ENZYMES | ENERGY | EFFICIENCY

annual REPORT

Advanced Enzyme Technologies Limited

advanced enzymes
Where ENZYME is Life

2017-18

ENZYMES
ENERGY
EFFICIENCY




"Enzymes are helpful in unlocking the energy trapped in otherwise unusable agricultural, industrial and domestic wastes, which are now being used in the generation of biofuels using enzymatic processes. Application of enzymes in detergents, food processing and other industrial processes allowed significant reduction in process energy requirements. In recent years, numerous energy intensive, less specific chemical processes have been replaced by the green, highly specific and efficient enzyme based biocatalytic processes. Enzymes technologies are green, highly specific energy efficient and helping in making big strides in reducing our environmental footprints."

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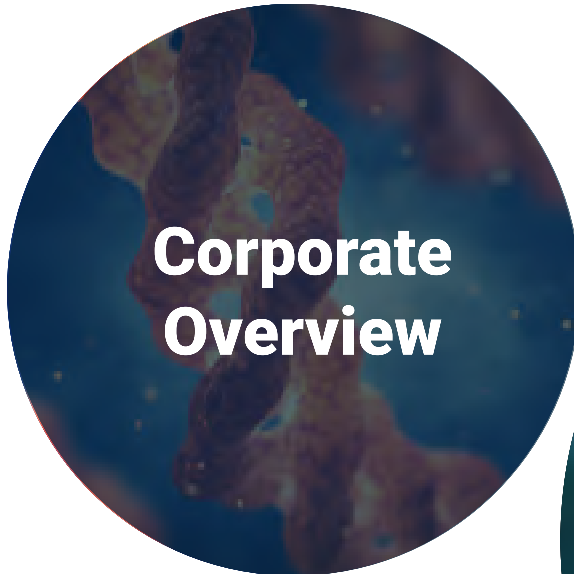
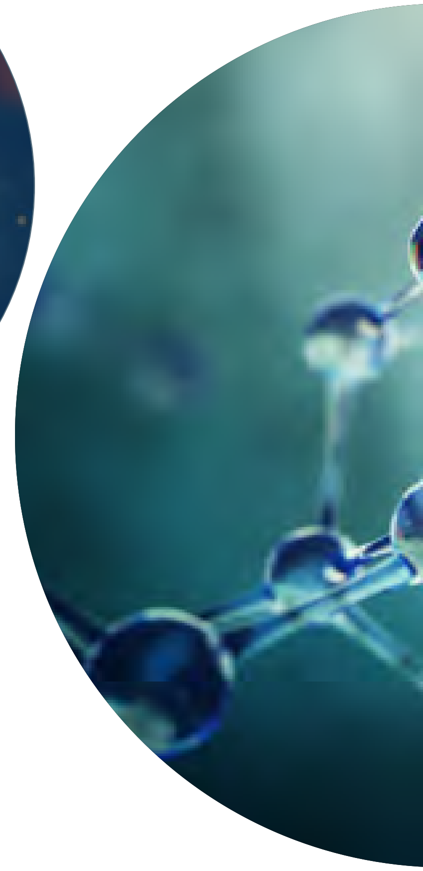




An introduction to the report covering who we are, journey so far, management comments on the year under review, the differentiated factors, snapshot of the year, recognition during the year, and where do business

Statutory Reporting

An explanation of how we are organised, what the Board has focused on and how it has performed, how we communicate with our shareholders and how our Directors are rewarded.

Financial Reporting

The annual audited financial statements of the Company, the associated audit report, and notes.

Scan me

THE ANNUAL REPORT ONLINE
This 2018 Annual Report can also be downloaded as a PDF file from our website online at
https://www.advancedenzymes.com/investors/annual-report/

Corporate Identity

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

Vision

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

Mission

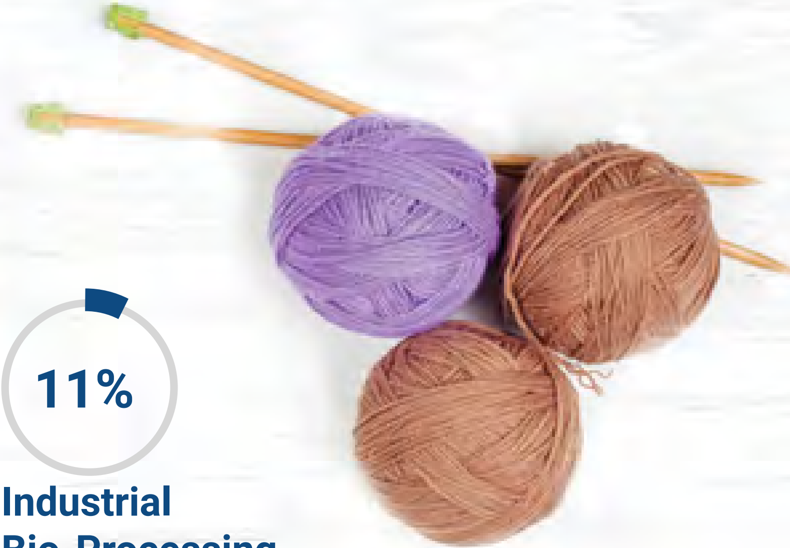
It is our mission to see that every human being is able to utilize the power of enzymes, for general well-being, for health and for improving the quality of life.

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

KEY STRENGTHS

- Integration Across the Value Chain
- Global Competitiveness
- Strong Research & Technology Focus

Diversified Markets



11%

Industrial Bio-Processing

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.

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.

76%

Human Healthcare and Nutrition

AETL 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 products includes various anti-inflammatory solutions, digestion solutions, probiotics, etc. which are used by customers as active ingredients.

Animal Nutrition

AETL provides enzyme based feed additives for the animal nutrition industry, mainly catering to poultry and swine. By adding enzymes to feed, the digestibility of the components can be enhanced. 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.

13%

68+
Enzymes & Probiotics

24+
Years of Fermentation Experience

420
m^3 Fermentation Capacity

550+
Employees

Quick Facts

#1 Indian Enzyme Company	**15** Amongst Top 15 Global Enzyme Companies	**400+** Proprietary Products
45+ Countries Worldwide Presence	**700+** Customers Worldwide	**28** Registered Patents
12 Food Dossier Filled with EFSA	**1** GRAS Dossier Filled with US FDA	**60+** Size of Our R&D Team

Diversified Revenues

GEOGRAPHY

45%

India

55%

International

SEGMENTAL

76%

Human Nutrition

13%

Animal Nutrition

11%

Industrial Bio-Processing

ROBUST MARGINS*

79%
Gross Margin

43%
EBITDA Margin

24%
PAT Margin

ROBUST RETURNS

24%
ROCE

29%
ROIC

17%
ROE

ROBUST PERFORMANCE

5.39
Inventory Turnover*

2.29
Fixed Asset Turnover*

1,051
(₹ Million)
Free Cash Flow

ROBUST BALANCE SHEET

110
Days
Net Working Capital*

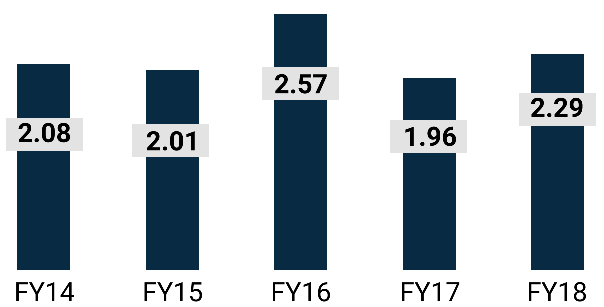
0.01
Net Debt/Equity

5.59
(₹ Billion)
Net Worth

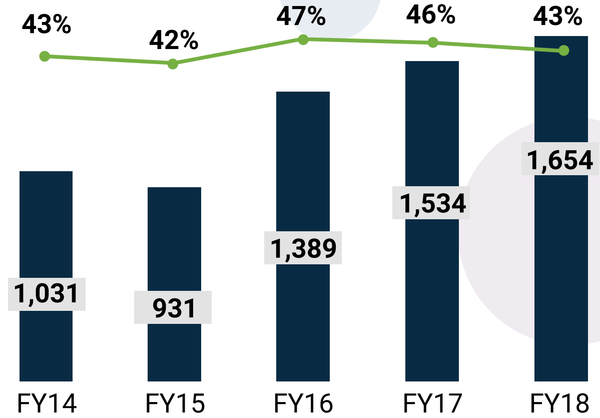
*Note : Based on net sales (excluding excise duty & export incentives)

Key Performance Indicators

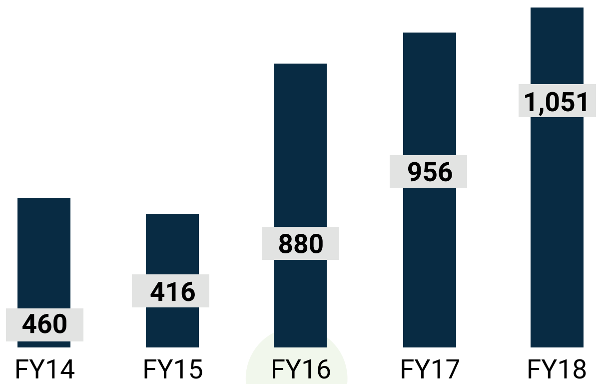
Fixed Asset Turnover



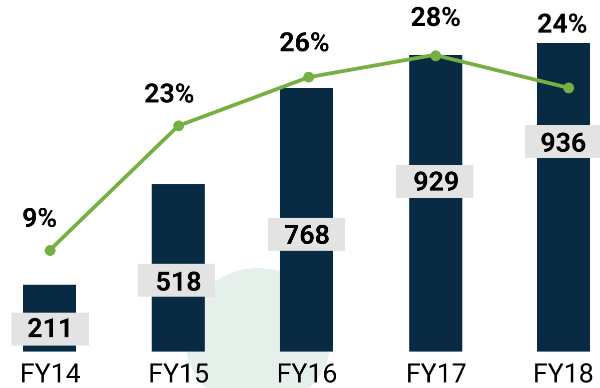
EBITDA & EBITDA Margin (%)



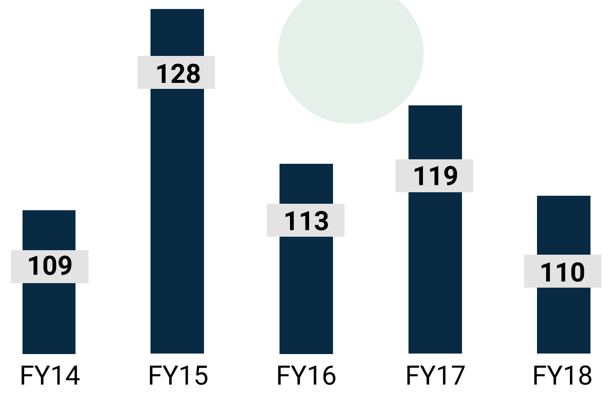
Free Cash Flow (₹ Million)



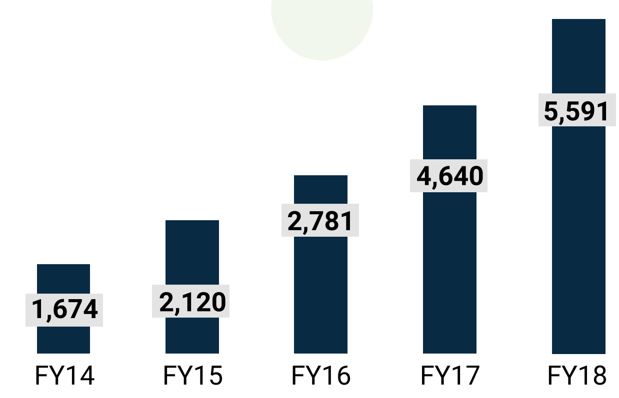
PAT & PAT Margin (%)



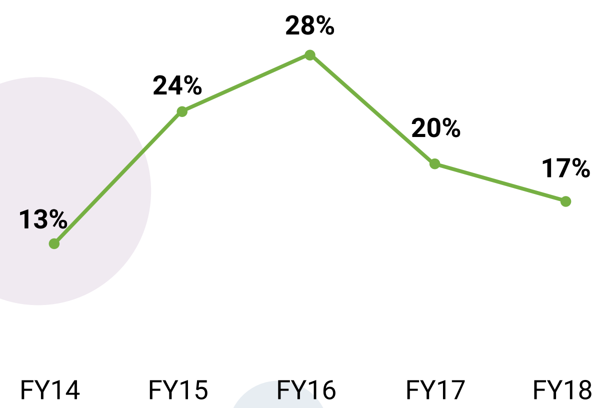
Net Working Capital (Days)



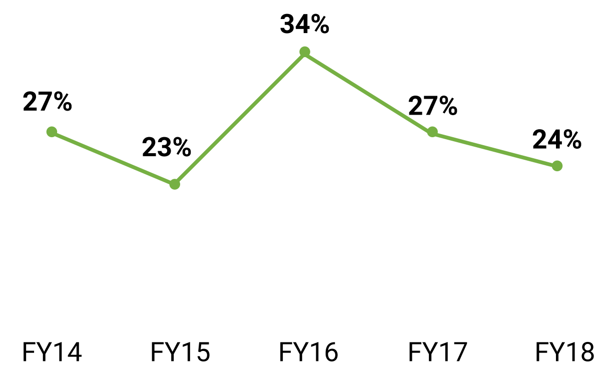
Net Worth (₹ Million)



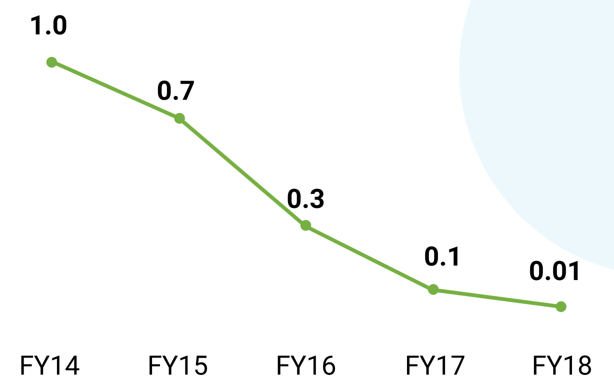
ROE (%)



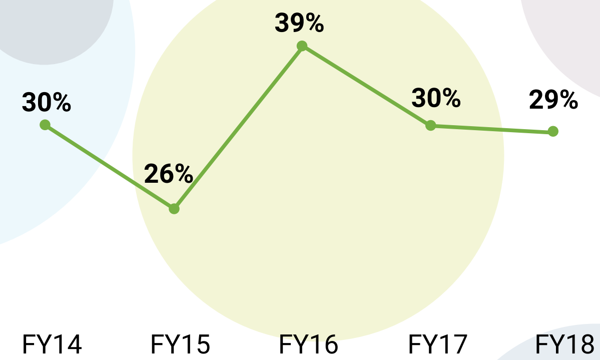
ROCE (%)



Net Debt / Equity (X)



ROIC (%)



Note: As per IGAAP (FY17 & FY18 – as per Ind As)
All numbers are on Consolidated basis
Net working capital days =((Trade receivables + inventories – Trade payables)/ Net Sales)*365
Net Debt = Long term debt + short term debt + current maturities of long term debt – Cash & Cash Equivalent
ROIC=EBITDA / (Equity + Net Debt)

Financial Summary (Consolidated)

(₹ In Million)

Particulars	2017-18	2016-17	2015-16	2014-15	2013-14
Revenue from operations (including excise duty and export incentives)	3,957	3,431	3,047	2,321	2,485
Net Sales (excluding excise duty and export incentives)	3,881	3,299	2,938	2,231	2,394
EBIDTA (including other income)	1,654	1,534	1,389	931	1,031
Depreciation	183	128	87	90	100
EBIT	1,471	1,406	1,302	841	931
Finance Charge	81	36	79	93	132
Profit Before Tax & Exceptional Items	1,390	1,371	1,223	748	799
Exceptional items	-	-	41	-	514
Profit Before Tax	1,390	1,371	1,182	748	285
Tax	454	441	414	230	74
Profit After Tax including minority (PAT)	936	929	768	518	211
Profit After Tax and Allocation of Minority Interest	901	915	758	510	197
Paid up Capital-Equity	223	223	218	218	218
Reserves & Surplus	5,368	4,417	2,563	1,902	1,457
Shareholders' Fund	5,591	4,640	2,781	2,120	1,674
Minority Interest	226	211	54	45	36
Long-term Borrowings (including current maturities)	290	275	718	1,303	1,414
Working Capital Finance	377	214	296	226	361
Short Term Unsecured Borrowings	1	52	-	11	30
Total Debt	668	541	1,014	1,540	1,805
Current liabilities (excluding short term borrowings and current maturities)	519	271	480	307	400
Other Liabilities	312	227	176	147	145
Tangible Fixed Assets (Property, Plant and Equipment) (net)	1,693	1,679	1,144	1,111	1,149
Intangible Assets (net)	741	336	51	38	-
Goodwill on Consolidation	2,584	2,280	1,710	1,710	1,710
Current assets	2,107	1,382	1,397	1,041	920
Other Assets	191	213	203	259	282
Net Worth	5,591	4,640	2,781	2,120	1,674
Total outside Liabilities (TOL)	1,725	1,250	1,724	2,039	2,386

Note : FY17 & FY18 figures are as per Ind AS

Growth Indicators	2017-18	2016-17	2015-16	2014-15	2013-14
Net Sales	18%	12%	32%	-7%	9%
EBITDA	8%	10%	49%	-10%	9%
EBIT	5%	8%	55%	-10%	7%
PAT	1%	21%	48%	145%	-59%

Key Operating Ratio#	2017-18	2016-17	2015-16	2014-15	2013-14
Gross Margin	79%	78%	80%	79%	80%
EBITDA Margin	43%	46%	47%	42%	43%
PAT Margin	24%	28%	26%	23%	9%

Financial Leverage	2017-18	2016-17	2015-16	2014-15	2013-14
Debt/Equity	0.12	0.12	0.36	0.73	1.08
Interest Coverage	18.16	39.06	16.48	9.04	7.05
Debt/EBTDA	0.42	0.36	0.77	1.84	2.01

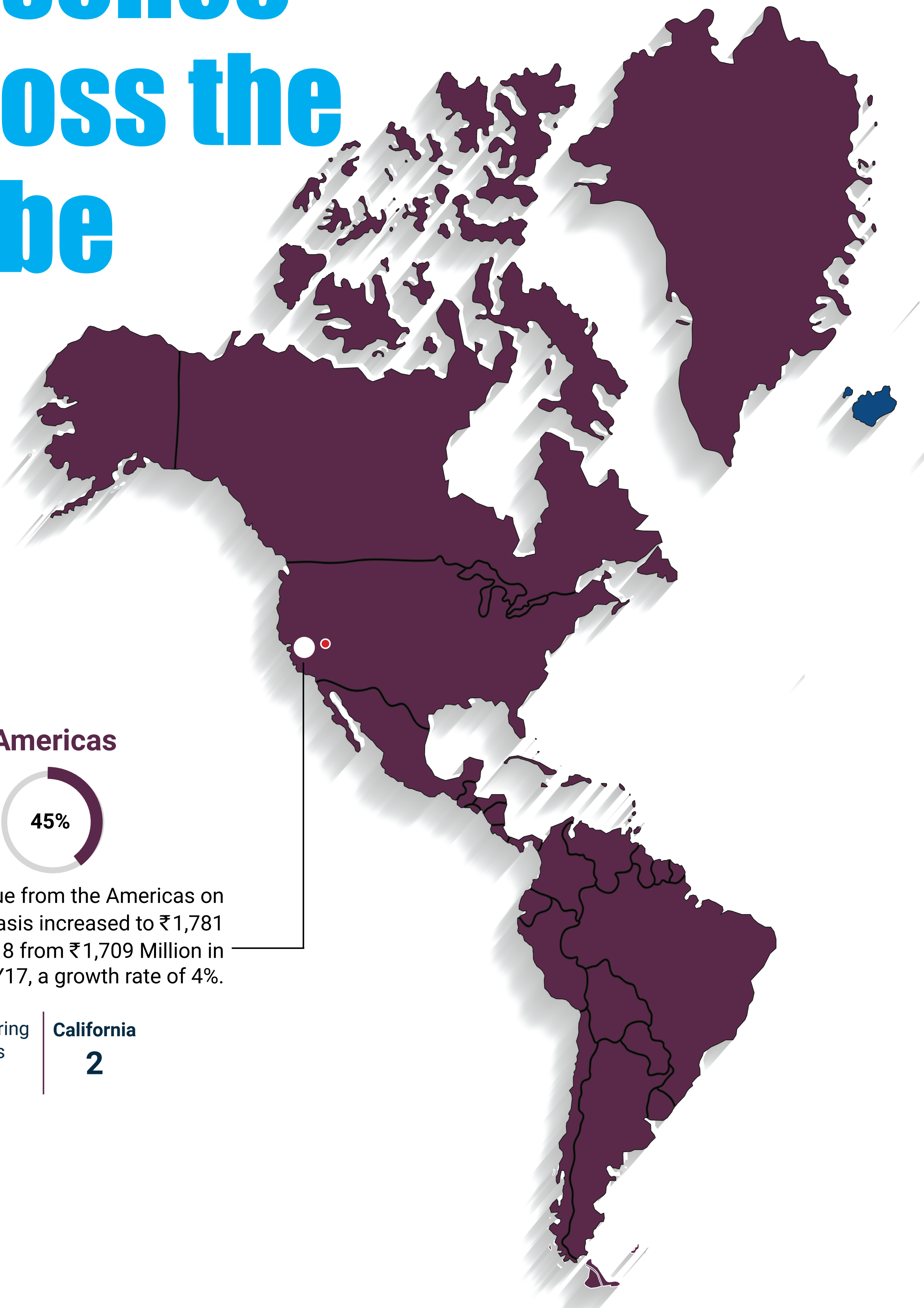
Return Ratios	2017-18	2016-17	2015-16	2014-15	2013-14
RoE (PAT/Equity)	17%	20%	28%	24%	13%
RoCE (EBIT/(Equity + Total Debt))	24%	27%	34%	23%	27%
ROIC (EBITDA) / (Equity + Total Debt - Cash & Cash equivalents)	29%	30%	39%	26%	30%

Other Ratios	2017-18	2016-17	2015-16	2014-15	2013-14
Fixed Asset Turnover#	2.29	1.96	2.57	2.01	2.08
Book Value/Share (₹)	50.09	41.57	127.75	97.39	76.92
EPS (Basic) (₹)	8.07	8.27	34.85	23.42	9.07
EPS (Diluted) (₹)	8.06	8.27	34.85	23.42	9.07

#Note : Based on net sales

Note : FY17 & FY18 Book Value & EPS are based on face value of ₹ 2 per share.

Presence Across the Globe



Americas

45%

Revenue from the Americas on consolidated basis increased to ₹1,781 Million in FY18 from ₹1,709 Million in FY17, a growth rate of 4%.

Manufacturing Facilities (USA)	**California** **2**

Europe

5%

Revenue from Europe on the consolidated basis increased to ₹210 Million in FY18 as compared to ₹121 Million in FY17, a growth rate 74%.

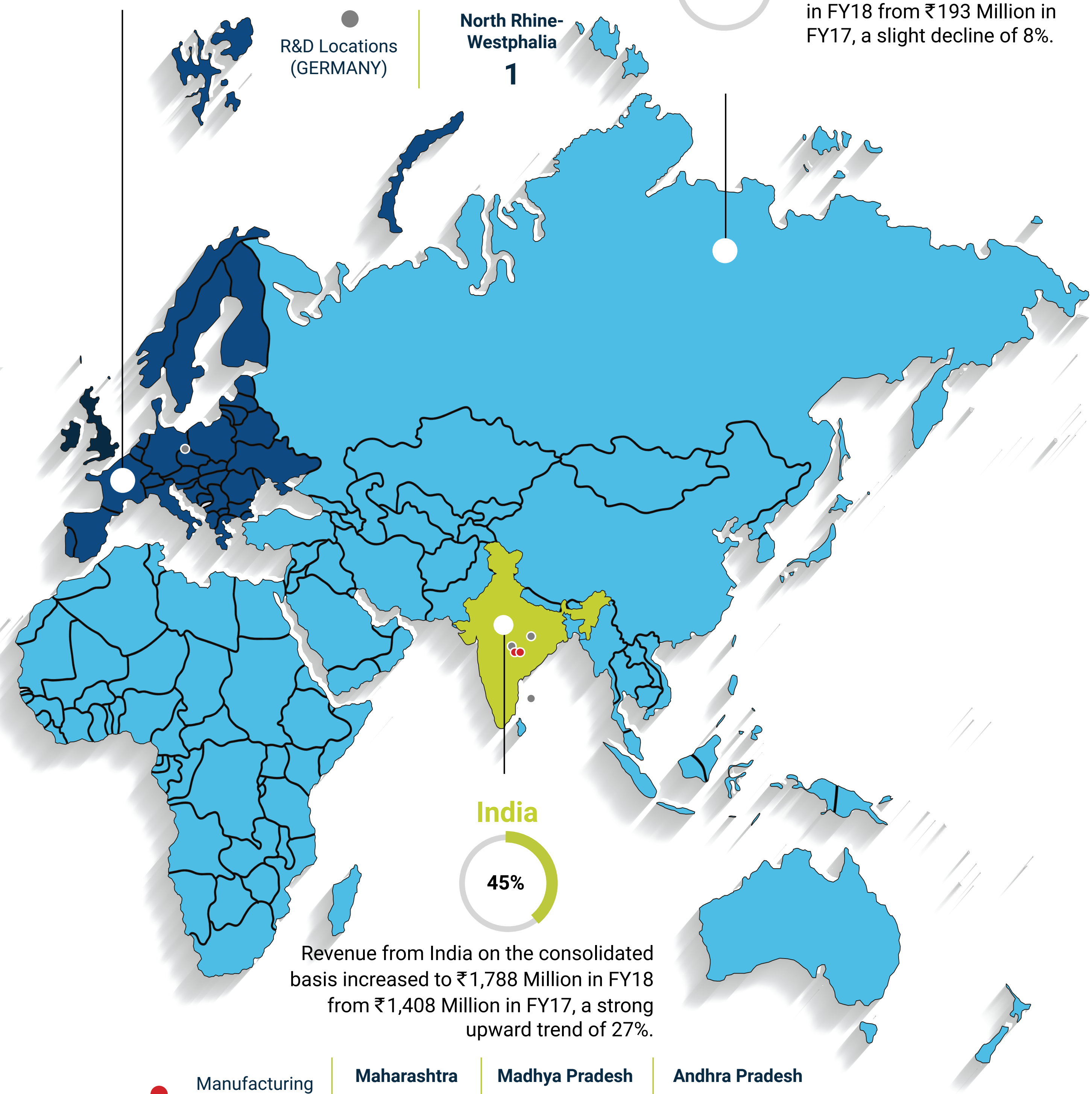
Rest of the World

5%

Revenue from Asia (ex-India) and Others (Russia, Middle East, Africa) on the consolidated basis decreased to ₹178 Million in FY18 from ₹193 Million in FY17, a slight decline of 8%.

R&D Locations (GERMANY)

North Rhine-Westphalia
1



India

45%

Revenue from India on the consolidated basis increased to ₹1,788 Million in FY18 from ₹1,408 Million in FY17, a strong upward trend of 27%.

Manufacturing Facilities (INDIA)	Maharashtra 3	Madhya Pradesh 1	Andhra Pradesh 1
R&D Locations (INDIA)	Maharashtra 3	Andhra Pradesh 1	

Journey Over the Years

1989

Incorporated as Advanced Biochemicals Pvt Ltd.

1994

1st fermentation facility commissioned at Sinnar, Maharashtra

2001

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

2004

Advanced Biochemicals ranked as the largest domestic manufacturer of Industrial Enzymes.

Advanced Biochemicals files its first patent.

2005

Advanced Biochemicals Ltd. is renamed as Advanced Enzyme Technologies Limited

2011

Takeover of Cal-India Foods International – USA presence

Equity investment by Kotak Private Equity*

2012

Takeover of Advance Supplementary Technology

2nd fermentation facility commissioned at Pithampur, Indore

2014

1st food enzyme dossier was filed

Floated IPO

Acquired 70% stake in JC Biotech and with it the 3rd fermentation facility at Ongole, Andhra Pradesh

2016

4 food enzymes got approved as a processing aid with Food Safety Standard Authority of India (FSSAI)

2017

Acquired 100% stake in Evoxx Technologies

1st GRAS dossier was filed with USFDA

2018

4 enzymes are registered with REACH -ECHA (European Chemical Agency)

*through Kotak India Venture Fund I, Kotak Employees Investment Trust and Kotak India Venture (Offshore) Fund

Advanced Enzyme Technologies Limited (AETL)

60%

Advanced Bio-Agro Tech Ltd
Incorporated: 2004
Core Areas: Animal Nutrition
Presence: South Asia

100%

Advanced EnzyTech Solutions Ltd
Incorporated: 2008
Core Areas: Non-Food Industrial Bio-Processing
Presence: South Asia

100%

Advanced Enzymes USA Inc.
Incorporated: 2010
Core Areas: Holding Company for Americas

70%

JC Biotech Private Ltd
Incorporated: 2004
Acquired: 2016
Core Areas: Manufacturing of Enzymes
Presence: India

100%

Advanced Enzymes (Malaysia) Sdn.Bhd.
Incorporated: 2016
Acquired: 2017
Core Areas: Industrial Bio-Processing
Presence: South East Asia

100%

Advanced Enzymes Europe B.V.
Incorporated: 2017
Core Areas: Holding Company for Europe

Corporate Structure

100%

Cal India Foods International

Incorporated: 1985
Core Areas: Human Nutrition B2B
Presence: North, Central and Latin America

100%

Enzyme Innovation, Inc

Incorporated: 2015
Core Areas: Animal Nutrition and Industrial Bio-Processing
Presence: North, Central and Latin America

100%

AST Enzymes

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

100%

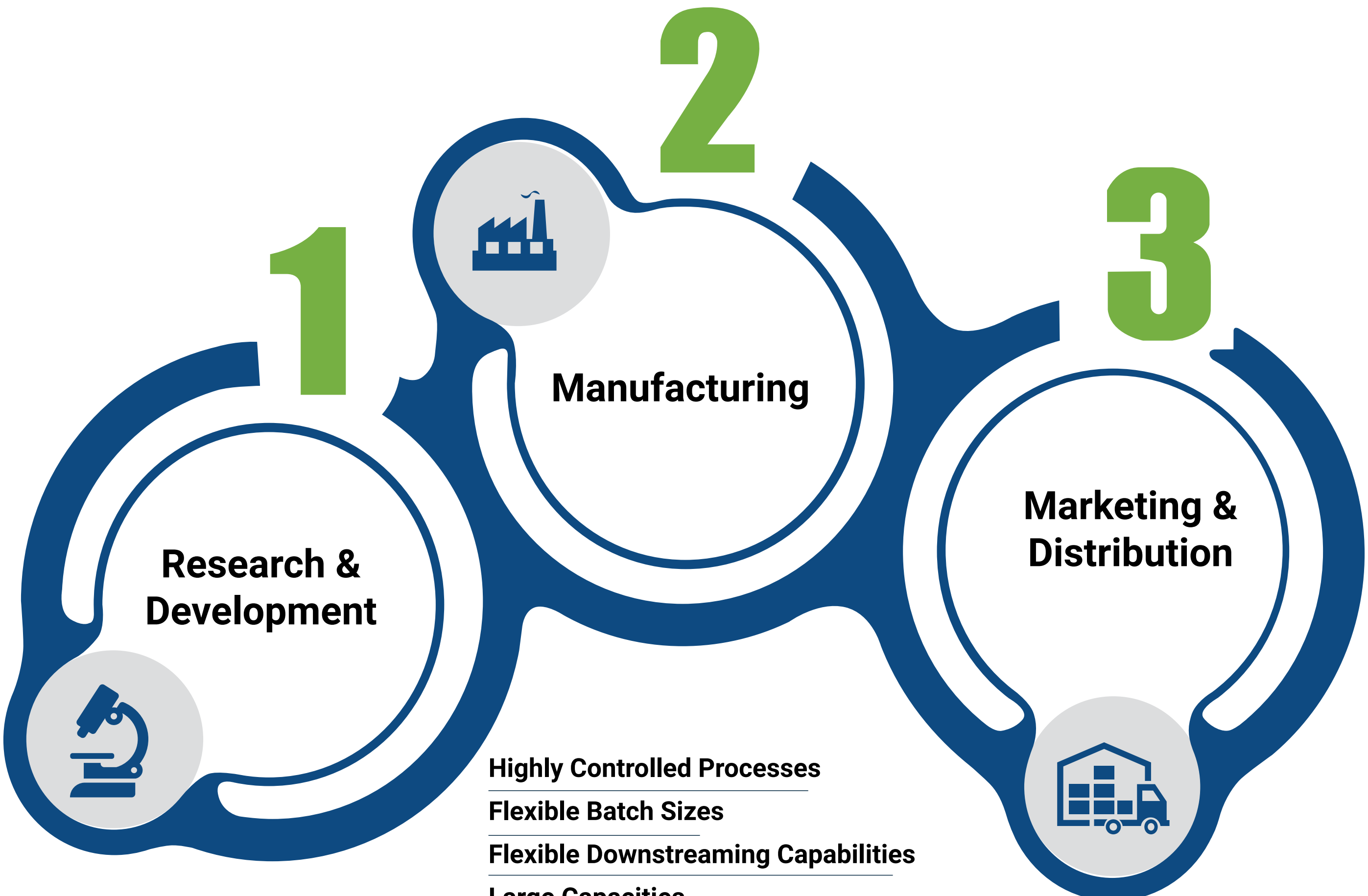
Dynamic Enzymes, Inc.

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

100%

Evoxx Technologies GmbH

Incorporated: 2006
Acquired: 2017
Core Areas: Animal Nutrition and Industrial Bio-Processing
Presence: Europe



Highly Controlled Processes
Flexible Batch Sizes
Flexible Downstreaming Capabilities
Large Capacities
Ability to Expand Quickly
Globally Competitive Cost Structure

Enzyme Engineering
Microbial Engineering
Process Scale-up
Application Development
Customization
Intellectual Property Protection

Reliability & Quality
Global Regulatory Expertise
Customized Solutions
Value Based Selling
Direct Access to End Users
Deep Customer Insights

Integrated Across Value Chain

Key Business Strategies

INNOVATE

Continued Investment in R&D

Identify Product gaps and Develop new Enzymes & Solutions

Expand Competencies in Enzyme Discovery and Genetic Engineering

EXPAND

Broaden & Deepen Geographical Presence

Expand Sales, Marketing & Distribution Networks in North American, European, Latin American & Asian markets

Build Strategic Partnerships in Key Markets for Focus Segments

ACQUIRE

Inorganic Expansion

On the R&D front, Acquisition of Key Technologies, Competencies & Skill-sets which Enable Consolidation and/or Entry into New Market Segments

Acquisition of Client Relationships & Businesses in Key Focus Markets

Research and Development

Enzyme Engineering

- Strengthens the Enzyme Engineering part of R&D
- Helps in designing the right set of enzymes with their target applications in mind
- Involves techniques such as directed evolution, rational design, quantum mechanics, etc.

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

Application Development

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

60+

Scientists, Microbiologists, Engineers, Food Technologists, Biotechnologists

68+

Enzymes & Probiotics

05

R&D Locations in India & Germany

28

Registered Patents

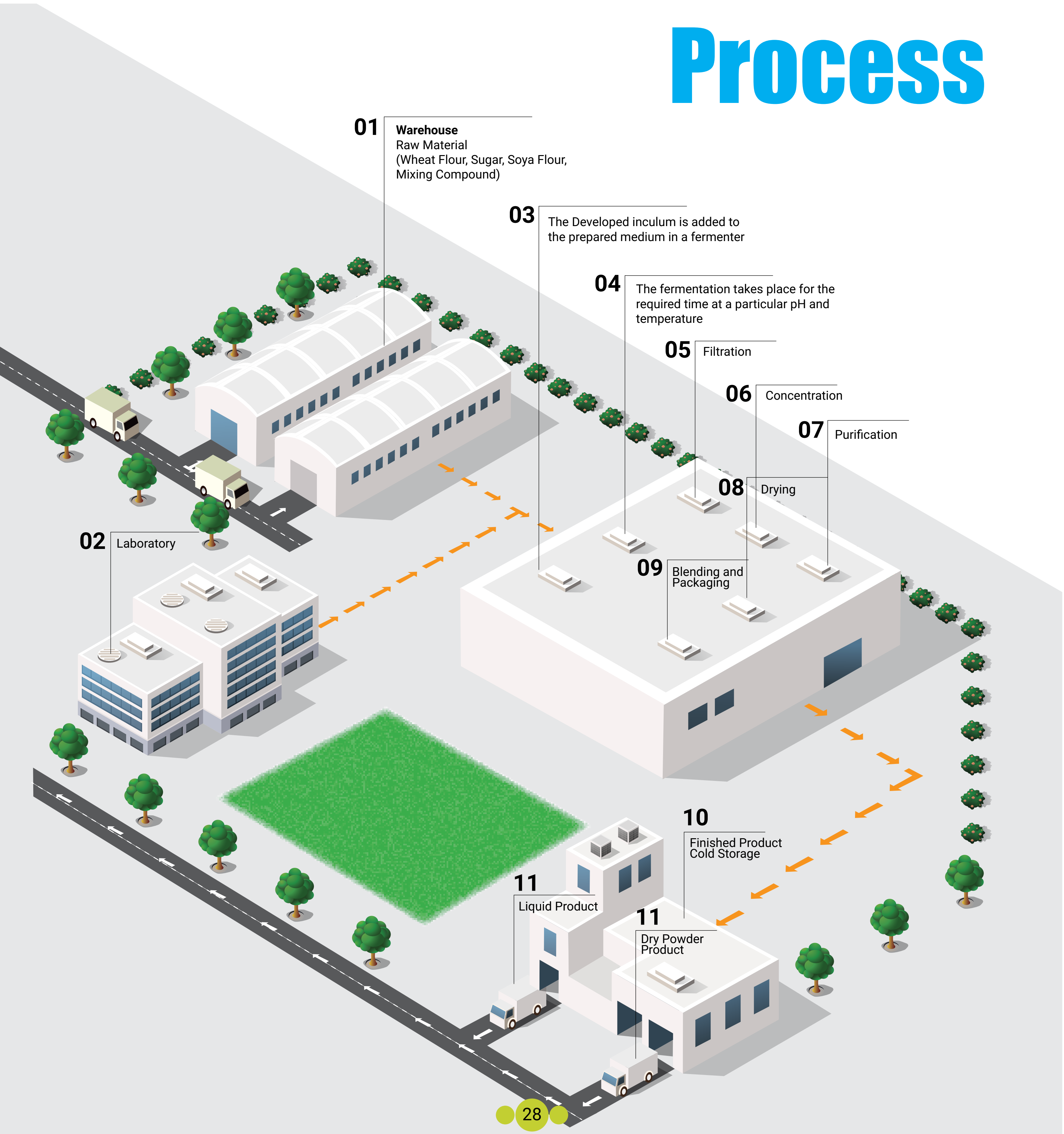
12

Food Enzymes Dossiers filed with EFSA

01

GRAS Dossier filed with US FDA

Production Process



Awards and Recognitions

2018

Best CFO Award at
FE CFO Awards 2018

2017

Best IPO Award
IR Society

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

V.L. Rathi
(Chairman)

Although all the efforts towards growth had an impact on margins still your Company maintained a healthy topline and bottom-line

Chairman's Letter

Dear Shareholders,

On behalf of the Board of Directors and Management, I am very pleased to provide you all, the annual performance report for the year 2017-18. As always, we continued to deliver for our customers, develop new and exciting products, and grow the business. Your Company delivered real organic growth, supplemented by one acquisition.

With the acquisition of Evoxx Technologies GmbH, our new research & development facilities in Germany, we have made a strong investment that will steadily expand our product portfolio. This acquisition further strengthens and compliments all 4 areas of R&D:

1. Enzyme engineering
2. Microbial engineering and strain development
3. Process development and scale up
4. Application development & customer solutions

We have added 20 scientists, 13 patents and 3 enzymes to our portfolio, and also added a solid base for marketing & sales into Europe.

Although all the efforts towards growth had an impact on margins still your Company maintained a healthy topline and bottom-line. The credit goes to the committed & hard-working employees of your Company.

I am grateful for your support and will continue to work towards the welfare of your Company.

With Best Regards,
V. L. Rathi

Managing Director's Letter

C.L. Rathi
(Managing Director)

We shall continue to focus on building a stronger Advanced Enzymes, and expect to deliver robust organic growth in FY19.

Dear Shareholders,

FY18 has been an important year for us. Your Company has made steady, but sure-shot progress.

In FY18, our operating revenues have grown 15% to ₹ 3.96 billion, our EBITDA has grown 8% to ₹ 1.65 billion, and our PAT has grown to ₹ 936 million. The Human Nutrition segment contributed to about 76% of the revenue, followed by Animal Nutrition and Bio Processing segments, with 13% and 11% respectively. Your Company has maintained healthy EBITDA and PAT margins in the year gone by, at 42% and 24% respectively.

While we've made good progress in growing the size of our business, we've also expanded our balance sheet, and maintained a tight rein on our debt. As of 30th June 2018, the gross debt in the company stood at ₹ 655 million, while the total cash stood at ₹ 932 million. The company intends to pay off certain portion of the debt using the surplus cash available on the balance sheet.

We expect to continue investing into Research & Development, as that is the lifeline of our company. Without innovation there can be no growth. The evoxx acquisition has added tremendously to our strengths, as we build a robust pipeline for the future. The R&D expenditure is expected to go a step up, from ₹ 117 million p.a. to a range of about ₹ 180 to 200 million p.a.

On the Operations front, the capacity utilization continues to be in the 55-60% range. We do not expect any significant capex on this front in the foreseeable future.

On the IT front, the Company has successfully implemented SAP S/4 HANA at the standalone level, and across its Indian subsidiaries. The go-live happened on April 3, 2018, and the FY19 financials will be presented from the new system. With this implementation, the Company has taken a quantum leap in its efforts to drive operational efficiencies and synergies. In the near future, we also expect to extend this successful experience to our international subsidiaries.

We shall continue to focus on building a stronger Advanced Enzymes, and expect to deliver robust organic growth in FY19.

Thank you for being part of our journey! We look forward to your continued support.

With Best Regards,
C. L. Rathi

Mr. Vasant Rathi

(Chairman and Non-Executive Director)

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

Mr. Chandrakumar Rathi

(Managing Director)

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

Board Of Directors

Mrs. Savita Rathi

(Whole-time Director)

Mrs. Savita Chandrakumar Rathi, is the Whole-time Director of the 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. Kedar Desai

(Independent Director)

Mr. Kedar Jagdish Desai, is the Independent Director on your 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. He has over 21 years of experience in the field of law.

Mr. Ramesh Mehta

(Independent Director)

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

Mr. Mukund M. Kabra

(Whole-time Director)

Mr. Mukund Madhusudan Kabra, is the Whole-time Director of the 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.

Mr. Pramod Kasat

(Independent Director)

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

* Mrs. Rupa Vora ceased to be director from May 18, 2018

Mr. Piyush Rathi
(Chief Business Officer)

Mr. Beni Prasad Rauka
(Chief Financial Officer)

Dr. Anil Kumar Gupta
(Vice President - Research & Development)

Mr. Dipak Roda
(Vice President - Market & Business Development)

Mr. Sanjay Basantani
(Company Secretary & Head Legal)

Leadership Team

Corporate Information

BOARD OF DIRECTORS

Mr. Vasant Rathi
Chairman & Non-Executive Director

Mr. Chandrakumar Rathi
Managing Director

Mrs. Savita Rathi
Whole-Time Director

Mr. Mukund M. Kabra
Whole-Time Director

Mr. Kedar Desai
Independent Director

Mr. Ramesh Mehta
Independent Director

Mr. Pramod Kasat
Independent Director

Mrs. Rupa Vora
Independent Director
(Ceased to be director from May 18, 2018)

LEADERSHIP TEAM

Mr. Piyush Rathi
Chief Business Officer

Mr. Beni Prasad Rauka
Chief Financial Officer

Dr. Anil Kumar Gupta
Vice President
Research & Development

Mr. Dipak Roda
Vice President
Market & Business Development

Mr. Sanjay Basantani
Company Secretary &
Head Legal

REGISTERED OFFICE

Advanced Enzyme Technologies Limited
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

REGISTRAR & 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

STATUTORY AUDITORS

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

PLANTS

(including subsidiaries)

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

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

Survey No.30, Pali, Vasind,
Shahpur, Thane, Maharashtra

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

Plot No 548 to 550, APIIC Growth
Center, Gundlapalli Village, Maddipadu
Mandal, Prakasam District, Ongole,
Andhra Pradesh 523211

13591 Yorba Avenue, Chino, California
91710.

4880 Murrieta St., Chino CA 91710.

R&D Locations

(including subsidiaries)

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

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

A-61/62, M I D C, Malegaon,
Sinnar, Nashik, Maharashtra
422113

Plot No 548 to 550, APIIC Growth
Center, Gundlapalli Village,
Maddipadu Mandal,
Prakasam District,
Ongole, Andhra Pradesh 523211

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

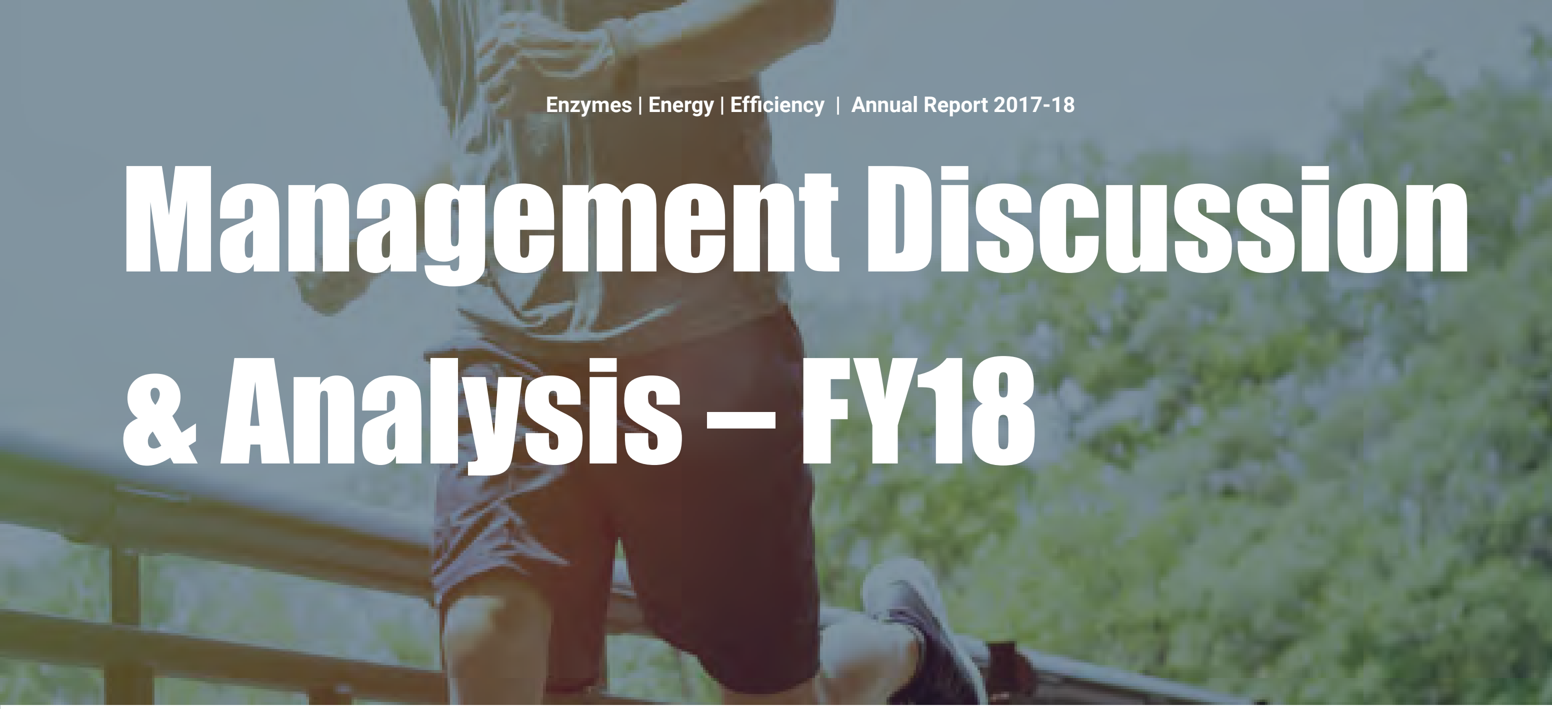
INTERNAL AUDITORS

Aneja Associates,
Chartered Accountants
301, Peninsula Towers,
Peninsula Corporate Park
Ganpatrao Kadam Marg, Lower
Parel, Mumbai - 400 013.

BANKERS

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

Statutory Reporting



Management Discussion & Analysis – FY18

CORPORATE OVERVIEW
STATUTORY REPORTS
FINANCIAL STATEMENTS

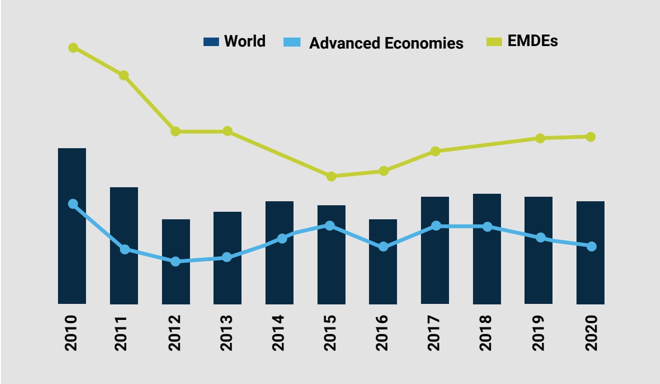
Global Economy

Global growth is projected to edge up to 3.1% in 2018, as the cyclical momentum continues, and then slightly moderate to an average of 3.0% in 2019-20. This broadly steady forecast masks marked differences between the outlook for advanced economies and Emerging Markets and Developing Economies (EMDEs). Growth in advanced economies is projected to slow, as labor market slack diminishes and monetary policy accommodation is gradually unwound, moving closer to subdued potential growth rates, which remain constrained by aging populations and weak productivity trends.

Conversely, growth in EMDEs is expected to accelerate, reaching 4.5% in 2018 and an average of 4.7% in 2019-20. This mainly reflects a further pickup of growth in commodity exporters, which is forecast to rise to 2.7% in 2018 and to an average of 3.1% in 2019-20, as oil and other commodity prices firm and the effects of the earlier commodity price collapse dissipate. Growth in commodity importers is projected to remain stable, averaging 5.7%.

Indian Economy

Overall year-on-year growth in the Index of Industrial Production (IIP) was 7.5% in January 2018, as compared with 3.5% growth in January 2017. During April-January 2017-18, IIP growth was 4.1% as compared to growth of 5.0% during the same period in 2016-17. Foreign exchange reserves were US$ 420.6 Billion as on February 23, 2018, as against US$ 370.0 Billion in March 2017. Broad money supply (M3) increased 10.4% on year-on-year basis as on March 2, 2018, compared to 6.6% in the corresponding period a year ago. Wholesale Price Inflation (WPI) decreased to 2.5% in February 2018 from 2.8% in January 2018. Consumer Price



Inflation (CPI) as per new series (combined) decreased to 4.4% in February 2018 as compared to 5.1% in January 2018.

Second advance estimates of Gross Domestic Product (GDP) released by the Central Statistics Office (CSO) in February 2018, estimated the growth rate of GDP at constant (2011-12) market prices for FY 2017-18 at 6.6%. As per the first revised estimates of national income released by CSO in January 2018, growth rate of Gross Domestic Product (GDP) at constant market prices was 7.1% in 2016-17 and 8.2% in 2015-16.

The growth of Gross Value Added (GVA) at constant (2011-12) basic prices for agriculture and allied sectors, industry sector and services sector are estimated at 3.0%, 4.8% and 8.3% respectively for 2017-18.

Source: World Bank Report, Jan-2018

Global Enzyme Market

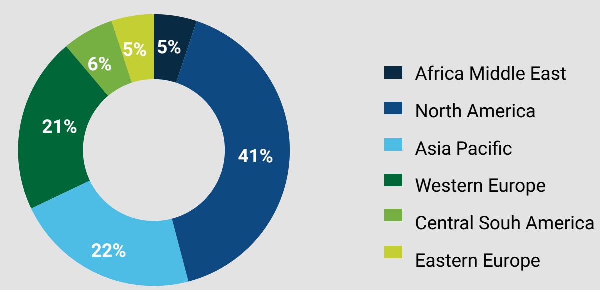
Enzymes Market size is estimated to exceed US$ 9.5 Billion by 2024. Proteases will worth over US$ 2.0 Billion by 2024. Health benefits offered by Protease including, boosts immune system, prevents inflammatory bowel diseases and cures skin burns & stomach ulcers will up surge this segments' demand. The product demand in animal feed segment will be driven by key product properties including improved fodder efficiency, upkeep of gut health and lower cost. Carbohydrase surpassed US$ 2.5 Billion in 2016. Increased usage of catalysts for conversion processes in food & beverage and pharmaceutical industry will provide lucrative opportunity for this segment. Its major application is converting of carbohydrates into sugar syrups, including fructose and glucose. Lipase will witness gains at over 6.8% up to 2024 owing to its usage as a vital digestive enzyme. It breaks down dietary fats into smaller molecules called glycerol and fatty acids. Growing obesity issues in developed countries is predicted to boost product's demand in this segment as it aids in weight control by fat digestion. Food & beverage holds over 36.0% of overall global enzymes market share in 2016. Growing demand for nutritional diet coupled with favorable government regulations will fuel this segment's growth. Flour enhancement, improved texture & color, softness and longer shelf life is expected to propel the product demand.

Animal feed market size will grow at over 7.0% upto 2024. Growing diseases occurrence including, Bovine Spongiform Encephalopathy and Porcine Epidemic Diarrhoea Virus has compelled farmers to use high quality animal forage. Biofuel will generate over US$ 950.0 Million by 2024. Up surging biodiesel production in Germany, France, Brazil and the U.S. will promote industry growth. Lipases act as a major product in production of biodiesel due to its increased capability to process fatty acids and glycerides through transesterification and esterification reactions. Pulp & paper enzymes market will witness over 6.0% CAGR up to 2024. The product demand in this segment is driven by its usage in numerous applications in pulp & paper industry including, cleaning of paper, deinking, drainage improvement and coating of starch. Additionally, growing demand of smooth papers for printing purpose will enhance the product scope.

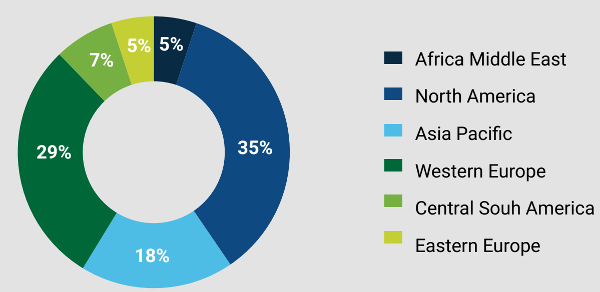
Source: GM Insights

North American Market

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. Favorable economic and environmental factor in the 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 % annually to US$ 2.5 Billion in 2018-19, as strong growth in specialty enzymes offsets slower growth in biofuel production and maturity in most industrial enzyme markets.

