impacting the market for probiotics in India. Also, due to the backdrop of widespread prevalence of Coronavirus disease, dietary supplements, immunity boosters, and fortified food are getting popular among consumers.

(Source: researchandmarkets, apnews, springer)

Company Overview



Advanced Enzyme Technologies Limited (“AETL” / “Company”) is a leading company with global acclaim in the field of enzymes & probiotics with more than 3 decades of experience. The Company has manufactured & marketed 400+ proprietary products developed from over 68 indigenous enzymes and probiotics strains for its business verticals i.e. Human Nutrition,

Animal Nutrition, Industrial Bio-Processing and Specialized Manufacturing. Company's eco-friendly and cost-effective product basket caters to a wide range of industries like human healthcare & 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.

The Company has coherently expanded its investments and strengthened its robust R&D infrastructure with a foresight of business sustainability across India, US and Germany. Your Company's products conform to high quality standards and offer efficient solutions to customers globally. Your Company also leads serratiopeptidase in the Indian market, one of the anti-inflammatory enzyme. Through the manufacturing capabilities, global footprint, diversified product portfolio, and industry expertise, AETL is well-positioned to drive business growth across geographies.

400+

Proprietary Products

68+

Indigenous Enzymes & Probiotics

7.55%

CAGR

0.01x

Debt/equity Ratio

From last 5 years, your Company's compounded annual growth rate (CAGR) has been 7.55%, which is twice the average industry growth rate. We believe in our capabilities to continue to outperform the industry's benchmark growth rate.

AETL holds a robust balance sheet position and this has been further augmented by a minuscule debt/equity ratio of 0.01x. The consistent high cash generation enables the Company to fuel its inorganic growth through its internal accruals.

Subsidiaries

AETL comprises of four wholly owned direct subsidiaries, three subsidiaries (60%, 85% and 51%), and five step-down wholly owned subsidiaries as on 31, March 2022.

1. Advanced Enzymes USA (AEU): 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's revenue for FY 2021-22 was ₹2,140 million and PAT was ₹647 million.

A. Advanced Supplementary Technologies Corporation (AST): AST is a leading manufacturer of enzyme-based strength supplements to support cardiovascular, anti-inflammatory, joint, and digestive and colon health. It uses only non-genetically modified, natural ingredients, tested by its team of leading scientists and industry experts. AST helps customers achieve a healthy lifestyle with enzyme supplements that are formulated and manufactured in-house, assuring customers of the highest quality, activity, purity and safety. AST is a wholly owned subsidiary of Advanced Enzymes USA.

B. Cal-India Foods International (doing business as Specialty Enzymes and Biotechnologies, SEB): CalIndia 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.

C. Enzyme Innovation (EI): EI is a wholly owned 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. (DE): DE offers high quality systematic and digestive enzyme supplements through retail channels.

2. Advanced Bio Agro Tech Limited (ABAT): ABAT is 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. It 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 2021-22 ABAT's revenue was ₹404 million and PAT was ₹66 million.

3. Advanced Enzytech Solutions Limited (AESL): 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. In terms of the financial performance for FY2021-22, AESL's revenue was ₹119 million and PAT was ₹18 million.

4. JC Biotech Private Limited (JCB): JCB was established with the objective of manufacturing nutraceuticals, development and manufacturing of biopharmaceutical molecules and bio-chemicals. During the year under review you Company had increased its stake from 70% to 85%. In terms of the financial performance for FY2021-22, the revenue was ₹503 million and PAT was ₹72 million.

5. SciTech Specialities Private Limited (SciTech): SciTech was established in the year 2007. The Company manufactures specialized 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 as at FY2021-22 was at ₹473 million and PAT for FY2021-22 was at ₹37 million.

6. Advanced Enzymes (Malaysia) Sdn. Bhd (AEM): AEM is a wholly owned subsidiary of your Company. During the financial year 2019-20, the Board of Directors of your Company approved the discontinuation of operations and closure of AEM and to initiate the process of closure thereto as AEM was not giving desired results. The closure and winding-up of AEM is in process.

7. Advanced Enzymes Europe B.V. Amsterdam (Netherlands) (AEE BV): AEE BV is a wholly owned subsidiary of your Company. It is a SPV for European market and holds 100% Equity of evovx technologies GmbH. AEE BV's revenue was ₹220 million and loss of ₹103 million.

A. evovx technologies GmbH (evovx): Your Company bought 100% stake in evovx during August 2017 through AEE BV. Revenues for evovx was ₹220 million and had negative impact on the bottom line by ₹15 million.

Research & Development

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 centres have developed expertise in cloning and expression of industrial enzymes in suitable and safe microbial hosts.



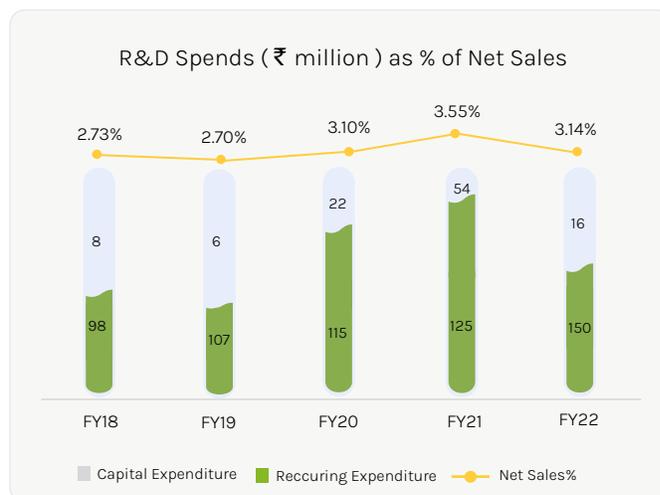
The centres have developed strains expressing thermostable enzymes besides other enzymes of mesophilic origin. Technology for production of EPA and DHA using immobilized lipase (in house) has been developed, scaled up and successfully commercialized. Technology for synthesis of EPA DHA rich triglycerides, using lipases, has been developed. Probiotic research has led to the development of strains and technology for production for some important probiotics belonging to Bacillus and Lactobacillus genus.

Few technologies have been successfully scaled up. Our R&D Centre at Sinnar carry out research and development on improvement of enzyme production through conventional mutation technique; optimization and improvement in the fermentation technologies, and studies required for the scale-up of enzyme production. The centre has optimized fermentation technologies for the production of thermostable mannanase and xylanase. Studies related to scale up of the bacterium Lactobacillus resulted in successful upscaling.

The centre has also been able to develop a proprietary technology for high density cultivation of spore forming bacterium Bacillus coagulans.

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

Your Company is developing a state of the art R&D centre at Nashik, and has already procured the 15 acres of land. Currently, your Company is in the process of acquiring approvals from the concerned Authorities.



On consolidated basis, Research and Development expenditure for FY 2021-22 was ₹165.93 million (3.14% of Net sales) and FY 2020-21 was ₹178.36 million (3.55% of Net sales).

Manufacturing Facilities

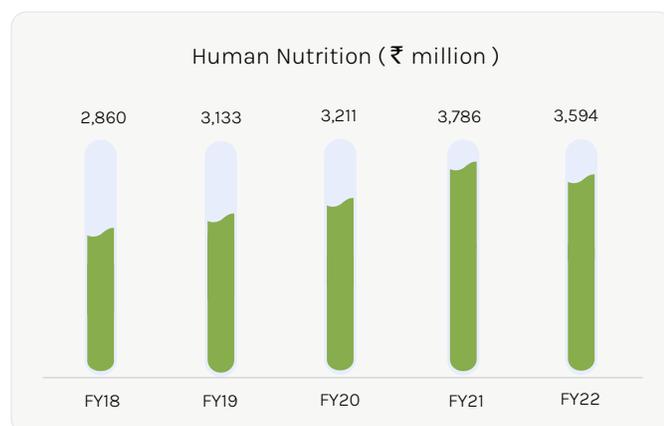


Your Company has 9 state of the art manufacturing plants. The Nashik plant is equipped with both surfaced and submerged fermentation systems whereas Pithampur and Ongole plant are equipped with only submerged facilities. SciTech (SSPL) is equipped with advanced Efferceuticals products for Nutraceutical, Pharmaceutical, Poultry Products, Cosmetics, and other Speciality products. The US has two facilities focused on blending and mixing of enzymes and probiotics.

Business Vertical Discussion

Your Company caters to diversified industries and verticals like human nutrition, animal nutrition and bio-processing. Enhancing nutrition for human and animals, and also helping the industry to replace traditional thermal/mechanical chemical processes into the enzyme-based process is one of our goals. In FY 2021-22, human nutrition vertical comprising of active ingredient for nutraceuticals and pharmaceuticals contributed 68% of the revenues followed by animal nutrition and bio-processing contributing 11% and 12% respectively and SciTech (new subsidiary) contributed 9%.

1. Human Nutrition



In human nutrition business vertical there was de-growth of 5% and sale was of ₹3,594 million in FY 2021-22 as compared to ₹3,786 million in FY 2020-21.

Serratiopeptidase, one of our largest anti-inflammatory enzyme clocked ₹1,039 million in FY 2021-22 as against ₹1,135 million in FY 2020-21. This product constitutes 20% of our total revenues.

The Company's B2C business in human nutrition division stood at ₹412 million (USD 5.56 million) in FY 2021-22 as against ₹428 million (USD 5.77 million) in FY 2020-21.

A. Enzymes

The 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 worldwide. Customers use these enzymes as active ingredients in their pharmaceutical and nutraceutical formulations.

B. Probiotics

A probiotic is a live microorganism that confers health benefits to humans and animals when administered in adequate amounts. The use of probiotics is now integrated into several therapies for digestive disorders, and new applications for other treatment of several other diseases

are being developed. Probiotics fight disease-causing microbes and secrete beneficial metabolites in animals and humans. Your Company has developed and up scaled technologies for the production and application of several important probiotics.

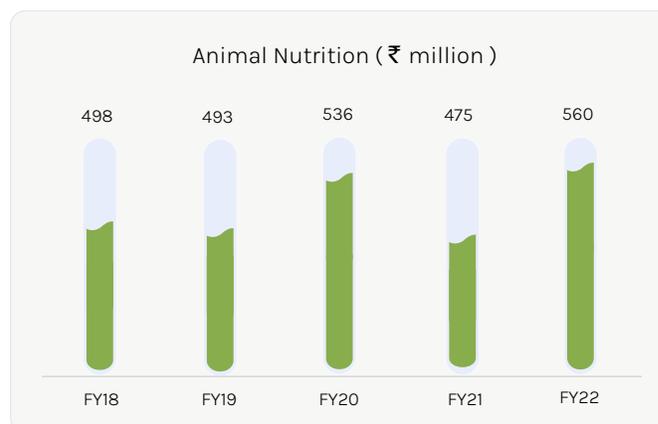
C. Biocatalysis

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 biocatalysis 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

The Animal nutrition vertical delivered a strong growth of 18% to ₹560 million in FY 2021-22 as against ₹475 million in FY 2020-21.



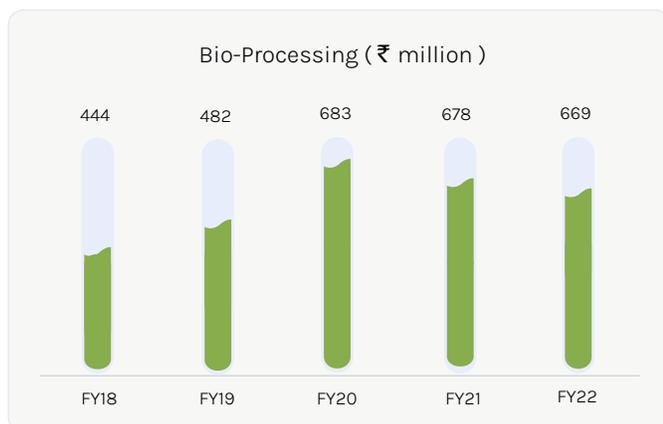
A. Enzymes

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.

B. 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



The Bio-Processing business vertical underperformed by 1% during the year, it accounted ₹669 million in FY 2021-22 as compared to ₹678 million in FY 2020-21. In this segment, food business contributed 77% and stood at ₹517 million, a growth of 16% while the Non-Food business contributed 23% and stood at ₹152 million a decline of 34% on y-o-y basis, during the quarter.

A. 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, reduces costs and also to decrease the environmental pollution.

B. 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.

Developments during the year - FY 2021-22

1. NIH Accreditation:

The National Institutes of Health (NIH), US Department of Health and Human Services has granted an in-principle accreditation to systemic enzyme and probiotic supplements—ImmunoSEB and ProbioSEB CSC3 for its proven clinical efficacy to moderate and resolve Post COVID fatigue and muscle weakness.

2. Distribution Pact:

A. Advanced Enzymes signed a mutually exclusive distribution agreement with Anshul Life Sciences, Mumbai for the distribution of our Food Enzymes and Probiotics for Food & Nutraceuticals in the Indian market.

B. Your Company has entered into a mutually exclusive distribution Agreement with Azelis Singapore Pte. Ltd. for the purpose of distribution of food enzymes and probiotics for the food & dietary supplement industry in Indonesia, Malaysia, Philippines, Singapore, Thailand & Vietnam.

3. Approved GRAS Dossier:

A. The GRAS submission for SEBtilis™ (Specialty's branded Bacillus subtilis) was reviewed by the FDA and granted a No Further Questions letter regarding its safety. It has also received approval as a natural health product by Health Canada. SEBtilis™ (Bacillus subtilis) promotes intestinal homeostasis, the production of antimicrobials targeting pathogenic organisms, lipid metabolism, normal oxidative stress levels, and immune health.

B. The GRAS submission for SEBclausii™ (Specialty's branded Bacillus clausii) was reviewed by the FDA and granted a No Further Questions letter regarding its safety. It promotes healthy microflora, immune health and also exhibits promising antibiotic-resistant properties.

Both of these Dossiers has the powerful spore-former that can be used in dietary supplements, protein powders, drinks, and baked goods. It is also Vegan, Kosher, Halal, and Non-GMO Project Certified.

4. B2C Platform

A. Your Company already have B2C business in USA, which

is performing well. The same business model is being replicated by the Company in India and launched its B2C platform in November 2021 (advancedenzymedirect.com) to explore avenues and accelerate growth in Human Nutrition business.

- B.** Apart from owned platform, your Company also sells its products available through alternative channels such as Amazon and Indiamart.

5. Other Developments

We are in the process of receiving approvals and registering new products in the varied markets & geographies.

Major Challenges during the year - FY 2021-22

The year FY 2021-22 has been a challenging year, initial part of it was impacted by COVID-after-effects and the latter part of it was affected by Russia-Ukraine war and a consequent crude oil shortage. This has led to a spiraling inflation and disruption of businesses all across the globe. Consequently, the Enzymes & Probiotics industry too witnessed this impact and faced logistics crunch, soaring input costs and supplychain concerns across geographies. Challenges faced by your Company this year reflected the overall industry concerns & bottlenecks.

1. Higher Input Cost

Owing to inflationary hindrances, there has been significant uptick in the input prices during the year under review. Prices of raw material such as Soya, edible oil, solvents (glycerin, phosphorus salts, lithium) etc. have increased between 3x-4x. These increases in prices were due to shutdown and supply chain issues in China which has also impacted the procurement costs in the domestic markets. Prices of fuel (coal) used in manufacturing facilities have also shoot up by 2x-3x.

2. Supply Chain and Logistics

The year gone by has been harsh for the global trade community because of the fractured supply chain which clogged the system for both the finished goods as well as for the raw materials. The containerized freight rates have increased drastically by more than 10x on a like-to-like basis as compared to the corresponding year. There is a shortage of truckers in the States (US) for quite a time and post the COVID wave it has started showing its impact which is combined with factors of COVID and more retirements during the period. The countries like UK and Europe are also struggling with massive scarcity of the truckers to transport the material which led to increase in freight cost. Additionally, there is a delay in getting a clearance for the shipment. In Europe, businesses are heavily affected by COVID which has impacted the country's logistics industry. Subsequently, there was a marked delay in goods procurement. Additionally, surge in fuel and freight costs has led to increase in the overall cost for the Company thereby impacting margin over the short term.

3. Inventory Built up

During the first quarter, the demand picked up nicely after the pandemic but in anticipation of another COVID wave, lockdown restrictions and in the wake of supply chain issues, our customers have over procured inventories. These elevated inventory levels at our customers end refrained them from ordering new supplies.

Financial Analysis on Consolidated Basis:

1. Revenue from Operations

Your Company's revenue from operations on a consolidated basis increased to ₹5,294 million in the financial year 2021-22 from ₹5,018 million in the financial year 2020-21 marking an increase of 5%. The total revenue includes international sales of ₹2,951 million (FY 2020-21 - ₹2,694 million), an increase of 10%, and domestic sales of ₹2,342 million (including export incentives of ₹5 million) (FY2020-21 - ₹2,324 million (including export incentives of ₹14 million)) an increase of 1%. During FY 2021-22, domestic sales accounted for about 44% of your Company's revenue, down from 46% in FY 2020-21. In FY 2021-22, international sales accounted for 56% of revenue from operations versus 54% in FY 2020-21.

2. Financial Costs

Financial costs increased to ₹18 million in FY 2021-22 from ₹16 million in FY 2020-21, an increase of approximately 13%.

3. Profit

EBITDA (earnings before interest, taxes, depreciation, and amortization excluding other income) for FY2021-22 is marked at ₹2,014 million (38%) as compared to ₹2,316 million (46%) for FY 2020-21, an increase of 13%. During FY 2021-22, profit before tax decline by 19% to ₹1,711 million (32%) from ₹2,101 million (42%) the previous year. The Company's profit after tax decline by 18% from ₹1,238 million in FY 2021-22 to ₹1,513 million in FY 2020-21.

4. Other Income

Other income for FY 2021-22 was ₹64 million in comparison to ₹89 million in FY 2020-21.

5. Depreciation and Amortization

Depreciation and amortization for FY 2021-22 increased by 22% i.e to ₹349 million as compared to FY 2020-21 at ₹287 million.

6. Net Worth and Returns

As of March 31, 2022, the Net Worth of the shareholders was ₹10,886 million, compared with ₹9,709 million of previous year. Return on Equity (ROE) for the year FY 2021-22 is 12% as compared to 17% for the previous year. (Return ratio is calculated based on average shareholders' fund).

7. Cash and Cash Equivalents

Cash and Cash Equivalents in FY 2021-22 stood at ₹2,736 million against ₹1,978 million in FY 2020-21.

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 | 2021-22 | 2020-21 | Variance | Reason for Variance |
|-------------------------|-------------|--------------|----------|--|
| Interest Coverage Ratio | 90.29 times | 126.08 times | (30%) | Reduced due to lower earnings before interest and tax (EBIT) |
| Current Ratio | 10.19 times | 8.11 times | 26% | Improvement is due to lower outside liabilities and increase in current assets |
| Debt/Equity Ratio | 0.01 | 0.02 | 50% | Decreased due to reduced borrowings |

Note: There has been no significant change in the Debtors turnover ratio, Inventory turnover ratio, Operating profit margin and Net Profit margin, as compared to the financial year 2021-22.

Due to increase in raw material cost and operating costs, EBITDA margin decreased from 46.2% to 38.1% resulted in de-growth in margins.

Outlook

Advanced Enzymes 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. Your Company is in the process of developing new molecules on Enzymes, Probiotics and Biocatalysis front.

1. Human Nutrition

The Company already have B2C business in USA, which is performing well. The same business model is being replicated by the Company in India to explore avenues and accelerate growth. It 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 fatigue. B2C division should be the next interesting growth driver for the Company. It is also exploring other online avenues for selling the products through parallel online sales channels.

2. Animal Nutrition

In the Animal Nutrition, the Company is continuously conducting trials and studies to bring newer and effective nutritional products, which may improve the efficacy of animal feeds. It is working on registering and introducing more products in the domestic as well as in the international markets. The Company is also looking to expand its sales and marketing team in USA, MENA and Asian market. At the same time, it is targeting to strengthen the geographical reach and distribution network by appointing more distributors in the overseas markets.

3. Probiotics

The 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.

4. Bio Catalysis

The 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 it will continue its efforts and focus.

5. Baking

The Company has several enzymes for the food processing segment, have filed 12 dossiers with European Food Safety Authority (EFSA) and got positive news for 4 of the product dossiers. The product line is equally good in terms of efficacy and performance as compared to existing market players. The Company has seen some uptick but in the last 15 months due to the pandemic, no further progress could be made. It 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.

6. R&D

The 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. It is also looking to expand and strengthen the R&D team.

7. Inorganic Expansion

The 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. It may keep looking for strategic acquisitions that may further strengthen its front-end marketing capabilities, geographical reach, product portfolio and B2C business.

Risks & Concerns

1. Customer concentration

On a consolidated basis, the top 10 customers account for 28% of the Company's total revenue, creating a concentration risk. Our business prospects, financial condition and results of operations may get adversely affected by a reduction or discontinuation in the demand from customers. With more than 700 customers in around 45 countries and tapping new geographies, your Company has de-risked its business model, thereby reducing risk.

2. Forex risk

The majority of our revenues come from exporting enzyme products and solutions to North America, Asia (ex-India), Europe and other countries. Our revenue from operations for the fiscal year ended March 31, 2022, was 56% from international markets and 44% from Indian market. An appreciation of the Rupee, particularly in relation to the US Dollar, decreases the Rupee value of our revenues when the Rupee depreciates against the US Dollar and other foreign currencies. By using derivative instruments, i.e. foreign exchange forward contracts, your Company mitigates the risk of changes in foreign currency exchange rates for its highly probable forecasted transactions and recognized assets and liabilities.

3. Competitive risk

"Serratiopeptidase" is one of our key product which is also manufactured by the subsidiary JC Biotech. Sales of our product is prone to get affected by the competition from few new entrants in the market with homogeneous product and consequent pricing pressures. We are confident of the quality of our product and capable of managing the risk by maintaining good customer relationship in the market and through constant product monitoring.

4. Regulatory & Compliance risk

Risks related to various statutes, laws, and regulations are associated with the Company. Non-compliance, if any, may result in financial loss /penalties. The framework is followed by the Company, as well, wherein the requisite compliances are reviewed periodically by internal auditors and external

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

Opportunities



With the increase in population, the demand for enzymes & probiotics is increasing around the world and as we all know economics says the bigger the population, the bigger the opportunity. Your Company may benefit from the increase in healthcare spending in the U.S. and India. In the U.S., healthcare spending is the highest in the world, and the use of health enzymes and probiotics is on the rise. With a high level of efficiency and a fast-paced lifestyle, the use of high protein and genetically modified proteins is on the rise in the country. Nevertheless the medical situations like COVID-19, Ebola, etc. due to which people are forced to take immunity booster enzymes and probiotics as a result of illnesses that are rising in the world. U.S. National health spending grew by 3.4% in 2021, reflecting significant federal government support in response to the COVID-induced recession in 2020 and a lower level of such support in 2021. Including the federal support, health spending in December 2021 represented 18.8% of GDP; it was 17.8% of GDP if the additional government expenditures are excluded. For all of 2021, health spending represented 18.5% of GDP with the support and would have been 18.1% without it. Currently U.S. healthcare costs are growing 1.1% faster than annual GDP. Healthcare spending in the U.S. will reach USD 6.2 trillion by 2028, accounting for almost 20% of GDP.

(Source: Altarum)

With respect to the Indian market, the population in India is increasing at a very high rate whereas the annual health spending is just a small percentage of GDP which shows a huge potential for this market. In the past few years, the

Indian lifestyle has shown a gradual upward shift in health spending. Your Company may also benefit from the increase in pet industry spending in the United States. The American Pet Products Association (APPA) reports that pet industry spending increased overall. Several of your Company's products are used in the animal healthcare market, and your Company also has subsidiaries in the US, which may result in an increase in demand for your products. Market demand for animal healthcare enzymes will be driven by the growing number of dairy meat, and poultry farms across the world.

Threats

There are stringent regulations and specifications that the Company must follow in both its domestic and export markets. For instance, newly marketed food enzymes in Europe need prior authorization from the European Food Safety Authority (EFSA). There are also few additional national laws concerning food enzymes in EU Member States. These laws include specifications for purity and activity in order to ensure the safety of enzyme preparations for consumers. To comply with regulations, your Company has to incur significant costs, and any non-conformance can result in fines and other penalties that could damage the Company's reputation. Among the key factors driving competition in the industry are product functionality and quality, pricing, customer service, product innovation, and the effectiveness of marketing and distribution channels. An organization must differentiate its product and service offerings through a clear and unique value proposition to succeed and survive in a competitive environment. Several of the Company's competitors have significantly greater marketing and financial resources, which allows them to conduct more aggressive marketing and expansion activities. Intense competition could pose a material adverse impact on the Company's operations.

Internal Control and Risk Management System

There is an internal control system in place in your Company to ensure the efficiency and effectiveness of the operations. The internal control system is essential to the risk identification and mitigation process. It contributes to compliance with legal requirements. Within your Company, a proper communication channel from top-to-bottom and vice versa safeguards the internal control system by considering both internal and external factors in an appropriate and timely manner. It's Risk Assessment and Management policy is based on the concept that a robust Risk Management system ensures commensurate controls and monitoring mechanisms for

smooth and efficient management of the business. Various risks are identified, measured, evaluated, monitored and mitigated in the Policy.



A review of the Risk Management framework of the Company has been conducted by the Internal Auditors. Risk Registers are prepared by the concerned departments and contain information about the respective risks, as well as its current control activities and mitigation plans, if any. Thereafter, the registers are reviewed. On a continuous basis, IT system is improved on a preventive basis as well as in response to hacking challenges. Evaluation of an internal control system is done by setting targets on a continuous basis, with corrective actions taken in case of any deficiency by comparing them to the actual results. According to its size and nature of operations, your Company maintains an appropriate Internal Control System / Internal Financial Control. Internal auditors and Statutory Auditors of the Company test and certify the internal control systems of the Company.

Material Developments in Human Resources/ Industrial Relations

Human Resources continue to be at top priority for your Company and it enjoys cordial relations at all levels. Our continuous objective is to invest in people and people processes to improve human capital for the organization and to provide better service to stakeholders. Human Capital is recognized as one of the most important constituents of a successful organization, thus attracting, developing and retaining the right talent remains a key strategic imperative.

The Company continues to devote its full attention to that aspect. Due to the growth and execution of new projects within your Company, emphasis has been placed on recruitment and your Company has been successful in attracting professional talent. New talent has been inducted into the organization to fill the gaps at various levels within the organization this year. More than 300 employees work for your Company (standalone) as of March 31, 2022, including professionals from R & D, Sales, Finance, Legal, IP & Regulatory, manufacturing, etc. The management at your Company strives to create a conducive and supportive work environment so that employees can excel through various employee engagement programs. It strengthens human resources by making available better tools, technology, and techniques at the work place to exploit the latent potential as it has always aimed at improving individual and group performance. The Human Resource department constantly organizes training and development programs to sharpen skills, update concepts and gain more knowledge. External technical training was provided to certain critical functional heads so they would be prepared to take on new projects. Occupational safety and health measures are taken care of at work places, manufacturing areas, etc. Human Resources strives to create a culture where learning is an inevitable outcome of every interaction. Your Company emphasizes de-stressing techniques and emphasizes the importance of having a 'growth mindset' for learning grows through sharing and helping others. We believe that a happy person always performs well. The Company industrial relations were cordial throughout the year.

Cautionary Statement

In this Management Discussion and Analysis Report, certain forward-looking statements may be made based on various assumptions about the Company's present and future business strategies, the environment in which it operates and other factors. Risks and uncertainties can cause actual results and information to differ materially from those stated or implied. Among these risks and uncertainties are the effect of economic and political conditions in India and abroad, volatility in interest rates and the securities market, new government regulations and policies that may impact the Company's businesses and its ability to implement its strategies. The information contained herein is as of the date referenced and the Company has no obligation to update it. Market data and other information have been obtained from sources deemed trustworthy by the Company or it has been estimated internally, but the accuracy or completeness can't be guaranteed.





BOARD'S REPORT

for the financial year ended March 31, 2022

Dear Members,

Your Board of Directors ("Board") is pleased to present the 33rd Annual Report of Advanced Enzyme Technologies Limited ("Company") along with the Audited financial statements for the financial year ended March 31, 2022.

FINANCIAL HIGHLIGHTS

The financial performance of your Company for the financial year ended March 31, 2022 is summarized below:

(₹ in million)

| Particulars | Standalone | | Consolidated | |
|--|------------------------------|------------------------------|------------------------------|------------------------------|
| | Year ended March 31, 2022 | Year ended March 31, 2021 | Year ended March 31, 2022 | Year ended March 31, 2021 |
| Revenue from operations | 2,728 | 2,835 | 5,294 | 5,018 |
| EBITDA | 727 | 1,006 | 2,014 | 2,316 |
| Less: | | | | |
| Finance Cost | 1 | 1 | 18 | 16 |
| Depreciation and Amortisation | 96 | 89 | 349 | 287 |
| Add: | | | | |
| Other income | 91 | 68 | 64 | 89 |
| Profit Before Tax | 721 | 984 | 1,711 | 2,101 |
| Less: Provision for Taxation | | | | |
| Current tax | 180 | 248 | 504 | 579 |
| Deferred tax | (5) | 26 | (31) | 9 |
| MAT credit entitlement | - | - | - | - |
| Tax adjustment for earlier years | - | - | - | - |
| Tax expenses | 176 | 274 | 473 | 588 |
| Profit for the year | 545 | 710 | 1,238 | 1,513 |
| Surplus Brought Forward from Previous Year | 3,349 | 2,639 | 7,977 | 6,575 |
| Amount Available for Appropriations | 3,827 | 3,349 | 9,174 | 7,977 |
| Earnings Per Share (Amount in ₹) | | | | |
| Basic | 4.88 | 6.36 | 10.70 | 13.06 |
| Diluted | 4.87 | 6.35 | 10.68 | 13.04 |

RESULTS FROM OPERATIONS

Revenue – Consolidated

Your Company's revenue from operations on consolidated basis increased to ₹ 5,294 million in the financial year 2021-22 ("FY22") from ₹ 5,018 million in the financial year 2020-21 ("FY21"), a growth rate of 5%. The total revenue comprises of international sales amounting to ₹ 2,951 million (FY21 -

₹ 2,694 million), growth of 10% and domestic sales amounting to ₹ 2,342 million (including Export Incentives of ₹ 5 million) (FY21 - ₹ 2,324 million (including Export Incentives of ₹ 14 million)), an increase of 1%.

Your Company's domestic sales constitute about 44% of revenue from operations during FY22 as compared to 46% of revenue from operations during FY21. International sales

BOARD'S REPORT (Continued)

were 56% of revenue from operations as compared to 54% of revenue from operations during FY21.

Revenue - Standalone

Your Company's revenue from operations on standalone basis decreased to ₹ 2,728 million in FY22 from ₹ 2,835 million in FY21, at a decline of 4%. The total revenue comprises international sales of ₹ 782 million (FY21 - ₹ 683 million), an increase of 15% and Domestic sales at ₹ 1,946 million (including Export Incentives of ₹ 4 million) (FY21 - ₹ 2,152 million (including Export Incentives of ₹ 14 million)), decline of 10%.

The domestic sales constitute 71% of revenue from operations during FY22 as compared to 76% of revenue from operations during FY21. International sales were 29% of revenue from operations during FY22 as compared to 24% of revenue from operations during FY21.

Profits - Consolidated

EBITDA (Earnings before interest, tax, depreciation & amortisation excluding other income) during FY22 was ₹ 2,014 million (38%) as compared to ₹ 2,316 million (46%) during FY21, a decrease of 13%.

Profit before tax stood at ₹ 1,711 million (32%) during FY22 as against ₹ 2,101 million (42%) in the previous year, a decline of 19%. Profit after tax stood at ₹ 1,238 million during FY22 as compared to ₹ 1,513 million during the FY21, a decline of 18%.

Profits - Standalone

EBITDA during the year under review was at ₹ 727 million (27%) as compared to ₹ 1,006 million (35%) in the FY21. Profit before tax stood at ₹ 721 million during FY22 as compared to ₹ 984 million in the FY21, a decline of 27%. Profit after tax stood at ₹ 545 million during FY22 as compared to ₹ 710 million during FY21, a decrease of 23%.

DIVIDEND

Pursuant to the Dividend Distribution Policy of the Company, the Board recommends a final Dividend @ 50% i.e. Re. 1/- per Equity Share of face value of ₹ 2/- each for the financial year 2021-22 ("FY22"), aggregating to about ₹ 111.8 million/- i.e. an increase of 11% as compared to the final dividend of 45% (₹ 0.90/- per Equity Share) as in the previous financial year 2020-21 ("FY21"), 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.

The Dividend payout is subject to approval of Members at 33rd 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 FY22, your Company has not transferred any amount to the General Reserves.

EMPLOYEES STOCK OPTION PLAN

The disclosure pertaining to 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 disclosure is displayed on the website of the Company under the tab 'Details of Employees Stock Option' at www.advancedenzymes.com/investors/shareholder-information.

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 Scheme 2015, 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 72,250 Equity Shares of ₹ 2/- each (at an exercise price of ₹ 60/- each) during the year under review, under ESOP Scheme 2015 as follows:

| Sr. No. | Date of Board Meeting (Allotment Date) | No. of shares allotted |
|--------------|--|------------------------|
| 1. | May 29, 2021 | 49,875 |
| 2. | November 02, 2021 | 13,175 |
| 3. | February 05, 2022 | 9,200 |
| Total | | 72,250 |

In view of above, the Paid-up share capital of your Company has increased as follows (as on March 31, 2022):

| Particulars | Paid-up Capital | |
|------------------------------|-----------------|-------------|
| | No. of shares | Amount (₹) |
| At the beginning of the year | 111,728,425 | 223,456,850 |
| Allotments during the year | 72,250 | 1,44,500 |
| At the end of the year | 111,800,675 | 223,601,350 |

Based on the exercise applications of the Grantees and amount received thereto, total 72,250 Equity Shares of ₹ 2/- each were allotted to such Grantees by the Board during FY22 and accordingly the paid up share capital of the Company has increased from ₹ 223,456,850 to ₹ 223,601,350.

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, 2022 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 Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactments thereof for the time being in force) ["SEBI Listing Regulations"] and forms part of this Annual Report.

The estimates and judgments relating to the financial statements are made on a prudent basis, so as to reflect in a true and fair manner, the form and substance of transactions and reasonably present the Company's state of affairs, profits and cash flows for the year ended March 31, 2022.

SUBSIDIARIES

As on March 31, 2022 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 (85%) ["JCB"];
- SciTech Specialities Private Limited (51%) ["SciTech"]

In terms of the financial performances:

- ABAT's revenue for FY22 was ₹ 404 million (previous financial year ["FY21"] - ₹ 312 million), and Profit after Tax for FY22 was ₹ 66 million (FY21 - ₹ 45 million).
- AESL's revenue for FY22 was ₹ 119 million (FY21 - ₹ 92 million), and Profit after Tax for FY22 was ₹ 18 million (FY21 - ₹ 16 million).
- JCB's revenue for FY22 was ₹ 503 million (FY21 - ₹ 504 million), and Profit after Tax for FY22 was ₹ 72 million (FY21 - ₹ 78 million).
- SciTech's revenue for FY22 was ₹ 473 million (FY21 - from January 11, 2021 to March 31, 2021 was ₹ 84 million), and Profit after Tax for FY22 was ₹ 37 million (FY21 - from January 11, 2021 to March 31, 2021 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);

BOARD'S REPORT (Continued)

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

In terms of the consolidated financial performance of Advanced Enzymes USA, the revenue for FY22 was ₹ 2,140 million (FY21 - ₹ 2,154 million), and Profit after Tax for FY22 was ₹ 647 million (FY21 - ₹ 726 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 FY22, the assets which were no longer receivable were written-off and the liabilities which were no longer payable were written-back resulting in a profit/(loss) of about ₹ 0.60 million (FY21 - ₹ (0.10) 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 FY22 was ₹ 220 million (FY21 - ₹ 282 million), and loss for FY22 was ₹ 103 million (which includes about ₹ 26 million of operational gain, ₹ 4 million of other income, ₹ 9 million of deferred tax reversal, ₹ 66 million of amortization expense, and ₹ 76 million of finance cost) as compared to loss of ₹ 44 million for FY21.

- 4. evoxx technologies GmbH [100% subsidiary of AEE] ["evoxx"]

For FY22, the revenues for evoxx was ₹ 220 million (FY21 - ₹ 282 million) and had a negative impact on the bottom line by ₹ 15 million including operational loss of ₹ 6 million (FY21 - ₹ 13 million operational profit) and charge of ₹ 14 million (FY21 - ₹ 15 million) of an amortization expense and finance cost of ₹ 9 million (FY21 - ₹ 10 million).

The Policy for determining Material Subsidiaries is available on the Company's website: www.advancedenzymes.com/investors/corporate-governance. During the year under review, Cal-India Foods International in USA and JC Biotech Private Limited were Material Subsidiary of your Company based on the criteria specified in the 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 FY22. Pursuant to the provisions of Section 136 of the Act read with the 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 and also available for inspection, during working hours at the registered office of the Company on working days except Saturdays and Sundays, up to the date of 33rd 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, the Board of your Company, at its meeting held on May 29, 2021, approved the acquisition of additional stake of 15% (i.e. 31,06,680 Equity Shares) from few existing shareholder(s) of JC Biotech Private Limited ("JCB"), at a consideration of ₹ 211.25 million. The said acquisition by increase in stake in JCB was completed on August 18, 2021 and the stake of your Company in JCB has increased from existing 70% to 85%. The details are available on the website of the Company at www.advancedenzymes.com/investors/announcements-notices/.

Except the increase in stake in JCB 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 an 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, 2022, 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, 2022 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, from time to time.

RELATED PARTY TRANSACTIONS

During the year under review, all transactions with the 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. The Audit Committee and the Board, reviewed all the transactions entered into pursuant to the omnibus approvals, on a quarterly basis. 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 the SEBI Listing Regulations. 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 by the Company.

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

BOARD'S REPORT (Continued)

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 25,000 unclaimed Equity Shares pertaining to financial year 2013-14 to the Demat account of IEPF during September, 2021. The details of the said shares are provided on the website of the Company at www.advancedenzymes.com/investors/shareholder-information

During the year under review, the Company has transferred unclaimed Dividend of ₹ 40,850 for the financial year 2013-14. As on March 31, 2022, the total amount lying in the Unpaid Dividend accounts of the Company in respect of the last seven years is around ₹ 10.81 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 33rd AGM of the Company ("AGM Notice" / "Notice of 33rd 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

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 an 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.

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.

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:

Due to sad demise, Mr. Vilas Aurangabadkar (erstwhile Independent Director) ceased to be Board member of the Company effective from January 27, 2022. The Board express its deep condolences.

Based on the recommendation of the Nomination and Remuneration Committee, the Board approved the appointment of Mr. Nitin Jagannath Deshmukh (DIN: 00060743) as an Additional Director (Independent) with effect from July 01, 2022 to hold office up to the date of this AGM or the date up to which AGM shall be held whichever is earlier. He is not related to any of Directors of the Company. The Board recommends the appointment of Mr. Nitin Jagannath Deshmukh as an Independent Director, not liable to retire by rotation, for a period of five (5) years effective from July 01, 2022 and his brief profile is provided in the Notice convening the said 33rd AGM of the Company ("AGM Notice").

Further consequent to attaining retirement age (as per the Company's policy), the Board at its meeting held on March 30, 2022 extended the tenure of Mr. Beni Prasad Rauka as Chief Financial Officer (Key Managerial Personnel) of the Company for a period of ten (10) years from April 01, 2022 till March 31, 2032.

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 ("Act"). The Independent Directors have informed the Company, that they have either claimed exemption or passed the online proficiency test prescribed under the Act.

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, Ms. Rasika Rathi (DIN: 08300682), Non-Executive Director retires by rotation at the 33rd AGM and being eligible offers herself for re-appointment. The Board recommends the said re-appointment of Ms. Rasika Rathi at the 33rd AGM and her brief profile is provided in the Notice convening 33rd 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 (as amended), M/s. MSKA & Associates, Chartered Accountants [Firm's Registration No: 105047W] were appointed as Statutory Auditors for a term of five consecutive years to hold office from the conclusion of 32nd AGM up to the conclusion of the 37th AGM. The Auditors' Report to the Members on the financial statements of the Company for the year ended March 31, 2022 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, during the year under review. In terms of Section 148 of the Companies Act, 2013 read with Companies (Cost Records and Audits) Rules, 2014, as amended ("Act"), the Company is required to have the audit of cost records conducted by the Cost Accountant in practice, for the financial year 2021-22 ("FY22"). During the year under review, based on the recommendations of the Audit Committee, the Board of your Company 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 FY22. The remuneration of the Cost Auditors was ratified by the Members of the Company in its previous Annual General Meeting held on September 08, 2021.

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. Once the Cost Audit Report is received and as may be approved by

BOARD'S REPORT (Continued)

the Board, the same shall be filed by the Company within the due date prescribed under the Act. Based on the criteria specified under the Act, the Cost Audit is not applicable for the financial year 2022-23.

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 2021-22 is annexed as Annexure V (A) and forms an integral part of this Report. The Secretarial Audit Report for the year ended March 31, 2022 does not contain any qualification, reservation or adverse remark.

Pursuant to the provisions of Regulation 24A of the SEBI Listing Regulations, the Secretarial Audit Report of JC Biotech Private Limited, Material Unlisted Subsidiary for the financial year 2021-22 is annexed as Annexure V (B) and forms an integral part of this Report. The Secretarial Audit Report of JC Biotech Private Limited for the year ended March 31, 2022 does not contain any qualification, reservation or adverse remark.

CORPORATE GOVERNANCE REPORT

The Report on Corporate Governance and the Certificate of the Practicing Company Secretary regarding compliance of the conditions of Corporate Governance as required pursuant to the provisions of the SEBI Listing Regulations, are enclosed as Annexure 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 AND SUSTAINABILITY REPORTING

Pursuant to the provisions of Regulation 34 of the SEBI Listing Regulations (as amended), top one thousand listed entities based on market capitalization (calculated as on March 31 of previous financial year) shall provide in its Annual Report, with effect from the financial year 2022-23, the Business Responsibility and Sustainability Report ("BRSR Report") in the format as specified by the Securities and Exchange Board of India, from time to time. Further, as per the amended Regulation 34 of the SEBI Listing Regulations, for the financial year 2021-22 (FY22), the BRSR Report may be voluntarily provided in place of the Business Responsibility

Report. In view of the said provision, the BRSR report for FY22 is provided in a separate section of this Annual Report FY22 of your Company.

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 an integral 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 an integral part of this Report.

The Whistle Blower Policy may be accessed on your Company's website at www.advancedenzymes.com/investors/corporate-governance

MEETINGS OF THE BOARD

During the year, 5 (five) 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 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.

FAMILIARIZATION PROGRAM FOR INDEPENDENT DIRECTORS

Pursuant to provisions of Regulation 25(7) of the SEBI Listing Regulations, the details of familiarization program is available on the website of your Company at 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.

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

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.

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 FY22 are given in the Standalone financial statements (Note No. 54 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, 2022 is available on the website of the Company at 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

BOARD'S REPORT (Continued)

required under Section 134 of the Act read with Rule 8(3) of the Companies (Accounts) Rules, 2014 (as amended) is furnished in Annexure VII 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 VIII 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 VIII 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 VIII / Information under Rule 5(2) and (3) is available for inspection by the Members at the registered office of the Company during business hours on all working days except Saturdays and Sundays up to the date of the AGM. Any Member interested in conducting inspection and/or obtaining a copy of the said Annexure/Information may write to the Company Secretary at the Registered Office address of your Company.

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 (Reaffirmed) and a short term rating of CRISIL A1 (Reaffirmed) for outstanding Bank loan facilities (outstanding facilities), by Credit Rating Information Services of India Limited (CRISIL).

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. 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.

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

Mukund Kabra
Whole-time Director
DIN: 01233447

Kedar Desai
Director
DIN: 00322581

Place: Thane
Date: May 20, 2022

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 500¹ 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.

¹ As per the amendment to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, w.e.f May 05, 2021, the Dividend Distribution Policy has been made applicable to top 1000 listed entities based on market capitalization (calculated as on March 31 of every financial year).

ANNEXURE I (Continued)

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 AND SWEAT EQUITY) REGULATIONS, 2021 [“SEBI SBEB REGULATIONS”] READ WITH PART F OF SCHEDULE - I OF SEBI SBEB REGULATIONS 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 in terms of the accounting standards and the 'Guidance note on accounting for employee share-based payments' is under Note 43 to the Standalone financial statements for the year ended March 31, 2022 and forms an integral 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 40 to the aforesaid Standalone financial statements and forms an integral part of this Report.

(I) Employee Stock Option Scheme 2015 (ESOP 2015) [As on March 31, 2022]

1) Brief Description:

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

ANNEXURE II (Continued)

| 3. 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%</td> </tr> <tr> <td>2 years after the date of grant</td> <td>20%</td> </tr> <tr> <td>3 years after the date of grant</td> <td>30%</td> </tr> <tr> <td>4 years after the date of grant</td> <td>40%</td> </tr> </tbody> </table> | Year of Vesting | Percentage of Vesting | 1 year after the date of grant | 10% | 2 years after the date of grant | 20% | 3 years after the date of grant | 30% | 4 years after the date of grant | 40% |
| Year of Vesting | Percentage of Vesting | | | | | | | | | | |
| 1 year after the date of grant | 10% | | | | | | | | | | |
| 2 years after the date of grant | 20% | | | | | | | | | | |
| 3 years after the date of grant | 30% | | | | | | | | | | |
| 4 years after the date of grant | 40% | | | | | | | | | | |
| 4. Exercise price or pricing formula | Not exceeding ₹ 60/- per share* | | | | | | | | | | |
| 5. 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. | | | | | | | | | | |
| 6. Source of shares (primary, secondary or combination) | Primary | | | | | | | | | | |
| 7. 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 | 95,950 (face value of ₹ 2/-) |
| Number of options granted during the year | NIL |
| Number of options forfeited / lapsed during the year | NIL |
| Number of options vested during the year | NIL |
| Number of options exercised during the year | 72,250 |
| Number of shares arising as a result of exercise of options | 72,250 |
| Money realized by exercise of options (INR), if scheme is implemented directly by the company | 43,35,000 (72,250*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 | 23,700 |
| Number of options exercisable at the end of the year | 23,700 (face value of ₹ 2/- each) |

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 : 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: | | | | |
| | Date of Vesting | February 15, 2018 | February 15, 2019 | February 15, 2020 | February 15, 2021 |
| | 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 | | | - | |

ANNEXURE II (Continued)

| | | |
|----|--|--|
| 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"> Fair value calculated by using Black-Scholes option pricing model. Share price: The closing price on NSE as on the date of grant has been considered for valuing the options granted. Exercise Price: Exercise Price is the price (₹ 60 per share) as determined by the Nomination and Remuneration Committee. 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. 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. 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. Risk free interest rate: Zero coupon Government Bond rate representing the risk free interest rate. |
| 4. | Whether and how any other features of the option grant were incorporated into the measurement of fair value, such as a market condition. | |

(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 data-bbox="659 653 971 680">Year of Vesting</th> <th data-bbox="987 653 1422 680">Percentage of Vesting</th> </tr> </thead> <tbody> <tr> <td data-bbox="659 688 971 716">1 year after the date of grant</td> <td data-bbox="987 688 1422 716">10% of Options/SARs Granted shall Vest</td> </tr> <tr> <td data-bbox="659 724 971 751">2 years after the date of grant</td> <td data-bbox="987 724 1422 751">20% of Options/SARs Granted shall Vest</td> </tr> <tr> <td data-bbox="659 760 971 787">3 years after the date of grant</td> <td data-bbox="987 760 1422 787">30% of Options/SARs Granted shall Vest</td> </tr> <tr> <td data-bbox="659 795 971 823">4 years after the date of grant</td> <td data-bbox="987 795 1422 823">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 |
|---------|--|--|
| a) | Name(s) of the related party and Nature of relationship | JC Biotech Private Limited ("JC Biotech") Subsidiary (85%) |
| b) | Nature of contracts/ arrangements/ transactions | Sales / Purchase of Goods |
| c) | Duration of the contracts/ arrangements/ transactions | Transactions during the year ended March 31, 2022 |
| d) | Salient terms of the contracts or arrangements or transactions including the value, if any | Total (Sales & Purchase of goods): ₹ 505.29 million (Sales : ₹ 1.99 million Purchase : ₹ 503.30 million) Shareholders' approval received in the Annual General Meeting (AGM) held on July 15, 2020 and September 08, 2021 for aggregate limit of Sales and Purchase of ₹ 650 Million for the period from October 01, 2020 to September 30, 2021 and aggregate limit of Sales and Purchase of ₹ 750 Million for the period from October 01, 2021 to September 30, 2022 respectively. |
| e) | Date(s) of approval by the Board, if any | May 30, 2020, May 29, 2021 and February 05, 2022 |
| f) | Amount paid as advances, if any | Advances, if any and 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. |

Notes:

1. 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 pursuant to the provisions of the Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015 and Policy on Related Party Transactions of the Company, as amended from time to time.
2. During the year under review, the Company has completed the acquisition of additional stake of 15% in JC Biotech by way of purchase of 31,06,680 Equity Shares from few selling shareholders of JC Biotech, for a consideration of ₹ 211.25 million i.e. ₹ 68 per Equity Share. In view of this, the shareholding of the Company in JC Biotech has increased from 70% to 85% of paid-up share capital of JC Biotech.

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

Mukund Kabra
Whole-time Director
DIN: 01233447

Kedar Desai
Director
DIN: 00322581

Place: Thane
Date: May 20, 2022

ANNEXURE IV

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

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

The CSR policy of the Company intends to focus on certain long term projects which includes initiatives in the field of Education, Skill development/Vocational training, Health Care, Sanitation, Safe Drinking Water, Environment Sustainability, Women Empowerment and Rural Development which will *inter alia* 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 the provisions of 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 from the website of the Company, at 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 | 1 | 1 |
| 2. | Mr. Mukund Kabra | Whole-Time Director | 1 | 1 |
| 3. | Mr. Vasant Rathi | Non-Executive Director | 1 | 1 |
| 4. | Ms. Rajshree Patel | Independent Director | 1 | 1 |

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

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: 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 ₹) |
|----------------|----------------|---|---|
| Not Applicable | | | |

6) Average net profit of the Company for last three financial years: ₹ 7,043.04 lakhs

7)

(a) Two percent of average net profit of the company as per Section 135(5): ₹ 140.86 lakhs

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: Not Applicable

(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): ₹ 140.86 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 (₹ In lakhs) | Date of transfer | Name of the Fund | Amount | Date of transfer |
| 30.67 | 0.19 | April 08, 2022 | | - | |
| | 110.00 | April 26, 2022 | | | |

(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 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 organic fertilizers and equipment, if any, thereto to first 1000 farmers in villages and other places | Ensuring Environmental Sustainability / maintaining quality of soil | Yes | Maharashtra | Nashik and Nagar district | By end of financial year 2023-24 | 10.00 | 3.87 | 6.13 | No | Laxminarayan Rathi Bahuuddeshiya Seva Sanstha | CSR00017163 |
| 2. | Part-sponsoring the construction of building / premises at Yeola Taluka, Nashik, for the charitable purposes pertaining to Education, Skill development / Vocation training | Promoting Education / Skill development / Vocational training | Yes | Maharashtra | Nashik | By end of financial year 2022-23 | 83.67 | 1.00 | 82.67 | No | Laxminarayan Rathi Bahuuddeshiya Seva Sanstha | CSR00017163 |

ANNEXURE IV (Continued)

| 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 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 |
| 3. | Part funding of expansion project of current capacity of the Boys' Hostel in Andheri, Mumbai i.e. Agrawal Oswal Chhatrawas | | Yes | Maharashtra | Mumbai Suburban | By end of financial year 2022-23 | 11.00 | 0.50 | 10.50 | No | RVG Educational Foundation | CSR00008361 |
| 4. | Education support for a child of a deceased employee | Promotion of Education | Yes | Maharashtra | Nashik | By end of financial year 2022-23 | 1.42 | 0.10 | 1.32 | Yes | N.A | N.A |
| 5. | Education support for a child of a deceased employee | | Yes | Maharashtra | Nashik | By end of financial year 2024-25 | 6.42 | 1.35 | 5.07 | Yes | N.A | N.A |
| 6. | Part-sponsoring the construction of Hostel for Women / Vocational training and Skills development centre in the multi-utility building | Setting up hostel for Women / Vocational training / Skills development | No | Rajasthan | Jaipur | By end of financial year 2022-23 | 5.00 | 0.50 | 4.5 | No | Vipra Foundation | CSR00006626 |
| Total | | | | | | | 117.51 | 7.32 | 110.19 | | | |

(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 for supporting and providing relief and help to those affected, directly or indirectly due to COVID-19; and to directly procure and provide Ventilators/Oxygen concentrators to the Hospital(s) / care centre(s) / patient(s) in Nashik | Healthcare / Disaster management | Yes | Maharashtra | Nashik | 16.75 | Yes | N.A | N.A |
| 2. | Contribution for various activities for treatment/ management of Thalassemia patients | Promotion of Health care including preventive Health care | Yes | Maharashtra | Nashik | 5.00 | No | Arpan Thalassaemia Society | CSR00001926 |
| 3. | Education support for a child of a deceased employee | Promotion of Education | No | Punjab | Chandigarh | 1.60 | Yes | N.A | N.A |
| Total | | | | | | 23.35 | | | |

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

(e) Amount spent on Impact Assessment, if applicable: Not Applicable

(f) Total amount spent for the Financial Year (8b+8c+8d+8e): ₹ 30.67 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) | |
| (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 | Not Applicable |
| (v) | Amount available for set off in succeeding financial years [(iii)-(iv)] | |

ANNEXURE IV (Continued)

9)

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

| 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 | |
| 2020-21 | ₹ 36.95 lakhs | ₹ 20.22 lakhs | | - | | ₹ 16.73 lakhs |

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

| (₹ In lakhs) | | | | | | | | |
|--------------|----------------|--|---|--------------------------------------|--|---|--|--|
| 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 |
| 1. | FY31.03.2021_1 | Contribution for providing drinking water facility in tribal village(s), through Social Networking Forum | 2020-21 | Before end of financial year 2023-24 | 5.35 | NIL | NIL | Ongoing |
| 2. | FY31.03.2021_2 | Sponsoring vocational training and skills for differently abled adults and related activities, through AADHAR | 2020-21 | Before end of financial year 2021-22 | 4.80 | 4.00 | 4.80 | Completed |
| 3. | FY31.03.2021_3 | Sponsoring one Sevakutir Program of Parivaar Education Society, for a year to help in transforming the lives of tribal children | 2020-21 | Before end of financial year 2021-22 | 12.50 | 11.46 | 12.50 | Completed |
| 4. | FY31.03.2021_4 | Building four houses and two toilets for underprivileged near Karjat area of Maharashtra, through Habitat for Humanity India Trust | 2020-21 | Before end of financial year 2021-22 | 4.80 | 4.76 | 4.80 | Completed |

| (₹ In lakhs) | | | | | | | | |
|--------------|----------------|---|---|---------------------------------------|--|---|--|--|
| 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 |
| 5. | FY31.03.2021_5 | Contribution for setting up of computer labs/ computer education in school(s) / related educational activities, through Samta Purushottam Agrawal Memorial Foundation | 2020-21 | Before end of financial year 2022- 23 | 11.88 | NIL | 0.50 | Ongoing |
| Total | | | | | 39.33 | 20.22 | 22.60 | |

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
Director & Chairman of CSR Committee
DIN: 00322581

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

Place : Thane
Date : May 20, 2022

ANNEXURE V(A)

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2022
[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies
(Appointment and Remuneration Personnel) Rules, 2014]

To

The Members,

Advanced Enzyme Technologies Limited

Sun Magnetica, 5th Floor,
LIC Service Road, Louis Wadi,
Thane - 400604.

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

Based on my verification of books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31.03.2022 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2022 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 By-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; (Not applicable to the company during the review period)
 - (d) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; and Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
 - (e) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
 - (f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; and The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021; (Not applicable to the company during the review period)
 - (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) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Redeemable Preference Shares) Regulations, 2013; and The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021; (Not applicable to the company during the review period)
- (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 during the period under review)
- (k) The Securities and Exchange Board of India (Depositories and Participant) Regulations, 2018;
- (vi) Other laws applicable specifically to the Company namely:
 - (a) Factories Act, 1948;
 - (b) The Contract Labour (Regulation and Abolition) Act, 1970 and Rules made thereunder;
 - (c) Air (Prevention and Control of Pollution) Act, 1981 and Rules made thereunder;
 - (d) Environment Protection Act, 1986
 - (e) Water (Prevention and Control of Pollution) Act, 1974 and Rules made thereunder;
 - (f) Explosive Act, 1884;
 - (g) The Petroleum Act, 1934;
 - (h) Drugs & Cosmetics Act, 1940;
 - (i) Food Safety and Standard Act, 2006 & rules made thereunder;
 - (j) Prevention of Food Adulteration Act, 1954.

