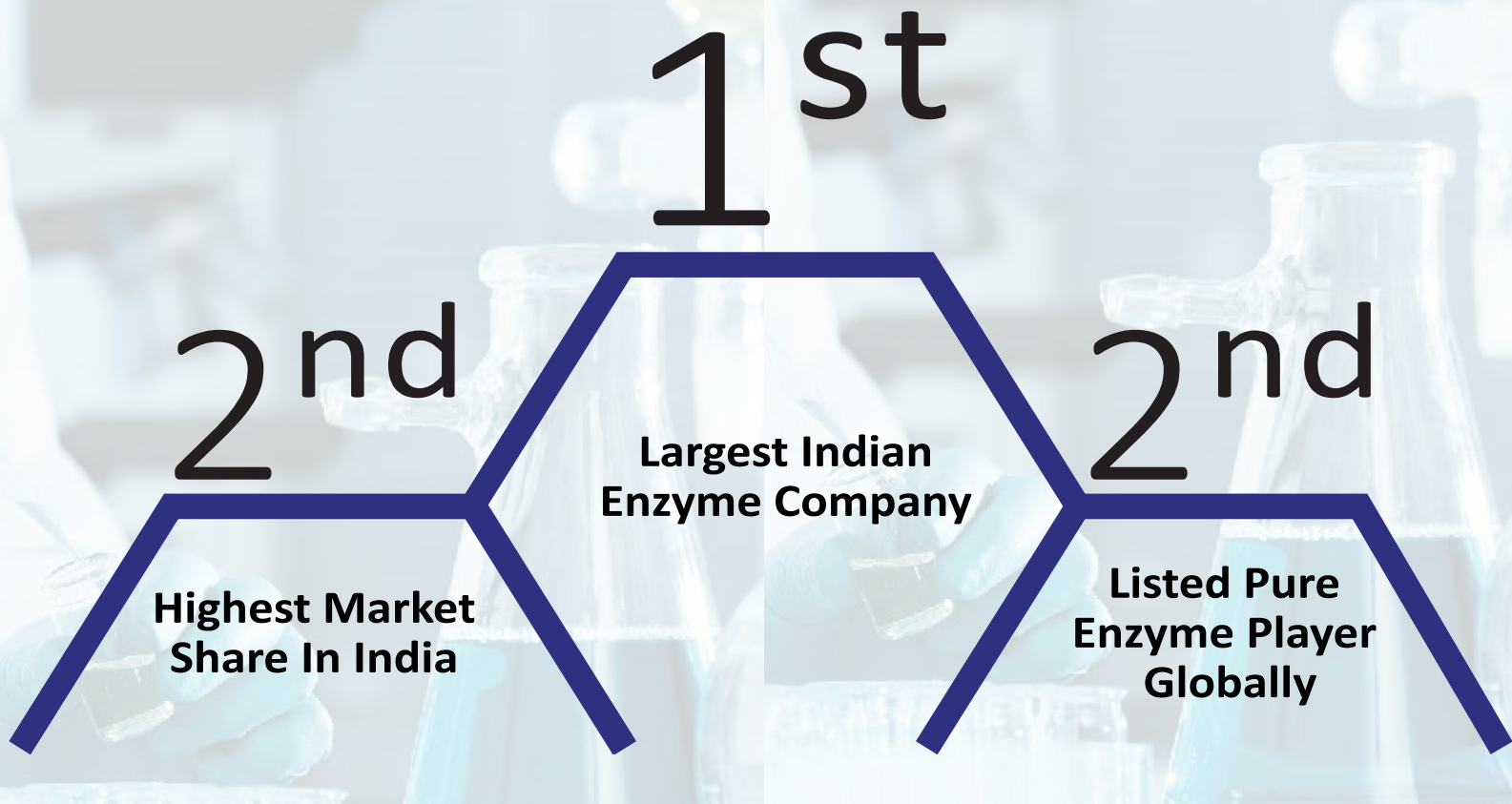




ANNUAL REPORT

2016-17





Company Overview

Advanced Enzymes 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 65 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, biofuels, biomass processing, biocatalysis, etc. Our aim is to help consumers access side-effect free healthcare, help farmers enhance nutrition for animals, and also to help the industry replace traditional thermal-chemical-mechanical processes into enzyme based processes.

Having pioneered the production of enzymes in India, we continue to set trends with the research & development of new applications for the use of enzymes across various industries. Equipped with state-of-the-art manufacturing facilities and research & development centers across India and US, we offer several hundreds of product solutions. We pride ourselves in being one of the very few manufacturers in the world who possess great depth and expertise in fermented enzymes manufacturing.

Today, Advanced Enzymes with its three wholly owned subsidiaries, three joint ventures and five step down subsidiaries, is able to service over 700 customers across 45 countries worldwide. At Advanced Enzymes, building enduring relationships with our customers is at the heart of our business. With exports across 6 continents, we provide customized and effective enzyme solutions coupled with the best in technical advice and superior service.



DISCLAIMER

This information 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 here in reflects the perceptions on major issues as on date and the opinions expressed here are subject to change without notice. The Company under takes 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.

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Vision

Our vision at Advanced Enzymes is to become the leading, enzyme-based, value provider to consumers and Bio-Processors globally!

Mission

It is our mission to see that every human being is able to take advantage of the power of enzymes for well-being and leading a healthy life!

Key Facts

 45+

International Presence

 5

R&D Units
India - 5 | USA - 1

 7

Manufacturing Units
India - 5 | USA - 2

 13

Registered Patents

 400+

Proprietary Products

 65+

Indigenously Developed Enzymes & Probiotics

 500+

Employees

 700+

Customers Worldwide

 22+

Years of Fermentation Experience

 1

GRAS Dossier filed with US FDA

 11

Food Enzyme Dossiers filed with EFSA

 420^{m3}

Fermentation Capacity

Financial Results Summary (Consolidated)

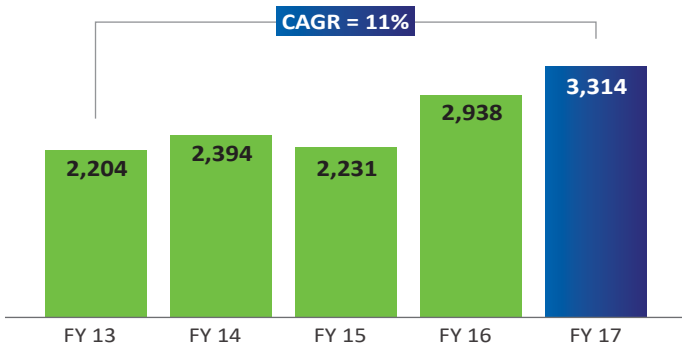
(₹ in Million)

Financial Results Summary	2016-17	2015-16	2014-15	2013-14	2012-13
Net Sales	3314	2,938	2,231	2,394	2,204
EBIDTA (including other income)	1530	1,389	931	1,031	943
Depreciation	122	87	90	100	74
EBIT	1,408	1,302	841	931	869
Finance Charge	42	79	93	132	96
Profit before tax & exceptional items	1,366	1,223	748	799	773
Exceptional Items	-	41	-	514	-
Profit before tax	1,366	1,182	748	284	773
Tax	442	414	230	74	264
Profit after tax including minority (PAT)	924	768	518	210	509
Profit after tax and allocation of minority interest	906	758	510	197	498
Paid up capital-Equity	223	218	218	218	218
Reserves & Surplus	4,378	2,563	1,902	1,457	1,416
Shareholders' Fund	4,601	2,781	2,120	1,674	1,634
Minority interest	124	54	45	36	24
Long-term borrowings (including current maturities)	274	718	914	1,278	1,520
Working capital finance	265	296	226	361	306
Short term unsecured borrowings	-	-	11	30	22
Total Debt	539	1,014	1,151	1,669	1,849
Current liabilities (excluding current maturities of Long-term borrowings)	310	481	697	532	338
Tangible fixed assets (property, plant and equipment) (net)*	1,517	1,144	1,111	1,149	1,158
Intangible assets (net)	67	51	38	-	-
Goodwill on consolidation	2,497	1,710	1,710	1,710	1,710
Current asset	1,470	1,397	1,041	920	937
Net Worth	4,601	2,781	2,120	1,674	1,634
Total outside liabilities - TOL	981	1,551	1,892	2,242	2,210
Growth Indicators					
Net Sales	13%	32%	-7%	9%	28%
EBITDA	10%	49%	-10%	9%	44%
EBIT	8%	55%	-10%	7%	44%
PAT	20%	49%	158%	-60%	48%
Key Operating Ratio					
EBITDA Margin	46%	47%	42%	43%	43%
EBIT Margin	42%	44%	38%	39%	39%
PAT Margin	28%	26%	23%	9%	23%
Financial Leverage					
Debt/Equity	0.12	0.36	0.54	1.00	1.13
Interest Coverage	33.52	16.48	9.08	7.05	9.09
Debt/EBDAT	0.36	0.77	1.37	1.86	2.18
Return Ratios					
RoE (PAT/Shareholders' Fund)	20%	28%	24%	13%	31%
ROCE (EBIT/ (Shareholders' Fund + Total Debt))	27%	34%	26%	28%	25%
Other Ratios					
Turnover to Tangible assets (net)	2.18	2.57	2.01	2.08	1.90
TOL to Net Worth Ratio	0.21	0.56	0.89	1.34	1.35
Book Value per share (₹)	206	128	97	77	75
EPS (Basic)	48.95	34.85	23.42	9.07	23.37
EPS (Diluted)	40.93	34.85	23.42	9.07	23.37

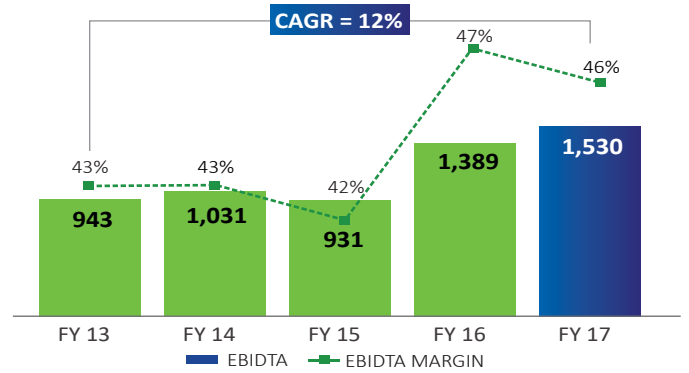
* (excluding CWIP)

Key Performance Highlights

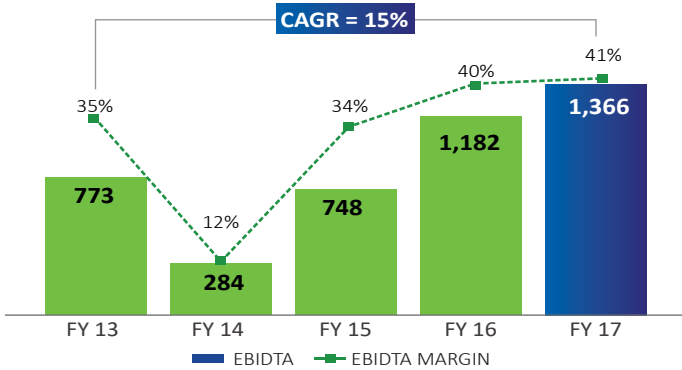
Revenue from Operations



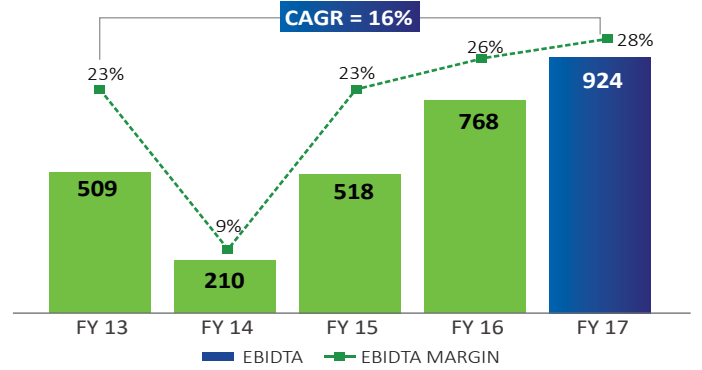
EBIDTA & EBIDTA Margin (%)



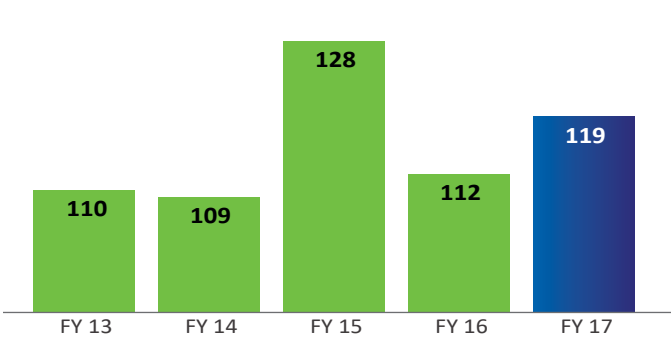
PBT & PBT Margin (%)



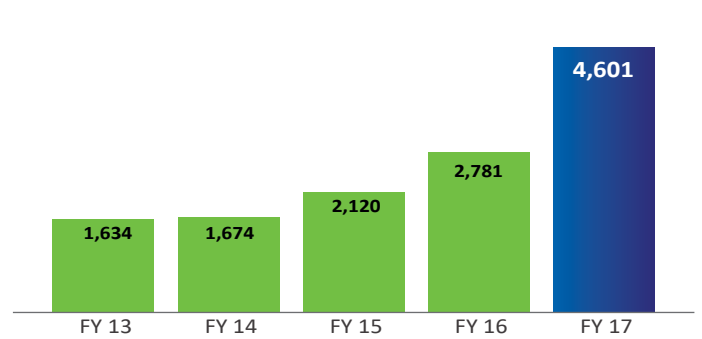
PAT & PAT Margin (%)



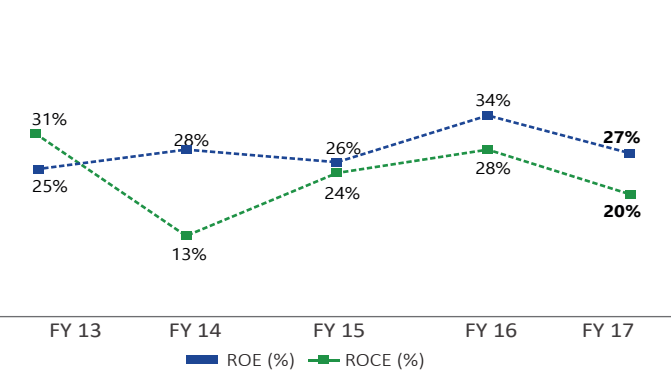
Net Working Capital (Days)



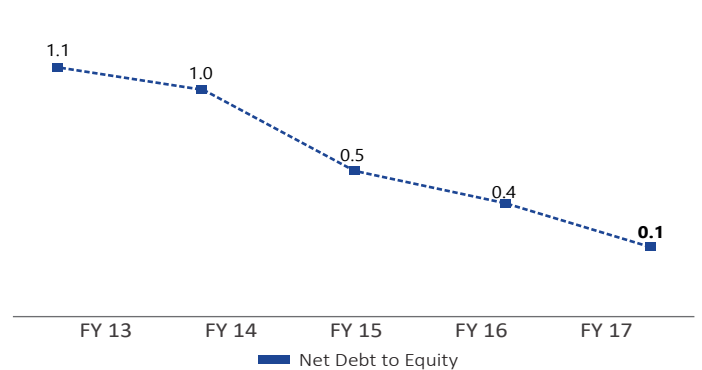
Net Worth (₹ mn)



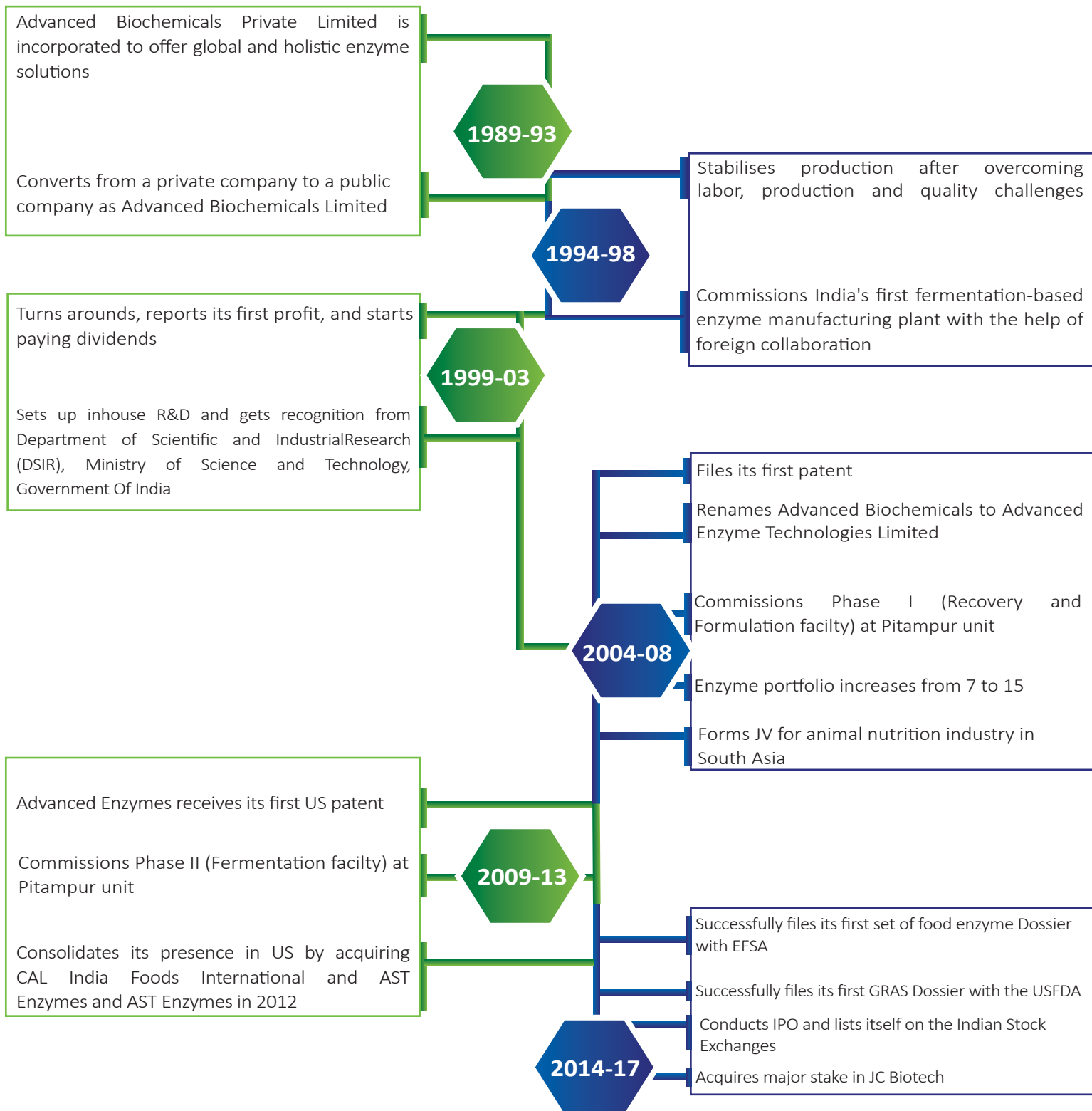
ROE (%) & ROCE (%)



Net Debt to Equity (x)



History and Milestones



Awards and Accolades



★ 2017 ★

Best IPO Award



★ 2016 ★

Best Nutraceutical Company



★ 2014 ★

Bio-Excellence in Industrial Research



★ 2014 ★

Inc. India 500



★ 2013 ★

Ranked amongst
India's Fastest-Growing Mid-Sized Cos.



★ 2012 ★

Most innovative exporter's award



★ 2011 ★

Best Leader Award
to Dr. Anil Gupta



★ 2010 ★

'Emerging India Awards 2010' for
Life sciences-Pharmaceuticals & Chemicals segment



★ 2010 ★

Bio-Excellence in Industrial Biotech

Board of Directors



Mr. Vasant Rathi
Chairman*
and Non- Executive Director

Mr. Vasant Laxminarayan Rathi is the Promoter Chairman and Non- Executive Director of our Company. He promoted & incorporated Cal-India in the year 1985 and has been associated with our Company since the year 1993. Mr. Rathi heads our international subsidiaries based in US.



Mr. C L Rathi
Managing Director

Mr. Chandrakant Laxminarayan Rathi, is the Promoter and Managing Director of our Company. He is currently responsible for the management of the entire operations of the Company and its Indian subsidiaries, including strategic initiatives of our businesses.



Mrs. Savita Rathi
Whole-time Director

Mrs. Savita Chandrakant Rathi, is the Whole-time Director of our Company. She is responsible for the administration of the Company, management and supervision of Export-Import, Client relationship management and the Human Resource department of the Company.



Mr. Mukund M. Kabra
Whole-time Director

Mr. Mukund Madhusudan Kabra, is the Whole-time Director of our Company. He is responsible for overlooking the manufacturing operations of the Company at Sinnar and Indore and for optimising the fermentation for existing products, strain improvement, downstream research and analytical research.

*Designated as Chairman w.e.f March 25, 2017



Mr. Kedar Desai
Independent
Director

Mr. Kedar Jagdish Desai, is the Non-Executive and Independent Director on our Board. He holds a Bachelor's degree in Commerce and Law from the University of Mumbai. He is also a qualified solicitor from the Bombay Incorporated Law Society and has over 19 years of experience in the field of law.



Mrs. Rupa Vora
Independent
Director

Mrs. Rupa Rajul Vora, is a Non-Executive and Independent Director of our Company since November 28, 2015. She was the CFO at Antwerp Diamond Bank N.V., after which she joined IDFC Group as a Group Director and Chief Financial Officer-Alternatives until June 2014. Currently, she serves as an independent Director on a few corporate boards.



Mr. Pramod Kasat
Independent
Director

Mr. Pramod Kasat, is a Non-Executive and Independent Director of our Company since December 14, 2016. He is currently the Country Head of Investment banking, Indusind Bank, Mumbai.



Mr. Ramesh Mehta
Independent
Director

Mr. Ramesh Thakorlal Mehta is a Non-Executive and Independent Director of our Company since 1993. He has experience in the business of jewellery designing and manufacturing.

Leadership Team



Piyush Rathi
Chief Business Officer

Beni Prasad Rauka
Chief Financial Officer



Dr. Anil Gupta
VP Research & Development

Dipak Roda
VP Market & Business Development

Sanjay Basantani
Company Secretary & Head Legal

BANKERS

Citi Bank N.A.
HDFC Bank Ltd.
Kotak Mahindra Bank Ltd.
DBS Bank Ltd.
YES Bank Ltd.

REGISTRAR AND TRANSFER AGENT

Link Intime India Pvt. Ltd ,
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

REGISTERED OFFICE

Advanced Enzyme Technologies Pvt. Ltd.
CIN: L24200MH1989PLC051018
A wing, Sun Magnetica, 5th Floor, Near LIC Service Road,
Louiswadi, Thane (W), Maharashtra - 400604
Tel: +91-22-41703200 Fax: +91-22-25835159
Email: info@advancedenzymes.com
Website: www.advancedenzymes.com

STATUTORY AUDITORS

BSR & Co. LLP,
Chartered Accountants
05th Floor, Lodha Excelus,
Apollo Mills Compound,
N.M. Joshi Marg, Mahalaxmi,
Mumbai-400011

Advanced Enzymes Group Companies Structure



Advanced Enzyme Technologies LTD.

Incorporated: 1989
 Core Areas: Research, Manufacturing & Marketing of Enzymes & Probiotics
 Presence: Global

(60%)



Advanced Bio-Agro Tech Ltd.

Incorporated: 2004
 Core Areas: Solutions for poultry & cattle industries
 Presence: South Asia

(100%)



Advanced EnzyTech Solutions Ltd.

Incorporated: 2008
 Core Areas: Textile, Paper and Leather Industry
 Presence: South Asia

(100%)



Advanced Enzymes USA

Incorporated: 2010
 Core Areas: Holding Company for US Subsidiaries
 Presence: North, Central and South America

(100%)



Specialty Enzymes and Biotechnologies

Incorporated: 1985
 Core Areas: Proprietary, Customised Enzymes & Probiotic Blends
 Presence: North America and Latin America.

(100%)



AST Enzymes

Incorporated: 2010
 Core Areas: Owned & Branded Supplements for Nutraceutical Applications
 Presence: North, Central and South America

(100%)



Enzyme Innovation

Incorporated: 2015
 Core Areas: Solution for Animal Nutrition and Bio Processing Sectors
 Presence: North, Central and South America

(70%)



JC Biotech Pvt. Ltd.

Incorporated: 2004
Acquired: 2016
Core Areas: Manufacturing of Enzymes
Presence: India

(80%)



Advanced Enzymes (Malaysia) Sdn.Bhd.

Incorporated: 2016
Acquired: 2017
Core Areas: Enzyme based solutions for extraction of palm oil from palm fruit
Presence: Malaysia

(100%)



Advanced Enzymes Europe B.V.

Acquired: 2017
Presence: Netherland
Core Areas: Holding Company for investment in Europe

(100%)



Dynamic Enzymes

Incorporated: 2010
Core Areas: Owned & Branded Supplements for Retail Business Model
Presence: North, Central and South America

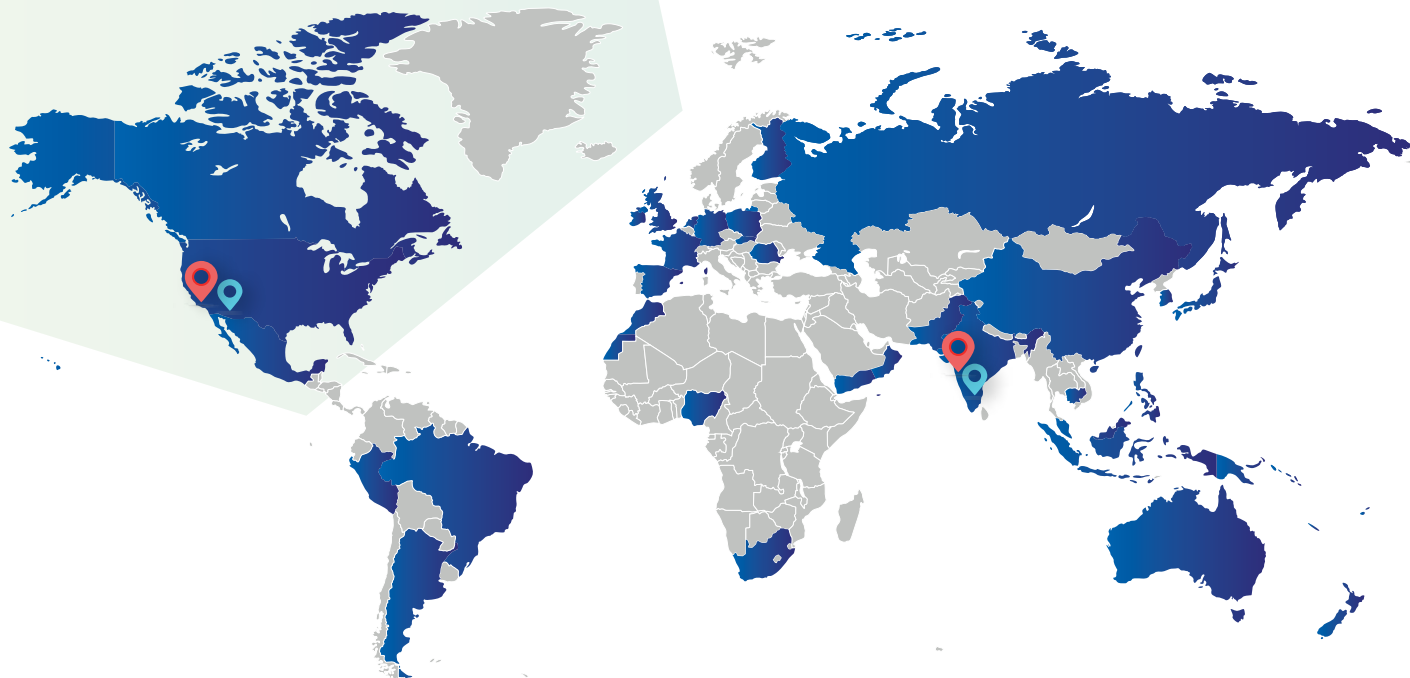
(100%)



Enzyfuel Innovation, Inc.

Incorporated: 2015
Core Areas: Enzymes & Technology Solutions for Bio-Fuels Sector
Presence: North, Central and South America

Geographical Presence



International Presence

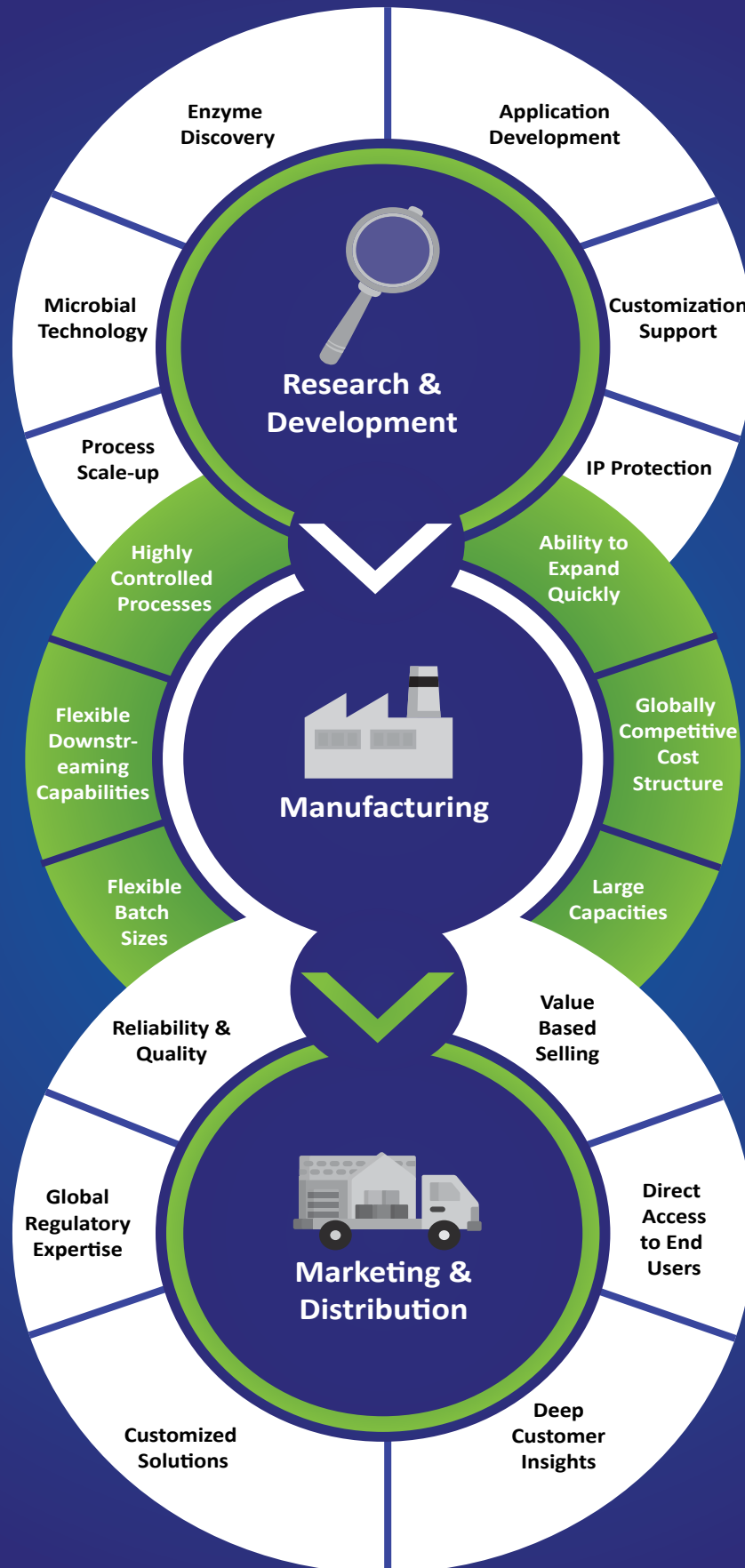
7 Manufacturing Facilities

INDIA		USA	
Thane, Maharashtra	1	San Bernardino, CA	2
Nashik, Maharashtra	2		
Indore, Madhya Pradesh	1		
Prakasam, Andhra Pradesh	1		

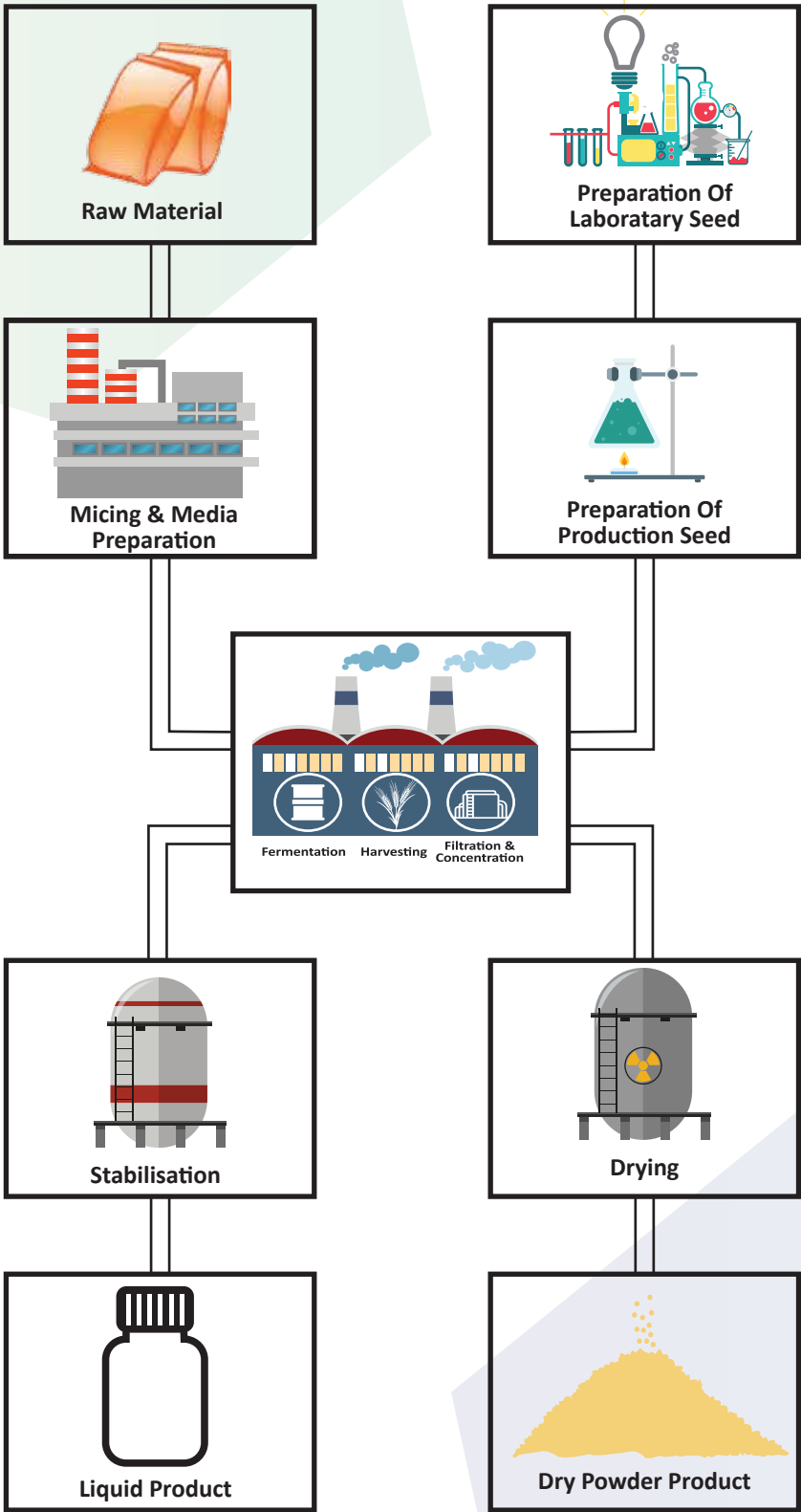
5 R&D Centres

INDIA		USA	
Thane, Maharashtra	2	San Bernardino, CA	1
Nashik, Maharashtra	1		
Prakasam, Andhra Pradesh	1		

Strong Value Chain



Production Process



Product Segments

Catering to Diversified Segments & Industries

- Products & Offerings cater to a diverse set of industries across multiple segments such as Human Nutrition, Animal Nutrition & Bio-Processing
- Broad client base serving 700+ customers across 45+ countries worldwide

Segment-Wise Revenue Breakup



Human Healthcare and Nutrition

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 globally. These enzymes are used by customers as active ingredients in their pharmaceutical and nutraceutical formulations.



Animal Nutrition

AETL provides enzyme based feed additives for the animal nutrition industry, mainly catering to poultry and swine. Many feed ingredients are not fully digested by livestock. However, by adding enzymes to feed, the digestibility of the components can be enhanced. Enzymes are a well-proven and successful tool that allows feed producers to extend the range of raw materials used in feed, and also to improve the efficiency of existing formulations. Animal Nutrition product offering enables animals to maximize the nutrients they absorb from the feed, thus helping in reducing feed costs, minimizing animal waste production and accordingly helping to reduce environmental pollution. Enzymes are added to the feed either directly or as a part of the premix together with vitamins, minerals, and other feed additives.

Bio Processing

Food Processing

Food Processing: By maximizing the resources and continuously enhancing the quality of the products, food and beverage manufacturers are improving the choices enjoyed by consumers and users around the globe. Enzymes play an essential role in bringing more nutritious and appealing food and beverage products to the modern world, and they offer significant benefits beyond the scope of traditional alternatives.



Non Food Processing

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

Research and Development

65+

Enzymes & Probiotics

65+

Scientists, Microbiologists,
Engineers, Food Technologists,
Biotechnologists

5

R&D Centers
in India & US

11

Food Enzymes Dossiers
filed with EFSA

13

Registered Patents
4 Patent Applications
Submitted

1

GRAS Dossier filed
with US FDA

Proteomics & Applied Microbiology

- Purification & Characterisation of enzymes
- Generate data for filing regulatory dossiers
- Develop newer & improved microbial systems

Process Development & Optimization

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

INDIA

Application Development

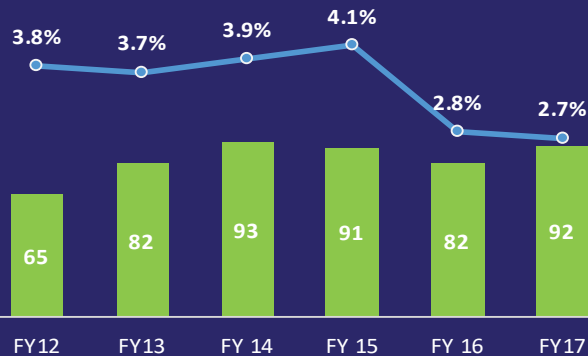
- Develop innovative enzyme solutions for various food & non-food processing industries
- Lab trials support for nutritional applications

US

Laboratory Services

- Custom application development
- Testing services for customers

Significant R&D Spend as % of Revenue



On Consolidated basis (in ₹ million)

Key Business Strategy



Chairman's Letter



A Remarkable Journey



Dear Shareholders,

On behalf of the Board of Directors and the Management, I am very pleased to provide you the first financial report of your Company post the Initial Public Offering (IPO) and listing on the Indian Stock Exchanges on 1st August 2016. I would like to inform you that your company's IPO received an overwhelming response and was oversubscribed by 82.06 times, creating a record. This happens to be the 5th best IPO of all times by any Indian company to date, as reported by Bloomberg. Heartiest Congratulations to all of you on achieving this great milestone !

At the onset, I would like to thank each and every shareholder for having shown utmost trust and confidence on the Company's business model, management and business strategy. Today, your Company has a Global presence, with exports to more than 45 countries. Your Company is at the forefront of enzyme technology, and leverages Research and Development (R&D) to deliver high quality products worldwide. Through sustained efforts and investments in R&D over the past two decades, your Company has developed a strong portfolio of over 65 enzymes & probiotics.

In spite of the significant challenges faced, your Company's revenues and profitability track record has been remarkably strong in the last 5 years. I owe my gratitude to all our employees & associates for their continued dedication, commitment and loyalty, that has helped the Company overcome these difficult times.

In the year gone by, your Company has forayed decisively into Probiotics. Probiotics is a \$1.7 billion market globally and the main applications are in Nutrition & Healthcare. In the past year, your Company has also acquired a 70% stake in Hyderabad based JC Biotech Private Limited. Through this acquisition, your Company has strengthened its presence in a key API Serratiopeptidase, and has also acquired competencies & capabilities that are complementary to its existing plants.

I am thankful, to each and every one of you, for having participated in our journey so far, and look forward to your continued support.

Thanking you.

**V.L. Rathi
Chairman**

Managing Director's Letter



To the Future and Beyond



Dear Shareholders,

During 2016-17, we made meaningful progress in improving the fundamentals of the business, and significantly strengthened our competitive position to accelerate short and long term growth.

In 2016-17, our Revenues have grown 13% to ₹ 3,314 million, our EBITDA has grown 10.17% to ₹ 1,530, and our PAT has grown 20% to ₹ 924 million. Human Nutrition vertical has contributed about 72% of the revenue, followed by Animal Nutrition and Bio-Processing verticals with about 15% and 13% respectively.

Going forward, the Company intends to intensify its focus on new age applications such as Palm Oil extraction and Biodiesel, and is in process of setting up of a Malaysian subsidiary to drive growth in this highly potential market. The Animal Feed sector globally is also a large market that the company intends to tap into. The Company continues to drive Sales through expansion of its Distribution network and Registrations in key target geographies. Your Company also continues to explore new avenues, both organically and inorganically, to establish a significant presence in key target segments.

To support & service this growth, your Company is fairly comfortable with its existing capacities and capital investments. Currently, your Company operates at approximately 55% capacity utilization for its fermentation assets, and believes that this is sufficient to take care of our near term needs.

On the R&D front, your Company continues to invest significantly and build further its portfolio in focus applications & industries. Among other initiatives, your Company is also in process of implementing SAP S/4 HANA, and is likely to complete the project by April 2018.

We believe that all these initiatives will help your Company lay a strong foundation to drive sustainable growth in value for the shareholders over the longer term. We also expect our continued strategic focus on enzymes & probiotics, to help us further improve our standing in this sunrise industry globally.

Your Company has an excellent team in place, and has been consistently adding key pillars to the organisation. Together, led by a highly capable and dynamic NexGen, we are poised to soar to greater heights in the years to come.

Thanking You.

C.L. Rathi
Managing Director

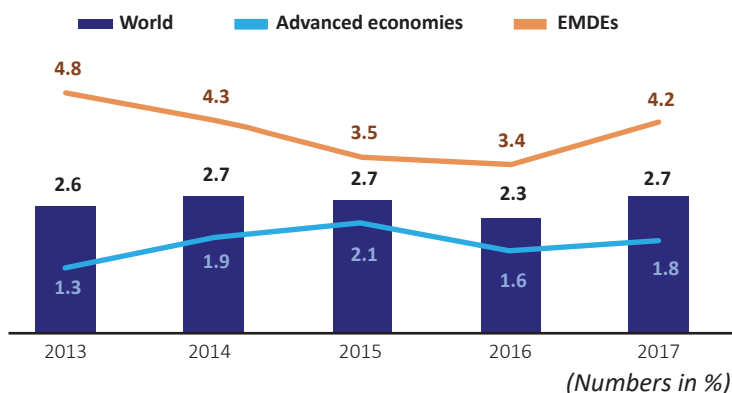
Management Discussion and Analysis

Economic Overview

Global Economy

Global activity is firming broadly as expected. Manufacturing and trade are picking up, self-reliance is improving continuously. Global growth is projected to strengthen to 2.7 percent in 2017-18 and 2.9 percent in 2018-19. In emerging market and developing economies (EMDEs), growth is predicted to recover to 4.2 percent in 2017-18 and reach an average of 4.6 percent in 2018-19, as difficulties to growth in commodity exporters reduce, while activity in commodity importers continues to be strong. Risks to the global outlook remain tilted to the downside. A policy priority for EMDEs is to rebuild monetary and fiscal space that could be drawn on were such risks to materialize. Over the longer term, structural policies that support investment and trade are critical to boost efficiency and potential development.