Global Probiotic Market

Global probiotics ingredients market was valued at US$ 1,712.1 Million in 2015 and is expected to be valued at US$ 3,560.7 Million by 2025 growing at an estimated CAGR of 7.7% over the next nine years. Rising preference towards preventive healthcare coupled with inherent benefits of probiotics is expected to boost overall market growth over the forecast period.

Source: Grand View Research

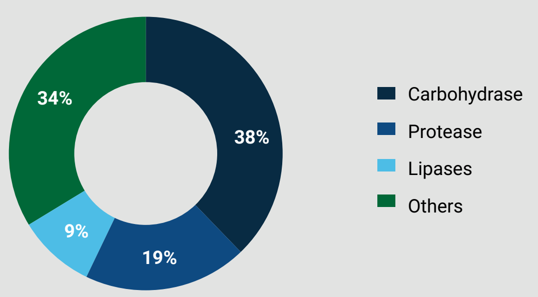
In terms of ingredients, bacteria segment dominated the overall market and is expected to do so over the forecast period. Bacteria ingredients market worth was US$ 1,424.5 Million in 2015 and is expected to be US$ 2,987.7 Million by 2025 growing at an anticipated CAGR of 7.8% over the forecast period. Yeast probiotics market worth is expected to be US$ 417.2 Million by 2025. Among bacteria probiotics, lactobacilli genus dominated the market and the segment was valued at US$ 844.9 Million in 2015 and is expected to grow at an anticipated CAGR of 7.9% from 2016 to 2025.

Bifidobacterium genus segment is expected to be valued at US$ 931.1 Million by 2025. Historic research and studies on lactobacilli and Bifidobacterium is benefitting the respective market segments. In terms of application, probiotics food & beverages dominated the global market and is expected to do same over the forecast period. The food & beverages segment was valued at US$ 1,367.4 Million in 2015 and is expected to be valued at US$ 2,818.2 Million by 2025 growing at an anticipated CAGR of 7.6% over the next nine years. Rising preference for functional foods, broad product portfolio and easy availability of products is benefitting the segment.

Indian Enzyme Industry

Indian Industrial enzymes market is forecasted to surpass US$ 361.0 Million by 2020 on account of increasing food processing facilities, growing number of tanneries and rising textile manufacturing facilities in the country. Northern region is the largest consumer of industrial enzymes and is expected to continue its dominance through 2020 on account of increasing presence

Enzyme Industry



Source: Pharmaion, "Indian Industrial Enzymes Market Forecast & Opportunities, 2020 | Grand View Research

and anticipated expansion of food processing, leather manufacturing and textile production facilities in the region. Indian industrial enzymes market is dominated by Novozymes South Asia Private Limited, E.I. DuPont India Private Limited. Limited and Advanced Enzyme Technologies Limited(AETL).

Industrial enzymes are categorized into carbohydrases, proteases, lipases and others. Among these, the demand for carbohydrases is growing at the fastest pace in India as they are widely used in various industries such as baking, brewing, dairy, etc. Increasing demand for packaged food, dairy products, detergents and pharmaceuticals that aid in digestion is driving the country's industrial enzymes market. Moreover, an increasing number of detergent manufacturers are shifting their focus towards adopting enzymes for detergent formulations due to environmental concerns associated with the usage of phosphorus in detergents.

Indian Probiotics Market

Demand for probiotics ingredient in India was US$ 23.3 Million in 2015 and is expected to reach US$ 51.9 Million in 2025, growing at an estimated CAGR of 8.4% from 2016 to 2025. Probiotics market by yeast amounted US$ 2.5 Million in 2015 and is expected to increase and reach US$ 5.2 Million in 2025, growing at an estimated CAGR of 7.8% from 2016 to 2025. Probiotics genus demand for lactobacilli was US$ 12.4 Million in 2015 and is expected to reach US$ 28.2 Million in 2025, growing at an estimated CAGR of 8.7% from 2016 to 2025. In terms of revenue, probiotics market used in animal feed was worth US$ 2.2 Million in 2015 and is expected to reach US$ 5.0 Million in 2025, growing at an estimated CAGR of 8.6% from 2016 to 2025. Probiotics ingredient demand for human probiotics was US$ 21.1 Million in 2015 and is expected to reach US$ 46.9 Million in 2025, growing at an estimated CAGR of 8.4% from 2016 to 2025.

Company Overview

AETL started operations close to three decades ago with strong vision, supported by dedication and commitment. Your Company has transformed in to a global enzyme powerhouse, based on research and technology, developement. We are the largest Indian enzyme company, engaged in the research and development, manufacturing and marketing of 400+ proprietary products developed from over 68+ indigenous enzymes and probiotics. We are committed to providing eco-safe solutions to a wide variety of industries like human health care and nutrition, animal nutrition, baking, fruit & vegetable processing, brewing & malting, grain processing, protein modification, dairy processing, specialty applications, textile processing, leather processing, paper & pulp processing, 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, Germany and the 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. Your Company comprises of four wholly owned subsidiaries, two subsidiaries and five step-down subsidiaries as on March 31, 2018.

Your Company has completed the acquisition of Advanced Enzymes (Malaysia) Sdn. Bhd. ["AEM"] on July 03, 2017 by way of investment of MYR 200,000 (Malaysian Ringgit) in Ordinary Shares of AEM i.e. 80.0% of paid-up share capital of AEM. On March 30, 2018, your Company completed the acquisition of remaining stake i.e. 50,000 equity shares of face value of MYR 1/- each in AEM, In view of this, AEM became a wholly -owned subsidiary of your Company. On July 11, 2017, your Company incorporated a wholly owned subsidiary, "Advanced Enzyme Europe B.V." in Amsterdam (Netherlands) having issued share capital of Euro 2 Million.

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

Subsidiaries:

1) **Advanced Enzymes USA("AEU"):** Advanced Enzymes USA was incorporated on November 01, 2010 with its registered address as 13591, Yorba Avenue, Chino, California-91710. AEU is a body corporate engaged in the research, development and marketing of cutting edge, efficacious and all-natural enzyme solutions of the highest quality catering primarily to the North American and Latin American markets. AEU has stake in following corporations, three of which are profitable and two are at nascent stage. In terms of the financial performance, the Consolidated revenue of AEU for financial year 2017-18 was ₹1,814.16 Million, and PAT was ₹649.44 Million.

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

    b) **Cal-India Foods International (doing business as Specialty Enzymes and Bio-technologies) ("Cal-India"):** 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. 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, Cal-India 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 08, 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 03, 2014. Enzyme Innovation is a subsidiary of Specialty Enzymes and Biotechnologies, USA & is engaged into marketing and business development of industrial enzymes in America. Enzyme Innovation Inc. caters to industries like Baking & Milling, Brewing & Malting, Brewing & Distilling, Fruit & Vegetable processing, Animal Feed, Protein Modification, Grain Alcohol, Paper & Pulp, Waste Management, Wine and Detergents & Cleaning aids. It 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, Murietia St., Ste. D, Chino, California-91710 since incorporation. DEI, inter alia, offers high quality systemic and digestive enzyme supplements through retail channels.

2) **Advanced Bio-Agro Tech Limited ("ABAT"):** This is a public company initially incorporated as a private company on November 09, 2004 with registered address as A-Wing, 5th floor, Sun Magnetica, Louiswadi, Thane(W)-400064, Maharashtra, India. A subsidiary of your Company ABAT 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. ABAT has established itself as a leader of poultry enzyme solutions within the Indian sub-continent, and offers solutions to the large South East Asian markets of Vietnam, Thailand and Malaysia. In terms of the financial performance, ABAT's revenue for financial year 2017-18 was ₹422.22 Million, and PAT was ₹54.37 Million.

3) **Advanced EnzyTech Solutions Limited ("AESL"):** It was incorporated on September 01, 2008 as a public company with registered address as A-Wing, 5th floor, Sun Magnetica, Louiswadi, Thane(W)-400064, Maharashtra, India. AESL 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 & 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 2017-18 was ₹99.70 Million and PAT was ₹5.84 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 & the objective of manufacturing nutraceuticals, bio-pharmaceuticals and bio-chemicals. Effective December 01, 2016, JC Biotech become a subsidiary as 70% stake 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 April 01, 2017 till March 31, 2018, JC Biotech's revenue was ₹404.81 Million and PAT was ₹61.41 Million.

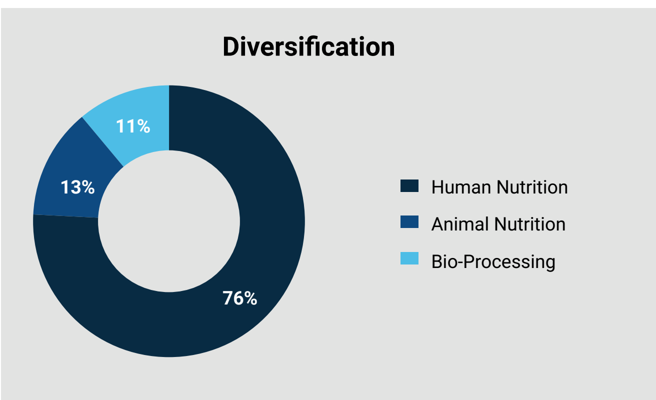
5) **Advanced Enzymes (Malaysia) Sdn. Bhd:** Effective March 30, 2018, Advanced Enzymes (Malaysia) Sdn. Bhd. (erstwhile Palm Techno Ventures Enzyme Sdn Bhd) has become a 100.0% subsidiary as remaining stake was acquired by your Company as on that date.

As it's a newly incorporated company during 2016, the turnover as on March 31, 2018 is NIL. The said subsidiary is 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) is incorporated as a wholly-owned Subsidiary on July 11, 2017. It is registered with the Chamber of Commerce having issued share capital of € 2.0 Million. As it is a newly incorporated company, the turnover as on March 31, 2018 is NIL. The primary purpose of the acquisition is to expand your Company's business in the European markets.

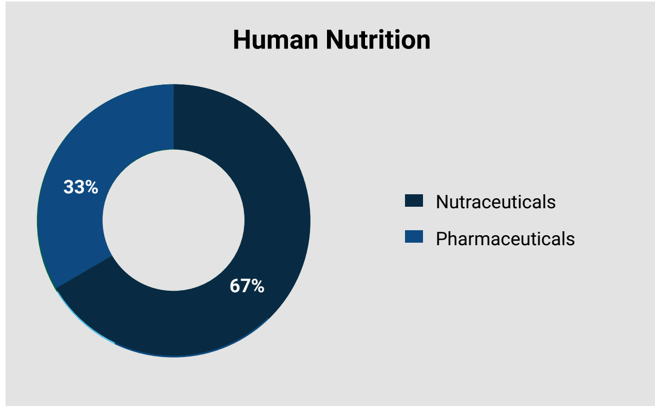
   a) **evoxx technologies GmbH ("Evoxx"):** Your Company bought 100% stake in Evoxx on August 15, 2017 through Advanced Enzymes Europe B.V. subsidiary. Revenues for Evoxx added ₹111.1 Million to the topline and had negatively impacted the bottomline by ₹ 151.9 Million (which includes about ₹ 70.5 Million of operational loss and a ₹ 29.9 Million of amortization expense and a ₹ 31.5 Million loss due to foreign currency translation loss).

Segmental Discussion



Your Company caters to diversified industries and verticals like Human Nutrition, Animal Nutrition and Bio-Processing. In FY18, Human Nutrition vertical comprising active ingredient for Nutraceuticals and Pharmaceuticals contributed 76.0% of the Revenues followed by Animal Nutrition and Bio-Processing contributing 13.0% and 11.0% respectively.

Human Nutrition:

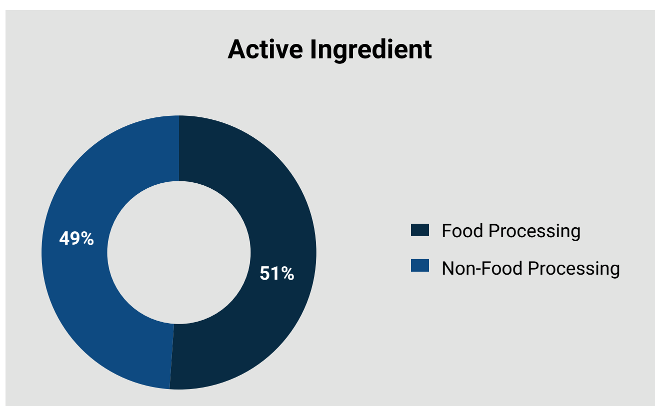


Your Company provides its proprietary enzyme products and customized enzyme solutions to various pharmaceutical and nutraceutical companies in India, North America, Asia (ex-India), Europe and other countries globally. The enzymes are used by customers as active ingredients in their pharmaceutical and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

Animal Nutrition:

Enzymes increase digestibility of modern animal feeds, which improve feed: gain ratios for ruminants and monogastric animals alike. Enzymes like cellulose and hemicellulose 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:



1) **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 & 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.

2) **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 & 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.

Research & Development

Your Company's newly acquired wholly owned subsidiary evoxx technologies GmbH is an industrial biotech company focussing on the development and production of industrial enzymes and development of oligosaccharides and polysaccharides to be primarily used in food applications. Evoxx is a Germany based company so this acquisition would give your Company a stronger foothold in Germany and in Europe. Evoxx has a team of around 20 scientists & technicians and 2 R&D locations in Germany which will help in strengthen research & development capabilities. Evoxx enhances our product portfolio and offerings for the Pharma Biocatalysis and Food Bio-Processing industries. Evoxx also brings in certain specialized nutritional carbohydrates, which expand our offerings to the US nutraceuticals market. The annual expenditure on R&D has increased from ₹ 90.0 Million (FY17) to ₹ 119.1 Million (FY18).

68+	Enzymes and Probiotics
12	Food Dossiers filed with EFSA (European Food Safety Authority)
60+	Scientists, Microbiologists, Food Technologists, Engineers and Biotechnologists
28	Registered Patents
01	GRAS dossier filed with US FDA

Enzyme Engineering

- Custom application development
- Testing services for customers

Proteomics & Applied Microbiology

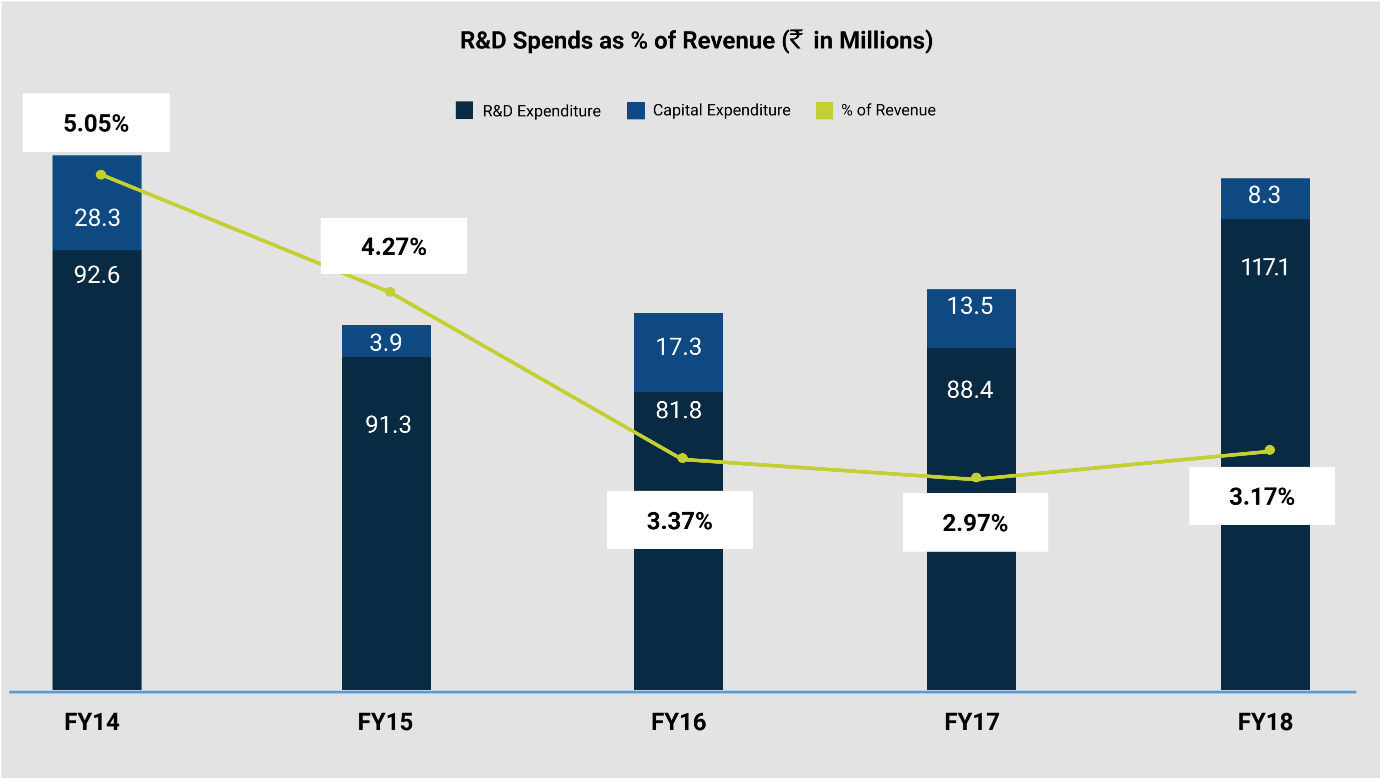
- Purification & Characterization of Enzymes
- Generate data for filling regulatory dossiers
- Develop newer & improved microbial systems

Process Development & Optimization

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

Applied Development

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



Financial Analysis

1) **Revenue from Operations:** Your Company's revenue from operations on consolidated basis increased to ₹ 3,957.0 Million in FY18 from ₹ 3,430.9 Million in FY17, a growth rate of 15.33%. The total revenue comprises International sales amounting to ₹2,168.5 Million (previous year ₹2,029.9 Million) increased by 6.83% and Domestic sales amounting to ₹1,788.5 Million (previous year ₹1,401.0 Million) increased by around 27.66%. The Company's domestic sales constitutes 45% of revenue from operations during FY18 as compared to 41% of revenue during FY17. International sales were 55% of revenue from operations as compared to 59% of revenue from operations during previous year.

2) **Financial Costs:** Financial costs increased to around ₹ 80.9 Million in FY18 from ₹ 35.8 Million in FY17.

3) **Profit** - Consolidated EBITDA (Earnings Before Interest, Tax, Depreciation And Amortization including other income) margin during FY18 was ₹1,653.5 Million as compared to ₹1,533.9 Million during FY17. Profit before exceptional item and tax stood at ₹1,389.7 Million during FY18 as against ₹1,370.5 Million in the previous year. Profit after tax (before minority interest) stood at ₹935.6 Million during FY18 as compared to ₹929.4 Million during the FY18 Other Income: FY18 is ₹13.9 Million as compared to ₹25.8 Million in FY17.

4) **Depreciation & Amortization:** Depreciation & Amortization charge for the FY18 higher by 43% at ₹182.9 Million as compared to ₹127.6 Million in the previous year. Increase in depreciation and amortization supported by Tangible assets (Plant and machinery) as well as Intangible assets for amounted to ₹150.6 Million and ₹32.3 Million respectively.

5) **Net Worth, Capital employed and Returns:** The Net Worth of the shareholders stood at ₹5,591.0 Million as at March 31, 2018. Return on Net worth (RONW) for the year 2017-18 is 17% as compared to 20% in the previous year.

6) **Cash Equivalents:** Cash and Equivalents in FY18 stood at ₹614.2 Million against ₹78.7 Million in FY17.

Outlook

We expect your Company to maintain the strong revenues and profitability track record in the financial year 2018-19. Stepping ahead, your Company intends to strengthen its focus on newer applications such as palm oil extraction and biodiesel. Your Company is in the process to expand its business in the Malaysian market and the European market through its newly formed and acquired subsidiaries, to drive growth in profoundly potential markets. Your Company intends to expand its presence in the huge market available globally for Animal Feed enzymes. 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 the 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 fulfill the present customer demands.

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 organization 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.

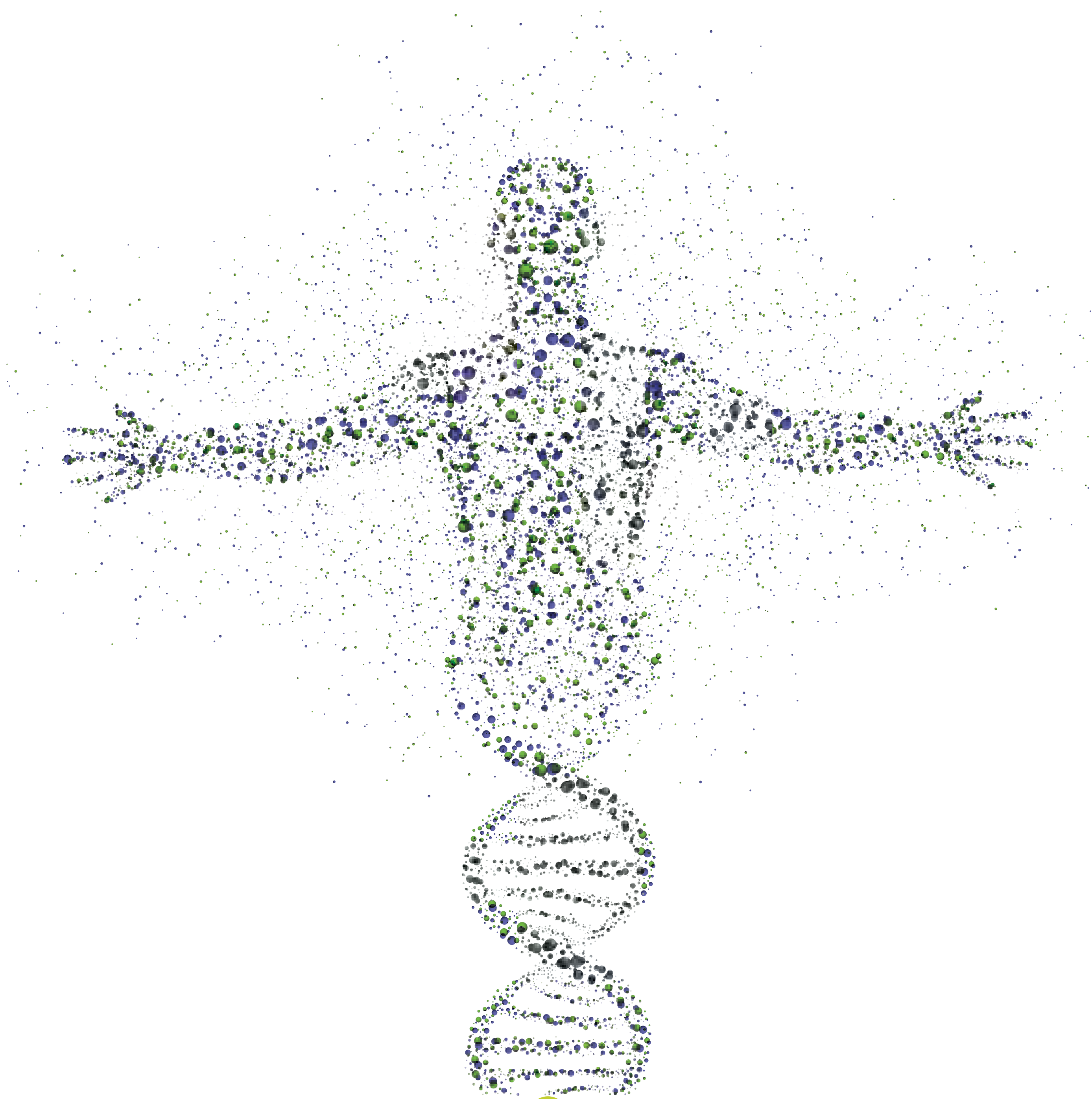
Material Developments in Human Resources / Industrial Relations

Your 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 be a key strategic imperative and the organisation continues its undivided attention towards that. Your Company recognizes the fact that Human Capital is one of the vital constituents of a successful organization. The growth of 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. Your Company is having a talented pool of around 294 permanent employees as on March 31, 2018 which comprises professionals from diverse backgrounds like R & D, Sales, Finance, Legal, IP & Regulatory, Manufacturing etc.

Your Company strives to provide a conducive and competitive work environment to help the employees excel through various employee engagement programs. The management strengthens Human Resources by making available better tools, technology, techniques at the work place to harness the latent potential as it has always aimed at bettering the performance of individuals and groups.

To sharpen the skills, update the concepts and to gain more knowledge Human Resource department constantly 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. Human Resources endeavors to create a culture where learning is a natural outcome of all engagements. It is important to have a 'growth mindset' where learning grows when you share and help others succeed. Your Company has stressed lot of importance on distressing techniques as it strongly believed that "A happy individual always performs well" and has successfully imparted Excellence at Workplace training programs which are an unique combination of behavioural and holistic approach. Industrial relations at the Company were cordial throughout the year.



Directors' Report

Dear Members,

The Directors are pleased to present 29th Annual Report of your Company along with the audited financial statements for the year ended March 31, 2018.

FINANCIAL HIGHLIGHTS

Pursuant to the notification dated February 16, 2015 of the Ministry of Corporate Affairs (MCA), your Company has adopted the Indian Accounting Standards (IND AS) notified under Section 133 of the Companies Act, 2013 ("Act") in preparing and presenting the financial statements beginning the financial year under review. The figures for the previous financial year ended on March 31, 2017 and the balances as on April 1, 2016 has been restated accordingly in order to make this comparable.

The financial performance of your Company for the financial year ended March 31, 2018 is summarized below:

(₹ in Million)

Particulars	Standalone		Consolidated	
	Year ended 31.03.2018	Year ended 31.03.2017	Year ended 31.03.2018	Year ended 31.03.2017
Revenue from operations	**2,153.05**	**1,837.77**	**3,956.99**	**3,430.91**
EBIDTA	**547.15**	**547.01**	**1653.51**	**1533.89**
Less:				
Finance charges & interest (Gross)	30.60	27.20	80.86	35.77
Amortisation and Depreciation	78.14	83.29	182.98	127.61
Profit Before Tax	**438.41**	**436.52**	**1,389.67**	**1,370.51**
Less: Provision for Taxation				
Current tax	93.78	84.55	478.47	455.36
Deferred tax	(14.27)	0.56	(7.71)	(5.89)
MAT credit entitlement	-	(0.90)	(17.03)	(2.38)
Tax adjustment for earlier years	-	6.61	0.38	(6.02)
Profit for the year	**358.90**	**345.70**	**935.56**	**929.44**
Surplus Brought Forward from Previous Year	1535.72	1194.58	3485.17	2562.94
Amount Available for Appropriations	1849.15	1535.72	4332.16	3485.17
Earnings Per Share (Amount in)				
Basic	**3.22**	**3.12**	**8.07**	**8.27**
Diluted	**3.21**	**3.12**	**8.06**	**8.27**

RESULTS FROM OPERATIONS

Revenue - Consolidated

Your Company's revenue from operations on consolidated basis increased to ₹ 3,956.99 Million in the financial year 2017-18 from ₹ 3,430.91 Million in the previous financial year, a growth rate of 15.33%. The total revenue comprises International sales amounting to ₹ 2,168.50 Million (previous financial year - ₹ 2,029.94 Million), growth of 6.83% and Domestic sales amounting to ₹ 1,788.49 Million (including Export Incentives of ₹ 31.02 Million) (previous financial year - ₹ 1,400.97 Million (including Export Incentives of ₹ 3.26 Million)) increased by 27.66%.

Your Company's domestic sales constitute 45% of revenue from operations during financial year 2017-18 as compared to 41% of revenue from operations during financial year 2016-17. International sales were 55% of revenue from operations as compared to 59% of revenue from operations during previous financial year.

Revenue - Standalone

Your Company's revenue from operations on standalone basis increased to ₹ 2,153.05 Million from ₹ 1,837.77 Million in the previous financial year, at a growth rate of 17.16%. The total revenue comprises of International sales of ₹ 565.85 Million (previous financial year - ₹ 627.94 Million), decreased by 9.90% and Domestic sales ₹ 1,587.20 Million (including Export Incentives of ₹ 31.01 Million) (previous financial year - ₹ 1,209.83 Million (including Export Incentives of ₹ 3.27 Million)) increased by 31.19%.

The domestic sales constitute 73.72% of revenue from operations during financial year 2017-18 as compared to 65.83%

of revenue from operations during financial year 2016-17. International sales were 26.28% of revenue from operations as compared to 34.17% of revenue from operations during financial year 2016-17.

Profits - Consolidated

EBIDTA (Earnings before interest, depreciation, tax and amortisation including other income) margin during financial year 2017-18 was ₹ 1653.51 Million (41.79%) as compared to ₹ 1533.89 Million (44.71%) during financial year 2016-17, decrease of about 2.92%.

Profit before tax stood at ₹ 1389.67 Million during financial year 2017-18 as against ₹ 1370.51 Million in the previous year, a growth of 1.40%. Profit after tax stood at ₹ 935.56 Million during financial year 2017-18 as compared to ₹ 929.44 Million during the financial year 2016-17, a growth of 0.66%.

Profits - Standalone

EBIDTA margin during the year under review was at ₹ 547.15 Million (25.41%) as compared to ₹ 547.01 Million (29.76%) in the previous financial year. Profit before tax stood at ₹ 438.41 Million during financial year 2017-18 as compared to ₹ 436.52 Million in the financial year 2016-17, a growth of 0.43%. Profit after tax stood at ₹ 358.90 Million during financial year 2017-18 as compared to ₹345.70 Million during financial year 2016-17, a growth of 3.82%.

DIVIDEND

The Board of Directors of your Company ("Board") recommend a final dividend @ 25% i.e. ₹ 0.50 per equity share of face value of ₹ 2 each for the financial year ended March 31, 2018, aggregating to ₹ 55.82 Million (excluding Dividend Distribution Tax) as compared to final dividend @ 20% i.e. ₹ 0.40 per equity share of face value of ₹ 2 each for financial year 2016-17.

The dividend payout is subject to approval of Members at 29th Annual General Meeting of your Company ('AGM').

As mandated by the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) 2015 (as amended) [SEBI Listing Regulations], for the top 500 companies as on 31 March by market capitalization, the Board has adopted a Dividend Distribution Policy and the same is displayed on the Company's website at www.advancedenzymes.com/investors/coporate-governance

RESERVES

During the financial year 2017-2018, your Company has not transferred any amount to the General Reserves.

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 a Postal Ballot.

The 'Record Date' for the purpose of ascertaining the Members entitled to receive the said sub-divided equity shares was fixed by the Board 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) 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 your 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) are as follows (as on March 31, 2018)

Particulars	Authorised Capital		Paid-up Capital	
	No. of shares	Amount (₹)	No. of shares	Amount (₹)
Pre Stock Split	35,000,000	350,000,000	22,326,005	223,260,050
Post Stock Split	175,000,000	350,000,000	111,630,025	223,260,050

EMPLOYEES STOCK OPTION PLAN

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

ESOP 2015:

The Nomination & Remuneration Committee in its meeting held on February 14, 2017 granted 220,000 (of ₹ 2 each) stock options to its eligible employees of the Company & US subsidiary ("Grantee"). Out of the total Options granted, 10% of stock options (i.e. 22000) got vested on February 15, 2018, as per the provisions of the Scheme. One Option is convertible and is equivalent to 1 equity share. Based on the exercise application & amount received from the Grantees, the Board allotted 17750 equity shares of ₹ 2 each on May 19, 2018. The Company is yet to receive exercise applications allot shares for remaining 4250 stock options. The shares issued under ESOP Scheme 2015 are subject to lock in for a period of 1 year from the date of allotment.

In view of above, the Paid-up share capital of your Company has increased as follows (as on May 19, 2018)

Particulars	Paid-up Capital	
	No. of shares	Amount (₹)
Before Allotment	111,630,025	223,260,050
Post Allotment	111,647,775	223,295,550

Employees Incentive 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 (BSE) and National Stock Exchange of India Limited (NSE). As on the date of this report, no Stock Options / Stock Appreciation Rights have been granted under the Plan 2017.

CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated financial statements of your Company are prepared in accordance with the provisions of Section 129 and other applicable provisions, if any, of the Companies Act, 2013 read with rules made thereunder, Indian Accounting Standards ("IND AS") and Regulation 33 of the SEBI Listing Regulations and forms part of this Annual Report.

As mandated by the Ministry of Corporate Affairs, your Company has adopted IND AS for the financial year commencing from April 1, 2017. The estimates and judgments relating to the Financial Statements are made on a prudent basis, so as to reflect in a true and fair manner, the form and substance of transactions and reasonably present the Company's state of affairs, profits and cash flows for the year ended March 31, 2018.

SUBSIDIARIES

Investments:

(a) Advanced Enzymes (Malaysia) Sdn. Bhd. ('AEM'):

During the year under review (on July 03, 2017), your Company completed the acquisition of 200,000 equity shares of MYR 1 (Malaysia Ringgit) each aggregating to MYR 200,000 (equivalent to approx. ₹ 3,134,000) of AEM i.e. 80% of paid-up share capital of AEM.

Your Company also subscribed to Right Issue of 150,000 Equity Shares at MYR 1 per share of AEM, aggregating to MYR 150,000 (equivalent to ₹ 2,602,500) on March 13, 2018. In view of this, the shareholding of your Company in AEM increased to 87.50%.

On March 30, 2018, your Company completed the acquisition of remaining stake i.e. 50,000 equity shares of face value of MYR 1 each of AEM. The said acquisition was made at face value for a total consideration of MYR 50,000 (equivalent to ₹ 867,800). In view of the above, AEM has become a wholly-owned subsidiary of the Company, effective from March 30, 2018.

(b) Advanced Enzymes Europe BV ("AEE"):

During the year under review, your Company incorporated a wholly owned subsidiary, AEE, with issued share capital of Euro 2 Million [2,000,000 equity shares of EUR 1 each] (equivalent to approx. ₹ 149.84 Million) in Netherlands i.e. on July 11, 2017 mainly to expand your Company's business in European Market.

(c) evoxx technologies GmbH ("evoxx"):

Your Company's wholly owned subsidiary, Advanced Enzymes Europe BV completed the acquisition of 100% stake in evoxx for a consideration of € 6.57 million, on August 15, 2017. In view of above, evoxx become a Step-Down Subsidiary (100%) of your Company.

(d) JC Biotech Private Limited ("JCB"):

During the year under review, your Company subscribed to Right Issue of 189,000 equity shares of ₹ 10 each at a premium of ₹ 27 per equity share aggregating to ₹ 6,993,000 of JCB. The shares have been duly allotted on January 31, 2018. The purpose of Right Issue was mainly to meet the capital & operational expenditure of JCB. As the Right Issue was offered & subscribed by JCB's existing shareholders in proportionate to their respective shareholding in JCB, the shareholding of your Company in JCB remains same i.e. 70%.

(e) Acquisition of certain assets & liabilities of Biomedic Labs, LLC, USA

On 03 October 2017, the Company's subsidiary Advanced Supplementary Technologies Corporation ("ASTC") acquired certain assets and liabilities of Biomedic Labs, LLC, USA for a purchase consideration of USD 750,000. The Company has accounted for goodwill of USD 630,000 equivalent to ₹ 40.98 Million on consolidation.

Other details for the aforementioned Investments from (a) to (d) are provided on the website of the Company at www.advancedenzymes.com/investors/stock-exchange-compliance

As at March 31, 2018 your Company has eleven (11) subsidiaries as listed below:

Domestic Subsidiaries:

1. Advanced Bio-Agro Tech Limited (60%);
2. Advanced EnzyTech Solutions Limited (100%);
3. JC Biotech Private Limited (70%);

International Subsidiaries:

1. Advanced Enzymes Inc., USA (100%);
2. Advanced Supplementary Technologies Corporation (100% Subsidiary of Advanced Enzymes USA);
3. Cal-India Foods International, Inc. (doing business as Specialty Enzymes and Biotechnologies) (100% Subsidiary of Advanced Enzymes USA);
4. Dynamic Enzymes Inc. (100% Subsidiary of your Company);
5. Enzyme Innovation, Inc. (100% Subsidiary of Cal-India Foods International and a Step-down subsidiary of Advanced Enzymes USA)
6. Advanced Enzymes (Malaysia) Sdn. Bhd. (100%);
7. Advanced Enzymes Europe B.V. ["AEE"] (100%) [With effect from July 11, 2017].
8. evoxx technologies GmbH (100%) [Wholly owned subsidiary of AEE with effect from August 15, 2017]

During the year under review, Enzyfuel Innovation Inc. Subsidiary of Advanced Enzyme USA, ceased to be Subsidiary of the Company, as it being non-operative has been dissolved voluntarily.

The Policy for determining material subsidiaries is available on the Company website: www.advancedenzymes.com/investors/corporate-governance

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 2017-18. 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 29th 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 forms an integral part of the Annual Report.

MANAGEMENT DISCUSSION AND ANALYSIS

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

a. in the preparation of the annual accounts for the year ended March 31, 2018, 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, 2018 and of the profit of the Company for the year ended on that date;

c. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d. the annual accounts have been prepared on a 'going concern' basis;

e. Proper internal financial controls are devised to ensure compliance with all the provisions of the applicable laws and that such internal financial controls are adequate and are operating effectively; and

f. Proper systems are devised to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

RISK MANAGEMENT

Your Company understands that controlling risks through a formal programme is necessary for the well-being of your Company. Your Company has adopted a revised Risk Assessment & Management policy in supersession of the existing policy. The Policy initially has outlined the broad based parameters of identification, assessment, monitoring and mitigation of various risks. Internal Auditors has also reviewed the Risk Management framework of the Company.

Your Company has initiated the process of transition to an Integrated Enterprise Risk Management, Internal Controls Management and Assurance Framework 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 2017-18, the transactions entered with related parties, as defined under the Companies Act, 2013 and provisions of the SEBI Listing Regulations, were in the ordinary course of business and on arms' 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 and as good corporate governance practice as there may be few transactions that may be carried out in the long-term interest of the Company.

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

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 INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

Pursuant to Section 124(6) of the Companies Act, 2013 all shares in respect of which dividend has not been paid or claimed for seven consecutive years or more shall be transferred by the company in the name of Investor Education and Protection Fund. In view of this, your Company has transferred 48,000 unclaimed equity shares pertaining to financial year 2009-2010 to the Demat account of IEPF on November 30, 2017. The details of the said shares transferred are provided on the website of the Company at www.advancedenzymes.com/investors/corporate-governance

Details of unclaimed shares transferred, unclaimed Dividend & Shares due for transfer & procedure to claim the same are provided in the Notes to Notice for 29th 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 has 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/corporate-governance

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

As per the Nomination & Remuneration Policy of the Company ("Policy"), the Nomination and Remuneration Committee inter alia recommends the appointment of Directors, Key Managerial Personnel (KMP) & Senior Management Personnel. The Committee also looks into the matter of remuneration of the Executive Directors, KMP's & Senior Management Personnel and revise the remuneration subject to limits approved by the shareholders.

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

CHANGE IN DIRECTORS AND KEY MANAGERIAL PERSONNEL

During the financial year 2017-18, there has been no change in the composition of Board and Key Managerial Personnel of your Company.

Your Company received the resignation letter dated May 18, 2018 from the Independent Director, Mrs. Rupa Vora. She tendered her resignation from the position of Director of the Company with effect from May 18, 2018, due to some personal reasons. The Board accepted her resignation & sincerely appreciated her association with the Company and the support which she rendered during her tenure.

RETIRE BY ROTATION

Mr. Chandrakumar Rathi, Managing Director is liable to retire by rotation at the AGM, and being eligible, offers himself for re-appointment. The Board, therefore, recommends his re-appointment as Managing Director of the Company. Brief profile of Mr. Chandrakumar Rathi have been provided in Notice convening 29th AGM 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 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, 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, 2018 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 the SEBI Listing Regulations, are enclosed as Annexure IV. 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 AUDIT REPORT

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 2017-18 is annexed as Annexure V and forms an integral part of this Report. The Secretarial Audit Report for the year ended March 31, 2018 does not contain any qualification, reservation or adverse remark. However, the Secretarial Auditor in his report has mentioned that the Company has spent an amount of ₹ 5.60 Million against the amount of ₹ 5.86 Million required to be spent during the year towards Corporate Social Responsibility (CSR). Subsequently the Company has spent the unspent amount of ₹ 0.26 Million, which is self-explanatory.

Details of the CSR activities, expenditure & other disclosures are provided in the annexed Annual Report on CSR activities.

BUSINESS RESPONSIBILITY REPORT

Pursuant to Regulation 34 of the SEBI Listing Regulations, top five hundred listed entities based on market capitalization (calculated as on March 31 of every financial year) shall provide Business Responsibility Report describing the initiatives taken by them from an environmental, social and governance perspective. The said report is attached as Annexure VI to this Director's Report.

COMMITTEES OF THE BOARD

As per the Companies Act, 2013 & the SEBI Listing Regulations, the Board has four committees viz., Audit Committee, Nomination and Remuneration Committee, the Corporate Social Responsibility Committee, and the Stakeholders Relationship Committee. The details of the composition of these Committees along with number of meetings held and attendance at the meetings are provided in the Corporate Governance Report and forms part of this Report.

VIGIL MECHANISM

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

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

MEETINGS OF THE BOARD

During the year, eight (8) 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 the SEBI Listing Regulations, the Board has undertaken an annual evaluation of its own performance, its various Committees and individual directors. The manner in which the performance evaluation has been carried out has been given in the Corporate Governance Report, annexed to this Report.

The Board Evaluation policy can be accessed on your Company's website at www.advancedenzymes.com/investors/corporate-governance. 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/corporate-governance. 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 the Company's website at www.advancedenzymes.com/investors/corporate-governance.

CODE OF CONDUCT FOR PROHIBITION OF INSIDER TRADING

Your Company has in place a Code of Conduct for Prohibition of Insider Trading, 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 the Company either on his/her own behalf or on behalf of any other person, on the basis of unpublished price sensitive information.

The aforementioned Code is available on the website of the Company at www.advancedenzymes.com/investors/corporate-governance

INTERNAL CONTROL AND ITS ADEQUACY

Your Company has adopted procedures and systems for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, 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 System / Internal Financial Control commensurate to its size and nature of operations. Your Company's Internal control systems are tested and certified by the Internal Auditors and Statutory Auditors of the Company.

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

SIGNIFICANT AND MATERIAL ORDERS

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 2017-18 are given in the standalone financial statements (Note 7, 8 and 14 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 2017-18.

EXTRACT OF ANNUAL RETURN

Pursuant to the provisions of Section 92 the Companies Act, 2013 read with the rules made there under, the extract of Annual Return of the Company in form MGT-9 is enclosed as Annexure X 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 VII and forms part of this Report.

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

Pursuant to Section 197(12) of the Act, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is disclosed in Annexure VIII to this report.

The statement containing particulars of remuneration of employees as required under Section 197(12) of the Act, read with Rule 5(2) & 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is given in an Annexure XI 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 XI. 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 at 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, there is no revision in the rating received from CRISIL. The rating stood at A/Stable for Bank facilities to the tune of ₹ 100 Crores, by Credit Rating Information Services of India Limited (CRISIL).

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 devised a policy on Prevention of Sexual Harassment; as per the provisions 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/corporate-governance

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

ACKNOWLEDGMENTS

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

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

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

Vasant L. Rathi
Chairman
(DIN: 01233447)

Date: May 19, 2018
Place: Thane

Annexure - I

FORM NO. AOC-I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)
Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

FINANCIAL YEAR 2017-18
Part "A"- Subsidiaries

(₹ in Million except % shareholding & exchange rate)

Sr. No.	1	2	3	4	5	6
Name of the subsidiary	**Advanced Bio-Agro Tech Limited**	**Advanced Enzytech Solutions Limited**	**Advanced Enzymes USA**	**JC Biotech Private Limited**	**Advanced Enzymes (Malaysia) Sdn. Bhd.**	**Advanced Enzymes Europe B.V.**
Reporting period for the subsidiary concerned, if different from the holding company's reporting period	2017-18	2017-18	2017-18	2017-18	2017-18	2017-18
Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	INR	INR	USD [1 USD = INR 65.04]	INR	MYR [1 MYR = INR 16.84]	EUR [1 EUR = INR 80.62]
Share capital	1.0	0.7	285.83	207.11	6.60	149.85
Reserves & surplus	125.08	38.76	2957.43	99.48	(7.59)	(66.85)
Total assets	171.35	50.31	3449.94	527.37	2.81	801.12
Total liabilities	45.26	10.85	206.68	220.77	3.80	714.83
Investments	-	-	-	-	-	-
Turnover	422.22	99.70	1814.16	404.81	-	111.12
Profit before taxation	76.11	7.85	983.03	81.92	(6.31)	(142.48)
Less: Provision for taxation	21.74	2.01	333.59	20.51	-	(7.30)
Profit after taxation	54.37	5.84	649.44	61.41	(6.31)	(131.89)
Proposed Dividend	-	-	-	-	-	-
Extent (%) of shareholding	60%	100%	100%	70%	100%	100%

Note:

1. The financials of Advanced Enzymes, USA are consolidated financials and includes financials of four step down subsidiaries of the Company viz; Cal-India Foods International Inc., USA, Advanced Supplementary Technologies Corporation, USA, Enzyme Innovation Inc., USA and Dynamic Enzymes Inc., USA.
2. The financials of Advanced Enzymes Europe B.V. ("AEE") are consolidated financials and includes financials of evoxx technologies GmbH, step down subsidiary of the Company. AEE & evoxx became subsidiaries of the Company on July 11, 2017 and August 15, 2017 respectively.
3. Names of the Subsidiaries which are yet to commence the operations: NIL during the financial year 2017-18
4. Names of the Subsidiaries which have been sold or liquidated during the year: Enzyfuel Innovation Inc. Subsidiary of Advanced Enzyme USA, ceased (dissolved voluntarily) to be Subsidiary of the Company.
5. The figures for foreign subsidiaries are arrived on the basis of exchange rate as on March 31, 2018:

Exchange Rate on 31/03/2018:	Average Exchange Rate for financial year 2017-18:
1USD = INR 65.04	1USD = INR 64.45
1MYR = INR 16.84	1MYR = INR 15.96
1EUR = INR 80.62	1EUR = INR 77.37 (From 15th Aug 2017)

Part 'B': Associates & Joint Ventures – NIL

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

Chandrakumar Rathi
Managing Director
DIN: 00365691
Date: May 19, 2018
Place: Thane

Kedar Desai
Director
DIN: 00322581
Date: May 19, 2018
Place: Thane

Ramesh Mehta
Director
DIN: 00367439
Date: May 19, 2018
Place: Thane

Beni. P. Rauka
Chief Financial Officer
Membership No: 039980
Date: May 19, 2018
Place: Thane

Sanjay Basantani
Company Secretary
Membership No: 19637
Date: May 19, 2018
Place: Thane

Annexure - II

FORM NO. AOC.2

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

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

1. Details of contracts or arrangements or transactions not at arm's length basis: NIL

   (a) Name(s) of the related party and nature of relationship: 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 arrangements or transactions at arm's length basis:

Sr. No.	Particulars	Transaction - Sale/Purchase/Investment			Transactions - Investment / 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	JC Biotech Private Limited Subsidiary	Advanced Enzyme Europe B.V. Wholly owned Subsidiary
b)	**Nature of contracts/ arrangements/ transactions**	Sale / Purchase of Goods	Sale	Sale / Purchase of Goods, Investment in equity shares	Loan provided & Investment made by the Company
c)	**Duration of the contracts/ arrangements/ transactions**	Transaction during the year ended March 31, 2018	Transaction during the year ended March 31, 2018	Transaction during the year ended March 31, 2018	Transaction during the year ended March 31, 2018
d)	**Salient terms of the contracts or arrangements or transactions including the value, if any:**	Total amount of transactions: Total: ₹ 322.42 Million [Sale: ₹ 317.15 Million Purchase: ₹ 5.27 Million]	Total amount of transactions: Sale : ₹ 239.43 Million	Total amount of transactions: Total: ₹ 392.77 Million [Sale: ₹ 0.13 Million Purchase: ₹ 392.64 Million] Investment: ₹ 7 Million	Total amount of transactions: Investment: ₹ 149.85 Million Loan: ₹ 265.77 Million (Net) Interest income: ₹ 14.49 Million Further details are mentioned in point (b) above
e)	**Date(s) of approval by the Board, if any:**	March 25, 2017	March 25, 2017 & August 09, 2017	March 25, 2017, August 09, 2017 & November 14, 2017	July 01, 2017
f)	**Amount paid as advances, if any:**	NIL	NIL	NIL	NIL

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

Vasant L. Rathi
Chairman
(DIN: 01233447)

Date: May 19, 2018
Place: Thane

Annexure - III

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/corporate-governance

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

As on March 31, 2018, the CSR Committee comprises following members:

Mr. Kedar Desai (Non-Executive- Independent Director) - Chairman

Mr. Ramesh Mehta (Non-Executive Independent Director) - Member

Mr. Chandrakumar L. Rathi (Managing Director) - Member

3. Average net profit of the Company for last three financial years: ₹ 293,138,555

4. Prescribed CSR Expenditure (Two percent of amount as in Item no. 3): ₹ 5,862,771

5. Details of CSR spent during the financial year:

(a) Total amount spent for the financial year: ₹ 5,600,000

(b) Amount unspent, if any: ₹ 262,771 (However this amount was spent after March 31, 2018)

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

(₹ in Million)

<table>
<tr><th>Sr. No.</th><th>CSR project or activity identified</th><th>Sector in which the Project is covered</th><th>Projects or programs (1) Local area or Other (2) Specify the State and district where projects or programs was undertaken</th><th>Amount outlay (budget) project or program wise</th><th>Amount spent on the projects or programs Sub-heads: (1) Direct Expenditure on projects or programs. (2) Overheads</th><th>Cumulative expenditure upto to the reporting period</th><th>Amount spent: Direct or through Implementing agency</th></tr>
<tr><td>1</td><td>Advanced Vidhya Abhiyan (Education sponsorship)</td><td>Education</td><td>Maharashtra</td><td rowspan="2">6.10</td><td>Direct :0.50
Overheads: NIL</td><td>0.50</td><td>Direct: Nil
Through: Spread A Smile Foundation Vision: Work as a catalyst in bringing sustainable change in the lives of underprivileged children, youth and women, with a life-cycle approach of development.</td></tr>
<tr><td>2</td><td>Advanced Vidhya Abhiyan (Education Sponsorship)</td><td>Education</td><td>Bhojpur, Bihar</td><td>Direct :5.10
Overheads: NIL

Direct: 0.50 *
Overheads: NIL</td><td>5.60

6.10</td><td>Direct: Nil Through: Sri Sri Ravi Shankar Trust / Sri Sri Gnan Mandir, Ved Vignan Maha Vidhya Peeth.
Vision and Mission: To provide free holistic and value based education to the children from the rural, tribal and slum areas in India</td></tr>
</table>

* Amount contributed (spent) after March 31, 2018.

6. In case the Company fails to spend the 2% of the average net profit (INR) of the last three financial years, the reasons for not spending the amount shall be stated in the Board report:

   (a) The Company has contributed the unspent amount of ₹ 262,771 post March 31, 2018 and on the date of this report. The said contribution will not be treated as CSR expenditure of the Company for the financial year 2018-19.

   (b) In addition, the Company has also contributed to other social / philanthropic activity which is not mentioned in this report as such activity is outside the scope of activities mentioned in the Companies Act, 2013.

7. 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

Chandrakumar Rathi
Managing Director
DIN: 00365691

Date: May 19, 2018
Place: Thane

Annexure - IV

CORPORATE GOVERNANCE REPORT

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

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

BOARD OF DIRECTORS

Composition of Board of Directors as on March 31, 2018

The Board of Directors of the Company (hereinafter referred as "the Board") comprises an optimum combination of Executive and Non-Executive Directors. As on March 31, 2018, the Board 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 requirements of the 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 judgment in any manner. The Directors are eminently qualified and experienced professionals in business, finance and corporate management.

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

Sr. No.	Directors	Category of Director
1.	Mr. Vasant Rathi (Chairman)	Non Independent Non-Executive Director [Promoter]
2.	Mr. Chandrakumar Rathi (Managing Director)	Executive Director [Promoter]
3.	Mrs. Savita Rathi (Whole-time Director)	Executive Director [Promoter Group]
4.	Mr. Mukund Kabra (Whole-time Director)	Executive Director
Independent Directors:		
5.	Mr. Kedar Desai	Independent Non-Executive Director
6.	Mrs. Rupa Vora *	Independent Non-Executive Director
7.	Mr. Ramesh Mehta	Independent Non-Executive Director
8.	Mr. Pramod Kasat	Independent Non-Executive Director

* Resigned with effect from May 18, 2018

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

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

During the financial year 2017-18, the meeting of the Board of Directors was held Eight (8) times i.e. on April 22, 2017 (No. 03/2017), May 27, 2017 (No. 04/2017), July 1, 2017 (No. 05/2017), August 9, 2017 (No. 06/2017), September 11, 2017 (No. 07/2017), November 14, 2017 (N0. 08/2017), February 6, 2018 (No. 01/2018), February 19, 2018 (No. 02/2018).

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 - last AGM held on September 11, 2017
		Held	Attended	
1.	Mr. Vasant Rathi	8	7*	No
2.	Mr. Chandrakumar Rathi	8	8#	Yes
3.	Mrs. Savita Rathi	8	6	No
4.	Mr. Mukund Kabra	8	8	Yes
5.	Mr. Kedar Desai	8	8	Yes
6.	Mrs. Rupa Vora	8	8	Yes
7.	Mr. Ramesh Mehta	8	7	Yes
8.	Mr. Pramod Kasat	8	7	Yes

*out of 7 Meetings, 2 Meetings were attended through Video Conferencing.
out of 8 Meetings, 1 Meeting was attended through Video Conferencing.

Number of Board or Board Committees of which a Director is a member or chairperson (as on March 31, 2018)

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

($) Excludes directorship in private companies, foreign companies and Section 8 companies.
(*) Audit Committee and Stakeholders' Relationship Committee in listed and unlisted public limited companies have been considered.
(#) Resigned with effect from May 18, 2018

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 the Company;
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- Review with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:

- Matters required to be included in the 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 utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- Approval or any subsequent modification of transactions of the Company with related parties;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the Company, wherever it is necessary;
- Evaluation of internal financial controls and risk management systems;
- Review with the management, performance of statutory and internal auditors, and adequacy of the internal control systems;
- Review the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- Discussion with internal auditors of any significant findings and follow up there on;
- Review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- Review the reasons for substantial defaults, if any, in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- Review the functioning of the whistle blower mechanism;
- Approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate;
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee, under the Act & the SEBI Listing Regulations; and
- Review inter alia, the following:
  - 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, if any.

Composition

The Audit Committee comprises the following Members:

Name of Members	Designation
Mrs. Rupa Vora *	Chairperson
Mr. Kedar Desai	Member
Mr. Ramesh Mehta	Member
Mr. Pramod Kasat #	Member

* Resigned with effect from May 18, 2018

Appointed as member of the Audit Committee with effect from May 19, 2018. Due to resignation of Mrs. Rupa Vora, the Board of Directors reconstituted the Audit Committee and appointed Mr. Pramod Kasat as member of the Audit Committee.

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 2017-2018, the Audit Committee met Nine (9) times i.e. on April 22, 2017 (No. 03/2017), May 6, 2017 (No. 04/2017), May 27, 2017 (No. 05/2017), July 1, 2017 (No. 06/2017), August 9, 2017 (No. 07/2017), September 11, 2017 (No. 08/2017), November 14, 2017 (N0. 09/2017), February 6, 2018 (No. 01/2018), February 19, 2018 (No. 02/2018).