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

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

I further report that:

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

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

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

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

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

Place: Mumbai
Date: 20.05.2022
UDIN: F005703D000352225

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

(Shiv Hari Jalan)
Proprietor
FCS No: 5703
C.P.NO: 4226
PR No. 1576/2021

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

ANNEXURE V(A) (Continued)

'Annexure A'

To
The Members,
Advanced Enzyme Technologies Limited
Sun Magnetica, 5th Floor,
LIC Service Road, Louis Wadi,
Thane - 400604.

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

1. Maintenance of Secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe

that the process and practices, I followed provide a reasonable basis for my opinion.

3. I have not verified the correctness and appropriateness of financial records and books of accounts of the company.
4. Where ever required, I have obtained the management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The Compliance of provision of Corporate and other applicable laws, rules, regulations, standard is the responsibility of management. My examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of Company nor of the efficacy of effectiveness with which the management has conducted the affairs of the Company.

Place: Mumbai
Date: 20.05.2022
UDIN: F005703D000352225

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

(Shiv Hari Jalan)
Proprietor
FCS No: 5703
C.P.NO: 4226
PR No. 1576/2021

ANNEXURE V(B)

SECRETARIAL AUDIT REPORT OF JC BIOTECH PRIVATE LIMITED [MATERIAL SUBSIDIARY]

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2022

[Pursuant to Sub Section (1) of the Section 204 of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To
The Members,
JC BIOTECH PRIVATE LIMITED
8-2-269/S/3/A, Plot No.3,
Sagar Society, Road No.2,
Banjara Hills, Hyderabad 500034

I have conducted the secretarial audit of the compliance of applicable statutory provisions and adherence to good corporate practices by **JC BIOTECH PRIVATE LIMITED** - CIN U65993TG1991PTC013624 (hereinafter called the **Company**) as stated herein below. Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's Books, Papers, Minutes Book, Forms and Returns filed and other Records maintained by the Company and also the information provided by the Company, its officers and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on **31st March 2022** complied with the statutory provisions listed hereunder and also that the Company has proper Board - processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2022 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 there under, 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. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; **{Not Applicable}**;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; **{Not Applicable}**;
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **{Not Applicable as the Company has not issued any further share capital during the period under review}**;
 - d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; **{Not Applicable as the Company has not issued any ESOPS during the period under review}**;
 - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 **{Not Applicable as the Company has not issued and listed any debt securities during the financial year under review}**;

ANNEXURE V(B) (Continued)

- f. The 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 as the Company is not registered as Register to Issue and Share Transfer Agent during the financial year under review}**;
 - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 **{Not Applicable as there was no reportable event during the period under review}**;
 - h. Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998 **{Not Applicable as there was no reportable event during the period under review}**
- (VI) The Management has identified and confirmed the following laws as specifically applicable to the Company:
- 1. The Hazardous Wastes Management Rules, 2016;
 - 2. The Insecticides Act, 1968;
 - 3. The Drugs and Cosmetics Act, 1940;
 - 4. The Prevention of Food Adulteration Act, 1954;
 - 5. The Legal Metrology Act, 2009
 - 6. Bio Medical Waste (Management & Handling) Rules, 1998
 - 7. ICH Guidelines (this is the base on which US FDA/ EU Guidelines etc. are created on).
 - 8. UCPMP (Currently voluntary - however proposed to be made mandatory).
 - 9. National Biodiversity Act 2002
 - 10. Drugs & Magical Remedies (Objectionable Advertisements) Rules, 1955 Narcotic Drugs and Psychotropic substance Act
 - 11. Air Prevention & Control of Pollution Act, 1981
 - 12. Central Excise Act,
 - 13. The Patents Act, Copyright Act & Rules made thereunder
 - 14. Customs Act, 1962
 - 15. Environment Protection Act, 1986
 - 16. Explosive Act 1984 & the petroleum Act
 - 17. Gas Cylinder Rules, 1981
 - 18. Indian Boilers Act 1923 and the rules made thereunder
 - 19. Prevention of Food Adulteration Act, 1974
 - 20. Protection of Human Rights Act, 1994
 - 21. Water (Prevention & Control of Pollution) Act, 1974
 - 22. The Factories Act 1948 and the rules made thereunder
 - 23. The Labour Welfare Fund Act
 - 24. The Contract Labour (Rules & Regulations) Act 1970
 - 25. The Employees State Insurance Act, 1948
 - 26. The Employees Provident Fund & Miscellaneous Provisions Act 1952
 - 27. The Industrial employment (Standing Order), Act
 - 28. The Industrial Disputes Act, 1947
 - 29. The Minimum Wages Act, 1948
 - 30. The Maternity Benefits Act
 - 31. The Payment of Bonus Act, 1965
 - 32. The Payment of Gratuity Act, 1972
 - 33. The Workmen Compensation Act, 1923
 - 34. The Trade Unions Act, 1926
 - 35. The Equal Remunerations Act, 1976
 - 36. Food Safety & Standard Act 2006 & Rules made thereunder
 - 37. The Income Tax Act, 1961 mainly the provisions regarding Deduction of tax at source and payment thereof, Rule 6 DD
 - 38. Property Tax Act
 - 39. Central Sales Tax Act, 1956
 - 40. Maharashtra Value Added Tax Act, 2002

41. The Sexual Harassment of Women at Workplace (Prevention, Prohibitions & Redressal) Act, 2013 & rules made thereunder
42. Conditions stipulated in any approvals, license, consents granted to the Company under any of the aforesaid Acts and Rules

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

I further report that

- The Board of Directors of the Company is duly constituted. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes to agenda were sent seven days in advance 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.
- All the decisions of the Board and Committees thereof were carried out with requisite majority.

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

I further report that during the audit period there were no instances of:

- (i) Public/Right/Preference issue of shares/debentures/sweat equity, etc.;
- (ii) Redemption/buy-back of Securities;
- (iii) Major decisions taken by the members in pursuance to Section 180 of the Companies Act, 2013
- (iv) Merger/amalgamation/reconstitution, etc.;
- (v) Foreign technical collaborations.

I have relied on the representation made by the Company and its Officers for systems and mechanism formed by the Company for compliances under other applicable Acts, Laws and Regulations to the Company.

I have not verified the correctness and appropriateness of financial records and books of accounts of the Company.

Wherever required, I have obtained the management's representation about the compliance of Laws, rules and regulations and happening events, etc.

The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company

Thanking You,
Riddhi Krunal Shah
 Practicing Company Secretary
 (Membership No. 20168, PCS No.17035)
UDIN: A020168D000176753

Place: Mumbai
 Date: 21.04.2022

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 the Board of Directors as on March 31, 2022:

The Board of Directors of the Company (hereinafter referred as "the Board") comprises an optimum combination of Executive and Non-Executive Directors. As on March 31, 2022, the Board comprised 9 (Nine) Directors i.e. 1 (One) Executive Director and 8 (Eight) Non-Executive Directors, out of which 5 (Five) were Independent Directors (including one Woman Independent Director). The Chairman of the Board is a Non-Executive Director (Promoter) and more than half of the Board members are Independent. The composition of the Board is in line with requirements of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) (hereinafter referred as the "SEBI Listing Regulations"). 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 Board members 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. | Name | Category |
|---------|----------------------|--|
| 1. | Mr. Vasant L. Rathi | Chairman & Non-Executive Director (Promoter) |
| 2. | Mr. Mukund Kabra | Whole-time Director |
| 3. | Mr. Kedar Desai | Independent Director |
| 4. | Mr. Pramod Kasat | Independent Director |
| 5. | Mr. Rajesh Sharma | Independent Director |
| 6. | Mr. Vinodkumar Jajoo | Independent Director |
| 7. | Ms. Rasika Rathi | Non-Executive Director (Promoter Group Member) |
| 8. | Dr. Sunny Sharma | Non-Executive Director |
| 9. | Ms. Rajshree Patel | Independent Director |

*Due to sad demise of Mr. Vilas Aurangabadkar, Independent Director of the Company on January 27, 2022, he ceased to be a member of the Board.

Note: The Board, at its meeting held on March 30, 2022, approved the appointment of Mr. Nitin Deshmukh (DIN: 00060743) as an Additional Director (Independent) with effect from July 01, 2022 for a term of 5 consecutive years subject to approval of the Members of the Company at the ensuing Annual General Meeting of the Company.

None of the Directors of the Company are related to any other Director on the Board in terms of the definition of 'Relative' under the Companies Act, 2013 read with the corresponding Rules framed thereunder ("Act") except Ms. Rasika Rathi (Promoter group member) who is a 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 | 2 | 2 | - | - |
| 5. | Mr. Pramod Kasat | 4 | 2 | 1 | Natural Capsules Limited (Independent Director) |
| 6. | Mr. Rajesh Sharma | - | - | - | - |
| 7. | Mr. Vinodkumar Jajoo | - | - | - | - |
| 8. | Mr. Vilas Aurangabadkar | - | - | - | - |
| 9. | Dr. Sunny Sharma | 1 | 1 | - | Marksans Pharma Limited (Non-Executive Director) |
| 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 2021-22 ("FY22"), the meetings of the Board of Directors of the Company was held five (5) times i.e. on May 29, 2021 (No. 03/2021), August 07, 2021 (No. 04/2021), November 02, 2021 (No. 05/2021), February 05, 2022 (No. 01/2022), and March 30, 2022 (No. 02/2022). 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. Details of attendance at the Board meetings and General Meeting as the Directors of the Company, during the year under review, are as follows:

| Sr. No. | Name | No. of Board Meeting attended | | Attended - last AGM held on September 08, 2021 |
|---------|------------------|-------------------------------|----------|--|
| | | Held | Attended | |
| 1. | Mr. Vasant Rathi | 5 | 5 | Yes |
| 2. | Mr. Mukund Kabra | 5 | 5 | Yes |
| 3. | Mr. Kedar Desai | 5 | 5 | Yes |

| Sr. No. | Name | No. of Board Meeting attended | | Attended - last AGM held on September 08, 2021 |
|---------|--------------------------|-------------------------------|----------|--|
| | | Held | Attended | |
| 4. | Mr. Pramod Kasat | 5 | 5 | Yes |
| 5. | Mr. Rajesh Sharma | 5 | 2 | No |
| 6. | Mr. Vilas Aurangabadkar* | 3 | 2 | No |
| 7. | Ms. Rasika Rathi | 5 | 5 | Yes |
| 8. | Mr. Vinodkumar Jajoo | 5 | 5 | Yes |
| 9. | Dr. Sunny Sharma | 5 | 5 | Yes |
| 10. | Ms. Rajshree Patel | 5 | 4 | No |

*As mentioned above, due to sad demise, Late Mr. Vilas Aurangabadkar, Independent Director ceased to be member of the Board on January 27, 2022.

SKILLS, EXPERTISE AND COMPETENCIES OF THE BOARD

The Board comprises of qualified personnel who have the key skills, competencies and expertise required for the

ANNEXURE VI (Continued)

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:

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 and not be seen as a disqualifying ability. The nominations to the Board was 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 |
| 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. Vinod kumar Jajoo | Finance with rich experience in Direct/ Indirect Taxation and Audit |
| 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, Practicing 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 the 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 the SEBI Listing Regulations.

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

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

ANNEXURE VI (Continued)

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.
- Reviewing the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding Rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision
- Consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders

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

In accordance with the provisions of Regulation 18 of the SEBI Listing Regulations read with Section 177 of the Act, the Audit Committee of the Board comprises three (3) Independent Directors and one (1) Non-Executive Director as on March 31, 2022. 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 FY22, the Audit Committee met five (5) times i.e. on May 29, 2021 (No. 03/2021), August 07, 2021 (No. 04/2021), November 02, 2021 (No. 05/2021), February 05, 2022 (No. 01/2022) and March 30, 2022 (No. 02/2022).

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

| Name of Members | Designation | No. of Audit Committee Meetings | |
|-------------------|-------------|---------------------------------|----------|
| | | Held | Attended |
| Mr. Kedar Desai | Chairman | 5 | 5 |
| Mr. Pramod Kasat | Member | 5 | 5 |
| Mr. Rajesh Sharma | Member | 5 | 2 |
| Mr. Vasant Rathi | Member | 5 | 5 |

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.

- e) 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.
- f) Recommend to the Board, the remuneration, in whatever form, payable to the senior management.
- g) 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 FY22, Nomination and Remuneration Committee met two (2) times i.e. on May 29, 2021 (No. 02/2021), and March 30, 2022 (No. 01/2022).

The composition of the Nomination and Remuneration Committee as on March 31, 2022 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 | 2 | 2 |
| Mr. Kedar Desai | Member | 2 | 2 |
| Mr. Vasant Rathi | Member | 2 | 2 |
| Mr. Rajesh Sharma | Member | 2 | 2 |

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

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 and its stakeholders.

A meeting of Independent Directors of the Company was held through video conference on March 30, 2022 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 for review 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

ANNEXURE VI (Continued)

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.

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, 2022 is as follows:

(in ₹)

| Particulars | | Mr. Mukund M. Kabra |
|--|------------------|---------------------|
| Basic | A | 56,41,128 |
| Other Allowances | | 1,23,20,902 |
| Bonus | | 4,08,777 |
| | B | 1,27,29,679 |
| Sub-total | (A+B) | 1,83,70,807 |
| Contribution to : | | |
| Provident fund | | 6,76,932 |
| Super Annuation Fund | | 4,90,532 |
| Gratuity | | 2,35,833 |
| | C | 14,03,297 |
| Total | (A+B+C) | 1,97,74,104 |
| Commission to Directors for FY22 | D | 27,15,303 |
| Grand Total | (A+B+C+D) | 2,24,89,407 |
| Stock Options (Granted during the year)# | | NIL |

Note: The aforesaid amount is excluding leave encashment.

#During February 2017, the Company 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 were 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 exercised 5,000 Stock Options at the exercise price of ₹ 60/- per Option as per the provisions of AETL Employee Stock Option Scheme, 2015. Based on this, 5,000 Equity Shares were allotted to Mr. Kabra on May 29, 2021.

Remuneration and Shareholding (as on March 31, 2022) 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 FY22 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 | - | 0.94 | 3,65,03,702* | 32.65 |
| Ms. Rasika Rathi | Non-Executive Non-Independent | - | 0.36 | 26,36,700 | 2.36 |
| Dr. Sunny Sharma | Non-Executive Non-Independent | - | 0.36 | NIL | NIL |
| Mr. Kedar Desai | Independent Director | 0.41 | 1.09 | 2,000 | 0.001 |
| Mr. Pramod Kasat | Independent Director | 0.36 | 0.94 | NIL | NIL |
| Mr. Rajesh Sharma | Independent Director | 0.16 | 0.43 | NIL | NIL |
| Mr. Vilas Aurangabadkar** | Independent Director | 0.09 | 0.22 | NIL | NIL |
| Mr. Vinodkumar Jajoo | Independent Director | 0.27 | 0.65 | NIL | NIL |
| Ms. Rajshree Patel | Independent Director | 0.18 | 0.43 | 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.

**Mr. Vilas Aurangabadkar, Independent Director of the Company ceased to be a member of the Board of the Company, on January 27, 2022, due to his sad demise.

Note 1: During the year under review, a sitting fees of ₹ 30,000/- for Board meeting and ₹ 20,000/- per Committee Meeting was paid for meetings held on May 29, 2021. Further, pursuant to the approval of the Board at its meeting held on May 29, 2021, the sitting fees to be paid to Independent Directors was increased to ₹ 35,000/- per Board meeting and ₹ 25,000/- per Committee Meeting and the meetings of Independent Directors. Accordingly, ₹ 35,000/- was paid/payable for each Board Meeting thereafter and ₹ 25,000/- was paid/payable 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 30th Annual General Meeting held on August 08, 2019. The amount of commission is determined and approved by the Board in proportion to the number of meetings of the Board, Committees thereto including Independent Directors' meeting attended by the respective Non-Executive Director(s) during the financial year 2021-22. 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

| Name of Director | Mr. Mukund Kabra, Whole-time Director | |
|------------------|---|---------------------------------|
| Date of contract | September 11, 2017 | October 06, 2021 |
| Term of contract | Five years w.e.f April 01, 2017 (expired on March 31, 2022) | Five years w.e.f April 01, 2022 |
| Notice Period | Three Months | 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 two (2) Independent Directors and the Whole-time Director as on March 31, 2022. 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 FY22, Stakeholders' Relationship Committee met once i.e. on November 02, 2021 (No. 02/2021).

ANNEXURE VI (Continued)

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 | 1 | 1 |
| Mr. Mukund Kabra | Member | 1 | 1 |
| Mr. Vinodkumar Jajoo | Member | 1 | 1 |

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:-

- 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.
- Review of measures taken for effective exercise of voting rights by shareholders.
- 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
- 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.
- 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, 2022

| | |
|--|-------|
| No. of Complaints as on April 01, 2021 | - NIL |
| No. of Complaints Received during the year | - NIL |
| No. of Complaints Resolved during the year | - NIL |
| No. of Complaints not resolved to the satisfaction of the shareholders | - NA |
| No. of Complaints Pending as on March 31, 2022 | - NIL |

All valid requests for share transfer, if any, and dematerialization wherein 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, as on March 31, 2022, the CSR Committee comprises two (2) Independent Directors, a Non-Executive Director and the Whole-time Director. The Company Secretary and the Head-Legal, acts as a Secretary to the Committee.

During the FY22, the CSR Committee has met once i.e. on May 29, 2021 (No. 02/2021).

Constitution of the CSR Committee along with the number of meeting held during the year and attendance, is as follows:

| Name of Members | Type of Membership | No. of Committee Meetings | |
|--------------------|--------------------|---------------------------|----------|
| | | Held | Attended |
| Mr. Kedar Desai | Chairman | 1 | 1 |
| Mr. Mukund Kabra | Member | 1 | 1 |
| Mr. Vasant Rathi | Member | 1 | 1 |
| Ms. Rajshree Patel | Member | 1 | 1 |

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, a CSR Policy (including any modification thereto) which shall indicate the framework within which the proposed CSR activities would be undertaken;
- To formulate and recommend to the Board, the Annual Action Plan, which shall include the following:
 - the list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act;
 - the manner of execution of such projects or programmes as specified in Rule 4(1) of the Rules
 - the modalities of utilization of funds and implementation schedules for the projects or programmes;

- o monitoring and reporting mechanism for the projects or programmes; and
- o details of need and impact assessment, if any, for the projects undertaken by the Company:

Provided that Board may alter such plan at any time during the financial year, as per the recommendation of its CSR Committee, based on the reasonable justification to that effect

- To monitor the implementation of the CSR Policy from time to time and take such other action as it may deem fit in pursuance of the CSR Vision of AETL; and
- Any other role, as may be specified in the Act/Rules from time to time and as may be required by the Board.

RISK MANAGEMENT COMMITTEE

Pursuant to the provisions of Regulation 21 of the SEBI Listing Regulations, constitution of Risk Management Committee was mandatory for top 1000 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, 2021 and the Risk Management Committee of the Company was re-constituted during FY21 in line with the applicable provisions of the 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, as on March 31, 2022, comprises an Independent Director, a Non-Executive Director, Whole-time Director, Chief Financial Officer and Company Secretary.

During the FY22, the Risk Management Committee met twice i.e. on July 30, 2021 (No. RCM 01/2021) and on January 21, 2022 (No. RCM 01/2022).

Following is the constitution of the Risk Management Committee along with number of meetings held and attendance during the year:

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

| Name of Members | Type of Membership | No. of Committee Meetings | |
|-----------------------------|--------------------|---------------------------|----------|
| | | Held | Attended |
| Ms. Rasika Rathi | Member | 2 | - |
| Mr. Vilas M. Aurangabadkar* | Member | 2 | 1 |
| Mr. Beni P Rauka | Member | 2 | 2 |
| Mr. Sanjay Basantani | Member | 2 | 2 |

*ceased to be a member of the Risk Management Committee, effective from January 27, 2022

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

- (a) To monitor & review Risk Management Policy of the Company including associated systems, processes, controls & strategies thereto;
- (b) 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;
- (c) 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;
- (d) 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 were included as per the amendment to the SEBI Listing Regulations with effect from May 05, 2021:

- 1) To formulate a detailed risk management policy which shall include:
 - a. 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.

ANNEXURE VI (Continued)

- b. Measures for risk mitigation including systems and processes for internal control of identified risks.
 - c. Business continuity plan.
- 2) To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
 - 3) To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
 - 4) To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
 - 5) To keep the Board of Directors informed about the nature and content of its discussions, recommendations and actions to be taken;
 - 6) 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 provided below:

| Financial Year | Date | Location | Time |
|----------------|---|---|------------|
| 2020-21 (FY21) | September 08, 2021 (32 nd 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. |
| 2019-20 (FY20) | July 15, 2020 (31 st 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. |
| 2018-19 (FY19) | August 08, 2019 (30 th AGM) | Shehnai Banquet Hall, Shahid Mangal Pandey Road, Louiswadi, Opposite Louiswadi Police Chowki, Thane (West) - 400604 | 3:30 p.m. |

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

During the Annual General Meetings held in the last 3 years i.e. for FY19 to FY21 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. Pramod Kasat (DIN: 00819790) as an Independent Director of the Company | September 08, 2021 |
| 2. | Re-appointment of Mr. Kedar Desai (DIN: 00322581) as an Independent Director of the Company | August, 08, 2019 |

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, website of the Company and specific communications to the Stock Exchanges, where the Equity Shares of the Company are listed.

Quarterly Results

The unaudited quarterly financial results of the Company were published in English and regional newspaper. The financial results were 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. 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 the 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 | 33 rd Annual General Meeting (AGM) |
| Date, Time and Venue | August 19, 2022 (Friday), at 10:00 a.m. IST Through Video Conference or Other Audio Visual Means with Registered Office of the Company deemed to be the venue for the proceedings of the AGM. |
| Financial Year | April 01 to March 31 |
| Schedule (Tentative) for declaration of financial results during the FY23: | First quarter - Up to August 14, 2022 Second quarter - Up to November 14, 2022 Third quarter - Up to February 14, 2023 Annual & fourth quarter - Up to May 30, 2023 Annual General Meeting - Up to September, 2023 |
| Dividend Payment Date | On or after August 23, 2022 (subject to declaration of dividend by the Members at the 33 rd AGM) |
| Listing on Stock Exchanges | Company's Shares are listed at: BSE Limited (BSE) Phiroze Jeejeebhoy Towers Dalal Street Mumbai- 400001 National Stock Exchange of India Limited (NSE) 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 | BSE: 540025/ NSE: ADVENZYMES INE837H01020 |
| ISIN | |
| 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

In terms of Regulation 40(1) of the SEBI Listing Regulations, as amended from time to time, securities can be transferred only in dematerialized form with effect from April 01, 2019, except in case of request received for transmission or transposition of securities. Further, the Securities and Exchange Board of India ("SEBI") had fixed March 31, 2021 as the cut-off date for re-lodgment of transfer deeds and the shares that are re-lodged for transfer shall be issued only in demat mode. The operational guidelines for transfer and dematerialization of re-lodged physical shares were laid down by SEBI vide circular SEBI/HO/MIRSD/RTAMB/CIR/P/2020/236 dated December 02, 2020.

Further, SEBI vide its circular dated SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2022/8 dated January 25, 2022 has mandated that listed entities shall henceforth issue securities in dematerialized form which processing the following requests:

- i. Issue of duplicate securities certificate
- ii. Claim from Unclaimed Suspense Account
- iii. Renewal/Exchange of securities certificate
- iv. Endorsement
- v. Sub-division / Splitting of securities certificate
- vi. Consolidation of securities certificates/folios
- vii. Transmission
- viii. Transposition

Members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Transfers of Equity Shares in electronic form are effected through the depositories with no involvement of the Company.

ANNEXURE VI (Continued)

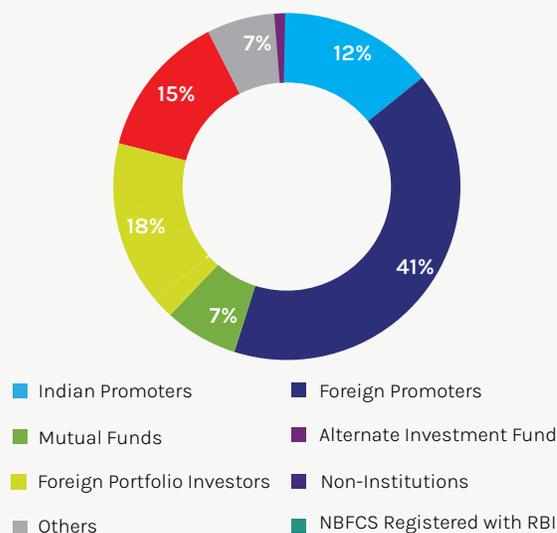
The certificate received from a Practicing Company Secretary pursuant to the provisions of Regulation 40(9) of the SEBI Listing Regulations (as amended) is submitted by the Company to the Stock Exchanges, on an annual basis. The Certificate was received from a Practicing Company Secretary and submitted to the Stock Exchanges, on a quarterly basis, with respect to timely dematerialization of shares of the Company and reconciliation of the share capital of the Company, as required under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018.

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, 2022:

| Category of Shareholder | No. of Shares held | % of holding |
|--|---------------------|---------------|
| Promoter and Promoter Group: | | |
| -Indian | 1,35,79,972 | 12.14 |
| -Foreign | 4,53,41,760 | 40.56 |
| Sub-Total (A) | 5,89,21,732 | 52.70 |
| Public: | | |
| Institutions: | | |
| -Mutual Funds | 72,17,529 | 6.46 |
| -Alternate Investment Fund | 4,99,672 | 0.45 |
| -Foreign Portfolio Investors | 2,01,36,952 | 18.01 |
| -Financial Institutions/Banks | NIL | 0.00 |
| Non Institutions: | | |
| -Individuals | 1,70,09,551 | 15.21 |
| -HUF/ NRI/ Trust/ Bodies Corporate/ IEPF/ Clearing Members/ Others | 80,05,739 | 7.16 |
| NBFCs registered with RBI | 9,500 | 0.01 |
| Sub-Total (B) | 5,28,78,943 | 47.30 |
| Grand Total (A+B) | 11,18,00,675 | 100.00 |

Shareholding Pattern As on March 31, 2022



Distribution of Shareholding as on March 31, 2022:

| Shareholding (Range) | Number of Shareholders | % | Shares | % |
|----------------------|------------------------|------------|---------------------|------------|
| up to 500 | 84,060 | 95.43 | 62,71,802 | 5.61 |
| 501 to 1000 | 2,184 | 2.48 | 17,00,685 | 1.52 |
| 1001 to 2000 | 958 | 1.09 | 14,29,733 | 1.28 |
| 2001 to 3000 | 263 | 0.30 | 6,70,803 | 0.60 |
| 3001 to 4000 | 136 | 0.15 | 4,97,186 | 0.44 |
| 4001 to 5000 | 95 | 0.11 | 4,42,779 | 0.40 |
| 5001 to 10000 | 159 | 0.18 | 12,06,239 | 1.08 |
| 10001 and above | 229 | 0.26 | 9,95,81,448 | 89.07 |
| Total | 88,084 | 100 | 11,18,00,675 | 100 |

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

Dematerialization of shares and liquidity

As on March 31, 2022, **99.68%** 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 |
|----------------|------------------|---------------------|------------------------------|
| 2014-2015 | Final Dividend | September 1, 2015 | October 07, 2022 |
| 2015-2016 | Interim Dividend | March 26, 2016 | May 01, 2023 |
| 2016-2017 | Final Dividend | September 11, 2017 | October 17, 2024 |
| 2017-2018 | Final Dividend | September 14, 2018 | October 16, 2025 |
| 2018-2019 | Final Dividend | August 08, 2019 | September 13, 2026 |
| 2019-2020 | Final Dividend | July 15, 2020 | August 20, 2027 |
| 2020-2021 | Final Dividend | September 08, 2021 | October 09, 2028 |

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

As on March 31, 2022, there were no Equity Shares 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 FY22, the Company had sent three reminders to the relevant shareholders of the Company to claim the unclaimed shares and the Board of the Company had 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. At the beginning of the year, there were no shares lying with the Company in unclaimed securities suspense account. During the year under review, pursuant to the said approval of the Board and applicable provisions of the SEBI Listing Regulations, the Company has converted and transferred in dematerialized form, 48,200 Equity Shares belonging to 14 Shareholders lying in physical form with the Company's RTA to the demat account called "Advanced Enzyme Technologies Limited-Unclaimed Securities Suspense Account". Further, in accordance with

the provisions of the SEBI Listing Regulations, the voting rights on the said Shares have been frozen and shall continue to remain frozen till the rightful owner of such Shares claims and receive the said Shares. During the year under review, after the transfer of the unclaimed securities to the Advanced Enzyme Technologies Limited-Unclaimed Securities Suspense Account, only one Shareholder approached the Company's RTA with requisite documents, for transfer of shares from Unclaimed securities suspense account during the year and the relevant process towards retrieving the Shares in demat form was shared with the Shareholder. No shares were transferred from the said account, during the year under review.

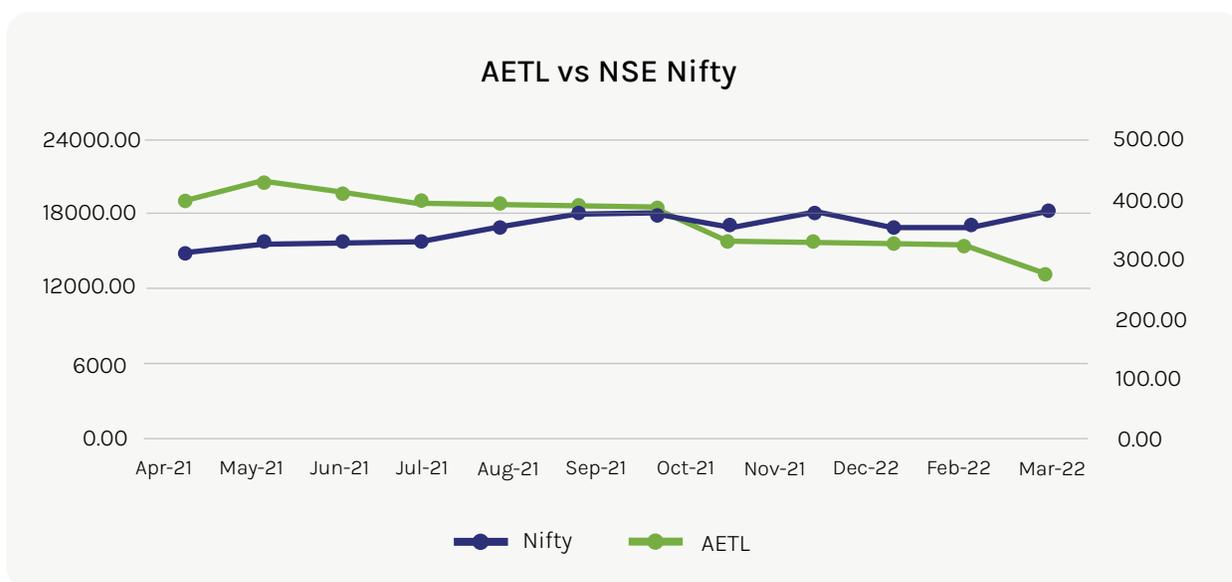
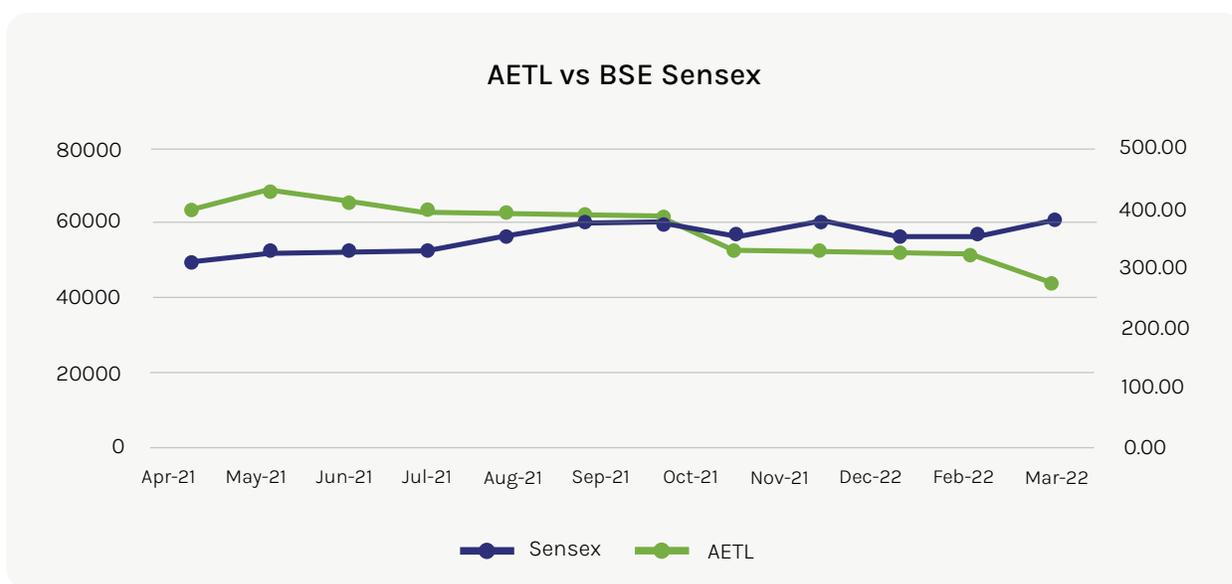
Pursuant to Section 124(6) of the Companies Act, 2013, all Shares in respect of which Dividend has not been paid or claimed for seven consecutive years or more shall be transferred by the company in the name of Investor Education and Protection Fund ("IEPF"). The details of the said shares transferred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

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

| Month | (in ₹) | | | |
|--------|--------|--------|--------|--------|
| | BSE | | NSE | |
| | High | Low | High | Low |
| Apr-21 | 422.20 | 342.65 | 422.00 | 342.75 |
| May-21 | 503.00 | 399.60 | 503.70 | 398.15 |
| Jun-21 | 447.75 | 399.70 | 448.00 | 390.05 |
| Jul-21 | 426.30 | 394.05 | 426.00 | 394.05 |
| Aug-21 | 435.90 | 353.75 | 435.95 | 353.30 |
| Sep-21 | 422.00 | 360.00 | 422.35 | 364.30 |
| Oct-21 | 421.00 | 367.50 | 421.50 | 367.55 |
| Nov-21 | 390.90 | 313.05 | 391.15 | 302.95 |
| Dec-21 | 358.55 | 315.00 | 359.00 | 319.00 |
| Jan-22 | 348.40 | 297.60 | 348.75 | 297.30 |
| Feb-22 | 355.15 | 257.00 | 354.90 | 260.00 |
| Mar-22 | 336.45 | 275.65 | 337.75 | 276.00 |

ANNEXURE VI (Continued)

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



*The above graphs are prepared on the basis of closing prices on the 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 & risk / hedging activities are provided in Note No. 41 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 FY22, 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 - 422 007, Maharashtra
3. Survey No.30, Pali, Vasind, Shahpur, Thane - 421 601, Maharashtra
4. Plot No. B-5-13, SEZ, Pithampur, Dhar - 452774, Madhya Pradesh

Address for Correspondence

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

Registrar & Transfer Agent

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

CREDIT RATING

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

OTHER DISCLOSURES

Materially Significant Related Party Transactions

During the year under review, the Related Party Transactions were done on an arm's length basis and in ordinary course of business. The Company presents a statement of the Related Party Transactions before the Audit Committee on a quarterly basis specifying *inter alia* the nature and value of the transactions. The transactions with Related Parties were conducted in a transparent manner in the interest of the Company, were approved by the Audit Committee and had 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. 42 of the Standalone financial statements for the year ended March 31, 2022 and AOC - 2 annexed as Annexure III to this 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

ANNEXURE VI (Continued)

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 was 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) of SEBI Listing Regulations

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

Disclosure of Loans and advances in the nature of loans to firms/companies in which Directors are interested by name and amount

The Company and its Subsidiaries have not given any loans and advances in the nature of loans to firms/companies in which Directors are interested.

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, 2022 |
| Company to Statutory Auditors: | |
| Statutory Audit | 2.05 |
| Limited review | 1.75 |
| Certification work | 0.13 |
| Transfer pricing | - |
| Reimbursement of expenses | 0.11* |
| Total | 4.04 |
| Company to network entity of Statutory Auditors: | |
| Issuing Form 3CEB | - |
| Transfer Pricing Report for FY 2021-22 | - |
| Reimbursement of expenses | - |
| Total | - |
| Subsidiaries | NIL |

*includes ₹ 0.03 Million paid during the year to the erstwhile Statutory Auditors of the Company i.e. B S R & Co. LLP.

Compliance with mandatory / Non-mandatory requirements

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

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

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

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

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

| Sr. No. | Particulars | No. |
|---------|--|-----|
| 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 meetings were 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 the SEBI or any statutory authority, on any matter related to the capital markets. However, as was also disclosed in the previous year Corporate Governance report published in the Annual Report of FY21, a letter/email 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 Regulation 17(1) of the SEBI Listing Regulations with regards to appointment of Woman Independent Director from April 01, 2020, being the then top 1000 listed company. The penalty prescribed was 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 Director Identification Number (DIN). On August 25, 2020, the Company submitted an application for waiver of said penalty to BSE and NSE on the grounds inter alia stating that (i) the Nomination & Remuneration Committee and the Board, at its meeting held on March 28, 2020 approved the appointment of Ms. Patel as an Additional Director (Woman Independent) *inter alia* subject to and with effect from the date of obtaining DIN; (ii) the said appointment was intimated by the Company to BSE and NSE vide its letter dated March 28, 2020; (iii) 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.

The Stock Exchanges waived the said penalty (NSE vide its letter dated February 08, 2021 and BSE vide its email dated May 19, 2021).

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, 2022. The Certificate has been reviewed by the Audit Committee and taken on record by the Board.

The Company is in compliance with the requirements stipulated under Regulation 17 to 27 read with Schedule V and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of SEBI Listing Regulations, as applicable, with regard

to corporate governance. The Certificate of the Practicing Company Secretary regarding compliance of the conditions of Corporate Governance for the year ended March 31, 2022 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 Policy for determining 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, as amended, are hosted on the website of the Company at: www.advancedenzymes.com/investors/corporate-governance

Shareholders' Right

The Quarterly / Half-Yearly / Annual Results of the Company were published in English and Vernacular newspapers and have been displayed on the Company's website, 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 were approved by the Board. These were 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, 2022 does not contain any qualification, reservation or adverse remark.

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, 2022.

For Advanced Enzyme Technologies Limited

Place: Thane
Date: May 07, 2022

Mukund Kabra
Whole-time Director
DIN: 00148294

ANNEXURE VI (Continued)

CERTIFICATION ON CORPORATE GOVERNANCE

To
The Members of Advanced Enzyme Technologies Limited

I, Shiv Hari Jalan, Proprietor of Shiv Hari Jalan & Co., have examined the compliance of conditions of Corporate Governance by **Advanced Enzyme Technologies Limited** (the Company) for the year ended March 31, 2022 as stipulated in Regulations 17 to 27 and clauses (b) to (i) and (t) of sub-regulation (2) of regulation 46 and para C and D of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

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

I have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.

Based on my examination of the relevant records and according to the information and explanations provided to me and the representations provided by the Management, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in Regulations 17 to 27 and clauses (b) to (i) and (t) of sub-regulation (2) of Regulation 46 and para C and D of Schedule V of the Listing Regulations during the year ended March 31, 2022.

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

Restriction on use

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

Place: Mumbai
Date : 20.05.2022
UDIN: F005703D000352214

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

(Shiv Hari Jalan)
Proprietor
FCS No: 5703
C.P.NO.: 4226
PR No. 1576/2021

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, 5th Floor,
 LIC Service Road,
 Louis Wadi, Thane- 400604.

I, Shiv Hari Jalan, Proprietor of Shiv Hari Jalan & Co., have examined 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, 5th Floor, Near LIC Service Road, Louis Wadi, Thane- 400604 (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2022 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 | Ms. Rasika Rathi | 08300682 | 08/01/2019 |
| 8 | Mr. Sunny Sharma | 02267273 | 02/11/2019 |
| 9 | 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. My responsibility is to express an opinion on these based on my 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: 20.05.2022
 UDIN: FO05703D000352192

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

(Shiv Hari Jalan)
 Proprietor
 FCS No: 5703
 C.P.NO.: 4226
 PR No. 1576/2021

ANNEXURE VII

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, 2022

A) CONSERVATION OF ENERGY

(i) Steps taken for conservation of energy:

1. Completed the process for steam condensate recovery of hot water, which is recycled to Boiler and used as feed water.
2. Hot Insulation of Spray Dryer-1.
3. Installed Energy Efficient Air conditioning system, and CFC free clean refrigerant gas utilised for air conditioning.
4. Installed Energy Efficient & VFD grade motors for fermenter agitation motors.
5. Installed Variable Frequency Drive electrical power panel for coal fire Boiler.
6. Installed LED lamps for the various sections of Plant.
7. Preventive maintenance of electrical substation and power distribution network to enhance electrical power efficiency.
8. Implementation of preventive maintenance plan to enhance energy efficiency for all the critical and utility equipment.
9. Dynamic balancing of blowers for achieving maximum energy efficiency.
10. Installed water meter to control water uses.
11. Maintain Power factor.

(ii) Impact of measures taken:

1. Hot insulation of spray dryer & steam based hot air generator resulted in reduction of steam consumption @ 50 kg/Hr.
2. Electrical current utilisation of Blowers reduced by 2-15 Amp /Hr.
3. Preventive Maintenance of all critical and utility equipment has enhanced the performance and reduction in consumption of Power and Fuel.

4. Efficient performance of Electrical equipment.
5. Power factor Incentive and other rebates received from MSEDCL was ₹ 13.42 lakhs.
6. Generator set KWH to Fuel ratio achieved 3.85%.
7. Reduction of power consumption of Boiler by 25% by installation of drive panel in coal boiler and reduced maintenance cost of ID (Induced draft), FD (Forced Draft) and PA (Primary air) Fans.
8. Reduction of power consumption by 20% as a result of installation of LED lights, lighting panel leading and reduced maintenance cost.

(iii) The steps taken by the company for utilizing alternate sources of energy:

NIL

(iv) The capital investment on energy conservation equipment:

| Sr. No. | Item Description | Amount (₹ In million) |
|--------------|---|-----------------------|
| 1. | Energy saving Lighting Fixture procured | 1.08 |
| 2. | Energy saving Frequency Drive & Motor | 0.02 |
| 3. | Energy saving Wind operated Ventilators | 0.14 |
| 4. | Energy saving Hot Insulation of Spray Dryer | 0.14 |
| 5. | Energy saving by Blower Dynamic Balancing | 0.25 |
| 6. | Energy saving CFC free gas Air conditioner purchase | 0.30 |
| 7. | Energy Efficient Coal boiler VFD panel | 0.63 |
| Total | | 2.56 |

B) TECHNOLOGY ABSORPTION

I. Efforts in brief made towards technology absorption:

1. Technologies to produce and commercialize enzymes for industrial applications, biocatalysts, human nutrition and animal feed have been developed and adopted.
2. Research focus on development of biocatalysts and the reaction processes for production of API (Active Pharmaceutical Ingredient) intermediates led to the successful development of new enzymes and processes. These new enzyme-based processes showed promising results at large scale applications.
3. New enzymes and formulations for baking applications have been developed. The products are successfully launched in the market.
4. New enzymes and formulations for human nutrition have been developed validated by clinical research. These new products have been launched at the online marketplaces.
5. New probiotic strains and its combination with potential applications in human and animal health have been developed. The new combination of probiotics has been launched at the online marketplaces.

II. Benefits derived as a result of the above efforts:

1. Biocatalysts: Industry is shifting towards biocatalyst based green, eco-friendly and economical manufacturing processes. Successful commercial application trials have been conducted resulting into new business avenue in the pharma segment.
2. Food/ Baking Enzymes: New enzymes/ formulations developed are bringing one stop solutions to the baking industry. The new enzymes / formulations are complementary to existing products in the baking industry. It will be add on solution to the existing customer.

3. Human Nutrition: New enzymes / formulations developed are novel health solutions in these difficult times. With more self-awareness towards health and health care supplements we expect demands for nutraceuticals to grow further.
4. Probiotics: The Company is actively pursuing production and sales of probiotics to various customers. The newly developed probiotics and it's combinations with added advantages will bring further sales revenue.

III. Imported technology:

Technology imported: NIL

1. the details of technology imported: Not Applicable
2. Year of Import: Not Applicable
3. Has the technology been fully absorbed: Not Applicable
4. If not fully absorbed areas where absorption has not taken place, and the reasons thereof: Not Applicable

IV. Benefits derived as a result of the above efforts pertaining to Imported Technology: Not Applicable

V. Expenditure incurred on Research and Development:

(₹ in million)

| Sr. No. | Particulars | 2021-22 | 2020-21 |
|---------|--|---------------|---------------|
| (a) | Capital | 15.61 | 53.06 |
| (b) | Recurring | 216.33 | 204.16 |
| (c) | Total | 231.94 | 257.22 |
| (d) | Total R&D expenditure as a % of Net Sales of the Company | 8.50% | 9.07% |

Notes: Net Sales of ₹ 2,727.98 million (previous year ₹ 2,834.73 million)

ANNEXURE VII (Continued)

On consolidated basis, the Research and Development expenditure for FY 2021-22 is ₹ 165.93 million (3.13 % of Net sales) and for FY 2020-21 was ₹ 178.36 million (3.55% 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 46 of Notes to the financial statements of the Company on Standalone basis.

C) Foreign Exchange Earnings and Outgo

(₹ in million)

| Sr. No. | Particulars | 2021-22 | 2020-21 |
|---------|---------------------------|---------|---------|
| (a) | Foreign Exchange Earnings | 735.89 | 648.09 |
| (b) | Foreign Exchange Outgo | 434.57 | 297.51 |

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

Mukund Kabra
Whole-time Director
DIN: 01233447

Kedar Desai
Director
DIN: 00322581

Place: Thane
Date: May 20, 2022

ANNEXURE VIII

DISCLOSURE IN BOARD'S REPORT PURSUANT TO SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL), RULES, 2014

| Sr. No. | Requirements | Disclosure | | |
|---------|--|--|-----------------------------|------------------------------|
| | | Name of the Directors | Remuneration (₹ in million) | Ratio to median remuneration |
| 1. | The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the Financial Year | Mr. Vasant L. Rathi (Chairman & Non-Executive Director) | 0.94 | 1.88 |
| | | Mr. Mukund M. Kabra (Whole-Time Director) | 22.49 | 44.98 |
| | | Ms. Rasika Rathi (Non-Executive Director) | 0.36 | 0.72 |
| | | Mr. Kedar Desai (Independent Director) | 1.09 | 2.18 |
| | | Mr. Pramod Kasat (Independent Director) | 0.94 | 1.88 |
| | | Mr. Rajesh Sharma (Independent Director) | 0.43 | 0.86 |
| | | Late Mr. Vilas M. Aurangabadkar (Independent Director) | 0.22 | 0.44 |
| | | Mr. Vinodkumar H. Jajoo (Independent Director) | 0.65 | 1.30 |
| | | Dr. Sunny Sharma (Non-Executive Director) | 0.36 | 0.72 |
| | | Ms. Rajshree Patel (Independent Director) | 0.43 | 0.86 |

Notes:

- (i) The median remuneration of employees of the Company was ₹ 0.50 million.
- (ii) The Commission for financial year 2021-22 (FY22) payable to Directors is also included in the total remuneration.
- (iii) For this purpose, the Sitting Fees paid to the Independent Directors have not been considered as remuneration.
- (iv) Figures have been rounded off wherever necessary.
- (v) 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. Mukund Kabra exercised 5,000 Stock Options at the exercise price of ₹ 60/- per Option as per the provisions of AETL Employee Stock Option Scheme, 2015. Based on this, 5,000 Equity Shares were allotted to Mr. Kabra on May 29, 2021.

ANNEXURE VIII (Continued)

| | 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 2021-22) (To be read with notes below) | Mr. Vasant L. Rathi | Chairman & Non-Executive Director | (20.34)% |
| | Mr. Mukund M. Kabra | Whole-time Director | 15% |
| | Mr. Kedar Desai | Independent Director | (21.58)% |
| | Mr. Pramod Kasat | Independent Director | (15.32)% |
| | Mr. Rajesh Sharma | Independent Director | (43.42)% |
| | Mr. Vilas M. Aurangabadkar | Independent Director (upto January 27, 2022) | (60.00)% |
| | Ms. Rasika Rathi | Non-Executive Director | (26.53)% |
| | Mr. Vinodkumar H. Jajoo | Independent Director | (5.80)% |
| | Dr. Sunny Sharma | Non-Executive Director | (14.29)% |
| | Ms. Rajshree Patel | Independent Director | (12.29)% |
| | Mr. Beni P Rauka | Chief Financial Officer | 15% |
| Mr. Sanjay Basantani | Company Secretary | 15% | |

Notes:

- (i) The % increase in remuneration of Mr. Mukund Kabra, Whole-time Director is determined after excluding commission and leave encashment.
- (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 July 15, 2020, 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 ₹ 34.27 million (excluding commission of ₹ 6.38 million from US Subsidiary) and ₹ 14.23 million respectively for FY22 by the Company's subsidiary in US for the services rendered.
- (iii) The % increase in remuneration of Mr. Beni P Rauka, CFO and Mr. Sanjay Basantani, Company Secretary and Head-Legal of the Company, is determined after excluding the annual incentives paid during the year FY21.
- (iv) Mr. Vilas Aurangabadkar, erstwhile Independent Director of the Company ceased to be a member of the Board of the Company, on January 27, 2022, due to his sad demise.

| | | |
|---|---|---|
| 3 | The percentage increase in the median remuneration of employees in the financial year | During Financial Year 2021-22, the percentage increase in the median remuneration of employees as compared to previous year was approximately (4.35)% |
| 4 | The number of permanent employees on the rolls of company (As on March 31, 2022) | 322 |

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 12.76% for employees other than Managerial Personnel and around 15% for Managerial Personnel.

Note: The average percentage increase was based on the financial performance of the Company as summarised in the Board's Report including the relevant 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.
7. 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 this Annexure VIII. 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 VIII 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 VIII / Information under Rule 5(2) and (3) is available for inspection by the Members at the registered office of the Company during business hours on all working days except Saturdays and Sundays up to the date of the AGM. Any Member interested in conducting inspection and/or obtaining a copy of the said Annexure/Information may write to the Company Secretary at the Registered Office address of your Company.

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

Mukund Kabra
Whole-time Director
DIN: 01233447

Kedar Desai
Independent Director
DIN: 00322581

Place: Thane
Date: May 20, 2022

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT (BRSR)

SECTION A: GENERAL DISCLOSURES

I. Details of the listed entity

| | | |
|-----|--|--|
| 1. | Corporate Identity Number (CIN) of the Listed Entity | L24200MH1989PLC051018 |
| 2. | Name of Listed Entity | Advanced Enzyme Technologies Limited |
| 3. | Year of incorporation | 1989 |
| 4. | Registered office address | 5 th Floor, 'A' wing, Sun Magnetica, LIC Service Road, Louiswadi, |
| 5. | Corporate office address | Thane (W) 400 604, India |
| 6. | E-mail | info@advancedenzymes.com |
| 7. | Telephone | +91-22-4170 3200 |
| 8. | Website | www.advancedenzymes.com |
| 9. | Financial year for which the reporting is done | FY 2021-22 (1 st April 2021 to 31 st March 2022) |
| 10. | Name of the Stock Exchange(s) where shares are listed | BSE Limited (BSE) & National Stock Exchange of India Limited (NSE) |
| 11. | Paid-up Capital | ₹ 223.60 million (as on 31 st March 2022) |
| 12. | Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report | Mr. Ronak Saraf Manager -Investor Relations ir@advancedenzymes.com +91 22-4170 3200 |
| 13. | Reporting Boundary | Disclosures under this report are made on a standalone basis for Advanced Enzyme Technologies Limited |

II. Products/Services

14. Details of business activities (accounting for 90% of the turnover)

| S. No. | Description of main activity | Description of business activity | % of turnover of the entity |
|--------|------------------------------|--|-----------------------------|
| 1. | Manufacturing | Chemical and chemical products, pharmaceuticals, medicinal chemical and botanical products | 100% |

15. Products/Services sold by the entity (accounting for 90% of the entity's Turnover)

| S. No. | Product/service | NIC Code | % of total turnover contributed |
|--------|----------------------|----------|---------------------------------|
| 1. | Enzymes & Probiotics | 21001 | 100% |

III. Operations

16. Number of locations where plants and/or operations/offices of the entity are situated

| Location | Number of Plants | Number of Offices | Total |
|------------------|------------------|-------------------|-------|
| National (India) | 4 | 2 | 6 |
| International | 0 | 0 | 0 |

Note: In addition to the above premises, the Company has 2 R&D laboratories

17. Markets served by the entity:

a. Number of locations

| Locations | Numbers |
|----------------------------------|--|
| National (No. of States) | 28 Markets served pan India across all states in the country |
| International (No. of Countries) | Exports to 45+ countries across 5 continents |

b. What is the contribution of exports as a percentage of the total turnover of the entity?

Approx. 29%

c. A brief on types of customers

The Company provides proprietary enzymes & probiotics products and customized solutions to Human Nutrition, Animal Nutrition, Bio-Processing Industry (Food & Non-Food processing).

