

2015 - 2016 ANNUAL REPORT



Welcome to the world of better business


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Financial Highlights

ANNUAL REPORT 2015-16					
FINANCIAL HIGHLIGHT ON CONSOLIDATED BASIS			(Rupees in Millions)		
A) Financial Results Summary	2015-16	2014-15	2013-14	2012-13	2011-12
Net sales	2,938	2,231	2,394	2,204	1,717
EBIDTA (including other income)	1,389	931	1,031	943	657
Depreciation	87	90	100	74	55
EBIT	1,302	841	931	869	602
Finance Charge	79	93	132	96	122
Profit before tax & exceptional items	1,223	748	799	773	479
Exceptional items	41	-	514	-	-
Profit before tax	1,182	748	284	773	479
Tax	414	230	74	264	135
Profit after tax incl minority (PAT)	768	518	210	509	344
Profit after tax and allocation of minority interest	758	510	197	498	338
Paid up capital-Equity	218	218	218	218	207
Reserves & surplus	2,563	1,902	1,457	1,416	761
Shareholders' Fund	2,781	2,120	1,674	1,634	968
Minority interest	54	45	36	24	16
Long-term borrowings (including current maturities)	718	914	1,278	1,520	1,707
Working capital finance	296	226	361	306	359
Short term unsecured borrowings	-	11	30	22	20
Total Debt	1,014	1,151	1,669	1,849	2,086
Current liabilities (excluding current maturities of Long-term borrowings)	481	697	532	338	354
Tangible assets (net)	1,144	1,111	1,149	1,158	496
Intangible assets (net)	51	38	0	0	1
Goodwill on consolidation	1,710	1,710	1,710	1,710	1,547
Current asset	1,397	1,041	920	937	768
Net worth	2,781	2,120	1,674	1,634	968
Total outside liabilities - TOL	1,551	1,892	2,242	2,210	2,457
Growth Indicators					
Net Sales	32%	*-7%	9%	28%	47%
EBIDTA	49%	** -10%	9%	44%	150%
EBIT	55%	** -10%	7%	44%	182%
PAT	49%	158%	-60%	48%	102%
Key Operating Ratio					
EBITDA Margin	47%	42%	43%	43%	38%
EBIT Margin	44%	38%	39%	39%	35%
PAT Margin	26%	23%	9%	23%	20%
Financial Leverage					
Debt/Equity	0.36	0.54	1.00	1.13	2.15
Interest Coverage	16.48	9.08	7.05	9.09	4.92
Debt/EBDAT	0.77	1.37	1.86	2.18	3.90
Return Ratios					
RoE (PAT/Shareholders' Fund)	28%	24%	13%	31%	36%
ROCE (EBIT/ (Shareholders' Fund + Total Debt))	34%	26%	28%	25%	20%
Other Ratios					
Turnover to Tangible assets (net)	2.57	2.01	2.08	1.90	3.46
TOL to Net Worth Ratio	0.56	0.89	1.34	1.35	2.54
Book Value per share (Rs.)	128	97	77	75	47

* 4% increase on previous year if sales is taken net of exceptional sales return during FY 2014

** 5% increase in EBIDTA and 4% increase in EBIT on previous year if gross profit margin on exceptional amount of sales return during FY 2014 is adjusted to the extent of gross margin

BOARD OF DIRECTORS

Mr. Kedar Desai	Chairman - Independent Non-Executive Director
Mr. Chandrakant Laxminarayan Rathi	Managing Director
Mrs. Savita Chandrakant Rathi	Whole Time Director
Mr. Mukund Madhusudan Kabra	Whole Time Director
Mr. Vasant Laxminarayan Rathi	Director - Non Independent Non-Executive
Mr. Ramesh Thakorlal Mehta	Director - Independent Non-Executive
Mr. Pradip Bhailal Shah	Director - Non Independent Non-Executive
Mr. Kunisetty Venkata Ramakrishna	Director - Non Independent Non-Executive
Ms. Rupa Rajul Vora	Director - Independent Non-Executive

CHIEF FINANCIAL OFFICER

Mr. Beni Prasad Rauka

CHIEF BUSINESS OFFICER

Mr. Piyush Chandrakant Rathi

COMPANY SECRETARY

Mr. Prabal Bordiya

REGISTERED OFFICE

Sun-Magnetica, A Wing, 5th Floor, Near LIC Service Road, Louis Wadi, Thane(W) 400 604

R&D CENTRES

1. Plot no. A-161, Main Road No. 27, Wagle Industrial Estate, Thane (W) 400 604
2. A-135, Road No. 23, Wagle Industrial Estate, Thane (W) 400 604
3. A-61, M.I.D.C. Area, Sinnar, Nasik 422 103.

PLANTS

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

BANKERS

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

AUDITORS

M/s Walker Chandio & Co LLP,
Chartered Accountants
16th Floor, Tower II, Indiabulls Finance Center,
S. B. Marg, Elphinstone (W), Mumbai 400 013

SHARE TRANSFER AGENT

Link Intime India Pvt. Ltd.
C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (W),
Mumbai 400 078.

SUBSIDIARIES

Advanced Bio-Agro Tech Limited
Advanced EnzyTech Solutions Limited
Advanced Enzymes USA, USA
Cal-India Foods International, USA
Advanced Supplementary Technologies Corporation, USA
Enzyme Innovation Inc., USA
Dynamic Enzymes Inc., USA
Enzyfuel Innovation Inc., USA

DIRECTORS' REPORT

The Directors are delighted to present the Twenty Seventh Annual Report on the business and operations of the Company together with the audited Standalone & Consolidated statement of accounts of the Company for the year ended 31st March, 2016.

1. RESULTS OF OUR OPERATIONS

CONSOLIDATED FINANCIAL RESULTS

	Year ended 31.03.2016 (Rs. in Million)	Year ended 31.03.2015 (Rs. in Million)
Profit before depreciation, interest, exceptional item & tax	1388.51	930.81
(Less):		
Depreciation	87.19	90.17
Interest / finance charges	78.56	92.55
Exceptional item	40.96	-
Total	206.71	182.72
Profit before tax	1181.80	748.09
Less/(Add): Provision for taxation		
Current tax	363.42	201.59
Deferred tax	69.46	47.00
MAT credit entitlement	(18.53)	(19.12)
(Excess)/short provision for last years	0.01	0.49
Total	414.34	229.96
Profit after tax	767.46	518.13

STANDALONE FINANCIAL RESULTS

	Year ended 31.03.2016 (Rs. in Million)	Year ended 31.03.2015 (Rs. in Million)
Profit before depreciation, interest, exceptional item & tax	372.45	350.05
(Less):		
Depreciation	73.85	79.84
Interest / finance charges	43.71	46.56
	-	-
Profit before tax	117.56	126.40
Less/(Add): Provision for taxation	254.89	223.65
Current tax	54.59	46.05
Deferred tax	9.89	3.84
MAT credit entitlement	(18.53)	(19.12)
	45.95	30.77
Profit after Tax	208.94	192.89
Balance Brought Forward	1015.99	837.15
	1224.93	1030.04
Less: Reversal of fixed assets(refer note 12 of standalone financial)	-	2.99
Add:-Laibilities reversed on carrying amount of tangible assets due to transitional provision as per CA, 2013(refer note 8)	-	1.01
Profit available for appropriation	1224.93	1028.06
Appropriations		
Interim dividend (including tax on dividend)	25.74	12.07
Balance Carried to Balance Sheet	1199.19	1015.99

2. REVIEW OF OPERATIONS & FINANCIAL PERFORMANCE

Revenue –Consolidated

Our revenue from operations increased by 31.67% to Rs. 2,937.62 Million for financial year (FY) 2016 from Rs. 2,231.08 Million for FY 2015, mainly as a result of increase in our International sales by 43.20% to Rs. 1,867.06 Million in FY 2016 from Rs. 1,303.84 Million in FY 2015, primarily due to increase in sales of our US subsidiary SEB mainly in the Human Healthcare and Nutrition business vertical. The India sales grew by 15.46% to Rs. 1,070.56 Million in FY 2016 from Rs. 927.24 Million in FY 2015.

Our India sales constitutes 36.44% of total sales during FY 2016 as compared to 41.56% of total sales during FY 2015 and International sales was 63.56% of total sales as compared to 58.44% of total sales during FY 2015.

Revenue- Standalone

Our sales on standalone basis increased to Rs. 1391.41 Million during FY 2016 from Rs.1258.79 Million during FY 2015, at a growth rate of 10.54%.

India sales was at Rs. 919.70 Million (66.10% of total sales) during FY 2016 as compared to Rs. 802.31 Million (63.74% of total sales) during FY 2015, increased by 14.63%. International were at Rs. 471.71 Million (33.90% of total sales) during FY 2016 as compared to Rs. 456.48 Million (36.26% of total sales) during FY 2015. International growth was lower at 3.34% as compared to India growth of about 14.63%, due to lower Exports during FY 2016 of Rs. 268.25 Million as compared to Rs. 306.72 Million during FY 15 to our 100% subsidiary Company in USA.

Profits- Consolidated

EBIDTA (Earnings before interest, depreciation, tax and amortisation excluding other income) margin during FY 2016 was 1375.62 Million (46.83%) as compared to Rs. 905.22 Million (40.57%) during FY 2015, improved by about 52%, primarily due to increase in sales of our US subsidiary SEB mainly in the Human Health Care and Nutrition Business vertical.

Profit before exceptional item and tax stood at Rs. 1222.76 Million during FY 2016 as against Rs. 748.09 Million in the previous year, a growth of 63.45%. Profit after exceptional items before tax was at Rs.1181.80 Million during FY 2016 as compared to Rs. 748.09 Million in the previous year. Profit after tax stood at Rs. 767.46 Million during FY 2016 as compared to Rs. 518.13 Million during the previous year, a growth of 48.12%.

Profits- Standalone

EBIDTA margin during FY 2016 was at Rs. 363.17 Million (26.10%) as compared to Rs. 337.14 Million (about 26.78%) in the previous year, at a growth of 7.72%. Profit before exceptional item and tax stood at Rs. 254.89 Million during FY 2016 as compared to Rs. 223.66 Million in the previous year, at a growth of 14.00%. Profit after tax stood at Rs. 208.94 Million during FY 2016 as compared to Rs.192.89 Million during FY 2015, at a growth of 8.32%.

3. DIVIDEND

The Company paid an interim dividend @ 10% for the FY 2016 amounting to Rs. 21.76 Million as compared to dividend @ 5% for FY 15. Your directors do not recommend any final dividends. Accordingly interim dividend already paid is recommended for approval by the shareholders as final dividend for FY 2016.

During the year 2015-16, unclaimed dividend of Rs. 27,940/- pertaining to financial year 2007-08, was transferred to the Investor Education and Protection Fund, as required under the Investor Education and Protection Fund (Awareness and Protection of Investor) Rules, 2001.

4. RESERVES

No amount is proposed for transfer to the General Reserve Account during the financial year 2016.

5. SHARE CAPITAL:

The issued, subscribed and paid up share capital of the Company as on 31st March 2016 is Rs. 21,76,56,000 divided into 2,17,65,600 equity shares of Rs. 10/- each.

6. CONSOLIDATED FINANCIAL STATEMENTS

The audited consolidated financial statement of the Company prepared in accordance with applicable Accounting Standards AS-21 specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 is provided in the Annual Report.

SUBSIDIARY COMPANIES AND CONSOLIDATED FINANCIAL STATEMENTS

As on 31st March, 2016, Company has following 8 subsidiaries:

1. Advanced Bio-Agro Tech Limited, India;
2. Advanced EnzyTech Solutions Limited, India;
3. Advanced Enzymes USA;
4. Advanced Supplementary Technologies Corporation (Subsidiary of Advanced Enzymes USA);
5. Cal-India Foods International (doing business as Specialty Enzymes and Biotechnologies) (Subsidiary of Advanced Enzymes USA);
6. Dynamic Enzymes, Inc. (Subsidiary of Advanced Enzymes USA);
7. Enzyfuel Innovation Inc. (Subsidiary of Advanced Enzymes USA); and
8. Enzyme Innovation, Inc. (Subsidiary of Cal-India Foods International, Step-down subsidiary of Advanced Enzymes USA).

A report on the performance and financial position of each of the subsidiaries as per the Companies Act, 2013 is provided as **Annexure A** to the consolidated financial statement and hence not repeated here for the sake of brevity.

7. DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors state that:

- a) in the preparation of the annual accounts for the year ended March 31, 2016, 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) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2016 and of the profit of the Company for the year ended on that date;
- c) the Directors have taken proper and sufficient care 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 Directors have prepared the annual accounts on a 'going concern' basis;
- e) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- f) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

8. RISK MANAGEMENT

Your Company understands that controlling risks through a formal programme is necessary for the well-being of the Company. The Company has adopted a formal Risk Management policy for the Company, whereby, risks are broadly categorized into Strategic, Operational, Compliance, and Financial & Reporting Risks. The Policy initially has outlined the broad base parameters of identification, assessment, monitoring and mitigation of various risks which are keys to business objectives.

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

9. CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES

During the financial year under review, all contracts / arrangements / transactions entered by the Company with related parties were in the ordinary course of business and on an arm's length basis.

As prescribed by Section 134 (3) (h) of the Companies Act, 2013 and 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 B** to this report.

10. CORPORATE SOCIAL RESPONSIBILITY (CSR)

The key philosophy of all CSR initiatives of the Company is guided by three core commitments of Scale, Impact and Sustainability.

The Annual Report on CSR as per Companies (Corporate Social Responsibility Policy) Rules, 2014 is annexed herewith as **ANNEXURE – C** to this Report in the prescribed format.

11. DIRECTORS

The Board of Directors of the Company comprises 9 Directors including 3 Independent Directors, of which the Chairman of the Board is a Non-Executive and Independent Director and the Board comprises qualified individuals possessing the skills, experience and expertise necessary to guide the Company.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed under Section 149 (6) of the Companies Act, 2013 and Regulation 16 (1) (b) of SEBI (LODR).

The Board expressed that, in accordance with the provisions of the Companies Act, 2013 and the Articles of Association of the Company, Mr. Pradip Bhailal Shah, Director of the Company, retires by rotation at the ensuing Annual General Meeting, who is eligible for re-appointment, however does not seek the same. The Directors has proposed not to fill-in the said casual vacancy and a resolution to that effect has been proposed at the ensuing Annual General Meeting.

In accordance with the provisions of the Companies Act, 2013 and the Articles of Association of the Company, Mr. Mukund Madhusudan Kabra, Director of the Company, retires by rotation at the ensuing Annual General Meeting and being eligible has offered himself for re-appointment.

Mrs. Rupa R. Vora was inducted as an Independent Director on the board with effect from 28th November, 2015 and appointed as an additional director of the Company. As per the provisions of Companies Act 2013, additional director holds office only upto the date of ensuing Annual General Meeting. Notice under section 160 of the Companies Act, 2013 has been received proposing candidature of Mrs. Rupa R. Vora for the office of Independent Director of the Company for a period of five years with effect from 28th November, 2015.

12. AUDITORS REPORT AND REAPPOINTMENT

M/s Walker Chandiok & Co LLP, Chartered Accountants, Statutory Auditors of the Company, hold office till the conclusion of the ensuing Annual General Meeting (AGM) and their terms of 5 years are expiring at the ensuing AGM.

The Audit Committee has considered the qualifications and experience of the proposed auditors M/s. BSR & Co. LLP and has recommended their appointment. The Board of Directors has also considered the matter and recommends the passing of the Ordinary Resolution appointing M/s. BSR & Co. LLP, Chartered Accountants, having ICAI firm Reg. No. 101248W/W-100022, as statutory auditors in place of the retiring Auditor M/s Walker Chandiok & Co LLP, for the financial year 1st April 2016 to 31st March 2021. Written consent of the proposed auditors together with a certificate that the appointment, if made, shall be in accordance with the conditions specified in Rule 4 of the Companies (Audit and Auditors) Rules, 2014 has been received.

The Notes on financial statement referred to in the Auditors' Report are self-explanatory and do not call for any further comments. The Auditors' Report does not contain any qualification, reservation or adverse remark.

Cost Audit is not applicable on the Company as per Final (Cost Records and Audit) Rules, 2014.

13. SECRETARIAL AUDITOR

The provision of Section 204 of the Companies Act, 2013 and Rules thereunder are not applicable to the Company for the financial year 2015-2016.

14. AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE

The Company is yet to be listed accordingly auditor's certificate on corporate governance is not applicable to the Company.

15. COMMITTEES OF THE BOARD

Currently, the Board has four committees viz., the audit committee, the nomination and remuneration committee, the corporate social responsibility committee, the stakeholders relationship committee. A detailed note on the composition of the Board and its committees is provided in the corporate governance report section of this Annual Report.

CSR COMMITTEE

The CSR Committee comprises Mr. Kedar Desai –Chairman (Non-executive- Independent Director), Mr. R.T. Mehta (Non-Executive Independent Director) and Mr. K.V. Ramakrishna (Non-Executive Non- Independent Director) as other members.

AUDIT COMMITTEE

The Audit Committee comprises of Mrs. Rupa Vora - Chairperson (Non-executive Independent Director), Mr. Kedar Desai – (Non-executive Independent Director), Mr. R. T. Mehta (Non-executive Independent Director) and Mr. K. V. Ramakrishna (Non-executive Non Independent Director) as other members. The Committee met four times during the year.

NOMINATION AND REMUNERATION COMMITTEE

Nomination and Remuneration Committee met thrice during the year. The Company's Policy framed by the Board, on the recommendation of the Nomination & Remuneration Committee relating to selection of Directors, determining Directors independence, payment of remuneration to Directors, Key Managerial Personnel and other employees and other related matters as provided under Section 178(3) of the Companies Act, 2013 is furnished in **ANNEXURE – D** and forms part of this Report.

THE STAKEHOLDERS RELATIONSHIP COMMITTEE

The Stakeholders Relationship Committee comprises of Mr. Kedar Desai – Independent Non-Executive Director- Chairman, Mr. K. V. Ramakrishna–Non Independent Director- Member, Mr. R.T. Mehta – Independent Non-Executive Director Member.

16. VIGIL MECHANISM

The Vigil Mechanism of the Company, which also incorporates a whistle blower policy in terms of the Companies Act, 2013, includes an Ethics & Compliance Task Force comprising senior executives of the Company. Protected disclosures can be made by a whistle blower through an e-mail, or dedicated telephone line or a letter to the Task Force or to the Chairperson of the Audit Committee.

17. CORPORATE 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.

Our Corporate Governance Report for FY 2016 forms part of this Annual Report as **Annexure E**.

18. BOARD DIVERSITY

The company recognizes importance of a diverse board in its success. A truly diverse board will leverage difference in thought, perspective, knowledge, skill, regional and industry experience, cultural and geographical background, age, ethnicity, race and gender, which will help us retain our competitive advantage. The board has adopted the Board Diversity policy which sets out the approach to diversity of the board of Directors. The Board Diversity Policy is available on our website www.advancedenzymes.com

19. NUMBER OF MEETINGS OF THE BOARD

During the financial year 2015-2016, the Board of Directors of the Company, met 8 (Eight) times details of which are given in the Corporate governance report. The maximum interval between any two meetings did not exceed 120 days, as prescribed under the Companies Act, 2013.

In addition to this independent directors of the Company met once on 26.03.2016 to evaluate the quality, quantity and timelines of flow of information between the executive management and the Board of Directors.

20. POLICY ON DIRECTOR'S APPOINTMENT AND REMUNERATION

The current policy is to have an appropriate mix of executive and independent directors to maintain the independence of the board, and separate its functions of governance and management. On March 31, 2016, the Board consists of nine members, three of whom are executive or whole time directors, and six are non-executive directors which includes 3 independent directors.

The policy of the Company on director's appointment and remuneration, including criteria for determining qualifications, positive attributes, independence of director and other matters, as required under sub – section (3) of section 178 of the Companies Act 2013, is available on our website www.advancedenzymes.com). There has been no change in the policy since the last fiscal year. 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.

21. DECLARATION BY INDEPENDENT DIRECTORS

The Company has received necessary declaration from each independent director under section 149 (7) of the Companies Act, 2013, that he /she meets the criteria of independence laid down in Section 149 (6) of the companies Act, 2013 and Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

22. BOARD EVALUATION

Regulation 4 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 mandates that the board shall monitor and review the Board evaluation framework. The framework includes the evaluation of directors on various parameters such as :

- Board dynamics and relationships
- Information flows
- Decision – making

- Relationship with stakeholders
- Company performance and strategy
- Tracking Board and committees' effectiveness
- Peer evaluation.

The Board of Directors of the Company has framed the policy and the same is uploaded on the web site of the Company and available at http://www.advancedenzymes.com/AETL-Board_Evaluation_Policy.pdf

23. FAMILIARIZATION PROGRAM FOR INDEPENDENT DIRECTORS

All new independent directors inducted into the Board attend an orientation program. Pursuant to provisions of Regulation 25(7) of the SEBI (LODR) Regulations, 2015, the detail of training and familiarization program are provided in the Corporate Governance Report and is also available on our website (www.advancedenzymes.com). Further, at the time of the appointment of an independent director, the Company issues a formal letter of appointment outlining his / her role, function, duties and responsibilities. The format of the letter of appointment is available on our website www.advancedenzymes.com

24. PROPOSAL FOR LISTING OF EQUITY SHARES WITH BSE AND NSE

The Company is in the process of listing and has got approval from SEBI on its updated draft red herring prospectus for its Initial Public Offerings of Rs. 50 Crore and Offer for Sale by shareholders of the Company for 4,043,470 Equity Shares (OFS) collectively referred as IPO. The Company however will update its draft red herring prospectus to include financial statements for entire financial year 2016 instead of financial statement for stub period of 9 months. The Company has got in principle approval of its listing application for Equity shares from BSE Limited and NSE Ltd and is likely to announce opening of IPO in due course of time. The Company shall enter into Listing agreements with BSE and NSE as per requirement.

25. POLICIES

We seek to promote and follow the ethical standards in all our business transactions guided by our value system. The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 mandated the formulation of certain policies for all listed companies including the companies seeking listing. All our corporate governance policies are available on our website www.advancedenzymes.com

26. AETL' CODE OF CONDUCT FOR THE PREVENTION OF INSIDER TRADING.

The Board of Directors has adopted the Insider Trading policy in accordance with the requirements of the SEBI (Prohibition of insider Trading) Regulation, 2015. The insider Trading Policy of the Company lays down guidelines and procedures to be followed, and disclosures to be made while dealing with shares of the company as well as the consequences of violation. The Policy has been formulated to regulate, monitor and ensure reporting of deals by employees and to maintain the highest ethical standards of dealing in Company securities.