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

Name of Members	No. of Audit Committee Meeting	
	Held	Attended
Mrs. Rupa Vora	9	9
Mr. Kedar Desai	9	9
Mr. Ramesh Mehta	9	7

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 SEBI Listing Regulations and Section 178 of the Act:

a) To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.

b) To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation.

c) 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 the following:

a) 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;

b) Formulation of criteria for evaluation of performance of Independent Directors and the Board;

c) Devising a policy on diversity of the Board;

d) Identifying persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.

e) Whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors.

f) Devising a policy on Employee Stock Option Scheme and ensuring proper implementation as per scope provided in ESOP Scheme.

Composition:

The Nomination and Remuneration Committee comprises the following Members:

Name of Members	Designation
Mr. Ramesh Mehta	Chairman
Mr. Kedar Desai	Member
Mrs. Rupa Vora *	Member
Mr. Pramod Kasat #	Member

* Resigned with effect from May 18, 2018
# Appointed as member of Nomination & Remuneration Committee with effect from May 19, 2018. Due to resignation of Mrs. Rupa Vora, the Board of Directors reconstituted the Nomination & Remuneration Committee and appointed Mr. Pramod Kasat as member of the Committee.

The composition of the Committee is in accordance with the requirements of Regulation 18 of the 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 2017-2018, Nomination and Remuneration Committee met two (2) times i.e. on May 27, 2017 (No. 02/2017) & February 06, 2018 (No. 01/2018). The attendance record of Members at the meetings of the Committee is as follows:

Name of Members	No. of Nomination and Remuneration Committee Meeting	
	Held	Attended
Mr. Ramesh Mehta	2	2
Mr. Kedar Desai	2	2
Mrs. Rupa Vora *	2	2

* Resigned with effect from May 18, 2018

Familiarization Programme for Independent Directors

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

The details of the Familiarization programme are available on the Company's website at www.advancedenzymes.com/investors/corporate-governance

Performance Evaluation of Board and Individual Directors

The Board has adopted a formal policy for evaluating the performance of its 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, the 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 the 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:

a. Sitting fees drawn by Independent Directors for attending the meeting of the Board and Committee(s) thereof.

b. Commission to Non-Executive Independent Directors.

c. Respective share-holding of the Directors in the Company, as mentioned above.

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 Independent Directors receive remuneration by way of sitting fees for attending meetings of Board and 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/corporate-governance

Details of Remuneration to Directors:

Remuneration to Executive Directors

The details of the Remuneration of Executive Directors of the Company, for the year ended March 31, 2018 is as follows:

Particulars		Mr. Chandrakumar Rathi	Mrs. Savita Rathi	Mr. Mukund M. Kabra
Basic	**A**	**5,184,000**	**2,100,480**	**3,823,200**
Other Allowances		9,262,796	3,652,156	8,379,489
Bonus		432,000	175,040	295,000
	B	**9,694,796**	**3,827,196**	**8,674,489**

Particulars		Mr. Chandrakumar Rathi	Mrs. Savita Rathi	Mr. Mukund M. Kabra
Sub-total	**(A+B)**	14, 878,796	5,927,676	12,497,689
Contribution to :				
Provident fund		682,214	276,423	458,784
Super annuation fund		518,400	210,048	354,000
Gratuity		-	100,985	183,808
	C	**1,200,614**	**587,456**	**996,592**
Total (A+B+C)		**16,079,410**	**6,515,132**	**13,494,280**
Commission to Directors for the year 2017-18	**D**	2,680,001	NIL	1,786,668
Grand Total (A+B+C+D)		**18,759,411**	**6,515,132**	**15,280,948**
Stock Options (Granted)#		NIL	NIL	1250

Note: The aforesaid amount is on payable basis.

(#) Mr. Chandrakumar Rathi being the Promoter of the Company & Mrs. Savita Rathi being the Promoter group member are not eligble for stock options. The Company has granted 12500 Options to Mr. Mukund Kabra (Whole-time Director), as per the provisions of Employees Stock Option Scheme 2015 (as amended) of the Company. Out of which 10% Options (i.e. 1250) got vested on February 15, 2018. The same has been exercised by Mr. Mukund Kabra at the exercise price of ₹ 60 per option, as per the provisions of AETL Employees Stock Option Scheme 2015. Based on this, 1250 equity shares have been allotted to Mr. Mukund Kabra on May 19, 2018.

Remuneration to Non-Executive Directors

All the Non-Executive Independent Directors receive remuneration 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 payable to Non- Executive Directors for the financial year 2017-18 are as under:

(₹ in Million)

Particulars	Mr. Vasant Rathi	Mr. Kedar Desai	Mr. Ramesh T Mehta	Mrs. Rupa Vora	Mr. Pramod Kasat
Sitting Fees (Note 1)	-	0.54	0.47	0.48	0.21
Commission (Note 2)	0.71	0.71	0.71	0.71	0.71

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

Note 2: Commission payable to Non-Executive Directors 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 Board of Directors based on their respective roles and responsibilities and contribution thereof. The total amount of commission to Non-Executive Directors is within the limit of 1% of the Net profits of the Company for the year under review, calculated as per the provisions of the Act.

Shareholding of the Non-Executive Directors in the Company (as on March 31, 2018)

Name of Non- Executive Directors	No. of Shares (Face Value of ₹ 2 each)	% of Shareholding
Mr. Vasant Rathi	33,904,500	30.37
Mr. Kedar Desai	2,000	0.001
Mr. Ramesh Mehta	40,000	0.035
Mrs. Rupa Vora	NIL	NIL
Mr. Pramod Kasat	NIL	NIL

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

Name of Director	Mr. Chandrakumar Rathi	Mrs. Savita Rathi	Mr. Mukund Kabra
Date of contract	September 10, 2015	December 28, 2015	September 11, 2017
Term of contract	Five years w.e.f April 1, 2015	Five years w.e.f January 1, 2016	Five years w.e.f April 1, 2017
Notice Period	Three Months	Three Months	Three Months
Severance Fees	-	-	-

6. STAKEHOLDERS RELATIONSHIP COMMITTEE

For the sake of convenience, all the existing powers and role of the Transfer Committee has been merged & transferred to the Stakeholders' Relationship Committee with effect from September 11, 2017 and Transfer Committee is dissolved with effect from the said date.

The Stakeholders Relationship Committee was last re-constituted by the Board of Directors on August 9, 2017.

The Stakeholders Relationship Committee comprises the following members:

Name of Members	Designation
Mr. Kedar Desai	Chairman
Mr. Ramesh Mehta	Member
Mr. Chandrakumar Rathi	Member
Mrs. Savita Rathi	Member

Meeting and Attendance during the year

During the financial year 2017-18, the Transfer Committee has met three (3) times and Stakeholders Relationship Committee has met three (3) times i.e. on April 27, 2017 (No. 04/2017), June 20, 2017 (No. 05/2017), August 28, 2017 (No. 06/2017), September 11, 2017 (No. 01/2017), November 14, 2017 (N0. 02/2017) and February 6, 2018 (No. 01/2018) respectively.

The attendance record of Members at the meetings of the Committee is as follows

Name of Members	No. of Committee Meetings	
	Held	Attended
Transfer Committee (upto September 10, 2017)		
Mr. Chandrakumar Rathi	3	3
Mrs. Savita Rathi	3	3
Stakeholders Relationship Committee (effective from September 11, 2017)		
Mr. Kedar Desai	3	3
Mr. Ramesh Mehta	3	3
Mr. Chandrakumar Rathi	3	3
Mrs. Savita Rathi	3	2

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 Regulations and is as follows:-

i) Transfer / transmission of shares including change of name

ii) Consolidation of shares

iii) Issue of duplicate share certificates

iv) Dematerialisation / Rematerialisation of shares

v) 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.

vi) Other matters as may be required for aforesaid purposes.

Name and Designation of Compliance Officer

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

Status Report of Investor Complaints for the year ended March 31, 2018

No. of Complaints Received - 13
No. of Complaints Resolved - 13
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, 2018.

7. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE (CSR COMMITEE)

The CSR Committee comprises the following Members:

Name of Members	Designation
Mr. Kedar Desai	Chairman
Mr. Ramesh Mehta	Member
Mr. Chandrakumar Rathi	Member

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

Meeting and Attendance during the year

During the financial year 2017-18, the CSR Committee has met once i.e. on May 27, 2017 (No. 01/2017). All the Members were present in the Meeting.

8. GENERAL BODY MEETINGS

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

Financial Year	Date	Location	Time
2016-2017	11.09.2017	Shehnai Banquet Hall, Shahid Mangal Pandey Road, Louiswadi, Opposite Louiswadi Police Chowki, Thane (West) – 400604	02.30 p.m.
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.

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

During the last 3 years i.e. from 2014-15 to 2016-17 approvals of the Members were obtained by passing special resolutions in AGMs as follows:

Sr. No.	Special Resolutions	Date of Meeting
1.	Re-appointment of Mr. Mukund Kabra as Whole-time Director of the Company	11.09.2017
2.	Amendment to Employee Stock Option Scheme 2015	15.09.2016
3.	Appointment of Mr. Chandrakumar Rathi as Managing Director of the Company	01.09.2015
4.	Initial public offer to public and listing of shares	01.09.2015
5.	Approval of related party transaction during the financial year 2015-16	01.09.2015

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Resolutions passed through postal ballot & details of voting pattern

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.	9,295,707	3,152	9,292,555	9,292,020	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.	9,295,707	3,308	9,292,399	9,291,864	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.	9,295,707	4,155	9,291,552	9,160,735	98.5921	1,30,817	1.4079
AETL Employees Incentive Plan 2017 through trust route.	9,295,707	4,176	9,291,531	9,204,125	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.	9,295,707	4,175	9,291,532	9,203,771	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.	9,295,707	4,124	9,291,583	9,219,022	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, 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 & Ethics as required under the Companies Act, 2013 and the 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 the 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	29th Annual General Meeting September 14, 2018 (Friday) at 11.30 a.m. Shehnai Banquet Hall, Shahid Mangal Pandey Road, Louiswadi, Opposite Louiswadi Police Chowki, Thane (West), Maharashtra - 400604, India.
Financial Year	1st April 2018- 31st March 2019 Schedule (Tentative) for declaration of financial results during the financial year 2018-19: First quarter (30.06.2018) - Upto August 14, 2018 Second quarter (30.09.2018) - Upto November 14, 2018 Third quarter (31.12.2018) - Upto February 14, 2019 Audited Annual alongwith fourth quarter (31.03.2019) - Upto May 30, 2019 Annual General Meeting - Upto end of September 2019
Book Closure	September 08, 2018 (Saturday) to September 14, 2018 (Friday)
Dividend Payment Date	On and from September 17, 2018 and not later than October 12, 2018

Listing on Stock Exchanges	Company's Shares are listed at: **BSE Limited (BSE)** Phiroze Jeejeebhoy Towers Dalal Street Mumbai- 400001 **National Stock Exchange of India Limited (NSE)** Exchange Plaza, Bandra Kurla Complex, Mumbai 400 051 The Company hereby confirms that it has made the payment of Annual Listing Fees for the financial year 2018-19 to BSE Limited and National Stock Exchange of India Limited.
Stock Code / Symbol ISIN	BSE: 540025/ NSE: ADVENZYMES INE837H01020
Registrar & Share Transfer Agent	Link Intime India Private Limited C 101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai - 400083. Tel: (+91 22) 49186270 Fax: (+91 22) 49186060 Email ID: rnt.helpdesk@linkintime.co.in Website: www.linkintime.co.in

Share Transfer System

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

The certificate is 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 SEBI Listing Regulations.

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

The Company has designated the e-mail ID: investor.grievances@advancedenzymes.com, for investor's grievance purpose.

Shareholding Pattern of the Company as on March 31, 2018

Category of Shareholder	No. of Shares held	% of holding
Promoter and Promoter Group:		
-Indian	39,788,930	35.64
-Foreign	39,822,500	35.67
Sub-Total (A)	**79,611,430**	**71.32**
Public:		
Institutions:		
-Mutual Funds	3,425,077	3.07
-Foreign Portfolio Investor	4,169,940	3.74
-Financial Institutions/Banks	435,378	0.39
Non Institutions:		
-Individuals	17,907,163	16.04
-HUF/NRI/Trust/Bodies Corporate	6,081,037	5.45
Sub-Total (B)	**32,018,595**	**28.68**
Grand Total (A+B)	**111,630,025**	**100**

Distribution of Shareholding as on March 31, 2018:

Shareholding (Range)	Number of Shareholders	%	Shares	%
Up to 1000	56,813	96.66	6,951,510	6.23
1001 – 2000	958	1.63	1,462,338	1.31
2001-3000	301	0.51	765,419	0.69
3001-4000	161	0.27	600,579	0.54
4001-5000	92	0.16	429,901	0.39
5001-10000	200	0.34	1,541,068	1.38
Above 10000	254	0.43	99,879,210	89.47
Total	**58,779**	**100**	**111,630,025**	**100**

Dematerialization of shares and liquidity

As on March 31, 2018, **97.81%** 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
2016-2017	Final Dividend	September 11, 2017	October 17, 2024

The Company will transfer the Unclaimed dividend to Investor Education and Protection Fund (IEPF) within thirty (30) days from the aforesaid due dates as per the provisions of the Act read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016. Further if the dividend remains unclaimed for seven consecutive years, the corresponding shares will also be transferred to the demat account of IEPF Authority as per the provisions of the Act read with rules made thereunder. Such Shares & dividend transferred to IEPF can be claimed back from IEPF by following the procedure prescribed in the Act read with rules made thereunder.

Equity Shares lying with the Company in Suspense Account

As per Regulation 34(3) read with Schedule V of the SEBI Listing Regulations, the details of the shares in the Suspense Account are as follows

Sr. No.	Particulars	No. of Shareholders	No. of Equity Shares held
1.	Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year.	12	48,000
2.	Number of shareholders along with shares held who approached the Company for transfer of shares from suspense account during the year.	1	1,000
3.	Number of shareholders along with shares held to whom shares were transferred from suspense account during the year.	0	0
4.	Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year.	12	48,000

It may also be noted that all the corporate benefits accruing on these shares like bonus, split etc., if any, shall also be credited to the said ₹ Unclaimed Suspense Account ₹ and the voting rights on these shares shall remain frozen until the rightful owner has claimed the shares.

Market Price Data of Company's Shares

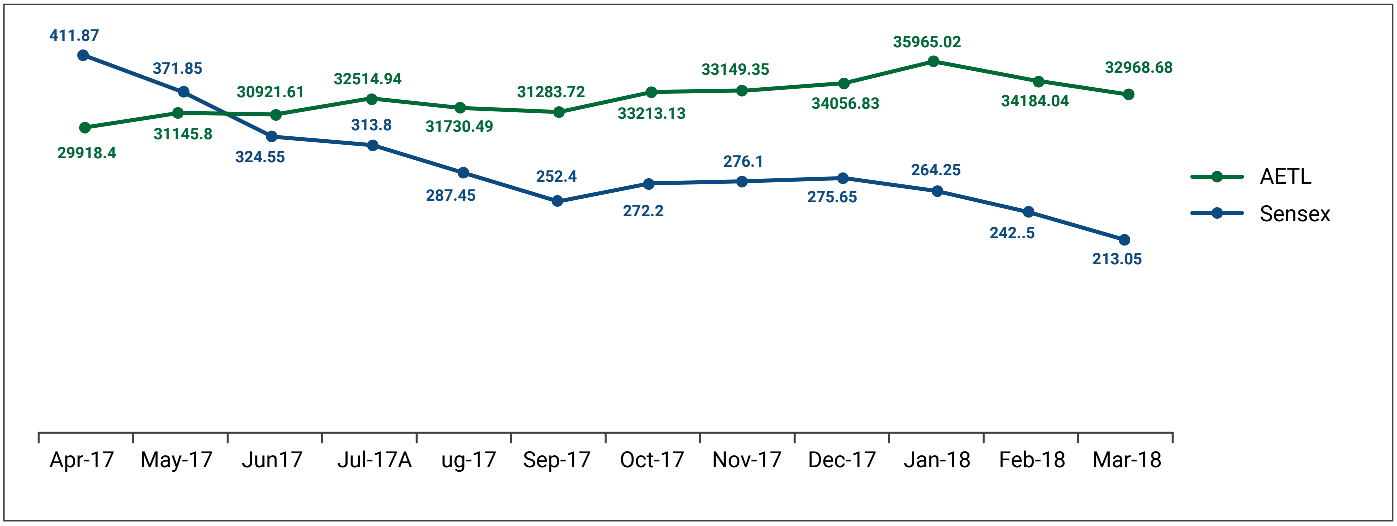
(₹)

Month	BSE		NSE	
	High	Low	High	Low
April – 2017*	445.00	409.66	444.98	409.01
May – 2017*	417.99	358.00	417.80	357.20
June – 2017	378.25	311.00	378.10	311.00
July – 2017	362.40	310.00	362.00	264.00
August – 2017	320.00	267.60	321.00	267.85
September – 2017	314.45	245.00	314.40	246.00
October – 2017	281.35	248.40	281.00	248.30
November – 2017	280.30	244.00	280.90	262.50
December – 2017	300.20	266.15	301.15	266.20
January – 2018	323.35	263.25	323.50	263.00
February – 2018	269.25	222.05	269.90	228.00
March – 2018	247.65	207.00	247.35	207.00

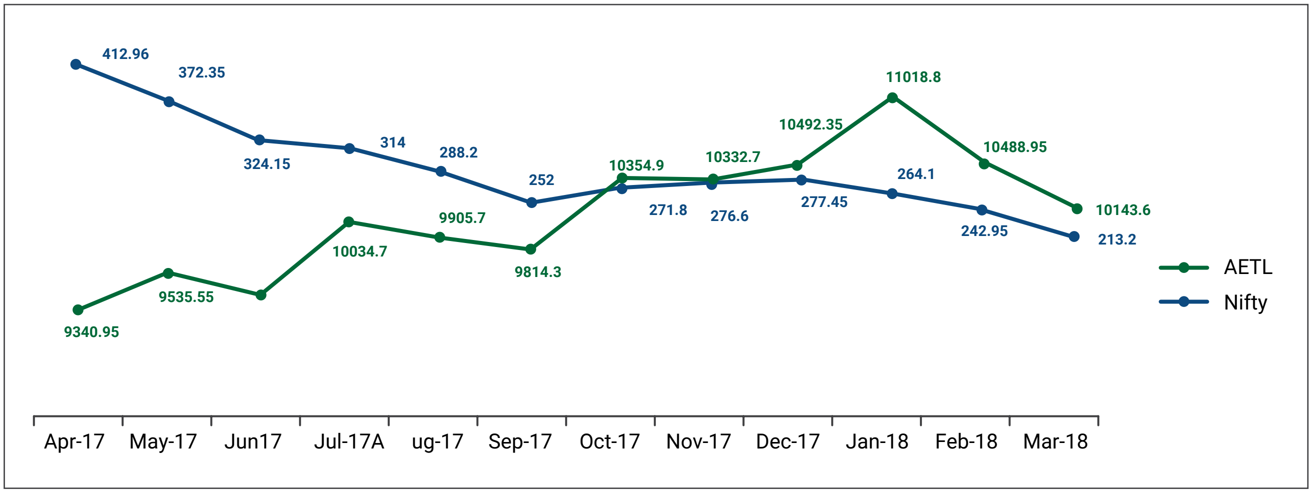
* The face value of equity shares of the Company has been sub-divided from ₹ 10 per share to ₹ 2 per share effective May 26, 2017. In view of this, the High & Low Market Price for April & May 2017 has been proportionately reduced for easy comparison with the Market Price for the remaining months.

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, as per the invoices received from the said Depositories.

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

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

Company Secretary and Compliance Officer

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

Registrar Transfer Agent

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

11. OTHER DISCLOSURES

Materially Significant Related Party Transactions

During the year under review, 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. 42 of Standalone financial statements for the year ended March 31, 2018 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 (as amended) and Regulation 22 of the SEBI Listing Regulations, in order to establish a Vigil Mechanism for the Directors and Employees to report the genuine concerns in such manner as may be prescribed. Your Company believes in the conduct of the affairs of its various constituents in a fair and transparent manner, by adopting the highest standards of professionalism, honesty, integrity and ethical behavior and open communication. Accordingly, the Whistle Blower Policy has been formulated with a view to provide a mechanism for associates of the Company to approach the Chairperson of the Audit Committee of the Company to, inter alia, report to the management, instances of unethical behaviour, actual or suspected, fraud or violation of the Company's policy.

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

Compliance with mandatory / Non-mandatory requirements

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

Disclosures

The Company has a Risk Management Policy. An update on risk management was placed before the Board 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, 2018. The Certificate has been reviewed by the Audit Committee and taken on record by the Board of Directors.

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

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, www.advancedenzymes.com and at the website of the stock exchanges, where the shares of the Company are listed / traded, as soon as the results are approved by the Board. These are not sent individually to the shareholders.

Audit qualifications

The Auditors' Report to the Members on the Financial Statements of the Company for the year ended March 31, 2018 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 & ETHICS

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

To
The Members of
Advanced Enzyme Technologies Limited

This is to confirm that the Company has adopted Code of Conduct and Ethics for all the Members of Board of Directors, Senior Management/Officers of the Company as stipulated under Regulation 17(5) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, and the members of Board of Directors, Senior Management / Officers of the Company have affirmed compliance with this Code of Conduct & Ethics for the Financial year ended on March 31, 2018.

Chandrakumar Rathi
Managing Director
DIN: 00365691

Date: May 19, 2018
Place: Thane

Certification On Corporate Governance

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, 2018 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').

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

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

Based on my examination of the relevant records and according to the information and explanations provided to me and the representations provided by the Management, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the Listing Regulations during the year ended March 31, 2018.

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.

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

Place: Mumbai
Date: 19.05.2018

Annexure - V

FORM NO. MR-3
SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2018
[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, Louis Wadi,
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 31.03.2018 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 March 31, 2018 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 (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.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc. mentioned above. *However the Company has spent an amount of ₹ 5,600,000 against the amount of ₹ 5,862,771/- to be spent during the year towards Corporate Social Responsibility and subsequently (i.e. post March 31, 2018) the Company has incurred the unspent amount of ₹ 262,771.*

I further report that:

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

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

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 has following specific actions having major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines referred to above:

- The shareholders of the Company have approved, through postal ballot on May 04, 2017 the resolutions for subdivision of equity shares of the Company from face value of ₹ 10/- per share to ₹ 2/- per share and consequential amendments to the Memorandum of Association of the Company.
- The shareholders of the Company have approved, through postal ballot on May 04, 2017 the resolution for AETL Employees Incentive Plan 2017 through trust route for AETL Employees Welfare Trust ("Trust") to acquire, in one or more tranches, equity shares of the Company not exceeding 916,000 equity shares of ₹ 10/- each (i.e. 4,580,000 equity shares of ₹ 2/- each post sub-division of its face value) or 5% of the paid up share capital of the Company, whichever is lower from the secondary market.

Shiv Hari Jalan
Company Secretary
FCS NO.: 5703
C.P.NO.: 4226

Place: Mumbai
Date: 19.05.2018

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

Annexure - 'A'

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

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

1. Maintenance of Secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.

2. I have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the process and practices, I followed provide a reasonable basis for my opinion.

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

4. Where ever required, I have obtained the management representation about the compliance of laws, rules and regulations and happening of events etc.

5. The Compliance of provision of Corporate and other applicable laws, rules, regulations, standard is the responsibility of management. My examination was limited to the verification of procedure on test basis.

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

Shiv Hari Jalan
Company Secretary
FCS No: 5703
C.P.NO.: 4226

Place: Mumbai
Date: 19.05.2018

Annexure - VI

BUSINESS RESPONSIBILITY REPORT

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

Sr. No.	Particulars	Company Information
1.	Corporate Identification Number (CIN) of the Company	L24200MH1989PLC051018
2.	Name of the Company	Advanced Enzyme Technologies Limited
3.	Registered office address	5th Floor, Sun Magnetica, Near LIC Service Road, Louiswadi, Thane (W) – 400604, India
4.	Website	www.advancedenzymes.com
5.	E-mail id	investor.relations@advancedenzymes.com
6.	Financial Year reported	April 01, 2017 to March 31, 2018
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	Enzymes NIC Code: 21001
8.	List three key products/services that the Company/ manufactures/provides	Enzyme products & Enzyme solutions for Human Nutrition, Animal Nutrition & Bio-processing. Details are provided in Management Discussion & Analysis (which forms part of this Annual Report 2017 - 18)
9.	Total number of locations where business activity is undertaken by the Company (a) Number of International Locations (Provide details of major 5) (b) Number of National Locations	The Company carry out its business activities through its subsidiaries in USA, Malaysia, Europe and Germany. The Company carries out business activities across India with: (a) Plants – 5 (five); including 1 (one) plant of subsidiary (b) R & D Centres – 4 (four); including 1 (one) R & D centre of subsidiary
10.	Markets served by the Company – Local/State/National/ International	Markets served by the Company are spread across 45+ countries including India.

SECTION B: FINANCIAL DETAILS OF THE COMPANY (As on March 31, 2018):

	Particulars	Company Information
1	Paid up Capital as on March 31, 2018	₹ 223.26 Million
2	Total Turnover	₹ 2153.05 Million
3	Total profit after taxes (INR)	₹ 358.90 Million
4	Total Spending on Corporate Social Responsibility (CSR) a. in ₹ b. as percentage of profit after tax (%)	₹ 5,862,771 (Out of which ₹ 262,771 was spent post March 31, 2018). As on date of this report, the Company has spent 2% of average net profits of last 3 financial years calculated as per provisions of Section 135 of the Companies Act, 2013
5	List of activities in which expenditure in 4 above has been incurred:	Education (Details provided in Annual report on CSR activities which is Annexure III to the Directors report)

SECTION C: OTHER DETAILS

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

   Yes, as on March 31, 2018, the Company has 6 (six) direct subsidiaries and 5 (five) step-down subsidiaries. Out of which 3 (three) are Indian subsidiaries and 8 (eight) are foreign subsidiaries.

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

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

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

   The Company has not mandated any supplier, distributer etc., to participate in BR Initiatives of the Company. However, they are encouraged to adopt BR Initiatives and follow the concept / initiatives expected from responsible businesses. It is difficult to establish the extent of their support in the Company's BR initiatives for the financial year 2017-18.

SECTION D: BUSINESS RESPONSIBILITY (BR) INFORMATION

1. Details of Director/Directors responsible for BR

a) Details of the Director/Director responsible for implementation of the BR policy/policies

Sr. No.	Particulars	Company Information
1.	DIN Number	00365691
2.	Name	Mr. Chandrakumar Rathi
3.	Designation	Managing Director

b) Details of BR Head

Sr. No.	Particulars	Company Information
1.	DIN Number (if applicable)	-
2.	Name	Mr. Piyush Rathi
3.	Designation	Chief Business Officer
4.	Telephone Number	+91 - 22 - 41703200
5.	Email ID	piyush@advancedenzymes.com

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

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

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

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

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

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

3. Governance related to BR

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

The Board of Directors / Director responsible for implementing BR policies alongwith BR Head shall assess the BR performance of the Company on an annual basis.

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

This is the first Business Responsibility (BR) Report of the Company, which is being published. The BR report of the Company can be viewed at www.advancedenzymes.com/investors/corporate-governance

SECTION E: PRINCIPLE-WISE PERFORMANCE

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

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

   The Company has a Code of Conduct & Ethics. The Subsidiaries / Joint Ventures are encouraged to follow the similar code. The Company intends to extend the similar policy to the Group/ Suppliers/Contractors in near future.

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

In financial year 2017-18, the Company has received following grievances / complaints from the shareholders of the Company:

No. of Complaints Received	-	13
No. of Complaints Resolved	-	13
No. of Complaints Pending	-	NIL

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

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

   The Company is committed to efficient use of energy, water, chemicals; & waste reduction in order to accomplish environmental and economic benefits. Entire range of enzymes is environmental friendly. The 3 products are: Enviro SEB range of products; animal feed fitase which reduces consumption of phosphates and CalB7L. The Company endeavors & strives to fulfill all applicable compliance requirements related to products, environment, health & safety.

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

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

      The Company is committed to environment sustainability. For this, the Company constantly works to adapt new techniques & ideas towards efficient and optimal utilization of resources, energy, water, raw material etc. As of now there are no specific standards to ascertain reduction achieved at each product level.

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

      In future, the Company intends to carry out life cycle assessment study. Primarily the products are supplied on B2B basis. The usage of the Company's products by the consumers does not have any direct impact on energy and water consumption.

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

   Yes

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

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

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

   Yes

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

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

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

   Yes, the Company has a mechanism to recycle waste water - Equipment wash water and process RO reject water (Liquid waste). This waste water is processed at 3 stages i.e. Falling Film Evaporation System followed by Single stage Forced Circulation Evaporation System. The Water Condensate thus collected (Approx. 28 to 30 kilo liters per day) is recycled by utility department for usage in cooling towers and other applications. In other words, out of total 190 to 200 kilo liters water requirement, 25 to 30 kilo liter water is used from recycling and balance 160 to 180 kilo liter fresh water is taken from MIDC supply, on daily basis. This amounts to >10% usage of recycled water.

Principle 3: Businesses should promote the wellbeing of all employees (As on March 31, 2018)

1. Please indicate the Total number of employees – 294 (permanent employees)

2. Please indicate the Total number of employees hired on temporary/contractual/casual basis. – 200 (including trainees & apprentices)

3. Please indicate the Number of permanent women employees. - 40

4. Please indicate the Number of permanent employees with disabilities - 01

5. Do you have an employee association that is recognized by management? – Yes

6. What percentage of your permanent employees is members of this recognized employee association? – 37%

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

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

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

    (a) Permanent Employees – 97.96%
    (b) Permanent Women Employees – 100%
    (c) Casual/Temporary/Contractual Employees – 74.50%
    (d) Employees with Disabilities – 100%

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

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

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

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

    The Company is committed to the welfare of disadvantaged, vulnerable and marginalized sections of the society and intends to create a sustainable livelihood in society and better human capital culture. The Company's Corporate Social Responsibility (CSR) policy intends to focus on certain initiatives, inter alia, in the fields of education, skill development, health care, sanitation, environment sustainability, women empowerment and rural development. The Company has identified specific area i.e. education in order to enable them to improve the standard of living and build a good society thereafter.

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

    The Company has contributed to its project, Advanced Vidhya Abhiyan (education sponsorship) through (i) Sri Sri Gnan Mandir - Ved Vignan Maha Vidhya Peeth; and (ii) Spread A Smile Foundation. 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 and that of Spread Smile Foundation is to Work as a catalyst in bringing sustainable change in the lives of underprivileged children, youth and women, with a life-cycle approach of development.

Principle 5: Businesses should respect and promote human rights

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

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

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

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

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

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

   The Company is committed to provide & maintain a safe work environment for the health, safety & welfare of the Company's staff, contractors, visitors and others in the vicinity. Periodic training is provided to enable employees to support this policy. The Group is encouraged to adopt the practices of the Company.

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

   The policies of the Company require that the operations shall be conducted in a manner, to ensure (i) safety of employees, local people and all concerned; (ii) compliances of applicable environmental regulations; and (iii) minimum utilization & preservation of natural resources.

   The Company & all its plants / labs strive to improve energy efficiency through innovative techniques & ideas and thereby reduce wastage and optimize consumption.

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

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

   The Company has identified and assessed several potential environmental risks.

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

   Currently no such project is undertaken by the Company.

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

   Yes, the following initiatives were taken:

   In financial year 2017-18, the Company has installed 1 no. 240 TR water chiller which is operated on vapor absorption technology. As a result, the Company has achieved optimum utilization of 4 TR Coal Fired Boiler as well as reduction in electricity consumption due to discontinuation of 2 No.110 TR electrically operated water chillers. Projected energy cost saving is approx. ₹ 11 lakhs per annum at optimum usage condition.

   We have also replaced about 10% of total CFL Lighting fixtures by LED based lighting fixtures in the plant. This has resulted in reduction in lighting power consumption (> 40% reduction on 10% replacement). We intend to replace remaining all CFL lighting fixtures, step by step, in financial year 2018-19.

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

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

7. Number of show cause/ legal notices received from CPCB/ SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.

   NIL

Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:

   Yes, the details are as follows:
   - i. Bombay Chamber of Commerce
   - ii. The Council of EU chambers of Commerce in India
   - iii. Pharmexcil (Pharmaceutical Export Promotion Council of India)
   - iv. CII (The Confederation of Indian Industry)
   - v. ASSOCHAM (The Associated Chambers of Commerce and Industry of India)

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/ No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)

   NIL

Principle 8: Businesses should support inclusive growth and equitable development.

1. Does the company have specified programmes/initiatives/ projects in pursuit of the policy related to Principle 8? If yes details thereof.

The Company has a Corporate Social Responsibility (CSR) policy in line with the requirement of the Companies Act, 2013 and rules made thereunder. The Company has taken various CSR initiatives for support and development of society. The details of the CSR initiatives of the Company are provided in the Annexure III to the Director's Report.

2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?

   The Company, through various NGOs, supports CSR initiatives in a project/ program mode.

3. Have you done any impact assessment of your initiative?

   The Company has not carried out any impact assessment of CSR initiative.

4. What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken.

   For the financial year 2017-18, the Company has contributed ₹ 5,862,771 on the CSR activities effective from April 01, 2017 till date of this report. The details of the CSR activities and the amount spent thereon are provided in Annual Report on CSR activities forming part of the Director's Report (Annexure III).

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

   Yes. The Company tracks its CSR Initiatives undertaken to ensure that the community is benefited. Telephonic and email communications are carried out on periodic basis. The Company has dedicated employees to drive and monitor the CSR activities.

   Any CSR initiative is first reviewed and assessed by the Management. If the Management finds the initiative / project convincing, the proposal is placed before the CSR Committee for consideration & approval.

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

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year.

   The Company obtains the feedback from its customer(s), from time to time. In case any complaint is received from the customer / consumer, the same is appropriately attended, addressed & resolved by the Company. The customers of the Company are provided various options to connect with the Company's representatives i.e. through email, telephone, website & feedback emails. As on March 31, 2018, there was negligible percentage of unresolved complaints / cases of the consumers(s).

2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks(additional information)

   The Company adheres to all applicable laws & regulations regarding the display of the product label and the information related thereto.

3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.

   No such case is filed & pending against the Company as on end of the financial year.

4. Did your company carry out any consumer survey/ consumer satisfaction trends?

   The consumer feedback / satisfaction surveys are being conducted during consumer visits to assess the consumer satisfaction levels from the products & services provided by the Company.

Annexure - VII

Information under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 and forming part of the Director's Report for the year ended 31st March 2018.

A) CONSERVATION OF ENERGY

(i) Steps taken for conservation of energy:

- Installed 240 TR water Chiller of Vapour absorption technology (VAM)
- Installed LED based Lighting fixtures.

(ii) Impact of measures taken:

- Reduction in electricity consumption
- Excess capacity utilization of Coal fire boiler – Excess available steam used for Water Chiller (VAM)

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

- Utilisation of Coal Fire Boiler
- Utilisation of Vapour absorption chiller (VAM) in place of Electrical water Chillers.

(iv) the capital investment on energy conservation equipment:

- 240 TR Water Chiller VAM: ₹ 69.97 lakhs.
- LED based Lighting fixtures: ₹ 3.85 lakhs.

B) TECHNOLOGY ABSORPTION

I. Efforts in brief made towards technology absorption:

- Significant improvements in fermentation and downstream technologies for production of bacterial enzymes.
- Production technologies for important probiotics are developed and scaled up.
- Improved feed enzyme formulations with superior performances have been developed.
- Development of enzyme technology for omega 3 enriched fish oil.

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

- Improved product yield per batch, ease of processing of fermentation product.
- New probiotic products are launched in the market.
- Increase in the feed enzyme business is expected.
- The enzyme technology substituting chemical technologies is already commercialized and increase in customer base is expected.

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) 2017-18	(₹ in Million) 2016-17
(a)	Capital	8.26	13.47
(b)	Recurring*	112.35	86.77
(c)	Total	120.61	100.24
(d)	Total R&D expenditure as a % of net sales of the Company	5.68%	5.77%

* Net of Income of ₹ 2,122.03 Million (previous year ₹ 8.78 Million)

C) FOREIGN EXCHANGE EARNINGS AND OUTGO

	Particulars	(₹ in Million) 2017-18	(₹ in Million) 2016-17
(a)	Foreign exchange earnings	557.79	557.79
(b)	Foreign exchange outgo	242.46	242.46

Annexure - VIII

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

<table>
<tr><th>Sr. No.</th><th>Requirements</th><th colspan="3">Disclosure</th></tr>
<tr><td rowspan="13">1</td><td rowspan="13">The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year</td><th>Name of the Director</th><th>Remuneration (₹)</th><th>Ratio</th></tr>
<tr><td>Mr. Chandrakumar L. Rathi</td><td>18,759,406</td><td>40.32</td></tr>
<tr><td>Mrs. Savita C. Rathi</td><td>6,515,140</td><td>14.00</td></tr>
<tr><td>Mr. Mukund M. Kabra</td><td>15,280,948</td><td>32.84</td></tr>
<tr><td>Mr. Vasant L. Rathi</td><td>714,667</td><td>1.54</td></tr>
<tr><td>Mr. Kedar Desai</td><td>714,667</td><td>1.54</td></tr>
<tr><td>Mr. Ramesh T Mehta</td><td>714,667</td><td>1.54</td></tr>
<tr><td>Mr. Pramod Kasat</td><td>714,667</td><td>1.54</td></tr>
<tr><td>Mrs. Rupa Vora</td><td>714,667</td><td>1.54</td></tr>
<tr><td colspan="3">1. The median remuneration of employees of the Company was ₹ 465,279/-</td></tr>
<tr><td colspan="3">2. The Commission paid to Directors is also included in the total Remuneration</td></tr>
<tr><td colspan="3">3. For this purpose, the sitting fees paid to the Independent Directors have not been considered as remuneration.</td></tr>
<tr><td colspan="3">4. Figures have been rounded off wherever necessary.</td></tr>
<tr><td rowspan="10">2</td><td rowspan="10">The percentage increase in remuneration of each director, Chief Financial Officer and Company Secretary in the financial year</td><td>Mr. Chandrakumar L. Rathi</td><td>Managing Director</td><td>8.00%</td></tr>
<tr><td>Mrs. Savita C. Rathi</td><td>Whole-time Director</td><td>16.69%</td></tr>
<tr><td>Mr. Mukund M. Kabra</td><td>Whole-time Director</td><td>8.00%</td></tr>
<tr><td>Mr. Vasant L. Rathi</td><td>Chairman</td><td>-78.52%</td></tr>
<tr><td>Mr. Kedar Desai</td><td>Independent Director</td><td>NA</td></tr>
<tr><td>Mr. Ramesh T Mehta</td><td>Independent Director</td><td>NA</td></tr>
<tr><td>Mr. Pramod Kasat</td><td>Independent Director</td><td>NA</td></tr>
<tr><td>Mrs. Rupa Vora</td><td>Independent Director</td><td>NA</td></tr>
<tr><td>Mr. Beni Prasad Rauka</td><td>Chief Financial Officer</td><td>8.00%</td></tr>
<tr><td>Mr. Sanjay Basantani*</td><td>Company Secretary</td><td>NA</td></tr>
<tr><td colspan="5">Note: (i) The % increase in remuneration of Mr. Chandrakumar Rathi, Managing Director and Mr. Mukund Kabra, Whole-time Director is determined after excluding Commission.
(ii) In financial year 2016-17, no commission was paid to Independent Directors. Whereas for financial year 2017-18, commission of ₹ 714,667 is paid to each of the Independent Director. Hence, there is no base amount to determine the increase in percentage.
(iii) * As the appointment date was 14th February 2017, the first increment made is effective from 1st April 2018 as per the policy of the Company.</td></tr>
<tr><td>3</td><td>The percentage increase in the median remuneration of employees in the financial year:</td><td colspan="3">During financial year 2017-2018, the percentage increase in the median remuneration of employees as compared to previous year was approximately 9.48 %</td></tr>
</table>

4	The number of permanent employees on the rolls of company (As on March 31, 2018)	294
5	Average percentage increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentage increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.	Average increase in remuneration is 12.89 % for employees other than Managerial Personnel and 9.47 % for Managerial Personnel. **Consolidated :** Revenue from operations on consolidated basis increased to ₹ 3956.99 Million in the financial year 2017-18 from ₹ 3430.91 Million in the previous financial year, a growth rate of 15.33% and Profit after tax stood at ₹ 935.56 Million during financial year 2017-18 as compared to ₹ 929.44 Million during the financial year 2016-17, a growth of 0.66%. EBIDTA (Earnings before interest, depreciation, tax and amortisation including other income) margin during financial year 2017-18 was ₹ 1653.51 Million (41.79%) as compared to ₹ 1533.89 Million (44.71%) during financial year 2016-17. **Standalone :** Revenue from operations on standalone basis increased to ₹ 2153.05 Million from ₹ 1837.77 Million in the previous financial year, at a growth rate of 17.16% and Profit after tax stood at ₹ 358.90 Million during financial year 2017-18 as compared to ₹ 345.70 Million during financial year 2016-17. EBIDTA margin during the year under review was at ₹ 547.15 Million (25.41%) as compared to ₹ 547.01 Million (29.76%) in the previous financial year.
6	Affirmation that the remuneration is as per the remuneration policy of the Company	Pursuant to Rule 5(1)(xii) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, it is affirmed that the remuneration paid to the Directors, Key Managerial Personnel and Senior Management is as per the Remuneration Policy of your Company.

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.

2. Profit of the Company is calculated as per Section 198 of the Companies Act, 2013.

3. Managerial Personnel includes Managing Director and Whole-time Director.

Annexure - IX

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 December 23, 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 the 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 no. 43 to the Standalone Financial Statements for the year ended March 31, 2018 and forms part of this Report.

Diluted Earnings per share pursuant to issue of shares on exercise of options calculated in accordance with the Accounting Standard (AS) 20 - Details of same are provided under Note 39 to the aforesaid Standalone Financial Statements and forms part of this Report.

(I) Employee Stock Option Scheme 2015 (ESOP 2015) [As on March 31, 2018]:

1) Brief Description:

<table>
<tr><th>Sr. No.</th><th>Particulars</th><th>Details</th></tr>
<tr><td>1</td><td>Date of shareholders' approval</td><td>Approval of Scheme by the Members at Extra Ordinary Meeting held on 23.12.2015
Amendment to ESOP 2015 approved by the Members on 15.09.2016.</td></tr>
<tr><td>2</td><td>Total number of options approved under ESOS</td><td>1,000,000 Equity Shares of ₹ 2 each *</td></tr>
<tr><td></td><td>Vesting requirements</td><td>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>
<tr><th>Year of Vesting</th><th>Percentage of Vesting</th></tr>
<tr><td>1 year after the date of grant</td><td>10%</td></tr>
<tr><td>2 year after the date of grant</td><td>20%</td></tr>
<tr><td>3 year after the date of grant</td><td>30%</td></tr>
<tr><td>4 year after the date of grant</td><td>40%</td></tr>
</table></td></tr>
<tr><td>3</td><td>Exercise price or pricing formula</td><td>Not exceeding ₹ 60 per share *</td></tr>
<tr><td>4</td><td>Maximum term of options granted</td><td>Exercise period shall not exceed five years from the relevant vesting date and the date after which the option shall lapse.</td></tr>
<tr><td>5</td><td>Source of shares (primary, secondary or combination)</td><td>Primary</td></tr>
<tr><td>6</td><td>Variation in terms of options</td><td>The Company shall not vary the terms of the Scheme, in any manner, which may be detrimental to the interests of the Eligible Employees.</td></tr>
</table>

* At the time of approval of the Scheme, number of options approved was ₹ 200,000 equity shares of ₹ 10 each and the Exercise Price was ₹ 300. Thereafter, sub-division of equity shares from face value of ₹ 10 each to ₹ 2 each was approved by the Members on May 4, 2017. The present face value of the Equity Shares is ₹ 2/-. Accordingly, in the above table the number of Options and the Exercise Price is correspondingly adjusted to that extent.

2) Method used to account for ESOS – Fair Value (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	220,000
Number of options granted during the year	Nil
Number of options forfeited / lapsed during the year	850*
Number of options vested during the year	22,000 Equity Shares of face value of ₹ 2/-each i.e. 10% of the Options granted in previous financial year
Number of options exercised during the year	NIL
Number of shares arising as a result of exercise of options	NIL
Money realized by exercise of options (INR), if scheme is implemented directly by the company	NIL
Loan repaid by the Trust during the year from exercise price received	Not Applicable
Number of options outstanding at the end of the year	219,150 (face value of ₹ 2 each)
Number of options exercisable at the end of the year	219,150 (face value of ₹ 2 each)

* Lapsed due to resignation of the concerned grantees.

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

A. as it is less than market price of the stock (in ₹)

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

* At the time of approval of the Scheme, number of options approved was ₹ 200,000 equity shares of ₹ 10 each and the Exercise Price was ₹ 300. Thereafter, sub-division of equity shares from face value of ₹ 10 each to ₹ 2 each was approved by the Members on May 4, 2017. The present face value of the Equity Shares is ₹ 2/-. Accordingly, in the above table the number of Options and the Exercise Price is correspondingly adjusted to that extent.

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

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

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

a) Senior Managerial Personnel (KMPs);

Name of Employee	Designation	Number of Options granted*	Exercise Price*
Mr. Mukund Kabra	Whole-time Director	12,500	₹ 60
Mr. Beni Prasad Rauka	Cheif Financial Officer	12,500	₹ 60

* 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 are correspondingly 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; and : 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:	₹ 60			
	expected volatility:	0.49	0.49	0.49	0.49
	expected option life:	3 year	3.5 year	4 year	4.5 year
	expected dividends % :	0.06%	0.06%	0.06%	0.06%
	the risk-free interest rate:	6.60 % p.a.	6.66 % p.a.	6.72 % p.a.	6.84 % p.a.
	any other inputs to the model	-			
2.	the method used and the assumptions made to incorporate the effects of expected early exercise	Black-Scholes-Option Valuation Model			
3.	how expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility	• 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. • 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.			
4.	Whether and how any other features of the option grant were incorporated into the measurement of fair value, such as a market condition.				

(II) AETL's Employees Incentive Plan 2017 (Plan 2017) [As on March 31, 2018]:

Brief Description:

<table>
<tr><th>Sr. No.</th><th>Particulars</th><th>Details</th></tr>
<tr><td>1.</td><td>Date of shareholders' approval</td><td>The Scheme / Plan 2017 was approved by the Members through Postal Ballot on May 4, 2017.</td></tr>
<tr><td>2.</td><td>Total number of options approved under the Plan 2017</td><td>Under this Plan 2017, the maximum number of Shares awarded through Options and Stock Appreciation Rights (SARs), shall not exceed 4,580,000 Equity shares (916,000 Equity Shares before sub-division) or 5% of the paid up share capital of the Company whichever is lower.

1 (one) Stock Option shall 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.</td></tr>
<tr><td>3.</td><td>Vesting requirements</td><td>The Options and SARs shall not Vest for a period of one year from the date of the Grant. After the expiry of one year from the date of the Grant, the Vesting of Options and/or SARs shall take place over a term of 4 (four) years, as per provisions of this Plan 2017.
<table>
<tr><th>Year of Vesting</th><th>Percentage of Vesting</th></tr>
<tr><td>1 year after the date of grant</td><td>10% of Options/SARs Granted shall Vest</td></tr>
<tr><td>2 year after the date of grant</td><td>20% of Options/SARs Granted shall Vest</td></tr>
<tr><td>3 year after the date of grant</td><td>30% of Options/SARs Granted shall Vest</td></tr>
<tr><td>4 year after the date of grant</td><td>40% of Options/SARs Granted shall Vest</td></tr>
</table></td></tr>
<tr><td>4.</td><td>Exercise price or pricing formula</td><td>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.</td></tr>
<tr><td>5.</td><td>Maximum term of options granted</td><td>Exercise period shall not exceed five years from vesting date and the date after which the option shall lapse.</td></tr>
<tr><td>6.</td><td>Source of shares (primary, secondary or combination)</td><td>Combination</td></tr>
<tr><td>7.</td><td>Variation in terms of options</td><td>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.</td></tr>
</table>

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.

Annexure - X

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

As on financial year ended March 31, 2018
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 the 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: 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 Share Held	Applicable Section
1.	Advanced Bio Agro Tech Limited	A-Wing, 5th Floor, Sun Magnetica, Louiswadi, Thane(W) 400604, Maharashtra	U24100MH2004PLC149464	Subsidiary	60	Section 2(87) of Companies Act, 2013
2.	Advanced Enzytech Solution Limited	A-Wing, 5th Floor, Sun Magnetica, Louiswadi, Thane(W) 400604, Maharashtra	U24200MH2008PLC186383	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 TG 500034	U65993TG1991PTC013624	Subsidiary	70	Section 2(87) of Companies Act, 2013
4.	Advanced Enzymes USA	13591, Yorba Avenue, Chino, California, 91710	NA*	Whole-owned 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, CA 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*	Step- down Subsidiary of Advanced Enzymes Inc., USA	100	Section 2(87) of Companies Act, 2013
9.	Advanced Enzymes (Malaysia) Sdn. Bhd.	E-7-3, (7th floor), Block-E, Megan Avenue 1, 189, Jalan Tun Razak, 50400, Kuala Lumpur	NA*	Whole-owned Subsidiary	100 #	Section 2(87) of Companies Act, 2013
10.	Advanced Enzymes Europe B. V.	Hullenbergweg, 278, 1101 BV, Amsterdam, Netherlands	NA*	Whole-owned Subsidiary (incorporated on July 11, 2017)	100	Section 2(87) of Companies Act, 2013
11.	evoxx technologies Gmbh	Alfred-Nobel-Str. 10, 40789 Monheim am Rhein, Germany	NA*	Subsidiary of Advanced Enzymes Europe B. V. effective from August 15, 2017	100	Section 2(87) of Companies Act, 2013

*Incorporated outside India.

Advanced Enzymes (Malaysia) Sdn. Bhd. ("AEM") became subsidiary (80%) of the Company on July 03, 2017. The remaining stake in AEM was acquired by the Company on March 30, 2018. In view of this, AEM became a wholly owned subsidiary of the Company.

Note: Enzyfuel Innovation, Inc., based in California [USA] Subsidiary of Advanced Enzyme USA being non-operative has been dissolved voluntarily, during the year under review.

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 - 2017				Shareholding at the end of the year - 2018				% Change during the year
		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	2,470,100	0	2,470,100	2.21	2,474,600	0	2,474,600	2.22	0.01
(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)									
	Bodies Corporate	35,961,090	0	35,961,090	32.21	37,314,330	0	37,314,330	33.43	1.21
	Sub Total (A)(1)	**38,431,190**	**0**	**38,431,190**	**34.43**	**39,788,930**	**0**	**39,788,930**	**35.64**	**1.22**
[2]	**Foreign**									
(a)	Individuals (Non-Resident Individuals / Foreign Individuals)	39,822,500	0	39,822,500	35.67	39,822,500	0	39,822,500	35.67	0.00
(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)									
	Sub Total (A)(2)	**39,822,500**	**0**	**39,822,500**	**35.67**	**39,822,500**	**0**	**39,822,500**	**35.67**	**0.00**
	Total Shareholding of Promoter and Promoter Group(A)=(A)(1)+(A)(2)	**78,253,690**	**0**	**78,253,690**	**70.10**	**79,611,430**	**0**	**79,611,430**	**71.32**	**1.22**
(B)	**Public Shareholding**									
[1]	**Institutions**									
(a)	Mutual Funds / UTI	8,179,295	0	8,179,295	7.33	3,425,077	0	3,425,077	3.07	-4.26
(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	2,008,475	0	2,008,475	1.80	4,169,940	0	4,169,940	3.74	1.94
(f)	Financial Institutions / Banks	58,435	0	58,435	0.05	435,378	0	435,378	0.39	0.34
(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)									
	Sub Total (B)(1)	**10,246,205**	**0**	**10,246,205**	**9.18**	**8,030,395**	**0**	**8,030,395**	**7.19**	**-1.98**
[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 ₹ 1 lakh.	9,091,325	1,888,365	10,979,690	9.84	11,765,357	1,264,165	13,029,522	11.67	1.84
(ii)	Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	5,975,385	110,000	6,085,385	5.45	4,877,841	0	4,877,841	4.37	-1.08
(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

Sr No	Category of Shareholders	Shareholding at the beginning of the year - 2017				Shareholding at the end of the year - 2018				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(e)	Any Other (Specify)									
	Trusts	0	1,177,000	1,177,000	1.05	54,000	1,177,000	1,231,000	1.10	0.05
	Hindu Undivided Family	354,395	0	354,395	0.32	482,868	0	482,868	0.43	0.12
	Foreign Companies	0	0	0	0.00	0	0	0	0.00	0.00
	Non Resident Indians (Non Repat)	2,261,285	0	2,261,285	2.03	2,251,305	0	2,251,305	2.02	-0.01
	Non Resident Indians (Repat)	322,115	0	322,115	0.29	457,921	0	457,921	0.41	0.12
	Clearing Member	667,270	0	667,270	0.60	425,571	0	425,571	0.38	-0.22
	Bodies Corporate	1,282,990	0	1,282,990	1.15	1,232,172	0	1,232,172	1.10	-0.05
	Sub Total (B)(3)	**19,954,765**	**3,175,365**	**23,130,130**	**20.72**	**21,547,035**	**2,441,165**	**23,988,200**	**21.49**	**0.77**
	Total Public Shareholding(B)=(B)(1)+(B)(2)+(B)(3)	**30,200,970**	**3,175,365**	**33,376,335**	**29.90**	**29,577,430**	**2,441,165**	**32,018,595**	**28.68**	**-1.22**
	Total (A)+(B)	**108,454,660**	**3,175,365**	**111,630,025**	**100.00**	**109,188,860**	**2,441,165**	**111,630,025**	**100**	**0.00**
(C)	**Non Promoter - Non Public**									
[1]	Custodian/DR Holder	0	0	0	0.00	0	0	0	0.00	0.00
[2]	Employee Benefit Trust (under SEBI (Share based Employee Benefit) Regulations, 2014)	0	0	0	0.00	0	0	0	0.00	0.00
	Total (A)+(B)+(C)	**108,454,660**	**3,175,365**	**111,630,025**	**100**	**109,188,860**	**2,441,165**	**111,630,025**	**100**	**0**

ii) Shareholding of Promoter-

Sr No	Shareholder's Name	Shareholding at the beginning of the year - 2017			Shareholding at the end of the year - 2018			% 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	CHANDRAKUMAR L RATHI	46,500	0.04	0	46,500	0.04	0	0.00
2	VASANT L RATHI	33,904,500	30.37	0	33,904,500	30.37	0	0.00
3	CHANDRAKUMAR L RATHI INNOVATIONS AND PROJECTS PRIVATE LIMITED	23,496,390	21.05	14.44	24,849,630	22.26	22.26	1.21
4	ATHARVA GREEN ECOTECH LLP	12,464,700	11.17	0	12,464,700	11.17	5.91	0.00
5	PRABHA V RATHI	1,043,000	0.93	0	1,043,000	0.93	0	0.00
6	KISHOR L RATHI	1,466,000	1.31	0	1,466,000	1.31	0	0.00
7	MANGALA M KABRA	435,600	0.39	0	435,600	0.39	0	0.00
8	SAVITA C RATHI	371,500	0.33	0	371,500	0.33	0	0.00
9	PIYUSH C RATHI	123,500	0.11	0	123,500	0.11	0	0.00
10	RADHIKA A PUJARA	27,000	0.02	0	31,500	0.03	0	0.01
11	RACHANA RATHI	1,625,000	1.46	0	1,625,000	1.46	0	0.00
12	RASIKA RATHI	1,625,000	1.46	0	1,625,000	1.46	0	0.00
13	RESHMA RATHI	1,625,000	1.46	0	1,625,000	1.46	0	0.00
	Total	**78,253,690**	**70.10**	**14.44**	**79,611,430**	**71.32**	**28.16**	**1.22**

Note: 1. Paid up Share Capital of the Company (Face Value ₹ 2.00) at the end of the year is 111,630,025 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 Year.