IV. Employees

18. Details as at the end of Financial year: 2021-22

a. Employees and Workers (Including differently abled)

| S. No. | Particulars | Total (A) | Male | | Female | |
|------------------|------------------------------|------------|------------|---------------|-----------|---------------|
| | | | No. (B) | %(B/A) | No. (C) | %(C/A) |
| EMPLOYEES | | | | | | |
| 1. | Permanent (D) | 267 | 217 | 81.27% | 50 | 18.73% |
| 2. | Other than Permanent (E) | 45 | 36 | 80% | 9 | 20.00% |
| 3. | Total Employees (D+E) | 312 | 253 | 81.09% | 59 | 18.91% |
| WORKERS | | | | | | |
| 4. | Permanent (F) | 55 | 55 | 100% | 0 | 0 |
| 5. | Other than Permanent (G) | 174 | 164 | 94.25% | 10 | 5.75% |
| 6. | Total workers (F+G) | 229 | 219 | 95.63% | 10 | 4.37% |

BRSR (Continued)

b. Differently abled employees and workers

| S. No. | Particulars | Total (A) | Male | | Female | |
|------------------------------------|------------------------------|-----------|----------|-------------|----------|----------|
| | | | No. (B) | %(B/A) | No. (C) | %(C/A) |
| DIFFERENTLY ABLED EMPLOYEES | | | | | | |
| 1. | Permanent (D) | 1 | 1 | 100% | 0 | 0 |
| 2. | Other than Permanent (E) | 0 | 0 | 0 | 0 | 0 |
| 3. | Total Employees (D+E) | 1 | 1 | 100% | 0 | 0 |
| DIFFERENTLY ABLED WORKERS | | | | | | |
| 4. | Permanent (F) | 0 | 0 | 0 | 0 | 0 |
| 5. | Other than Permanent (G) | 0 | 0 | 0 | 0 | 0 |
| 6. | Total workers (F+G) | 0 | 0 | 0 | 0 | 0 |

19. Participation/Inclusion/ Representation of Women

| | Total (A) | No. and Percentage of Females | |
|--------------------------------|-----------|-------------------------------|---------|
| | | No. (B) | % (B/A) |
| Board of Directors | 9 | 2 | 22.22% |
| Key Management Personnel (KMP) | 2 | 0 | 0 |

20. Turnover rate for permanent employees and workers

| | FY 2021-22 | | | FY 2020-21 | | | FY 2019-20 | | |
|----------------------------|------------|--------|--------|------------|--------|--------|------------|--------|-------|
| | Male | Female | Total | Male | Female | Total | Male | Female | Total |
| Permanent Employees | 13.77% | 37.46% | 25.62% | 15.56% | 9.75% | 12.66% | 16.45% | 3.18% | 9.82% |
| Permanent Workers | 1.80% | 0 | 1.80% | 3.50% | 0 | 3.50% | 8.50% | 0 | 8.50% |

V. Holding, Subsidiary and Associate Companies (including joint ventures)

21. (A) Names of holding / subsidiary / associate companies / joint ventures

| S. No. | Name of the holding / subsidiary/ associate companies/ joint ventures (A) | Indicate whether holding/ Subsidiary/ Associate/ Joint Venture | % of shares held by listed entity | Does the entity indicated at column A, participate in the Business Responsibility Initiatives of the listed entity? (Yes/No) |
|--------|---|--|-----------------------------------|--|
| 1. | JC Biotech Pvt. Ltd. | Subsidiary | 85% | The Subsidiaries are separate entities and hence they follow BR initiatives as per the laws as may be applicable to them. |
| 2. | Advanced Bio-Agro Tech Ltd. | Subsidiary | 60% | |
| 3. | Advanced EnzyTech Solutions Ltd. | Subsidiary | 100% | |
| 4. | Advanced Enzymes USA | Subsidiary | 100% | |
| 5. | Cal-India Foods International | Subsidiary (Step-down) | 100% | |

| S. No. | Name of the holding / subsidiary/ associate companies/ joint ventures (A) | Indicate whether holding/ Subsidiary/ Associate/ Joint Venture | % of shares held by listed entity | Does the entity indicated at column A, participate in the Business Responsibility Initiatives of the listed entity? (Yes/No) |
|--------|---|--|-----------------------------------|--|
| 6. | Advanced Supplementary Technologies Corporation | Subsidiary (Step-down) | 100% | The Subsidiaries are separate entities and hence they follow BR initiatives as per the laws as may be applicable to them. |
| 7. | Dynamic Enzymes Inc | Subsidiary (Step-down) | 100% | |
| 8. | Enzyme innovation Inc. | Subsidiary (Step-down) | 100% | |
| 9. | Advanced Enzymes (Malaysia) Sdn. Bhd. | Subsidiary | 100% | |
| 10. | Advanced Enzymes Europe B.V. | Subsidiary | 100% | |
| 11. | evoxx technologies GmbH | Subsidiary (Step-down) | 100% | |
| 12. | SciTech Specialities Pvt. Ltd. | Subsidiary | 51% | |

VI. CSR Details

22. (i) Whether CSR is applicable as per section 135 of Companies Act, 2013: Yes
(ii) Turnover (in million) - ₹ 2,727.98 million (on standalone basis)
(iii) Net worth (in million) - ₹ 4,800.55 million (on standalone basis)

VII. Transparency and Disclosures Compliances

23. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:

| Stakeholder group from whom complaint is received | Grievance Redressal Mechanism in Place (Yes/No) (If Yes, then provide web-link for grievance redress policy) | FY 2021-22 | | | FY 2020-21 | | |
|---|--|--|--|-------------------------|--|--|-------------------------|
| | | Number of complaints filed during the year | Number of complaints pending resolution at close of the year | Remarks | Number of complaints filed during the year | Number of complaints pending resolution at close of the year | Remarks |
| Communities | | | | | | | |
| Investors (other than shareholders) | No | | NIL | | | NIL | |
| Shareholders | Yes* | NIL | NIL | | NIL | NIL | |
| Employees and workers | Yes | NIL | NIL | | NIL | NIL | |
| Customers | Yes | 19 | NIL | All complaints resolved | 15 | NIL | All complaints resolved |
| Value Chain Partners | No | 5 | NIL | All complaints resolved | 9 | NIL | All complaints resolved |
| Other (please specify) | No | NIL | NIL | | NIL | NIL | |

BRSR (Continued)

Note:

Value Chain Partners include entities with which the organization has a direct or indirect business relationship and which either (a) supply products or services that contribute to the organization's own products or services, or (b) receive products or services from the organization.

Web link of all the policies: www.advancedenzymes.com/investors/corporate-governance/#codes-and-policies

*The Grievance Redressal Mechanism is as per the applicable regulations.

24. Overview of the entity's material responsible business conduct issues

Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along-with its financial implications, as per the following format:

| S. No. | Material identified Issue | Indicate whether risk or opportunity (R/O) | Rationale for identifying the risk / opportunity | In case of risk, approach to adapt or mitigate | Financial implications of the risk or opportunity (Indicate positive or negative implications) |
|--------|---------------------------|--|--|---|--|
| 1. | Climate Risk | Risk | Climate change could lead to impact including production disruption, change in customer preferences and other significant changes in the operating environment for the Company | The Company keeps track of latest developments and adopt required risk mitigation practices. For example, analysis and implications of possible consequences for the business | Negative |
| 2. | Climate Change | Opportunity | We view climate change also as an opportunity as the response will require that the world gets ready to new and better products | The Company is preparing itself for changing market dynamics as a result of climate change | Positive |
| 3. | Environmental Impact | Risk | The Company is in manufacturing business and the plants could always have the risk of creating an adverse environment impact | The Company has a robust mechanism to frame its 'Standard Operating Procedures' with protecting environment as key priority. For example, the entire range of enzymes is environmental friendly | Negative |

| S. No. | Material identified Issue | Indicate whether risk or opportunity (R/O) | Rationale for identifying the risk / opportunity | In case of risk, approach to adapt or mitigate | Financial implications of the risk or opportunity (Indicate positive or negative implications) |
|--------|----------------------------|--|--|---|--|
| 4. | Energy conservation | Opportunity | Energy conservation leads to use of lesser energy for same of higher output and hence, it leads to lower costs and significantly helps in reducing environmental impact | The Company is continuously taking steps for conservation of energy such as installation of more energy efficient technology and products | Positive |
| 5. | Carbon Emissions | Risk | Carbon emission is considered the primary driver of global climate change. The scientific studies have proven that carbon emissions from industries strengthen the greenhouse effect, causing climate change | The Company is working on a plan to reduce the emissions and align itself to the 'net zero' commitments in the local geographies | Positive |
| 6. | Water usage and management | Opportunity | Efficient water usage and management leads to lower costs and also helps in reducing negative impact on groundwater depletion and pollution in water bodies | The Company has a mechanism to recycle waste water and it is processed accordingly. The Company is also committed to efficient use of water | Positive |
| 7. | Waste reduction | Opportunity | Waste reduction is the general practice of using less material to minimize waste generation. Waste reduction leads to conservation of natural resources and savings in costs | The Company is committed to waste reduction in order to accomplish environmental and economic benefits | Positive |

BRSR (Continued)

| S. No. | Material identified Issue | Indicate whether risk or opportunity (R/O) | Rationale for identifying the risk / opportunity | In case of risk, approach to adapt or mitigate | Financial implications of the risk or opportunity (Indicate positive or negative implications) |
|--------|---------------------------|--|---|--|--|
| 8. | Material handling | Risk | As an industrial manufacturer, the Company is involved in material handling which includes the movement and storage of materials and products. This includes various steps such as raw material handling, manufacturing operations, warehousing, and distribution | The Company adopts the best-in-class industry practices to deal with raw materials and end products to ensure the most efficient and effective material handling | Negative |
| 9. | Supply chain management | Risk | The external and internal events could lead to difficulty in sourcing and transport of raw materials and end products leading to loss of business opportunity and revenues | The Company constantly optimizes on cost effectiveness and efficient deliveries. The raw materials are procured from reputed manufacturers to ensure delivery timelines. For delivery, the Company keeps enough buffer to ensure that the deliveries don't get delayed | Negative |
| 10. | Customer Experience | Risk | The existence of any business and viability of its proposition is critically dependent on customers. Any reduction or discontinuation in demand from the customers may have an adverse effect on revenues and profitability of the Company | The Company been actively working on enhancing the quality and consistency of customer experience. The Company has also been making the efforts to de-risk the business model by diversifying the client base | Negative |

| S. No. | Material identified Issue | Indicate whether risk or opportunity (R/O) | Rationale for identifying the risk / opportunity | In case of risk, approach to adapt or mitigate | Financial implications of the risk or opportunity (Indicate positive or negative implications) |
|--------|---------------------------|--|--|---|--|
| 11. | Health & Safety | Risk | Because of the nature of its operations, the Company has to negotiate with a risk, which could jeopardize the health and safety of our employees and customers. It requires that we make an objective assessment of hazards that can lead to the harm, injury, death, or illness of employees at the workplace or could harm customers | The Company has 'zero tolerance' for any compromise or deviation from accepted norms and everyone is expected to abide with them. The Company also endeavors and strives to fulfill all applicable compliance requirements related to health and safety. The health and safety of our people and customers was, is and will continue to be our topmost priority | Negative |
| 12. | Talent Management | Opportunity | Attracting, developing and retaining the right talent is essential for business operations on a day-to-day basis and for the employee morale on a long-term basis. The future growth of the Company is critically dependent on these aspects | The Company strongly believes that human capital is one of the vital constituents for success. The Company has not only been successful in continuously and consistently attracting professional talent, but also able to maintain attrition rates in manageable and acceptable healthy threshold | Positive |
| 13. | Employee Engagement | Opportunity | Employee engagement is an objective and subjective measure of the interest, drive, level of enthusiasm and dedication employees feel toward their job and their broader organization responsibilities. This is an opportunity for the Company as it has been observed that better engaged employees are more concerned about their work and about the performance of the Company | The Company strives to provide a conducive and supportive work environment to help the employees excel through various employee engagement programs. The management focus in on making available better tools, technology, techniques at the work place to optimally harness the potential of employees and teams | Positive |

BRSR (Continued)

| S. No. | Material identified Issue | Indicate whether risk or opportunity (R/O) | Rationale for identifying the risk / opportunity | In case of risk, approach to adapt or mitigate | Financial implications of the risk or opportunity (Indicate positive or negative implications) |
|--------|---------------------------|--|--|---|--|
| 14. | Community Engagement | Opportunity | For business resilience and a positive and sustainable long-term engagement with the community, the organizations need to work collaboratively and with a clear vision. The people directly and indirectly associated and affiliated with the Company are important stakeholders | The Company endeavors to track its initiatives undertaken to ensure that the community is benefited. The programs and progress are regularly reviewed and assessed by the senior management | Positive |
| 15. | Data Privacy & Security | Risk | In the modern world, data privacy has emerged as a major risk factor and at the same time, an important potential source of huge competitive advantage, if handles well. An effective information and data management remains a compliance challenge. This could be a major source of potential reputation risks | The Company has a robust framework for identification of cyber security risks. Because of the rising importance of the data privacy issue, the Company adopts a comprehensive and coordinated approach to information security and data privacy systems | Negative |

SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

This section is aimed at helping businesses demonstrate the structures, policies and processes put in place towards adopting the National Guidelines for Responsible Business Conduct (NGRBC) Principles and Core Elements referred as P1-P9 as given below:

- P1 - Businesses should conduct and govern themselves with integrity in a manner that is Ethical, Transparent and Accountable.
- P2 - Businesses should provide goods and services in a manner that is sustainable and safe.
- P3 - Businesses should respect and promote the well-being of all employees, including those in their value chains.
- P4 - Businesses should respect the interests of and be responsive to all their stakeholders.
- P5 - Businesses should respect and promote human rights.
- P6 - Businesses should respect and make efforts to protect and restore the environment.
- P7 - Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent.
- P8 - Businesses should promote inclusive growth and equitable development.
- P9 - Businesses should engage with and provide value to their consumers in a responsible manner.

| Disclosure Questions | P 1 | P 2 | P 3 | P 4 | P 5 | P 6 | P 7 [#] | P 8 | P 9 |
|---|--|--------|--------|--------|--------|--------|---------------------|--------|--------|
| Policy and management processes | | | | | | | | | |
| 1. a. Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No) | Y | Y | Y | Y | Y | Y | No | Y | Y |
| b. Has the policy been approved by the Board? (Yes/No) | Y | Y | Y | Y | Y | Y | No | Y | Y |
| c. Web Link of the Policies, if available | www.advancedenzymes.com/investors/corporate-governance/#codes-and-policies | | | | | | | | |
| 2. Whether the entity has translated the policy into procedures. (Yes / No) | Y | Y | Y | Y | Y | Y | No | Y | Y |
| 3. Do the enlisted policies extend to your value chain partners? (Yes/No)* | Y | Y | Y | Y | Y | Y | No | Y | Y |
| 4. Name of the national and international codes/certifications/labels/ standards adopted by your entity and mapped to each principle. | Food Safety System Certifications (FSSC) 22000 Global Organic Textile Standard (GOTS) ISO 9001:2015 ISO 14001:2015 ISO 45001:2018 Halal Certification Kosher Certificate | | | | | | | | |

BRSR (Continued)

| Disclosure Questions | P 1 | P 2 | P 3 | P 4 | P 5 | P 6 | P 7 [#] | P 8 | P 9 |
|---|--------|--------|--------|--------|--------|--------|---------------------|--------|--------|
| 5. Specific commitments, goals and targets set by the entity with defined timelines, if any. | N | N | N | N | N | N | NA | N | N |
| 6. Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met. | | | | | | NA | | | |

Governance, leadership and oversight

7. Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements

We have covered all the important issues related with business responsibility and sustainability of Advanced Enzyme Technologies Limited, in our Annual Report and this Business Responsibility and Sustainability Report. However, I would take this opportunity to spell out our never changing values and strategic priorities related to business resilience and sustainability. These are challenging times for everyone around the globe, in more ways than one. Currently, the humanity is dealing with the issues of combating climate change, eliminating violent conflict in any form, development of community and doing business ethically, transparently and responsibly. We have to prioritise inclusive growth and sustainable development without compromising on unique developmental needs of different regions and welfare of poor and marginalised. We have constantly strived to take all stakeholders along in our path of growth and progress. It is non-negotiable that we always have to conduct our business responsibly and sustainably, with trust and transparency. We also encourage and support our suppliers, vendors, distributors, partners and other stakeholders to follow the same principle. On behalf of the board and management, I would like to offer my commitment that we will continue to do our business ethically and responsibly while keeping interest of all the stakeholders as our guiding principle in our conduct.

8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy. Mr. Vasant Rathi
Chairman & Non-Executive Director
DIN: 01233447

9. Does the entity have a specified Committee of the Board/ Director responsible for decision making on Sustainability related issues? (Yes / No). If yes, provide details Yes.
Mr. Mukund Kabra
Whole-Time Director
DIN: 00148294

10. Details of Review of NGRBCs by the Company:

| Subject for Review | Indicate whether review was undertaken by Director / Committee of the Board / Any other Committee | | | | | | | | | Frequency (Annually/ Half yearly/ Quarterly/ Any other – please specify) | | | | | | | | | |
|--|---|-----|-----|-----|-----|-----|-----|-----|-----|--|-----|-----|-----|-----|-----|-----|-----|-----|--------------------|
| | P 1 | P 2 | P 3 | P 4 | P 5 | P 6 | P 7 | P 8 | P 9 | P 1 | P 2 | P 3 | P 4 | P 5 | P 6 | P 7 | P 8 | P 9 | |
| Performance against above policies and follow up action | | | | | | | | | | | | | | | | | | | On a regular basis |
| Compliance with Statutory requirements of relevance to the principles, and, rectification of any non-compliances | | | | | | | | | | NA | | | | | | | | | On a need basis |

11. Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency.
- | | P 1 | P 2 | P 3 | P 4 | P 5 | P 6 | P 7 | P 8 | P 9 |
|--|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| | | | | | | | | | |
- 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.

Note: *The value chain partners are encouraged to follow the said policies, as applicable or expected from responsible business.

Presently, the Company is not engaged in influencing public and regulatory policy.

12. If answer to question (1) above is “No” i.e. not all Principles are covered by a policy, reasons to be stated:

Not Applicable

| Questions | P 1 | P 2 | P 3 | P 4 | P 5 | P 6 | P 7 | P 8 | P 9 |
|---|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| The entity does not consider the Principles material to its business (Yes/No) | | | | | | | | | |
| The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No) | | | | | | | | | |
| The entity does not have the financial or/human and technical resources available for the task (Yes/No) | | | | | | | | | |
| It is planned to be done in the next financial year (Yes/No) | | | | | | | | | |
| Any other reason (please specify) | | | | | | | | | |

BRSR (Continued)

SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

This section is aimed at helping entities demonstrate their performance in integrating the Principles and Core Elements with key processes and decisions. The information sought is categorized as “Essential” and “Leadership”. While the essential indicators are expected to be disclosed by every entity that is mandated to file this report, the leadership indicators may be voluntarily disclosed by entities which aspire to progress to a higher level in their quest to be socially, environmentally and ethically responsible.

PRINCIPLE 1: Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.

Essential Indicators

- Percentage coverage by training and awareness programmes on any of the Principles during the financial year

| Segment | Total number of training and awareness programmes held | Topics / principles covered under the training and its impact | % age of persons in respective category covered by awareness programmes |
|-----------------------------------|--|---|---|
| Board of Directors | 5 | The Company familiarizes its Director(s) about the Company, its operations, financials, products, markets, risk management framework, business strategy, annual budget etc. primarily during the Board and Audit Committee meetings | 90% |
| Key Managerial Personnel | 3 | Familiarization programmes Leadership Workshop & Stakeholder Management Prevention of Sexual Harassment | 100% |
| Employees other than BoD and KMPs | 26 | Leadership Workshop & Stakeholder Management Prevention of Sexual Harassment Labour law-new labour codes, fire safety trainings, pharma regulations codes, leadership awareness regarding FSSC 22000 Ver. 5.1 | 75% |
| Workers | 32 | Labour law-new labour codes, fire safety trainings, pharma regulations codes, leadership awareness regarding FSSC 22000 Ver. 5.1 Awareness of ISO standards trainings, current Good Manufacturing Practices (CGMP) Good Distribution Practices (GDP) HALAL | 76% |

2. Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year, in the following format:

(Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015 and as disclosed on the entity's website):

| Monetary | | | | | |
|-----------------|-----------------|---|-----------------|-------------------|--|
| | NGRBC Principle | Name of the regulatory/ enforcement agencies/ judicial institutions | Amount (In INR) | Brief of the Case | Has an appeal been preferred? (Yes/No) |
| Penalty/ Fine | | | | | |
| Settlement | | | NIL | | |
| Compounding fee | | | | | |
| Non-Monetary | | | | | |
| | NGRBC Principle | Name of the regulatory/ enforcement agencies/ judicial institutions | Amount (In INR) | Brief of the Case | Has an appeal been preferred? (Yes/No) |
| Imprisonment | | | NIL | | |
| Punishment | | | | | |

3. Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in cases where monetary or non-monetary action has been appealed.

| Case Details | Name of the regulatory/ enforcement agencies/ judicial institutions |
|--------------|---|
| NA | NA |

4. Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy:

Yes in the Code of Conduct, under the Prevention of Corruption Act, 1988, or under any other applicable legislation across the globe giving of bribe to governmental officials and agents whether directly or indirectly, is strictly prohibited. As law-abiding individuals and in order to maintain the highest standards of ethics and integrity, the Board members, Senior Management Personnel, Employees and Associates shall not directly or indirectly pay any bribe to any Governmental / Regulatory officials, business associates, contractors, vendors, agents, etc. in relation to the Company / its business.

www.advancedenzymes.com/investors/corporate-governance#codes-and-policies.

5. Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption:

| | FY 2021-22 | FY 2020-21 |
|-----------|------------|------------|
| Directors | | |
| KMPs | NIL | NIL |
| Employees | | |
| Workers | | |

BRSR (Continued)

6. Details of complaints with regard to conflict of interest:

| | FY 2021-22 | | FY 2020-21 | |
|--|------------|---------|------------|---------|
| | Number | Remarks | Number | Remarks |
| Number of complaints received in relation to issues of Conflict of Interest of the Directors | NIL | | NIL | |
| Number of complaints received in relation to issues of Conflict of Interest of the KMPs | | | | |

7. Provide details of any corrective action taken or underway on issues related to fines / penalties / action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest:

Not Applicable

Leadership Indicators

1. Awareness programmes conducted for value chain partners on any of the Principles during the financial year:

| Total number of awareness programmes held | Topics/ principles covered under the training | % age of value chain partners covered (by value of business done with such partners) under the awareness programmes |
|---|---|---|
| NA | NA | NA |

2. Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board? (Yes/No) If yes, provide details of the same:

The Company has robust mechanism and processes in place to avoid/ manage conflict of interests involving members of the Board. The Company believes that board members need to be loyal as they are responsible for protecting the Company's interests. This is to ensure that the board members do not take advantage of their position and should avoid any potential conflicts of interest with the Company. To ensure that the conduct of board members always remain exemplary in the matters related to ethics, the appointment of directors is decided after a careful scrutiny of their previous track record and experience.

PRINCIPLE 2: Businesses should provide goods and services in a manner that is sustainable and safe

Essential Indicators

1. Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively:

| | FY 2021-22 | FY 2020-21 | Details improvement of in environmental and social impacts |
|-------|------------|------------|--|
| R&D | 100% | 100% | The entire range of Enzymes from AETL is environment friendly. For instance, AETL's Adphos range of products reduces the consumption of phosphates and Addzyme70 reduces the consumption of solvents during API manufacturing process. |
| Capex | 100% | 100% | |

2. a. Does the entity have procedures in place for sustainable sourcing? (Yes/No)

Yes, 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.

- b. If yes, what percentage of inputs were sourced sustainably?

We undertake our supplier screening criteria as per our detailed vendor registration form for the purpose to completely understand how our contractor and supplier base perform on product quality criteria as part of a contractor and supplier due diligence process. This also helps us in making an assessment on sustainability of inputs and their sourcing. About 90% and hence, effectively majority of raw materials were sourced only from approved vendors who are supplying consistent quality raw materials for more than a decade.

3. Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste:

- Plastics, E-waste, Hazardous waste and other waste are disposed-off through authorized (State Pollution Control Board Registered) Scrap dealers.
- Hazardous waste generated in the process is reprocessed in-house and used as one of the raw materials in the manufacturing of other application products. No hazardous waste is disposed-off from the Plant, as scrap.

4. Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities:

No, EPR policy is not applicable to the nature of the business carried out by the Company.

BRSR (Continued)

Leadership Indicators

1. Has the entity conducted Life Cycle Perspective / Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format? – NA

| NIC Code | Name of Product /Service | % of total Turnover contributed | Boundary for which the Life Cycle Perspective / Assessment was conducted | Whether conducted by independent external agency (Yes/No) | Results communicated in public domain (Yes/No) If yes, provide the web-link |
|----------|--------------------------|---------------------------------|--|---|---|
| No | No | No | No | No | No |

2. If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products / services, as identified in the Life Cycle Perspective / Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same:

| Name of Product / Service | Description of the risk / concern | Action Taken |
|---------------------------|-----------------------------------|--------------|
| NA | | |

3. Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).

| Indicate input material | Recycled or re-used input material to total material | |
|-------------------------|--|------------|
| | FY 2021-22 | FY 2020-21 |
| NA | NA | NA |

4. Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed, as per the following format:

| | FY 2021-22 | | | FY 2020-21 | | |
|--|------------|----------|-----------------|------------|----------|-----------------|
| | Re-Used | Recycled | Safely Disposed | Re-Used | Recycled | Safely Disposed |
| Plastic waste | | | 4.09 | | | 2.06 |
| E-waste | | | 1.97 | | | 0.11 |
| Others - Bio-Medical Waste | | | 0 | | | 0 |
| Others - Construction and demolition waste | | | 0 | | | 0 |
| Others - Battery waste | | NIL | 0.70 | | NIL | 1.72 |
| Others - Radioactive waste | | | 0 | | | 0 |
| Hazardous waste | | | 2.14 | | | 0.65 |
| Other Non-Hazardous waste | | | 1.05 | | | 0.09 |
| Total | | | 9.95 | | | 4.63 |

5. Reclaimed products and their packaging materials (as percentage of products sold) for each product category:
Not Available

PRINCIPLE 3: Businesses should respect and promote the well-being of all employees, including those in their value chains

The Company always works on the premise of respect and dignity for all the employees. Hence, your Company organizes and runs multiple well-being initiatives which are focused on all round development, excellent physical and mental health and growth for all the employees. For example:

- Adequate accident insurance cover to all the employees.
- Maternity benefits to all of the female employees.
- Reimbursement to employees and their dependents for Mediclaim Policy.
- Benefits under Insurance Policy of Group Gratuity Scheme
- Benefits under Superannuation scheme and Term insurance Policy

Essential Indicators

1. a. Details of measures for the well-being of employees:

| Category | % of employees covered by | | | | | | | | | | |
|---------------------------------------|---------------------------|------------------|---------------|--------------------|--------------|--------------------|---------------|--------------------|---------------|---------------------|--------------|
| | Total (A) | Health insurance | | Accident insurance | | Maternity benefits | | Paternity Benefits | | Day Care facilities | |
| | | Number (B) | % (B / A) | Number (C) | % (C / A) | Number (D) | % (D / A) | Number (E) | % (E / A) | Number (F) | % (F / A) |
| Permanent employees | | | | | | | | | | | |
| Male | 217 | 158 | 72.81% | 217 | 100% | - | - | 74 | 34.10% | 0 | 0 |
| Female | 50 | 15 | 30.00% | 50 | 100% | 50 | 100% | - | - | 0 | 0 |
| Total | 267 | 173 | 64.79% | 267 | 100% | 50 | 18.73% | 74 | 27.72% | 0 | 0 |
| Other than Permanent employees | | | | | | | | | | | |
| Male | 36 | 31 | 86.11% | 36 | 100% | NA | NA | 0 | 0 | 0 | 0 |
| Female | 9 | 9 | 100% | 9 | 100% | 9 | 100% | - | - | 0 | 0 |
| Total | 45 | 40 | 88.88% | 45 | 100% | 9 | 20.00% | 0 | 0 | 0 | 0 |

b. Details of measures for the well-being of workers:

| Category | % of workers covered by | | | | | | | | | | |
|-------------------------------------|-------------------------|------------------|--------------|--------------------|--------------|--------------------|--------------|--------------------|--------------|---------------------|--------------|
| | Total (A) | Health insurance | | Accident insurance | | Maternity benefits | | Paternity Benefits | | Day Care facilities | |
| | | Number (B) | % (B / A) | Number (C) | % (C / A) | Number (D) | % (D / A) | Number (E) | % (E / A) | Number (F) | % (F / A) |
| Permanent workers | | | | | | | | | | | |
| Male | 55 | 55 | 100% | 55 | 100% | - | - | NA | NA | 0 | 0 |
| Female | 0 | 0 | 0 | 0 | 0 | 0 | 0 | - | - | 0 | 0 |
| Total | 55 | 55 | 100% | 55 | 100% | NA | NA | NA | NA | 0 | 0 |
| Other than Permanent workers | | | | | | | | | | | |
| Male | 164 | 164 | 100% | 164 | 100% | NA | NA | NA | NA | 0 | 0 |
| Female | 10 | 10 | 100% | 10 | 100% | 10 | 100% | NA | NA | 0 | 0 |
| Total | 174 | 174 | 100% | 174 | 100% | 10 | 5.75% | NA | NA | 0 | 0 |

BRSR (Continued)

2. Details of retirement benefits, for Current Financial Year and Previous Financial Year:

| Benefits | FY 2021-22 | | | FY 2020-21 | | |
|-------------------------|--|--|--|--|--|--|
| | No. of employees covered as a % of total employees | No. of workers covered as a % of total workers | Deducted and deposited with the authority (Y/N/N.A.) | No. of employees covered as a % of total employees | No. of workers covered as a % of total workers | Deducted and deposited with the authority (Y/N/N.A.) |
| PF | 100% | 100% | Y | 100% | 100% | Y |
| Gratuity | 100% | 100% | Y | 100% | 100% | Y |
| ESI | 100% | 100% | Y | 100% | 100% | Y |
| Others - Superannuation | 21.15% | 0% | Y | 22.51% | 0% | Y |

3. Accessibility of workplaces:

Are the premises / offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.

Yes. Depending on the accessibility requirement of an employee under different departments of our premises / offices, the arrangements are done accordingly. In compliance with the requirements of the Rights of Persons with Disabilities Act, 2016, our plants and offices are accessible by differently abled persons.

4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy:

The Company has adopted an Equal Opportunity Policy which is incorporated as a part of Human rights and employees' well-being policy is available on the website of the Company. The Company believes in equal opportunity for all its employees, wherein the Company is committed to providing an inclusive work culture and an environment free from any discrimination.

Web link: www.advancedenzymes.com/investors/corporate-governance/#codes-and-policies

5. Return to work and Retention rates of permanent employees and workers that took parental leave:

| Gender | Permanent employees | | Permanent workers | |
|--------|---------------------|----------------|---------------------|----------------|
| | Return to work rate | Retention rate | Return to work rate | Retention rate |
| Male | 33.33% | | | |
| Female | 0% | 33.33% | | NIL |
| Total | 33.33% | | | |

6. Is there a mechanism available to receive and redress grievances for the following categories of employees and worker? If yes, give details of the mechanism in brief:

The Company believes in creating a work culture based on mutual trust and respect. However, we do understand that situations may arise when an employee or a worker of the Company may have a grievance about issues including but not limited to supervisors, co-workers and working conditions. There is a well-defined, structured and tiered process for grievance redressal. From time to time, appropriate changes are incorporated according to the situation and the respective category of the employees.

Yes/No

(If Yes, then give details of the mechanism in brief)

Permanent Workers

Other than Permanent Workers

Yes (as mentioned above)

Permanent Employees

Other than Permanent Employees

7. Membership of employees and worker in association(s) or Unions recognised by the listed entity:

| Category | FY 2021-22 | | | FY 2020-21 | | |
|---------------------------|--|---|-----------|--|--|-----------|
| | Total employees / workers in respective category (A) | No. of employees/ workers in respective category, who are part of association(s) or Union (B) | % (B / A) | Total employees / workers in respective category (C) | No. of employees / workers in respective category, who are part of association(s) or Union (D) | % (D / C) |
| Total Permanent Employees | NIL | NIL | NIL | NIL | NIL | NIL |
| - Male | | | | | | |
| - Female | | | | | | |
| Total Permanent Workers | 55 | 55 | 100% | 58 | 58 | 100% |
| - Male | 55 | 55 | 100% | 58 | 58 | 100% |
| - Female | | | | | | |

8. Details of training given to employees and workers:

| Category | FY 2021-22 | | | | | FY 2020-21 | | | | |
|------------------|------------|-------------------------------|-----------|----------------------|-----------|------------|-------------------------------|-----------|----------------------|-----------|
| | Total (A) | On Health and safety measures | | On Skill upgradation | | Total (D) | On Health and safety measures | | On Skill upgradation | |
| | | No. (B) | % (B / A) | No. (C) | % (C / A) | | No. (E) | % (E / D) | No. (F) | % (F / D) |
| Employees | | | | | | | | | | |
| Male | 253 | 170 | 67.19% | 176 | 69.57% | 239 | 106 | 44.35% | 58 | 24.26% |
| Female | 59 | 45 | 76.27% | 53 | 89.83% | 44 | 33 | 75.00% | 2 | 4.54% |
| Total | 312 | 215 | 68.91% | 229 | 73.40% | 283 | 139 | 49.12% | 60 | 21.58% |
| Workers | | | | | | | | | | |
| Male | 219 | 178 | 81.27% | 128 | 58.44% | 241 | 58 | 24% | 50 | 20.75% |
| Female | 10 | 7 | 70% | 4 | 40.00% | 8 | 2 | 25% | 2 | 25.00% |
| Total | 229 | 185 | 80.79% | 132 | 57.64% | 249 | 60 | 24.1% | 52 | 20.88% |

BRSR (Continued)

9. Details of performance and career development reviews of employees and workers:

| Category | FY 2021-22 | | | FY 2020-21 | | |
|------------------|------------|------------|-------------|------------|------------|-------------|
| | Total (A) | No. (B) | % (B / A) | Total (C) | No. (D) | % (D / C) |
| Employees | | | | | | |
| Male | 253 | 253 | 100% | 239 | 239 | 100% |
| Female | 59 | 59 | 100% | 44 | 44 | 100% |
| Total | 312 | 312 | 100% | 283 | 283 | 100% |
| Workers | | | | | | |
| Male | 219 | 219 | 100% | 241 | 241 | 100% |
| Female | 10 | 10 | 100% | 8 | 8 | 100% |
| Total | 229 | 229 | 100% | 249 | 249 | 100% |

10. Health and safety management system:

a. Whether an occupational health and safety management system has been implemented by the entity?

Yes, the policy covers occupational health and safety measures.

b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?

The Company has a structured and formal process for hazard identification, risk assessment, risk mitigation and control. The Company is committed to provide safe and healthy working conditions on its premises and to ensure all possible efforts for the prevention of safety related incidents and work-related illness. The process is designed to take appropriate steps to eliminate the hazard or reduce the risk and spreading awareness among all the workers and employees to remain involved in the process.

c. Whether you have processes for workers to report the work-related hazards and to remove themselves from such risks. (Y/N)

Yes.

d. Do the employees/ worker of the entity have access to non-occupational medical and healthcare services?

Yes, through periodic medical check-ups and the personal accident insurance policy.

11. Details of safety related incidents, in the following format:

| Safety Incident/Number | Category | FY 2021-22 | FY 2020-21 |
|---|-----------|------------|------------|
| Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked) | Employees | NIL | NIL |
| | Workers | | |
| Total recordable work-related injuries | Employees | | |
| | Workers | | |
| No. of fatalities | Employees | | |
| | Workers | | |
| High consequence work-related injury or ill-health (excluding fatalities) | Employees | | |
| | Workers | | |

12. Describe the measures taken by the entity to ensure a safe and healthy work place:

- The Company, at plant level has formed an EHS Committee with representation of management and workers. In the periodic meeting of the EHS Committee issues such as training need identification, review of Hazard Identification and Risk Assessment (HIRA), suggestions on improvements etc. are discussed and corrective/preventive actions are taken, to ensure a safe and healthy work place.
- During COVID-19, personal protective equipment was provided to employees/workers and all the COVID-19 protocol have been followed at the work place. Fire safety arrangement is provided and all efforts are made to ensure a safe & healthy work place.

13. Number of Complaints on the following made by employees and workers:

| | FY 2021-22 | | | FY 2020-21 | | |
|--------------------|-----------------------|---------------------------------------|---------|-----------------------|---------------------------------------|---------|
| | Filed during the year | Pending resolution at the end of year | Remarks | Filed during the year | Pending resolution at the end of year | Remarks |
| Working Conditions | | NIL | | | NIL | |
| Health & Safety | | | | | | |

14. Assessments for the year:

| | % of your plants and offices that were assessed (by entity or statutory authorities or third parties) |
|-----------------------------|--|
| Health and safety practices | 100% of the Plants were assessed as follows: |
| Working Conditions | <ul style="list-style-type: none"> - Nashik: Entire Plant assessment as per ISO 45001:2018, assessment by Jt. Director Health and Safety - Pithampur: Entire Plant has been assessed by DC. CDSCO & team as per WHO/GMP guidelines |

15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health & safety practices and working conditions:

Not Applicable

Leadership Indicators

1. Does the entity extend any life insurance or any compensatory package in the event of death of:

- (A) **Employees** - Yes (either in the form of mediclaim or accidental death insurance policy or others)
- (B) **Workers** - Yes

2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners:

The Company ensures that statutory dues as applicable to the transactions within the remit of the Company are deducted and deposited in accordance with extant regulations. This activity is also reviewed as part of the internal and statutory audit.

BRSR (Continued)

3. Provide the number of employees / workers having suffered high consequence work- related injury / ill-health / fatalities (as reported in Q11 of Essential Indicators above), who have been are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:

| | Total no. of affected employees / workers | | No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment | |
|-----------|---|------------|---|------------|
| | FY 2021-22 | FY 2020-21 | FY 2021-22 | FY 2020-21 |
| Employees | NIL | NIL | NIL | NIL |
| Workers | | | | |

4. Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment?

No

5. Details on assessment of value chain partners:

| | % of value chain partners (by value of business done with such partners) that were assessed |
|-----------------------------|---|
| Health and safety practices | |
| Working Conditions | NA |

6. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from assessments of health and safety practices and working conditions of value chain partners:

NIL

PRINCIPLE 4: Businesses should respect the interests of and be responsive to all its stakeholders

Essential Indicators

1. Describe the processes for identifying key stakeholder groups of the entity:

The mapping of stakeholders is an exercise based on identification of group of people who can affect or be affected by the Company. The stakeholders in our Company include customers, investors, bankers, employees, local communities, regulatory bodies, government and population at large. The stakeholders are both an internal part of the organization, as well as external. The Company acknowledge their contribution in the growth and supporting a sustainable business of the Company.

2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group:

The Company's stakeholders are employees, shareholders, customers, suppliers, bankers, auditors, channel partners (dealers/ distributors), people residing in the vicinity of plants and other local communities. However, this is not an exhaustive list because the Company's regular interactions also include formal and informal engagement with media, analysts and fund managers, industry associations, regulatory bodies and Governments authorities.

| Stakeholder Group | Whether identified as Vulnerable & Marginalized Group (Yes/No) | Channels of communication | Frequency of engagement | Purpose and scope of engagement including key topics and concerns raised during such engagement |
|--|--|--|---|---|
| Employees | No | Email, SMS, Website, Notice Board | For employee welfare programs, awareness campaigns and training sessions Frequency: Regular/ Need basis | |
| Shareholders | No | Email, Newspaper, Website, Conference Calls, General Meetings | Update on all the material developments as per applicable regulations, Annual Report, AGM/GM notice Frequency: Quarterly/ Need Basis | |
| Customers | No | Email, SMS, Newspaper, Pamphlets, Advertisement, Website, Meetings | Customer interaction sessions, senior management meetings, customer focused events and other programs throughout the year Frequency: Regular/ Need Basis | |
| Suppliers | No | Email, Website, Meetings | Continuous interactions with all vendors and suppliers, Regular update on important developments, Topics of mutual interest, Sharing the plans and requirements Frequency: Regular/ Need Basis | |
| Competitors and industry peers | No | Seminars, Exhibitions, Events | Through industry bodies, associations, seminars, exhibitions and events without sharing any sensitive information and with no discussion on product pricing Frequency: Regular/ Need Basis | |
| Local communities and Non-Government organizations (NGO) | Yes | Email, Meetings, Tele-communications | Ongoing interactions for CSR activities with the NGOs Frequency: On Need Basis | |

BRSR (Continued)

| Stakeholder Group | Whether identified as Vulnerable & Marginalized Group (Yes/No) | Channels of communication | Frequency of engagement | Purpose and scope of engagement including key topics and concerns raised during such engagement |
|---|--|---|--|---|
| Media | No | Press meets, Management Interviews, Conference calls, Newspaper, Advertisement, Website | Business and Industry Updates Frequency: Quarterly/ | Need Basis |
| Academia and research organizations/ institutes | No | Email, Website, Meetings, R&D collaborations, Seminars | For collaborative research purposes Frequency: On Need Basis | |
| Governments and Regulatory bodies | No | Meetings, Visits | Meetings and interactions for compliance requirements Frequency: Regular/ | Need Basis |

Leadership Indicators

1. **Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board:**

Through various communication channels, the Company has been interacting with the various stakeholders in the Company and regularly carrying out surveys to understand their views. The Company has always engaged in a consistent, continuous and proactive dialogue with all our key stakeholders and this helps in fine tuning our strategies and performance. This is key for framing policies and programmes which balance the interests of all our stakeholders in a fair and transparent manner.

2. **Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes / No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity:**

Yes, the Company believes that a healthy and active lifestyle for people is an important social objective and hence engages with various stakeholders to better understand expectations of stakeholders and benchmark against best practices. The Company has been making an active and consistent effort with all its stakeholders to understand the impact of its sustainability strategy and priorities going forward. Regular consultations with both external and internal stakeholders are instrumental for the Company in developing the CSR agenda and its sustainability initiatives.

3. **Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/ marginalized stakeholder groups:**

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. 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 Company has a special focus on children, poor people, women, the elderly and the persons with disabilities. The Company has topmost priority to help and support these groups and engages with them. Several programs under the Company's CSR Policy have been implemented to address the above vulnerable groups. The details are provided in Annual Report on CSR Activities.

PRINCIPLE 5: Businesses should respect and promote human rights

Essential Indicators

1. Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:

| Category | FY 2021-22 | | | FY 2020-21 | | |
|------------------------|------------|--|-------------|------------|--|-------------|
| | Total (A) | No. of employees / workers covered (B) | % (B / A) | Total (C) | No. of Employees / workers covered (D) | % (D / C) |
| Employees | | | | | | |
| Permanent | 267 | 267 | 100% | 252 | 252 | 100% |
| Other than Permanent | 45 | 45 | 100% | 31 | 31 | 100% |
| Total Employees | 312 | 312 | 100% | 283 | 283 | 100% |
| Workers | | | | | | |
| Permanent | 55 | 55 | 100% | 58 | 58 | 100% |
| Other than Permanent | 174 | 174 | 100% | 191 | 191 | 100% |
| Total Workers | 229 | 229 | 100% | 249 | 249 | 100% |

2. Details of minimum wages paid to employees and workers, in the following format:

| Category | FY 2021-22 | | | | | FY 2020-21 | | | | |
|-----------------------------|------------|-----------------------|-----------|------------------------|-----------|------------|-----------------------|-----------|------------------------|-----------|
| | Total (A) | Equal to Minimum Wage | | More than Minimum Wage | | Total (D) | Equal to Minimum Wage | | More than Minimum Wage | |
| | | No. (B) | % (B / A) | No. (C) | % (C / A) | | No. (E) | % (E / D) | No. (F) | % (F / D) |
| Employees | | | | | | | | | | |
| Permanent | | | | | | | | | | |
| Male | 217 | 16 | 7.37% | 201 | 92.63% | 206 | 19 | 9.22% | 187 | 90.77% |
| Female | 50 | 8 | 16.00% | 42 | 84.00% | 46 | 7 | 15.21% | 39 | 84.78% |
| Other than Permanent | | | | | | | | | | |
| Male | 36 | - | - | 36 | 100% | 28 | - | - | 28 | 100% |
| Female | 9 | - | - | 9 | 100% | 3 | - | - | 3 | 100% |
| Workers | | | | | | | | | | |
| Permanent | | | | | | | | | | |
| Male | 55 | 55 | 100% | - | - | 58 | 58 | 100% | - | - |
| Female | 0 | 0 | 0 | - | - | 0 | 0 | 0 | 0 | 0 |
| Other than Permanent | | | | | | | | | | |
| Male | 164 | 164 | 100% | - | - | 183 | 183 | 100% | - | - |
| Female | 10 | 10 | 100% | - | - | 8 | 8 | 100% | - | - |

BRSR (Continued)

3. Details of remuneration/salary/wages, in the following format:

(Median remuneration is in ₹ million)

| | Male | | Female | |
|----------------------------------|--------|---|--------|---|
| | Number | Median remuneration/ salary/ wages of respective category | Number | Median remuneration/ salary/ wages of respective category |
| Board of Directors (BoD) | 7 | 0.94 | 2 | 0.40 |
| Key Managerial Personnel | 3 | 10.97 | 0 | 0 |
| Employees other than BoD and KMP | 250 | 0.49 | 59 | 0.55 |
| Workers | 55 | 0.77 | 0 | 0 |
| Contractual workers | 164 | 0.17 | 10 | 0.17 |

Notes:

1. The Commission payable to Board members as on March 31, 2022 is considered for purpose of determining the median remuneration of BoD. Sitting fees paid to Independent Directors have not been considered.
2. For the purpose of above disclosure, the remuneration (excluding Commission) of Mr. Mukund Kabra (Whole-Time Director & KMP) is considered for the purpose of determining median remuneration for KMPs.
3. The median remuneration calculated for KMPs is excluding the Commission/Annual Incentives, Leave encashment, gratuity and ESOP (as may be/wherever applicable).

4. Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business?

The Company accords the highest priority for protection and upliftment of human rights and the board and senior management are fully responsible and committed for addressing human rights impacts or issues caused or contributed to, by the Company's business and any actions, broadly speaking. However, 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.

5. Describe the internal mechanisms in place to redress grievances related to human rights issues:

The core principle at the Company is that any stakeholder should be able to raise their grievances and should be able to report any breach or perceived violation, with complete confidence and trust, confidentially and anonymously and without fear of retaliation. They should be able to report any breach of policies and procedures in the Company. The grievance can be reported in the following manner, a) General Human Right Grievances - To be addressed to Head - Human Resources, Immediate supervisor, Head of the Department, with adequate arrangement for escalation, b) Any Sexual Harassment related incidents should be reported to Prevention of Sexual Harassment Committee (i.e. Internal Complaints Committee), Head - Human Resources and the Board.

6. Number of Complaints on the following made by employees and workers:

| | FY 2021-22 | | | FY 2020-21 | | |
|------------------------------------|-----------------------|---------------------------------------|---------|-----------------------|---------------------------------------|---------|
| | Filed during the year | Pending resolution at the end of year | Remarks | Filed during the year | Pending resolution at the end of year | Remarks |
| Sexual Harassment | | | | | | |
| Discrimination at workplace | | | | | | |
| Child Labour | | | | | | |
| Forced Labour / Involuntary Labour | | NIL | | | NIL | |
| Wages | | | | | | |
| Other human rights related issues | | | | | | |

7. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases:

The Company treats all workers and employees with respect and provides a work environment free from all forms of harassment, whether physical, verbal or psychological. This includes behaviour/action directed towards third parties during the course of conducting business. The workers and employees have the right to freedom of opinion and expression. To ensure the highest level of workplace safety and security, the Company is committed to maintaining a workplace that is free from violence, harassment, intimidation and other unsafe or disruptive conditions due to internal and external threats. At different levels including the Head - Human Resources, Head of the Department, Management and the Board are responsible to prevent adverse consequences to the complainant in discrimination and harassment cases, with adequate arrangement for escalation.

8. Do human rights requirements form part of your business agreements and contracts? (Yes/No)

The human rights requirements are covered in detail in AETL Code of Conduct. The 'AETL Code of Conduct and Ethics' is available at www.advancedenzymes.com/investors/corporate-governance/#codes-and-policies

9. Assessments for the year:

| | % of your plants and offices that were assessed (by entity or statutory authorities or third parties) |
|-----------------------------|---|
| Child labour | |
| Forced/involuntary labour | |
| Sexual harassment | 100% |
| Discrimination at workplace | (Assessed during various audits) |
| Wages | |
| Others - please specify | |

10. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 9 above:

Not Applicable.

BRSR (Continued)

Leadership Indicators

1. **Details of a business process being modified / introduced as a result of addressing human rights grievances/ complaints:**

The Company always upholds the basic principles of human rights based on fairness, transparency, non-discrimination and equal opportunity in all its operations. For instance, the Company strive to have a fair representation of underprivileged and under represented sections of the society in its CSR programmes.

2. **Details of the scope and coverage of any Human rights due-diligence conducted:**

Not Applicable.

3. **Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?**

Yes. Depending on the accessibility requirement of an employee under different departments of our premises / offices, the arrangements are done accordingly. In compliance with the requirements of the Rights of Persons with Disabilities Act, 2016, our plants and offices are accessible by differently abled persons.

4. **Details on assessment of value chain partners:**

| | % of value chain partners (by value of business done with such partners) that were assessed |
|---|---|
| Sexual Harassment | Nil, the Company expects its value chain partners to always adhere to the highest standards of corporate values, human principles and business ethics, which are upheld by the Company in all its business processes and operations. This is an ongoing activity though no specific assessment in respect of value chain partners has been carried out. |
| Discrimination at workplace | |
| Child Labour | |
| Forced Labour/Involuntary Labour | |
| Wages | |
| Others - please specify | |

5. **Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 4 above:**

Not Applicable.

PRINCIPLE 6: Businesses should respect and make efforts to protect and restore the environment

Essential Indicators

1. Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:

(In Joules or multiples)

| Parameter | FY 2021-22 | FY 2020-21 |
|---|--|--|
| Total electricity consumption (A) | 30,714 | 33,573 |
| Total fuel consumption (B) | | |
| Coal | 1,03,008 | 95,858 |
| Furnace Oil & LDO | 19,131 | 12,846 |
| Diesel | 2,248 | 3,123 |
| Energy consumption through other sources (C) | NIL | NIL |
| Total energy consumption (A+B+C) | 155,100 GJ (approximately) | 145,400 GJ (approximately) |
| Energy intensity per rupee of turnover (Total energy consumption/turnover in rupees) | $5.69 * 10^{-5}$ GJ/INR (approximately) | $5.13 * 10^{-5}$ GJ/INR (approximately) |
| Energy intensity (optional)- the relevant metric may be selected by the entity | NIL | NIL |

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No independent assessment was carried out by any external agency.

2. Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any:

No

3. Provide details of the following disclosures related to water, in the following format:

| Parameter | FY 2021-22 | FY 2020-21 |
|---|--|--|
| Water withdrawal by source (in kilolitres) | | |
| (i) Surface water | 116,111 | 119,948 |
| (ii) Groundwater | NIL | NIL |
| (iii) Third party water | NIL | NIL |
| (iv) Seawater / desalinated water | NIL | NIL |
| (v) Others - Recycled water | 8,021 | 9,507 |
| Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v) | 124,132 | 129,455 |
| Total volume of water consumption (in kilolitres) | 118,132 | 123,455 |
| Water intensity per rupee of turnover (Water consumed / turnover) | $4.33 * 10^{-5}$ Kilo litres/INR (approximately) | $4.36 * 10^{-5}$ Kilo litres/INR (approximately) |
| Water intensity (optional) - the relevant metric may be selected by the entity | NA | NA |

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency?

No independent assessment was carried out by any external agency.

BRSR (Continued)

4. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation:

Yes, the Company has installed a comprehensive mechanism to treat process effluent and equipment wash water. Entire quantity of process effluent and equipment wash water is passed through three stage and forced feed Evaporation Plant. Steam generated is collected and condensed to produce recycled water for utilization in utilities viz. Boilers, water cooled compressors and cooling towers. The residue slurry and sludge are dried in the cage mill to produce non-hazardous product in powder form. This powder is used as one of the raw materials in other application products (non-pharma products). The effective implementation of this mechanism for zero liquid discharge is in place since year 2003. We operate and maintain effluent treatment system based on Zero Liquid Discharge (ZLD) comprise of ETP, MEE and Dryer to achieve ZLD. Entire quantity of process effluent and equipment wash water is passed through three stage and forced feed Evaporation Plant. Steam generated is collected and condensed to produce recycled water for utilization in utilities, water cooled compressors and cooling towers. The residue slurry and sludge are dried in the cage mill to produce non-hazardous product in powder form. This powder is used as one of the raw materials in other application products (non-pharma products).

5. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:

| Parameter | Please specify unit | FY 2021-22 | FY 2020-21 |
|-------------------------------------|---------------------|------------|------------|
| NOx | Mg/Nm ³ | 20.11 | 17.7 |
| SOx | Mg/Nm ³ | 5.66 | 5.23 |
| Particulate matter (PM) | Mg/Nm ³ | 47.86 | 51.04 |
| Persistent organic pollutants (POP) | Mg/Nm ³ | 0.61 | 0.68 |
| Volatile organic compounds (VOC) | Mg/Nm ³ | 0.71 | 0.84 |
| Hazardous air pollutants (HAP) | Mg/Nm ³ | 0.95 | 0.89 |
| Others - please specify | Mg/Nm ³ | NA | NA |

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency?

Yes

- Ashwamedh Engineers & Consultants- Laboratory services division, Nashik
- M.P. Pollution Control Board, Regional Lab, Indore

6. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:

| Parameter | Unit | FY 2021-22 | FY 2020-21 |
|---|---|------------|------------|
| Total Scope 1 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available) | Metric tonnes of CO ₂ equivalent | | |
| Total Scope 2 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available) | Metric tonnes of CO ₂ equivalent | | |
| Total Scope 1 and Scope 2 emissions per rupee of turnover | | | |
| Total Scope 1 and Scope 2 emission intensity (optional) - the relevant metric may be selected by the entity | | | |

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No

7. Does the entity have any project related to reducing Green House Gas emission? If yes, then provide details:

NIL

8. Provide details related to waste management by the entity, in the following format:

| Parameter | FY 2021-22 | FY 2020-21 |
|--|-------------|-------------|
| Total Waste generated (in metric tonnes) | | |
| Plastic waste (A) | 4.09 | 2.06 |
| E-waste (B) | 1.97 | 0.11 |
| Bio-medical waste (C) | 0 | 0 |
| Construction and demolition waste (D) | 0 | 0 |
| Battery waste (E) | 0.70 | 1.72 |
| Radioactive waste (F) | 0 | 0 |
| Other Hazardous waste (G) | 2.14 | 0.65 |
| Other Non-hazardous waste generated (H) | 1.05 | 0.09 |
| Total (A+B + C + D + E + F + G + H) | 9.95 | 4.63 |
| For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes) | | |
| Category of waste | | |
| (i) Recycled | | |
| (ii) Re-used | | |
| (iii) Other recovery operations | | NIL |
| Total | | |
| For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes) | | |
| Category of waste | | |
| (i) Incineration | | |
| (ii) Landfilling | | |
| (iii) Other disposal operations | | NIL |
| Total | | |

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency?

No external agency carried out any independent assessment.

9. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your Company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes:

The policies of the Company require that the operations shall be conducted in a manner, to ensure (i) safe handling and reduction of usage of hazardous and toxic chemicals in our products and processes and best practices are adopted to manage such wastes; (ii) compliances of applicable environmental regulations; and (iii) optimum utilization of resources. The Company & all its plants / labs strive to improve energy efficiency through innovative techniques & ideas and thereby reduce wastage and optimize consumption.

BRSR (Continued)

10. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details in the following format:

| S. No. | Location of operations/ offices | Type of operations | Whether the conditions of environmental approval / clearance are being complied with? (Y/N) If no, the reasons thereof and corrective action taken, if any. |
|--------|---------------------------------|--------------------|---|
| NA | | | |

11. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:

| Name and brief details of project | EIA Notification No. | Date | Whether conducted by independent external agency (Yes / No) | Results communicated in public domain (Yes / No) | Relevant Web link |
|-----------------------------------|----------------------|------|---|--|-------------------|
| NA | | | | | |

12. Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, and Environment protection act and rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format:

Yes

| Sr. No. | Specify the law / regulation / guidelines which was not complied with | Provide details of the non-compliance | Any fines / penalties /action taken by regulatory agencies such as pollution control boards or by courts | Corrective taken, if any action |
|---------|---|---------------------------------------|--|---------------------------------|
| NA | | | | |

Leadership Indicators

1. Provide break-up of the total energy consumed (in Joules or multiples) from renewable and non-renewable sources, in the following format:

(In Joules or multiples)

| Parameter | FY 2021-22 | FY 2020-21 |
|--|-------------------------|-------------------------|
| From renewable sources | | |
| Total electricity consumption (A) | | |
| Total fuel consumption (B) | NIL | NIL |
| Energy consumption through other sources (C) | | |
| Total energy consumed from renewable sources (A+B+C) | | |
| From non-renewable sources | | |
| Total electricity consumption (D) | 30,714 | 33,573 |
| Total fuel consumption (E) | 1,24,386 | 1,11,827 |
| Energy consumption through other sources (F) | NIL | NIL |
| Total energy consumed from non-renewable sources (D+E+F) | 155,100 GJ (approx.) | 145,400 GJ (approx.) |

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No

2. Provide the following details related to water discharged:

| Parameter | FY 2021-22 | FY 2020-21 |
|---|--------------|--------------|
| Water discharge by destination and level of treatment (in kilolitres) | | |
| (i) To Surface water | | |
| - No treatment | NIL | NIL |
| - With treatment - please specify level of treatment | NIL | NIL |
| (ii) To Groundwater | | |
| - No treatment (Potable water use for Gardening) | 3,000 | 3,000 |
| - With treatment - please specify level of treatment (Toilet wash water - Passed through brick-bite Soak Pits) | 2,500 | 2,500 |
| (iii) To Seawater | | |
| - No treatment | NIL | NIL |
| - With treatment - please specify level of treatment | NIL | NIL |
| (iv) Sent to third-parties | | |
| - No treatment | NIL | NIL |
| - With treatment - please specify level of treatment | NIL | NIL |
| (v) Others | | |
| - No treatment | NIL | NIL |
| - With treatment - please specify level of treatment | NIL | NIL |
| Total water discharged (in kilolitres) | 5,500 | 5,500 |

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency:

No external agency carried out independent assessment.

BRSR (Continued)

3. Water withdrawal, consumption and discharge in areas of water stress (in kilolitres):

Not applicable, we are established away from water stress locations.