In low-income countries, growth is rebounding, as rising metals prices lift production in metal exporters and infrastructure investment continues in non-resource intensive economies. However, some low-income countries are still struggling with declining oil production, conflict, drought, and security and political challenges. Growth in low-income countries is expected to strengthen during 2017-19, as activity firms in commodity exporters. A pickup in regional growth is underway in 2016-17. In India, recent data indicate a rebound this year, with the easing of cash shortages and rising exports.



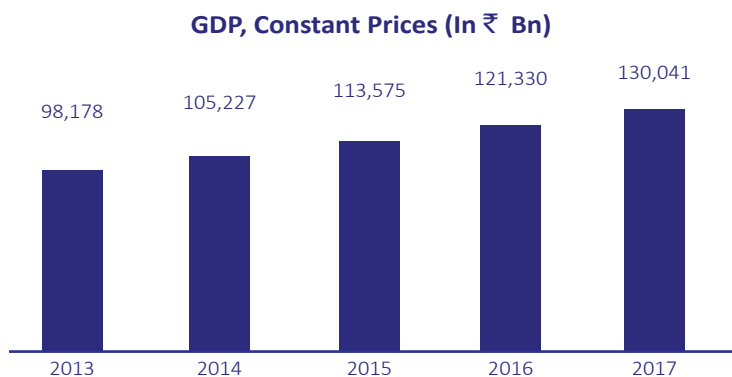
Indian Economy

Growth in South Asia remains strong, with regional output projected to grow by 6.8 percent in 2017-18 and an average of 7.2 percent in 2018-19. Excluding India, growth is projected to average 5.8 percent in 2017-19, with some cross-country variation. Robust domestic demand, an uptick in exports, and strong foreign direct investment inflows underpin this forecast. Domestic risks to the outlook include policy uncertainty related to upcoming elections and possible setbacks to reform progress. External risks include an increase in global financial volatility, a slowdown in remittances inflows, and rising geopolitical tensions.

The Indian economy is currently seeing a culmination of positive domestic indicators. Economic growth has picked up and government expect it to be above 7.4% in 2017-18. India's statistics department has estimated economic growth in 2016-17 at 7.2%. India's economy is set to grow at 7.4% in financial year 2017-18, on the back of a pick-up in consumption demand and higher public investment. Such a growth rate with global contribution makes India, the "World's Fastest Growing Economy". The fiscal deficit is on track, as per the target of 3.5%, and retail inflation has dipped to below 5%.

India is expected to be the third largest consumer economy as its consumption may triple to USD 4 trillion by 2025, owing to shift in consumer behaviour and expenditure pattern, according to a Boston Consulting Group (BCG) report; and is estimated to surpass USA to become the second largest economy in terms of purchasing power parity (PPP) by the year 2040, according to a report by PricewaterhouseCoopers. Also, the Hon'ble Prime Minister, Mr. Narendra Modi has stated that India has become the world's fastest growing large economy, and is expected to grow five-fold by 2040, owing to a series of policy measures.

India has emerged as the fastest growing major economy in the world as per the Central Statistics Organization



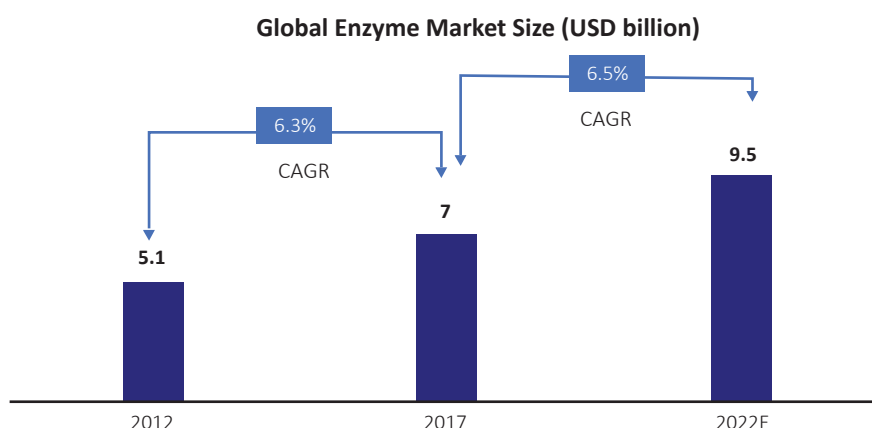
(Source: World Bank Report 2017, IMF Report 2017, Global enzyme market report, Market & Market research, gminsights.com, company website, news, investor presentation and RHP)

(CSO) and International Monetary Fund (IMF). The improvement in India's economic fundamentals has accelerated in the year 2016-17 with the combined impact of strong government reforms, RBI's inflation focus supported by benign global commodity prices.

Industry Structure and Developments

Global Enzyme Market

Global enzyme market is positive supported by its usefulness for various industrial processes and chemical reactions. According to the 2011-12 market survey reports global enzyme market was valued about USD 4 billion in 2011-12 and estimated to reach USD 6 billion by 2016-17 and USD 7 billion by 2017-18 of which industrial enzyme is projected to constitute of nearly USD 5 billion, with rest being contributed by speciality enzymes. Moving ahead, the global enzyme demand is expected to witness significant market growth and demand for various enzymes, the market is further expected to grow at a 5-year Compounded Annual Growth Rate (CAGR) of 6.5% after 2017, reaching a size of USD 9.5 billion by 2022.



On the other hand enzymes market is projected to show high gains in light of its extensive usage in food processing, germination in breweries, pre-digestion of baby food, fruit juice clarification, meat tenderization, cheese manufacturing, and conversion of starch into glucose. Also, favourable government policies by various countries across the globe to promote biodiesel production will fuel demand over the next few years. The global Palm Oil market is expected to grow at a healthy pace in forth coming years. Furthermore, palm oil and palm oil extracts are now being used in varied consumer goods widely which helps to boost the growth of palm oil market.

The share of speciality enzyme use is increasing – Growing from 28.3% in 2002 to 31.5% in 2017 and is further expected to rise to 33.7% by 2022 .

Food industrial enzyme market is expected to experience broad based growth from nearly USD 1.5 billion in 2016 to USD 1.9 billion in 2021 at a CAGR of 4.7% from 2016 through 2021.

Similarly animal feed industrial enzyme market is expected to grow from USD 1.2 billion in 2016 to nearly USD 1.6 billion at a CAGR of 5.2% from 2016 through 2021. Apart from these categories pharmaceuticals was also the dominant application of specialty enzymes valued at USD 1.63 billion in 2015 and is expected to witness growth in light of growing pharmaceutical sector in China, India, Indonesia, Malaysia, Mexico, and Vietnam. Also, the increasing importance of enzyme-based pharmaceutical formulations in the treatment of chronic conditions such as AIDS and Cancer will augment industry expansion over the forecast period.

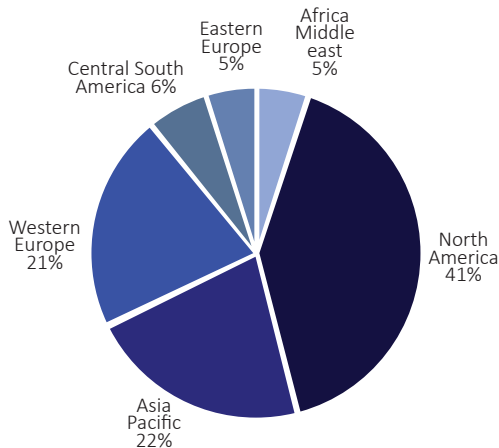
According to market survey and business development conditions, global enzyme demand is forecast to grow at the rate 6.9% from USD 5.8 bn to USD 11.3 bn over 2010-2020. Both the industrial and specialty enzymes segments are expected to grow over the years. Specialty enzymes are likely to witness a growth rate of 7.5%, higher than the forecast of 6.5% for industrial enzymes. Demand for industrial enzymes is expected to be supported by the animal feed segment and the food and biofuel segment.

(Source:World Bank Report 2017 ,IMF Report 2017, Global enzyme market report, Market & Market research, gminsights.com, company website, news, investor presentation and RHP)

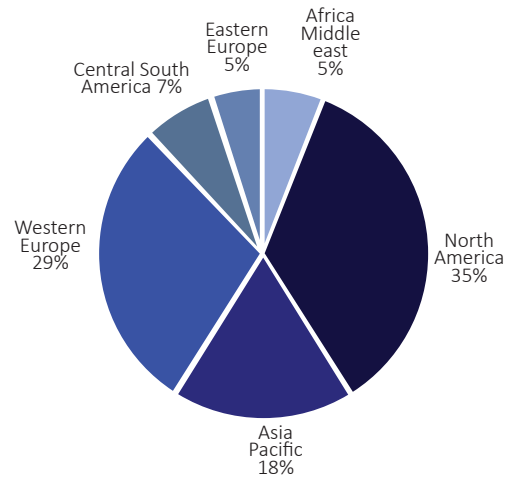
North American Enzyme Market

North America is the world's largest regional enzyme market, accounting for around 41 percent of world demand in 2012-13. Enzyme demand in North America is majorly concentrated in the United States(US), which single headed for 90 percent of regional demand in 2012-13. Overall, enzyme demand in North America will advance 4.3 percent per year to over USD 2.6 billion in 2017-18. While advances in specialty enzymes will help power-drive overall market growth.

Region - Wise Enzyme Market Share In 2012



Region - Wise Enzyme Market Share In 2022



The United States is the largest consumer of enzymes across globally. All enzyme markets are found in the US due to the diversity of its advanced economy. Favourable economic and environmental factor in US helps constant increase in productivity, improves quality and results in cost reduction. These factors also make it a natural location for the introduction of new applications.

Moving ahead, enzyme demand in the US will grow 4.2 percent annually to USD 2.4 billion in 2017-18, as strong growth in specialty enzymes offsets slower growth in biofuel production and maturity in most industrial enzyme markets. Biofuel production enzymes, in particular, will experience much slower advances in demand as the industry matures and future increases in 'grain-based ethanol' consumption mandated under federal law.

Most enzyme types will experience moderate to strong growth, with celluloses doing particularly well due to the development of the cellulosic ethanol industry.

Global Probiotics Market

The global market for probiotic ingredients is projected to reach USD 3560.70 Million by 2025. The growing preference for functional foods to curb health disorders is expected to favour the overall market growth over the forecast period. Increasing probiotics market penetration in dairy and other food beverages industry is expected to favor the overall demand. Probiotics have beneficial effects on humans as well as animals. The rising demand in food and beverage industry, rising health concerns among the population, huge investments in the research and development, curative for intestine and gut disorders and an upsurge in the disposable income in emerging economies are dominant drivers for the growth of Probiotic market.

(Source:World Bank Report 2017 ,IMF Report 2017, Global enzyme market report, Market & Market research, gminsights.com, company website, news, investor presentation and RHP)

Indian Enzyme Market

The market for enzymes in India was relatively small USD 105 Million in 2012-13 but India is an attractive market with high growth rates in the past years. Enzyme use is still in its infancy with growing awareness of enzyme potential and benefits providing attractive growth perspectives. Indian enzyme market will average more than 10% per year through 2017-18, driving demand to USD 173 Million. As with most other markets in the Asia / Pacific region, demand is concentrated in industrial enzymes. However, the rapid development of India's pharmaceutical and chemical industry is starting to change this, and specialty enzyme demand will outpace industrial enzyme demand going forward. There are about 17-20 players in this market. Most of these companies are either into marketing or into formulations. But India has companies that also manufacture enzymes used in different industries such as pharmaceutical, food processing, leather, detergents, paper and pulp and textile. These companies produce various enzymes and several other eco-friendly biological products. The product range and services are growing rapidly as the use of enzymes is gaining widespread acceptance. The Indian manufacturers are not only supplying to local market but are also exporting to number of countries.

As the economy is slowly opened to increased foreign direct investment, enzyme usage rates should continue to improve. In specialty enzymes, around half the demand is in the Research and Biotechnology space. Strong growth will also be seen in research and biotechnology as the government seeks to promote development of the biotechnology sector to showcase the country's technological capabilities, and Indian pharmaceutical and biotechnology companies increasingly seek to make inroads into the developed markets of the United States. This same trend will also benefit the biocatalysis market.

Indian Probiotics Market

Over the past few years, India has been witnessing a large number of deaths due to rising incidences of digestive, diarrhoea and cardiovascular diseases. According to a study conducted by Centre for Global Health Research at the University of Toronto and Indian Council of Medical Research (ICMR), around 18.8% of all deaths in 2010-11 were caused by cardiovascular diseases alone. This is consequently, resulting into increasing health concerns and rising inclination towards probiotic products among Indian consumers which is in turn resulting into increasing demand for probiotic products in India. Consequently, India is poised to offer immense opportunities to both domestic as well as international players operating in the probiotics market in the country. Other factors driving the growth of probiotic products in the country include rising trend for fortified food and growing incidences of lifestyle oriented diseases such as diabetes. Besides probiotic products for humans, probiotic animal feeds are also becoming very popular among Indian farmers to feed their cattle. According to "India Probiotic Market Forecast & Opportunities, 2019", India's probiotic market is projected to grow at a CAGR of around 19% till 2019. The market has been segmented into Probiotic functional food, beverages, Probiotic drugs, dietary supplements and Probiotic animal feed.

Business Overview

Company Overview

We started operations two decades ago with strong vision supported by group of professionals. Your company has transformed business globally in the manufacturing of enzymes by improving the fundamentals based on research and technology. We are the largest Indian enzyme company, engaged in the research and development, manufacturing and marketing of 400+ proprietary products developed from over 65 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, biofuels, biomass processing, biocatalysis, etc. Our aim is to enhance nutrition for animals, and also to help the industry replace traditional thermal-mechanical-chemical processes into enzyme based process. We help consumers access side-effect free healthcare.

Having pioneered the production of enzymes in India, we continue to set trends with the research & development of new applications for the use of enzymes across various industries. Equipped with state-of-the-art manufacturing facilities and research & development centers across India and US, we offer several hundreds of enzyme products.

We pride ourselves in being one of the few manufacturers in the world who possess great depth and expertise in fermented enzymes manufacturing.

Advanced Enzyme Technologies Ltd. comprises of two wholly owned subsidiaries, two subsidiaries and five step-down subsidiaries as on March 31, 2017.

(Source: World Bank Report 2017, IMF Report 2017, Global enzyme market report, Market & Market research, gminsights.com, company website, news, investor presentation and RHP)

Your Company has completed the acquisition of Advanced Enzymes (Malaysia) Sdn. Bhd. (erstwhile Palm Techno Ventures Enzyme Sdn. Bhd.) [“AEM”] on July 03, 2017 by way of investment of RM 200,000 (Malaysian Ringgit) in Ordinary Shares of AEM i.e. 80% of paid-up share capital of AEM. In view of this, AEM became a subsidiary of your Company.

On July 11, 2017, your Company has incorporated a wholly owned subsidiary, “Advanced Enzyme Europe B.V.” in Amsterdam (Netherlands) having issued share capital of Euro 2 Million.

At Advanced Enzymes, building enduring relationships with our customers is at the heart of our business. With exports across 6 continents, we provide customized and effective enzyme solutions coupled with the best in technical advice and superior service.

Subsidiaries:

1) Advanced Enzymes USA

Advanced Enzymes USA was incorporated on November 1, 2010 with its registered address as 13591, Yorba Avenue, Chino, California-91710. Advanced Enzymes USA 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. Advanced Enzymes USA has stake in following corporations, three of which are profitable and two are at nascent stage. In terms of the financial performance, the company’s revenue for FY 2016-17 was ₹1,736 Million, and PAT for FY 2016-17 was ₹590 Million.

a) Advanced Supplementary Technologies Corporation (“AST”)

Advanced Supplementary Technologies Corporation was incorporated on December 30, 2010 with its registered address as 13591, Yorba Avenue, Chino, California-91710. AST was acquired by your Company on October 31, 2012. AST Enzymes is a leading professional manufacturer of enzyme-based strength supplements to support cardiovascular, anti-inflammatory, joint, digestive and colon health. AST Enzymes uses only non-genetically modified, natural ingredients, tested by its team of leading scientists and industry experts. AST Enzymes 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 Enzymes (Advanced Supplementary Technologies Corporation) is a subsidiary of Advanced Enzymes USA.

b) Cal-India Foods International (doing business as Specialty Enzymes and Bio-technologies)

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

c) Enzyme Innovation, Inc.

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

d) Dynamic Enzymes, Inc.

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

e) Enzyfuel Innovation, Inc.

Enzyfuel Innovation, Inc. was incorporated on September 21, 2015 under the laws of the State of California with its registered office at 13591 Yorba Avenue, Chino, California 91710 since incorporation. EFI, inter alia, offers enzymes and enzyme-based products in the energy sector.

(Source: World Bank Report 2017, IMF Report 2017, Global enzyme market report, Market & Market research, gminsights.com, company website, news, investor presentation and RHP)

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

This is a public limited company initially incorporated as a private company on November 9, 2004 with registered address as A-Wing, 5th floor, Sun Magnetica, Louiswadi, Thane(W) 400064, Maharashtra, India. A subsidiary of Advanced Enzyme Technologies Ltd. ABATL is inter-alia, carrying on the business as developer, provider of technology, manufacturer, processor, dealer of all kinds of agro bio chemicals and chemicals, bio-fertilisers, enzymes, diagnostic agents, growth hormones, composting, organic manures, crop saving drugs and medicines. Advanced Bio-Agro Tech Ltd. 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, the ABAT’s revenue for FY 2016-17 was ₹399 million, and PAT for FY 2016-17 was ₹39 million.

3) Advanced EnzyTech Solutions Limited (“AESL”)

It was incorporated on September 1, 2008 as a public limited company with registered address as A-Wing, 5th floor, Sun Magnetica, Louiswadi, Thane(W) 400064, Maharashtra, India. Advanced EnzyTech Solutions is a wholly owned subsidiary of AETL. AESL is, inter-alia, carrying on the business as a manufacturer, formulator, processor, dealer, trader, importer of enzymes, biochemicals, chemicals, dyes and intermediates, auxiliaries, polymers, preparations of enzymes and other chemicals for application in textile, pulp and paper and other process industries and providing enzymatic and other solution to them including providing of solution to pollution related problems faced by the process industries by using the said products. Equipped with a dedicated research & development facility, AESL aims to replace the traditional harsh chemical processes in these industries with newer, eco-friendly, yet cost-effective solutions using enzymes, micro-organisms and bio-degradable chemicals. In terms of the financial performance, the AESL’s revenue for FY 2016-17 was ₹101 Million, and PAT for FY 2016-17 was ₹6 Million.

4) JC Biotech Private Limited (“JC Biotech”)

JC Biotech was established in the year 2004 with registered address as 8-2-269/S/3/A, Plot No.3, Sagar Society, Road No.2, Banjara Hills, Hyderabad, Telangana-500034, with the objective of manufacturing nutraceuticals, bio-pharmaceuticals and bio-chemicals. Effective 1st December, 2016, JC Biotech has become a subsidiary as 70% stake of JC Biotech was acquired by your Company as on that date. Apart from continued development and manufacturing of bio-pharmaceutical molecules, JC Biotech also aspires to produce algae DHA in the near future. In terms of the financial performance commencing from 1st December, 2016 till 31st March, 2017, JC Biotech’s revenue was ₹139 Million, and PAT was ₹5 Million.

5) Advanced Enzymes (Malaysia) Sdn. Bhd.

Effective 3rd July, 2017, Advanced Enzymes (Malaysia) Sdn. Bhd. (erstwhile Palm Techno Ventures Enzyme Sdn Bhd) has become a subsidiary as 80% stake was acquired by your Company as on that date. As it’s a newly incorporated company during 2016, the turnover as on March 31, 2017 is NIL. The said subsidiary will be engaged in supplying and providing enzyme based solutions for extraction of palm oil from palm fruits.

6) Advanced Enzymes Europe B.V., Amsterdam (Netherlands)

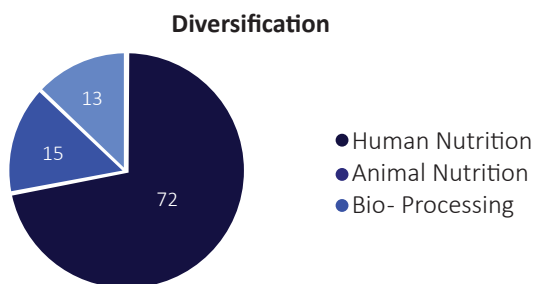
Advanced Enzymes Europe B.V., Amsterdam (Netherlands) was incorporated as a wholly-owned Subsidiary on July 11, 2017. It is registered with the Chamber of Commerce having issued share capital of Euro 2 Million. As it is a newly incorporated company, the turnover as on March 31, 2017 is NIL. The primary purpose of the acquisition is to expand your Company’s business in the European markets.

Operational data

Your Company is the 1st one of its kind Enzyme Company in India. It is one of the largest listed pure enzyme global player that produces enzymes through its 7 manufacturing units of which 5 units are located in India and 2 in US. During this year, your Company has also acquired 70% stake in Hyderabad based JC Biotech Private Limited, engaged in the business of manufacturing, marketing and research of biotech products which includes API Enzymes, Serratiopeptidase etc. Your Company has its in house operations which includes manufacturing units, R&D units etc.

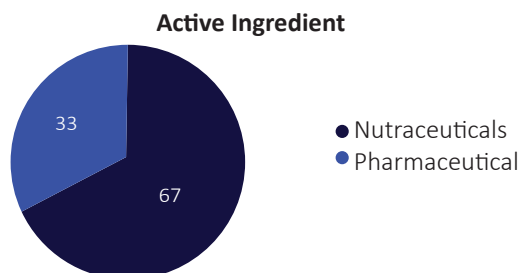
Business Verticals

Your Company caters to diversified industries and verticals like Human Nutrition, Animal Nutrition and Bio-Processing. In FY17, Human Nutrition vertical comprising active ingredient for Nutraceuticals and Pharmaceuticals contributed 72% of the Revenues followed by Animal Nutrition and Bio-Processing contributing 15% and 13% respectively.



Human Nutrition:

Your Company provides its proprietary enzyme products and customized enzyme solutions to various pharmaceutical and nutraceutical companies in India, North America, Asia (ex-India), Europe and other countries globally. The enzymes are used by customers as active ingredients in their pharmaceutical and nutraceutical formulations.



Animal Nutrition:

Enzymes increase digestibility of modern animal feeds, which improve 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, improving the digestibility of pet foods and strengthening the immune system. Our enzymes consistently deliver quality, effectiveness and economic value.

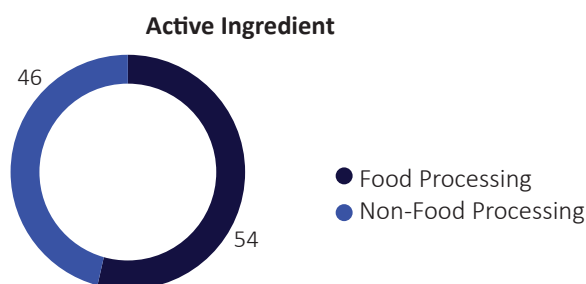
Bio Processing:

Food Processing:

By maximizing the resources and continuously enhancing the quality of products, food and beverage manufacturers are improving the choices enjoyed by consumers and users around the globe. Enzymes play an essential role in bringing more nutritious and appealing food and beverage products to the modern world, and they offer significant benefits beyond the scope of traditional alternatives. By following critical food and beverage industry trends, your company provides its 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. The specialized enzyme products help customers to improve the quality of their products, reduce wastages, optimize resources, produce higher yields, reduce costs and also to reduce environmental pollution.

Non Food Processing:

Enzymes are considered as potent biocatalysts for a large number of reactions. Your Company offers eco-safe solutions for variety of industries such as textiles, leather, detergent and pulp and paper, which are used in the manufacture of a 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 reducing overall process cost.



(Source: World Bank Report 2017, IMF Report 2017, Global enzyme market report, Market & Market research, gminsights.com, company website, news, investor presentation and RHP)

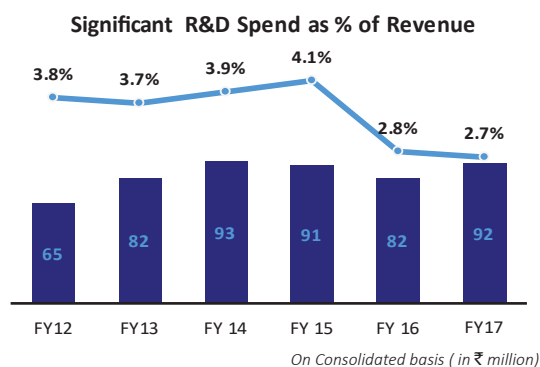
Research & Development

Your Company has a strong R&D team of 65+ members, Scientists, Microbiologists, Engineers, Food Technologists and Biotechnologists with key employees continuing with the company for over a decade. This has helped your Company to develop 65+ proprietary enzymes in-house and has led your Company as one of the top 15 enzyme companies globally. Your Company has 11 Food Enzymes Dossiers filed with EFSA (European Food Safety Authority). The process of IPR development is continuous with 13 Granted Patents (10 Indian + 1 US + 1 Australia + 1 New Zealand) and 135 Registered Trademarks, 1 GRASS Dossier filed with USFDA as on March 31, 2017.

Proteomics & Applied Microbiology	<ul style="list-style-type: none"> Purification & Characterisation of Enzymes Generate data for filing regulatory dossiers Develop newer & improved microbial systems
Process Development & Optimization	<ul style="list-style-type: none"> Up scaling fermentation Enhance efficiency of downstream processes Improve recovery & purification yields
Application Development	<ul style="list-style-type: none"> Develop innovative enzyme solutions for various food & Non - food processing industries Lab trials support for nutritional applications
Laboratory Services	<ul style="list-style-type: none"> Custom application development Testing services for customers

R&D Spends

R&D spends in enzymes can be categorized in three verticals: (a) microbe development, (b) process development, (c) application development. Finding a new molecule involves higher R&D, as it involves all the three steps. Your Company expects R&D spends to be more skewed towards application development, which would enable to fast-track monetization of wide portfolio of enzymes.



Strengths

Your Company is the only company in India with end to end value chain right from R&D facilities, productions to marketing and sales. Your Company exports its products to more than 45 countries and to 700+ customers worldwide. Your Company is well prepared in advance to meet the future demand.

Financial Highlights

(₹ in million except per share data)

Particulars	FY17	FY16	FY15
Revenue (Net)	3,314	2,938	2,231
Other Income	23	13	26
Net Worth	4,601	2,781	2,120
EBIDTA	1,530	1,389	931
PBT	1,366	1,182	748
PAT (Excluding minority interest)	906	758	510
EPS (Basic)	40.95	34.85	23.42
Fixed Assets (excluding goodwill)	1,599	1,214	1,203
Goodwill on consolidation *	2,497	1,710	1,710

(Source: World Bank Report 2017, IMF Report 2017, Global enzyme market report, Market & Market research, gminsights.com, company website, news, investor presentation and RHP)

Financial Highlights (continued)

Total Fixed Assets	4,096	2,924	2,914
Reserves and Surplus	4,378	2,563	1,902

* During FY 2017, increased on account of restatement of goodwill by ₹ 446 Million and ₹ 341 Million on account of acquisition of J C Biotech Private Ltd.

Revenue from operations - Consolidated

Your Company's revenue from operations on consolidated basis increased to ₹ 3,314 Million in the FY17 from ₹ 2,938 Million in the previous financial year, a growth rate of 12.80%. The total revenue comprises International sales amounting to ₹ 2036 Million (previous year ₹.1867 Million) increased by around 9.04% and Domestic sales amounting to ₹ 1278 Million (previous year ₹ 1071 Million) increased by around 19.33%.

The Company's domestic sales constitutes 38.56% of revenue from operations during FY17 as compared to 36.44% of revenue during FY16. International sales were 61.44% of revenue from operations as compared to 63.56% of revenue from operations during previous year.

Financial costs

Financial costs decreased to around ₹ 42 Million in FY17 from ₹ 79 Million in FY16, a decrease of 47% mainly due to reduction of debt as the Company raised ₹ 400 Million through Initial Public Offer (IPO) for prepayment / repayment of loans, and lower utilisation of working capital credit facilities from bankers as the Company had better cash inflows during the year.

Profits - Consolidated

EBIDTA (Earnings before interest, depreciation, tax and amortisation including other income) margin during FY17 was ₹ 1530 Million as compared to ₹ 1389 Million during FY16 primarily due to increase in sales of your Company.

Profit before exceptional item and tax stood at ₹ 1366 Million during FY17 as against ₹ 1223 Million in the previous year. Profit after exceptional items before tax was at ₹ 1366 Million during FY17 as compared to ₹ 1182 Million in the previous year. Profit after tax (before minority interest) stood at ₹ 924 Million during FY17 as compared to ₹ 767 Million during the FY16.

Net Worth

Increase in net worth by 65.48% to ₹4,602 million (Including foreign currency translation reserve of ₹ 132.72 million) in FY17 from ₹ 2,781 million (Including foreign currency translation reserve of ₹ (300.72) million) in FY16 shows its strong financials, reducing net debt to equity from 0.4 times to 0.1 times.

Outlook

We expect Advanced Enzymes to maintain the strong revenues and profitability track record in the FY 2017-2018.

Stepping ahead, your Company intends to strengthen its focus on new age applications such as palm oil extraction and biodiesel. Advanced Enzymes is in process to expand its business in Malaysian market and European market through its newly formed subsidiaries, to drive growth in profoundly potential markets. The Company intends to expand its presence in the huge market available globally for Animal Feed. Your Company will continue to drive revenues by expanding its distribution network and registrations in key target geographies like North America, Europe and Latin America. Your Company also continues to explore new avenues, both organically and inorganically, to establish a significant presence in key target segments. Your Company is continuously focusing on enzymes and probiotics to become a successful market leader in the global enzyme industry.

To drive this growth, your Company is fairly comfortable with its existing capacities and capital investments. Currently, your Company is operating at 55% (approximately) of the installed capacity of its fermentation assets, which is sufficient to fulfil our present customer needs.

Your Company intends to set trends in the R&D mainly for formulation of new applications and shall continue to significantly invest to build its portfolio in focus applications and industries.

(Source: World Bank Report 2017, IMF Report 2017, Global enzyme market report, Market & Market research, gminsights.com, company website, news, investor presentation and RHP)

Internal Control and Risk Management System

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

In your company, proper communication channel from top to bottom and vice versa safeguards the internal control system by considering internal and external factors in an appropriate and timely manner. Your Company follows various quality control measures and also directions on regular basis from the top management to connect between the relevant departments.

Your Company has taken various initiatives to make professional structure in the organisation in accordance with various management principles like segregation of duties to make internal processes robust.

Your Company has taken enough safety measures by integrating Information Technology at all its premises.

Employees are appropriately trained to carry out their duties with regular check. Your Company follows best practices to fill up the gap between training and actual performance which is directly linked with operations as it helps to reduce abnormal loss to zero and normal loss to a certain extent by changing the production process methodology with technology.

Your Company is evaluating the effectiveness and efficiency of internal control system by setting up the targets on continuous basis in line with corrective actions in case of any deficiency by comparing with its actual results.

Material developments in Human Resources / Industrial Relations

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

Attracting, developing and retaining the right talent will continue to be a key strategic imperative and the organisation continues its undivided attention towards that. The Company recognizes the fact that Human Capital is one of the vital constituents of a successful organization. The growth of the Company and execution of new projects places emphasis on the recruitment process and the Company has been successful in attracting professional talent. New talent was inducted into the organisation to fill the gaps at various levels within the organization this year. The Company is having a talented pool of around 308 permanent employees as on 31st March, 2017 which comprises professionals from diverse backgrounds like R & D, finance, legal, IP & Regulatory, manufacturing etc.

The Company strives to provide a conducive and competitive work environment to help the employees excel through various employee engagement programs. The management strengthens human resource by making available better tools, technology, techniques at the work place to harness the latent potential as it has always aimed at bettering the performance of individuals and groups. To sharpen the skills, update the concepts and to gain more knowledge Human Resource department constantly organised various training and development programs. For certain critical functional heads, external technical training was provided to make them ready for taking up new projects. Employees' health and safety measures were taken care at work places, manufacturing areas, etc. Company has stressed lot of importance on destressing techniques as it strongly believed that "A happy individual always performs well" and has successfully imparted Excellence at Workplace training programs which are a unique combination of behavioural and holistic approach.

Industrial relations at the Company were cordial throughout the year.

Cautionary Statement

This report describing the company's activities, projections about future estimates, assumptions with regard to global economic conditions, government policies etc. may contain "forward looking statements" based on the information available with the company. Forward-looking statements are based on certain assumption and expectations of future events. These statements are subject to certain risks and uncertainties. The company cannot guarantee that these assumptions and expectations are accurate or will be realized. The actual results may be different from those expressed or implied since the company's operations are affected by many external and internal factors, which are beyond the control of the management. Hence the company assumes no responsibility in respect of forward looking statements that may be amended or modified in future on the basis of subsequent developments, information or events.

(Source: World Bank Report 2017, IMF Report 2017, Global enzyme market report, Market & Market research, gminsights.com, company website, news, investor presentation and RHP)



**Where
ENZYME
is
Life**

DIRECTORS' REPORT

Dear Members,

The Directors are pleased to present 28th Annual Report of your Company along with the audited financial statements for the year ended March 31, 2017.

FINANCIAL HIGHLIGHTS

The financial performance of your Company for the financial year ended March 31, 2017 is summarized below:

(₹ in Million)

Particulars	Standalone		Consolidated	
	Year ended 31.03.2017	Year ended 31.03.2016	Year ended 31.03.2017	Year ended 31.03.2016
Revenue from operations (Gross)	1,836.89	1,485.32	3,442.10	3,044.58
Less: Excise Duty	98.86	93.91	128.51	106.96
Revenue from operations (Net)	1,738.03	1,391.41	3,313.59	2,937.62
EBIDTA	532.23	372.25	1,529.66	1,388.52
Less:				
Finance charges & interest (Gross)	27.48	43.71	41.74	78.56
Amortisation and Depreciation	83.74	73.85	122.09	87.19
Profit Before Tax & Exceptional Items	421.01	254.89	1,365.83	1,222.77
Exceptional Items	—	—	—	40.96
Profit Before Tax	421.01	254.89	1,365.83	1181.81
Less: Provision for Taxation				
Current tax	84.55	54.59	455.36	363.42
Deferred tax	(4.57)	9.89	(4.75)	69.46
MAT credit entitlement	(0.90)	(18.53)	(2.38)	(18.53)
(Excess)/Short provisions for last year	6.61	-	(6.02)	(0.01)
Profit after tax (Before Minority Interest)	335.32	208.94	923.62	767.47
Share of Minority	-	-	17.13	8.97
Profit after Tax (After Minority Interest)	335.32	208.94	906.49	758.50
Surplus Brought Forward from Previous Year	1,199.19	1,015.99	2,531.92	1,820.84
Amount Available for Appropriations	1,534.51	1,199.19	3,446.14	2,531.92
Earnings Per Share (Amount in ₹)				
Basic	15.15	9.60	40.95	34.85
Diluted	15.14	9.60	40.93	34.85

RESULTS FROM OPERATIONS

Revenue - Consolidated

Your Company's revenue from operations on consolidated basis increased to ₹ 3,313.59 Million in the financial year 2016-17 from ₹ 2,937.62 Million in the previous financial year, a growth rate of 12.80%. The total revenue comprises International sales amounting to ₹ 2,035.92 Million (previous year ₹ 1,867.06 Million) increased by 9.04% and Domestic sales amounting to ₹ 1,277.67 Million (previous year ₹ 1,070.56 Million) increased by 19.35%.

Your Company's domestic sales constitutes 38.56% of revenue from operations during financial year 2016-17 as compared to 36.44% of revenue from operations during financial year 2015-16. International sales were 61.44% of revenue from operations as compared to 63.56% of revenue from operations during previous year.

Revenue - Standalone

Your Company's revenue from operations on standalone basis increased to ₹ 1,738.03 Million from ₹ 1,391.41 Million in the previous year i.e. at a growth rate of 24.91%. The total revenue comprises of International sales of ₹ 627.93 Million (previous year ₹ 471.71 Million) increased by 33.12% and Domestic sales ₹ 1,110.10 Million (previous year ₹ 919.70 Million) increased by 20.70%.

The domestic Sales constitutes 63.87% of revenue from operations during financial year 2016-17 as compared to 66.10% of revenue from operations during financial year 2015-16. International sales were 36.13% of revenue from operations as compared to 33.90% of revenue from operations during financial year 2015-16.

Profits - Consolidated

EBIDTA (Earnings before interest, depreciation, tax and amortisation including other income) margin during financial year 2016-17 was ₹ 1,529.66 Million (46.16%) as compared to ₹ 1,388.52 Million (47.27%) during financial year 2015-16, increase of about 10.17%, primarily due to increase in sales of your Company.

Profit before exceptional item and tax stood at ₹ 1,365.83 Million during financial year 2016-17 as against ₹ 1,222.77 Million in the previous year, a growth of 11.70%. Profit after exceptional items before tax was at ₹ 1,365.83 Million during financial year 2016-17 as compared to ₹ 1,181.81 Million in the previous year. Profit after tax (before minority interest) stood at ₹ 923.62 Million during financial year 2016-17 as compared to ₹ 767.47 Million during the financial year 2015-16, a growth of 20.35%.

Profits - Standalone

EBIDTA margin during the year under review was at ₹ 532.23 Million (30.62%) as compared to ₹ 372.25 Million (26.76%) in the previous financial year, a growth of 42.90%. Profit before tax stood at ₹ 421.01 Million during financial year 2016-17 as compared to ₹ 254.89 Million in the financial year 2015-16, a growth of 65.17%. Profit after tax stood at ₹ 335.32 Million during financial year 2016-17 as compared to ₹ 208.94 Million during financial year 2015-16, a growth of 60.48%.

DIVIDEND

The Board of Directors in their meeting held on May 27, 2017 has recommended a final dividend @ 20% i.e. ₹ 0.40/- per equity share of face value of ₹ 2/- each for the financial year ended March 31, 2017, aggregating to ₹ 44.65 Million (excluding Dividend Distribution Tax) as compared to Interim dividend @ 10% i.e. ₹ 1/- per equity share of face value of ₹ 10 each for financial year 2015-16.

The dividend payout is subject to approval of Members at 28th Annual General Meeting of your Company ('AGM').

RESERVES

During the financial year 2016-2017, the Company has not transferred any amount to the general reserves.

INITIAL PUBLIC OFFER (IPO)

During the year under review, your Company has come out with its Initial Public Offer (IPO) of 4,594,875 Equity shares of ₹ 10 each at an issue price of ₹ 896 per Equity share (₹ 810 per Equity share for eligible employees), consisting of fresh issue of 560,405 Equity shares and an Offer for Sale of 4,034,470 Equity shares by Selling Shareholders. The said offer was overall subscribed 82.06 times. Out of 560,405 Equity shares, 24,691 Equity shares were subscribed and allotted to eligible employees. Your Company raised a sum of ₹ 499.99 Million through the IPO to invest in Equity/Debt Instruments of Advanced Enzymes USA, Inc., the wholly owned subsidiary, primarily for repayment / pre-payment of certain loans availed from Advanced Enzymes USA, Inc. The details of utilization of IPO proceeds are provided in Note no. 5 (g) of the Standalone Financial Statements of your Company forming part of this Annual report. Your Company's equity shares were listed on BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) on August 01, 2016 at an opening market price of ₹ 1,210 on both the exchanges.

SUB-DIVISION OF SHARES

The sub-division of equity shares of your Company from face value of ₹ 10/- each to face value of ₹ 2/- each ("Stock Split") and consequent alteration in Capital Clause of Memorandum of Association of your Company was approved by the Members on May 04, 2017, through Postal Ballot.

The 'Record Date' for the purpose of ascertaining the Members entitled to receive the said sub-divided equity shares of the Company was fixed by the Board of Directors of your Company as 'May 26, 2017'. Subsequently, your Company has issued five (5) sub-divided equity shares of ₹ 2/- each in lieu of one (1) equity share of ₹ 10/- each to the eligible Members of the Company. In case of Members holding equity shares of your Company in physical form, the Company, without requiring the surrender of old share certificate(s), has directly issued and dispatched the new share certificate(s) of the Company for the sub-divided equity shares of ₹ 2/- each. The said new share certificate(s) were issued in lieu of the old share certificate(s), which were deemed to have been automatically cancelled and be of no effect. In the case of equity shares of the Company held in dematerialized form, the sub-divided equity shares have been duly credited to the respective beneficiary accounts of the Members with the respective Depository Participants, as per the existing credits representing the equity shares of the Company.

In view of the aforesaid Stock Split, the number of equity shares of your Company and price of underlying equity share in the stock markets has been correspondingly adjusted by the Stock Exchanges, where the Company's shares are listed (i.e. BSE and NSE).

The details of the Authorised and Paid-up share capital of the Company (pre & post Stock Split) is as follows:

Particulars	Authorised Capital		Paid - up Capital	
	No. of shares	Amount (₹)	No. of shares	Amount (₹)
Pre Stock Split	3,50,00,000	35,00,00,000	2,23,26,005	22,32,60,050
Post Stock Split	17,50,00,000	35,00,00,000	11,16,30,025	22,32,60,050

CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated financial statements of the Company are prepared in accordance with the provisions of Section 129 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 and Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended from time to time) and forms part of this Annual Report.

SUBSIDIARIES

During the year under review, your Company acquired 1,43,10,000 equity shares at ₹ 35/- per share of JC Biotech Private Limited ("JCB"), aggregating to ₹ 50,08,50,000, 70% of the paid-up share capital of JCB. In view of this JCB became subsidiary with effect from December 1, 2016.

Following are the subsidiaries of your Company as on March 31, 2017:

1. Advanced Bio-Agro Tech Limited, India (60%);
2. Advanced EnzyTech Solutions Limited, India (100%);
3. JC Biotech Private Limited, India (70%) [with effect from December 01, 2016];
4. Advanced Enzymes Inc., USA (100%);
5. Advanced Supplementary Technologies Corporation (Subsidiary of Advanced Enzymes USA);
6. Cal-India Foods International Inc. (doing business as Specialty Enzymes and Biotechnologies) (Subsidiary of Advanced Enzymes USA);
7. Dynamic Enzymes, Inc. (Subsidiary of Advanced Enzymes USA);
8. Enzyfuel Innovation Inc. (Subsidiary of Advanced Enzymes USA); and
9. Enzyme Innovation, Inc. (Subsidiary of Cal-India Foods International, Step-down subsidiary of Advanced Enzymes USA).

During the year under review, no company has become or ceased to be a subsidiary, joint venture entity or associate entity, except as mentioned above.

The individual financial statements and other reports of the Company's Subsidiaries have not been attached to the financial statements of the Company for the financial year 2016-17. Any Member seeking information on the annual financial statements of the Company's Subsidiaries may write to the Company Secretary at the registered office of the Company. The financial statements of the Company's Subsidiaries will be kept open for inspection at the registered office of the Company, from 11.00 a.m. to 3.00 p.m. on all working days, except Saturdays and Sundays, up to the date of the 28th AGM of the Company.