4. The Sub-division of face value of equity shares from ₹ 10 to ₹ 2 was approved by the shareholders on May 04, 2017. For ease of comparision, the previous year shareholding has been correspondingly adjusted.

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

Sr No.	Name & Type of Transaction	Shareholding at the beginning of the year - 2017		Transactions during the year		Cumulative Shareholding at the end of the year - 2018	
		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	3,39,04,500	30.37				
	AT THE END OF THE YEAR					3,39,04,500	30.37
2	CHANDRAKANT RATHI INNOVATIONS AND PROJECTS PRIVATE LIMITED (Formerly known as Chandrakant Rathi Finance and Investment Co. Pvt. Ltd.)	2,34,96,390	21.05				
	Purchase			30.03.2017	67,500	2,35,63,890	21.11
				03.04.2017	8,000	2,35,71,890	21.12
				03.04.2017	70,130	2,36,42,020	21.18
				05.04.2017	8,515	2,36,50,535	21.19
				05.04.2017	1,31,755	2,37,82,290	21.30
				06.04.2017	1,16,840	2,38,99,130	21.41
				07.04.2017	2,35,000	2,41,34,130	21.62
				11.04.2017	1,00,500	2,42,34,630	21.71
				31.05.2017	1,35,000	2,43,69,630	21.83
				08.06.2017	4,80,000	2,48,49,630	22.26
	AT THE END OF THE YEAR					2,48,49,630	22.26
3	ATHARVA GREEN ECOTECH LLP (Formerly known as Atharva Green Ecotech Pvt. Ltd.)	1,24,64,700	11.17				
	AT THE END OF THE YEAR					1,24,64,700	11.17
4	RASIKA RATHI	16,25,000	1.46				
	AT THE END OF THE YEAR					16,25,000	1.46
5	RACHANA RATHI	16,25,000	1.46				
	AT THE END OF THE YEAR					16,25,000	1.46
6	RESHMA RATHI	16,25,000	1.46				
	AT THE END OF THE YEAR					16,25,000	1.46
7	KISHOR L RATHI	14,66,000	1.31				
	AT THE END OF THE YEAR					14,66,000	1.31
8	PRABHA V RATHI	10,43,000	0.93				
	AT THE END OF THE YEAR					10,43,000	0.93
9	MANGALA M KABRA	4,35,600	0.39				
	AT THE END OF THE YEAR					4,35,600	0.39
10	SAVITA C. RATHI	3,71,500	0.33				
	AT THE END OF THE YEAR					3,71,500	0.33
11	PIYUSH C RATHI	1,23,500	0.11				
	AT THE END OF THE YEAR					1,23,500	0.11
12	CHANDRAKUMAR L. RATHI	46,500	0.04				
	AT THE END OF THE YEAR					46,500	0.04
13	RADHIKA A PUJARA	27,000	0.02				
	Purchase			07.03.2018	4,500	31,500	0.03
	AT THE END OF THE YEAR					31,500	0.03

Note: 1. Paid up Share Capital of the Company (Face Value ₹ 2.00) at the end of the year is 111,630,025 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 Year.

4. The Sub- division of face value of equity shares from ₹ 10 to ₹ 2 was approved by the shareholders on May 04, 2017. For ease of comparision, the previous year shareholding has been correspondingly adjusted.

iv) Shareholding Pattern of Top Ten Shareholders

Sr No.	Name & Type of Transaction	Shareholding at the beginning of the year - 2017		Transactions during the year		Cumulative Shareholding at the end of the year - 2018	
		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	PRADIP BHAILAL SHAH	2,004,000	1.7952				
	AT THE END OF THE YEAR					**2,004,000**	**1.7952**
2	MUKUND MADHUSUDAN KABRA	1,680,500	1.5054				
	AT THE END OF THE YEAR					1,680,500	1.5054
3	RELIANCE CAPITAL TRUSTEE CO. LTD-A/C RELIANCESMALL CAP FUND	1,354,445	1.2133				
	Purchase			07 Jul 2017	612	1,355,057	1.2139
	Sale			15 Sep 2017	-50000	1,305,057	1.1691
	Purchase			03 Nov 2017	53587	1,358,644	1.2171
	Purchase			10 Nov 2017	3113	1,361,757	1.2199
	Purchase			12 Jan 2018	100000	1,461,757	1.3095
	Purchase			02 Feb 2018	53000	1,514,757	1.3569
	AT THE END OF THE YEAR					1,514,757	1.3569
4	DSP BLACKROCK SMALL CAP FUND	4,357,860	3.9038			4357860	3.9038
	Sale			26-05-2017	-740,361	3,617,499	3.2406
	Sale			09 Jun 2017	-164,417	3,453,082	3.0933
	Sale			16 Jun 2017	-274,813	3,178,269	2.8471
	Sale			23 Jun 2017	-336,531	2,841,738	2.5457
	Sale			30 Jun 2017	-137,814	2,703,924	2.4222
	Sale			14 Jul 2017	-68,185	2,635,739	2.3611
	Purchase			21 Jul 2017	68,185	2,703,924	2.4222
	Sale			04 Aug 2017	-8,501	2,695,423	2.4146
	Sale			22 Sep 2017	-3,551	2,691,872	2.4114
	Sale			20 Oct 2017	-3,973	2,687,899	2.4079
	Sale			08 Dec 2017	-90,216	2,597,683	2.327
	Sale			22 Dec 2017	-101,01	2,587,582	2.318
	Sale			29 Dec 2017	-173,067	2,414,515	2.163
	Sale			02 Feb 2018	-11,871	2,402,644	2.1523
	Sale			09 Feb 2018	-633,530	1,769,114	1.5848
	Sale			16 Feb 2018	-9,091	1,760,023	1.5767
	Sale			23 Feb 2018	-128,575	1,631,448	1.4615
	Sale			09 Mar 2018	-276,606	1,354,842	1.2137
	AT THE END OF THE YEAR					1,354,842	1.2137

Sr No.	Name & Type of Transaction	Shareholding at the beginning of the year - 2017		Transactions during the year		Cumulative Shareholding at the end of the year - 2018	
		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
5	SRI SRI RAVI SHANKAR TRUST	1,177,000	1.0544				
	AT THE END OF THE YEAR					1,177,000	1.0544
6	ARVIND VARCHASWI	1,124,470	1.0073				
	AT THE END OF THE YEAR					1,124,470	1.0073
7	FIRST STATE INVESTMENTS ICVC- STEWART INVESTORS INDIAN SUBCONTINENT FUND	0	0			0	0
	Purchase			01 Sep 2017	393,090	393,090	0.3521
	Purchase			03 Nov 2017	38,560	431,650	0.3867
	Purchase			17 Nov 2017	20,820	452,470	0.4053
	Purchase			24 Nov 2017	13,841	466,311	0.4177
	Purchase			01 Dec 2017	21,828	488,139	0.4373
	Purchase			08 Dec 2017	14,588	502,727	0.4504
	Purchase			15 Dec 2017	28,805	531,532	0.4762
	Purchase			22 Dec 2017	30,417	561,949	0.5034
	Purchase			29 Dec 2017	68,469	630,418	0.5647
	Purchase			05 Jan 2018	19,650	650,068	0.5823
	Purchase			02 Feb 2018	157,258	807,326	0.7232
	Purchase			09 Feb 2018	162,309	969,635	0.8686
	AT THE END OF THE YEAR					969,635	0.8686
8	FIRST STATE INVESTMENTS ICVC- STEWART INVESTORS ASIA PACIFIC SUSTAINABILITY FUND	0	0			0	0
	Purchase			03 Nov 2017	6,596	6,596	0.0059
	Purchase			17 Nov 2017	71,578	78,174	0.07
	Purchase			24 Nov 2017	47,587	125,761	0.1127
	Purchase			01 Dec 2017	75,044	200,805	0.1799
	Purchase			08 Dec 2017	50,157	250,962	0.2248
	Purchase			15 Dec 2017	99,029	349,991	0.3135
	Purchase			22 Dec 2017	99,656	449,647	0.4028
	Purchase			29 Dec 2017	82,251	531,898	0.4765
	Purchase			05 Jan 2018	23,605	555,503	0.4976
	Purchase			02 Feb 2018	188,912	744,415	0.6669
	Purchase			09 Feb 2018	87,919	832,334	0.7456
	Purchase			31 Mar 2018	-41,992	790,342	0.7080
	AT THE END OF THE YEAR					790,342	0.7080

Sr No.	Name & Type of Transaction	Shareholding at the beginning of the year - 2017		Transactions during the year		Cumulative Shareholding at the end of the year - 2018	
		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
9	PACIFIC ASSETS TRUST PLC	0	0			0	0
	Purchase			15 Sep 2017	436,133	436,133	0.3907
	Sale			09 Feb 2018	164,510	600,643	0.5381
	AT THE END OF THE YEAR					600,643	0.5381
10	MINE WEALTH AND WELLBEING SUPERANNUATION FUND	0	0			0	0
	Purchase			15 Sep 2017	175,775	175,775	0.1575
	Purchase			09 Feb 2018	64,965	240,740	0.2157
	Purchase			23 Feb 2018	127,765	368,505	0.3301
	AT THE END OF THE YEAR					368,505	0.3301

Note: 1. Paid up Share Capital of the Company (Face Value ₹ 2.00) at the end of the year is 111,630,025 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 capital of the Company at the end of the Year.

4. The Sub-division of face value of equity shares from ₹ 10 to ₹ 2 was approved by the shareholders on May 04, 2017. For ease of comparision, the previous year shareholding has been correspondingly adjusted.

v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	Name & Type of Transaction	Shareholding at the beginning of the year - 2017		Transactions during the year		Cumulative Shareholding at the end of the year - 2018	
		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	33,904,500	30.37	-	-		
	AT THE END OF THE YEAR					33,904,500	30.37
2	CHANDRAKUMAR L RATHI	46,500	0.04	-	-		
	AT THE END OF THE YEAR					46,500	0.04
3	KEDAR J DESAI	2,000	0.00	-	-		
	AT THE END OF THE YEAR					2,000	0.00
4	RAMESH MEHTA	40,000	0.04	-	-		
	AT THE END OF THE YEAR					40,000	0.04
5	SAVITA C. RATHI	371,500	0.33	-	-		
	AT THE END OF THE YEAR					371,500	0.33
6	MUKUND M KABRA	1,680,500	1.51	-	-		
	AT THE END OF THE YEAR					1,680,500	1.51
7	BENI P RAUKA	158,000	0.14	-	-		
	AT THE END OF THE YEAR					158,000	0.14
8	PIYUSH C RATHI	123,500	0.11	-	-		
	AT THE END OF THE YEAR					123,500	0.11

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 Indebtness
i) Principal Amount	332.21	43.22	-	375.43
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	1.32	-	-	1.32
Total (i+ii+iii)	**333.53**	**43.22**	**-**	**376.75**
Change in Indebtedness during the financial year	**Secured Loans excluding deposits**	**Unsecured Loans**	**Deposits**	**Total Indebtedness**
* Addition	79.21	-	-	79.21
* Reduction	-	8.53	-	8.53
Net Change		**8.53**	**-**	**70.68**
Indebtedness at the end of the financial year	**Secured Loans excluding deposits**	**Unsecured Loans**	**Deposits**	**Total Indebtness**
i) Principal Amount	411.42	34.69	-	446.11
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	1.26	-	-	1.26
Total (i+ii+iii)	**412.68**	**34.69**	**-**	**447.37**

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. Chandrakumar 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	14.86	13.13	5.89	33.88
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.04	0.03	-	0.07
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission (Payable)	2.68	1.79	-	4.47
	- as % of profit	0.75%	0.50%	-	
	- others specify	-	-	-	-
5	Others, please specify	-	-	-	-
	Total (A)	**17.58**	**14.95**	**5.89**	**38.42**

Note: Provident Fund, Superannuation Fund and Gratuity (as applicable) 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. V. L. Rathi	
Fee for attending board committee meetings	0.54	0.47	0.48	0.21	-	1.70
Commission	0.71	0.71	0.71	0.71	0.71	3.55
Others, please specify	-	-	-	-	-	-
Total (B)	**1.25**	**1.18**	**1.19**	**0.92**	**0.71**	**5.25**
Total Managerial Remuneration(A+B)	**₹ 43.67 Million**					
Overall Ceiling as per the Act	**₹ 53.27 Million (Being 11% of the net profit of the Company calculated as per Section 198 of the Companies Act, 2013)**					

Note: Provident Fund, Superannuation Fund and Gratuity (as applicable) has not been included in the remuneration.

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

(₹ in Million)

S. no.	Particulars of Remuneration	Key Managerial Personnel			
		Mr. Beni Rauka (Chief Financial Officer)	Mr. Piyush Rathi (Chief Business Officer)	Mr. Sanjay Basantani (Company Secretary) #	Total
1.	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	6.80	6.80	# 1.91	15.51
	(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	**6.83**	**6.80**	**1.91**	**15.59**

\# In addition annual variable incentive of ₹. 0.18 Million is also payable for financial year 2017-18.

Note: Provident Fund, Superannuation Fund and Gratuity (as applicable) has not been included in the remuneration.

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					

Independent Auditor's Report

To the Members of Advanced Enzyme Technologies Limited

Report on the Audit of the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of Advanced Enzyme Technologies Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and a summary of the significant accounting policies and other explanatory information (herein after referred to as "standalone Ind AS financial statements").

Management's Responsibility for the Standalone Ind AS 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 Ind AS financial statements that give a true and fair view of the state of affairs, profit (including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our 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 of the standalone Ind AS financial statements 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 Ind AS financial statements are free from material misstatement.

Auditors' Responsibility

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS 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 Ind AS 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 Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We are also responsible to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the standalone Ind AS financial statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at 31 March 2018, its profit (including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

Independent Auditor's Report (Continued)

To the Members of Advanced Enzyme Technologies Limited

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 in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143 (3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   (c) The Balance Sheet, the Statement of Profit and Loss, Statement of Changes in Equity 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 Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.

   (e) On the basis of the written representations received from the directors as on 31 March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164(2) of the Act.

   (f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

   (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   i. the Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements; Refer note 54 to the standalone Ind AS 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 2018; and

   iv. the disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made since they do not pertain to the financial year ended 31 March 2018. However amounts as appearing in the audited Standalone Ind AS financial statements for the year ended 31 March 2017 have been disclosed.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Sadashiv Shetty
Partner
Membership No: 048648

Mumbai
19 May 2018

Annexure A

To the Members of Advanced Enzyme Technologies Limited

With reference to the Annexure A referred to in the Independent Auditors' Report to the members of the Company on the standalone Ind AS financial statements for the year ended 31 March 2018, we report the following:

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

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

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties as disclosed in Note 5 to the standalone Ind AS 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 Non-current assets held for sale under note 17 to the standalone Ind AS financial statements), for which the Company is in the process of executing a formal lease deed.

(ii) The inventory, except for 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. In respect of 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 and have been adequately dealt with in books of account.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013 ('the Act'). Accordingly, paragraphs 3 (iii) (a) and (b) of the Order are not applicable to the Company.

(iv) In our opinion and according to the information and explanation given to us, the Company has complied with provisions of Section 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees, and securities, as applicable.

(v) In our opinion, and according to the information and explanations given to us, the Company has not accepted deposits as per the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 148 (1) of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records with a view to determine whether they are accurate or complete.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Provident fund, Employees' State Insurance, Profession tax, Income-tax, Sales-tax, Goods and Services 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, Profession tax, Income-tax, Sales-tax, Goods and Services 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 2018 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 as at 31 March 2018 which have not been deposited with the appropriate authorities on account of any dispute, except as stated below:

Name of the statute	Nature of dues	Amount (₹ 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	58.96	45.78	AY 2010-11	Income Tax Appellate Tribunal, Mumbai

Annexure A (Continued)

To the Independent Auditors' Report – 31st March 2018

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	11.84	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	10.38	July 2010 to January 2015	Customs, Excise and Service Tax Appellate Tribunal, West Zone
Central Excise Act, 1944 read with Cenvat Credit Rules, 2004	Excise Duty, Interest and Penalty	2.85	2.50	April 2012 to January 2015	Additional Commissioner of Central Excise, Customs and Service Tax
Central Excise Act, 1944 read with Cenvat Credit Rules, 2004	Excise Duty	4.19	-	July 2010 to January 2015	Additional Commissioner of Central Excise, Customs and Service Tax
Central Excise Act, 1944 read with Cenvat Credit Rules, 2004	Excise Duty, Interest and Penalty	2.79	2.79	July 2011 to January 2015	Commissioner of Central Excise, Customs and Service Tax
Central Excise Act, 1944 read with Cenvat Credit Rules, 2004	Excise Duty, Interest and Penalty	0.53	0.53	March 15 to October 15	Customs, Excise and Service Tax Appellate Tribunal, West Zone
Central Excise Act, 1944 read with Cenvat Credit Rules, 2004	Service Tax, Interest and Penalty	1.37	1.06	March 2015 to December 2015	Customs, Excise and Service Tax Appellate Tribunal, West Zone
Central Excise Act, 1944 read with Cenvat Credit Rules, 2004	Excise Duty	0.60	-	March 2015 to December 2015	Commissioner of Central Excise, Customs and Service Tax
Central Excise Act, 1944 read with Cenvat Credit Rules, 2004	Excise Duty	2.11	-	January 2016 to June 2017	Commissioner of GST, Central Excise, Customs and Service Tax

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to banks and government. The Company does not have any loans or borrowings from financial institutions or dues to debenture holders during the year.

(ix) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) and has not obtained any term loans during the year. Accordingly, paragraph 3(ix) of the Order is not applicable to the Company.

(x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.

(xi) In our opinion and according to the information and explanations given to us, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.

(xiii) In our opinion and according to the information and explanations given to us, the Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act, where applicable and the details of such related party transactions have been disclosed in the standalone Ind AS financial

Annexure A (Continued)

To the Independent Auditors' Report – 31st March 2018

statements as required by the applicable Indian Accounting Standards.

(xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable to the Company.

(xv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.

(xvi) In our opinion and according to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable to the Company.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Sadashiv Shetty
Partner
Membership No: 048648

Mumbai
19 May 2018

Annexure B

To the Independent Auditors' Report – 31st March 2018 (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 with reference to financial statements of Advanced Enzyme Technologies Limited ("the Company") as of 31 March 2018 in conjunction with our audit of the standalone Ind AS 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 financial control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("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 Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note 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 Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the 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 with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone Ind AS 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 with reference to financial statements.

Meaning of Internal Financial Controls With Reference to Financial Statements

A compan y's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with respect to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; 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 (Continued)

To the Independent Auditors' Report – 31st March 2018 (Referred to in our report of even date)

Inherent Limitations of Internal Financial Controls With Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with respect to financial statements to future periods are subject to the risk that the internal financial control with respect to financial statements 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 with respect to financial statements and such internal financial controls with respect to financial statements were operating effectively as at 31 March 2018, based on the internal control with respect to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Sadashiv Shetty
Partner
Membership No: 048648

Mumbai
19 May 2018

Standalone Balance Sheet

as at 31st March, 2018

(₹ in million)

	Note	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
I. ASSETS				
(1) Non-current assets				
(a) Property, Plant and Equipment	*5*	**976.06**	982.35	1,000.38
(b) Capital work-in-progress	*5A*	**24.26**	14.98	18.34
(c) Intangible assets	*6*	**2.66**	1.41	0.53
(d) Intangible assets under development	*6A*	**78.83**	65.49	50.62
(e) Financial assets				
(i) Investments			-	-
- investment in subsidiaries	*7*	**1,199.73**	1,033.47	530.17
- In others	*7*	**0.62**	0.62	0.62
(ii) Loans	*8*	**293.46**	13.69	12.80
(iii) Others	*9*	**0.04**	1.39	1.27
(f) Income tax asset (net)		**51.21**	44.92	33.91
(g) Other non-current assets	*10*	**13.16**	14.37	10.72
Total non-current assets		**2,640.03**	2,172.69	1,659.36
(2) Current assets				
(a) Inventories	*11*	**548.63**	510.59	474.02
(b) Financial assets				
(i) Trade receivables	*12*	**385.78**	309.69	217.59
(ii) Cash and cash equivalents	*13*	**1.90**	2.73	5.18
(iii) Bank balances other than (ii) above	*13A*	**2.91**	3.31	10.18
(iv) Loans	*14*	**20.58**	20.65	0.10
(v) Others	*15*	**30.92**	2.33	7.23
(d) Other current assets	*16*	**51.06**	105.15	44.76
Total current assets		**1,041.78**	954.45	759.06
(3) Non-current assets held for sale	***17***	**48.17**	48.17	48.17
Total assets		**3,729.98**	3,175.31	2,466.59
II. EQUITY AND LIABILITIES				
(1) Equity				
(a) Equity share capital	*18*	**223.26**	223.26	217.66
(b) Other equity	*19*	**2,665.72**	2,329.01	1,519.74
Total equity		**2,888.98**	2,552.27	1,737.40
(2) Non-current liabilities				
(a) Financial liabilities				
(i) Borrowings	*20*	**79.45**	121.34	156.01
(b) Provisions	*21*	**5.55**	6.99	1.75
(c) Deferred tax liabilities (net)	*22*	**15.25**	22.48	18.62
Total non-current liabilities		**100.25**	150.81	176.39
(3) Current liabilities				
(a) Financial liabilities				
(i) Borrowings	*23*	**323.27**	211.33	294.52
(ii) Trade payables	*24*			
a) total outstanding dues of micro enterprises and small enterprises		**1.47**	1.86	1.82
b) total outstanding dues other than micro enterprises and small enterprises		**210.55**	82.95	88.07
(iii) Other financial liabilities	*25*	**123.79**	114.94	100.27
(b) Other current liabilities	*26*	**15.19**	8.99	13.68
(c) Provisions	*21*	**17.99**	16.14	13.46
(d) Current tax liabilities (net)		**7.89**	0.42	5.39
Total current liabilities		**700.15**	436.62	517.21
(4) Liabilities for non-current assets held for sale		**40.60**	35.60	35.60
Total equity and liabilities		**3,729.98**	3,175.31	2,466.59

Significant accounting policies **2 - 4**
Notes form an integral part of these standalone financial statements **5 - 56**

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: Thane
Date: 19 May 2018

For and on behalf of Board of Directors of
Advanced Enzyme Technologies Limited
CIN No: L24200MH1989PLC051018

Chandrakumar L. Rathi
Managing Director
DIN : 00365691

Kedar Desai
Director
DIN : 00322581

Ramesh Mehta
Director
DIN : 00367439

Sanjay Basantani
Company Secretary
Membership No: 19637
Place: Thane
Date: 19 May 2018

Beni. P. Rauka
Chief Financial Officer
Membership No: 39980

Standalone Statement of Profit & Loss

for the year ended 31st March, 2018

(₹ in million)

	Note	Year ended 31 March 2018	Year ended 31 March 2017
Income			
Revenue from operations	*27*	**2,153.05**	1,837.77
Other income	*28*	**50.52**	64.16
Total income		**2,203.57**	1,901.93
Expenses			
Cost of materials consumed	*29*	**847.01**	651.90
Changes in inventories of finished goods, work-in-progress and stock-in-trade	*30*	**8.12**	(30.94)
Excise duty		**32.45**	111.37
Employee benefits expense	*31*	**324.81**	273.39
Finance costs	*32*	**30.60**	27.20
Depreciation and amortisation expense	*33*	**78.14**	83.29
Other expenses	*34*	**444.03**	349.20
Total expenses		**1,765.16**	1,465.41
Profit before tax		**438.41**	436.52
Tax expense			
Current tax		**93.78**	84.55
Minimum Alternate Tax (MAT) credit entitlement		**-**	(0.90)
Deferred tax (credit)/ charge		**(14.27)**	0.56
Tax adjustment for earlier years		**-**	6.61
Total tax expense		**79.51**	90.82
Profit for the year		**358.90**	345.70
Other comprehensive income/(loss)			
A (i) Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit liability/(asset)		**2.37**	(6.97)
(ii) Income tax relating to items that will not be reclassified to profit or loss		**(0.82)**	2.41
B (i) Items that will be reclassified to profit or loss		**-**	-
(ii) Income tax relating to items that will be reclassified to profit or loss		**-**	-
		1.55	(4.56)
Total comprehensive income for the year		**360.45**	341.14
Earnings per equity share (face value Rs 2 each fully paid up)	*39*		
Basic		**3.22**	3.12
Diluted		**3.21**	3.12

Significant accounting policies **2 - 4**
Notes form an integral part of these standalone financial statements **5 - 56**

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: Thane
Date: 19 May 2018

For and on behalf of Board of Directors of
Advanced Enzyme Technologies Limited
CIN No: L24200MH1989PLC051018

Chandrakumar L. Rathi
Managing Director
DIN : 00365691

Kedar Desai
Director
DIN : 00322581

Ramesh Mehta
Director
DIN : 00367439

Sanjay Basantani
Company Secretary
Membership No: 19637

Beni. P. Rauka
Chief Financial Officer
Membership No: 39980

Place: Thane
Date: 19 May 2018

Statement of Changes in Equity (SOCIE)

for the year ended 31st March, 2018

(₹ in million)

(a) Equity share capital	As at 31 March 2018		As at 31 March 2017		As at 1 April 2016	
	No. of Shares	Amount	No. of Shares	Amount	No. of Shares	Amount
Balance at the beginning of the year (Refer note 18e)	**22,326,005**	**223.26**	21,765,600	217.66	21,765,600	217.66
Changes in equity share capital during the year	**-**	**-**	560,405	5.60	-	-
Add : Adjustment for Sub-Division of Equity Shares	**89,304,020**	**-**	-	-	-	-
Balance at the end of the year	**111,630,025**	**223.26**	22,326,005	223.26	21,765,600	217.66

(b) Other equity

Particulars	Reserves & Surplus					Total Equity
	Securities Premium account	Capital Reserve	General reserve	Employee stock option account	Retained earnings	
Balance at 1 April 2016	**289.63**	**3.00**	**32.53**	**-**	**1,194.58**	**1,519.74**
Profit for the year					345.70	345.70
Other comprehensive income for the year					(4.56)	(4.56)
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**341.14**	**341.14**
Issue of shares	494.40	-	-	-	-	494.40
Less : Utilization towards share issue expenses	(29.32)	-	-	-	-	(29.32)
Add : Options granted during the year	-	-	-	3.05	-	3.05
Balance at 31 March 2017	**754.71**	**3.00**	**32.53**	**3.05**	**1,535.72**	**2,329.01**
Profit for the year	-	-	-	-	358.90	358.90
Other comprehensive income for the year	-	-	-	-	1.55	1.55
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**360.45**	**360.45**
Options granted during the year	-	-	-	23.28	-	23.28
Dividend	-	-	-	-	(44.65)	(44.65)
Dividend Distribution Tax	-	-	-	-	(2.37)	(2.37)
Balance at 31 March 2018	**754.71**	**3.00**	**32.53**	**26.33**	**1,849.15**	**2,665.72**

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: Thane
Date: 19 May 2018

For and on behalf of Board of Directors of Advanced Enzyme Technologies Limited
CIN No: L24200MH1989PLC051018

Chandrakumar L. Rathi
Managing Director
DIN : 00365691

Kedar Desai
Director
DIN : 00322581

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Director
DIN : 00367439

Sanjay Basantani
Company Secretary
Membership No: 19637

Beni. P. Rauka
Chief Financial Officer
Membership No: 39980

Place: Thane
Date: 19 May 2018

Standalone Cash Flow Statement

for the year ended 31st March, 2018

(₹ in million)

		Year ended 31 March 2018	Year ended 31 March 2017
A.	**Cash flows from operating activities**		
	Profit before tax	**438.41**	436.52
	Adjustments for non-cash transactions		
	Depreciation and amortization expense	**78.14**	83.29
	Property, plant and equipment written off	**1.71**	5.02
	Profit on sale of property, plant and equipment	**(0.12)**	(0.18)
	Bad and doubtful trade receivables written off	**9.52**	3.79
	Provision for doubtful trade receivables written back	**(5.74)**	(7.00)
	Employee stock compensation expense	**22.06**	2.85
	Guarantee commission	**(1.60)**	-
	Sundry balances written off/ (back) (net)	**0.13**	(4.31)
	Unrealized foreign exchange loss	**0.06**	(0.78)
		542.57	519.20
	Items considered separately		
	Interest income	**(15.49)**	(13.83)
	Interest expenses	**28.50**	27.20
	Dividend income	**(28.80)**	(33.00)
		526.78	499.57
	Operating profit before working capital changes		
	(Increase) / Decrease in Non-current loans	**(265.22)**	(0.90)
	(Increase) / Decrease in other non-current assets	**(0.65)**	0.67
	(Increase) in inventories	**(38.04)**	(36.57)
	(Increase) / Decrease in trade receivables	**(78.49)**	(90.34)
	(Increase) / Decrease in Current loans	**0.07**	(20.55)
	(Increase) / Decrease in financial current assets - Others	**(28.55)**	4.89
	(Increase) / Decrease in Other current assets	**54.09**	(60.39)
	Increase / (Decrease) in provisions	**2.79**	(3.00)
	Increase / (Decrease) in trade payables	**126.87**	(0.38)
	Increase / (Decrease) in current financial liabilities - others	**6.38**	22.76
	Increase / (Decrease) in other current liabilities	**6.20**	(4.69)
	Cash generated from operating activities	**312.23**	311.07
	Income taxes paid	**(86.38)**	(100.53)
	Net cash generated from operating activities	**225.85**	210.54
B.	**Cash flows from investing activities**		
	Purchase of property, plant and equipment (tangible and intangible both)	**(73.48)**	(73.87)
	Proceeds from sale of property, plant and equipment	**0.75**	0.41
	Capital expenditure on intangible assets under development	**(13.34)**	(14.86)
	Purchase of intangible assets	**(1.97)**	(1.48)
	Purchase of non-current investments	**(163.44)**	(503.10)
	Interest received	**0.90**	13.84
	Dividend received	**28.80**	33.00
	(Increase) / Decrease in bank deposits with maturity more than 3 months but less than 12 months	**(0.12)**	(2.21)
	(Increase) / Decrease in bank deposits with maturity of more than 12 months	**1.35**	(0.12)
	Net cash (used in) investing activities	**(220.55)**	(548.39)

Standalone Cash Flow Statement

for the year ended 31st March, 2018

(₹ in million)

		Year ended 31 March 2018	Year ended 31 March 2017
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)	**(41.27)**	(30.77)
	(Repayment of)/ proceeds from short-term borrowings (net)	**110.71**	(81.33)
	Interest paid	**(28.55)**	(27.14)
	Dividends paid (including dividend tax)	**(47.02)**	3.97
	Net cash generated from financing activities	**(6.13)**	335.41
	Net (decrease) / increase in cash and cash equivalents (A+B+C)	**(0.83)**	(2.44)
	Cash and cash equivalents as at the beginning of the year	**2.73**	5.18
	Cash and cash equivalents as at the end of the year*	**1.90**	2.74
	*** Composition of cash and cash equivalents**		
	Cash in hand	**0.46**	0.31
	Balance with banks :		
	Current account	**1.19**	2.18
	Fixed deposit account (with maturity less than 3 months)	**0.25**	0.25
	Deposits with maturity more than 3 months but less than 12 months	**2.36**	2.24
		4.26	4.98
	Less: Deposits with maturity more than 3 months but less than 12 months	**2.36**	2.24
		1.90	2.74

Reconciliation between the opening and closing balances in the balances sheet for liabilities arising from financing activities

Particulars	Notes	31 March 2017	Cashflows	Non cash changes				31 March 2018
				Acquisitions	Foreign exchange movement	Fair value change	Other adjustments	
Non-current borrowings	20 & 25	164.10	(41.27)	-	-	-	-	122.83
Cash credit, packing credit and working capital demand loans	23	211.33	110.71	-	1.23	-	-	323.27
Total liabilities from financing		**375.44**	**69.44**	**-**	**1.23**	**-**	**-**	**446.10**

Notes to the standalone cash flow statement

1) The cash flow statement has been prepared under indirect method as set out in Ind AS 7, 'Statement of Cash flows' 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: Thane
Date: 19 May 2018

For and on behalf of Board of Directors of
Advanced Enzyme Technologies Limited
CIN No: L24200MH1989PLC051018

Chandrakumar L. Rathi
Managing Director
DIN : 00365691

Kedar Desai
Director
DIN : 00322581

Ramesh Mehta
Director
DIN : 00367439

Sanjay Basantani
Company Secretary
Membership No: 19637

Beni. P. Rauka
Chief Financial Officer
Membership No: 39980

Place: Thane
Date: 19 May 2018

Notes to the Standalone Financial Statements

for the year ended 31st March, 2018

1 Overview of the Company

Advanced Enzyme Technologies Limited ('the Company') was incorporated on 15 March 1989 under the provisions of Companies Act, 1956. The Company is engaged in the business of manufacturing and sales of enzymes. The equity shares of the Company were listed on National Stock Exchange of India Limited (NSE) via id ADVENZYMES and on BSE Limited (BSE) via Id 540025 on 1 August 2016. The registered office of the company is Sun Magnetica, A wing, 5th Floor, Near LIC Service Road, Louiswadi, Thane (W), Maharashtra - 400604

2 Basis of preparation of financial statements

"The Financial Statements of the Company have been prepared in accordance with the Indian Accounting Standards (Ind AS) to comply with the Section 133 of the Companies Act 2013 ("the 2013 Act"), read with Rule 3 of the Companies (Indian Accounting Standards) Rule 2015, and Companies (Indian Accounting Standards) Rules, 2016. For all periods up to and for the year ended 31 March 2017, the Company prepared its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2016 (Indian GAAP). These financial statements are the Company's first Ind AS financial statements and are covered by Ind AS 101, First-time adoption of Indian Accounting Standards. The transition to Ind AS has been carried out from the accounting principles generally accepted in India ("Indian GAAP") which is considered as the "Previous GAAP" for purposes of Ind AS 101. The financial statements were authorised for issue by the Company's Board of Directors on 19 May 2018.

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

Functional and presentation currency:

These Standalone financial statements are presented in Indian rupees, which is the Company's functional currency. All amounts have been rounded off to two decimal places to the nearest million, unless otherwise indicated.

Historical cost convention:

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

- certain financial assets and liabilities (including derivative instrument) that are measured at fair value;
- defined benefit plans – plan assets measured at fair value"

3 Use of estimates

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

Assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31 March 2018 are as follows:

a. Property, plant and equipment

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

b. Recognition and measurement of defined benefit obligations

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

c. Recognition of deferred tax assets

Deferred tax assets are recognised for the future tax consequences of temporary differences between the

Notes to the Standalone Financial Statements

for the year ended 31st March, 2018

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

d. Recognition and measurement of other provisions

The recognition and measurement of other provisions are based on the assessment of the probability of an outflow of resources, and on past experience and circumstances known at the balance sheet date. The actual outflow of resources at a future date may therefore vary from the amount included in other provisions.

e. Discounting of long-term financial assets / liabilities

All financial assets / liabilities are required to be measured at fair value on initial recognition. In case of financial liabilities/assets which are required to subsequently be measured at amortised cost, interest is accrued using the effective interest method.

f. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting. The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

g. Fair value of financial instruments

Derivatives are carried at fair value. Derivatives includes foreign currency forward contracts. Fair value of foreign currency forward contracts are determined using the fair value reports provided by respective merchant bankers.

h. Measurement of fair values

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

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

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

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

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

3A Standards issued but not yet effective

Ministry of Corporate Affairs ("MCA"), on 28 March 2018, through Companies (Indian Accounting Standards) Amendment Rules, 2018 has notified the new standard for revenue recognition and amended certain existing Ind ASs which are effective for annual periods beginning on or after 1 April 2018

Ind AS 115- Revenue from Contract with Customers:

Ind AS 115 will supersede the existing revenue recognition standard 'Ind AS 18 – Revenue'. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. The Company is evalvating the requirements of the Ind AS 115 including its effect on the standalone financial statements.

Notes to the Standalone Financial Statements

for the year ended 31st March, 2018

Ind AS 21- The effect of changes in Foreign exchange rates

The amendment clarifies on the accounting of transactions that include the receipt or payment of advance consideration in a foreign currency. The appendix explains that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

The amendment will come into force from 1 April 2018. The Company does not expect the effect of this on the standalone financial statements to be material based on preliminary evaluation.

4 Significant accounting policies:

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

a. Revenue recognition

i. Revenue is recognized to the extent that it is probable that economic benefits will flow to the Company and the revenue can be reliably measured.

ii. Sale of goods is recognized as revenue when the significant risks and rewards of ownership of the goods have passed to the buyer. Revenues are recognized when collectability of the resulting receivable is reasonably assured. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Sales are inclusive of excise duty and net of sales tax, goods and service tax (GST) and discounts.

iii. Export incentives received pursuant to the Duty Drawback Scheme and Merchandise Export from India Scheme are accounted on an accrual basis, to the extent it is probable that realization is certain.

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

v. Dividend income is recognized when the Company's right to receive dividend is established by the reporting date.

vi. 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 taxes, as applicable.

b. Property, plant and equipment and depreciation

Recognition and measurement

i. Items of property, plant and equipment are stated at cost less accumulated depreciation and amortisation and accumulated impairment losses, if any. Cost includes taxes, non refundable duties and taxes, freight and other incidental expenses directly related to acquisition/construction and installation of the assets. Any trade discounts and rebates are deducted in arriving the purchase price. Interest on borrowings to finance acquisition of fixed assets during qualifying period is capitalized.

ii. Leasehold improvements represent expenses incurred towards civil work and interior furnishings on the leased premises.

iii. An asset is eliminated from the financial statements on disposal or when no further benefit is expected from its use and disposal. Gains / losses arising from disposal of fixed assets carried at cost are recognised in the Statement of Profit and Loss.

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

v. The Company has elected to continue with the carrying value of all its property, plant and equipment as recognized in the standalone financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as the deemed cost as at the transition date pursuant to the exemption under Ind AS 101

Subsequent expenditure

vi. Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company

Depreciation

vii. Depreciation on tangible fixed assets other than plant and equipment has been provided on Written Down Value method and on plant and equipment on Straight Line Method. Depreciation is provided on a pro-rata basis, i.e. from the date on which asset is ready for use.

Notes to the Standalone Financial Statements

for the year ended 31st March, 2018

The estimated useful life of assets are as follows:

Particulars	Estimated useful life
Building	30 - 60 years
Plant and equipment	10 - 25 years
Furniture and fixture	10 years
Vehicles	8 years
Office equipments	5 years
Computer and data processing equipment	3 - 6 years

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

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

ix. The Company has reviewed its policy for providing depreciation on its tangible assets and has also reassessed their useful lives as per Part C of Schedule II of the Act. The revised useful lives, as assessed by the management, match those specified in Part C of Schedule II of the Act, for all classes of tangible assets.

c. Intangible assets

i. Intangible assets are stated at cost of acquisition less accumulated amortisation and accumulated impairment losses, if any.

ii. Costs relating to acquisition of technical know-how and software are capitalized as intangible assets. Further, the expenditure incurred towards product studies during the development of product dossiers are grouped under "Intangible assets under development" to the extent such expenditure meet the criteria of intangible asset.

iii. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates

iv. An intangible asset is eliminated from the financial statements on disposal or when no further benefit is expected from its use and disposal. Gains / losses arising from disposal are recognised in the Statement of Profit and Loss.

v. Any expected loss is recognized immediately in the Statement of Profit and Loss.

vi. Intangible assets that are ready for use are amortized on a straight line basis over a period of four years.

d. Non-current assets held for sale

Non-current assets classified as held for sale, if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such assets,are generally measured at the lower of their carrying amount and fair value less costs to sell. Losses on initial classification as held for sale and subsequent gains and losses on re-measurement are recognised in Statement of Profit and Loss. Once classified as held-for-sale they are no longer depreciated.

e. Impairment of non-financial assets

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

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

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

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

f. Foreign currency transactions

i. Initial recognition - Foreign currency transactions are recorded in the functional currency, by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency at the date of the transaction.

ii. Subsequent measurement- Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign

Notes to the Standalone Financial Statements

for the year ended 31st March, 2018

currency are translated into the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognised in the Statement of Profit and Loss. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

iii. Exchange differences - All exchange differences arising on settlement/conversion on foreign currency transactions are included in the Statement of Profit and Loss in the period in which they arise.

g. Stock based Compensation:

Employees Stock Option Plans ("ESOPs"):

Equity-settled plans are accounted at fair value as at the grant date. The fair value of the share-based option is determined at the grant date using a market-based option valuation model (Black Scholes Option Valuation Model). The fair value of the option is recorded as compensation expense amortized over the vesting period of the options, with a corresponding increase in Reserves and Surplus under the head ""Employee Stock Option account"". On exercise of the option, the proceeds are recorded as share capital.

The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the Statement of Profit and Loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized in employee benefits expense.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of equity instruments that will ultimately vest.

h. Inventories

i. Inventories of raw materials, packing materials, consumables, finished goods and work in process are valued at lower of cost or net realizable value on an item-by-item basis.

ii. Cost of raw materials, consumables and packing materials is determined on 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.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. Raw materials and other supplies held for use in the production of inventories are not written down below cost except in case where material prices have declined and it is estimated that the cost of the finished product will exceed its net realisable value.

i. Employee benefits

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

i. Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays specified contributions to a separate entity and has no obligation to pay any further amounts. The Company contributes to statutory provident fund in accordance with Employees' Provident Fund and Miscellaneous Provisions Act, 1952 that is a defined contribution plan and contribution paid or payable is recognized as an expense in the period in which the employee renders services.

Superannuation benefits, a defined contribution plan, has been funded with Life Insurance Corporation of India and the contribution is charged to Statement of Profit and Loss, when the contribution to the Fund is due.

ii. Defined benefit plans

The Company provides for Gratuity benefit and Compensated Absences, which are defined benefit plans, covering all its eligible employees. Liability towards gratuity benefits and compensated absences expected to occur after twelve months, are determined using the Projected Unit Credit Method. Actuarial valuations are carried out at the balance sheet date. Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in OCI. The retirement benefit obligation recognized in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost, and as reduced by the fair value of scheme assets. The gratuity benefit and compensated absences scheme is funded with the Life Insurance Corporation of India (LIC).

The short term provision for compensated absences has been calculated on undiscounted basis, based on the balance of leave available over and above the maximum accumulation allowed as per the Company policy.

j. Income taxes

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

Current tax

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is recognised in respect of temporary difference between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

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

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

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

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

Deferred tax assets and liabilities are offset only if:

a) The entity has a legally enforceable right to set off current tax assets against current tax liabilities; and

b) The deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

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

Minimum Alternate Tax

Minimum Alternate Tax (MAT) under the provisions of Income Tax Act, 1961 is recognized as deferred tax in the the Statement of Profit and Loss. The Company recognizes MAT credit available is recognized as an asset only when it is probable that the future economic benefit associated with it will flow to the Company i.e. the Company will pay normal income tax during the period for which MAT Credit is allowed to be carried forward. In the year in which the Company recognizes MAT Credit recognized as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternate Tax under the Income Tax Act, 1961, by way of credit to the Statement of Profit and Loss and shown as "Deferred tax" MAT credit recognized as an asset is reviewed at each balance sheet date and written down to the extent the aforesaid evidence no longer exists.

k. Borrowing costs

Borrowing costs are interest and other costs that the Company incurs in connection with the borrowing of funds and is measured with reference to the Effective Interest Rate (EIR) applicable to the respective borrowing. Borrowing cost include interest costs measured at EIR and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Notes to the Standalone Financial Statements

for the year ended 31st March, 2018

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

l. Research and development costs

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

m. Provisions and contingencies

Provisions are determined by discounting the expected future cash flows specific to the liability. The unwinding of the discount is recognised as finance cost. A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognises any impairment loss on the assets associated with that contract.

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

A contingent asset is not recognised but disclosed in the financial statements where an inflow of economic benefit is probable.

n. Leases

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

Assets taken on finance lease

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

Assets taken on operating lease

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

o. Cash and cash equivalents

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

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

p. Operating cycle

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

q. Share issue expenses

Share issue expenses are adjusted against the Securities premium reserve as permissible under Section 52 of the Companies Act, 2013, to the extent any balance is available for utilization in the Securities premium reserve. Share issue expenses in excess of the balance in the Securities premium reserve is expensed in the Statement of Profit and Loss.

r. Financial Instruments

a. Financial assets

i. Recognition and initial measurement

Trade receivables and debt instruments issued are initially recognised when they are originated. All

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for the year ended 31st March, 2018

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

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

ii. Classification

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

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

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

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

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

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

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

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

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

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

iii. Subsequent measurement and gains and losses

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in Statement of Profit and Loss.

Financial assets at amortised cost

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

Debt investments at FVOCI

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

Equity investments at FVOCI

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

iv. Derecognition

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

v. Impairment of financial assets

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

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

ii. Trade receivables.

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

vi. Investment in subsidiaries

Investment in subsidiaries is carried at cost in the standalone financial statements.

b. Financial liabilities

i. Recognition and initial measurement

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

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

ii. Classification, subsequent measurement and gains and losses

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

iii. Derecognition

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

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

iv. Offsetting

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

v. Derivative financial instruments

The Company uses derivative financial instruments, such as forward currency contracts to hedge its interest rate risk. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value at each reporting period. Any changes therein are generally recognised in the Statement of profit and loss.

s. Earnings Per Share:

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

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for the year ended 31st March, 2018

(₹ in million)

5 Property, Plant and Equipment

Gross block	Land Freehold	Land Leasehold	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipments	Leasehold improvements	Computer and data processing equipments	Total
Balance as at 1 April 2016	**0.90**	**5.22**	**163.55**	**800.77**	**12.58**	**8.28**	**4.11**	**2.31**	**2.66**	**1,000.38**
Additions	-	-	26.01	29.27	3.14	8.28	1.91	0.06	1.26	69.93
Disposals	-	-	-	-	-	0.26	0.02	-	-	0.28
Reversal on account of assets written off	-	-	-	5.27	0.01	0.12	0.02	-	0.03	5.45
Balance as at 31 March 2017	**0.90**	**5.22**	**189.56**	**824.77**	**15.71**	**16.18**	**5.98**	**2.37**	**3.89**	**1,064.58**
Additions	-	-	17.40	48.03	1.04	2.47	1.09	-	3.44	73.47
Disposals	-	-	-	-	-	1.12	0.07	-	-	1.19
Reversal on account of assets written off	-	-	-	1.92	0.01	-	0.10	-	0.07	2.10
Balance as at 31 March 2018	**0.90**	**5.22**	**206.96**	**870.88**	**16.74**	**17.53**	**6.90**	**2.37**	**7.26**	**1,134.76**
Accumulated depreciation and amortization										
Balance as at 1 April 2016	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Depreciation and amortization	-	0.07	15.44	53.12	3.65	4.93	1.93	1.83	1.72	82.69
Reversal on disposal of assets	-	-	-	-	-	0.06	-	-	-	0.06
Reversal on account of assets written off	-	-	-	0.36	-	0.04	-	-	-	0.40
Balance as at 31 March 2017	**-**	**0.07**	**15.44**	**52.76**	**3.65**	**4.83**	**1.93**	**1.83**	**1.72**	**82.23**
Depreciation and amortization	-	0.07	16.89	49.71	3.07	4.16	1.65	-	1.87	77.42
Reversal on disposal of assets	-	-	-	-	-	0.53	0.03	-	-	0.56
Reversal on account of assets written off	-	-	-	0.31	0.00	-	0.07	-	0.01	0.39
Balance as at 31 March 2018	**-**	**0.14**	**32.33**	**102.16**	**6.72**	**8.46**	**3.48**	**1.83**	**3.58**	**158.70**
Net block										
Balance as at 31 March 2017	**0.90**	**5.15**	**174.12**	**772.01**	**12.06**	**11.35**	**4.05**	**0.54**	**2.17**	**982.35**
Balance as at 31 March 2018	**0.90**	**5.08**	**174.63**	**768.72**	**10.02**	**9.07**	**3.42**	**0.54**	**3.68**	**976.06**

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 non-current assets held for sale under Note 17. The Company is in the process of executing a formal lease deed for the above said land with Maharashtra Industrial Development Corporation.

Note 2:

The Company has availed the deemed cost exemption in relation to the property, plant and equipment on the date of transition and hence the net block carrying amount has been considered as the gross block carrying amount on that date. Refer note below for the gross block value and the accumulated amortisation on 1 April 2016 under the previous GAAP

Description	Land Freehold	Land Leasehold	Buildings	Plant and Equipment	Furniture and Fixtures	Vehicles	Office equipments	Leasehold improvements	Computer and data processing equipments	TOTAL
Gross Block	0.90	6.20	305.66	1,251.28	37.64	27.17	20.45	11.64	15.93	1,676.87
Accumulated Depreciation		0.98	142.11	450.51	25.06	18.89	16.34	9.33	13.27	676.49
Net Block	0.90	5.22	163.55	800.77	12.58	8.28	4.11	2.31	2.66	1,000.38

Notes to the Standalone Financial Statements

for the year ended 31st March, 2018

(₹ in million)

5A Capital work-in-progress (CWIP)

	Amount
CWIP as at 1 April 2016	18.34
Additions during the year	39.98
Capitalised during the year	43.34
CWIP as at 31 March 2017	14.98
Additions during the year	71.71
Capitalised during the year	62.43
CWIP as at 31 March 2018	**24.26**

6 Intangible assets

Gross block	Computer Software	Technical know-how	Total
Balance as at 1 April 2016	0.53	-	0.53
Additions	1.48	-	1.48
Disposals	-	-	-
Balance as at 31 March 2017	**2.01**	**-**	**2.01**
Additions	1.97	-	1.97
Disposals	-	-	-
Balance as at 31 March 2018	**3.98**	**-**	**3.98**
Accumulated amortisation			
Balance as at 1 April 2016	**-**	**-**	**-**
Amortisation	0.60	-	0.60
Balance as at 31 March 2017	0.60	-	0.60
Amortisation	0.72	-	0.72
Balance as at 31 March 2018	1.32	-	1.32
Net block			
Balance as at 31 March 2017	1.41	-	1.41
Balance as at 31 March 2018	2.66	-	2.66

Note:
The Company has availed the deemed cost exemption in relation to the intangible assets on the date of transition and hence the net block carrying amount has been considered as the gross block carrying amount on that date. Refer note below for the gross block value and the accumulated amortisation on April 1, 2016 under the previous GAAP

Description	Software	Technical know how	TOTAL
Gross Block	2.87	5.21	8.08
Accumulated amortisation and impairment	2.34	5.21	7.55
Net Block	**0.53**	**-**	**0.53**

6A Intangible assets under development

	Amount
Balance as at 1 April 2016	50.62
Additions during the year*	14.87
Capitalised during the year	-
Balance as at 31 March 2017	65.49
Additions during the year*	15.31
Capitalised during the year	1.97
Balance as at 31 March 2018	78.83

*Refer note 46

7 Non-current investments

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
a. Investment in Equity Instruments (Unquoted)			
Investment in subsidiaries			
60,000 Equity shares (31 March 2017 - 60,000; 1 April 2016 - 60,000) of ₹ 10 each fully paid up of Advanced Bio-Agro Tech Limited	**0.60**	0.60	0.60
70,000 Equity shares (31 March 2017 - 70,000; 1 April 2016 - 70,000) of ₹ 10 each fully paid up of Advanced Enzytech Solutions Limited	**1.57**	1.57	1.57
5,839 Equity shares (31 March 2017 - 5,839; 1 April 2016 - 5,839) of USD 1,000 each fully paid up of Advanced Enzymes USA, Inc.	**529.41**	528.20	528.00
14,499,000 Equity shares (31 March 2017 - 14,310,000; 1 April 2016 - Nil) of ₹ 10 each fully paid up of JC Biotech Private Limited (refer note 50)	**511.70**	503.10	-

Notes to the Standalone Financial Statements

for the year ended 31st March, 2018

(₹ in million)

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
400,000 Equity shares (31 March 2017 - Nil; 1 April 2016 - Nil) of MYR 1 each fully paid up of Advanced Enzymes (Malaysia) Sdn. Bhd. (refer note 51)	**6.60**	-	-
2,000,000 Equity shares (31 March 2017 - Nil; 1 April 2016 - Nil) of Euro 1 each fully paid up of Advanced Enzymes Europe B.V. (refer note 52)	**149.85**	-	-
	1,199.73	1,033.47	530.17
Other investments (unquoted)			
Equity shares at fair value through profit and loss			
19,100 Equity shares (31 March 2017 - 19,100; 1 April 2016 - 19,100) of ₹ 10 each fully paid up of Advanced Vital Enzymes Private Limited	**0.57**	0.57	0.57
1,666 Equity shares (31 March 2017 - 1,666; 1 April 2016 - 1,666) of ₹ 30 each fully paid up of Bombay Mercantile Co-op. Bank Limited	**0.05**	0.05	0.05
	0.62	0.62	0.62
	1,200.35	1,034.09	530.78
Aggregate value of unquoted investments	**1,200.35**	1,034.09	530.78

Refer note 42

8 Long-term loans
(Unsecured considered good unless otherwise stated)

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Security deposits	**13.08**	13.69	12.80
Interest receivable	**14.55**	-	-
Loans to related parties (Refer note 42)	**265.83**	-	-
	293.46	13.69	12.80

9 Other non-current financial assets
(unsecured considered good unless otherwise stated)

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Non-current bank balances	**0.04**	1.39	1.27
	0.04	1.39	1.27

10 Other non-current assets
(unsecured considered good unless otherwise stated)

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Prepaid expenses	**10.57**	9.93	10.59
Capital advances	**2.59**	5.74	1.42
Less: provision	**-**	1.30	1.30
	2.59	4.44	0.12
	13.16	14.37	10.71

Notes to the Standalone Financial Statements

for the year ended 31st March, 2018

(₹ in million)

11 Inventories (valued at lower of cost and net realizable value)

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Raw materials and packing materials [including goods-in-transit of ₹ 30.71 million (31 March 2017: ₹ 13.08 million; 1 April 2016: ₹ 16.62 million)]	**186.80**	142.23	135.82
Work-in-progress	**256.32**	258.93	251.50
Finished goods [including goods-in-transit of ₹ 31.53 million (31 March 2017: ₹ 27.41 million; 1 April 2016: ₹ 20.44 million)]	**67.39**	68.75	46.82
Consumables and fuel	**38.12**	40.68	39.88
	548.63	510.59	474.02

As at 31 March 2018, the Company has provided for slow moving inventory aggregating Rs 11.10 million (31 March 2017: Rs 10.55 million and 1 April 2016: Rs 4.25 million). The charge on account of provision is included in cost of materials consumed and changes in inventories.