The Insider Trading Policy of the Company covering code of practices and procedures for fair disclosure of unpublished price sensitive information and code of conduct for the prevention of insider trading, is available on our website www.advancedenzymes.com

In addition to its Code of Conduct and ethics, key policies that have been adopted by the Company are as follows:

Name of the Policy	Brief Description	Web Link
Whistleblower Policy (Policy on vigil mechanism)	The Company has adopted the whistleblower mechanism for directors and employees to report concerns about unethical behavior, actual or suspected fraud, or violation of the company's code of conduct and ethics.	http://www.advancedenzymes.com/AETL-Whistle_Blower_Policy-final1.pdf
Nomination and Remuneration Policy	This policy formulates the criteria for determining qualifications, competencies, positive attributes and independence for the appointment of a director (executive / non – executive) and also the criteria for determining the remuneration of the directors, key managerial personnel and other employees.	http://www.advancedenzymes.com/AETL-Nomination_and_Remuneration_policy_.pdf
Corporate Social Responsibility Policy	The policy outlines the company's strategy to bring about a positive impact on society through programs relating to hunger, poverty, education, healthcare, environment and lowering its resource footprint.	http://www.advancedenzymes.com/AET-CSR-Policy-final.pdf
Policy on Material Subsidiaries	The policy is used to determine the material subsidiaries and material non listed Indian subsidiaries of the Company and to provide the governance framework for them.	http://www.advancedenzymes.com/Policy_on_Material_Subsiidiaries.pdf

Name of the Policy	Brief Description	Web Link
Related Party Transaction Policy	The policy regulates all transactions between the company and its related parties.	http://www.advancedenzymes.com/Policy-on-Related-Party-Transactions.pdf
Insider Trading Policy	The policy provides the framework in dealing with securities of the Company	http://www.advancedenzymes.com/AETL-Code_of_Internal_Procedures_and_Conduct_for_Regulating_Monitoring_and_Reporting_of_Trading_by_Insiders.pdf and Code_of_practices_and_procedures_for_fair_disclosure_of_unpublished_price_sensitive_information.pdf
Policy for Determining Materiality for Disclosures	This policy applies to disclosures of material events affecting AETL and its subsidiaries.. Which deals with the dissemination of unpublished, price – sensitive information..	http://www.advancedenzymes.com/Policy-on-materiality-of-information.pdf
Document Retention and Archival Policy	The policy deals with the retention and archival of corporate records of the Company and all its subsidiaries.	http://www.advancedenzymes.com/Policy-on-Preservation-and-Archival.pdf
Board Evaluation Policy	This policy deals with evaluation of Individual Director, Committees of the Board and the functioning of the Board as a whole.	http://www.advancedenzymes.com/AETL-Board_Evaluation_Policy.pdf

27. INTERNAL FINANCIAL CONTROL AND ITS ADEQUACY

The Board has adopted policies and procedures 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 reliable financial disclosures.

28. SIGNIFICANT AND MATERIAL ORDERS

There are no significant and material orders passed by the regulators or courts tribunals impacting the going concern status and Company's operations in future.

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

During the financial year ended 31st March, 2016, no Loan under section 186 of the Companies Act, 2013 was made by the Company.

Particulars of loans given, investments made, guarantees given and securities provided along with the purpose for which the loan or guarantee or security is proposed to be utilized by the recipient are provided in the standalone financial statement (Please refer to Note 14 and 15 to the standalone financial statement).

30. EXTRACT OF ANNUAL RETURN

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

31. ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE

The information pertaining to conservation of energy, technology absorption, foreign exchange earnings and outgo as required under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is furnished in **ANNEXURE G (Part I, to Part IV)** and forms part of this report.

32. PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

In terms of the provisions of Section 197(12) of the Act read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said rules are provided as **ANNEXURE H**.

33. FIXED DEPOSIT

The Company does not have any fixed deposits at the beginning of the year and neither accepted nor renewed any deposits during the year under review. There was no deposit remaining unpaid or unclaimed as at the end of the year 31st March, 2016.

34. RESEARCH AND DEVELOPMENT

During FY 2016, R&D expenditure incurred by the Company was Rs. 99.08 Million (including Capital expenditure of Rs. 17.32 Million) constituting about 7.12% of net sales of the Company as against Rs. 95.20 Million (including capital expenditure of Rs. 3.89 Million) incurred during the previous year (7.56% of net sales).

35. INTELLECTUAL PROPERTY (IPR)

Your Company has 13 (thirteen) patents and applications for registration of 4 (four) patents are pending before the relevant authorities. Further, our Company has 128 (one hundred and twenty-Eight) trademarks registered in its name and applications for registration of 14 (fourteen) trademarks are pending before the relevant authorities. Registration of product dossiers for the purpose of registration under European Food Safety Authority (EFSA), which is mandatory requirement for International of food enzymes, food flavorings and additives to European Countries, submitted in earlier years is under process of registration.

36. EMPLOYEES STOCK OPTION PLAN

The Company has not yet implemented its ESOP 2015.

37. DEMAT OF SHARES CONNECTIVITY WITH CDSL AND NSDL

Shareholders can get their physical shares dematerialized through their depository participants. The Company has an arrangement with both depository participants viz NSDL as well as CDSL and allotted ISIN Number INE 837H01012. As on 31st March 2016, 20,621,400 Shares constituting 94.74% shares have been dematerialized till 31st March 2016.

38. SHARE TRANSFER AGENT

M/s. Link Intime India Private Limited, Mumbai who acts as share transfer agent (R&T Agent) of the Company. Shareholders can directly send their transfer request and other related correspondence in this regard to R&T Agent at their address given on the first page.

39. WEBSITE OF THE COMPANY

Website of the Company is **www.advancedenzymes.com** where detailed information of the Company, Management and its products are provided and in addition to this all statutory information are also placed.

40. BANKING

The Company has working capital arrangement from CITI Bank N.A., HDFC Bank, Kotak Mahindra Bank and DBS Bank.

41 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:

1. Neither the Managing Director nor the Whole-time Directors of the Company receive any remuneration or commission from any of its subsidiaries.
2. No material changes and commitments have occurred after the close of the year till the date of this Report, which affect the financial position of the Company. There was also no change in the nature of business of the Company during the financial year ended 31st March, 2016.

42. DISCLOSURES AS PER THE SEXUAL HARASSMENT OF WOMEN AT THE WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT, 2013

Your Directors further state that during the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Company conducts awareness program at regular intervals.

43. ACKNOWLEDGMENTS

Your Directors acknowledge with gratitude the support received by the Company from Citi Bank N.A, HDFC Bank, DBS Bank, Kotak Mahindra Bank and Government Agencies, organizations and employees of the organisation. 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.

By Order of the Board of Directors

(Kedar Desai)

Chairman

DIN: 00322581

Thane, 27th June 2016

ANNEXURE “A” TO THE DIRECTOR’S REPORT

(Rs. in Million)

Name of the subsidiary	Advanced Bio-Agro Tech Limited	Advanced Enzytech Solutions Limited	Advanced Enzymes USA*
Extent of Holding	60% (60%)	100% (100%)	100% (100%)
Date of incorporation	09.11.2004	01.09.2008	01.11.2010
Accounting year	From 01.04.2015 To 31.03.2016	From 01.04.2015 To 31.03.2016	From 01.04.2015 To 31.03.2016
Net aggregate of profit /(loss) for current period of the subsidiary so far it concerns the members of the holding Company			
(a) Dealt with or provided for in the accounts of the holding Company	Nil	Nil	Nil
(b) Not dealt with Or provided for in the accounts of the holding Company	27.87	6.33	526.72
Net aggregate of profit /(loss) for previous financial years of the subsidiary so far it concerns the members of the holding Company			
(a) Dealt with or provided for in the accounts of the holding Company	Nil	Nil	Nil
(b) Not dealt with or provided for in the accounts of the holding Company	21.36	9.19	306.57

*Consolidated including step down subsidiaries of the Company viz. Cal-India Foods International doing business as SEB acquired on 4th April 2011, Advanced Supplementary Technologies Corporation (AST) acquired on 31st Oct 2012, Enzyme Innovation, Inc. constituted on 3rd April 2014, and Dynamic Enzymes, Inc. Incorporated on 25th February 2015 and Enzyfuel Innovation, Inc. Incorporated on 30th December, 2015

By Order of the Board of Directors

(Kedar Desai)
Chairman
DIN: 00322581

Thane, 27th June 2016

ANNEXURE “B” TO THE DIRECTOR’S REPORT

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

N/A wherever used means not applicable.

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

All the transactions with the related parties during the financial year 2015-16 as set out below has been carried out at arm’s length basis and based on approval of audit committee in their meeting held on 26th May 2016, Board of Directors in their meeting held on 26th May 2015 and subsequently by the shareholders on 1st September 2015 in compliance with the requirements of Section 188 of the Companies Act, 2013.

Name of Related Party	Nature of Related Party	Transaction Defined under section 188 (Rs. in Million)			
		Sales / Purchases of Goods	Availing or rendering of any services;/ Leasing of property	Remuneration/ Commission	Interest on borrowings
Advanced Bio-Agro Tech Limited	Subsidiary (Holding 60% stake by the Company)	255.36	-	-	-
Advanced EnzyTech Limited	Subsidiary (Holding 100% stake by the Company)	79.01	-	-	-
Cal-India Foods International	Subsidiary (Holding 100% stake by the Company)	277.53	-	-	-
Advanced Vital Enzymes Private Limited	Private Ltd. Company in which Directors are interested (Holding 0.4% stake by the Company)	20.37	-	-	1.05
Mr. Piyush C. Rath	Relative of Directors (Related party in term of Section 2(76), appointed office of profit in the Company)	-	-	6.12	-
Mrs. Mangla M Kabra	Relative of Directors (Related party in term of Section 2(76), appointed office of profit in the Company)	-	-	2.33	-

Name of Related Party	Nature of Related Party	Transaction Defined under section 188 (Rs. in Million)			
		Sales / Purchases of Goods	Availing or rendering of any services;/ Leasing of property	Remuneration/ Commission	Interest on borrowings
Mr. Kishore L. Rathi	Relative of Directors (Related party in term of Section 2(76), appointed office of profit in the Company)	-	-	2.02	-
Mr. Vasant Rathi	Non-Executive Director (Related party in term of Section 2(76), appointed office of profit in the subsidiary Company)	-	3.53	22.89	24.88
Mrs. Prabha Rathi	Relative of Directors (Related party in term of Section 2(76), appointed office of profit in the subsidiary Company)	-	-	12.77	-
Ms Rachana Rathi	Relative of Directors (Related party in term of Section 2(76), appointed office of profit in the subsidiary Company)	-	-	5.25	-
Ms Reshama Rathi	Relative of Directors (Related party in term of Section 2(76), appointed office of profit in the subsidiary Company)	-	-	5.25	-
Ms Rasika Rathi	Relative of Directors (Related party in term of Section 2(76), appointed office of profit in the subsidiary Company)	-	-	7.83	-
Mr. Beni Prasad Rauka	Key Managerial Person (Related party in term of Section 2(76))	-	-	6.00	-
Rathi Properties LLC	Related party under Section 188	-	8.72	-	3.87

- (a) Name(s) of the related party and nature of relationship: As provided in table above.
- (b) Nature of contracts/arrangements/transactions: business purpose of the Company
- (c) Duration of the contracts / arrangements/transactions: Approval to the wherever required from Audit committee in their meeting held on 26th May 2015, Board of Directors in their meeting held on 26th May 2015 and subsequently by the shareholders on 1st September 2015 for transactions carried out during financial year 2015-16
- (d) Salient terms of the contracts or arrangements or transactions including the value, if any: As provided in table above.
- (e) Date(s) of approval by the Board: The Board approved the said transactions in their meeting held on 26.05.2015. and subsequently by the shareholders on 01.09.2015.
- (f) Amount paid as advances, if any: As provided in table above.

By Order of the Board of Directors

(Kedar Desai)
Chairman
DIN: 00322581

Thane, 27th June 2016

ANNEXURE “C” TO THE DIRECTOR’S REPORT

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

1. A brief outline of the Company’s CSR policy, including overview of projects or programmes proposed to be undertaken.

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.

In accordance with the broad CSR philosophy of your Company following projects have been identified:

Advanced Shiksha Yogdan (education sponsorship)

Advanced Shiksha Abhiyan (adopting or providing support to school run by local government / bodies/ NGO)

Advanced Basti / Gaon (adopting a slum / village)

Advanced Badlav (awareness campaign for change)

During the year under review the Company added some more activities under the name and style of “Advanced Protection of National Culture” under its Corporate Social Responsibility Policy (CSR Policy) .

2. The Composition of the CSR Committee:

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

Mr. R.T. Mehta (Non-Executive Independent Director) - Member

Mr. K.V. Ramakrishna (Non-Executive-Non Independent Director) - Member

3. Average net profit of the Company for last three financial years: Rs. 211.76 Million
4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above): Rs. 4.24 Million (Previous Year Rs. 4.32 Million)
5. Details of CSR spend for the financial year:
 - a) Total amount spent for the financial year 2015-16: Rs. 4.46 Million (The Company has spent Rs. 4.32 million during financial year 2014-15)
 - b) Amount unspent, if any : Rs. Nil (FY 2015 -Rs. 1.02 Million)
 - c) Manner in which the amount spent during the financial year is detailed below

(Rs. in Million)

Sr. No.	CSR projects / Activities identified	Sector in which the project is covered	Projects or programs (1). Local area or other (2).Specify the State and district projects or programs was undertaken	Amount (Rs.) Outlay (Budget) Project or Programs wise	Amount(Rs) Spent on the project or program Sub-heads (1)Direct expenditure on project or programs (2) Overheads	Cumulative Expenditure (Rs) upto reporting period	Amount (Rs) spent: Direct or through implementing agency*
1.	Support for operational expenses of free schools in Thane	Education	Thane	0.3	Direct: 0.25 Overheads: NIL	0.25	Direct: NIL Through: Kala Sugandh-0.25
2	Awareness about Leprosy and its treatment- Advanced Badlav	Health Care	Panvel	0.15	Direct 0.11 Overheads NIL	0.11	Direct NIL Through Kushtrug Niwaran Samiti 0.11

Sr. No.	CSR projects / Activities identified	Sector in which the project is covered	Projects or programs (1). Local area or other (2). Specify the State and district projects or programs was undertaken	Amount (Rs.) Outlay (Budget) Project or Programs wise	Amount(Rs) Spent on the project or program Sub-heads (1)Direct expenditure on project or programs (2) Overheads	Cumulative Expenditure (Rs) upto reporting period	Amount (Rs) spent: Direct or through implementing agency*
3.	Protection of National Heritage, Art and Culture	Natural Heritage and Culture	Delhi	4.10	Direct: 4.10 Overheads: NIL	4.10	Direct: NIL Through: Vyakti Vikas Kendra, India 4.10
	Total			4.55	Direct 4.46 Overheads: NIL	4.46	Direct: NIL Through: 4.46

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

By Order of the Board of Directors

(Kedar Desai)

Chairman

DIN: 00322581

Thane, 27th June 2016

ANNEXURE “D” TO THE DIRECTOR’S REPORT NOMINATION AND REMUNERATION POLICY (‘POLICY’)

Pursuant to Section 178 of the Companies Act, 2013, the Board of Directors of every Company; having paid-up share capital of Rs. 10 Crore or turnover of Rs. 100 Crore, shall constitute a Nomination and Remuneration Committee. The Company has constituted a Nomination and Remuneration Committee as required under the Section 178 of the Companies Act, 2013.

This Committee and the Policy is formulated in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto.

Role of the Committee

Term of reference of the committee was modified in line with SEBI (LODR) Regulations 2015 by the Board of Directors of the Company on 28.11.2015, as below:

- (1) formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;
- (2) formulation of criteria for evaluation of performance of independent directors and the board of directors;
- (3) devising a policy on diversity of board of directors;
- (4) 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 of directors their appointment and removal.
- (5) 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.
- (6) implementation of Employee Stock Option Scheme as per scope provided in ESOP Scheme

Definitions

- i. “Board” means Board of Directors of the Company.
- ii. “Company” means “Advanced Enzyme Technologies Limited.”
- iii. “Employees’ Stock Option” means the option given to the Directors, Officers or Employees of a company or of its holding company or subsidiary company or companies, if any, which gives such Directors, Officers or Employees, the benefit or right to purchase, or to subscribe for, the shares of the company at a future date at a pre-determined price.
- iv. “Independent Director” means a Director referred to in Section 149 (6) of the Companies Act, 2013.
- v. “Key Managerial Personnel” (KMP) means
 - a) Chief Executive Officer or the Managing / Executive Director or the Manager (Managerial Person),
 - b) Company Secretary,
 - c) Whole-time Director,
 - d) Chief Financial Officer and
 - e) Such other officer as may be prescribed under the Companies Act 2013.
- vi. “Committee” shall mean the Nomination & Remuneration Committee of Board of Directors of the Company, constituted in accordance with the provisions of Section 178 of the Companies Act, 2013.
- vii. “Policy or This Policy” means, “Nomination and Remuneration Policy.”
- viii. “Remuneration” means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income-tax Act, 1961.
- ix. “Senior Management” means, personnel of the Company who are members of its core management team excluding Board of Directors. This would include all members of management one level below the executive directors, including all the functional heads.

Interpretation

Terms that have not been defined in this Policy shall have the same meaning assigned to them in the Companies Act, 2013 and rule made there under.

Appointment and Removal of Managerial Person, Director, Key Management Personnel and Senior Management

i. Appointment criteria and qualifications:

- a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Managerial Person, Director, KMP or Senior Management Personnel and recommend to the Board his / her appointment.
- b) The Committee has discretion to decide the adequacy of qualification, expertise and experience for the concerned position.

ii. Term / Tenure:

- a) The Company shall appoint or re-appoint any person as its Managerial Personnel for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.
- b) The Company shall appoint or re-appoint a personnel as its Managerial Person by passing of a requisite resolution and disclosure of such appointment in the Directors Report forming part of the Annual Report.
- c) No Independent Director shall hold office for more than two consecutive Terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Term can be for a maximum period of five years.

Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

- d) At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves, is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company.

iii. Removal:

Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made there under or under any other applicable Act, rules and regulations, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Managerial Personnel, Director, KMP or Senior Management subject to the provisions and compliance of the said Act, rules and regulations.

iv. Retirement:

The Managerial Personnel, Director, KMP and Senior Management shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company. The Board will have the discretion to retain the Managerial personnel, Director, and KMP, Senior Management in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

Disqualifications for Appointment of Directors

Pursuant to section 164 of the Companies Act, 2013

i. A person shall not be eligible for appointment as director of the company if:

- a) he is of unsound mind and stands so declared by a competent court;
- b) he is undischarged insolvent;
- c) he has applied to be adjudicated as an insolvent and his application is pending;
- d) He has been convicted by a court of any offence, weather involving moral turpitude or otherwise, and sentenced in respect thereof to imprisonment for not less than six months and a period of five years has not elapsed from the date of expiry of the sentence:

Provided that if a person has been convicted of any offence and sentenced in respect thereof to imprisonment for a period of seven years or more, he shall not be eligible to be appointed as a director in any company:

- 1) An order disqualifying him for appointment as a director has been passed by a court or Tribunal and the order in force;
- 2) He has not paid any calls in respect of any shares of the company held by him whether alone or jointly with others and six months have elapsed from the last day fixed for the payment of the call;
- 3) He has been convicted of the offence dealing with related party transactions under section 188 at any time during the last preceding five years; or
- 4) He has not complied with sub-section (3) of section 152 of the Companies Act, 2013.

- ii. A person who has been a Director of the company which:
 - a) Has not filed financial statements or annual returns for any continuous period of three financial years; or
 - b) Has failed to repay the deposits accepted by it or pay interest thereon or to redeem any debentures on the due date or pay interest due thereon or pay dividend declared and such failure to pay or redeem continues for one year or more, shall be eligible to be re-appointed as a director of that company or appointed in other company for a period of five years from the date on which the company fails to do so.
- iii. A person shall not be eligible for appointment and continuance as a Director, if he / she is not found 'fit and proper' as per criteria laid down by the Company.

Remuneration Policy

The remuneration / compensation / commission etc. to Managerial Personnel will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the approval of the shareholders of the Company and Central Government, wherever required.

The remuneration and commission to be paid to the Managerial Personnel shall be as per the statutory provisions of the Companies Act, 2013, and the rules made thereunder for the time being in force.

Increments to the existing remuneration / compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Managerial Personnel.

Remuneration Strategy for Employees at AETL

The Company adopts a total compensation philosophy in rewarding employees. The Total compensation package for the employees may comprise of Fixed and Variable Component. Fixed pay consists of the base salary and any recurring, regular allowances payable in the specific location. Variable pay includes performance incentive.

The level of total compensation is designed to be appropriate to attract, retain and motivate employees to contribute their best. In determining the total compensation of employees, the Company takes into account the role and its responsibilities, the individuals' and teams' performance, loyalty, seniority and the Company's performance, as well as market factors. The Company's remuneration strategy is market-driven and aims at attracting and retaining high caliber talent.

Factors such as profitability and achievement are the key performance indicators that are taken into consideration, in determining the increment. Individual increment allocation is based on performance and achievement various set of pre-defined objectives.

The strategy is in consonance with the existing industry practice and is directed towards rewarding performance, based on review of achievements, on a periodical basis.

Remuneration of Key Management Personnel

The Company shall review, at least annually, the Key Management personnel's remuneration arrangements in light of current market benchmarks and expert advice on remuneration levels and, with due consideration to law and corporate governance principles.

Remuneration of the Key Management Personnel consists of a fixed component and a variable performance incentive. The annual appraisal of the Key Management personnel is based on a detailed performance evaluation of their Key Performance Indicators (KPI's)

- i. **Fixed Component:** Consists of Basic Pay (Usually 35%-50% of the gross Fixed Salary).
- ii. **Perquisites:** In the form of house rent allowance/ accommodation, reimbursement of medical expenses, travel conveyance, children education, helper allowance, office attire allowance, telephone, communication equipment's like cell phone etc. In addition to this based on employment agreements and Company policy, Company Car and Driver is provided to specific grade.
- iii. **Retirement Benefits:** Pension contributions, Gratuity payments, Superannuation fund are made in accordance with applicable laws and employment agreements.
- iv. **Severance payments:** In accordance with termination clauses in employment agreements, the severance payment is in accordance with applicable local legal framework.
- v. **Personal benefits:** Based on employment agreements and Company policy, Company Car and Driver is provided to specific grade.
- vi. **Variable pay is linked to the below three factors:**
 - a) the financial results of the company;
 - b) targets achieved;
 - c) the individual performance and that of the department/team

- vii. Annual Performance Linked Bonus: Individual bonus allocation takes performance ratings and performance against various set of objectives mentioned below into consideration.
- In the beginning of the year the Board sets the organization performance objectives based on qualitative and quantitative measures.
 - These objectives are reviewed periodically to ensure they remain consistent with the Company's priorities and the changing nature of the Company's business.
 - These objectives form part of the performance targets for the Managerial Personnel.
 - Performance against these objectives is reviewed annually by the Board and is reflected in the Managerial Personnel's remuneration review.

Remuneration to Managerial Personnel

Fixed Pay

Managerial Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee in accordance with the statutory provisions of the Companies Act, 2013, and the rules made thereunder for the time being in force. The break-up of the pay scale and quantum of perquisites including, employer's contribution to provident fund, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.

Minimum Remuneration

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managerial Personnel in accordance with the provisions of Schedule V of the Companies Act, 2013 and if it is not able to comply with such provisions, with the prior approval of the Central Government.

Provisions for excess remuneration

If any Managerial Personnel draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

The remuneration to Personnel of Senior Management and other employees shall be governed by the AETL HR Policy.

Remuneration to Non-Executive / Independent Director

Remuneration / Commission

The remuneration / commission shall be in accordance with the statutory provisions of the Companies Act, 2013, and the rules made thereunder for the time being in force.

Sitting Fees

The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof.

Provided that the amount of such fees shall not exceed the maximum amount as provided in the Companies Act, 2013, 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

Remuneration / Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% or 3%, at the case may be, of the net profits of the Company computed as per the applicable provisions of the Companies Act, 2013.

Deviations from the Policy

Deviations on elements of this policy in extraordinary circumstances, when deemed necessary in the interests of the Company, will be made if there are specific reasons to do so in an individual case.

Amendments

The Remuneration policy may be reviewed by the Board of the Company on the recommendation of the Nomination & Remuneration Committee of the Board.