A separate statement containing the salient features of the financial performance of subsidiaries in the prescribed form AOC-1 is annexed to the Directors' Report as **Annexure I** and forms part of this report. The Audited Consolidated financial statements together with Auditors' Report form part of the Annual Report.

Brief on operations of the Subsidiaries (including date of the incorporation / acquisition) is provided in Management Discussion and Analysis Section and forms part of this report.

INVESTMENTS / ACQUISITIONS

Your Directors are pleased to inform on the material updates, post the end of the financial year under review.

(a) Investment in Advanced Biodiesel Limited:

The Board of Directors of your Company has approved the investment to be made in Advanced Biodiesel Limited [CIN: U74999MH2017PLC291474] ("ABL") with the objective to scale up and demonstrate the use / application of Company's products (i.e. enzymes) in the manufacturing of Biodiesel and thereby expand business. ABL is yet to commence its operations; i.e. manufacturing of biodiesel using enzymatic route.

The investment of your Company in ABL shall be way of acquiring / subscribing, in one or more tranches, upto 15% of paid up share capital of ABL for an amount not exceeding ₹ 37,500,000/- (Rupees Thirty Seven Million Five Hundred Thousand). Investment by your Company in ABL will be made in a phased manner and is expected to be completed in a period of 18 months effective April 2017. The contemplated investment in ABL, being a related party transaction, will be done at face value of equity shares as it's a new company and is on arm's length basis.

(b) Investment / Acquisition of Advanced Enzymes (Malaysia) Sdn Bhd [erstwhile Palm Techno Ventures Enzyme Sdn Bhd], Malaysia:

Your Company has completed the acquisition of 80% shareholding of Advanced Enzymes (Malaysia) Sdn Bhd (AEM), Malaysia, by way of subscription to 200,000 equity shares at its face value of MYR 1/- each (i.e. Malaysian Ringgit) of AEM on July 03, 2017. In view of this, AEM has become subsidiary of your Company on the said date. The primary purpose of the acquisition of AEM is expansion of business of your Company in Malaysian market. AEM shall be engaged in the business of supplying and providing enzyme based solutions for extraction of palm oil from palm fruits.

(c) Incorporation of wholly owned subsidiary in Netherlands:

Pursuant to the approval of the Board of Directors, your Company has completed the incorporation of a wholly owned subsidiary in Netherlands (i.e. Advanced Enzymes Europe B.V.) on July 11, 2017, mainly to expand your Company's Business in European Market.

(d) Binding agreement to acquire shares of evoxx technologies GmbH:

Your Company's wholly owned subsidiary, Advanced Enzymes Europe BV has entered into a binding agreement on July 26, 2017 with Germany based evoxx technologies GmbH, to acquire its 100% stake for a consideration of € 7.65 Million. The acquisition is expected to close by mid of August 2017. On completion of this acquisition, evoxx would become a step down subsidiary (100%) of your Company.

evoxx technologies GmbH ('Evoxx') is an industrial biotech company focused on the development & production of industrial enzymes and few specialized carbohydrates for nutritional applications. Evoxx has a team of more than 35 scientists & technicians across its two sites in Germany.

The acquisition would give your Company a stronger foothold in Germany and in Europe, and would also help strengthen Research & Development capabilities.

The other details for the aforementioned Investments are provided on the website of the Company at www.advancedenzymes.com/investors-other-compliances.aspx

MANAGEMENT DISCUSSION AND ANALYSIS

A detailed review of the operations, performance and future outlook of your Company, its businesses and subsidiaries business are given in the Management Discussion and Analysis, and forms a part of this Report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 134 of the Companies Act 2013, ("Act") your Directors confirm that:

- a. in the preparation of the annual accounts for the year ended March 31, 2017, 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, 2017 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 and laid down 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 programme is necessary for the well-being of your Company. Your Company has adopted a formal Risk Management policy whereby risks are broadly categorized into Strategic, Operational, Compliance, Financial & Cyber Risks etc. The Policy initially has outlined the broad based parameters of identification, assessment, monitoring and mitigation of various risks

Your Company has initiated the process of transition to an Integrated Enterprise Risk Management, Internal Controls Management and Assurance Frameworks and processes to drive a common integrated view of risks, optimal risk mitigation responses and efficient management of internal control and assurance activities.

RELATED PARTY TRANSACTIONS

During the financial year 2016-17, the transactions entered with related parties, as defined under the Companies Act, 2013 and provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 were in the ordinary course of business and on an arm's length basis. Approval of the Audit Committee and Board of Directors has been obtained by the Company for Related party transactions of the Company, as per the provisions of the Companies Act, 2013. A quarterly update has been provided to the Audit Committee and the Board of Directors on the Related Party Transactions undertaken by the Company for their review. Approval of the Members of the Company is also obtained in case any related party transaction exceeds the prescribed limits.

The Policy on materiality of Related Party Transactions and dealing with related party transactions, as approved by the Board, is available on the Company's website and can be accessed at www.advancedenzymes.com/investors-codes-policies.aspx

As prescribed by 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 II** to this report.

TRANSFER TO UNPAID DIVIDEND ACCOUNT

Unclaimed dividend of ₹ 28,280 pertaining to financial year 2009-10 has been transferred by your Company to the Investor Education and Protection Fund (IEPF), as required under the Companies Act, 2013 and rules made thereunder. Details of unclaimed dividend due for transfer are provided in the Notes to Notice for 28th Annual General Meeting of the Company ("AGM") and in the Corporate Governance Report which forms part of this report.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Pursuant to the provisions of Section 135 of the Companies Act, 2013, your Company had constituted the Corporate Social Responsibility Committee.

The Annual Report on Corporate Social Responsibility Activities have been provided in **Annexure-III** and forms part of this report. The Composition of CSR Committee is disclosed in the said Annual Report on CSR Activities.

The Corporate Social Responsibility Policy may be accessed on the Company's website at www.advancedenzymes.com/investors-codes-policies.aspx.

CHANGE IN DIRECTORS AND KEY MANAGERIAL PERSONNEL

Directors:

During the financial year 2016-17, there has been change in the composition of Board and Key Managerial Personnel of your Company. During the year under review, Mr. Pradip Bhailal Shah and Mr. K.V. Ramakrishna ceased to be Directors of

the Company w.e.f. September 15, 2016. Further, Mr. Pramod Kasat has been inducted as an Additional Director (Independent Director) on the Board with effect from December 14, 2016, to hold the office till the date of 28th AGM. Notice under section 160 of the Companies Act, 2013 has been received by your Company proposing candidature of Mr. Pramod Kasat for the office of Independent Director of the Company for a period of five years with effect from December 14, 2016. The Board recommends the Ordinary resolution for the said appointment of Mr. Pramod Kasat as an Independent Director in item 7 of AGM Notice.

The present term of Mr. Mukund Kabra as Whole-time Director of the Company ended on March 31, 2017. Accordingly, based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors has approved his re-appointment as the Whole-time Director (& Key Managerial Personnel) of the Company for a period of five years effective from April 01, 2017, subject to approval of the Members at this 28th AGM. The Board recommends the Special Resolution for the said re-appointment of Mr. Mukund Kabra as Whole-time Director in item 8 of AGM Notice.

Mr. Vasant Rathi, the existing Non-Executive Promoter Director of the Company has been appointed as Chairman with effect from March 25, 2017 in place of Mr. Kedar Desai. Mr. Kedar Desai continues to be the Independent Director of the Company.

Key Managerial Personnel:

Mr. Sanjay Basantani has been appointed as Company Secretary and Head-Legal with effect from February 14, 2017. Mr. Sanjay Basantani is a qualified Company Secretary, a member of Institute of Company Secretaries of India (ICSI) and has also completed L.L.B. from Mumbai University. Further, Mr. Prabal Bordiya the then Company Secretary has been deputed as a Company Secretary of JC Biotech Private Limited, subsidiary company, and ceased to be Company Secretary of Advanced Enzyme Technologies Limited with effect from February 13, 2017.

RETIRE BY ROTATION

Mr. Vasant Rathi, Chairman (Director) who is liable to retire by rotation at the AGM, and being eligible, offers himself for re-appointment. The Board of Directors, therefore, recommends his re-appointment as Director of the Company.

DECLARATION BY THE INDEPENDENT DIRECTORS

During the year under review, declarations were received from all Independent Directors of the Company that they satisfy the 'criteria of Independence' as defined under Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and Section 149(6) of the Companies Act, 2013 read with Schedule IV and the relevant Rules made thereunder.

AUDITORS AND AUDITORS' REPORT

Pursuant to provisions of Section 139 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (as amended), BSR & CO LLP, Chartered Accountants ("BSR") were appointed as Statutory Auditors for a term of five years to hold office from the conclusion of 27th Annual General Meeting up to the conclusion of the 32nd Annual General Meeting, subject to ratification at every Annual General Meeting.

In view of the above, the approval of Members is being sought for ratification of appointment of BSR as Statutory Auditors of the Company and to fix their remuneration.

The Auditors' Report to the Members on the Financial Statements of the Company for the year ended March 31, 2017 does not contain any qualification, reservation or adverse remark.

CORPORATE GOVERNANCE REPORT

The Report on Corporate Governance and the Certificate of the Auditors of the Company regarding compliance of the conditions of Corporate Governance as stipulated in Part C of Schedule V of SEBI Listing Regulations, 2015, are enclosed as **Annexure VII**. A declaration signed by the Managing Director in regard to compliance with the Code of Conduct by the members of the Board and Senior Management Personnel also forms part of this Report.

SECRETARIAL AUDITOR

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and rules made thereunder, the Company has appointed Mr. Shiv Hari Jalan, 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 2016-17 is annexed as **Annexure - VIII** and forms an integral part of this Report.

The Secretarial Audit Report for the year ended March 31, 2017 does not contain any qualification, reservation or adverse remark.

COMMITTEES OF THE BOARD

Currently, the Board has mainly five committees viz., the Audit Committee, the Nomination and Remuneration Committee, the Corporate Social Responsibility Committee, the Stakeholders Relationship Committee and Transfer Committee. Consequent to the resignation of Mr. K. V. Ramakrishna from the directorship of Company w.e.f. September 15, 2016, the Committees were reconstituted. The details of the composition of these Committees are provided in the Corporate Governance Report and form part of this Report.

VIGIL MECHANISM

The Board 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 SEBI Listing Regulations. Details on the Vigil Mechanism of your Company have been outlined in Corporate Governance Report which forms part of this Report.

The Vigil Mechanism Policy may be accessed on your Company's Website at:
www.advancedenzymes.com/investors-codes-policies.aspx.

MEETINGS OF THE BOARD

During the year, seven 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.

EVALUATION OF PERFORMANCE OF BOARD, ITS COMMITTEES AND OF DIRECTORS:

Pursuant to the provisions of the Companies Act, 2013 and SEBI Listing Regulations, the Board of Directors 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 detail in the Corporate Governance Report, annexed to this Report.

The Board Evaluation policy can be accessed on your Company's website at:
www.advancedenzymes.com/investors-codes-policies.aspx.

We affirm that the remuneration paid to the Directors is as per the terms laid out in the Nomination and Remuneration Policy of the Company.

FAMILIARIZATION PROGRAM FOR INDEPENDENT DIRECTORS

Pursuant to provisions of Regulation 25(7) of the SEBI Listing Regulations, the detail of familiarization program is available at website of your Company at www.advancedenzymes.com/investors-codes-policies.aspx. Further, at the time of the 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 our website at www.advancedenzymes.com/investors-appointment-letter.aspx.

CODE OF CONDUCT FOR PROHIBITION OF INSIDER TRADING

Your Company has in place a Code of Conduct for Prohibition of Insider Trading, which lays down the process of trading in securities of the Company by the designated employees and the connected persons and to regulate, monitor and report trading by the employees and the connected persons of your 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 is available on the website of your Company at:
www.advancedenzymes.com/investors-codes-policies.aspx.

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, 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 financial disclosures. Your Company maintains appropriate and adequate Internal Control Systems / Internal Financial Controls 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

There are 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.

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

The details of loans and investments under Section 186 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014, for the financial year 2016-17 are given in the standalone financial statements (Please refer to Note 14 and 15 to the standalone financial statements). Your Company has not provided any guarantee or security under Section 186 of the Companies Act, 2013 during the financial year 2016-17.

EXTRACT OF ANNUAL RETURN

Extract of Annual Return of the Company in Form MGT-9 is annexed herewith as **ANNEXURE IV** to this Report.

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

Information pertaining to conservation of energy, technology absorption, foreign exchange earnings and outgo as required under Section 134 of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is furnished in **ANNEXURE V** and forms part of this Report.

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

The information required pursuant to with Section 197(12) of the Act read with Rules 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is disclosed in **ANNEXURE IX** to this report.

The statement containing particulars of remuneration of employees as required under section 197(12) of the Act, read with the Rule 5(2) & 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is given in an Annexure X to the Annual Report. In terms of section 136(1) of the Act, the Annual Report is being sent to the Members excluding the said Annexure X. However, this Annexure 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 desirous of obtaining a copy of the said Annexure may write to the Company Secretary of the Registered office address of your Company.

FIXED DEPOSIT

Your Company did not invite or accept deposits covered under Chapter V of the Companies Act, 2013 and there are no such deposits outstanding with the Company.

CREDIT RATING

During the year under review, your Company has received the rating of CRISIL A/Stable for outstanding Bank facilities (outstanding facilities), by Credit Rating Information Services of India Limited (CRISIL).

EMPLOYEES STOCK OPTION PLAN

The details of Employees Stock Option Scheme 2015 [as amended] (ESOP 2015) and Employees Incentive Plan 2017 (Plan 2017) are provided in **Annexure VI** and forms part of this Report. The said details are also published on the website of the Company at www.advancedenzymes.com/investors-codes-policies.aspx

ESOP 2015:

During the year under review, your Company has granted 44,000 Stock Options to all its eligible employees under ESOP 2015.

Plan 2017:

The Members of the Company has also approved the AETL Employees Incentive Plan 2017 ("Plan 2017") through trust route and related matters on May 4, 2017 through a Postal Ballot. Your Company has received In-Principle approval from BSE Limited and National Stock Exchange of India Limited. As on the date of this report, no Stock Options / Stock Appreciation Rights have been granted under the Plan 2017.

ESOP 2015 and Plan 2017 are in compliance with the SEBI (Share Based Employee Benefits) Regulations, 2014, Companies Act, 2013 and SEBI Listing Regulations (as amended from time to time).

ESOP 2015 and Plan 2017 are published on the website of your Company at: www.advancedenzymes.com/investors-codes-policies.aspx

GENERAL

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

- a. Neither the Managing Director nor the Whole-time Directors of your Company receive any remuneration or commission from any of its subsidiaries.
- b. Your Company has not issued shares with differential rights as to dividend, voting or otherwise.
- c. Your Company has also devised a policy on Prevention of Sexual Harassment, as per the provision of the Sexual Harassment Of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The said Policy is hosted on Company's website at www.advancedenzymes.com/investors-codes-policies.aspx.

There were no cases / grievances reported or pending during the year under review.

ACKNOWLEDGMENTS

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

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

Vasant Rathi
Chairman
DIN: 01233447

Thane, August 09, 2017

FORM NO. AOC-I

(Pursuant to first provision 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 2016-17

Part "A" - Subsidiaries

(` in Million Except % shareholding & exchange rate)

S No.	1	2	3	4
Name of the subsidiary	Advanced Bio-Agro Tech Limited	Advanced Enzytech Solutions Limited	Advanced Enzymes USA	JC Biotech Private Limited (became subsidiary w.e.f. December 01, 2016)
Reporting period for the subsidiary concerned, if different from the holding company's reporting period	2016-17 (same as holding company)	2016-17 (same as holding company)	2016-17 (same as holding company)	2016-17 (same as holding company)
Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	INR	INR	USD 1USD = INR 64.84	INR
Share Capital	1	0.7	286	204
Reserves & Surplus	129	37	2,282	33
Total Assets	163	58	2,642	486
Total Liabilities	32	20	74	248
Investments	NIL	NIL	NIL	NIL
Turnover	399	101	1,736	139
Profit Before Taxation	60	8	920	8
Provision for Taxation	21	2	330	2
Profit After Taxation	39	6	590	6
Proposed Dividend	NIL	NIL	NIL	NIL
Extent (%) of Shareholding	60%	100%	100%	70%

Note:

- The figures for foreign subsidiaries is arrived on the basis of exchange rate as on March 31, 2017.
- The financials of Advanced Enzymes, USA are consolidated financials and includes financials of five step down subsidiaries of the Company viz; Cal-India Foods International Inc., USA, Advanced Supplementary Technologies Corporation, USA, Enzyme Innovation Inc., USA, Dynamic Enzymes Inc., USA and Enzyfuel Innovation Inc., USA.
- Names of the Subsidiaries which are yet to commence the operations : NIL during the financial year 2016-17
- Names of the Subsidiaries which have been sold or liquidated during the year: NIL

Exchange Rate on 31/03/2017 : 1USD = INR 64.84

Avg Exchange rate for F.Y. 2017-18 : 1USD = INR 67.09

Part "B": Associates & Joint Ventures NIL

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

Chandrakant Rathi
Managing Director
DIN: 00365691
Date: August 09, 2017
Place: Thane

Kedar Desai
Director
DIN:00322581
Date: August 09, 2017
Place: Thane

Rupa Vora
Director
DIN: 01831916
Date: August 09, 2017
Place: Thane

Beni. P.Rauka
Chief Financial Officer
Membership No: 039980
Date: August 09, 2017
Place: Thane

Sanjay Basantani
Company Secretary
Membership No: A19637
Date: August 09, 2017
Place: Thane

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)

1. Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

Details of contracts or arrangements or transactions not at arm's length basis: **Not Applicable (as on Arms' length basis)**

- (a) Name(s) of the related party and nature of relationship: NIL
 (b) Nature of contracts/arrangements/transactions: NIL
 (c) Duration of the contracts/arrangements/transactions: NIL
 (d) Salient terms of the contracts or arrangements or transactions including the value, if any: NIL
 (e) Justification for entering into such contracts or arrangements or transactions: NIL
 (f) Date(s) of approval by the Board: NIL
 (g) Amount paid as advances, if any: NIL
 (h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188- NA

2. Details of material contracts or arrangement or transactions at arm's length basis:

	Particulars	Transaction-Sale / Purchase		Transaction-Loan
A	Name(s) of the related party and Nature of relationship	Advanced Enzymes Inc., USA, through its subsidiary Cal-India Foods International Wholly Owned Subsidiary	Advanced Bio Agro Tech Limited Subsidiary	Advanced Enzymes Inc., USA Wholly Owned Subsidiary
B	Nature of contracts/arrangements/transactions	Sales/Purchases of Goods	Sales	Loan provided by the Company to Advanced Enzymes Inc., USA. The Loan has been duly repaid to the Company during the year under review.
C	Duration of the contracts/arrangements/transactions	Transaction during the year ended March 31, 2017	Transaction during the year ended March 31, 2017	Transaction during the year ended March 31, 2017
D	Salient terms of the contracts or arrangements or transactions including the value, if any:	Total amount of transactions: ₹ 350.07 Million [Sale: ₹ 343.19 Million Purchase: ₹ 6.88 Million]	Total amount of transactions: Sale: ₹ 233.28 Million	Total amount of transaction: ₹ 400 Million Further details are as mentioned in point (B) above
E	Date(s) of approval by the Board, if any:	June 25, 2016	June 25, 2016	May 17, 2016
F	Amount paid as advances, if any	NIL	NIL	NIL

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

Vasant Rathi
Chairman
DIN: 01233447
Thane, August 09, 2017

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.

The Company's CSR policy intends to focus on certain long term projects which shall include initiatives, inter alia, in the fields of education, skill development, health care, sanitation, safe drinking water, environment sustainability, women empowerment and rural development which will enable creation of a sustainable livelihood in society and better human capital culture.

The CSR policy of the Company covers the proposed CSR activities in line with Section 135 of the Companies Act, 2013 and Schedule VII thereto. The CSR Policy of the Company may be accessed on the Company's website at www.advancedenzymes.com/investors-codes-policies.aspx.

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

As on March 31, 2017, the CSR Committee comprises following members:

Mr. Kedar Desai (Non-Executive- Independent Director)	- Chairman
Mr. Ramesh T. Mehta (Non-Executive Independent Director)	- Member
Mr. Chandrakant L. Rathi (Managing Director)	- Member

3. Average net profit of the Company for last three financial years:

Pursuant to Section 198 of the Companies Act, 2013, the average net profit of the Company for last three years is ₹ 188.67 Million.

4. Prescribed CSR Expenditure (Two percent of amount as in Item no. 3) :

The Company was required to spend an amount of ₹ 3.78 Million towards CSR activities for the Financial year 2017.

5. Details of CSR spent during the financial year :

(a) Total amount spent for the financial year- ₹ 3.90 Million

(b) Amount unspent, if any- NIL

(c) Manner in which the amount spent during the financial year is detailed below.

CSR project or activity identified

S. NO	CSR Project or activity Identified	Sector in which the Project is covered	Projects or programs (1) Local area or Other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or program wise (₹ in million)	Amount spent on the projects or programs Sub-heads: (1) Direct Expenditure on projects or programs. (2) Overheads:	Cumulative expenditure upto to the reporting period. (₹ in million)	Amount spent: Direct or through Implementing agency
1	Advanced Vidhya Abhiyan (education sponsorship)	Education	Maharashtra	3.6	Direct : 3.6 Overheads : NIL	3.6	Direct: NIL Through : Sri Sri Gnan Mandir - Ved Vignan Maha Vidhya Peeth

							The Vision and mission of Sri Sri Gnan Mandir, Maharashtra - Ved Vignan Maha Vidhya Peeth is to provide free holistic and value based education to the children from the rural, tribal and slum areas in India
2	Advanced Vidhya Abhiyan	Education	Maharashtra	0.3	Direct : 0.3 Overheads : NIL	0.3	Direct: NIL Through : Kala Sugandha Mandal. The main objective of the Mandal is to provide basic education to the children living in slums to be able to live a good life and build a good society there after.

6. The CSR Committee confirms that the implementation and monitoring of CSR Policy is in compliance with CSR Objective and Policy of the Company.

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

Kedar Desai
Director & Chairman of CSR Committee
DIN: 00322581

Chandrakant Rathi
Managing Director & Member of CSR Committee
DIN: 00365691

Thane, August 09, 2017

FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN
As on financial year ended March 31, 2017

Pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management & Administration) Rules, 2014.

I. REGISTRATION & OTHER DETAILS:

1.	CIN	L24200MH1989PLC051018
2.	Registration Date	15/03/1989
3.	Name of Company	Advanced Enzyme Technologies Limited
4.	Category	Public Company
5.	Sub-category	Company Limited by Shares
6.	Address of the Registered office	5th Floor, A-Wing, Sun Magnetica, Near LIC Service Road, Louiswadi, Thane (W), Maharashtra-400604, India
7.	Contact details	Telephone: +91-22-41703200 Fax: +91-22-25835159 Email Id : info@advancedenzymes.com Website : www.advancedenzymes.com
8.	Whether shares listed on recognized Stock Exchange(s) If yes, details of stock exchanges where shares are listed	Yes BSE Limited and National Stock Exchange of India Limited
9.	Name of the Registrar & Transfer Agent, if any. Address Contact details	Link Intime India Private Limited C-101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai – 400 083 Telephone: +91-22- 49186270 Fax: +91-22- 49186060 Website: www.linkintime.co.in E-mail Address: rnt.helpdesk@linkintime.co.in

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

(All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

Sr. No	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1.	Enzymes	21001	100%

III.PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

Sr. No	Name of the Company	Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares held	Applicable Section
1.	Advanced Bio-Agro Tech Limited	A-Wing, 5th Floor, Sun Magnetica, Louiswadi Thane (W) - 400604	U24100MH2004PL C149464	Subsidiary	60%	Section 2(87) of Companies Act, 2013
2.	Advanced EnzyTech Solutions Limited	A-Wing, 5th Floor, Sun Magnetica, Louiswadi Thane(W)- 400604	U24200MH2008PL C186383	Subsidiary	100%	Section 2(87) of Companies Act, 2013
3.	JC Biotech Private Limited	8-2-269/S/3/A, Plot No.3, Sagar Society, Road No.2, Banjara Hills, Hyderabad Telangana - 500034	U65993TG1991PT C013624	Subsidiary (w.e.f December 01, 2016)	70%	Section 2(87) of Companies Act, 2013
4.	Advanced Enzymes, USA	13591, Yorba Avenue, Chino, California 91710	NA*	Subsidiary	100%	Section 2(87) of Companies Act, 2013
5.	Cal India Foods International, USA	13591, Yorba Avenue, Chino, California 91710	NA*	Subsidiary of Advanced Enzymes Inc., USA	100%	Section 2(87) of Companies Act, 2013
6.	Advanced Supplementary Technologies Corporation, USA	13591, Yorba Avenue, Chino, California 91710	NA*	Subsidiary of Advanced Enzymes Inc., USA	100%	Section 2(87) of Companies Act, 2013
7.	Dynamic Enzymes Inc.	4880, Murrieta St., Ste., D, Chino, California 91710	NA*	Subsidiary of Advanced Enzymes Inc., USA	100%	Section 2(87) of Companies Act, 2013
8.	Enzymes innovation Inc.	13591, Yorba Avenue, Chino, California 91710	NA*	Subsidiary of Advanced Enzymes Inc., USA	100%	Section 2(87) of Companies Act, 2013
9.	Enzyfuel Innovations Inc.	13591, Yorba Avenue, Chino, California 91710	NA*	Subsidiary of Advanced Enzymes Inc., USA	100%	Section 2(87) of Companies Act, 2013

*Incorporated outside India.

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding -

Sr. No	Category of Shareholders	Shareholding at the beginning of the year - 2016				Shareholding at the end of the year - 2017				% Change during
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(A)	Shareholding of Promoter and Promoter Group									
[1]	Indian									
(a)	Individuals / Hindu Undivided Family	464,320	112,000	576,320	2.65	494,020	0	494,020	2.21	-0.44
(b)	Central Government / State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Financial Institutions / Banks	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Any Other (Specify)									0.00
	Bodies Corporate	6,780,340	8,000	6,788,340	31.19	7,192,218	0	7,192,218	32.22	1.03
	Sub Total (A)(1)	7,244,660	120,000	7,364,660	33.84	7,686,238	0	7,686,238	34.43	0.59
[2]	Foreign									0.00
	Individuals (Non-Resident Individuals / Foreign Individuals)	10,164,500	0	10,164,500	46.70	7,964,500	0	7,964,500	35.67	-11.03
(b)	Government	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Institutions	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Foreign Portfolio Investor	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Any Other (Specify)									0.00
	Sub Total (A)(2)	10,164,500	0	10,164,500	46.70	7,964,500	0	7,964,500	35.67	-11.03
	Total Shareholding of Promoter and Promoter Group(A)=(A)(1)+(A)(2)	17,409,160	120,000	17,529,160	80.54	15,650,738	0	15,650,738	70.10	-10.44
(B)	Public Shareholding									0.00
[1]	Institutions									0.00
(a)	Mutual Funds / UTI	0	0	0	0.00	1,635,859	0	1,635,859	7.33	7.33
(b)	Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Alternate Investment Funds	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Foreign Portfolio Investor	0	0	0	0.00	401,695	0	401,695	1.80	1.80
(f)	Financial Institutions / Banks	0	0	0	0.00	11,687	0	11,687	0.05	0.05
(g)	Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
(h)	Provident Funds/ Pension Funds	0	0	0	0.00	0	0	0	0.00	0.00
(i)	Any Other (Specify)									0.00
	Sub Total (B)(1)	0	0	0	0.00	2,049,241	0	2,049,241	9.18	9.18
[2]	Central Government/ State Government(s)/ President of India									
	Sub Total (B)(2)	0	0	0	0.00	0	0	0	0.00	0.00
[3]	Non-Institutions									
(a)	Individuals									
(i)	Individual shareholders holding nominal share capital upto Rs. 1 lakh.	253,980	482,400	736,380	3.38	1,818,265	377,673	2,195,938	9.84	6.46
(ii)	Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	1,898,160	306,400	2,204,560	10.13	1,195,077	22,000	1,217,077	5.45	-4.68
(b)	NBFCs registered with RBI	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Employee Trusts	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Overseas Depositories(holding DRs) (balancing figure)	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Any Other (Specify)									
	Trusts	679,900	0	679,900	3.12	0	235,400	235,400	1.05	-2.07
	Hindu Undivided Family	6,400	0	6,400	0.03	70,879	0	70,879	0.32	0.29
	Foreign Companies	336,600	0	336,600	1.55	0	0	0	0.00	-1.55
	Non Resident Indians (Non Repat)	37,200	0	37,200	0.17	452,257	0	452,257	2.02	1.85
	Non Resident Indians (Repat)	0	0	0	0.00	64,423	0	64,423	0.29	0.29
	Clearing Member	0	0	0	0.00	133,454	0	133,454	0.60	0.60
	Bodies Corporate	0	235,400	235,400	1.08	256,598	0	256,598	1.15	0.07
	Sub Total (B)(3)	3,212,240	1,024,200	4,236,440	19.46	3,990,953	635,073	4,626,026	20.72	1.26
	Total Public Shareholding(B)=(B)(1)+(B)(2)+(B)(3)	3,213,240	1,024,200	4,236,440	19.46	6,040,194	635,073	6,675,267	29.90	10.44
	Total (A)+(B)	20,621,400	1,144,200	21,765,600	100.00	21,690,932	635,073	22,326,005	100.00	0.00
(C)	Non Promoter - Non Public									
[1]	Custodian/DR Holder									
	Employee Benefit Trust (under SEBI (Share based Employee Benefit) Regulations, 2014)	0	0	0	0.00	0	0	0	0.00	0.00
[2]	Employee Benefit Trust (under SEBI (Share based Employee Benefit) Regulations, 2014)									
	Total (A)+(B)+(C)	20,621,400	1,144,200	21,765,600	100	21,690,932	635,073	22,326,005	100.00	0.00

ii. Shareholding of Promoter-

Sr. No	Shareholder's Name	Shareholding at the beginning of the year - 2016			Shareholding at the end of the year - 2017			% change in Shareholding during the Year
		No. of Shares Held	% of total Shares of the company	% of Shares Pledged /encumbered to total shares	No. of Shares Held	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1	VASANT L RATHI	9,780,900	44.94	0	6,780,900	30.37	0	-14.57
2	CHANDRAKANT RATHI INNOVATIONS AND PROJECTS PRIVATE LIMITED (FORMERLY KNOWN AS CHANDRAKANT RATHI FINANCE AND INVESTMENT CO. PVT. LTD.)	4,295,400	19.73	0	4,699,278	21.0	14.44	1.32
3	ATHARVA GREEN ECOTECH LLP (FORMERLY KNOWN AS ATHARVA GREEN ECOTECH PVT. LTD AND PRIOR TO THAT KNOWN AS ATHARVA CAPITAL VENTURES PVT. LTD.)	2,492,940	11.45	0	2,492,940	11.17	0	-0.28
4	PRABHA V RATHI	383,600	1.76	0	208,600	0.93	0	-0.83
5	KISHOR LAXMINARAYAN RATHI	343,200	1.58	0	293,200	1.31	0	-0.27
6	MANGALA MADHUSUDAN KABRA	117,120	0.54	0	87,120	0.39	0	-0.15
7	SAVITA CHANDRAKANT RATHI	73,200	0.33	0	74,300	0.33	0	0.00
8	PIYUSH CHANDRAKANT RATHI	23,600	0.11	0	24,700	0.11	0	0.00
9	CHANDRAKANT LAXMINARAYAN RATHI	8,200	0.04	0	9,300	0.04	0	0.00
10	C. L. RATHI H.U.F	4,400	0.02	0	0	0.00	0	-0.02
11	RADHIKA CHANDRAKANT RATHI	3,800	0.02	0	5,400	0.02	0	0.00
12	KALANTRI SHAILA	1,600	0.01	0	0	0.00	0	-0.01
13	SHOBHA DWARKANATH BOOB	1,200	0.01	0	0	0.00	0	-0.01
14	RACHANA VASANT RATHI	0	0.00	0	325,000	1.46	0	1.46
15	RASIKA RATHI	0	0.00	0	325,000	1.46	0	1.46
16	RESHMA RATHI	0	0.00	0	325,000	1.46	0	1.46
	Total	17,529,160	80.54	0	15,650,738	70.10	14.44	-10.44

- Note: 1. Paid up share capital of the Company (Face Value ₹ 10.00) at the end of the year is 22,326,005 Shares.
2. The details of holding has been clubbed based on PAN.
3. % of total Shares of the Company is based on the paid up share capital of the Company at the end of the Financial Year 2016-17.

iii) Change in Promoters Shareholding (Promoter and Promoter Group)

Sr No.	Name & Type of Transaction	Shareholding at the beginning of the year - 2016		Transactions during the year		Cumulative Shareholding at the end of the year - 2017	
		NO.OF SHARES HELD	% OF TOTAL SHARES OF THE COMPANY	DATE OF TRANSACTION	NO. OF SHARES	NO OF SHARES HELD	% OF TOTAL SHARES OF THE COMPANY
1	VASANT L RATHI	9,780,900	44.94			9,780,900	43.81
	Sale / Transfer			13 May 2016	-800,000	8,980,900	40.23
	Sale / Transfer			15 Jul 2016	-2,200,000	6,780,900	30.37
	AT THE END OF THE YEAR					6,780,900	30.37
2	CHANDRAKANT RATHI INNOVATIONS AND PROJECTS PRIVATE LIMITED (FORMERLY KNOWN AS CHANDRAKANT RATHI FINANCE AND INVESTMENT CO. PVT. LTD.)	4,295,400	19.73			4,295,400	19.24
	Sale / Transfer			08 Jul 2016	-400,000	3,895,400	17.45
	Purchase			24 Mar 2017	743,301	4,638,701	20.78
	Purchase			31 Mar 2017	60,577	4,699,278	21.05
	AT THE END OF THE YEAR					4,699,278	21.05
3	ATHARVA GREEN ECOTECH LLP (FORMERLY KNOWN AS ATHARVA GREEN ECOTECH PVT. LTD AND PRIOR TO THAT KNOWN AS ATHARVA CAPITAL VENTURES PVT. LTD.)	2,492,940	11.45			2,492,940	11.17
	AT THE END OF THE YEAR					2,492,940	11.17
4	RASIKA RATHI	0	0.00			0	0.00
	Purchase			13 May 2016	325,000	325,000	1.46
	AT THE END OF THE YEAR					325,000	1.46
5	RACHANA VASANT RATHI	0	0.00			0	0.00
	Purchase			13 May 2016	325,000	325,000	1.46
	AT THE END OF THE YEAR					325,000	1.46
6	RESHMA RATHI	0	0.00			0	0.00
	Purchase			13 May 2016	325,000	325,000	1.46
	AT THE END OF THE YEAR					325,000	1.46
7	KISHOR LAXMINARAYAN RATHI	343,200	1.58			343,200	1.54
	Sale / Transfer			08 Jul 2016	-50,000	293,200	1.31
	AT THE END OF THE YEAR					293,200	1.31
8	PRABHA V RATHI	383,600	1.76			383,600	1.72
	Sale / Transfer			13 May 2016	-175,000	208,600	0.93
	AT THE END OF THE YEAR					208,600	0.93
9	MANGALA MADHUSUDAN KABRA	117,120	0.54			117,120	0.52
	Sale / Transfer			15 Jul 2016	-30,000	87,120	0.39
	AT THE END OF THE YEAR					87,120	0.39
10	SAVITA CHANDRAKANT RATHI	73,200	0.33			73,200	0.33
	Purchase			03 Jun 2016	1,100	74,300	0.33
	AT THE END OF THE YEAR					74,300	0.33
11	PIYUSH CHANDRAKANT RATHI	23,600	0.11			23,600	0.11
	Purchase			13 May 2016	1,100	24,700	0.11
	AT THE END OF THE YEAR					24,700	0.11
12	CHANDRAKANT L. RATHI	8,200	0.04			8,200	0.04
	Purchase			03 Jun 2016	1,100	9,300	0.04
	AT THE END OF THE YEAR					9,300	0.04
13	C. L. RATHI H.U.F	4,400	0.02			4,400	0.02
	Sale / Transfer			13 May 2016	-1,100	3,300	0.01
	Sale / Transfer			27 May 2016	-3,300	0	0.00
	AT THE END OF THE YEAR					0	0.00
14	RADHIKA CHANDRAKANT RATHI	3,800	0.02			3,800	0.02
	Purchase			29 Apr 2016	500	4,300	0.02
	Purchase			03 Jun 2016	1,100	5,400	0.02
	AT THE END OF THE YEAR					5,400	0.02
15	KALANTRI SHAILA	1,600	0.01			1,600	0.01
	Sale / Transfer			01 Jul 2016	-1,600	0	0.00
	AT THE END OF THE YEAR					0	0.00

16	SHOBHA DWARKANATH BOOB	1,200	0.01			1,200	0.01
	Sale / Transfer			17 Jun 2016	-1,200	0	0.00
	AT THE END OF THE YEAR					0	0.00

Note: 1. Paid up share capital of the Company (Face Value ₹ 10.00) at the end of the year is 22,326,005 Shares.
2. The details of holding has been clubbed based on PAN.
3. % of total Shares of the Company is based on the paid up share capital of the Company at the end of the Financial Year 2016-17.

IV. Shareholding Pattern of Top Ten Shareholders: (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr No.	Name & Type of Transaction	Shareholding at the beginning of the year - 2016		Transactions during the year		Cumulative Shareholding at the end of the year - 2017	
		NO.OF SHARES HELD	% OF TOTAL SHARES OF THE COMPANY	DATE OF TRANSACTION	NO. OF SHARES	NO OF SHARES HELD	% OF TOTAL SHARES OF THE COMPANY
1	DSP BLACKROCK MICRO CAP FUND	0	0.00			0	0.00
	Purchase / Allotment			29 Jul 2016	89,286	89,286	0.40
	Purchase			05 Aug 2016	459,927	549,213	2.46
	Purchase			02 Sep 2016	43,540	592,753	2.65
	Purchase			09 Sep 2016	180,075	772,828	3.46
	Purchase			16 Sep 2016	354	773,182	3.46
	Sale / Transfer			23 Sep 2016	-37,710	735,472	3.29
	Purchase			30 Sep 2016	38,130	773,602	3.47
	Purchase			07 Oct 2016	65,700	839,302	3.76
	Sale / Transfer			21 Oct 2016	-33,113	806,189	3.61
	Sale / Transfer			04 Nov 2016	-13,884	792,305	3.55
	Sale / Transfer			11 Nov 2016	-2,332	789,973	3.54
	Purchase			25 Nov 2016	782	790,755	3.54
	Sale / Transfer			02 Dec 2016	-44,208	746,547	3.34
	Sale / Transfer			09 Dec 2016	-8,699	737,848	3.30
	Purchase			27 Jan 2017	11,127	748,975	3.35
	Purchase			17 Feb 2017	11,897	760,872	3.41
	Purchase			24 Feb 2017	102,408	863,280	3.87
	Purchase			03 Mar 2017	6,645	869,925	3.90
	Sale / Transfer			24 Mar 2017	-1,284	868,641	3.89
	Purchase			31 Mar 2017	2,931	871,572	3.90
	AT THE END OF THE YEAR					871,572	3.90
2	MOTILAL OSWAL MOST FOCUSED MULTICAP 35 FUND	0	0.00			0	0.00
	Purchase			12 Aug 2016	156,100	156,100	0.70
	Purchase			19 Aug 2016	15,000	171,100	0.77
	Purchase			26 Aug 2016	10,000	181,100	0.81
	Purchase			09 Sep 2016	5,885	186,985	0.84
	Purchase			16 Sep 2016	84,747	271,732	1.22
	Purchase			23 Sep 2016	258,605	530,337	2.38
	Purchase			30 Sep 2016	95,335	625,672	2.80
	Purchase			07 Oct 2016	70,285	695,957	3.12
	Purchase			14 Oct 2016	33,393	729,350	3.27
	Purchase			21 Oct 2016	188,679	918,029	4.11
	Purchase			28 Oct 2016	69,451	987,480	4.42
	Purchase			11 Nov 2016	37,973	1,025,453	4.59
	Purchase			18 Nov 2016	6,208	1,031,661	4.62
	Purchase			25 Nov 2016	9,555	1,041,216	4.66
	Purchase			02 Dec 2016	9,519	1,050,735	4.71
	Purchase			09 Dec 2016	293	1,051,028	4.71
	Sale / Transfer			16 Dec 2016	-33,338	1,017,690	4.56
	Sale / Transfer			23 Dec 2016	-7,252	1,010,438	4.53
	Sale / Transfer			30 Dec 2016	-24,631	985,807	4.42
	Sale / Transfer			06 Jan 2017	-139,979	845,828	3.79
	Sale / Transfer			13 Jan 2017	-5,405	840,423	3.76
	Sale / Transfer			20 Jan 2017	-5,000	835,423	3.74
	Sale / Transfer			03 Feb 2017	-33,517	801,906	3.59
	Sale / Transfer			10 Feb 2017	-41,884	760,022	3.40
	Sale / Transfer			17 Feb 2017	-101,690	658,332	2.95
	Sale / Transfer			24 Feb 2017	-131,692	526,640	2.36
	Sale / Transfer			10 Mar 2017	-89,079	437,561	1.96
	Sale / Transfer			17 Mar 2017	-49,567	387,994	1.74
	Sale / Transfer			24 Mar 2017	-70,000	317,994	1.42
	AT THE END OF THE YEAR					317,994	1.42
3	RELIANCE CAPITAL TRUSTEE CO. LTD-A/C RELIANCE SMALL CAP FUND	0	0.00			0	0.00
	Purchase / Allotment			29 Jul 2016	100,889	100,889	0.45
	Purchase			05 Aug 2016	200,000	300,889	1.35
	Sale / Transfer			28 Oct 2016	-30,000	270,889	1.21
	AT THE END OF THE YEAR					270,889	1.21

4	SRI SRI RAVI SHANKAR TRUST	235,400	1.05			235,400	1.05
	AT THE END OF THE YEAR					235,400	1.05
5	THE NOMURA TRUST AND BANKING CO., LTD AS THE TRUSTEE OF NOMURA INDIA STOCK MOTHER FUND	0	0.00			0	0.00
	Purchase			02 Dec 2016	88,300	88,300	0.40
	Purchase			30 Dec 2016	41,704	130,004	0.58
	Purchase			27 Jan 2017	4,712	134,716	0.60
	Purchase			03 Feb 2017	34,462	169,178	0.76
	Purchase			03 Mar 2017	23,193	192,371	0.86
	Purchase			10 Mar 2017	35,504	227,875	1.02
	Purchase			17 Mar 2017	28,820	256,695	1.15
	Sale / Transfer			24 Mar 2017	-30,000	226,695	1.02
	AT THE END OF THE YEAR					226,695	1.02
6	ARVIND VARCHASWI	218,400	0.98			218,400	0.98
	Purchase			28 Oct 2016	6,150	224,550	1.01
	Purchase			11 Nov 2016	344	224,894	1.01
	AT THE END OF THE YEAR					224,894	1.01
7	DSP BLACKROCK EMERGING STARS FUND	0	0.00			0	0.00
	Purchase			09 Sep 2016	127,015	127,015	0.57
	Purchase			30 Sep 2016	10,770	137,785	0.62
	Purchase			07 Oct 2016	2,370	140,155	0.63
	Purchase			11 Nov 2016	385	140,540	0.63
	AT THE END OF THE YEAR					140,540	0.63
8	MADHUSUDAN KABRA	82,000	0.37			82,000	0.37
	Sale / Transfer			08 Jul 2016	-40,000	42,000	0.19
	AT THE END OF THE YEAR					42,000	0.19
9	RAJENDRA BHAILAL SHAH	68,200	0.31			68,200	0.31
	Sale / Transfer			15 Jul 2016	-30,000	38,200	0.17
	AT THE END OF THE YEAR					38,200	0.17
10	LILA KISHOR RATHI	55,300	0.25			55,300	0.25
	Sale / Transfer			03 Jun 2016	-20,000	35,300	0.16
	AT THE END OF THE YEAR					35,300	0.16

- Note: 1. Paid up share capital of the Company (Face Value ₹10.00) at the end of the year is 22,326,005 Shares.
2. The details of holding has been clubbed based on PAN.
3. % of total Shares of the Company is based on the paid up share capital of the Company at the end of the Financial Year 2016-17.