12 Trade receivables

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Secured, considered good	**0.13**	0.18	0.18
Unsecured, considered good	**385.65**	309.51	217.41
Doubtful	**0.38**	6.12	13.12
	386.16	315.81	230.71
Less : Allowances for bad and doubtful debts	**0.38**	6.12	13.12
	385.78	309.69	217.59
(Refer note 40 for information about credit risk and market risk of trade receivables)			
The above balance includes amounts due by private companies in which directors are interested (Refer note 42)	**88.03**	47.96	61.76

13 Cash and cash equivalents

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Cash on hand	**0.46**	0.31	0.53
Balances with banks			
- in current accounts	**1.19**	2.17	2.17
- in deposit account with original maturity upto three months*	**0.25**	0.25	2.48
	1.90	2.73	5.18

13A Other bank balances

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Unpaid dividend accounts	**0.55**	1.07	10.15
Bank deposits with maturity more than three months but less than twelve months*	**2.36**	2.24	0.03
	2.91	3.31	10.18
* includes earmarked balances for performance guarantees	**2.36**	2.24	2.11

Notes to the Standalone Financial Statements

for the year ended 31st March, 2018

(₹ in million)

14 Short-term loans
(unsecured considered good unless otherwise stated)

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Security deposits	**20.57**	20.57	-
Loan to employees	**0.01**	0.08	0.10
	20.58	20.65	0.10

15 Other current financial assets
(unsecured considered good unless otherwise stated)

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Interest receivable	**0.36**	0.32	0.34
Export incentive receivable	**29.17**	-	-
Others	**1.39**	2.01	6.89
	30.92	2.33	7.23

16 Other current assets
(unsecured considered good unless otherwise stated)

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Prepaid expenses	**10.68**	10.67	8.89
Advance to suppliers			
- Related parties	**-**	47.92	-
- Others	**14.75**	18.92	4.63
Balance with Government authorities	**21.58**	24.38	11.22
Assets recoverable from customers	**3.51**	3.26	1.74
Share issue expenses (Refer note below)	**-**	-	18.28
Others	**0.54**	-	-
	51.06	105.15	44.76

Note:

The share issue expenses had been incurred by the Company in relation to its Initial Public Offer (“the Offer” or “IPO”) of equity shares. The Company had 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 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 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.

17 Non-current assets held for sale

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Assets held for sale (Refer note 41)	**48.17**	48.17	48.17
	48.17	48.17	48.17

Notes to the Standalone Financial Statements

for the year ended 31st March, 2018

(₹ in million)

18 Equity share capital

	As at 31 March 2018		As at 31 March 2017		As at 1 April 2016	
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
Authorised						
Equity shares of ₹ 2 each (31 March 2017: Rs 10 each; 1 April 2016: Rs 10 each)	**175,000,000**	**350.00**	35,000,000	350.00	35,000,000	350.00
	175,000,000	**350.00**	35,000,000	350.00	35,000,000	350.00
Issued, subscribed and fully paid up						
Equity shares of ₹ 2 each (31 March 2017: Rs 10 each; 1 April 2016: Rs 10 each)	**111,630,025**	**223.26**	22,326,005	223.26	21,765,600	217.66
Total	**111,630,025**	**223.26**	22,326,005	223.26	21,765,600	217.66

a) Reconciliation of equity share capital

	As at 31 March 2018		As at 31 March 2017	
	Number of shares	Amount	Number of shares	Amount
Balance at the beginning of the year	**22,326,005**	**223.26**	21,765,600	217.66
Add : Adjustment for Sub-Division of Equity Shares (Note 18e below)	**89,304,020**			
Add : Issued during the year	**-**	**-**	560,405	5.60
Balance at the end of the year	**111,630,025**	**223.26**	22,326,005	223.26

b) Shareholders holding more than 5% of equity shares

	As at 31 March 2018		As at 31 March 2017		As at 1 April 2016	
	Number of shares	% of holding	Number of shares	% of holding	Number of shares	% of holding
Equity shares of ₹ 2 each (31 March 2017: Rs 10 each; 1 April 2016: Rs 10 each)						
Mr. Vasant L. Rathi	**28,904,500**	**25.89%**	5,780,900	25.89%	8,280,900	38.05%
Chandrakant Rathi Innovations and Projects Private limited (formerly known as Chandrakant Rathi Finance and Investment Company Private Limited)	**24,849,630**	**22.26%**	4,699,278	21.05%	4,295,400	19.73%
Atharva Green Ecotech LLP (formerly known as Atharva Capital Ventures Private Limited)	**12,464,700**	**11.17%**	2,492,940	11.17%	2,492,940	11.45%
Vasant and Prabha Rathi Generation Trust	**5,000,000**	**4.48%**	1,000,000	4.48%	1,500,000	6.89%
	71,218,830	**63.80%**	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 Annual General Meeting except interim dividend.

Notes to the Standalone Financial Statements

for the year ended 31st March, 2018

(₹ in million)

d) Shares reserved for issue under options

The Company had reserved issuance of 220,000 Equity shares of ₹ 2 each (31 March 2017: 44,000 shares of Rs 10 each; 1 April 2016: Nil) for offering to eligible employees of the Company under Employees Stock Option Scheme (ESOS). The option would vest on graded basis over a maximum period of 4 years or such other period as may be decided by the Employees Stock Compensation Committee from the date of grant based on specific criteria. (Refer note 43)

e) Sub-division of shares

The Shareholders vide a special resolution have 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. 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.

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 ₹ 10/- each fully paid up at a premium of ₹ 886/- per share offered by them for sale.

Details of utilisation of IPO proceeds, of ₹ 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**	**-**

19 Other equity

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Capital reserve	**3.00**	3.00	3.00
Securities premium account			
Balance at the beginning of the year	**754.71**	289.63	
Add: Premium on issue of new equity shares	**-**	494.40	
Less: Utilization towards equity share issue expenses (refer Note 16)	**-**	-29.32	
Balance at the end of the year	**754.71**	754.71	289.63
Employee stock option account			
Balance at the beginning of the year	**3.05**	-	
Add: Options granted during the year (refer note 43)	**23.28**	3.05	

Notes to the Standalone Financial Statements

for the year ended 31st March, 2018

(₹ in million)

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Less: Exercised during the year	-	-	
Less: Lapsed during the year	-	-	
Balance at the end of the year	**26.33**	3.05	-
General reserve	**32.53**	32.53	32.53
Surplus in the Statement of Profit and Loss			
Balance at the beginning of the year	**1,535.72**	1,194.58	
Add: Transferred from Statement of Profit and Loss	**358.90**	345.70	
Add: Transferred from Other comprehensive income	**1.55**	(4.56)	
Less: Interim dividend	-	-	
Less: Dividend	**(44.65)**	-	
Less: Tax on dividends distributed during the year	**(2.37)**	-	
Balance at the end of the year	**1,849.15**	1,535.72	1,194.58
	2,665.72	2,329.01	1,519.74

Nature and purpose of reserves

Capital reserve
The reserve comprises of profits/gains of capital nature earned by the Company and credited directly to such reserve.

Securities premium
Securities premium is used to record the premium received on issue of shares. It is utilised in accordance with the provisions of the Companies Act, 2013

General reserve
General reserve is created out of the profits earned by the Company by way of transfer from surplus in the Statement of Profit and Loss. The Company can use this reserve for payment of dividend and issue of fully paid up and not paid up bonus shares.

Dividends
The following dividends were declared and paid by the Company during the year

Particulars	31 March 2018	31 March 2017	1 April 2016
₹ 0.40 per equity share (31 March 2017: ₹ 0.00/ share)	**44.65**	-	-
Dividend distribution tax on dividend to equity shareholders	**2.37**	-	-
	47.02	-	-

20 Non-current borrowings

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Secured			
Term loans:			
From banks	**50.00**	80.00	110.00
Vehicle loans	**5.33**	8.20	3.75
	55.33	88.20	113.75
Unsecured			
Deferred sales tax payment liabilities	**24.12**	33.14	42.26
	24.12	33.14	42.26
	79.45	121.34	156.01

Notes to the Standalone Financial Statements

for the year ended 31st March, 2018

(₹ in million)

a) Details of guarantee for each type of borrowing

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Guaranteed by the Managing Director			
Term loans:			
From banks (including current maturities)	80.00	110.00	140.00

b) Details of security for each type of borrowing as at 31 March 2018

(a) Term loans from banks are secured by

(i) hypothecation charge of present and future movable and immovable 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) Vehicle loans availed from four banks and two financial institutions are secured by charge on vehicles as specified in their respective loan agreements.

c) Terms of repayment of term loans and other loans

Term loan from banks

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

Vehicle Loans (including current maturities)

Interest rate	No. of installments	Date of last installment	Amount of installment	Outstanding as at 31 March 2018	Outstanding as at 31 March 2017	Outstanding as at 1 April 2016
12.50%	60	05-Sep-16	0.01	**0.00**	0.00	0.03
11.60%	60	03-Aug-18	0.01	**0.07**	0.22	0.35
10.83%	36	03-Jul-16	0.02	**0.00**	0.00	0.07
10.59%	60	15-Oct-18	0.02	**0.18**	0.42	0.64
10.50%	60	07-Nov-19	0.02	**0.27**	0.42	0.55
10.15%	59	07-Nov-19	0.03	**0.72**	1.03	1.31
10.14%	59	15-Mar-20	0.03	**0.63**	0.91	1.16
9.90%	60	07-Nov-19	0.01	**0.22**	0.30	0.37
9.75%	60	07-Nov-20	0.01	**0.34**	0.45	0.55
9.32%	59	01-Aug-21	0.04	**1.36**	1.68	0.00
9.16%	60	07-Apr-21	0.09	**2.96**	3.80	0.00
8.35%	60	05-Mar-22	0.03	**1.39**	1.65	0.00
Total				**8.14**	10.88	5.03

Deferred sales tax payment liabilities

Deferred Sales Tax Loan is interest free and payable in 5 equal annual installments after expiry of initial 10 years of moratorium year from each such year of deferral period from 1996-97 to 2006-07.

Notes to the Standalone Financial Statements

for the year ended 31st March, 2018

(₹ in million)

21 Provisions

	As at 31 March 2018		As at 31 March 2017		As at 1 April 2016	
	Long-term	Short-term	Long-term	Short-term	Long-term	Short-term
Provision for employee benefits						
Compensated absences	**0.51**	**5.18**	-	4.17	-	2.44
Gratuity (Refer note 36)	**5.04**	**4.03**	6.99	3.82	1.75	2.70
Dividend tax	**-**	**-**	-	-	-	3.97
Provision for sales return (Also, refer note (a) below)	**-**	**8.78**	-	8.15	-	4.35
	5.55	**17.99**	6.99	16.14	1.75	13.46

Note:
As per best estimate of the management, provision has been made towards probable return of goods from customers, as per Indian Accounting Standard (Ind AS) 37

		As at 31 March 2018	As at 31 March 2017
a)	Movement in provision for sales return		
	Provision at the beginning of the year	**8.15**	4.35
	Provision created during the year	**8.78**	8.15
	Provision reversed/utilised during the year	**(8.15)**	(4.35)
	Provision at the end of the year	**8.78**	8.15

22 Deferred tax liabilities (net)

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Deferred tax liabilities			
Excess of depreciation/amortisation on Property, plant and equipment under income-tax law over depreciation/amortisation provided in accounts	**142.39**	158.48	159.64
	142.39	158.48	159.64
Deferred tax assets			
Minimum Alternate Tax credit entitlement	**117.77**	123.99	129.70
Provision for employee benefits	**6.71**	5.18	4.97
Others	**2.66**	6.83	6.35
	127.14	136.00	141.02
	15.25	22.48	18.62

Notes to the Standalone Financial Statements

for the year ended 31st March, 2018

(₹ in million)

Movement in deferred tax balances

	31 March 2018						
Particulars	**Net balance 1 April 2017**	**Recognised in Statement of Profit and Loss**	**Recognised in OCI**	**Others**	**Net deferred tax asset/ liability**	**Deferred tax asset**	**Deferred tax liability**
Deferred tax asset/ (liabilities)							
Property, plant and equipment	**(158.48)**	**(16.09)**	**-**	**-**	**(142.39)**	**-**	**(142.39)**
Provision for employee benefits	**5.18**	**(2.35)**	**0.82**	**-**	**6.71**	**6.71**	**-**
Others	**6.83**	**4.17**	**-**	**-**	**2.66**	**2.66**	**-**
Minimum Alternate Tax Credit	**123.99**	**-**	**-**	**6.22**	**117.77**	**117.77**	**-**
Tax assets/(liabilities)	**(22.48)**	**(14.27)**	**0.82**	**6.22**	**(15.25)**	**127.14**	**(142.39)**
Set off tax						**(127.14)**	**127.14**
Net deferred tax assets/ (liabilities)	**(22.48)**	**(14.27)**	**0.82**	**6.22**	**(15.25)**	**-**	**(15.25)**

(e) Movement in deferred tax balances

	31 March 2017						
Particulars	**Net balance 1 April 2017**	**Recognised in Statement of Profit and Loss**	**Recognised in OCI**	**Others**	**Net deferred tax asset/ liability**	**Deferred tax asset**	**Deferred tax liability**
Deferred tax asset/ (liabilities)							
Property, plant and equipment	(159.64)	1.16	-	-	(158.48)	-	(158.48)
Provision for employee benefits	4.97	(2.20)	2.41	-	5.18	5.18	-
Others	6.35	0.48	-	-	6.83	6.83	
Minimum Alternate Tax Credit	129.70	0.90	-	(6.61)	123.99	123.99	-
Tax assets/(liabilities)	(18.62)	0.34	2.41	(6.61)	(22.48)	136.00	(158.48)
Offsetting of deferred tax assets and liabilities						(136.00)	136.00
Net deferred tax assets/ (liabilities)	(18.62)	0.34	2.41	(6.61)	(22.48)	-	(22.48)

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Significant management judgement is required in determining provision for income tax, deferred income tax assets and liabilities and recoverability of deferred income tax assets. The recoverability of deferred income tax assets is based on estimates of taxable income and the period over which deferred income tax assets will be recovered. Any changes in future taxable income would impact the recoverability of deferred tax assets.

Notes to the Standalone Financial Statements

for the year ended 31st March, 2018

(₹ in million)

During the year, the Company has accounted tax credits in respect of Minimum Alternative Tax ("MAT" credit) of ₹ 117.77 million (31 March 2017: ₹ 123.99 million, 1 April 2016: ₹ 129.70 million) of earlier years. The Company is reasonably certain of availing the said MAT credit in future years against the normal tax expected to be paid in those years.

Given that the Company does not have any intention to dispose investments in subsidiaries in the forseeable future, deferred tax asset on indexation benefit in relation to such investments has not been recognised.

23 Current borrowings

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Secured			
Loans repayable on demand			
From banks in foreign currency	**58.34**	65.96	53.61
From banks in rupees	**264.93**	145.37	240.91
	323.27	211.33	294.52

a) Details of guarantee for each type of borrowing

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Guaranteed by the Managing Director			
Loans repayable on demand			
From banks	**323.27**	211.33	294.52

b) Details of security for each type of borrowing as at 31 March 2018

(a) 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

Loan repayable on demand

(i) Cash Credit from bank for ₹ 113.65 million (31 March 2017: ₹ 95.37 million; 1 April 2016: ₹ 165.91 million) carries an interest rate of 9% to 12%.

(ii) Packing credit foreign currency loan from bank for ₹ 58.34 million (31 March 2017: ₹ 65.96 million; 1 April 2016: ₹ 53.61 million) carries an interest rate of Libor + 100 to 125 bps (31 March 2017: Libor+80 bps; 1 April 2016: Libor + 125 to 200 bps).

(iii) Packing credit in local currency from bank for ₹ 36.28 million (31 March 2017: ₹ Nil; 1 April 2016: ₹ Nil) carries an interest rate of 5.25%.

(iv) Working capital demand loan from bank for ₹ 115.00 million (31 March 2017: ₹ 50.00 million; 1 April 2016: ₹ 75.00 million) carries an interest rate in the range of 7.85% to 8.50% p.a. (31 March 2017: 8.20%; 1 April 2016: 9.60% p.a.)

24 Trade payables

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Total outstanding dues to micro and small enterprises (refer note below)	**1.47**	1.86	1.82
Total outstanding dues to others (refer note 42)	**210.55**	82.95	88.07
	212.02	84.81	89.89

Note:
Dues to micro, small and medium enterprises pursuant to section 22 of the Micro, Small and Medium Enterprises Development Act (MSMED), 2006

Notes to the Standalone Financial Statements

for the year ended 31st March, 2018

(₹ in million)

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Principal amount remaining unpaid	**1.47**	1.86	1.82
Interest due thereon	**0.01**	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	**0.01**	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 2018 has been made in the standalone financial statements based on information received and available with the Company.

25 Other current financial liabilities

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Current maturities of long-term borrowings (refer note 20)			
- From banks	**31.26**	31.32	31.25
- Vehicle loans	**2.81**	2.68	1.28
- Deferred sales tax payment liabilities	**10.57**	10.08	7.58
Unpaid dividends (refer note below)	**0.55**	1.07	10.15
Security deposits from customers	**0.17**	0.55	0.58
Payable for purchase of property, plant and equipment	**7.37**	4.95	7.94
Payable in respect of investment in subsidiary	**5.00**	5.00	-
Employee benefits payable	**40.61**	35.85	28.72
Other payables	**25.45**	23.44	12.77
	123.79	114.94	100.27

Note:
The amount due and paid during the year to "Investor Education and Protection Fund" is ₹ 0.03 million (31 March 2017: 0.03 million)

26 Other current liabilities

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Statutory dues:			
Provident fund payable	**1.58**	1.43	1.27
E.S.I.C.	**-**	-	0.01
Employees' State Insurance Scheme contribution payable	**0.13**	0.04	-
Other dues payable	**7.47**	4.05	3.35
Advance from customers	**6.01**	3.47	9.05
	15.19	8.99	13.68

Notes to the Standalone Financial Statements

for the year ended 31st March, 2018

(₹ in million)

27 Revenue from operations

	Year ended 31 March 2018	Year ended 31 March 2017
Revenue from operations (including excise duty)		
Sale of goods		
Export	**565.85**	627.93
Domestic	**1,556.19**	1,206.57
	2,122.04	1,834.50
Other operating revenues		
Export incentives	**31.01**	3.27
	31.01	3.27
	2,153.05	1,837.77

The Government of India introduced the Goods and Services Tax (GST) with effect from 1 July 2017, consequently revenue from operations for the period from 1 July 2017 upto 31 March 2018 is net of GST. However revenue for the quarter ended 30 June 2017 included in the year ended 31 March 2018 and for the year ended 31 March 2017 is inclusive of excise duty. The Net Revenue from Operations (Net of GST/ Excise Duty) as applicable are stated below:

	31 March 2018	31 March 2017
Revenue from operations	**2,153.05**	1,837.77
Less: Excise duty	**30.89**	98.86
Net revenue from operations	**2,122.16**	1,738.91

28 Other income

	31 March 2018	31 March 2017
Interest income		
- on bank deposits carried at amortised cost	**0.29**	1.54
- on loan to related parties carried at amortised cost	**14.49**	11.49
- on other assets carried at amortised cost	**0.71**	0.80
Provision for doubtful debts written back	**-**	7.00
Profit on sale of property, plant and equipment (net)	**0.12**	0.18
Net gain on foreign currency transactions and translations	**3.98**	0.22
Dividend income	**28.80**	33.00
Guarantee commission	**1.60**	-
Other non-operating income:		
- Service income (31 March 2017: net of expenses directly attributable to such income of ₹ 3.13 million)	**-**	5.65
- Miscellaneous income	**0.53**	4.28
	50.52	64.16

29 Cost of materials consumed

	31 March 2018	31 March 2017
Opening stock	**142.23**	135.82
Add: Purchases during the year	**891.58**	658.31
Less: Closing stock	**186.80**	142.23
	847.01	651.90

30 Changes in inventories of finished goods, work-in-progress and stock-in-trade

	Year ended 31 March 2018	Year ended 31 March 2017
Opening stock		
- Finished goods	**68.75**	46.82
- Work-in-progress	**258.93**	251.50
	327.68	298.32
Closing stock		
- Finished goods	**67.39**	68.75
- Work-in-progress	**256.32**	258.93
	323.71	327.68
Excise duty on stocks	**4.15**	(1.58)
	8.12	(30.94)

31 Employee benefits expense

	Year ended 31 March 2018	Year ended 31 March 2017
Salaries, wages and bonus	**268.99**	239.72
Contribution to gratuity, provident and other funds (refer note 36)	**11.64**	10.01
Retirement benefits expense	**8.44**	8.82
Staff welfare expenses	**13.67**	11.99
Employee stock compensation expense (refer note 43)	**22.07**	2.85
	324.81	273.39

Notes to the Standalone Financial Statements

for the year ended 31st March, 2018

(₹ in million)

32 Finance costs

	Year ended 31 March 2018	Year ended 31 March 2017
Interest expenses on financial liabilities - borrowings carried at amortised cost	**18.90**	14.22
Interest on term loan - carried at amortised cost	**9.60**	12.98
Net (gain)/loss on foreign currency transactions and translations	**2.10**	-
	30.60	27.20

33 Depreciation and amortisation expense

	Year ended 31 March 2018	Year ended 31 March 2017
Depreciation of property, plant and equipment	**77.42**	82.69
Amortisation of intangible assets	**0.72**	0.60
	78.14	83.29

34 Other expenses

	Year ended 31 March 2018	Year ended 31 March 2017
Consumption of stores and spare parts	**44.24**	41.42
Power and fuel	**102.91**	103.12
Water charges	**3.01**	3.26
Laboratory expenses	**7.60**	8.52
Repairs and maintenance		
- Buildings	**7.28**	6.19
- Plant and equipment	**14.40**	8.00
- Others	**5.58**	5.56
Travel, conveyance and car hire	**33.65**	24.52
Commission	**13.52**	11.64
Sales promotion and advertisement	**2.25**	2.34
Freight outward and forwarding	**21.30**	17.66
Selling and distribution expenses	**20.12**	14.01
Rent (refer note 37)	**8.55**	6.46
Rates and taxes	**30.68**	13.42
Insurance	**3.99**	3.45
Printing and stationery	**2.27**	1.55
Communication expenses	**5.72**	5.12
Directors' sitting fees	**1.70**	0.99
Legal and professional charges	**83.33**	39.93
Payment to Auditors (refer note 45)	**6.22**	5.27
Bad debts	**9.52**	3.79
Less: Provisions of doubtful debts written back	**(5.74)**	-
Net bad debts	**3.78**	3.79
Donation	**2.68**	2.15
Property, plant and equipment written off	**1.71**	5.02
Bank charges	**3.11**	2.16
Corporate Social Responsibility expenditure (refer note 49)	**5.63**	3.90
Miscellaneous expenses	**8.80**	9.75
	444.03	349.20

35 Income taxes

Tax expense

(a) Income tax recognised in Statement of Profit and Loss

	Year ended 31 March 2018	Year ended 31 March 2017
Current income tax	**93.78**	84.55
Changes in estimates related to prior period	**-**	6.61
	93.78	91.16
Deferred income tax liability / (asset), net		
Origination and reversal of temporary differences	**(14.27)**	0.56
Minimum Alternate Tax credit	**-**	(0.90)
Tax expense for the year	**79.51**	90.82

Notes to the Standalone Financial Statements

for the year ended 31st March, 2018

(₹ in million)

(b) Income tax recognised in Other Comprehensive Income

	Year ended 31 March 2018			Year ended 31 March 2017		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
Items that will not be reclassified to profit or loss						
Remeasurements of the defined benefit plans	**2.37**	**(0.82)**	**1.55**	(6.97)	2.41	(4.55)
	2.37	**(0.82)**	**1.55**	(6.97)	2.41	(4.55)

(c) Reconciliation of effective tax rate

	Year ended 31 March 2018	Year ended 31 March 2017
Profit before tax	**438.41**	436.52
Tax using the Company's domestic tax rate (31 March 2018: ₹ 34.608%; 31 March 2017: 34.608%)	**151.73**	151.07
Tax effect of:		
Incremental deduction allowed for research and development costs	**(13.42)**	(24.85)
Tax-exempt income	**(9.97)**	(11.42)
Permanent differences	**5.58**	1.72
Investment allowance deduction	**(29.37)**	(31.88)
Prior period tax	**-**	6.61
Change in Income tax rates	**(25.72)**	-
Recognition of Minimum Alternate Tax credit	**-**	(0.90)
Others	**0.68**	0.47
Tax expense as per profit or loss	**79.51**	90.82

36 Employee benefits

The Company contributes to the following post-employment plans in India.

(A) Defined Contribution Plans:

The Company makes contributions towards provident fund and superannuation fund which are in the nature of defined contribution post employment benefit plans . Under the plan, the Company is required to contribute a specified percentage of payroll cost to fund the benefits.

The Company recognised Rs 10.60 million for the year ended 31 March 2018 (31 March 2017: ₹ 9.43 million) towards provident fund contribution and Rs 3.48 million for the year ended 31 March 2018 (31 March 2017: ₹ 3.15 million) towards super-annuation fund contribution in the Statement of Profit and Loss.

The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

(B) Defined Benefit Plan:

The Company provides for gratuity benefit 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 most recent actuarial valuation of the defined benefit obligation along with the fair valuation of the plan assets in relation to the gratuity scheme was carried out as at 31 March 2018. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

Based on the actuarial valuation obtained in this respect, the following table sets out the details of the employee benefit obligation and the plan assets as at balance sheet date:

	31 March 2018	31 March 2017	1 April 2016
	Gratuity	Gratuity	Gratuity
Defined benefit obligation	**48.87**	44.23	30.16
Fair value of plan assets	**39.80**	33.42	25.71
Net defined benefit obligation/(assets)	**9.07**	10.81	4.45

Notes to the Standalone Financial Statements

for the year ended 31st March, 2018

(₹ in million)

i) Reconciliation in present value of obligations ('PVO') – defined benefit obligation:

	Defined benefit obligation	
	31 March 2018	31 March 2017
	Gratuity	Gratuity
Opening balance	**44.23**	30.16
Included in profit or loss		
Current service cost	**3.82**	2.70
Past service cost	**-**	2.45
Interest cost	**3.07**	2.27
	51.12	37.58
Included in OCI		
Remeasurement loss/(gain):		
Actuarial loss/(gain) arising from:		
Demographic assumptions	**-**	0.44
Financial assumptions	**(1.68)**	6.20
Experience adjustment	**0.18**	0.95
	49.62	45.17
Benefits paid	**(0.75)**	(0.94)
Closing balance	**48.87**	44.23

ii) Change in fair value of plan assets

	Fair value of plan assets	
	31 March 2018	31 March 2017
	Gratuity	Gratuity
Opening balance	**33.42**	25.71
Included in profit or loss		
Expenses deducted from the fund	**-**	(0.18)
Expected return on plan assets	**1.93**	1.93
	35.35	27.46
Included in OCI		
Remeasurement (loss)/gain:		
Actuarial (loss)/gain arising from:	**-**	-
Experience adjustment	**0.87**	0.63
	36.22	28.09
Other		
Contributions paid by the employer	**4.33**	6.27
Benefits paid	**(0.75)**	(0.94)
Closing balance	**39.80**	33.42

Impact on Statement of Profit and Loss for the current year

	31 March 2018	31 March 2017
	Gratuity	Gratuity
Service cost:		
Current service cost	3.82	2.70
Past service cost and loss/(gain) on curtailments and settlement	-	2.45
Net interest cost	1.15	0.34
Total included in Employee Benefit expenses	4.97	5.49
Expenses deducted from the fund	-	0.18
Total Charge to Statement of Profit and Loss	4.97	5.67

Impact on Other comprehensive income for the current year

	31 March 2018	31 March 2017
	Gratuity	Gratuity
Components of actuarial gain/ losses on obligations:		
Due to Change in financial assumptions	**(1.68)**	6.20
Due to change in demographic assumption	**-**	0.44
Due to experience adjustments	**0.18**	0.95
Return on plan assets excluding amounts included in interest income	**(0.87)**	(0.63)
Amounts recognized in Other Comprehensive Income	**(2.37)**	6.97

Plan assets

Plan assets comprise the following

Gratuity	31 March 2018	31 March 2017	1 April 2016
Policy of insurance	**100%**	100%	100%
	100%	100%	100%

Notes to the Standalone Financial Statements

for the year ended 31st March, 2018

(₹ in million)

iii. Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

	31 March 2018	31 March 2017	1 April 2016
	Gratuity	Gratuity	Gratuity
Policy of insurance	**100.00%**	100%	100%
Discount rate	**7.60%**	7.15%	7.70%
Rate of return on plan assets	**7.60%**	7.15%	7.70%
Salary Escalation	**8.50%**	8.50%	7.00%
Withdrawal rates	**12% at younger ages reducing to 2% at older ages**	12% at younger ages reducing to 2% at older ages	5% at younger ages reducing to 1% at older ages
Retirement age	**58 years**	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	As published under the Indian assured lives mortality (2006-08) table

Assumptions regarding future mortality have been based on published statistics and mortality tables.

iv. Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	31 March 2018	31 March 2017	1 April 2016
	Gratuity	Gratuity	Gratuity
	Increase	Increase	Increase
Discount rate (0.5% movement)	**47.11**	42.52	28.82
Future salary growth (0.5% movement)	**50.63**	45.93	31.59
Withdrawal rates (10% movement)	**48.79**	44.11	30.18

	31 March 2018	31 March 2017	1 April 2016
	Gratuity	Gratuity	Gratuity
	Decrease	Decrease	Decrease
Discount rate (0.5% movement)	**50.75**	46.06	31.59
Future salary growth (0.5% movement)	**47.20**	42.62	28.81
Withdrawal rates (10% movement)	**48.96**	44.35	30.13

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occuring at the end of the reporting period.

v. Expected future cash flows

The expected future cash flows in respect of gratuity as at 31 March 2018 were as follows

Expected contribution

The expected contributions for defined benefit plan for the next financial year will be in line with the contribution for the year ended 31 March 2018 ₹ 4.03 million

Expected future benefit payments	
31 March 2019	5.46
31 March 2020	2.76
31 March 2021	2.68
31 March 2022	5.23
31 March 2023	3.38
Therafter	26.63

The trustees of the plan have outsourced the investment management of the fund to an insurance company. The insurance company in turn manages these funds as per the mandate provided to them by the trustees and the asset allocation which is within the permissible limits prescribed in the insurance regulations. Due to the restrictions in the type of investments that can be held by the fund, it may not be possible to explicitly follow an asset-liability matching strategy to manage risk actively in a conventional fund.

Notes to the Standalone Financial Statements

for the year ended 31st March, 2018

(₹ in million)

37 Leases

Operating leases

A. Leases as lessee

The Company has taken certain facilities under operating lease arrangements. The lease can be terminated at the option of either parties by giving due notice. The rental expenses under operating leases "Other expenses" in the Statement of Profit and Loss. The Company has entered into non-cancellable leasing arrangements which are mentioned below:

Amounts recognised in the Statement of Profit and Loss	31 March 2018	31 March 2017
Lease expense	8.55	6.46
	8.55	6.46

The future minimum lease payments under non-cancellable leases payable as at the year ending are as follows:

Particulars	31 March 2018	31 March 2017	1 April 2016
Less than one year	0.51	0.51	0.51
Between one to five years	2.05	2.05	2.05
More than five years	9.93	10.44	10.95

38 Segment reporting

Basis of segmentation

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.

Geographic information

The geographic information analyses the Company's revenues and non-current assets by the Company's country of domicile and other countries. In presenting geographic information, segment revenue has been based on the selling location in relation to sales to customers and segment assets are based on geographical location of assets.

Segment revenue (based upon location of customers)

	Year ended 31 March 2018	Year ended 31 March 2017
India	1,587.20	1,209.83
Europe	95.01	108.47
USA	354.92	377.56
Asia	99.39	115.05
Others	16.53	26.86
	2,153.05	1,837.77

Segment assets (based upon location of assets)

	31 March 2018	31 March 2017	1 April 2016
India	1,084.94	1,062.28	1,063.82
Europe	57.41	57.41	50.67
USA	3.83	3.83	0.00
	1,146.18	1,123.52	1,114.49

Major customer

Revenue from one customer based in U.S.A is Rs 317.15 million (Previous year: ₹ 343.19 million) out of the total revenue of the Company.

39 Earnings per share (EPS)

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

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

i. Profit attributable to Equity holders

	31 March 2018	31 March 2017
Profit attributable to equity holders	358.90	345.70

ii. Weighted average number of equity shares

	31 March 2018	31 March 2017
Issued equity shares at 1 April	111,630,025	108,828,000
Effect of fresh issue of shares for cash	-	1,865,460
Weighted average number of shares at 31 March for basic EPS	111,630,025	110,693,460
Effect of exercise of share options	36,364	32,800
Weighted average number of shares at 31 March for diluted EPS	111,666,389	110,726,260
Basic and Diluted earnings per share		

	31 March 2018	31 March 2017
Basic earnings per share	3.22	3.12
Diluted earnings per share	3.21	3.12

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(₹ in million)

40 Financial instruments

1. Financial instruments – Fair values and risk management

A. Accounting classification and fair values

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

31 March 2018	Note No.	Carrying amount				Fair value			
		FVTPL	FVTOCI	Amortised Cost	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Financial assets									
Investments	7	0.62	-	-	0.62		0.62	-	0.62
Loans - Non-current	8	-	-	293.46	293.46	-	293.46		293.46
Others - Non-current	9	-	-	0.04	0.04	-	-	-	-
Trade receivables	12	-	-	385.78	385.78	-	-	-	-
Cash and cash equivalents	13	-	-	1.90	1.90	-	-	-	-
Bank balances	13A	-	-	2.91	2.91	-	-	-	-
Loans - Current	14	-	-	20.58	20.58	-	-	-	-
Others - Current	15	-	-	30.92	30.92	-	-	-	-
		0.62	**-**	**735.59**	**736.21**	**-**	**294.08**	**-**	**294.08**
Financial liabilities									
Borrowings - Non current	20	-	-	79.45	79.45	-	79.45	-	79.45
Borrowings - Current	23	-	-	323.27	323.27	-	-	-	
Trade payables	24	-	-	212.02	212.02	-	-	-	-
Other financial Liabilities	25	-	-	123.79	123.79	-	-	-	-
		-	**-**	**738.53**	**738.53**	**-**	**79.45**	**-**	**79.45**

Note: There have been no transfers among Level 1, Level 2 and Level 3 during the year

31 March 2017	Note No.	Carrying amount				Fair value			
		FVTPL	FVTOCI	Amortised Cost	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Financial assets									
Investments	7	0.62	-	-	0.62		0.62	-	0.62
Loans - Non-current	8	-	-	13.69	13.69	-	13.69	-	13.69
Others - Non-current	9	-	-	1.39	1.39	-	-	-	-
Trade receivables	12		-	309.69	309.69	-	-	-	-
Cash and cash equivalents	13	-	-	2.73	2.73	-	-	-	-

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(₹ in million)

31 March 2017	Note No.	Carrying amount				Fair value			
		FVTPL	FVTOCI	Amortised Cost	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Bank balances	13A	-	-	3.31	3.31	-	-	-	-
Loans - Current	14	-	-	20.65	20.65	-	-	-	-
Others - Current	15	-	-	2.33	2.33	-	-	-	-
		0.62	**-**	**353.79**	**354.41**	**-**	**14.31**	**-**	**14.31**
Financial liabilities									
Borrowings - Non current	20	-	-	121.34	121.34	-	121.34	-	121.34
Borrowings - Current	23	-	-	211.33	211.33	-	-	-	-
Trade payables	24	-	-	84.81	84.81	-	-	-	-
Other financial Liabilities	25	-	-	114.94	114.94	-	-	-	-
		-	**-**	**532.42**	**532.42**	**-**	**121.34**	**-**	**121.34**

Note: There have been no transfers among Level 1, Level 2 and Level 3 during the year

1 April 2016	Note No.	Carrying amount				Fair value			Total
		FVTPL	FVTOCI	Amortised Cost	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Financial assets									
Investments	7	0.62	-	-	0.62	-	0.62	-	0.62
Loans - Non-current	8	-	-	12.80	12.80	-	12.80	-	12.80
Others - Non-current	9	-	-	1.27	1.27	-	-	-	-
Trade receivables	12	-	-	217.59	217.59	-	-	-	-
Cash and cash equivalents	13	-	-	5.18	5.18	-	-	-	-
Bank balances	13A	-	-	10.18	10.18	-	-	-	-
Loans - Current	14	-	-	0.10	0.10	-	-	-	-
Others - Current	15	-	-	7.23	7.23	-	-	-	-
		0.62	**-**	**254.35**	**254.97**	**-**	**13.42**	**-**	**13.42**
Financial liabilities									
Borrowings - Non current	20	-	-	156.01	156.01	-	156.01	-	156.01
Borrowings - Current	23			294.52	294.52	-	-	-	-
Trade payables	24	-	-	89.89	89.89	-	-	-	-
Other financial Liabilities	25	-	-	100.27	100.27	-	-	-	-
		-	**-**	**640.69**	**640.69**	**-**	**156.01**	**-**	**156.01**

Note: There have been no transfers among Level 1, Level 2 and Level 3 during the year

Notes to the Standalone Financial Statements

for the year ended 31st March, 2018

(₹ in million)

B. Measurement of fair values

Valuation techniques and significant unobservable inputs

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

Financial instruments measured at fair value

Type	Valuation technique
Forward contracts for foreign exchange contracts	Forward pricing : The fair value is determined using quoted forward exchange rates at the reporting date and present value calculations based on high credit quality yield curves in the respective currencies
Non-current financial assets / liabilities measured at amortised cost	Discounted cash flow technique: The valuation model considers present value of expected payments discounted using an appropriate discounting rate.

C. Financial risk management

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

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

i. Risk management framework

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

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

The audit committee oversees how management monitors compliance with the company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

ii. Credit risk

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

Trade and other receivables

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

At 31 March 2018, the carrying amount of the Company's most significant customer accounted for Rs 63.30 million (31 March 2017 - Rs 21.98 million; 1 April 2016 - Rs 18.18 million)

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

	31 March 2018		
	Carrying Amount	Weighted Average Loss Rate	Loss Allowance
Not due	265.27	0.01%	0.02
0-90 days	113.89	0.02%	0.02
91-180 days	4.80	0.37%	0.02
181-270 days	1.40	1.20%	0.02
271-360 days	0.42	3.03%	0.01
More than 360 days	0.38	76.51%	0.29
31 March 2018			
	386.16		0.38

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(₹ in million)

	31 March 2017		
	Carrying Amount	Weighted Average Loss Rate	Loss Allowance
Not due	240.20	0.19%	0.45
0-90 days	60.44	0.35%	0.21
90-180 days	5.05	3.25%	0.16
180-270 days	1.33	9.10%	0.12
270-360 days	1.59	18.32%	0.29
More than 360 days	7.20	67.95%	4.89
	315.81		6.12

	1 April 2016		
	Carrying Amount	Weighted Average Loss Rate	Loss Allowance
Not due	125.20	1.40%	1.75
0-90 days	85.51	1.81%	1.55
90-180 days	6.10	21.49%	1.31
180-270 days	7.29	45.53%	3.32
270-360 days	1.71	76.97%	1.31
More than 360 days	4.90	79.17%	3.88
	230.71		13.12

Expected credit loss assessment for customers as at 1 April 2016, 31 March 2017 and 31 March 2018

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

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

The movement in the allowance for impairment in respect of trade and other receivables during the year was as follows:

Particulars	Amount
Balance as at 1 April 2016	13.12
Impairment loss recognised	-
Less: Amounts written back	7.00
Balance as at 31 March 2017	**6.12**
Impairment loss recognised	3.78
Less: Amounts written back	9.52
Balance as at 31 March 2018	**0.38**

The impairment loss at 31 March 2018 and 31 March 2017 related to certain customers that have defaulted on their payments to the Company and are not expected to be able to pay their outstanding balances, mainly due to economic circumstances.

Cash and cash equivalents

The Company held cash and cash equivalents of Rs 1.90 million at 31 March 2018 (31 March 2017: Rs 2.73 million, 1 April 2016 : Rs 5.18 million). The cash and cash equivalents are held with bank and financial institution counterparties with good credit ratings.

Derivatives

The derivatives are entered into with bank and financial institution counterparties with good credit ratings.

Investments

The Company limits its exposure to credit risk by generally investing in liquid securities and only with counterparties that have a good credit rating. The Company does not expect any losses from non-performance by these counter-parties, and does not have any significant concentration of exposures to specific industry sectors or specific country risks.

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

iii. Liquidity risk

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

The Company has obtained fund and non-fund based working capital lines from various banks. The Company invests its surplus funds in bank fixed deposit which carry no/low mark-to-market risks. The Company monitors funding options available in the debt and capital markets with a view to maintaining financial flexibility

(₹ in million)

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

31 March 2018	Contractual cash flows					
	Carrying amount	Total	Upto 1 year	1-3 years	3-5 years	More than 5 years
Long-term borrowings	79.45	79.45	-	71.70	7.75	-
Interest payable on borrowings	1.26	12.33	7.35	4.96	0.02	
Short-term borrowings	323.27	323.27	323.27	-	-	-
Trade payables	212.02	212.02	212.02	-	-	-
Other financial liabilities	122.52	122.52	122.52	-	-	-
Issued financial guarantee contracts on behalf of subsidiaries*	-	-	-	-	-	-

31 March 2017	Contractual cash flows					
	Carrying amount	Total	Upto 1 year	1-3 years	3-5 years	More than 5 years
Long-term borrowings	121.34	121.34	-	84.56	35.02	1.76
Interest payable on borrowings	1.32	22.97	10.64	11.41	0.92	-
Short-term borrowings	211.33	211.33	211.33	-	-	-
Trade payables	84.81	84.81	84.81	-	-	-
Other financial liabilities	113.62	113.62	113.62	-	-	-

Issued financial guarantee contracts on behalf of subsidiaries*

1 April 2016	Contractual cash flows					
	Carrying amount	Total	Upto 1 year	1-3 years	3-5 years	More than 5 years
Long-term borrowings	156.01	156.01	-	82.36	66.89	6.76
Interest payable on borrowings	1.25	34.67	13.22	16.97	4.48	-
Short-term borrowings	294.52	294.52	294.52	-	-	-
Trade payables	89.89	89.89	89.89	-	-	-
Other financial liabilities	99.02	99.02	99.02	-	-	-

* Guarantees issued by the Company on behalf of subsidiary are with respect to borrowings raised by the subsidiary. These amount will be payable on default by the subsidiary. As of the reporting date, the subsidairy has not defaulted and hence, the Company does not have any present obligation to third parties in relation to such guarantee (Refer note: 54)

iv. Market risk

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

Currency risk

The Company is exposed to currency risk on account of its operations in other countries. The functional currency of the Company is Indian Rupee. The exchange rate between the Indian rupee and foreign currencies has changed substantially in recent periods and may continue to fluctuate substantially in the future. Consequently, the Company uses derivative instruments, i.e, foreign exchange forward contracts to mitigate the risk of changes in foreign currency exchange rates in respect of its highly probable forecasted transactions and recognized assets and liabilities.

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(₹ in million)

Exposure to currency risk

The currency profile of financial assets and financial liabilities as at 31 March 2018, 31 March 2017 and 1 April 2016 are as below:

	31 March 2018	31 March 2018	31 March 2018
	USD	EURO	Others
Financial assets			
Cash and cash equivalents	**0.08**	0.09	0.21
Trade and other receivables	**73.84**	0.15	-
	73.92	0.24	0.21
Financial liabilities			
Trade and other payables	**46.66**	0.96	-
Loans	**58.34**	-	-
	105.00	0.96	-
Net exposure	**(31.07)**	(0.72)	0.21

	31 March 2017	31 March 2017	31 March 2017
	USD	EURO	Others
Financial assets			
Cash and cash equivalents	0.05	0.03	0.12
Loans	0.05	1.20	-
Trade and other receivables	33.15	9.69	-
	33.25	**10.92**	**0.12**
Financial liabilities			
Loans	65.96	-	-
Trade payables	15.93	2.02	-
	81.89	2.02	-
Net exposure	**(48.64)**	8.90	0.12

	1 April 2016	1 April 2016	April 1, 2016
	USD	EURO	Others
Financial assets			
Cash and cash equivalents	0.04	0.01	0.14
Loans	0.05	-	-
Trade and other receivables	22.16	0.03	-
	22.25	0.04	0.14
Financial liabilities			
Loans	53.61	-	-
Trade payables	23.52	3.23	-
	77.13	3.23	-
Net exposure	**(54.88)**	**(3.19)**	**0.14**

Sensitivity analysis

A reasonably possible strengthening (weakening) of the Indian Rupee against US dollars and Euros at March 31 would have affected the measurement of financial instruments denominated in US dollars and Euros and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

Effect in ₹	Profit or loss	
	Strengthening	Weakening
31 March 2018		
1% movement		
USD	**(0.31)**	**0.31**
EUR	**(0.01)**	**0.01**
Others	**0.00**	**(0.00)**
	(0.32)	**0.32**

Effect in ₹	Profit or loss	
	Strengthening	Weakening
31 March 2017		
1% movement		
USD	(0.49)	0.49
EUR	0.09	(0.09)
Others	0.00	(0.00)
	(0.40)	0.40

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(₹ in million)

Derivative instruments

The Company uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to trade receivable. The use of foreign currency forward contracts is governed by the Company's strategy approved by the Board of Directors, which provide principles on the use of such forward contracts consistent with the Company's Risk Management Policy. The Company does not use forward contracts for speculative purposes.

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
	USD in million	USD in million	USD in million
Forward contracts used for hedging trade receivables	0.57	-	-
	0.57	-	-

Interest rate risk

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

Exposure to interest rate risk

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

	31 March 2018	31 March 2017	31 March 2016
Fixed-rate instruments			
Financial liabilities - measured at amortised cost			
Vehicle Loan	8.14	10.88	5.03
Working capital demand loan	115.00	50.00	75.00
Floating-rate instruments			
Financial liabilities - measured at amortised cost			
Term loan from banks	81.26	111.32	141.25
From banks in foreign currency	58.34	65.96	53.61
From banks in rupees	149.93	95.37	165.91
Total	412.67	333.53	440.81

* Deferred Sales Tax scheme is not included in the above since it does not bear any interest rate

Fair value sensitivity analysis for fixed-rate instruments

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

Cash flow sensitivity analysis for variable-rate instruments

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

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(₹ in million)

Cash flow sensitivity (net)	Profit or loss	
	25 bp increase	25 bp decrease
31 March 2018		
Variable-rate loan instruments	(0.72)	0.72
Cash flow sensitivity (net)	**(0.72)**	**0.72**
31 March 2017		
Variable-rate loan instruments	(0.68)	0.68
Cash flow sensitivity (net)	**(0.68)**	**0.68**

41 Non-current assets classified as held for sale

Description	31 March 2018	31 March 2017	1 April 2016
Land	**12.57**	12.57	12.57
Development costs	**35.60**	35.60	35.60
	48.17	48.17	48.17

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 non-current assets held for sale. The Company is in the process of executing a formal lease deed for the above said land with Maharashtra Industrial Development Corporation (MIDC).

42 Related party relationships, transactions and balances

The table provides the information about the Group's structure including the details of the subsidiaries and the holding company. The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

a Name of Related Parties

I Subsidiaries including step-down subsidiaries

Advanced Bio-Agro Tech Limited
Advanced Enzytech Solutions Limited
Advanced Enzymes Europe B.V. (w.e.f. 11 July 2017)
JC Biotech Private Limited (w.e.f. 1 December 2016)
Advanced Enzymes USA, Inc.
Evoxx Technologies GmbH (Wholly owned subsidiary of Advanced Enzymes Europe B. V.) (w.e.f. 15 August 2017)
Advanced Enzymes (Malaysia) Sdn. Bhd. (Subsidairy w.e.f. 3 July 2017 up to 11 March 2018) (Wholly owned subsidiary w.e.f. 12 March 2018)
Cal India Foods International (Wholly owned subsidiary of Advanced Enzymes USA, Inc.)
Advanced Supplementary Technologies Corporation (Wholly owned subsidiary of Advanced Enzymes USA, Inc.)
Enzyme Innovation, Inc. (Wholly owned subsidiary of Cal India Foods International)
Dynamic Enzymes, Inc. (Wholly owned subsidiary of Advanced Enzymes USA, Inc.)
Enzyfuel Innovation, Inc. (Wholly owned subsidiary of Advanced Enzymes USA, Inc. dissolved voluntarily w.e.f. 19 September 2017)

II Key Management Personnel (KMP)

Mr. Vasant L Rathi	Chariman and Non-executive director
Mr. Chandrakumar L. Rathi	Managing director
Mrs. Savita C. Rathi	Whole-time director
Mr. Mukund M. Kabra	Whole-time director
Mr. Piyush C. Rathi	Chief Business Officer
Mr. Beni P. Rauka	Chief Financial Officer
Mr. Prabal Bordiya (up to 13 February 2017)	Company secretary
Mr. Sanjay Basantani (w.e.f. 14 February 2017)	Company secretary
Mrs. Rupa Vora (w.e.f. 15 September 2016)	Independent Director
Mr. Kedar Desai	Independent Director
Mr. Ramesh Mehta	Independent Director
Mr. Pramod Kasat	Independent Director
Mr. K V Ramakrishna (up to 15 September 2016)	Independent Director

Relatives of KMP :

Mrs. Prabha V. Rathi	Wife of chairman
Mr. Kishore L. Rathi	Brother of Managing director
Mrs. Mangala M. Kabra	Mother of Managing director

Notes to the Standalone Financial Statements

for the year ended 31st March, 2018

(₹ in million)

III Other related parties (entities in which either of the KMP's have significant influence) and with whom transactions have taken place during the year

Advanced Vital Enzymes Private Limited
Om Manufacturing Jalna Private Limited
Silvertech Trading Company Private Limited
Advanced Biodiesel Limited

b) Transactions with related parties

	Transactions during the year	Subsidiaries		KMP and relatives		Other related parties	
		Year ended 31 March 2018	Year ended 31 March 2017	Year ended 31 March 2018	Year ended 31 March 2017	Year ended 31 March 2018	Year ended 31 March 2017
1	**Purchases of goods**						
	Om Manufacturing Jalna Private Limited	-	-	-	-	23.12	8.49
	Advanced Vital Enzymes Private Limited	-	-	-	-	1.35	0.47
	Silvertech Trading Company Private Limited	-	-	-	-	13.24	6.21
	JC Biotech Private Limited	392.64	138.46	-	-	-	-
	Cal India Foods International	5.27	6.89	-	-	-	-
		397.91	145.35	-	-	37.71	15.17
2	**Sale of goods**						
	Advanced EnzyTech Solutions Limited	74.06	77.19	-	-	-	-
	Advanced Bio-Agro Tech Limited	239.43	233.28	-	-	-	-
	Advanced Vital Enzymes Private Limited	-	-	-	-	17.28	15.67
	Cal India Foods International	317.15	343.19	-	-	-	-
	JC Biotech Private Limited	0.13	-	-	-	-	-
	Om Manufacturing Jalna Private Limited	-	-	-	-	2.26	0.84
		630.77	653.66	-	-	19.54	16.51
3	**Remuneration * ^**						
	Mr. Chandrakumar L. Rathi	-	-	15.95	14.73	-	-
	Mrs. Savita. C. Rathi	-	-	6.34	5.44	-	-
	Mr. Mukund Kabra	-	-	13.59	12.37	-	-
	Mr. Kishore.L. Rathi	-	-	2.49	2.19	-	-
	Mrs. Mangala M. Kabra	-	-	2.88	2.51	-	-
	Mr. Piyush Rathi	-	-	7.31	6.72	-	-
	Mr. Beni P. Rauka	-	-	7.31	6.72	-	-
	Mr. Sanjay Basantani	-	-	2.11	0.28	-	-
	Mr. Prabal Bordiya	-	-	-	0.57	-	-
		-	-	57.98	51.53	-	-
4	**Commission to directors ***						
	Mr. Vasant L. Rathi	-	-	0.71	3.33	-	-
	Mr. Chandrakumar L. Rathi	-	-	2.69	2.50	-	-
	Mr. Mukund Kabra	-	-	1.79	1.66	-	-

Notes to the Standalone Financial Statements

for the year ended 31st March, 2018

(₹ in million)

	Transactions during the year	Subsidiaries		KMP and relatives		Other related parties	
		Year ended 31 March 2018	Year ended 31 March 2017	Year ended 31 March 2018	Year ended 31 March 2017	Year ended 31 March 2018	Year ended 31 March 2017
	Mrs. Rupa Vora	-	-	**0.71**	-	-	-
	Mr. Kedar Desai	-	-	**0.71**	-	-	-
	Mr. Ramesh Mehta	-	-	**0.71**	-	-	-
	Mr. Pramod Kasat	-	-	**0.71**	-	-	-
		-	-	**8.03**	7.49	-	-
5	**Sitting fees to Independent directors**						
	Mrs. Rupa Vora	-	-	**0.48**	0.29	-	-
	Mr. Kedar Desai	-	-	**0.54**	0.30	-	-
	Mr. Ramesh Mehta	-	-	**0.47**	0.27	-	-
	Mr. Pramod Kasat	-	-	**0.21**	0.08	-	-
	Mr. K V Ramakrishna	-	-	-	0.05	-	-
		-	-	**1.70**	0.99	-	-
6	**Interest income**						
	Advanced Enzymes USA, Inc.	-	11.49	-	-	-	-
	Advanced Enzymes Europe B.V.	**14.49**	-	-	-	-	-
		14.49	11.49	-	-	-	-
7	**Advances / Loan given**						
	Advanced Enzymes USA, Inc.	**0.06**	400.00	-	-	-	-
	Advanced Enzymes Europe B.V.	**310.72**	-	-	-	-	-
		310.78	400.00	-	-	-	-
8	**Advances / Loan repaid**						
	Advanced Enzymes USA, Inc.	-	400.00	-	-	-	-
	Advanced Enzymes Europe B.V.	**44.95**	-	-	-	-	-
		44.95	400.00	-	-	-	-
9	**Investment in subsidiaries**						
	JC Biotech Private Limited	**7.00**	503.10	-	-	-	-
	Advanced Enzymes Europe B.V.	**149.85**	-	-	-	-	-
	Advanced Enzymes (Malaysia) Sdn. Bhd.	**6.60**	-	-	-	-	-
		163.45	503.10	-	-	-	-
10	**Dividend income**						
	Advanced Bio-Agro Tech Limited	**28.80**	33.00	-	-	-	-
		28.80	33.00	-	-	-	-
11	**Reimbursement of expenses**						
	Advanced Enzymes USA, Inc.	**1.22**	0.20				
		1.22	0.20	-	-	-	-
12	**Share application money given**						
	Advanced Biodiesel Limited					**1.50**	
		-	-	-	-	**1.50**	-

Notes to the Standalone Financial Statements

for the year ended 31st March, 2018

(₹ in million)

	Transactions during the year	Subsidiaries		KMP and relatives		Other related parties	
		Year ended 31 March 2018	Year ended 31 March 2017	Year ended 31 March 2018	Year ended 31 March 2017	Year ended 31 March 2018	Year ended 31 March 2017
13	**Share application refunded**						
	Advanced Biodiesel Limited					**1.50**	
		-	-	**-**	-	**1.50**	-
14	**Commission income**						
	JC Biotech Private Limited	**1.60**	-	**-**	-	**-**	-
		1.60	-	**-**	-	**-**	-
15	**Legal and professional charges**						
	Evoxx Technologies GmbH	**19.26**	-	**-**	-	**-**	-
		19.26	-	**-**	-	**-**	-

* included in Employee benefit expense

^ The amount does not include gratuity and compensated absences which are actuarially determined on an overall basis for the Company and individual information in respect of the Key Management Personnel is not available.

c) Balances at the year end

		Subsidiaries			KMP and relatives			Other related parties		
		As on 31 March 2018	As on 31 March 2017	As on 1 April 2016	As on 31 March 2018	As on 31 March 2017	As on 1 April 2016	As on 31 March 2018	As on 31 March 2017	As on 1 April 2016
	Outstanding balances									
1	**Investments**									
	Advanced Bio-Agro Tech Limited	**0.60**	0.60	0.60	**-**	-	-	**-**	-	-
	Advanced EnzyTech Solutions Limited	**1.57**	1.57	1.57	**-**	-	-	**-**	-	-
	Advanced Enzymes USA, Inc.	**529.41**	528.20	528.00	**-**	-	-	**-**	-	-
	JC Biotech Private Limited	**511.70**	503.10	-	**-**	-	-	**-**	-	-
	Advanced Enzymes (Malaysia) Sdn. Bhd.	**6.60**	-	-	**-**	-	-	**-**	-	-
	Advanced Enzymes Europe B.V.	**149.85**	-	-	**-**	-	-	**-**	-	-
	Advanced Vital Enzymes Private Limited	**-**	-	-	**-**	-	-	**0.57**	0.57	0.57
		1,199.73	1,033.47	530.17	**-**	-	-	**0.57**	0.57	0.57
2	**Trade receivables**									
	Advanced EnzyTech Solutions Limited	**5.23**	13.83	22.26	**-**	-	-	**-**	-	-
	Advanced Bio-Agro Tech Limited	**9.68**	4.32	14.57	**-**	-	-	**-**	-	-
	Advanced Vital Enzymes Private Limited	**-**	-	-	**-**	-	-	**9.15**	7.50	3.08
	Cal India Foods International	**63.30**	21.98	18.18	**-**	-	-	**-**	-	-
	Om Manufacturing Jalna Private Limited	**-**	-	-	**-**	-	-	**0.67**	0.33	3.67
		78.21	40.13	55.01	**-**	-	-	**9.82**	7.83	6.75
3	**Trade payables**									
	Cal India Foods International	**1.57**	-	5.48	**-**	-	-	**-**	-	
	Advanced Vital Enzymes Private Limited	**-**	-	-	**-**	-	-	**-**	-	0.75

Notes to the Standalone Financial Statements

for the year ended 31st March, 2018

(₹ in million)

		Subsidiaries			KMP and relatives			Other related parties		
		As on 31 March 2018	As on 31 March 2017	As on 1 April 2016	As on 31 March 2018	As on 31 March 2017	As on 1 April 2016	As on 31 March 2018	As on 31 March 2017	As on 1 April 2016
	Om Manufacturing Jalna Private Limited	**-**	-	-	**-**	-	-	**-**	0.32	5.33
	Silvertech Trading Company Private Limited	**-**	-	-	**-**	-	-	**3.14**	0.26	2.27
	Evoxx Technologies GmbH	**17.69**	-	-	**-**	-	-	**-**	-	-
	JC Biotech Private Limited	**57.96**	-	-	**-**	-	-	**-**	-	-
		77.22	-	5.48	**-**	-	-	**3.14**	0.58	8.35
4	**Loans and advances (including current maturities)**									
	JC Biotech Private Limited	**-**	47.92	-	**-**	-	-	**-**	-	-
	Advanced Enzymes Europe B.V.	**280.27**	-	-	**-**	-	-	**-**	-	-
	Cal India Foods International	**0.06**	-	-	**-**	-	-	**-**	-	-
		280.33	47.92	-	**-**	-	-	**-**	-	-
5	**Remuneration payable**									
	Mr. Chandrakumar L. Rathi	**-**	-	-	**0.74**	0.57	0.39	**-**	-	
	Mrs. Savita C. Rathi	**-**	-	-	**0.35**	0.27	0.26	**-**	-	
	Mr. Mukund M. Kabra	**-**	-	-	**0.54**	0.66	0.42	**-**	-	
	Mr. Kishore L. Rathi	**-**	-	-	**0.16**	0.15	0.08	**-**	-	
	Mrs. Mangala M. Kabra	**-**	-	-	**0.14**	0.16	0.13	**-**	-	
	Mr. Piyush C. Rathi	**-**	-	-	**0.36**	0.32	0.29	**-**	-	
	Mr. Beni P. Rauka	**-**	-	-	**0.14**	0.28	0.48	**-**	-	
	Mr. Prabal Bordiya	**-**	-	-	**-**	-	0.03	**-**	-	
	Mr. Sanjay Basantani	**-**	-	-	**0.12**	0.15	-	**-**	-	
		-	-	-	**2.55**	2.56	2.08	**-**	-	-
6	**Commission payable**									
	Mr. Vasant L. Rathi	**-**	-	-	**0.61**	2.83	1.76	**-**	-	-
	Mr. Chandrakumar L. Rathi	**-**	-	-	**2.41**	2.25	0.94	**-**	-	-
	Mr. Mukund Kabra	**-**	-	-	**1.61**	1.50	0.48	**-**	-	-
	Mrs. Rupa Vora	**-**	-	-	**0.64**	-	-	**-**	-	-
	Mr. Kedar Desai	**-**	-	-	**0.64**	-	-	**-**	-	-
	Mr. Ramesh Mehta	**-**	-	-	**0.64**	-	-	**-**	-	-
	Mr. Pramod Kasat	**-**	-	-	**0.64**	-	-	**-**	-	-
		-	-	-	**7.19**	6.58	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 2017. Management believes that the Company's international transactions and domestic transactions with related parties post 31 March 2017 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 31st March, 2018

(₹ in million)

In compliance with Ind AS – 27 'Separate Financial Statements', the required information is as under:

Subsidiaries	Ownership interest			
	Country of incorporation	31 March 2018	31 March 2017	1 April 2016
i. Advanced Bio-Agro Tech Limited	India	**60%**	60%	60%
ii. JC Biotech Private Limited (Acquired on 1 December 2016)	India	**70%**	70%	-
iii. Advanced Enzytech Solutions Limited	India	**100%**	100%	100%
iv. Advanced Enzymes USA, Inc.	USA	**100%**	100%	100%
v. Advanced Enzymes Europe B.V. (Wholly owned subsidiary 11 July 2017)	Netherlands	**100%**	-	-
vi. Evoxx Technologies GmbH (Wholly owned subsidiary of Advanced Enzymes Europe B. V.) (w.e.f. 15 August 2017)	Germany	**100%**	-	-
vii. Cal India Foods International (Wholly owned subsidiary of Advanced Enzymes USA, Inc.)	USA	**100%**	100%	100%
vii. Advanced Supplementary Technologies Corporation (Wholly owned subsidiary of Advanced Enzymes USA, Inc.)	USA	**100%**	100%	100%
ix. Enzyme Innovation, Inc. (Wholly owned subsidiary of Cal India Foods International)	USA	**100%**	100%	100%
x. Dynamic Enzymes, Inc. (Wholly owned subsidiary of Advanced Enzymes USA, Inc.)	USA	**100%**	100%	100%
xi. Enzyfuel Innovation, Inc. (Wholly owned subsidiary of Advanced Enzymes USA, Inc. dissolved voluntarily w.e.f. 19 September 2017)	USA	**-**	100%	100%
xii. Advanced Enzymes (Malaysia) Sdn. Bhd. (Subsidairy w.e.f. 3 July 2017 up to 11 March 2018) (Wholly owned subsidiary w.e.f. 12 March 2018)	Malaysia	**100%**	-	-

43 Employee share-based payment plans

a) Description of share-based payment arrangements:

As at 31 March 2018, 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.