For each facility / plant located in areas of water stress, provide the following information: NA

(i) Name of the area

(ii) Nature of operations

(iii) Water withdrawal, consumption and discharge in the following format:

| Parameter | FY 2021-22 | FY 2020-21 |
|--|------------|------------|
| Water withdrawal by source (in kilolitres) | | |
| (i) Surface water | | |
| (ii) Groundwater | | |
| (iii) Third party water | | |
| (iv) Seawater / desalinated water | | |
| (v) Others | | NA |
| Total volume of water withdrawal (in kilolitres) | | |
| Total volume of water consumption (in kilolitres) | | |
| Water intensity per rupee of turnover (Water consumed / turnover) | | |
| Water intensity (optional) - the relevant metric may be selected by the entity | | |
| Water discharge by destination and level of treatment (in kilolitres) | | |
| (i) Into Surface water | | |
| - No treatment | | |
| - With treatment - please specify level of treatment | | |
| (ii) Into Groundwater | | |
| - No treatment | | |
| - With treatment - please specify level of treatment | | |
| (iii) Into Seawater | | |
| - No treatment | | |
| - With treatment - please specify level of treatment | | NA |
| (iv) Sent to third-parties | | |
| - No treatment | | |
| - With treatment - please specify level of treatment | | |
| (v) Others | | |
| - No treatment | | |
| - With treatment - please specify level of treatment | | |
| Total water discharged (in kilolitres) | | |

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

NA

4. Please provide details of total Scope 3 emissions & its intensity, in the following format:

| Parameter | Unit | FY 2021-22 | FY 2020-21 |
|---|---|------------|------------|
| Total Scope 3 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available) | Metric tonnes of CO ₂ equivalent | | NIL |
| Total Scope 3 emissions per rupee of turnover | | | |
| Total Scope 3 emission intensity (optional) – the relevant metric may be selected by the entity | | | NA |

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No

5. With respect to the ecologically sensitive areas reported at Question 10 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities:

NA

6. Does the entity have a business continuity and disaster management plan? Give details in 100 words/ web link:

Yes. On broad basis, the business continuity plan is as follows: The Company has multi-location production facilities capable of manufacturing all the products i.e. Sinnar Factory/Pithampur Factory/Vasind Factory/plant(s) of the subsidiaries. Further, in case of any disaster/force majeure condition/cyber-attack at one of the location, the Company, in addition to the production facilities, has other locations from where the work / business can commence such as New Thane Research Centre, Wagle Research Centre, Thane Corporate Office. The Company has policy of taking backup of the systems on regular basis, hence the data can be restored and the work can be commenced without significant loss of data.

7. Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard?

NA

8. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts:

NIL

BRSR (Continued)

PRINCIPLE 7: Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent

Essential Indicators

1. a. Number of affiliations with trade and industry chambers/ associations: 8
- b. List the top 10 trade and industry chambers/ associations (determined based on the total members of such body) the entity is a member of/ affiliated to:

| S. No. | Name of the trade and industry chambers/ associations | Reach of trade and industry chambers/ associations (State/National) |
|--------|---|---|
| 1. | Confederation of Indian Industry | National |
| 2. | Pharmaceuticals Export Promotion Council of India | National |
| 3. | Bombay Chamber of Commerce and Industry | State |
| 4. | Health Foods and Dietary Supplement Association | National |
| 5. | Protein Foods and Nutrition Development | National |
| 6. | All India Bread Manufacturers of India | National |
| 7. | The Council of EU Chambers of Commerce | National |
| 8. | Pithampur Audyogik Sangathan | State |

Advanced Enzyme Technologies Limited offers its inputs to these associations for the advancement and improvement of Enzymes, Probiotics and Pharmaceuticals industry in India. The Company will also continue to support and advocate for the further development of the supplement and nutrition industry, as its primary objective is to enhance the health and well-being of the people around the globe.

2. Provide details of corrective action taken or underway on any issues related to anti- competitive conduct by the entity, based on adverse orders from regulatory authorities:

| Name of authority | Brief of the case | Corrective action taken |
|-------------------|-------------------|-------------------------|
| | NA | |

Leadership Indicators

1. Details of public policy positions advocated by the entity:

| S. No. | Public Policy advocated | Method resorted for such advocacy | Whether information available in public domain? (Yes/No) | Frequency of Review by Board (Annually/ Half yearly/ Quarterly / Others – please specify) | Web Link, if available |
|--------|-------------------------|-----------------------------------|--|---|------------------------|
| | | | | | |

PRINCIPLE 8: Businesses should promote inclusive growth and equitable development

Essential Indicators

1. Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year:

| Name and brief details of project | SIA Notification No. | Date of notification | Whether conducted by independent external agency (Yes / No) | Results communicated In public domain (Yes / No) | Relevant Web link |
|-----------------------------------|----------------------|----------------------|---|--|-------------------|
| NIL | | | | | |

2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:

| S. No. | Name of Project for which R&R is ongoing | State | District | No. of Project Affected Families (PAFs) | % of PAFs covered by R&R | Amounts paid to PAFs in the FY (In INR) |
|--------|--|-------|----------|---|--------------------------|---|
| NIL | | | | | | |

3. Describe the mechanisms to receive and redress grievances of the community:

The Company takes the issue of having a proper mechanism to receive and redress grievances of the community, very seriously. The Company has a well-defined process to receive any kind of enquiry/grievance/comment/suggestion from an external stakeholder including members of the local community. Through various communication channels, there is a designated 'point of contact' to all these communications. All such queries received are assigned to the relevant person in the Company immediately and appropriate action is taken. This channel provides a reporting platform for all our internal and external stakeholders including communities where issues related to ethics, misrepresentation, fraud, misconduct, corruption, financial issues, conflicts of interest, insider trading or antitrust regulations, theft, embezzlement, employee relations and human resources issues etc. can be reported.

4. Percentage of input material (inputs to total inputs by value) sourced from suppliers:

| | FY 2021-22 | FY 2020-21 |
|--|------------|------------|
| Directly sourced from MSMEs/ small producers | 5% | 3% |
| Sourced directly from within the district and neighbouring districts | 24% | 27% |

BRSR (Continued)

Leadership Indicators

1. Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):

| Details of negative social impact identified | Corrective action taken |
|--|-------------------------|
| NA | |

2. Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:

| S. No. | State | Aspirational District | Amount spent (In INR) |
|--------|-------|-----------------------|-----------------------|
| NIL | | | |

3. (a) Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized /vulnerable groups? No
 (b) From which marginalized /vulnerable groups do you procure? NA
 (c) What percentage of total procurement (by value) does it constitute? NA

4. Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge: NA

| S. No. | Intellectual Property based on traditional knowledge | Owned / Acquired (Yes / No) | Benefit shared (Yes / No) | Basis of calculating benefit share |
|--------|--|-----------------------------|---------------------------|------------------------------------|
| NA | | | | |

5. Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved: NA

| Name of authority | Brief of the Case | Corrective action taken |
|-------------------|-------------------|-------------------------|
| NA | NA | NA |

6. Details of beneficiaries of CSR Projects:

Please refer to Annexure-IV (CSR Report) of the Board's Report within the Annual report FY 2021-22

PRINCIPLE 9: Businesses should engage with and provide value to their consumers in a responsible manner

Essential Indicators

1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback:

The Company has a long-standing relationship with most of its clients and the orders from repeat customers constitute a significant part of our sales revenue. Still, to resolve all the customer complaints and feedback, the Company has a structured mechanism to address any customer issues with the Company's products and services. The customer feedback related resolutions are offered quickly and with utmost care to prevent future customer dissatisfaction and enhance customer value. The customers have various options to connect with the Company and the Company representatives also communicate with the customers regularly to resolve any issues. As on March 31, 2022, there was no unresolved complaint / cases of the customers(s) pending against the Company.

2. Turnover of products and/ services as a percentage of turnover from all products/service that carry information about:

| | as a percentage to total turnover |
|---|-----------------------------------|
| Environmental and social parameters relevant to the product | NA |
| Safe and responsible usage | 100% |
| Recycling and/or safe disposal | NA |

3. Number of consumer complaints in respect of the following:

| | FY 2021-22 | | Remarks | FY 2020-21 | | Remarks |
|--------------------------------|--------------------------|-----------------------------------|---------|--------------------------|-----------------------------------|---------|
| | Received during the year | Pending resolution at end of year | | Received during the year | Pending resolution at end of year | |
| Data privacy | | | | | | |
| Advertising | | | | | | |
| Cyber-security | | | | | | |
| Delivery of essential services | | | | | | NIL |
| Restrictive Trade Practices | | | | | | |
| Unfair Trade Practices | | | | | | |
| Other | | | | | | |

4. Details of instances of product recalls on account of safety issues:

| | Number | Reasons for recall |
|-------------------|--------|--------------------|
| Voluntary recalls | | |
| Forced recalls | | NIL |

-
5. **Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy:**

The Company has a robust framework for identification of cyber security risks. Because of the rising importance of the data privacy issue, the Company adopts a comprehensive and coordinated approach to information security and data privacy systems. Web link is not available as the policy is mostly focused on internal users and verified external entities. It is shared according to the relevance and requirement of the concerned entities.

6. **Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services:**

NA

Leadership Indicators

1. **Channels / platforms where information on products and services of the entity can be accessed (provide web link, if available).**

www.advancedenzymes.com, www.advancedenzymesdirect.com and other leading platforms in the market.

2. **Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.**

The Company's product(s) carry information about Safe and responsible usage, as may be applicable.

3. **Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services:**

Before any customer relationship issue could escalate and damage our business prospects, there is continuous communication with customers. If there are any issues with timelines on customer delivery because of either controllable or uncontrollable factors such as disruption in transport facilities or any localised disturbance, they are immediately relayed to the customers to avoid any miscommunication. All possible efforts are also made to minimise such incidents.

4. **Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable)**

No, the Company adheres to the applicable laws & regulations regarding the display of the product label and the information related thereto.

If yes, provide details in brief. Did your entity carry out any survey with regard to consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)

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.

5. **Provide the following information relating to data breaches:**

- a. **Number of instances of data breaches along-with impact**

NIL

- b. **Percentage of data breaches involving personally identifiable information of customers**

NA

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 Balance Sheet as at March 31, 2022, and the Statement of Profit and Loss, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the standalone financial statements, including a summary of 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 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015 as amended and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, and profit, changes in equity and its cash flows for the year ended on that date.

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 Standards 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 (ICAI) 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.

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 for the year ended March 31, 2022 (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.

| Key Audit Matter | How the Key Audit Matter was addressed in our audit |
|---|--|
| <p>Advanced Enzyme Technologies Limited (AETL) has made investment in Advanced Enzymes Europe B.V. (AEEBV) Group (Advanced Enzymes Europe B.V. and Evoxx Technologies GmbH together referred as "AEEBV Group"). Investment amount in AEEBV is ₹ 149.85 million. Further, loans given by AETL to AEEBV Group are ₹ 245.94 million and interest accrued on the same is ₹ 55.06 million as at March 31, 2022. AEEBV Group has been in losses in the past three years and has negative net worth.</p> <p>Management of AETL has performed an impairment assessment in relation to such Investments, Loans and the interest accrued as per the requirements of Ind AS 36 "Impairment of Assets" and has determined that no impairment is required to be done. As per Ind AS 36, impairment testing requires management to make significant assumptions including future revenue and terminal growth rates, margin assumptions and discount rates to estimate future cash flows. Auditing management's significant assumptions used in the assessment of the recoverability of such investments and loans requires significant judgment and due to materiality of the amount, we have considered this matter as Key Audit Matter (KAM).</p> | <p>Our audit procedures to address the impairment of Investments, Loans and its interest receivable included and were not limited to the following:</p> <ol style="list-style-type: none"> 1. Reviewed valuation reports of specialist provided by the management. 2. Obtained the cash flow projections from the management and assess the assumptions around the cash flow forecasts including discounting rates, expected growth rates and its effect on business and terminal growth rates used through involvement of the internal experts. 3. Involved auditor's internal experts to assess the Company's valuation methodology and assumptions, applied in determining the fair value wherever necessary. 4. Assessed the objectivity and competence of our internal expert and Company's internal / external specialists involved in the process. 5. Reviewed the adequacy of disclosure by the Company in the financial statement. |

INDEPENDENT AUDITORS' REPORT (Continued)

Information Other than the Standalone Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the annual report but does not include the standalone financial statements and our auditor's 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.

Responsibilities of Management and Those Charged with Governance* for the Standalone Financial Statements

The Company's Board of Directors is 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 financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards 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 the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statement 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 Board of Directors is 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.

Those Board of Directors are 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.

We give in "Annexure A" a detailed description of Auditor's responsibilities for Audit of the Standalone Financial Statements.

Other Matter

The standalone Ind AS financial statements of the Company for the year ended March 31, 2021, were audited by predecessor auditor whose report dated May 29, 2021 expressed an unmodified opinion on those statements.

Report on Other Legal and Regulatory Requirements

- 1) As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- 2) 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 Balance Sheet, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account

INDEPENDENT AUDITORS' REPORT (Continued)

- d. In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e. On the basis of the written representations received from the directors as on March 31, 2022 taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2022 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 standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure C".
- g. With respect to the other matters to be included in the Auditor's 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 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
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
 - iv. (1) The Management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other persons/entities, including foreign entities ('Intermediaries'), with the understanding, whether recorded in writing or otherwise, that the Intermediary has, whether directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (2) The Management has represented that, to the best of its knowledge and belief, no funds have been received by the Company from any persons / entities, including foreign entities, that the company has directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
 - (3) Based on our audit procedures which we have considered reasonable and appropriate in the circumstances and according to the information and explanations provided to us by the Management in this regard, nothing has come to our notice that has caused us to believe that the representations made by the Management under sub-clause (i) and (ii) contain any material misstatement.
- v. The Company has declared and paid dividend during the year which is in compliance with section 123 of the Act.
- (3) As required by The Companies (Amendment) Act, 2017, in our opinion, according to information, explanations given to us, the remuneration paid by the Company to its directors is within the limits laid prescribed under Section 197 of the Act and the rules thereunder.

For M S K A & Associates
Chartered Accountants
 ICAI Firm Registration No. 105047W

Amrish Vaidya
 Partner
 Membership No. 101739
 UDIN: 22101739AJHBRB3760

Place: Mumbai
Date: 20 May, 2022

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

ON EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF ADVANCED ENZYMES TECHNOLOGIES LIMITED

Auditor's Responsibilities for the Audit of the 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 internal financial controls with reference to standalone 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 made by management.
- Conclude on the appropriateness of management's 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 for the year ended March 31, 2022 (current period) and are therefore, the key audit matters. We describe these matters in our auditor's 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.

For M S K A & Associates
Chartered Accountants

ICAI Firm Registration No. 105047W

Amrish Vaidya

Partner

Membership No. 101739

UDIN: 22101739AJHBRB3760

Place: Mumbai

Date: 20 May, 2022

ANNEXURE B TO INDEPENDENT AUDITORS' REPORT

OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF ADVANCED ENZYME TECHNOLOGIES LIMITED FOR THE YEAR ENDED MARCH 31, 2022

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report]

- i. (a) A. The Company has maintained proper records showing full particulars including quantitative details and situation of Property, Plant and Equipment.
- B. The Company has maintained proper records showing full particulars of intangible assets.
- (b) The Property, Plant and Equipment are physically verified by the management according to a phased programme designed to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to programme, a portion of the Property, Plant and Equipment has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.
- (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 (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) as disclosed in the financial statements are held in the name of the Company.
- (d) According to the information and explanations given to us, the Company has not revalued its property, plant and Equipment (including Right of Use assets) and its intangible assets. Accordingly, the requirements under paragraph 3(i)(d) of the Order are not applicable to the Company.
- (e) According to the information and explanations given to us, no proceeding has been initiated or pending against the Company for holding benami property under the Benami Transactions (Prohibition) Act, 1988 and rules made thereunder. Accordingly, the provisions stated in paragraph 3(i) (e) of the Order are not applicable to the Company.
- ii. (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification, coverage & procedure of such verification is reasonable and appropriate. No material discrepancies were noticed on such verification.
- (b) The Company has been sanctioned working capital limits in excess of ₹ 5 crores in aggregate from Banks/financial institutions on the basis of security of current assets. Quarterly returns / statements are filed with such Banks/ financial institutions which are not in agreement with the books of account. Details of the same are as below.

Amount in Million

| Quarter | Name of bank | Particulars of Securities Provided | Amount as per books of account | Amount as reported in the quarterly return/ statement | Amount of difference |
|----------------|-----------------------------------|------------------------------------|--------------------------------|---|----------------------|
| June 2021 | HDFC Bank, CITI Bank and DBS Bank | Inventories | 668.91 | 682.37 | (13.46) |
| | | Trade Receivable | 617.88 | 653.29 | (35.41) |
| | | Trade Payable | 200.80 | 145.57 | 55.23 |
| September 2021 | HDFC Bank, CITI Bank and DBS Bank | Inventories | 791.02 | 790.20 | 0.82 |
| | | Trade Receivable | 556.34 | 623.87 | (67.53) |
| | | Trade Payable | 247.37 | 190.16 | 57.21 |
| December 2021 | HDFC Bank, CITI Bank and DBS Bank | Inventories | 766.63 | 749.87 | 16.76 |
| | | Trade Receivable | 558.98 | 654.91 | (95.93) |
| | | Trade Payable | 191.84 | 148.63 | 43.21 |
| March 2022 | HDFC Bank, CITI Bank and DBS Bank | Inventories | 800.77 | 800.88 | (0.11) |
| | | Trade Receivable | 490.85 | 490.85 | - |
| | | Trade Payable | 202.59 | 197.19 | 5.40 |

INDEPENDENT AUDITORS' REPORT (Continued)

- iii. (a) During the year Company have made investment in one company. Further, according to the information and explanation provided to us, the Company has not provided loans or provided advances in the nature of loans, or given guarantee, or provided security to companies, firms, Limited Liability Partnerships or any other parties during the year. Hence reporting under paragraph 3(iii)(c), (d) and (f) is not applicable to the Company.
- (b) In relation to investments, according to the information and explanations given to us and based on the audit procedures performed by us, we are of the opinion that the terms and conditions of the investment made are not prejudicial to the interest of the Company.
- (c) According to the information explanation provided to us, the loan granted in earlier years has fallen due during the year. The same has been extended during the year. Further, no fresh loans were granted to settle the overdue of existing loans given to existing parties. The details of the extended loan are as follows:

| Name of the Party | Aggregate amount of overdue of existing loans extended | Percentage of the aggregate to the total loans or advances in the nature of loans granted during the year |
|-----------------------------|--|---|
| Advanced Enzyme Europe B.V. | ₹ 245.94 Million | 100% |

- (b) According to the information and explanation given to us and examination of records of the Company, the outstanding dues of income-tax, service tax and duty of excise on account of any dispute, are as follows:

| Name of the statute | Nature of dues | Amount ₹ in Million | Amount paid under protest (₹ In Million) | Period to which amount relates | Forum where dispute is pending |
|--|-----------------------------------|---------------------|--|--------------------------------|---|
| Income Tax Act, 1961 | Income Tax | 0.40 | - | AY 2004-05 | Bombay High Court |
| Income Tax Act, 1961 | Income Tax | 24.37 | 4.87 | AY 2012-13 | Commissioner Appeals |
| Income Tax Act, 1961 | Income Tax | 0.18 | - | AY 2013-14 | 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 |

INDEPENDENT AUDITORS' REPORT (Continued)

| Name of the statute | Nature of dues | Amount ₹ in Million | Amount paid under protest (₹ In Million) | Period to which amount relates | Forum where dispute is pending |
|--|-----------------------------------|---------------------|--|--------------------------------|--|
| 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 2015 to October 2015 | 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 | - | Jan 2016 to June 2017 | Commissioner of Central Excise, Customs and Service Tax |
| Central Excise Act, 1944 read with Cenvat Credit Rules, 2004 | Excise Duty | 0.64 | - | December 2015 to January 2017 | Commissioner of Central Excise, Customs and Service Tax |

viii. According to the information and explanations given to us, there are no transactions which are not accounted in the books of account which have been surrendered or disclosed as income during the year in Tax Assessment of the Company. Also, there are no previously unrecorded income which has been now recorded in the books of account. Hence, the provision stated in paragraph 3(viii) of the Order is not applicable to the Company.

ix. (a) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings or in payment of interest thereon to any lender.

(b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the company has not been declared willful defaulter by any bank or financial institution or government or any government authority.

(c) In our opinion and according to the information explanation provided to us, no money was raised by way of term loans. Accordingly, the provision stated in paragraph 3(ix)(c) of the Order is not applicable to the Company.

(d) In our opinion, according to the information explanation provided to us, there are no funds raised on short term basis. Accordingly, the provision stated in paragraph 3(ix)(d) of the Order is not applicable to the Company.

(e) According to the information explanation given to us and on an overall examination of the standalone financial statements of the Company, we report that the Company has not taken any funds from an any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.

INDEPENDENT AUDITORS' REPORT (Continued)

- (f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its securities, joint ventures or associate companies.
- x. (a) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, the provisions stated in paragraph 3 (x)(a) of the Order are not applicable to the Company.
- (b) 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, partly or optionally convertible debentures during the year. Accordingly, the provisions stated in paragraph 3(x)(b) of the Order are not applicable to the Company.
- xi. (a) During the course of our audit, 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 nor on the Company.
- (b) We have not come across of any instance of material fraud by the Company or on the Company during the course of audit of the standalone financial statement for the year ended March 31, 2022, accordingly the provisions stated in paragraph 3(xi) (b) of the Order is not applicable to the Company.
- (c) As represented to us by the management, there are no whistle-blower complaints received by the Company during the course of audit. Accordingly, the provisions stated in paragraph 3(xi)(c) of the Order is not applicable to company.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, the provisions stated in paragraph 3(xii) (a) to (c) of the Order are not applicable to the Company.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act, where applicable and details of such transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- xiv. (a) In our opinion and based on our examination, the Company has an internal audit system commensurate with the size and nature of its business.
- (b) We have considered internal audit reports issued by internal auditors during our audit.
- xv. According to the information and explanations given to us, in our opinion during the year the Company has not entered into non-cash transactions with directors or persons connected with its directors and hence, provisions of section 192 of the Act are not applicable to Company. Accordingly, the provisions stated in paragraph 3(xv) of the Order are not applicable to the Company.
- xvi. (a) In our opinion, the Company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions stated in paragraph clause 3 (xvi)(a) of the Order are not applicable to the Company.
- (b) In our opinion, the Company has not conducted any Non-Banking Financial or Housing Finance activities without any valid Certificate of Registration from Reserve Bank of India. Hence, the reporting under paragraph clause 3 (xvi)(b) of the Order are not applicable to the Company.
- (c) The Company is not a Core investment Company (CIC) as defined in the regulations made by Reserve Bank of India. Hence, the reporting under paragraph clause 3 (xvi)(c) of the Order are not applicable to the Company.
- (d) The Company does not have any CIC as part of its group. Hence the provisions stated in paragraph clause 3 (xvi) (d) of the order are not applicable to the Company.
- xvii. According to the information explanation provided to us, the Company has not incurred cash losses in the current financial year and in the immediately preceding financial year. Hence, the provisions stated in paragraph clause 3 (xvii) of the Order are not applicable to the Company.
- xviii. There has been no resignation of the statutory auditors during the year. Hence, the provisions stated in paragraph clause 3 (xviii) of the Order are not applicable to the Company.

INDEPENDENT AUDITORS' REPORT (Continued)

xix. According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that

our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

xx. (a) According to the information and explanations given to us, the provisions of section 135 of the Act are applicable to the Company. The Company has made the required contributions during the year and there are no unspent amounts in relation to project other than ongoing project in respect of which amounts are required to be transferred to a Fund as per the provisions of section 135 of the act read with schedule VII.

(b) In respect of ongoing projects, the Company has transferred unspent amount to a special fund within a period of thirty days from the end of the financial year in compliance section 135(6) of the said Act, except in respect of the following:

| Financial Year | Amount identified for spending on Corporate Social Responsibility activities for "Ongoing Projects" | Unspent amount of (b) | Amount Transferred to Special Account u/s 135(6) after a period of 30 days from end of financial year | Actual date of transfer to the account |
|----------------|---|-----------------------|---|--|
| (a) | (b) | (c) | (d) | (f) |
| FY 2020-21 | ₹ 10.50 Million | ₹ 3.7 Million | ₹ 3.7 Million | May 5, 2021 |

For M S K A & Associates

Chartered Accountants

ICAI Firm Registration No. 105047W

Amrish Vaidya

Partner

Membership No. 101739

UDIN: 22101739AJHBRB3760

Place: Mumbai

Date: 20 May, 2022

ANNEXURE C TO THE INDEPENDENT AUDITOR'S REPORT

OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF ADVANCED ENZYME TECHNOLOGIES LIMITED

[Referred to in paragraph (f) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report of even date to the Members of Advanced Enzyme Technologies Limited on the Financial Statements for the year ended March 31, 2022]

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

Opinion

We have audited the internal financial controls with reference to standalone financial statements of Advanced Enzyme Technologies Limited ("the Company") as of March 31, 2022 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, an adequate internal financial controls with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at March 31, 2022, based on the internal control with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI) (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to standalone financial statements was 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 standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of internal financial controls with reference to standalone financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to standalone financial statements.

Meaning of Internal Financial Controls With reference to Standalone Financial Statements

A Company's internal financial control with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control with reference to standalone

INDEPENDENT AUDITORS' REPORT (Continued)

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 standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the standalone financial statements.

For M S K A & Associates

Chartered Accountants

ICAI Firm Registration No. 105047W

Amrish Vaidya

Partner

Membership No. 101739

UDIN: 22101739AJHBRB3760

Place: Mumbai

Date: 20 May, 2022

Inherent Limitations of Internal Financial Controls With reference to Standalone financial statements

Because of the inherent limitations of internal financial controls with reference to standalone financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to standalone financial statements to future periods are subject to the risk that the internal financial control 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.

STANDALONE BALANCE SHEET

As at 31 March 2022

(₹ in million)

| | Note | As at 31 March 2022 | As at 31 March 2021 |
|--|------|------------------------|------------------------|
| I. ASSETS | | | |
| (1) Non-current assets | | | |
| (a) Property, plant and equipment | 5 | 1,315.37 | 1,310.22 |
| (b) Capital work-in-progress | 5A | 32.45 | 19.61 |
| (c) Other intangible assets | 6 | 4.88 | 11.96 |
| (d) Intangible assets under development | 6A | 54.39 | 53.79 |
| (e) Financial assets | | | |
| (i) Investments | | | |
| - investment in subsidiaries | 7 | 1,726.22 | 1,514.97 |
| - other investment | 7 | 0.62 | 0.62 |
| (ii) Loans | 8 | 243.49 | 275.88 |
| (iii) Other financial assets | 9 | 14.06 | 12.67 |
| (f) Income tax asset (net) | | 126.80 | 92.55 |
| (g) Other non-current assets | 10 | 11.08 | 1.45 |
| Total non-current assets | | 3,529.36 | 3,293.72 |
| (2) Current assets | | | |
| (a) Inventories | 11 | 800.77 | 634.23 |
| (b) Financial assets | | | |
| (i) Investments | 12 | 166.84 | 329.25 |
| (ii) Trade receivables | 13 | 490.85 | 547.41 |
| (iii) Cash and cash equivalents | 14 | 134.98 | 15.05 |
| (iv) Bank balances other than (iii) above | 14A | 44.77 | 3.65 |
| (v) Loans | 15 | 57.99 | 0.27 |
| (vi) Other financial assets | 16 | 13.76 | 16.06 |
| (c) Other current assets | 17 | 56.90 | 56.36 |
| Total current assets | | 1,766.86 | 1,602.28 |
| Total assets | | 5,296.22 | 4,896.00 |
| II. EQUITY AND LIABILITIES | | | |
| (1) Equity | | | |
| (a) Equity share capital | 18 | 223.60 | 223.46 |
| (b) Other equity | 19 | 4,579.93 | 4,131.00 |
| Total equity | | 4,803.53 | 4,354.46 |
| (2) Non-current liabilities | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 20 | - | 1.75 |
| (ii) Lease liabilities | 21 | 9.51 | 3.49 |
| (b) Provisions | 22 | 8.62 | 9.94 |
| (c) Deferred tax liabilities (net) | 23 | 111.48 | 115.96 |
| Total non-current liabilities | | 129.61 | 131.14 |
| (3) Current liabilities | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 24 | 1.75 | 7.29 |
| (ii) Lease liabilities | 21 | 4.57 | 2.08 |
| (iii) Trade payables | 25 | | |
| a) total outstanding dues of micro enterprises and small enterprises | | 5.40 | 1.91 |
| b) total outstanding dues other than micro enterprises and small enterprises | | 197.19 | 223.36 |
| (iv) Other financial liabilities | 26 | 105.31 | 94.66 |
| (b) Other current liabilities | 27 | 27.46 | 59.79 |
| (c) Provisions | 22 | 20.58 | 20.49 |
| (d) Current tax liabilities (net) | | 0.82 | 0.82 |
| Total current liabilities | | 363.08 | 410.40 |
| Total equity and liabilities | | 5,296.22 | 4,896.00 |

Significant accounting policies

4

Notes form an integral part of these Standalone financial statements

5 - 56

As per our report of even date attached.

For **M S K A & Associates**
Chartered Accountants
Firm's Registration No: 105047W

Amrish Vaidya
Partner
Membership No: 101739

Place: Mumbai
Date: 20 May 2022

For and on behalf of Board of Directors of
Advanced Enzyme Technologies Limited
CIN: L24200MH1989PLC051018

Mukund Kabra
Wholtime Director
DIN : 00148294
Place: Thane

Sanjay Basantani
Company Secretary
Membership No: A19637
Place: Thane
Date: 20 May 2022

Kedar Desai
Director
DIN : 00322581
Place: Thane

Beni P. Rauka
Chief Financial Officer
Membership No: 039980
Place: Thane



STANDALONE STATEMENT OF PROFIT AND LOSS

for the year ended 31 March 2022

(₹ in million)

| | Note | Year ended 31 March 2022 | Year ended 31 March 2021 |
|--|------|-----------------------------|-----------------------------|
| Income | | | |
| Revenue from operations | 28 | 2,727.98 | 2,834.73 |
| Other income | 29 | 90.80 | 68.23 |
| Total income | | 2,818.78 | 2,902.96 |
| Expenses | | | |
| Cost of materials consumed | 30 | 1,127.17 | 950.34 |
| Changes in inventories of finished goods, work-in-progress and stock-in-trade | 31 | (135.16) | 12.74 |
| Employee benefits expense | 32 | 393.17 | 342.34 |
| Finance costs (including exchange difference) | 33 | 0.95 | 1.00 |
| Depreciation and amortisation expense | 34 | 95.61 | 90.06 |
| Other expenses | 35 | 616.32 | 522.20 |
| Total expenses | | 2,098.06 | 1,918.68 |
| Profit before tax | | 720.72 | 984.28 |
| Tax expense | 36 | | |
| Current tax | | 180.17 | 248.44 |
| Deferred tax charge/(credit) | | (4.56) | 25.72 |
| Total tax expense | | 175.61 | 274.16 |
| Profit for the year | | 545.11 | 710.12 |
| Other comprehensive income/(loss) | | | |
| A (i) Items that will not be reclassified to profit or loss | | | |
| Remeasurements of defined benefit charge/(credit) | | 0.28 | (0.39) |
| (ii) Income tax related to items that will not be reclassified to profit or loss | | (0.07) | 0.10 |
| 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 | | - | - |
| | | 0.21 | (0.29) |
| Total Comprehensive Income for the year | | 545.32 | 709.83 |
| Earnings per equity share (face value Rs 2 each fully paid up) | 40 | | |
| Basic | | 4.88 | 6.36 |
| Diluted | | 4.87 | 6.35 |

Significant accounting policies

4

Notes form an integral part of these Standalone financial statements

5 - 56

As per our report of even date attached.

For **M S K A & Associates**

Chartered Accountants

Firm's Registration No.: 105047W

Amrish Vaidya

Partner

Membership No: 101739

Place: Mumbai

Date: 20 May 2022

For and on behalf of Board of Directors of

Advanced Enzyme Technologies Limited

CIN: L24200MH1989PLC051018

Mukund Kabra

Wholtime Director

DIN : 00148294

Place: Thane

Sanjay Basantani

Company Secretary

Membership No: A19637

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Kedar Desai

Director

DIN : 00322581

Place: Thane

Beni P. Rauka

Chief Financial Officer

Membership No: 039980

Place: Thane

STANDALONE STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2022

(₹ in million)

(a) Equity share capital

| | 31 March 2022 | | 31 March 2021 | |
|---|---------------|--------|---------------|--------|
| | No. of Shares | Amount | No. of Shares | Amount |
| Balance at the beginning of the year (refer note 19) | 11,17,28,425 | 223.46 | 11,16,78,475 | 223.36 |
| Changes in equity share capital due to prior period errors | - | - | - | - |
| Restated balance at the beginning of the current reporting year | 11,17,28,425 | 223.46 | 11,16,78,475 | 223.36 |
| Changes in equity share capital during the year | 72,250 | 0.14 | 49,950 | 0.10 |
| Balance at the end of the year | 11,18,00,675 | 223.60 | 11,17,28,425 | 223.46 |

(b) Other equity

| Particulars | Reserves and Surplus | | | | | Total Equity |
|--|----------------------|-----------------|-----------------|-------------------------------|-------------------|-----------------|
| | Securities Premium | Capital Reserve | General reserve | Employee stock option account | Retained earnings | |
| Balance at 1 April 2020 | 770.79 | 3.00 | 32.53 | 36.06 | 2,639.09 | 3,481.47 |
| Profit for the year | - | - | - | - | 710.12 | 710.12 |
| Other comprehensive income for the year | - | - | - | - | (0.29) | (0.29) |
| Total comprehensive income for the year | - | - | - | - | 709.83 | 709.83 |
| Add : Options granted during the year | - | - | - | 5.31 | - | 5.31 |
| Less: Options lapsed during the year | - | - | - | (1.49) | - | (1.49) |
| Add / (Less): Exercise of Share options | 16.58 | - | - | (13.69) | - | 2.89 |
| Less: Dividend | - | - | - | - | (67.01) | (67.01) |
| Balance at 31 March 2021 | 787.37 | 3.00 | 32.53 | 26.19 | 3,281.91 | 4,131.00 |
| Profit for the year | - | - | - | - | 545.11 | 545.11 |
| Other comprehensive income for the year | - | - | - | - | 0.21 | 0.21 |
| Total comprehensive income for the year | - | - | - | - | 545.32 | 545.32 |
| Exercise of Share options | 24.00 | - | - | (19.79) | - | 4.21 |
| Dividend | - | - | - | - | (100.60) | (100.60) |
| Balance at 31 March 2022 | 811.37 | 3.00 | 32.53 | 6.40 | 3,726.63 | 4,579.93 |

For **M S K A & Associates**
Chartered Accountants
Firm's Registration No.: 105047W

Amrish Vaidya
Partner
Membership No: 101739

Place: Mumbai
Date: 20 May 2022

For and on behalf of Board of Directors of
Advanced Enzyme Technologies Limited
CIN: L24200MH1989PLC051018

Mukund Kabra
Wholtime Director
DIN : 00148294
Place: Thane

Kedar Desai
Director
DIN : 00322581
Place: Thane

Sanjay Basantani
Company Secretary
Membership No: A19637
Place: Thane
Date: 20 May 2022

Beni P. Rauka
Chief Financial Officer
Membership No: 039980
Place: Thane

STANDALONE CASH FLOW STATEMENT

for the year ended 31 March 2022

(₹ in million)

| | Year ended 31 March 2022 | Year ended 31 March 2021 |
|--|-----------------------------|-----------------------------|
| A. Cash flows from operating activities | | |
| Profit before tax | 720.72 | 984.28 |
| Adjustments for non-cash transactions | | |
| Depreciation and amortization expense | 95.61 | 90.06 |
| (Profit) on sale of property, plant and equipment | (11.81) | (7.06) |
| Bad debts written off | 0.96 | 0.43 |
| Provision for doubtful trade receivables provided | 0.25 | 1.55 |
| Employee stock compensation expense | - | 3.54 |
| Guarantee commission | - | (0.60) |
| Excess provision written back # | (2.99) | 0.00 |
| Sundry balances written off/ (back) (net) | 0.11 | 0.39 |
| Unrealized foreign exchange loss | 0.05 | 0.91 |
| Fair value adjustment on investments | (2.24) | (1.58) |
| | 800.66 | 1,071.92 |
| Items considered separately | | |
| Interest income | (25.92) | (26.36) |
| Interest expenses | 0.95 | 1.00 |
| Dividend income | (38.20) | (26.69) |
| | | |
| Operating profit before working capital changes | 737.49 | 1,019.87 |
| Adjustments for working capital changes | | |
| (Increase) / Decrease in Non-current loans | 37.96 | - |
| (Increase) / Decrease in Other non-current financial assets | (1.39) | - |
| (Increase) / Decrease in Other non-current assets | (1.16) | 0.29 |
| (Increase) / Decrease in Inventories | (166.55) | (37.69) |
| (Increase) / Decrease in Trade receivables | 55.57 | (31.40) |
| (Increase) / Decrease in Current loans | (37.78) | (0.08) |
| (Increase) / Decrease in Other current financial assets | 2.24 | 7.56 |
| (Increase) / Decrease in Other current assets | (0.50) | 17.76 |
| (Decrease) / Increase in Provisions | (0.92) | 2.17 |
| (Decrease) / Increase in Trade payables | (20.07) | 87.64 |
| (Decrease) / Increase in Other current financial liabilities | 12.89 | 10.62 |
| (Decrease) / Increase in Other current liabilities | (32.34) | 33.82 |
| Cash generated from operating activities | 585.44 | 1,110.56 |
| Income taxes paid (net) | (214.42) | (268.26) |
| Net cash generated from operating activities | 371.02 | 842.30 |
| B. Cash flows from investing activities | | |
| Purchase of property, plant and equipment (tangible and intangible both) | (105.37) | (94.70) |
| Proceeds from sale of property, plant and equipment | 12.44 | 1.23 |
| Purchase of intangible assets (net of refunds) | (0.60) | (1.33) |
| Purchase of non-current investments | (211.25) | (316.26) |
| Proceeds / (Purchase) from sale of current investments (net) | 163.08 | (317.67) |
| Interest received | 0.42 | 3.07 |
| Dividend received | 38.20 | 26.69 |
| (Increase) in bank deposits with maturity more than 3 months but less than 12 months | (39.29) | (0.11) |
| (Increase) / Decrease in bank deposits with maturity of more than 12 months # | (0.00) | (0.00) |
| Net cash (used in) investing activities | (142.37) | (699.08) |

STANDALONE CASH FLOW STATEMENT (Continued)

for the year ended 31 March 2022
(₹ in million)

| | Year ended 31 March 2022 | Year ended 31 March 2021 |
|---|-----------------------------|-----------------------------|
| C. Cash flows from financing activities | | |
| Proceeds from issue of share capital including securities premium | 4.34 | 3.00 |
| Repayment from long-term borrowings (net) | (1.75) | (15.21) |
| Repayment of short-term borrowings (net) | (5.44) | (71.23) |
| Interest paid | (0.95) | (1.00) |
| Payment of Lease liabilities | (4.32) | (3.41) |
| Dividends paid (including dividend distribution tax) | (100.60) | (67.01) |
| Net cash (used in) financing activities | (108.72) | (154.86) |
| Net increase / (decrease) in cash and cash equivalents (A+B+C) | 119.93 | (11.64) |
| Cash and cash equivalents as at the beginning of the period | 15.05 | 26.69 |
| Cash and cash equivalents as at the end of the period* | 134.98 | 15.05 |
| * Composition of cash and cash equivalents (refer note 14) | | |
| Cash in hand | 0.42 | 0.14 |
| Balance with banks : | | |
| Current account | 134.56 | 14.44 |
| Fixed deposit account (with maturity less than 3 months) | - | 0.47 |
| | 134.98 | 15.05 |

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 2021 | Cashflows | Non cash changes | | | 31 March 2022 |
|---|---------|---------------------|---------------|------------------|---------------------------------|-------------------------|---------------------|
| | | | | Acquisitions | Foreign exchange movement | Fair value change | |
| Non-current borrowings | 20 & 24 | 1.75 | (1.75) | - | - | - | - |
| Cash credit, packing credit, working capital demand loans and deferred sales tax liabilities | 24 | 7.29 | (5.44) | - | (0.10) | - | 1.75 |
| Total liabilities from financing | | 9.05 | (7.20) | - | (0.10) | - | 1.75 |

Notes to the standalone cash flow statement

- 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.

As per our report of even date attached.

For **M S K A & Associates**
Chartered Accountants
Firm's Registration No.: 105047W

Amrish Vaidya
Partner
Membership No: 101739

Place: Mumbai
Date: 20 May 2022

For and on behalf of Board of Directors of
Advanced Enzyme Technologies Limited
CIN: L24200MH1989PLC051018

Mukund Kabra
Wholetime Director
DIN : 00148294
Place: Thane

Sanjay Basantani
Company Secretary
Membership No: A19637
Place: Thane
Date: 20 May 2022

Kedar Desai
Director
DIN : 00322581
Place: Thane

Beni P. Rauka
Chief Financial Officer
Membership No: 039980
Place: Thane

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March 2022

(₹ 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 20 May 2022.

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 2022 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.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March 2022

(₹ in million)

Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, depreciation carry-forwards and unused tax credits could be utilised.

d. Recognition and measurement of other provisions

The recognition and measurement of other provisions are based on the assessment of the probability of an outflow of resources, and on past experience and circumstances known at the balance sheet date. The actual outflow of resources at a future date may therefore vary from the amount included in other provisions.

e. Discounting of long-term financial assets / liabilities

All financial assets / liabilities are required to be measured at fair value on initial recognition. In case of financial liabilities/assets which are required to subsequently be measured at amortised cost, interest is accrued using the effective interest method.

f. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting. The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

g. Fair value of financial instruments

Derivatives are carried at fair value. Derivatives includes foreign currency forward contracts. Fair value of foreign currency forward contracts are determined using the fair value reports provided by respective merchant bankers.

h. Measurement of fair values

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

The Company has an established control framework with respect to the measurement of fair values, which includes overseeing all significant fair value measurements, including Level 3 fair values by the management. The management regularly reviews significant unobservable inputs and valuation adjustments. If third party

information, such as broker quotes or pricing services, is used to measure fair values, then the management assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which such valuations should be classified.

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

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

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. On March 23, 2022, the Ministry of Corporate Affairs ("MCA") through notifications, amended the existing Ind AS. The same shall come into force from annual reporting period beginning on or after April 1, 2022. Key Amendments relating to the same where financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015 are:

Ind AS 16- Property, Plant and Equipment

For items produced during testing/trial phase, clarification added that revenue generated out of the same shall not be recognised in the Consolidated Statement of Profit and Loss and considered as part of cost of PPE.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March 2022

(₹ in million)

Ind AS 37- Provisions, Contingent Liabilities & Contingent Assets

Guidance on what constitutes cost of fulfilling contracts (to determine whether the contract is onerous or not) is included.

Ind AS 41- Agriculture

This aligns the fair value measurement in Ind AS 41 with the requirements of Ind AS 113 Fair Value Measurement to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pre-tax or post-tax cash flows and discount rates for the most appropriate fair value measurement.

Ind AS 101- First time Adoption of Ind AS

Measurement of Foreign Currency Translation Difference in case of subsidiary/associate/ JV's date of transition to Ind AS is subsequent to that of Parent – FCTR in the books of subsidiary/associate/ JV can be measured based on Consolidated Financial Statements

Ind AS 103- Business Combination

Reference to revised Conceptual Framework. For contingent liabilities / levies, clarification is added on how to apply the principles for recognition of contingent liabilities from Ind AS 37. Recognition of contingent assets is not allowed.

Ind AS 109- Financial Instruments

The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in assessing whether to derecognise a financial liability.

The amendments are extensive and the Company will evaluate the same to give effect to them as required by law.

4 Significant accounting policies:

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

a. Revenue recognition

- i. Revenue is recognized to the extent that it is probable that economic benefits will flow to the Company and the revenue can be reliably measured.
- ii. Revenue from contracts with customers is recognised when control of the goods is transferred to the customer at an amount

that reflects the consideration to which the Company expects to be entitled in exchange for those goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Sales are exclusive of Goods and Service Tax (GST).

- iii. Export incentives received pursuant to the Duty Drawback Scheme and Merchandise Export from India Scheme are accounted on an accrual basis, to the extent it is probable that realization is certain.
- iv. Interest income is recognized on a time proportionate basis, taking into account the amount outstanding and the rates applicable.
- v. Dividend income is recognized when the Company's right to receive dividend is established by the reporting date.

b. Property, plant and equipment and depreciation

Recognition and measurement

- i. Items of property, plant and equipment are stated at cost less accumulated depreciation and amortisation and accumulated impairment losses, if any. Cost includes taxes, non refundable duties and taxes, freight and other incidental expenses directly related to acquisition/construction and installation of the assets. Any trade discounts and rebates are deducted in arriving the purchase price. Interest on borrowings to finance acquisition of property, plant and equipment during qualifying period is capitalized.
- ii. Leasehold improvements represent expenses incurred towards civil work and interior furnishings on the leased premises.
- iii. An asset is eliminated from the financial statements on disposal or when no further benefit is expected from its use and disposal. Gains / losses arising from disposal of property, plant and equipment carried at cost are recognised in the Statement of Profit and Loss.
- iv. Capital work-in-progress includes assets not ready for their intended use and related incidental expenses and attributable interest.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March 2022

(₹ in million)

- 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.
- ix. The Company has reviewed its policy for providing depreciation on its tangible assets and has also reassessed their useful lives as per Part C of Schedule II of the Act. The revised useful lives, as assessed by the management, match those specified in Part C of Schedule II of the Act, for all classes of tangible assets.

c. Intangible assets

- i. Intangible assets are stated at cost of acquisition less accumulated amortisation and accumulated impairment losses, if any.
- ii. Costs relating to acquisition of technical know-how and software are capitalized as intangible assets. Further, the expenditure incurred towards product studies during the development of product dossiers are grouped under "Intangible assets under development" to the extent such expenditure meet the criteria of intangible asset.
- iii. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.
- iv. An intangible asset is eliminated from the financial statements on disposal or when no further benefit is expected from its use and disposal. Gains / losses arising from disposal are recognised in the Statement of Profit and Loss.
- v. Any expected loss is recognized immediately in the Statement of Profit and Loss.
- vi. Intangible assets that are ready for use are amortized on a straight line basis as follows:

| Particulars | Estimated useful life |
|-------------------|-----------------------|
| Computer software | 4 years |
| Product dossiers | 10 years |

d. Non-current assets held for sale

Non-current assets classified as held for sale, if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such assets, are generally measured at the lower of their carrying amount and fair value less costs to sell. Losses on initial classification as held for sale and subsequent gains and losses on re-measurement are recognised in 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.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March 2022

(₹ in million)

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

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

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

f. Foreign currency transactions

- i. Initial recognition - Foreign currency transactions are recorded in the functional currency, by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency at the date of the transaction.
- ii. Subsequent measurement- Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognised in the Statement of Profit and Loss. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.
- iii. Exchange differences - All exchange differences arising on settlement/conversion on foreign currency transactions are included in the Statement of Profit and Loss in the period in which they arise.

g. Stock based Compensation:

Employees Stock Option Plans ("ESOPs"):

Equity-settled plans are accounted at fair value as at the grant date. The fair value of the share-based option is determined at the grant date using a market-based option valuation model (Black Scholes Option Valuation Model). The fair value of the option is recorded as compensation expense amortized over the vesting period of the options, with a corresponding increase in Reserves and Surplus under the head "Employee Stock Option account". On exercise of the option, the proceeds are recorded as share capital.

The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the Statement of Profit and Loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized in employee benefits expense.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of equity instruments that will ultimately vest.

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,

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March 2022

(₹ in million)

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 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.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March 2022

(₹ in million)

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 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

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March 2022

(₹ in million)

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.

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

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March 2022

(₹ in million)

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
- 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

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March 2022

(₹ in million)

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 and credit risk exposure:

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

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

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March 2022

(₹ in million)

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 2022

(₹ in million)

| 5 | 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 (Refer note b) | Total |
| | Balance as at 1 April 2020 | 327.22 | 5.22 | 213.20 | 950.06 | 17.97 | 17.34 | 8.77 | 2.37 | 17.67 | 20.65 | 1,580.47 |
| | 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 |
| | Balance as at 31 March 2021 | 327.22 | 5.22 | 251.06 | 1,031.38 | 19.91 | 16.41 | 11.79 | 2.37 | 20.97 | 20.65 | 1,706.98 |
| | Additions | - | - | - | 53.51 | 4.84 | 15.63 | 3.41 | 0.62 | 3.46 | 12.84 | 94.31 |
| | Disposals | - | - | 0.73 | 0.01 | - | 0.13 | - | - | 0.01 | - | 0.88 |
| | Balance as at 31 March 2022 | 327.22 | 5.22 | 250.33 | 1,084.89 | 24.75 | 31.90 | 15.20 | 2.99 | 24.42 | 33.49 | 1,800.41 |
| | Accumulated depreciation and amortisation | | | | | | | | | | | |
| | Balance as at 1 April 2020 | - | 0.28 | 63.50 | 206.19 | 11.34 | 13.02 | 5.77 | 1.85 | 11.18 | 3.09 | 316.22 |
| | Depreciation and amortisation | - | 0.07 | 13.87 | 56.46 | 1.69 | 1.35 | 1.63 | - | 3.95 | 3.83 | 82.85 |
| | Reversal on disposal of assets | - | - | 0.01 | 1.15 | 0.00 | 0.72 | 0.35 | - | 0.08 | - | 2.31 |
| | Balance as at 31 March 2021 | - | 0.35 | 77.36 | 261.50 | 13.03 | 13.65 | 7.05 | 1.85 | 15.05 | 6.92 | 396.76 |
| | Depreciation and amortisation | - | 0.07 | 15.90 | 58.48 | 1.83 | 1.12 | 2.32 | - | 3.52 | 5.28 | 88.52 |
| | Reversal on disposal of assets | - | - | 0.11 | - | - | 0.13 | - | - | 0.00 | - | 0.24 |
| | Balance as at 31 March 2022 | - | 0.42 | 93.15 | 319.98 | 14.86 | 14.64 | 9.37 | 1.85 | 18.57 | 12.20 | 485.04 |
| | Net block | | | | | | | | | | | |
| | Balance as at 31 March 2021 | 327.22 | 4.87 | 173.70 | 769.88 | 6.88 | 2.76 | 4.74 | 0.52 | 5.92 | 13.73 | 1,310.22 |
| | Balance as at 31 March 2022 | 327.22 | 4.80 | 157.18 | 764.90 | 9.89 | 17.27 | 5.83 | 1.14 | 5.85 | 21.29 | 1,315.37 |
| | # Figures are below ₹ 0.01 Million, hence disclosed as ₹ 0.00 | | | | | | | | | | | |
| | 5A Capital work-in-progress (CWIP) | | | | | | | | | | | |
| | | | | | Amount | | | | | | | |
| | CWIP as at 1 April 2020 | | | | 45.80 | | | | | | | |
| | Additions during the year | | | | 103.01 | | | | | | | |
| | Capitalised during the year | | | | 129.20 | | | | | | | |
| | CWIP as at 31 March 2021 | | | | 19.61 | | | | | | | |
| | Additions during the year | | | | 93.91 | | | | | | | |
| | Capitalised during the year | | | | 81.07 | | | | | | | |
| | CWIP as at 31 March 2022 | | | | 32.45 | | | | | | | |

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March 2022

(₹ in million)

(a) For Capital-work-in progress ageing schedule

| CWIP as at 31 March 2022 | Amount in CWIP for a period of | | | | Total |
|--------------------------------|--------------------------------|-------------|-------------|-------------------|-------|
| | Less than 1 year | 1 - 2 years | 2 - 3 years | More than 3 years | |
| Projects in progress | 26.36 | 5.56 | 0.00 | 0.53 | 32.45 |
| Projects temporarily suspended | - | - | - | - | - |

| CWIP as at 31 March 2021 | Amount in CWIP for a period of | | | | Total |
|--------------------------------|--------------------------------|-------------|-------------|-------------------|-------|
| | Less than 1 year | 1 - 2 years | 2 - 3 years | More than 3 years | |
| Projects in progress | 10.68 | 8.40 | - | 0.53 | 19.61 |
| Projects temporarily suspended | - | - | - | - | - |

(b) For Right to use asset

| | Buildings | Land Leasehold | Total |
|--|-----------|----------------|-------|
| Gross block | | | |
| Balance as at 1 April 2020 | 8.03 | 12.62 | 20.65 |
| Additions | - | - | - |
| Disposals | - | - | - |
| Balance as at 31 March 2021 | 8.03 | 12.62 | 20.65 |
| Additions | 12.84 | - | 12.84 |
| Disposals | - | - | - |
| Balance as at 31 March 2022 | 20.87 | 12.62 | 33.49 |
| Accumulated depreciation and amortization | | | |
| Balance as at 1 April 2020 | 3.09 | - | 3.09 |
| Depreciation and amortization | 3.09 | 0.74 | 3.83 |
| Reversal on disposal of assets | - | - | - |
| Balance as at 31 March 2021 | 6.18 | 0.74 | 6.92 |
| Depreciation and amortization | 4.54 | 0.74 | 5.28 |
| Reversal on disposal of assets | - | - | - |
| Balance as at 31 March 2022 | 10.71 | 1.49 | 12.20 |
| Net block | | | |
| Balance as at 31 March 2021 | 1.86 | 11.87 | 13.73 |
| Balance as at 31 March 2022 | 10.16 | 11.13 | 21.29 |

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March 2022

(₹ in million)

6 Intangible assets

| Gross block | Computer software | Product Dossiers | Total |
|------------------------------------|-------------------|------------------|--------------|
| Balance as at 1 April 2020 | 28.94 | 3.83 | 32.77 |
| Additions | 1.28 | - | 1.28 |
| Disposals | - | - | - |
| Balance as at 31 March 2021 | 30.22 | 3.83 | 34.05 |
| Additions | - | - | - |
| Disposals | - | - | - |
| Balance as at 31 March 2022 | 30.22 | 3.83 | 34.05 |
| Accumulated amortisation | | | |
| Balance as at 1 April 2020 | 14.39 | 0.49 | 14.88 |
| Amortisation | 6.83 | 0.38 | 7.21 |
| Balance as at 31 March 2021 | 21.22 | 0.87 | 22.09 |
| Amortisation | 6.70 | 0.38 | 7.08 |
| Balance as at 31 March 2022 | 27.92 | 1.25 | 29.17 |
| Net block | | | |
| Balance as at 31 March 2021 | 9.00 | 2.96 | 11.96 |
| Balance as at 31 March 2022 | 2.30 | 2.58 | 4.88 |

6A Intangible assets under development

| | Amount |
|------------------------------------|--------------|
| Balance as on 1 April 2020 | 53.75 |
| Addition during the year | 1.33 |
| Capitalised during the year | 1.29 |
| Balance as on 31 March 2021 | 53.79 |
| Addition during the year | 0.60 |
| Capitalised during the year | - |
| Balance as at 31 March 2022 | 54.39 |

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March 2022

(₹ in million)

7 Non-current investments

| | As at 31 March 2022 | As at 31 March 2021 |
|--|---------------------------|---------------------------|
| Investment in Equity Instruments (Unquoted) | | |
| Investment in subsidiaries (Valued at cost unless stated otherwise) | | |
| 60,000 Equity shares (31 March 2021 - 60,000) of ₹ 10 each fully paid up of Advanced Bio-Agro Tech Limited | 0.60 | 0.60 |
| 70,000 Equity shares (31 March 2021 - 70,000) of ₹ 10 each fully paid up of Advanced Enzytech Solutions Limited | 1.57 | 1.57 |
| 5,839 Equity shares (31 March 2021 - 5,839) of USD 1,000 each fully paid up of Advanced Enzymes USA, Inc. * | 531.19 | 531.19 |
| 17,605,680 Equity shares (31 March 2021 - 14,499,000) of ₹ 10 each fully paid up of JC Biotech Private Limited (refer note 48) # | 726.75 | 515.50 |
| 500,000 Equity shares (31 March 2021 - 500,000) of MYR 1 each fully paid up of Advanced Enzymes (Malaysia) Sdn. Bhd. | 8.38 | 8.38 |
| 2,000,000 Equity shares (31 March 2021 - 2,000,000) of Euro 1 each fully paid up of Advanced Enzymes Europe B.V. | 149.85 | 149.85 |
| 520,408 Equity shares (31 March 2021 - 520,408) of ₹ 10 each fully paid up of Scitech Specialities Pvt. Ltd. (refer note 50) | 316.26 | 316.26 |
| Less: Provision for diminution in the value of investment | (8.38) | (8.38) |
| | 1,726.22 | 1,514.97 |
| Other investments (unquoted) | | |
| Equity shares at fair value through profit and loss | | |
| 19,100 Equity shares (31 March 2021 - 19,100) of ₹ 10 each fully paid up of Advanced Vital Enzymes Private Limited | 0.57 | 0.57 |
| 1,666 Equity shares (31 March 2021 - 1,666) of ₹ 30 each fully paid up of Bombay Mercantile Co-op. Bank Limited | 0.05 | 0.05 |
| | 0.62 | 0.62 |
| | 1,726.84 | 1,515.59 |
| Aggregate value of unquoted investments | 1,726.84 | 1,515.59 |
| Provision for diminution in value of investments | 8.38 | 8.38 |