(v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	Name & Type Of Transaction	Shareholding at the beginning of the year 2016		Transactions during the year		Cumulative Shareholding at the end of the year 2017	
		No. of Shares Held	% of Total Shares of the Company	Date of Transaction	No. of Shares	No. of Shares Held	% of Total Shares of the Company
1	VASANT L RATHI	9,780,900	44.94			9,780,900	43.81
	Sale / Transfer			13 May 2016	-800,000	8,980,900	40.23
	Sale / Transfer			15 Jul 2016	-2,200,000	6,780,900	30.37
	AT THE END OF THE YEAR					6,780,900	30.37
2	KEDAR JAGDISH DESAI	0	0.00			0	0.00
	Purchase			02 Dec 2016	200	200	0.00
	Purchase			17 Mar 2017	200	400	0.00
	AT THE END OF THE YEAR					400	0.00
3	RAMESH MEHTA	8,000	0.04			8,000	0.04
	AT THE END OF THE YEAR					8,000	0.04
4	PRAMOD KEDARNATH KASAT	800	0.00			800	0.00
	AT THE END OF THE YEAR					800	0.00
5	CHANDRAKANT L RATHI	8,200	0.04			8,200	0.04
	Purchase			03 Jun 2016	1,100	9,300	0.04
	AT THE END OF THE YEAR					9,300	0.04
6	SAVITA CHANDRAKANT RATHI	73,200	0.33			73,200	0.33
	Purchase			03 Jun 2016	1,100	74,300	0.33
	AT THE END OF THE YEAR					74,300	0.33
7	MUKUND MADHUSUDAN KABRA	381,100	1.75			381,100	1.71
	Sale / Transfer			08 Jul 2016	-40,000	341,100	1.53
	Sale / Transfer			09 Dec 2016	-5,000	336,100	1.51
	AT THE END OF THE YEAR					336,100	1.51
8	PRADIP BHAILAL SHAH#	750,800	3.45			750,800	3.36
	Sale / Transfer			17 Jun 2016	-350,000	400,800	1.80
	AT THE END OF THE YEAR					400,800	1.80
#Ceased to be Director w.e.f. from September 15, 2016							
9	BENI PRASAD RAUKA	48,000	0.22			48,000	0.22
	Sale / Transfer			30 Jun 2016	-16,400	31,600	0.14
	AT THE END OF THE YEAR					31,600	0.14
10	PIYUSH CHANDRAKANT RATHI	23,600	0.11			23,600	0.11
	Purchase			13 May 2016	1,100	24,700	0.11
	AT THE END OF THE YEAR					24,700	0.11
11	PRABAL BORDIYA*	0	0.00			0	0.00
	Purchase / Allotment			29 Jul 2016	150	150	0.00
	Sale / Transfer			23 Sep 2016	-80	70	0.00
	AT THE END OF THE YEAR					70	0.00

*Ceased to be Company Secretary w.e.f. February 13, 2017

V. INDEBTEDNESS AT THE BEGINNING OF THE YEAR

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ in Million)

Indebtedness at the beginning of the financial year	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
i) Principal Amount	439.55	49.84	-	489.39
ii) Interest due but not paid	1.25	-	-	1.25
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	440.80	49.84	-	490.64
Change in Indebtedness during the financial year				
Addition	-	-	-	-
Reduction	(107.27)	(6.61)	-	(113.88)
Net Change	(107.27)	(6.61)	-	(113.88)
Indebtedness at the end of the financial year				
i) Principal Amount	332.21	43.23	-	375.44
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	1.32	-	-	1.32
Total (i+ii+iii)	333.53	43.23	-	376.76

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(₹ in Million)

S. no.	Particulars of Remuneration	Name of Managing Director and Whole-time Directors			Total
		Mr. Chandrakant L Rathi	Mr. Mukund M Kabra	Mrs. Savita Rathi	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	14.15	12.14	5.16	31.45
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.04	0.03	0.02	0.09

	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	2.50	1.66		4.16
	- as % of profit	0.75%	0.50%		1.25%
	- others specify	-	-	-	-
5	Others, please specify	-	-	-	-
	Total (A)	16.69	13.83	5.18	35.70

Note: Provident fund, Superannuation fund & Gratuity has not been included in the remuneration stated above.

B. Remuneration to other directors:

(₹ in Million)

Particulars of Remuneration	Name of Independent Directors				Other Non-Executive Directors		Total Amount
	Mr. Kedar Desai	Mr. R. T. Mehta	Mrs. Rupa Vora	Mr. Pramod Kasat	Mr. Vasant L. Rathi	Mr. K. V. Ramakrishna *	
Fee for attending board/committee meetings	0.30	0.27	0.29	0.08	-	0.05	0.99
Commission	-	-	-	-	3.33	-	3.33
Others, please specify	-	-	-	-	-	-	-
Total (B)	0.30	0.27	0.29	0.08	3.33	0.05	4.32
Total Managerial Remuneration	₹ 40.02 Million						
Overall Ceiling as per the Act	₹ 50.57 Million (Being 11% of the net profit of the Company calculated as per Section 198 of the Companies Act, 2013)						

*till September 15, 2016

C. Remuneration to Key Managerial Personnel other than Managing Director/Manager/Whole time Director

(₹ in Million)

S. no.	Particulars of Remuneration	Key Managerial Personnel				Total
		Mr. Beni Rauka (Chief Financial Officer)	Mr. Piyush Rathi (Chief Business Officer)	Mr. Sanjay Basantani (Company Secretary) *	Mr. Prabal Bordiya **	
1.	Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	6.23	6.46	0.26	0.53	13.48

	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.03	-	-	-	0.03
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-	-
2.	Stock Option	-	-	-	-	-
3.	Sweat Equity	-	-	-	-	-
4.	Commission	-	-	-	-	-
	- as % of profit	-	-	-	-	-
	- others, specify...	-	-	-	-	-
5.	Others, please specify	-	-	-	-	-
Total		6.26	6.46	0.26	0.53	13.51

* Appointed as Company Secretary w.e.f. February 14, 2017

** Ceased to be Company Secretary w.e.f. February 13, 2017

VII PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty			Nil		
Punishment					
Compounding					
B. DIRECTORS					
Penalty			Nil		
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty			Nil		
Punishment					
Compounding					

By Order of the Board of Directors
For Advanced Enzyme Technologies Limited

Vasant L Rathi
Chairman
DIN: 01233447
Date: August 09, 2017
Place : Thane

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 Director's Report for the year ended 31st March 2017.

A) CONSERVATION OF ENERGY-

(i) Steps taken for conservation of energy:

All Business units are continuously putting their efforts to improve energy usage efficiencies and increase contributions from renewable sources.

Measures taken in financial year 2016-17 include:

1. Coal fire boiler utilisation achieved up to 94 %.
2. For Pithampur Plant: 12 Ton Steam capacity Coal fired boiler is ordered to replace existing oil fired boiler.
3. Installed solar Day light system for the Fermentation and Stores area.
4. Preventive maintenance of 33 KV Electrical Substation and distribution systems.
5. Installation of LED lamps for Street Lighting, Production area and Movement Passage.

(ii) Impact of measures taken:

Following are the impact for conservation of energy:

1. Oil Fire Boiler utilisation reduced to less than 6 % and Coal fire boiler utilized up to 94 %.
2. Electrical lighting utilisation reduced by more than 20 KW.
3. Efficient performance of Electrical equipment's.
4. Power Factor incentive received ₹ 24.85 lakhs.
5. Generator set KWH to Fuel ratio achieved 3.8 %.

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

Installed Solar Day light system for the Fermentation and Stores area

(iv) The capital investment on energy conservation equipment: ₹0.66 Million

B) TECHNOLOGY ABSORPTION

(i) Efforts in brief made towards technology absorption:

1. New technologies for the production of thermostable hydrolytic enzymes have been developed and scaled up.
2. New, high yielding processes for the production of probiotics have been successfully scaled up.
3. Improved enzyme formulations for oil extraction and processing have been developed and commercialized.
4. Improved feed enzyme formulation with higher stability during processing and storage conditions have been developed and commercialized.

(ii) Benefits derived as a result of the above efforts:

1. Commercial supplies in the new niche market in pharmaceutical industries have started growing.
2. Probiotic products market has grown and a sizable market share has been achieved.
3. New products for oil extraction showed technological superiority over the existing products.

(iii) Imported technology:

Technology imported: NIL

a) The details of technology imported: NA

b) Year of Import: NA

c) Has the technology been Fully absorbed: NA

d) If not fully absorbed areas where absorption has not taken place, and the reasons thereof: NA

iv) Expenditure incurred on Research and Development :

	Particulars	(₹ in Million) 2016-17	(₹ in Million) 2015-16
(A)	Capital	13.47	17.32
(B)	Recurring	86.77	81.76
(C)	Total	100.24	99.08
(D)	Total R&D Expenditure as a % of net sales of the company	5.77%	7.12%

* Net of Income of ₹ 8.78 Million (previous year ₹ 1.6 Million)

C) FOREIGN EXCHANGE EARNINGS AND OUTGO

The information on foreign exchange earnings and outgo is contained in Note no. "34 to 37" of notes to the Standalone financial statements, annexed thereto.

DETAILS OF EMPLOYEES STOCK OPTION SCHEME 2015 (ESOP 2015) AND EMPLOYEES INCENTIVE PLAN 2017 (PLAN 2017)

DISCLOSURES IN COMPLIANCE WITH REGULATION 14 OF SECURITIES AND EXCHANGE BOARD OF INDIA (SHARE BASED EMPLOYEE BENEFITS) REGULATIONS, 2014 AND RULE 12 (9) OF THE COMPANIES (SHARE CAPITAL AND DEBENTURES) RULES, 2014 [“DISCLOSURES”]

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

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

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

The detailed note on the disclosure as required as per the 'Guidance note on accounting for employee share-based payments' is under Note 40 to the Standalone Financial Statements for the year ended March 31, 2017 and forms part of this Report.

Diluted Earnings per share pursuant to issue of shares on exercise of options calculated in accordance with Accounting Standard (AS) 20- Details of same are provided under Note 30 to the aforesaid Standalone Financial Statements and forms part of this Report.

(I) Employee Stock Option Scheme 2015 (ESOP 2015) [As on March 31, 2017]:

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 23.12.2015 Amendment to ESOP 2015 approved by the Members on 15.09.2016.										
2.	Total number of options approved under ESOS Vesting requirements	2,00,000 Equity Shares of ₹ 10 each * 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" style="width: 100%; margin-top: 5px;"> <thead> <tr> <th style="text-align: center;">Year of Vesting</th> <th style="text-align: center;">Percentage of Vesting</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1 year after the date of grant</td> <td style="text-align: center;">10%</td> </tr> <tr> <td style="text-align: center;">2 year after the date of grant</td> <td style="text-align: center;">20%</td> </tr> <tr> <td style="text-align: center;">3 year after the date of grant</td> <td style="text-align: center;">30%</td> </tr> <tr> <td style="text-align: center;">4 year after the date of grant</td> <td style="text-align: center;">40%</td> </tr> </tbody> </table>	Year of Vesting	Percentage of Vesting	1 year after the date of grant	10%	2 year after the date of grant	20%	3 year after the date of grant	30%	4 year after the date of grant	40%
Year of Vesting	Percentage of Vesting											
1 year after the date of grant	10%											
2 year after the date of grant	20%											
3 year after the date of grant	30%											
4 year after the date of grant	40%											
3.	Exercise price or pricing formula	Not exceeding ₹ 300 per share *										
4.	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.										

5.	Source of shares (primary, secondary or combination)	Primary
6.	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.

* Sub-division of equity shares from face value of ₹ 10 each to ₹ 2 each was approved by the Members on May 4, 2017 (i.e. in the ratio of 1:5). Accordingly the number of Options and the Exercise Price shall correspondingly be adjusted to that extent.

2) Method used to account for ESOS – Fair Value (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	NA
Number of options granted during the year	44,000 *
Number of options forfeited / lapsed during the year	NA
Number of options exercised during the year	NA
Number of shares arising as a result of exercise of options	NA
Money realized by exercise of options (INR), if scheme is implemented directly by the company	NA
Loan repaid by the Trust during the year from exercise price received	NA
Number of options outstanding at the end of the year	44,000 (face value of ₹ 10 each) *
Number of options exercisable at the end of the year	NA

* Sub-division of equity shares from face value of ₹ 10 each to ₹ 2 each was approved by the Members on May 4, 2017.

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

A. as its 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	₹ 300*			
Weighted-average fair value of options	1,351	1,361	1,370	1,379

* Sub-division of equity shares from face value of ₹ 10 each to ₹ 2 each approved by the Members on May 4, 2017 (i.e. in the ratio of 1:5). Accordingly the number of Options and the Exercise Price shall correspondingly be 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 (KMPs);

Name of Employee	Designation	Number of Options granted*	Exercise Price (₹)*
Mr. Mukund Kabra	Whole-time Director	2500	300
Mr. Beni Prasad Rauka	CFO	2500	300

* Sub-division of equity shares from face value of ₹ 10 each to ₹ 2 each approved by the Members on May 4, 2017 (i.e. in the ratio of 1:5). Accordingly the number of Options and the Exercise Price shall correspondingly be adjusted to that extent.

Note: The Senior Managerial Personnel of the Company covers the Managing Director, Whole-time Director, and Key Managerial Personnel (KMP) of the 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: Not Applicable

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: Not Applicable

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:	₹ 300			
	expected volatility:	0.49			
	expected option life:	3 year	3.5 year	4 year	4.5 year
	expected dividends % :	0.06			
	the risk-free interest rate:	6.60% p.a.	6.66% p.a.	6.72% p.a.	6.84% p.a.
	any other inputs to the model				
2.	the method used and the assumptions made to incorporate the effects of expected early exercise	Black-Scholes-Option Valuation Model			
3.	how expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility	<ul style="list-style-type: none"> 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 as determined by the Nomination and Remuneration Committee. 			
4.	Whether and how any other features of the option grant were incorporated into the measurement of fair value, such as a market condition.	<ul style="list-style-type: none"> 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) upto the date of grant. Expected Option Life: The expected life of the options i.e. the average of the period upto 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. 			

(II) AETL's Employees Incentive Plan 2017 (Plan 2017) [As on March 31, 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 9,16,000 Equity shares (45,80,000 Equity Shares post 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.	
		Year of Vesting	Percentage of Vesting
		1 year after the date of grant	10% of Options/SARs Granted shall Vest
		2 year after the date of grant	20% of Options/SARs Granted shall Vest
		3 year after the date of grant	30% of Options/SARs Granted shall Vest
4 year 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 Directors' report, other Disclosures are not applicable.

CORPORATE GOVERNANCE REPORT

1. 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.

2. BOARD OF DIRECTORS

Composition of Board:

The Board of Directors of the Company (hereinafter referred as "the Board") comprises an optimum combination of Executive and Non-Executive Directors. The Board of Directors, as on March 31, 2017 comprised 8 (Eight) Directors i.e. 3 (Three) Executive and 5 (Five) Non-Executive and out of which 4 (Four) are Independent Directors. The Chairman of the Board is a Non-Executive Director (Promoter) and half of the Board members are Independent. The composition of the Board is in line with requirement of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended from time to time ("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 judgement in any manner. The Directors are eminently qualified and experienced professionals in business, finance and corporate management.

Sr. No.	Directors	Category of Director
1.	Mr. Vasant Rathi (Chairman) *	Non Independent Non-Executive Director [Promoter]
2.	Mr. Kedar Desai	Independent Non-Executive Director
3.	Mrs. Rupa Vora	Independent Non-Executive Director
4.	Mr. Ramesh Mehta	Independent Non-Executive Director
5.	Mr. Pramod Kasat [@]	Additional Director (Independent Non-Executive)
6.	Mr. Chandrakant Rathi (Managing Director)	Executive Director [Promoter]
7.	Mrs. Savita Rathi (Whole-time Director)	Executive Director [Promoter]
8.	Mr. Mukund Kabra (Whole-time Director)	Executive Director
9.	Mr. K.V. Ramakrishna [#]	Non-Executive Director
10.	Mr. Pradip B. Shah [§]	Non-Executive Director

* Mr. Vasant Rathi, the existing Non-Executive Director of the Company has been designated and appointed as Chairman with effect from March 25, 2017 in place of Mr. Kedar Desai. Mr. Kedar Desai continues to be the Independent Director of the Company.

@Mr. Pramod Kasat appointed as an Additional Director on December 14, 2016.

Mr. K.V. Ramakrishna resigned w.e.f. September 15, 2016.

§ Mr. Pradip B Shah ceased to be Director w.e.f. September 15, 2016.

Note: None Director of the Company is related to any other Director on the Board in terms of the definition of 'Relative' given under the Companies Act, 2013 read with the Rules made thereunder ("Act"), except that Mr. Vasant Rathi is Relative of Mr. Chandrakant Rathi; and Mr. Chandrakant Rathi is Relative of Mrs. Savita Rathi.

The composition of the Company's Board is in conformity with SEBI Listing Regulations, 2015.

Attendance of each Director at the Board meetings and the last Annual General Meeting:

During the financial year 2016-17, the meeting of the Board of Directors was held seven (7) times i.e. on May 17, 2016 (No. 03/2016), June 25, 2016 (No. 04/2016), September 15, 2016 (No. 05/2016), October 28, 2016 (No. 06/2016), November 14, 2016 (No. 07/2016), February 14, 2017 (No. 01/2017) and March 25, 2017 (No. 02/2017).

The maximum gap between any two board meetings was less than 120 days, as stipulated under Regulation 17(2) of the SEBI Listing Regulations. The details of the Directors present are as under:-

Sr. No	Name of Directors	No. of Board Meeting attended		Attended at last AGM held on September 15, 2016
		Held	Attended	
1.	Mr. Vasant Rathi	7	1	No
2.	Mr. Chandrakant Rathi	7	4	Yes
3.	Mrs. Savita Rathi	7	7	Yes
4.	Mr. Mukund Kabra	7	5	Yes
5.	Mr. Kedar Desai	7	6	Yes
6.	Ms. Rupa Vora	7	6	Yes
7.	Mr. Ramesh Mehta	7	6	Yes
8.	Mr. Pramod Kasat *	7	2	NA*
9.	Mr. K. V. Ramakrishna #	7	2	No
10.	Mr. Pradip Bhailal Shah §	7	-	No

* Appointment as an Additional director on December 14, 2016 subsequent to the date of AGM.

Mr. K.V. Ramakrishna resigned w.e.f. September 15, 2016.

§ Mr. Pradip B Shah ceased to be Director resigned w.e.f. September 15, 2016.

Number of Board or Board Committees of which a Director is a member or chairperson (as on March 31, 2017)

Sr. No.	Directors	No. of directorship held in others companies	No. of Committee membership in other Companies(*)	No. of Committees(*) in which Chairperson
1.	Mr. Vasant Rathi	-	-	-
2.	Mr. Chandrakant Rathi	3	1	-
3.	Mrs. Savita Rathi	1	-	-
4.	Mr. Mukund Kabra	2	-	-
5.	Mr. Kedar Desai	2	2	1
6.	Mrs. Rupa Vora	3	-	3
7.	Mr. Ramesh Mehta	-	2	-
8.	Mr. Pramod Kasat	2	1	1

(§) Excludes directorship in private companies, foreign companies and Section 8 companies.

(*) Audit Committee and Stakeholders' Relationship Committee across all listed and unlisted public limited companies have been considered.

Number of shares held by Non-Executive directors (as on March 31, 2017)

Shareholding of the Non-Executive Directors in the Company :

Name of Non Executive Directors	No. of Shares (of Face Value Rs. 10)	% of Shareholding
Mr. Vasant L Rathi	6,780,900	30.37
Mr. Kedar Desai	400	0.001
Mr. Ramesh T Mehta	8,000	0.035
Mr. Pramod Kasat	800	0.003
Mrs. Rupa Vora	NIL	NIL

3. AUDIT COMMITTEE

Brief Description of term of reference

The terms of reference of Audit Committee covers the matters specified for Audit Committees under Regulation 18(3) read with Schedule II (Part C) of SEBI Listing Regulations and Section 177 of the Act. The Role of the Audit Committee is as prescribed under Regulation 18 of SEBI Listing Regulations

The role of the Audit Committee 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 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 director's 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 raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- Approval or any subsequent modification of transactions of the Company with related parties;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the Company, wherever it is necessary;
- Evaluation of internal financial controls and risk management systems;
- Review with the management, performance of statutory and internal auditors, and adequacy of the internal control systems;
- Review the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- Discussion with internal auditors of any significant findings and follow up there on;
- Review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- Review the reasons for substantial defaults, if any, in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- Review the functioning of the whistle blower mechanism;
- Approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate; and
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
- Review inter alia, the following information:
 - Management discussion and analysis of financial condition and results of operations;
 - Statement of significant related party transactions submitted by the management;
 - Internal audit reports relating to internal control weaknesses; and
 - The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the Audit Committee.

Composition, Name of Members and Chairperson

The Audit Committee was last re-constituted by the Board of Directors on September 15, 2016.

The Audit Committee comprises the following Members:

Name of Members	Designation
Mrs. Rupa Vora	Chairperson
Mr. Kedar Desai	Member
Mr. Ramesh Mehta	Member
Mr. K V Ramakrishna*	Member

* till September 15, 2016.

The composition of the Committee is in accordance with the requirements of Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Section 177 of the Act. The Chairperson has the accounting and financial management expertise. The representatives of the Auditor(s) and Chief Financial Officer also attended the Audit Committee meeting(s). The Company Secretary acts as a Secretary to the Audit Committee.

Meetings and Attendance during the year

During the financial year 2016-2017, the Audit Committee met six times i.e. on June 25, 2016 (02/2016), September 15, 2016 (03/2016), November 14, 2016 (04/2016), December 1, 2016 (05/2016), February 14, 2017 (01/2017) and March 25, 2017 (02/2017).

The attendance record of Members at the meetings of the Committee is as under:

Name of Members	No. of Audit Committee Meeting	
	Held	Attended
Mrs. Rupa Vora	6	6
Mr. Kedar Desai	6	6
Mr. Ramesh Mehta	6	5
Mr. K.V. Ramakrishna*	6	1

* Mr. K V Ramakrishna resigned w.e.f. September 15, 2016

4. 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 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 includes following:

- Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration of the directors, key managerial personnel and other employees;
- Formulation of criteria for evaluation of performance of independent directors and the Board;
- Devising a policy on diversity of the Board;
- Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.
- Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
- Devising a policy on Employee Stock Option Scheme and ensuring proper implementation as per scope provided in ESOP Scheme.

Composition, name of members and Chairperson

The Nomination and Remuneration Committee was last re-constituted by the Board of Directors on September 15, 2016. The Nomination and Remuneration Committee now comprises the following Members:

Name of Members	Designation
Mr. Ramesh Mehta	Chairman
Mr. Kedar Desai	Member
Mrs. Rupa Vora #	Member
Mr. K V Ramakrishna*	Member

appointed as member w.e.f. September 15, 2016

* Ceased to be a member w.e.f. September 15, 2016

The composition of the Committee is in accordance with the requirements of Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Section 178 of the Act. The Company Secretary acts as a Secretary to the Committee.

Meeting and Attendance during the year

During the Financial Year 2016-2017, Nomination and Remuneration Committee met three times i.e. on June 25, 2016 (02/2016), December 3, 2016 (03/2016), and February 14, 2017 (01/2017). The attendance record of Members at the meetings of the Committee is as under:

Name of Members	No. of Nomination and Remuneration Committee Meeting	
	Held	Attended
Mr. Ramesh Mehta	3	3
Mr. Kedar Desai	3	3
Mrs. Rupa Vora #	3	2
Mr. K V Ramakrishna*	3	1

appointed as member w.e.f. September 15, 2016

* Ceased to be a member w.e.f. September 15, 2016

Familiarisation Programme for Independent Directors

The Familiarisation programme is made available to the Directors covering topics such as Operations, Financials, Strategy, Performance, Outlook, update on amendment of statutory and regulatory laws. The programme also included a plant visit for detailed understanding of manufacturing process and activities of the Company. The details of the Familiarization programme are available on the Company's website at www.advancedenzymes.com/investors-familiarization-directors.aspx

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 how effectively these are fulfilled 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). A meeting of Independent Directors of the Company was held to: (a) review the performance of Chairperson, Non Independent Directors and the Board as a whole; (b) assess the quality, quantity and timeliness of flow of information between the Company management and the Board. The results of the performance evaluation were placed and reviewed at the meeting of the Independent Directors, Nomination and Remuneration Committee and Board.

5. REMUNERATION OF DIRECTORS

There are 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 and Committee(s) thereof.
2. Respective share-holding in the Company, as mentioned above.
3. Mr. Vasant Rathi is Promoter and Non-Executive Director of the Company. He is also appointed as Chairman with effect from March 25, 2017.

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 Director may receive remuneration by way of sitting fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed the maximum amount as provided in the Act for per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time. Limit of Remuneration / Commission to be paid shall be within the monetary limits as approved by shareholders, 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 weblink for the same is www.advancedenzymes.com/investors-codes-policies.aspx.

Details of Remuneration to Directors:

Remuneration to Executive Directors

The Company had paid Remuneration to Executive Directors for the year ended 31st March, 2017 as per the following manner:

(₹)

Particulars		Mr. Chandrakant L Rathi	Mrs. Savita Rathi	Mr. Mukund M. Kabra
Basic	A	4,800,000	1,800,000	3,540,000
Other Allowances		9,024,052	3,258,716	8,416,079
Bonus		400,000	150,000	295,000
	B	9,424,052	3,408,716	8,711,079
Sub - Total	(A+B)	14,224,052	5,208,716	12,251,079
Contribution To :				
Provident Fund		576,000	216,000	404,376
Super annuation Fund		396,000	154,800	302,940
Gratuity		-	86,538	170,192
	C	972,000	457,338	877,508
Total (A+B+C)		15,196,052	5,666,054	13,128,587
Commission To Directors	D	2,495,417	-	1,663,611
Grand Total (A+B+C+D)		17,691,469	5,666,054	14,792,198
Stock Options		NIL	NIL	2,500*

Note: The aforesaid amount is on payable basis

*The Company has granted 2500 Options to Mr. Mukund Kabra, as per provisions of Employees Stock Option Scheme 2015(as amended) of the Company.

Remuneration to Non-Executive Directors

All the Non-Executive Independent Directors receive remuneration only by way of sitting fees for attending meetings of the Board/ Committees. The details of sitting fees paid to Non-Executive Independent Directors and Commission paid to Non-Executive Promoter Director (Chairman) during the financial year 2016-17 are as under:

(₹)

Particulars	Mr. Vasant Rathi	Mr. Kedar Desai	Mr. Ramesh T Mehta	Mrs. Rupa Vora	Mr. Pramod Kasat [#]	Mr. K V Ramakrishna*
Sitting Fees (Note 1)	-	3,00,000	2,65,000	2,90,000	80,000	50,000
Commission (Note 2)	3,327,222	-	-	-	-	-

Appointed with effect from December 14, 2016

* paid until September 15, 2016

Note 1: During the year under review, sitting fees of ₹ 20,000 was paid for each Board Meeting and ₹ 10,000 for each Committee Meeting upto September 30, 2016. The sitting fees was revised to ₹ 30,000 for each Board Meeting and ₹ 20,000 for each Committee meeting w.e.f. October 01, 2016.

Note 2: Commission payable to Mr. Vasant Rathi, Chairman (Non-Executive Director) is as per the approval of the Members at the 25th Annual General Meeting held on August 12, 2014. The amount of commission is determined and approved by the Nomination and Remuneration Committee and the Board based on his roles and responsibilities and contribution thereof. The total amount of commission to Mr. Vasant Rathi, Non-Executive Director is within the limit of 1% of the Net profits of the Company for the year, calculated as per the provisions of the Act.

Shareholding of the Independent Directors in the Company (As on March 31, 2017)

Name of Independent Directors	No. of Shares	% of Shareholding
Mr. Kedar Desai	400	0.001
Mr. Ramesh T Mehta	8000	0.035
Mr. Pramod Kasat	800	0.003
Mrs. Rupa Vora	NIL	NIL

Details of service contracts, notice period and severance fees of the Executive Directors:

Name of Director	Mr. Chandrakant Rathi	Mrs. Savita Rathi	Mr. Mukund Kabra *
Date of contract	September 10, 2015	December 28, 2015	August 14, 2014
Term of Contract	Five years w.e.f April 1, 2015	Five years w.e.f January 1, 2016	Three years w.e.f April 1, 2014
Notice Period	Three Months	Three Months	Three Months
Severance Fees	-	-	-

*Based on the recommendation of Nomination and Remuneration Committee, the Board of Directors has re-appointed Mr. Mukund Kabra for a period of five years w.e.f. April 01, 2017 subject to the approval of the Members of the Company at this 28th Annual General Meeting of the Company. Notice Period is same i.e. three months.

6. STAKEHOLDERS RELATIONSHIP COMMITTEE

The Stakeholders Relationship Committee was last re-constituted by the Board of Directors on September 15, 2016.

The Stakeholders Relationship Committee comprises the following members:

Name of Members	Designation
Mr. Kedar Desai	Chairman
Mr. Ramesh Mehta	Member
Mr. Chandrakant Rathi	Member
Mr. K. V. Ramakrishna*	Member

* till September 15, 2016

The composition of the Committee is in accordance with the requirements of Regulation 20 of SEBI Listing Regulations. 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 Obligations and Disclosure Requirements) Regulations, 2015 and is as follows:-

- The Committee shall consider and resolve the grievances of the security holders of the Company including grievances related to transfer of shares, non-receipt of annual report and non-receipt of declared dividends.

Name and Designation of Compliance Officer:

Mr. Sanjay Basantani has been appointed as the 'Company Secretary and Head – Legal' of the Company with effect from February 14, 2017 ("Compliance Officer"). Mr. Prabal Bordiya ceased to be the Company Secretary & Compliance Officer w.e.f. February 13, 2017 and has been deputed as Company Secretary of subsidiary company, JC Biotech Private Limited.

Status Report of Investor Complaints for the year ended March 31, 2017

No. of Complaints Received - 601

No. of Complaints Resolved - 601

No. of Complaints Pending - NIL

All valid requests for share transfer and dematerialization received during the year have been acted upon and no such transfer and dematerialization request was pending as on March 31, 2017.

7. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE (CSR COMMITTEE)

The CSR Committee was last re-constituted by the Board of Director's on September 15, 2016, now comprises the following Members:

Name of Members	Designation
Mr. Kedar Desai	Chairman
Mr. Ramesh Mehta	Member
Mr. Chandrakant Rathi	Member
Mr. K V Ramkrishna*	Member

*till September 15, 2016

The terms of reference of the Corporate Social Responsibility Committee is in accordance with Section 135 of the Act and is as follows:

- To formulate and recommend to the Board, a CSR policy which shall indicate the activities to be undertaken by the Company as per the schedule VII of the Act;
- To review and recommend the amount of expenditure to be incurred on the activities to be undertaken by the company;
- To monitor the CSR policy of the Company from time to time; and
- Any other matter as the CSR Committee may deem appropriate after approval of the Board of Directors or as may be directed by the Board of Directors from time to time.

8. GENERAL BODY MEETINGS

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

Financial Year	Date	Location	Time
2015-2016	15.09.2016	Shehnai Banquet Hall, Shahid Mangal Pandey Road, Louiswadi, Opposite LouisWadi Police Chowki, Thane (West) - 400604	10.00 A.M.
2014-2015	01.09.2015	Registered office, Thane	11.00 A.M.
2013-2014	12.08.2014	Registered office, Thane	11.00 A.M.

Special Resolutions passed in the previous three Annual General Meetings

During the last 3 years namely 2013-14 to 2015-16 approvals of the Members were obtained by passing special resolutions as follows:

Sr. No.	Special Resolutions	Date of Meeting
1.	Amendment to Employee Stock Option Scheme 2015	15.09.2016
2.	Appointment of Mr. Chandrakant Rathi as Managing Director of the Company	01.09.2015
3.	Initial public offer to public and listing of shares	01.09.2015
4.	Approval of related party transaction during the financial year 2015-16	01.09.2015
5.	Re-appointment of Mr. Mukund M. Kabra as a Director (Operations) of the Company	12.08.2014
6.	Approval of related party transactions during the financial year 2014-15	12.08.2014
7.	Approval and ratification of the excess remuneration paid to Mr. C.L. Rathi, Managing Director for the financial year 2013-14	12.08.2014
8.	Approval and ratification of the excess remuneration paid to Mr. Mukund M. Kabra, Whole time Director for the financial year 2013-14	12.08.2014
9.	Approval and ratification of the excess remuneration paid to Mrs. Savita C. Rathi, Whole-time Director for the financial year 2013-14	12.08.2014
10.	Approval of remuneration (commission) to Non-Executive directors	12.08.2014

Resolutions passed through postal ballot & details of voting pattern:

There was no resolution passed through Postal Ballot during the year 2016-2017. Further, Six Resolutions were passed by the Shareholders of the Company on May 4, 2017 through Postal Ballot viz:

Particulars of Resolution	Type of Resolution
Sub-division of face value of equity shares of the Company.	Ordinary Resolution
Alteration of the Capital Clause in Memorandum of Association of the Company consequent to the sub-division of equity shares.	Special Resolution
Extension of existing Employee Stock Option Scheme – 2015 and grant of Stock Options to the employees of Subsidiaries of the Company.	Special Resolution
AETL Employees Incentive Plan 2017 through trust route.	Special Resolution
Extension of AETL Employees Incentive Plan 2017 and grant of Stock options and other benefits to the employees of the Company's subsidiaries.	Special Resolution
Authorization to Trust for acquisition of equity shares of the Company from the Secondary market as per AETL Employees Incentive Plan 2017.	Special Resolution

Details of the voting pattern are as under:

Particulars of Resolution	Total no. of Votes polled	Total no. of invalid votes	Total no. of valid Votes	Total Votes Cast in favour		Total Votes Cast against	
				No.	%	No.	%
Sub-division of face value of equity shares of the Company.	92,95,707	3,152	92,92,555	92,92,020	99.9942	535	0.0058
Alteration of the Capital Clause in Memorandum of Association of the Company consequent to the sub-division of equity shares	92,95,707	3,308	92,92,399	92,91,864	99.9942	535	0.0058
Extension of existing Employee Stock Option Scheme – 2015 and grant of Stock Options to the employees of Subsidiaries of the Company.	92,95,707	4,155	92,91,552	91,60,735	98.5921	1,30,817	1.4079
AETL Employees Incentive Plan 2017 through trust route.	92,95,707	4,176	92,91,531	92,04,125	99.0593	87,406	0.9407
Extension of AETL Employees Incentive Plan 2017 and grant of Stock options and other benefits to the employees of the Company's subsidiaries.	92,95,707	4,175	92,91,532	92,03,771	99.0555	87,761	0.9445
Authorization to Trust for acquisition of equity shares of the Company from the Secondary market as per AETL Employees Incentive Plan 2017.	92,95,707	4,124	92,91,583	92,19,022	99.2191	72,561	0.7809

The Company appointed Mr. S. Anantha Rama Subramanian, Practicing Company Secretary, as the Scrutinizer for conducting the Postal Ballot process in a fair and transparent manner.

During the conduct of the postal ballot, the Company had in terms of Regulation 44 of the SEBI Listing Regulations, provided e-voting facility to its shareholders to cast their votes electronically through the CDSL e-voting platform. Postal ballot forms and business reply envelopes were sent to shareholders to enable them to cast their vote in writing on the postal ballot. The Company had also published a notice in the newspaper declaring the completion of dispatch and other requirements as mandated under the Act and applicable Rules. The Scrutinizer submitted his report to the Director, after completion of the scrutiny and the results of voting by Postal Ballot were then announced by the Director of the Company. The voting results were sent to the Stock Exchanges and displayed on the Company's website. The last date of receipt of Postal ballot forms / e-voting (i.e. May 04, 2017) was deemed to be the date of passing of the resolutions.

9. Means of Communication

The Board believes that effective communication of information is an essential component of corporate governance. The Company regularly interacts with shareholders through multiple channels of communication such as results announcement and newspaper publications (i.e. in The Free Press Journal & Navshakti), annual report, media releases, Company's website and specific communications to Stock Exchanges, where the Company's shares are listed.

Quarterly Results

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

Newspapers wherein results are normally published:

The results are normally published in English Newspaper viz. The Free Press Journal and 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 as required under the Companies Act, 2013 and SEBI listing Regulations, shareholding pattern, compliance with corporate governance, contact information of the designated official of the Company, who is responsible for assisting and handling investor grievances and such other details as may be required under sub regulation (2) of regulation 46 of SEBI Listing Regulations. The Company ensures that the contents of this website are periodically updated. In addition, the Company makes use of this website for publishing official news release and presentations, if any, made to institutional investors /analysts .

10. General Shareholder Information

Annual General Meeting Date, Time and Venue	28 th Annual General Meeting 11 th September, 2017 (Monday) 2.30 p.m. Shehnai Banquest Hall, Shahid Mangal Pandey Road, Louiswadi, Opposite Louiswadi Police Chowki, Thane (West), Maharashtra, India - 400604.
Financial Year	1st April 2017- 31st March 2018 Schedule (Tentative) for declaration of financial results during the financial year 2017-18 First quarter (30.06.2017) – Upto September 14, 2017 (due to implementation of Indian Accounting Standards [Ind AS]) Second quarter (30.09.2017) – Upto November 14, 2017 Third quarter (31.12.2017) – Upto February 14, 2018 Audited Annual alongwith fourth quarter (31.03.2018) – Upto May 30, 2018 Annual General Meeting (Tentative) – Upto end of September 2018
Book Closure	September 06, 2017 (Wednesday) to September 11, 2017 (Monday)
Dividend Payment Date	On and from September 13, 2017 and not later than September 30, 2017
Listing on Stock Exchanges	Company's Shares were listed on 01.08.2016 at: BSE Limited (BSE) Phiroze Jeejeebhoy Towers Dalal Street Mumbai- 400001 National Stock Exchange of India Limited (NSE) Exchange Plaza, Bandra Kurla Complex, Mumbai 400 051 The Company hereby confirms that it has made the payment of Annual Listing Fees for the financial year 2017-2018 to BSE Limited and National Stock Exchange of India Limited.
1. Stock Code / Symbol	BSE: 540025/ NSE: ADVENZYMES
2. New ISIN (due to Sub-division)	INE837H01020
3. Old ISIN	INE837H01012

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
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Share Transfer System

Transfers in physical form are registered by the Registrar and Share Transfer Agents and share certificate(s) are issued within 15 days of date of lodgment of transfer, in case of receipt of complete and proper set of documents. Invalid share transfers are returned within 15 days of receipt.

The Board of Directors has delegated the power to approve the transfer of shares to Transfer Committee, comprising of Mr. Chandrakant Rathi as Chairman of the Committee and Mrs. Savita Rathi. During the financial year 2016-17, the Transfer Committee has met 12 times.

The Share Transfer Committee generally meets as may be warranted by the number of share transaction requests received by the Company. All requests for dematerialization of shares are processed and the confirmation is given to respective Depositories i.e., National Securities Depository Limited and Central Depository Services (India) Limited.

Certificates are being obtained and submitted to Stock Exchanges, on half yearly basis, from a Practicing Company Secretary towards due compliance of share transfer formalities by the Company within the due dates, in terms of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Certificates have also been received from a Practicing Company Secretary and submitted to the Stock Exchanges, on a quarterly basis, for timely dematerialization of shares of the Company and for reconciliation of the share capital of the Company, as required under SEBI (Depositories and Participants) Regulations, 1996.

The Company as required under Regulation 85(4) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, has designated the e-mail ID, namely investor.grievances@advancedenzymes.com for investor's grievance purpose.

Shareholding Pattern of the Company as on March 31, 2017.

Category of Shareholder	No. of Shares held	% of holding
Promoter and Promoter Group		
-Indian	7,686,238	34.43
-Foreign	7,964,500	35.67
Sub-Total (A)	15,650,738	70.10
Public		
Institutions		
-Mutual Funds	1,635,859	7.33
-Foreign Portfolio Investor	4,01,695	1.80
-Financial Institutions/Banks	11,687	0.05
Non Institutions		
-Individuals	3,413,015	15.29
-HUF/NRI/Trust/Bodies Corporate	1,213,011	5.43
Sub-Total (B)	6,675,267	29.90
Grand Total (A+B)	22,326,005	100

Distribution of Shareholding as on March 31, 2017.

Shareholding (Range)	Number of Shareholders	%	Shares	%
Up to 1000	36,941	98.65	1,438,150	6.44
1001 - 2000	192	0.51	3,08,063	1.38
2001-3000	95	0.26	2,36,215	1.06
3001-4000	40	0.11	1,47,832	0.66
4001-5000	40	0.11	1,82,549	0.82
5001-10000	65	0.17	4,49,765	2.01
Above 10000	72	0.19	19,563,431	87.63
Total	37,445	100	22,326,005	100

Dematerialization of shares and liquidity.

As on March 31, 2017, 97.15% of shareholding was held in Dematerialised 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 dematerialised form.

Particulars of Unclaimed Dividend of the Company

Financial Year	Type of Dividend	Date of Declaration	Due date to transfer to IEPF
2010-2011	Final Dividend	August 18, 2011	September 23, 2018
2011-2012	Final Dividend	July 17, 2012	August 22, 2019
2012-2013	Final Dividend	August 1, 2013	September 6, 2020
2013-2014	Final Dividend	August 12, 2014	September 17, 2021
2014-2015	Final Dividend	September 1, 2015	October 07, 2022
2015-2016	Interim Dividend	March 26, 2016	May 01, 2023

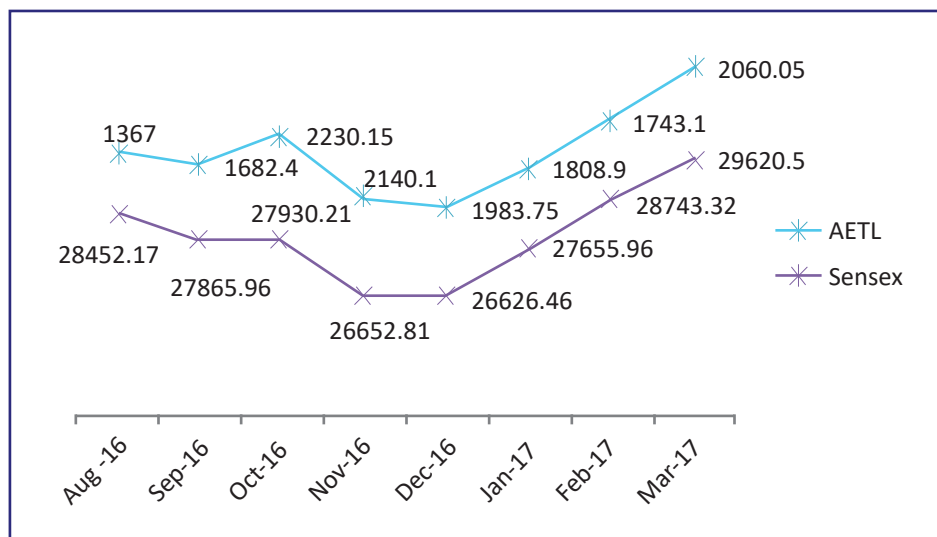
The Company will transfer the Unclaimed dividend to Investor Education and Protection Fund (IEPF) within 30 days from the aforesaid due dates.