By Order of the Board of Directors

(Kedar Desai)
Chairman
DIN: 00322581

Thane, 27th June 2016

ANNEXURE E- CORPORATE GOVERNANCE REPORT

The provisions of the Listing Agreement to be entered into with the Stock Exchanges and the applicable regulations of SEBI (LODR) Regulations, 2015 with respect to corporate governance will be applicable to us immediately upon the listing of our Equity Shares with the Stock Exchanges. We believe we are in compliance with the requirements of the applicable regulations, including the Listing Agreement with the Stock Exchanges, the SEBI (LODR) Regulations, 2015 and the SEBI Regulations, in respect of corporate governance including constitution of the Board and committees thereof. The corporate governance framework is based on an effective independent board, separation of the Board's supervisory role from the executive management team and constitution of the Board Committees, as required under law.

Our Board of Directors is constituted in compliance with the Companies Act, Listing Agreement to be executed with Stock Exchanges, the SEBI (LODR) Regulations, 2015 and in accordance with best practices in corporate governance, our Board of Directors functions either as a full board or through management which provides our Board of Directors detailed reports on its performance periodically.

BOARD OF DIRECTORS

Currently our Board has 9 Directors, of which the Chairman of the Board is a Non-Executive and Independent Director. In compliance with the requirements of the SEBI (LODR) Regulations, 2015, we have 3 Executive Directors and 6 Non-Executive Directors on our Board.

Sr. No.	Directors	Category of Directors	No. of directorship in listed entities	No. of membership in audit/ stake holder committee including this entity	No. of post of chairperson in audit/stakeholder committee including this entity
1	Mr. Vasant Laxminarayan Rathi (DIN: 01233447)	Non Independent Non-Executive Director	-	-	-
2	Mr. Pradip Bhailal Shah (DIN: 01225582)	Non Independent Non-Executive Director	-	-	-
3	Mr. Mukund Madhusudan Kabra (DIN: 00148294)	Executive Director	-	-	-
4	Mrs. Savita Chandrakant Rathi (DIN: 00365717)	Executive Director	-	-	-
5	Mr. Ramesh Thakorlal Mehta (DIN: 00367439)	Independent Non-Executive Director	-	2	-
6	Mr. Chandrakant Laxminarayan Rathi (DIN: 00365691)	Executive Director	1	-	-
7	Mr. Kedar Jagdish Desai (DIN: 00322581)	Independent Non-Executive Director	-	1	1
8	Mr. Kunisetty Venkata Ramakrishna (DIN: 00133248)	Non Independent Non-Executive Director	-	2	-
9	Mrs. Rupa Rajul Vora (DIN: 01831916)	Independent Non-Executive Director	-	-	2

Note: *Number of Directorships held excludes directorships in Private Limited Companies, Foreign Companies and Section 8 Companies and alternate directorships.

Only covers Membership / Chairmanship of Audit Committee and Stakeholders' Relationship Committee of Listed and Unlisted public limited companies

None of the Directors on the Board hold Memberships or Chairmanships in the Board Committees, above the limits specified under Regulation 26 (1) of SEBI (LODR) Regulations, 2015.

None of the Directors hold directorships in more than 20 Companies and more than 10 Public Companies pursuant to the provisions of the Companies Act, 2013.

Further, in compliance with Regulation 25(1) of SEBI (LODR) Regulations, 2015, none of the Independent Directors hold directorship in more than seven listed companies.

The Board of Directors met 8 (eight) times during the year. Details of Board meeting held during the year 2015-16 are as under:

Details of Board meeting held during the year 2015-16.

Meeting No.	Dates of meeting
2/2015	26.05.2015
3/2015	30.06.2015
4/2015	24.07.2015
5/2015	01.09.2015
6/2015	28.11.2015
7/2015	28.12.2015
1/2016	13.01.2016
2/2016	26.03.2016

Attendance record of the Directors at the Board meetings held during the financial year 2015-16 and the last AGM held on 1st September 2015.

Sr. No.	Directors	No. of Board Meeting attended	Whether attended AGM
1	Mr. Vasant Laxminarayan Rathi	5	Yes
2	Mr. Pradip Bhailal Shah	1	No
3	Mr. Mukund Madhusudan Kabra	7	Yes
4	Mrs. Savita Chandrakant Rathi	8	Yes
5	Mr. Ramesh Thakorlal Mehta	7	Yes
6	Mr. Chandrakant Laxminarayan Rathi	7	Yes
7	Mr. Kedar Jagdish Desai	8	Yes
8	Mr. Kunisetty Venkata Ramakrishna	4	Yes
9	Mrs. Rupa Rajul Vora	4*	NA*

* Appointment as additional director on 28.11.2015 subsequent to the date of AGM

In addition to this independent directors of the Company met once on 26.03.2016 to evaluate the quality, quantity and timelines of flow of information between the executive management and the Board of Directors.

FAMILIARIZATION PROGRAM FOR INDEPENDENT DIRECTORS

All new independent directors inducted into the Board attend an orientation program. The details of training and familiarization program are available on our website (www.advancedenzymes.com). Further, at the time of the appointment of an independent director, the Company issues a formal letter of appointment outlining his / her role, function, duties and responsibilities. The format of the letter of appointment is available on our website www.advancedenzymes.com

INSIDER TRADING POLICY

The Board of Directors has adopted the Insider Trading policy in accordance with the requirements of the SEBI (Prohibition of insider Trading) Regulation, 2015. The insider Trading Policy of the Company lays down guidelines and procedures to be followed, and disclosures to be made while dealing with shares of the company as well as the consequences of violation. The Policy has been formulated to regulate, monitor and ensure reporting of deals by employees and to maintain the highest ethical standards of dealing in Company securities.

The Insider Trading Policy of the Company covering code of practices and procedures for fair disclosure of unpublished price sensitive information and code of conduct for the prevention of insider trading, is available on our website www.advancedenzymes.com

I. COMMITTEES OF THE BOARD IN ACCORDANCE WITH THE SEBI (LODR) REGULATIONS, 2015

AUDIT COMMITTEE

The terms of reference and the constitution of the Committee was last modified on November 28, 2015, Audit Committee comprises of the following: -

- Mrs. Rupa Rajul Vora, Independent Non- Executive Director– Chairperson;
- Mr. Kedar Jagdish Desai, Independent Non- Executive Director – Member;
- Mr. Ramesh Thakorlal Mehta, Independent Non- Executive Director– Member; and
- Mr. Kunisetty Venkata Ramakrishna, Non Independent Non- Executive Director – Member.

During the year audit committee met four times.

The role of the Audit Committee includes the following:

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

- (a) 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 Companies Act, 2013;
 - (b) Changes, if any, in accounting policies and practices and reasons for the same;
 - (c) Major accounting entries involving estimates based on the exercise of judgment by management;
 - (d) Significant adjustments made in the financial statements arising out of audit findings;
 - (e) Compliance with listing and other legal requirements relating to financial statements;
 - (f) Disclosure of any related party transactions; and
 - (g) Modified opinion(s) in the draft audit report;
5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
 6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
 7. Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
 8. Approval or any subsequent modification of transactions of our Company with related parties;
 9. Scrutiny of inter-corporate loans and investments;
 10. Valuation of undertakings or assets of our Company, wherever it is necessary;
 11. Evaluation of internal financial controls and risk management systems;
 12. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems;
 13. Reviewing 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;
 14. Discussion with internal auditors of any significant findings and follow up there on;
 15. Reviewing 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;
 16. 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;
 17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
 18. To review the functioning of the whistle blower mechanism;
 19. Approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate; and
 20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

The Audit Committee shall mandatorily review the following information:

1. Management discussion and analysis of financial condition and results of operations;
 2. Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
 3. Management letters / letters of internal control weaknesses issued by the statutory auditors;
 4. Internal audit reports relating to internal control weaknesses; and
 5. The appointment, removal and terms of remuneration of the Chief Internal Auditor shall be subject to review by the Audit Committee.
 6. Statement of deviations: (a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) (b) annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7).
- c) Meeting and Attendance during the year

The Members of the Audit Committee met four times during the year. The gap between two meetings did not exceed 120 days.

Name of Members	Date of Audit Committee Meetings held and attendance			
	26 th May 2015	30 th June 2015	28 th December 2015	26 th March 2016
Mrs. Rupa Rajul Vora,	Yes	Yes	Yes (Through Video Conference)	Yes
Mr. Kedar Jagdish Desai	Yes	Yes	Yes	Yes
Mr. Ramesh Thakorlal Mehta	No	Yes	Yes	Yes
Mr. Kunisetty Venkata Ramakrishna	Yes	No	Yes	No

NOMINATION AND REMUNERATION COMMITTEE (NRC)

Nomination and Remuneration Committee was re-constituted on June 9, 2014. The terms of reference was modified on November 28, 2015. The members of the Nomination and Remuneration Committee are:-

- (i) Mr. Ramesh Thakorlal Mehta, Independent Non-Executive Director- Chairman
- (ii) Mr. Kedar Jagdish Desai, Independent Non-Executive Director-Member
- (iii) Mr. Kunisetty Venkata Ramakrishna, Non Independent Non-Executive Director - Member.

The role of the Nomination and Remuneration includes 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.

Meeting and Attendance during the year

The Members of the Nomination and Remuneration Committee met two times during the year.

The details of attendance at the meeting are as under:

Name of Members	Date of Nomination and Remuneration Committee Meetings held and attendance		
	26 th May 2016	28 th November 2015	13 th January 2016
Mr. Ramesh Thakorlal Mehta	Yes	Yes	Yes
Mr. Kedar Jagdish Desai	No	Yes	No
Mr. Kunisetty Venkata Ramakrishna	Yes	Yes	Yes

Details of Remuneration paid to Directors for the year ended 31st March 2016

(Rs. in Million)

Name of Director	Salary	Commission	Fees for Meeting	Remuneration
1) Mr. Chandrakant L. Rathi	11.73	1.05	-	12.78
2) Mrs. Savita C. Rathi	4.73	-	-	4.73
3) Mr. Mukund M. Kabra	10.46	0.53	-	10.99
4) Mr. Kedar Desai	-	-	0.19	0.19
5) Mr. R.T. Mehta	-	-	0.16	0.16
6) Mrs. Rupa Vora	-	-	0.08	0.08
7) Mr. Vasant L. Rathi	-	2.06	-	2.06
8) Mr. K. V. Ramkrishna	-	-	0.09	0.09

PERFORMANCE EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Audit, Nomination & Remuneration Committees. A structured questionnaire was prepared after taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance.

A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board, who were evaluated on parameters such as level of engagement and contribution, independence of judgment safeguarding the interest of the Company and its minority shareholders etc. The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Chairman and other Executive Directors was carried out by the Independent Directors

STAKEHOLDERS RELATIONSHIP COMMITTEE

The Shareholders/Investor Grievance Committee, which was constituted on February 2, 2013 was renamed on November 28, 2015 as the Stakeholders Relationship Committee in compliance of the SEBI (LODR) Regulations, 2015. The members of the Stakeholders Relationship Committee are:

- (i) Mr. Kedar Jagdish Desai, Independent Non-Executive Director – Chairman
- (ii) Mr. Kunisetty Venkata Ramakrishna, Non Independent Non-Executive Director – Member
- (iii) Mr. Ramesh Thakorlal Mehta, Independent Non-Executive Director – Member

The role of the Stakeholders Relationship Committee shall be in accordance with Section 178 of the Companies Act, 2013 and as per Regulation 20 and Part D of Schedule II of the SEBI (LODR) Regulations, 2015 and is as follows:-

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

Mr. Prabal Boridya, Company Secretary is the Compliance officer in terms of the requirement of the SEBI (LODR).

The role of the Stakeholders Relationship Committee shall be as per Regulation 20 read with Part D of Schedule II of the SEBI (LODR) , given as follows:-

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

SHARE TRANSFER SYSTEM

Transfer of equity shares in dematerialized form is done through the depositories without any involvement of the Company. Share transfers in physical form are processed by Link Intime India Private Limited, Registrar & Transfer Agents and the share certificates are generally returned to the transferee(s) is registered within 15 days of receipt of transfer documents provided that the transfer documents are complete in all respects. Mr. Prabal Bordinya, Company Secretary and Compliance officer of the Company monitors the activities of Registrar & Transfers Agent & looks after the issues relating to shareholders. A Committee of Directors of the Company is authorized to approve transfer of shares, transmission, transposition etc and dematerialization of shares.

The Company has 473 shareholders. The Company regularly interacts with the shareholders through letters and at the AGM wherein the activities of the Company, its performance and business outlook is provided for information of the shareholders. Subsequent to listing of shares of the Company quarterly results will be published as per the requirement of SEBI (LODR)..

The numbers of shares transferred during the last three years are as given below:

	2015 –16	2014 –15	2013 –14
Number of meetings for transfer of shares	10	5	7
Average number of shares transfers per meeting	112,176	4,340	5,315
Number of shares transferred	1,121,760	21,700	32,700
Number of shares transmitted	2,400	18,800	400

Shares dematerialized/rematerialized during the year 2015-16: **750,100**

Total number of shares dematerialized till 31st March 2016: **20,621,400**

The Company has also been taking all steps to ensure that shareholders related activities are given due priority and matters are resolved at the earliest.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Corporate Social Responsibility Committee was constituted on June 9, 2014 in compliance with the SEBI (LODR) Regulations, 2015. The members of the Corporate Social Responsibility Committee are:

- (i) Mr. Kedar Jagdish Desai, Independent Non-Executive Director – Chairman
- (ii) Mr. Kunisetty Venkata Ramakrishna, Non Independent Non-Executive Director – Member
- (iii) Mr. Ramesh Thakorlal Mehta, Independent Non-Executive Director – Member

The terms of reference of the Corporate Social Responsibility Committee shall be in accordance with Section 135 of the Companies Act, 2013 and is as follows:

- To formulate and recommend to the Board, a CSR policy which shall indicate the activities to be undertaken by the Company as per the schedule VII of the Companies Act, 2013;
- 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.

During the year the committee had two meetings

IPO COMMITTEE

In the Board Meeting dated August 11, 2012, the IPO Committee was constituted. Further, the IPO Committee was re-constituted in the Board meeting dated September 1, 2015. The members of the IPO Committee are:-

- (i) Mr. Kedar Jagdish Desai – Chairman;
- (ii) Mr. Chandrakant Laxminarayan Rathi – Member; and
- (iii) Mr. Kunisetty Venkata Ramakrishna - Member.

IPO Committee is authorized to take decisions with regard to IPO as it may, in its absolute discretion deem fit and proper in the interest of the Company including the appointment of merchant bankers, lawyers, registrar and other agencies as may be required for the purpose of IPO and the minutes of the Committee be placed to the Board for information, from time to time.

During the year the committee had one meeting.

Our Company has adopted the following policies:

1. Corporate Social Responsibility Policy;
2. Whistle Blower Policy;
3. Nomination and Remuneration Policy;
4. Policy on Material Subsidiaries;
5. Prevention and Archival Policy;
6. Policy on Related Party Transactions;
7. Risk Management Policy;
8. Code of Conduct;
9. Policy for Determining Material Events and Information; and
10. Policy for Prevention of Sexual Harassment.

SUBSIDIARY COMPANIES

The Company does not have any material subsidiary as defined under the SEBI (LODR). The Policy on Material Subsidiaries is placed on the Company's website at www.advancedenzymes.com.

RISK MANAGEMENT

The Company has adopted a formal Risk Management policy for the Company, for more details refer Directors report. The Risk Management Policy is placed on the Company's website at www.advancedenzymes.com.

VIGIL MECHANISM

The Company has proper Vigil Mechanism of the Company, which also incorporates a whistle blower policy, for more details refer Directors Report.

RELATED PARTY TRANSACTION POLICY

The Policy regulates all transactions between the company and its related parties. Details of all the transactions with the related parties during the financial year 2015-16 has been carried out at arm's length basis and based on approval of audit committee and Board of Directors in their meetings held on 26th May 2015, respectively and subsequently by the shareholders on 1st September 2015 in compliance with the requirements of Section 188 of the Companies Act, 2013. The details of the same are also mentioned in the Director's Report..

CODE OF CONDUCT

Integrity, transparency and trust form part of the core beliefs of all activities at Indo Count, which has been the basis of its growth and development. The Company has adopted a Code of Conduct applicable to all its Directors and members of the Senior Management which is in consonance with the requirements of SEBI (LODR) Regulations, 2015. The said code is available on the website of the Company www.advancedenzymes.com.

GENERAL BODY MEETING

Details of location, time & date of last three AGM & EGM are given below:

Sr. No.	Date	Location	Time	Meeting
1	01.09.2015	Registered office, Thane	11.00 AM	AGM
2	23.12.2015	Registered office, Thane	11.00 AM	EGM
3	12.08.2014	Registered office, Thane	11.00 AM	AGM
4	01.08.2013	Registered office, Thane	11.00 AM	AGM

Key special business if any transacted during the last three years at the General Body Meeting in the order of Sr. No. as given above.

Sr. No.	Special Business	Type of Resolution	Date of Meeting
1	Reappointment of Mrs. Savita C Rathi, Whole time director	Special Resolution	23.12.2015
2	Approval of Employee Stock Option Scheme	Special Resolution	23.12.2015
3	Adoption of new set of Article of Association	Special Resolution	23.12.2015
4	Listing of shares of the company through initial public offer to public	Special Resolution	01.09.2015
5	Approval of related party transaction during the financial year 15-16	Special Resolution	01.09.2015
6	Appointment and fixing of remuneration of Cost Auditors	Ordinary Resolution	12.08.2014
7	To appoint Mr. Kedar Desai, who retires by rotation and being eligible offer himself for reappointment	Ordinary Resolution	12.08.2014
8	To appoint Mr. Ramesh T. Mehta, who retires by rotation and being eligible offer himself for reappointment	Ordinary Resolution	12.08.2014
9	Re-appointment of Mr. Mukund m. Kabra as a whole time director of the company	Special Resolution	12.08.2014
10	Approval of related party transaction during the financial year 14-15	Special Resolution	12.08.2014
11	Approval and ratification of the excess remuneration paid to Mr. C.L. Rathi, managing director for the financial year 2013-14	Special Resolution	12.08.2014
12	Approval and ratification of the excess remuneration paid to Mr. Mukund m. Kabra, director (operation) for the financial year 2013-14	Special Resolution	12.08.2014
13	Approval and ratification of the excess remuneration paid to Mrs. Savita C. Rathi, director (executive) for the financial year 2013-14	Special Resolution	12.08.2014
14	Approval of remuneration to non-executive director	Special Resolution	12.08.2014
15	Appointment of Mr. Piyush C. Rathi under section 314(1b) for holding office or place of profit	Special Resolution	01.08.2013
16	Appointment of Mr. K.V. Ramakrishna as a Director of the Company	Ordinary Resolution	01.08.2013

Although the notification prescribing the important items to be considered by postal ballot was issued by the Government of India, as far as the Company is concerned the necessity of passing such resolutions relating to business specified in the Rules did not arise.

DISCLOSURES

There was no material transaction with directors or the management or their relatives having potential conflict with the interest of the Company at large.

There have been no instances of non-compliance by the Company, Penalty / Structures / imposed on the Company by the Stock Exchange or SEBI or any Statutory Authorities on any matter related to Capital Market during the Last three years.

MEANS OF COMMUNICATION

The Company's Annual Report is displayed on the Website of the company. A separate dedicated section under "Investors" on the Company's website gives information on List of Shareholders for unclaimed dividends, Shareholding Pattern, Financial Statement of Indian Subsidiaries and other relevant information of interest to the investors / public. The Annual Report of the company is sent to all Shareholders on the registered email Id and for those whose email Id is not available to them it is sent through courier or Register Post.

A. GENERAL SHAREHOLDER INFORMATION:

Particulars	Day, Date & Time	Venue
27th (Twenty Seventh) Annual General Meeting.	Thursday the 15th September, 2016 at 10:00 AM	Shenhai Banquet Hall, Shahid Mangal Pandey Road, Louiswadi, Opposite Louis Wadi Police Chowki, Thane - 400601

B. Financial Year 1st April, 2015 to 31st March, 2016.

C. Dividend Payment Date

The payment date for the interim dividend paid during the year 2015-16 was 26th March, 2016.

The Final Dividend, if declared, shall be paid within thirty days from the date of Annual General Meeting.

D. LISTING ON STOCK EXCHANGES (yet to be listed)

BSE Limited
 Phiroze Jeejeebhoy Towers Dalal Street,
 Mumbai - 400 001

Scrip Code: To be issued on listing

The National Stock Exchange of India Limited

Exchange Plaza, Bandra Kurla Complex,
Bandra (East), Mumbai 400 051

NSE Symbol: To be issued on listing

The Company has paid the annual Custody Fees to Central Depository Services (India) Limited and National Securities Depository Limited for the year 2016-17.

International Securities Identification Number (ISIN) for equity shares of the Company: INE 837H01012

Corporate Identification Number: U24200MH1989PLC051018

MARKET PRICE DATA- HIGH, LOW DURING LAST FINANCIAL YEAR- Not Applicable

PERFORMANCE IN COMPARISON WITH BSE INDICE, SENSEX, NIFTY 50- Not Applicable

REGISTRAR & SHARE TRANSFER AGENTS

Link Intime India Private Limited

C-13, Pannalal Silk Mills Compound

L.B.S. Marg, Bhandup (West), Mumbai 400 078

Tel: (+91 22) 2596 7878;

Fax: (+91 22) 2596 0329

E-mail Id: rnt.helpdesk@linkintime.co.in

DISTRIBUTION OF SHAREHOLDING AND DEMATERIALIZATION OF SHARES & LIQUIDITY

The shares of the Company are under the category of compulsory delivery in dematerialization mode by all categories of investors.

As on 31st March 2016, **20,621,400** Shares constituting **94.74%** shares of the Company were dematerialized. For details and status of dematerialized shares refer the details given herein after

Distribution of shares as on 31.03.2016

Shareholding of Nominal Value	No of Shareholders			No of Shares			% of holding		
	Demat	Physical	Total	Demat	Physical	Total	Demat	Physical	Total
Upto 1000	56	160	216	29400	83460	112860	0.13	0.39	0.52
1001-5000	36	133	169	91960	328800	420760	0.42	1.51	1.93
5001-10000	20	13	33	143020	96140	239160	0.66	0.44	1.10
10001 & above	46	9	55	20357020	635800	20992820	93.53	2.92	96.45
Total	158	315	473	20621400	1144200	21765600	94.74	5.26	100.00

Shareholdings Pattern as on 31.03.2016

Sr. No.	Shares held by	No. of Shares		Total Shares	Percentage
		Physical	Demat		
1.	Mutual Funds	0	0	0	0.00
2.	FII	0	0	0	0.00
3.	NRI*	0	37200	37200	0.17
4.	Employees**	1960	237080	239040	1.09
5.	Indian Public	1021440	523860	1545300	7.09
6.	Promoter Group (Individual/HUF)***	111600	10629220	10740820	49.35
7.	Promoter Group (Bodies Corporate)	8000	6780340	6788340	31.19
8.	Directors	0	1139900	1139900	5.24
9.	Foreign Companies	0	336600	336600	1.55
10.	Hindu Undivided Family	1200	4000	5200	0.02
11.	Trusts	0	933200	933200	4.30
	Total	1144200	20621400	21765600	100

*Excluding 750800 Equity shares held by NRI Director included in Sr. No. 8.

**Other than promoter group and whole time directors of the company included in Sr. No. 6 and 8 who are holding 914620 equity shares (4.20%) in the Company.