Refer Note 42

* 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

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March 2022

(₹ in million)

8 Long-term loans

(unsecured considered good unless otherwise stated)

| | As at 31 March 2022 | As at 31 March 2021 |
|---|---------------------------|---------------------------|
| Loans to related parties (Refer note 42) | 210.01 | 247.97 |
| Less: Provision for diminution of loan given | (1.95) | (1.95) |
| Interest receivable | 35.62 | 30.05 |
| Less: Provision for diminution of interest receivable | (0.19) | (0.19) |
| | 243.49 | 275.88 |

| Type of borrower | Amount of loan or advance in the nature of loan outstanding | |
|------------------|---|-------------|
| | 31 Mar 2022 | 31 Mar 2021 |
| Promoters | - | - |
| Directors | - | - |
| KMPs | - | - |
| Related Parties | 245.96 | 246.02 |
| Total amount | 245.96 | 246.02 |

| Type of borrower | Percentage to the total loans and advances in the nature of loans | |
|------------------|---|-------------|
| | 31 Mar 2022 | 31 Mar 2021 |
| Promoters | 0% | 0% |
| Directors | 0% | 0% |
| KMPs | 0% | 0% |
| Related Parties | 100% | 100% |
| Total percentage | 100% | 100% |

9 Other non-current financial assets

(unsecured considered good unless otherwise stated)

| | As at 31 March 2022 | As at 31 March 2021 |
|--|---------------------------|---------------------------|
| Non-current bank balances having maturity of more than 12 months | 0.05 | 0.05 |
| Security deposits | 14.01 | 12.62 |
| | 14.06 | 12.67 |

10 Other non-current assets

(unsecured considered good unless otherwise stated)

| | As at 31 March 2022 | As at 31 March 2021 |
|------------------|---------------------------|---------------------------|
| Prepaid expenses | 2.40 | 1.25 |
| Capital advances | 8.68 | 0.20 |
| | 11.08 | 1.45 |

11 Inventories

(valued at lower of cost and net realizable value)

| | As at 31 March 2022 | As at 31 March 2021 |
|--|---------------------------|---------------------------|
| Raw materials and packing materials [including goods-in- transit of ₹ 42.69 million (31 March 2021: ₹ 34.61 million)] | 287.66 | 254.29 |
| Work-in-progress | 282.06 | 205.27 |
| Finished goods [including goods-in- transit of ₹ 36.11 million (31 March 2021 ₹ 34.79 million)] | 166.83 | 108.46 |
| Consumables and fuel | 64.22 | 66.20 |
| | 800.77 | 634.22 |

As at 31 March 2022, the Company has written down the value for slow moving inventory aggregating ₹ 86.56 million (31 March 2021: ₹ 86.53 million). The charge on account of written down value during the year ended 31 March 2022 is ₹ 0.03 million (31 March 2021: reversal of ₹ 26.78 million) is included in cost of materials consumed and changes in inventories.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March 2022

(₹ in million)

12 Current investments

| | As at 31 March 2022 | As at 31 March 2021 |
|--|---------------------------|---------------------------|
| Mutual funds (Quoted) | | |
| <i>(carried at fair value through profit and loss)</i> | | |
| DSP Savings fund - Direct - Growth | 15.49 | 152.12 |
| (No. of units 31 March 2022: 354,042.284, 31 March 2021: 3,613,215.850) | | |
| (Market value 31 March 2022: ₹ 43.763/unit; 31 March 2021: ₹ 42.100/unit) | | |
| DSP overnight fund - Direct - Growth | 10.00 | 177.13 |
| (No. of units 31 March 2022: 8,786.469, 31 March 2021: 160,702.822) | | |
| (Market value 31 March 2022: 1,138.3791/unit; 31 March 2021: ₹ 1,102.238/unit) | | |
| Aditya Birla Sunlife Limited floating rate fund - Direct - Growth | 17.12 | - |
| (No. of units 31 March 2022: 60,372.067, 31 March 2021: Nil) | | |
| (Market value 31 March 2022: 283.549/unit) | | |
| ICICI Ultra short term fund | 26.02 | - |
| (No. of units 31 March 2022: 1,087,986.419, 31 March 2021: Nil) | | |
| (Market value 31 March 2022: 23.911/unit) | | |
| ICICI Prudential Floating Interest Fund - Direct Plan - Growth | 3.91 | - |
| (No. of units 31 March 2022: 10,829.661, 31 March 2021: Nil) | | |
| (Market value 31 March 2022: 360.661/unit) | | |
| Aditya Birla Sunlife Limited Overnight Fund - Growth - Direct | 81.80 | - |
| (No. of units 31 March 2022: 71,146.4933, 31 March 2021: Nil) | | |
| (Market value 31 March 2022: 1,149.6854/unit) | | |
| ICICI Prudential Overnight Fund | 12.50 | - |
| (No. of units 31 March 2022: 109,073.397, 31 March 2021: Nil) | | |
| (Market value 31 March 2022: 114.608/unit) | | |
| | 166.84 | 329.25 |

13 Trade receivables

| | As at 31 March 2022 | As at 31 March 2021 |
|---|---------------------------|---------------------------|
| Secured, considered good | 0.13 | 0.13 |
| Unsecured, considered good | 490.72 | 547.28 |
| Unsecured, credit impaired | 2.50 | 2.25 |
| Less: Impairment loss allowance | (2.50) | (2.25) |
| | 490.85 | 547.41 |
| (Refer note 41 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 42) | 21.60 | 96.39 |

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March 2022

(₹ in million)

Outstanding as on 31 March 2022

| Particulars | Less than 6 months | 6 months - 1 year | 1 - 2 years | 2 - 3 years | More than 3 years | Total |
|---|--------------------|-------------------|-------------|-------------|-------------------|---------------|
| i) Undisputed Trade Receivables - considered good | 486.71 | 3.23 | 0.52 | 0.39 | - | 490.85 |
| ii) Undisputed Trade Receivables - which have significant increase in credit risk | - | - | - | - | - | - |
| iii) Undisputed Trade Receivables - credit impaired | 0.73 | 0.37 | 0.10 | 1.07 | 0.23 | 2.50 |
| iv) Disputed Trade Receivables - considered good | - | - | - | - | - | - |
| v) Disputed Trade Receivables - which have significant increase in credit risk | - | - | - | - | - | - |
| vi) Disputed Trade Receivables - credit impaired | - | - | - | - | - | - |
| Total trade receivables | 487.44 | 3.60 | 0.62 | 1.46 | 0.23 | 493.35 |
| Provision for doubtful trade receivables | 0.73 | 0.37 | 0.10 | 1.07 | 0.23 | 2.50 |
| Net receivable | 486.71 | 3.23 | 0.52 | 0.39 | - | 490.85 |

Outstanding as on 31 March 2021

| Particulars | Less than 6 months | 6 months - 1 year | 1 - 2 years | 2 - 3 years | More than 3 years | Total |
|---|--------------------|-------------------|-------------|-------------|-------------------|---------------|
| i) Undisputed Trade Receivables - considered good | 544.56 | 1.46 | 1.38 | 0.01 | - | 547.41 |
| ii) Undisputed Trade Receivables - which have significant increase in credit risk | - | - | - | - | - | - |
| iii) Undisputed Trade Receivables - credit impaired | 0.45 | 0.38 | 0.96 | 0.06 | 0.40 | 2.25 |
| iv) Disputed Trade Receivables - considered good | - | - | - | - | - | - |
| v) Disputed Trade Receivables - which have significant increase in credit risk | - | - | - | - | - | - |
| vi) Disputed Trade Receivables - credit impaired | - | - | - | - | - | - |
| Total trade receivables | 545.01 | 1.84 | 2.34 | 0.07 | 0.40 | 549.66 |
| Provision for doubtful trade receivables | 0.45 | 0.38 | 0.96 | 0.06 | 0.40 | 2.25 |
| Net receivable | 544.56 | 1.46 | 1.38 | 0.01 | - | 547.41 |

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March 2022

(₹ in million)

14 Cash and cash equivalents

| | As at 31 March 2022 | As at 31 March 2021 |
|---|---------------------------|---------------------------|
| Cash on hand | 0.42 | 0.14 |
| Balances with banks | | |
| - in current accounts | 134.56 | 14.44 |
| - in deposit account with original maturity upto three months | - | 0.47 |
| | 134.98 | 15.05 |

14A Other bank balances

| | As at 31 March 2022 | As at 31 March 2021 |
|---|---------------------------|---------------------------|
| Unclaimed dividend account | 1.08 | 0.92 |
| Bank deposits with original maturity of more than three months but less than twelve months* | 42.02 | 2.73 |
| Earmarked bank balances | 1.67 | - |
| | 44.77 | 3.65 |
| * includes earmarked balances for performance guarantees | 42.02 | 2.73 |

15 Short-term loans

(unsecured considered good unless otherwise stated)

| | As at 31 March 2022 | As at 31 March 2021 |
|--|---------------------------|---------------------------|
| Loan to employees | 0.16 | 0.27 |
| Loans to related parties (Refer note 42) | 37.90 | - |
| Interest receivable | 19.93 | - |
| | 57.99 | 0.27 |

16 Other current financial assets

(unsecured considered good unless otherwise stated)

| | As at 31 March 2022 | As at 31 March 2021 |
|------------------------------|---------------------------|---------------------------|
| Export incentives receivable | 12.95 | 12.80 |
| Others | 0.81 | 3.26 |
| | 13.76 | 16.06 |

17 Other current assets

(unsecured considered good unless otherwise stated)

| | As at 31 March 2022 | As at 31 March 2021 |
|-------------------------------------|---------------------------|---------------------------|
| Prepaid expenses | 8.49 | 8.55 |
| Advance to suppliers | 17.33 | 4.37 |
| Balance with Government authorities | 28.23 | 33.90 |
| Asset recoverable from customers | 2.85 | 9.55 |
| | 56.90 | 56.37 |

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March 2022

(₹ in million)

18 Equity share capital

| | As at 31 March 2022 | | As at 31 March 2021 | |
|---|------------------------|---------------|------------------------|---------------|
| | Number of shares | Amount | Number of shares | Amount |
| Authorised | | | | |
| Equity shares of ₹ 2 each | 17,50,00,000 | 350.00 | 17,50,00,000 | 350.00 |
| | 17,50,00,000 | 350.00 | 17,50,00,000 | 350.00 |
| Issued, subscribed and fully paid up | | | | |
| Equity shares of ₹ 2 each | 11,18,00,675 | 223.60 | 11,17,28,425 | 223.46 |
| Total | 11,18,00,675 | 223.60 | 11,17,28,425 | 223.46 |

a) Reconciliation of equity share capital

| | As at 31 March 2022 | | As at 31 March 2021 | |
|---|------------------------|---------------|------------------------|---------------|
| | Number of shares | Amount | Number of shares | Amount |
| Balance at the beginning of the year | 11,17,28,425 | 223.46 | 11,16,78,475 | 223.36 |
| Add : Issued during the year (Refer note 18d below) | 72,250 | 0.14 | 49,950 | 0.10 |
| Balance at the end of the year | 11,18,00,675 | 223.60 | 11,17,28,425 | 223.46 |

b) Shareholders holding more than 5% of the equity shares

| | As at 31 March 2022 | | As at 31 March 2021 | |
|--|------------------------|---------------|------------------------|---------------|
| | Number of shares | % of holding | Number of shares | % of holding |
| Equity shares of ₹ 2 each | | | | |
| Mr. Vasant L. Rathi* | 3,65,03,702 | 32.65% | 3,65,78,702 | 32.74% |
| Advanced Vital Enzymes Private Limited (Chandrakant Rathi Innovations and Projects Private limited merged with Advanced Vital Enzymes Private Limited) | 99,56,344 | 8.91% | 1,33,71,876 | 11.97% |
| Nalanda India Equity Fund Limited | 68,28,047 | 6.11% | 53,00,644 | 4.74% |
| Orbimed Asia III Mauritius Limited | 1,10,53,245 | 9.89% | 1,10,53,245 | 9.89% |
| HDFC Small Cap Fund | 47,07,479 | 4.21% | 56,70,573 | 5.08% |
| | 6,90,48,817 | 61.76% | 7,19,75,040 | 64.42% |

*includes shares held by Vasant and Prabha Rathi Generation Trust - 31 March 2022: 7,500,000 shares (6.71%) [31 March 2021: 7,500,000 shares (6.71%)]

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.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March 2022

(₹ in million)

d) Shares reserved for issue under options

The Company had reserved issuance of 220,000 Equity shares of ₹ 2 each (31 March 2021: 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 43)

Details of Shares held by Promoters at the end of the year

| Sr. No. | Promoter name | As at 31 March 2022 | | As at 31 March 2021 | | % change between 31 Mar 22 vs 31 Mar 21 | As at 31 March 2020 | | % change between 31 Mar 21 vs 31 Mar 20 |
|---------|--|---------------------|-------------------|---------------------|-------------------|---|---------------------|-------------------|---|
| | | No. of shares | % of total shares | No. of shares | % of total shares | | No. of shares | % of total shares | |
| 1 | Vasant Rathi * | 3,65,03,702 | 32.65% | 3,65,78,702 | 32.74% | (0.09)% | 3,65,78,702 | 32.75% | (0.01)% |
| 2 | Chandrakumar Laxminarayan Rathi | 46,500 | 0.04% | 46,500 | 0.04% | 0.00% | 46,500 | 0.04% | 0.00% |
| 3 | Reshma Namita Rathi | 26,46,858 | 2.37% | 26,46,858 | 2.37% | 0.00% | 25,92,858 | 2.32% | 0.05% |
| 4 | Rachana Vasant Rathi | 26,41,500 | 2.36% | 26,41,500 | 2.36% | 0.00% | 25,65,000 | 2.30% | 0.06% |
| 5 | Rasika Vasant Rathi | 26,36,700 | 2.36% | 26,36,700 | 2.36% | 0.00% | 25,65,000 | 2.30% | 0.06% |
| 6 | Prabhavati Vasant Rathi | 9,13,000 | 0.82% | 9,63,000 | 0.86% | (0.04)% | 9,63,000 | 0.86% | 0.00% |
| 7 | Kishor Laxminarayan Rathi | 14,66,000 | 1.31% | 14,66,000 | 1.31% | 0.00% | 14,66,000 | 1.31% | 0.00% |
| 8 | Madhusudan Kabra | 7,15,600 | 0.64% | - | 0.00% | 0.64% | - | 0.00% | 0.00% |
| 9 | Savita Chandrakumar Rathi | 3,71,500 | 0.33% | 3,71,500 | 0.33% | 0.00% | 3,71,500 | 0.33% | 0.00% |
| 10 | Radhika Ashish Pujara | 31,500 | 0.03% | 31,500 | 0.03% | 0.00% | 31,500 | 0.03% | 0.00% |
| 11 | Piyush Chandrakumar Rathi | 23,500 | 0.02% | 23,500 | 0.02% | 0.00% | 23,500 | 0.02% | 0.00% |
| 12 | Jayesh Madhusudan Soni | 10,000 | 0.01% | 10,000 | 0.01% | 0.00% | - | 0.00% | 0.01% |
| 13 | Sanju Madhusudan Soni | 10,000 | 0.01% | 10,000 | 0.01% | 0.00% | - | 0.00% | 0.01% |
| 14 | Tejasvi Madhusudan Soni | 10,000 | 0.01% | 10,000 | 0.01% | 0.00% | - | 0.00% | 0.01% |
| 15 | Abhijit Kishor Rathi | 82,835 | 0.07% | - | 0.00% | 0.07% | - | 0.00% | 0.00% |
| 16 | Ankit Kishor Rathi | 1,00,000 | 0.09% | - | 0.00% | 0.09% | - | 0.00% | 0.00% |
| 17 | Amit Kishor Rathi | 75,000 | 0.07% | - | 0.00% | 0.07% | - | 0.00% | 0.00% |
| 18 | Sunita Sunil Attal | 11,860 | 0.01% | - | 0.00% | 0.01% | - | 0.00% | 0.00% |
| 19 | Anisha Sunil Attal | 10,333 | 0.01% | - | 0.00% | 0.01% | - | 0.00% | 0.00% |
| 20 | Megha Jhavar | 10,000 | 0.01% | - | 0.00% | 0.01% | - | 0.00% | 0.00% |
| 21 | Nikita Madhusudan Soni | 10,000 | 0.01% | - | 0.00% | 0.01% | - | 0.00% | 0.00% |
| 22 | Payal Shamsunder Soni | 5,000 | 0.01% | - | 0.00% | 0.01% | - | 0.00% | 0.00% |
| 23 | Snehal Shamsunder Soni | 5,000 | 0.01% | - | 0.00% | 0.01% | - | 0.00% | 0.00% |
| 24 | Advanced Vital Enzymes Pvt Ltd (Chandrakant Rathi Innovations And Projects Private Limited merged with Advanced Vital Enzymes Pvt. Ltd.) | 99,56,344 | 8.91% | 1,33,71,876 | 11.97% | (3.06)% | 1,63,71,876 | 14.66% | (2.69)% |
| 25 | Atharva Green Ecotech LLP | 6,29,000 | 0.56% | 6,29,000 | 0.56% | 0.00% | 6,29,000 | 0.56% | 0.00% |
| 26 | Mangala Madhusudan Kabra | - | - | 4,35,600 | 0.39% | (0.39)% | 4,35,600 | 0.39% | 0.00% |
| | Total | 5,89,21,732 | 52.72% | 6,18,72,236 | 55.37% | | 6,46,40,036 | 57.87% | |

*includes shares held by Vasant and Prabha Rathi Generation Trust - 31 March 2022: 7,500,000 shares (6.71%) [31 March 2021: 7,500,000 shares (6.71%)]

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March 2022

(₹ in million)

19 Other equity

| | As at 31 March 2022 | As at 31 March 2021 |
|--|---------------------------|---------------------------|
| Capital reserves | | |
| 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 | 3.00 | 3.00 |
| Securities premium account | | |
| Balance at the beginning of the year | 787.37 | 770.79 |
| Add: Premium on issue of equity shares under ESOP scheme | 24.00 | 16.58 |
| Balance at the end of the year | 811.37 | 787.37 |
| Employee stock option account | | |
| Balance at the beginning of the year | 26.19 | 36.06 |
| Add: Options granted during the year (refer note 43) | - | 5.31 |
| Less: Exercised during the year | (19.79) | (13.69) |
| Less: Lapsed during the year | - | (1.49) |
| Balance at the end of the year | 6.40 | 26.19 |
| General reserve | | |
| 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 | 32.53 | 32.53 |

| | As at 31 March 2022 | As at 31 March 2021 |
|--|---------------------------|---------------------------|
| Surplus in the Statement of Profit and Loss | | |
| Balance at the beginning of the year | 3,281.91 | 2,639.09 |
| Add: Transferred from Statement of Profit and Loss | 545.11 | 710.12 |
| Add: Transferred from Other comprehensive income | 0.21 | (0.29) |
| Less: Dividend | (100.60) | (67.01) |
| Balance at the end of the year | 3,726.63 | 3,281.91 |
| | 4,579.93 | 4,131.00 |

Nature and purpose of reserves

Capital reserve

The reserve comprises of profits/gains of capital nature earned by the Company and credited directly to such reserve.

Securities premium

Securities premium is used to record the premium received on issue of shares. It is utilised in accordance with the provisions of the Companies Act, 2013.

General reserve

General reserve is created out of the profits earned by the Company by way of transfer from surplus in the Statement of Profit and Loss. The Company can use this reserve for payment of dividend and issue of fully paid up and not paid up bonus shares.

Dividends

The following dividends were declared and paid by the Company during the year

| Particulars | Paid during 01-Apr-21 to 31-Mar-22 | Paid during 01-Apr-20 to 31-Mar-21 |
|---|--|--|
| ₹ 0.90 per equity share (31 March 2021: ₹ 0.60 share) | 100.60 | 67.01 |
| | 100.60 | 67.01 |

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March 2022

(₹ in million)

20 Non-current borrowings

| | As at 31 March 2022 | As at 31 March 2021 |
|--|---------------------------|---------------------------|
| Secured | | |
| Term loans: | | |
| Vehicle loans | - | - |
| | - | - |
| Unsecured | | |
| Deferred sales tax payment liabilities | - | 1.75 |
| | - | 1.75 |
| | - | 1.75 |

a) Details of security for each type of borrowing

(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 (Refer note 24)

Vehicle Loans (including short term borrowings)

| Interest rate | No. of installments | Date of last installment | Amount of installment | Outstanding as at 31 March 2022 | Outstanding as at 31 March 2021 |
|---------------|------------------------|-----------------------------|--------------------------|--|--|
| 9.16% | 60 | 07-Apr-21 | 0.09 | - | 0.09 |
| 8.35% | 60 | 05-Mar-22 | 0.03 | - | 0.39 |
| Total | | | | - | 0.48 |

Deferred sales tax payment liabilities

Deferred Sales Tax Loan is interest free and payable in 5 equal annual installments after expiry of initial 10 years of moratorium year from each such year of deferral period from 1996-97 to 2006-07.

21 Lease liabilities

| | As at 31 March 2022 | | As at 31 March 2021 | |
|---------------------------------|------------------------|---------|------------------------|---------|
| | Non-current | Current | Non-current | Current |
| Lease liability (refer note 39) | 9.51 | 4.57 | 3.49 | 2.08 |
| | 9.51 | 4.57 | 3.49 | 2.08 |

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March 2022

(₹ in million)

22 Provisions

| | As at 31 March 2022 | | As at 31 March 2021 | |
|---|------------------------|---------|------------------------|---------|
| | Non-current | Current | Non-current | Current |
| Provision for employee benefits | | | | |
| Compensated absences | 2.28 | 8.11 | 2.28 | 7.75 |
| Gratuity (Refer note 37) | 6.34 | 5.96 | 7.66 | 5.73 |
| Provision for sales return (Also, refer note below) | - | 6.51 | - | 7.01 |
| | 8.62 | 20.58 | 9.94 | 20.49 |

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 2022 | As at 31 March 2021 |
|---|---------------------------|---------------------------|
| Movement in provision for sales return | | |
| Provision at the beginning of the year | 7.01 | 6.49 |
| Provision created during the year | 6.51 | 7.01 |
| Provision reversed/utilised during the year | (7.01) | (6.49) |
| Provision at the end of the year | 6.51 | 7.01 |

23 Deferred tax liabilities (net)

| | As at 31 March 2022 | As at 31 March 2021 |
|--|---------------------------|---------------------------|
| Deferred tax liabilities | | |
| Excess of depreciation/amortisation on Property, plant and equipment under income-tax law over depreciation/amortisation provided in standalone financial statements | 122.66 | 126.97 |
| | 122.66 | 126.97 |
| Deferred tax assets | | |
| Provision for employee benefits | 8.91 | 8.68 |
| Others | 2.27 | 2.33 |
| | 11.18 | 11.01 |
| | 111.48 | 115.96 |

Refer note 36

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March 2022

(₹ in million)

Movement in deferred tax balances

| Particulars | 31 March 2022 | | | | | | |
|---|--------------------------------|--|----------------------|----------|--|--------------------------|------------------------------|
| | Net balance 1 April 2021 | Recognised in Statement of Profit and Loss | Recognised in OCI | Others | Net deferred tax asset/ liability | Deferred tax asset | Deferred tax liability |
| Deferred tax asset / (liability) | | | | | | | |
| Property, plant and equipment | (126.97) | 4.31 | - | - | (122.66) | - | (122.66) |
| Provision for employee benefits | 8.68 | 0.30 | (0.07) | - | 8.91 | 8.91 | - |
| Other items | 2.33 | (0.06) | - | - | 2.27 | 2.27 | - |
| Minimum Alternate Tax Credit | - | - | - | - | - | - | - |
| Tax assets / (liabilities) | (115.96) | 4.55 | (0.07) | - | (111.48) | 11.18 | (122.66) |
| Offsetting of deferred tax assets and liabilities | | | | | | (11.18) | 11.18 |
| Net deferred tax assets/(liabilities) | (115.96) | 4.55 | (0.07) | - | (111.48) | - | (111.48) |

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 |
| Deferred tax asset / (liability) | | | | | | | |
| 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) | - | - | - | - | - |
| Tax assets / (Liabilities) | (90.34) | (25.72) | 0.10 | - | (115.96) | 11.01 | (126.97) |
| Offsetting of deferred tax assets and liabilities | | | | | | (11.01) | 11.01 |
| Net deferred tax assets/(liabilities) | (90.34) | (25.72) | 0.10 | - | (115.96) | - | (115.96) |

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.

During the year ended 31 March 2021, the Company has written off tax credits in respect of Minimum Alternative Tax ("MAT" credit) of ₹ 26.33 million.

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 2022

(₹ in million)

24 Current borrowings

| | As at 31 March 2022 | As at 31 March 2021 |
|--|---------------------------|---------------------------|
| Secured | | |
| Loans repayable on demand: | | |
| From banks in rupees | - | 1.42 |
| | - | 1.42 |
| Current maturities of long term borrowings | | |
| - Vehicle loans (refer note 20) | - | 0.48 |
| - Deferred sales tax payment liabilities (refer note 20) | 1.75 | 5.39 |
| | 1.75 | 5.87 |
| | 1.75 | 7.29 |

a) Details of security for each type of borrowings as at 31 March 2022

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

(i) Cash Credit from bank for ₹ Nil million (31 March 2021: ₹ 1.42 million) carries an interest rate of 9% to 11%.

During financial year ended 31 March 2022

Reconciliation of quarterly returns or statements of current assets filed with banks or financial institutions

| Quarter | Name of bank | Particulars of Securities Provided | Amount as per books of account | Amount as reported in the quarterly return/statement | Amount of difference | Reason for material discrepancies |
|---------|-------------------------------|------------------------------------|--------------------------------|--|----------------------|--|
| June 21 | HDFC Bank, Citibank, DBS Bank | Inventory | 668.91 | 682.37 | (13.46) | On account of Valuation of inventory, Goods-in-transit based on incoterms and Revenue recognition criteria under Ind AS 115. |
| | | Receivables | 617.88 | 653.29 | (35.41) | On account of regrouping of advance received, Revenue recognition criteria as per Ind AS 115, revaluation of foreign currency receivables and rate difference. |
| | | Creditors | 200.8 | 145.57 | 55.23 | On account of Goods-in-transit based on incoterms, regrouping of advances, capital payables, normal advances and Bookings vendor invoices received subsequent to submission to bank. |

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March 2022

(₹ in million)

| Quarter | Name of bank | Particulars of Securities Provided | Amount as per books of account | Amount as reported in the quarterly return/ statement | Amount of difference | Reason for material discrepancies |
|---------|-------------------------------|------------------------------------|--------------------------------|---|----------------------|--|
| Sep 21 | HDFC Bank, Citibank, DBS Bank | Inventory | 791.02 | 790.20 | 0.82 | On account of Valuation of inventory, Goods-in-transit based on incoterms and Revenue recognition criteria under Ind AS 115. |
| | | Receivables | 556.34 | 623.87 | (67.53) | On account of regrouping of advance received, Revenue recognition criteria as per Ind AS 115, revaluation of foreign currency receivables and rate difference. |
| | | Creditors | 247.37 | 190.16 | 57.21 | On account of Goods-in-transit based on incoterms, regrouping of advances, capital payables, normal advances and Bookings vendor invoices received subsequent to submission to bank. |
| Dec 21 | HDFC Bank, Citibank, DBS Bank | Inventory | 766.63 | 749.87 | 16.76 | On account of Valuation of inventory, Goods-in-transit based on incoterms and Revenue recognition criteria under Ind AS 115. |
| | | Receivables | 558.98 | 654.91 | (95.93) | On account of regrouping of advance received, Revenue recognition criteria as per Ind AS 115, revaluation of foreign currency receivables and rate difference. |
| | | Creditors | 191.84 | 148.63 | 43.21 | On account of Goods-in-transit based on incoterms, regrouping of advances, capital payables, normal advances and Bookings vendor invoices received subsequent to submission to bank. |
| Mar 22 | HDFC Bank, Citibank, DBS Bank | Inventory | 800.77 | 800.88 | (0.11) | On account of Valuation of inventory. |
| | | Receivables | 490.85 | 490.85 | - | NA |
| | | Creditors | 202.59 | 197.19 | 5.40 | Difference is on account of other provisional liabilities booked as on 31 March 2022. |

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March 2022

(₹ in million)

During financial year ended 31 March 2021

| Quarter | Name of bank | Particulars of Securities Provided | Amount as per books of account | Amount as reported in the quarterly return/ statement | Amount of difference | Reason for material discrepancies |
|---------|-------------------------------|------------------------------------|--------------------------------|---|----------------------|--|
| June 20 | HDFC Bank, Citibank, DBS Bank | Inventory | 610.66 | 636.96 | (26.30) | On account of Valuation of inventory, Goods-in-transit based on incoterms and Revenue recognition criteria under Ind AS 115. |
| | | Receivables | 588.09 | 540.89 | 47.20 | On account of regrouping of advance received, Revenue recognition criteria as per Ind AS 115, revaluation of foreign currency receivables and rate difference. |
| | | Creditors | 127.84 | 153.89 | (26.05) | On account of Goods-in-transit based on incoterms, regrouping of advances, capital payables, normal advances and Bookings vendor invoices received subsequent to submission to bank. |
| Sep 20 | HDFC Bank, Citibank, DBS Bank | Inventory | 670.72 | 669.82 | 0.90 | On account of Valuation of inventory, Goods-in-transit based on incoterms and Revenue recognition criteria under Ind AS 115. |
| | | Receivables | 545.85 | 475.29 | 70.56 | On account of regrouping of advance received, Revenue recognition criteria as per Ind AS 115, revaluation of foreign currency receivables and rate difference. |
| | | Creditors | 145.52 | 161.44 | (15.92) | On account of Goods-in-transit based on incoterms, regrouping of advances, capital payables, normal advances and Bookings vendor invoices received subsequent to submission to bank. |
| Dec 20 | HDFC Bank, Citibank, DBS Bank | Inventory | 645.78 | 597.74 | 48.04 | On account of Valuation of inventory, Goods-in-transit based on incoterms and Revenue recognition criteria under Ind AS 115. |
| | | Receivables | 734.02 | 698.25 | 35.77 | On account of regrouping of advance received, Revenue recognition criteria as per Ind AS 115, revaluation of foreign currency receivables and rate difference. |
| | | Creditors | 170.59 | 164.74 | 5.85 | On account of Goods-in-transit based on incoterms, regrouping of advances, capital payables, normal advances and Bookings vendor invoices received subsequent to submission to bank. |
| Mar 21 | HDFC Bank, Citibank, DBS Bank | Inventory | 634.22 | 665.26 | (31.04) | On account of Valuation of inventory, Goods-in-transit based on incoterms and Revenue recognition criteria under Ind AS 115. |
| | | Receivables | 598.85 | 547.47 | 51.36 | On account of regrouping of advance received, Revenue recognition criteria as per Ind AS 115, revaluation of foreign currency receivables and rate difference. |
| | | Creditors | 223.34 | 225.27 | (1.93) | On account of Goods-in-transit based on incoterms, regrouping of advances, capital payables, normal advances and Bookings vendor invoices received subsequent to submission to bank. |

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March 2022

(₹ in million)

25 Trade payables

| | As at 31 March 2022 | As at 31 March 2021 |
|---|---------------------------|---------------------------|
| Total outstanding dues to micro and small enterprises (refer note below) | 5.40 | 1.91 |
| Total outstanding dues to others (refer note 42 for payable to related parties) | 197.19 | 223.36 |
| | 202.59 | 225.27 |

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 2022 | As at 31 March 2021 |
|---|---------------------------|---------------------------|
| Principal amount remaining unpaid | 5.40 | 1.91 |
| Interest due thereon | - | 0.03 |
| 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 | 0.05 |
| 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 | 0.05 |

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 2022 has been made in the standalone financial statements based on information received and available with the Company.

Outstanding as at 31 March 2022

| Particulars | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
|---------------------------|---------------------|-------------|-------------|----------------------|---------------|
| MSME | 5.40 | - | - | - | 5.40 |
| Others | 196.58 | 0.35 | 0.04 | 0.22 | 197.19 |
| Disputed dues (MSMEs) and | - | - | - | - | - |
| Disputed dues (Others) | - | - | - | - | - |
| Total | 201.98 | 0.35 | 0.04 | 0.22 | 202.59 |

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March 2022

(₹ in million)

Outstanding as at 31 March 2021

| Particulars | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
|---------------------------|------------------|-------------|-------------|-------------------|---------------|
| MSME | 1.91 | - | - | - | 1.91 |
| Others | 219.45 | 0.47 | 1.83 | 1.61 | 223.36 |
| Disputed dues (MSMEs) and | - | - | - | - | - |
| Disputed dues (Others) | - | - | - | - | - |
| Total | 221.36 | 0.47 | 1.83 | 1.61 | 225.27 |

26 Other current financial liabilities

| | As at 31 March 2022 | As at 31 March 2021 |
|---|---------------------|---------------------|
| Unpaid dividends (refer note below) | 1.08 | 0.92 |
| Security deposits from customers | 0.17 | 0.17 |
| Payable for purchase of property, plant and equipment | 8.60 | 10.97 |
| Employee benefits payable | 62.84 | 57.18 |
| Other payables | 32.62 | 25.42 |
| | 105.31 | 94.66 |

Note :

The amount due and paid during the year to "Investor Education and Protection Fund" is ₹ 0.04 million (31 March 2021: 0.10 million).

27 Other current liabilities

| | As at 31 March 2022 | As at 31 March 2021 |
|--|---------------------|---------------------|
| Statutory dues: | | |
| Provident fund payable | 2.27 | 2.01 |
| Employees' State Insurance Scheme contribution payable | 0.02 | 0.01 |
| Other dues payable | 6.42 | 5.56 |
| Advance from customers | 16.42 | 49.77 |
| Other Payables | 2.33 | 2.44 |
| | 27.46 | 59.79 |

28 Revenue from operations

| | Year ended 31 March 2022 | Year ended 31 March 2021 |
|---------------------------------|--------------------------|--------------------------|
| Revenue from operations | | |
| Sale of goods (refer note 39) | | |
| Export | 782.41 | 682.88 |
| Domestic | 1,941.27 | 2,137.90 |
| | 2,723.68 | 2,820.78 |
| Other operating revenues | | |
| Export incentives | 4.30 | 13.95 |
| | 2,727.98 | 2,834.73 |

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 2022 | Year ended 31 March 2021 |
|---|--------------------------|--------------------------|
| Human nutrition | 1,954.46 | 2,294.91 |
| Animal nutrition | 372.82 | 320.06 |
| Bio-process | 406.80 | 250.23 |
| | 2,734.08 | 2,865.20 |
| Adjustments | | |
| Reversal/(Provision) for sales return | 0.49 | (1.54) |
| Discount | (10.89) | (42.88) |
| | (10.40) | (44.42) |
| Total revenue from contract with customers | 2,723.68 | 2,820.78 |

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March 2022

(₹ in million)

29 Other income

| | Year ended 31 March 2022 | Year ended 31 March 2021 |
|--|--------------------------------|--------------------------------|
| Interest income | | |
| - on loan to related parties (refer note 42) | 25.57 | 23.46 |
| - on others | 0.35 | 2.90 |
| Liabilities no longer required written back | 2.99 | - |
| Profit on sale of property, plant and equipment (net) | 11.81 | 7.06 |
| Net gain on foreign currency transactions and translations | 0.11 | - |
| Dividend income | 38.20 | 26.69 |
| Guarantee commission from related parties (refer note 42) | - | 0.60 |
| Miscellaneous income | 11.77 | 7.52 |
| | 90.80 | 68.23 |

30 Cost of materials consumed

| | Year ended 31 March 2022 | Year ended 31 March 2021 |
|---------------------------------|--------------------------------|--------------------------------|
| Opening stock | 254.29 | 216.65 |
| Add : Purchases during the year | 1,160.54 | 987.98 |
| Less : Closing stock | 287.66 | 254.29 |
| | 1,127.17 | 950.34 |

31 Changes in inventories of finished goods, work-in-progress and stock-in-trade

| | Year ended 31 March 2022 | Year ended 31 March 2021 |
|--------------------|--------------------------------|--------------------------------|
| Opening stock | | |
| - Finished goods | 108.46 | 119.52 |
| - Work-in-progress | 205.27 | 206.95 |
| | 313.73 | 326.47 |
| Closing stock | | |
| - Finished goods | 166.83 | 108.46 |
| - Work-in-progress | 282.07 | 205.27 |
| | 448.89 | 313.73 |
| | (135.16) | 12.74 |

32 Employee benefit expenses

| | Year ended 31 March 2022 | Year ended 31 March 2021 |
|---|--------------------------------|--------------------------------|
| Salaries, wages and bonus | 353.27 | 306.53 |
| Contribution to provident and other funds (refer note 37) | 13.79 | 12.86 |
| Retirement benefits expense | 10.56 | 9.42 |
| Staff welfare expenses | 15.54 | 9.99 |
| Employee stock compensation expense (refer note 43) | - | 3.54 |
| | 393.17 | 342.34 |

33 Finance costs

| | Year ended 31 March 2022 | Year ended 31 March 2021 |
|---|--------------------------------|--------------------------------|
| Interest expenses on financial liabilities - borrowings carried at amortised cost | 0.13 | 0.48 |
| Net loss on foreign currency transactions and translations # | 0.00 | 0.00 |
| Interest expenses on lease assets (refer note 39) | 0.82 | 0.52 |
| | 0.95 | 1.00 |

34 Depreciation and amortisation expense

| | Year ended 31 March 2022 | Year ended 31 March 2021 |
|--|--------------------------------|--------------------------------|
| Depreciation on property, plant and equipment | 83.25 | 79.02 |
| Amortisation of intangible assets | 7.08 | 7.21 |
| Amortisation of Right to use of lease assets (refer note 38) | 5.28 | 3.83 |
| | 95.61 | 90.06 |

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

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March 2022

(₹ in million)

35 Other expenses

| | Year ended 31 March 2022 | Year ended 31 March 2021 |
|---------------------------------------|--------------------------------|--------------------------------|
| Consumption of stores and spare parts | 63.26 | 39.32 |
| Power and fuel | 161.94 | 115.33 |
| Water charges | 4.49 | 4.10 |
| Laboratory expenses | 24.68 | 16.25 |
| Repairs and maintenance | | |
| - Buildings | 13.38 | 5.67 |
| - Plant and equipments | 24.25 | 22.40 |
| - Others | 5.24 | 4.75 |
| Travel, conveyance and car hire | 14.22 | 9.78 |
| Commission | 8.19 | 6.71 |
| Sales promotion and advertisement | 1.21 | 1.32 |
| Freight outward and forwarding | 45.94 | 37.46 |
| Selling and distribution expenses | 5.07 | 2.91 |
| Rent (refer note 38) | 1.63 | 1.98 |
| Rates and taxes | 47.18 | 51.13 |
| Insurance | 8.94 | 6.90 |
| Printing and stationary | 1.23 | 1.01 |
| Communication expenses | 4.47 | 4.62 |
| Directors' sitting fees | 1.46 | 1.77 |
| Legal and professional charges | 45.16 | 38.24 |
| Technical Services | 97.80 | 113.99 |
| Payment to Auditors (refer note 45) | 4.04 | 7.06 |

| | Year ended 31 March 2022 | Year ended 31 March 2021 |
|---|--------------------------------|--------------------------------|
| Bad debts | 0.96 | 0.43 |
| Provisions for doubtful accounts receivables (net) | 0.25 | 1.55 |
| Donations | 1.10 | 0.59 |
| Net loss on foreign currency transactions and translations | - | 2.99 |
| Bank charges | 1.77 | 1.38 |
| Corporate Social Responsibility expenditure (refer note 47) | 14.09 | 10.51 |
| Miscellaneous expenses | 14.37 | 12.05 |
| | 616.32 | 522.20 |

Note 36

Income taxes

Tax expense

(a) Income tax recognised in Statement of profit and loss

| | Year ended 31 March 2022 | Year ended 31 March 2021 |
|---|--------------------------------|--------------------------------|
| Current income tax | 180.17 | 248.44 |
| Deferred income tax liability/ (asset) net | | |
| Origination and reversal of temporary differences | (4.56) | 25.72 |
| Tax expense for the year | 175.61 | 274.16 |

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March 2022

(₹ in million)

(b) Income tax recognised in Other Comprehensive Income

| | For the year ended 31 March 2022 | | | For the year ended 31 March 2021 | | |
|---|----------------------------------|-----------------------|------------|----------------------------------|-----------------------|------------|
| | 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 | 0.28 | (0.07) | 0.21 | (0.39) | 0.10 | (0.29) |
| | 0.28 | (0.07) | 0.21 | (0.39) | 0.10 | (0.29) |

(c) Reconciliation of effective tax rate

| | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|---|----------------------------------|----------------------------------|
| Profit before tax | 720.72 | 984.28 |
| Tax using the Company's domestic tax rate (31 March 2022: 25.168% and 31 March 2021: ₹ 25.168%) | 181.39 | 247.74 |
| Tax effect of: | | |
| Tax-exempt income | (9.61) | (6.72) |
| Non tax deductible items | 3.68 | 2.99 |
| Change in Income tax rates | - | 0.80 |
| Minimum Alternate Tax credit written off | - | 26.33 |
| Others | 0.16 | 3.02 |
| Tax expense as per profit or loss | 175.61 | 274.16 |

Note 37

Employee benefits

The Company contributes to the following post-employment plans in India.

(A) Defined Contribution Plans:

The Company makes contributions towards provident fund and superannuation fund which are in the nature of defined contribution post employment benefit plans. Under the plan, the Company is required to contribute a specified percentage of payroll cost to fund the benefits.

The Company recognised ₹ 13.13 million for the year ended 31 March 2022 (31 March 2021: ₹ 12.06 million) towards provident fund and employee deposit linked

insurance contribution and ₹ 3.52 million for the year ended 31 March 2022 (31 March 2021: ₹ 3.14 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

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March 2022

(₹ in million)

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 2022. 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 2022 | 31 March 2021 |
|--|------------------|------------------|
| | Gratuity | Gratuity |
| Defined benefit obligation | 72.82 | 69.18 |
| Fair value of plan assets | 60.52 | 55.78 |
| Net defined benefit obligation/(assets) | 12.30 | 13.40 |

i) **Reconciliation in present value of obligations ('PVO') – defined benefit obligation:**

| | Defined benefit obligation | |
|-------------------------------------|----------------------------|------------------|
| | 31 March 2022 | 31 March 2021 |
| | Gratuity | Gratuity |
| Opening balance | 69.18 | 62.52 |
| Included in profit or loss | | |
| Current service cost | 5.73 | 5.28 |
| Interest cost | 4.29 | 3.97 |
| | 79.20 | 71.77 |
| Included in OCI | | |
| Remeasurement loss/(gain): | | |
| Actuarial loss/(gain) arising from: | | |
| Financial assumptions | (1.58) | 0.26 |
| Experience adjustment | 1.71 | (1.08) |
| | 79.33 | 70.95 |
| Benefits paid | (6.51) | (1.76) |
| Closing balance | 72.82 | 69.18 |

ii) **Change in fair value of plan assets**

| | Fair value of plan assets | |
|-------------------------------------|---------------------------|------------------|
| | 31 March 2022 | 31 March 2021 |
| | Gratuity | Gratuity |
| Opening balance | 55.78 | 46.69 |
| Included in profit or loss | | |
| Expected return on plan assets | 3.60 | 3.11 |
| | 59.38 | 49.79 |
| Included in OCI | | |
| Remeasurement loss/(gain): | | |
| Actuarial loss/(gain) arising from: | | |
| Experience adjustment | 0.41 | (1.21) |
| | 59.79 | 48.58 |
| Other | | |
| Contributions paid by the employer | 7.24 | 8.96 |
| Benefits paid | (6.51) | (1.76) |
| Closing balance | 60.52 | 55.78 |

Impact on Standalone Statement of Profit and Loss for the current year

| | 31 March 2022 | 31 March 2021 |
|--|------------------|------------------|
| | Gratuity | Gratuity |
| Service cost: | | |
| Current service cost | 5.73 | 5.28 |
| Past service cost and loss/(gain) on curtailments and settlement | - | - |
| Net interest cost | 0.68 | 0.86 |
| Total included in Employee Benefit expenses | 6.41 | 6.14 |
| Expenses deducted from the fund | - | - |
| Total Charge to Statement of Profit and Loss | 6.41 | 6.14 |

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March 2022

(₹ in million)

Impact on Other comprehensive income for the current year

| | 31 March 2022 | 31 March 2021 |
|---|------------------|------------------|
| | Gratuity | Gratuity |
| Components of actuarial gain/losses on obligations: | | |
| Due to Change in financial assumptions | (1.58) | 0.26 |
| Due to experience adjustments | 1.71 | (1.08) |
| Return on plan assets excluding amounts included in interest income | (0.41) | 1.21 |
| Amounts recognized in Other Comprehensive Income | (0.28) | 0.39 |

Plan assets

Plan assets comprise the following

| Gratuity | 31 March 2022 | 31 March 2021 |
|---------------------|------------------|------------------|
| Policy of insurance | 100% | 100% |
| | 100% | 100% |

iii. Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

| | 31 March 2022 | 31 March 2021 |
|-------------------------------|--|--|
| | Gratuity | Gratuity |
| Policy of insurance | 100.00% | 100.00% |
| Discount rate | 6.85% | 6.50% |
| Rate of return on plan assets | 6.85% | 6.50% |
| 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 2022 | 31 March 2021 |
|--------------------------------------|------------------|------------------|
| | Gratuity | Gratuity |
| Increase in | | |
| Discount rate (0.5% movement) | 69.98 | 66.65 |
| Future salary growth (0.5% movement) | 75.00 | 71.61 |
| Withdrawal rates (10% movement) | 72.26 | 68.94 |

| | 31 March 2022 | 31 March 2021 |
|--------------------------------------|------------------|------------------|
| | Gratuity | Gratuity |
| Decrease in | | |
| Discount rate (0.5% movement) | 75.21 | 71.85 |
| Future salary growth (0.5% movement) | 70.15 | 66.85 |
| Withdrawal rates (10% movement) | 72.82 | 69.62 |

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.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March 2022

(₹ in million)

v. Expected future cash flows

Expected contribution

The expected contributions for the defined benefit plan for the next financial year is Rs 5.96 million.

Expected future benefit payments

| | |
|----------------|-------|
| March 31, 2023 | 7.74 |
| March 31, 2024 | 4.15 |
| March 31, 2025 | 3.73 |
| March 31, 2026 | 5.01 |
| March 31, 2027 | 12.63 |
| Thereafter | 44.09 |

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.

Note 38

Leases

- (a) Following are the carrying value of Right of Use Assets for the year ended March 31, 2022:

Please refer note no. 5 for detailed presentation of fair value of Right of Use of Assets.

- (b) Maturity analysis of lease liabilities- contractual undiscounted cash flows:

| Particulars | Year Ended 31 March 2022 | Year Ended 31 March 2021 |
|---|--------------------------------|--------------------------------|
| Less than one year | 5.47 | 3.55 |
| One to five years | 7.86 | 2.16 |
| More than five years | 3.36 | - |
| Total undiscounted lease liabilities | 16.69 | 5.71 |
| Discounted Lease liabilities included in the statement of financial position | | |
| Current lease liability | 4.57 | 2.08 |
| Non-Current lease liability | 9.51 | 3.49 |

- (c) 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.

- (d) The Company incurred ₹ 7.73 million for the year ended 31 March 2022 (31 March 2021: ₹ 6.33 million) towards expenses relating to leases. Lease rent incurred not falling under the scope of Ind AS 116 amounted to ₹ 1.63 million for the year ended 31 March 2022 (31 March 2021: ₹ 1.98 million), (refer Note 35).

- (e) Total cash outflow for leases for year ended 31 March 2022 is Rs 4.32 million (31 March 21: Rs 3.41 million).

- (f) General Description of leasing agreements:

- Leased Assets: Office and Leasehold Land
- 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.

Note 39

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 2022 | Year ended 31 March 2021 |
|---|--------------------------------|--------------------------------|
| Segment revenue (based upon location of customers) | | |
| India | 1,941.27 | 2,137.90 |
| Europe | 136.59 | 122.60 |
| USA | 378.10 | 378.85 |
| Asia | 165.29 | 140.21 |
| Others | 102.42 | 41.22 |
| | 2,723.68 | 2,820.78 |

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March 2022

(₹ in million)

| | As at 31 March 2022 | As at 31 March 2021 |
|---|---------------------------|---------------------------|
| Segment assets (based upon location of assets) | | |
| India | 1,488.71 | 1,432.93 |
| Europe | 53.69 | 53.69 |
| USA | 2.57 | 2.95 |
| | 1,544.97 | 1,489.58 |

Major customer

Revenue from a customer i.e. a subsidiary based in U.S.A. aggregating to ₹ 348.11 million is in excess of 10% of the Company's revenue for the year (31 March 2021: ₹ 918.12 million from a domestic customer and a subsidiary based in U.S.A) (Refer note 42 for related party disclosures).

Note 40

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 2022 | 31 March 2021 |
|---------------------------------------|------------------|------------------|
| Profit attributable to equity holders | 545.11 | 710.12 |

ii. Weighted average number of equity shares

| | 31 March 2022 | 31 March 2021 |
|--|---------------------|---------------------|
| Issued equity shares at 1 April | 11,17,28,425 | 11,16,78,475 |
| Effect of fresh issue of shares for cash under ESOP scheme | 48,725 | 18,025 |
| Weighted average number of shares at 31 March for basic EPS | 11,17,77,150 | 11,16,96,500 |
| Effect of exercise of share options | 92,106 | 1,72,283 |
| Weighted average number of shares at 31 March for diluted EPS | 11,18,69,257 | 11,18,68,783 |

Basic and Diluted earnings per share

| | 31 March 2022 | 31 March 2021 |
|-----------------------------------|------------------|------------------|
| Basic earnings per share | 4.88 | 6.36 |
| Diluted earnings per share | 4.87 | 6.35 |

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March 2022

(₹ in million)

Note 41

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 2022 | Note No. | Carrying amount | | | | Fair value | | | Total |
|------------------------------|----------|-----------------|----------|----------------|-----------------|---|---|---|---------------|
| | | FVTPL | FVTOCI | Amortised Cost | Total | Quoted prices in active markets (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) | |
| Financial assets | | | | | | | | | |
| Investments - Non-current | 7 | 0.62 | - | - | 0.62 | - | 0.62 | - | 0.62 |
| Loans - Non-current | 8 | - | - | 243.49 | 243.49 | - | - | - | - |
| Others - Non-current | 9 | - | - | 14.06 | 14.06 | - | - | - | - |
| Investments | 12 | 166.84 | - | - | 166.84 | 166.84 | - | - | 166.84 |
| Trade receivables | 13 | - | - | 490.85 | 490.85 | - | - | - | - |
| Cash and cash equivalents | 14 | - | - | 134.98 | 134.98 | - | - | - | - |
| Bank balances | 14A | - | - | 44.77 | 44.77 | - | - | - | - |
| Loans - Current | 15 | - | - | 57.99 | 57.99 | - | - | - | - |
| Others - Current | 16 | - | - | 13.76 | 13.76 | - | - | - | - |
| | | 167.46 | - | 999.90 | 1,167.36 | 166.84 | 0.62 | - | 167.46 |
| Financial liabilities | | | | | | | | | |
| Borrowings - Non current | 20 | - | - | - | - | - | - | - | - |
| Borrowings - Current | 24 | - | - | 1.75 | 1.75 | - | - | - | - |
| Leases - Non current | 21 | - | - | 9.51 | 9.51 | - | - | - | - |
| Trade payables | 25 | - | - | 202.59 | 202.59 | - | - | - | - |
| Other financial Liabilities | 26 | - | - | 105.31 | 105.31 | - | - | - | - |
| | | - | - | 319.16 | 319.16 | - | - | - | - |

Note: There have been no transfers among Level 1, Level 2 and Level 3 during the year

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March 2022

(₹ 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 |
| Financial assets | | | | | | | | | |
| Investments - Non-current | 7 | 0.62 | - | - | 0.62 | - | 0.62 | - | 0.62 |
| Loans - Non-current | 8 | - | - | 275.88 | 275.88 | - | - | - | - |
| Others - Non-current | 9 | - | - | 12.67 | 12.67 | - | - | - | - |
| 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 | - | - | - | - |
| | | 329.87 | - | 871.00 | 1,200.87 | 329.25 | 0.62 | - | 329.87 |
| Financial liabilities | | | | | | | | | |
| Borrowings - Non current | 20 | - | - | 1.75 | 1.75 | - | - | - | - |
| Borrowings - Current | 24 | - | - | 7.29 | 7.29 | - | - | - | - |
| Leases - Non current | 21 | - | - | 3.49 | 3.49 | - | - | - | - |
| Trade payables | 25 | - | - | 225.27 | 225.27 | - | - | - | - |
| Other financial Liabilities | 26 | - | - | 94.66 | 94.66 | - | - | - | - |
| | | - | - | 332.47 | 332.47 | - | - | - | - |

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. |

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March 2022

(₹ in million)

C. Financial risk management

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

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

i. Risk management framework

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

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

The audit committee oversees how management monitors compliance with the company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The audit committee is assisted in its oversight role by internal audit. Internal auditor undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

ii. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment securities. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business.

The Company establishes an allowance for doubtful debts and impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments.

Trade and other receivables

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

At 31 March 2022, the carrying amount of the Company's most significant customer accounted for Rs 64.27 million (31 March 2021 - Rs 89.31 million).

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

| | 31 March 2022 | | |
|--------------------|-----------------|----------------------------|----------------|
| | Carrying Amount | Weighted Average Loss Rate | Loss Allowance |
| Not due | 324.79 | 0.05% | 0.16 |
| 0-90 days | 151.13 | 0.10% | 0.15 |
| 91-180 days | 11.52 | 3.64% | 0.42 |
| 181-270 days | 0.74 | 0.00% | 0.02 |
| 271-360 days | 2.86 | 12.08% | 0.35 |
| More than 360 days | 2.31 | 60.68% | 1.40 |
| | 493.35 | | 2.50 |

| | 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 |
| 90-180 days | 2.37 | 4.14% | 0.10 |
| 180-270 days | 0.10 | 0.00% | 0.01 |
| 270-360 days | 1.75 | 21.12% | 0.37 |
| More than 360 days | 2.88 | 49.35% | 1.42 |
| | 549.67 | | 2.25 |

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March 2022

(₹ in million)

Expected credit loss assessment for customers as at 31 March 2022 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 2020 | 0.70 |
| Impairment loss recognised | 1.98 |
| Amounts written back | 0.43 |
| Balance as at 31 March 2021 | 2.25 |
| Impairment loss recognised | 1.21 |
| Amounts written off | 0.96 |
| Balance as at 31 March 2022 | 2.50 |

The impairment loss at 31 March 2022 and 31 March 2021 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 Rs 134.98 million at 31 March 2022 (31 March 2021: Rs 15.05 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 2022.

Investments

The Company limits its exposure to credit risk by generally investing in liquid securities and only with counterparties that have a good credit rating. The Company does not expect any losses from non-performance by these counter-parties, and does not have any significant concentration of exposures to specific industry sectors or specific country risks.