Market Price Data of Company's Shares.**(₹)**

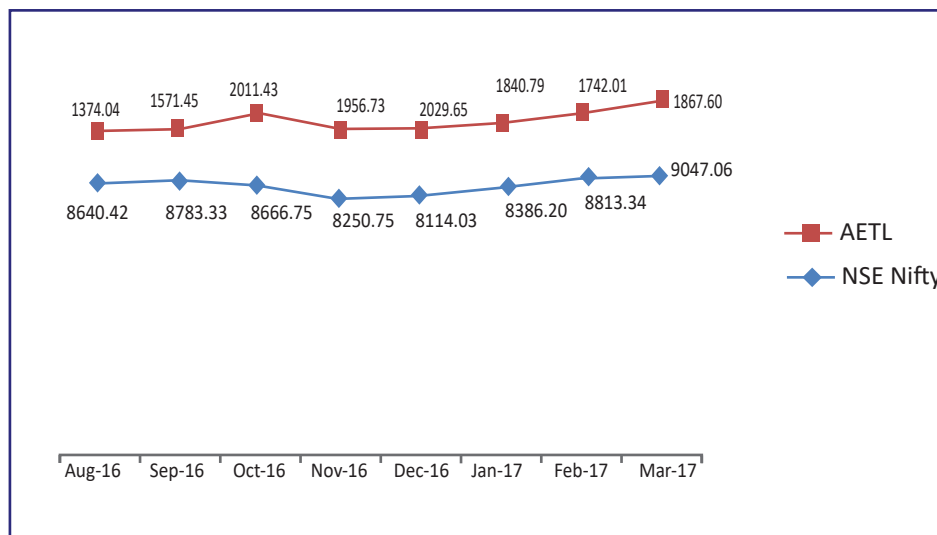
Month	BSE		NSE	
	High	Low	High	Low
Aug - 16	1507	1161	1506.7	1168
Sept - 16	1752	1354	1749.1	1351.55
Oct - 16	2377	1685	2375.5	1689
Nov - 16	2324	1550	2325	1550.9
Dec - 16	2220	1822.2	2221.25	1824
Jan - 17	1999.95	1730.55	1994.9	1730
Feb - 17	1903.8	1584	1902	1581
Mar - 17	2210	1602	2209.3	1601.15

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

Company's Market Price vs BSE Sensex



Company's Market Price vs NSE Nifty



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.

Custodian Fees

The Company has paid Issuer/Custodian Fees for folios maintained by National Securities Depository Limited and Central Depository Services (India) Limited for the Financial Year 2017-18.

Plant Locations of the Company:

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

Address for Correspondence:**Company:**

Advanced Enzyme Technologies Limited
5th Floor, 'A' wing, Sun Magnetica, Near LIC Service Road,
Louiswadi, Thane, Maharashtra - 400604, India
Phone: +91-022-4170 3200, Fax: +91-022-2583 5159
Email Id: investor.grievances@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

Company Secretary and Compliance Officer

Mr. Sanjay Basantani
Company Secretary & Head - Legal
5th Floor, 'A' wing, Sun Magnetica, Near LIC Service Road,
Louiswadi, Thane, Maharashtra - 400604, India
Phone: +91-022-4170 3200, Fax: +91-022-2583 5159
Email Id: sanjay@advancedenzymes.com
Website: www.advancedenzymes.com

11. OTHER DISCLOSURES**Materially Significant Related Party Transactions**

All the related party transactions are done on arm's length basis and in ordinary course of business. The Company presents a statement of all related party transactions before the Audit Committee on a quarterly basis, specifying the nature, value and terms and conditions of the transactions. Transactions with related parties are conducted in a transparent manner in the interest of the Company and are duly approved by the Audit Committee. There are 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. 32 of Standalone financial statements for the year ended March 31, 2017 and AOC -2 annexed as Annexure II to the Director'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 and Regulation 22 of the SEBI Listing Regulations, in order to establish a Vigil Mechanism for the Directors and Employees to report the genuine concerns in such manner as may be prescribed. Your Company believes in the conduct of the affairs of its various constituents in a fair and transparent manner, by adopting the highest standards of professionalism, honesty, integrity and ethical behavior and open communication. Accordingly, the Whistle Blower Policy has been formulated with a view to provide a mechanism for associates of the Company to approach the Chairman of the Audit Committee of the Company to, inter alia, report to the management, instances of unethical behaviour, actual or suspected, fraud or violation of the Company's policy.

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

Compliance with mandatory / Non-mandatory requirements

The Company has complied with all the mandatory corporate governance requirements under SEBI Listing Regulations. The non-mandatory requirements have been adopted to the extent and in the manner as stated at the appropriate place in this report.

Disclosures:

The Company has a Risk Management Policy. An update on risk management was placed before the Audit Committee for review, based on the system and procedures devised.

During the last three years, there were no instances of non-compliance by the Company and no penalties or strictures were imposed on the Company by the Stock Exchange(s) or SEBI or any statutory authority, on any matter related to the capital markets.

Pursuant to Regulation 17(8) read with Part B of Schedule II of the SEBI Regulations, the Managing Director and the Chief Financial Officer have submitted a certificate to the Board of Directors for the financial year ended March 31, 2017. The Certificate has been reviewed by the Audit Committee and taken on record by the Board of Directors.

Web link for material subsidiaries and related party transactions

In accordance with the requirements of SEBI Listing Regulations, the Company has formulated a Policy for determining Material Subsidiary and Policy on Related Party Transactions. These policies have been hosted on the website of the Company at www.advancedenzymes.com/investors-codes-policies.aspx.

Non-Mandatory disclosures

The non-mandatory requirements have been adopted to the extent and in the manner as stated under the appropriate headings detailed below.

The Board

The Board members are eminently qualified and experienced professionals in business, finance and corporate management.

Shareholders Right

The quarterly / half-yearly / annual results of the Company are published in English and Vernacular newspapers and are also displayed on the Company's website namely www.advancedenzymes.com and at the official website of the stock exchanges, where the shares of the Company are listed / traded, as soon as the results are approved by the Board. These are not sent individually to the shareholders.

Audit qualifications

The Auditors' Report to the Members on the Financial Statements of the Company for the year ended March 31, 2017 does not contain any qualification, reservation or adverse remark.

Non-Executive Chairman's Office

The Company has a Chairman who is not a Managing Director or CEO.

Reporting of Internal Auditors

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

DECLARATION ON ADHERENCE WITH COMPANY'S CODE OF CONDUCT
[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 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 / Employees of the Company have affirmed compliance with this Code of Conduct for the Financial year ended on March 31, 2017.

Date: August 09, 2017

Place:Thane

Chandrakant L Rathi
Managing Director
DIN: 00365691

CERTIFICATION ON CORPORATE GOVERNANCE

SHIV HARI JALAN
B.COM., F.C.A., F.C.S.
COMPANY SECRETARY

1055, Level 10, Hubtown Solaris, N. S. Phadke Mark, Andheri East West Flyover, Andheri (East), Mumbai- 400 069,
Telephone: 22075834, 22075835, 26836215, Mobile: 9869035834. Email:shivharijalancs@gmail.com

To,
The Members of Advanced Enzyme Technologies Limited

I have examined the compliance of conditions of Corporate Governance by **Advanced Enzyme Technologies Limited** ('the Company') for the year ended March 31, 2017 as stipulated in Regulations 17 to 27, clauses (b) to (i) of regulation 46(2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') (applicable to the Company from August 01, 2016 onwards).

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.

In my opinion and to the best of our information and according to our examination of the relevant records and the explanations given to us, we certify that the Company has complied with the conditions of corporate governance as stipulated in the above mentioned Listing Regulations.

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 : August 09, 2017

SHIV HARI JALAN
COMPANY SECRETARY
FCS. No. : 5703
C.P.No. : 4226

**SHIV HARI JALAN
B.COM., F.C.A., F.C.S.
COMPANY SECRETARY**

1055, Level 10, Hubtown Solaris, N. S. Phadke Mark, Andheri East West Flyover, Andheri (East), Mumbai- 400 069, Telephone: 22075834, 22075835, 26836215, Mobile: 9869035834. Email: shivharijalancs@gmail.com

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

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2017
*[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 Magnectica, 5th Floor,
Near LIC Service Road, LouisWadi,
Thane – 400604.

I 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 31.03.2017 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 2017 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 (‘SCRA’) and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (‘SEBI Act’):
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not applicable to the Company during the period under review)
 - (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 to the Company during the period under review)
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and (Not applicable to the Company during the period under review)
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (Not applicable to the Company during the period under review)
- (vi) Other laws applicable specifically to the Company namely:
 - (a) Factories Act, 1948;
 - (b) The Contract Labour (Regulation and Abolition) Act, 1970 and Rules made thereunder;
 - (c) Air (Prevention and Control of Pollution) Act, 1981 and Rules made thereunder;

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

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India;
- (ii) Securities and Exchange Board of India (Listing Obligations and Disclosure requirements) Regulations, 2015. (applicable to the Company from August 01, 2016 onwards).

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 at least 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.

Majority decision is carried through while the dissenting members' views if any are captured and recorded as part of the minutes.

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.

I further report that during the audit period:

- The Company made an Initial Public Offering (IPO) of 4,594,875 Equity Shares of ₹ 10/- each vide Prospectus dated July 25, 2016, for cash @ price of ₹ 896/- per equity share by way of fresh issue of 560,405 of Equity Shares of ₹ 10/- each and an Offer for Sale by selling shareholders of 4,034,470 of Equity Shares of ₹ 10/- each;
- Out of the total IPO of 4,594,875 Equity Shares of ₹ 10/- each the net offer to the public was 4,570,184 equity shares of ₹ 10/- each for cash @ price of ₹ 896/- and 24,691 equity shares of ₹ 10/- each to eligible employees cash @ price of ₹ 810/- at discount of ₹ 86/- per equity share;
- Pursuant to the IPO as aforesaid, 2,23,26,005 equity shares of 10/- each of the Company were listed at BSE Limited and National Stock Exchange of India Limited on August 01, 2016.

Place : Mumbai

Date : 28.06.2017

SHIV HARI JALAN
COMPANY SECRETARY
FCS. No. : 5703
C.P.No. : 4226

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.

**SHIV HARI JALAN
B.COM., F.C.A., F.C.S.
COMPANY SECRETARY**

1055, Level 10, Hubtown Solaris, N. S. Phadke Mark, Andheri East West Flyover, Andheri (East), Mumbai- 400 069,
Telephone: 22075834, 22075835, 26836215, Mobile: 9869035834.Email:shivharijalancs@gmail.com

To,
The Members,
Advanced Enzyme Technologies Limited
Sun Magnectica, 5th Floor,
Near LIC Service Road, LouisWadi,
Thane – 400604.

My Report of even date is to be read along with this letter (Annexure 'A')

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 : 28.06.2017

**SHIV HARI JALAN
COMPANY SECRETARY
FCS. No. : 5703
C.P.No. : 4226**

DISCLOSURE IN DIRECTORS' 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			
1	The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year	Name of the Director	Remuneration(₹)	Ratio	
		Mr. Chandrakant L. Rathi	17,691,469	41.60	
		Mr. Vasant L. Rathi	3,327,222	7.82	
		Mrs. Savita C. Rathi	5,666,054	13.32	
		Mr. Mukund M. Kabra	14,792,198	34.78	
		1. The median remuneration of employees of the Company was ₹ 4,25,312			
		2. The Commission paid to Directors is also included in the total Remuneration			
3. Figures have been rounded off wherever necessary.					
2	The percentage increase in remuneration of each director, Chief Financial Officer and Company Secretary in the financial year	Mr. Vasant L. Rathi	Chairman	61.00%	
		Mr. Chandrakant L. Rathi	Managing Director	30.80%	
		Mrs. Savita C. Rathi	Whole-time Director	11.24%	
		Mr. Mukund M. Kabra	Whole-time Director	26.14%	
		Mr. Beni Prasad Rauka	Chief Financial Officer	12.73%	
		Mr. Sanjay Basantani*	Company's Secretary (Appointed on February 14, 2017)	NA	
3	The percentage increase in the median remuneration of employees in the financial year:	During Financial Year 2016-2017, the percentage increase in the median remuneration of employees as compared to previous year was approximately 19.22%.			
4	The number of permanent employees on the rolls of company (As on March 31, 2017)	308			

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.	<p>Average increase in remuneration is 13.30% for employees other than Managerial Personnel and 18.45% for Managerial Personnel.</p> <p>Consolidated : Income from Sales of the Company during the financial year grew from ₹ 2,937.62 Million to ₹ 3,313.59 Million (an increase of 12.80%) and Net Profit of the Company during the financial year grew from ₹ 767.47 Million to ₹ 923.62 Million (before Minority Interest) (an increase of 20.35%). EBIDTA of the Company grew from ₹ 1,388.52 Million to ₹ 1,529.66 Million (an increase of 10.17%) and EPS of the Company grew from ₹ 34.85/- to ₹ 40.95/-.</p> <p>Standalone : Income from Sales of the Company during the financial year grew from ₹ 1,391.41 Million to ₹ 1,738.03 Million (an increase of 24.91%) and Net Profit of the Company during the financial year grew from ₹ 208.94 Million to ₹ 335.32 Million (an increase of 60.48%). EBIDTA of the Company grew from ₹ 372.25 Million to ₹ 532.24 Million (an increase of 42.90%) and EPS of the Company grew from ₹ 9.60/- to ₹ 15.15/-.</p>
6	Affirmation that the remuneration is as per the remuneration policy of the Company	Pursuant to 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.
<p>1. The expression “median” means the numerical value separating the higher half of a population from the lower half and the median of a finite list of numbers may be found by arranging all the observations from lowest value to highest value and picking the middle one; if there is an even number of observations, the median shall be the average of the two middle values.</p>		
<p>2. Profit of the Company is calculated as per Section 198 of the Companies Act, 2013.</p>		
<p>3. Managerial Personnel includes Managing Director and Whole-time Director.</p>		

INDEPENDENT AUDITORS' REPORT

To the Members of

Advanced Enzyme Technologies Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Advanced Enzyme Technologies Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year ended on that date, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134 (5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, the financial performance 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, read with Rule 7 of the Companies (Accounts) Rules, 2014.

This responsibility also includes 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 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 statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143 (10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Board of Directors, as well as evaluating the overall presentation of the standalone financial statements.

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

Opinion

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 Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the financial position of the Company as at 31 March 2017, and its profits and cash flows for the year ended on that date.

Other Matter

The standalone financial statements of the Company for the year ended 31 March 2016 have been audited by predecessor auditor, who expressed an unmodified opinion on those standalone financial statements on 27 June 2016.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. 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.
 - (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 and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards prescribed 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 31 March 2017, taken on record by the Board of Directors, none of the directors are disqualified as on 31 March 2017, 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 over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure B; and
 - (g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 21(a) 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 during the year ended 31 March 2017.
 - iv. The Company has provided requisite disclosures in its standalone financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016. Based on the audit procedures performed and relying on management representations we report that the disclosures made by the Company are in accordance with the books of account maintained by the Company – Refer Note 46 to the standalone financial statements.

For B S R & Co. LLP

Chartered Accountants

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

Sadashiv Shetty

Partner

Membership No: 048648

Mumbai
27 May 2017

Annexure A to the Independent Auditors' Report – 31 March 2017

(Referred to in our report of even date)

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a regular programme of physical verification of its fixed assets (property, plant and equipment) by which all fixed assets (property, plant and equipment) are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this programme, certain fixed assets (property, plant and equipment) were verified during the year. The discrepancies noticed on such verification were not material and have been appropriately dealt with in the books of account.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties as disclosed in Note 12 to the standalone financial statements are held in the name of the Company except in respect of the lease for the Company's land at Jalna, Maharashtra with Maharashtra Industrial Development Corporation (gross block: ₹ 12.57 million and net block ₹ 12.57 million included under assets held for sale under note 20), for which the Company is in the process of executing a formal lease deed.
- ii. The inventory, except goods-in-transit and stocks lying with third parties, has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. For stocks lying with third parties at the year-end, written confirmations have been obtained. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013 ("the Act"). Accordingly, paragraphs 3 (iii) (a), (b) and (c) of the Order are not applicable to the Company
- iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of 186 of the Act with respect to unsecured loans given to a subsidiary and investments made in subsidiaries. The Company has not given any loan under Section 185 of the Act. The Company has not given any guarantee or provided any security under Sections 185 and 186 of the Act.
- v. In our opinion and according to the information and explanations given to us, the Company has not accepted deposits as per the directives issued by the Reserve Bank of India under the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, paragraph 3 (v) of the Order is not applicable to the Company.
- vi. We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 148 (1) of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.
- vii. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Service tax, Duty of Customs, Duty of Excise, Value added tax, Cess and other material statutory dues have been generally regularly deposited during the year by the Company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Service tax, Duty of Customs, Duty of Excise, Value added tax, Cess and other material statutory dues were in arrears as at 31 March 2017 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues of Income-tax, Sales-tax, Service tax, Duty of Customs, Duty of Excise and Value added tax which have not been deposited with the appropriate authorities on account of any dispute other than those mentioned in the Appendix to this report.
- viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in

Annexure A to the Independent Auditors' Report – 31 March 2017 (Continued)

repayment of dues to financial institutions or banks. The Company does not have any loans or borrowings from government or dues to debenture holders during the year.

- ix. The Company has raised money by way of Initial Public Offering (IPO) during the year. The total money raised aggregating to ₹ 499.99 million have been utilised for the purpose for which it was received (refer note 5 to the standalone financial statements). In our opinion and according to the information and explanations given to us, the term loans taken by the Company have been applied for the purpose for which they were raised.
- x. According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- xi. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3 (xii) of the Order is 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 financial statements as required by the applicable accounting standards.
- xiv. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3 (xiv) of the Order is not applicable to the Company.
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3 (xv) of the Order is not applicable to the Company.
- xvi. According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3 (xvi) of the Order is not applicable to the Company.

For B S R & Co. LLP

Chartered Accountants

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

Sadashiv Shetty

Partner

Membership No: 048648

Mumbai
27 May 2017

ADVANCED ENZYME TECHNOLOGIES LIMITED

Appendix as referred to in paragraph (vii)(b) of the Annexure A to the Independent Auditors' Report – 31 March 2017

Name of the statute	Nature of dues	Amount (₹ in million)	Amount paid under protest (₹ in million)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax	0.40	-	AY 2004-05	Bombay High Court
Income Tax Act, 1961	Income Tax	48.36	39.50	AY 2010-11	Income Tax Appellate Tribunal, Mumbai
Income Tax Act, 1961	Income Tax	57.38	8.57	AY 2011-12	Income Tax Appellate Tribunal, Mumbai
Income Tax Act, 1961	Income Tax	29.36	4.41	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	10.65	July 2010 to January 2015	Customs, Excise and Service Tax Appellate Tribunal, West Zone
Central Excise Act, 1944 read with Cenvat Credit Rules, 2004	Excise Duty, Interest and Penalty	1.96	0.49	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
Finance Act, 1944	Service Tax	7.51	-	June 2012 to March 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

(AY = Assessment Year)

ADVANCED ENZYME TECHNOLOGIES LIMITED

Annexure B to the Independent Auditors' Report – 31 March 2017

(Referred to in our report of even date)

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Advanced Enzyme Technologies Limited ("the Company") as of 31 March 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

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 over financial reporting 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'). 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 over financial reporting 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") 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, both applicable to an audit of Internal Financial Controls and, both issued by ICAI. 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 over financial reporting 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 system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 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 system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Annexure B to the Independent Auditors' Report – 31 March 2017 (continued)
Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting 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 ICAI.

For B S R & Co. LLP

Chartered Accountants

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

Sadashiv Shetty

Partner

Membership No: 048648

Mumbai
27 May 2017

Standalone Balance Sheet as at 31 March 2017

₹ in million

	Note	As at 31 March 2017	As at 31 March 2016
Equity and liabilities			
Shareholders' funds			
Share capital	5	223.26	217.66
Reserves and surplus	6	2,327.80	1,524.35
		2,551.06	1,742.01
Non-current liabilities			
Long-term borrowings	7	121.35	156.01
Deferred tax liabilities (net)	8	153.02	157.59
Long-term provisions	9	6.99	1.75
		281.36	315.35
Current liabilities			
Short-term borrowings	7	211.33	294.52
Trade payables	10		
total outstanding dues to micro and small enterprises		1.86	1.82
total outstanding dues to others		82.95	88.05
Other current liabilities	11	159.51	149.54
Short-term provisions	9	16.55	14.50
		472.20	548.43
Total		3,304.62	2,605.79
Assets			
Non-current assets			
Fixed assets			
Tangible fixed assets(Property, plant and equipment)	12	993.85	1,012.32
Intangible fixed assets	13	1.41	0.53
Capital work-in-progress	12A	14.95	18.34
Intangible fixed assets under development	13 A	65.49	50.62
Non-current investments	14	1,033.89	530.79
Long-term loans and advances	15	168.86	179.93
Other non-current assets	16	1.39	1.27
		2,279.84	1,793.80
Current assets			
Inventories	17	510.59	474.02
Trade receivables	18	314.16	227.82
Cash and bank balances	19	6.05	15.36
Short-term loans and advances	15	145.51	28.01
Other current assets	20	48.47	66.78
		1,024.78	811.99
Total		3,304.62	2,605.79
Significant accounting policies	2-4		
Notes form an integral part of these standalone financial statements	(5-49)		

As per our report of even date attached.

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

Chartered Accountants

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

Sadashiv Shetty

Partner

Membership No: 048648

Place: Mumbai

Date: 27 May 2017

For and on behalf of Board of Directors of

Advanced Enzyme Technologies Limited

CIN No: L24200MH1989PLC051018

Chandrakant. L. Rathi

Managing Director

DIN : 00365691

Sanjay Basantani

Company Secretary

Membership No: A19637

Kedar Desai

Director

DIN : 00322581

Beni. P. Rauka

Chief Financial Officer

Membership No: 39980

Rupa R. Vora

Director

DIN : 01831916

Place:Thane

Date: 27 May 2017

Standalone Statement of Profit and Loss for the year ended 31 March 2017

₹ in million

	Note	Year ended 31 March 2017	Year ended 31 March 2016
Revenue			
Revenue from operations (gross)	22	1,836.89	1,485.32
Less : Excise duty	22	98.86	93.91
Revenue from operations (net)		1,738.03	1,391.41
Other income	23	61.19	9.28
Total revenue		1,799.22	1,400.69
Expenses			
Cost of materials consumed	24	636.50	496.89
Changes in inventories of finished goods and work-in-progress	25	(30.94)	(56.98)
Employee benefit expense	26	280.56	243.43
Finance costs	27	27.48	43.71
Depreciation and amortization expense	28	83.74	73.85
Other expenses	29	380.87	344.90
Total expenses		1,378.21	1,145.80
Profit before tax		421.01	254.89
Tax expense			
Current tax		84.55	54.59
Minimum Alternate Tax (MAT) credit entitlement		(0.90)	(18.53)
Deferred tax (credit)/ charge		(4.57)	9.89
Tax adjustment for earlier years		6.61	-
Total tax expense		85.69	45.95
Profit after tax		335.32	208.94
Earnings per equity share in Rs. (Face value per share ₹ 10 each)	30		
Basic		15.15	9.60
Diluted		15.14	9.60
Significant accounting policies	2-4 5-49		

Notes form an integral part of these standalone financial statements

As per our report of even date attached.

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

Chartered Accountants

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

For and on behalf of Board of Directors of

Advanced Enzyme Technologies Limited

CIN No: L24200MH1989PLC051018

Sadashiv Shetty

Partner

Membership No: 048648

Chandrakant. L. Rathi

Managing Director

DIN : 00365691

Kedar Desai

Director

DIN : 00322581

Rupa R. Vora

Director

DIN : 01831916

Place: Mumbai

Date: 27 May 2017

Sanjay Basantani

Company Secretary

Membership No: A19637

Beni. P. Rauka

Chief Financial Officer

Membership No: 39980

Place: Thane

Date: 27 May 2017

Standalone Cash flow statement for the year ended 31 March 2017

₹ in million

	Year ended 31 March 2017	Year ended 31 March 2016
A. Cash flows from operating activities		
Profit before tax	421.01	254.89
Adjustments for non-cash transactions		
Depreciation and amortization expense	83.74	73.85
Fixed assets written off	5.02	-
(Profit)/ Loss on sale of fixed assets	(0.18)	0.08
Bad and doubtful trade receivables written off	3.79	3.59
Advances written off	-	5.07
Provision for doubtful trade receivables written back	(1.26)	-
Employee stock compensation expense	3.05	-
Sundry balances written off/ (back) (net)	(4.31)	(0.95)
Unrealized foreign exchange loss	(0.77)	(2.09)
	510.09	334.44
Items considered separately		
Interest income	(13.57)	(1.92)
Interest expenses	27.20	36.66
Dividend income	(33.00)	(2.40)
	490.72	366.78
Operating profit before working capital changes		
Increase in other current liabilities and provisions	29.32	18.15
Increase / (decrease) in trade payables	(3.88)	14.94
(Increase) in inventories	(36.57)	(80.23)
(Increase) / decrease in trade receivables	(90.33)	13.92
(Increase) in short-term loans and advances	(95.64)	(2.67)
Decrease in long-term loans and advances	2.34	16.02
Decrease / (increase) in other current assets	18.28	(66.45)
Cash generated from operating activities	314.24	280.48
Income taxes paid	(100.53)	(57.19)
Net cash generated from operating activities	213.69	223.29
B. Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(90.19)	(14.81)
Proceeds from sale of tangible assets	0.41	0.31
Purchase of non-current investments	(498.10)	(257.57)
Interest received	13.60	4.45
Dividend received	33.00	2.40
(Increase)/Decrease in bank deposits with maturity more than 3 months but less than 12 months	(2.21)	0.80
(Increase) in bank deposits with maturity of more than 12 months	(0.12)	(0.90)
Net cash (used in) investing activities	(543.61)	(265.32)
C. Cash flows from financing activities		
Proceeds from issue of share capital (net of share issue expenses)	470.68	-
(Repayment of)/ proceeds from long-term borrowings (net)	(30.76)	35.24
(Repayment of)/ proceeds from short-term borrowings (net)	(81.33)	72.96
Interest paid	(27.13)	(35.41)
Dividends paid (including dividend tax)	(3.97)	(33.83)
Net cash generated from financing activities	327.49	38.96
Net (decrease) / increase in cash and cash equivalents (A+B+C)	(2.44)	(3.07)
Cash and cash equivalents as at the beginning of the year	5.18	8.25
Cash and cash equivalents as at the end of the year*	2.74	5.18
* Composition of cash and cash equivalents		
Cash in hand	0.31	0.53
Balance with banks :		
Current account	2.18	2.17
Fixed deposit account (with maturity less than 3 months)	0.25	2.48
	2.74	5.18

Notes to the standalone cash flow statement

- 1) The cash flow statement has been prepared under indirect method as set out in Accounting Standard 3, 'Cash Flow Statement' as notified by the Central Government under the Companies Act, 2013.

As per our report of even date attached.

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

Chartered Accountants

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

Sadashiv Shetty

Partner

Membership No: 048648

Place : Mumbai

Date: 27 May 2017

For and on behalf of Board of Directors of

Advanced Enzyme Technologies Limited

CIN No: L24200MH1989PLC051018

Chandrakant. L. Rathi

Managing Director

DIN : 00365691

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Company Secretary

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Director

DIN : 00322581

Beni. P. Rauka

Chief Financial Officer

Membership No: 39980

Rupa R. Vora

Director

DIN : 01831916

Place : Thane

Date : 27 May, 2017

Notes to the Standalone Financial Statements for the year ended 31 March 2017

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 developing 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 'Standalone Financial Statements' (hereinafter referred to as the, 'Financial Statements'), which have been prepared and presented under the historical cost convention on the accrual basis of accounting, are in accordance with the requirements of the Companies Act, 2013 ('the Act') and comply in all material aspects with the applicable Accounting Standards specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) rule, 2014 and also comply with the revised accounting standards notified by Companies (Accounting Standard) Amendment Rules, 2016 on 30 March 2016.

3 Use of estimates

The preparation of financial statements in conformity with the generally accepted accounting principles requires the management to make estimates and assumption that affect the reported amounts of assets and liabilities, revenue and expenses and disclosure of contingent liabilities. The estimates and assumptions used in accompanying 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 financial statements and reviewed on an ongoing basis. Any revision to accounting estimates is recognized prospectively in current and future periods.

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 it is probable that economic benefits will flow to the Company and the revenue can be reliably measured.
- ii. Revenue from sale of goods is recognized ,when all significant contractual obligations have been satisfied, the property in the goods is transferred for a price, significant risks and rewards of ownership are transferred to the customer/agent and no effective ownership is retained. Sales are inclusive of excise duty and net of sales tax and discounts.
- iii. Income from services rendered is recognized based on agreements with the customers using the proportionate completion method, when services are performed and no significant uncertainty exists regarding the amount of the consideration that will be derived from rendering of service. Income is recognized net of service tax, as applicable.
- iv. Export incentives pursuant to the Duty Drawback Scheme are accounted on an accrual basis, to the extent it is probable that realization is certain.
- v. Interest income is recognized on a time proportionate basis, taking into account the amount outstanding and the rates applicable.
- vi. Dividend income is recognized when the Company's right to receive dividend is established by the reporting date.

b. Fixed assets, depreciation and amortization

- i. Fixed assets, both tangible (Property, Plant and Equipment) and intangible are stated at cost of acquisition/construction less accumulated depreciation and amortisation and accumulated impairment losses, if any. Cost includes taxes, duties, freight and other incidental expenses directly related to acquisition/construction and installation of the assets. Any trade discounts and rebates are deducted in arriving the purchase price. Interest on borrowings to finance acquisition of fixed assets during qualifying period is capitalized.

Notes to the Standalone Financial Statements for the year ended 31 March 2017
4 Significant Accounting Policies (Continued)

b. Fixed assets, depreciation and amortization (Continued)

- ii. Subsequent expenditure related to an item of fixed asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.
- iii. Leasehold improvements represent expenses incurred towards civil work and interior furnishings on the leased premises.
- iv. Capital work-in-progress includes fixed assets not ready for their intended use and related incidental expenses and attributable interest.
- v. 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 for registration are grouped under "Intangible assets under development" to the extent such expenditure meet the criteria of intangible asset as defined in Accounting Standard (AS) 26.
- vi. The Company has reviewed its policy for providing depreciation on its tangible fixed 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 indicated in Part C of Schedule II of the Act, for all classes of tangible assets (property, plant and equipment). The estimated useful life of assets are as follows:

Building	30-60 Years
Plant and equipment	10-15 Years
Furniture and fixtures	10 Years
Vehicles	8 Years
Office equipment	5 Years
Computer and data processing equipment	3 Years

Depreciation on tangible fixed assets (property, plant and equipment) 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.

- vii. Leasehold improvements and leasehold land are amortized over the unexpired primary period of lease except for lease hold land acquired under perpetual lease.
- viii. Intangible fixed assets that are ready for use are amortized on a straight line basis over a period of four years.
- ix. Items of fixed assets that are held for disposal are stated at the lower of their net book value and net realizable value and are shown separately under other current assets in the financial statements. Any expected loss is recognized immediately in the Statement of Profit and Loss.
- x. A fixed 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 fixed assets carried at cost are recognised in the Statement of Profit and Loss.

C. Investments

Investments that are readily realizable and intended to be held for not more than a year from the date of acquisition are classified as current investments. All other investments are classified as long-term investments. Long-term investments are carried at cost less any other-than temporary diminution in value. Current investments are valued at lower of cost and net realizable value. Any reduction in the carrying amount and any reversals of such reductions are charged or credited to the Statement of Profit and Loss.

d. Foreign currency transactions

- i. Initial Recognition- Transactions denominated in foreign currencies are recorded at the rates of exchange prevailing on the date of the transaction.
- ii. Conversion- Monetary assets and liabilities denominated in foreign currency are converted at the rate of exchange prevailing on the date of the Balance sheet. Non-monetary assets and liabilities denominated in foreign currency are reported at the rate of exchange prevailing on the date of transaction.
- iii. Exchange differences- All exchange differences arising on settlement/conversion on foreign currency transactions are included in the Statement of Profit and Loss .

Notes to the Standalone Financial Statements for the year ended 31 March 2017

4 Significant Accounting Policies (Continued)

e. 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 Outstanding". 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."

f. Impairment of assets

In accordance with Accounting Standard 28 on 'Impairment of assets', the Company assesses at each balance sheet date, whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. The recoverable amount of the assets (or where applicable that of the cash generating unit to which the asset belongs) is estimated as the higher of its net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of the assets and from its disposal at the end of its useful life. An impairment loss is recognized whenever the carrying amount of an asset or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment loss is recognized in the Statement of Profit and Loss or against revaluation surplus, where applicable. If at the balance sheet date, there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is re-assessed and the asset is reflected at the recoverable amount subject to a maximum of the depreciated historical cost.

g. Inventories

- i. Inventories 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 first-in-first-out basis except for stock of not ordinarily interchangeable raw materials, which are determined on their specific individual costs. Cost of finished goods and stock in process is determined by considering materials, labour costs, conversion costs, including an appropriate share of fixed production overheads based on normal operating capacity and other related costs incurred in bringing the inventories to their present condition and location. Cost of finished goods and stock in process is determined on weighted average cost method.

h. Employee benefits

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

ii. 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.

Notes to the Standalone Financial Statements for the year ended 31 March 2017

4 Significant Accounting Policies (Continued)

iii. 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. Actuarial gains and losses are recognized in the Statement of Profit and Loss account in the year of occurrence of such gains and losses. 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.

i. Income taxes

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

Current tax

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

Deferred tax

Deferred tax is recognized on timing differences, being the difference between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. If the Company has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognized only if there is a virtual certainty supported by convincing evidence that such deferred tax assets can be realized against future taxable profits.

At each balance sheet date the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realized.

Minimum Alternate Tax

Minimum Alternate Tax (MAT) under the provision of Income Tax Act, 1961 is recognized as current tax in the Statement of Profit and Loss. The credit available under the Act in respect of MAT paid is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the period for which the MAT credit can be carried forward for set off against the normal tax liability. MAT credit recognised as an asset is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

j. Borrowing costs

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

Notes to the Standalone Financial Statements for the year ended 31 March 2017
4 Significant Accounting Policies (Continued)

k. Research and development costs

Research and development costs incurred for development of products are expensed as incurred, except for development costs that relate to the design and testing of new or improved materials, products or processes, which are recognized as an intangible asset to the extent that it is technically feasible to complete the development of such asset and future economic benefits are expected to be generated from such assets.

l. Provisions and contingencies

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources embodying economic benefits and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. 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.

m. Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognized as an expense in the Statement of Profit and Loss on straight line basis over the primary period of lease in accordance with the respective lease agreements.

Lease under which the Company assumes substantially all the risk and rewards of ownership are classified as finance leases. Assets taken on finance lease are initially capitalized at fair value of the asset i.e., the premium paid at the inception of the lease. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to periods during the lease terms so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

n. 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.

o. 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.

5	Share capital	As at 31 March 2017		As at 31 March 2016	
		Number	₹ in million	Number	₹ in million
	Authorized Equity shares of ₹ 10 each	3,50,00,000	350.00	3,50,00,000	350.00
		3,50,00,000	350.00	3,50,00,000	350.00
	Issued, subscribed and fully paid up Equity shares of ₹ 10 each	2,23,26,005	223.26	2,17,65,600	217.66
	Total	2,23,26,005	223.26	2,17,65,600	217.66
	a) Reconciliation of Equity share capital				
	Balance at the beginning of the year Add : Issued during the year	2,17,65,600 5,60,405	217.66 5.60	2,17,65,600 -	217.66 -
	Balance at the end of the year	2,23,26,005	223.26	2,23,26,005	217.66

Notes to the Standalone Financial Statements for the year ended 31 March 2017
5 Share Capital (Continued)

	As at 31 March 2017		As at 31 March 2016	
	Number	% of holding	Number	% of holding
b) Shareholders holding more than 5% of the shares				
<u>Equity shares of Rs.10 each</u>				
Mr. Vasant L. Rathi	57,80,900	25.89%	82,80,900	38.05%
Chandrakant Rathi Innovations and Projects Private limited (formerly known as Chandrakant Rathi Finance and Investment Company Private Limited)	46,99,278	21.05%	42,95,400	19.73%
Atharva Green ecotech LLP (formerly known as Atharva Capital Ventures Private Limited)	24,92,940	11.17%	24,92,940	11.45%
Vasant and Prabha Rathi Generation Trust	10,00,000	4.48%	15,00,000	6.89%
	1,39,73,118	62.59%	1,65,69,240	76.12%

c) Rights, preferences and restrictions attached to equity shares

The Company has only one class of equity share having a par value of ₹ 10/- 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 AGM except interim dividend.

d) Shares reserved for issue under options

The Company had reserved issuance of 44,000 (Previous year Nil) Equity shares of ₹ 10/- each 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. (Also, refer note 40)

e) Subdivision of shares

The Shareholders vide a special resolution has approved sub division of shares of the Company in the ratio of 5 shares of face value of ₹ 2/- each for every existing 1 share of the face value of ₹ 10/- each through postal ballot. The requisite approvals for modification of the Memorandum and Articles of Association of the Company had been accorded by the shareholders on 4 May 2017.

f) Initial public offering

The Company had made an Initial Public Offer (IPO) of 4,594,875 Equity shares of ₹ 10/- each at an issue price of ₹ 896/- per Equity share (₹ 810/- per Equity share for eligible employees), consisting of fresh issue of 560,405 Equity shares and an Offer for Sale of 4,034,470 Equity shares by Selling Shareholders.

g) Utilization of IPO proceeds

From the total proceeds of ₹ 4,114.88 million through an IPO, the Company received proceeds of ₹ 499.99 million towards fresh issue of 560,405 equity shares of ₹ 10/- each fully paid up at a premium of ₹ 886/- per share for 535,714 equity shares and ₹ 800/- per share for 24,691 equity shares , net of ₹ 3,614.89 million attributed to the selling shareholders towards 4,034,470 equity shares of ₹ 10/- each fully paid up at a premium of ₹ 886/- per share offered by them for sale.

Details of utilization of IPO proceeds, of ₹ 499.99 million by the Company are as follows:

Particulars	As per prospectus	Utilized upto 31 march2017	Utilized amount as at 31 march2016
Investment in Advanced Enzymes USA, Inc., the wholly owned subsidiary for repayment / pre-payment of certain loans availed by Advanced Enzymes USA, Inc.	400.00	400.00	-
General corporate purposes	71.98	70.67	1.31
Share issue expenses	28.01	29.32	(1.31)
Total	499.99	499.99	-

Notes to the Standalone Financial Statements for the year ended 31 March 2017

6 Reserves and surplus

	As at 31 March 2017 ₹ in million	As at 31 March 2016 ₹ in million
Capital reserve	3.00	3.00
Securities premium account		
Balance at the beginning of the year	289.63	289.63
Add : Premium on issue of new shares	494.40	-
Less : Utilization towards share issue expenses (refer Note 20)	(29.32)	-
Balance at the end of the year	754.71	289.63
Employee stock option account		
Balance at the beginning of the year	-	-
Add : Options granted during the year (refer note 40)	3.05	-
Less : Exercised during the year	-	-
Less: Lapsed during the year	-	-
Balance at the end of the year	3.05	-
General reserve	32.53	32.53
Surplus in the Statement of Profit and Loss		
Balance at the beginning of the year	1,199.19	1,015.99
Add : Transferred from Statement of Profit and Loss	335.32	208.94
Less : Interim dividend	-	(21.77)
Less : Tax on dividends distributed during the year	-	(3.97)
Balance at the end of the year	1,534.51	1,199.19
	2,327.80	1,524.35

7 Borrowings

	As at 31 March 2017		As at 31 March 2016	
	Long-term ₹ in million	Short-term ₹ in million	Long-term ₹ in million	Short-term ₹ in million
Secured				
Term loans				
From banks	80.00	-	110.00	-
Vehicle loans	8.20	-	3.75	-
Loans repayable on demand				
From banks in foreign currency	-	65.96	-	53.61
From banks in rupees	-	145.37	-	240.91
	88.20	211.33	113.75	294.52
Unsecured				
Deferred sales tax payment liabilities	33.15	-	42.26	-
	33.15	-	42.26	-
	121.35	211.33	156.01	294.52

a) Details of guarantee for each type of borrowing

	As at 31 March 2017		As at 31 March 2016	
	Long-term ₹ in million	Short-term ₹ in million	Long-term ₹ in million	Short-term ₹ in million
Guaranteed by the Managing Director				
Term loans				
From banks (including current maturities)	110.00	-	140.00	-
Loans repayable on demand				
From banks	-	211.33	-	294.52

b) Details of security for each type of borrowing as at 31 March 2017

- i Term loans from banks are secured by (i) hypothecation charge of present and future movable and immovable fixed assets of the Company; and (ii) first pari-passu charge by way of equitable/ registered mortgage on all the present and future land and building (immovable properties) of the Company.
- ii Vehicle loans availed from four banks and two financial institutions are secured by charge on vehicles as specified in their respective loan agreements.
- iii 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.

c) Terms of repayment of term loans and other loans

Term loan from banks

Term loan from bank carries an interest rate of base rate + 1% (amounts to 10.50% both for the current and previous year) and from date of borrowing it is payable in 60 equal monthly installments of ₹ 2.5 million each along with interest upto 9 November 2020.

Vehicle Loans

Interest rate	No. of installments	Date of last installment	Amount of installment ₹ in million	Outstanding as at 31 March 2017 ₹ in million	Outstanding as at 31 March 2016 ₹ in million
11.60%	60	3 August 2018	0.01	0.07	0.22
10.59%	60	15 October 2018	0.02	0.18	0.42
10.50%	60	7-Nov-19	0.02	0.27	0.42
10.15%	60	7 November 2019	0.03	0.72	1.03
10.14%	60	15 March 2020	0.03	0.63	0.91
9.90%	60	7 November 2019	0.01	0.22	0.30
9.75%	60	7 November 2020	0.01	0.34	0.45
9.32%	59	1 August 2021	0.04	1.36	0.00
9.16%	60	7 April 2021	0.09	3.01	0.00
8.35%	60	5 March 2022	0.03	1.40	0.00

Loan repayable on demand

- i Cash Credit from bank for ₹ 95.37 million (Previous Year ₹ 165.90 million) carries an interest rate of 9% to 12%.
- ii Packing credit foreign currency loan from bank for ₹ 65.96 million (Previous Year ₹ 53.61 million) carries an interest rate of Libor+80 bps (previous year Libor+125 to 200 bps)
- iii Working capital demand loan from bank for ₹ 50.00 million (Previous Year ₹ 75.00 million) carries an interest rate of 8.20% p.a. (previous year 9.60% p.a.)

7 Borrowings (Continued)

c) Terms of repayment of term loans and other loans (Continued)

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.