***Including NRI Promoters holding 10164500 Equity Shares (46.70%).

Outstanding GDR/ADR/warrants or any convertible instruments, conversion date and likely impact on equity

As on 31st March, 2016, there were no GDR/ADR/warrants or any convertible instruments.

Commodity Price Risk or Foreign Exchange Risk and Hedging Activities- Not applicable

Plant Locations :

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:

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

Email : prabal@advancedenzymes.com info@advancedenzymes.com

COMPLIANCE WITH MANDATORY AND NON-MANDATORY REQUIREMENTS

Non-Mandatory Requirements

Though the Company is yet to get listed on the Stock Exchanges, however, the Company has complied with requirements of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

By Order of the Board of Directors

(Kedar Desai)

Chairman

DIN: 00322581

Thane, 27th June 2016

ANNEXURE “F” TO THE DIRECTOR’S REPORT
FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN
As on financial year ended on 31.03.2016

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

I. REGISTRATION & OTHER DETAILS:

1.	CIN	U24200MH1989PLC051018
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, Maharashtra, 400604
7.	Contact details	Telephone: 022-41703200 Fax: 022-25835159
8.	Whether listed company	Not Listed
9.	Name of the Registrar & Transfer Agent, if any.	Link Intime India Private Limited,
10.	Address	C-13 Pannalal Silk Mills Compound, L B S MARG, Bhandup (West), Mumbai - 400078.
11.	Contact details	Telephone: 022-25963838 Fax: 022-259445960

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)

S. 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 -

S. No.	Name of the Company	Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares held	Applicable Section
1	Advanced Bio-Agro Tech Limited	A-Wing, 5 th Floor, Sun Magnetica, Louiswadi Thane(W) 400604	U24100MH2004PLC149464	Subsidiary	60%	Section 2(87) of Companies Act, 2013
2	Advanced EnzyTech Solutions Limited	A-Wing, 5 th Floor, Sun Magnetica, Louiswadi Thane(W) 400604	U24200MH2008PLC186383	Subsidiary	100%	Section 2(87) of Companies Act, 2013
3	Advanced Enzymes USA	4880, Murrieta Street, Chino, CA 91710	NA*	Subsidiary	100%	Section 2(87) of Companies Act, 2013
4	CallIndia Foods International	13591, Yorba Ave, Chino, California 91710	NA*	Subsidiary	100%	Section 2(87) of Companies Act, 2013
5	Advanced Enzyme Supplementary Technologies Corporation	4880, Murrieta Ave Suite D, Chino, CA 91710	NA*	Subsidiary	100%	Section 2(87) of Companies Act, 2013

S. No.	Name of the Company	Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares held	Applicable Section
6	Dynamic Enzymes Inc,	4880, Murrieta Ave Suite D, Chino, CA 91710	NA*	Subsidiary	100%	Section 2(87) of Companies Act, 2013
7	Enzymes innovation Inc,	4880, Murrieta Street, Chino, California 91710	NA*	Subsidiary	100%	Section 2(87) of Companies Act, 2013
8	Enzyfuel Innovations Inc.,	4880, Murrieta Street, Chino, California 91710	NA*	Subsidiary	100%	Section 2(87) of Companies Act, 2013

*Incorporated outside India.

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

i) Category-wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2015]				No. of Shares held at the end of the year [As on 31-March-2016]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	418,320	108,800	527,120	2.42%	464,720	111,600	576,320	2.65%	0.23%
b) Central Govt	-	-	-	0.00%	-	-	-	0.00%	-
c) State Govt(s)	-	-	-	0.00%	-	-	-	0.00%	-
d) Bodies Corporate	6,110,140	8,000	6,118,140	28.11%	6,780,340	8,000	6,788,340	31.19%	3.08%
e) Banks / FI	-	-	-	0.00%	-	-	-	0.00%	-
f) Any other	-	-	-	0.00%	-	-	-	0.00%	-
Sub-Total (A)(1):	6,528,460	116,800	6,645,260	30.53%	7,245,060	119,600	7,364,660	33.84%	3.31%
(2) Foreign									
a) NRIs - Individuals	8,664,500	-	8,664,500	39.81%	8,664,500	-	8,664,500	39.81%	0.00%
b) Other- Individuals	-	-	-	0.00%	-	-	-	0.00%	-
c) Bodies Corporate	-	-	-	0.00%	-	-	-	0.00%	-
d) Banks / FI	-	-	-	0.00%	-	-	-	0.00%	-
e) Any other	-	-	-	-	-	-	-	-	-
Vasant Rathi and Prabha Rathi Generation Trust	1,500,000	-	1,500,000	6.89%	1,500,000	-	1,500,000	6.89%	0.00%
Sub-Total (A)(2):	10,164,500	-	10,164,500	46.70%	10,164,500	-	10,164,500	46.70%	0.00%
Total shareholding of Promoter (A)= (A)(1)+(A)(2)	16,692,960	116,800	16,809,760	77.22%	17,409,560	119,600	17,529,160	80.54%	3.32%
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	-	-	0.00%	-	-	-	0.00%	-
b) Banks / FI	-	-	-	0.00%	-	-	-	0.00%	-
c) Central Govt	-	-	-	0.00%	-	-	-	0.00%	-
d) State Govt(s)	-	-	-	0.00%	-	-	-	0.00%	-
e) Venture Capital Funds	679,990	-	679,990	3.12%	679,990	-	679,990	3.12%	0.00%
f) Insurance Companies	-	-	-	0.00%	-	-	-	0.00%	-
g) FIs	-	-	-	0.00%	-	-	-	0.00%	-
h) Foreign Venture Capital Funds	-	-	-	0.00%	-	-	-	0.00%	-
i) Others (specify)	-	-	-	0.00%	-	-	-	0.00%	-
Sub-total (B)(1):-	679,990	-	679,990	3.12%	679,990	-	679,990	3.12%	0.00%

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2015]				No. of Shares held at the end of the year [As on 31-March-2016]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2. Non-Institutions									
a) Bodies Corp.	-	-	-	0.00%	-	-	-	0.00%	-
i) Indian	-	2,400	2,400	0.01%	-	-	-	-	0.01
ii) Overseas	336,600	873,600	1,210,200	5.56%	336,600	-	336,600	1.55%	4.01%
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	193,760	534,900	728,660	3.347%	967,140	569,600	1,536,740	7.060%	3.713%
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	1,124,980	130,000	1,254,980	5.765%	381,100	218,400	599,500	2.754%	3.012%
c) Others (specify)	-	-	-	0.00%	-	-	-	-	0.00%
Non Resident Indians	825,200	-	825,200	3.791%	825,200	-	825,200	3.791%	0.00%
Trusts	17,810	235,400	253,210	1.163%	17,810	235,400	253,210	1.163%	0.00%
Hindu Undivided Family	-	1200	1200	0.005%	4000	1200	5200	0.023%	0.018%
Sub-total (B)(2):-	2,498,350	1,774,500	4,275,850	19.64%	2,527,850	1,024,600	3,551,250	16.31%	3.33%
Total Public Shareholding (B)=(B)(1)+ (B)(2)	3,178,340	1,777,500	4,955,840	22.77%	3,207,840	1,024,600	4,231,240	19.46%	3.13%
C. Shares held by Custodian for GDRs & ADRs	-	-	-	0.00%	-	-	-	0.00%	0.00%
Grand Total (A+B+C)	19,871,300	1,894,300	21,765,600	100.00%	20,621,400	1,144,200	21,765,600	100%	0.00%

ii) Shareholding of Promoter-

SN	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	
1	V.L. RATHI	8,280,900	38.05%	NIL	8,280,900	38.05%	NIL	0.00%
2	PRABHA V. RATHI	383,600	1.762%	NIL	383,600	1.762%	NIL	0.00%
3	VASANT RATHI AND PRABHA RATHI GENERAION TRUST	1,500,000	6.89%	NIL	1,500,000	6.89%	NIL	0.00%
4	C.L. RATHI	8,200	0.038%	NIL	8,200	0.038%	NIL	0.00%
5	C. L. RATHI H.U.F	4,400	0.020%	NIL	4,400	0.020%	NIL	0.00%
6	SAVITA C. RATHI	73,200	0.336%	NIL	73,200	0.336%	NIL	0.00%
7	PIYUSH CHANDRAKANT RATHI	38,600	0.177%	NIL	23,600	0.1085	NIL	0.069%
8	RADHIKA CHANDRAKANT RATHI	2,400	0.011%	NIL	3,800	0.017%	NIL	0.006%
9	KISHOR RATHI	283,200	1.301%	NIL	343,200	1.577%	NIL	0.276%
10	MANGALA M. KABRA	117,120	0.538%	NIL	117,120	0.538%	NIL	0.00%
11	KALANTRI SHAILA	1600	0.007%	NIL	1,600	0.007%	NIL	0.00%
12	SHOBHA DWARKANATH BOOB	1200	0.006%	NIL	1,200	0.006%	NIL	0.00%
13	CHANDRAKANT RATHI FINANCE AND INVESTMENT CO PVT LTD	3,625,200	16.66%	NIL	4,295,400	19.735%	NIL	3.0564%
14	ATHARVA CAPITAL VENTURES PVT. LTD.	2,492,940	11.45%	NIL	2,492,940	11.454%	NIL	0.0148%
	TOTAL	16,812,560	77.24%	NIL	17,529,160	80.54%	NIL	3.29%

iii) Change Promoter holding

SN	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	C.L. RATHI	NO CHANGE	-	-	-
2.	V.L. RATHI	NO CHANGE	-	-	-
3.	PRABHA V. RATHI	NO CHANGE	-	-	-
4.	VASANT RATHI AND PRABHA RATHI GENERAION TRUST	NO CHANGE	-	-	-
5.	C. L. RATHI H.U.F	NO CHANGE	-	-	-
6.	SAVITA C. RATHI	NO CHANGE	-	-	-
7.	PIYUSH CHANDRAKANT RATHI				
	At the beginning of the year	38,600	0.177%	38,600	0.177%
	Sale/Transfer during the year	15,000	0.069%	23,600	0.108%
	At the end of the year	23,600	0.108%	23,600	0.108%
8.	RADHIKA CHANDRAKANT RATHI				
	At the beginning of the year	2,400	0.011%	2,400	0.011%
	Purchase on 06.01.2016	1,400	0.006%	3,800	0.017%
	At the end of the year	3,800	0.017%	3,800	0.017%
9.	KISHOR RATHI				
	At the beginning of the year	283,200	1.301%	283,200	1.301%
	Gift 28.12.2015	60,000	0.276%	343,200	1.577%
	At the end of the year	343,200	1.577%	343,200	1.577%
10.	MANGALA M. KABRA	NO CHANGE	-	-	-
11.	CHANDRAKANT RATHI FINANCE AND INVESTMENT CO PVT LTD				
	At the beginning of the year	3,625,200	16.637%	3,621,200	16.637%
	Purchase on 23.11.2015	670,200	3.079%	4,291,400	19.7164%
	At the end of the year	4,295,400	19.7164%	4,291,400	19.7164%
12.	ATHARVA CAPITAL VENTURES PVT. LTD.	NO CHANGE	-	-	-

iv) Shareholding Pattern of top ten Shareholders: (Other than Directors, Promoters and Holders of GDRs and ADRs):

SN	For Each of the Top 10 Shareholders (Name of the Shareholder)	Shareholding at the beginning of the year		Increase/(Decrease) in Shareholding during the year specifying the Reason for increase / decrease		Shareholding at the end of the year	
		No. of shares	% of total shares of the Company	No. of Shares	Reason	No. of shares	% of total shares of the Company
1	KOTAK INDIA VENTURE OFFSHORE FUND	336,600	1.546%	-	No Change	336,600	1.546%
2	SRI SRI RAVI SHANKAR TRUST	235,400	1.081%	-	No Change	235,400	1.081%
3	ARVIND VARCHASWI	-	-	218,400	Purchase	218,400	1.003%
4	MADHUSUDAN KABRA	82,000	0.377%	-	No Change	8,2000	0.377%
5	RAJENDRA BHAILAL SHAH	68,200	0.313%	-	No Change	68,200	0.313%
6	LILA KISHOR RATHI	52,800	0.243%	2,500	Purchase	55,800	0.254%
7	HEMLATABEN BHAILAL SHAH	50,000	0.230%	-	No Change	50,000	0.230%
8	ANIL KUMAR GUPTA	49,000	0.225%	-	No Change	49,000	0.225%
9	NIRMALA BHUPENDRA DOSHI	40,000	0.184%	-	No Change	40,000	0.184%
10	GITANJALI MUKUND KABRA	35,100	0.161%	-	No Change	35,100	0.161%
11	SWETA AMIT RATHI	32,200	0.148%	(32,200)	Gift	-	-
12	ANKIT KISHOR RATHI	31,600	0.145%	(20,000)	Gift	11,600	0.053%
13	ABHIJIT KISHOR RATHI	30,800	0.142%	(20,000)	Gift	10,800	0.05%

v) Shareholding of Directors and Key Managerial Personnel:

SN	Name of the Director / Key Managerial Personnel	Shareholding at the beginning of the year		Increase/ (Decrease) in Shareholding during the year specifying the Reason for increase / decrease		Shareholding at the end of the year	
		No. of shares	% of total shares of the Company	No. of Shares	Reason	No. of shares	% of total shares of the Company
1	V.L. RATHI	8,280,900	38.05%	-	No Change	8,280,900	38.05%
2	C.L. RATHI	8,200	0.038%	-	No Change	8,200	0.038%
3	SAVITA C. RATHI	73,200	0.336%	-	No Change	73,200	0.336%
4	MUKUND MADHUSUDHAN KABRA	381,100	1.75%	-	No Change	381,100	1.75%
5	PRADIP BHAI LAL SHAH	750,800	0.225%	-	No Change	750,800	0.225%
6	RAMESH T MEHTA	8,000	0.230%	-	No Change	8,000	0.230%
7	BENI PRASAD RAUKA	48,000	0.221%	-	No Change	48,000	0.221%

V. INDEBTEDNESS -

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

Rs. in Million

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	327.5	55.9	-	383.4
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	327.5	55.9	-	383.4
Change in Indebtedness during the financial year				
* Addition	224.8	-	-	224.8
* Reduction	112.8	6.1		118.9
Net Change	112.0	6.1		105.9
Indebtedness at the end of the financial year				
i) Principal Amount	439.5	49.8	-	489.3
ii) Interest due but not paid	1.3	-	-	1.3
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	440.8	49.8	-	490.6

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL
A. Remuneration to Managing Director, Whole-time Directors and/or Manager:
Rs. in Million

SN.	Particulars of Remuneration	Name of MD/WTD/ Manager			Total Amount
		Mr. C.L. Rath	Mr. MM Kabra	Mrs. S.C. Rath	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	11.73	10.46	4.73	26.92
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	1.05	0.53	-	1.58
	- as % of profit	0.75%*	0.50%*	-	1.25%*
	- others, specify	-	-	-	-
5	Others, please specify	-	-	-	-
	Total (A)	12.78	10.99	4.73	28.50
	Ceiling as per the Act	28.60 Million (Being 10% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013).			

*Entitlement based on the approval of shareholders for Mr. Chandrakant L. Rath and Mr. Mukund Kabra. For current year after restricting their commission to the extent of permissible managerial remuneration as per Section 197 of the Companies Act, 2013 read with Schedule V, to which consent has been received from both the directors.

B. Remuneration to other directors
(Rs. in Million)

SN.	Particulars of Remuneration	Name of Directors					Total Amount
1	Independent Directors	Mr. Kedar Desai	Mr. R.T. Mehta	Mrs. Rupa Vora			
	Fee for attending board committee meetings	0.19	0.16	0.08	-	-	0.43
	Commission	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-
	Total (1)	0.19	0.16	0.08	-	-	0.43
2	Other Non-Executive Directors				Mr. V.L. Rathi	Mr. K.V. Ramakrishna*	
	Fee for attending board committee meetings	-	-	-	-	0.09	0.09
	Commission	-	-	-	2.06	-	2.06
	Others, please specify	-	-	-	-	-	-
	Total (2)	-	-	-	2.06	0.09	2.15
	Total (B)=(1+2)	0.19	0.16	-	2.06	0.09	2.15
	Total Managerial Remuneration	0.19	0.16	-	2.06	0.09	2.58
	Overall Ceiling as per the Act	2.86 Million (Being 1% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013).					

*Paid to Kotak India Venture Fund I.

C. Remuneration to key managerial personnel other than MD/Manager/WTd
Rs. in Million

SN	Particulars of Remuneration	Key Managerial Personnel		
		CFO	CS	Total
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	6.00	0.62	6.62
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
	(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 (Incentive)	-	-	-
	Total	6.00	0.62	6.62

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	None				
Punishment					
Compounding					
B. DIRECTORS					
Penalty	None				
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty	None				
Punishment					
Compounding					

By Order of the Board of Directors

(Kedar Desai)
Chairman
DIN: 00322581

Thane, 27th June 2016

ANNEXURE “G” TO THE DIRECTOR’S REPORT

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 2016.

I. CONSERVATION OF ENERGY

(a) Energy Conservation measures taken:

All business units are continuously putting in their efforts to improve energy usage efficiencies and increase contributions from renewable sources of and energy saving initiative taken by use of Coal in FY 2014-15. Measures taken include:

- By repair and overhauling electrical equipment’s etc.
- Reduction of Boiler pressure, de-rating the boiler and maintaining fuel filters.
- Modification of process parameters to reduce steam consumption.

(b) Impact of measures taken:

The measures taken have resulted in optimizing use of available resources.

Total energy consumption and energy consumption per unit of production as per Form A in respect of industries specified in Schedule.

FORM A

		Year Ended March 2016	Year Ended March 2015
A) Power and Fuel Consumption			
1 Electricity			
a. Purchased from M.S.E.B.			
Total Units	Kwh	8473018	7408244
Total Amount	Rs.	51,233,044	43,118,601
Average rate per Kwh.	Rs.	6.05	5.82
b. Own Generation			
(Through Diesel)			
Total Units	Kwh	228023	117914
High Speed Diesel Oil			
Quantity	Ltrs	50672	26203
Amount	Rs.	2,832,216	1,530,223
Average Rate per Ltr	Rs.	55.9	58.4
Average Rate per Kwh.	Rs.	12.42	12.98
2 Furnace Oil & Diesel			
(for steam generation)			
Quantity		929412	1015270
Total Amount		21,210,583	36,342,192
Average Rate per Ltr.		22.8	35.8
3 Coal			
(for steam generation)			
Quantity		1923571	1348713
Total Amount		10,683,257	6,677,536
Average Rate per Kg.		5.55	4.95

	Year Ended March 2016		Year Ended March 2015	
(B) Consumption per Tone of production				
(Total production 1889.09 MT (Last Year 2466.34 MT))				
1. Electricity	Unit (kwh)	Amount	Unit (kwh)	Amount
Purchased	8,473,018	51,233,044	7,408,244	43,118,601
Own Generation	228,023	2,832,216	117,914	1,530,223
TOTAL	8,701,041	54,065,260	7,526,158	44,648,824
Average per tone of production	4,606	28,620	3,052	18,103
2. Steam	Unit (kg)	Amount	Unit (kg)	Amount
Through Furnace Oil & Diesel	11,617,650	21,210,583	12,690,875	36,342,192
Coal	10,387,283	10,683,257	7,283,050	6,677,536
TOTAL	22,004,933	31,893,840	19,973,925	43,019,728
Average per tone of Production	11,648	16,683	8,099	17,443

N.B. There are no separate standards available for each category since the product range consists of various products with different consumption.

FORM B

II. RESEARCH AND DEVELOPMENT AND TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION.

A. RESEARCH & DEVELOPMENT

- Specific areas in which R & D carried out by the company
 - Fermentation process development for enzymes and probiotics to improve process economy and efficiency.
 - Downstream processes optimization for certain enzymes led to improved enzyme yields.
 - New production strain developed and processes scaled up.
 - New innovative enzyme formulations developed for pharma manufacturing processes.
 - Development of biocatalysis technologies for improvements of oils and fat processes and their value added products.
 - Novel enzyme formulations developed for the Grain, Fruit & Vegetable, Cheese, Oil processing.
- Benefits derived as result of above R & D
 - Overall reduction in the production cost due to more efficient production processes.
 - New niche markets in pharmaceutical industries opened up, commercial supplies started.
 - Products ready for launch in probiotic markets. Commercial supply initiated.
 - Novel biocatalysis based process commercialized.
 - New enzyme for baking has been developed and scaled up.
- Expenditure on R&D:

	(Rs. in Million) 2015-16	(Rs. in Million) 2014-15
(a) Capital	17.32	3.89
(b) Recurring	81.76*	91.31
(c) Total	99.08	95.20
(d) Total R&D expenditure as a % of net sales of the Company	7.12%	7.56%

* Net of Income of Rs. 1.6 Million

B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. Efforts in brief made towards technology absorption, adaptation and innovation
 - Development of enzyme production technologies: Successfully developed new enzymes having applications in baking, dairy and yeast processing industries.
 - Technical personnel got trained and exposed to acquire state of the art technologies.
 - Collaborative research carried out with various institutions to develop and upgrade technologies.
2. Benefits derived as a result of the above efforts: The new enzyme technologies are developed and products are ready to offer in the market. The improvement and up-gradation of existing technologies led to the cost reduction of raw materials, better utilization of manufacturing facility and improved per person output. Energy efficiencies were improved in most production segment and also enable the Company to expand its geographical reach.
3. Imported technology:
 - a. Technology imported : Technology for manufacture of three enzymes.
 - b. Year of Import : 2008-09
 - c. Has the technology been Fully absorbed : Yes.
 - d. If not fully absorbed areas : N.A.

III. FOREIGN EXCHANGE EARNINGS AND OUTGO

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

IV. EMPLOYEE STOCK OPTION

There are no employee stock option pending for grant, vesting and exercise as on 31st March 2016, accordingly no information is furnished.

By Order of the Board of Directors

(Kedar Desai)

Chairman

DIN: 00322581

Thane, 27th June 2016

“ANNEUXRE H” TO THE DIRECTOR’S REPORT

PARTICULARS OF THE EMPLOYEES PURSUANT TO SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(2) & 5(3) OF COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULE, 2014

(Rs. in Million)

Name	Designation	Age	Qualifications	Experience	Date Of Appointment	Gross Remuneration	Last Employment
Mr. C. L. Rathi	Managing Director	61	B.Tech (Hons) Chemical Engg. DBM	38 YRS.	30.11.1992	13.53	Self-Employment-Prop-SORL.
Previous Year	-----do-----	60	---do----	37YRS.	----do----	10.20	--do----
Mr. M.M. Kabra	Director (Operations)	44	BE.(Chemical), M. Tech (Bioprocess Technology)	17 YRS.	01.09.2004	11.73	Arun & Co.
Previous Year	-----do-----	43	-----do----	16 YRS.	----do----	9.52	----do----
Mr. Piyush Rathi	Key Managerial Personnel	35	B.Sc.(Maths) B.S. B.A. (Finance), P.G.D.M.	11 YRS.	01.04.2005	6.12	---
Previous Year	-----do-----	34	-----do-----	10 YRS.	----do----	3.75	---
Mr. Beni Prasad Rauka	Key Managerial Personnel	52	FCS, FCA	29 YRS.	01.09.2002	6.00	Indergiri Finance Limited
Previous Year	-----do-----	51	-----do-----	28 YRS.	----do----	3.52	-----do----

B.Sc. in (Maths) from St. Xavier College of Mumbai, Bachelor’s of Science in Business Administration (Business Finance and Financial Economics – Summa Cum Laude) from Michigan Technological University, USA, and Post Graduate Diploma in Management from the Symbiosis Centre for Management and Human Resource Development.