220,000 Equity Shares of Face Value of ₹ 2 each (31 March 2017: 44,000 shares of ₹ 10 each; 1 April 2016: Nil) are reserved for issue under AETL Employee Stock Option Scheme 2015 (AETL ESOS-2015)

The terms and conditions related to the grant of the share options are as follows:

Notes to the Standalone Financial Statements

for the year ended 31st March, 2018

(₹ in million)

Employees entitled	Number of options	Vesting conditions	Contractual life of options
Specified employees	2,20,000	- Continued employment with the Company:	Graded vesting over 4 years
		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	

b) Measurement of fair value :

The fair values are measured based on the Black-Scholes-option valuation model. Service and non-market performance conditions attached to the arrangements were not taken into account in measuring fair value. The inputs used in the measurement of the fair values at grant date and measurement date of the stock options were as follows.

Particulars	1 Year	2 Years	3 Years	4 Years
Vesting				
Share price at grant date (Face value - Rs 10 per share)	₹ 1,598	₹ 1,598	₹ 1,598	₹ 1,598
Exercise price (Face value - Rs 2 per share)	60	₹ 60	₹ 60	₹ 60
Expected volatility (weighted average)	0.49	0.49	0.49	0.49
Expected life (weighted average)	3 years	3.5 years	4 years	4.5 years
Expected dividend	0.06%	0.06%	0.06%	0.06%
Risk-free interest rate (based on government bond)	6.60% p.a.	6.66% p.a.	6.72% p.a.	6.84% p.a.

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

Date of Vesting	1 Year	2 Years	3 Years	4 Years
Weighted-average exercise prices	₹ 60	₹ 60	₹ 60	₹ 60
Weighted-average fair value of options	270	272	274	276

c) Reconciliation of outstanding stock options :

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

Particular	31 March 2018		31 March 2017	
	No. of options	Weighted average exercise price (in rupees)	No. of options	Weighted average exercise price (in rupees)
Outstanding at 1 April	**44,000**	**300**	-	-
Granted	**-**	**-**	44,000	300
Adjustment for sub-division of Equity shares	**1,76,000**	**-**	-	-
Forfeited	**-**	**-**	-	-
Expired	**-**	**-**	-	-
Exercised	**-**	**-**	-	-
Outstanding at 31 March	**2,20,000**	**300**	44,000	300
Exercisable at 31 March	**22,000**	**60**	-	-

Notes to the Standalone Financial Statements

for the year ended 31st March, 2018

(₹ in million)

The options outstanding at 31 March have an exercise price as given below:

	31 March 2018		31 March 2017	
	No. of options	Exercise price	No. of options	Exercise price
AETL ESOS 2015	**2,20,000**	**60**	44,000	300

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

	31 March 2018	31 March 2017
AETL ESOS 2015	**22.07**	2.85
Total expense recognized in 'employee benefits'	**22.07**	2.85

44 Capital Management

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

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

	31 March 2018	31 March 2017	1 April 2016
Non-current borrowings	**79.45**	121.34	156.01
Current borrowings	**323.27**	211.33	294.52
Current maturity of long term debt	**41.84**	41.40	38.83
Gross debt	**444.56**	374.06	489.35
Less - Cash and cash equivalents	**1.90**	2.73	5.18
Less - Other bank deposits	**2.91**	3.31	10.18
Adjusted net debt	**439.75**	368.02	474.00
Total equity	**2,888.98**	2,552.27	1,737.40
Adjusted net debt to equity ratio	**15.22%**	14.42%	27.28%

45 Payments to auditors (excluding Service Tax & GST)

	Year ended 31 March 2018	Year ended 31 March 2017
As auditor		
Statutory audit	**2.75**	2.50
Limited review	**2.85**	2.40
Certification work	**0.26**	0.15
Transfer pricing	**0.10**	-
Reimbursement of expenses	**0.26**	0.22
	6.22	5.27

* The amount has been included under share issue expenses under note 20

46 Capitalization of expenditure

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

	Year ended 31 March 2018	Year ended 31 March 2017
Legal and professional charges	**-**	10.61
	-	10.61

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 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) for acceptability of food enzymes in the USA. The Company is yet in the process of filing the product dossier which US FDA, such expenditure has been capitalized as "Intangible assets under development" in the standalone financial statements.

Notes to the Standalone Financial Statements

for the year ended 31st March, 2018

(₹ in million)

47 Research and development

The Company has incurred the following expenditure on research and development activities:

	Year ended 31 March 2018	Year ended 31 March 2017
Revenue expenditure		
Laboratory expenses and consumables	**8.24**	8.60
Employee benefit expenses	**45.69**	40.48
Legal and professional charges	**36.27**	23.77
Electricity	**9.15**	8.69
Rent, rates and taxes	**4.50**	5.35
Repairs and maintenance	**3.86**	3.60
Travelling and conveyance expenses	**2.11**	1.57
Other expenses	**2.55**	3.49
	112.37	95.55
Less: Other non-operating income	**-**	8.78
	112.37	86.77
Capital expenditure		
Plant and equipment	**5.19**	11.23
Furniture and fixtures	**0.01**	1.47
Office equipment	**0.15**	0.43
Computer and data processing equipment	**0.44**	0.34
Vehicles	**2.47**	-
	8.26	13.47

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.

48 Specified Bank Notes Disclosure

The disclosure regarding details of specified bank notes held and transacted during 8 Novemeber 2016 to 30 December 2016 has not been made since the requirement does not pertain to financial year ended 31 March 2018. Corresponding amounts as appearing in the audited standalone financial statements for the year ended 31 March 2017 has been disclosed as under:

Particulars	SBNs	Other Denomination Notes	Total
Closing cash in hand as on 08 November 2016	89,000	303,764	392,764
(+) Permitted Receipts	-	1,323,981	1,323,981
(+) Bank Withdrawals	-	-	-
(-) Permitted Payments	-	1,281,255	1,281,255
(-) Amount deposited in Banks	89,000	-	89,000
Closing cash in hand as on 30 December 2016	-	346,490	346,490

49 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.

(a) Gross amount required to be spent by the Company during the year Rs 5.86 million (Year 2016-17 ₹ 3.78 million).

(b) Amount spent by the Company during the year on purpose other than construction/ acquisition of assets is ₹ 5.62 million (previous year ₹ 3.9 million)

50 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.

51 Acquisition of Advanced Enzymes (Malaysia) Sdn. Bhd. ("AEM")

On 3 July 2017, the Company completed its acquisition of Advanced Enzymes (Malaysia) Sdn. Bhd. ("AEM") formerly known as Palm Techno Ventures Enzyme Sdn Bhd ("PTVE"), Malaysia by way of an investment of 200,000 Malaysian Ringitt (RM), equivalent to ₹ 3.14 Million, in 200,000 ordinary shares of RM 1.00 each of PTVE i.e. 80%

Notes to the Standalone Financial Statements

for the year ended 31st March, 2018

(₹ in million)

of the paid-up share capital of PTVE. On 13 March 2018, the Company purchased 150,000 ordinary shares of RM 1.00 each of AEM by way of rights issue, equivalent to ₹ 2.60 Million, i.e. 87.50% of the paid-up share capital of AEM. On 30 March 2018, the Company acquired balance 12.50% of the share capital of AEM by way of an investment of 50,000 Malaysian Ringitt (RM), equivalent to ₹ 0.87 Million, in 50,000 ordinary shares of RM 1.00 each, thereby making it a wholly owned subsidiary.

52 Formation of new subsidiary Advanced Enzymes Europe B. V.

On 11 July 2017, the Company has incorporated a wholly owned subsidiary; Advanced Enzymes Europe B.V. in Amsterdam, Netherlands registered with Chamber of Commerce having a paid up share capital of Euro 2 million, equivalent to ₹ 149.85 Million.

53 Proposed Dividend

The Board of Directors recommended a final dividend for the financial year 2017-18 of ₹ 0.50 (31 March 2017: ₹ 0.40) per equity share of the face value of ₹ 2/- each, and the same will be paid after approval of shareholders in the Annual General Meeting of the Company.

54 Contingent liabilities and commitments (to the extent not provided for)

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Contingent liabilities			
Pertains to income tax demand/ matters on account of deductions/ disallowances for earlier years, pending for appeals consequent to order passed against the Company/ demands raised by the Department under Income Tax Act, 1961. Amount paid and adjusted there against and included under Income tax asset Rs 58.75 million (31 March 2017: ₹ 52.48 million; 1 April 2016 - ₹ 24.00 million).	**100.75**	135.68	170.97
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 16 'Other current assets' (31 March 2017: ₹ 15.06 million; 1 April 2016 - ₹ Nil).	**26.94**	31.46	23.16
Letter of comfort issued by the Company towards the credit facilities sanctioned by bankers of subsidiary company aggregating to Rs 201 million	**156.65**	80.54	-
	284.34	247.68	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.

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Commitments			
Estimated amount of commitments remaining to be executed			
- Capital (net of advances)	**20.20**	12.45	4.24
	20.20	12.45	4.24

Notes to the Standalone Financial Statements

for the year ended 31st March, 2018

(₹ in million)

55 Transition to Ind AS:

For the purposes of reporting as set out in Note 1, we have transitioned our basis of accounting from Indian generally accepted accounting principles ("IGAAP") to Ind AS. The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31 March 2018, the comparative information presented in these financial statements for the year ended 31 March 2017 and in the preparation of an opening Ind AS balance sheet at 1 April 2016 (the "transition date"). In preparing our opening Ind AS balance sheet, we have adjusted amounts reported in financial statements prepared in accordance with IGAAP. An explanation of how the transition from IGAAP to Ind AS has affected our financial performance, cash flows and financial position is set out in the following tables and the notes that accompany the tables.

Reconciliation of net worth as at March 31, 2016

Particulars	Footnote ref.	As on 1 April 2016	As on 31 March 2017
		Rs	Rs
Net worth under IGAAP		**1,742.02**	**2,551.06**
Summary of Ind AS adjustments			
Security deposits recognised at amortised cost	1	(0.04)	(0.02)
Provision for sales return	2	(2.61)	-
Provision for doubtful debts under Expected Credit Loss Model	3	(10.22)	(4.48)
Deferred tax on land Indexation	4	4.80	4.99
Deferred tax on above adjustments	5	4.46	1.57
Others	10	(1.01)	(0.85)
Total Ind AS adjustments		(4.62)	1.21
Net worth under Ind AS		1,737.40	2,552.27

Reconciliation of Comprehensive income for the year ended on 31 March 2016

Particulars	Footnote ref.	As on 31 March 2017
		Rs
Comprehensive income under IGAAP		**335.32**
Summary of Ind AS adjustments		
Security deposits recognised at amortised cost	1	0.02
Provision for sales return	2	2.61
Net Actuarial loss on employees defined benefit plan reclassified to other comprehensive income		(6.97)
Provision for doubtful debts under Expected Credit Loss Model	3	5.74
Other Ind AS adjustments	10	0.18
Deferred tax on land Indexation	4	0.18
Deferred tax on above adjustments	5	(0.50)
Total Ind AS adjustments		**1.27**
Other comprehensive income		(4.56)
Comprehensive income under Ind AS		**332.03**

Reconciliation of Statement of Cash Flow

The transition from Indian GAAP to Ind AS has not had a material impact on the statement of cash flows.

A Notes to the reconciliation:

1. Security deposits recognised at amortised cost

Under previous GAAP, the interest free security deposits and advances were accounted for at transaction price. Under Ind AS, security deposits are to be measured at fair values at inception, with reference to market rates (i.e. fixed deposit rate), and the difference is to be recognised as prepaid rentals.

2. Provision for sales returns

Under previous GAAP, the Company accounted for sales return as and when the goods were recevied back from the customers.

Under Ind AS, the Company is required to recognise a provision for sales return as a reduction from revenue."

Notes to the Standalone Financial Statements

for the year ended 31st March, 2018

3. **Trade and other receivables**

Under Indian GAAP, the Group has created provision for impairment of receivables consists only in respect of specific amount for incurred losses. Under Ind-AS, impairment allowance has been determined based on Expected Loss model (ECL).

4. **Land Indexation**

Under Ind AS, deferred tax is determined with reference to the balance sheet approach. Accordingly, the Company will be required to recognise deferred tax on account of indexation benefit on freehold land.

5. **Other deferred tax adjustments :**

Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temprorary differences which was not required under Indian GAAP.

6. **Actuarial gain and loss**

Under previous GAAP, the Company recognised remeasurement of defined benefit plans under profit or loss. Under Ind AS, remeasurement of defined benefit plans are recognised in Other Comprehensive Income.

7. **Revenue**

Under Ind AS, revenue is recognised at the fair value of the consideration received or receivable, after deduction of any trade discounts, volume rebates and any taxes or duties collected on behalf of the government such as sales tax and value added tax except excise duty. Discounts given include rebates and incentives given to customers which have been reclassified from other expenses under Previous GAAP and netted from revenue under Ind AS.

8. **Excise duty on sales**

Under previous GAAP, revenue from sale of goods was presented net of the excise duty on sales. Under Ind AS, revenue from sale of goods is presented inclusive of excise duty. Excise duty is presented in the Statement of Profit and Loss as an expense.

9. **Rent**

Under previous GAAP, the land leased in Prithampur was treated as Leasehold Land. Under Ind AS, the same has been classified as an Operating Lease. Accordingly the land has been reclassified from PPE to Prepaid rentals.

10. **Others**

Other Ind AS adjustments include share based payment charge back to subsidiaries and depreciation on lease hold land,etc

B. Exemptions and exceptions availed

B.1 Ind AS mandatory exceptions

B.1.1 Estimates

The estimates at 1st April 2016 and 31st March 2017 are consistent with those made for the same dates in accordance with the Indian GAAP (after adjustments to reflect any differences if any, in accounting policies). The Company has made estimates for following items in accordance with Ind AS at the date of transition as these were not required under previous GAAP:

1. Investment in equity instruments carried at FVTPL;
2. Determination of the discounted value for financial instruments carried at amortised cost.

B.1.2 De-recognition of financial assets and liabilities

Ind AS 101 requires a first-time adopter to apply the de-recognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101 allows a first-time adopter to apply the de-recognition requirements in Ind AS 109 retrospectively from a date of the entity's choosing, provided that the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions. The Company has elected to apply the de-recognition provisions prospectively

B.1.3 Classification and measurement of financial assets

The Company has classified and measured the financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

B.2 Ind AS optional exemptions

B.2.1 Deemed cost

The Company has elected to continue with the carrying value for all of its property, plant and equipment and intangible assets as recognised in the financial statements

Notes to the Standalone Financial Statements

for the year ended 31st March, 2018

(₹ in million)

as the deemed cost at the date of transition to Ind AS, measured as per the previous GAAP

B.2.2 Deemed cost for investments in subsidiaries

The Company has elected to continue with the carrying value of its investments in subsidiaries as recognised in the financial statements as at the date of transition to Ind AS.

Accordingly, the Company has measured its investments in subsidiaries at their previous GAAP carrying value.

56 Disclosure under Section 186 of the Companies Act, 2013

a) The details of loan under Section 186 of the Act read with the Companies (Meetings of the board and its Powers) Rules, 2014 are as follows:

Name of entity	As at 31 March 2016	Loan given during the year	Repaid during the year	As at 31 March 2017
Advanced Enzymes USA, Inc.	-	400.00	400.00	-
	As at 31 March 2016	**Investment during the year**	**Investment reversed during the year**	**As at 31 March 2017**
JC Biotech Private Limited	-	503.10	-	503.10
Advanced Enzymes USA, Inc.	528.00	0.21	-	528.20

Name of entity	As at 31 March 2017	Loan given during the year	Repaid during the year	As at 31 March 2018
Advanced Enzymes Europe B.V.	-	310.72	44.95	265.76

	As at 31 March 2017	Investment during the year	Investment reversed during the year	As at 31 March 2018
Advanced Enzymes USA, Inc.	528.20	1.21	-	529.41
JC Biotech Private Limited	503.10	8.60	-	511.70
Advanced Enzymes Europe B.V.	-	149.85	-	149.85
Advanced Enzymes (Malaysia) Sdn. Bhd.	-	6.60	-	6.60

Note 1:

Purpose of utilisation of above loans	1) **Advanced Enzymes USA, Inc.:** For repayment/pre-payment of certain loans availed by Advanced Enzymes USA, Inc. 2) Advanced Enzymes Europe B.V.: For acquisition of evoxx technologies GmbH
Loan repayment terms	1) **Advanced Enzymes USA, Inc.:** 5 quarterly instalments of ₹ 80 million each commencing from quarter ended 30 September 2016. However, the loan was fully repaid by 20 December 2016. 2) **Advanced Enzymes Europe B.V.:** 18 month moratorium period from August 2017 and January 2018 and then 14 quarterly instalments including interest starting from April 2019 and September 2019 respectively.
Rate of Interest	1) **Advanced Enzymes USA, Inc.:** 10.50% 2) **Advanced Enzymes Europe B.V.:** 9.00%

Maximum amount outstanding during the year is ₹ 279.88 million (31 March 2017: ₹ 400.00 million; 1 April 2016: ₹ Nil) as per

Notes to the Standalone Financial Statements

for the year ended 31st March, 2018

additional disclosures pursuant to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

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: Thane
Date: 19 May 2018

For and on behalf of Board of Directors of
Advanced Enzyme Technologies Limited
CIN No: L24200MH1989PLC051018

Chandrakumar L. Rathi
Managing Director
DIN : 00365691

Kedar Desai
Director
DIN : 00322581

Ramesh Mehta
Director
DIN : 00367439

Sanjay Basantani
Company Secretary
Membership No: 19637

Beni. P. Rauka
Chief Financial Officer
Membership No: 39980

Place: Thane
Date: 19 May 2018

Independent Auditor's Report

To the Members of Advanced Enzyme Technologies Limited

Report on the Audit of Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of Advanced Enzyme Technologies Limited (hereinafter referred to as "the Holding Company") and its subsidiaries listed in Annexure I (the Holding Company and its subsidiaries together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at 31 March 2018, the Consolidated Statement of Profit and Loss (including other comprehensive income), Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement, for the year then ended and a summary of significant accounting policies and other explanatory information (together hereinafter referred to as "the consolidated Ind AS financial statements").

Management's Responsibility for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated state of affairs, consolidated profit and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS 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 Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated Ind AS financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS 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 Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS 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 Ind AS 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, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We are also responsible to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Group to cease to continue as a going concern.

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

Independent Auditor's Report (Continued)

To the Members of Advanced Enzyme Technologies Limited

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 subsidiaries, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2018, and their consolidated profit (including other comprehensive income) and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows for the year ended on that date.

Other Matter

We did not audit the financial statements/financial information of twelve subsidiaries, whose financial statements/financial information reflect total assets of ₹5,002 million and net asset of ₹ 3,801 million as at 31 March 2018, total revenues of ₹ 2,852 million and net cash inflows amounting to ₹ 359 million for the year ended on that date, as considered in the consolidated Ind AS financial statements. These financial statements/financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-section (3) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.

Our opinion above on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matter with respect to our reliance on the work done and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

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 subsidiaries, as noted in the 'Other Matter' 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 Ind AS financial statements.

b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS 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, Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements.

d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.

e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2018 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 2018 from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries, as noted in the 'Other Matter' paragraph:

   i. The consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group – Refer Note 58 to the consolidated Ind AS financial statements;

   ii. The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

Independent Auditor's Report (Continued)

To the Members of Advanced Enzyme Technologies Limited

iii. There has been no delay in transferring amounts to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies incorporated in India during the year ended 31 March 2018; and

iv. The disclosures in the consolidated Ind AS financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made since they do not pertain to the financial year ended 31 March 2018. However amounts as appearing in the audited consolidated Ind AS financial statements for the period ended 31 March 2017 have been disclosed

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Sadashiv Shetty
Partner
Membership No: 048648

Mumbai
19 May 2018

Annexure I

To the Members of Advanced Enzyme Technologies Limited

The consolidated financial statements include the financial statements of the following entities:

Sr. No.	Name of entity	Relationship as at 31 March 2018	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	U.S.A
4	Cal India Foods International	Wholly owned subsidiary of Advanced Enzymes USA, Inc.	U.S.A
5	Advanced Supplementary Technologies Corporation	Wholly owned subsidiary of Advanced Enzymes USA, Inc.	U.S.A
6	Enzyme Innovation, Inc.	Wholly owned subsidiary of Cal India Foods International	U.S.A
7	Dynamic Enzymes, Inc.	Wholly owned subsidiary of Advanced Enzymes USA, Inc.	U.S.A
8	Enzyfuel Innovation, Inc. (Upto 18 September 2017)	Wholly owned subsidiary of Advanced Enzymes USA, Inc.	U.S.A
9	JC Biotech Private Limited (Acquired on 1 December 2016)	Subsidiary (70%)	India
10	Advanced Enzymes (Malaysia) Sdn. Bhd (Acquired on 3 July 2017)	Wholly owned subsidiary	Malaysia
11	Advanced Enzymes Europe B.V. (Incorporated on 11 July 2017)	Wholly owned subsidiary	Netherlands
12	Evoxx Technologies GmbH (Acquired on 15 August 2017)	Wholly owned subsidiary of Advanced Enzymes Europe B.V.	Germany

Annexure A

To the Independent Auditors' Report – 31st March 2018 (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 Ind AS financial statements of Advanced Enzyme Technologies Limited (hereinafter referred to as "the Holding Company") as of and for the year ended 31 March 2018, we have audited the internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies, which are Companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company and its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("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.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies which are companies incorporated in India based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing, 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 issued by the 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 with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

Auditor's Responsibility

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system with reference to financial statements of the Holding Company and its subsidiary companies which are companies incorporated in India.

Meaning of Internal Financial Controls With Reference to Financial Statements

A company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls With Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Annexure A (Continued)

To the Independent Auditors' Report – 31st March 2018 (Referred to in our report of even date)

Opinion

In our opinion, the Holding Company and its subsidiary companies, which are companies incorporated in India, have in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31 March 2018, based on the internal control with reference to financial statements criteria established by the Holding Company and its subsidiary companies, which are 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 the ICAI.

Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements in so far as it relates to subsidiary companies, which are companies incorporated in India, is based on the corresponding report of the auditor of such companies incorporated in India. Our opinion is not qualified in respect of this matter.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Sadashiv Shetty
Partner
Membership No: 048648

Mumbai
19 May 2018

Consolidated Balance Sheet

as at 31st March, 2018

(₹ in million)

	Note	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
I. ASSETS				
(1) Non-current assets				
(a) Property, plant and equipment	6A	**1,666.60**	1,663.63	1,131.74
(b) Capital work-in-progress	6B	**26.55**	14.98	18.34
(c) Goodwill on consolidation	6C	**2,584.20**	2,279.88	2,205.91
(d) Other intangible assets	6D	**662.14**	270.08	0.53
(e) Intangible assets under development	6E	**78.84**	65.49	50.62
(f) Financial assets				
(i) Investments	7	**0.62**	0.62	0.62
(ii) Loans	8	**22.43**	22.88	13.65
(iii) Others	9	**0.04**	1.39	1.27
(g) Deferred tax assets (net)	38	**42.36**	63.38	57.94
(h) Income tax asset (net)	38	**57.72**	62.04	35.80
(i) Other non-current assets	10	**19.68**	15.82	11.23
Total non-current assets		**5,161.18**	4,460.19	3,527.65
(2) Current assets				
(a) Inventories	11	**755.72**	684.80	604.92
(b) Financial assets				
(i) Investments	12	**0.04**	0.04	-
(ii) Trade receivables	13	**585.94**	498.18	395.61
(iii) Cash and cash equivalents	14	**611.28**	75.38	252.96
(iv) Bank balances other than (iii) above	15	**2.91**	3.31	10.18
(v) Loans	16	**20.94**	32.71	0.17
(vi) Others	17	**42.88**	2.33	7.23
(c) Other current assets	18	**87.38**	84.90	60.37
Total current assets		**2,107.09**	1,381.65	1,331.44
(3) Non-current assets held for sale	19	**48.17**	48.17	48.17
Total assets		**7,316.44**	5,890.01	4,907.26
II. EQUITY AND LIABILITIES				
(1) Equity				
(a) Equity share capital	20	**223.26**	223.26	217.66
(b) Other equity	21	**5,367.55**	4,417.21	3,089.33
Equity attributable to the owners of the Company		**5,590.81**	4,640.47	3,306.99
Non-controlling interest	52	**225.98**	211.42	52.43
Total equity		**5,816.79**	4,851.89	3,359.42
(2) Non current liabilities				
(a) Financial liabilities				
(i) Borrowings	22	**198.35**	194.92	387.52
(b) Provisions	23	**11.21**	7.92	1.75
(c) Deferred tax liabilities (net)	38	**261.19**	182.69	46.62
Total non current liabilities		**470.75**	385.53	435.89
(3) Current liabilities				
(a) Financial liabilities				
(i) Borrowings	24	**378.06**	265.44	296.34
(ii) Trade payables	25			
a) total outstanding dues of micro enterprises and small enterprises		**5.91**	6.39	1.87
b) total outstanding dues other than micro enterprises and small enterprises		**168.82**	103.71	113.57
(iii) Other financial liabilities	26	**227.53**	194.27	412.53
(b) Other current liabilities	27	**151.72**	19.17	144.79
(c) Short-term provisions	28	**32.40**	27.59	51.85
(d) Current tax liabilities (net)	38	**23.86**	0.42	55.40
Total current liabilities		**988.30**	616.99	1,076.35
(4) Liabilities for non-current assets held for sale		**40.60**	35.60	35.60
Total equity and liabilities		**7,316.44**	5,890.01	4,907.26
Significant accounting policies	5			
Notes form an integral part of these consolidated financial statements	6-63			

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: Thane
Date: 19 May 2018

For and on behalf of Board of Directors of
Advanced Enzyme Technologies Limited
CIN No: L24200MH1989PLC051018

Chandrakumar L. Rathi
Managing Director
DIN : 00365691

Kedar Desai
Director
DIN : 00322581

Ramesh Mehta
Director
DIN : 00367439

Sanjay Basantani
Company Secretary
Membership No: 19637
Place: Thane
Date: 19 May 2018

Beni. P. Rauka
Chief Financial Officer
Membership No: 39980

Consolidated Statement of Profit and Loss

for the year ended 31st March, 2018

(₹ in million)

	Note	Year ended 31 March 2018	Year ended 31 March 2017
Income			
Revenue from operations (including excise duty)	29	**3,956.99**	3,430.91
Other income	30	**13.94**	25.81
Total income		**3,970.93**	3,456.72
Expenses			
Cost of materials consumed	31	**799.37**	698.53
Purchases of stock-in-trade	32	**3.91**	2.84
Changes in inventories of finished goods, work-in-progress and stock-in-trade	33	**11.44**	8.92
Excise duty		**46.84**	141.03
Employee benefits expense	34	**685.95**	506.97
Finance costs	35	**80.86**	35.77
Depreciation and amortisation expense	36	**182.98**	127.61
Other expenses	37	**769.91**	564.54
Total expenses		**2,581.26**	2,086.21
Profit before tax		**1,389.67**	1,370.51
Tax expense (refer note 41)			
Current tax		**478.47**	455.36
Minimum Alternate Tax (MAT) credit entitlement		**(17.03)**	(2.38)
Deferred tax (credit)/ charge		**(7.71)**	(5.89)
Tax adjustment for earlier years		**0.38**	(6.02)
Total tax expense		**454.11**	441.07
Profit for the year		**935.56**	929.44
Less: Share of profit attributable to Non-controlling interest		**35.01**	13.95
Profit for the year attributable to the owners of the Company		**900.55**	915.49
Other comprehensive income			
A (i) Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit liability (asset)		**(0.91)**	7.61
(ii) Income tax related to items that will not be reclassified to profit or loss		**0.09**	(2.60)
B (i) Items that will be reclassified to profit or loss			
Exchange differences in translating financial statements of foreign operations		**79.68**	(62.48)
(ii) Income tax related to items that will be reclassified to profit or loss		**-**	-
Other comprehensive income/(loss) for the year, net of tax		**78.86**	(57.47)
Share of Other Comprehensive Income / (Loss) attributable to Non-Controlling Interest		**1.01**	(0.23)
Other Comprehensive Income / (Loss) for the year attributable to Owners of the Company		**79.87**	(57.70)
Total Comprehensive Income attributable to:			
Owners of the Company		**980.42**	857.79
Non-Controlling Interest		**34.00**	14.18
Total Comprehensive Income for the year		**1,014.42**	871.97
Earnings per Equity Share (in `)	**46**		
Basic		**8.07**	8.27
Diluted		**8.06**	8.27
Face value of Equity Share in (₹ 2) fully paid-up			
Significant accounting policies	**5**		
Notes form an integral part of these consolidated financial statements	**6-63**		

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: Thane
Date: 19 May 2018

For and on behalf of Board of Directors of
Advanced Enzyme Technologies Limited
CIN No: L24200MH1989PLC051018

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Managing Director
DIN : 00365691

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Ramesh Mehta
Director
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Sanjay Basantani
Company Secretary
Membership No: 19637
Place: Thane
Date: 19 May 2018

Beni. P. Rauka
Chief Financial Officer
Membership No: 39980

Consolidated Statement of Changes in Equity (SOCIE)

for the year ended 31st March, 2018

(₹ in million)

(a) Equity share capital	31 March 2018		31 March 2017		1 April 2016	
	No. of Shares	Amount	No. of Shares	Amount	No. of Shares	Amount
Balance at the beginning of the year (refer note 20 e)	**223,26,005**	**223.26**	217,65,600	217.66	217,65,600	217.66
Changes in equity share capital during the year	**893,04,020**	**-**	5,60,405	5.60	-	-
Balance at the end of the year	**1116,30,025**	**223.26**	223,26,005	223.26	217,65,600	217.66

(b) Other equity

Particulars	Attributable to owners of the Company							Total attributable to owners of the Company	Attributable to NCI	Total Equity
	Reserves and Surplus									
	Securities Premium account	Capital Reserve	General reserve	Retained earnings	Employee stock option account	Other reserve	Foreign currency translation reserve			
Balance at 1 April 2016	**289.63**	**3.00**	**38.77**	**2,562.94**	**-**	**-**	**194.99**	**3,089.33**	**52.43**	**3,141.76**
Profit for the year	-	-	-	905.22	-	-	-	905.22	13.95	919.17
Other comprehensive income for the year	-	-	-	5.01	-	-	(62.48)	(57.47)	0.23	(57.24)
Total comprehensive income for the year	**-**	**-**	**-**	**910.23**	**-**	**-**	**(62.48)**	**847.75**	**14.18**	**861.93**
Add: Adjustment of dividend proposed last year	-	-	-	12.00	-	-	-	12.00		12.00
Issue of shares	494.40	-	-	-	-	-	-	494.40	-	494.40
Less : Utilization towards share issue expenses (refer Note 18)	(29.32)	-	-	-	-	-	-	(29.32)	-	(29.32)
Add : Options granted during the year (refer note 45)	-	-	-		3.05	-	-	3.05	-	3.05
Movement in non-controlling interest									144.81	144.81
Balance at 31 March 2017	**754.71**	**3.00**	**38.77**	**3,485.17**	**3.05**	**-**	**132.51**	**4,417.21**	**211.42**	**4,628.63**
Restated balance at the beginning of the reporting period	**754.71**	**3.00**	**38.77**	**3,485.17**	**3.05**	**-**	**132.51**	**4,417.21**	**211.42**	**4,628.63**
Profit for the year	-	-	-	901.56	-	-	-	901.56	35.01	936.56
Other comprehensive income for the year	-	-	-	(0.83)	-	-	79.68	78.85	(1.01)	77.84
Total comprehensive income for the year	**-**	**-**	**-**	**900.73**	**-**	**-**	**79.68**	**980.41**	**34.00**	**1,014.41**
Issue of Share capital (refer note)	2.19	-	-	-	-	-	-	2.19	-	2.19
Dividends paid	-	-	-	(44.65)	-	-	-	(44.65)	-	(44.65)
Dividend Distribution Tax (DDT) (refer note)	-	-	-	(9.09)	-	-	-	(9.09)	-	(9.09)
Acquisition of a Non-controlling Interest (NCI) (refer note)	-	-	-	-	-	(1.81)	-	(1.81)	-	(1.81)
Add : Options granted during the year (refer note 45)	-	-	-	-	23.29	-	-	23.29	-	23.29
Movement in non-controlling interest	-	-	-	-	-	-	-	-	(19.44)	(19.44)
Balance at 31 March 2018	**756.90**	**3.00**	**38.77**	**4,332.16**	**26.34**	**(1.81)**	**212.19**	**5,367.55**	**225.98**	**5,593.53**

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: Thane
Date: 19 May 2018

For and on behalf of Board of Directors of
Advanced Enzyme Technologies Limited
CIN No: L24200MH1989PLC051018

Chandrakumar L. Rathi
Managing Director
DIN : 00365691

Kedar Desai
Director
DIN : 00322581

Ramesh Mehta
Director
DIN : 00367439

Sanjay Basantani
Company Secretary
Membership No: 19637
Place: Thane
Date: 19 May 2018

Beni. P. Rauka
Chief Financial Officer
Membership No: 39980

Consolidated Cash Flow Statement

for the year ended 31st March, 2018

(₹ in million)

		Year ended 31 March 2018	Year ended 31 March 2017
A.	**Cash flows from operating activities**		
	Profit before tax	**1389.67**	1370.51
		1389.67	1370.51
	Adjustments for non-cash transactions		
	Depreciation and amortization expense	**182.98**	127.61
	Fixed assets written off	**1.71**	5.02
	(Profit) / Loss on sale of fixed assets	**(0.12)**	(0.18)
	Allowances for bad and doubtful trade receivables	**(5.84)**	9.18
	Bad and doubtful trade receivables written off	**29.38**	8.13
	Provision for doubtful trade receivables written back	**(5.74)**	(1.25)
	Employee stock compensation expense	**24.50**	3.05
	Sundry balances written off/ (back) (net)	**0.13**	(4.31)
	Unrealized foreign exchange loss/(gain)	**0.06**	(0.98)
		1616.73	1516.78
	Items considered separately		
	Interest income	**(21.99)**	(2.86)
	Interest expenses	**66.43**	39.72
		1661.17	1553.64
	Operating profit before working capital changes		
	(Increase) / Decrease in Non-current loans	**14.99**	17.41
	(Increase) / Decrease in other non-current assets	**(5.71)**	2.66
	(Increase) in inventories	**(37.95)**	(28.58)
	(Increase) / Decrease in trade receivables	**44.84**	(74.38)
	(Increase) / Decrease in Current loans	**11.17**	(103.48)
	(Increase) / Decrease in financial current assets	**(31.62)**	(4.58)
	(Increase) / Decrease in Other current assets	**69.44**	63.59
	Increase / (Decrease) in provisions	**4.04**	(24.27)
	Increase / (Decrease) in trade payables	**(26.25)**	(129.26)
	Increase / (Decrease) in current financial liabilities - others	**14.54**	222.52
	Increase / (Decrease) in other current liabilities	**(113.85)**	102.72
	Cash generated from operating activities	**1604.81**	1597.99
	Income taxes paid	**(445.06)**	(524.45)
	Net cash generated from operating activities	**1159.75**	1073.54
B.	**Cash flows from investing activities**		
	Purchase of Property, plant and equipments	**(93.91)**	(103.44)
	Proceeds from sale of Property, plant and equipments	**0.99**	0.41
	Capital expenditure on intangible assets under development	**(13.35)**	(14.86)
	Purchase of intangible assets	**(2.27)**	-
	Consideration for acquisition of subsidiary	**(675.97)**	(498.10)
	Purchase of current investments	**-**	(0.04)
	Interest received	**1.40**	2.88
	Dividend received	**-**	12.00
	(Increase) / Decrease in bank deposits with maturity more than 3 months but less than 12 months	**(0.12)**	(2.21)
	(Increase) / Decrease in bank deposits with maturity of more than 12 months	**1.35**	(0.12)
	Net cash (used in) investing activities	**(781.88)**	(603.48)
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)	**(7.96)**	(1014.75)
	(Repayment of)/ proceeds from short-term borrowings (net)	**107.46**	(38.34)
	Interest paid	**(44.16)**	(43.02)

Notes to the Standalone Financial Statements

for the year ended 31st March, 2018

(₹ in million)

		Year ended 31 March 2018	Year ended 31 March 2017
	Dividends paid (including dividend tax)	**(76.00)**	(25.09)
	Net cash generated from financing activities	**(20.66)**	(653.02)
	Net (decrease) / increase in cash and cash equivalents (A+B+C)	**357.21**	(182.96)
	Cash and cash equivalents as at the beginning of the year	**75.05**	252.96
	Cash acquired on acquisition	**150.82**	1.50
	Effect of exchange rate changes on cash and cash equivalents held	**28.20**	3.88
	Cash and cash equivalents as at the end of the year*	**611.28**	75.38
	*** Composition of cash and cash equivalents**		
	Cash in hand	**0.78**	0.83
	Cheques in hand		
	Balance with banks :		
	Current account	**610.25**	74.30
	Fixed deposit account (with maturity less than 3 months)	**0.25**	0.25
		611.28	75.38

Reconciliation between the opening and closing balances in the balances sheet for liabilities arising from financing activities

Particulars	Notes	31 March 2017	Cashflows	Non cash changes				31 March 2018
				Acquisitions	Foreign exchange movement	Fair value change	Other adjustments	
Non-current borrowings	22 & 26	275.15	(7.96)	-	22.41	-	-	**289.60**
Cash credit, packing credit and working capital demand loans	24	265.44	107.46	-	5.16	-	-	**378.06**
Total liabilities from financing		540.59	99.50	-	27.57	-	-	**667.66**

Notes to the standalone cash flow statement

1) The cash flow statement has been prepared under indirect method as set out in Ind AS 7, 'Statement of cashflows'.

2) **Adjustments to Statement of Cash flows:**
There were no material differences between the Statement of Cash Flows presented under Ind AS and the Previous GAAP.

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: Thane
Date: 19 May 2018

For and on behalf of Board of Directors of
Advanced Enzyme Technologies Limited
CIN No: L24200MH1989PLC051018

Chandrakumar L. Rathi
Managing Director
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Sanjay Basantani
Company Secretary
Membership No: 19637

Beni. P. Rauka
Chief Financial Officer
Membership No: 39980

Place: Thane
Date: 19 May 2018

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2018

1 Overview of the Company

Advanced Enzyme Technologies Limited (herein referred to as 'the Parent Company' or the 'the Company') together with its subsidiaries (together referred to as 'the Group') carries on the business of manufacturing and sales of enzymes. The equity shares of the Company were listed on National Stock Exchange of India Limited (NSE) via id ADVENZYMES and on BSE Limited (BSE) via Id 540025 on 1 August 2016. The registered office of the company is Sun Magnetica, A wing, 5th Floor, Near LIC Service Road, Louiswadi, Thane (W), Maharashtra - 400604

2 Basis of preparation

a Statement of compliance

These consolidated Ind AS financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of the Companies Act, 2013 ('the Act') and other relevant provisions and amendments as applicable. The financial statements up to and for the year ended 31 March 2017 were prepared in accordance with the Companies (Accounting Standards) Rules, 2006 notified under Section 133 of the Act and other relevant provisions of the Act. As these are the Group's first financial statements prepared in accordance with Indian Accounting Standards (Ind AS), Ind AS 101, First Time Adoption of Indian Accounting Standards has been applied. An explanation of how the transition to Ind AS has affected the previously reported financial position, financial performance and cash flows of the Group is provided in Note 56.

These consolidated Ind AS financial statements were authorised for issue by the Group's Board of Directors on 19 May 2018.

All the assets and liabilities have been classified as current or non current as per the Group's normal operating cycle and other criteria set out in Schedule III to the Act. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalent, the Group has ascertained the operating cycle to be 12 months.

b Functional and presentation currency

These consolidated financial statements are presented in Indian Rupees (INR), which is also the Company's functional currency. All amounts have been rounded-off to the nearest millions, unless otherwise indicated.

c Historical cost convention:

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

- certain financial assets and liabilities (including derivative instrument) that are measured at fair value;
- defined benefit plans – plan assets measured at fair value

3 Use of estimates

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

Assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31 March 2018 are as follows:

a. Property, plant and equipment

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

b. Recognition and measurement of defined benefit obligations

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

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2018

c. Recognition of deferred tax assets

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

d. Recognition and measurement of other provisions

The recognition and measurement of other provisions are based on the assessment of the probability of an outflow of resources, and on past experience and circumstances known at the balance sheet date. The actual outflow of resources at a future date may therefore vary from the amount included in other provisions.

e. Discounting of long-term financial assets / liabilities

All financial assets / liabilities are required to be measured at fair value on initial recognition. In case of financial liabilities/assets which are required to subsequently be measured at amortised cost, interest is accrued using the effective interest method.

f. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting. The Group prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the Consolidated financial statements of the Group.

g. Fair value of financial instruments

Derivatives are carried at fair value. Derivatives includes foreign currency forward contracts. Fair value of foreign currency forward contracts are determined using the fair value reports provided by respective merchant bankers.

h. Measurement of fair values

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

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

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

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

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

3A Standards issued but not yet effective

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Ministry of Corporate Affairs ("MCA"), on 28 March 2018, through Companies (Indian Accounting Standards) Amendment Rules, 2018 has notified the new standard for revenue recognition and amended certain existing Ind ASs which are effective for annual periods beginning on or after 1 April 2018

Ind AS 115- Revenue from Contract with Customers:

Ind AS 115 will supersede the existing revenue recognition standard 'Ind AS 18 – Revenue'. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The Group is evalvating the requirements of the Ind AS 115 and the effect on the Consolidated financial statements is being evaluated.

Ind AS 21- The effect of changes in Foreign exchange rates

The amendment clarifies on the accounting of transactions that include the receipt or payment of advance consideration in a foreign currency. The appendix explains that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

The amendment will come into force from 1st April 2018. The Group does not expect the effect of this on the Consolidated financial statements to be material based on preliminary evaluation.

4 Principles of Consolidation

a Business combinations

As part of its transition to Ind AS, the group has elected to apply Ind AS 103, Business Combinations, to only those business combinations that occurred on or after the transition date i.e 1 April 2016. In accordance with Ind AS 103, the group accounts for these business combinations using the acquisition method when control is transferred to the group. The consideration transferred for the business combination is measured at fair value as at the date the control is acquired (acquisition date), as are the net identifiable assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in Other Comprehensive Income (OCI) and accumulated in equity as capital reserve if there exists clear evidence of the underlying reasons for classifying the business combination as resulting in a bargain purchase; otherwise the gain is recognised directly in equity as capital reserve. Transaction costs are expensed as incurred, except to the extent related to the issue of debt or equity securities.

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

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured subsequently and settlement is accounted for within equity. Other contingent consideration is remeasured at fair value at each reporting date and changes in the fair value of the contingent consideration are recognised in the consolidated statement of profit and loss.

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

b Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

The Subsidiary companies considered in the Consolidated Financial Statements are as follows:

Name of the Company	Country of incorporation	% age voting power held as at 31 March 2018	% age voting power held as at 31 March 2017	% age voting power held as at 1 april 2016
i. Advanced Bio-Agro Tech Limited	India	**60.00%**	60.00%	60.00%
ii. JC Biotech Private Limited (Acquired on 1 December 2016)	India	**70.00%**	70.00%	-
iii. Advanced Enzytech Solutions Limited	India	**100.00%**	100.00%	100.00%
iv. Advanced Enzymes USA, Inc.	USA	**100.00%**	100.00%	100.00%

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2018

(₹ in million)

Name of the Company	Country of incorporation	% age voting power held as at 31 March 2018	% age voting power held as at 31 March 2017	% age voting power held as at 1 april 2016
v. Advanced Enzymes Europe B.V. (Wholly owned subsidiary) (incorporated on 11 July 2017)	Netherlands	**100.00%**	-	-
vi. Evoxx Technologies GmbH (Wholly owned subsidiary of Advanced Enzymes Europe B. V.) (w.e.f. 15 August 2017)	Germany	**100.00%**	-	-
vii. Cal India Foods International (Wholly owned subsidiary of Advanced Enzymes USA, Inc.)	USA	**100.00%**	100.00%	100.00%
vii. Advanced Supplementary Technologies Corporation (Wholly owned subsidiary of Advanced Enzymes USA, Inc.)	USA	**100.00%**	100.00%	100.00%
ix. Enzyme Innovation, Inc. (Wholly owned subsidiary of Cal India Foods International)	USA	**100.00%**	100.00%	100.00%
x. Dynamic Enzymes, Inc. (Wholly owned subsidiary of Advanced Enzymes USA, Inc.)	USA	**100.00%**	100.00%	100.00%
xi. Enzyfuel Innovation, Inc. (Wholly owned subsidiary of Advanced Enzymes USA, Inc. dissolved voluntarily w.e.f. 19 September 2017)	USA	**-**	100.00%	100.00%
xii. Advanced Enzymes (Malaysia) Sdn. Bhd. (Subsidairy w.e.f. 3 July 2017 up to 11 March 2018) (Wholly owned subsidiary w.e.f. 12 March 2018)	Malaysia	**100.00%**	-	-

c Non-controlling interests (NCI)

NCI are measured at their proportionate share of the acquiree's net identifiable assets at the date of acquisition. Changes in the Group's equity interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

d Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any interest retained in the former subsidiary is measured at fair value at the date the control is lost. Any resulting gain or loss is recognised in consolidated statement profit or loss.

e Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated.

5 Significant accounting policies:

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

a. Revenue recognition

i. Revenue is recognised to the extent that it is probable that economic benefits will flow to the Group and the revenue can be reliably measured.

ii. Sale of goods is recognized as revenue when the significant risks and rewards of ownership of the goods have passed to the buyer. Revenues are recognized when collectability of the resulting receivable is reasonably assured. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Sales are inclusive of excise duty and net of sales tax, goods and service tax (GST) and discounts.

iii. Export incentives received pursuant to the Duty Drawback Scheme and Merchandise Export from India Scheme are accounted on an accrual basis, to the extent it is probable that realization is certain.

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

v. Income from services rendered is recognized based on agreements with the customers using the proportionate completion method, when services are performed and no

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2018

significant uncertainty exists regarding the amount of the consideration that will be derived from rendering of service. Income is recognized net of taxes, as applicable.

b. Property, plant and equipment and depreciation

Recognition and measurement

i. Items of property, plant and equipment are stated at cost less accumulated depreciation and amortisation and accumulated impairment losses, if any. Cost includes taxes, non refundable duties and taxes, freight and other incidental expenses directly related to acquisition/construction and installation of the assets. Any trade discounts and rebates are deducted in arriving the purchase price. Interest on borrowings to finance acquisition of fixed assets during qualifying period is capitalized.

ii. Leasehold improvements represent expenses incurred towards civil work and interior furnishings on the leased premises.

iii. Asset is eliminated from the Consolidated financial statements on disposal or when no further benefit is expected from its use and disposal. Gains / losses arising from disposal of fixed assets carried at cost are recognised in the Statement of Profit and Loss.

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

v. The Group has elected to continue with the carrying value of all its property, plant and equipment as recognized in the Consolidated financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as the deemed cost as at the transition date pursuant to the exemption under Ind AS 101

Subsequent expenditure

vi. Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

Depreciation

vii Depreciation on tangible fixed assets other than plant and equipment has been provided on Written Down Value method and on plant and equipment on Straight Line Method. Depreciation is provided on a pro-rata basis, i.e. from the date on which asset is ready for use.

The estimated useful life of assets are as follows:

Particulars	Estimated useful life
Building	30 - 60 years
Plant and equipment	10 - 25 years
Furniture and fixture	3 - 10 years
Vehicles	8 years
Office equipments	5 years
Computer and data processing equipment	3 - 6 years

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

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

c. Intangible assets

i. Intangible assets are stated at cost of acquisition less accumulated amortisation and accumulated impairment losses, if any.

ii. Costs relating to acquisition of technical know-how and software are capitalized as intangible assets. Further, the expenditure incurred towards product studies during the development of product dossiers are grouped under "Intangible assets under development" to the extent such expenditure meet the criteria of intangible asset.

iii. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

iv. An intangible asset is eliminated from the Consolidated financial statements on disposal or when no further benefit is expected from its use and disposal. Gains / losses arising from disposal are recognised in the Statement of Profit and Loss.

v. Any expected loss is recognized immediately in the Statement of Profit and Loss.