8 Deferred tax liabilities (net)

	As at 31 March 2017 ₹ in million	As at 31 March 2016 ₹ in million
Deferred tax liabilities		
Excess of depreciation/amortization on fixed assets under income-tax law over depreciation/amortization provided in accounts	163.47	164.45
	163.47	164.45
Deferred tax assets		
Provision for employee benefits	5.18	4.97
Others	5.27	1.89
	10.45	6.86
	153.02	157.59

9 Provisions

	As at 31 March 2017		As at 31 March 2016	
	Long-term ₹ in million	Short-term ₹ in million	Long-term ₹ in million	Short-term ₹ in million
Provisions for employee benefits				
Compensated absences (Also, refer note (a) below)	-	4.16	-	2.44
Gratuity (Also, refer note (a) below)	6.99	3.82	1.75	2.70
Dividend Distribution tax	-	-	-	3.97
Provision for sales return (Also, refer note (c) below)	-	8.15	-	-
Provision for taxation (net of advance tax)	-	0.42	-	5.39
	6.99	16.55	1.75	14.50

Notes:

a) Employee benefits

The Company provides for gratuity benefit and compensated absences, which are defined benefit plans, covering all its eligible employees. The Company 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 following table set out the status of the gratuity and compensated absences plan as required under Accounting Standard (AS)- 15- Employee benefits and the reconciliation of opening and closing balances of the present value of the defined benefit obligation.

9. Provisions (Continued)

a) Employee benefits (Continued)

	As at 31 March 2017		As at 31 March 2016	
	Gratuity ₹ in million	Compensated absences ₹ in million	Gratuity ₹ in million	Compensated absences ₹ in million
Reconciliation of defined benefit obligation				
Projected benefit obligation at the beginning of the year	30.16	10.11	22.71	7.83
Service cost	2.70	2.83	2.15	2.27
Interest cost	2.27	0.71	1.73	0.55
Actuarial loss/(gain)	7.59	0.78	7.31	(0.06)
Past service cost	2.45	-	-	-
Benefits paid	(0.94)	(0.25)	(3.74)	(0.48)
Projected benefit obligation at the end of the year	44.23	14.18	30.16	10.11
Reconciliation of fair value of plan assets				
Plan assets at the beginning of the year	25.71	9.53	22.73	8.60
Expenses deducted from the fund	(0.18)	(0.08)	(0.15)	(0.06)
Expected return on plan assets	1.93	0.77	2.05	0.72
Actuarial gain/(loss)	0.63	0.15	(0.04)	0.02
Employer contributions	6.27	1.92	1.83	0.25
Benefits paid	(0.94)	-	(0.71)	-
Plan assets at the end of the year	33.42	12.29	25.71	9.53
Reconciliation of present value of obligation and the fair value of plan assets				
Present value of projected benefit obligation at the end of the year	44.23	14.18	30.16	10.11
Plan assets at the end of the year	33.42	12.29	25.71	9.53
Liability / (asset) recognized in the balance sheet	10.81	1.89	4.45	0.58
Classification of liability recognized				
Non-current	6.99	-	1.75	-
Current	3.82	1.89	2.70	0.58
	10.81	1.89	4.45	0.58
Net cost recognized in Statement of Profit and Loss				
Current service cost	2.70	2.83	2.15	2.27
Interest on obligation	2.27	0.71	1.73	0.55
Expected (returns)/ loss on plan assets	(1.93)	(0.77)	(2.05)	(0.72)
Net actuarial loss/(gain)	6.96	0.63	7.35	(0.08)
Past service cost	2.45	-	-	-
Expenses deducted from the fund	0.18	0.08	0.15	0.06
	12.63	3.48	9.33	2.08

Note: The above expenses have been recognized under note 26

9. Provisions (Continued)

a) Employee benefits (Continued)

(₹ in million)

As at 31 March					
	March 17	March 16	March 15	March 14	March 13
Table of experience adjustments (gratuity)					
Defined benefit obligation	44.23	30.16	22.71	18.29	16.16
Plan assets	33.42	25.71	22.73	22.33	16.74
Surplus/ (deficit)	(10.81)	(4.45)	0.02	4.04	0.58
Experience adjustment on plan liabilities	0.95	7.17	(5.20)	1.03	0.33
Actuarial loss/(gain) due to change in assumptions	6.64	0.14	3.15	(1.54)	0.45
Experience adjustment on plan assets	(0.63)	0.04	(0.16)	(0.13)	(0.08)
Net actuarial loss/(gain) for the year	6.97	7.35	(2.21)	(0.64)	0.69

As at 31 March					
	March 17	March 16	March 15	March 14	March 13
Table of experience adjustments (compensated absences)					
Defined benefit obligation	14.18	10.11	7.83	6.96	5.39
Plan assets	12.28	9.53	8.60	7.71	6.23
Surplus/ (deficit)	(1.90)	(0.58)	0.77	0.75	0.84
Experience adjustment on plan liabilities	(1.08)	(0.10)	(2.03)	0.15	(0.27)
Actuarial loss/(gain) due to change in assumptions	1.85	0.03	0.78	(0.58)	0.16
Experience adjustment on plan assets	(0.15)	(0.02)	(0.03)	(1.19)	(0.04)
Net actuarial loss/(gain) for the year	0.62	(0.09)	(1.28)	(1.62)	(0.15)

	As at 31 March 2017		As at 31 March 2016	
	Gratuity	Compensated absences	Gratuity	Compensated absences
Composition of the plan assets				
Policy of insurance	100%	100%	100%	100%
Assumptions used				
Discount rate	7.15%	7.15%	7.70%	7.70%
Rate of return on plan assets	7.15%	7.15%	7.70%	7.70%
Salary Escalation	8.50%	8.50%	7.00%	7.00%
Withdrawal rates	12% at younger ages reducing to 2% at older ages		5% at younger ages reducing to 1% at older ages	
Leave availment rates	-	1% p.a.	-	1% p.a.
Retirement age	58 years		58 years	
Mortality rates	As published under the Indian assured lives mortality (2006-08) table		As published under the Indian assured lives mortality (2006-08) table	

The Company assesses these assumptions with the projected long-term plans of growth and prevalent industry standards.

	As at 31 March 2017 ₹ in million	As at 31 March 2016 ₹ in million
Compensated absences short-term obligation		
Undiscounted value (provision) of obligation at the year end	2.27	1.86
	2.27	1.86

9. Provisions (Continued)

	As at 31 March 2017 ₹ in million	As at 31 March 2016 ₹ in million
b) Charge to Statement of Profit and Loss towards contribution to:		
Superannuation	3.15	2.36
Provident fund	9.43	8.35
Employees State Insurance Corporation and labour welfare fund	0.59	0.42
Note: The above expenses have been recognized under note 26		
c) Movement in provision for sales return		
Provision at the beginning of the year	-	-
Provision created during the year	8.15	-
Provision reversed during the year	-	-
Provision at the end of the year	8.15	-

Until 31 March 2016, the Company accounted for sales returns on basis of actual returns. During the year ended 31 March 2017, in line with an opinion of Expert Advisory Committee of the Institute of Chartered Accountants of India on accounting for sales returns, the Company has revised its approach by accounting for anticipated sales returns and has recorded a cumulative provision for anticipated sales returns during the year ended 31 March, 2017, by charging it to Statement of Profit and Loss.

10 Trade payables

	As at 31 March 2017 ₹ in million	As at 31 March 2016 ₹ in million
Total outstanding dues to micro and small enterprises (refer note below)	1.86	1.82
Total outstanding dues to others (refer note 32)	82.95	88.05
Note:	84.81	89.87
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	1.86	1.82
Interest due thereon	0.02	-
Interest paid by the Company in terms of Section 16 of MSMED Act, 2006, along with the amount of the payment made to the suppliers and service providers beyond the appointed day during the year	-	-
Interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006	-	-
Interest accrued and remaining unpaid as at balance sheet date	0.02	-
Further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006.	-	-

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 2017 has been made in the standalone financials statements based on information received and available with the Company.

11 Other current liabilities

	As at 31 March 2017 ₹ in million	As at 31 March 2016 ₹ in million
Current maturities of long-term borrowings (refer note 7)		
- From banks	30.00	30.00
- Vehicle loans	2.68	1.28
- Deferred sales tax payment liabilities	10.08	7.58
Interest due but not paid	-	1.25
Interest accrued but not due	1.32	-
Unpaid dividends (refer note below)	1.07	0.51
Interim dividend payable	-	9.64
Statutory dues		
Provident fund payable	1.43	1.27
Employees' State Insurance Scheme contribution payable	0.04	0.01
Other dues payable	4.05	3.35
Payable for purchase of fixed assets	4.95	7.94
Advances and security deposits from customers	4.01	9.62
Payable in respect of fixed assets held for sale	35.60	35.60
Payable in respect of investment in subsidiary	5.00	-
Employee benefits payable	35.85	28.72
Other payables	23.43	12.77
	159.51	149.54

Note

The amount due and paid during the year to "Investor Education and Protection Fund" is ₹ 0.03 million (31 March 2016 ₹ 0.03 million).

Notes to the standalone financial statements as at 31 March 2017(Continued)

(₹ in million)

12 Tangible fixed assets (Property, plant and equipment)

Gross block	Land freehold	Land leasehold	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Leasehold improvements	Computer and data processing equipment	Total
Balance as at 1 April 2015	0.90	35.22	300.27	1,228.96	33.91	23.03	17.53	11.64	13.84	1,665.30
Additions	-	-	40.99	22.49	3.73	5.20	2.92	-	2.09	77.42
Disposals	-	-	-	0.17	-	1.06	-	-	-	1.23
Other adjustments	-	-	-	-	-	-	-	-	-	-
Assets classified as held for sale (refer note 1 below)	-	12.57	35.60	-	-	-	-	-	-	48.17
Balance as at 31 March 2016	0.90	22.65	305.66	1,251.28	37.64	27.17	20.45	11.64	15.93	1,693.32
Additions	-	-	26.01	29.27	3.14	8.28	1.91	0.06	1.26	69.93
Disposals	-	-	-	-	-	2.46	0.32	-	-	2.78
Other adjustments	-	-	-	13.35	0.14	0.81	0.11	-	0.10	14.51
Retired from use and assets written off	-	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2017	0.90	22.65	331.67	1,267.20	40.64	32.18	21.93	11.70	17.09	1,745.96
Accumulated depreciation and amortization										
Balance as at 1 April 2015	-	4.98	125.76	408.27	20.96	16.22	13.87	6.98	11.11	608.15
Depreciation and amortization	-	0.51	16.35	42.24	4.10	3.51	2.47	2.35	2.16	73.69
Reversal on disposal of assets	-	-	-	-	-	0.84	-	-	-	0.84
Balance as at 31 March 2016	-	5.49	142.11	450.51	25.06	18.89	16.34	9.33	13.27	681.00
Depreciation and amortization	-	0.51	17.24	53.14	3.65	4.93	1.95	-	1.72	83.14
Reversal on disposal of assets	-	-	-	-	-	2.24	0.30	-	-	2.54
Retired from use and assets written off	-	-	-	8.47	0.14	0.73	0.09	-	0.06	9.49
Balance as at 31 March 2017	-	6.00	159.35	495.18	28.57	20.85	17.90	9.33	14.93	752.11
Net block										
Balance as at 31 March 2016	0.90	17.16	163.55	800.77	12.58	8.28	4.11	2.31	2.66	1,012.32
Balance as at 31 March 2017	0.90	16.65	172.32	772.02	12.07	11.33	4.03	2.37	2.16	993.85

Note 1 :

The Company has decided to sell the lease rights for one of its leasehold land situated at Jalna, Maharashtra. Accordingly, the cost of land and building appurtenant thereto along with the development costs has been classified as fixed assets held for sale under Other current assets in Note 20. The Company is in the process of executing a formal lease deed for the above said land with Maharashtra Industrial Development Corporation.

Notes to the standalone financial statements as at 31 March 2017(Continued)

12 Tangible fixed assets (Property, plant and equipment) (Continued)

12 A Capital work-in-progress (CWIP)

(₹ In million)

CWIP as at 1 April 2015	2.44
Addition during the year	20.85
Capitalized during the year	4.95
CWIP as at 31 March 2016	18.34
Addition during the year	39.98
Capitalized during the year	43.37
CWIP as at 31 March 2017	14.95

13 Intangible fixed assets

(₹ In million)

Gross block	Computer Software	Technical know-how	Total
Balance as at 1 April 2015	2.24	5.21	7.45
Additions	0.63	-	0.63
Disposals	-	-	-
Balance as at 31 March 2016	2.87	5.21	8.08
Additions	1.48	-	1.48
Disposals	-	-	-
Balance as at 31 March 2017	4.35	5.21	9.56
Accumulated amortization			
Balance as at 1 April 2015	2.18	5.21	7.39
Amortization	0.16	-	0.16
Balance as at 31 March 2016	2.34	5.21	7.55
Amortization	0.60	-	0.60
Balance as at 31 March 2017	2.94	5.21	8.15
Net block			
Balance as at 31 March 2016	0.53	-	0.53
Balance as at 31 March 2017	1.41	-	1.41

13 A Intangible assets under development

(₹ in million)

Balance as on 31 March 2015	38.20
Addition during the year*	12.42
Capitalized during the year	-
Balance as on 31 March 2016	50.62
Addition during the year*	14.87
Capitalized during the year	-
Balance as on 31 March 2017	65.49

*Refer note 41

Notes to the standalone financial statements as at 31 March 2017(Continued)

14 Non-current investments (Valued at cost unless stated otherwise)

	As at 31 March 2017		As at 31 March 2017	
	Non trade ₹ in million	Others ₹ in million	Non trade ₹ in million	Others ₹ in million
Investments in equity instruments (unquoted) In subsidiaries				
60,000 Equity shares (31 March 2016- 60,000) of ₹ 10 each fully paid up of Advanced Bio-Agro Tech Limited	0.60	-	0.60	-
70,000 Equity shares (31 March 2016- 70,000) of ₹ 10 each fully paid up of Advanced EnzyTech Solutions Limited	1.57	-	1.57	-
5,839 Equity shares (31 March 2016- 5,839) of USD 1,000 each fully paid up of Advanced Enzymes USA, Inc.	528.00	-	528.00	-
14,310,000 Equity shares (31 March 2016- Nil) of ₹ 10 each fully paid up of JC Biotech Private Limited (refer note 45)	503.10	-	-	-
	1,033.27	-	530.17	-
Other investments (unquoted)				
19,100 Equity shares (31 March 2016- 19,100) of ₹ 10 each fully paid up of Advanced Vital Enzymes Private Limited	0.57	-	0.57	-
1,666 Equity shares (31 March 2016- 1,666) of ₹ 30 each fully paid up of Bombay Mercantile Co-op. Bank Limited	-	0.05	-	0.05
	0.57	0.05	0.57	0.05
	1,033.84	0.05	530.74	0.05
Aggregate amount of unquoted investments	1,033.84	0.05	530.74	0.05

*Refer note 32

Notes to the standalone financial statements as at 31 March 2017(Continued)

15 Loans and advances

	As at 31 March 2017		As at 31 March 2016	
	Long-term ₹ in million	Short-term ₹ in million	Long-term ₹ in million	Short-term ₹ in million
Capital advances				
- Unsecured, considered good	4.44	-	0.12	-
- Doubtful	1.30	-	1.30	-
	5.74	-	1.42	-
Allowances for bad and doubtful advances	(1.30)	-	(1.30)	-
	4.44	-	0.12	-
Security deposits				
- Unsecured, considered good	13.87	20.57	13.23	-
	13.87	20.57	13.23	-
Other loans and advances (Unsecured, considered good)				
Loan to employees	-	0.08	-	0.10
Prepaid expenses	-	10.01	-	8.15
Advance to suppliers				
- Related parties (refer note 32)	-	47.92	-	-
- Others	-	18.92	-	4.63
Advance income tax (net of provisions)	44.92	-	33.90	-
Minimum Alternate Tax credit entitlement	105.63	18.36	129.70	-
Balance with excise authorities	-	24.07	-	8.24
Other advances	-	5.58	2.98	6.89
	150.55	124.94	166.58	28.01
	168.86	145.51	179.93	28.01

Notes to the standalone financial statements as at 31 March 2017 (Continued)

	As at 31 March 2017 ₹ in million	As at 31 March 2016 ₹ in million
16 Other non-current assets		
Non-current bank deposits (refer note 19)	1.39	1.27
	1.39	1.27
17 Inventories (valued at lower of cost and net realizable value)		
Raw materials and packing materials (including goods-in-transit of ₹ 13.08 million (31 March 2016 ₹ 16.62 million))	142.23	135.82
Work-in-progress	258.93	251.50
Finished goods (including goods-in-transit of ₹ 27.41 million (31 March 2016 ₹ 20.44 million))	68.75	46.82
Consumables and fuel	40.68	39.88
	510.59	474.02
18 Trade receivables		
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	9.05	11.14
Doubtful	1.64	2.90
	10.69	14.04
Less : Allowances for bad and doubtful debts	1.64	2.90
	9.05	11.14
Other debts		
Secured, considered good	0.18	0.18
Unsecured, considered good	304.93	216.50
	305.11	216.68
	314.16	227.82
The above balance includes amounts due by private companies in which directors are interested (Refer note 32)	7.84	6.75

Notes to the standalone financial statements as at 31 March 2017 (Continued)

	As at 31 March 2017		As at 31 March 2016	
	Current ₹ in million	Non-current ₹ in million	Current ₹ in million	Non-current ₹ in million
19 Cash and bank balances				
Cash on hand	0.31	-	0.53	-
Balances with banks				
- in current accounts	2.18	-	2.17	-
- in deposit account with maturity upto three months*	0.25	-	2.48	-
	2.74	-	5.18	-
Other bank balances				
Unpaid dividend account	1.07	-	10.15	-
Bank deposits with maturity more than three months but less than twelve months*	2.24	-	0.03	-
Bank deposits with maturity of more than twelve months	-	1.39	-	1.27
	3.31	1.39	10.18	1.27
Less : Amounts disclosed as Other non-current assets (Refer note 16)	-	1.39	-	1.27
	6.05	-	15.36	-
* includes earmarked balances for performance guarantees	2.24	-	2.11	-

Notes to the standalone financial statements as at 31 March 2017 (Continued)

20 Other current assets	As at 31 March 2017 ₹ in million	As at 31 March 2016 ₹ in million
Fixed assets held for sale (refer note 12)	48.17	48.17
Share issue expenses (refer note below)	-	18.28
Interest receivable	0.30	0.33
	48.47	66.78

Note:

The share issue expenses had been incurred by the Company in relation to its Initial Public Offer (“the Offer”) of equity shares. The Company has incurred ₹ 210.79 million (inclusive of service tax) as IPO expenses. Of the above IPO expenses certain expenses (such as legal counsel cost, listing fees and other cost) aggregating to ₹ 3.84 million are directly attributable to the Company. Remaining IPO expenses aggregating to ₹ 206.95 million, have been allocated between the Company ₹ 25.48 million and selling shareholders ₹ 181.47 million in proportion to the Equity shares allotted to the public as fresh issue by the Company and under Offer for Sale by the selling shareholders. The total amount attributable to the Company has been adjusted towards the securities premium account as permissible under Section 52 of the Companies Act, 2013, to the extent any balance is available for utilization in the securities premium account post the issue of equity shares. The share of the Selling Shareholders of such expenses has been reimbursed to the Company

21 Contingent liabilities and commitments	As at 31 March 2017 ₹ in million	As at 31 March 2016 ₹ in million
a) Contingent liabilities		
i) 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 note 15 'Loans and advances' ₹ 52.48 million (31 March 2016- ₹ 24.00 million).	135.68	170.97
ii) 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 15 'Loans and advances' ₹ 15.06 million (31 March 2016- ₹ Nil).	31.46	23.16
	167.14	194.13
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 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	12.45	4.24
- Capital (net of advances)	12.45	4.24
	179.59	198.37

Notes to the standalone financial statements for the year ended 31 March 2017 (Continued)

22 Revenue	Year ended 31 March 2017 ₹ in million	Year ended 31 March 2016 ₹ in million
Revenue from operations		
Sale of goods		
Export	627.93	471.71
Domestic	1,208.96	1,013.61
Revenue from operations (Gross)	1,836.89	1,485.32
Less : Excise duty	98.86	93.91
Revenue from operations (Net)	1,738.03	1,391.41
Details of goods sold		
- Manufactured goods		
- Enzymes	1,331.07	1,086.56
- Animal feed supplement	242.52	263.80
- Micro organisms	160.84	31.53
- Others	3.60	9.52
	1,738.03	1,391.41
23 Other income		
Interest income		
- on bank deposits	1.54	0.28
- on loan to related parties	11.49	1.05
- on others	0.54	0.59
Provision for doubtful debts written back	1.26	-
Profit on sale of fixed assets (net)	0.18	-
Dividend income	33.00	2.40
Other non-operating income		
- Service income (net of expenses directly attributable to such income of ₹ 3.13 million (31 March 2016 ₹ 0.50 million))	5.65	1.08
- Miscellaneous income	7.53	3.88
	61.19	9.28
24 Cost of materials consumed (refer note 37)		
Opening stock		
Raw materials and packing material (including goods in transit)	135.82	124.04
	135.82	124.04
Add : Purchases during the year		
Raw materials and components	642.91	508.67
	642.91	508.67
Less : Closing stock		
Raw materials and packing material (including goods in transit)	142.23	135.82
	142.23	135.82
	636.50	496.89

Notes to the standalone financial statements for the year ended 31 March 2017 (Continued)

24. Cost of materials consumed (continued)	Year ended 31 March 2017 ₹ in million	Year ended 31 March 2016 ₹ in million
Details of consumption		
- Raw materials and components		
- Agricultural produce	29.49	39.79
- Dairy products	25.04	32.15
- Crude enzymes	328.63	201.60
- Others	253.34	223.35
	636.50	496.89

	Year ended 31 March 2017 ₹ in million	Year ended 31 March 2016 ₹ in million
25 Changes in inventories of finished goods and work-in-progress		
Opening stock		
- Finished goods	46.82	41.08
- Work-in-progress	251.50	200.07
	-	-
	298.32	241.15
Closing stock		
- Finished goods	68.75	46.82
- Work-in-progress	258.93	251.50
	-	-
	327.68	298.32
Differential excise duty on stocks	(1.58)	0.19
	(30.94)	(56.98)
26 Employee benefit expenses		
Salaries, wages and bonus	239.72	211.45
Contribution to gratuity, provident and other funds (refer note 9)	25.80	20.46
Staff welfare expenses	11.99	11.52
Employee stock compensation expense (refer note 40)	3.05	-
	280.56	243.43
27 Finance costs		
Interest expenses	27.20	36.66
Bank charges	2.16	5.42
Net (gain)/loss on foreign currency transactions and translations	(1.88)	1.63
	27.48	43.71
28 Depreciation and amortization expense		
Depreciation of tangible fixed assets	83.14	73.69
Amortization of intangible fixed assets	0.60	0.16
	83.74	73.85

Notes to the standalone financial statements for the year ended 31 March 2017 (Continued)

	Year ended 31 March 2017 ₹ in million	Year ended 31 March 2016 ₹ in million
29 Other expenses		
Manufacturing expenses		
Consumption of stores and spare parts (refer note 37)	41.42	42.40
Power and fuel	103.12	94.62
Carriage inward and freight	18.66	16.53
Water charges	3.26	2.66
Excise duty	12.51	11.15
Laboratory expenses	8.52	7.36
Repairs and maintenance		
- Buildings	6.19	13.81
- Plant and equipment	8.00	8.77
Other manufacturing expenses	0.01	0.04
	201.69	197.34
Selling and distribution expenses		
Travel, conveyance and car hire	17.69	13.89
Commission	13.21	6.72
Discount on sales	0.17	0.03
Sales promotion and advertisement	2.34	1.56
Freight outward and forwarding	17.66	16.51
Other selling and distribution expenses	14.01	15.99
	65.08	54.70
Administrative and general expenses		
Rent (refer note 43)	5.71	6.61
Rates and taxes	8.48	1.55
Repairs and maintenance		
- Others	5.56	5.46
Insurance	3.45	3.02
Printing and stationery	1.55	1.53
Communication expenses	5.12	4.40
Directors' sitting fees	0.99	0.52
Legal and professional charges	39.93	23.11
Payments to auditors (refer note 38)	5.27	2.10
Bad debts	3.79	3.59
Advances written off	-	5.07
Donation	2.15	1.42
Loss on sale of fixed assets (net)	-	0.08
Net loss on foreign currency transactions and translations	1.66	9.63
Fixed assets written off	5.02	-
Commuting expenses	6.83	5.96
Corporate Social Responsibility expenditure (refer note 44)	3.90	4.46
Miscellaneous expenses	14.69	14.35
	114.10	92.86
	380.87	344.90

Notes to the standalone financial statements for the year ended 31 March 2017 (Continued)

30 Earnings per share

The basic earnings per equity share is computed by dividing the net profit attributable to the equity shareholders for the period by the weighted average number of equity shares outstanding during the reporting period. The number of shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving basic earnings per share and also the weighted average number of equity shares, which may be issued on the conversion of all dilutive potential shares, unless the results would be anti dilutive. The earnings per share is calculated as under:

	Year ended 31 March 2017 ₹ in million	Year ended 31 March 2016 ₹ in million
a) Profit for computing basic and diluted earning per share (₹ in million)		
Net profit after tax for the year	335.32	208.94
b) Computation of weighted average number of shares (₹ in million)		
Basic	2,21,38,692	2,17,65,600
Effect of dilutive potential equity shares	6,560	-
- Employee stock options		
Diluted	2,21,45,252	2,17,65,600
c) Nominal value of shares (in ₹)	10.00	10.00
d) Computation		
Basic earnings per share (in ₹)	15.15	9.60
Diluted earnings per share (in ₹)	15.14	9.60

31 Segment reporting

Primary segment

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

Secondary segment (based upon geography)

	Year ended 31 March 2017 ₹ in million	Year ended 31 March 2016 ₹ in million
Segment revenue (based upon location of customers)		
Within India	1,110.10	919.70
Outside India	627.93	471.71
	1,738.03	1,391.41

Notes to the standalone financial statements for the year ended 31 March 2017 (Continued)

31 Segment reporting (Continued)	Year ended 31 March 2017 ₹ in million	Year ended 31 March 2016 ₹ in million
Segment assets (based upon location of assets)		
Within India	2,502.39	1,841.33
Outside India	633.32	600.86
	3,135.71	2,442.19
Capital expenditure		
Within India	72.28	45.89
Outside India	10.61	12.42
	82.89	58.31

32 Related Party Disclosures - As per Accounting Standard 18

a) Names of related parties

I Subsidiaries including step-down subsidiaries

Advanced Bio-Agro Tech Limited
Advanced EnzyTech Solutions Limited
JC Biotech Private Limited (w.e.f. 1 December 2016)
Advanced Enzymes USA, Inc.
Cal India Foods International (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)
Enzyfuel Innovation, Inc. (Wholly owned subsidiary of Advanced Enzymes USA, Inc. w.e.f. 30 December 2015)

II Key Management Personnel (KMP)

Mr. Vasant L Rathi
Mr. Chandrakant L. Rathi
Mrs. Savita C. Rathi
Mr. Mukund M. Kabra
Mr. Piyush C. Rathi
Mr. Beni P. Rauka
Mr. Prabal Bordiya (up to 13 February 2017)
Mr. Sanjay Basantani (w.e.f. 14 February 2017)

Relatives of KMP :

Mrs. Prabha V. Rathi
Mr. Kishore L. Rathi
Mrs. Mangala M. Kabra

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
Pranoo Financial Services Private Limited

Notes to the standalone financial statements for the year ended 31 March 2017 (Continued)

32 Related Party Disclosures - As per Accounting Standard 18 (continued)

b) Transactions with related parties

(₹ in million)

Transactions during the year	Subsidiaries		KMP and relatives		Other related parties	
	Year ended 31 March 2017	Year ended 31 March 2016	Year ended 31 March 2017	Year ended 31 March 2016	Year ended 31 March 2017	Year ended 31 March 2016
1 Purchases of goods						
Om Manufacturing Jalna Private Limited	-	-	-	-	8.49	22.19
Advanced Vital Enzymes Private Limited	-	-	-	-	0.47	0.75
Silvertech Trading Company Private Limited	-	-	-	-	6.21	14.57
JC Biotech Private Limited	138.46	-	-	-	-	-
Cal India Foods International	6.89	9.28	-	-	-	-
	145.35	9.28	-	-	15.17	37.52
2 Sale of goods						
Advanced EnzyTech Solutions Limited	77.19	79.01	-	-	-	-
Advanced Bio-Agro Tech Limited	233.28	255.36	-	-	-	-
Advanced Vital Enzymes Private Limited	-	-	-	-	15.67	16.15
Cal India Foods International	343.19	268.25	-	-	-	-
Om Manufacturing Jalna Private Limited	-	-	-	-	0.84	2.97
	653.66	602.62	-	-	16.51	19.12
3 Remuneration * ^						
Mr. Chandrakant L. Rathi	-	-	14.73	12.48	-	-
Mrs. Savita. C. Rathi	-	-	5.44	5.09	-	-
Mr. Mukund Kabra	-	-	12.37	11.19	-	-
Mr. Kishore.L. Rathi	-	-	2.19	2.02	-	-
Mrs. Mangala M. Kabra	-	-	2.51	2.33	-	-
Mr. Piyush Rathi	-	-	6.72	6.12	-	-
Mr. Beni P. Rauka	-	-	6.72	6.00	-	-
Mr. Prabal Bordiya	-	-	0.57	0.09	-	-
Mr. Sanjay Basantani	-	-	0.28	-	-	-
	-	-	51.53	45.32	-	-
Commission to directors *						
Mr. Vasant L. Rathi	-	-	3.33	2.07	-	-
Mr. Chandrakant L. Rathi	-	-	2.50	1.05	-	-
Mr. Mukund Kabra	-	-	1.66	0.53	-	-
	-	-	7.49	3.65	-	-
* 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.						
4 Interest received						
Advanced Vital Enzymes Private Limited	-	-	-	-	-	1.05
Advanced Enzymes USA, Inc.	11.49	-	-	-	-	-
	11.48	-	-	-	-	1.05

Notes to the standalone financial statements for the year ended 31 March 2017 (Continued)

32 Related Party Disclosures - As per Accounting Standard 18 (continued)

b) Transactions with related parties (continued)

(₹ in million)

Transactions during the year	Subsidiaries		KMP and relatives		Other related parties	
	Year ended 31 March 2017	Year ended 31 March 2016	Year ended 31 March 2017	Year ended 31 March 2016	Year ended 31 March 2017	Year ended 31 March 2016
5 Advances / Loan repaid						
Advanced Vital Enzymes Private Limited	-	-	-	-	-	15.20
Advanced Enzymes USA, Inc.	400.00	1.15	-	-	-	-
	400.00	1.15	-	-	-	15.20
Advances / Loan given						
Advanced Enzymes USA, Inc.	400.00	-	-	-	-	-
	400.00	-	-	-	-	-
6 Investment in subsidiaries						
Advanced Enzymes USA, Inc.	-	257.57	-	-	-	-
JC Biotech Private Limited	503.10	-	-	-	-	-
	503.10	257.57	-	-	-	-
7 Dividend income						
Advanced Bio-Agro Tech Limited	33.00	2.40	-	-	-	-
	33.00	2.40	-	-	-	-
8 Legal and professional charges						
Pranoo Financial Services Private Limited	-	-	-	-	-	0.47
	-	-	-	-	-	0.47

32 Related Party Disclosures - As per Accounting Standard 18 (continued)
c) Balances at the year end

(₹ in million)

	Subsidiaries		KMP and relatives		Other related parties	
	As at 31 March 2017	As at 31 March 2016	As at 31 March 2017	As at 31 March 2016	As at 31 March 2017	As at 31 March 2016
Outstanding balances						
1 Trade receivables						
Advanced Enzy Tech Solutions Limited	13.83	22.26	-	-	-	-
Advanced Bio-Agro Tech Limited	4.32	14.57	-	-	-	-
Advanced Vital Enzymes Private Limited	-	-	-	-	7.50	3.08
Cal India Foods International	21.98	18.18	-	-	-	-
Om Manufacturing Jaina Private Limited	-	-	-	-	0.33	3.67
	40.14	54.99	-	-	7.84	6.75
2 Trade payables						
Cal India Foods International	-	5.48	-	-	-	-
Advanced Vital Enzymes Private Limited	-	-	-	-	-	0.75
Om Manufacturing Jaina Private Limited	-	-	-	-	0.32	5.33
Silvertch Trading Company Private Limited	-	-	-	-	0.26	2.27
	-	5.48	-	-	0.57	8.35
3 Loans and advances (including current maturities)						
JC Biotech Private Limited	47.92	-	-	-	-	-
	47.92	-	-	-	-	-
4 Remuneration payable						
Mr. Chandrakant L. Rathi	0.57	0.39	-	-	-	-
Mrs. Savita C. Rathi	0.27	0.26	-	-	-	-
Mr. Mukund M. Kabra	0.66	0.42	-	-	-	-
Mr. Kishore L. Rathi	0.15	0.08	-	-	-	-
Mrs. Mangala M. Kabra	0.16	0.13	-	-	-	-
Mr. Piyush C. Rathi	0.32	0.29	-	-	-	-
Mr. Beni P. Rauka	0.28	0.48	-	-	-	-
Mr. Prabal Bordiya	-	0.03	-	-	-	-
Mr. Sanjay Basantani	0.15	-	-	-	-	-
	2.57	2.08	0.02	-	-	-
5 Commission payable						
Mr. Vasant L. Rathi	-	-	2.83	1.76	-	-
Mr. Chandrakant L. Rathi	-	-	2.25	0.94	-	-
Mr. Mukund Kabra	-	-	1.50	0.48	-	-
	-	-	6.57	3.18	-	-

Notes :

1 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 2016. Management believes that the Company's international transactions and domestic transactions with related parties post 31 March 2016 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 2017 (Continued)

33 Unhedged foreign currency exposure

Particulars of unhedged foreign currency exposure as at the balance sheet date

(₹ in million)

Particulars	Foreign currency	As at 31 March 2017		As at 31 March 2016	
		₹ in million	Amount in foreign currency	₹ in million	Amount in foreign currency
Loans repayable on demand	USD	65.96	1,017,247	53.61	808,208
Trade payables	USD	15.93	245,640	23.52	354,557
	EURO	2.02	29,141	3.23	43,039
Trade receivables	USD	33.15	511,310	22.16	334,070
	EURO	9.69	139,994	0.03	449
Loans and advances	USD	0.05	758	0.05	758
	EURO	1.20	17,291	-	-
Advances from customers	USD	0.21	3,302	4.77	71,898
	EURO	2.19	31,576	0.21	2,807

	Year ended 31 March 2017 ₹ in million	Year ended 31 March 2016 ₹ in million
34 Earnings in foreign currency on accrual basis		
Export value of goods on FOB basis	618.44	459.49
Service income	8.78	1.58
	627.22	461.07
35 Expenditure in foreign currency on accrual basis		
Travel, conveyance and car hire	2.43	2.63
Finance costs	0.60	4.71
Legal and professional charges	9.47	6.02
Other selling and distribution expenses	0.65	3.06
Commission	7.37	4.85
Commission to directors	3.33	2.07
Others	0.01	0.03
	23.86	23.37
36 Value of imports on CIF basis		
Raw materials	181.15	229.41
Components and spare parts	9.15	17.81
Capital goods	5.14	11.58
	195.44	258.80

Notes to the standalone financial statements for the year ended 31 March 2017 (Continued)

37 Imported and indigenous consumption	Year ended 31 March 2017 ₹ in million	Year ended 31 March 2016 ₹ in million
Raw materials and components		
Imported		
- Amount	191.75	257.76
- Percentage	30%	52%
Indigenous		
- Amount	444.76	239.13
- Percentage	70%	48%
Total		
- Amount	636.50	496.89
- Percentage	100%	100%
Stores and spares		
Imported		
- Amount	12.04	8.74
- Percentage	29%	21%
Indigenous		
- Amount	29.38	33.66
- Percentage	71%	79%
Total		
- Amount	41.42	42.40
- Percentage	100%	100%
38 Payments to auditors (excluding service tax)		
As auditor		
Statutory audit	2.50	1.80
Limited review	2.40	-
In relation to filing of prospectus*	-	1.90
Certification work	0.15	0.19
Reimbursement of expenses	0.22	0.11
	5.27	4.00
* The amount has been included under share issue expenses under note 20		
39 Dividend remitted in foreign currency		
Period to which is relates	2016-17	2015-16 & 2014-15
Number of non - resident shareholders	-	5
Number of equity shares held on which dividend was due	-	10,516,200
Amount remitted (₹ in million)	-	10.52

Notes to the standalone financial statements for the year ended 31 March 2017 (Continued)

40 Employee share-based payment plans

a) Description of share-based payment arrangements:

As at 31 March 2017, 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 for every option at an exercise price of ₹ 300.

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	44,000	- Continued employment with the Company: 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

Vesting	1 Year	2 Years	3 Years	4 Years
Share price at grant date	₹ 1,598	₹ 1,598	₹ 1,598	1,598
Exercise price	₹ 300	₹ 300	₹ 300	₹ 300
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.

c) Reconciliation of outstanding stock options :

The number and weighted-average exercise prices of share options under the stock option were as follows.

Particular	31 March 2017		31 March 2016	
	No. of options	Weighted average exercise price(in ₹)	No. of options	Weighted average exercise price(in ₹)
Outstanding at 1 April	-	-	-	-
Granted	44,000	300	-	-
Forfeited	-	-	-	-
Expired	-	-	-	-
Exercised	-	-	-	-
Outstanding at 31 March	44,000	300	-	-
Exercisable at 31 March	-	-	-	-

Notes to the standalone financial statements for the year ended 31 March 2017 (Continued)

c) Reconciliation of outstanding stock options : (continued)

The options outstanding at 31 March have an exercise price and a weighted average contractual life as given below:

	31 March 2017	
	No. of options	Exercise price
AETL ESOS 2015	44,000	300

d) Expense recognized in the Standalone Statement of Profit or Loss :

	Year ended 31 March 2017 ₹ In million	Year ended 31 March 2016 ₹ In million
AETL ESOS 2015	3.05	-
Total expense recognized in 'employee benefits'	3.05	-

41 Capitalization of expenditure

The Company has capitalized the following expenses of revenue nature under "Intangible fixed assets under development". Consequently, expenses disclosed under the respective note are net of amounts capitalized by the Company.

	Year ended 31 March 2017 ₹ In million	Year ended 31 March 2016 ₹ In million
Legal and professional charges	10.61	12.42
	10.61	12.42

The Company had incurred the above expenditure on toxicity studies, product characterization, identification, evaluation, technical analysis of data and consultancy services for the purpose of registration of product dossiers under European Food Safety Authority (EFSA) and Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) Authority, which is mandatory requirement for export of food and non-food enzymes, food flavourings and additives to European countries. The Company will be permitted to sell its registered products; therefore it is considered as product permits to sell in European market. Since the final approvals for product dossiers filed with EFSA are currently awaited, such expenditure has been capitalized as "Intangible fixed assets under development" in the standalone financial statements. Cost have also been incurred towards filing of product dossiers with US Food Drug Authorities (US FDA) for Generally Regarded As Safe (GRAS) registrations for acceptability of food enzymes in the USA. The Company is in the process of filing the product dossier with US FDA, accordingly, such expenditure has been capitalized as "Intangible fixed assets under development" in the standalone financial statements.

	Year ended 31 March 2017 ₹ in million	Year ended 31 March 2016 ₹ in million
42 Research and development		
The Company has incurred the following expenditure on research and development activities:		
Revenue expenditure		
Laboratory expenses and consumables	8.60	10.90
Employee benefit expenses	40.48	39.67
Legal and professional charges	23.77	10.13

Notes to the standalone financial statements for the year ended 31 March 2017 (Continued)

42 Research and development (continued)	Year ended 31 March 2017 ₹ in million	Year ended 31 March 2016 ₹ in million
Electricity	8.69	9.25
Rent, rates and taxes	5.35	4.97
Repairs and maintenance	3.60	3.78
Travelling and conveyance expenses	1.57	1.48
Other expenses	3.49	3.16
	95.55	83.34
Less: Other non-operating income	8.78	1.58
	86.77	81.76
Capital expenditure		
Plant and equipment	11.23	11.99
Furniture and fixtures	1.47	2.93
Office equipment	0.43	2.13
Computer and data processing equipment	0.34	0.27
	13.47	17.32

This information also complies with the terms of the recognition granted upto 31 March 2019 to the Company's In- House Research and Development Activities by the Department of Scientific and Industrial Research, Ministry of Science and Technology, Government of India, vide their letter No. TU/IV-RD/2159/2016 dated 4 July 2016.

43 Lease disclosure as per Accounting Standard-19	Year ended 31 March 2017 ₹ in million	Year ended 31 March 2016 ₹ in million
(a) As lessee:		
Operating lease rental charged to Statement of Profit and Loss	5.71	6.61

(b) In relation to the leasehold land held by the Company, the lease agreement has been executed for a period of 30 years with a renewable clause for a further period of 5 years as per the conditions applicable. The lease agreement provides for termination at will by the Company by giving a prior notice period of 3 months.

In relation to other leased facilities, the agreements are executed for a period ranging from 33 months to 62 months with a renewable clause and also provides for termination at will by either party giving a prior notice period of 3 months."

44 Corporate Social Responsibility

As required by section 135 of Companies Act, 2013 and Rules therein, a Corporate social responsibility committee has been formed by the Company. The Company has spent the following amount during the year towards corporate social responsibility (CSR) for activities listed under schedule VII of the Companies Act, 2013.

- Gross amount required to be spent by the Company during the year 2016-17 ₹ 3.78 million (previous year ₹ 4.24 million).
- Amount spent by the Company during the year on purpose other than construction/ acquisition of assets is ₹ 3.9 million (previous year ₹ 4.46 million)

Notes to the standalone financial statements for the year ended 31 March 2017 (Continued)

45 Acquisition of JC Biotech Pvt. Ltd.

On 1 December 2016, the Company acquired 70% stake JC Biotech Pvt. Ltd. for a total upfront consideration of ₹ 500.85 million approved by the Board of Directors in its meeting held on 28 October 2016. The Company has funded the acquisition through internal accruals. The Company has paid stamp duty and other related charges amounting to ₹ 2.25 million, which has been added to the cost of acquisition

46 Disclosure on Specified Bank Notes

During the year, Schedule III of the Companies Act, 2013 was amended by Ministry of Corporate Affairs vide Notification G.S.R. 308(E) dated 30 March 2017. The said amendment requires the company to disclose the details of Specified Bank Notes held and transacted during the period from 08 November 2016 to 30 December 2016. Details of Specified Bank Notes held and transacted during the period from 08 November 2016 to 30 December 2016 as follows:

(Amount in ₹)

Particulars	Specified Bank Notes	Other denomination Notes	Total
Closing cash in hand as on 08.11.2016	89,000	303,764	392,764
(+) Permitted receipts	-	1,323,981	1,323,981
(-) Permitted payments	-	1,281,255	1,281,255
(-) Amount deposited in Banks	89,000	-	89,000
Closing cash in hand as on 30.12.2016	-	346,490	346,490

47 Proposed Dividend

The Board of Directors recommended a final dividend for the financial year 2016-17 of ₹ 0.40 per equity share of the face value of ₹ 2/- each. Pursuant to the Companies (Accounting Standards) Amendment Rules, 2016 applicable with effect from 1 April 2016, this dividend (including dividend distribution tax) will be recorded and paid post the approval of shareholders in the Annual General Meeting.