Including commission of Rs. 1.05 Million (Previous Year Rs. 1.43) and Rs. 0.53 Million (Previous Year Rs. 0.96 Million) payable to Mr. Chandrakant L. Rathi and Mr. Mukund Kabra, respectively after restricting their commission entitlement to the extent of permissible managerial remuneration as per Section 197 read with Schedule V of the Companies Act, 2013, to which consent has been received from both the directors.

Note

- Gross Remuneration includes salary, allowances, contribution to Provident Fund, Superannuation Fund, Gratuity and taxable value of perquisites and entitlement of commission.
- None of the above hold more than 2% of paid up capital of the Company.

By Order of the Board of Directors

(Kedar Desai)

Chairman

DIN: 00322581

Thane, 27th June 2016

INDEPENDENT AUDITOR'S REPORT

To the Members of Advanced Enzyme Technologies Limited

Report on the Standalone Financial Statements

1. We have audited the accompanying standalone financial statements of Advanced Enzyme Technologies Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements, that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act; safeguarding the assets of the Company; preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.
4. 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.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. 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 financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2016, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure I a statement on the matters specified in paragraphs 3 and 4 of the Order.

10. Further to our comments in Annexure I, 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 purpose of our audit;
 - b. in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c. the standalone financial statements dealt with by this report are in agreement with the books of account;
 - d. in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);
 - e. on the basis of the written representations received from the directors as on 31 March 2016 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2016 from being appointed as a director in terms of Section 164(2) of the Act;
 - f. we have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as of 31 March 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date and our report dated 27 June 2016 as per Annexure II expressed unmodified opinion.
 - 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. as detailed in Note 21(a) to the standalone financial statements, the Company has disclosed the impact of pending litigations on its standalone financial position;
 - 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.

For **Walker Chandiok & Co LLP**
(Formerly Walker, Chandiok & Co)
Chartered Accountants
Firm's Registration No.: 001076N/N500013

per **Sudhir N. Pillai**
Partner
Membership No.: 105782
Place: Mumbai
Date: 27 June 2016

Annexure I to the Independent Auditor's Report of even date to the members of Advanced Enzyme Technologies Limited, on the standalone financial statements for the year ended 31 March 2016
Annexure I

Based on the audit procedures performed for the purpose of reporting a true and fair view on the standalone financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have not been physically verified by the management during the year, however, there is a regular program of verification once in three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) The title deeds of all the immovable properties (which are included under the head 'fixed assets') are held in the name of the Company except for the following property:

Nature of property	Total Number of Cases	Whether leasehold / freehold	Gross block as on 31 March 2016	Net block on 31 March 2016	Remarks
Land	One	Leasehold	Rs. 12.57 Million	Rs. 12.57 Million	Company has not executed a formal lease deed for its land at Jalna, Maharashtra with Maharashtra Industrial Development Corporation.

- (ii) In our opinion, the management has conducted physical verification of inventory at reasonable intervals during the year, except for goods-in-transit and stocks lying with third parties. For stocks lying with third parties at the year-end, written confirmations have been obtained by the management. No material discrepancies were noticed on the aforesaid verification.
- (iii) The Company has granted unsecured loan to one company covered in the register maintained under Section 189 of the Act; and with respect to the same:
 - (a) in our opinion the terms and conditions of grant of such loans are not, *prima facie*, prejudicial to the Company's interest.
 - (b) the schedule of repayment of principal and payment of interest has been stipulated and the repayment of the principal amount and the interest are regular;
 - (c) there is no overdue amount in respect of loan granted to such company.
- (iv) In our opinion, Company has complied with the provisions of Sections 185 and 186 of the Act, as applicable, in respect of loans, investments, guarantees, and security.
- (v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under sub-section (1) of Section 148 of the Act in respect of Company's products 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 cost records with a view to determine whether they are accurate or complete.
- (vii) (a) The Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and

other material statutory dues, as applicable, to the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they become payable.

- (b) The dues outstanding in respect of income-tax, sales-tax, service tax, duty of customs, duty of excise and value added tax on account of any dispute, are as follows:

Statement of Disputed Dues

Name of the statute	Nature of dues	Amount (₹) in Million	Amount paid under Protest (₹) in Million	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944 read with Cenvat Credit Rules, 2004	Service Tax	7.95	-	July 2010 to January 2015	Commissionerate of Central Excise, Customs & Service tax
Central Excise Act, 1944 read with Cenvat Credit Rules, 2004	Excise Duty	0.34	-	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	1.51	-	July 2011 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	Commissionerate of Central Excise, Customs & Service tax
Finance Act, 1944	Service Tax	7.51	-	August 2012 to March 2015	Commissionerate of Central Excise, Customs & Service tax
Central Excise Act, 1944 read with Cenvat Credit Rules, 2004	Service Tax	1.06	-	March 2015 to December 2015	Commissioner of Central Excise, Service Tax
Central Excise Act, 1944 read with Cenvat Credit Rules, 2004	Excise Duty	0.60	-	March 2015 to December 2015	Commissioner of Central Excise, Service Tax
Income Tax Act, 1961	Income Tax	0.40	-	Assessment Year 2004-05	Bombay High Court
Income Tax Act, 1961	Income Tax	48.36	16.00	Assessment Year 2010-11	Income Tax Appellate Tribunal, Mumbai
Income Tax Act, 1961	Income Tax	35.27	-	Assessment Year 2010-11	Commissioner, Appeals
Income Tax Act, 1961	Income Tax	57.40	8.00	Assessment Year 2011-12	Commissioner, Appeals
Income Tax Act, 1961	Income Tax	29.36	-	Assessment Year 2012-13	Commissioner, Appeals
Income Tax Act, 1961	Income Tax	0.18	-	Assessment Year 2013-14	Commissioner, Appeals

- (viii) The Company has not defaulted in repayment of loans or borrowings to any bank or financial institution or government during the year. The Company did not have any outstanding debentures during the year.

- (ix) In our opinion, the Company has applied moneys raised by way of the term loans for the purposes for which these were raised. The Company did not raise moneys by way of initial public offer/ further public offer (including debt instruments).

- (x) No fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit.
- (xi) Managerial remuneration has been paid by the Company in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.
- (xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.
- (xiii) In our opinion all transactions with the related parties are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.
- (xv) In our opinion, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **Walker Chandiok & Co LLP**
(Formerly Walker, Chandiok & Co)
Chartered Accountants
Firm's Registration No.: 001076N/N500013

per **Sudhir N. Pillai**
Partner
Membership No.: 105782
Place : Mumbai
Date : 27 June 2016

Annexure II to the Independent Auditor's Report of even date to the members of Advanced Enzyme Technologies Limited, on the standalone financial statements for the year ended 31 March 2016

Annexure II

Independent Auditor's report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

1. In conjunction with our audit of the standalone financial statements of **Advanced Enzyme Technologies Limited** ("the Company") as of and for the year ended 31 March 2016, we have audited the internal financial controls over financial reporting (IFCoFR) of the Company of as of that date.

Management's Responsibility for Internal Financial Controls

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ("the Guidance Note") issued by the Institute of Chartered Accountants of India ("the 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 the company's business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's IFCoFR based on our audit. We conducted our audit in accordance with the Standards on Auditing, issued by the ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note 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 IFCoFR were established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR included obtaining an understanding of IFCoFR, 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.
5. 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 IFCoFR.

Meaning of Internal Financial Controls over Financial Reporting

6. A company's IFCoFR 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 IFCoFR 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 over Financial Reporting

7. Because of the inherent limitations of IFCoFR, 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 IFCoFR to future periods are subject to the risk that IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **Walker Chandiok & Co LLP**
(Formerly Walker, Chandiok & Co)
Chartered Accountants
Firm's Registration No.: 001076N/N500013

per **Sudhir N. Pillai**
Partner
Membership No.: 105782
Place : Mumbai
Date: 27 June 2016

BALANCE SHEET AS AT 31 MARCH, 2016

	Note no.	As at 31 March 2016 Rs. in million	As at 31 March 2015 Rs. in million
Equity and liabilities			
Shareholders' funds			
Share capital	5	217.66	217.66
Reserves and surplus	6	1,524.35	1,341.15
		1,742.01	1,558.81
Non-current liabilities			
Long-term borrowings	7	156.01	51.48
Deferred tax liabilities (net)	8	157.59	147.70
Long-term provisions	9	1.75	-
		315.35	199.18
Current liabilities			
Short-term borrowings	7	294.52	223.75
Trade payables	10		
total outstanding dues to micro and small enterprises		1.82	1.34
total outstanding dues to others		95.99	73.96
Other current liabilities	11	134.11	148.20
Short-term provisions	9	21.99	18.26
		548.43	465.51
Total		2,605.79	2,223.50
Assets			
Non-current assets			
Fixed assets			
Tangible assets	12	1,012.31	1,057.16
Intangible assets	13	0.53	0.06
Capital work-in-progress		18.34	2.41
Intangible assets under development		50.62	38.20
Non-current investments	14	530.79	273.22
Long-term loans and advances	15	179.93	159.83
Other non-current assets	16	1.27	0.37
		1,793.79	1,531.25
Current assets			
Inventories	17	474.02	393.78
Trade receivables	18	227.82	245.80
Cash and bank balances	19	15.36	9.54
Short-term loans and advances	15	28.35	35.90
Other current assets	20	66.45	7.23
		812.00	692.25
Total		2,605.79	2,223.50

Notes 1 to 43 form an integral part of these standalone financial statements

This is the Balance sheet referred to in our report of even date

For **Walker Chandiok & Co LLP**
(formerly Walker, Chandiok & Co)
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Sudhir N. Pillai
Partner
Membership No :105782

Place : Mumbai
Date : 27 June, 2016

For **Advanced Enzyme Technologies Limited**

Chandrakant. L. Rathi
Managing Director
DIN : 00365691
Place : Washington, D.C.
Date : 25 June, 2016

Prabal Bordiya
Company Secretary
Place : Thane
Date : 27 June, 2016

Kedar Desai
Chairman and Director
DIN : 00322581
Place : Thane
Date : 27 June, 2016

Beni. P. Rauka
Chief Financial Officer
Place : Thane
Date : 27 June, 2016

STATEMENT OF PROFIT AND LOSS AND LOSS FOR THE YEAR ENDED 31 MARCH, 2016

	Note no.	Year ended 31 March 2016 Rs. in million	Year ended 31 March 2015 Rs. in million
Revenue			
Revenue from operations (gross)	22	1,485.32	1,333.34
Less : Excise duty		93.91	74.55
Revenue from operations (net)		1,391.41	1,258.79
Other income	23	9.28	12.91
Total revenue		1,400.69	1,271.70
Expenses			
Cost of materials consumed	24	470.48	381.03
Changes in inventories of finished goods and work-in-progress	25	(56.98)	(11.50)
Employee benefit expenses	26	243.43	191.18
Finance costs	27	43.71	46.56
Depreciation and amortisation expense	28	73.85	79.84
Other expenses	29	371.31	360.93
Total expenses		1,145.80	1,048.04
Profit before tax		254.89	223.66
Tax expense			
Current tax		54.59	46.05
MAT credit entitlement		(18.53)	(19.12)
Deferred tax charge		9.89	3.84
		45.95	30.77
Profit after tax		208.94	192.89
Earnings per equity share	30		
Basic		9.60	8.86
Diluted		9.60	8.86

Notes 1 to 43 form an integral part of these standalone financial statements

This is the Statement of profit and loss referred to in our report of even date

For **Walker Chandiok & Co LLP**
(formerly Walker, Chandiok & Co)

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Sudhir N. Pillai

Partner

Membership No :105782

Place : Mumbai

Date : 27 June, 2016

For **Advanced Enzyme Technologies Limited**

Chandrakant. L. Rathi

Managing Director

DIN : 00365691

Place : Washington, D.C.

Date : 25 June, 2016

Prabal Bordiya

Company Secretary

Place : Thane

Date : 27 June, 2016

Kedar Desai

Chairman and Director

DIN : 00322581

Place : Thane

Date : 27 June, 2016

Beni. P. Rauka

Chief Financial Officer

Place : Thane

Date : 27 June, 2016

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2016

	Year ended 31 March 2016 Rs. in million	Year ended 31 March 2015 Rs. in million
A. Cash flows from operating activities		
Profit before tax	254.89	223.66
Adjustments for non-cash transactions		
Depreciation and amortisation expense	73.85	79.82
Fixed assets written off	-	3.96
(Profit)/ Loss on sale of fixed assets	0.08	(1.54)
Investments written off	-	14.53
Allowances for bad and doubtful trade receivables	-	1.20
Bad and doubtful trade receivables written off	3.59	0.71
Bad and doubtful advances/assets written off	5.07	2.04
Excess provision written back	(0.06)	-
Sundry balances written off/ (back) (net)	(0.89)	0.78
Unrealised foreign exchange loss	(2.09)	4.09
	334.44	329.23
Items considered separately		
Interest income	(1.92)	(3.22)
Interest expenses	36.66	38.13
Dividend income	(2.40)	(5.10)
	366.78	359.04
Operating profit before working capital changes		
Increase / (decrease) in other current liabilities and provisions	53.75	5.02
Increase / (decrease) in trade payables	22.87	(16.01)
(Increase) / decrease in inventories	(80.23)	(26.92)
(Increase) / decrease in trade receivables	13.92	39.54
(Increase) / decrease in short-term loans and advances	(2.67)	4.67
(Increase) / decrease in long-term loans and advances	16.02	27.85
(Increase) / decrease in other current assets	(66.45)	-
Cash generated from operating activities	323.98	393.21
Income taxes paid	(57.19)	(58.36)
Net cash generated from operating activities	266.79	334.85
B. Cash flows from investing activities		
Purchase of tangible assets including capital work in progress and capital advances	(45.26)	(41.58)
Proceeds from sale of tangible assets	0.31	4.24
Capital expenditure on intangible assets under development	(12.42)	(38.20)
Purchase of intangible assets	(0.63)	-
Purchase of non-current investments	(257.57)	(7.54)
Interest received	4.45	7.74
Dividend received	2.40	5.10
Decrease in bank deposits with maturity more than 3 months but less than 12 months	0.80	2.66
(Increase) / decrease in bank deposits with maturity of more than 12 months	(0.90)	0.72
Net cash used in investing activities	(308.82)	(66.86)
C. Cash flows from financing activities		
(Repayment of)/ proceeds from long-term borrowings (net)	35.24	(129.78)
(Repayment of)/ proceeds from short-term borrowings (net)	72.96	(93.63)
Interest paid	(35.41)	(38.15)
Dividends paid (including dividend tax)	(24.13)	(12.67)
Net cash generated from/(used in) financing activities	48.66	(274.24)
Net (decrease) / increase in cash and cash equivalents (A+B+C)	6.63	(6.23)
Cash and cash equivalents as at the beginning of the year	8.70	14.93
Cash and cash equivalents as at the end of the year*	15.33	8.70
*Composition of cash and cash equivalents		
Cash in hand	0.53	0.46
Balance with banks :		
Current account	2.17	5.18
Fixed deposit account (with maturity less than 3 months)	2.48	2.62
Other bank balance	10.15	0.45
	15.33	8.70

Notes to the cash flow statement

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

Notes 1 to 43 form an integral part of these standalone financial statements

This is the Cash Flow Statement referred to in our report of even date

For Walker Chandiok & Co LLP

(formerly Walker, Chandiok & Co)

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Sudhir N. Pillai

Partner

Membership No : 105782

Place : Mumbai

Date : 27 June, 2016

For Advanced Enzyme Technologies Limited

Chandrakant. L. Rath

Managing Director

DIN : 00365691

Place : Washington, D.C.

Date : 25 June, 2016

Prabal Bordiya

Company Secretary

Place : Thane

Date : 27 June, 2016

Kedar Desai

Chairman and Director

DIN : 00322581

Place : Thane

Date : 27 June, 2016

Beni. P. Rauka

Chief Financial Officer

Place : Thane

Date : 27 June, 2016

Summary of significant accounting policies and other explanatory information

1 Background of the Company

Advanced Enzyme Technologies Limited ('the Company') was incorporated on 15 March 1989. The Company is engaged in the business of manufacturing and sales of enzymes.

2 Basis of preparation of financial statements

The 'Standalone Financial Statements' (hereafter, 'Financial Statements'), which have been prepared and presented under the historical cost convention on the accrual basis of accounting, are in accordance with the requirements of the Companies Act, 2013 ('the Act') and comply in all material aspects with the applicable Accounting Standards specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) rule, 2014 (as amended).

3 Use of estimates

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

4 Significant accounting policies:

a. Revenue recognition

- i. Revenue is recognised to the extent that it is probable that economic benefits will flow to the Company and the revenue can be reliably measured.
- ii. Revenue from sale of goods is recognised on delivery of the products, when all significant contractual obligations have been satisfied, the property in the goods is transferred for a price, significant risks and rewards of ownership are transferred to the customer/agent and no effective ownership is retained. Sales are inclusive of excise duty and net of sales tax and discounts.
- iii. International incentives received pursuant to the Duty Drawback Scheme and Status holder scrip incentive are accounted on an accrual basis, to the extent it is probable that realisation is certain.
- iv. Interest income is recognised 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 recognised based on agreements with the customers using the proportionate completion method, when services are performed and no significant uncertainty exists regarding the amount of the consideration that will be derived from rendering of service. Income is recognised net of service tax, as applicable.

b. Fixed assets, depreciation and amortisation

- i. Fixed assets, both tangible and intangible are stated at cost of acquisition. Cost includes taxes, duties, freight and other incidental expenses related to acquisition and installation of the assets. Interest on borrowings to finance acquisition of fixed assets during qualifying period is capitalised.
- ii. Leasehold improvements represent expenses incurred towards civil work and interior furnishings on the leased premises.
- iii. Capital work in progress includes fixed assets not ready for their intended use and related incidental expenses and attributable interest.

- iv. Costs relating to acquisition of technical know-how and software are capitalised as Intangible Assets. Further, the revenue expenditure incurred during the development of product dossiers are grouped under "Intangible assets under development" to the extent such expenditure meet the criteria of Intangible Asset as defined in Accounting Standard (AS) 26.
- v. The Company has reviewed its policy for providing depreciation on its tangible fixed assets and has also reassessed their useful lives as per Part C of Schedule II of the Companies Act, 2013. The revised useful lives, as assessed by the management, match those specified in Part C of Schedule II of the Companies Act, 2013, for all classes of tangible assets.

Depreciation on tangible fixed assets other than Plant and Equipments has been provided on Written Down Value method and on Plant and Equipments on Straight Line Method.
- vi. Leasehold improvements and leasehold land are depreciated over the unexpired primary period of lease except for lease hold land acquired under perpetual lease.
- vii. Intangible assets that are ready for use are amortised on a straight line basis over a period of four years.
- viii. Items of fixed assets that are held for disposal are stated at the lower of their net book value and net realisable value and are shown separately in the financial statements. Any expected loss is recognised immediately in the Statement of profit and loss.

c. Investments

Investments are classified into long-term investments and current investments. Long-term investments are carried at cost. Provision for diminution in the value of long-term investments is not provided for unless it is considered other than temporary. Current investments are valued at lower of cost and net realisable value.

d. Foreign currency transactions

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

e. Derivative instruments

- i. The Company limits the effects of foreign exchange rate fluctuations by following established risk management policies including the use of derivatives. The Company enters into forward exchange contracts, where the counterparty is a bank.
- ii. As per Accounting Standard ('AS') 11 - The Effects of Changes in Foreign Exchange Rates', the premium or the discount on forward exchange contracts not relating to firm commitments or highly probable forecast transactions and not intended for trading or speculation purpose is amortized as expense or income over the life of the contract. All other derivatives, which are not covered by AS 11, are measured using the mark-to-market principle and losses, if any, are recognised in the Statement of profit and loss.

f. Impairment of assets

In accordance with Accounting Standard (AS) 28 on 'Impairment of Assets', the carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any impairment. The recoverable amount of the assets or where applicable, that of the cash generating unit to which the asset belongs is estimated as the higher of its net selling price and its value in use. An impairment loss is recognized whenever the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount. Impairment loss is recognized in the Statement of profit and loss or against revaluation surplus where applicable.

g. Inventories

- i. Inventories of stores, spares, packing materials, raw materials, finished goods and stock in process are valued at lower of cost or net realisable value.
- ii. Cost of raw materials, stores, spares 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 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 specific identification method.

h. Employee benefits

- i. All short term employee benefits are accounted on undiscounted basis during the accounting period based on services rendered by employees.

ii. Defined contribution plans

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 recognised as an expense in the period in which the employee renders services.

Superannuation benefits, a defined contribution plan, have 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.

iii. Defined benefit plans

The Company provides for gratuity benefit and leave encashment, which are defined benefit plans, covering all its eligible employees. Liability towards gratuity benefits and leave encashment is determined on actuarial valuation done by Life Insurance Corporation of India (LIC) during the year, based upon which the Company contributes to the schemes with LIC. The Company also provides for the additional liability over the amount determined by LIC based on an actuarial valuation done by an independent actuary as at the balance sheet date and actuarial gains/losses are charged to the Statement of profit and loss.

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

i. Income taxes

Current tax

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

Deferred tax

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

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

Minimum Alternate Tax

Minimum Alternate Tax (MAT) paid during the reporting period is charged to the Statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset 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 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, the said asset is created by way of credit to the Statement of profit and loss and shown as "MAT Credit Entitlement."

j. Borrowing costs

Borrowing costs incurred on constructing or acquiring a qualifying asset are capitalised as cost of that asset until it is ready for its intended use or sale. 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 recognised as an expense in the Statement of profit and loss.

k. Research and development costs

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

l. Provisions and contingencies

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

m. Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognised as an expense in the Statement of profit and loss.

n. Cash and cash equivalents

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

o. Operating cycle

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

	As at 31 March 2016		As at 31 March 2015	
	Number in million	Rs. in million	Number in million	Rs. in million
5 Share capital				
Authorised				
Equity shares of Rs.10 each	<u>35.00</u>	<u>350.00</u>	<u>35.00</u>	<u>350.00</u>
	<u>35.00</u>	<u>350.00</u>	<u>35.00</u>	<u>350.00</u>
Issued, subscribed and fully paid up				
Equity shares of Rs.10 each	<u>21.77</u>	<u>217.66</u>	<u>21.77</u>	<u>217.66</u>
Total	<u>21.77</u>	<u>217.66</u>	<u>21.77</u>	<u>217.66</u>
a) Reconciliation of Equity share capital				
Balance at the beginning of the year	21.77	217.66	21.77	217.66
Add : Issued during the year	-	-	-	-
Balance at the end of the year	<u>21.77</u>	<u>217.66</u>	<u>21.77</u>	<u>217.66</u>

	As at 31 March 2016		As at 31 March 2015	
	Number in million	% of holding	Number in million	% of holding
b) Shareholders holding more than 5% of the shares				
Equity shares of Rs.10 each				
Mr. Vasant L. Rath	8.28	38.05%	8.28	38.05%
Chandrakant Rath Finance and Investment Company Private Limited	4.30	19.73%	3.63	16.66%
Atharva Capital Ventures Private Limited	2.49	11.45%	2.49	11.45%
Vasant and Prabha Rath Generation Trust	1.50	6.89%	1.50	6.89%
	<u>16.57</u>	<u>76.12%</u>	<u>15.90</u>	<u>73.05%</u>

c) Terms / Rights attached to shares

The Company has only one class of equity share having a par value of Rs. 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.