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.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March 2022

(₹ in million)

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 2022 | Carrying amount | Total | Contractual cash flows | | | |
|---|-----------------|--------|------------------------|-----------|-----------|-------------------|
| | | | Upto 1 year | 1-3 years | 3-5 years | More than 5 years |
| Lease liabilities - Non-current | 9.51 | 9.51 | - | 6.61 | 0.40 | 2.50 |
| Lease liabilities - Current | 4.57 | 4.57 | 4.57 | - | - | - |
| Short-term borrowings | 1.75 | 1.75 | 1.75 | - | - | - |
| Trade payables | 202.59 | 202.59 | 202.59 | - | - | - |
| Other financial liabilities | 105.31 | 105.31 | 105.31 | - | - | - |
| Issued financial guarantee contracts on behalf of subsidiaries* | - | - | - | - | - | - |

| 31 March 2021 | Carrying amount | Total | Contractual cash flows | | | |
|---|-----------------|--------|------------------------|-----------|-----------|-------------------|
| | | | Upto 1 year | 1-3 years | 3-5 years | More than 5 years |
| Long-term borrowings | 1.75 | 1.75 | - | 1.75 | - | - |
| Lease liabilities - Current | 2.08 | 2.08 | 2.08 | - | - | - |
| Short-term borrowings | 7.29 | 7.29 | 7.29 | - | - | - |
| 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* | - | - | - | - | - | - |

* 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: 51)

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.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March 2022

(₹ in million)

Exposure to currency risk

The currency profile of financial assets and financial liabilities as at 31 March 2022 and 31 March 2021 are as below:

| | 31 March | 31 March | 31 March |
|------------------------------|----------|----------|----------|
| | 2022 | 2022 | 2022 |
| | USD | EURO | Others |
| Financial assets | | | |
| Cash and cash equivalents | 0.05 | 0.01 | 0.04 |
| Trade and other receivables | 20.59 | 22.71 | - |
| | 20.64 | 22.72 | 0.04 |
| Financial liabilities | | | |
| Trade and other payables | 62.14 | 7.13 | - |
| | 62.14 | 7.13 | - |
| Net exposure | (41.50) | 15.59 | 0.04 |

| | 31 March | 31 March | 31 March |
|------------------------------|----------|----------|----------|
| | 2021 | 2021 | 2021 |
| | USD | EURO | Others |
| Financial assets | | | |
| Cash and cash equivalents | 0.04 | 0.01 | 0.04 |
| Trade and other receivables | 63.68 | 22.17 | - |
| | 63.73 | 22.18 | 0.04 |
| Financial liabilities | | | |
| Trade payables | 26.78 | 11.52 | - |
| | 26.78 | 11.52 | - |
| Net exposure | 36.95 | 10.66 | 0.04 |

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 |
| 31 March 2022 | | |
| 1% movement | | |
| USD | 0.41 | (0.41) |
| EUR | (0.16) | 0.16 |
| Others # | (0.00) | 0.00 |
| | 0.26 | (0.26) |

| Effect in ₹ | Profit or loss | |
|----------------------|----------------|-----------|
| | Strengthening | Weakening |
| 31 March 2021 | | |
| 1% movement | | |
| USD | (0.37) | 0.37 |
| EUR | (0.11) | 0.11 |
| Others # | (0.00) | 0.00 |
| | (0.48) | 0.48 |

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

v. Interest rate risk

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

Exposure to interest rate risk

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

| | 31 March | 31 March |
|---|----------|----------|
| | 2022 | 2021 |
| Fixed-rate instruments | | |
| Financial liabilities - measured at amortised cost | | |
| Vehicle Loan | - | 0.48 |
| Floating-rate instruments | | |
| Financial liabilities - measured at amortised cost | | |
| From banks in rupees | - | 1.42 |
| Total | - | 1.91 |

Note: Deferred Sales Tax scheme is not included in the above since it does not bear any interest rate.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March 2022

(₹ in million)

Fair value sensitivity analysis for fixed-rate instruments

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

Cash flow sensitivity analysis for variable-rate instruments

The risk estimates provided assume a change of 25 basis points interest rate for the interest rate benchmark as applicable to the borrowings summarised above. This calculation assumes that the change occurs at the balance sheet date and has been calculated based on risk exposures outstanding as at that date assuming that all other variables, in particular foreign currency exchange rates, remain constant. The period

end balances are not necessarily representative of the average debt outstanding during the period.

| Cash flow sensitivity (net) | Profit or loss | |
|--------------------------------------|----------------|----------------|
| | 25 bp increase | 25 bp decrease |
| 31 March 2022 | | |
| Variable-rate loan instruments | - | - |
| Cash flow sensitivity (net) | - | - |
| 31 March 2021 | | |
| Variable-rate loan instruments # | (0.00) | 0.00 |
| Cash flow sensitivity (net) # | (0.00) | 0.00 |

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

Note 42

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

Mr. Mukund M. Kabra Whole-time Director

Mr. Beni P. Rauka Chief Financial Officer

Mr. Sanjay Basantani Company Secretary

Mr. Kedar Desai Independent Director



NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March 2022

(₹ in million)

II Key Management Personnel (KMP)

| | |
|--|---|
| Mr. Pramod Kasat | Independent Director |
| Mr. Rajesh Sharma | Independent Director |
| Ms. Rasika Rathi | Non-Executive Director and daughter of Chairman |
| Late Mr. Vilas M. Aurangabadkar (up to 27 January 2022) | Independent Director |
| Mr. Vinodkumar Jajoo | Independent Director |
| Dr. Sunny Sharma | 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. Kishor L. Rathi | Brother of Chairman |
| Late 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 |
| Silvertch Trading Company Private Limited |

b) Transactions with related parties

| Transactions during the year | Subsidiaries | | KMPs and relatives | | Other related parties | |
|--|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| | Year ended 31 March 2022 | Year ended 31 March 2021 | Year ended 31 March 2022 | Year ended 31 March 2021 | Year ended 31 March 2022 | Year ended 31 March 2021 |
| 1 Purchase of materials | | | | | | |
| JC Biotech Private Limited | 503.30 | 501.55 | - | - | - | - |
| Cal India Foods International | 3.87 | - | - | - | - | - |
| Scitech Specialities Private Limited | 3.29 | 5.50 | - | - | - | - |
| | 510.46 | 507.05 | | | | |
| 2 Sale of goods and materials | | | | | | |
| Advanced EnzyTech Solutions Limited | 82.83 | 63.51 | - | - | - | - |
| Advanced Bio-Agro Tech Limited | 232.28 | 188.63 | - | - | - | - |
| Advanced Vital Enzymes Private Limited | - | - | - | - | 2.98 | 1.86 |
| Cal India Foods International | 348.11 | 364.75 | - | - | - | - |
| JC Biotech Private Limited | 1.99 | 0.91 | - | - | - | - |
| Evovx Technologies GmbH | 42.24 | 30.62 | - | - | - | - |
| Scitech Specialities Private Limited | 2.44 | 3.16 | - | - | - | - |
| | 709.89 | 651.58 | | | 2.98 | 1.86 |

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March 2022

(₹ in million)

| Transactions during the year | Subsidiaries | | KMPs and relatives | | Other related parties | |
|--|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| | Year ended 31 March 2022 | Year ended 31 March 2021 | Year ended 31 March 2022 | Year ended 31 March 2021 | Year ended 31 March 2022 | Year ended 31 March 2021 |
| 3 Remuneration ** | | | | | | |
| Mr. Mukund Kabra | - | - | 20.70 | 17.74 | - | - |
| Mr. Kishor L. Rathi | - | - | 3.26 | 2.99 | - | - |
| Late Mrs. Mangala M. Kabra | - | - | 1.66 | 3.46 | - | - |
| Mr. Beni P. Rauka | - | - | 12.06 | 10.37 | - | - |
| Mr. Sanjay Basantani | - | - | 3.67 | 3.00 | - | - |
| | - | - | 41.35 | 37.56 | - | - |
| 4 Commission to directors * | | | | | | |
| Mr. Vasant L. Rathi | - | - | 0.94 | 1.18 | - | - |
| Mr. Mukund Kabra | - | - | 2.72 | 3.54 | - | - |
| Ms. Rasika Rathi | - | - | 0.36 | 0.49 | - | - |
| Mr. Kedar Desai | - | - | 1.09 | 1.39 | - | - |
| Mr. Pramod Kasat | - | - | 0.94 | 1.11 | - | - |
| Late Mr. Vilas M. Aurangabadkar | - | - | 0.22 | 0.55 | - | - |
| Mr. Vinodkumar Jajoo | - | - | 0.65 | 0.69 | - | - |
| Mr. Rajesh Sharma | - | - | 0.43 | 0.76 | - | - |
| Dr. Sunny Sharma | - | - | 0.36 | 0.42 | - | - |
| Mrs. Rajshree Patel | - | - | 0.43 | 0.49 | - | - |
| | - | - | 8.15 | 10.62 | - | - |
| 5 Sitting fees to Independent directors | | | | | | |
| Mr. Kedar Desai | - | - | 0.41 | 0.46 | - | - |
| Mr. Pramod Kasat | - | - | 0.36 | 0.38 | - | - |
| Late Mr. Vilas M. Aurangabadkar | - | - | 0.09 | 0.22 | - | - |
| Mr. Vinod Kumar Jajoo | - | - | 0.27 | 0.26 | - | - |
| Mr. Rajesh Sharma | - | - | 0.16 | 0.26 | - | - |
| Mrs. Rajshree Patel | - | - | 0.18 | 0.19 | - | - |
| | - | - | 1.47 | 1.77 | - | - |
| 6 Interest income | | | | | | |
| Advanced Enzymes Europe B.V. | 25.57 | 23.46 | - | - | - | - |
| | 25.57 | 23.46 | - | - | - | - |
| 8 Investment in subsidiaries | | | | | | |
| Scitech Specialities Private Limited | - | 316.26 | - | - | - | - |
| JC Biotech Private Limited | 211.25 | - | - | - | - | - |
| | 211.25 | 316.26 | - | - | - | - |

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March 2022

(₹ in million)

| Transactions during the year | Subsidiaries | | KMPs and relatives | | Other related parties | |
|---------------------------------------|---------------|---------------|--------------------|---------------|-----------------------|---------------|
| | Year ended | Year ended | Year ended | Year ended | Year ended | Year ended |
| | 31 March 2022 | 31 March 2021 | 31 March 2022 | 31 March 2021 | 31 March 2022 | 31 March 2021 |
| 9 Dividend income | | | | | | |
| Advanced Enzytech Solutions Limited | 11.20 | 7.49 | - | - | - | - |
| Advanced Bio-Agro Tech Limited | 27.00 | 19.20 | - | - | - | - |
| | 38.20 | 26.69 | - | - | - | - |
| 10 Reimbursement of expenses | | | | | | |
| Advanced Enzymes USA, Inc. | - | 0.59 | - | - | - | - |
| | - | 0.59 | - | - | - | - |
| 11 Commission income | | | | | | |
| JC Biotech Private Limited | - | 0.60 | - | - | - | - |
| | - | 0.60 | - | - | - | - |
| 12 Technical services procured | | | | | | |
| Evoxx Technologies GmbH | 72.47 | 85.80 | - | - | - | - |
| | 72.47 | 85.80 | - | - | - | - |

* 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.

c) Outstanding balances

| | Subsidiaries | | KMPs and relatives | | Other related parties | |
|--|-----------------|-----------------|--------------------|---------------|-----------------------|---------------|
| | As on | As on | As on | As on | As on | As on |
| | 31 March 2022 | 31 March 2021 | 31 March 2022 | 31 March 2021 | 31 March 2022 | 31 March 2021 |
| 1 Investment | | | | | | |
| Advanced Bio-Agro Tech Limited | 0.60 | 0.60 | - | - | - | - |
| Advanced EnzyTech Solutions Limited | 1.57 | 1.57 | - | - | - | - |
| Advanced Enzymes USA, Inc. | 531.19 | 531.19 | - | - | - | - |
| JC Biotech Private Limited | 726.75 | 515.50 | - | - | - | - |
| Advanced Enzymes Europe B.V. | 149.85 | 149.85 | - | - | - | - |
| Advanced Vital Enzymes Private Limited | - | - | - | - | 0.57 | 0.57 |
| Scitech Specialities Private Limited | 316.26 | 316.26 | - | - | - | - |
| | 1,726.22 | 1,514.97 | - | - | 0.57 | 0.57 |
| 2 Trade receivables | | | | | | |
| Advanced EnzyTech Solutions Limited | - | 3.60 | - | - | - | - |
| Advanced Bio-Agro Tech Limited | 13.89 | 14.57 | - | - | - | - |
| Advanced Vital Enzymes Private Limited | - | - | - | - | 0.81 | 0.41 |
| Cal India Foods International | - | 55.56 | - | - | - | - |
| Om Manufacturing Jalna Private Limited | - | - | - | - | - | 0.03 |

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March 2022

(₹ in million)

| | Subsidiaries | | KMPs and relatives | | Other related parties | |
|--|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| | As on 31 March 2022 | As on 31 March 2021 | As on 31 March 2022 | As on 31 March 2021 | As on 31 March 2022 | As on 31 March 2021 |
| Evoxx Technologies GmbH | 6.71 | 22.17 | - | - | - | - |
| Scitech Specialities Private Limited | 0.19 | 0.04 | - | - | - | - |
| | 20.79 | 95.95 | - | - | 0.81 | 0.43 |
| 3 Trade payables | | | | | | |
| Cal India Foods International | 1.82 | - | - | - | - | - |
| Advanced EnzyTech Solutions Limited | 0.06 | - | - | - | - | - |
| Evoxx Technologies GmbH | 6.51 | 8.99 | - | - | - | - |
| JC Biotech Private Limited | 68.70 | 122.96 | - | - | - | - |
| Scitech Specialities Private Limited | - | 4.76 | - | - | - | - |
| | 77.09 | 136.71 | - | - | - | - |
| 4 Loans and advances (including current maturities and interest receivable) | | | | | | |
| Advanced Enzymes Europe B.V. | 301.00 | 275.44 | - | - | - | - |
| Cal India Foods International | - | 0.06 | - | - | - | - |
| | 301.00 | 275.49 | - | - | - | - |
| 5 Remuneration payable | | | | | | |
| Mr. Mukund M. Kabra | - | - | 0.58 | 0.68 | - | - |
| Mr. Kishor L. Rathi | - | - | 0.19 | 0.16 | - | - |
| Late Mrs. Mangala M. Kabra | - | - | - | 0.20 | - | - |
| Mr. Beni P. Rauka | - | - | 0.20 | 0.46 | - | - |
| Mr. Sanjay Basantani | - | - | 0.16 | 0.17 | - | - |
| | - | - | 1.13 | 1.67 | - | - |
| 6 Commission payable | | | | | | |
| Mr. Vasant L. Rathi | - | - | 0.94 | 1.18 | - | - |
| Mr. Mukund Kabra | - | - | 2.72 | 3.54 | - | - |
| Ms. Rasika Rathi | - | - | 0.36 | 0.49 | - | - |
| Mr. Kedar Desai | - | - | 1.09 | 1.39 | - | - |
| Mr. Pramod Kasat | - | - | 0.94 | 1.11 | - | - |
| Late Mr. Vilas M. Aurangabadkar | - | - | 0.22 | 0.55 | - | - |
| Mr. Vinod Kumar Jajoo | - | - | 0.65 | 0.69 | - | - |
| Mr. Rajesh Sharma | - | - | 0.43 | 0.76 | - | - |
| Dr. Sunny Sharma | - | - | 0.36 | 0.42 | - | - |
| Mrs. Rajshree Patel | - | - | 0.43 | 0.49 | - | - |
| | - | - | 8.15 | 10.62 | - | - |

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 2021. Management believes that the Company's international transactions and domestic transactions with related parties post 31 March 2021 continue to be at arm's length and that the transfer pricing legislation will not have any material impact on these financial statements, particularly on amount of tax expense and that of provision for taxation.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March 2022

(₹ in million)

In compliance with Ind AS – 27 ‘Separate Financial Statements’, the required information is as under:

| Subsidiaries | Ownership interest | | |
|--|--------------------------|---------------|---------------|
| | Country of incorporation | 31 March 2022 | 31 March 2021 |
| i. Advanced Bio-Agro Tech Limited | India | 60% | 60% |
| ii. JC Biotech Private Limited (up to 17 August 2021 - 70%) | India | 85% | 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% | 51% |

Note 43

Employee share-based payment plans

a) Description of share-based payment arrangements:

As at 31 March 2022, 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 2021: 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 |

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March 2022

(₹ in million)

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 |
|---|------------|------------|------------|------------|
| Vesting | | | | |
| Share price at grant date (Face value - ₹ 10 per share) | ₹ 1,598 | ₹ 1,598 | ₹ 1,598 | ₹ 1,598 |
| Exercise price (Face value - ₹ 2 per share) | ₹ 60 | ₹ 60 | ₹ 60 | ₹ 60 |
| Expected volatility (weighted average) | 0.49 | 0.49 | 0.49 | 0.49 |
| Expected life (weighted average) | 3 years | 3.5 years | 4 years | 4.5 years |
| Expected dividend | 0.06% | 0.06% | 0.06% | 0.06% |
| Risk-free interest rate (based on government bond) | 6.60% p.a. | 6.66% p.a. | 6.72% p.a. | 6.84% p.a. |

Weighted-average exercise prices and weighted-average fair values of options

| Date of Vesting | 1 Year | 2 Years | 3 Years | 4 Years |
|--|--------|---------|---------|---------|
| Weighted-average exercise prices | ₹ 60 | ₹ 60 | ₹ 60 | ₹ 60 |
| Weighted-average fair value of options | 270 | 272 | 274 | 276 |

c) Reconciliation of outstanding stock options :

The number and weighted-average exercise prices of share options under the stock option were as follows.

| Particulars | 31 March 2022 | | 31 March 2021 | |
|--|----------------|---|----------------|---|
| | No. of options | Weighted average exercise price (in rupees) | No. of options | Weighted average exercise price (in rupees) |
| Outstanding at 1 April | 95,950 | 60 | 1,49,100 | 60 |
| Adjustment for sub-division of Equity shares | | | | |
| Vested | - | 60 | 76,200 | 60 |
| Forfeited | - | 60 | 200 | 60 |
| Expired | - | - | 3,000 | - |
| Exercised | 72,250 | 60 | 49,950 | 60 |
| Outstanding at 31 March | 23,700 | 60 | 95,950 | 60 |
| Exercisable at 31 March | 23,700 | 60 | 95,950 | 60 |

The options outstanding at 31 March have an exercise price as given below:

| | 31 March 2022 | | 31 March 2021 | |
|----------------|----------------|----------------|----------------|----------------|
| | No. of options | Exercise price | No. of options | Exercise price |
| AETL ESOS 2015 | 23,700 | 60 | 95,950 | 60 |

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March 2022

(₹ in million)

d) Expense recognized in the Standalone Statement of Profit or Loss :

| | 31 March 2022 | 31 March 2021 |
|--|------------------|------------------|
| AETL ESOS 2015 | - | 3.54 |
| Total expense recognized in 'employee benefits' | - | 3.54 |

Note 44

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 2022 | 31 March 2021 |
|--|------------------|------------------|
| Non-current borrowings | - | 1.75 |
| Current borrowings | 1.75 | 7.29 |
| Gross debt | 1.75 | 9.05 |
| Less - Cash and cash equivalents | 134.98 | 15.05 |
| Less - Other bank deposits | 44.77 | 3.65 |
| Adjusted net debt | (177.99) | (9.67) |
| Total equity | 4,803.53 | 4,354.46 |
| Adjusted net debt to equity ratio | (3.71)% | (0.22)% |

Note 45

Payments to auditors (excluding GST)

| | Year ended 31 March 2022 | Year ended 31 March 2021 |
|---------------------------|--------------------------------|--------------------------------|
| As auditor | | |
| Statutory audit | 2.05 | 3.65 |
| Limited review | 1.75 | 2.85 |
| Certification work | 0.13 | 0.23 |
| Transfer pricing | - | 0.25 |
| Reimbursement of expenses | 0.12 | 0.08 |
| | 4.05 | 7.06 |

Note 46

Research and development

The Company has incurred the following expenditure on research and development activities:

| | Year ended 31 March 2022 | Year ended 31 March 2021 |
|--|--------------------------------|--------------------------------|
| Revenue expenditure | | |
| Laboratory expenses and consumables | 14.55 | 14.55 |
| Employee benefit expenses | 70.30 | 57.64 |
| Legal and professional charges | 5.20 | 5.14 |
| Technical services | 95.57 | 105.97 |
| Electricity | 10.85 | 9.41 |
| Rent, rates and taxes | 4.57 | 2.24 |
| Repairs and maintenance | 11.18 | 5.38 |
| Travelling and conveyance expenses | 1.01 | 0.81 |
| Other expenses | 3.09 | 3.02 |
| | 216.32 | 204.15 |
| Capital expenditure | | |
| Plant and equipment | 13.49 | 33.30 |
| Furniture and fixtures | 0.62 | 1.55 |
| Office equipment | 0.54 | 2.95 |
| Computer and data processing equipment | 0.96 | 1.10 |
| Building | - | 14.16 |
| | 15.61 | 53.06 |

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March 2022

(₹ in million)

Note 47

Corporate Social Responsibility

| Particulars | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|---|--|----------------------------------|
| 1) amount required to be spent by the company during the year | 14.09 | 10.51 |
| 2) amount of expenditure incurred * | 14.09 | 10.51 |
| 3) shortfall at the end of the year | - | - |
| 4) total of previous years shortfall | - | - |
| 5) reason for shortfall | Not applicable | Not applicable |
| 6) nature of CSR activities | Promotion of education, Environment sustainability and skill development | |
| 7) details of related party transactions, e.g., contribution to a trust controlled by the company in relation to CSR expenditure as per relevant Accounting Standard | | |
| 8) where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year should be shown separately. | 11.02 | 3.70 |

*The Committee of Corporate Social Responsibility had approved the budget of ₹ 14.09 million (31 March 2021: 10.51 million), the Company contributes to the various projects undertaken by various organisations. During the year the amount spent is ₹ 3.07 million (31 March 2021: Rs 6.81 million) on the ongoing projects. The Company has deposited the balance unspent amount of ₹ 11.02 million (31 March 2021: ₹ 3.70 million) in a separate bank account.

Note 48

Acquisition of additional 15% stake in JC Biotech Private Limited

On 18 August 2021, the Company has acquired additional stake of 15% in its subsidiary JC Biotech Private Limited for a consideration of ₹ 211.25 million. Post this additional acquisition the Company holds 85% stake in the subsidiary.

Note 49

Proposed Dividend

The Board of Directors recommended a final dividend for the financial year 2021-22 of ₹ 1.00 (31 March 2021: ₹ 0.90) 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 50

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.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March 2022

(₹ in million)

Note 51

| Sr. No. | Ratio | Particulars | | Ratio as on | | Variation | Reason (If variation is more than 25%) |
|---------|----------------------------------|-------------------------------------|---------------------------|-------------|-----------|-----------|--|
| | | Numerator | Denominator | 31-Mar-22 | 31-Mar-21 | | |
| 1 | Current Ratio | Total current assets | Total current liabilities | 4.87 | 3.90 | 24.63% | NA |
| 2 | Debt-Equity Ratio # | Long term and short term borrowings | Total equity | 0.00 | 0.00 | (82.43)% | Improvement due to repayment of earlier borrowings and no further borrowings. |
| 3 | Debt Service Coverage Ratio | Net Operating Income | Debt Service | 50.22 | 8.79 | 471.14% | Improvement due to repayment of earlier borrowings and no further borrowings. |
| 4 | Return on Equity Ratio | Profit after tax | Shareholder's Equity | 11% | 16% | (30.41)% | Reduction due to lower profits. |
| 5 | Inventory Turnover Ratio | Cost of Goods Sold ('COGS') | Average Inventory | 1.52 | 1.73 | (12.27)% | NA |
| 6 | Trade Receivables Turnover Ratio | Revenue from operations | Average Trade Receivables | 5.25 | 5.32 | (1.17)% | NA |
| 7 | Trade Payables Turnover Ratio | COGS + Other expenses | Average Trade Payables | 7.52 | 8.20 | (8.28)% | NA |
| 8 | Net Capital Turnover Ratio | Revenue from operations | Average Working Capital | 1.94 | 2.38 | (18.29)% | NA |
| 9 | Net Profit Ratio | Net Profit | Net Sales | 20% | 25% | (20.23)% | NA |
| 10 | Return on Capital Employed | EBIT | Capital Employed | 15% | 22% | (33.38)% | Reduction is due to lower gross margins, and increase in Salaries, wages & bonus and other expenses. |
| 11 | Return on Investment | Net Profit | Net Investment | 12% | 18% | (32.45)% | Reduction due to drop in profitability in the current year |

Figures are below 0.01, hence disclosed as Rs 0.00

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March 2022

(₹ in million)

Note 52

Contingent liabilities and commitments (to the extent not provided for)

| | As at 31 March 2022 | As at 31 March 2021 |
|--|---------------------------|---------------------------|
| a) Contingent liabilities | | |
| 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 Rs 98.31 million (31 March 2021: ₹ 98.31 million). | 24.95 | 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'. | 27.58 | 26.94 |
| Letter of comfort issued by the Company towards the credit facilities sanctioned by bankers of subsidiary company aggregating to Rs Nil million (31 March 2021: Rs 76.80 million). | - | 51.67 |

| | As at 31 March 2022 | As at 31 March 2021 |
|---|---------------------------|---------------------------|
| 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. | | |
| | 52.82 | 112.82 |
| 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. | | |
| b) Commitments | | |
| Estimated amount of commitments remaining to be executed | | |
| -Capital (net of advances) | 33.57 | 3.14 |
| | 33.57 | 3.14 |

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March 2022

(₹ in million)

Note 53

Impact of COVID-19

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. The Company has also considered the impact of COVID-19 on the business for the foreseeable future and has concluded that the Company has sufficient resources to continue as a going concern. The impact of the global health pandemic may be different from that estimated as at the date of approval of these financial 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 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 |

| | 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 |

| Name of entity | As at 31 March 2021 | Loan given during the year | Repaid / written off during the year | As at 31 March 2022 |
|------------------------------|---------------------------|----------------------------------|---|---------------------------|
| Advanced Enzymes Europe B.V. | 245.95 | - | - | 245.95 |

| | As at 31 March 2021 | Investment during the year | Investment reversed during the year | As at 31 March 2022 |
|--------------------------------------|---------------------------|----------------------------------|--|---------------------------|
| Advanced Enzymes USA, Inc. | 531.19 | - | - | 531.19 |
| JC Biotech Private Limited | 515.50 | 211.25 | - | 726.75 |
| Advanced Enzymes Europe B.V. | 149.85 | - | - | 149.85 |
| Scitech Specialities Private Limited | 316.26 | - | - | 316.26 |

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March 2022

(₹ in million)

Note 1:

| | |
|---------------------------------------|--|
| Purpose of utilisation of above loans | 1) Advanced Enzymes Europe B.V.: For acquisition of Evoxx Technologies GmbH and working capital requirements. |
| Loan repayment terms | 1) Advanced Enzymes Europe B.V.: 14 quarterly instalments including interest starting from September 2022. |
| Rate of Interest | 1) Advanced Enzymes Europe B.V.: 9.00% |

Maximum amount outstanding during the year is ₹ 245.95 million (31 March 2021: ₹ 245.95 million) as per additional disclosures pursuant to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

Note 55

Other Statutory Information

- (i) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.
- (ii) The Company does not have any transactions with companies struck off.
- (iii) The Company has complied with the requirement with respect to number of layers as prescribed under section 2(87) of the Companies Act, 2013 read with the Companies (Restriction on number of layers) Rules, 2017.
- (iv) The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- (v) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- (vi) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
 - a. directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
 - b. provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries
- (vii) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
 - a. directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
 - b. provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (viii) The Company does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

Note 56

Previous year amounts have been regrouped / reclassified wherever necessary.

As per our report of even date attached.

For **M S K A & Associates**

Chartered Accountants

Firm's Registration No.: 105047W

Amrish Vaidya

Partner

Membership No: 101739

Place: Mumbai

Date: 20 May 2022

For and on behalf of Board of Directors of

Advanced Enzyme Technologies Limited

CIN: L24200MH1989PLC051018

Mukund Kabra

Wholetime Director

DIN : 00148294

Place: Thane

Sanjay Basantani

Company Secretary

Membership No: A19637

Place: Thane

Date: 20 May 2022

Kedar Desai

Director

DIN : 00322581

Place: Thane

Beni P. Rauka

Chief Financial Officer

Membership No: 039980

Place: Thane



INDEPENDENT AUDITORS' REPORT

To the Members of Advanced Enzyme Technologies Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying 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 March 31, 2022, and the Consolidated Statement of Profit and Loss, the Consolidated Statement of Changes in Equity and the 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 consideration of reports of other auditors on separate financial statements and on the other financial information of subsidiaries, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013

("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015 as amended and other accounting principles generally accepted in India, of their consolidated state of affairs of the Group as at March 31, 2022, of consolidated profit, consolidated changes in equity and its 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 Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in India in terms of the Code of Ethics issued by Institute of Chartered Accountant of India ("ICAI"), 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 we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITORS' REPORT (Continued)

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 for the year ended March 31, 2022. 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.

| Key Audit Matter | How the Key Audit Matter was addressed in our audit |
|--|--|
| <p>Advanced Enzyme Technologies Limited's (AETL) subsidiary Advanced Enzymes Europe B.V. (AEEBV) had acquired in earlier years the shares of the Evoxx Technologies GmbH (Evoxx). The Group in the consolidated financial statements has recognised goodwill in relation to such acquisition.</p> <p>On March 31, 2022, the carrying amount of Goodwill reflecting in AETL Consolidated Financials Statement is Rs. 268.38 million.</p> <p>Management has tested this goodwill for impairment as per the requirements of Ind AS 36 "Impairment of Assets" and has determined that no impairment is required to be done. As per Ind AS 36, impairment testing requires management to make significant assumptions including future revenue and terminal growth rates, margin assumptions and discount rates to estimate future cash flows. Auditing management's significant assumptions used in the assessment of the recoverability of goodwill requires significant judgment and due to materiality of the amount, we have considered this matter as Key Audit Matter (KAM).</p> | <p>Our audit procedures to address the impairment of goodwill included and were not limited to the following:</p> <ol style="list-style-type: none"> 1. Reviewed valuation reports of specialist provided by the management. 2. Obtained the cash flow projections from the management and assess the assumptions around the cash flow forecasts including discounting rates, expected growth rates and its effect on business and terminal growth rates used through involvement of the internal experts. 3. Involved auditor's internal experts to assess the Company's valuation methodology and assumptions, applied in determining the fair value wherever necessary. 4. Assessed the objectivity and competence of our internal expert and Company's internal / external specialists involved in the process. 5. Reviewed the adequacy of disclosure by the Company in the financial statement. |

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Holding Company's annual report but does not include the consolidated financial statements and our auditor's 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, 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.

Responsibilities of Management and Board of Directors for the Consolidated Financial Statements

The Holding Company's Board of Directors is 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 financial position, consolidated financial performance and consolidated cash flows of the Group including in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. The respective 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 the Group 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

INDEPENDENT AUDITORS' REPORT (Continued)

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 Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group 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 Group 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 are responsible for overseeing the financial reporting process of the Group.

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 Standards on Auditing ("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.

We give in "Annexure A" a detailed description of Auditor's responsibilities for Audit of the Consolidated Financial Statements.

Other Matters

- a. We did not audit the financial statements of 12 subsidiaries, whose financial statements reflect total assets of Rs. 9,640.74 million as at March 31, 2022, total revenues of Rs. 3,862.00 million and net cash flows amounting to Rs. 629.21 million for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit of Rs. 761.97 million for the year ended March 31, 2022, as considered in the consolidated financial statements. These financial statements 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 reports of the other auditors.

Certain of these subsidiaries are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Holding Company's management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Holding Company and audited by us.

- b. The consolidated Ind AS financial statements of the Company for the year ended March 31, 2021, were audited by another auditor whose report dated May 29, 2021 expressed an unmodified opinion on those statements.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the Management.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, 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.

INDEPENDENT AUDITORS' REPORT (Continued)

- c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flow 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 Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e. On the basis of the written representations received from the directors of the Holding Company as on March 31, 2022 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 are disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164 (2) of the Act.
- f. With respect to the adequacy of internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in "Annexure B".
- g. 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:
- The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group. Refer Note 53 to the consolidated financial statements.
 - The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.
 - There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies.
 - (1) The respective Managements of the Holding Company and its subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries to the best of their knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or any of such subsidiaries, to or in any other person or entities, including foreign entities with the understanding, whether recorded in writing or otherwise, as on the date of this audit report, that such parties shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company or any of such subsidiaries ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (2) The respective Managements of the Holding Company and its subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries, to the best of their knowledge and belief, no funds have been received by the Holding Company or any of such subsidiaries from any person or entities, including foreign entities with the understanding, whether recorded in writing or otherwise, as on the date of this audit report, that the Holding Company or any of such subsidiaries shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
 - (3) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us and that performed by the auditors of the subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act, and according to the information and explanations provided to us by the Management of the Holding company in this regard nothing has come to our or other auditors' notice that has caused us or the other auditors to believe

INDEPENDENT AUDITORS' REPORT (Continued)

that the representations under sub-clause (i) and (ii) of Rule 11(e) as provided under (1) and (2) above, contain any material mis-statement.

- v. (1) The final dividend paid by the Holding Company during the year in respect of the same declared for the previous year is in accordance with section 123 of the Companies Act 2013 to the extent it applies to payment of dividend.
- (2) On the basis of our verification and on consideration of the reports of the statutory auditors of subsidiaries that are Indian companies under the Act, interim dividend declared and paid by the subsidiaries during the year and until the date of this audit report, is in accordance with section 123 of the Companies Act 2013.

vi. As required by The Companies (Amendment) Act, 2017, in our opinion, according to information, explanations given to us, the remuneration paid by the Group to its directors is within the limits prescribed under Section 197 of the Act and the rules thereunder.

vii. According to the information and explanations given to us and based on the Companies (Auditor's Report) Order, 2020 (CARO) reports issued by us for the Company and on consideration of CARO reports by statutory auditors of subsidiaries included in the consolidated financial statements of the Company to which reporting under CARO is applicable, we report that there are no qualifications/adverse remarks.

For M S K A & Associates

Chartered Accountants

ICAI Firm Registration No. 105047W

Amrish Vaidya

Partner

Membership No. 101739

UDIN: 22101739AJHBSE9074

Place: Mumbai

Date: May 20, 2022

ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT

on the consolidated financial statements of Advanced Enzyme Technologies Limited for the year ended 31 March 2022

Auditor's Responsibilities for the Audit of the 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 whether the company has 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 made by management.
- Conclude on the appropriateness of management's 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 ability of the Group 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 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 the 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 the financial statements 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.

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.

ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT (Continued)

on the consolidated financial statements of Advanced Enzyme Technologies Limited for the year ended 31 March 2022

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 for the year ended March 31, 2022 and are therefore the key audit matters. We describe these matters in our auditor's 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.

For M S K A & Associates

Chartered Accountants

ICAI Firm Registration No. 105047W

Amrish Vaidya

Partner

Membership No. 101739

UDIN: 22101739AJHBSE9074

Place: Mumbai

Date: May 20, 2022

ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT

on the consolidated financial statements of Advanced Enzyme Technologies Limited for the year ended 31 March 2022

[Referred to in paragraph (f) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report of even date to the Members of Advanced Enzyme Technologies Limited on the Consolidated Financial Statement for the year ended March 31, 2022

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

Opinion

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2022, we have audited the internal financial controls with reference to consolidated financial statements of Advanced Enzymes Technologies Limited (hereinafter referred to as "the Holding Company") and its subsidiary companies as of that date.

In our opinion, and to the best of our information and according to the explanations given to us, the Holding Company, its subsidiary companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at March 31, 2022, based on the internal control with reference to consolidated financial statements criteria established by the respective companies 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 ICAI").

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding company, its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control with reference to consolidated financial statements criteria established by the respective companies 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 Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements of the Holding company which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. 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 was 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 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 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 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 of the Holding Company, its subsidiary companies which are companies incorporated in India.

Meaning of Internal Financial Controls with Reference to Consolidated Financial Statements

A company's internal financial control with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability

ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT (Continued)

on the consolidated financial statements of Advanced Enzyme Technologies Limited for the year ended 31 March 2022

of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control 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 consolidated financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the consolidated financial statements.

Inherent Limitations of Internal Financial Controls with Reference to Consolidated Financial Statements

For M S K A & Associates

Chartered Accountants

ICAI Firm Registration No. 105047W

Amrish Vaidya

Partner

Membership No. 101739

UDIN: 22101739AJHBSE9074

Place: Mumbai

Date: May 20, 2022

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 control 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 insofar as it relates to 4 subsidiary companies which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

CONSOLIDATED BALANCE SHEET

as at 31 March 2022

(₹ in million)

| | Note | As at 31 March 2022 | As at 31 March 2021 Revised* |
|--|------|------------------------|------------------------------------|
| I. ASSETS | | | |
| (1) Non-current assets | | | |
| (a) Property, plant and equipment | 6A | 2,621.80 | 2,461.68 |
| (b) Capital work-in-progress | 6B | 96.28 | 48.62 |
| (c) Goodwill | 6C | 2,960.63 | 2,887.21 |
| (d) Other intangible assets | 6D | 608.67 | 692.95 |
| (e) Intangible assets under development | 6E | 54.39 | 53.79 |
| (f) Financial assets | | | |
| (i) Investments | 7 | 0.65 | 0.65 |
| (iii) Other financial assets | 8 | 27.32 | 25.23 |
| (g) Deferred tax assets (net) | 38 | 74.20 | 68.68 |
| (h) Income tax asset (net) | | 132.92 | 119.78 |
| (i) Other non-current assets | 9 | 54.85 | 43.00 |
| Total non-current assets | | 6,631.71 | 6,401.59 |
| (2) Current assets | | | |
| (a) Inventories | 10 | 1,209.20 | 938.81 |
| (b) Financial assets | | | |
| (i) Investments | 11 | 1,019.47 | 1,213.10 |
| (ii) Trade receivables | 12 | 882.06 | 862.74 |
| (iii) Cash and cash equivalents | 13 | 2,673.55 | 1,919.19 |
| (iv) Bank balances other than (iii) above | 14 | 62.77 | 58.55 |
| (v) Loans | 15 | 0.86 | 0.73 |
| (vi) Other financial assets | 16 | 49.08 | 58.23 |
| (c) Income tax asset (net) | | 40.84 | - |
| (d) Other current assets | 17 | 106.55 | 108.79 |
| Total current assets | | 6,044.38 | 5,160.14 |
| Total assets | | 12,676.09 | 11,561.73 |
| II. EQUITY AND LIABILITIES | | | |
| (1) Equity | | | |
| (a) Equity share capital | 18 | 223.60 | 223.46 |
| (b) Other equity | 19 | 10,662.33 | 9,485.94 |
| Equity attributable to the owners of the Company | | 10,885.93 | 9,709.40 |
| Non-controlling interest | 49 | 517.93 | 616.82 |
| Total equity | | 11,403.86 | 10,326.22 |
| (2) Non current liabilities | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 20 | 81.30 | 98.71 |
| (ii) Lease liability | 21 | 183.53 | 39.18 |
| (b) Provisions | 22 | 10.68 | 13.56 |
| (c) Deferred tax liabilities (net) | 38 | 392.50 | 408.50 |
| Total non current liabilities | | 668.01 | 559.95 |
| (3) Current liabilities | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 23 | 28.10 | 91.94 |
| (ii) Lease liability | 24 | 54.37 | 49.80 |
| (iii) Trade payables | 25 | | |
| a) total outstanding dues of micro enterprises and small enterprises | | 21.19 | 10.78 |
| b) total outstanding dues other than micro enterprises and small enterprises | | 157.78 | 141.39 |
| (iv) Other financial liabilities | 26 | 204.82 | 209.26 |
| (b) Other current liabilities | 27 | 97.75 | 130.07 |
| (c) Provisions | 28 | 38.22 | 40.43 |
| (d) Current tax liabilities (net) | | 1.99 | 1.89 |
| Total current liabilities | | 604.22 | 675.56 |
| Total equity and liabilities | | 12,676.09 | 11,561.73 |

* refer note 48

Significant accounting policies

Notes form an integral part of these consolidated financial statements

As per our report of even date attached.

For M S K A & Associates
Chartered Accountants
Firm's Registration No: 105047W

Amrish Vaidya
Partner
Membership No: 101739

Place: Mumbai
Date: 20 May 2022

For and on behalf of Board of Directors of
Advanced Enzyme Technologies Limited
CIN: L24200MH1989PLC051018

Mukund Kabra
Wholtime Director
DIN : 00148294
Place: Thane

Sanjay Basantani
Company Secretary
Membership No: A19637
Place: Thane
Date: 20 May 2022

Kedar Desai
Director
DIN : 00322581
Place: Thane

Beni. P. Rauka
Chief Financial Officer
Membership No: 039980
Place: Thane



CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the year ended 31 March 2022

(₹ in million)

| | Note | Year ended 31 March 2022 | Year ended 31 March 2021 Revised* |
|---|------|-----------------------------|---|
| Income | | | |
| Revenue from operations | 29 | 5,293.83 | 5,018.41 |
| Other income | 30 | 64.20 | 88.47 |
| Total income | | 5,358.03 | 5,106.88 |
| Expenses | | | |
| Cost of materials consumed | 31 | 1,302.58 | 1,001.78 |
| Purchases of stock-in-trade | 32 | 0.66 | 0.28 |
| Changes in inventories of finished goods, work-in-progress and stock-in-trade | 33 | (206.05) | (11.64) |
| Employee benefits expense | 34 | 1,039.59 | 871.07 |
| Finance costs (including exchange difference) | 35 | 17.96 | 16.09 |
| Depreciation and amortisation expense | 36 | 349.83 | 287.22 |
| Other expenses | 37 | 1,142.88 | 840.76 |
| Total expenses | | 3,647.45 | 3,005.56 |
| Profit before exceptional items and tax | | 1,710.58 | 2,101.32 |
| Exceptional items | | - | - |
| Profit before tax | | 1,710.58 | 2,101.32 |
| Tax expense | 38 | | |
| Current tax | | 500.89 | 579.83 |
| Deferred tax (credit)/ charge | | (31.00) | 8.89 |
| Tax adjustment for earlier years | | 2.70 | (0.27) |
| Total tax expense | | 472.59 | 588.45 |
| Profit for the year | | 1,237.99 | 1,512.87 |
| Less: Share of profit attributable to Non-controlling interest | | 42.17 | 53.56 |
| Profit for the year attributable to the owners of the Company | | 1,195.82 | 1,459.31 |
| Other comprehensive income | | | |
| A (i) Items that will not be reclassified to profit or loss | | | |
| Remeasurements of defined benefit charge/(credit) | | 1.39 | 1.55 |
| (ii) Income tax related to items that will not be reclassified to profit or loss | | (0.32) | (0.41) |
| B (i) Items that will be reclassified to profit or loss | | | |
| Exchange differences in translating financial statements of foreign operations | | 164.13 | (100.44) |
| (ii) Income tax related to items that will be reclassified to profit or loss | | - | - |
| Other comprehensive income for the year, net of tax | | 165.20 | (99.30) |
| Share of Other Comprehensive Income / (Loss) attributable to Non-Controlling Interest | | 0.63 | 0.47 |
| Other Comprehensive Income for the year attributable to Owners of the Company | | 164.57 | (99.77) |
| Total Comprehensive Income attributable to: | | | |
| Owners of the Company | | 1,360.39 | 1,359.54 |
| Non-Controlling Interest | | 42.80 | 54.03 |
| Total Comprehensive Income for the year | | 1,403.19 | 1,413.57 |
| Earnings per equity share (face value ₹ 2 each fully paid up) | 45 | | |
| Including extra-ordinary items | | | |
| Basic | | 10.70 | 13.06 |
| Diluted | | 10.68 | 13.04 |

* refer note 48

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 **M S K A & Associates**
Chartered Accountants
Firm's Registration No: 105047W

Amrish Vaidya
Partner
Membership No: 101739

Place: Mumbai
Date: 20 May 2022

For and on behalf of Board of Directors of
Advanced Enzyme Technologies Limited
CIN: L24200MH1989PLC051018

Mukund Kabra
Wholetime Director
DIN : 00148294
Place: Thane

Sanjay Basantani
Company Secretary
Membership No: A19637
Place: Thane
Date: 20 May 2022

Kedar Desai
Director
DIN : 00322581
Place: Thane

Beni. P. Rauka
Chief Financial Officer
Membership No: 039980
Place: Thane

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2022

(₹ in million)

(a) Equity share capital

| | 31 March 2022 | | 31 March 2021 | |
|---|---------------|--------|---------------|--------|
| | No. of Shares | Amount | No. of Shares | Amount |
| Balance at the beginning of the year (refer note 18) | 11,17,28,425 | 223.46 | 11,16,78,475 | 223.36 |
| Changes in equity share capital due to prior period errors | - | - | - | - |
| Restated balance at the beginning of the current reporting year | 11,17,28,425 | 223.46 | 11,16,78,475 | 223.36 |
| Changes in equity share capital during the year | 72,250 | 0.14 | 49,950 | 0.10 |
| Balance at the end of the year | 11,18,00,675 | 223.60 | 11,17,28,425 | 223.46 |

(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 | Non controlling interest reserve | Employee stock option account | Other reserve | Foreign currency translation reserve | | | |
| Balance at 1 April 2020 | 772.98 | 3.00 | 38.77 | 6,574.54 | - | 36.07 | (1.81) | 749.62 | 8,173.17 | 277.95 | 8,451.12 |
| Profit for the year | - | - | - | 1,469.12 | - | - | - | - | 1,469.12 | 53.56 | 1,522.68 |
| Other comprehensive income for the year | - | - | - | 0.66 | - | - | - | (100.45) | (99.79) | 0.47 | (99.32) |
| Total comprehensive income for the year | - | - | - | 1,469.78 | - | - | - | (100.45) | 1,369.33 | 54.03 | 1,423.36 |
| Add: Options granted during the year (refer note 44) | - | - | - | - | - | 5.32 | - | - | 5.32 | - | 5.32 |
| Less: Options lapsed during the year | - | - | - | - | - | (1.50) | - | - | (1.50) | - | (1.50) |
| Add / (Less): Exercise of Share options | 16.58 | - | - | - | - | (13.69) | - | - | 2.89 | - | 2.89 |
| Less: Dividends paid | - | - | - | (67.01) | - | - | - | - | (67.01) | (12.80) | (79.81) |
| Add: Movement in non-controlling interest | - | - | - | - | - | - | - | - | - | 297.64 | 297.64 |
| Add: Acquisition of subsidiary (refer note 48) | - | 3.74 | - | - | - | - | - | - | 3.74 | - | 3.74 |
| Balance at 31 March 2021 | 789.56 | 6.74 | 38.77 | 7,977.31 | - | 26.19 | (1.81) | 649.17 | 9,485.94 | 616.82 | 10,102.76 |
| Profit for the year | - | - | - | 1,195.82 | - | - | - | - | 1,195.82 | 42.17 | 1,237.99 |
| Other comprehensive income for the year | - | - | - | 0.44 | - | - | - | 164.12 | 164.56 | 0.63 | 165.19 |
| Total comprehensive income for the year | - | - | - | 1,196.26 | - | - | - | 164.12 | 1,360.38 | 42.80 | 1,403.18 |
| Add / (Less): Exercise of Share options | 23.99 | - | - | - | - | (19.80) | - | - | 4.19 | - | 4.19 |
| Less: Dividends paid | - | - | - | (100.60) | - | - | - | - | (100.60) | (18.00) | (118.60) |
| Less: Acquisition of non-controlling interests (refer note 47) | - | - | - | - | (87.58) | - | - | - | (87.58) | - | (87.58) |
| Less: Movement in non-controlling interest (refer note 48) | - | - | - | - | - | - | - | - | - | (123.68) | (123.68) |
| Balance at 31 March 2022 | 813.56 | 6.74 | 38.77 | 9,072.97 | (87.58) | 6.39 | (1.81) | 813.28 | 10,662.33 | 517.93 | 11,180.26 |

As per our report of even date attached.

For **M S K A & Associates**
Chartered Accountants
Firm's Registration No.: 105047W

Amrish Vaidya
Partner
Membership No: 101739

Place: Mumbai
Date: 20 May 2022

For and on behalf of Board of Directors of
Advanced Enzyme Technologies Limited
CIN: L24200MH1989PLC051018

Mukund Kabra
Wholesale Director
DIN : 00148294
Place: Thane

Sanjay Basantani
Company Secretary
Membership No: A19637
Place: Thane
Date: 20 May 2022

Kedar Desai
Director
DIN : 00322581
Place: Thane

Beni. P. Rauka
Chief Financial Officer
Membership No: 039980
Place: Thane



CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 March 2022

(₹ in million)

| | Year ended 31 March 2022 | Year ended 31 March 2021 Revised ## |
|--|-----------------------------|---|
| A. Cash flows from operating activities | | |
| Profit before tax | 1,710.58 | 2,101.32 |
| | 1,710.58 | 2,101.32 |
| Adjustments for non-cash transactions | | |
| Depreciation and amortization expense | 349.83 | 287.22 |
| Prepaid lease amortisation | 0.61 | 0.10 |
| (Profit) / Loss on sale of Property, plant and equipments | (11.50) | (7.25) |
| Allowances for bad and doubtful trade receivables | 0.28 | - |
| Bad and doubtful trade receivables written off | 0.99 | 0.43 |
| Provision for doubtful trade receivables written back | 0.05 | (1.75) |
| Employee stock compensation expense | - | 3.81 |
| Sundry balances written off/ (back) (net) | (1.63) | - |
| Excess provision written back | (10.26) | (2.80) |
| Sundry balances written off | - | 0.39 |
| Fair valuation of investments in marketable securities | (3.25) | (1.55) |
| Unrealized foreign exchange loss/(gain) | (0.08) | 0.91 |
| | 2,035.62 | 2,380.83 |
| Items considered separately | | |
| Interest income | (11.35) | (9.89) |
| Interest expenses | 17.94 | 15.94 |
| Paycheck Protection Programme loan forgiveness | - | (39.83) |
| | 2,042.21 | 2,347.05 |
| Operating profit before working capital changes | | |
| (Increase) / Decrease in Non-current loans | 37.85 | (0.40) |
| (Increase) / Decrease in Other non-current financial assets | (2.45) | - |
| (Increase) / Decrease in Other non-current assets | (1.16) | (0.99) |
| (Increase) / Decrease in Inventories | (260.95) | (81.80) |
| (Increase) / Decrease in Trade receivables | (14.04) | (72.24) |
| (Increase) / Decrease in Current loans | (37.84) | (0.09) |
| (Increase) / Decrease in Other current financial assets | 8.26 | 2.76 |
| (Increase) / Decrease in Other current assets | 2.03 | 14.26 |
| (Decrease) / Increase in Provisions | (5.37) | (9.74) |
| (Decrease) / Increase in Trade payables | 27.98 | 14.73 |
| (Decrease) / Increase in Current financial liabilities- others | 8.39 | (56.07) |
| (Decrease) / Increase in Other current liabilities | (36.69) | 39.30 |
| Cash generated from operating activities | 1,768.22 | 2,196.77 |
| Income taxes paid (net of refund) | (545.31) | (567.10) |
| Net cash generated from operating activities | 1,222.91 | 1,629.67 |
| B. Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (281.16) | (194.47) |
| Proceeds from sale of property, plant and equipments | 13.01 | 1.51 |
| Purchase of intangible assets (net of refund) | (0.60) | (1.33) |
| Acquisition of business | - | (16.26) |
| Purchase of non-current investments (additional stake purchased in JC Biotech Pvt. Ltd.) | (211.25) | - |
| (Purchase) / Proceeds from sale of current investments (net) | 220.99 | (3.87) |
| Interest received | 12.28 | 9.10 |
| (Increase) in bank deposits with maturity more than 3 months but less than 12 months | (2.39) | (55.01) |
| (Increase) / Decrease in bank deposits with maturity of more than 12 months # | (0.00) | (0.00) |
| Net cash (used in) investing activities | (249.12) | (260.33) |
| C. Cash flows from financing activities | | |
| Proceeds from issue of share capital including securities premium | 4.34 | 3.00 |
| Proceeds from long term borrowings | 6.74 | 80.20 |
| Paycheck Protection Programme loan proceeds | - | 39.83 |
| Repayment from long-term borrowings (net) | (6.83) | (125.36) |
| Repayment of long term borrowings | (16.37) | - |

CONSOLIDATED CASH FLOW STATEMENT (Continued)

for the year ended 31 March 2022

(₹ in million)

| | Year ended 31 March 2022 | Year ended 31 March 2021 Revised ## |
|---|-----------------------------|---|
| Repayment of short-term borrowings (net) | (64.92) | (111.53) |
| Interest paid | (17.76) | (15.36) |
| Lease liability paid | (60.35) | (54.82) |
| Dividends paid | (118.60) | (79.81) |
| Net cash (used in) financing activities | (273.75) | (263.85) |
| Net (decrease) / increase in cash and cash equivalents (A+B+C) | 700.04 | 1105.49 |
| Cash and cash equivalents as at the beginning of the year | 1919.19 | 826.64 |
| Cash acquired on acquisition (refer note 48) | - | 6.02 |
| Effect of exchange rate changes on cash and cash equivalents held | 54.32 | (18.96) |
| Cash and cash equivalents as at the end of the year* | 2673.55 | 1919.19 |
| * Composition of cash and cash equivalents (refer note 13) | | |
| Cash in hand | 0.97 | 0.54 |
| Balance with banks : | | |
| Current account | 1852.64 | 1179.93 |
| Fixed deposit account (with maturity less than 3 months) | 51.12 | 108.94 |
| Money market deposits | 768.82 | 629.78 |
| Deposits with maturity more than 3 months but less than 12 months | 60.02 | 2.62 |
| | 2733.57 | 1921.82 |
| Less: Deposits with maturity more than 3 months but less than 12 months | 60.02 | 2.62 |
| | 2673.55 | 1919.19 |

Reconciliation between the opening and closing balances in the standalone balance sheet for liabilities arising from financing activities

| Particulars | Notes | 31 March 2021 | Cashflows | Non cash changes | | | | 31 March 2022 |
|---|-------|---------------------|----------------|------------------|---------------------------------|-------------------------|----------------------|---------------------|
| | | | | Acquisitions | Foreign exchange movement | Fair value change | Other adjustments | |
| Non-current borrowings | 20 | 98.71 | (16.46) | - | (0.95) | - | - | 81.30 |
| Cash credit, packing credit and working capital demand loans and deferred sales tax liabilities | 23 | 91.94 | (64.92) | - | 1.08 | - | - | 28.10 |
| Total liabilities from financing | | 190.65 | (81.38) | - | 0.13 | - | - | 109.40 |

Notes to the Consolidated cash flow statement

1) The cash flow statement has been prepared under indirect method as set out in Ind AS 7, 'Statement of cashflows'.

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

refer note 48

As per our report of even date attached.

For M S K A & Associates
Chartered Accountants
Firm's Registration No.: 105047W

Amrish Vaidya
Partner
Membership No: 101739

Place: Mumbai
Date: 20 May 2022

For and on behalf of Board of Directors of
Advanced Enzyme Technologies Limited
CIN: L24200MH1989PLC051018

Mukund Kabra
Wholetime Director
DIN : 00148294
Place: Thane

Sanjay Basantani
Company Secretary
Membership No: A19637
Place: Thane
Date: 20 May 2022

Kedar Desai
Director
DIN : 00322581
Place: Thane

Beni. P. Rauka
Chief Financial Officer
Membership No: 039980
Place: Thane

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

(₹ 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 20 May 2022.

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 2022 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

(₹ in million)

reporting period on government bonds. The period to maturity of the underlying bonds correspond to the probable maturity of the post-employment benefit obligations.

c. Recognition of deferred tax assets

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

d. Recognition and measurement of other provisions

The recognition and measurement of other provisions are based on the assessment of the probability of an outflow of resources, and on past experience and circumstances known at the balance sheet date. The actual outflow of resources at a future date may therefore vary from the amount included in other provisions.

e. Discounting of long-term financial assets / liabilities

All financial assets / liabilities are required to be measured at fair value on initial recognition. In case of financial liabilities/assets which are required to subsequently be measured at amortised cost, interest is accrued using the effective interest method.

f. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting. The Group prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the Consolidated financial statements of the Group.

g. Fair value of financial instruments

Derivatives are carried at fair value. Derivatives includes foreign currency forward contracts. Fair value of foreign currency forward contracts are determined using the fair value reports provided by respective merchant bankers.

h. Measurement of fair values

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

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

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

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

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. On

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

(₹ in million)

March 23, 2022, the Ministry of Corporate Affairs (“MCA”) through notifications, amended the existing Ind AS. The same shall come into force from annual reporting period beginning on or after April 1, 2022. Key Amendments relating to the same where financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015 are:

Ind AS 16- Property, Plant and Equipment

For items produced during testing/trial phase, clarification added that revenue generated out of the same shall not be recognised in the Consolidated Statement of Profit and Loss and considered as part of cost of PPE.

Ind AS 37- Provisions, Contingent Liabilities & Contingent Assets

Guidance on what constitutes cost of fulfilling contracts (to determine whether the contract is onerous or not) is included.

Ind AS 41- Agriculture

This aligns the fair value measurement in Ind AS 41 with the requirements of Ind AS 113 Fair Value Measurement to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pre-tax or post-tax cash flows and discount rates for the most appropriate fair value measurement.

Ind AS 101- First time Adoption of Ind AS

Measurement of Foreign Currency Translation Difference in case of subsidiary/associate/ JV's date of transition to Ind AS is subsequent to that of Parent - FCTR in the books of subsidiary/associate/ JV can be measured based on Consolidated Financial Statements

Ind AS 103- Business Combination

Reference to revised Conceptual Framework. For contingent liabilities / levies, clarification is added on how to apply the principles for recognition of contingent liabilities from Ind AS 37. Recognition of contingent assets is not allowed.