48 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 board and its Powers) Rules, 2014 are as follows:

Name of entity	As at 31 March 2016	Loan given during the year	Repaid during the year	As at 31 March 2017
Advanced Enzymes USA, Inc. (refer note 1)	-	400.00	400.00	-
	As at 31 March 2016	Investment during the year		As at 31 March 2017
JC Biotech Private Limited	-		503.10	503.10

Note 1

Purpose of utilisation of above loan	For repayment / pre-payment of certain loans availed by Advanced Enzymes USA, Inc.
Loan Repayment terms	5 Quarterly Instalments of Rs. 80 million each commencing from quarter ended 30 September 2016. However, the loan was fully repaid by 20 Decemeber 2016.
Rate of interest	10.50%

Maximum amount outstanding during the year is Rs. 400 million (Previous year – Rs. Nil) as per additional disclosures pursuant to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Notes to the standalone financial statements for the year ended 31 March 2017 (Continued)

49 Prior year regrouping / reclassification

The previous year figures have been regrouped/ reclassified wherever necessary to correspond with the current year's presentation as under:

Particulars	₹ in million
Regrouping from Trade payables to Other current liabilities	7.94
Regrouping from Short-term provisions to Other current liabilities	7.49
Regrouping from Short-term loans and advances to Other current assets	0.34
Regrouping from Other expenses to Cost of materials consumed	26.39

As per our report of even date attached.

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

Chartered Accountants

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

For and on behalf of **Board of Directors of**

Advanced Enzyme Technologies Limited

CIN No: L24200MH1989PLC051018

Sadashiv Shetty

Partner

Membership No: 048648

Chandrakant. L. Rathi

Managing Director

DIN : 00365691

Kedar Desai

Director

DIN : 00322581

Rupa R. Vora

Director

DIN : 01831916

Place: Mumbai

Date: 27 May 2017

Sanjay Basantani

Company Secretary

Membership No: A19637

Beni. P. Rauka

Chief Financial Officer

Membership No: 39980

Place: Thane

Date: 27 May 2017

INDEPENDENT AUDITORS' REPORT

To the Members of Advanced Enzyme Technologies Limited Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Advanced Enzyme Technologies Limited ("the Holding Company") and its subsidiary companies listed in Annexure I (the Holding Company and its subsidiary companies constitute 'the Group'), comprising the Consolidated Balance Sheet as at 31 March 2017, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, the consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

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; 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 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143 (10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiary companies, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated financial position of the Group as at 31 March 2017, and their consolidated profit and their consolidated cash flows for the year ended on that date.

INDEPENDENT AUDITORS' REPORT (continued)

Other Matters

- (a) The consolidated financial statements of the Company for the year ended 31 March 2016 have been audited by predecessor auditor, who expressed an unmodified opinion on those consolidated financial statements on 27 June 2016.
- (b) We did not audit the financial statements of nine subsidiary companies, whose financial statements reflect total assets of ₹ 3,348.86 million and net assets of ₹ 2,973.93 million as at 31 March 2017, total revenues of ₹ 2,374.47 million and net cash inflows amounting to ₹ 72.65 million for the year ended on that date, 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 subsidiary companies, and our report in terms of Section 143 (3) of the Act, in so far as it relates to the aforesaid subsidiary companies, is based solely on the reports of the other auditors. Our opinion above on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of Subsidiary companies, as noted in the 'Other Matters' paragraph, we report, to the extent applicable, that:
- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- (b) In our opinion, proper books of account as required by law relating to the preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account maintained for the purposes of preparation of 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 31 March 2017, taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on 31 March 2017, 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 over financial reporting of the Holding Company and its subsidiary companies incorporated in India and the operating effectiveness of such controls, refer to our separate Report in Annexure A; and
- (g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors') Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of report of other auditors on separate financial statements and other financial information of the subsidiary companies, as noted in the 'Other Matters' paragraph:
- The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group – Refer Note 24(a) to the consolidated financial statements.
 - The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - 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 incorporated in India during the year 31 March 2017.
 - The Holding Company and subsidiary companies incorporated in India has provided requisite disclosures in its consolidated financial statement as to holdings as well as dealings in Specified Bank Notes during the period from

INDEPENDENT AUDITORS' REPORT (continued)
Report on Other Legal and Regulatory Requirements (continued)

8 November 2016 to 30 December 2016. Based on the audit procedures performed and relying on management representations of the Holding Company and based on the reports of other auditors for the subsidiary companies incorporated in India, we report that the disclosures made are in accordance with the books of account maintained by the Holding Company and its subsidiary companies incorporated in India – Refer Note 47 to the consolidated financial statements.

For B S R & Co. LLP

Chartered Accountants

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

Sdashiv Shetty

Partner

Membership No: 048648

Mumbai

27 May 2017

Annexure A to the Independent Auditors' Report – 31 March 2017 (continued)

Annexure I

List of Subsidiaries

Sr. No.	Name of entity	Relationship	Country of incorporation
1	Advanced-Bio Agro Tech Limited	Subsidiary (60%)	India
2	Advanced Enzytech Solutions Limited	Wholly owned subsidiary	India
3	Advanced Enzymes USA, Inc	Wholly owned subsidiary	USA
4	Cal India Foods International	Wholly owned subsidiary of Advanced Enzymes USA, Inc.	USA
5	Advanced Supplementary Technologies Corporation	Wholly owned subsidiary of Advanced Enzymes USA, Inc.	USA
6	Dynamic Enzymes, Inc	Wholly owned subsidiary of Advanced Enzymes USA, Inc.	USA
7	Enzyfuel Innovation, Inc.	Wholly owned subsidiary of Advanced Enzymes USA, Inc.	USA
8	Enzyme Innovation, Inc	Wholly owned subsidiary of Cal India Foods International	USA
9	JC Biotech Private Limited (Acquired on 1 December 2016)	Subsidiary (70%)	India

Annexure A to the Independent Auditors' Report – 31 March 2017

(Referred to in our report of even date)

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2017, we have audited the internal financial controls over financial reporting of Advanced Enzyme Technologies Limited ("the Holding Company") and its subsidiary companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

(1) The respective Board of Directors of the Holding Company and the subsidiary companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting 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 ('ICAI'). 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.

Auditors' Responsibility

Our responsibility is to express an opinion on the Holding Company's and its subsidiary companies incorporated in India's, internal financial controls over financial reporting 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") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143 (10) of the Act, to the

Annexure A to the Independent Auditors' Report – 31 March 2017 (continued)

extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by ICAI. 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 over financial reporting 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 system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 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 Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Holding Company's and its subsidiary companies incorporated in India's, internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Holding Company's and its subsidiary companies incorporated in India have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Holding Company and its subsidiary companies incorporated in India, considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by ICAI.

Annexure A to the Independent Auditors' Report – 31 March 2017 (continued)

Other matters

Our aforesaid report under clause (i) of sub-section 3 of Section 143 of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to three subsidiary companies incorporated in India, is based solely on the corresponding report of the auditors of such subsidiary companies incorporated in India.

For B S R & Co. LLP

Chartered Accountants

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

Mumbai
27 May 2017

Sadashiv Shetty

Partner

Membership No: 048648

CONSOLIDATED BALANCE SHEET AS AR 31 MARCH, 2017

	Note	As at 31 March 2017 ₹ in million	As at 31 March 2016 ₹ in million
Equity and liabilities			
Shareholders' funds			
Share capital	6	223.26	217.66
Reserves and surplus	7	4,378.38	2,563.20
		4,601.64	2,780.86
Minority interest	8	123.52	53.51
Non-current liabilities			
Long-term borrowings	9	197.40	387.52
Deferred tax liabilities (net)	10	182.56	173.88
Long-term provisions	11	7.93	1.75
		387.89	563.15
Current liabilities			
Short-term borrowings	9	265.44	296.34
Trade payables	12		
Total outstanding dues to micro and small enterprises		6.39	1.87
Total outstanding dues to others		103.71	113.57
Other current liabilities	13	249.01	592.94
Short-term provisions	11	28.01	102.91
		652.56	1,107.63
Total		5,765.61	4,505.15
Assets			
Non-current assets			
Fixed assets			
Tangible fixed assets (Property, Plant & Equipment)	14A	1,517.04	1,143.68
Intangible fixed assets	15A	1.41	0.53
Capital work-in-progress	14B	14.95	18.36
Intangible assets under development	15B	65.49	50.62
Goodwill on consolidation	15C	2,496.61	1,710.40
Non-current investments	16	0.62	0.62
Deferred tax assets (net)	17	7.32	2.04
Long-term loans and advances	18	191.22	180.44
Other non-current assets	19	1.39	1.27
		4,296.05	3,107.96
Current assets			
Current investments	16	0.04	-
Inventories	20	684.80	604.92
Trade receivables	21	509.82	417.97
Cash and bank balances	22	78.70	263.14
Short-term loans and advances	18	147.68	44.36
Other current assets	23	48.52	66.80
		1,469.56	1,397.19
Total		5,765.61	4,505.15
2-5 Significant accounting policies / Notes form 6-50 an integral part of these consolidated financial statements			
As per our report of even date attached.			
For B S R & Co.LLP Chartered Accountants Firm's Registration No: 101248W/W-100022		For and on behalf of Board of Directors Advanced Enzyme Technologies Limited CIN No: L24200MH1989PLC051018	
Sadashiv Shetty Partner, Membership No: 048648	Chandrakant. L. Rathi Managing Director DIN : 00365691	Kedar Desai Director DIN : 00322581	Rupa R. Vora Director DIN : 01831916
Place: Mumbai Date: 27 May 2017	Sanjay Basantani Company Secretary Membership No: A19637	Beni. P. Rauka Chief Financial Officer Membership No: 039980	Place: Thane Date: 27 May 2017

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2017

	Note	Year ended 31 March 2017 ₹ in million	Year ended 31 March 2016 ₹ in million
Revenue			
Revenue from operations (gross)	25	3,442.10	3,044.58
Less : Excise duty		128.51	106.96
Revenue from operations (net)		3,313.59	2,937.62
Other income	26	22.86	12.89
Total revenue		3,336.45	2,950.51
Expenses			
Cost of materials consumed	27	676.26	693.55
Purchase of traded goods	28	2.84	3.06
Changes in inventories of finished goods, work-in-progress and traded goods	29	1.45	(79.92)
Employee benefit expenses	30	514.79	445.04
Finance costs	31	41.74	78.56
Depreciation and amortisation expense	32	122.09	87.19
Other expenses	33	611.45	500.26
Total expenses		1,970.62	1,727.74
Profit before exceptional items and tax		1,365.83	1,222.77
Exceptional items	34	-	40.96
Profit before tax		1,365.83	1,181.81
Tax expense			
Current tax		455.36	363.42
Minimum Alternate Tax (MAT) credit entitlement		(2.38)	(18.53)
Deferred tax (credit)/ charge		(4.75)	69.46
Tax adjustment for earlier years		(6.02)	(0.01)
Total tax expenses		442.21	414.34
Profit after tax		923.62	767.47
Less: Share of Minority interest		17.13	8.97
Profit after tax and allocation of minority interest		906.49	758.50
Earnings per equity share in Rs. (Face value per share Rs. 10 each)			
Basic	35	40.95	34.85
Diluted		40.93	34.85

2-5 Significant accounting policies / Notes form 6-50 an integral part of these consolidated financial statements

As per our report of even date attached.

For B S R & Co.LLP

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

Sadashiv Shetty

Partner,
Membership No: 048648

Place: Mumbai
Date: 27 May 2017

For and on behalf of Board of Directors

Advanced Enzyme Technologies Limited
CIN No: L24200MH1989PLC051018

Chandrakant. L. Rathi

Managing Director
DIN : 00365691

Sanjay Basantani

Company Secretary
Membership No: A19637

Kedar Desai

Director
DIN : 00322581

Beni. P. Rauka

Chief Financial Officer
Membership No: 039980

Rupa R. Vora

Director
DIN : 01831916

Place: Thane
Date: 27 May 2017

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2017

	Year ended 31 March 2017 ₹ in million	Year ended 31 March 2016 ₹ in million
A. Cash flows from operating activities		
Profit before tax	1,365.83	1,181.81
Adjustments for non-cash transactions		
Depreciation and amortization expense	122.09	87.19
Fixed assets written off	5.02	-
(Profit)/ Loss on sale of fixed assets	(0.18)	0.08
Allowances for bad and doubtful trade receivables	19.91	-
Bad and doubtful trade receivables written off	8.11	3.71
Advances written off	-	5.07
Provision for doubtful trade receivables written back	(1.25)	-
Employee stock compensation expense	3.05	-
Sundry balances written off/ (back) (net)	(4.31)	(2.56)
Unrealized foreign exchange loss	(0.98)	(2.09)
	1,517.29	1,273.21
Items considered separately		
Interest income	(2.86)	(4.63)
Interest expenses	39.00	66.69
	1,553.43	1,335.27
Operating profit before working capital changes		
Increase in other current liabilities and provisions	300.97	57.95
(Decrease) in trade payables	(119.04)	(1.07)
(Increase) in inventories	(36.06)	(78.60)
(Increase) / Decrease in trade receivables	(74.38)	(51.73)
(Increase) in short-term loans and advances	(47.13)	(7.08)
Decrease in long-term loans and advances	1.71	16.02
Decrease / (increase) in other current assets	18.28	(66.46)
Cash generated from operating activities	1,597.78	1,204.30
Income taxes paid	(524.24)	(270.29)
Net cash generated from operating activities	1,073.54	934.01
B. Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(118.30)	(54.72)
Proceeds from sale of tangible assets	0.41	0.31
Consideration for acquisition of JC Biotech Pvt. Ltd.	(498.10)	-
Purchase of current investments	(0.04)	-
Interest received	2.88	7.17
Dividend received	33.00	-
(Increase) / decrease in bank deposits with maturity more than 3 months but less than 12 months	(2.21)	0.80
(Increase) in bank deposits with maturity of more than 12 months	(0.12)	(0.90)
Net cash (used in) investing activities	(582.48)	(47.34)
C. Cash flows from financing activities		
Proceeds from issue of share capital (net of share issue expenses)	468.18	-
(Repayment of)/ proceeds from long-term borrowings (net)	(1,014.75)	(576.39)
(Repayment of)/ proceeds from short-term borrowings (net)	(38.34)	62.04
Interest paid	(43.02)	(75.19)
Dividends paid (including dividend tax)	(46.09)	(36.25)
Net cash generated from financing activities	(674.02)	(625.79)
Net (decrease) / increase in cash and cash equivalents (A+B+C)	(182.96)	260.88
Cash and cash equivalents as at the beginning of the year	252.96	42.09
Add: Cash and cash equivalents acquired from JC Biotech Pvt. Ltd.	1.50	-
Effect of exchange rate changes on cash and cash equivalents held	3.88	(50.01)
Cash and cash equivalents as at the end of the year*	75.38	252.96
* Composition of cash and cash equivalents		
Cash on hand	0.83	0.61
Balance with banks :		
Current account	74.31	249.87
Fixed deposit account (with maturity less than 3 months)	0.25	2.48
	75.38	252.96

Note: The consolidated cash flow statement has been prepared under indirect method as set out in Accounting Standard 3, 'Cash Flow Statement' as notified by the Central Government under the Companies Act, 2013.

As per our report of even date attached.

For B S R & Co.LLP

Chartered Accountants

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

Sadashiv Shetty

Partner,

Membership No: 048648

Place: Mumbai

Date: 27 May 2017

For and on behalf of Board of Directors

Advanced Enzyme Technologies Limited

CIN No: L24200MH1989PLC051018

Chandrakant. L. Rathi

Managing Director

DIN : 00365691

Sanjay Basantani

Company Secretary

Membership No: A19637

Kedar Desai

Director

DIN : 00322581

Beni. P. Rauka

Chief Financial Officer

Membership No: 039980

Rupa R. Vora

Director

DIN : 01831916

Place: Thane

Date: 27 May 2017

Notes to the consolidated financial statements for the year ended 31 March 2017

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 developing, 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) PRINCIPLES OF CONSOLIDATION

The 'Consolidated Financial Statements' (hereafter, 'Consolidated Financial Statements') relates to Advanced Enzyme Technologies Limited (the Company) and its subsidiary companies (collectively called "the Group"). Subsidiary companies have been consolidated as per Accounting Standard on Accounting for Consolidated Financial Statements (AS-21). The Consolidated Financial Statements have been prepared on the following basis:

- a) The Standalone financial statements of the Parent Company ("Advanced Enzyme Technologies Limited") and its subsidiaries have been consolidated on a line by line basis by adding together the like items of assets, liabilities, income and expenses after eliminating intra group balances, intra group transactions and unrealised profits/ losses from the intra group transactions.
- b) The excess/deficit (as on the date of acquisition) of the Company's investment cost over the subsidiaries net worth is recognised as goodwill on consolidation or capital reserve as the case may be and the impairment loss, if any is provided for.
- c) Minorities interest in the net asstes of the consolidated subsidiaries consists of;
 - i) The amount of equity attributable to minorities as at the date on which the investment in subsidiary is made and,
 - ii) The share of movements in equity since the date the parent-subsidiary relationship came into existence.
- d) In case of foreign subsidiary- the items of profit and loss have been consolidated at the average rate of foreign exchange prevailing during the year. The assets and liabilities, both monetary and non-monetary, of the subsidiaries whose operations are non-integral foreign operation for the Company are translated at the closing rate. Exchange differences arising on monetary and non-monetary items that in substance form part of the company's net investments in non-integral foreign operation are accumulated in the Foreign Currency Translation Reserve.
- e) The financial statements of the Parent Company and its subsidiaries have been consolidated using uniform accounting policies for like transactions and other events in similar circumstances as mentioned in the policies.
- f) Subsidiary companies are consolidated from the date on which effective control is transferred to the Group and are no longer consolidated from the date of disposal.
- g) 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 2017	% age voting power held as at 31 March 2017
i. Advanced Bio-Agro Tech Limited	India	60.00%	60.00%
ii. JC Biotech Private Limited (Acquired on 1 December 2016)	India	70.00%	-
iii. Advanced EnzyTech Solutions Limited	India	100.00%	100.00%
iv. Advanced Enzymes USA, Inc.	USA	100.00%	100.00%
v. Cal India Foods International (Wholly owned subsidiary of Advanced Enzymes USA, Inc.)	USA	100.00%	100.00%
vi. Advanced Supplementary Technologies Corporation (Wholly owned subsidiary of Advanced Enzymes USA, Inc.)	USA	100.00%	100.00%
vii. Enzyme Innovation, Inc. (Wholly owned subsidiary of Cal India Foods International)	USA	100.00%	100.00%
viii. Dynamic Enzymes, Inc. (Wholly owned subsidiary of Advanced Enzymes USA, Inc.)	USA	100.00%	100.00%
ix. Enzyfuel Innovation, Inc. (Wholly owned subsidiary of Advanced Enzymes USA, Inc.)	USA	100.00%	100.00%

Notes to the consolidated financial statements for the year ended 31 March 2017(Continued)

3) BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The 'Consolidated Financial Statements', which have been prepared and presented under the historical cost convention on the accrual basis of accounting, are in accordance with the requirements of the Companies Act, 2013 ('the Act') and comply in all material aspects with the applicable Accounting Standards specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014 and also comply with the revised accounting standards notified by Companies (Accounting Standard) Amendment Rules, 2016 on 30 March 2016.

4) USE OF ESTIMATES

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

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 it is probable that economic benefits will flow to the Group and the revenue can be reliably measured.
- ii. Revenue from sale of goods is recognised, when all significant contractual obligations have been satisfied, the property in the goods is transferred for a price, significant risks and rewards of ownership are transferred to the customer/ agent and no effective ownership is retained. Sales are inclusive of excise duty and net of sales tax, sales returns and discounts.
- iii. Income from services rendered is recognised based on agreements with the customers using the proportionate completion method, when services are performed and no significant uncertainty exists regarding the amount of the consideration that will be derived from rendering of service. Income is recognised net of service tax, as applicable.
- iv. Export incentives pursuant to the Duty Drawback Scheme are accounted on an accrual basis, to the extent it is probable that realisation is certain.
- v. Interest income is recognised on a time proportionate basis, taking into account the amount outstanding and the rates applicable.
- vi. Dividend income is recognised when the Company's right to receive dividend is established by the reporting date.

b) Fixed assets, depreciation and amortisation

- i. "Fixed assets, both tangible (property, plant and equipment) and intangible are stated at cost of acquisition/construction less accumulated depreciation and amortisation and accumulated impairment losses, if any. Cost includes taxes, duties, freight and other incidental expenses directly related to acquisition/construction and installation of the assets. Any trade discounts and rebates are deducted in arriving at the purchase price. Interest on borrowings to finance acquisition of fixed assets during qualifying period is capitalized.
- ii. Subsequent expenditure related to an item of fixed asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.
- iii. Leasehold improvements represent expenses incurred towards civil work and interior furnishings on the leased premises.
- iv. Capital work in progress includes fixed assets not ready for their intended use and related incidental expenses and attributable interest.
- v. Costs relating to acquisition of technical know-how and software are capitalized as intangible assets. Further, the

Notes to the consolidated financial statements for the year ended 31 March 2017(Continued)

5) SIGNIFICANT ACCOUNTING POLICIES (continued)

expenditure incurred towards product studies during the development of product dossiers for registration are grouped under "Intangible assets under development" to the extent such expenditure meet the criteria of intangible asset as defined in Accounting Standard (AS) 26.

- vi. The Company has reviewed its policy for providing depreciation on its tangible fixed 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 indicated in Part C of Schedule II of the Act, for all classes of tangible assets (property, plant and equipment). The estimated useful life of assets are as follows:

Building	30-60 Years
Plant and equipment	10-25 Years
Furniture and fixtures	10 Years
Vehicles	8 Years
Office equipment	5 Years
Computer and data processing equipment	3 Years

Depreciation on tangible fixed assets (property, plant and equipments) 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.

- vii. Leasehold improvements and leasehold land are amortised over the unexpired primary period of lease except for lease hold land acquired under perpetual lease.
- viii. Intangible fixed assets that are ready for use are amortized on a straight line basis over a period of four years.
- ix. Tangible assets (property, plant and equipments) of subsidiaries incorporated in U.S.A. are depreciated over the estimated useful life of the assets using the Straight Line Method. The estimated useful lives of assets are as follows:
- | | |
|----------------------------------|---------|
| Equipment (office and machinery) | 5 years |
| Computer and software | 3 years |
| Furniture and fixtures | 5 years |
- x. Items of fixed assets that are held for disposal are stated at the lower of their net book value and net realisable value and are shown separately under other current assets in the consolidated financial statements. Any expected loss is recognised immediately in the Consolidated Statement of Profit and Loss.
- xi. A fixed 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 fixed assets carried at cost are recognised in the Consolidated Statement of Profit and Loss.

c) Investments

Investments that are readily realizable and intended to be held for not more than a year from the date of acquisition are classified as current investments. All other investments are classified as long-term investments. Long-term investments are carried at cost less any other-than temporary diminution in value. Current investments are valued at lower of cost and net realizable value. Any reduction in the carrying amount and any reversals of such reductions are charged or credited to the Consolidated Statement of Profit and Loss.

d) Foreign currency transactions

- i. Initial Recognition- Transactions denominated in foreign currencies are recorded at the rates of exchange prevailing on the date of the transaction.
- ii. Conversion- Monetary assets and liabilities denominated in foreign currency are converted at the rate of exchange prevailing on the date of the Balance Sheet. Non-monetary assets and liabilities denominated in foreign currency are reported at the rate of exchange prevailing on the date of transaction.
- iii. Exchange differences- All exchange differences arising on settlement/ conversion on foreign currency transactions are included in the Consolidated Statement of Profit and Loss.

Notes to the consolidated financial statements for the year ended 31 March 2017(Continued)

5) SIGNIFICANT ACCOUNTING POLICIES (continued)

e) 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 Outstanding". 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 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 Company's best estimate of the number of equity instruments that will ultimately vest.

f) Impairment of assets

In accordance with Accounting Standard 28 on 'Impairment of assets', the Group assesses at each balance sheet date, whether there is any indication that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset. The recoverable amount of the assets (or where applicable that of the cash generating unit to which the asset belongs) is estimated as the higher of its net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of the assets and from its disposal at the end of its useful life. An impairment loss is recognized whenever the carrying amount of an asset or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment loss is recognized in the Consolidated Statement of Profit and Loss or against revaluation surplus, where applicable. If at the balance sheet date, there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is re-assessed and the asset is reflected at the recoverable amount subject to a maximum of the depreciated historical cost.

g) Inventories

i. Inventories are valued at lower of cost or net realisable value on an item-by-item basis.

ii. Cost of finished goods, traded goods and work in progress is determined by considering materials, labour and other related costs incurred in bringing the inventories to their present condition and location.

Cost of raw materials, packing materials and consumables is determined on first-in-first-out basis except in case of Advanced EnzyTech Solutions Limited, where it is determined on weighted average cost basis.

Cost of finished goods (including traded goods) and work in progress is determined on the following basis:

In case of Parent Company- on weighted average cost method;

In case of Advanced Enzymes USA, Inc. (including its subsidiaries)- on weighted average cost basis; and

In case of Advanced Bio-Agro Tech Limited and Advanced EnzyTech Solutions Limited- on first-in-first-out basis. "

h) Employee benefits

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

ii. 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.

Notes to the consolidated financial statements for the year ended 31 March 2017(Continued)

5) SIGNIFICANT ACCOUNTING POLICIES (continued)

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 Consolidated 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.

iii. Defined benefit plans

For the entities incorporated in India 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. Actuarial gains and losses are recognized in the Consolidated Statement of Profit and Loss account in the year of occurrence of such gains and losses. The retirement benefit obligation recognized in the Consolidated 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 respective Company policy.

i) 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 expense comprises of taxes on income from operations in India and in foreign jurisdictions. Income tax payable in India is determined in accordance with the provisions of the Income Tax Act, 1961. Tax expense relating to foreign operations is determined in accordance with tax laws applicable in countries where such operations are domiciled.

Deferred tax

Deferred tax is recognised on timing differences, being the difference between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. If the entity has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognised only if there is a virtual certainty supported by convincing evidence that such deferred tax assets can be realized against future taxable profits.

At each Balance Sheet date, the Group re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

Minimum Alternate Tax

Minimum Alternate Tax (MAT) under the provision of Income Tax Act, 1961 is recognized as current tax in the Statement of Profit and Loss. The credit available under the Act in respect of MAT paid is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the period for which the MAT credit can be carried forward for set off against the normal tax liability. MAT credit recognised as an asset is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

j) Borrowing costs

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

Notes to the consolidated financial statements for the year ended 31 March 2017(Continued)

5) SIGNIFICANT ACCOUNTING POLICIES (continued)

k) 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 recognised as an intangible asset to the extent that it is technically feasible to complete the development of such asset and future economic benefits are expected to be generated from such assets.

l) Provisions and contingencies

The Group creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources embodying economic benefits and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. 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.

m) Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognized as an expense in the Consolidated Statement of Profit and Loss on straight line basis over the primary period of lease in accordance with the respective lease agreements.

Lease under which the Group assumes substantially all the risk and rewards of ownership are classified as finance leases. Assets taken on finance lease are initially capitalized at fair value of the asset i.e., the premium paid at the inception of the lease. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to periods during the lease terms so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

n) Cash and cash equivalents

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

o) Operating cycle

Operating cycle is the time between the acquisition of assets for processing and their realization in cash or cash equivalents. Based on the nature of products/ activities of the Group, the Management has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

Notes to the consolidated financial statements for the year ended 31 March 2017(Continued)

6 SHARE CAPITAL	As at 31 March 2017		As at 31 March 2016	
	Number	₹ in million	Number	₹ in million
Authorised Equity shares of ₹ 10 each	35,000,000	350.00	35,000,000	350.00
	35,000,000	350.00	35,000,000	350.00
Issued, subscribed and fully paid up Equity shares of ₹ 10 each	22,326,005	223.26	21,765,600	217.66
Total	22,326,005	223.26	21,765,600	217.66
a) Reconciliation of equity share capital	As at 31 March 2017		As at 31 March 2016	
	Number	₹ in million	Number	₹ in million
	Balance at the beginning of the year	21,765,600	21,765,600	217.66
	Add : Issued during the year	560,405	-	-
	Balance at the end of the year	22,326,005	21,765,600	217.66
b) Shareholders holding more than 5% of the shares	As at 31 March 2017		As at 31 March 2016	
	Number	₹ in million	Number	Rs. in million
	Equity shares of ₹ 10 each			
	Mr. Vasant L. Rathi	5,780,900	8,280,900	38.05%
	Chandrakant Rathi Innovations and Projects Private limited (formerly known as Chandrakant Rathi Finance and Investment Company Private Limited)	4,699,278	4,295,400	19.73%
	Atharva Green ecotech LLP (formerly known as Atharva Capital Ventures Private Limited)	2,492,940	2,492,940	11.45%
Vasant and Prabha Rathi Generation Trust	1,000,000	1,500,000	6.89%	
	13,973,118	62.59%	16,569,240	76.12%

c) Rights, preferences and restrictions attached to equity shares

The Company has only one class of equity share having a par value of ₹ 10 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 AGM except interim dividend.

d) Shares reserved for issue under options

The Company had reserved issuance of 44,000 (Previous year Nil) Equity shares of ₹ 10 each 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. (Also, refer note 42)

Notes to the consolidated financial statements for the year ended 31 March 2017(Continued)

6) Share Capital (continued)

e) Subdivision of shares

The Shareholders vide a special resolution has approved sub division of shares of the Company in the ratio of 5 shares of face value of ₹ 2 each for every existing 1 share of the face value of ₹ 10 each through postal ballot. The requisite approvals for modification of the Memorandum and Articles of Association of the Company had been accorded by the shareholders on 4 May 2017.

f) Initial public offering

The Company had made an Initial Public Offer (IPO) of 4,594,875 Equity shares of ₹ 10 each at an issue price of ₹ 896 per Equity share (₹ 810 per Equity share for eligible employees), consisting of fresh issue of 560,405 Equity shares and an Offer for Sale of 4,034,470 Equity shares by Selling Shareholders.

g) Utilisation of IPO proceeds

From the total proceeds of ₹ 4,114.88 million through an IPO, the Company received proceeds of ₹ 499.99 million towards fresh issue of 560,405 equity shares of ₹ 10 each fully paid up at a premium of ₹ 886 per share for 535,714 equity shares and ₹ 800 per share for 24,691 equity shares , net of ₹ 3,614.89 million attributed to the selling shareholders towards 4,034,470 equity shares of Rs. 10 each fully paid up at a premium of ₹ 886 per share offered by them for sale.

Details of utilization of IPO proceeds, of Rs. 499.99 million by the Company are as follows:

Particulars	As per prospectus	utilised upto 31 March 2017	unutilised amount as at 31 March 2017
Investment in Advanced Enzymes USA, Inc., the wholly owned subsidiary for repayment / pre-payment of certain loans availed by Advanced Enzymes USA, Inc.	400.00	400.00	-
General corporate purposes	71.98	70.67	1.31
Share issue expenses	28.01	29.32	(1.31)
Total	499.99	499.99	-

Notes to the consolidated financial statements for the year ended 31 March 2017(Continued)

(₹ in million)

7 Reserves and surplus	As at 31 March 2017 ₹ in million	As at 31 March 2016 ₹ in million
Capital reserves	3.00	3.00
Securities premium account		
Balance at the beginning of the year	289.63	289.63
Add : Premiium on issue of new shares	494.40	-
Less : Utilisation towards share issue expenses (refer note 23)	(29.32)	-
Balance at the end of the year	754.71	289.63
Employee stock option outstanding		
Balance at the beginning of the year	-	-
Add : Options granted during the year (Refer Note 42)	3.05	-
Less : Exercised during the year	-	-
Less: Lapsed during the year	-	-
Balance at the end of the year	-	-
	3.05	-
General reserve	38.77	38.77
Foreign currency translation reserve		
Balance at the beginning of the year	(300.12)	(250.11)
Add : Exchange rate difference in translation (net)	432.84	(50.01)
Balance at the end of the year	132.72	(300.12)
Surplus in the Statement of Profit and Loss		
Balance at the beginning of the year	2,531.92	1,820.84
Add : Profit for the year	906.49	758.50
Add: Adjustment of dividend proposed last year	12.00	2.40
Less : Interim dividend	-	(41.77)
Less : Tax on dividends distributed/proposed during the year	(4.28)	(8.05)
Balance at the end of the year	3,446.13	2,531.92
	4,378.38	2,563.20

8 Minority interest	As at 31 March 2017 ₹ in million	As at 31 March 2016 ₹ in million
Advanced Bio-Agro Tech Limited		
Share in equity capital	0.40	0.40
Share in Reserves and surplus	51.77	53.11
Subtotal (A)	52.17	53.51
JC Biotech Private Limited		
Share in equity capital	61.32	-
Share in Reserves and surplus	10.03	-
Subtotal (B)	71.35	-
Grand total (A)+(B)	123.52	53.51

Notes to the consolidated financial statements as at 31 March 2017(Continued)

9 Borrowings	As at 31 March 2017		As at 31 March 2016	
	Long-term ₹ in million	Short-term ₹ in million	Long-term ₹ in million	Short-term ₹ in million
Secured				
Term loans				
BIRAC - Government of India	17.79	-	-	-
From banks	137.19	-	110.00	-
Vehicle loans	9.27	-	5.81	-
From related parties (refer note 37)	-	-	229.45	-
Loans repayable on demand				
From banks in foreign currency	-	65.96	-	53.61
From banks in rupees	-	147.66	-	242.73
	164.25	213.62	345.26	296.34
Unsecured				
Deferred sales tax payment liabilities	33.15	-	42.26	-
Loans repayable on demand				
From related parties (refer note 37)	-	46.47	-	-
Loans from others	-	5.35	-	-
	33.15	51.82	42.26	-
	197.40	265.44	387.52	296.34

a) Details of guarantee for each type of borrowing

	As at 31 March 2017		As at 31 March 2016	
	Long-term ₹ in million	Short-term ₹ in million	Long-term ₹ in million	Short-term ₹ in million
Guaranteed by managing director				
Term loans :				
From banks (including current maturities)	110.00	-	140.00	-
Loans repayable on demand :				
From banks	80.52	219.45	-	296.34

b) Details of security for each type of borrowings as at 31 March 2017

The Company:

- (a) Term loans from banks are secured by
- (i) hypothecation charge of present and future movable and immovable fixed assets of the Company; and
 - (ii) first pari-passu charge by way of equitable/ registered mortgage on all the present and future land and building (immovable properties) of the Company.
- (b) 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.
- (c) Vehicle loans availed from four banks and two financial institution are secured by charge on vehicles as specified in their respective loan agreements.

Advanced Bio Agro Tech Limited:

- (a) Term loans from banks taken for purchase of vehicle are specifically secured by specified fixed assets of Advanced Bio Agro Tech Limited exclusively charged in Hire purchase agreement.
- (b) Loans repayable on demand from banks (Working Capital loans) are secured as under:
1. Negative lien on Land and Building situated at Gat No 551 , Off Nashik-Pune Road, Dapurwad Road, Mauje, Musalgaon, Taluka- Sinnar , Dist- Nashik, Sole Charge on Plant and Machinery located at the above address as and when procured.

Notes to the consolidated financial statements as at 31 March 2017(Continued)

9 Borrowings (continued)

b) Details of security for each type of borrowings as at 31 March 2017 (continued)

2. First Exclusive charge on Stocks and Book Debts of Advanced Bio Agro Tech Limited.
3. Personal guaranteed by the Managing Director Mr. OP Singh.

JC Biotech Private Limited:

(a) Term Loan and Overdraft facility:

- i. The Term Loan and Drop Line Overdraft from Yes Bank is secured by way of Hypothecation on current assets and movable assets of JC Biotech Private Limited and deed of mortgage on Immovable properties of JC Biotech Private Limited.
- ii. The Term Loan and Drop Line Overdraft from Yes Bank is further secured by the personal guarantee of Mr.S Chandrashekhar,Managing Director of JC Biotech Private Limited.
- iii. The holding company (Advanced Enzyme Technologies Limited) has given the letter of comfort to YES Bank for availing the credit facility of ₹ 20.10 Crores.
- iv. The Asset Backed Loan from State Bank of India is secured by way of equitable mortgage of Factory Land & Building admeasuring 30 Acres at Growth Center - Ongole, Gundlapalli Village Maddipadu Mandal, Prakasham Dist. and first charge on plant & machinery and on all current assets of JC Biotech Private Limited.
- v. Asset Backed Loan facility is further secured by the personal guarantee of Mr. S Chandra Sekhar(Director) and Mr. P Prasanth Kumar and A Arvind Kumar.
- vi. Term Loan from Biotechnology Industry Research Assistance Council (BIRAC/SBIRI) is secured by way of Hypothecation of Assets acquired for the project sanctioned by BIRAC/SBIRI

Advanced Enzymes, USA:

As on 31 March 2016 term loans from related parties were secured by pledge of 2,000 equity shares of Cal India Foods International and 1,000 equity shares of Advanced Supplementary Technologies Corporation.

c) Terms of repayment of term loans and other loans

Term loans	Interest Rate	Repayment terms	Outstanding amount as on 31 March, 2017 ₹ in million	Outstanding amount as on 31 March, 2016 ₹ in million
From banks				
Kotak Bank	Base rate + 1% (10.5%)	60 equal monthly instalments of ₹ 2.5 million each along with interest upto 9 November 2020	110.00	140.00
Yes Bank -Term Loan	9.25%	36 equal monthly instalments of ₹ 5.83 million each along with interest upto 31 March 2020	70.00	-
Yes Bank -Drop line overdraft facility	9.25%	60 equal monthly instalments of ₹ 1.42 million each along with interest upto 31 March 2022	10.52	-
State Bank of India	11.00%	72 equal monthly instalments of ₹ 1.42 million each along with interest upto 31 March 2022	5.83	-
From other				
Biotechnology Industry Research Assistance Council - Term Loan	Upto Rs.10 million -1%, Balance ₹ 15 million -2 %	10 equal half yearly instalments of ₹ 2.22 million each along with interest upto 05 May 2022	22.24	-
			218.59	140.00

Notes to the consolidated financial statements as at 31 March 2017(Continued)

9 Borrowings (continued)

c) Terms of repayment of term loans and other loans (continued)

Vehicle loans	No. of instalments	Ending date of loan	Amount of instalment ₹ in million	Outstanding amount as on 31 March, 2017 ₹ in million	Outstanding amount as on 31 March, 2016 ₹ in million
Interest rate					
11.60%	60	3-Aug-18	0.01	0.07	0.22
10.59%	60	15-Oct-18	0.02	0.18	0.42
10.20%	60	5-Mar-19	0.10	1.08	2.96
10.50%	60	7-Nov-19	0.02	0.27	0.42
10.15%	60	7-Nov-19	0.03	0.72	1.03
9.90%	60	7-Nov-19	0.01	0.22	0.30
10.14%	60	15-Mar-20	0.03	0.63	0.91
9.75%	60	7-Nov-20	0.01	0.34	0.45
9.16%	60	7-Apr-21	0.09	3.01	0.00
9.32%	59	1-Aug-21	0.04	1.36	0.00
8.35%	60	5-Mar-22	0.03	1.40	0.00
				9.28	6.71

Loan repayable on demand

- (i) Cash Credit from bank for ₹ 95.37 million (Previous Year ₹ 165.90 million) carries an interest rate of 9% to 12%
- (ii) Packing credit foreign currency loan from bank for Rs. 65.96 million (Previous Year Rs.53.61 million) carries an interest rate of Libor+80 bps (previous year Libor+125 to 200 bps)
- (iii) Working capital demand loan from bank for Rs. 50.00 million (Previous Year Rs. 75.00 million) carries an interest rate of 8.20% (previous year 9.60%)

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.

10 Deferred tax liabilities (net)

	As at 31 March 2017 ₹ in million	As at 31 March 2016 ₹ in million
Deferred tax liabilities		
Excess of depreciation/amortisation on fixed assets under income-tax law over depreciation/amortisation provided in accounts	225.35	185.84
	225.35	185.84
Deferred tax assets		
Unabsorbed depreciation	30.62	-
Provision for employee benefits	5.18	4.97
Provision for product recall liability	-	1.33
Others	6.99	5.66
	42.79	11.96
	182.56	173.88

Notes to the consolidated financial statements as at 31 March 2017(Continued)

11 Provisions

	As at 31 March 2017		As at 31 March 2016	
	Long-term ₹ in million	Short-term ₹ in million	Long-term ₹ in million	Short-term ₹ in million
Provisions for employee benefits				
Compensated absences (refer note (a) below)	0.06	6.73	-	4.82
Gratuity (refer note (a) below)	7.87	5.58	1.75	4.12
Provision for 401K (refer note (c) below)	-	7.13	-	7.19
Interim dividend (refer note (e) below)	-	-	-	20.00
Dividend distribution tax	-	-	-	8.04
Provision for taxation (net of advance tax)	-	0.42	-	55.40
Provision for sales return (refer note (d) below)	-	8.15	-	-
Provision for product recall expenses refer note (d) below	-	-	-	3.34
	7.93	28.01	1.75	102.91

Note:

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 following table set out the status of the gratuity and Compensated absences plan as required under Accounting Standard (AS) - 15 - Employee benefits and the reconciliation of opening and closing balances of the present value of the defined benefit obligation.

	As at 31 March 2017		As at 31 March 2016	
	Gratuity ₹ in million	Compensated absences ₹ in million	Gratuity ₹ in million	Compensated absences ₹ in million
Reconciliation of defined benefit obligation				
Projected benefit obligation at the beginning of the year	32.68	12.97	24.53	9.76
Additional charge *	4.22	1.05	-	0.00
Service cost	3.42	3.30	2.59	2.53
Interest cost	2.80	1.01	1.87	0.70
Actuarial loss/(gain)	8.24	1.30	7.44	0.50
Past service cost	2.45	-	-	0.00
Benefits paid	(0.97)	(0.43)	(3.74)	(0.50)
Projected benefit obligation at the end of the year	52.84	19.20	32.69	12.99
Reconciliation of fair value of plan assets				
Plan assets at the beginning of the year	26.87	10.01	23.67	8.99
Expenses deducted from the fund	(0.18)	(0.08)	(0.15)	(0.07)
Expected return on plan assets	2.04	0.82	2.15	0.76
Actuarial gain/(loss)	0.62	0.14	(0.05)	0.01
Employer contributions	11.08	3.81	1.98	0.32
Benefits paid	(0.99)	-	(0.71)	-
Plan assets at the end of the year	39.44	14.70	26.89	10.01

Notes to the consolidated financial statements as at 31 March 2017(Continued)

11 Provision (continued)

	As at 31 March 2017		As at 31 March 2016	
	Gratuity ₹ in million	Compensated absences ₹ in million	Gratuity ₹ in million	Compensated absences ₹ in million
Reconciliation of present value of obligation and the fair value of plan assets				
Present value of projected benefit obligation at the end of the year	52.84	19.20	32.69	12.99
Plan assets at the end of the year	39.44	14.70	26.89	10.01
Liability / (asset) recognised in the balance sheet	13.40	4.50	5.80	2.98
Classification of liability recognised (net of assets)				
Non-current	7.87	0.06	1.75	-
Current	5.53	4.45	4.05	2.98
	13.40	4.50	5.80	2.98
Net cost recognised in Statement of profit and loss				
Current service cost	3.24	3.18	2.59	2.52
Interest on obligation	2.52	0.93	1.87	0.70
Expected (returns)/ loss on plan assets	(2.04)	(0.82)	(2.15)	(0.76)
Net actuarial loss/(gain)	7.34	1.11	7.49	0.49
Past service cost	2.45	-	-	-
Expenses deducted from the fund	0.18	0.08	0.15	0.07
Additional charge *	0.72	0.04	-	-
	14.40	4.53	9.95	3.02

Note: The above expenses have been recognized under note 30

	As at 31 March 2017		As at 31 March 2016	
	Gratuity ₹ in million	Compensated absences ₹ in million	Gratuity ₹ in million	Compensated absences ₹ in million
Composition of the plan assets				
Policy of insurance	100%	100%	100%	100%
Assumptions used				
Discount rate	from 7.15% to 7.75%		From 7.70% to 8.05%	
Rate of return on plan assets	from 7.15% to 8.75%		From 7.70% to 8.05%	
Salary Escalation	from 7% to 8.50%		From 7.00% to 8.00%	
Withdrawal rates	from 12% to 5% at younger ages		5% at younger ages	
Withdrawal rates	from 2% to 1% at older ages		1% at older ages	
Leave availment rates	-	leave availment rate varies from 0%p.a. to 1% p.a.	-	leave availment rate varies from 0%p.a. to 1% p.a.
Retirement age	58 to 60 years		58 to 60 years	
Mortality rates	As published under the Indian assured lifes mortality (2006-08) table		As published under the Indian assured lifes mortality (2006-08) table	

Notes to the consolidated financial statements as at 31 March 2017(Continued)

11 Provision (continued)

Compensated absences short-term obligation

	As at 31 March 2017 ₹ in million	As at 31 March 2016 ₹ in million
Undiscounted value (provision) of obligation at the year end	2.27	1.86
	2.27	1.86

b) Charge to Statement of Profit and Loss towards contribution to:

	As at 31 March 2017 ₹ in million	As at 31 March 2016 ₹ in million
Superannuation	3.15	2.36
Provident fund	11.86	9.70
Employees State Insurance Corporation and labour welfare fund	0.58	0.42
Note: The above expenses have been recognized under note 30		

c) 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 contributors vest immediately

	As at 31 March 2017 ₹ in million	As at 31 March 2016 ₹ in million
Opening	7.19	-
Contribution during the year	(7.40)	-
Provided during the year	7.39	7.22
Foreign exchange currency translation	(0.04)	(0.03)
Closing Provision	7.13	7.19

d) Movement in provision for sales return

	As at 31 March 2017 ₹ in million	As at 31 March 2016 ₹ in million
Movement in provision for sales return		
Provision at the beginning of the year		
Provision created during the year	-	
Provision at the end of the year	8.15	
	8.15	-

Until 31 March 2016, the Company accounted for sales returns on actual returns. During the year ended 31 March 2017, in line with an opinion of Expert Advisory Committee of the Institute of Chartered Accountants of India on accounting for sales returns, the Company has revised its approach by accounting for anticipated sales returns and has recorded a cumulative provision for anticipated sales returns during the year ended 31 March, 2017, by charging it to Consolidated Statement of Profit and Loss.