	As at 31 March 2016 Rs. in million	As at 31 March 2015 Rs. in million
6 Reserves and surplus		
Capital reserves	3.00	3.00
Securities premium reserve	289.63	289.63
General reserve	32.53	32.53
Surplus in the Statement of profit and loss		
Balance at the beginning of the year	1,015.99	837.15
Add : Transferred from Statement of profit and loss	208.94	192.89
Less : Interim dividend	(21.77)	-
Less : Proposed dividend	-	(10.88)
Less : Tax on dividends distributed during the year	(3.97)	(1.18)
Less : Reversal of carrying amount of tangible fixed assets due to transitional provision as per Companies Act, 2013 (Refer note 12)	-	(2.99)
Add: Reversal of deferred tax on carrying amount of tangible assets due to transitional provision as per Companies Act, 2013 (Refer note 8)	-	1.00
Balance at the end of the year	<u>1,199.19</u>	<u>1,015.99</u>
	<u>1,524.35</u>	<u>1,341.15</u>

	As at 31 March 2016		As at 31 March 2015	
	Long-term Rs. in million	Short-term Rs. in million	Long-term Rs. in million	Short-term Rs. in million
7 Borrowings				
Secured				
Term loans				
From banks	110.00	-	-	-
Vehicle loans	3.75	-	1.64	-
Loans repayable on demand				
From banks	-	294.52	-	223.75
	<u>113.75</u>	<u>294.52</u>	<u>1.64</u>	<u>223.75</u>
Unsecured				
Deferred sales tax payment liabilities	42.26	-	49.84	-
	<u>42.26</u>	<u>-</u>	<u>49.84</u>	<u>-</u>
	<u>156.01</u>	<u>294.52</u>	<u>51.48</u>	<u>223.75</u>

a) Details of guarantee for each type of borrowings

Guaranteed by the Managing Director

Term loans				
From banks				
(including current maturities)	140.00	-	99.89	-
Loans repayable on demand				
From banks	-	294.52	-	223.75

b) Details of security for each type of borrowings as at 31 March 2016

- Term loans from banks are secured by (a) hypothecation charge of present and future movable and immovable fixed assets of the Company; and (b) first pari-passu charge by way of equitable/registered mortgage on all the present and future land and building (immovable properties) of 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.
- Vehicle loans availed from three banks and one financial institution 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

Interest rate	Payable not later than 1 year* Rs. in million	Payable later than 1 year not later than five years Rs. in million	Payable later than five years Rs. in million
10.50%	30.00	110.00	-

Vehicle Loan

Interest rate	Payable not later than 1 year* Rs. in million	Payable later than 1 year not later than five years Rs. in million	Payable later than five years Rs. in million
10.50%	0.13	0.42	-
9.75%	0.10	0.45	-
12.50%	0.03	-	-
11.60%	0.13	0.22	-
10.83%	0.07	-	-
10.59%	0.22	0.42	-
10.14%	0.25	0.91	-
10.15%	0.28	1.03	-
9.90%	0.07	0.30	-
	1.28	3.75	-

Deferred sales tax payment liabilities

Payable not later than 1 year* Rs. in million	Payable later than 1 year not later than five years Rs. in million	Payable later than five years Rs. in million
7.58	35.50	6.76

* Has been disclosed under note 11 as current maturities

8 Deferred tax liabilities (net)
Deferred tax liabilities

	As at 31 March 2016 Rs. in million	As at 31 March 2015 Rs. in million
Depreciation/amortisation charged for financial reporting and income tax purpose	164.45	154.81
Reversal of liability on carrying amount of tangible fixed assets due to transitional provision as per Companies Act, 2013	-	(1.00)
	164.45	153.81

Deferred tax assets

Provision for employee benefits	4.97	3.63
Others	1.89	2.48
	6.86	6.11
	157.59	147.70

	As at 31 March 2016		As at 31 March 2015	
	Long-term Rs. in million	Short-term Rs. in million	Long-term Rs. in million	Short-term Rs. in million
9 Provisions				
Provisions for employee benefits				
Leave encashment (Also, refer note (b) below)	-	2.44	-	1.52
Gratuity (Also, refer note (b) below)	1.75	2.70	-	-
Bonus	-	7.49	-	4.68
Proposed dividend to equity shareholders (Also, refer note(a) below)	-	-	-	10.88
Dividend tax	-	3.97	-	1.18
Provision for taxation (net of advance tax)	-	5.39	-	-
	<u>1.75</u>	<u>21.99</u>	<u>-</u>	<u>18.26</u>

Notes:
a) Details with respect to proposed dividend

Dividends proposed to		
Equity shareholders	-	10.88
Proposed dividend per share (in Rs.)		
Equity shareholders	-	0.50

b) Employee benefits

The Company has taken a group gratuity and leave encashment 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, whichever is earlier (subject to completion of 4.5 years of employment) in lumpsum after deduction of necessary taxes.

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

	As at 31 March 2016		As at 31 March 2015	
	Gratuity Rs. in million	Leave encashment Rs. in million	Gratuity Rs. in million	Leave encashment Rs. in million
Reconciliation of defined benefit obligation				
Projected benefit obligation at the beginning of the year	22.71	7.83	18.29	6.95
Additional charge *	-	-	4.27	-
Service cost	2.15	2.27	1.68	1.99
Interest cost	1.73	0.55	1.66	0.63
Actuarial loss/(gain)	7.31	(0.06)	(2.05)	(1.25)
Benefits paid	(3.74)	(0.48)	(1.14)	(0.49)
Projected benefit obligation at the end of the year	<u>30.16</u>	<u>10.11</u>	<u>22.71</u>	<u>7.83</u>
Reconciliation of fair value of plan assets				
Plan assets at the beginning of the year	22.73	8.60	22.33	7.72
Expenses deducted from the fund	(0.15)	(0.06)	(0.14)	-
Expected return on plan assets	2.05	0.72	1.97	0.68
Actuarial gain/(loss)	(0.04)	0.02	0.16	0.03
Employer contributions	1.83	0.25	2.59	0.17
Benefits paid	(0.71)	-	(4.18)	-
Plan assets at the end of the year	<u>25.71</u>	<u>9.53</u>	<u>22.73</u>	<u>8.60</u>

	As at 31 March 2016		As at 31 March 2015	
	Gratuity	Leave encashment	Gratuity	Leave encashment
	Rs. in million	Rs. in million	Rs. in million	Rs. in million
Reconciliation of present value of obligation and the fair value of plan assets				
Present value of projected benefit obligation at the end of the year	30.16	10.11	22.71	7.84
Plan assets at the end of the year	25.71	9.53	22.73	8.60
Liability / (asset) recognised in the balance sheet	4.45	0.58	(0.02)	(0.76)
Classification of liability recognised				
Non-current	1.75	-	-	-
Current	2.70	0.60	(0.03)	(0.75)
	4.45	0.60	(0.03)	(0.75)
Net cost recognised in Statement of profit and loss				
Current service cost	2.15	2.27	1.68	1.99
Interest on obligation	1.73	0.55	1.66	0.63
Expected (returns)/ loss on plan assets	(2.05)	(0.72)	(1.97)	(0.68)
Net actuarial loss/(gain)	7.35	(0.08)	(2.21)	(1.28)
Expenses deducted from the fund	0.15	0.06	0.14	-
Additional charge *	-	-	4.27	-
	9.33	2.09	3.57	0.66
Note: The above expenses have been recognized under note 26				
Table of experience adjustments				
Defined benefit obligation	30.16	10.11	22.71	7.84
Plan assets	25.71	9.52	22.73	8.60
Surplus/ (deficit)	(4.45)	(0.59)	0.02	0.76
Experience adjustment on plan liabilities	7.17	(0.11)	(5.20)	(2.03)
Actuarial loss/(gain) due to change in assumption	0.14	0.04	3.15	0.78
Experience adjustment on plan assets	0.04	(0.02)	(0.16)	(0.03)
Net actuarial loss/(gain) for the year	7.35	(0.09)	(2.21)	(1.28)
Composition of the plan assets				
Policy of insurance	100%	100%	100%	100%

	As at 31 March 2016		As at 31 March 2015	
	Gratuity	Leave encashment	Gratuity	Leave encashment
	Rs. in million	Rs. in million	Rs. in million	Rs. in million
Assumptions used				
Discount rate	7.70%	7.70%	7.75%	7.75%
Rate of return on plan assets	7.70%	7.70%	8.75%	8.75%
Salary Escalation	7.00%	7.00%	7.00%	7.00%
Withdrawal rates	5% at younger ages reducing to 1% at older ages		5% at younger ages reducing to 1% at older ages	
Leave availment rates	-	1% p.a.	-	1% p.a.
Retirement age	58 years		58 years	
Mortality rates	As published under the Indian assured lives mortality (2006-08) table		As published under the Indian assured lives mortality (2006-08) table	

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

Leave encashment short-term obligation

	As at 31 March 2016 Rs. in million	As at 31 March 2015 Rs. in million
Undiscounted value (provision) of obligation at the year end	1.86	1.52
Net (asset) / liability	1.86	1.52

* In the year 2014-15, the practice of limiting the gratuity payment up to Rs. 1.00 million has been changed by the management. On account of such change, there has been an additional charge of Rs. 4.27 million in the employee benefit expenses for the year 2014-15.

	As at 31 March 2016 Rs. in million	As at 31 March 2015 Rs. in million
c) Charge to Statement of profit and loss towards contribution to:		
Superannuation	2.36	2.72
Provident fund	7.61	6.24

	As at 31 March 2016 Rs. in million	As at 31 March 2015 Rs. in million
10 Trade payables		
Total outstanding dues to micro and small enterprises (Also refer note below)	1.82	1.34
Total outstanding dues to others	95.99	73.96
	97.81	75.30

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	1.82	1.34
Interest due thereon	-	-
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 period/year	-	-
Interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the period/year) but without adding the interest specified under MSMED Act, 2006	-	-
Interest accrued and remaining unpaid as at balance sheet date	-	-
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.	-	-
	1.82	1.34

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 (MSMEDA). Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31 March 2016 has been made in the financials statements based on information received and available with the Company.

11 Other current liabilities		
Current maturities of long-term loan from banks	30.00	99.89
Current maturities of vehicle loans	1.28	2.21
Current maturities of deferred sales tax payment liabilities	7.58	6.06
Interest due but not paid	1.25	-
Unpaid dividends (Also refer note below)	0.51	0.45
Interim dividend payable	9.64	-
Provident fund	1.27	0.98
Employees' State Insurance Scheme contribution	0.01	0.01
Other statutory dues	3.35	2.99
Advances and security deposits from customers	9.62	3.79
Payable in respect of fixed assets held for sale	35.60	-
Other payables	34.00	31.82
	134.11	148.20

Note:

The amount due and paid during the year to "Investor Education and Protection Fund" is Rs. 0.03 million (31 March 2015 Rs. 0.04 million).

12 Tangible assets

Gross block	Land Freehold	Land Leasehold	Buildings	Plant and equipments	Furniture and fixtures	Vehicles	Office equipment	Leasehold improvements	Computer & data Pro. Equipments	Total
Balance as at 1 April 2014	0.90	35.22	287.23	1,214.95	31.73	25.34	20.97	11.64	14.94	1,642.92
Additions	-	-	16.18	24.80	2.19	1.04	1.33	-	1.99	47.53
Disposals	-	-	3.14	-	-	1.98	-	-	-	5.12
Other adjustments	-	-	-	10.79	0.01	1.37	4.77	-	3.09	20.03
- Reversal on account of assets written off	-	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2015	0.90	35.22	300.27	1,228.96	33.91	23.03	17.53	11.64	13.84	1,665.30
Additions	-	-	40.99	22.49	3.73	5.20	2.92	-	2.09	77.42
Disposals	-	-	-	0.17	-	1.06	-	-	-	1.23
Assets classified as held for sale (refer note 1 below)	-	12.57	35.60	-	-	-	-	-	-	48.17
Balance as at 31 March 2016	0.90	22.65	305.66	1,251.28	37.64	27.17	20.45	11.64	15.93	1,693.32
Accumulated depreciation and amortisation										
Balance as at 1 April 2014	-	4.47	110.06	371.08	16.39	16.07	9.64	4.65	11.44	543.79
Depreciation and amortisation	-	0.51	16.15	45.07	4.52	3.29	5.52	2.33	2.38	79.77
Additional depreciation on account of transition (Refer note 2 below)	-	-	-	-	0.06	0.05	2.59	-	0.29	3.00
Reversal on disposal of assets	-	-	0.45	-	-	1.89	-	-	-	2.34
Other adjustments	-	-	-	7.88	0.01	1.30	3.88	-	3.00	16.07
- Reversal on account of assets written off	-	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2015	-	4.98	125.76	408.27	20.96	16.22	13.87	6.98	11.11	608.15
Depreciation and amortisation	-	0.51	16.35	42.24	4.10	3.51	2.47	2.35	2.16	73.69
Reversal on disposal of assets	-	-	-	-	-	0.84	-	-	-	0.84
Balance as at 31 March 2016	-	5.49	142.11	450.51	25.06	18.89	16.34	9.33	13.27	681.00
Net block										
Balance as at 31 March 2015	0.90	30.24	174.52	820.69	12.95	6.81	3.66	4.66	2.73	1,057.16
Balance as at 31 March 2016	0.90	17.16	163.55	800.77	12.58	8.28	4.11	2.31	2.66	1,012.31

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 along with the development costs has been classified as fixed assets held for sale under Other current assets in Note 20.

Note 2:

Pursuant to the transition provisions prescribed in Schedule II to the Companies Act, 2013, the Company has fully depreciated the carrying value of assets, net of residual value, where the remaining useful life of the asset was determined to be Nil as on 1 April 2014 and has adjusted an amount of Rs. 2.99 million against the opening Surplus balance in the Statement of profit and loss under Reserves and Surplus as at 1 April 2014.

13 Intangible assets
Rs. in million

Gross block	Computer Software	Technical know-how	Total
Balance as at 1 April 2014	2.24	5.21	7.45
Additions	-	-	-
Disposals	-	-	-
Balance as at 31 March 2015	2.24	5.21	7.45
Additions	0.63	-	0.63
Disposals	-	-	-
Balance as at 31 March 2016	2.87	5.21	8.08
Accumulated amortisation			
Balance as at 1 April 2014	2.11	5.21	7.32
Amortisation	0.07	-	0.07
Balance as at 31 March 2015	2.18	5.21	7.39
Amortisation	0.16	-	0.16
Balance as at 31 March 2016	2.34	5.21	7.55
Net block			
Balance as at 31 March 2015	0.06	-	0.06
Balance as at 31 March 2016	0.53	-	0.53

	As at 31 March 2016		As at 31 March 2015	
	Trade	Others	Trade	Others
	Rs. in million	Rs. in million	Rs. in million	Rs. in million
14 Non-current investments				
(Valued at cost unless stated otherwise)				
Investments in equity instruments				
In subsidiaries				
60,000 Equity shares (31 March 2015 - 60,000) of Rs.10 each fully paid up of Advanced Bio-Agro Tech Limited	0.60	-	0.60	-
70,000 Equity shares (31 March 2015 - 70,000) of Rs.10 each fully paid up of Advanced EnzyTech Solutions Limited	1.57	-	1.57	-
5,839 Equity shares (31 March 2015 - 5,600) of USD 1,000 each fully paid up of Advanced Enzymes USA, Inc.	528.00	-	270.43	-
	530.17	-	272.60	-
Other investments				
19,100 Equity shares (31 March 2015 - 19,100) of Rs.10 each fully paid up of Advanced Vital Enzymes Private Limited	0.57	-	0.57	-
1,666 Equity shares (31 March 2015 - 1,666) of Rs. 30 each fully paid up of Bombay Mercantile Co-op. Bank Limited	-	0.05	-	0.05
	0.57	0.05	0.57	0.05
	530.74	0.05	273.17	0.05
Aggregate amount of unquoted investments	530.74	0.05	273.17	0.05

	As at 31 March 2016		As at 31 March 2015	
	Long-term	Short-term	Long-term	Short-term
	Rs. in million	Rs. in million	Rs. in million	Rs. in million
15 Loans and advances				
Capital advances				
- Unsecured, considered good	0.12	-	-	-
- Doubtful	1.30	-	1.30	-
	1.42	-	1.30	-
Allowances for bad and doubtful advances	(1.30)	-	(1.30)	-
	0.12	-	-	-
Security deposits				
- Unsecured, considered good	13.23	-	13.26	-
	13.23	-	13.26	-
Loans and advances to related parties *				
- Unsecured, considered good				
(Also, refer note 20)	-	-	7.98	-
	-	-	7.98	-
Other loans and advances				
(Unsecured, considered good)				
Loan to employees	-	0.10	-	0.03
Advances recoverable in cash or in kind or for value to be received	2.98	20.01	3.76	27.85
Advance income tax (net of provisions)	33.90	-	23.66	2.25
MAT credit entitlement	129.70	-	111.17	-
Balance with excise authorities	-	8.24	-	5.77
	166.58	28.35	138.59	35.90
	179.93	28.35	159.83	35.90
* Includes amounts due by				
Private company in which directors are interested	-	-	7.98	-

	As at 31 March 2016 Rs. in million	As at 31 March 2015 Rs. in million
16 Other non-current assets		
Non-current bank balances (Refer note 19)	1.27	0.37
	1.27	0.37
17 Inventories (valued at lower of cost and net realisable value)		
Raw materials (including goods-in-transit of Rs. 16.62 million (31 March 2015 Rs. 2.91 million))	132.01	119.94
Work-in-progress	251.50	200.07
Finished goods (including goods-in-transit of Rs. 20.44 million (31 March 2015 Rs. 7.05 million))	46.82	41.08
Stores, spares and packing materials	43.69	32.69
	474.02	393.78

	As at 31 March 2016 Rs. in million	As at 31 March 2015 Rs. in million
18 Trade receivables		
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	11.14	6.43
Doubtful	2.90	2.90
	14.04	9.33
Less : Allowances for bad and doubtful debts	2.90	2.90
	11.14	6.43
Other debts		
Secured, considered good	0.18	0.18
Unsecured, considered good	216.50	239.19
	216.68	239.37
	227.82	245.80
The above balance includes amounts due by Private companies in which directors are interested	6.75	5.36

	As at 31 March 2016		As at 31 March 2015	
	Current Rs. in million	Non-current Rs. in million	Current Rs. in million	Non-current Rs. in million
19 Cash and bank balances				
Cash on hand	0.53	-	0.46	-
Balances with banks				
- in current accounts	2.17	-	5.18	-
- in deposit account with maturity upto three months*	2.48	-	2.62	-
	5.18	-	8.26	-
Other bank balances				
Unpaid dividend account	10.15	-	0.45	-
Bank deposits with maturity more than three months but less than twelve months	0.03	-	0.83	-
Bank deposits with maturity of more than twelve months	-	1.27	-	0.37
	10.18	1.27	1.28	0.37
Less : Amounts disclosed as Other non-current assets (Refer note 16)	-	1.27	-	0.37
	15.36	-	9.54	-
* includes earmarked balances for performance guarantees	2.11	-	1.98	-

	As at 31 March 2016 Rs. in million	As at 31 March 2015 Rs. in million
20 Other current assets		
Current maturities of loan to related parties *	-	7.23
Fixed assets held for sale	48.17	-
Share issue expenses (Also, refer note below)	18.28	-
	66.45	7.23
* Includes amounts due by		
Private company in which directors are interested	-	7.23

Note:

The share issue expenses are being incurred by the Company in relation to its proposed Initial Public Offer ("the Offer") of equity shares. The Company and the Selling Shareholders will share these expenses with certain exclusion of expenses as agreed amongst them, on a pro-rata basis in proportion of the Equity shares contributed by each of them in the Offer.

The share of the Company of such expenses shall be adjusted against the Securities premium reserve as permissible under Section 52 of the Companies Act, 2013, to the extent any balance is available for utilisation in the Securities premium reserve post the issue of equity shares. Share issue expenses in excess of the balance in the Securities premium reserve would be expensed in the Statement of profit and loss. The share of the Selling Shareholders of such expenses will be reimbursed to the Company

21 Contingent liabilities and commitments
a) Contingent liabilities

i) Pertains to income tax demand/ matters on account of deductions/ disallowances for earlier years, pending for appeals consequent to order passed against the Company/ demands raised by the Department under Income Tax Act, 1961. Amount paid there against and included under note 15 'Loans and advances' Rs. 24.00 million (31 March 2015- Rs. 16.00 million).	170.97	142.24
ii) Pertains to excise duty and service tax demand raised by Commissioner of Central Excise, Customs and Service tax on account of inadmissible CENVAT credit, incorrect product classification and service tax levy on directors' remuneration for various periods.	23.16	-
iii) Possible liability arising for excise duty and service tax on account of observations for the earlier years through Excise Audit conducted by the excise authorities.	-	22.95
	194.13	165.19

In respect of above contingent liabilities, it is not practicable for the Company 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	4.24	1.09
- Others	27.75	25.42
	31.99	26.51
	226.12	191.70

	Year ended 31 March 2016 Rs. in million	Year ended 31 March 2015 Rs. in million
22 Revenue		
Revenue from operations		
Sale of goods		
Export	471.71	456.48
Domestic	1,013.61	876.86
Revenue from operations (Gross)	1,485.32	1,333.34
Less : Excise duty	93.91	74.55
Revenue from operations (Net)	1,391.41	1,258.79
 Details of goods sold		
- Manufactured goods		
- Enzymes	1,086.56	1,010.20
- Animal Feed Supplement	263.80	220.24
- Micro organisms	31.53	13.09
- Others	9.52	15.26
	1,391.41	1,258.79
 23 Other Income		
Interest income	1.92	3.22
Profit on sale of fixed assets	-	1.54
International incentives	2.17	1.87
Excess provision no longer required written back	0.06	-
Dividend income	2.40	5.10
Other non-operating income		
- Service income (net of expenses directly attributable to such income of Rs. 0.50 million (31 March 2015 Rs. Nil))	1.08	-
- Miscellaneous income	1.65	1.18
	9.28	12.91
 24 Cost of materials consumed (Also refer note 37)		
Opening stock		
Raw materials and components (including goods in transit)	119.94	105.23
	119.94	105.23
Add : Purchases during the year		
Raw materials and components	482.55	395.74
	482.55	395.74
Less : Closing stock		
Raw materials and components (including goods in transit)	132.01	119.94
	132.01	119.94
	470.48	381.03
 Details of consumption		
- Raw materials and components		
- Agricultural produce	15.84	21.43
- Dairy products	40.84	36.13
- Crude enzymes	51.26	49.40
- Others	362.54	274.07
	470.48	381.03

	Year ended 31 March 2016 Rs. in million	Year ended 31 March 2015 Rs. in million
25 Changes in inventories of finished goods and work-in-progress		
Opening stock		
- Finished goods	41.08	48.36
- Work-in-progress	200.07	181.51
	<u>241.15</u>	<u>229.87</u>
Closing stock		
- Finished goods	46.82	41.08
- Work-in-progress	251.50	200.07
	<u>298.32</u>	<u>241.15</u>
Differential excise duty on stocks	0.19	(0.22)
	<u>(56.98)</u>	<u>(11.50)</u>
26 Employee benefit expenses		
Salaries, wages and bonus	211.45	167.99
Contribution to gratuity, provident and other funds	20.46	13.60
Staff welfare expenses	11.52	9.59
	<u>243.43</u>	<u>191.18</u>
27 Finance costs		
Interest expenses	36.66	38.15
Bank charges	5.42	2.77
Net loss on foreign currency transactions and translations	1.63	5.64
	<u>43.71</u>	<u>46.56</u>
28 Depreciation and amortisation expense		
Depreciation of tangible assets	73.69	79.77
Amortisation of intangible assets	0.16	0.07
	<u>73.85</u>	<u>79.84</u>

	Year ended 31 March 2016 Rs. in million	Year ended 31 March 2015 Rs. in million
29 Other expenses		
Manufacturing expenses		
Consumption of stores and spare parts (Also, refer note 37)	42.40	31.31
Consumption of packing materials	26.39	26.15
Power and fuel	94.62	95.04
Carriage inward and freight	16.53	14.20
Water charges	2.66	2.18
Excise duty	11.15	9.97
Laboratory expenses	7.36	6.48
Repairs and maintenance		
- Buildings	13.81	9.85
- Plant and equipments	8.77	5.39
Other manufacturing expenses	0.04	0.04
	223.73	200.61
Selling and distribution expenses		
Travel, conveyance and car hire	13.89	11.93
Commission	6.72	5.56
Discount on sales	0.03	0.25
Sales promotion and advertisement	1.56	1.70
Freight outward and forwarding	16.51	15.57
Other selling and distribution expenses	15.99	12.70
	54.70	47.71
Administrative and general expenses		
Rent (Also, refer note 42)	6.61	6.21
Rates and taxes	1.55	1.53
Repairs and maintenance		
- Others	5.46	5.06
Insurance	3.02	2.91
Printing and stationary	1.53	1.54
Communication expenses	4.40	4.21
Directors' sitting fees	0.52	0.28
Legal and professional charges	23.11	43.81
Payments to auditors (Also, refer note 38)	2.10	1.50
Provision for doubtful debts	-	1.20
Bad debts	3.59	0.71
Advances/assets written off	5.07	2.04
Donation	1.42	1.52
Loss on sale of fixed assets	0.08	-
Investments written off	-	14.53
Net loss on foreign currency transactions and translations	9.63	2.31
Fixed assets written off	-	3.96
Commuting expenses	5.96	5.03
CSR expenditure	4.46	3.30
Miscellaneous expenses	14.37	10.96
	92.88	112.61
	371.31	360.93

	Year ended 31 March 2016 Rs. in million	Year ended 31 March 2015 Rs. in million
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30 Earnings per share

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

a) Profit for computing basic and diluted earning per share (Rs. in million)

Net profit after tax for the year	208.94	192.89
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b) Computation of weighted average number of shares (in million)

Basic earnings per share	21.77	21.77
Diluted earnings per share	21.77	21.77

c) Nominal value of shares (in Rs.)