Ind AS 109- Financial Instruments

The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in assessing whether to derecognise a financial liability

The amendments are extensive and the Group will evaluate the same to give effect to them as required by law.

4 Principles of Consolidation

a Business combinations

As part of its transition to Ind AS, the group has elected to apply Ind AS 103, Business Combinations, to only those business combinations that occurred on or after the transition date i.e 1 April 2016. In accordance with Ind AS 103, the group accounts for these business combinations using the acquisition method when control is transferred to the group. The consideration transferred for the business combination is measured at fair value as at the date the control is acquired (acquisition date), as are the net identifiable assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in Other Comprehensive Income (OCI) and accumulated in equity as capital reserve if there exists clear evidence of the underlying reasons for classifying the business combination as resulting in a bargain purchase; otherwise the gain is recognised directly in equity as capital reserve. Transaction costs are expensed as incurred, except to the extent related to the issue of debt or equity securities.

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

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured subsequently and settlement is accounted for within equity. Other contingent consideration is remeasured at fair value at each reporting date and changes in the fair value of the contingent consideration are recognised in the consolidated statement of profit and loss.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

(₹ in million)

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 2022 | % age voting power held as at 31 March 2021 |
|---|--------------------------|---|---|
| i. Advanced Bio-Agro Tech Limited | India | 60.00% | 60.00% |
| ii. JC Biotech Private Limited | India | 85.00% | 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% |
| viii. Advanced Supplementary Technologies Corporation (Wholly owned subsidiary of Advanced Enzymes USA, Inc.) | USA | 100.00% | 100.00% |
| ix. Enzyme Innovation, Inc. (Wholly owned subsidiary of Cal India Foods International) | USA | 100.00% | 100.00% |
| x. Dynamic Enzymes, Inc. (Wholly owned subsidiary of Advanced Enzymes USA, Inc.) | USA | 100.00% | 100.00% |
| xi. Advanced Enzymes (Malaysia) Sdn. Bhd. (Wholly owned subsidiary) | Malaysia | 100.00% | 100.00% |
| xii. Sci-Tech Specialities Private Limited (Acquired on 11 January 2021) | India | 51.00% | 51.00% |

c Non-controlling interests (NCI)

NCI are measured at their proportionate share of the acquiree's net identifiable assets at the date of acquisition.

Changes in the Group's equity interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

d Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of

the subsidiary, and any related NCI and other components of equity. Any interest retained in the former subsidiary is measured at fair value at the date the control is lost. Any resulting gain or loss is recognised in consolidated statement profit or loss.

e Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

(₹ in million)

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

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

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(₹ in million)

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

- Intangible assets are stated at cost of acquisition less accumulated amortisation and accumulated impairment losses, if any.
- 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.
- Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.
- 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.
- 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.

When there is indication that an impairment loss recognized for an asset (other than a revalued asset)

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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,

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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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is recognised in respect of temporary difference between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

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

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

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

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

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

Deferred tax assets and liabilities are offset only if:

- 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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intangible asset to the extent that it is technically feasible to complete the development of such asset and future economic benefits are expected to be generated from such assets. Capital expenditure on research and development is included as part of assets and depreciated on the same basis as other assets.

m. Provisions and contingencies

Provisions are determined by discounting the expected future cash flows specific to the liability. The unwinding of the discount is recognised as finance cost. A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

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

A contingent asset is not recognised but disclosed in the Consolidated financial statements where an inflow of economic benefit is probable.

n. Leases

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

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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 an their realization in cash or cash equivalents. Based on the nature of products/ activities of the Group, the management has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

q. Financial Instruments

a. Financial assets

i. Recognition and initial measurement

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

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

ii. Classification

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

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

investment

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

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

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

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

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

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

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the 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

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(₹ in million)

reduces an accounting mismatch that would otherwise arise.

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

iii. Subsequent measurement and gains and losses

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in consolidated statement of Profit and Loss.

Financial assets at amortised cost

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

Debt investments at FVOCI

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

Equity investments at FVOCI

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

iv. Derecognition

The Group derecognises a financial asset when

the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Group enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

v. Impairment of financial assets

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

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

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

b. Financial liabilities

i. Recognition and initial measurement

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

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

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(₹ in million)

of financial liability.

ii. Classification, subsequent measurement and gains and losses

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

iii. Derecognition

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

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

iv. Offsetting

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

settle the liability simultaneously.

v. Derivative financial instruments

The Group uses derivative financial instruments, such as forward currency contracts to hedge its interest rate risk. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value at each reporting period. Any changes therein are generally recognised in the consolidated statement of profit and loss.

s. Government grants

Grants received from the government are recognized at their fair value where there is reasonable assurance that the grant will be received and the Group will comply with the conditions.

Government grants related to income are deferred and recognized in the consolidated statement of profit and loss over the period necessary to match them with the costs that they are intended to compensate and netted off with the expense in the consolidated statement of profit and loss.

Government grants related to purchase of property plant and equipment are recognised as deferred income and are credited to consolidated statement of profit and loss on a straight line basis over expected life of the related asset and presented within other income.

t. Earnings Per Share:

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period

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(₹ in million)

6A Property, Plant and Equipment

| Gross block | Land freehold 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 2020 | 464.77 | 5.22 | 358.23 | 1,644.57 | 28.09 | 28.29 | 86.10 | 96.26 | 29.97 | 181.59 | 2,923.09 |
| Additions | - | - | 138.56 | 107.51 | 7.48 | 0.58 | 6.37 | 0.95 | 6.11 | - | 267.56 |
| Addition on acquisition of subsidiary company | 47.40 | - | 91.17 | 193.33 | 6.45 | 9.82 | 1.66 | - | 3.40 | 6.39 | 359.62 |
| Disposals | - | - | 0.02 | 2.21 | 0.13 | 0.93 | 0.37 | - | 0.11 | - | 3.77 |
| Balance as at 31 March 2021 | 512.17 | 5.22 | 587.94 | 1,943.20 | 41.89 | 37.76 | 93.76 | 97.21 | 39.37 | 187.98 | 3,546.50 |
| Additions | - | - | 40.71 | 135.47 | 6.11 | 26.21 | 5.52 | 0.62 | 7.18 | 206.10 | 427.92 |
| Disposals | - | - | 0.73 | 1.70 | - | 1.82 | 0.06 | - | 0.01 | - | 4.32 |
| Balance as at 31 March 2022 | 512.17 | 5.22 | 627.92 | 2,076.97 | 48.00 | 62.15 | 99.22 | 97.83 | 46.54 | 394.08 | 3,970.10 |
| Accumulated depreciation and amortisation | | | | | | | | | | | |
| Balance as at 1 April 2020 | - | 0.28 | 117.99 | 467.29 | 19.43 | 20.13 | 76.68 | 62.93 | 19.89 | 50.72 | 835.34 |
| Depreciation and amortisation | - | 0.07 | 26.09 | 103.86 | 2.62 | 3.62 | 6.60 | 18.87 | 6.43 | 54.94 | 223.10 |
| 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 |
| Balance as at 31 March 2021 | - | 0.35 | 153.51 | 603.60 | 23.69 | 25.16 | 83.31 | 81.80 | 27.37 | 108.28 | 1,107.07 |
| Depreciation and amortisation | - | 0.07 | 38.03 | 132.89 | 4.74 | 4.58 | 4.95 | 17.76 | 7.75 | 59.08 | 269.85 |
| Reversal on disposal of assets # | - | - | 0.11 | 0.91 | - | 1.73 | 0.06 | - | 0.00 | - | 2.81 |
| Balance as at 31 March 2022 | - | 0.42 | 191.43 | 735.58 | 28.43 | 28.01 | 88.20 | 99.56 | 35.12 | 167.36 | 1,374.11 |
| Other Adjustment | | | | | | | | | | | |
| Foreign currency translation adjustments as at 31 March 2021 | - | - | - | 7.03 | 0.05 | - | 1.57 | 5.25 | 0.25 | 8.10 | 22.25 |
| Foreign currency translation adjustments during the year # | - | - | - | 0.14 | 0.00 | - | (0.05) | 0.24 | 0.09 | 3.14 | 3.56 |
| Balance as at 31 March 2022 | - | - | - | 7.17 | 0.05 | - | 1.52 | 5.49 | 0.34 | 11.24 | 25.81 |
| Net block | | | | | | | | | | | |
| Balance as at 31 March 2021 | 512.17 | 4.87 | 434.43 | 1,346.63 | 18.25 | 12.60 | 12.02 | 20.66 | 12.25 | 87.80 | 2,461.68 |
| Balance as at 31 March 2022 | 512.17 | 4.80 | 436.49 | 1,348.56 | 19.62 | 34.14 | 12.54 | 3.76 | 11.76 | 237.96 | 2,621.80 |

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

6B Capital work-in-progress (CWIP)

| | |
|---------------------------------|--------------|
| CWIP as at 1 April 2020 | 47.57 |
| Addition during the year | 745.42 |
| Capitalised during the year | 744.38 |
| CWIP as at 31 March 2021 | 48.61 |
| Addition during the year | 248.17 |
| Capitalised during the year | 200.50 |
| CWIP as at 31 March 2022 | 96.28 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

(₹ in million)

(a) For Capital-work-in progress ageing schedule

| CWIP as at 31 Mar 2022 | Amount in CWIP for a period of | | | | Total |
|--------------------------------|--------------------------------|-------------|-------------|-------------------|-------|
| | Less than 1 year | 1 - 2 years | 2 - 3 years | More than 3 years | |
| Projects in progress | 88.25 | 5.72 | 1.78 | 0.53 | 96.28 |
| Projects temporarily suspended | - | - | - | - | - |

| CWIP as at 31 Mar 2021 | Amount in CWIP for a period of | | | | Total |
|--------------------------------|--------------------------------|-------------|-------------|-------------------|-------|
| | Less than 1 year | 1 - 2 years | 2 - 3 years | More than 3 years | |
| Projects in progress | 37.95 | 10.13 | - | 0.53 | 48.61 |
| Projects temporarily suspended | - | - | - | - | - |

(b) For Right to use asset

| | Buildings | Land Leasehold | Total |
|--|---------------|----------------|---------------|
| Gross block | | | |
| Balance as at 1 April 2020 | 175.57 | 12.62 | 188.19 |
| Addition on acquisition of subsidiary company | 6.39 | - | 6.39 |
| Balance as at 31 March 2021 | 181.96 | 12.62 | 194.58 |
| Additions | 206.10 | - | 206.10 |
| Balance as at 31 March 2022 | 388.06 | 12.62 | 400.68 |
| Accumulated depreciation and amortization | | | |
| Balance as at 1 April 2020 | 50.72 | - | 50.72 |
| Depreciation and amortization | 54.19 | 0.74 | 54.94 |
| Addition on acquisition of subsidiary company | 2.62 | - | 2.62 |
| Balance as at 31 March 2021 | 107.53 | 0.74 | 108.28 |
| Depreciation and amortization | 58.34 | 0.74 | 59.08 |
| Balance as at 31 March 2022 | 165.87 | 1.49 | 167.36 |
| Other Adjustment | | | |
| Foreign currency translation adjustments as at 31 March 2021 | 1.50 | - | 1.50 |
| Foreign currency translation adjustments during the year | 3.14 | - | 3.14 |
| | 4.64 | - | 4.64 |
| Net block | | | |
| Balance as at 31 March 2021 | 75.93 | 11.87 | 87.80 |
| Balance as at 31 March 2022 | 226.83 | 11.13 | 237.96 |

6C Goodwill on consolidation (refer note 50)

| | As at 31 March 2022 | As at 31 March 2021 |
|-------------------------------------|------------------------|------------------------|
| Advanced Enzymes USA, Inc. | 2,567.73 | 2,489.75 |
| JC Biotech Private Limited | 123.65 | 123.65 |
| Advanced Enzytech Solutions Limited | 0.87 | 0.87 |
| Advanced Enzymes Europe B.V. | 268.38 | 272.94 |
| | 2,960.63 | 2,887.21 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

(₹ in million)

6D Intangible assets

| Gross block | Computer software | Customer relationship | Developed Technologies | Rights and Licences | Tradename | Website Domain | Product Dossiers | Technical Knowhow | Non-compete Fee | Total |
|--|-------------------|-----------------------|------------------------|---------------------|--------------|----------------|------------------|-------------------|-----------------|-----------------|
| Balance as at 1 April 2020 | 33.29 | 78.62 | 527.93 | 229.32 | 25.63 | 6.32 | 3.83 | - | - | 904.94 |
| Additions | 1.29 | - | - | 0.34 | - | - | - | - | 10.60 | 12.23 |
| Addition on acquisition of subsidiary company | 1.93 | 30.40 | - | - | - | - | - | 90.70 | 17.60 | 140.63 |
| Balance as at 31 March 2021 | 36.51 | 109.02 | 527.93 | 229.66 | 25.63 | 6.32 | 3.83 | 90.70 | 28.20 | 1,057.80 |
| Additions | 0.05 | - | - | - | - | - | - | - | - | 0.05 |
| Balance as at 31 March 2022 | 36.56 | 109.02 | 527.93 | 229.66 | 25.63 | 6.32 | 3.83 | 90.70 | 28.20 | 1,057.85 |
| Accumulated amortisation | | | | | | | | | | |
| Balance as at 1 April 2020 | 18.51 | 21.69 | 83.22 | 210.87 | 10.11 | 4.60 | 0.49 | - | - | 349.49 |
| Amortisation | 6.90 | 9.04 | 30.49 | 5.11 | 4.21 | 2.42 | 0.38 | - | - | 58.55 |
| Addition on acquisition of subsidiary company | 0.37 | 1.32 | - | - | - | - | - | 2.80 | 1.07 | 5.56 |
| Balance as at 31 March 2021 | 25.78 | 32.05 | 113.71 | 215.98 | 14.32 | 7.02 | 0.87 | 2.80 | 1.07 | 413.60 |
| Amortisation | 7.34 | 15.11 | 30.46 | 4.83 | 4.20 | - | 0.38 | 12.96 | 4.70 | 79.98 |
| Balance as at 31 March 2022 | 33.12 | 47.16 | 144.17 | 220.81 | 18.52 | 7.02 | 1.25 | 15.76 | 5.77 | 493.58 |
| Other Adjustment | | | | | | | | | | |
| Foreign currency translation adjustments as at 31 March 2021 | 0.01 | 9.37 | 32.57 | 3.29 | 2.80 | 0.71 | - | - | - | 48.75 |
| Foreign currency translation adjustments during the year # | (0.00) | (0.75) | (3.28) | (0.18) | (0.14) | - | - | - | - | (4.35) |
| Balance as at 31 March 2022 | 0.01 | 8.62 | 29.29 | 3.11 | 2.66 | 0.71 | - | - | - | 44.40 |
| Net block | | | | | | | | | | |
| Balance as at 31 March 2021 | 10.74 | 86.34 | 446.79 | 16.97 | 14.11 | - | 2.96 | 87.90 | 27.13 | 692.95 |
| Balance as at 31 March 2022 | 3.45 | 70.48 | 413.05 | 11.96 | 9.77 | - | 2.57 | 74.94 | 22.43 | 608.67 |

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

6E Intangible assets under development

| | |
|------------------------------------|--------------|
| Balance as on 1 April 2020 | 53.75 |
| Addition during the year | 2.24 |
| Capitalised during the year | 2.20 |
| Balance as on 31 March 2021 | 53.79 |
| Addition during the year | 0.60 |
| Capitalised during the year | - |
| Balance as at 31 March 2022 | 54.39 |

6F Intangible assets under development ageing schedule

| As at 31 Mar 2022 | Amount in CWIP for a period of | | | | Total |
|--------------------------------|--------------------------------|-------------|-------------|-------------------|--------------|
| | Less than 1 year | 1 - 2 years | 2 - 3 years | More than 3 years | |
| Projects in progress | 0.30 | 0.40 | - | 53.69 | 54.39 |
| Projects temporarily suspended | - | - | - | - | - |
| As at 31 Mar 2021 | | | | | |
| As at 31 Mar 2021 | Amount in CWIP for a period of | | | | Total |
| | Less than 1 year | 1 - 2 years | 2 - 3 years | More than 3 years | |
| Projects in progress | 0.10 | - | - | 53.69 | 53.79 |
| Projects temporarily suspended | - | - | - | - | - |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

(₹ in million)

7 Non-current investments

| | As at 31 March 2022 | As at 31 March 2021 |
|---|---------------------------|---------------------------|
| Other investments (unquoted) | | |
| Equity shares at fair value through profit and loss | | |
| 19,100 Equity shares (31 March 2021 - 19,100) of ₹ 10 each fully paid up of Advanced Vital Enzymes Private Limited* | 0.57 | 0.57 |
| 1,666 Equity shares (31 March 2021 - 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 2021 - 2,520) of ₹ 10 each fully paid up of Saraswat Coop Bank Ltd. | 0.03 | 0.03 |
| | 0.65 | 0.65 |
| Aggregate value of unquoted investments | 0.65 | 0.65 |

* refer note 42

8 Other non-current financial assets

| | As at 31 March 2022 | As at 31 March 2021 |
|--|---------------------------|---------------------------|
| <i>(unsecured considered good unless otherwise stated)</i> | | |
| Non-current bank deposits | 0.05 | 0.05 |
| Security deposits | 27.27 | 25.18 |
| | 27.32 | 25.23 |

9 Other non-current assets

| | As at 31 March 2022 | As at 31 March 2021 |
|--|---------------------------|---------------------------|
| <i>(unsecured considered good unless otherwise stated)</i> | | |
| Prepaid expenses | 39.15 | 38.60 |
| Capital advances | 14.86 | 3.88 |
| Others | 0.84 | 0.52 |
| | 54.85 | 43.00 |

10 Inventories (valued at lower of cost and net realisable value)

| | As at 31 March 2022 | As at 31 March 2021 |
|---|---------------------------|---------------------------|
| Raw materials and packing materials [including goods-in-transit of ₹ 42.69 million (31 March 2021 ₹ 34.61 million)] | 472.29 | 407.99 |
| Work-in-progress | 303.54 | 212.24 |
| Finished goods [including goods-in-transit of ₹ 36.11 million (31 March 2021 ₹ 34.79 million)] | 347.25 | 232.52 |
| Stores, consumables and fuel | 86.12 | 86.06 |
| | 1,209.20 | 938.81 |

As at 31 March 2022, the Company has written down the value for slow moving inventory aggregating ₹ 91.72 million (31 March 2021: ₹ 88.87 million). The charge on account of written down during the year ended 31 March 2022 is ₹ 5.19 million (31 March 2021: ₹ 29.14 million) is included in cost of materials consumed and changes in inventories.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

(₹ in million)

11 Current investments

| | As at 31 March 2022 | As at 31 March 2021 |
|--|------------------------|------------------------|
| Mutual funds (Quoted) | | |
| Measured at fair value through profit and loss | | |
| Fixed income securities | 792.72 | 883.76 |
| DSP overnight fund - Direct - Growth (No. of units 31 March 2022: 8,786.469, 31 March 2021: 160,702.822) (Market value 31 March 2022: 1,138.3791/unit; 31 March 2021: ₹ 1,102.238/unit) | 10.00 | 177.13 |
| DSP Savings fund - Direct - Growth (No. of units 31 March 2022: 354,042.284, 31 March 2021: 3,613,215.850) (Market value 31 March 2022: Rs 43.763/unit; 31 March 2021: ₹ 42.100/unit) | 15.49 | 152.12 |
| Aditya Birla Sunlife Limited floating rate fund - Direct - Growth (No. of units 31 March 2022: 60,372.067, 31 March 2021: Nil) (Market value 31 March 2022: 283.549/unit) | 17.12 | - |
| Aditya Birla Sun Life- Low Duration Fund Growth- Direct (No. of units 31 March 2022: 62,749.694, 31 March 2021: Nil) (Market value 31 March 2022: 578.360/unit) | 36.29 | - |
| Aditya Birla Sun Life- Overnight Growth- Direct (No. of units 31 March 2022: 835.923, 31 March 2021: Nil) (Market value 31 March 2022: 1,149.685/unit) | 0.96 | - |
| ICICI Ultra short term fund (No. of units 31 March 2022: 1,087,986.419, 31 March 2021: Nil) (Market value 31 March 2022: 23.911/unit) | 26.02 | - |
| Aditya Birla Sunlife Limited Overnight Fund - Growth - Direct (No. of units 31 March 2022: 71,146.4933, 31 March 2021: Nil) (Market value 31 March 2022: 1,149.6854/unit) | 81.80 | - |
| Aditya Birla Sun Life- Money Manager Fund Growth- Direct (No. of units 31 March 2022: 15,424.900, 31 March 2021: Nil) (Market value 31 March 2022: 298.911/unit) | 4.61 | - |
| ICICI Prudential Floating Interest Fund - Direct Plan - Growth (No. of units 31 March 2022: 60,742.005, 31 March 2021: Nil) (Market value 31 March 2022: 360.661/unit) | 21.91 | - |
| ICICI Prudential Mutual Fund- "ICICI Prudential Liquid - Growth" (No. of units 31 March 2022: 145.78, 31 March 2021: 145.78) (Market value 31 March 2022: 313.148/unit, 31 March 2021: 297.340/unit) | 0.05 | 0.04 |
| ICICI Prudential Overnight Fund (No. of units 31 March 2022: 109,073.397, 31 March 2021: Nil) (Market value 31 March 2022: 114.608/unit) | 12.50 | - |
| Franklin India Ultra Short Bond Fund Super Institutional Plan - Direct - Growth (No. of units 31 March 2022: Nil, 31 March 2021: 1,813.611) (Market value 31 March 2021: 29.9099/unit) | - | 0.05 |
| | 1,019.47 | 1,213.10 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

(₹ in million)

12 Trade receivables

| | As at 31 March 2022 | As at 31 March 2021 |
|---|---------------------------|---------------------------|
| Secured, considered good | 0.13 | 0.13 |
| Unsecured, considered good | 881.93 | 862.61 |
| Unsecured, credit impaired | 8.48 | 7.28 |
| Less: Impairment loss allowance | (8.48) | (7.28) |
| | 882.06 | 862.74 |
| (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 42) | | |
| | 0.81 | 0.44 |

Outstanding as on 31 March 2022

| Particulars | Less than 6 months | 6 months - 1 year | 1 - 2 years | 2 - 3 years | More than 3 years | Total |
|---|-----------------------|----------------------|-------------|-------------|----------------------|---------------|
| i) Undisputed Trade Receivables - considered good | 867.96 | 7.55 | 5.20 | 0.77 | 0.58 | 882.06 |
| ii) Undisputed Trade Receivables - which have significant increase in credit risk | - | - | - | - | - | - |
| iii) Undisputed Trade Receivables - credit impaired | 0.73 | 0.37 | 0.14 | 1.50 | 4.83 | 7.57 |
| iv) Disputed Trade Receivables - considered good | - | - | 0.91 | - | - | 0.91 |
| v) Disputed Trade Receivables - which have significant increase in credit risk | - | - | - | - | - | - |
| vi) Disputed Trade Receivables - credit impaired | - | - | - | - | - | - |
| Total trade receivables | 868.69 | 7.92 | 6.25 | 2.27 | 5.41 | 890.54 |
| Provision for doubtful trade receivables | 0.76 | 0.40 | 1.05 | 1.45 | 4.83 | 8.48 |
| Net receivable | 867.93 | 7.52 | 5.20 | 0.82 | 0.58 | 882.06 |

Outstanding as on 31 March 2021

| Particulars | Less than 6 months | 6 months - 1 year | 1 - 2 years | 2 - 3 years | More than 3 years | Total |
|---|-----------------------|----------------------|-------------|-------------|----------------------|---------------|
| i) Undisputed Trade Receivables - considered good | 857.44 | 2.52 | 1.60 | 0.77 | 0.41 | 862.74 |
| ii) Undisputed Trade Receivables - which have significant increase in credit risk | - | - | - | - | - | - |
| iii) Undisputed Trade Receivables - credit impaired | 0.50 | 0.46 | 1.05 | 0.21 | 5.06 | 7.28 |
| iv) Disputed Trade Receivables - considered good | - | - | - | - | - | - |
| v) Disputed Trade Receivables - which have significant increase in credit risk | - | - | - | - | - | - |
| vi) Disputed Trade Receivables - credit impaired | - | - | - | - | - | - |
| Total trade receivables | 857.94 | 2.98 | 2.65 | 0.98 | 5.47 | 870.02 |
| Provision for doubtful trade receivables | 0.50 | 0.46 | 1.05 | 0.21 | 5.05 | 7.28 |
| Net receivable | 857.44 | 2.52 | 1.60 | 0.77 | 0.41 | 862.74 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

(₹ in million)

13 Cash and cash equivalents

| | As at 31 March 2022 | As at 31 March 2021 |
|---|---------------------------|---------------------------|
| Cash on hand | 0.97 | 0.54 |
| Balances with banks | | |
| - in current accounts | 1,852.64 | 1,179.93 |
| - in deposit account with original maturity upto three months | 51.12 | 108.94 |
| Money market desposits | 768.82 | 629.78 |
| | 2,673.55 | 1,919.19 |

14 Other bank balances

| | As at 31 March 2022 | As at 31 March 2021 |
|---|---------------------------|---------------------------|
| Unclaimed dividend account | 1.08 | 0.92 |
| Bank deposits with original maturity of more than three months but less than twelve months* | 60.02 | 57.63 |
| Earmarked bank balances | 1.67 | - |
| | 62.77 | 58.55 |
| * includes earmarked balances for performance guarantees | 42.02 | 2.73 |

15 Short-term loans

| | As at 31 March 2022 | As at 31 March 2021 |
|--|---------------------------|---------------------------|
| <i>(unsecured considered good unless otherwise stated)</i> | | |
| Loan to employees | 0.86 | 0.73 |
| | 0.86 | 0.73 |

16 Other current financial assets

| | As at 31 March 2022 | As at 31 March 2021 |
|--|---------------------------|---------------------------|
| <i>(unsecured considered good unless otherwise stated)</i> | | |
| Interest receivable | 0.52 | 1.55 |
| Export incentives receivable | 22.18 | 22.00 |
| Others | 26.38 | 34.68 |
| | 49.08 | 58.23 |

17 Other current assets

| | As at 31 March 2022 | As at 31 March 2021 |
|--|---------------------------|---------------------------|
| <i>(unsecured considered good unless otherwise stated)</i> | | |
| Prepaid expenses | 20.97 | 19.66 |
| Advance to suppliers | 30.07 | 19.64 |
| Excess of Planned Assets over Obligation - Gratuity | 0.52 | - |
| Balance with Government authorities | 47.93 | 55.94 |
| Asset recoverable from customers | 2.85 | 9.57 |
| Others | 4.21 | 3.98 |
| | 106.55 | 108.79 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

(₹ in million)

18 Equity share capital

| | As at 31 March 2022 | | As at 31 March 2021 | |
|---|------------------------|---------------|------------------------|---------------|
| | Number of shares | Amount | Number of shares | Amount |
| Authorised | | | | |
| Equity shares of ₹ 2 each | 17,50,00,000 | 350.00 | 17,50,00,000 | 350.00 |
| | 17,50,00,000 | 350.00 | 17,50,00,000 | 350.00 |
| Issued, subscribed and fully paid up | | | | |
| Equity shares of ₹ 2 each | 11,18,00,675 | 223.60 | 11,17,28,425 | 223.46 |
| Total | 11,18,00,675 | 223.60 | 11,17,28,425 | 223.46 |

a) Reconciliation of equity share capital

| | As at 31 March 2022 | | As at 31 March 2021 | |
|--|------------------------|---------------|------------------------|--------|
| | Number of shares | Amount | Number of shares | Amount |
| Balance at the beginning of the year | 11,17,28,425 | 223.46 | 11,16,78,475 | 223.36 |
| Add : Issued during the year (Refer note 18 d) | 72,250 | 0.14 | 49,950 | 0.10 |
| Balance at the end of the year | 11,18,00,675 | 223.60 | 11,17,28,425 | 223.46 |

b) Shareholders holding more than 5% of the equity shares

| | As at 31 March 2022 | | As at 31 March 2021 | |
|--|------------------------|---------------|------------------------|--------------|
| | Number of shares | % of holding | Number of shares | % of holding |
| Equity shares of ₹ 2 each | | | | |
| Mr. Vasant L. Rathi* | 3,65,03,702 | 32.65% | 3,65,78,702 | 32.74% |
| Advanced Vital Enzymes Pvt Ltd (Chandrakant Rathi Innovations And Projects Private Limited merged with Advanced Vital Enzymes Pvt. Ltd.) | 99,56,344 | 8.91% | 1,33,71,876 | 11.97% |
| Nalanda India Equity Fund Limited | 68,28,047 | 6.11% | 53,00,644 | 4.74% |
| Orbimed Asia III Mauritius Limited | 1,10,53,245 | 9.89% | 1,10,53,245 | 9.89% |
| HDFC Small Cap Fund | 47,07,479 | 4.21% | 56,70,573 | 5.08% |
| | 6,90,48,817 | 61.77% | 7,19,75,040 | 64.42% |

*includes shares held by Vasant and Prabha Rathi Generation Trust - 31 March 2022: 7,500,000 shares (6.71%) [31 March 2021: 7,500,000 shares (6.71%)]

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 2021: 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 CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

(₹ in million)

Details of Shares held by Promoters at the end of the year

| No. | Promoter name | As at 31 March 2022 | | As at 31 March 2021 | | % change between 31 Mar 22 vs 31 Mar 21 | As at 31 March 2020 | | % change between 31 Mar 21 vs 31 Mar 20 |
|-----|--|---------------------|-------------------|---------------------|-------------------|---|---------------------|-------------------|---|
| | | No. of shares | % of total shares | No. of shares | % of total shares | | No. of shares | % of total shares | |
| 1 | Vasant Rathi * | 3,65,03,702 | 32.65% | 3,65,78,702 | 32.74% | (0.09)% | 3,65,78,702 | 32.75% | (0.01)% |
| 2 | Chandrakumar Laxminarayan Rathi | 46,500 | 0.04% | 46,500 | 0.04% | 0.00% | 46,500 | 0.04% | 0.00% |
| 3 | Reshma Namita Rathi | 26,46,858 | 2.37% | 26,46,858 | 2.37% | 0.00% | 25,92,858 | 2.32% | (0.05)% |
| 4 | Rachana Vasant Rathi | 26,41,500 | 2.36% | 26,41,500 | 2.36% | 0.00% | 25,65,000 | 2.30% | 0.06% |
| 5 | Rasika Vasant Rathi | 26,36,700 | 2.36% | 26,36,700 | 2.36% | 0.00% | 25,65,000 | 2.30% | 0.06% |
| 6 | Prabhavati Vasant Rathi | 9,13,000 | 0.82% | 9,63,000 | 0.86% | (0.04)% | 9,63,000 | 0.86% | 0.00% |
| 7 | Kishor Laxminarayan Rathi | 14,66,000 | 1.31% | 14,66,000 | 1.31% | 0.00% | 14,66,000 | 1.31% | 0.00% |
| 8 | Madhusudan Kabra | 7,15,600 | 0.64% | - | 0.00% | 0.64% | - | 0.00% | 0.00% |
| 9 | Savita Chandrakumar Rathi | 3,71,500 | 0.33% | 3,71,500 | 0.33% | 0.00% | 3,71,500 | 0.33% | 0.00% |
| 10 | Radhika Ashish Pujara | 31,500 | 0.03% | 31,500 | 0.03% | 0.00% | 31,500 | 0.03% | 0.00% |
| 11 | Piyush Chandrakumar Rathi | 23,500 | 0.02% | 23,500 | 0.02% | 0.00% | 23,500 | 0.02% | 0.00% |
| 12 | Jayesh Madhusudan Soni | 10,000 | 0.01% | 10,000 | 0.01% | 0.00% | - | 0.00% | 0.01% |
| 13 | Sanju Madhusudan Soni | 10,000 | 0.01% | 10,000 | 0.01% | 0.00% | - | 0.00% | 0.01% |
| 14 | Tejasvi Madhusudan Soni | 10,000 | 0.01% | 10,000 | 0.01% | 0.00% | - | 0.00% | 0.01% |
| 15 | Abhijit Kishor Rathi | 82,835 | 0.07% | - | 0.00% | 0.07% | - | 0.00% | 0.00% |
| 16 | Ankit Kishor Rathi | 1,00,000 | 0.09% | - | 0.00% | 0.09% | - | 0.00% | 0.00% |
| 17 | Amit Kishor Rathi | 75,000 | 0.07% | - | 0.00% | 0.07% | - | 0.00% | 0.00% |
| 18 | Sunita Sunil Attal | 11,860 | 0.01% | - | 0.00% | 0.01% | - | 0.00% | 0.00% |
| 19 | Anisha Sunil Attal | 10,333 | 0.01% | - | 0.00% | 0.01% | - | 0.00% | 0.00% |
| 20 | Megha Jhavar | 10,000 | 0.01% | - | 0.00% | 0.01% | - | 0.00% | 0.00% |
| 21 | Nikita Madhusudan Soni | 10,000 | 0.01% | - | 0.00% | 0.01% | - | 0.00% | 0.00% |
| 22 | Payal Shamsunder Soni | 5,000 | 0.01% | - | 0.00% | 0.01% | - | 0.00% | 0.00% |
| 23 | Snehal Shamsunder Soni | 5,000 | 0.01% | - | 0.00% | 0.01% | - | 0.00% | 0.00% |
| 24 | Advanced Vital Enzymes Pvt Ltd (Chandrakant Rathi Innovations And Projects Private Limited merged with Advanced Vital Enzymes Pvt. Ltd.) | 99,56,344 | 8.91% | 1,33,71,876 | 11.97% | (3.06)% | 1,63,71,876 | 14.66% | (2.69)% |
| 25 | Atharva Green Ecotech LLP | 6,29,000 | 0.56% | 6,29,000 | 0.56% | 0.00% | 6,29,000 | 0.56% | 0.00% |
| 26 | Mangala Madhusudan Kabra | - | - | 4,35,600 | 0.39% | (0.39)% | 4,35,600 | 0.39% | 0.00% |
| | Total | 5,89,21,732 | 52.72% | 6,18,72,236 | 55.37% | | 6,46,40,036 | 57.87% | |

*includes shares held by Vasant and Prabha Rathi Generation Trust - 31 March 2022: 7,500,000 shares (6.71%) [31 March 2021: 7,500,000 shares (6.71%)]

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

(₹ in million)

19 Other equity

| | As at 31 March 2022 | As at 31 March 2021 |
|--|---------------------------|---------------------------|
| Capital reserves | | |
| Balance at the beginning of the year | 6.74 | 3.00 |
| Add : Additions made during the year (refer note 48) | - | 3.74 |
| Less : Deletions made during the year | - | - |
| Balance at the end of the year | 6.74 | 6.74 |
| Securities premium account | | |
| Balance at the beginning of the year | 789.56 | 772.98 |
| Add: Premium on issue of equity shares under ESOP scheme | 23.99 | 16.58 |
| Balance at the end of the year | 813.55 | 789.56 |
| Employee stock option account | | |
| Balance at the beginning of the year | 26.20 | 36.07 |
| Add: Options granted during the year (refer note 44) | - | 5.32 |
| Less: Exercised during the year | (19.80) | (13.69) |
| Less: Lapsed during the year | - | (1.50) |
| Balance at the end of the year | 6.40 | 26.20 |
| Other Reserve | | |
| 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 | (1.81) | (1.81) |

| | As at 31 March 2022 | As at 31 March 2021 |
|--|---------------------------|---------------------------|
| General reserve | | |
| 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 | 38.77 | 38.77 |
| Non controlling interest reserve | | |
| Balance at the beginning of the year | - | - |
| Acquisition of non-controlling interests (refer note 47) | (87.58) | - |
| Balance at the end of the year | (87.58) | - |
| Surplus in the Statement of Profit and Loss | | |
| Balance at the beginning of the year | 7,977.31 | 6,574.54 |
| Add: Profit for the year | 1,195.82 | 1,469.12 |
| Add: Transferred from Other comprehensive income | 0.44 | 0.66 |
| Less: Dividend paid | (100.60) | (67.01) |
| Balance at the end of the year | 9,072.97 | 7,977.31 |
| Other Comprehensive Income | | |
| Foreign currency translation reserve | | |
| Balance at the beginning of the year | 649.17 | 749.62 |
| Add: Exchange rate difference in translation (net) | 164.12 | (100.45) |
| Balance at the end of the year | 813.29 | 649.17 |
| | 10,662.33 | 9,485.94 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

(₹ in million)

Nature and purpose of reserves

Capital reserve

The reserve comprises of profits/gains of capital nature earned by the Company and credited directly to such reserve.

Securities premium

Securities premium is used to record the premium received on issue of shares. It is utilised in accordance with the provisions of the Companies Act, 2013.

General reserve

General reserve is created out of the profits earned by the Company by way of transfer from surplus in the Statement of Profit and Loss. The Company can use this reserve for payment of dividend and issue of fully paid up and not paid up bonus shares.

Dividends

The following dividends were declared and paid by the Company during the year

| Particulars | Paid during 01-Apr-21 to 31-Mar-22 | Paid during 01-Apr-20 to 31-Mar-21 |
|--|--|--|
| ₹ 0.90 per equity share (31 March 2021: ₹ 0.60 per equity share) | 100.60 | 67.01 |
| | 100.60 | 67.01 |

20 Non-current borrowings

| | As at 31 March 2022 | As at 31 March 2021 |
|---|---------------------------|---------------------------|
| Secured | | |
| Term loans: | | |
| From banks | 71.31 | 82.58 |
| Vehicle loans | 7.77 | 5.55 |
| From other parties | 2.22 | 8.83 |
| | 81.30 | 96.96 |
| Unsecured | | |
| Deferred sales tax payment liabilities | - | 1.75 |
| | - | 1.75 |
| | 81.30 | 98.71 |

a) Details of security for each type of borrowings as at 31 March 2022

Scitech Specialities Private Limited:

- 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 #).
- 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 ##).
- Vehicle loans availed from five banks and are secured by way of hypothecation of respective vehicle.

JC Biotech Private Limited:

- Term Loan and Overdraft facility:
 - 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.
 - The Term Loan and Drop Line Overdraft from Yes Bank is further secured by the personal guarantee of Mr.S Chandrashekhar, Managing Director of JC Biotec Private Limited.
 - The Parent Company has given the letter of comfort to Axis Bank for availing the credit facility of ₹ 76.80 Million.
 - 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
 - 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.

Advanced Bio Agro Tech Limited:

- Vehicle loans availed from one bank and are secured by way of hypothecation of respective vehicle.

Evovx technologies GmbH:

- 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 2022

(₹ 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 2022 | Outstanding as at 31 March 2021 |
|--|---------------------------------------|--|---------------------------------|---------------------------------|
| From Banks | | | | |
| 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 | 75.55 | 79.38 |
| From others | | | | |
| 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 | 0.36 | 4.64 |
| 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 |
| 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 |

Vehicle Loans (including current maturities)

| Interest rate | No. of installments | Date of last installment | Amount of installment | Outstanding as at 31 March 2022 | Outstanding as at 31 March 2021 |
|---------------|---------------------|--------------------------|-----------------------|---------------------------------|---------------------------------|
| 9.16% | 60 | 07-Apr-21 | 0.09 | - | 0.09 |
| 8.35% | 60 | 05-Mar-22 | 0.03 | - | 0.39 |
| 8.55% | 2 | 07-May-22 | 0.13 | 0.25 | 0.51 |
| 8.55% | 18 | 07-Sep-23 | 0.02 | 0.30 | 0.47 |
| 10.20% | 18 | 05-Sep-23 | 0.03 | 0.51 | 0.83 |
| 8.50% | 40 | 05-Jul-25 | 0.02 | 0.95 | 1.19 |
| 9.10% | 32 | 05-Nov-24 | 0.05 | 1.54 | 2.02 |
| 10.00% | 29 | 15-Aug-24 | 0.01 | 0.39 | 0.53 |
| 6.80% | 60 | 05-Mar-27 | 0.11 | 6.74 | 0.00 |
| Total | | | | 10.68 | 6.03 |

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

(₹ in million)

21 Lease liabilities

| | As at 31 March 2022 | As at 31 March 2021 |
|------------------------------------|---------------------------|---------------------------|
| Lease liability (refer note 41) | 183.53 | 39.18 |
| | 183.53 | 39.18 |

22 Non-current provisions

| | As at 31 March 2022 | As at 31 March 2021 |
|------------------------------------|---------------------------|---------------------------|
| Provision for employee benefits | | |
| Compensated absences | 3.10 | 3.69 |
| Gratuity (refer note 39) | 7.58 | 9.87 |
| | 10.68 | 13.56 |

23 Current borrowings

| | As at 31 March 2022 | As at 31 March 2021 |
|---|---------------------------|---------------------------|
| Secured | | |
| Loans repayable on demand: | | |
| From banks in foreign currency | - | 8.66 |
| From banks in rupees | 19.20 | 38.26 |
| | 19.20 | 46.92 |
| Current maturities of long-term term loans (refer note no. 20) | | |
| - From banks | 4.24 | 33.09 |
| - Vehicle loans | 2.91 | 2.09 |
| - Others | - | 4.45 |
| - Deferred sales tax pay- ment liabilities | 1.75 | 5.39 |
| | 8.90 | 45.02 |
| | 28.10 | 91.94 |

a) Details of security for each type of borrowings as at 31 March 2022

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:

(i) The cash credit facility from bank is secured by way of hypothecation of current assets and moveable assets of the Company and deed of mortgage on immovable properties of the JC Biotech Private Limited.

Scitech Specialities Private Limited:

(i) The working capital facility from bank are secured against the inventories and Trade receivables of the Scitech Specialities Private Limited.

b) Terms of repayment of loans

Loan repayable on demand - from banks

- Cash Credit from bank for ₹ 19.20 million (31 March 2021: ₹ 38.26 million) carries an interest rate of 6.75% to 12%.
- Packing credit foreign currency loan from bank for ₹ nil million (31 March 2021: ₹ 8.66 million) carries an interest rate of Libor + 150 to 250 bps (31 March 2021: Libor + 150 to 250 bps).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

(₹ in million)

24 Lease liabilities

| | As at 31 March 2022 | As at 31 March 2021 |
|------------------------------------|---------------------------|---------------------------|
| Lease liability (refer note 41) | 54.37 | 49.80 |
| | 54.37 | 49.80 |

25 Trade payables

| | As at 31 March 2022 | As at 31 March 2021 |
|---|---------------------------|---------------------------|
| Total outstanding dues to micro and small enterprises (refer note below) | 21.19 | 10.78 |
| Total outstanding dues to others (refer note 42 for payable to related parties) | 157.78 | 141.39 |
| | 178.97 | 152.17 |

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 | 21.19 | 10.78 |
| Interest due thereon | - | 0.03 |
| 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 | - | - |

Outstanding as at 31 March 2022

| Particulars | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
|---------------------------|---------------------|-------------|-------------|----------------------|---------------|
| MSME | 21.19 | - | - | - | 21.19 |
| Others | 149.32 | 8.20 | 0.04 | 0.22 | 157.78 |
| Disputed dues (MSMEs) and | - | - | - | - | - |
| Disputed dues (Others) | - | - | - | - | - |
| Total | 170.51 | 8.20 | 0.04 | 0.22 | 178.97 |

| | As at 31 March 2022 | As at 31 March 2021 |
|---|---------------------------|---------------------------|
| 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 | 0.07 |
| 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 | 0.07 |

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 2022

(₹ in million)

Outstanding as at 31 March 2021

| Particulars | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
|---------------------------|------------------|-------------|-------------|-------------------|---------------|
| MSME | 10.78 | - | - | - | 10.78 |
| Others | 137.48 | 0.47 | 1.83 | 1.61 | 141.39 |
| Disputed dues (MSMEs) and | - | - | - | - | - |
| Disputed dues (Others) | - | - | - | - | - |
| Total | 148.26 | 0.47 | 1.83 | 1.61 | 152.17 |

26 Other current financial liabilities

| | As at 31 March 2022 | As at 31 March 2021 |
|---|---------------------|---------------------|
| Unpaid dividends (refer note below) | 1.08 | 0.92 |
| Security deposits from customers | 7.25 | 6.95 |
| Payable for purchase of property, plant and equipment | 12.10 | 12.98 |
| Employee benefits payable | 69.45 | 66.77 |
| Other payables | 114.94 | 121.64 |
| | 204.82 | 209.26 |

Note :

The amount due and paid during the year to "Investor Education and Protection Fund" is Rs. 0.04 million (31 March 2021: 0.10 million).

27 Other current liabilities

| | As at 31 March 2022 | As at 31 March 2021 |
|--|---------------------|---------------------|
| Statutory dues: | | |
| Provident fund payable | 3.04 | 2.76 |
| Employees' State Insurance Scheme contribution payable | 0.07 | 0.07 |
| Other dues payable | 20.35 | 18.26 |
| Advance from customers | 62.08 | 94.73 |
| Other Payables | 12.21 | 14.25 |
| | 97.75 | 130.07 |

28 Current provisions

| | As at 31 March 2022 | As at 31 March 2021 |
|---|---------------------|---------------------|
| Provision for employee benefits | | |
| Compensated absences | 10.98 | 9.70 |
| Gratuity (refer note 39) | 8.16 | 8.39 |
| Provision for 401(k) (refer note a below) | 12.57 | 13.32 |
| Provision for CSR activity expenses | - | 2.01 |
| Provision for sales return (refer note b below) | 6.51 | 7.01 |
| | 38.22 | 40.43 |

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

(₹ in million)

Movement in provision 401(k) during the year:

| | As at 31 March 2022 | As at 31 March 2021 |
|---|---------------------------|---------------------------|
| Provision at the beginning of the year | 13.32 | 9.09 |
| Contribution during the year | (13.08) | (7.86) |
| Provision created during the year | 11.93 | 12.36 |
| Foreign exchange currency translation | 0.40 | (0.27) |
| Provision at the end of the year | 12.57 | 13.32 |

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 2022 | As at 31 March 2021 |
|---|---------------------------|---------------------------|
| Provision at the beginning of the year | 7.01 | 5.47 |
| Provision created during the year | 6.51 | 7.01 |
| Provision reversed during the year | (7.01) | (5.47) |
| Provision at the end of the year | 6.51 | 7.01 |

29 Revenue from contracts with customers

29.1 Disaggregated revenue information

| | Year ended 31 March 2022 | Year ended 31 March 2021 |
|---------------------------------|--------------------------------|--------------------------------|
| Sale of goods | | |
| Export | 2,925.09 | 2,636.26 |
| Domestic | 2,337.55 | 2,310.23 |
| | 5,262.64 | 4,946.49 |
| Sale of services | | |
| Export | 26.40 | 57.97 |
| | 26.40 | 57.97 |
| | 5,289.04 | 5,004.46 |
| Other operating revenues | | |
| Export incentives | 4.79 | 13.95 |
| | 5,293.83 | 5,018.41 |

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 2022 | Year ended 31 March 2021 |
|---|--------------------------------|--------------------------------|
| Particulars of segment | | |
| Human nutrition | 3,568.93 | 3,763.89 |
| Animal nutrition | 561.87 | 475.23 |
| Bio-process | 1,142.25 | 751.80 |
| | 5,273.05 | 4,990.92 |
| Adjustments | | |
| Reversal for sales return | 0.49 | (1.54) |
| Discount | (10.90) | (42.89) |
| | (10.41) | (44.43) |
| Total revenue from contract with customers | 5,262.64 | 4,946.49 |

30 Other income

| | Year ended 31 March 2022 | Year ended 31 March 2021 |
|--|--------------------------------|--------------------------------|
| Interest income | | |
| - on bank deposits carried at amortised cost | 3.25 | 2.55 |
| - on other assets carried at amortised cost | 0.79 | 3.30 |
| Provision for doubtful debts written back | 0.20 | 4.40 |
| Profit on sale of property, plant and equipment (net) | 11.81 | 7.25 |
| Liabilities no longer required written back | 10.26 | 2.83 |
| Net gain on foreign currency transactions and translations | 2.46 | 1.37 |
| Government Grant for Paycheck Protection Program | - | 39.83 |
| Miscellaneous income | 35.43 | 26.94 |
| | 64.20 | 88.47 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

(₹ in million)

31 Cost of materials consumed

| | Year ended 31 March 2022 | Year ended 31 March 2021 |
|--|--------------------------------|--------------------------------|
| Opening stock | | |
| Raw materials and packing materials (including goods-in-transit) | 407.99 | 323.70 |
| Add : Purchases during the year | | |
| Raw materials and packing materials | 1,366.88 | 1,044.00 |
| Stock acquired on acquisition of subsidiary | - | 42.07 |
| Less : Closing stock | | |
| Raw materials and packing materials (including goods-in-transit) | 472.29 | 407.99 |
| | 1,302.58 | 1,001.78 |

32 Purchase of traded goods

| | Year ended 31 March 2022 | Year ended 31 March 2021 |
|--------------------------|--------------------------------|--------------------------------|
| Purchase of traded goods | 0.66 | 0.28 |
| | 0.66 | 0.28 |

33 Changes in inventories of finished goods, work-in-progress and stock-in-trade

| | Year ended 31 March 2022 | Year ended 31 March 2021 |
|---|--------------------------------|--------------------------------|
| Opening stock | | |
| - Finished goods | 232.50 | 194.20 |
| - Work-in-progress | 212.24 | 218.03 |
| Stock acquired on acquisition of subsidiary | | |
| - Finished goods | - | 18.30 |
| - Work-in-progress | - | 2.57 |
| | 444.74 | 433.10 |
| Closing stock | | |
| - Finished goods | 347.25 | 232.50 |
| - Work-in-progress | 303.54 | 212.24 |
| | 650.79 | 444.74 |
| | (206.05) | (11.64) |

34 Employee benefit expenses

| | Year ended 31 March 2022 | Year ended 31 March 2021 |
|---|--------------------------------|--------------------------------|
| Salaries, wages and bonus | 923.89 | 771.14 |
| Contribution to gratuity, provident fund, payroll taxes and other funds | 51.38 | 50.04 |
| Retirement benefits expense | 37.46 | 29.54 |
| Staff welfare expenses | 26.86 | 16.54 |
| Employee stock compensation expense (refer note 44) | - | 3.81 |
| | 1,039.59 | 871.07 |

35 Finance costs

| | Year ended 31 March 2022 | Year ended 31 March 2021 |
|---|--------------------------------|--------------------------------|
| Interest expenses on financial liabilities - borrowings carried at amortised cost | 4.24 | 7.30 |
| Interest on term loan - carried at amortised cost | 7.13 | 1.35 |
| Net loss on foreign currency transactions and translations# | - | 0.00 |
| Interest expenses on lease liabilities | 6.59 | 7.44 |
| | 17.96 | 16.09 |

36 Depreciation and amortisation expense

| | Year ended 31 March 2022 | Year ended 31 March 2021 |
|--|--------------------------------|--------------------------------|
| Depreciation on property, plant and equipment | 210.77 | 168.16 |
| Amortisation of intangible assets | 79.98 | 64.12 |
| Amortisation of Right to use of lease assets (refer note 41) | 59.08 | 54.94 |
| | 349.83 | 287.22 |

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

(₹ in million)

37 Other expenses

| | Year ended 31 March 2022 | Year ended 31 March 2021 |
|--|--------------------------------|--------------------------------|
| Consumption of stores and spare parts | 97.11 | 65.52 |
| Power and fuel | 294.60 | 210.42 |
| Water charges | 4.90 | 4.10 |
| Laboratory expenses | 43.74 | 30.78 |
| Analysis & Testing charges | 7.46 | 6.52 |
| Repairs and maintenance | | |
| - Buildings | 17.79 | 8.76 |
| - Plant and equipments | 37.26 | 29.48 |
| - Others | 28.84 | 27.71 |
| Travel, conveyance and car hire | 39.04 | 20.03 |
| Commission | 19.74 | 8.52 |
| Sales promotion and advertisement | 55.92 | 26.38 |
| Freight outward and forwarding | 84.94 | 55.30 |
| Selling and distribution expenses | 6.80 | 3.82 |
| Rent (refer note 41 and 42) | 3.34 | 1.01 |
| Rates and taxes | 55.14 | 58.08 |
| Insurance | 30.34 | 22.55 |
| Printing and stationary | 3.93 | 1.79 |
| Communication expenses | 10.99 | 9.62 |
| Directors' sitting fees (refer note 42) | 1.78 | 2.06 |
| Legal and professional charges | 156.69 | 114.47 |
| Technical Services | 25.33 | 28.19 |
| Payments to Auditors (refer note 40) | 9.17 | 11.64 |
| Bad debts | 1.01 | 0.43 |
| Provisions for doubtful accounts receivables (net) | 1.40 | 1.55 |

| | Year ended 31 March 2022 | Year ended 31 March 2021 |
|---|--------------------------------|--------------------------------|
| Advances/assets written off | 8.20 | 8.87 |
| Research and development expenses | 6.47 | 6.29 |
| Donation | 1.22 | 0.77 |
| Bank Charges | 11.59 | 9.61 |
| Net loss on foreign currency transactions and translations | - | 2.99 |
| Loss on sale of property, plant and equipment (net) | 0.31 | - |
| Corporate Social Responsibility expenditure (refer note 54) | 18.73 | 14.12 |
| Commuting expenses | 0.96 | 0.88 |
| Miscellaneous expenses | 58.14 | 48.50 |
| | 1,142.88 | 840.76 |

Note 38

Income taxes

Tax expense

(a) Income tax recognised in Statement of profit and loss

| | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|---|---|---|
| Current income tax | 500.89 | 579.83 |
| Changes in estimates related to prior period | 2.70 | (0.27) |
| Total current tax | 503.59 | 579.56 |
| Deferred income tax liability/ (asset) net | | |
| Origination and reversal of temporary differences | (31.00) | 8.89 |
| Tax expense for the year | 472.59 | 588.45 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

(₹ in million)

(b) Income tax recognised in Other Comprehensive Income

| | For the year ended 31 March 2022 | | | For the year ended 31 March 2021 | | |
|--|----------------------------------|-----------------------|---------------|----------------------------------|-----------------------|---------------|
| | 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 | (1.39) | 0.32 | (1.07) | (1.55) | 0.41 | (1.14) |
| | (1.39) | 0.32 | (1.07) | (1.55) | 0.41 | (1.14) |

(c) Reconciliation of effective tax rate

| | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|--|----------------------------------|----------------------------------|
| Profit before tax | 1,710.58 | 2,101.32 |
| Tax using the Company's domestic tax rate (31 March 2022: 25.17%, 31 March 2021: 25.17%) | 430.55 | 528.90 |
| Tax effect of: | | |
| Incremental deduction allowed for research and development costs | - | (0.17) |
| Tax on losses on which no deferred tax is created | 28.19 | 3.60 |
| Non tax deductible items | 4.72 | 4.11 |
| Prior period tax | 2.69 | (0.27) |
| Minimum Alternate Tax credit written off | - | 26.33 |
| Tax rate differential | 30.80 | 29.24 |
| Others | (24.37) | (3.29) |
| Tax expense as per profit or loss | 472.59 | 588.45 |

Deferred tax assets (net) and liabilities (net)

| Particulars | As at 31 March 2022 | As at 31 March 2021 |
|--|---------------------|---------------------|
| (a) Deferred tax assets (net) | 74.20 | 68.68 |
| (b) Deferred tax liabilities (net) | (392.50) | (408.50) |
| Net deferred tax assets/(liabilities) | (318.30) | (339.82) |

| Particulars | Balance 31 March 2021 | Recognised in profit or loss | Recognised in OCI | Acquired on business combination | Others | Balance 31 March 2022 |
|---|-----------------------|------------------------------|-------------------|----------------------------------|-------------|-----------------------|
| Deferred tax assets (net) in relation to: | | | | | | |
| Property, plant and equipment and other intangible assets | (1.07) | 2.98 | - | - | 0.04 | 1.95 |
| Other items | 1.68 | (0.09) | - | - | 0.04 | 1.63 |
| Provision for employee benefits | 0.99 | 0.25 | 0.07 | - | (0.14) | 1.17 |
| Unrealised profits on unsold inventory | 65.81 | 1.62 | - | - | 0.74 | 68.17 |
| Provision for doubtful trade receivable | 1.27 | 0.01 | - | - | - | 1.28 |
| | 68.68 | 4.77 | 0.07 | - | 0.68 | 74.20 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

(₹ in million)

| Particulars | Balance 31 March 2021 | Recognised in profit or loss | Recognised in OCI | Acquired on business combination | Others | Balance 31 March 2022 |
|---|-----------------------------|------------------------------------|----------------------|--|----------------|-----------------------------|
| Deferred tax liabilities (net) in relation to: | | | | | | |
| Property, plant and equipment and other intangible assets | (432.27) | 25.22 | - | - | 1.26 | (405.79) |
| Other items | (0.50) | 0.69 | - | - | - | 0.19 |
| Provision for employee benefits | 9.79 | 0.10 | 0.25 | - | (0.51) | 9.63 |
| MAT Credit | 14.48 | - | - | - | (11.23) | 3.25 |
| Provision for doubtful trade receivable | - | 0.22 | - | - | - | 0.22 |
| | (408.50) | 26.23 | 0.25 | - | (10.48) | (392.50) |
| | (339.82) | 31.00 | 0.32 | - | (9.80) | (318.30) |

| Particulars | Balance 31 March 2020 | Recognised in profit or loss | Recognised in OCI | Acquired on business combination | Others | Balance 31 March 2021 |
|---|-----------------------------|------------------------------------|----------------------|--|----------------|-----------------------------|
| Deferred tax assets (net) in relation to: | | | | | | |
| Property, plant and equipment and other intangible assets | (0.67) | (0.42) | - | - | 0.02 | (1.07) |
| Other items | 3.72 | (1.98) | - | - | (0.06) | 1.68 |
| Provision for employee benefits | 1.52 | (0.37) | 0.15 | - | (0.31) | 0.99 |
| Unrealised profits on unsold inventory | 67.58 | (1.19) | - | - | (0.58) | 65.81 |
| Provision for doubtful trade receivable | 2.10 | (0.83) | - | - | - | 1.27 |
| | 74.25 | (4.79) | 0.15 | - | (0.93) | 68.68 |
| Deferred tax liabilities (net) in relation to: | | | | | | |
| Property, plant and equipment and other intangible assets | (388.41) | 25.10 | - | (65.57) | (3.39) | (432.27) |
| Other items | 1.80 | (2.27) | 0.35 | - | (0.38) | (0.50) |
| Provision for employee benefits | 8.98 | (0.32) | (0.09) | - | 1.22 | 9.79 |
| MAT Credit | 49.10 | (26.33) | - | - | (8.29) | 14.48 |
| Provision for doubtful trade receivable | - | (0.28) | - | - | 0.28 | - |
| | (328.53) | (4.10) | 0.26 | (65.57) | (10.56) | (408.50) |
| | (254.28) | (8.89) | 0.41 | (65.57) | (11.49) | (339.82) |

As at year end, the Group has tax credits in respect of Minimum Alternative Tax (MAT credit) of ₹ 3.25 million (March 31, 2021: ₹ 14.48 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 38)

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 2022 undistributed earning of subsidiaries amounted to ₹ 6,245.62 millions (March 31, 2021: ₹ 5,460.62 millions). The corresponding deferred tax liability of ₹ 1,027.07 millions (March 31, 2021: ₹ 853.64 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

(₹ in million)

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 ₹ 50.21 million for the year ended 31 March 2022 (31 March 2021 ₹ 46.17 million) towards provident fund and other retirement benefits funds contribution and ₹ 3.52 million for the year ended 31 March 2022 (31 March 2021 ₹ 3.14 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 2022. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

These defined benefit plans expose the Group to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.