Intangible assets are amortised over their estimated useful life on Straight Line Method as follows:

Particulars	Estimated useful life
Computer software	1-5 years
Customer relationship	10 years
Developed technologies	15-25 years
Rights and Licences	10-15 years
Trade name	7 years

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2018

d. Non-current assets held for sale

Non-current assets classified as held for sale, if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such assets,are generally measured at the lower of their carrying amount and fair value less costs to sell. Losses on initial classification as held for sale and subsequent gains and losses on re-measurement are recognised in Statement of Profit and Loss. Once classified as held-for-sale they are no longer depreciated.

e. Impairment of non-financial assets

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

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

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

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

f. Foreign currency

Foreign currency transactions

i. **Initial recognition -** Foreign currency transactions are recorded in the functional currency, by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency at the date of the transaction.

ii. **Subsequent measurement-** Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognised in Statement of Profit and Loss. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

iii. **Exchange differences -** All exchange differences arising on settlement/conversion on foreign currency transactions are included in the Statement of Profit and Loss in the period in which they arise.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into Indian rupee at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into Indian rupee at the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income (OCI) and accumulated in the translation reserve, except to the extent that the translation difference is allocated to NCI. When a foreign operation is disposed of in its entirety or partially such that control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI.

g. Stock based Compensation:

Employees Stock Option Plans ("ESOPs"):

Equity-settled plans are accounted at fair value as at the grant date. The fair value of the share-based option is determined at the grant date using a market-based option valuation model (Black Scholes Option Valuation Model). The fair value of the option is recorded as compensation expense amortized over the vesting period of the options, with a corresponding increase in Reserves and Surplus under the head ""Employee Stock Option account"". On exercise of the option, the proceeds are recorded as share capital.

The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the 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

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2018

taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest.

h. Inventories

i. Inventories of raw materials, packing materials, consumables, finished goods and work in process are valued at lower of cost or net realizable value on an item-by-item basis.

ii. Cost of raw materials, consumables and packing materials is determined on 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. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. Raw materials and other supplies held for use in the production of inventories are not written down below cost except in case where material prices have declined and it is estimated that the cost of the finished product will exceed its net realisable value.

i. Employee benefits

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

i. Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays specified contributions to a separate entity and has no obligation to pay any further amounts. The Group contributes to statutory provident fund in accordance with Employees' Provident Fund and Miscellaneous Provisions Act, 1952 that is a defined contribution plan and contribution paid or payable is recognized as an expense in the period in which the employee renders services.

Superannuation benefits, a defined contribution plan, has been funded with Life Insurance Corporation of India and the contribution is charged to Statement of profit and loss, when the contribution to the Fund is due.

For the entities incorporated in U.S.A., the companies contributed towards the persion cum retirement benefit plan in accordance with 401(k) of the Internal Revenue Code and the contribution paid or payable is recognised as an expense in the period in which the employee renders services.

ii. Defined benefit plans

The Group provides for Gratuity benefit and Compensated Absences, which are defined benefit plans, covering all its eligible employees. Liability towards gratuity benefits and compensated absences expected to occur after twelve months, are determined using the Projected Unit Credit Method. Actuarial valuations are carried out at the balance sheet date. Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in OCI. The retirement benefit obligation recognized in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost, and as reduced by the fair value of scheme assets. The gratuity benefit and compensated absences scheme is funded with the Life Insurance Corporation of India (LIC).

The short term provision for compensated absences has been calculated on undiscounted basis, based on the balance of leave available over and above the maximum accumulation allowed as per the Group's policy.

j. Income taxes

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

Current tax

Current income tax relating to items recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is recognised in respect of temporary difference between the carrying amounts of assets and

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for the year ended 31st March, 2018

liabilities for financial reporting purposes and the amounts used for taxation purposes.

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

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

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

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

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

Deferred tax assets and liabilities are offset only if:

a) The entity has a legally enforceable right to set off current tax assets against current tax liabilities; and

b) The deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

Minimum Alternate Tax

Minimum Alternate Tax (MAT) under the provisions of Income Tax Act, 1961 is recognized as current tax in the the Statement of Profit and Loss. The Company recognizes MAT credit available is recognized as an asset only when it is probable that the future economic benefit associated with it will flow to the Company i.e. the Company will pay normal income tax during the period for which MAT Credit is allowed to be carried forward. In the year in which the Company recognizes MAT Credit recognized as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternate Tax under the Income Tax Act, 1961, by way of credit to the Statement of Profit and Loss and shown as “MAT Credit Entitlement.” MAT credit recognized as an asset is reviewed at each balance sheet date and written down to the extent the aforesaid evidence no longer exists.

k. Borrowing costs

Borrowing costs are interest and other costs that the Group incurs in connection with the borrowing of funds and is measured with reference to the Effective Interest Rate (EIR) applicable to the respective borrowing. Borrowing cost include interest costs measured at EIR and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

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

l. Research and development costs

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

m. Provisions and contingencies

Provisions are determined by discounting the expected future cash flows specific to the liability. The unwinding of the discount is recognised as finance cost. A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but will probably not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made. A contingent asset is not recognised but disclosed in the Consolidated financial statements where an inflow of economic benefit is probable.

n. Leases

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

Assets taken on finance lease

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

Assets taken on operating lease

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

o. Cash and cash equivalents

Cash comprises of cash at bank and in hand and cash equivalents comprise of short-term bank deposits with an original maturity of three months or less. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

p. Operating cycle

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

q. Share issue expenses

Share issue expenses are adjusted against the Securities premium reserve as permissible under Section 52 of the Companies Act, 2013, to the extent any balance is available for utilization in the Securities premium reserve. Share issue expenses in excess of the balance in the Securities premium reserve is expensed in the Statement of profit and loss.

r. Financial Instruments

a. Financial assets

i. Recognition and initial measurement

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

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

ii. Classification

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

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

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

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

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

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

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

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

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

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

iii. Subsequent measurement and gains and losses

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in Statement of Profit and Loss.

Financial assets at amortised cost

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

Debt investments at FVOCI

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

Equity investments at FVOCI

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

iv. Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transactionin which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

v. Impairment of financial assets

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

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

ii. Trade receivables.

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

b. Financial liabilities

i. Recognition and initial measurement

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

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

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for the year ended 31st March, 2018

In other cases, the transaction costs are attributed to the acquisition or issue of financial liability.

ii. Classification, subsequent measurement and gains and losses

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

iii. Derecognition

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

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

iv. Offsetting

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

v. Derivative financial instruments

The Company uses derivative financial instruments, such as forward currency contracts to hedge its interest rate risk. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value at each reporting period. Any changes therein are generally recognised in the Statement of profit and loss.

s. Government grants

Grants received from the government are recognized at their fair value where there is reasonable assurance that the grant will be received and the Group will comply with the conditions. Government grants related to income are deferred and recognized in the Statement of Profit and Loss over the period necessary to match them with the costs that they are intended to compensate and netted off with the expense in the consolidated statement of profit and loss. Government grants related to purchase of property plant and equipment are recognised as deferred income and are credited to Statement of Profit and Loss on a straight line basis over expected life of the related asset and presented within other income.

t. Earnings Per Share:

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

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for the year ended 31st March, 2018

(₹ in million)

6A Tangible assets

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 1 April 2016	**2.35**	**5.22**	**184.12**	**823.67**	**19.70**	**11.19**	**4.41**	**76.81**	**4.27**	**1,131.74**
Additions	-	-	26.33	46.25	4.28	8.28	3.08	8.57	4.96	101.75
Addition on acquisition of subsidiary company	136.10	-	96.22	431.08	0.25	3.00	1.56	-	1.14	669.35
Disposals	-	-	-	-	-	0.27	0.02	-	-	0.29
Reversal on account of assets written off	-	-	-	5.27	0.01	0.12	0.02	-	0.03	5.45
Balance as at 31 March 2017	**138.45**	**5.22**	**306.67**	**1,295.73**	**24.22**	**22.08**	**9.01**	**85.38**	**10.34**	**1,897.10**
Additions	-	-	18.48	53.96	1.36	3.05	1.25	8.11	4.96	91.17
Addition on acquisition of subsidiary company	-	-	-	95.03	-	-	70.37	-	-	165.40
Disposals	-	-	-	-	-	1.12	0.10	-	0.21	1.43
Reversal on account of assets written off	-	-	-	1.92	0.01	-	0.10	-	0.07	2.10
Balance as at 31 March 2018	**138.45**	**5.22**	**325.15**	**1,442.80**	**25.57**	**24.01**	**80.43**	**93.49**	**15.02**	**2,150.14**
Accumulated depreciation and amortisation										
Balance as at 1 April 2016	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Depreciation and amortisation	-	0.07	20.92	70.43	6.86	6.09	1.75	13.78	3.54	123.44
On acquisition of subsidiary company	-	-	20.86	83.24	0.12	2.12	1.32	-	0.56	108.22
Reversal on disposal of assets	-	-	-	-	-	0.06	-	-	-	0.06
Reversal on account of assets written off	-	-	-	0.38	-	0.04	-	-	-	0.42
Balance as at 31 March 2017	**-**	**0.07**	**41.78**	**153.29**	**6.98**	**8.11**	**3.07**	**13.78**	**4.10**	**231.18**
Depreciation and amortisation	-	0.07	24.73	91.16	5.48	5.07	5.32	15.00	3.78	150.61
On acquisition of subsidiary company	-	-	-	47.19	-	-	57.14	-	-	104.33
Reversal on disposal of assets	-	-	-	-	-	0.53	0.06	-	0.20	0.79
Reversal on account of assets written off	-	-	-	0.31	0.00	-	0.07	-	0.01	0.39
Balance as at 31 March 2018	**-**	**0.14**	**66.51**	**291.33**	**12.46**	**12.65**	**65.40**	**28.78**	**7.67**	**484.94**
Other Adjustment										
Foreign currency translation adjustments as at 31 March 2017	0.00	0.00	0.00	(0.54)	(0.06)	0.00	(0.03)	(1.56)	(0.10)	(2.29)
Foreign Currency Translation adjustments during the year	0.00	0.00	0.00	2.82	0.02	0.00	0.79	0.08	(0.02)	3.69
Balance as at 31 March 2018	**0.00**	**0.00**	**0.00**	**2.28**	**(0.04)**	**0.00**	**0.76**	**(1.48)**	**(0.12)**	**1.40**
Net block										
Balance as at 31 March 2017	**138.45**	**5.15**	**264.89**	**1,141.90**	**17.18**	**13.97**	**5.90**	**70.04**	**6.14**	**1,663.63**
Balance as at 31 March 2018	**138.45**	**5.08**	**258.64**	**1,153.75**	**13.07**	**11.36**	**15.79**	**63.23**	**7.23**	**1,666.60**

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 non-current assets held for sale 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 Consolidated Financial Statements

for the year ended 31st March, 2018

(₹ in million)

Note 1:

The Company has availed the deemed cost exemption in relation to the property, plant and equipment on the date of transition and hence the net block carrying amount has been considered as the gross block carrying amount on that date. refer note below for the gross block value and the accumulated amortisation on 1 April 2016 under the previous GAAP

Description	Land freehold	Land leasehold	Buildings	Plant and equip-ments	Furniture and fixtures	Vehicles	Office equip-ments	Leasehold improve-ments	Computer and data processing equip-ments	Total
Gross Block	2.35	6.20	330.78	1,285.84	50.33	34.46	22.14	85.24	26.30	1,843.64
Accumulated Depreciation	-	0.98	146.66	464.04	30.67	23.27	18.24	9.62	22.77	716.25
Foreign currency translation reserve as at 1 April 2016	-	-	-	1.87	0.04	-	0.51	1.19	0.74	4.35
Net Block	**2.35**	**5.22**	**184.12**	**823.67**	**19.70**	**11.19**	**4.41**	**76.81**	**4.27**	**1,131.74**

6B Capital work-in-progress (CWIP)

CWIP as at 1 April 2016	18.34
Addition during the year	39.98
Capitalised during the year	43.34
CWIP as at 31 March 2017	14.98
Addition during the year	75.10
Capitalised during the year	63.53
CWIP as at 31 March 2018	26.55

6C Goodwill on consolidation (refer note 53)

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Advanced Enzymes USA, Inc.	**2,203.17**	2,155.36	2,205.04
JC Biotech Private Limited	**123.65**	123.65	-
Advanced Enzytech Solutions Limited	**0.87**	0.87	0.87
Advanced Enzymes (Malaysia) Sdn. Bhd.	**0.93**	-	-
Advanced Enzymes Europe B.V.	**255.58**	-	-
	2,584.20	2,279.88	2,205.91

6D Intangible assets

Gross block	Computer software	Customer relationship	Developed Technologies	Rights and Licences	Tradename	Website Domain	Total
Balance as at 1 April 2016	**0.53**	**-**	**-**	**-**	**-**	**-**	**0.53**
Additions	1.48	-	-	-	-	-	1.48
Addition on acquisition of subsidiary company	-	-	272.25	-	-	-	272.25
Balance as at 31 March 2017	**2.01**	**-**	**272.25**	**-**	**-**	**-**	**274.26**
Additions	2.41	-	-	-	-	-	2.41
Addition on acquisition of subsidiary company	3.74	78.62	255.68	228.59	25.63	6.32	598.58
Balance as at 31 March 2018	**8.16**	**78.62**	**527.93**	**228.59**	**25.63**	**6.32**	**875.25**
Accumulated amortisation							
Balance as at 1 April 2016	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2018

(₹ in million)

Gross block	Computer software	Customer relationship	Developed Technologies	Rights and Licences	Tradename	Website Domain	Total
Amortisation	0.60	-	-	-	-	-	0.60
Addition on acquisition of subsidiary company	-	-	3.58	-	-		3.58
Balance as at 31 March 2017	**0.60**	**-**	**3.58**	**-**	**-**	**-**	**4.18**
Amortisation	0.91	5.04	21.82	2.25	2.35	-	32.38
Addition on acquisition of subsidiary company	3.71	-	-	199.40	-	-	203.11
Balance as at 31 March 2018	**5.22**	**5.04**	**25.40**	**201.65**	**2.35**	**-**	**239.67**
Other Adjustment							
Foreign Currency Translation adjustments during the year	0.01	5.26	17.59	1.95	1.68	0.06	26.56
Balance as at 31 March 2018	**0.01**	**5.26**	**17.59**	**1.95**	**1.68**	**0.06**	**26.56**
Net block							
Balance as at 31 March 2017	1.41	-	268.67	-	-	-	270.08
Balance as at 31 March 2018	**2.95**	**78.84**	**520.12**	**28.89**	**24.96**	**6.38**	**662.14**

6E Intangible assets under development

Balance as on 1 April 2016	50.62
Additions during the year*	14.87
Capitalised during the year	-
Balance as on 31 March 2017	65.49
Additions during the year	15.32
Capitalised during the year	1.97
Balance as at 31 March 2018	**78.84**

* refer note 42

7 Non-current investments

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Other investments (unquoted)			
Equity shares at fair value through profit and loss			
19,100 Equity shares (31 March 2017 - 19,100; 1 April 2016 - 19,100) of ₹10 each fully paid up of Advanced Vital Enzymes Private Limited *	**0.57**	0.57	0.57
1,666 Equity shares (31 March 2017 - 1,666; 1 April 2016 - 1,666) of ₹30 each fully paid up of Bombay Mercantile Co-op. Bank Limited	**0.05**	0.05	0.05
	0.62	0.62	0.62
Aggregate value of unquoted investments	**0.62**	0.62	0.62

* refer note 43

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2018

(₹ in million)

8 Long-term loans
(unsecured considered good unless otherwise stated)

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Security deposits	**22.43**	22.88	13.65
	22.43	22.88	13.65

9 Other non-current financial assets
(unsecured considered good unless otherwise stated)

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Non-current bank deposits	**0.04**	1.39	1.27
	0.04	1.39	1.27

10 Other non-current assets
(unsecured considered good unless otherwise stated)

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Prepaid expenses	**10.58**	9.94	11.11
Capital advances			
- Unsecured, considered good	**9.10**	5.88	0.12
- Doubtful	**-**	1.30	1.30
	9.10	7.18	1.42
Allowances for bad and doubtful advances	**-**	(1.30)	(1.30)
	9.10	5.88	0.12
	19.68	15.82	11.23

11 Inventories (valued at lower of cost and net realisable value)

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Raw materials and packing materials [including goods-in-transit of ₹ 30.71 million (31 March 2017 ₹ 4.48 million; 1 April 2016 ₹ 19.47 million)]	**282.01**	236.42	187.22
Work-in-progress	**264.66**	265.74	256.94
Finished goods [including goods-in-transit of ₹ 31.53 million (31 March 2017 ₹ 27.41 million; 1 April 2016 Rs 20.44 million)]	**158.50**	138.40	118.85
Traded goods	**-**	-	0.82
Stores, consumables and fuel	**50.55**	44.24	41.09
	755.72	684.80	604.92

As at 31 March 2018, the Company has provided for slow moving inventory aggregating ₹ 11.10 million (31 March 2017: ₹ 10.55 million and 1 April 2016: ₹ 4.25 million). The charge on account of provision is included in cost of materials consumed and changes in inventories.

12 Current investments

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Mutual funds (Quoted)			
Measured at fair value through profit and loss			
ICICI Prudential Mutual Fund- "ICICI Prudential Liquid - Growth"	**0.04**	0.04	-
(No. of units 31 March 2018: 145.78, 31 March 2017: 145.78)			
(Book value and market value 31 March 2018: 256.39/unit, 31 March 2017: 240.09/unit)	**0.04**	0.04	-

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2018

(₹ in million)

13 Trade receivables

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Secured, considered good	**0.13**	0.18	0.18
Unsecured, considered good	**585.81**	498.00	395.43
Doubtful	**20.75**	33.19	25.26
	606.69	531.37	420.87
Less: Allowances for bad and doubtful debts	**(20.75)**	(33.19)	(25.26)
	585.94	498.18	395.61
(refer note 54 for information about credit risk and market risk of trade receivables)			
The above balance includes amounts due from Private companies in which directors are interested (refer note 43)			
	9.82	7.83	6.75

14 Cash and cash equivalents

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Balances with banks			
- in current accounts	**610.25**	74.30	249.87
- in deposit account with maturity upto three months*	**0.25**	0.25	2.48
Cash on hand	**0.78**	0.83	0.61
	611.28	75.38	252.96

15 Other bank balances

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Unclaimed dividend account	**0.55**	1.07	10.15
Bank deposits with maturity of more than three months but less than twelve months*	**2.36**	2.24	0.03
	2.91	3.31	10.18
* includes earmarked balances for performance guarantees	**2.36**	2.24	2.11

16 Short-term loans
(unsecured considered good unless otherwise stated)

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Security deposits	**20.93**	20.64	0.07
Government subsidy receivable	**-**	11.99	-
Loan to employees	**0.01**	0.08	0.10
	20.94	32.71	0.17

17 Other current financial assets
(unsecured considered good unless otherwise stated)

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Interest receivable	**0.36**	0.32	0.34
Export incentive receivable	**29.17**	-	-
Others	**13.35**	2.01	6.89
	42.88	2.33	7.23

18 Other current assets
(unsecured considered good unless otherwise stated)

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Share issue expenses (refer note below)	**-**	-	18.28
Loan to employees	**0.23**	0.37	0.41

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2018

(₹ in million)

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Prepaid expenses	**15.05**	13.02	8.38
Advance to suppliers	**17.62**	19.74	4.91
Balance with Government authorities	**27.44**	36.50	20.02
Asset recoverable from customers	**3.51**	3.26	1.74
Others	**23.53**	12.01	6.63
	87.38	84.90	60.37

Note:

The share issue expenses had been incurred by the Company in relation to its Initial Public Offer ("the Offer" or "IPO") of equity shares. The Company had 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 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 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.

19 Non-current assets held for sale

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Non- current assets held for sale (refer note below)	**48.17**	48.17	48.17
	48.17	48.17	48.17

Note:

Description	31 March 2018	31 March 2017	1 April 2016
Land	**12.57**	12.57	12.57
Development costs	**35.60**	35.60	35.60
	48.17	48.17	48.17

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 non-current assets held for sale. The Company is in the process of executing a formal lease deed for the above said land with Maharashtra Industrial Development Corporation (MIDC).

20 Equity share capital

	As at 31 March 2018		As at 31 March 2017		As at 1 April 2016	
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
Authorised						
Equity shares of ₹ 2 each (31 March 2017: ₹ 10 each; 1 April 2016: ₹ 10 each)	**17,50,00,000**	**350.00**	3,50,00,000	350.00	3,50,00,000	350.00
	17,50,00,000	**350.00**	3,50,00,000	350.00	3,50,00,000	350.00
Issued, subscribed and fully paid up						
Equity shares of ₹ 2 each (31 March 2017: ₹ 10 each; 1 April 2016: ₹ 10 each)	**11,16,30,025**	**223.26**	2,23,26,005	223.26	2,17,65,600	217.66
Total	**11,16,30,025**	**223.26**	2,23,26,005	223.26	2,17,65,600	217.66

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2018

(₹ in million)

a)	Reconciliation of equity share capital	As at 31 March 2018		As at 31 March 2017	
		Number of shares	Amount	Number of shares	Amount
	Balance at the beginning of the year	22,326,005	223.26	21,765,600	217.66
	Add : Adjustment for Sub-Division of Equity Shares (Note 20 (e))	89,304,020	-	-	-
	Add : Issued during the year	-	-	560,405	5.60
	Balance at the end of the year	111,630,025	223.26	22,326,005	223.26

b)	Shareholders holding more than 5% of the equity shares	As at 31 March 2018		As at 31 March 2017		As at 1 April 2016	
		Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
	Equity shares of ₹ 2 each (31 March 2017: ₹ 10 each; 1 April 2016: ₹ 10 each)						
	Mr. Vasant L. Rathi	**28,904,500**	**25.89%**	5,780,900	25.89%	8,280,900	38.05%
	Chandrakant Rathi Innovations and Projects Private limited (formerly known as Chandrakant Rathi Finance and Investment Company Private Limited)	**24,849,630**	**22.26%**	4,699,278	21.05%	4,295,400	19.73%
	Atharva Green Ecotech LLP (formerly known as Atharva Capital Ventures Private Limited)	**12,464,700**	**11.17%**	2,492,940	11.17%	2,492,940	11.45%
	Vasant and Prabha Rathi Generation Trust	**5,000,000**	**4.48%**	1,000,000	4.48%	1,500,000	6.89%
		71,218,830	**63.80%**	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 Annual General Meeting except interim dividend.

d) Shares reserved for issue under options

The Company had reserved issuance of 220,000 Equity shares of ₹ 2 each (31 March 2017: 44,000 shares of ₹ 10 each; 1 April 2016: Nil) for offering to eligible employees of the Company under Employees Stock Option Scheme (ESOS). The option would vest on graded basis over a maximum period of 4 years or such other period as may be decided by the Employees Stock Compensation Committee from the date of grant based on specific criteria. (refer note 45)

e) Subdivision of shares

The Shareholders vide a special resolution have 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. 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.

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2018

(₹ in million)

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 ₹ 10/- each fully paid up at a premium of ₹ 886/- per share offered by them for sale.

Details of utilisation of IPO proceeds, of ₹ 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., our 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	-

21 Other equity

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Capital reserves	**3.00**	3.00	3.00
Securities premium account			
Balance at the beginning of the year	**754.71**	289.63	289.63
Add: Premiuim on issue of new shares	**2.19**	494.40	-
Less: Utilisation towards share issue expenses (refer Note 18)	**-**	(29.32)	-
Balance at the end of the year	**756.90**	754.71	289.63
Employee stock option account			
Balance at the beginning of the year	**3.05**	-	-
Add: Options granted during the year (refer note 45)	**23.29**	3.05	-
Less: Exercised during the year	**-**	-	-
Less: Lapsed during the year	**-**	-	-
Balance at the end of the year	**26.34**	3.05	-
Other Reserve	**(1.81)**	-	-
General reserve	**38.77**	38.77	38.77
Surplus in the Statement of Profit and Loss			
Balance at the beginning of the year	**3,485.17**	2,562.94	1,818.41
Add: Profit for the year	**901.56**	905.22	758.50
Add: Transferred from Other comprehensive income	**(0.83)**	5.01	
Add: Adjustment of dividend proposed last year	**-**	12.00	2.40
Less: Interim dividend	**-**	-	(41.77)
Less: Dividend paid	**(44.65)**	-	-
Less: Tax on dividends distributed during the year	**(9.09)**	-	(5.59)
Balance at the end of the year	**4,332.16**	3,485.17	2,562.94
Other Comprehensive Income			

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2018

(₹ in million)

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Foreign currency translation reserve			
Balance at the beginning of the year	**132.51**	194.99	(250.11)
Add: Exchange rate difference in translation (net)	**79.68**	(62.48)	445.10
Balance at the end of the year	**212.19**	132.51	194.99
	5,367.55	4,417.21	3,089.33

Nature and purpose of reserves

Capital reserve

The reserve comprises of profits/gains of capital nature earned by the Company and credited directly to such reserve.

Securities premium

Securities premium is used to record the premium received on issue of shares. It is utilised in accordance with the provisions of the Companies Act, 2013

General reserve

General reserve is created out of the profits earned by the Company by way of transfer from surplus in the Statement of Profit and Loss. The Company can use this reserve for payment of dividend and issue of fully paid up and not paid up bonus shares

Dividends

The following dividends were declared and paid by the Company during the year

Particulars	31 March 2018	31 March 2017	1 April 2016
₹ 0.40 per equity share (31 March 2017: nil)	**44.65**	-	-
Dividend distribution tax on dividend to equity shareholders	**9.09**	-	-
	53.74	-	-

22 Non-current borrowings

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Secured			
Term loans:			
From banks	**119.36**	137.20	110.00
Vehicle loans	**5.33**	9.27	5.81
From related parties	**-**	-	229.45
From other parties	**49.55**	15.30	-
	174.24	161.77	345.26
Unsecured			
Deferred sales tax payment liabilities	**24.11**	33.15	42.26
	24.11	33.15	42.26
	198.35	194.92	387.52

Details of guarantee for each type of borrowing
Guaranteed by managing director of the Company

Term loans:			
From banks (including current maturities)	**80.00**	110.00	140.00

Details of security for each type of borrowings as at 31 March 2018
The Company:

(a) Term loans from banks are secured by

(i) hypothecation charge of present and future movable and immovable fixed assets 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) Term loan form bank carries an interest rate of base rate + 1% (amounts to 10.50% both for the current and previous years) and is payable in 60 equal monthly installments of ₹ 2.5 million each along with interest upto 9 November 2020.

(c) Vehicle loans availed from four banks and two financial institution are secured by charge on vehicles as specified in their respective loan agreements.

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2018

(₹ in million)

Advanced Bio Agro Tech Limited:

(a) Term loans from banks taken for purchase of vehicle are specifically secured by specified fixed assets exclusively charged in Hire purchase agreement.

JC Biotech Private Limited:

(a) Term Loan and Overdraft facility:

(i) The Term Loan and Drop Line Overdraft from Yes Bank is secured by way of Hypothecation on current assets and movable assets of the company and deed of mortgage on Immovable properties of the company.

(ii) The Term Loan and Drop Line Overdraft from Yes Bank is further secured by the personal guarantee of Mr.S Chandrashekhar, Managing Director of JC Biotec Private Limited.

(iii) The Parent Company 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 and first charge on plant & machinery and on all current assets of the Company.

(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 Inc., USA:

As on 1 April 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.

Evoxx technologies GmbH:

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

Terms of repayment of term loans and other loans (including current maturities)

Term loans	Interest rates	Repayment terms	Outstanding as at 31 March 2018	Outstanding as at 31 March 2017	Outstanding as at 1 April 2016
From Banks					
Kotak Mahindra Bank	Base rate + 1%	60 equal monthly instalments of ₹ 2.5 million each along with interest up to 9 November 2020	**80.00**	110.00	140.00
Yes Bank	9.25%	12 equal quarterly instalments of ₹ 5.83 million each along with interest up to 31 March 2020	**46.80**	70.00	-
Yes Bank - drop line overdraft facility	9.25%	60 equal monthly instalments of ₹ 1.42 million each along with interest up to 31 March 2022	**62.87**	10.52	-
State Bank of India	11.00%	72 equal monthly instalments of ₹ 1.42 million each along with interest up to 31 March 2022	**-**	5.83	-
From others					
Deutsche Leasing für Sparkassen und Mittelstand GmbH	4.32%	72 equal monthly instalments of ₹ 0.34 million each along with interest up to 1 April 2022	**15.35**	-	-
Deutsche Leasing für Sparkassen und Mittelstand GmbH	4.35%	65 equal monthly instalments of ₹ 0.57 million each along with interest up to 1 Aug 2021	**21.79**	-	-
Biotechnology Industry Research Assistance Council	Up to ₹ 10 million - 1%, balance - 2%	10 equal half yearly instalments of ₹ 2.22 million each along with interest up to 5 May 2022	**17.79**	22.24	-

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2018

(₹ in million)

Vehicle Loans (including current maturities)

Interest rate	No. of installments	Date of last installment	Amount of installment	Outstanding as at 31 March 2018	Outstanding as at 31 March 2017	Outstanding as at 1 April 2016
12.50%	60	05-Sep-16	0.01	**0.00**	0.00	0.03
11.60%	60	05-Mar-19	0.10	**1.08**	2.06	2.97
11.60%	60	03-Aug-18	0.01	**0.07**	0.22	0.35
10.83%	36	03-Jul-16	0.02	**0.00**	0.00	0.07
10.59%	60	15-Oct-18	0.02	**0.18**	0.42	0.64
10.50%	60	07-Nov-19	0.02	**0.27**	0.42	0.55
10.15%	59	07-Nov-19	0.03	**0.72**	1.03	1.31
10.14%	59	15-Mar-20	0.03	**0.63**	0.91	1.16
9.90%	60	07-Nov-19	0.01	**0.22**	0.30	0.37
9.75%	60	07-Nov-20	0.01	**0.34**	0.45	0.55
9.32%	59	01-Aug-21	0.04	**1.36**	1.68	0.00
9.16%	60	07-Apr-21	0.09	**2.96**	3.80	0.00
8.35%	60	05-Mar-22	0.03	**1.39**	1.65	0.00
Total				**9.22**	**12.94**	**8.00**

Deferred sales tax payment liabilities

Deferred Sales Tax Loan is interest free and payable in 5 equal annual installments after expiry of initial 10 years moratorium year from each such year of deferral period from 1996-97 to 2006-07.

23 Non-current provisions

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Provision for employee benefits			
Compensated absences	**0.87**	0.05	-
Gratuity (refer note 39)	**10.34**	7.87	1.75
	11.21	7.92	1.75

24 Current borrowings

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Secured			
Loans repayable on demand:			
From banks in foreign currency	**58.34**	65.96	53.61
From banks in rupees	**318.25**	147.66	242.73
	376.59	213.62	296.34
Unsecured			
Loans repayable on demand:			
From related parties	**1.47**	46.47	-
Loans from others	**-**	5.35	-
	1.47	51.82	-
	378.06	265.44	296.34

a) **Details of guarantee for each type of borrowing**
Guaranteed by managing director of the Company

Loans repayable on demand:			
From banks	**323.27**	213.62	296.34

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2018

(₹ in million)

b) Details of security for each type of borrowings as at 31 March 2018

The Company:

Loans repayable on demand from Banks (Working Capital loans) are secured by first pari passu charge on all existing and future current assets of the Company.

Advanced Bio Agro Tech Limited:

(a) Loans repayable on demand from banks (Working Capital loans) are secured as under:

1. Negative lien on Land & Building situated at Gat No 551, Off Nashik-Pune Road, Dapurwad Road, Mauje, Musalgaon, Taluka- Sinnar , Dist- Nashik, Sole Charge on Plant & Machniery located at the above address as and when procured.

2. First Exclusive charge on Stocks and Book Debts of the Advanced Bio Agro Tech Limited.

3. Personal guarantee given by the Managing Director Mr. OP Singh.

JC Biotech Private Limited:

(i) The cash credit facility from bank is secured by way of hypothecation of current assets and moveable assets of the Company and deed of mortgage on immovable properties of the JC Biotech Private Limited.

c) Terms of repayment of loans

Loan repayable on demand - from banks

(i) Cash Credit from bank for ₹ 166.97 million (31 March 2017: ₹ 97.66 million; 1 April 2016: ₹ 167.73 million) carries an interest rate of 9% to 12%.

(ii) Packing credit foreign currency loan from bank for ₹ 58.34 million (31 March 2017: ₹ 65.96 million; 1 April 2016: ₹ 53.61 million) carries an interest rate of Libor + 100 to 125 bps (31 March 2017: Libor+80 bps; 1 April 2016: Libor + 125 to 200 bps).

(iii) Packing credit in local currency from bank for ₹ 36.28 million (31 March 2017: ₹ Nil; 1 April 2016: ₹ Nil) carries an interest rate of 5.25%.

(iv) Working capital demand loan from bank for ₹ 115.00 million (31 March 2017: ₹ 50.00 million; 1 April 2016: ₹ 75.00 million) carries an interest rate in the range of 7.85% to 8.50% p.a. (31 March 2017: 8.20%; 1 April 2016: 9.60% p.a.)

Loan repayable - related party

Loan from related party of ₹ 1.47 (31 March 2017: ₹ 46.47; 1 April 2016: Nil) is repayable on demand and carries no interest.

Loan repayable - others

(i) Short-term loans from others of ₹ Nil (31 March 2017: ₹ 5.35 million; 1 April 2016: Nil) carry interest rate of 18.5% to 19.5%

25 Trade payables

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Total outstanding dues to micro and small enterprises (refer note below)	**5.91**	6.39	1.87
Total outstanding dues to others (refer note 43)	**168.82**	103.71	113.57
	174.73	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	**5.91**	6.39	1.87
Interest due thereon	**0.01**	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	**0.01**	0.02	-

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2018

(₹ in million)

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
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.	**-**	-	-

Note:

The management has identified enterprises which have provided goods and services to the Companies within the Group which are incorporated in India and which qualify under the definition of micro and small enterprises, as defined under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED). Accordingly, the disclosure in respect of the amounts payable to such enterprises has been made in the Consolidated financials statements based on information received and available with the Group.

26 Other current financial liabilities

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Current maturities of long-term term loans (refer note no. 22)			
- From banks	**72.34**	62.03	31.25
- From related party	**-**	-	289.81
- Vehicle loans	**3.89**	3.67	2.19
- Others	**4.45**	4.45	-
- Deferred sales tax payment liabilities	**10.57**	10.08	7.58
Unpaid dividends (Also refer note below)	**0.55**	1.07	10.15
Advances and security deposits from customers	**3.88**	10.38	0.58
Payable for purchase of property, plant and equipment	**7.37**	4.95	7.94
Payable in respect of investment in subsidiary	**21.26**	5.00	-
Employee benefits payable	**51.90**	49.99	36.67
Other payables	**51.32**	42.65	26.36
	227.53	194.27	412.53

Note

The amount due and paid during the year to "Investor Education and Protection Fund" is ₹ 0.03 million (31 March 2017: 0.03 million and 31 March 2016: 0.03 million)

27 Other current liabilities

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Statutory dues:			
Provident fund payable	**2.16**	1.58	1.35
Employees' State Insurance Scheme contribution payable	**0.19**	0.04	0.01
Other dues payable	**19.88**	8.22	4.66
Advance from customers	**104.25**	3.70	138.77
Other Payables	**25.24**	5.63	-
	151.72	19.17	144.79

28 Current provisions

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Provision for employee benefits			
Compensated absences	**8.50**	6.73	4.80
Gratuity (refer note 39)	**6.36**	5.58	4.12
Provision for 401K (refer note a below)	**8.76**	7.13	7.20
Interim dividend	**-**	-	20.00
Dividend tax	**-**	-	8.04
Provision for sales return (refer note b below)	**8.78**	8.15	4.35
Provision for product recall expenses (refer note c below)	**-**	-	3.34
	32.40	27.59	51.85

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2018

(₹ in million)

Note:

a) Advanced Enzymes USA, Inc.

The Company has maintained a 401(k) Safe Harbor Profit Sharing Plan ("Plan") to provide retirement and incidental benefits for its eligible employees. Employees may contribute from 1% to 15% of their annual compensation to the Plan, limited to a maximum annual amount as set periodically by the Internal Revenue Service. The Company contributes 100% of each dollar of mandatory contributions each eligible participant makes each plan year. All safe harbor contributions vest immediately.

	As at 31 March 2018	As at 31 March 2017
Movement in provision 401(k) during the year:		
Provision at the beginning of the year	**7.13**	7.20
Contribution during the year	**(5.47)**	(7.40)
Provision created during the year	**7.09**	7.38
Foreign exchange currency translation	**0.01**	(0.05)
Provision at the end of the year	**8.76**	7.13

b) Provision for sales return

As per best estimate of the management, provision has been made towards probable return of goods from customers, as per Indian Accounting Standard (Ind AS) 37

	As at 31 March 2018	As at 31 March 2017
Movement in provision for sales return		
Provision at the beginning of the year	**8.15**	4.35
Provision created during the year	**8.78**	8.15
Provision reversed during the year	**(8.15)**	(4.35)
Provision at the end of the year	**8.78**	8.15

c) Movement in provision for recall expenses

	As at 31 March 2018	As at 31 March 2017
Provision at the beginning of the year	**-**	3.34
Provision created during the year	**-**	8.83
Provision reversed during the year	**-**	12.17
Provision at the end of the year	**-**	-

29 Revenue from operations (including excise duty)

	Year ended 31 March 2018	Year ended 31 March 2017
Sale of goods		
Export	**2,126.59**	2,029.94
Domestic	**1,757.49**	1,397.71
	3,884.08	3,427.65
Sale of services		
Export	**41.89**	-
	41.89	-
	3,925.97	3,427.65
Other operating revenues		
Export incentives	**31.02**	3.26
	3,956.99	3,430.91

The Government of India introduced the Goods and Services Tax (GST) with effect from 1 July 2017, consequently revenue from operations for the period from 1 July 2017 upto 31 March 2018 is net of GST. However, revenue for the quarter ended 30 June 2017 included in the year ended 31 March 2018 and for the year ended 31 March 2017 is inclusive of excise duty. The Net Revenue from Operations (Net of GST/ Excise Duty) as applicable are stated below:

	Year ended 31 March 2018	Year ended 31 March 2017
Revenue from operations	**3,956.99**	3,430.91
Less: Excise duty	**45.28**	128.51
Net revenue from operations	**3,911.71**	3,302.40

30 Other income

	Year ended 31 March 2018	Year ended 31 March 2017
Interest income		
- on bank deposits carried at amortised cost	**1.23**	2.13
- on other assets carried at amortised cost	**0.71**	1.58
Provision for doubtful debts written back	**-**	7.00
Profit on sale of property, plant and equipment (net)	**0.12**	0.18

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2018

(₹ in million)

Net gain on foreign currency transactions and translations	**3.98**	0.22
Other non-operating income		
- Service income (31 March 2017: net of expenses directly attributable to such income of ₹ 3.13 million)	**-**	5.65
- Miscellaneous income	**7.90**	9.05
	13.94	25.81

31 Cost of materials consumed (Also, refer note 35)

	Year ended 31 March 2018	Year ended 31 March 2017
Opening stock		
Raw materials and packing materials (including goods-in-transit)	**236.42**	187.22
Add : Purchases during the year		
Raw materials and packing materials	**839.88**	734.68
Stock acquired on acquisition of subsidiary	**5.08**	13.05
Less : Closing stock		
Raw materials and packing materials (including goods-in-transit)	**282.01**	236.42
	799.37	698.53

32 Purchase of traded goods

	Year ended 31 March 2018	Year ended 31 March 2017
Purchase of traded goods	**3.91**	2.84
	3.91	2.84

33 Changes in inventories of finished goods, work-in-progress and stock-in- trade

	Year ended 31 March 2018	Year ended 31 March 2017
Opening stock		
- Finished goods	**138.40**	118.85
- Work-in-progress	**265.74**	256.94
- Traded goods	**-**	0.82
Stock acquired on acquisition of subsidiary		
- Finished goods	**26.10**	39.30
- Work-in-progress	**-**	2.71
	430.24	418.62
Closing stock		
- Finished goods	**158.50**	138.40
- Work-in-progress	**264.66**	265.74
- Traded goods	**-**	-
	423.16	404.14
Excise duty on stocks	**3.25**	(1.62)
Adjustment on account of foreign curreny translation	**1.11**	(3.94)
	11.44	8.92

34 Employee benefit expenses

	Year ended 31 March 2018	Year ended 31 March 2017
Salaries, wages and bonus	**582.88**	448.39
Contribution to gratuity, provident fund, payroll taxes and other funds	**41.68**	22.99
Retirement benefits expense	**17.56**	16.85
Staff welfare expenses	**20.54**	15.69
Employee stock compensation expense (refer note 45)	**23.29**	3.05
	685.95	506.97

35 Finance costs

	Year ended 31 March 2018	Year ended 31 March 2017
Interest expenses on financial liabilities - borrowings carried at amortised cost	**31.61**	22.77
Interest on term loan - carried at amortised cost	**15.57**	13.00
Net loss on foreign currency transactions and translations	**33.68**	-
	80.86	35.77

36 Depreciation and amortisation expense

	Year ended 31 March 2018	Year ended 31 March 2017
Depreciation of property, plant and equipment	**150.60**	123.43
Amortisation of intangible assets	**32.38**	4.18
	182.98	127.61

37 Other expenses

	Year ended 31 March 2018	Year ended 31 March 2017
Consumption of stores and spare parts	**58.42**	47.46

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2018

(₹ in million)

	Year ended 31 March 2018	Year ended 31 March 2017
Power and fuel	**180.99**	128.72
Water charges	**3.01**	3.26
Laboratory expenses	**15.59**	14.31
Repairs and maintenance		
- Buildings	**8.05**	6.29
- Plant and equipments	**16.14**	8.43
- Others	**17.44**	16.90
Travel, conveyance and car hire	**66.60**	47.44
Commission	**15.04**	12.84
Sales promotion and advertisement	**26.93**	17.46
Freight outward and forwarding	**32.14**	26.15
Selling and distribution expenses	**21.64**	19.09
Rent (refer note 40 and 43)	**39.47**	22.00
Rates and taxes	**34.83**	15.84
Insurance	**18.55**	15.07
Printing and stationary	**4.09**	2.01
Communication expenses	**9.58**	8.71
Directors' sitting fees (refer note 43)	**1.89**	0.99
Legal and professional charges	**100.39**	61.18
Payments to Auditors (refer note 41)	**8.23**	7.30
Provision for doubtful debts	**1.51**	17.06
Bad debts	**30.23**	8.10
Less: Provisions of doubtful debts written back	**(13.95)**	(2.13)
Bad debts (net)	**16.28**	5.97
Research and development expenses	**4.70**	1.63
Donation	**2.76**	2.46
Bank Charges	**3.20**	8.57
Net loss on foreign currency transactions and translations	**0.18**	0.27
Property, plant and equipment written off	**1.71**	5.02
Corporate Social Responsibility expenditure (refer note 60)	**6.84**	4.70
Recall expenses	**-**	8.83
Miscellaneous expenses	**53.71**	28.58
	769.91	564.54

38 Income taxes

Tax expense

(a) Income tax recognised in Consolidated Statement of profit and loss

	For the year ended 31 March 2018	For the year ended 31 March 2017
Current income tax	**478.47**	455.36
Changes in estimates related to prior period	**0.38**	(6.02)
Total current tax	**478.85**	**449.34**
Deferred income tax liability/ (asset) net		
Origination and reversal of temporary differences	**(7.71)**	(5.89)
Minimum Alternate Tax credit	**(17.03)**	(2.38)
Tax expense for the year	**454.11**	**441.07**

(b) Income tax recognised in Other Comprehensive Income

	For the year ended 31 March 2018			For the year ended 31 March 2017		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
Items that will not be reclassified to profit and loss						
Remeasurements of the defined benefit plans	**0.91**	**(0.09)**	**0.82**	(7.61)	2.60	(5.01)
	0.91	**(0.09)**	**0.82**	(7.61)	2.60	(5.01)

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2018

(₹ in million)

(c) Reconciliation of effective tax rate

	Year ended 31 March 2018	Year ended 31 March 2017
Profit before tax	**1,389.67**	1,370.51
Tax using the Company's domestic tax rate (31 March 2018: 34.608%, 31 March 2017: 34.608%)	**480.94**	474.31
Tax effect of:		
Incremental deduction allowed for research and development costs	**(14.07)**	(29.51)
State taxes	**59.97**	53.92
Tax on losses on which no deferred tax is created	**50.35**	-
Permanent differences	**(16.47)**	(23.01)
Investment allowance deduction	**(29.37)**	(31.88)
Prior period tax	**0.39**	(6.02)
Recognition of MAT credit	**0.00**	5.71
Tax rate differential	**(61.65)**	(4.72)
Others	**(15.98)**	2.27
Tax expense as per profit and loss	**454.11**	441.07

The Company's weighted average tax rates for the years ended 31 March 2018 and 2017 were 32.68% and 32.18%, respectively. The effective tax rate for the year ended 31 March 2017 was lower primarily as a result of a weighted deduction on research and development expenses

(d) Movement in deferred tax balances

	31 March 2018							
	Net balance 1 April 2018	Recognised in Consolidated Statement of Profit & Loss	Recognised in OCI	Acquired on business combination	Others	Net deferred tax asset/ liability	Deferred tax asset	Deferred tax liability
Deferred tax asset / (liability)								
Property, plant and equipment	(269.09)	(10.52)	-	(115.45)	-	(395.06)	-	(395.06)
Other items	7.98	6.62	-	4.09	-	18.69	18.69	-
Unabsorbed depreciation	30.64	25.00	-	-	-	55.64	55.64	-
Provision for employee benefits	12.32	(2.89)	(0.09)	-	-	9.34	9.34	-
Unrealised profits on unsold inventory	41.90	(10.50)	-	-	-	31.40	31.40	-
Intangibles assets	(83.02)	-	-	(6.42)	4.06	(85.38)	-	(85.38)
MAT Credit	139.96	17.03	-	-	(10.45)	146.54	146.54	-
Tax assets / (liabilities)	(119.31)	24.74	(0.09)	(117.78)	(6.39)	(218.83)	261.61	(480.44)
Set off tax							(261.61)	261.61
Net tax assets/ (liabilities)	(119.31)	24.74	(0.09)	(117.78)	(6.39)	(218.83)	-	(218.83)

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2018

(₹ in million)

(e) Movement in deferred tax balances

	31 March 2017							
	Net balance 1 April 2017	Recognised in Consolidated Statement of Profit & Loss	Recognised in OCI	Acquired on business combination	Others	Net deferred tax asset/ liability	Deferred tax asset	Deferred tax liability
Deferred tax asset / (liability)								
Property, plant and equipment	(185.60)	5.34	-	(88.83)	-	(269.09)	0.19	(269.28)
Other items	16.84	(1.80)	-	(3.30)	(3.76)	7.98	7.98	-
Product Recall	1.33	(1.33)	-	-	-	-	-	-
Unabsorbed depreciation	-	-	-	30.64	-	30.64	30.64	-
Provision for employee benefits	6.78	2.94	2.60	-	-	12.32	12.32	-
Unrealised profits on unsold inventory	42.27	(0.37)				41.90	41.90	-
Intangibles assets	-	1.11		(84.13)		(83.02)	-	(83.02)
MAT Credit	129.70	2.38	-	-	7.88	139.96	139.96	-
Tax assets / (Liabilities)	**11.32**	**8.27**	**2.60**	**(145.62)**	**4.12**	**(119.31)**	**232.99**	**(352.30)**
Set off tax							(232.99)	232.99
Net tax assets/ (liabilities)	**11.32**	**8.27**	**2.60**	**(145.62)**	**4.12**	**(119.31)**	**-**	**(119.31)**

During the year, the Group has accounted tax credits in respect of Minimum Alternative Tax (MAT credit) of ₹ 146.54 (March 31, 2017 : ₹ 139.96 million, April 1, 2016 ₹ 129.70 million) of earlier years. The Company is reasonably certain of availing the said MAT credit in future years against the normal tax expected to be paid in those years.

Given that the Company does not have any intention to dispose investments in subsidiaries in the forseeable future, deferred tax asset on indexation benefit in relation to such investments has not been recognised.

Unrecognised deferred tax assets/ liabilities

As at 31 March 2018 undistributed earning of subsidiaries amounted to ₹ 2,815.35 millions (March 31, 2017: ₹ 2,106.59 millions; March 31, 2016: INR 1,475.62 millions). The corresponding deferred tax liability of ₹ 435.61 millions (March 31, 2017 ₹ 326.10 millions; March 31, 2016: ₹ 229.37 millions), was not recognised because the Company controls the dividend policy of its subsidiaries i.e. the Company controls the timing of reversal of the related taxable temporary differences and management is satisfied that they will not reverse in the foreseeable future.

Tax losses carried forward

Deferred tax assets have not been recognised in respect of the following items, because it is not probable that future taxable profit will be available against which the Group can use the benefits therefrom:

	Expiry date	31 March 2018	31 March 2017
		Gross amount	Gross amount
Unabsorbed depreciation	No Expiry	**22.01**	97.18

39 Employee benefits

The Group contributes to the following post-employment plans in India.

Defined Contribution Plans:

The Group makes contributions towards provident fund and superannuation fund which are in the nature of defined contribution post employment benefit plans . Under the plan, the Group is required to contribute a specified percentage of payroll cost to fund the benefits.

The Group recognised ₹ 35.96 million for the year ended 31 March 2018 (31 March 2017 ₹ 19.00 million) towards provident fund contribution and ₹ 3.48 million for the year ended 31 March 2018 (31 March 2017 ₹ 3.15 million) towards super-annuation fund contribution in the Consolidated Statement of Profit and Loss.

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2018

(₹ in million)

The contributions payable to these plans by the Group are at rates specified in the rules of the schemes.

(A) Defined Benefit Plan:

The Group provides for gratuity benefit and compensated absences, which are defined benefit plans, covering all its eligible employees. The Group has taken a Group Gratuity and Compensated Absences policy for its employees with the Life Insurance Corporation of India (LIC). Under gratuity policy, the eligible employees are entitled to receive gratuity payments upon their resignation or death (subject to completion of 4.5 years of employment) in lumpsum after deduction of necessary taxes.

The most recent actuarial valuation of the defined benefit obligation along with the fair valuation of the plan assets in relation to the gratuity scheme was carried out as at 31 March 2018. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

These defined benefit plans expose the Group to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.

Based on the actuarial valuation obtained in this respect, the following table sets out the details of the employee benefit obligation and the plan assets as at balance sheet date:

	31 March 2018	31 March 2017	1 April 2016
Defined benefit obligation	**65.51**	52.91	32.75
Fair value of plan assets	**48.81**	39.46	26.88
Net defined benefit (obligation)/ assets	**(16.70)**	(13.45)	(5.87)

i) Reconciliation in present value of obligations ('PVO') – defined benefit obligation:

	Defined benefit obligation	
	31 March 2018	31 March 2017
Opening balance	**52.91**	32.75
Included Consolidated Statement in profit and loss		
Additional charge	**-**	4.22
Current service cost	**8.28**	3.42
Past service cost	**-**	2.45
Interest cost	**3.73**	2.80
	64.92	45.64
Included in OCI		
Remeasurement loss (gain):		
Actuarial loss (gain) arising from:		
Demographic assumptions	**-**	0.44
Financial assumptions	**0.99**	6.76
Experience adjustment	**0.75**	1.04
	66.66	53.88
Benefits paid	**(1.15)**	(0.97)
Closing balance	**65.51**	52.91

ii) Change in fair value of plan assets

	Fair value of plan assets	
	31 March 2018	31 March 2017
Opening balance	**39.46**	26.88
Included Consolidated Statement in profit and loss		
Expenses deducted from the fund	**-**	(0.22)
Expected return on plan assets	**2.12**	2.04
	41.58	28.70
Included in OCI		
Remeasurement loss (gain):		
Actuarial loss (gain) arising from:		
Experience adjustment	**0.82**	0.62
	42.40	29.32
Other		
Contributions paid by the employer	**7.16**	11.08
Benefits paid	**(0.75)**	(0.94)
Closing balance	**48.81**	39.46

Impact on Consolidated Statement of Profit and Loss for the current year

	31 March 2018	31 March 2017
Service cost:		
Current service cost	**8.28**	7.64
Past service cost and loss/(gain) on curtailments and settlement	**-**	2.45
Net interest cost	**1.62**	0.77
Total included in Employee Benefit expenses	**9.90**	10.86
Expenses deducted from the fund	**-**	0.22
Total Charge to Statement of Profit and Loss	**9.90**	11.08

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2018

(₹ in million)

Impact on Other comprehensive income for the current year

	31 March 2018	31 March 2017
Components of actuarial gain/ losses on obligations:		
Due to Change in financial assumptions	**(0.99)**	6.76
Due to change in demographic assumption	**-**	0.44
Due to experience adjustments	**(0.75)**	1.04
Return on plan assets excluding amounts included in interest income	**0.82**	(0.62)
Amounts recognized in Other Comprehensive Income	**(0.92)**	7.62

ii. Plan assets

Plan assets comprise the following

Gratuity	31 March 2018	31 March 2017	1 April 2016
Policy of insurance	**100%**	100%	100%
	100%	100%	100%

iii. Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

	31 March 2018	31 March 2017	1 April 2016
Discount rate	**7.60% - 8.00%**	7.15% - 8.00%	7.70% - 8.05%
Rate of return on plan assets	**7.60% - 8.00%**	7.15% - 8.00%	7.70% - 8.05%
Salary Escalation	**7.00% - 10.00%**	7.00% - 10.00%	7.00% - 8.00%
Withdrawal rates	**12%-5% at younger ages reducing to 2%-1% at older ages**	12%-5% at younger ages reducing to 2%-1% at older ages	12%-5% at younger ages reducing to 2%-1% at older ages
Retirement age	**58-60 years**	58-60 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	As published under the Indian assured lives mortality (2006-08) table

Assumptions regarding future mortality have been based on published statistics and mortality tables.

iv. Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	31 March 2018	31 March 2017	1 April 2016
	Increase	Increase	Increase
Discount rate (0.5% movement)	**55.78**	48.40	28.82
Future salary growth (0.5% movement)	**59.69**	52.16	31.59
Withdrawal rates (10% movement)	**48.79**	44.11	30.18

	31 March 2018	31 March 2017	1 April 2016
	Decrease	Decrease	Decrease
Discount rate (0.5% movement)	**59.80**	52.29	31.59
Future salary growth (0.5% movement)	**55.87**	48.49	28.81
Withdrawal rates (10% movement)	**48.96**	44.35	30.13

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occuring at the end of the reporting period.

v. Expected future cash flows

The expected future cash flows in respect of gratuity as at 31 March 2018 were as follows

Expected contribution

The expected contributions for defined benefit plan for the next financial year will be in line with the contribution for the year ended 31 March 2018, i.e. ₹ 4.69 million

Expected future benefit payments	
March 31, 2019	5.56
March 31, 2020	2.86
March 31, 2021	2.99
March 31, 2022	6.59
March 31, 2023	3.47
Therafter	27.80

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2018

(₹ in million)

The trustees of the plan have outsourced the investment management of the fund to an insurance company. The insurance company in turn manages these funds as per the mandate provided to them by the trustees and the asset allocation which is within the permissible limits prescribed in the insurance regulations. Due to the restrictions in the type of investments that can be held by the fund, it may not be possible to explicitly follow an asset-liability matching strategy to manage risk actively in a conventional fund.