Notes to the consolidated financial statements as at 31 March 2017(Continued)

11 Provision (continued)

e) The Board of Directors of Advanced Bio-Agro Tech Limited in its meeting held on 27 April 2016, has declared an interim dividend of Rs. 200 per equity share.

f) Movement in provision for product recall expenses

	As at 31 March 2017 ₹ in million	As at 31 March 2016 ₹ in million
Movement in provision for product recall expenses		
Provision at the beginning of the year	3.34	101.47
Provision created during the year	8.83	40.96
Provision utilised during the year	12.17	139.09
Provision at the end of the year	-	3.34

12 Trade payables	As at 31 March 2017 ₹ in million	As at 31 March 2016 ₹ in million
Total outstanding dues to micro and small enterprises (refer note below)	6.39	1.87
Total outstanding dues to others (Refer note 37)	103.71	113.57
	110.10	115.44
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	6.39	1.87
Interest due thereon	0.02	-
Interest paid by the Company in terms of Section 16 of MSMED Act, 2006, along with the amount of the payment made to the suppliers and service providers beyond the appointed day during the year	-	-
Interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006	-	-
Interest accrued and remaining unpaid as at balance sheet date	0.02	-
Further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006.		
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 as at ended 31 March 2017(Continued)

13 Other current liabilities	As at 31 March 2017 Rs. in million	As at 31 March 2016 Rs. in million
Current maturities of long-term term loans (Refer note no.9)		
- From banks	63.61	319.81
- Vehicle loans	3.67	2.20
- Deferred sales tax payment liabilities	10.08	7.58
Interest due but not paid	-	1.25
Interest accrued but not due	2.87	-
Unpaid dividends (Refer note below)	1.07	0.51
Interim dividend payable	-	9.64
Statutory dues		
Provident fund payable	1.53	1.35
Employees' State Insurance Scheme contribution payable	0.04	0.01
Other dues payable	8.27	4.66
Payable for purchase of fixed assets	5.19	7.94
Advances and security deposits from customers	13.84	139.35
Payable in respect of fixed assets held for sale	35.60	35.60
Payable in respect of investment in subsidiary	5.00	-
Employee benefits payable	49.99	36.67
Other payables	48.25	26.37
	249.01	592.94

Note

The amount due and paid during the year to "Investor Education and Protection Fund" is Rs. 0.03 million (31 March 2016 Rs. 0.03 million).

Notes to the consolidated financial statements as at 31 March 2017(Continued)

14A Tangible fixed assets (property, plant and equipment)

(₹ in million)

Gross block	Land freehold	Land leasehold	Buildings	Plant and equipments	Furniture and fixtures	Vehicles	Office equipments	Leasehold improvements	Computer and data processing equipments	Total
Balance as at 01 April 2015	2.35	35.22	325.39	1,252.35	42.33	30.32	19.13	12.73	23.75	1,743.57
Additions	-	-	40.99	33.66	8.00	5.20	3.01	72.51	2.55	165.93
Disposals	-	-	-	0.17	-	1.06	-	-	-	1.23
Other adjustments	-	-	-	-	-	-	-	-	-	-
- Assets classified as held for sale (refer note 1 below)	-	12.57	35.60	-	-	-	-	-	-	48.17
Balance as at 31st March 2016	2.35	22.65	330.78	1,285.84	50.33	34.46	22.14	85.24	26.30	1,860.10
Additions	-	-	26.33	46.25	4.28	8.28	3.08	8.57	4.96	101.75
On acquisition of JC Biotech Private Limited	20.36	-	96.22	386.34	0.25	3.00	1.56	-	1.14	508.87
Disposals	-	-	-	-	-	2.46	0.32	-	-	2.78
Other adjustments	-	-	-	-	-	-	-	-	-	-
-Retired from use and assets written off	-	-	-	13.35	0.14	0.81	0.11	-	0.10	14.51
Balance as at 31 March 2017	22.71	22.65	453.33	1,705.08	54.72	42.47	26.36	93.81	32.30	2,453.43
Accumulated depreciation and amortisation										
Balance as at 01 April 2015	-	4.98	129.15	416.80	24.51	19.26	14.50	7.01	18.36	634.57
Depreciation and amortisation	-	0.51	17.52	47.24	6.16	4.84	3.74	2.61	4.41	87.03
- Reversal on disposal of assets	-	-	-	-	-	0.84	-	-	-	0.84
Balance as at 31st March 2016	-	5.49	146.66	464.04	30.67	23.27	18.24	9.62	22.77	720.76
Depreciation and amortisation	-	0.51	20.92	68.05	6.06	6.09	2.55	13.78	3.54	121.49
On acquisition of JC Biotech Private Limited	-	-	20.86	83.24	0.12	2.12	1.32	-	0.56	108.22
Reversal on disposal of assets	-	-	-	-	-	2.24	0.30	-	-	2.54
Retired from use and assets written off	-	-	-	8.47	0.14	0.73	0.09	-	0.06	9.49
Balance as at 31 March 2017	-	6.00	188.44	606.86	36.71	28.51	21.72	23.40	26.81	938.44
Other Adjustment										
Balance of Foreign Currency Translation Reserve as at 31 March 2016	-	-	-	1.86	0.04	-	0.51	1.19	0.74	4.34
Adjustments during the year	-	-	-	3.80	(0.06)	-	(0.03)	(1.56)	(0.10)	2.05
Net block										
Balance as at 31 March 2016	2.35	17.16	184.12	823.67	19.70	11.19	4.41	76.81	4.27	1,143.68
Balance as at 31 March 2017	22.71	16.65	264.89	1,102.02	17.95	13.96	4.61	68.85	5.39	1,517.04

Notes to the consolidated financial statements as at 31 March 2017(Continued)

14A Tangible fixed assets (property, plant and equipment) (continued)

Note 1:

The Company has decided to sell the lease rights for one of its leasehold land situated at Jalna, Maharashtra. Accordingly, the cost of land and building appurtenant thereto along with the development costs has been classified as fixed assets held for sale under Other current assets in Note 20. The Company is in the process of executing a formal lease deed for the above said land with Maharashtra Industrial Development Corporation.

(₹ in million)

14B Capital work-in-progress	
CWIP as at 1 April 2015	2.44
Addition during the year	20.88
Capitalised during the year	4.96
CWIP as at 31 March 2016	18.36
Addition during the year	39.98
Capitalised during the year	43.39
CWIP as at 31 March 2017	14.95

(₹ in million)

15A Intangible assets			
Gross block	Computer software	Technical know-how	Total
Balance as at 1 April 2015	2.24	5.21	7.45
Additions	0.63	-	0.63
Disposals	-	-	-
Balance as at 31 March 2016	2.87	5.21	8.08
Additions	1.48	-	1.48
Balance as at 31 March 2017	4.35	5.21	9.56
Accumulated amortisation			
Balance as at 1 April 2015	2.18	5.21	7.39
Amortisation	0.16	-	0.16
Balance as at 31 March 2016	2.34	5.21	7.55
Amortisation	0.60	-	0.60
Balance as at 31 March 2017	2.94	5.21	8.15
Net block			
Balance as at 31 March 2016	0.53	-	0.53
Balance as at 31 March 2017	1.41	-	1.41

(₹ in million)

15B Intangible assets under development	
Balance as on 31 March 2015	38.20
Addition during the year	12.42
Capitalised during the year	-
Balance as on 31 March 2016	50.62
Addition during the year (Refer note 40)	14.87
Capitalised during the year	-
Balance as on 31 March 2017	65.49

Notes to the consolidated financial statements as at 31 March 2017(Continued)

15C Goodwill on consolidation	As at 31 March 2017 ₹ in million	As at 31 March 2016 ₹ in million
Advanced Enzymes USA, Inc.	2,155.36	1,709.53
JC Biotech Private Limited (Refer note 46)	340.38	-
Advanced EnzyTech Solutions Limited	0.87	0.87
	2,496.61	1,710.40

16 Investments (Valued at cost unless stated otherwise)	As at 31 March 2017		As at 31 March 2016	
	Trade ₹ in million	Others ₹ in million	Trade ₹ in million	Others ₹ in million
Non-current investments (Unquoted)				
19,100 Equity shares (31 March 2015 - 19,100) of ₹ 10 each fully paid up of Advanced Vital Enzymes Private Limited	0.57	-	0.57	-
1,666 Equity shares (31 March 2015 - 1,666) of ₹ 30 each fully paid up of Bombay Mercantile Co-op. Bank Limited	-	0.05	-	0.05
	0.57	0.05	0.57	0.05
Aggregate amount of unquoted investments	0.57	0.05	0.57	0.05
Current investments				
Mutual funds (Quoted)				
ICICI Prudential Mutual Fund- "ICICI Prudential Liquid - Growth"	-	0.04	-	-
	-	0.04	-	-

17 Deferred tax asset (net)	As at 31 March 2017 ₹ in million	As at 31 March 2016 ₹ in million
Excess of depreciation / amortisation provided in accounts over depreciation on fixed assets under Income Tax Act, 1961	0.19	0.24
Expenditure covered by section 43B of the Income Tax Act, 1961	7.13	1.80
	7.32	2.04

Notes to the consolidated financial statements as at 31 March 2017(Continued)

18 Loans and advances	As at 31 March 2017		As at 31 March 2016	
	Long-term ₹ in million	Short-term ₹ in million	Long-term ₹ in million	Short-term ₹ in million
Capital advances				
- Unsecured, considered good	5.88	-	0.12	-
- Doubtful	1.30	-	1.30	-
	7.18	-	1.42	-
Allowances for bad and doubtful advances	(1.30)	-	(1.30)	-
	5.88	-	0.12	-
Security deposits				
- Unsecured, considered good	23.06	20.64	13.74	0.07
	23.06	20.64	13.74	0.07
Other loans and advances (Unsecured, considered good)				
Loan to employees	-	0.45	-	0.51
Prepaid expenses	-	12.35	-	11.34
Advance to other suppliers	-	19.15	-	4.91
Advance income tax (net of provisions)	44.92	16.95	33.90	2.54
Minimum Alternate Tax credit entitlement	117.36	18.36	129.70	-
Balance with excise authorities	-	26.58	2.98	9.06
Government subsidy receivable	-	11.99	-	-
Other advances	-	21.21	-	15.93
	162.28	127.04	166.58	44.29
	191.22	147.68	180.44	44.36

19 Other non-current assets	As at 31 March 2017 ₹ in million	As at 31 March 2016 ₹ in million
Non-current bank deposits (Refer note 22)	1.39	1.27
	1.39	1.27

20 Inventories (valued at lower of cost and net realisable value)	As at 31 March 2017 ₹ in million	As at 31 March 2016 ₹ in million
Raw materials and packing materials (including goods-in-transit of ₹ 4.48 million (31 March 2016 ₹ 19.47 million))	236.42	187.22
Work-in-Progress	265.74	256.94
Finished goods (including goods-in-transit of Rs. 27.41 million (31 March 2016 ₹ 20.44 million))	138.40	118.85
Traded goods	-	0.82
Consumables and fuel	44.24	41.09
	684.80	604.92

Notes to the consolidated financial statements as at 31 March 2017(Continued)

21 Trade receivables	As at 31 March 2017 ₹ in million	As at 31 March 2016 ₹ in million
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	20.35	65.71
Unsecured, considered doubtful	41.46	2.90
	61.81	68.61
Less : Allowances for bad and doubtful debts	21.55	2.90
	40.26	65.71
Other debts		
Secured, considered good	0.18	0.18
Unsecured, considered good	469.38	352.08
	469.56	352.26
	509.82	417.97
The above balance includes amounts due by Private companies in which directors are interested (Refer note 37)	7.83	6.75

22 Cash and bank balances	As at 31 March 2017		As at 31 March 2016	
	Current ₹ in million	Non Current ₹ in million	Current ₹ in million	Non Current ₹ in million
Cash on hand	0.83	-	0.61	-
Cheques, drafts on hand				
Balances with banks				
- in current accounts	74.31	-	249.87	-
- in deposit account with maturity upto three months*	0.25	-	2.48	-
	75.39	-	252.96	-
Other bank balances				
Unclaimed dividend account	1.07	-	10.15	-
Bank deposits with maturity more than three months but less than twelve months	2.24	-	0.03	-
Bank deposits with maturity of more than twelve months*	-	1.39	-	1.27
	3.31	1.39	10.18	1.27
Less : Amounts disclosed as Other non-current assets (Refer note 19)	-	1.39	-	1.27
	78.70	-	263.14	-
* includes earmarked balances for performance guarantees	2.29	-	2.11	-

Notes to the consolidated financial statements as at 31 March 2017(Continued)

23 Other current assets	As at 31 March 2017 ₹ in million	As at 31 March 2016 ₹ in million
Fixed assets held for sale (refer note 14A)	48.17	48.17
Share issue expenses (refer note below)	-	18.28
Others	0.35	0.35
	48.52	66.80

Note:

The share issue expenses had been incurred by the Company in relation to its Initial Public Offer (“the Offer”) of equity shares. The Company has incurred ₹ 210.79 million (inclusive of service tax) as IPO expenses. Of the above IPO expenses certain expenses (such as legal counsel cost, listing fees and other cost) aggregating ₹ 3.84 million are directly attributable to the Company. Remaining IPO expenses aggregating ₹ 206.95 million, have been allocated between the Company ₹ 25.48 million and selling shareholders ₹ 181.47 million in proportion to the Equity shares allotted to the public as fresh issue by the Company and under Offer for Sale by the selling shareholders. The total amount attributable to the Company have been adjusted towards the securities premium account as permissible under Section 52 of the Companies Act, 2013, to the extent any balance is available for utilisation in the securities premium account post the issue of equity shares. The share of the Selling Shareholders of such expenses has been reimbursed to the Company

24 Contingent liabilities and commitments	As at 31 March 2017 ₹ in million	As at 31 March 2016 ₹ in million
a) Contingent liabilities		
i) 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 note 18 'Loans and advances' ₹ 52.48 million (31 March 2016- Rs. 24.00 million).	137.90	170.97
ii) Pertains to excise duty and service tax demand raised by Commissioner of Central Excise, Customs and Service tax on account of inadmissible CENVAT credit, incorrect product classification and service tax levy on directors' remuneration for various periods. Amount paid there against and included under note 18 'Loans and advances' ₹ 15.06 million (31 March 2016-Rs. Nil).	31.46	23.16
	169.36	194.13
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 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)	14.81	4.24
	14.81	4.24
	184.17	198.37

Notes to the consolidated financial statements for the year ended 31 March 2017(Continued)

	Year ended 31 March 2017 ₹ in million	Year ended 31 March 2016 ₹ in million
25 Revenue		
Revenue from operations		
Sale of goods		
Export	2,035.92	1,867.06
Domestic	1,406.18	1,177.52
Revenue from operations (Gross)	3,442.10	3,044.58
Less : Excise duty	128.51	106.96
Revenue from operations (Net)	3,313.59	2,937.62
Details of goods sold		
- Manufactured goods		
- Enzymes	2,741.37	2,485.96
- Animal feed supplement	402.92	405.46
- Micro organisms	160.84	31.53
- Others	3.61	9.52
	3,308.74	2,932.47
- Traded goods		
- Animal feed supplement	1.30	1.57
- Agri supplies	3.55	3.58
	4.85	5.15
	3,313.58	2,937.62
26 Other income		
Interest income		
- on bank deposits	2.13	0.28
- on loan to related parties	-	1.05
- on others	1.32	0.59
Profit on sale of fixed assets (net)	0.18	-
Excess provision no longer required written back	-	1.67
Net gain on foreign currency transactions and translations	-	0.22
Other non-operating income		
- Service income (net of expenses directly attributable to such income of ₹ 3.13 million (31 March 2016 ₹ 0.50 million))	5.65	1.08
- Miscellaneous income	13.58	8.00
	22.86	12.89
27 Cost of materials consumed		
Opening stock		
Raw materials and packing materials (including goods-in-transit)	187.22	200.09
Add : Purchases during the year		
Raw materials and packing materials	712.41	680.68
Add : Stock acquired on acquisition from JC Biotech Private Limited	13.05	-
Less : Closing stock		
Raw materials and packing materials (including goods-in-transit)	236.42	187.22
	676.26	693.55

Notes to the consolidated financial statements for the year ended 31 March 2017(Continued)

	Year ended 31 March 2017 ₹ in million	Year ended 31 March 2016 ₹ in million
28 Purchase of traded goods		
Purchase of traded goods	2.84	3.06
	2.84	3.06
29 Changes in inventories of finished goods, work-in-progress and traded goods		
Opening stock		
- Finished goods	118.85	88.09
- Work-in-progress	256.94	207.41
- Traded goods	0.82	0.63
Stock acquired from JC Biotech Limited on acquisition		
- Finished goods	31.82	-
- Work-in-progress	2.71	-
	411.14	296.13
Closing stock		
- Finished goods	138.40	118.85
- Work-in-progress	265.74	256.94
- Traded goods	-	0.82
	404.14	376.61
Adjustment on account of foreign currency translation reserve	(3.93)	-
Differential excise duty on stocks	(1.62)	0.56
	1.45	(79.92)
30 Employee benefit expenses		
Salaries, wages and bonus	447.58	391.19
Contribution to gratuity, provident fund, payroll taxes and other funds (refer note 11)	48.46	39.96
Staff welfare expenses	15.70	13.89
Employee stock compensation expense (refer note 42)	3.05	-
	-	-
	514.79	445.04
31 Finance costs		
Interest expenses	39.00	66.69
Bank charges	8.57	10.24
Net (gain) / loss on foreign currency transactions and translations	(5.83)	1.63
	41.74	78.56
32 Depreciation and amortisation expense		
Depreciation of tangible assets	121.49	87.03
Amortisation of intangible assets	0.60	0.16
	122.09	87.19

Notes to the consolidated financial statements for the year ended 31 March 2017(Continued)

	Year ended 31 March 2017 ₹ in million	Year ended 31 March 2016 ₹ in million
33 Other expenses		
Manufacturing expenses		
Consumption of stores and spare parts	47.46	42.40
Power and fuel	128.72	99.07
Carriage inward and freight	25.53	23.60
Water charges	3.26	2.66
Excise duty	12.51	11.15
Laboratory expenses	14.31	17.46
Repairs and maintenance		
- Buildings	6.29	13.85
- Plant and equipments	8.43	12.46
Other manufacturing expenses	3.06	0.04
	249.57	222.69
Selling and distribution expenses		
Travel, conveyance and car hire	40.61	33.00
Commission	14.41	8.01
Discount on sales	12.23	7.21
Sales promotion and advertisement	17.46	16.99
Freight outward and forwarding	26.15	24.69
Other selling and distribution expenses	19.09	15.99
	129.95	105.89
Administrative and general expenses		
Rent (refer note 38)	21.25	19.53
Rates and taxes	10.90	3.64
Repairs and maintenance		
- Others	13.84	5.86
Insurance	15.07	13.14
Printing and stationary	2.01	3.10
Communication expenses	8.71	7.85
Directors' sitting fees	0.99	0.52
Legal and professional charges	61.18	51.36
Payments to auditors (refer note 39)	7.30	2.10
Provision for doubtful debts	19.91	-
Bad debts	8.11	3.71
Advances written off	-	5.07
Donation	2.46	1.43
Loss on sale of assets (net)	-	0.08
Net loss on foreign currency transactions and translations	1.93	9.63
Fixed assets written off	5.02	-
Commuting expenses	6.83	5.96
Corporate Social Responsibility expenditure (refer note 45)	4.70	4.46
Recall expenses	8.83	-
Miscellaneous expenses	32.89	34.24
	231.93	171.68
	611.45	500.26

Notes to the consolidated financial statements for the year ended 31 March 2017(Continued)

34 Exceptional items

Some of the lots of products of enzyme sold during the year 2013-14, were reported to have potential contamination. There was a voluntary recall of those specific lots and also goods were returned back from some of the overseas customers. As a result of this event, the subsidiary incorporated in U.S.A. has settled two pending lawsuits and claims and thereby it has provided towards product recall liability with respect to final settlement of the claims during the year ended 31 March 2016.

	Year ended 31 March 2017 ₹ in million	Year ended 31 March 2016 ₹ in million
Expenditure towards settlement of claims	-	40.96
	-	40.96

35 Earnings per equity share

The basic earnings per equity share is computed by dividing the net profit attributable to the equity shareholders for the year by the weighted average number of equity shares outstanding during the reporting period. The number of shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving basic earnings per share and also the weighted average number of equity shares, which may be issued on the conversion of all dilutive potential shares, unless the results would be anti-dilutive. The earnings per share is calculated as under:

	Year ended 31 March 2017	Year ended 31 March 2016
a) Profit for computing basic and diluted earning per share (₹ in million)		
Net profit after tax for the year	906.49	758.50
b) Computation of weighted average number of shares		
Basic	22,138,692	21,765,600
Effect of dilutive potential equity shares		
- Employee stock options	6,560	-
Diluted	22,145,252	21,765,600
c) Nominal value of shares (in ₹)	10.00	10.00
d) Computation		
Basic earnings per share (in ₹)	40.95	34.85
Diluted earnings per share (in ₹)	40.93	34.85

Notes to the consolidated financial statements for the year ended 31 March 2017(Continued)

36 Segment reporting

Primary segment

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

(₹ in million)

	Year ended 31 March 2017 ₹ in million	Year ended 31 March 2016 ₹ in million
Secondary segment (based upon geography)		
Segment revenue (based upon location of customers)		
Within India	1,277.67	1,070.56
Outside India	2,035.92	1,867.06
	3,313.59	2,937.62
	Year ended 31 March 2017 ₹ in million	Year ended 31 March 2016 ₹ in million
Segment assets (based upon location of assets)		
Within India	2,860.36	2,042.47
Outside India	2,700.33	2,289.11
	5,560.69	4,331.58
	Year ended 31 March 2017 ₹ in million	Year ended 31 March 2016 ₹ in million
Capital expenditure		
Within India	122.37	46.20
Outside India	34.49	52.02
	156.86	98.22

37 Related Party Disclosures - As per Accounting Standard 18

a) Names of related parties

I Key Management Personnel (KMP)

Mr. Vasant L. Rathi
 Mr. Chandrakant L. Rathi
 Mrs. Savita C. Rathi
 Mr. Mukund M. Kabra
 Mr. Piyush C. Rathi
 Mr. Beni P. Rauka
 Mr. Prabal Bordiya (up to 13 February 2017)
 Mr. Sanjay Basantani (w.e.f. 14 February 2017)

Notes to the consolidated financial statements for the year ended 31 March 2017(Continued)

II Relatives of KMP :

Mrs. Prabha V. Rathi
Ms. Rachana Rathi
Ms. Rasika Rathi
Ms. Reshma Rathi
Mr. Kishore L. Rathi
Mrs. Mangala M. Kabra

III Other related parties (entities in which either of the KMP's have significant influence) with whom transactions have taken place during the year

Advanced Vital Enzymes Private Limited
Rathi Properties LLC
Om Manufacturing Jalna Private Limited
Silvertch Trading Company Private Limited
Pranoo Financial Services Private Limited

b) Transactions with related parties

(₹ in million)

Transactions during the year	KMPs and relatives		Other related parties	
	Year ended 31 March 2017	Year ended 31 March 2016	Year ended 31 March 2017	Year ended 31 March 2016
1) Purchase of goods				
Advanced Vital Enzymes Private Limited	-	-	0.47	4.22
Om Manufacturing Jalna Private Limited	-	-	9.24	22.19
Silvertch Trading Company Private Limited	-	-	6.21	14.57
	-	-	15.92	40.98
2) Sale of goods				
Advanced Vital Enzymes Private Limited	-	-	15.67	16.15
Om Manufacturing Jalna Private Limited	-	-	0.84	2.97
	-	-	16.51	19.12
3) Rent paid				
Rathi Properties LLC	-	-	10.39	8.72
Mr. Vasant L Rathi	4.25	3.53	-	-
	4.25	3.53	10.39	8.72
4) Remuneration *^				
Mr. Chandrakant L. Rathi	14.73	12.48	-	-
Mr. Vasant L. Rathi	24.03	20.82	-	-
Mrs. Savita C. Rathi	5.44	5.09	-	-
Mr. Mukund M. Kabra	12.37	11.19	-	-
Mr. Kishore L. Rathi	2.19	2.02	-	-
Mrs. Mangala M. Kabra	2.51	2.33	-	-
Mr. Piyush C. Rathi	6.72	6.12	-	-
Mrs. Prabha V. Rathi	13.08	12.77	-	-
Ms. Reshama Rathi	5.39	5.25	-	-
Ms. Rachana Rathi	5.39	5.25	-	-
Ms. Rasika Rathi	7.70	7.83	-	-
Mr. Beni P. Rauka	6.72	6.00	-	-
Mr. Prabal Bordiya	0.57	0.09	-	-
Mr. Sanjay Basantani	0.28	-	-	-
	107.12	97.24	-	-
Commission *				
Mr. Vasant L. Rathi	3.33	2.07	-	-
Mr. Chandrakant L. Rathi	2.50	1.05	-	-
Mr. Mukund M. Kabra	1.66	0.53	-	-
	7.49	3.65	-	-

* 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 directors is not available.

Notes to the consolidated financial statements for the year ended 31 March 2017(Continued)

(₹ in million)

Transactions during the year	KMPs and relatives		Other related parties	
	Year ended 31 March 2017	Year ended 31 March 2016	Year ended 31 March 2017	Year ended 31 March 2016
5) Interest income				
Advanced Vital Enzymes Private Limited	-	-	-	1.05
	-	-	-	1.05
6) Interest on borrowings				
Mr. Vasant L. Rathi	5.48	24.88	-	-
Rathi Properties LLC	-	-	0.98	3.87
	5.48	24.88	0.98	3.87
7) Advances / Loan repaid				
Advanced Vital Enzymes Private Limited	-	-	-	15.20
Mr. Vasant L. Rathi	445.51	571.64	-	-
Ms. Rachana Rathi	-	2.99	-	-
Ms. Rasika Rathi	-	2.99	-	-
Ms. Reshma Rathi	-	2.99	-	-
Rathi Properties LLC	-	-	79.67	99.48
	445.51	580.61	79.67	114.68
8) Legal and professional charges				
Pranoo Financial Services Private Limited	-	-	-	0.47
	-	-	-	0.47

(₹ in million)

c) Outstanding balances	KMPs and relatives		Other related parties	
	Year ended 31 March 2017	Year ended 31 March 2016	Year ended 31 March 2017	Year ended 31 March 2016
Outstanding balances				
a) Trade receivable				
Advanced Vital Enzymes Private Limited	-	-	7.50	3.08
Om Manufacturing Jalna Private Limited	-	-	0.33	3.67
	-	-	7.83	6.75
b) Trade payable				
Om Manufacturing Jalna Private Limited	-	-	0.32	5.33
Silvertch Trading Company Private Limited	-	-	0.26	2.27
Advanced Vital Enzymes Private Limited	-	-	-	1.07
	-	-	0.58	8.67
c) Long-term borrowings (including current maturities and installment due but not paid)				
Mr. Vasant L. Rathi	-	440.49	-	-
Rathi Properties LLC	-	-	-	78.77
	-	440.49	-	78.77
d) Remuneration payable				
Mr. Chandrakant L. Rathi	0.57	0.39	-	-
Mr. Vasant L. Rathi	0.68	0.64	-	-
Mrs. Savita C. Rathi	0.27	0.26	-	-
Mr. Mukund M. Kabra	0.66	0.42	-	-
Mr. Kishore L. Rathi	0.15	0.08	-	-
Mrs. Mangala M. Kabra	0.16	0.13	-	-
Mr. Piyush C. Rathi	0.32	0.29	-	-
Mrs. Prabha V. Rathi	0.42	0.39	-	-
Ms. Reshama Rathi	0.20	0.16	-	-
Ms. Rachana Rathi	0.20	0.16	-	-
Ms. Rasika Rathi	0.29	0.24	-	-
Mr. Beni P. Rauka	0.28	0.48	-	-
Mr. Prabal Bordiya	-	0.03	-	-
Mr. Sanjay Basantani	0.15	-	-	-
	4.35	3.67	-	-

Notes to the consolidated financial statements for the year ended 31 March 2017(Continued)

(₹ in million)

Outstanding balances	KMPs and relatives		Other related parties	
	Year ended 31 March 2017	Year ended 31 March 2016	Year ended 31 March 2017	Year ended 31 March 2016
e) Commission payable				
Mr. Vasant L. Rathi	2.87	1.76	-	-
Mr. Chandrakant L. Rathi	2.28	0.94	-	-
Mr. Mukund M. Kabara	1.52	0.48	-	-
	6.67	3.18	-	-

38 Lease disclosure as per Accounting Standard-19	Year ended 31 March 2017 ₹ in million	Year ended 31 March 2016 ₹ in million
(a) As lessor Operating lease payments charged off to the Consolidated Statement of Profit and Loss	21.25	19.53
(b) LossFuture minimum lease payments under non-cancellable operating lease:		
	As at 31 March 2017	As at 31 March 2016
Payable not later than one year	20.89	6.54
Payable later than one year not later than five years	78.35	-
	99.24	6.54
<p>c) In relation to the leasehold land held by the Company, the lease agreement has been executed for a period of 30 years with a renewable clause for a further period of 5 years as per the conditions applicable. The lease agreement provides for termination at will by the Company by giving a prior notice period of 3 months.</p> <p>In relation to other leased facilities, the agreements are executed for a period ranging from 33 months to 62 months with a renewable clause and also provides for termination at will by either party giving a prior notice period of 3 months.</p>		

39 Payments to auditors (excluding service tax)	Year ended 31 March 2017 ₹ in million	Year ended 31 March 2016 ₹ in million
As auditor		
Statutory audit	4.52	1.80
Limited review	2.40	-
In relation to filing of prospectus*	-	1.90
Certification work	0.15	0.19
Reimbursement of expenses	0.23	0.11
	7.30	4.00

*The amount has been included in share issue expenses under note no. 23.

Notes to the consolidated financial statements for the year ended 31 March 2017(Continued)

40 Capitalisation of expenditure

The Group has capitalized the following expenses of revenue nature under "Intangible fixed assets under development". Consequently, expenses disclosed under the respective note are net of amounts capitalized by the Group.

	Year ended 31 March 2017 ₹ in million	Year ended 31 March 2016 ₹ in million
Legal and professional charges	10.61	12.42
	10.61	12.42

The Group had incurred the above expenditure on toxicity studies, product characterization, identification, evaluation, technical analysis of data and consultancy services for the purpose of registration of product dossiers under European Food Safety Authority (EFSA) and Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) Authority, which is mandatory requirement for export of food and non-food enzymes, food flavourings and additives to European countries. The Group will be permitted to sell its registered products; therefore it is considered as product permits to sell in European market. Since the final approvals for product dossiers filed with EFSA are currently awaited, such expenditure has been capitalized as "Intangible fixed assets under development" in the consolidated financial statements. Cost have also been incurred towards filing of product dossiers with US Food Drug Authorities (US FDA) for Generally Regarded As Safe (GRAS) registrations for acceptability of food enzymes in the USA. The Group is in the process of filing the product dossier with US FDA, accordingly, such expenditure has been capitalized as "Intangible fixed assets under development" in the consolidated financial statements.

41 Unhedged foreign currency exposure

Particulars of unhedged foreign currency exposure as at the balance sheet date

Particulars	Foreign currency	As at 31 March 2017		As at 31 March 2016	
		₹ in million	Amount in foreign currency	₹ in million	Amount in foreign currency
Loans repayable on demand	USD	65.96	1,017,247	53.61	808,208
Trade payables	USD	15.93	245,640	23.52	354,557
	EURO	2.02	29,141	3.23	43,039
Trade receivables	USD	16.36	252,332	4.00	60,070
	EURO	9.69	139,994	0.03	449
Loans and advances	USD	0.05	758	0.05	758
	EURO	1.20	17,291	-	-
Advances from customers	USD	0.21	3,302	4.77	71,898
	EURO	2.19	31,576	0.21	2,807

42 Employee share-based payment plans

a) Description of share-based payment arrangements:

As at 31 March 2017, the Company has the following share-based payment arrangements for employees. ('AETL Employee Stock Option Scheme 2015')

AETL ESOS 2015 (amended) provides for the grant of 44,000 stock options to specified employees on 15 February 2017. The Nomination and Remuneration committee recommended AETL ESOS 2015 to Shareholders on 25 June 2016 and the Shareholders approved the recommendations of the committee 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 for every option at an exercise price of ₹ 300.

Notes to the consolidated financial statements for the year ended 31 March 2017(Continued)

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	44,000	– Continued employment with the Company: 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-Merton formula. 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:

Particular	1 Year	2 Year	3 Year	4 Year
Vesting				
Share price at grant date	Rs. 1598	Rs. 1598	Rs. 1598	Rs. 1598
Exercise price	Rs. 300	Rs. 300	Rs. 300	Rs. 300
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.

c) Reconciliation of outstanding stock options :

The number and weighted-average exercise prices of share options under the stock option were as follows:

Particular	31 March 2017		31 March 2016	
	No. of options	Weighted average exercise price	No. of options	Weighted average exercise price
Outstanding at 1 April	-	-	-	-
Granted during the year	44,000	300	-	-
Forfeited during the year	-	-	-	-
Expired during the year	-	-	-	-
Exercised during the year	-	-	-	-
Outstanding at 31 March	44,000	300	-	-
Exercisable at 31 March	-	-	-	-

The options outstanding at 31 March have an exercise price

	31 March 2017	
	No. of options	Exercise price
AETL ESOS 2015	44,000	300

Notes to the consolidated financial statements for the year ended 31 March 2017(Continued)

d) Expense recognised in Consolidated Statement of Profit or Loss :

	Year ended 31 March 2017 ₹ in million	Year ended 31 March 2016 ₹ in million
	AETL ESOS 2015	3.05
Total expense recognised in 'employee benefits'	3.05	-

43 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	Net assets i.e. total assets minus total liabilities		Share in profit or loss	
	As a % of consolidated net assets	₹ in million	As a % of consolidated profit or loss	₹ in million
Parent				
Advanced Enzyme Technologies Limited	55.44	2,551.06	36.99	335.32
Subsidiaries				
Indian				
Advanced Bio-Agro Tech Limited	2.83	130.43	4.28	38.79
Advanced EnzyTech Solutions Limited	0.81	37.49	0.63	5.73
JC Biotech Private Limited	5.17	237.85	0.59	5.38
Foreign				
Advanced Enzymes USA, Inc. (including its subsidiaries)	55.81	2,568.15	65.14	590.45
Total eliminations	(17.38)	(799.86)	(5.73)	(52.05)
Share of minority interest	(2.68)	(123.52)	(1.89)	(17.13)
Total	100.00	4,601.60	100.00	906.49

The above amounts/percentage of net assets and net profit or loss in respect of Advanced Enzyme Technologies Limited and its subsidiaries are determined based on the amount of the respective entities included in Consolidated Financial Statements before elimination of inter company transactions.

Notes to the consolidated financial statements for the year ended 31 March 2017(Continued)

44 Research and development	Year ended 31 March 2017 ₹ in million	Year ended 31 March 2016 ₹ in million
The Group has incurred the following expenditure on research and development activities:		
Revenue expenditures		
Laboratory expenses and consumables	8.88	10.90
Employee benefit expenses	41.41	39.67
Legal and professional charges	23.77	10.13
Electricity	8.69	9.25
Rent, rates and taxes	5.35	4.97
Repair and maintenance	4.02	3.78
Travelling and conveyance expenses	1.57	1.48
Other expenses	3.49	3.16
	97.18	83.34
Less: Other non-operating income	8.78	1.58
	88.40	81.76
Capital expenditures		
Plant and equipments	11.23	11.99
Furniture and fixtures	1.47	2.93
Office equipment	0.43	2.13
Computer and data processing equipments	0.34	0.27
	13.47	17.32

This information also complies with the terms of the recognition granted upto 31 March 2019 to the Holding Company's In- House Research and Development Activities by the Department of Scientific and Industrial Research, Ministry of Science and Technology, Government of India, vide their letter No. TU/IV-RD/2159/2016 dated 4 July 2016. This includes information for the newly acquired subsidiary JC Biotech Private Limited, In-House Research Development Activities of this subsidiary are approved by the Department of Scientific and Industrial Research, Ministry of Science and Technology, Government of India.

45 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 holding Company and its subsidiary (Advanced Bio Agro Tech Limited). Both 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.

- a) Gross amount required to be spent by both the companies during the year 2016-17 ₹ 4.95 million (previous year ₹ 5.31 million).
- b) Amount spent by both the companies during the year on purpose other than construction/ acquisition of assets is ₹ 4.70 million (previous year ₹ 4.46 million)

46 Acquisition of JC Biotech Pvt. Ltd.

On 1 December 2016, the Company acquired 70% stake JC Biotech Pvt. Ltd. for a total upfront consideration of ₹ 500.85 million approved by the Board of Directors in its meeting held on 28 October 2016. The Company has accounted for goodwill of ₹ 340.38 million on consolidation. The Company has paid stamp duty and other related charges amounting to ₹ 2.25 million, which has been added to the cost of acquisition.

Notes to the consolidated financial statements for the year ended 31 March 2017(Continued)

47 Disclosure on Specified Bank Notes

During the year, Schedule III of the Companies Act, 2013 was amended by Ministry of Corporate Affairs vide Notification G.S.R. 308(E) dated 30 March 2017. The said amendment requires the Company to disclose the details of Specified Bank Notes held and transacted during the period from 8 November 2016 to 30 December 2016. Details of Specified Bank Notes held and transacted during the period from 8 November 2016 to 30 December 2016 are as follows:

(Amount in ₹)

Particulars	Specified Bank Notes	Other denomination Notes	Total
Closing cash in hand as on 08.11.2016	117,500	1,196,125	1,313,625
(+) Permitted receipts	-	1,804,650	1,804,650
(-) Permitted payments	-	1,848,904	1,848,904
(-) Amount deposited in Banks	117,500	-	117,500
Closing cash in hand as on 30.12.2016	-	1,151,871	1,151,871

Note:

The above mentioned disclosure includes Specified Bank Notes transacted for newly acquired subsidiary, JC Biotech Private Limited from 8 November 2016 in spite of the acquisition undertaken on 1 December 2016 as per the reporting by notification no. G.S.R. 307 (E) and notification no. G.S.R. 308(E) dated 30 March 2017.

48 Proposed Dividend

The Board of Directors recommended a final dividend for the financial year 2016-17 of ₹ 0.40 per equity share of the face value of ₹ 2/- each. Pursuant to the Companies (Accounting Standards) Amendment Rules, 2016 applicable with effect from 1 April 2016, this dividend (including dividend distribution tax) will be recorded and paid post the approval of shareholders in the Annual General Meeting.

49 Previous year comparatives

Due to part acquisition of JC Biotech Private Limited after 31 March 2016, the corresponding figures of the previous year are strictly not comparable with current year.

50 Prior year regrouping / reclassification

The previous year figures have been regrouped/ reclassified wherever necessary to correspond with the current year's presentation as under:

Particulars	₹ In million
Regrouping from Short-term loans and advances to Other current assets	0.34
Regrouping from Trade payables to Other current liabilities	7.93
Regrouping from Short-term provisions to Other current liabilities	0.30
Regrouping from Other expenses to Cost of materials consumed	26.54

As per our report of even date attached.

For B S R & Co.LLP

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

Sadashiv Shetty

Partner,
Membership No: 048648

Place: Mumbai
Date: 27 May 2017

For and on behalf of Board of Directors

Advanced Enzyme Technologies Limited
CIN No: L24200MH1989PLC051018

Chandrakant. L. Rathi

Managing Director
DIN : 00365691

Sanjay Basantani

Company Secretary
Membership No: A19637

Kedar Desai

Director
DIN : 00322581

Beni. P. Rauka

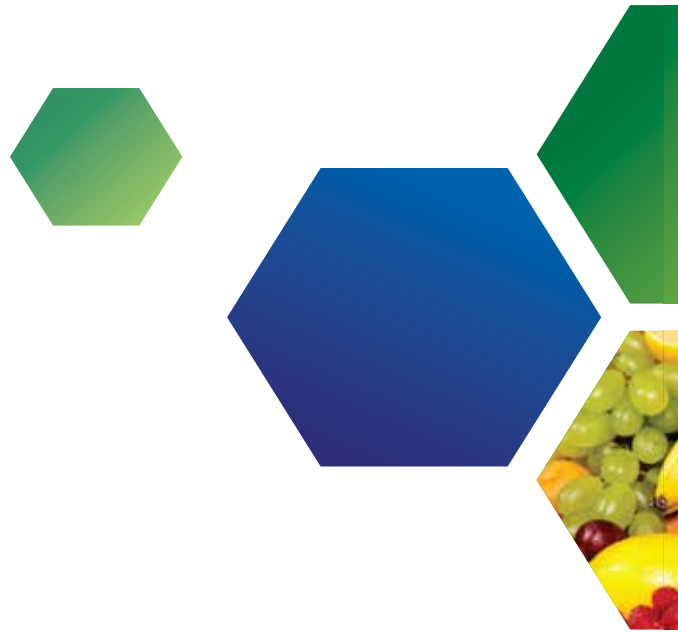
Chief Financial Officer
Membership No: 039980

Rupa R. Vora

Director
DIN : 01831916

Place: Thane
Date: 27 May 2017





Advanced Enzyme Technologies Ltd.

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