10.00	10.00
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d) Computation

Basic earnings per share (in Rs.)	9.60	8.86
Diluted earnings per share (in Rs.)	9.60	8.86

31 Segment reporting

Primary segment

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

Secondary segment (based upon geography)

	Year ended 31 March 2016 Rs. in million	Year ended 31 March 2015 Rs. in million
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Segment revenue (based upon location of customers)

Within India	919.70	802.31
Outside India	471.71	456.48
	<u>1,391.41</u>	<u>1,258.79</u>

	As at 31 March 2016 Rs. in million	As at 31 March 2015 Rs. in million
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Segment assets (based upon location of assets)

Within India	1,841.32	1,718.51
Outside India	600.86	367.90
	<u>2,442.18</u>	<u>2,086.41</u>

	Year ended 31 March 2016 Rs. in million	Year ended 31 March 2015 Rs. in million
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Capital expenditure

Within India	45.89	41.58
Outside India	12.42	38.20
	<u>58.31</u>	<u>79.78</u>

32 Related Party Disclosures - As per Accounting Standard 18

a) Names of related parties

I Subsidiaries including step-down subsidiaries

Advanced Bio-Agro Tech Limited

Advanced EnzyTech Solutions Limited

Advanced Enzymes Europe B.V. (up to 26 December 2014)

Advanced Enzymes USA, Inc.

Cal India Foods International (subsidiary of Advanced Enzymes USA, Inc.)

Advanced Supplementary Technologies Corporation (subsidiary of Advanced Enzymes USA, Inc.)

Enzyme Innovation, Inc. (Wholly owned subsidiary of Cal India Foods International w.e.f. 3 April 2014)

Dynamic Enzymes, Inc. (Wholly owned subsidiary of Advanced Enzymes USA, Inc. w.e.f. 25 February 2015)

Enzyfuel Innovation, Inc. (Wholly owned subsidiary of Advanced Enzymes USA, Inc. w.e.f. 30 December 2015)

II Key Management Personnel (KMP)

Mr. Vasant L Rathi

Mr. Chandrakant L. Rathi

Mrs. Savita C. Rathi

Mr. Mukund M. Kabra

Mr. Piyush C. Rathi

Mr. Beni P. Rauka

Mr. Dipak Roda

Mr. Prabal Bordiya (w.e.f. 13 January 2016)

Relatives of KMP :

Mrs. Prabha V. Rathi

Mr. Kishore L. Rathi

Mrs. Mangala M. Kabra

Mrs. Dipika Roda

III Other related parties (entities in which either of the KMP's have significant influence)

Atharva Capital Ventures Private Limited

Atharva Clean Energy Private Limited

Chandrakant Rathi Finance and Investment Company Private Limited

C. L. Rathi HUF (Hindu Undivided Family)

Advanced Vital Enzymes Private Limited

Rathi Properties LLC

Mukund M Kabra HUF

Vasant and Prabha Rathi Generation Trust

Shri Lakshminarayanan Rathi Bahuuddeshiya Seva Sanstha

Om Manufacturing Jalna Private Limited (w.e.f. 1 April 2015)

Silvertech Trading Company Private Limited (w.e.f. 1 April 2015)

Pranoo Financial Services Private Limited

Note:

Related party relationships have been identified by the management and relied upon by the auditors.

b) Transactions with related parties
Rs. in million

Transactions during the year		Subsidiaries		KMP and relatives		Other related parties	
		Year ended 31 March 2016	Year ended 31 March 2015	Year ended 31 March 2016	Year ended 31 March 2015	Year ended 31 March 2016	Year ended 31 March 2015
1	Purchases of goods						
	Om Manufacturing Jalna Private Limited	-	-	-	-	22.19	-
	Advanced Vital Enzymes Private Limited	-	-	-	-	0.75	0.53
	Silvertech Trading Company Private Limited	-	-	-	-	14.57	-
	Cal India Foods International	9.28	22.39	-	-	-	-
		9.28	22.39	-	-	37.51	0.53
2	Sale of goods						
	Advanced EnzyTech Solutions Limited	79.01	80.25	-	-	-	-
	Advanced Bio-Agro Tech Limited	255.36	213.76	-	-	-	-
	Advanced Vital Enzymes Private Limited	-	-	-	-	16.15	10.42
	Cal India Foods International	268.25	306.72	-	-	-	-
	Om Manufacturing Jalna Private Limited	-	-	-	-	2.97	-
		602.62	600.73	-	-	19.12	10.42
3	Remuneration *						
	Mr. Chandrakant. L. Rath	-	-	12.48	8.77	-	-
	Mrs. Savita. C. Rath	-	-	5.09	3.33	-	-
	Mr. Mukund Kabra	-	-	11.19	8.56	-	-
	Mr. Kishore.L. Rath	-	-	2.02	1.81	-	-
	Mrs. Mangala M. Kabra	-	-	2.33	2.03	-	-
	Mr. Piyush Rath	-	-	6.12	3.75	-	-
	Mr. Beni P. Rauka	-	-	6.00	3.52	-	-
	Mr. Dipak Roda	-	-	5.99	3.60	-	-
	Mr. Prabal Bordiya	-	-	0.09	-	-	-
		-	-	51.31	35.37	-	-
	Commission to directors *						
	Mr. Vasant L. Rath	-	-	2.07	1.91	-	-
	Mr. Chandrakant L. Rath	-	-	1.05	1.44	-	-
	Mr. Mukund Kabra	-	-	0.53	0.96	-	-
		-	-	3.65	4.31	-	-
	* included in Employee benefit expense						
4	Interest received						
	Advanced Vital Enzymes Private Limited	-	-	-	-	1.05	1.93
		-	-	-	-	1.05	1.93
5	Interest on fixed deposits						
	Mr. Vasant. L. Rath	-	-	-	1.00	-	-
	Mrs. Prabha V. Rath	-	-	-	0.04	-	-
		-	-	-	1.04	-	-
6	Advances / Loan paid (net)						
	Advanced Vital Enzymes Private Limited	-	-	-	-	(15.20)	(6.55)
	Advanced Enzymes USA, Inc.	1.15	-	-	-	-	-
		(1.15)	-	-	-	(15.20)	(6.55)
7	Investment in subsidiaries						
	Advanced Enzymes USA, Inc.	257.57	-	-	-	-	-
	Advanced Enzyme Europe B.V.	-	7.54	-	-	-	-
		257.57	7.54	-	-	-	-

Transactions during the year		Subsidiaries		KMP and relatives		Other related parties	
		Year ended 31 March 2016	Year ended 31 March 2015	Year ended 31 March 2016	Year ended 31 March 2015	Year ended 31 March 2016	Year ended 31 March 2015
8	Dividend income						
	Advanced Bio-Agro Tech Limited	2.40	5.10	-	-	-	-
		2.40	5.10	-	-	-	-
9	Advance written off						
	Advanced Enzymes Europe B.V.	-	2.04	-	-	-	-
		-	2.04	-	-	-	-
10	Investments written off						
	Advanced Enzymes Europe B.V.	-	14.53	-	-	-	-
		-	14.53	-	-	-	-
11	Deposits received/ (repaid) (net)						
	Mr. Vasant. L. Rath	-	-	-	(10.21)	-	-
	Mrs. Prabha V. Rath	-	-	-	(0.41)	-	-
		-	-	-	(10.62)	-	-
12	Legal and professional charges						
	Mrs. Dipika Roda	-	-	0.47	0.47	-	-
	Pranoo Financial Services Private Limited	-	-	-	-	0.47	0.47
		-	-	0.47	0.47	0.47	0.47

c) Balances at the year ended

		Subsidiaries		KMP and relatives		Other related parties	
		As at 31 March 2016	As at 31 March 2015	As at 31 March 2016	As at 31 March 2015	As at 31 March 2016	As at 31 March 2015
	<u>Outstanding balances</u>						
1	Investments						
	Advanced EnzyTech Solutions Limited	1.57	1.57	-	-	-	-
	Advanced Bio-Agro Tech Limited	0.60	0.60	-	-	-	-
	Advanced Vital Enzymes Private Limited	-	-	-	-	0.57	0.57
	Advanced Enzymes USA, Inc.	528.00	270.43	-	-	-	-
		530.17	272.60	-	-	0.57	0.57
2	Trade receivable						
	Advanced EnzyTech Solutions Limited	22.26	28.19	-	-	-	-
	Advanced Bio-Agro Tech Limited	14.57	14.72	-	-	-	-
	Advanced Vital Enzymes Private Limited	-	-	-	-	3.08	5.36
	Cal India Foods International	18.18	44.14	-	-	-	-
	Om Manufacturing Jalna Private Limited	-	-	-	-	3.67	-
		55.01	87.05	-	-	6.75	5.36
3	Trade payable						
	Cal India Foods International	5.48	-	-	-	-	-
	Advanced Vital Enzymes Private Limited	-	-	-	-	0.75	-
	Om Manufacturing Jalna Private Limited	-	-	-	-	5.33	-
	Silvertch Trading Company Private Limited	-	-	-	-	2.27	-
		5.48	-	-	-	8.35	-
4	Loans and advances (including current maturities)						
	Advanced Vital Enzymes Private Limited	-	-	-	-	-	15.21
		-	-	-	-	-	15.21

		Subsidiaries		KMP and relatives		Other related parties	
		As at 31 March 2016	As at 31 March 2015	As at 31 March 2016	As at 31 March 2015	As at 31 March 2016	As at 31 March 2015
5	Other payables						
	Advanced Enzymes USA, Inc.	-	1.38	-	-	-	-
		-	1.38	-	-	-	-
6	Commission payable						
	Mr. V. L. Rathi	-	-	1.76	1.91	-	-
	Mr. C. L. Rathi	-	-	0.94	1.44	-	-
	Mr. M.M.Kabra	-	-	0.48	0.96	-	-
		-	-	3.18	4.31	-	-
7	Interest receivable						
	Advanced Enzymes USA, Inc.	-	2.53	-	-	-	-
		-	2.53	-	-	-	-

33 Derivative instruments and unhedged foreign currency exposure

a) Derivatives outstanding as at the balance sheet date

Particulars

Outstanding as at 31 March 2016 **

Hedging transaction with a bank for interest rate risk on External Commercial Borrowing sanctioned for USD 6,000,000

Rs. Nil (31 March 2015 Rs. 4,032,481)

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

Particulars

Outstanding as at 31 March 2016 **

External commercial borrowings

Rs. Nil
(31 March 2015 USD 1,500,000 equivalent to Rs. 93,886,200)

Loans repayable on demand

Rs. 53,610,800 equivalent to USD 808,208
(31 March 2015 USD 1,863,426 equivalent to Rs. 116,633,297)

Trade payables for imports

Rs. 26,750,830 (equivalent to USD 354,557 and EURO 43,039)
(31 March 2015 Rs. 7,001,149 equivalent to USD 53,879 and EURO 53,752)

Trade receivables for International

Rs. 22,193,531 (equivalent to USD 334,070 and Euro 449)
(31 March 2015 Rs. 56,234,139 equivalent to USD 775,315 and Euro 110,643)

Loans and advances

Rs. 50,280 (equivalent to USD 758)
(31 March 2015 Rs. 3,047,403 equivalent to USD 48,364 and Euro 300)

Advances from customers

Rs. 4,979,996 (equivalent to USD 71,898 and Euro 2,807)
(31 March 2015 Rs. 1,693,738 equivalent to USD 27,061)

Other payables

Rs. Nil
(31 March 2015 Rs. 1,377,168 equivalent to USD 22,729)

** The figures appearing above are in Rupees and has not been presented in million for better presentation purpose

	Year ended 31 March 2016 Rs. in million	Year ended 31 March 2015 Rs. in million
34 Earnings in foreign currency on accrual basis		
International value of goods on FOB basis	459.49	446.01
Other non-operating income	1.58	-
	461.07	446.01
35 Expenditure in foreign currency on accrual basis		
Travel, conveyance and car hire	2.63	2.98
Finance costs	4.71	10.76
Legal and professional charges	6.02	22.14
Other selling and distribution expenses	3.06	2.90
Commission	4.85	0.79
Others	0.03	-
	21.30	39.57
36 Value of imports on CIF basis		
Raw materials	229.41	186.48
Components and spare parts	17.81	6.96
Capital goods	11.58	2.40
	258.80	195.84
37 Imported and indigenous consumption		
Raw materials and components		
- Imported		
- Amount	257.76	179.45
- Percentage	55%	47%
- Indigenous		
- Amount	212.72	201.59
- Percentage	45%	53%
Total		
Amount	470.48	381.04
Percentage	100%	100%
Stores and spares		
- Imported		
- Amount	8.74	8.15
- Percentage	21%	26%
- Indigenous		
- Amount	33.66	23.17
- Percentage	79%	74%
Total		
Amount	42.40	31.32
Percentage	100%	100%

	Year ended 31 March 2016 Rs. in million	Year ended 31 March 2015 Rs. in million
38 Payments to auditors (excluding service tax)		
As auditor		
Statutory audit	<u>1.80</u>	<u>1.30</u>
	1.80	1.30
In other capacity		
Other services		
- In relation to filing of prospectus*	1.90	-
- Certification work	<u>0.19</u>	<u>0.15</u>
	2.09	0.15
Reimbursement of expenses	<u>0.11</u>	<u>0.05</u>
Total	<u>4.00</u>	<u>1.50</u>

*The amount has been included in share issue expenses under note no. 16.

39 Dividend remitted in foreign currency		
Period to which is relates	2014-15	2013-14
Number of non - resident shareholders	5	5
Number of equity shares held on which dividend was due	10,516,200	10,516,200
Amount remitted (Rs. in million)	5.26	5.26

40 Capitalisation of expenditure

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

Legal and professional charges	<u>12.42</u>	<u>38.20</u>
	12.42	38.20

The Company 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), which is mandatory requirement for International of 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.

41 Research and development

The Company has incurred the following expenditure on research and development activities:

	Year ended 31 March 2016 Rs. in million	Year ended 31 March 2015 Rs. in million
Revenue expenditures		
Laboratory expenses and consumables	10.90	8.47
Employee benefit expenses	39.67	31.73
Legal and professional charges	10.13	27.73
Electricity	9.25	7.96
Rent, rates and taxes	4.97	4.58
Repair and maintenance	3.78	5.64
Travelling and conveyance expenses	1.48	1.13
Other expenses	3.16	4.07
	83.34	91.31
Less: Other non-operating income	1.58	-
	81.76	91.31
Capital expenditures		
Plant and equipments	11.99	2.93
Furniture and fixtures	2.93	-
Office equipment	2.13	0.56
Computer and data processing equipments	0.27	0.40
	17.32	3.89

This information also complies with the terms of the recognition granted upto 31 March 2016 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/2159/2012 dated 23 July 2012 and 14 January 2014.

42 Lease disclosure as per Accounting Standard-19

- (a) As lessee:
- | | | |
|--|------|------|
| Operating lease rental charged to Statement of profit and loss | 6.61 | 6.21 |
|--|------|------|
- (b) In relation to the leasehold land held by the Company, the lease agreement has been executed for a period of 30 years with a renewable clause for a further period of 5 years as per the conditions applicable. The lease agreement provides for termination at will by the Company by giving a prior notice period of 3 months.
- In relation to other leased facilities, the agreements are executed for a period ranging from 33 months to 62 months with a renewable clause and also provides for termination at will by either party giving a prior notice period of 3 months.

43 Previous year comparatives

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

For **Walker Chandiok & Co LLP**
 (formerly Walker, Chandiok & Co)
 Chartered Accountants
 Firm's Registration No.: 001076N/N500013

Sudhir N. Pillai
 Partner
 Membership No :105782

Place : Mumbai
 Date : 27 June, 2016

For **Advanced Enzyme Technologies Limited**

Chandrakant. L. Rathi
 Managing Director
 DIN : 00365691
 Place : Washington, D.C.
 Date : 25 June, 2016

Prabal Bordiya
 Company Secretary
 Place : Thane
 Date : 27 June, 2016

Kedar Desai
 Chairman and Director
 DIN : 00322581
 Place : Thane
 Date : 27 June, 2016

Beni. P. Rauka
 Chief Financial Officer
 Place : Thane
 Date : 27 June, 2016

Independent Auditor's Report

To the Members of Advanced Enzyme Technologies Limited

Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of Advanced Enzyme Technologies Limited, ("the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at 31 March 2016, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

2. The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group, in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). The Holding Company's Board of Directors, and the respective Board of Directors/management of the subsidiaries included in the Group, are responsible for the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. Further, in terms with the provisions of the Act, the respective Board of Directors of the Holding Company and its subsidiaries which are incorporated in India are responsible for maintenance of adequate accounting records; safeguarding the assets; preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements, which have been used for the purpose of preparation of the consolidated financial statements by the directors of the Holding Company, as aforesaid.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
4. 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 auditor's report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.
7. 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 sub-paragraph 9 of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on the financial statements of the subsidiaries as noted below, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2016, and their consolidated profit and their consolidated cash flows for the year ended on that date.

Other Matters

9. We did not audit the financial statements of eight subsidiaries included in the consolidated financial statements, whose financial statements reflect total assets (after eliminating intra-group transactions) of Rs. 2,487.76million as at 31 March 2016, total revenues (after eliminating intra-group transactions) of Rs. 2,154.85million and net cash flows amounting to Rs. 213.95million for the year ended on that date. These financial statements have been audited by other auditors whose report(s) have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done by and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

10. As required by Section 143(3) of the Act, and based on the auditor's reports of the subsidiaries, we report, to the extent applicable, that:
- We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;
 - In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;
 - The consolidated financial statements dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
 - In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014(as amended);
 - On the basis of the written representations received from the directors of the Holding Company as on 31 March 2016 taken on record by the Board of Directors of the Holding Company and the reports of the other 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 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
 - we have also audited the internal financial controls over financial reporting (IFCoFR) of the Company, as of 31 March 2016, in conjunction with our audit of the consolidated financial statements of the Group for the year ended on that date and our report dated 27 June 2016as per Annexure I expressed unmodified opinion.
 - 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:
 - As detailed in Note 24(a), the consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group;
 - The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, and its subsidiary companies.

For **Walker Chandiook & Co LLP**
(Formerly Walker, Chandiook & Co)
Chartered Accountants
Firm's Registration No.: 001076N/N500013

per **Sudhir N. Pillai**
Partner
Membership No.: 105782
Place: Mumbai
Date: 27 June 2016

Annexure I

Independent Auditor's report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

1. In conjunction with our audit of the consolidated financial statements of the Advanced Enzyme Technologies Limited ("the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), as of and for the year ended 31 March 2016, we have audited the internal financial controls over financial reporting (IFCoFR) 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

2. 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 over financial reporting 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 ("the Guidance Note") issued by the Institute of Chartered Accountants of India ("the 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 the company's business, including adherence to the company's policies, the safeguarding of the company's assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the IFCoFR of the Holding Company based on our audit. We conducted our audit in accordance with the Standards on Auditing, issued by the ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of IFCoFR and the Guidance Note, 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 IFCoFR were established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR included obtaining an understanding of IFCoFR, 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.
5. 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 Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the IFCoFR of the Holding Company and its subsidiary companies as aforesaid.

Meaning of Internal Financial Controls over Financial Reporting

6. A company's IFCoFR 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 IFCoFR 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 over Financial Reporting

7. Because of the inherent limitations of IFCoFR, 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 IFCoFR to future periods are subject to the risk that the IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Holding Company and its subsidiary companies, which are companies incorporated in India, have, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting 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 issued by the ICAI.

Other Matters

9. We did not audit the IFCoFR insofar as it relates to two subsidiary companies, which are companies incorporated in India, whose financial statements reflect total assets (after eliminating intra-group transactions) of Rs. 253.34million as at 31 March 2016, total revenues (after eliminating intra-group transactions) of Rs. 503.79 million and net cash flows amounting to Rs. 12.43million for the year ended on that date has been considered in the consolidated financial statements. Our report on the adequacy and operating effectiveness of the IFCoFR for the Holding Company and its subsidiary companies which are companies incorporated in India, under Section 143(3)(i) of the Act insofar as it relates to the aforesaid subsidiaries which are companies incorporated in India, is solely based on the corresponding reports of the auditors of such companies. Our opinion is not modified in respect of the above matter with respect to our reliance on the work done by and the reports of the other auditors.