Based on the actuarial valuation obtained in this respect, the following table sets out the details of the employee benefit obligation and the plan assets as at balance sheet date:

| | 31 March 2022 | 31 March 2021 |
|---------------------------------------|------------------|------------------|
| Defined benefit obligation | 93.71 | 90.73 |
| Fair value of plan assets | 78.49 | 72.47 |
| Net defined benefit obligation | (15.22) | (18.26) |

i) Reconciliation in present value of obligations ('PVO') - defined benefit obligation:

| | Defined benefit obligation | |
|---|----------------------------|------------------|
| | 31 March 2022 | 31 March 2021 |
| Opening balance | 90.73 | 78.10 |
| On account of acquisition of subsidiary | - | 5.05 |
| Included in profit or loss | | |
| Current service cost | 8.09 | 8.08 |
| Interest cost | 5.46 | 4.89 |
| | 104.28 | 96.12 |
| Included in OCI | | |
| Remeasurement loss (gain): | | |
| Actuarial loss (gain) arising from: | | |
| Demographic assumptions | (0.11) | - |
| Financial assumptions | (1.72) | (1.17) |
| Experience adjustment | 0.23 | (1.63) |
| | 102.67 | 93.32 |
| Benefits paid | (8.96) | (2.58) |
| Closing balance | 93.71 | 90.73 |

ii) Change in fair value of plan assets

| | Fair value of plan assets | |
|---|---------------------------|------------------|
| | 31 March 2022 | 31 March 2021 |
| Opening balance | 72.47 | 58.40 |
| On account of acquisition of subsidiary | - | 1.03 |
| Included in profit or loss | | |
| Expenses deducted from the fund | - | (0.10) |
| Expected return on plan assets | 4.56 | 3.63 |
| | 77.04 | 62.95 |
| Included in OCI | | |
| Remeasurement loss (gain): | | |
| Actuarial loss (gain) arising from: | | |
| Experience adjustment | 0.42 | (1.24) |
| | 77.46 | 61.72 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

(₹ in million)

| | Fair value of plan assets | |
|------------------------------------|---------------------------|---------------|
| | 31 March 2022 | 31 March 2021 |
| Other | | |
| Contributions paid by the employer | 9.71 | 12.95 |
| Benefits paid | (8.68) | (2.20) |
| Closing balance | 78.49 | 72.47 |

Impact on consolidated Statement of Profit and Loss for the current year

| | 31 March 2022 | 31 March 2021 |
|--|---------------|---------------|
| Service cost: | | |
| Current service cost | 8.09 | 8.08 |
| Net interest cost | 0.89 | 1.26 |
| Total included in Employee Benefit expenses | 8.98 | 9.34 |
| Expenses deducted from the fund | - | 0.10 |
| Total Charge to Statement of Profit and Loss | 8.98 | 9.45 |

Impact on Other comprehensive income for the current year

| | 31 March 2022 | 31 March 2021 |
|---|---------------|---------------|
| Components of actuarial gain/losses on obligations: | | |
| Due to Change in financial assumptions | 1.72 | 1.17 |
| Due to change in demographic assumption | 0.11 | - |
| Due to experience adjustments | (0.23) | 1.63 |
| Return on plan assets excluding amounts included in interest income | 0.42 | (1.24) |
| Amounts recognized in Other Comprehensive Income | 2.01 | 1.55 |

ii. Plan assets

Plan assets comprise the following

| Gratuity | 31 March 2022 | 31 March 2021 |
|---------------------|---------------|---------------|
| Policy of insurance | 100% | 100% |
| | 100% | 100% |

iii. Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

| | 31 March 2022 | 31 March 2021 |
|-------------------------------|---|---|
| Discount rate | 6.85% - 7.36% | 6.50% - 6.90% |
| Rate of return on plan assets | 6.50% - 6.85% | 6.50% - 6.90% |
| Salary Escalation | 6.00% - 8.50% | 6.00% - 8.50% |
| | 31 March 2022 | 31 March 2021 |
| 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 | 58-65 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

(₹ in million)

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 2022 | 31 March 2021 |
|---|------------------|------------------|
| | Increase | Increase |
| Discount rate (0.5% movement) | 87.04 | 84.67 |
| Future salary growth (0.5% movement) | 94.86 | 92.83 |
| Withdrawal rates (10% movement) | 90.95 | 88.65 |

| | 31 March 2022 | 31 March 2021 |
|---|------------------|------------------|
| | Decrease | Decrease |
| Discount rate (0.5% movement) | 95.05 | 93.10 |
| Future salary growth (0.5% movement) | 87.17 | 84.87 |
| Withdrawal rates (10% movement) | 90.79 | 88.87 |

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

v. Expected future cash flows

Expected contribution

The expected contributions for defined benefit plan for the next financial years will be as follows:

Expected future benefit payments

| | |
|----------------|-------|
| March 31, 2023 | 10.87 |
| March 31, 2024 | 4.96 |
| March 31, 2025 | 4.61 |
| March 31, 2026 | 6.58 |
| March 31, 2027 | 14.23 |
| Thereafter | 47.41 |

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.

40 Payments to auditors (excluding taxes)

| | Year ended 31 March 2022 | Year ended 31 March 2021 |
|------------------------------|--------------------------------|--------------------------------|
| As auditor | | |
| Statutory audit | 5.99 | 7.80 |
| Limited review | 2.66 | 3.23 |
| Certification work | 0.35 | 0.27 |
| Tax audit fee | 0.05 | 0.01 |
| Transfer pricing | - | 0.25 |
| Reimbursement of expenses | 0.12 | 0.08 |
| | 9.17 | 11.64 |

41 Leases

(a) Following are the carrying value of Right of Use Assets for the year ended March 31, 2022:

Please refer note no. 6A for detailed presentation of fair value of Right of Use of Assets.

(b) Maturity analysis of lease liabilities- contractual undiscounted cash flows:

| Particulars | Year Ended 31 March 2022 | Year Ended 31 March 2021 |
|---|--------------------------------|--------------------------------|
| Less than one year | 55.27 | 55.95 |
| One to five years | 181.88 | 38.73 |
| More than five years | 3.36 | - |
| Total undiscounted lease liabilities at 31 March | 240.51 | 94.68 |
| Discounted Lease liabilities included in the statement of financial position at 31 March | | |
| Current lease liability | 54.37 | 49.80 |
| Non-Current lease liability | 183.53 | 39.18 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

(₹ in million)

- (c) 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.
- (d) The Group incurred ₹ 69.01 million for the year ended 31 March 2022 (31 March 2021: ₹ 63.39 million) towards expenses relating to leases. Lease rent incurred not falling under the scope of Ind AS 116 amounted to ₹ 3.34 million for the year ended 31 March 2022 (31 March 2021: ₹ 1.01 million), (refer Note 37).
- (e) The total cash outflow for leases for year ended 31 March 2022 is ₹ 60.35 million (31 March 2021: ₹ 54.82 million)
- (f) General Description of leasing agreements:
- Leased Assets: Office, Leasehold Land, 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.

42 Related Party Disclosures

a) Names of related parties

I Key Management Personnel (KMP)

| | |
|---|---|
| Mr. Vasant L. Rathi | Chairman and Non-Executive 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 |
| Late Mr. Vilas M. Aurangabadkar (up to 27 January 2022) | Independent Director |
| Mr. Vinodkumar Jajoo | Independent Director |
| Dr. Sunny Sharma | 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. Kishor L. Rathi | Brother of Chairman |
| Late Mrs. Mangala M. Kabra | Mother of Whole-time Director |

III Other related parties (entities in which either of the KMP's have significant influence) with whom transactions have taken place during the year

| |
|--|
| Advanced Vital Enzymes Private Limited |
| Rathi Properties LLC |
| Om Manufacturing Jalna Private Limited |
| Silvertech Trading Company Private Limited |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

(₹ in million)

b) Transactions with related parties

| Transactions during the year | KMPs and relatives | | Other related parties | |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | Year ended 31 March 2022 | Year ended 31 March 2021 | Year ended 31 March 2022 | Year ended 31 March 2021 |
| 1 Sale of goods | | | | |
| Advanced Vital Enzymes Private Limited | - | - | 2.98 | 1.86 |
| | - | - | 2.98 | 1.86 |
| 2 Rent paid | | | | |
| Rathi Properties LLC | - | - | 23.16 | 22.00 |
| Mr. Vasant L Rathi | 10.53 | 10.10 | - | - |
| | 10.53 | 10.10 | 23.16 | 22.00 |
| 3 Remuneration *^ | | | | |
| Mr. Vasant L. Rathi | 34.27 | 31.46 | - | - |
| Mr. Mukund M. Kabra | 20.70 | 17.74 | - | - |
| Mr. Kishor L. Rathi | 3.26 | 2.99 | - | - |
| Late Mrs. Mangala M. Kabra | 1.66 | 3.46 | - | - |
| Mrs. Prabha V. Rathi | 18.25 | 16.65 | - | - |
| Ms. Reshama Rathi | 12.00 | 9.65 | - | - |
| Ms. Rachana Rathi | 10.51 | 9.05 | - | - |
| Ms. Rasika Rathi | 14.23 | 12.54 | - | - |
| Mr. Beni P. Rauka | 12.06 | 10.37 | - | - |
| Mr. Sanjay Basantani | 3.67 | 3.00 | - | - |
| | 130.61 | 116.91 | - | - |
| 4 Commission * | | | | |
| Mr. Vasant L. Rathi | 7.32 | 8.52 | - | - |
| Mr. Mukund Kabra | 2.72 | 3.54 | - | - |
| Ms. Rasika Rathi | 0.36 | 0.49 | - | - |
| Mr. Kedar Desai | 1.09 | 1.39 | - | - |
| Mr. Pramod Kasat | 0.94 | 1.11 | - | - |
| Late Mr. Vilas M. Aurangabadkar | 0.22 | 0.55 | - | - |
| Mr. Vinodkumar Jajoo | 0.65 | 0.69 | - | - |
| Mr. Rajesh Sharma | 0.43 | 0.76 | - | - |
| Dr. Sunny Sharma | 0.36 | 0.42 | - | - |
| Mrs. Rajshree Patel | 0.43 | 0.49 | - | - |
| | 14.52 | 17.96 | - | - |
| * included in Employee benefit expense | | | | |
| 5 Sitting fees to Independent directors | | | | |
| Mr. Kedar Desai | 0.58 | 0.61 | - | - |
| Mr. Pramod Kasat | 0.51 | 0.52 | - | - |
| Late Mr. Vilas M. Aurangabadkar | 0.09 | 0.22 | - | - |
| Mr. Vinodkumar Jajoo | 0.27 | 0.26 | - | - |
| Mr. Rajesh Sharma | 0.16 | 0.26 | - | - |
| Mrs. Rajshree Patel | 0.18 | 0.19 | - | - |
| | 1.79 | 2.06 | - | - |

^ 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.

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For the year ended 31 March 2022

(₹ in million)

c) Outstanding balances

| | KMPs and relatives | | Other related parties | |
|--|------------------------|------------------------|------------------------|------------------------|
| | As on 31 March 2022 | As on 31 March 2021 | As on 31 March 2022 | As on 31 March 2021 |
| a. Investment | | | | |
| Advanced Vital Enzymes Private Limited | - | - | 0.57 | 0.57 |
| | - | - | 0.57 | 0.57 |
| b. Trade receivables | | | | |
| Advanced Vital Enzymes Private Limited | - | - | 0.81 | 0.41 |
| Om Manufacturing Jalna Private Limited | - | - | - | 0.03 |
| | - | - | 0.81 | 0.44 |
| c. Remuneration payable | | | | |
| Mr. Vasant L. Rathi | 1.34 | - | - | - |
| Mr. Mukund M. Kabra | 0.58 | 0.68 | - | - |
| Mr. Kishor L. Rathi | 0.19 | 0.16 | - | - |
| Late Mrs. Mangala M. Kabra | 0.20 | 0.20 | - | - |
| Mrs. Prabha V. Rathi | 0.71 | - | - | - |
| Ms. Reshama Rathi | 0.44 | - | - | - |
| Ms. Rachana Rathi | 0.39 | - | - | - |
| Ms. Rasika Rathi | 0.54 | - | - | - |
| Mr. Beni P. Rauka | 0.20 | 0.46 | - | - |
| Mr. Sanjay Basantani | 0.16 | 0.17 | - | - |
| | 4.55 | 1.67 | - | - |
| d. Commission payable | | | | |
| Mr. Vasant L. Rathi | 7.32 | 8.52 | - | - |
| Mr. Mukund Kabra | 2.72 | 3.54 | - | - |
| Ms. Rasika Rathi | 0.36 | 0.49 | - | - |
| Mr. Kedar Desai | 1.09 | 1.39 | - | - |
| Mr. Pramod Kasat | 0.94 | 1.11 | - | - |
| Late Mr. Vilas M. Aurangabadkar | 0.22 | 0.55 | - | - |
| Mr. Vinodkumar Jajoo | 0.65 | 0.69 | - | - |
| Mr. Rajesh Sharma | 0.43 | 0.76 | - | - |
| Dr. Sunny Sharma | 0.36 | 0.42 | - | - |
| Mrs. Rajshree Patel | 0.43 | 0.49 | - | - |
| | 14.52 | 17.96 | - | - |

43 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

(₹ in million)

| | Year ended 31 March 2022 | Year ended 31 March 2021 |
|---|--------------------------------|--------------------------------|
| Segment revenue (based upon location of customers) | | |
| India | 2,337.56 | 2,310.24 |
| Europe | 377.39 | 337.28 |
| US | 2,091.43 | 2,079.99 |
| Asia | 331.79 | 200.93 |
| Others | 150.87 | 76.02 |
| | 5,289.04 | 5,004.46 |
| | | |
| | As at 31 March 2022 | As at 31 March 2021 |
| Segment assets (based upon location of assets) | | |
| India | 3,114.02 | 3,021.43 |
| Europe | 638.65 | 716.13 |
| USA | 2,776.88 | 2,569.46 |
| | 6,529.55 | 6,307.01 |

Major customer

There are no customers from whom revenue is in excess of 10% of the Group's revenue (March 2021: ₹ 553.37 million) out of total revenue of the Group (Refer note 28).

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 |
|---|------------|------------|------------|------------|
| Vesting | | | | |
| 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. |

Note 44

Employee share-based payment plans

a) Description of share-based payment arrangements:

As at 31 March 2022, 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 2021: 220,000) are reserved for issue under AETL Employee Stock Option Scheme 2015 (AETL ESOS-2015).

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For the year ended 31 March 2022

(₹ in million)

Weighted-average exercise prices and weighted-average fair values of options

| Date of Vesting | 1 Year | 2 Years | 3 Years | 4 Years |
|--|--------|---------|---------|---------|
| Weighted-average exercise prices | ₹ 60 | ₹ 60 | ₹ 60 | ₹ 60 |
| Weighted-average fair value of options | 270 | 272 | 274 | 276 |

c) Reconciliation of outstanding stock options :

The number and weighted-average exercise prices of share options under the stock option were as follows.

| Particulars | 31 March 2022 | | 31 March 2021 | |
|--|----------------|--|----------------|--|
| | No. of options | Weighted average exercise price (in ₹) | No. of options | Weighted average exercise price (in ₹) |
| Outstanding at 1 April | 95,950 | 60 | 1,49,100 | 60 |
| Adjustment for sub-division of Equity shares | - | - | - | - |
| Vested | - | 60 | 76,200 | 60 |
| Forfeited | - | - | 200 | - |
| Expired | - | - | 3,000 | - |
| Exercised | 72,250 | 60 | 49,950 | 60 |
| Outstanding at 31 March | 23,700 | 60 | 95,950 | 60 |
| Exercisable at 31 March | 23,700 | 60 | 95,950 | 60 |

The options outstanding at 31 March have an exercise price as given below:

| | 31 March 2022 | | 31 March 2021 | |
|----------------|----------------|----------------|----------------|----------------|
| | No. of options | Exercise price | No. of options | Exercise price |
| AETL ESOS 2015 | 23,700 | 60 | 95,950 | 60 |

d) Expense recognized in the Consolidated Statement of Profit or Loss :

| | 31 March 2022 | 31 March 2021 |
|--|---------------|---------------|
| AETL ESOS 2015 | - | 3.81 |
| Total expense recognized in 'employee benefits' | - | 3.81 |

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(₹ in million)

Note 45

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 2022 | 31 March 2021 |
|---------------------------------------|------------------|------------------|
| Profit attributable to equity holders | 1,195.82 | 1,459.31 |

ii. Weighted average number of equity shares

| | 31 March 2022 | 31 March 2021 |
|--|---------------------|---------------------|
| Issued equity shares at 1 April | 11,17,28,425 | 11,16,78,475 |
| Effect of fresh issue of shares for cash | 48,725 | 18,025 |
| Weighted average number of shares at 31 March for basic EPS | 11,17,77,150 | 11,16,96,500 |
| Effect of exercise of share options | 92,106 | 1,72,283 |
| Weighted average number of shares at 31 March for diluted EPS | 11,18,69,256 | 11,18,68,783 |

Basic and Diluted earnings per share

| | 31 March 2022 | 31 March 2021 |
|----------------------------|------------------|------------------|
| Basic earnings per share | 10.70 | 13.06 |
| Diluted earnings per share | 10.68 | 13.04 |

Note 46

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 2022 | | Year ended 31 March 2022 | | Year ended 31 March 2022 | | Year ended 31 March 2022 | |
|--|--|------------------|---|-----------------|---|-----------------|--|-----------------|
| | 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 |
| Parent | | | | | | | | |
| Advanced Enzyme Technologies Limited | 44.13 | 4,803.53 | 45.58 | 545.11 | 0.13 | 0.21 | 40.09 | 545.32 |
| Subsidiaries | | | | | | | | |
| Indian | | | | | | | | |
| Advanced Bio-Agro Tech Limited | 1.72 | 187.06 | 5.49 | 65.64 | 0.12 | 0.20 | 4.84 | 65.84 |
| Advanced EnzyTech Solutions Limited# | 0.38 | 41.49 | 1.52 | 18.20 | 0.00 | 0.00 | 1.34 | 18.20 |
| JC Biotech Private Limited | 5.70 | 620.47 | 6.06 | 72.45 | (0.41) | (0.67) | 5.28 | 71.78 |
| Scitech Specialities Private Limited | 4.44 | 482.88 | 3.12 | 37.35 | 0.80 | 1.32 | 2.84 | 38.67 |
| Foreign | | | | | | | | |
| Advanced Enzymes USA, Inc. (including its subsidiaries) | 62.26 | 6,778.10 | 54.08 | 646.72 | 113.79 | 187.26 | 61.30 | 833.98 |
| Advanced Enzymes (Malaysia) Sdn. Bhd. # | 0.00 | 0.00 | 0.05 | 0.60 | (0.00) | (0.01) | 0.04 | 0.59 |
| Advanced Enzymes Europe B.V. (including its subsidiaries) | (1.92) | (208.94) | (8.60) | (102.84) | 2.86 | 4.70 | (7.21) | (98.14) |
| Total eliminations/adjustments | (11.95) | (1,300.73) | (3.77) | (45.24) | (16.91) | (27.81) | (5.37) | (73.04) |
| Share of Non- controlling interest | (4.76) | (517.93) | (3.53) | (42.17) | (0.38) | (0.63) | (3.15) | (42.80) |
| Total | 100.00 | 10,885.93 | 100.00 | 1,195.82 | 100.00 | 164.57 | 100.00 | 1,360.39 |

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(₹ in million)

| 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 |
| Parent | | | | | | | | |
| Advanced Enzyme Technologies Limited | 44.85 | 4,354.49 | 48.66 | 710.12 | 0.29 | (0.29) | 52.21 | 709.83 |
| Subsidiaries | | | | | | | | |
| Indian | | | | | | | | |
| Advanced Bio-Agro Tech Limited | 1.71 | 166.22 | 3.10 | 45.19 | (0.43) | 0.43 | 3.36 | 45.62 |
| Advanced EnzyTech Solutions Limited | 0.36 | 34.49 | 1.09 | 15.86 | (0.03) | 0.03 | 1.17 | 15.89 |
| JC Biotech Private Limited | 5.65 | 548.70 | 5.31 | 77.51 | (0.92) | 0.92 | 5.77 | 78.43 |
| Scitech Specialities Private Limited | 4.58 | 444.21 | 0.96 | 13.97 | (0.04) | 0.04 | 1.03 | 14.01 |
| Foreign | | | | | | | | |
| Advanced Enzymes USA, Inc. (including its subsidiaries) | 61.22 | 5,944.12 | 49.76 | 726.20 | 133.23 | (132.93) | 43.64 | 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) | (4.43) | 4.93 | (4.92) | (0.69) | (9.35) |
| Total eliminations/adjustments | (10.85) | (1,054.64) | (4.90) | (71.45) | (37.51) | 37.43 | (2.51) | (34.02) |
| Share of Non- controlling interest | (6.35) | (616.82) | (3.67) | (53.56) | 0.47 | (0.47) | (3.97) | (54.03) |
| Total | 100.00 | 9,709.40 | 100.00 | 1,459.31 | 100.00 | (99.77) | 100.00 | 1,359.54 |

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.

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

Note 47

Acquisition of additional 15% stake in JC Biotech Private Limited

On 18 August 2021, the Company has acquired additional stake of 15% in its subsidiary JC Biotech Private Limited for consideration of ₹ 211.25 million. Post this additional acquisition the Company holds 85% stake in the subsidiary. On account of acquisition of additional stake of 15% by the Company in JC Biotech Private Limited Non-controlling interest has been reduced by ₹ 123.67 million and adjusted ₹ 87.58 million in other equity. Impact of additional stake of 15% acquired in subsidiary JC Biotech Private Limited is summarised as below-

| Particulars | Amount |
|--|--------|
| (A) Consideration paid to acquire additional 15% stake | 211.25 |
| (B) Value of 15% non-controlling interest acquired | 123.67 |
| (C) Adjusted in other equity (A-B) | 87.58 |

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 ₹ 84.03 million and a profit of ₹ 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

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(₹ in million)

consolidated revenue would have been ₹ 400 million and consolidated profit would have been ₹ 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 |
| Total consideration transferred | 316.26 |

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" for the year ended 31 March 2021.

D. Identifiable assets acquired and liabilities assumed and impact on account of finalisation of PPA

The following table summaries the recognised amounts of assets acquired and liabilities assumed at the date of acquisition-

| Particulars | As previously reported | Revision due to PPA finalisation | Revised |
|-------------------------------|------------------------|----------------------------------|---------|
| Property, plant and equipment | 237.72 | 70.91 | 308.63 |
| Capital work-in-progress | 95.16 | (1.81) | 93.35 |
| Other intangible assets | 1.01 | 0.92 | 1.93 |
| Technical Knowhow | 138.20 | (47.50) | 90.70 |
| Customer Relationships | 14.60 | 15.80 | 30.40 |
| Non-compete | 19.40 | (1.80) | 17.60 |

| Particulars | As previously reported | Revision due to PPA finalisation | Revised |
|--|------------------------|----------------------------------|---------------|
| Other non-current assets | 28.70 | 10.97 | 39.67 |
| Inventory | 62.96 | - | 62.96 |
| Trade receivables | 46.30 | - | 46.30 |
| Cash and cash equivalents | 6.02 | - | 6.02 |
| Other current assets | 40.96 | - | 40.96 |
| Total fair value of assets acquired | 691.03 | 47.49 | 738.52 |
| Fair value of liabilities acquired | | | |
| Borrowings | 131.61 | - | 131.61 |
| Employee benefit obligations | 4.16 | - | 4.16 |
| Deferred Tax Liabilities (net) | 50.17 | 13.61 | 63.78 |
| Trade & other payables | 202.34 | - | 202.34 |
| Current tax liabilities (net) | 9.17 | - | 9.17 |
| Total fair value of liabilities acquired | 397.45 | 13.61 | 411.06 |
| Cash paid by the Company | 300.00 | - | 300.00 |
| Total identifiable net assets/ (liabilities) acquired | 593.58 | 33.88 | 627.46 |

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.

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(₹ in million)

During the financial year 2021-22 the Group has finalised purchase price accounting (“PPA”) for the acquisition basis final fair valuation of assets and liabilities acquired, within one year from the date of acquisition as per Ind AS 103 “Business Combination”. In previous financial year the Group had used provisional valuation for accounting for the acquisition. The Group on finalising of purchase price allocation has recognised fair value of Net Assets acquired of Rs. 320.00 million resulting in Capital reserve of Rs. 3.74 million. As required by Ind AS 103 “Business Combination”, the Group has revised previous financial year figures in financial statements to give impact of PPA adjustments after the date of acquisition and same is summarised as below:

Impact on Consolidated Statement of Profit and Loss due to finalisation of purchase price allocation-

| Particulars | Year ended 31.03.2021 |
|--|--------------------------|
| Total expenses* | 2.40 |
| Profit before tax | (2.41) |
| Profit after tax | (1.78) |
| Net profit for the period attributable to: | |
| - Equity shareholders of the Company | (2.66) |
| - Non-controlling interest | 0.88 |
| Basic earning per share | (0.02) |
| Diluted earning per share | (0.02) |

*includes depreciation and amortisation and other expenses

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 2022 | 31 March 2021 | 31 March 2022 | 31 March 2021 |
| Advanced Bio-Agro Tech Limited | India | 60.00% | 60.00% | 40.00% | 40.00% |
| JC Biotech Private Limited | India | 85.00% | 70.00% | 15.00% | 30.00% |
| Scitech Specialities Private Limited | India | 51.00% | 51.00% | 49.00% | 49.00% |

E. Capital Reserve

| Particulars | As previously reported | Revision due to PPA finalisation | Revised |
|--|------------------------|----------------------------------|---------------|
| Consideration transferred | 316.26 | - | 316.26 |
| Non-controlled interest in the acquired entity | 290.85 | 16.61 | 307.46 |
| Net identifiable assets acquired | (593.57) | (33.89) | (627.46) |
| Capital Reserve | 13.54 | (17.28) | (3.74) |

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) |
| Net outflow of cash - investing activities | 10.24 |

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For the year ended 31 March 2022

(₹ in million)

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 2022 | 31 March 2021 |
|---|------------------|------------------|
| Total Revenue | 404.10 | 311.80 |
| Profit for the year | 65.64 | 45.19 |
| Other Comprehensive Income | (0.20) | (0.43) |
| Profit allocated to non-controlling interests | 26.25 | 18.08 |
| Total comprehensive income allocated to non-controlling interests | 26.17 | 17.91 |
| OCI allocated to non-controlling interests | (0.08) | (0.17) |
| Dividends paid to non-controlling interests | 18.00 | 12.80 |

(b) JC Biotech Private Limited

| | 31 March 2022 | 31 March 2021 |
|---|------------------|------------------|
| Total Revenue | 503.47 | 503.70 |
| Profit for the year | 72.45 | 77.51 |
| Other Comprehensive Income | 0.67 | (0.92) |
| Ind AS adjustments | 1.61 | 1.61 |
| Profit allocated to non-controlling interests | 11.11 | 23.74 |
| Total comprehensive income allocated to non-controlling interests | 11.21 | 23.46 |
| OCI allocated to non-controlling interests | 0.10 | (0.28) |
| Dividends paid to non-controlling interests | - | - |

(c) Scitech Specialities Private Limited

| | 31 March 2022 | 31 March 2021 |
|---|------------------|------------------|
| Total Revenue | 473.33 | 84.03 |
| Profit for the year | 37.35 | 13.97 |
| Other Comprehensive Income | (1.32) | (0.04) |
| Ind AS adjustments | (10.01) | (10.01) |
| Profit allocated to non-controlling interests | 13.40 | 1.94 |
| Total comprehensive income allocated to non-controlling interests | 12.75 | 1.92 |
| OCI allocated to non-controlling interests | (0.65) | (0.02) |
| Dividends paid to non-controlling interests | - | - |

II. Summarised balance sheet

(a) Advanced Bio-Agro Tech Limited

| | 31 March 2022 | 31 March 2021 |
|---|------------------|------------------|
| Non-current liabilities | 5.57 | - |
| Current liabilities | 35.86 | 43.06 |
| | 41.43 | 43.06 |
| Non-current assets | 33.82 | 29.95 |
| Current assets | 194.67 | 179.33 |
| | 228.49 | 209.28 |
| Net assets | 187.06 | 166.22 |
| Net assets attributable to non-controlling interest | 74.82 | 66.49 |

(b) JC Biotech Private Limited

| | 31 March 2022 | 31 March 2021 |
|---|------------------|------------------|
| Non-current liabilities | 49.16 | 37.78 |
| Current liabilities | 41.78 | 80.98 |
| | 90.94 | 118.76 |
| Non-current assets | 499.48 | 460.93 |
| Current assets | 211.93 | 206.52 |
| | 711.41 | 667.45 |
| Net assets | 620.47 | 548.69 |
| Ind AS adjustments | 223.48 | 254.36 |
| Net assets attributable to non-controlling interest | 126.59 | 240.92 |

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For the year ended 31 March 2022

(₹ in million)

(c) Scitech Specialities Private Limited

| | 31 March 2022 | 31 March 2021 |
|---|------------------|------------------|
| Non-current liabilities | 78.11 | 95.26 |
| Current liabilities | 66.13 | 105.88 |
| | 144.24 | 201.14 |
| Non-current assets | 411.58 | 372.99 |
| Current assets | 215.54 | 272.36 |
| | 627.12 | 645.35 |
| Net assets | 482.88 | 444.21 |
| Ind AS adjustments | 163.08 | 187.24 |
| Net assets attributable to non-controlling interest | 316.52 | 309.41 |

(c) Scitech Specialities Private Limited

| | 31 March 2022 | 31 March 2021 |
|---|------------------|------------------|
| Cash flows from(used in) in operating activities | 33.83 | (41.04) |
| Cash flows from(used in) in investing activities | (40.24) | (35.99) |
| Cash flows from(used in) in financing activities | (23.24) | 132.81 |
| Net increase / (decrease) in cash and cash equivalents | (29.65) | 55.78 |

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 2022 | 31 March 2021 |
|-------------------------------------|------------------|------------------|
| Advanced Enzymes USA, Inc. | 2,567.73 | 2,489.75 |
| JC Biotech Private Limited | 123.65 | 123.65 |
| Advanced Enzymes Europe B.V. | 268.38 | 272.94 |
| Advanced EnzyTech Solutions Limited | 0.87 | 0.87 |
| | 2,960.63 | 2,887.21 |

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.

III. Summarised cash flow information

(a) Advanced Bio-Agro Tech Limited

| | 31 March 2022 | 31 March 2021 |
|---|------------------|------------------|
| Cash flows from(used in) in operating activities | 14.45 | 43.51 |
| Cash flows from(used in) in investing activities | (4.89) | (21.73) |
| Cash flows from(used in) in financing activities | (15.31) | (14.11) |
| Net increase / (decrease) in cash and cash equivalents | (5.75) | 7.67 |

(b) JC Biotech Private Limited

| | 31 March 2022 | 31 March 2021 |
|---|------------------|------------------|
| Cash flows from(used in) in operating activities | 34.05 | 10.09 |
| Cash flows from(used in) in investing activities | (22.34) | (5.62) |
| Cash flows from(used in) in financing activities | (11.64) | (10.65) |
| Net increase / (decrease) in cash and cash equivalents | 0.07 | (6.18) |

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(₹ in million)

| Particulars | 31 March 2022 | 31 March 2021 |
|----------------------------|---------------|---------------|
| Discount rate | 8% - 15% | 7% - 15% |
| Terminal value growth rate | 2%-5% | 3%-5% |
| Sales growth rate | 6% - 23% | 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.

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 2022 | 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 |
| Financial assets | | | | | | | | | |
| Non-current investments | 7 | 0.65 | - | - | 0.65 | - | 0.65 | - | 0.65 |
| Other non-current financial assets | 8 | - | - | 27.32 | 27.32 | - | - | - | - |
| Current investments | 11 | 1,019.47 | - | - | 1,019.47 | 1,019.47 | - | - | 1,019.47 |
| Trade receivables | 12 | - | - | 882.06 | 882.06 | - | - | - | - |
| Cash and cash equivalents | 13 | - | - | 2,673.55 | 2,673.55 | - | - | - | - |
| Other bank balances | 14 | - | - | 62.77 | 62.77 | - | - | - | - |
| Short-term loans | 15 | - | - | 0.86 | 0.86 | - | - | - | - |
| Other current financial assets | 16 | - | - | 49.08 | 49.08 | - | - | - | - |
| | | 1,020.12 | - | 3,695.64 | 4,715.76 | 1,019.47 | 0.65 | - | 1,020.12 |
| Financial liabilities | | | | | | | | | |
| Long-term borrowings | 20 | - | - | 81.30 | 81.30 | - | - | - | - |
| Non-current lease liability | 21 | - | - | 183.53 | 183.53 | - | - | - | - |
| Short-term borrowings | 23 | - | - | 28.10 | 28.10 | - | - | - | - |
| Current lease liability | 24 | - | - | 54.37 | 54.37 | - | - | - | - |
| Trade payables | 25 | - | - | 178.96 | 178.96 | - | - | - | - |
| Other Current financial liabilities | 26 | - | - | 204.82 | 204.82 | - | - | - | - |
| | | - | - | 731.08 | 731.08 | - | - | - | - |

Note: There have been no transfers among Level 1, Level 2 and Level 3 during the year

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(₹ 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 |
| Financial assets | | | | | | | | | |
| Non-current investments | 7 | 0.65 | - | - | 0.65 | - | 0.62 | - | 0.62 |
| Other non-current financial assets | 8 | - | - | 25.23 | 25.23 | - | - | - | - |
| Current investments | 11 | 1,213.10 | - | - | 1,213.10 | 1,213.10 | - | - | 1,213.10 |
| Trade receivables | 12 | - | - | 862.74 | 862.74 | - | - | - | - |
| Cash and cash equivalents | 13 | - | - | 1,919.19 | 1,919.19 | - | - | - | - |
| Other bank balances | 14 | - | - | 58.55 | 58.55 | - | - | - | - |
| Short-term loans | 15 | - | - | 0.73 | 0.73 | - | - | - | - |
| Other current financial assets | 16 | - | - | 58.23 | 58.23 | - | - | - | - |
| | | 1,213.75 | - | 2,924.69 | 4,138.42 | 1,213.10 | 0.62 | - | 1,213.72 |
| Financial liabilities | | | | | | | | | |
| Long-term borrowings | 20 | - | - | 98.71 | 98.71 | - | - | - | - |
| Lease liability | 21 | - | - | 39.18 | 39.18 | - | - | - | - |
| Short-term borrowings | 23 | - | - | 91.94 | 91.94 | - | - | - | - |
| Current lease liability | 24 | - | - | 49.80 | 49.80 | - | - | - | - |
| Trade payables | 25 | - | - | 152.16 | 152.16 | - | - | - | - |
| Other Current financial liabilities | 26 | - | - | 209.26 | 209.26 | - | - | - | - |
| | | - | - | 641.05 | 641.05 | - | - | - | - |

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 2022

(₹ 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 2022 | | |
|--------------------|-----------------|----------------------------|----------------|
| | Carrying Amount | Weighted Average Loss Rate | Loss Allowance |
| Not due | 622.88 | 0.03% | 0.18 |
| 0-90 days | 233.05 | 0.07% | 0.16 |
| 90-180 days | 12.82 | 3.29% | 0.42 |
| 180-270 days | 1.28 | 2.03% | 0.03 |
| 270-360 days | 6.58 | 5.68% | 0.37 |
| More than 360 days | 13.93 | 52.57% | 7.32 |
| | 890.54 | | 8.48 |

| | 31 March 2021 | | |
|--------------------|-----------------|----------------------------|----------------|
| | Carrying Amount | Weighted Average Loss Rate | Loss Allowance |
| Not due | 608.70 | 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 |
| | 870.02 | | 7.28 |

Expected credit loss assessment for customers as at 31 March 2021 and 31 March 2022

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

(₹ in million)

incurred and expected credit losses. Historical trends of impairment of trade receivables do not reflect any significant credit losses. Given that the macro economic indicators affecting customers of the Group have not undergone any substantial change, the Group expects the historical trend of minimal credit losses to continue.

The movement in the allowance for impairment in respect of trade and other receivables during the year was as follows.

| Particulars | Amount |
|-----------------------------|--------|
| Balance as at 31 March 2020 | 9.03 |
| Impairment loss recognised | (1.33) |
| Less: Amounts written back | 0.42 |
| Balance as at 31 March 2021 | 7.28 |
| Impairment loss recognised | 2.18 |
| Less: Amounts written off | 0.98 |
| Balance as at 31 March 2022 | 8.48 |

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 ₹ 2,673.55 million at 31 March 2022 (31 March 2021: ₹ 1,919.19 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 2022 | Carrying amount | Total | Contractual cash flows | | | |
|--------------------------------|-----------------|--------|------------------------|-----------|-----------|-------------------|
| | | | Upto 1 year | 1-3 years | 3-5 years | More than 5 years |
| Long-term borrowings | 81.30 | 81.30 | - | 16.51 | 14.41 | 50.38 |
| Interest payable on borrowings | - | 8.47 | 2.26 | 1.12 | 1.11 | 3.98 |
| Non-current lease liability | 183.53 | 183.53 | - | 81.61 | 99.42 | 2.50 |
| Short-term borrowings | 28.10 | 28.10 | 28.10 | - | - | - |
| Current lease liability | 54.37 | 54.37 | 54.37 | - | - | - |
| Trade payables | 178.96 | 178.96 | 178.96 | - | - | - |
| Other financial liabilities | 204.82 | 204.82 | 204.82 | - | - | - |

Derivatives

There are no derivatives contracts outstanding as on 31 March 2022.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

(₹ in million)

| 31 March 2021 | Carrying amount | Total | Contractual cash flows | | | |
|--------------------------------|-----------------|--------|------------------------|-----------|-----------|-------------------|
| | | | 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 | - | 9.39 | 1.17 | 2.92 | 1.03 | 4.27 |
| Non-current lease liability | 39.18 | 39.18 | 39.18 | - | - | - |
| Short-term borrowings | 91.94 | 91.94 | 91.94 | - | - | - |
| Current lease liability | 49.80 | 49.80 | 49.80 | - | - | - |
| Trade payables | 152.16 | 152.16 | 152.16 | - | - | - |
| Other financial liabilities | 209.26 | 209.26 | 209.26 | - | - | - |

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 2022 and 31 March 2021 are as below:

| | 31 March 2022 | 31 March 2022 | 31 March 2022 |
|------------------------------|---------------|---------------|---------------|
| | USD | EURO | Others |
| Financial assets | | | |
| Cash and cash equivalents | 0.31 | 0.01 | 0.04 |
| Trade and other receivables | 20.59 | 16.00 | - |
| | 20.90 | 16.01 | 0.04 |
| Financial liabilities | | | |
| Trade and other payables | 60.32 | 0.63 | - |
| Loans | - | - | - |
| | 60.32 | 0.63 | - |
| Net exposure | (39.42) | 15.38 | 0.04 |
| | 31 March 2021 | 31 March 2021 | 31 March 2021 |
| | USD | EURO | Others |
| Financial assets | | | |
| Cash and cash equivalents | 0.04 | 0.01 | 0.04 |
| Trade and other receivables | 8.11 | - | - |
| | 8.15 | 0.01 | 0.04 |
| Financial liabilities | | | |
| Trade and other payables | 26.78 | 2.53 | - |
| Loans | 8.66 | - | - |
| | 35.44 | 2.53 | - |
| Net exposure | (27.29) | (2.52) | 0.04 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

(₹ in million)

Sensitivity analysis

A reasonably possible strengthening (weakening) of the Indian Rupee against US dollars and Euros at March 31 would have affected the measurement of financial instruments denominated in US dollars and Euros and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

| Effect in ₹ | Profit or loss | |
|----------------------|----------------|-----------|
| | Strengthening | Weakening |
| 31 March 2022 | | |
| 1% movement | | |
| USD | 0.39 | (0.39) |
| EUR | (0.15) | 0.15 |
| Others | (0.00) | 0.00 |
| | 0.24 | (0.24) |

| Effect in ₹ | Profit or loss | |
|----------------------|----------------|-----------|
| | Strengthening | Weakening |
| 31 March 2021 | | |
| 1% movement | | |
| USD | 0.27 | (0.27) |
| EUR | 0.03 | (0.03) |
| Others | (0.00) | 0.00 |
| | 0.30 | (0.30) |

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 | As at |
|--|----------------|----------------|
| | 31 March 2022 | 31 March 2021 |
| | USD in million | USD in million |
| Forward contracts used for hedging Receivables | - | - |
| | - | - |

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 2022 | 31 March 2021 |
|---|---------------|---------------|
| Fixed-rate instruments | | |
| Financial liabilities - measured at amortised cost | | |
| Vehicle Loan | 10.68 | 6.03 |
| Loan from others | 2.22 | 103.06 |
| Floating-rate instruments | | |
| Financial liabilities - measured at amortised cost | | |
| Term loan from banks | 75.55 | 12.18 |
| From banks in foreign currency | - | 8.66 |
| From banks in rupees | 19.20 | 54.11 |
| Total | 107.65 | 184.04 |

* 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

(₹ in million)

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 |
| 31 March 2022 | | |
| Variable-rate loan instruments | (0.24) | 0.24 |
| Cash flow sensitivity (net) | (0.24) | 0.24 |
| 31 March 2021 | | |
| Variable-rate loan instruments | (0.19) | 0.19 |
| Cash flow sensitivity (net) | (0.19) | 0.19 |

Note 52

Capital Management

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

changes in economic environment and the requirements of the financial covenants.

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

| | 31 March 2022 | 31 March 2021 |
|-----------------------------------|-------------------|-------------------|
| Non-current borrowings | 81.30 | 98.71 |
| Current borrowings | 28.10 | 91.94 |
| Gross debt | 109.40 | 190.65 |
| Less - Cash and cash equivalents | 2,673.55 | 1,919.19 |
| Less - Other bank deposits | 62.77 | 58.55 |
| Adjusted net debt | (2,626.92) | (1,787.09) |
| Total equity | 10,885.93 | 9,709.40 |
| Adjusted net debt to equity ratio | -* | -* |

*At the end of current financial year the Group has excess cash and cash equivalent over gross debt.

Note 53

Contingent liabilities and commitments

| | As at 31 March 2022 | As at 31 March 2021 |
|---|---------------------|---------------------|
| a) Contingent liabilities | | |
| 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 2021: ₹ 98.31 million). | 26.47 | 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' | 27.58 | 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 2021: ₹ 201 million) | - | 51.67 |
| 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. | | |
| | 54.05 | 112.82 |

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

(₹ in million)

| | As at 31 March 2022 | As at 31 March 2021 |
|--|---------------------------|---------------------------|
| b) Commitments | | |
| Estimated amount of commitments remaining to be executed | | |
| -Capital (net of advances) | 40.87 | 77.14 |
| | 40.87 | 77.14 |
| | 94.92 | 189.96 |

Note 54

Research and development

The Group has incurred the following expenditure on research and development activities:

| | Year ended 31 March 2022 | Year ended 31 March 2021 |
|---|--------------------------------|--------------------------------|
| Revenue expenditure | | |
| Laboratory expenses and consumables | 16.28 | 16.90 |
| Employee benefit expenses | 74.85 | 61.42 |
| Legal and professional charges | 5.20 | 5.14 |
| Technical services | 23.09 | 20.17 |
| Electricity | 10.85 | 9.41 |
| Rent, rates and taxes | 4.57 | 2.24 |
| Repairs and maintenance | 11.37 | 5.53 |
| Travelling and conveyance expenses | 1.01 | 0.81 |
| Other expenses | 3.09 | 3.02 |
| | 150.31 | 124.64 |
| Capital expenditure | | |
| Plant and equipment | 13.49 | 33.97 |
| Furniture and fixture | 0.62 | 1.55 |
| Office equipment | 0.54 | 2.95 |
| Computer and data processing equipments | 0.96 | 1.10 |
| Building | - | 14.16 |
| | 15.61 | 53.73 |

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.

| Particulars | For the year ended | For the year ended |
|---|--|--|
| | 31 March 2022 | 31 March 2021 |
| 1) amount required to be spent by the group during the year | 18.33 | 14.12 |
| 2) amount of expenditure incurred * | 18.73 | 14.12 |
| 3) shortfall at the end of the year | - | - |
| 4) total of previous years shortfall | - | - |
| 5) reason for shortfall | Not applicable | Not applicable |
| 6) nature of CSR activities | Promotion of education, Environment sustainability and skill development | Promotion of education, Environment sustainability and skill development |
| 7) details of related party transactions, e.g., contribution to a trust controlled by the company in relation to CSR expenditure as per relevant Accounting Standard | | |
| 8) where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year should be shown separately. | 11.02 | 5.71 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

(₹ in million)

*In Parent Company the Committee of Corporate Social Responsibility had approved the budget of ₹ 14.09 million (31 March 2021: 10.51 million), the Company contributes to the various projects undertaken by various organisations. During the year the amount spent is ₹ 3.07 million (31 March 2021: ₹ 6.81 million) on the ongoing projects. The Company has deposited the balance unspent amount of ₹ 11.02 million (31 March 2021: ₹ 3.70 million) in a separate bank account. JC Biotech Private Limited does not have unspent amount as at 31 March 2022 (31 March 2021: ₹ 2.01 million unspent amount was deposited in a separate bank account). Scitech Specialties Private Limited has not transferred ₹ 0.60 million the unspent Corporate Social Responsibility (CSR) amount as at the Balance Sheet date out of the amounts that was required to be spent during the year, to a Fund specified in Schedule VII to the Companies Act, 2013 till the date of signing of financial statements. However, the time period for such transfer i.e. six months from the expiry of the financial year as permitted under the second proviso to section 135(5) of the Act, has not elapsed till the date of signing of financial statements.

Note 56

Other Statutory Information

- (i) The Group does not have any Benami property, where any proceeding has been initiated or pending against the Group for holding any Benami property.
- (ii) The Group does not have any transactions with companies struck off.
- (iii) The Group does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- (iv) The Group has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- (v) The Group has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
 - a. directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or

As per our report of even date attached.

For **M S K A & Associates**

Chartered Accountants

Firm's Registration No.: 105047W

Amrish Vaidya

Partner

Membership No: 101739

Place: Mumbai

Date: 20 May 2022

- b. provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries"
- (vi) The Group has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
 - a. directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
 - b. provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries,"
- (vii) The Group does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961.

Note 57

Proposed Dividend

The Board of Directors recommended a final dividend for the financial year 2021-22 of ₹ 1.00 (31 March 2021: ₹ 0.90) 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 58

Note on COVID 19

The Group has considered internal and external information while assessing recoverability of its assets disclosed in the financial statements upto the date of approval of these financial statements by the Board of Directors. Based on such assessment and considering the current economic indicators, the Group expects to recover the carrying amount of these assets. Management has also considered the impact of COVID-19 on the business for the foreseeable future and has concluded that the Group has sufficient resources to continue as a going concern. The impact of the global health pandemic may be different from that estimated as at the date of approval of these financial statements and the Group will continue to closely monitor any material changes to future economic conditions.

For and on behalf of Board of Directors of

Advanced Enzyme Technologies Limited

CIN: L24200MH1989PLC051018

Mukund Kabra

Wholtime Director

DIN : 00148294

Place: Thane

Sanjay Basantani

Company Secretary

Membership No: A19637

Place: Thane

Date: 20 May 2022

Kedar Desai

Director

DIN : 00322581

Place: Thane

Beni. P. Rauka

Chief Financial Officer

Membership No: 039980

Place: Thane



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 2021-22

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 | 2021-22 | 2021-22 | 2021-22 | 2021-22 | 2021-22 | 2021-22 | 2021-22 | 2021-22 |
| 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 75.81] | MYR [1 MYR= INR 18.05] | EUR [1 EUR= INR 84.66] | EUR [1 EUR= INR 84.66] |
| Share capital | 1.00 | 0.70 | 207.11 | 10.20 | 285.83 | 8.38 | 149.85 | 12.36 |
| Reserves & surplus | 186.06 | 40.79 | 413.36 | 472.68 | 6492.27 | (8.38) | (358.75) | (130.52) |
| Total assets | 228.49 | 52.33 | 711.42 | 627.12 | 7085.49 | - | 703.48 | 155.71 |
| Total liabilities | 41.43 | 10.84 | 90.95 | 144.24 | 307.40 | - | 912.37 | 273.87 |
| Investments | 44.08 | 15.83 | - | - | 792.71 | - | - | - |
| Turnover | 404.10 | 118.72 | 503.47 | 473.33 | 2139.92 | - | 219.71 | 219.71 |
| Profit before taxation | 91.21 | 24.28 | 102.94 | 50.47 | 891.25 | 0.60 | (112.60) | (15.85) |
| Less: Provision for taxation | 25.58 | 6.08 | 30.50 | 13.12 | 244.53 | - | (9.76) | - |
| Profit after taxation | 65.64 | 18.20 | 72.44 | 37.35 | 646.72 | 0.60 | (102.84) | (15.85) |
| Proposed Dividend | - | - | - | - | - | - | - | - |
| Extent (%) of shareholding | 60% | 100% | 85% | 51% | 100% | 100% | 100% | 100% |

- The financials of Advanced Enzymes, USA are consolidated financials and includes financials of four step down subsidiaries of the Company viz; Cal-India Foods International Inc., USA, Advanced Supplementary Technologies Corporation, USA, Enzyme Innovation Inc., USA and Dynamic Enzymes Inc., USA.
- The financials of Advanced Enzymes Europe B.V. ("AEE") are consolidated financials and includes financials of evoxx technologies GmbH, step down subsidiary of the Company.
- Names of the subsidiaries which are yet to commence the operations: NIL during financial year 2021-22
- Names of the subsidiaries which have been sold or liquidated during the year: NIL during financial year 2021-22
- The figures for foreign subsidiaries are arrived on the basis of exchange rate as on March 31, 2022:

Exchange Rate on 31/03/2022:

1USD = INR 75.81

1MYR = INR 18.05

1EUR = INR 84.66

Average Exchange Rate for financial year 2021-22:

1USD = INR 74.51

1MYR = INR 17.85

1EUR = INR 86.56

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

Kedar Desai

Director

DIN: 00322581

Beni P Rauka

Chief Financial Officer

Membership No: 039980

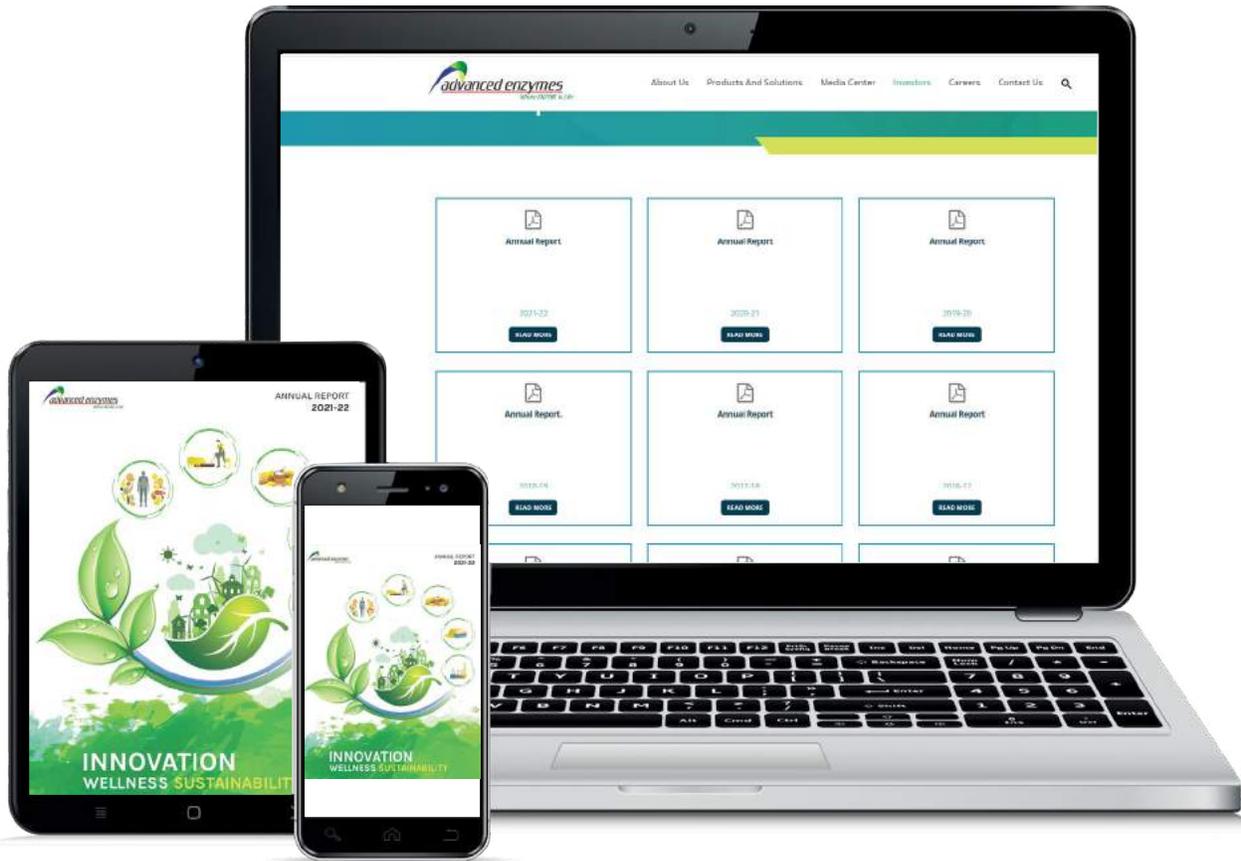
Sanjay Basantani

Company Secretary

Membership No: A19637

Place : Thane

Date: May 20, 2022





Advanced Enzyme Technologies Limited

CIN: L24200MH1989PLC051018

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