40 Operating leases

A. Leases as lessee

The Group has taken certain facilities under operating lease arrangements. The lease can be terminated at the option of either parties by giving due notice. The rental expenses under operating leases "Other expenses" in the Consolidated Statement of Profit and Loss. The Group has entered into non-cancellable leasing arrangements which are mentioned below:

		Year ended 31 March 2018	Year ended 31 March 2017
(a)	As lessee:		
	Operating lease payments charged off to the Consolidated Statement of Profit and Loss	**39.47**	22.00

(b) The future minimum lease payments under non-cancellable leases payable as at the year ending are as follows:

	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016
Payable not later than one year	**20.58**	21.40	6.87
Payable later than one year not later than five years	**57.24**	80.39	2.05
Payable later than five years	**9.93**	10.44	10.95
	87.75	112.23	19.87

41 Payments to auditors (excluding taxes)

	Year ended 31 March 2018	Year ended 31 March 2017
As auditor		
Statutory audit	**4.55**	4.52
Limited review	**3.00**	2.40
Certification work	**0.26**	0.15
Tax audit fee	**0.05**	-
Transfer pricing	**0.10**	-
Reimbursement of expenses	**0.27**	0.23
	8.23	7.30

42 Capitalisation of expenditure

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

	Year ended 31 March 2018	Year ended 31 March 2017
Legal and professional charges	**-**	10.61
	-	10.61

The Group had incurred the above expenditure on toxicity studies, product characterisation, 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, Authorisation 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 capitalised as "Intangible assets under development" in the 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) for acceptability of food enzymes in the USA. The Company is in the process of filing the product dossier which US FDA, such expenditure has been capitalised as "Intangible assets under development" in the financial statements.

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2018

(₹ in million)

43 Related Party Disclosures

a) Names of related parties

I Key Management Personnel (KMP)

Mr. Vasant L. Rathi	Chariman and Non-executive director
Mr. Chandrakumar L. Rathi	Managing director
Mrs. Savita C. Rathi	Whole time director
Mr. Mukund M. Kabra	Whole time director
Mr. Piyush C. Rathi	Chief Business Officer
Mr. Beni P. Rauka	Chief Financial Officer
Mr. Prabal Bordiya (up to 13 February 2017)	Company secretary
Mr. Sanjay Basantani (w.e.f. 14 February 2017)	Company secretary
Mrs. Rupa Vora (w.e.f. 15 September 2016)	Independent Director
Mr. Kedar Desai	Independent Director
Mr. Ramesh Mehta	Independent Director
Mr. Pramod Kasat	Independent Director
Mr. K V Ramakrishna (up to 15 September 2016)	Independent Director

II Relatives of KMP :

Mrs. Prabha V. Rathi	Wife of Chairman
Ms. Rachana Rathi	Daughter of Chairman
Ms. Rasika Rathi	Daughter of Chairman
Ms. Reshma Rathi	Daughter of Chairman
Mr. Kishore L. Rathi	Brother of Managing director
Mrs. Mangala M. Kabra	Mother of Whole-time director

III Other related parties (entities in which either of the KMP's have significant influence) with whom transactions have taken place during the year

Advanced Vital Enzymes Private Limited
Rathi Properties LLC
Om Manufacturing Jalna Private Limited
Silvertech Trading Company Private Limited
Advanced Biodiesel Limited

Note:
Related party relationships have been identified by the management and relied upon by the auditors.

b) Transactions with related parties

Transactions during the year		KMPs and relatives		Other related parties	
		Year ended 31 March 2018	Year ended 31 March 2017	Year ended 31 March 2018	Year ended 31 March 2017
1	**Purchase of goods**				
	Advanced Vital Enzymes Private Limited	**-**	-	**1.35**	0.47
	Om Manufacturing Jalna Private Limited	**-**	-	**23.12**	9.24

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2018

(₹ in million)

Transactions during the year		KMPs and relatives		Other related parties	
		Year ended 31 March 2018	Year ended 31 March 2017	Year ended 31 March 2018	Year ended 31 March 2017
	Silvertech Trading Company Private Limited	**-**	-	**13.24**	6.21
		-	-	**37.71**	15.92
2	**Sale of goods**				
	Advanced Vital Enzymes Private Limited	**-**	-	**17.28**	15.67
	Om Manufacturing Jalna Private Limited	**-**	-	**2.26**	0.84
		-	-	**19.54**	16.51
3	**Rent paid**				
	Rathi Properties LLC		-	**14.60**	10.39
	Mr. Vasant L Rathi	**6.06**	4.25		-
		6.06	4.25	**14.60**	10.39
4	**Remuneration *^**				
	Mr. Chandrakumar L. Rathi	**15.95**	14.73	**-**	-
	Mr. Vasant L. Rathi	**20.49**	24.03	**-**	-
	Mrs. Savita C. Rathi	**6.34**	5.44	**-**	-
	Mr. Mukund M. Kabra	**13.59**	12.37	**-**	-
	Mr. Kishore L. Rathi	**2.49**	2.19	**-**	-
	Mrs. Mangala M. Kabra	**2.88**	2.51	**-**	-
	Mr. Piyush C. Rathi	**7.31**	6.72	**-**	-
	Mrs. Prabha V. Rathi	**12.57**	13.08	**-**	-
	Ms. Reshama Rathi	**6.10**	5.39	**-**	-
	Ms. Rachana Rathi	**6.10**	5.39	**-**	-
	Ms. Rasika Rathi	**8.90**	7.70	**-**	-
	Mr. Beni P. Rauka	**7.31**	6.72	**-**	-
	Mr. Prabal Bordiya	**-**	0.57	**-**	-
	Mr. Sanjay Basantani	**2.11**	0.28	**-**	-
		112.14	107.12	**-**	-
5	**Commission ***				
	Mr. Vasant L. Rathi	**0.71**	3.33	**-**	-
	Mr. Chandrakumar L. Rathi	**2.69**	2.50	**-**	-
	Mr. Mukund M. Kabra	**1.79**	1.66	**-**	-
	Mrs. Rupa Vora	**0.71**	-	**-**	-
	Mr. Kedar Desai	**0.71**	-	**-**	-
	Mr. Ramesh Mehta	**0.71**	-	**-**	-
	Mr. Pramod Kasat	**0.71**	-	**-**	-
		8.03	7.49	**-**	-
	* included in Employee benefit expense				

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2018

(₹ in million)

	Transactions during the year	KMPs and relatives		Other related parties	
		Year ended 31 March 2018	Year ended 31 March 2017	Year ended 31 March 2018	Year ended 31 March 2017
6	**Sitting fees to Independent directors**				
	Mrs. Rupa Vora	**0.48**	0.29	**-**	-
	Mr. Kedar Desai	**0.67**	0.30	**-**	-
	Mr. Ramesh Mehta	**0.47**	0.27	**-**	-
	Mr. Pramod Kasat	**0.27**	0.08	**-**	-
	Mr. K V Ramakrishna	**-**	0.05	**-**	-
		1.89	0.99	**-**	-
7	**Interest on borrowings**				
	Mr. Vasant L. Rathi		5.48	**-**	-
	Rathi Properties LLC	**-**	-		0.98
		-	5.48	**-**	0.98
8	**Share application money given**				
	Advanced Biodiesel Limited	**-**	-	**1.50**	-
		-	-	**1.50**	-
9	**Share application refunded**				
	Advanced Biodiesel Limited	**-**	-	**1.50**	-
		-	-	**1.50**	-
10	**Advances / Loan repaid**				
	Mr. Vasant L. Rathi	**-**	445.51	**-**	-
	Rathi Properties LLC		-	**-**	79.67
		-	445.51	**-**	79.67

^ 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.

Note 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 2017. Management believes that the Company's international transactions and domestic transactions with related parties post 31 March 2017 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.

c) Outstanding balances

		KMPs and relatives			Other related parties		
		Year ended 31 March 2018	Year ended 31 March 2017	Year ended 1 April 2016	Year ended 31 March 2018	Year ended 31 March 2017	Year ended 1 April 2016
	Outstanding balances						
a.	**Investment**						
	Advanced Vital Enzymes Private Limited	**-**	-	-	**0.57**	0.57	0.57
		-	-	-	**0.57**	0.57	0.57

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2018

(₹ in million)

		KMPs and relatives			Other related parties		
		Year ended 31 March 2018	Year ended 31 March 2017	Year ended 1 April 2016	Year ended 31 March 2018	Year ended 31 March 2017	Year ended 1 April 2016
b.	**Trade receivables**						
	Advanced Vital Enzymes Private Limited	**-**	-	-	**9.15**	7.50	3.08
	Om Manufacturing Jalna Private Limited	**-**	-	-	**0.67**	0.33	3.67
		-	-	-	**9.82**	7.83	6.75
c.	**Trade payables**						
	Om Manufacturing Jalna Private Limited	**-**	-	-	**-**	0.32	5.33
	Silvertech Trading Company Private Limited	**-**	-	-	**3.14**	0.26	2.27
	Advanced Vital Enzymes Private Limited	**-**	-	-	**-**	-	1.07
		-	-	-	**3.14**	0.58	8.67
d.	**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
e.	**Remuneration payable**						
	Mr. Chandrakumar L. Rathi	**0.74**	0.57	0.39	**-**	-	-
	Mrs. Savita C. Rathi	**0.35**	0.27	0.26	**-**	-	-
	Mr. Mukund M. Kabra	**0.54**	0.66	0.42	**-**	-	-
	Mr. Kishore L. Rathi	**0.16**	0.15	0.08	**-**	-	-
	Mrs. Mangala M. Kabra	**0.14**	0.16	0.13	**-**	-	-
	Mr. Piyush C. Rathi	**0.36**	0.32	0.29	**-**	-	-
	Mr. Beni P. Rauka	**0.14**	0.28	0.48	**-**	-	-
	Mr. Prabal Bordiya	**-**	-	0.03	**-**	-	-
	Mr. Sanjay Basantani	**0.12**	0.15	-	**-**	-	-
		2.55	2.56	2.08	**-**	-	-
f.	**Commission payable**						
	Mr. Vasant L. Rathi	**0.61**	2.83	1.76	**-**	-	-
	Mr. Chandrakumar L. Rathi	**2.41**	2.25	0.94	**-**	-	-
	Mr. Mukund M. Kabra	**1.61**	1.50	0.48	**-**	-	-
	Mrs. Rupa Vora	**0.64**	-	-	**-**	-	-
	Mr. Kedar Desai	**0.64**	-	-	**-**	-	-
	Mr. Ramesh Mehta	**0.64**	-	-	**-**	-	-
	Mr. Pramod Kasat	**0.64**	-	-	**-**	-	-
		7.19	6.58	3.18	**-**	-	-

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2018

(₹ in million)

44 Segment reporting

A Basis of segmentation

The Group 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.

B Gegraphic information

The geographic information analyses the Company's revenues and non-current assets by the Company's country of domicile and other countries. In presenting geographic information, segment revenue has been based on the selling location in relation to sales to customers and segment assets are based on geographical location of assets.

	Year ended 31 March 2018	Year ended 31 March 2017
Segment revenue (based upon location of customers)		
India	**1,787.96**	1,407.60
Europe	**210.24**	121.07
US	**1,781.00**	1,709.26
Asia	**134.50**	140.24
Others	**43.29**	52.74
	3,956.99	3,430.91

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Segment assets (based upon location of assets)			
India	**2,038.56**	2,044.78	1,096.22
Europe	**763.53**	57.41	50.67
USA	**2,292.97**	2,269.73	2,307.29
Asia	**0.94**	-	-
	5,096.00	4,371.92	3,454.18

Major customer

Revenue from one customer is ₹ 810.48 million (March 2017: 790.32 million) which is more than 10 percent of the total revenue.

45 Employee share-based payment plans

a) Description of share-based payment arrangements:

As at 31 March 2018, the Group 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 Group 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."

220,000 Equity Shares of Face Value of ₹ 2 each (31 March 2017: 44,000 shares of ₹ 10 each) are reserved for issue under AETL Employee Stock Option Scheme 2015 (AETL ESOS-2015)

The terms and conditions related to the grant of the share options are as follows:

Employees entitled	Number of options	Vesting conditions	Contractual life of options
Specified employees	2,20,000	- Continued employment with the Group:	Graded vesting over 4 years
		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	

Notes to the Consolidated Financial Statements

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(₹ in million)

b) Measurement of fair value :

The fair values are measured based on the Black-Scholes-option valuation model. Service and non-market performance conditions attached to the arrangements were not taken into account in measuring fair value.

The inputs used in the measurement of the fair values at grant date and measurement date of the stock options were as follows.

Particulars	1 Year	2 Years	3 Years	4 Years
Vesting				
Share price at grant date (Face value - ₹ 10 per share)	₹ 1,598	₹ 1,598	₹ 1,598	₹ 1,598
Exercise price (Face value - ₹ 2 per share)	60	₹ 60	₹ 60	₹ 60
Expected volatility (weighted average)	0.49	0.49	0.49	0.49
Expected life (weighted average)	3 years	3.5 years	4 years	4.5 years
Expected dividend	0.06%	0.06%	0.06%	0.06%
Risk-free interest rate (based on government bond)	6.60% p.a.	6.66% p.a.	6.72% p.a.	6.84% p.a.

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

Date of Vesting	1 Year	2 Years	3 Years	4 Years
Weighted-average exercise prices	₹ 60	₹ 60	₹ 60	₹ 60
Weighted-average fair value of options	270	272	274	276

c) Reconciliation of outstanding stock options :

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

Particulars	31 March 2018		31 March 2017	
	No. of options	Weighted average exercise price (in rupees)	No. of options	Weighted average exercise price (in rupees)
Outstanding at 1 April	**44,000**	**300**	-	-
Granted	-	-	44,000	300
Adjustment for sub-division of Equity shares	**176,000**	**60**	-	-
Forfeited	-	-	-	-
Expired	-	-	-	-
Exercised	-	-	-	-
Outstanding at 31 March	**220,000**	**360**	44,000	300
Exercisable at 31 March	**22,000**	**60**	-	-

The options outstanding at 31 March have an exercise price as given below:

	31 March 2018		31 March 2017	
	No. of options	Exercise price	No. of options	Exercise price
AETL ESOS 2015	**220,000**	**60**	44,000	300

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2018

(₹ in million)

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

	31 March 2018	31 March 2017
AETL ESOS 2015	**23.29**	3.05
Total expense recognized in 'employee benefits'	**23.29**	3.05

46 Earnings per share (EPS)

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

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

i. Profit attributable to Equity holders

	31 March 2018	31 March 2017
Profit attributable to equity holders	**900.55**	915.49

ii. Weighted average number of equity shares

	31 March 2018	31 March 2017
Issued equity shares at 1 April	**111,630,025**	108,828,000
Effect of fresh issue of shares for cash	**-**	1,865,460
Weighted average number of shares at 31 March for basic EPS	**111,630,025**	110,693,460
Effect of exercise of share options	**36,364**	32,800
Weighted average number of shares at 31 March for diluted EPS	**111,666,389**	110,726,260

Basic and Diluted earnings per share

	31 March 2018	31 March 2017
Basic earnings per share	**8.07**	8.27
Diluted earnings per share	**8.06**	8.27

47 Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013.

Particulars	As at 31 March 2018		Year ended 31 March 2018		Year ended 31 March 2018		Year ended 31 March 2018	
	Net assets i.e. total assets minus total liabilities		Share in profit or loss		Share of Other Comprehensive income		Share of Total Comprehensive income	
	As a % of consolidated net assets	₹ in million	As a % of consolidated profit and loss	₹ in million	As a % of OCI	₹ in million	As a % of Total Comprehensive income	₹ in million
Parent								
Advanced Enzyme Technologies Limited	**51.67**	**2,889.01**	**39.86**	**358.92**	**1.94**	**1.55**	**36.77**	**360.47**
Subsidiaries								
Indian								
Advanced Bio-Agro Tech Limited	**2.26**	**126.09**	**6.04**	**54.37**	**(0.08)**	**(0.07)**	**5.54**	**54.30**
Advanced EnzyTech Solutions Limited	**0.71**	**39.46**	**0.65**	**5.84**	**0.00**	**0.00**	**0.60**	**5.84**
JC Biotech Private Limited	**5.48**	**306.60**	**6.82**	**61.41**	**(2.90)**	**(2.31)**	**6.03**	**59.10**
Foreign								
Advanced Enzymes USA, Inc. (including its subsidiaries)	**58.01**	**3,243.26**	**72.12**	**649.44**	**19.47**	**15.55**	**67.83**	**664.99**

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(₹ in million)

Particulars	As at 31 March 2018		Year ended 31 March 2018		Year ended 31 March 2018		Year ended 31 March 2018	
	Net assets i.e. total assets minus total liabilities		Share in profit or loss		Share of Other Comprehensive income		Share of Total Comprehensive income	
	As a % of consolidated net assets	₹ in million	As a % of consolidated profit and loss	₹ in million	As a % of OCI	₹ in million	As a % of Total Comprehensive income	₹ in million
Advanced Enzymes (Malaysia) Sdn. Bhd.	**(0.02)**	**(0.99)**	**(0.70)**	**(6.31)**	**(0.68)**	**(0.54)**	**(0.70)**	**(6.85)**
Advanced Enzymes Europe B.V. (including its subsidiaries)	**1.54**	**86.29**	**(14.65)**	**(131.89)**	**86.98**	**69.47**	**(6.37)**	**(62.42)**
Total eliminations/adjustments	**(15.61)**	**(872.93)**	**(6.24)**	**(56.22)**	**(3.47)**	**(2.77)**	**(6.22)**	**(61.01)**
Share of Non- controlling interest	**(4.04)**	**(225.98)**	**(3.89)**	**(35.01)**	**(1.26)**	**(1.01)**	**(3.47)**	**(34.00)**
Total	**100.00**	**5,590.81**	**100.00**	**900.55**	**100.00**	**79.87**	**100.00**	**980.42**

Particulars	As at 31 March 2017		Year ended 31 March 2017		Year ended 31 March 2017		Year ended 31 March 2017	
	Net assets i.e. total assets minus total liabilities		Share in profit or loss		Share of Other Comprehensive income		Share of Total Comprehensive income	
	As a % of consolidated net assets	₹ in million	As a % of consolidated profit and loss	₹ in million	As a % of OCI	₹ in million	As a % of Total Comprehensive income	₹ in million
Parent								
Advanced Enzyme Technologies Limited	55.00	2,552.27	37.76	345.66	(7.89)	4.55	40.83	350.21
Subsidiaries								
Indian								
Advanced Bio-Agro Tech Limited	2.79	129.56	4.46	40.85	(0.41)	0.24	4.79	41.09
Advanced EnzyTech Solutions Limited	0.72	33.62	0.76	6.92	0.02	(0.01)	0.81	6.91
JC Biotech Private Limited	5.13	237.85	0.61	5.61	(0.40)	0.23	0.68	5.84
Foreign								
Advanced Enzymes USA, Inc. (including its subsidiaries)	55.53	2,577.05	64.68	592.10	109.46	(63.16)	61.66	528.94
Total eliminations/adjustments	(14.62)	(678.46)	(6.74)	(61.70)	(1.17)	0.68	(7.11)	(61.02)
Share of Non- controlling interest	(4.56)	(211.42)	(1.52)	(13.95)	(0.40)	0.23	(1.65)	(14.18)
Total	**100.00**	**4,640.47**	**100.00**	**915.49**	**100.00**	**(57.70)**	**100.00**	**857.79**

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.

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(₹ in million)

48 Acquisiton of JC Biotech Pvt. Ltd.

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. Apart from continued development and manufacturing of bio-pharmaceutical molecules, JC Biotech also aspires to produce algae DHA in the near future.

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.

In terms of the financial performance commencing from 1st December, 2016 till 31st March, 2017, JC Biotech's revenue was ₹ 155.84 Million, and PAT was ₹ 5.38 Million. If the acquisition had occurred on April 01, 2016, the revenue and profit for the full year ended would have been ₹ 404.82 million and ₹ 54.74 million respectively based on the amounts extrapolated by the management.

The following table summarises the acquisition date fair value of assets acquired, fair value of the consideration transferred, share of Non- Controlling interest and goodwill:

Description	Amount
Property, plant and equipment	564.84
Identifiable intangible assets	
- Developed technology	272.25
Inventory	57.22
Other assets	47.85
Long term borrowings	(140.93)
Other liabilities	(125.36)
Deferred tax liability	(137.01)
Total net assets	538.86
Share of NCI in total net assets	161.66
Purchase Consideration	500.85
Goodwill	123.65

Measurement of fair values

The valuation techniques used for measuring the fair value of material assets acquired were as follows.

Assets acquired	Valuation technique
Property, plant and equipment	The fair market value is assessed on cost approach method by deducting depreciation computed by straight line method. from the replacement cost of the machinery assessed by application of Whole sale Index numbers.
Intangible assets	Discounted cash flow technique
Inventories	The fair value is determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

Goodwill

The goodwill is attributable mainly to the skills and technical talent of JC Biotech's work force and the synergies expected to be achieved from integrating JC Biotech into the Group's existing Standard business. None of the goodwill recognised is expected to be deductible for income tax purposes.

49 Acquisiton of Evoxx Technologies GmbH

Evoxx Technologies GmbH was established in the year 2006 with registered address as Alfred-Nobel-Str. 10, 40789 Monheim am Rhein, Germany with the objective of having focus on development and production of industrial enzymes and development of oligosaccharides and polysaccharides (complex carbohydrates) to be used primarily in food applicants. Evoxx also develops and produces enzymes and fine chemicals for chemical and pharmceutical industries. It offers a catalog of enzymes, as well as tailor-made biocatalysts for specific industrial applications.

On 15 August 2017, the Company acquired 100% stake Evoxx Technologies Limited through wholly owned subsidiary, Advanced Enzymes Europe BV for a total upfront consideration of ₹ 494.47 million approved by the Board of Directors in its meeting held on 1 July 2017. The Company has funded the acquisition through internal accruals.

In terms of the financial performance commencing from 15th August, 2017 till 31st March, 2018, Evoxx Technologies GmbH's revenue was ₹ 111.12 Million, and loss after tax was ₹ 123.97 Million. If the acquisition had occurred on April 01, 2017, the revenue and loss for the full year ended would have been ₹ 177.79 million and ₹ 198.35 million respectively based on the amounts extrapolated by the management.

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(₹ in million)

The following table summarises the acquisition date fair value of assets acquired, fair value of the consideration transferred, share of Non- Controlling interest and goodwill:

Description	Amount
Property, plant and Equipment	60.22
Identifiable intangible assets	29.22
-Developed technology	255.68
-Customer relationships	78.62
-Trade name	25.63
Inventories	30.69
Other assets	54.17
Other liabilities	(169.24)
Deferred tax liability	(109.45)
Total net assets	**255.54**
Purchase Consideration	**494.47**
Goodwill	**238.93**

Measurement of fair values

The valuation techniques used for measuring the fair value of material assets acquired were as follows.

Assets acquired	Valuation technique
Property, plant and equipment	The fair market value is assessed on cost approach method by deducting depreciation computed by straight line method. from the replacement cost of the machinery assessed by application of Whole sale Index numbers.
Intangible assets	Discounted cash flow technique
Inventories	The fair value is determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

Goodwill

The goodwill is attributable mainly to the developed technology, customer relationships and trade name. None of the goodwill recognised is expected to be deductible for income tax purposes.

50 Acquisiton of Advanced Enzymes (Malaysia) Sdn. Bhd.

Advanced Enzymes (Malaysia) Sdn. Bhd. formerly known as Palm Techno Ventures Enzyme Sdn Bhd ("PTVE"), Malaysia was established in the year 2016 with registered address as E-7-3, (7th Floor), Block - E, Megan Avenue 1, 189, Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia having focus on supplying and providing enzyme based solutions with primary focus initially on enzymatic solutions for extraction of palm oil from palm furits.

On 3 July 2017, the Company completed its acquisition of Advanced Enzymes (Malaysia) Sdn. Bhd. ("AEM") formerly known as Palm Techno Ventures Enzyme Sdn Bhd ("PTVE"), Malaysia by way of an investment of 200,000 Malaysian Ringitt (RM), equivalent to ₹ 3.14 Million, in 200,000 ordinary shares of RM 1.00 each of PTVE i.e. 80% of the paid-up share capital of PTVE. On 13 March 2018, the Company purchased 150,000 ordinary shares of RM 1.00 each of AEM by way of rights issue, equivalent to ₹ 2.60 Million, i.e. 87.50% of the paid-up share capital of AEM. On 30 March 2018, the Company acquired balance 12.50% of the share capital of AEM by way of an investment of 50,000 Malaysian Ringitt (RM), equivalent to ₹ 0.87 Million, in 50,000 ordinary shares of RM 1.00 each, thereby making it a wholly owned subsidiary.

In terms of the financial performance commencing from 3rd July, 2017 till 31st March, 2018, Acquisiton of Advanced Enzymes (Malaysia) Sdn. Bhd.'s revenue was nil, and loss after tax was ₹ 6.31 Million. If the acquisition had occurred on April 01, 2017, the revenue and profit for the full year ended would have been nil and ₹ 8.41 million respectively based on the amounts extrapolated by the management.

The following table summarises the acquisition date fair value of assets acquired, fair value of the consideration transferred, share of Non- Controlling interest and goodwill:

Description	Amount
Total net assets	**2.76**
Share of NCI in total net assets	**0.55**
Purchase Consideration	**3.13**
Goodwill	**0.93**

51 Acquisition of Biomedic Labs, LLC, USA

On 3 October 2017, the Company acquired certain assets and liabilities of Biomedic Labs, LLC, USA for a purchase consideration of USD 750,000. The Company has accounted for goodwill of USD 630,000 equivalent to ₹ 40.98 Million on consolidation.

Notes to the Consolidated Financial Statements

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(₹ in million)

Details of purchase consideration, net assets acquired and goodwill are as follows

Particulars	Amount
Cash paid	32.73
Amounts payable	16.11
Total consideration	**48.84**

Particulars	Amount
Fair value of the tangible assets acquired- Inventories	1.44
Identifiable intangible assets acquired- Website domain	6.42
Total identifiable net assets acquired	**7.86**

Calculation of goodwill

Particlars	Amount
Total consideration	48.84
Less: net identifiable assets acquired	7.86
Goodwill	**40.98**

Measurement of fair values

The valuation techniques used for measuring the fair value of material assets acquired were as follows:

Assets acquired	Valuation technique
Intangible assets	Discounted cash flow technique
Inventories	The fair value is determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

52 Non controlling interest

Financial information of subsidiaries that have material non-controlling interests is provided below :

Name of the entity	Place of business / country of incorporation	Ownership interest held by the group		Ownership interest held by non-controlling interest	
		March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Advanced Bio-Agro Tech Limited	India	60.00%	60.00%	40.00%	40.00%
JC Biotech Private Limited	India	70.00%	70.00%	30.00%	30.00%

The following table summarises information relating to each of the Group's subsidiary, before any inter-company eliminations

I. Summarised statement of profit or loss

(a) Advanced Bio-Agro Tech Limited

	31 March 2018	31 March 2017
Total Revenue	422.22	392.42
Profit for the year	54.37	40.85
Other Comprehensive Income	0.09	(0.33)
Profit allocated to non-controlling interests	**21.78**	**16.21**
OCI allocated to non-controlling interests	**0.04**	**(0.13)**
Dividends paid to non-controlling interests	**19.20**	**14.00**

(b) JC Biotech Private Limited

	31 March 2018	31 March 2017
Total Revenue	404.82	155.84
Profit for the year	61.41	5.61
Other Comprehensive Income	3.19	(0.33)
Ind AS adjustments	(19.60)	(13.03)
Profit allocated to non-controlling interests	**13.50**	**(2.32)**
OCI allocated to non-controlling interests	**0.97**	**(0.10)**
Dividends paid to non-controlling interests	**-**	**-**

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(₹ in million)

II. Summarised balance sheet

(a) Advanced Bio-Agro Tech Limited

	31 March 2018	31 March 2017	1 April 2016
Non-current liabilities	-	1.08	2.06
Current liabilities	45.26	31.42	63.29
	45.26	32.49	65.36
Non-current assets	33.60	34.25	32.96
Current assets	137.74	127.80	163.47
	171.35	162.05	196.43
Net assets	126.09	129.56	131.08
Net assets attributable to non-controlling interest	50.44	51.82	52.43

(b) JC Biotech Private Limited

	31 March 2018	31 March 2017
Non-current liabilities	93.27	86.92
Current liabilities	129.10	161.26
	222.37	248.18
Non-current assets	400.32	423.79
Current assets	127.05	62.25
	527.37	486.03
Net assets	305.00	237.85
Ind AS adjustments	280.16	294.13
Net assets attributable to non-controlling interest	175.55	159.60

III. Summarised cash flow information

(a) Advanced Bio-Agro Tech Limited

	31 March 2018	31 March 2017
Cash flows from(used in) in operating activities	22.02	28.5
Cash flows from(used in) in invetsing activities	(0.13)	(0.2)
Cash flows from(used in) in financing activities	(22.05)	(42.1)
Net increase /(decrease) in cash and cash equivalents	**(0.15)**	**(13.81)**

(b) JC Biotech Private Limited

	31 March 2018	31 March 2017
Cash flows from(used in) in operating activities	0.64	101.0
Cash flows from(used in) in invetsing activities	(2.69)	(3.0)
Cash flows from(used in) in financing activities	(0.75)	(50.7)
Net increase /(decrease) in cash and cash equivalents	**(2.80)**	**47.23**

53 Goodwill and other intangibles

Impairment testing of Goodwill

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

Particulars	31 March 2018	31 March 2017	1 April 2016
Advanced Enzymes USA, Inc.	2,203.17	2,155.36	2,205.04
JC Biotech Private Limited	123.65	123.65	-
Advanced Enzymes Europe B.V.	255.58	-	-
Advanced Enzymes (Malaysia) Sdn. Bhd.	0.93	-	-
Advanced EnzyTech Solutions Limited	0.87	0.87	0.87
	2,584.20	2,279.88	2,205.91

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

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

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(₹ in million)

Particulars	31 March 2018	31 March 2017	1 April 2016
Discount rate	**8% - 14%**	8% - 14%	8%
Terminal value growth rate	**5%**	5%	5%
Sales growth rate	**8% - 10%**	8% - 10%	10%

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

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

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

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

54 Financial instruments

1. Financial instruments – Fair values and risk management

A. Accounting classification and fair values

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

31 March 2018	Note No.	Carrying amount				Fair value			
		FVTPL	FVTOCI	Amortised Cost	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Financial assets									
Non-current investments	7	0.62	-	-	0.62	-	0.62	-	0.62
Long-term loans	8	-	-	22.43	22.43	-	22.43	-	22.43
Other non-current financial assets	9	-	-	0.04	0.04	-	-	-	-
Current investments	12	0.04	-	-	0.04	0.04	-	-	0.04
Trade receivables	13	-	-	585.94	585.94	-	-	-	-
Cash and cash equivalents	14	-	-	611.28	611.28	-	-	-	-
Other bank balances	15	-	-	2.91	2.91	-	-	-	-
Short-term loans	16	-	-	20.94	20.94	-	-	-	-
Other current financial assets	17	-	-	42.88	42.88	-	-	-	-
		0.66	-	1,286.42	1,287.07	0.04	23.05	-	23.09
Financial liabilities									
Long-term borrowings	22	-	-	198.35	198.35	-	198.35	-	198.35
Short-term borrowings	24	-	-	378.06	378.06	-	-	-	-
Trade payables	25	-	-	174.73	174.73	-	-	-	-
Other Current financial liabilities	26	-	-	227.53	227.53	-	-	-	-
		-	-	978.67	978.68	-	198.35	-	198.35

Note: There have been no transfers among Level 1, Level 2 and Level 3 during the year

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for the year ended 31st March, 2018

(₹ in million)

31 March 2017	Note No.	Carrying amount				Fair value			
		FVTPL	FVTOCI	Amortised Cost	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Financial assets									
Non-current investments	7	0.62	-	-	0.62	-	0.62	-	0.62
Long-term loans	8	-	-	22.88	22.88	-	22.88	-	22.88
Other non-current financial assets	9	-	-	1.39	1.39	-	-	-	-
Current investments	12	0.04	-	-	0.04	0.04	-	-	0.04
Trade receivables	13	-	-	498.18	498.18	-	-	-	-
Cash and cash equivalents	14	-	-	75.38	75.38	-	-	-	-
Other bank balances	15	-	-	3.31	3.31	-	-	-	-
Short-term loans	16	-	-	32.71	32.71	-	-	-	-
Other current financial assets	17	-	-	2.33	2.33	-	-	-	-
		0.66	-	636.18	636.84	0.04	23.50	-	23.54
Financial liabilities									
Long-term borrowings	22			194.92	194.92	-	194.92	-	195
Short-term borrowings	24	-	-	265.44	265.44	-	-	-	-
Trade payables	25	-	-	110.10	110.10	-	-	-	-
Other Current financial liabilities	26	-	-	194.27	194.27	-	-	-	-
		-	-	764.73	764.73	-	194.92	-	194.92

Note: There have been no transfers among Level 1, Level 2 and Level 3 during the year

1 April 2016	Note No.	Carrying amount				Fair value			
		FVTPL	FVTOCI	Amortised Cost	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Financial assets									
Non-current investments	7	0.62	-	-	0.62	-	0.62	-	0.62
Long-term loans	8	-	-	13.65	13.65	-	13.65	-	13.65
Other non-current financial assets	9	-	-	1.27	1.27	-	-	-	-
Trade receivables	13	-	-	395.61	395.61	-	-	-	-
Cash and cash equivalents	14	-	-	252.96	252.96	-	-	-	-
Other bank balances	15	-	-	10.18	10.18	-	-	-	-
Short-term loans	16	-	-	0.17	0.17	-	-	-	-
Other current financial assets	17	-	-	7.23	7.23	-	-	-	-
		0.62	-	681.07	681.69	-	14.27	-	14.27
Financial liabilities									
Long-term borrowings	22			387.52	387.52	-	387.52	-	387.52
Short-term borrowings	24			296.34	296.34	-	-	-	-
Trade payables	25	-	-	115.44	115.44	-	-	-	-
Other Current financial liabilities	26	-	-	412.53	412.53	-	-	-	-
		-	-	1,211.83	1,211.83	-	387.52	-	387.52

Note: There have been no transfers among Level 1, Level 2 and Level 3 during the year

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(₹ in million)

B. Measurement of fair values

Valuation techniques and significant unobservable inputs

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

Financial instruments measured at fair value

Type	Valuation technique
Forward contracts for foreign exchange contracts	Forward pricing : The fair value is determined using quoted forward exchange rates at the reporting date and present value calculations based on high credit quality yield curves in the respective currencies
Non-current financial assets measured at amortised cost	Discounted cash flow technique: The valuation model considers present value of expected payments discounted using an appropriate discounting rate.

C. Financial risk management

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

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

i. Risk management framework

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

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

The audit committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

ii. Credit risk

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

Trade and other receivables

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

There is no concentration of risk for trade receivables.

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

	31 March 2018		
	Carrying Amount	**Weighted Average Loss Rate**	**Loss Allowance**
Not due	**338.48**	**0.23%**	**0.80**
0-90 days	**229.75**	**0.31%**	**0.71**
90-180 days	**11.99**	**2.88%**	**0.35**
180-270 days	**2.35**	**15.69%**	**0.37**
270-360 days	**2.08**	**38.78%**	**0.81**
More than 360 days	**22.04**	**80.37%**	**17.71**
	606.69		**20.75**

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	31 March 2017		
	Carrying Amount	Weighted Average Loss Rate	Loss Allowance
Not due	328.29	0.19%	0.64
0-90 days	132.78	0.27%	0.36
90-180 days	9.06	2.45%	0.22
180-270 days	4.50	7.57%	0.34
270-360 days	1.91	24.95%	0.48
More than 360 days	54.83	56.81%	31.15
	531.37		33.19

	1 April 2016		
	Carrying Amount	Weighted Average Loss Rate	Loss Allowance
Not due	170.44	1.48%	2.52
0-90 days	127.55	1.98%	2.53
90-180 days	54.40	3.86%	2.10
180-270 days	12.33	39.33%	4.85
270-360 days	29.71	6.67%	1.98
More than 360 days	26.44	42.67%	11.28
	420.87		25.26

Expected credit loss assessment for customers as at 1 April 2016, 31 March 2017 and 31 March 2018

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

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

The movement in the allowance for impairment in respect of trade and other receivables during the year was as follows.

Particulars	Amount
Balance as at 1 April 2016	25.26
Impairment loss recognised	17.06
Less: Amounts written back	9.13
Balance as at 31 March 2017	33.19
Impairment loss recognised	1.51
Less: Amounts written off	13.95
Balance as at 31 March 2018	20.75

The impairment loss is related to several customers that have defaulted on their payments to the Group and are not expected to be able to pay their outstanding balances, mainly due to economic circumstances.

Cash and cash equivalents

The Group held cash and cash equivalents of ₹ 611.28 million at 31 March 2018 (31 March 2017: ₹ 75.38 million, 1 April 2016: ₹ 252.96 million). The cash and cash equivalents are held with bank.

Derivatives

The derivatives are entered into with bank and financial institution counterparties with good credit ratings.

Investments

The Group limits its exposure to credit risk by generally investing in liquid securities and only with counterparties that have a good credit rating. The Group does not expect any losses from non-performance by these counter-parties, and does not have any significant concentration of exposures to specific industry sectors or specific country risks.

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

iii. Liquidity risk

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

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(₹ in million)

The Group has obtained fund and non-fund based working capital lines from various banks. The Group invests its surplus funds in bank fixed deposit which carry no/low mark-to-market risks. The Group monitors funding options available in the debt and capital markets with a view to maintaining financial flexibility

Exposure to liquidity risk:

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

31 March 2018	Contractual cash flows					
	Carrying amount	Total	Upto 1 year	1-3 years	3-5 years	More than 5 years
Long-term borrowings	198.35	198.34	-	167.04	31.30	-
Interest payable on borrowings	-	15.45	8.77	6.52	0.16	-
Short-term borrowings	378.06	378.06	378.06	-	-	-
Trade payables	174.73	174.73	174.73	-	-	-
Other financial liabilities	227.53	227.53	227.53	-	-	-

31 March 2017	Contractual cash flows					
	Carrying amount	Total	Upto 1 year	1-3 years	3-5 years	More than 5 years
Long-term borrowings	194.92	194.91	-	126.01	67.14	1.76
Interest payable on borrowings	-	26.20	13.46	11.71	1.03	-
Short-term borrowings	265.44	265.44	265.44	-	-	-
Trade payables	110.10	110.10	110.10	-	-	-
Other financial liabilities	194.27	194.27	194.27	-	-	-

1 April 2016	Contractual cash flows					
	Carrying amount	Total	Upto 1 year	1-3 years	3-5 years	More than 5 years
Long-term borrowings	387.52	387.52	-	313.87	66.89	6.76
Interest payable on borrowings	-	34.91	13.22	17.20	4.49	-
Short-term borrowings	296.34	296.34	296.34	-	-	-
Trade payables	115.44	115.44	115.44	-	-	-
Other financial liabilities	412.53	412.53	412.53	-	-	-

iv. Market risk

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

Currency risk

The Group is exposed to currency risk on account of its operations in other countries. The functional currency of the Group is Indian Rupee. The exchange rate between the Indian rupee and foreign currencies has changed substantially in recent periods and may continue to fluctuate substantially in the future. Consequently, the Group uses both derivative instruments, i.e, foreign

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2018

(₹ in million)

exchange forward contracts to mitigate the risk of changes in foreign currency exchange rates in respect of its highly probable forecasted transactions and recognized assets and liabilities.

Exposure to currency risk

The currency profile of financial assets and financial liabilities as at 31 March 2018, 31 March 2017 and 1 April 2016 are as below:

	31 March 2018	31 March 2018	31 March 2018
	USD	EURO	Others
Financial assets			
Cash and cash equivalents	**0.08**	0.09	0.21
Trade and other receivables	**73.84**	0.15	-
	73.92	0.24	0.21
Financial liabilities			
Trade and other payables	**46.66**	0.96	-
Loans	**58.34**	-	-
	105.00	0.96	-
Net exposure	**(31.08)**	(0.72)	0.21

	31 March 2017	31 March 2017	31 March 2017
	USD	EURO	Others
Financial assets			
Cash and cash equivalents	0.05	0.03	0.12
Loans	0.05	1.20	-
Trade and other receivables	33.15	9.69	-
	33.25	10.92	0.12
Financial liabilities			
Loans	65.96	-	-
Trade payables	15.93	2.02	-
	81.89	2.02	-
Net exposure	(48.64)	8.90	0.12

	1 April 2016	1 April 2016	1 April 2016
	USD	EURO	Others
Financial assets			
Cash and cash equivalents	0.04	0.01	0.14
Loans	0.05	-	-
Trade and other receivables	22.16	0.03	-
	22.25	0.04	0.14
Financial liabilities			
Loans	53.61	-	-
Trade payables	23.52	3.23	-
	77.13	3.23	-
Net exposure	**(54.88)**	**(3.19)**	**0.14**

Sensitivity analysis

A reasonably possible strengthening (weakening) of the Indian Rupee against US dollars and Euros at March 31 would have affected the measurement of financial instruments denominated in US dollars and Euros and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

Effect in ₹	Profit or loss	
	Strengthening	Weakening
31 March 2018		
1% movement		
USD	**(0.31)**	**0.31**
EUR	**(0.01)**	**0.01**
Others	**0.00**	**(0.00)**
	(0.32)	**0.32**

Effect in ₹	Profit or loss	
	Strengthening	Weakening
31 March 2017		
1% movement		
USD	(0.49)	0.49
EUR	0.09	(0.09)
Others	0.00	(0.00)
	(0.40)	0.40

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for the year ended 31st March, 2018

(₹ in million)

Derivative instruments

The Group uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to accounts receivable. The use of foreign currency forward contracts is governed by the Group's strategy approved by the Board of Directors, which provide principles on the use of such forward contracts consistent with the Group's Risk Management Policy. The Group does not use forward contracts for speculative purposes.

Particulars	As at 31 March 2018 USD in million	As at 31 March 2017 USD in million	As at 1 April 2016 USD in million
Forward contracts used for hedging Receivables	**0.57**	-	-
	0.57	-	-

Interest rate risk

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

Exposure to interest rate risk

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

	31 March 2018	31 March 2017	1 April 2016
Fixed-rate instruments			
Financial liabilities - measured at amortised cost			
Vehicle Loan	**9.22**	12.94	8.00
Working capital demand loan	**115.00**	50.00	75.00
Loans from Directors, other related parties and associate companies	-	46.47	519.26
Loan from others	**56.04**	25.12	-
Floating-rate instruments			
Financial liabilities - measured at amortised cost			
Term loan from banks	**145.69**	188.68	141.25
From banks in foreign currency	**58.34**	65.96	53.61
From banks in rupees	**248.68**	108.18	167.73
Total	**632.97**	**497.35**	**964.85**

* Deferred Sales Tax scheme is not included above since it does not bear any interest.

Fair value sensitivity analysis for fixed-rate instruments

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

Cash flow sensitivity analysis for variable-rate instruments

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

Cash flow sensitivity (net)	Profit or loss	
	25 bp increase	25 bp decrease
31 March 2018		
Variable-rate loan instruments	(1.54)	1.54
Cash flow sensitivity (net)	**(1.54)**	**1.54**
31 March 2017		
Variable-rate loan instruments	(1.17)	1.17
Cash flow sensitivity (net)	**(1.17)**	**1.17**

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2018

(₹ in million)

55 Capital Management

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

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

	31 March 2018	31 March 2017	1 April 2016
Non-current borrowings	**198.35**	194.92	387.52
Current borrowings	**378.06**	265.44	296.34
Current maturity of long term debt	**91.25**	80.24	330.83
Gross debt	**667.66**	540.60	1,014.69
Less - Cash and cash equivalents	**611.28**	75.38	252.96
Less - Other bank deposits	**2.40**	3.63	1.30
Adjusted net debt	**53.98**	461.59	760.43
Total equity	**5,590.81**	4,640.47	3,306.99
Adjusted net debt to equity ratio	**1%**	10%	23%

56 Transition to Ind AS:

For the purposes of reporting as set out in Note 1, the Group have transitioned our basis of accounting from Indian generally accepted accounting principles ("IGAAP") to Ind AS. The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31 March 2018, the comparative information presented in these financial statements for the year ended 31 March 2017 and in the preparation of an opening Ind AS balance sheet at 1 April 2016 (the "transition date").

In preparing our opening Ind AS balance sheet, we have adjusted amounts reported in financial statements prepared in accordance with IGAAP. An explanation of how the transition from IGAAP to Ind AS has affected our financial performance, cash flows and financial position is set out in the following tables and the notes that accompany the tables. On transition, we did not revise estimates previously made under IGAAP except where required by Ind AS.

Reconciliation of net worth as at 1 April 2016 and 31 March 2017

Particulars	Footnote ref.	As on 1 April 2016	As on 31 March 2017
Net worth under IGAAP		2,834.37	4,725.16
Summary of Ind AS adjustments			
Security deposits recognised at amortised cost	1	(0.04)	(0.02)
Amortisation of lease hold land		(0.98)	(1.04)
Provision for sales return	2	(2.61)	-
Provision for doubtful debts under Expected Credit Loss Model	3	(22.36)	(11.63)
Business combination	11	-	75.50
Other adjustments		(0.37)	(0.05)
Deferred tax on above adjustments	4	13.62	13.10
Deferred tax on unrealised inventory reserve	6	42.28	50.87
FCTR on Goodwill	12	495.51	
Total Ind AS adjustments		525.05	126.73
Net worth under Ind AS		3,359.42	4,851.89

Reconciliation of Comprehensive income for the year ended on 31 March 2017

Particulars	Footnote ref.	As on 31 March 2017 INR
Net profit under IGAAP		923.62
Summary of Ind AS adjustments		
Security deposits recognised at amortised cost	1	0.02
Amortisation of lease hold land		(0.07)
Provision for sales return	2	2.61
Net Actuarial loss on employees defined benefit plan reclassified to other comprehensive income	7	7.61
Provision for doubtful debts under Expected Credit Loss Model	3	10.73

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2018

(₹ in million)

Business combination	11	(16.42)
Other adjustments		0.16
Deferred tax on above adjustments	4	(3.12)
Dividend distribution tax on dividend		(4.28)
Deferred tax on unrealised inventory reserve	6	8.58
Total Ind AS adjustments		5.82
Net profit for the period as per Ind AS		929.44
Other comprehensive income		(57.47)
Total comprehensive income as per Ind AS		871.97

Notes to the reconciliation:

1 **Security deposits recognised at amortised cost**

Under previous GAAP, the interest free security deposits and advances were accounted for at transaction price. Under Ind AS, security deposits are to be measured at fair values at inception, with reference to market rates (i.e. fixed deposit rate), and the difference is to be recognised as prepaid rentals.

2 **Provision for sales returns**

Under previous GAAP, the Company accounted for sales return as and when the goods were recevied back from the customers. Under Ind AS, the Company is required to recognise a provision for sales return as a reduction from revenue."

3 **Trade and other receivables**

Under Indian GAAP, the Group has created provision for impairment of receivables consists only in respect of specific amount for incurred losses. Under Ind-AS, impairment allowance has been determined based on Expected Loss model (ECL).

4 **Other deferred tax adjustments :**

Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temprorary differences which was not required under Indian GAAP.

5 **Deferred tax on indexation benefit on land**

Under Ind AS, deferred tax is determined with reference to the balance sheet approach. Accordingly, the Company will be required to recognise deferred tax on account of indexation benefit on freehold/leasehold land

6 **Deferred tax on unrealised profits**

Under Ind AS, unrealised profits and losses eliminated on intragroup transfer of inventories gives rise to a temporary difference, that will reverse when the inventory is sold outside the group. Deferred tax is created on such temporary difference.

7 **Actuarial gain and loss**

Under Ind AS, all actuarial gains and losses are recognised in other comprehensive income. Under previous GAAP the Company recognised actuarial gains and losses in profit or loss. However, this has no impact on the total comprehensive income and total equity as on 1 April 2016 or as on 31 March 2017.

8 **Revenue**

Under Ind AS, revenue is recognised at the fair value of the consideration received or receivable, after deduction of any trade discounts, volume rebates and any taxes or duties collected on behalf of the government such as sales tax and value added tax except excise duty. Discounts given include rebates and incentives given to customers which have been reclassified from other expenses under Previous GAAP and netted from revenue under Ind AS.

9 **Excise duty on sales**

Under the previous GAAP, revenue from sale of goods was presented net of the excise duty on sales. Under Ind AS, revenue from sale of goods is presented inclusive of excise duty. Excise duty is presented in the Statement of Profit and Loss as an expense.

10 **Rent**

Under IGAAP, the land leased in Pitampur is treated as Leasehold Land. The same has been reclassified as Operating Leases from PPE to Prepaid rentals under Ind AS.

11 **Business combination**

Under IGAAP, the JC Biotech Private Limited acqusition was accounted for at book values. Under Ind AS, since the acquistion has been classfied as business combiantion, all assets and liabilities acquired are to be measured and recorded at fair value.

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2018

(₹ in million)

12 FCTR on Goodwill Translation

Under Ind AS, Goodwill related to a foreign operation are treated as assets and liabilities of the foreign operation and they are considered to be expressed in the functional currency of the foreign operation (and not the Parent company) and are translated at the exchange rate at the reporting date

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B. Exemptions and exceptions availed

B.1 Ind AS mandatory exceptions

B.1.1 Estimates

The estimates at 1st April 2016 and 31st March 2017 are consistent with those made for the same dates in accordance with the Indian GAAP (after adjustments to reflect any differences if any, in accounting policies). The Company has made estimates for following items in accordance with Ind AS at the date of transition as these were not required under previous GAAP:

1. Investment in equity instruments carried at FVTPL;
2. Determination of the discounted value for financial instruments carried at amortised cost.

B.1.2 De-recognition of financial assets and liabilities

Ind AS 101 requires a first-time adopter to apply the de-recognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101 allows a first-time adopter to apply the de-recognition requirements in Ind AS 109 retrospectively from a date of the entity's choosing, provided that the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions. The Company has elected to apply the de-recognition provisions prospectively

B.1.3 Classification and measurement of financial assets

The Company has classified and measured the financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

B.2 Ind AS optional exemptions

B.2.1 Deemed cost

The Company has elected to continue with the carrying value for all of its property, plant and equipment and intangible assets as recognised in the financial statements as the deemed cost at the date of transition to Ind AS, measured as per the previous GAAP

B.2.2 Business combination

The Company has elected to apply the requirements of Ind AS 103 prospectively to business combinations on or after the date of transition i.e. 1st April 2016. Pursuant to this exemption, goodwill arising from business combination has been stated at the carrying amount under previous GAAP subject to specific adjustments as mentioned in the equity reconciliation.

58 Contingent liabilities and commitments

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
a) Contingent liabilities			
Pertains to income tax demand/ matters on account of deductions/ disallowances for earlier years, pending for appeals consequent to order passed against the Company/ demands raised by the Department under Income Tax Act, 1961. Amount paid and adjusted there against and included under Income tax assets ₹. 58.75 million (31 March 2017- ₹ 52.48 million, 1 April 2016- ₹ 24.00 million).	**102.85**	137.90	170.97
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 19 'Other current assets' ₹ 15.06 million (31 March 2017: ₹ 15.06 million; 1 April 2016 - ₹ Nil).	**26.94**	31.46	23.16

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2018

(₹ in million)

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Letter of comfort issued by the Parent company towards the credit facilities sanctioned by bankers of subsidiary aggregating to ₹ 201 million	**156.65**	80.54	-
	286.44	249.90	194.13
In respect of above contingent liabilities, it is not practicable for the Group to estimate the closure of these issues and the consequential timings of cash flows, if any, in respect of the same.			
b) Commitments			
Estimated amount of commitments remaining to be executed			
- Capital (net of advances)	**34.06**	14.81	4.24
	34.06	14.81	4.24
	320.50	264.71	198.37

59 Research and development

The Group has incurred the following expenditure on research and development activities:

	Year ended 31 March 2018	Year ended 31 March 2017
Revenue expenditure		
Laboratory expenses and consumables	**9.79**	8.88
Employee benefit expenses	**48.40**	41.41
Legal and professional charges	**36.27**	23.77
Electricity	**9.15**	8.69
Rent, rates and taxes	**4.50**	5.35
Repair and maintenance	**4.30**	4.02
Travelling and conveyance expenses	**2.11**	1.57
Other expenses	**2.55**	3.49
	117.07	97.18
Less: Other non-operating income	**-**	8.78
	117.07	88.40
Capital expenditure		
Plant and equipment	**5.19**	11.23
Furniture and fixture	**0.01**	1.47
Office equipment	**0.15**	0.43
Computer and data processing equipments	**0.44**	0.34
Vehicles	**2.47**	-
	8.26	13.47

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. This includes information of 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.

60 Corporate Social Responsibility

As required by section 135 of Companies Act, 2013 and Rules therein, a Corporate social responsibility committee has been formed for the Parent Company and its subsidiary (Advanced Bio Agro Tech Limited). 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 2017-18 ₹ 7.08 million (previous year ₹ 4.95 million).

(b) Amount spent by both the companies during the year on purpose other than construction/ acquisition of assets is ₹ 6.84 million (previous year ₹ 4.70 million)

61 Formation of new subsidiary Advanced Enzymes Europe B. V.

On 11 July 2017, the Company has incorporated a wholly owned subsidiary; Advanced Enzymes Europe B.V. in Amsterdam, Netherlands registered with Chamber of Commerce having a paid up share capital of Euro 2 million, equivalent to ₹ 149.85 Million.

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2018

(₹ in million)

62 Proposed Dividend

The Board of Directors recommended a final dividend for the financial year 2017-18 of ₹ 0.50 (31 March 2017: ₹ 0.40) per equity share of the face value of ₹ 2/- each, and the same will be paid after approval of shareholders in the Annual General Meeting of the Company.

63 Specified Bank Notes Disclosure

The disclosure regarding details of specified bank notes held and transacted during 8 Novemeber 2016 to 30 December 2016 has not been made since the requirement does not pertain to financial year ended 31 March 2018. Corresponding amounts as appearing in the audited standalone financial statements for the year ended 31 March 2017 has been disclosed as under:

(Amount in INR)

Particulars	Specified Bank Notes	Other denomination Notes	Total
Closing cash in hand as on 8 November 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 December 2016	-	1,151,871	1,151,871

Note: The above mentioed disclosure includes Specified Bank Notes transacted for newly acquired subsidiary, JC Biotech Private Limited from 8 November 2016 inspite 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.

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: Thane
Date: 19 May 2018

For and on behalf of Board of Directors of Advanced Enzyme Technologies Limited
CIN No: L24200MH1989PLC051018

Chandrakumar L. Rathi
Managing Director
DIN : 00365691

Kedar Desai
Director
DIN : 00322581

Ramesh Mehta
Director
DIN : 00367439

Sanjay Basantani
Company Secretary
Membership No: 19637

Beni. P. Rauka
Chief Financial Officer
Membership No: 39980

Place: Thane
Date: 19 May 2018

Notes

Notes

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