For **Walker Chandiok & Co LLP**

(Formerly Walker, Chandiok & Co)

Chartered Accountants

Firm's Registration No.: 001076N/N500013

per **Sudhir N. Pillai**

Partner

Membership No.:105782

Place: Mumbai

Date: 27 June 2016

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH, 2016

	Note no.	As at 31 March 2016 Rs. in million	As at 31 March 2015 Rs. in million
Equity and liabilities			
Shareholders' funds			
Share capital	6	217.66	217.66
Reserves and surplus	7	2,563.20	1,902.13
		2,780.86	2,119.79
Minority interest	8	53.51	44.54
Non-current liabilities			
Long-term borrowings	9	387.52	540.01
Deferred tax liabilities (net)	10	173.88	147.69
Long-term provisions	13	1.75	-
		563.15	687.70
Current liabilities			
Short-term borrowings	9	296.34	236.49
Trade payables	11		
total outstanding dues to micro and small enterprises		1.87	1.45
total outstanding dues to others		121.50	115.43
Other current liabilities	12	584.71	826.32
Short-term provisions	13	103.21	127.36
		1,107.63	1,307.05
Total		4,505.15	4,159.08
Assets			
Non-current assets			
Fixed assets			
Tangible assets	14	1,143.68	1,111.04
Intangible assets	15	0.53	0.06
Capital work-in-progress		18.36	53.33
Intangible assets under development		50.62	38.20
Goodwill on consolidation		1,710.40	1,710.40
Non-current investments	16	0.62	0.62
Deferred tax assets (net)	17	2.04	43.58
Long-term loans and advances	18	180.44	160.34
Other non-current assets	19	1.27	0.37
		3,107.96	3,117.94
Current assets			
Inventories	20	604.92	526.33
Trade receivables	21	417.97	370.42
Cash and bank balances	22	263.14	43.37
Short-term loans and advances	18	44.70	93.79
Other current assets	23	66.46	7.23
		1,397.19	1,041.14
Total		4,505.15	4,159.08

Notes 1 to 42 form an integral part of these consolidated financial statements

This is the Balance Sheet referred to in our report of even date

For **Walker Chandiok & Co LLP**
(formerly Walker, Chandiok & Co)
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Sudhir N. Pillai
Partner
Membership No :105782

Place : Mumbai
Date : 27 June, 2016

For **Advanced Enzyme Technologies Limited**

Chandrakant. L. Rathi
Managing Director
DIN : 00365691
Place : Washington, D.C.
Date : 25 June, 2016

Prabal Bordiya
Company Secretary
Place : Thane
Date : 27 June, 2016

Kedar Desai
Chairman and Director
DIN : 00322581
Place : Thane
Date : 27 June, 2016

Beni. P. Rauka
Chief Financial Officer
Place : Thane
Date : 27 June, 2016

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2016

	Note no.	Year ended 31 March 2016 Rs. in million	Year ended 31 March 2015 Rs. in million
Revenue			
Revenue from operations (gross)	25	3,044.58	2,319.56
Less : Excise duty		106.96	88.48
Revenue from operations (net)		2,937.62	2,231.08
Other income	26	12.89	25.59
Total revenue		2,950.51	2,256.67
Expenses			
Cost of materials consumed	27	667.01	477.81
Purchase of traded goods	28	3.06	2.12
Changes in inventories of finished goods, work-in-progress and traded goods	29	(79.92)	(2.73)
Employee benefit expenses	30	445.05	365.24
Finance costs	31	78.56	92.55
Depreciation and amortisation expense	32	87.19	90.17
Other expenses	33	526.80	483.42
Total expenses		1,727.75	1,508.58
Profit before exceptional items and tax		1,222.76	748.09
Exceptional items	34	40.96	-
Profit before tax		1,181.80	748.09
Tax expense			
Current tax		363.42	201.59
MAT credit entitlement		(18.53)	(19.12)
Deferred tax charge		69.46	47.00
(Excess)/ short provision for last years		(0.01)	0.49
		414.34	229.96
Profit after tax		767.46	518.13
Less: Share of Minority interest		8.97	8.33
Profit after tax and allocation of minority interest		758.49	509.80
Earnings per equity share	35		
Basic		34.85	23.42
Diluted		34.85	23.42

Notes 1 to 42 form an integral part of these consolidated financial statements

This is the Statement of Profit and Loss referred to in our report of even date

For **Walker Chandiok & Co LLP**
(formerly Walker, Chandiok & Co)
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Sudhir N. Pillai
Partner
Membership No :105782

Place : Mumbai
Date : 27 June, 2016

For **Advanced Enzyme Technologies Limited**

Chandrakant. L. Rathi
Managing Director
DIN : 00365691
Place : Washington, D.C.
Date : 25 June, 2016

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Date : 27 June, 2016

Kedar Desai
Chairman and Director
DIN : 00322581
Place : Thane
Date : 27 June, 2016

Beni. P. Rauka
Chief Financial Officer
Place : Thane
Date : 27 June, 2016

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2016

	Year ended 31 March 2016 Rs. in million	Year ended 31 March 2015 Rs. in million
Cash flow from operating activities		
Profit before tax	1,181.80	748.09
A. Adjustments for non-cash transactions		
Depreciation and amortisation expense	87.19	90.17
Fixed assets written off	-	3.96
Loss/(Profit) on sale of fixed assets	0.08	(1.54)
Allowances for bad and doubtful trade receivables	-	1.20
Bad and doubtful trade receivables written off	3.71	0.71
Bad and doubtful advances/assets written off	5.07	-
Excess provision written back	(1.67)	(0.17)
Sundry balances written off/ (back) (net)	(0.89)	(1.42)
Unrealised foreign exchange (gain)/loss	(2.09)	4.09
	1,273.20	845.09
Items considered separately		
Interest income	(4.63)	(4.43)
Interest expenses	66.69	79.60
	1,335.26	920.26
Operating profit before working capital changes		
Increase / (decrease) in other current liabilities and provisions	93.53	(105.00)
Increase / (decrease) in trade payables	6.86	12.39
(Increase) / decrease in inventories	(78.60)	(26.99)
(Increase) / decrease in trade receivables	(51.73)	(49.11)
(Increase) / decrease in short-term loans and advances	(7.08)	19.72
(Increase) / decrease in other current assets	(66.46)	(0.53)
(Increase) / decrease in long-term loans and advances	16.02	30.48
Cash generated from operating activities	1,247.80	801.22
Income taxes paid	(270.29)	(263.90)
Net cash generated from operating activities	977.51	537.31
B. Cash flows from investing activities		
Purchase of tangible assets including capital work in progress and capital advances	(85.16)	(87.86)
Proceeds from sale of tangible assets	0.31	4.33
Purchase of intangible assets	(0.63)	-
Capital expenditure on intangible assets under development	(12.43)	(38.20)
Decrease in bank deposits with maturity more than 3 months but less than 12 months	0.80	2.66
(Increase) / decrease in bank deposits with maturity of more than 12 months	(0.90)	0.72
Interest received	7.17	4.43
Net cash (used in) in investing activities	(90.84)	(113.92)
C. Cash flows from financing activities		
(Repayment of)/ proceeds from long-term borrowings (net)	(576.39)	(112.02)
(Repayment of)/ proceeds from short-term borrowings (net)	62.04	(154.20)
Interest paid	(75.19)	(79.60)
Dividends paid (including dividend tax)	(26.55)	(17.52)
Net cash (used in) in financing activities	(616.09)	(363.34)
Net (decrease) / increase in cash and cash equivalents (A+B+C)	270.58	60.05
Cash and cash equivalents as at the beginning of the year	42.54	22.99
Effect of exchange rate changes (Foreign currency translation reserve)	(50.01)	(40.50)
Cash and cash equivalents as at the end of the year *	263.11	42.54
*Composition of cash and cash equivalents		
Cash on hand	0.61	0.53
Balance with scheduled banks :		
Current account	249.87	38.94
Deposit account with maturity upto three months	2.48	2.62
Other bank balance	10.15	0.45
	263.11	42.54

Notes to the cash flow statement

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

Notes 1 to 42 form an integral part of these consolidated financial statements

This is the Cash Flow Statement referred to in our report of even date

For **Walker Chandiok & Co LLP**
(formerly Walker, Chandiok & Co)
Chartered Accountants

Firm's Registration No.: 001076N/N500013

Sudhir N. Pillai
Partner

Membership No :105782

Place : Mumbai

Date : 27 June, 2016

For **Advanced Enzyme Technologies Limited**

Chandrakant. L. Rath
Managing Director
DIN : 00365691
Place : Washington, D.C.
Date : 25 June, 2016

Prabal Bordiya
Company Secretary
Place : Thane
Date : 27 June, 2016

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Chairman and Director
DIN : 00322581
Place : Thane
Date : 27 June, 2016

Beni. P. Rauka
Chief Financial Officer
Place : Thane
Date : 27 June, 2016

Summary of significant accounting policies and other explanatory information

1 Background

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.

2 Principles of Consolidation

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

- a The Standalone financial statements of the Parent Company and its subsidiaries have been consolidated on a line by line basis by adding together the like items of assets, liabilities, income and expenses after eliminating intra group balances, intra group transactions and unrealised profits/ losses from the intra group transactions.
- b The excess/deficit (as on the date of acquisition) of the Company's investment cost over the subsidiaries net worth is recognised as goodwill/capital reserve. The Company does not amortize goodwill but instead tests goodwill for impairment at least annually. The fair value of the reporting unit is first compared to its carrying value. If the fair value of the reporting unit exceeds the carrying value of the net assets assigned to that unit, goodwill is not impaired. If the carrying value of the net assets assigned to the reporting unit exceeds the fair value of the reporting unit, then the implied fair value of the reporting unit's goodwill is compared with the carrying value of the reporting unit's goodwill. The implied fair value of goodwill is determined in the same manner as the amount of goodwill recognized in a business combination. If the carrying value of a reporting unit's goodwill exceeds its implied fair value, then an impairment loss equal to the difference is recorded.
- c Minorities' interest in the net profit / loss of the consolidated subsidiary companies for the year is identified and adjusted against income in order to arrive at the net income attributable to shareholders of the Company. Minorities' interest in the net assets of consolidated subsidiary companies is identified and presented separately in the Consolidated Financial Statements.
- d Foreign subsidiary - Items of profit and loss have been consolidated at the average rate of foreign exchange prevailing during the year. The assets and liabilities, both monetary and non-monetary, of the non-integral foreign operation are translated at the closing rate. Exchange differences arising on monetary and non-monetary items that in substance form part of the company's net investments in non-integral foreign operation are accumulated in the Foreign Currency Translation Reserve.
- e As far as possible, the Consolidated Financial Statements have been consolidated using uniform accounting policies for like transactions and other events in similar circumstances.
- f Subsidiary companies are consolidated from the date on which effective control is transferred to the Group and are no longer consolidated from the date of disposal.
- g The Subsidiary companies considered in the Consolidated Financial Statements are as follows:

Name of the Company	Country of incorporation	% age voting power held as at 31 March 2016	% age voting power held as at 31 March 2015
i. Advanced Bio-Agro Tech Limited	India	60.00%	60.00%
ii. Advanced EnzyTech Solutions Limited	India	100.00%	100.00%
iii. Advanced Enzymes USA, Inc.	USA	100.00%	100.00%
iv. Cal India Foods International (Wholly owned subsidiary of Advanced Enzymes USA, Inc.)	USA	100.00%	100.00%
v. Advanced Supplementary Technologies Corporation (Wholly owned subsidiary of Advanced Enzymes USA, Inc.)	USA	100.00%	100.00%
vi. Enzyme Innovation, Inc. (Wholly owned subsidiary of Cal India Foods International)	USA	100.00%	100.00%
vii. Dynamic Enzymes, Inc. (Wholly owned subsidiary of Advanced Enzymes USA, Inc.)	USA	100.00%	100.00%
viii. Enzyfuel Innovation, Inc. (Wholly owned subsidiary of Advanced Enzymes USA, Inc.)	USA	100.00%	-

3 Basis of preparation of financial statements

The Consolidated Financial Statements, which have been prepared and presented under the historical cost convention on the accrual basis of accounting, are in accordance with the requirements of the Companies Act, 2013 ('the Act') and comply in all material aspects with the applicable Accounting Standards specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rule, 2014 (as amended).

4 Use of estimates

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

5 Significant accounting policies:

a. Revenue recognition

- i. Revenue is recognised to the extent that it is probable that economic benefits will flow to the Group and the revenue can be reliably measured.
- ii. Revenue from sale of goods is recognised on delivery of the products, when all significant contractual obligations have been satisfied, the property in the goods is transferred for a price, significant risks and rewards of ownership are transferred to the customer/ agent and no effective ownership is retained. Sales are inclusive of excise duty and net of sales tax and discounts.
- iii. International incentives received pursuant to the Duty Drawback Scheme and Status holder scrip incentive are accounted on an accrual basis, to the extent it is probable that realisation 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 recognised based on agreements with the customers using the proportionate completion method, when services are performed and no significant uncertainty exists regarding the amount of the consideration that will be derived from rendering of service. Income is recognised net of service tax, as applicable.

b. Fixed assets, depreciation and amortisation

- i. Fixed assets, both tangible and intangible are stated at cost of acquisition. Cost includes taxes, duties, freight and other incidental expenses related to acquisition and installation of the assets. Interest on borrowings to finance acquisition of fixed assets during qualifying period is capitalised.
- ii. Leasehold improvements represent expenses incurred towards civil work and interior furnishings on the leased premises.
- iii. Costs relating to acquisition of technical know-how and software are capitalised as Intangible assets. Further, the revenue expenditure incurred during the development of product dossiers are grouped under "Intangible assets under development" to the extent such expenditure meet the criteria of Intangible Asset as defined in Accounting Standard (AS) 26.
- iv. With respect to the entities incorporated in India, the management has reviewed its policy for providing depreciation on its tangible fixed assets and has also reassessed their useful lives as per Part C of Schedule II of the Companies Act, 2013. The revised useful lives, as assessed by the management, match those specified in Part C of Schedule II of the Companies Act, 2013, for all classes of tangible assets.

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.

- v. Leasehold improvements and leasehold land are depreciated over the unexpired primary period of lease except for lease hold land acquired under perpetual lease.
- vi. Intangible assets that are ready for use are amortised on a straight line basis over a period of four years.

- vii Tangible assets of subsidiaries incorporated in USA are depreciated over the estimated useful life of the assets using the straight-line method. The estimated useful lives of assets are as follows:

Equipment (office and machinery)	5 years
Computer and software	3 years
Furniture and fixtures	5 years

- viii Capital work in progress includes fixed assets not ready for their intended use and related incidental expenses and attributable interest.
- ix Items of fixed assets that are held for disposal are stated at the lower of their net book value and net realisable value and are shown separately in the financial statements. Any expected loss is recognised immediately in the Statement of Profit and Loss.

c. Investments

Investments are classified into long-term investments and current investments. Long-term investments are carried at cost. Provision for diminution in the value of long-term investments is not provided for unless it is considered other than temporary. Current investments are valued at lower of cost and net realisable value.

d. Foreign currency transactions

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

e. Derivative instruments

- i. The Group limits the effects of foreign exchange rate fluctuations by following established risk management policies including the use of derivatives. The Group enters into forward exchange contracts, where the counterparty is a bank.
- ii. As per Accounting Standard ('AS') 11 - The Effects of Changes in Foreign Exchange Rates', the premium or the discount on forward exchange contracts not relating to firm commitments or highly probable forecast transactions and not intended for trading or speculation purpose is amortized as expense or income over the life of the contract. All other derivatives, which are not covered by AS 11, are measured using the mark-to-market principle and losses, if any, are recognised in the Consolidated Statement of Profit and Loss.

f. Impairment of assets

In accordance with Accounting Standard (AS) 28 on 'Impairment of Assets' as notified, the carrying amounts of the Group's assets are reviewed at each Balance Sheet date to determine whether there is any impairment. The recoverable amount of the assets or where applicable, that of the cash generating unit to which the asset belongs is estimated as the higher of its net selling price and its value in use. An impairment loss is recognised whenever the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount. Impairment loss is recognised in the Consolidated Statement of Profit and Loss or against revaluation surplus where applicable.

g. Inventories

- i. Inventories of stores, spares, packing materials, raw materials, finished goods, traded goods and work in progress are valued at lower of cost or net realisable value.
- ii. Cost of finished goods, traded goods and work in progress is determined by considering materials, labour and other related costs incurred in bringing the inventories to their present condition and location.

Cost of raw materials, stores, spares and packing materials is determined on first-in-first-out basis except in case of Advanced EnzyTech Solutions Limited, where it is determined on weighted average cost basis. The stock of not ordinarily interchangeable raw materials is determined on their specific individual costs.

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

In case of Parent Company - on specific identification method basis;

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

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

h. Employee benefits

- i. All short term employee benefits are accounted on undiscounted basis during the accounting period based on services rendered by employees.

- ii. **Defined contribution plans**

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 recognised as an expense in the period in which the employee renders services.

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

Contributions to defined contribution plans apart from the above two plans are charged to Consolidated Statement of Profit and Loss in the period in which they accrue.

For the entities incorporated in USA, the companies contributed towards the pension cum retirement benefit plan in accordance with 401(k) of the Internal Revenue Code and the contribution paid or payable is recognised as an expense in the period in which the employee renders services.

- iii. **Defined benefit plans**

For the entities incorporated in India, the Group provides for gratuity benefit and leave encashment, which are defined benefit plans, covering all its eligible employees. Liability towards gratuity benefits and leave encashment is determined on actuarial valuation done by Life Insurance Corporation of India (LIC) during the year, based upon which the Group contributes to the schemes with LIC. The Group also provides for the additional liability over the amount determined by LIC based on an actuarial valuation done by an independent actuary as at the balance sheet date and actuarial gains/losses are charged to the Consolidated Statement of Profit and Loss.

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

i. Income Taxes

Current tax

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

Deferred tax

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

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

Minimum Alternate Tax

Minimum Alternate Tax (MAT) paid in a period is charged to the Consolidated Statement of Profit and Loss as current tax. The Group recognises MAT credit available recognised as an asset when it is probable that the future economic benefits associated with it will flow to the respective Company, i.e., the Companies will pay normal income tax during the period for which MAT Credit is allowed to be carried forward. In the period in which MAT Credit is recognised 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, the said asset is created by way of credit to the Consolidated Statement of Profit and Loss and shown as "MAT Credit Entitlement."

j. Borrowing costs

Borrowing costs incurred on constructing or acquiring a qualifying asset are capitalised as cost of that asset until it is ready for its intended use or sale. 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 recognised as an expense in the Consolidated Statement of Profit and Loss.

k. Research and Development costs

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

l. Provisions and contingencies

The Group creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources embodying economic benefits and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

m. Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognized as an expense in the Consolidated Statement of Profit and Loss.

n. Cash and cash equivalents

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

o. Operating cycle

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

	As at 31 March 2016		As at 31 March 2015	
	Number in million	Rs. in million	Number in million	Rs. in million
6 Share capital				
Authorised				
Equity shares of Rs.10 each	<u>35.00</u>	<u>350.00</u>	<u>35.00</u>	<u>350.00</u>
	35.00	350.00	35.00	350.00
Issued, subscribed and fully paid up				
Equity shares of Rs.10 each	<u>21.77</u>	<u>217.66</u>	<u>21.77</u>	<u>217.66</u>
Total	<u>21.77</u>	<u>217.66</u>	<u>21.77</u>	<u>217.66</u>

	As at 31 March 2016		As at 31 March 2015	
a) Reconciliation of Equity share capital	Number in million	Rs. in million	Number in million	Rs. in million
Balance at the beginning of the year	<u>21.77</u>	<u>217.66</u>	<u>21.77</u>	<u>217.66</u>
Add : Issued during the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance at the end of the year	<u>21.77</u>	<u>217.66</u>	<u>21.77</u>	<u>217.66</u>

	As at 31 March 2016		As at 31 March 2015	
b) Shareholders holding more than 5% of the shares	Number in million	Rs. in million	Number in million	Rs. in million
<u>Equity shares of Rs.10 each</u>				
Mr. Vasant L. Rath	<u>8.28</u>	<u>38.05%</u>	<u>8.28</u>	<u>38.05%</u>
Chandrakant Rath Finance and Investment Company Private Limited	<u>4.30</u>	<u>19.73%</u>	<u>3.63</u>	<u>16.66%</u>
Atharva Capital Ventures Private Limited	<u>2.49</u>	<u>11.45%</u>	<u>2.49</u>	<u>11.45%</u>
Vasant and Prabha Rath Generation Trust	<u>1.50</u>	<u>6.89%</u>	<u>1.50</u>	<u>6.89%</u>
	<u>16.57</u>	<u>76.12%</u>	<u>15.90</u>	<u>73.05%</u>

c) Terms / rights attached to shares

The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares 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.

	As at 31 March 2016 Rs. in million	As at 31 March 2015 Rs. in million
7 Reserves and surplus		
Capital reserves	3.00	3.00
Securities premium reserve	289.63	289.63
General reserve	38.77	38.77
Foreign currency translation reserve		
Balance at the beginning of the year	(250.11)	(209.68)
Add : Additions made during the year	(50.01)	(40.43)
Balance at the end of the year	(300.12)	(250.11)
Surplus in the Statement of Profit and Loss		
Balance at the beginning of the year	1,820.84	1,334.88
Add : Additions made during the year	758.49	509.80
Add: Adjustment of dividend proposed last year	2.40	-
Less : Interim dividend	41.77	-
Less : Proposed dividend	-	18.28
Less : Tax on dividends distributed/proposed during the year	8.04	3.45
Less : Reversal of carrying amount of tangible fixed assets due to transitional provision as per Companies Act, 2013 (Refer note 14)	-	3.19
Add: Reversal of deferred tax on carrying amount of tangible assets due to transitional provision as per Companies Act, 2013 (Refer note 10)	-	1.08
Balance at the end of the year	2,531.92	1,820.84
	2,563.20	1,902.13
8 Minority interest		
Balance at the beginning of the year	44.54	36.27
Add: Allocation of profit during the year	8.97	8.33
Less: Minority interest no longer payable on account of transitional provision	-	0.06
	53.51	44.54

	As at 31 March 2016		As at 31 March 2015	
	Long-term Rs. in million	Short-term Rs. in million	Long-term Rs. in million	Short-term Rs. in million
9 Borrowings				
Secured				
Term loans				
From banks	110.00	-	-	-
Vehicle loans	5.81	-	4.62	-
From related parties	229.45	-	485.55	-
Loans repayable on demand				
From banks	-	296.34	-	225.89
	<u>345.26</u>	<u>296.34</u>	<u>490.17</u>	<u>225.89</u>
Unsecured				
Deferred sales tax payment liabilities	42.26	-	49.84	-
Loans repayable on demand				
From related parties	-	-	-	10.60
	<u>42.26</u>	<u>-</u>	<u>49.84</u>	<u>10.60</u>
	<u>387.52</u>	<u>296.34</u>	<u>540.01</u>	<u>236.49</u>

a) Details of guarantee for each type of borrowing

Guaranteed by managing directors

Term loans

From banks (including current maturities)	140.00	-	99.89	-
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Loans repayable on demand

From banks	-	294.52	-	223.75
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Guaranteed by others

Loans repayable on demand

From banks	-	1.82	-	2.14
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b) Details of security for each type of borrowings as at 31 March 2016

(i) Term loans from bank are secured by

- hypothecation charge of present and future movable and immovable fixed assets of the Company; and
- first pari-passu charge by way of equitable/ registered mortgage on all the present and future land and building (immovable properties) of the Company.

(ii) Loans repayable on demand from banks (Working capital loans) are secured as under:

- First pari passu charge on all existing and future current assets of the Company.
- First exclusive charge on stocks and book debts of Advanced Bio-Agro Tech Limited.
- Negative lien on land and building situated at Gat no. 551, Mauje Musalgaon, Nasik.
- Charge on plant and machinery as and when procured at Gat no. 551, Mauje Musalgaon, Nasik.

(iii) Vehicle loans availed from three banks and one financial institution are secured by exclusive charge on vehicles as specified in their respective loan agreements.

(iv) Term loans from related parties are secured by pledge of 2,000 equity shares of Cal India Food International and 1,000 equity shares of Advanced Supplementary Technologies Corporation.

c) Terms of repayment of term loans and other loans

Term loans	Payable not later than 1 year*	Payable later than 1 year not later than five years	Payable later than five years
	Rs. in million	Rs. in million	Rs. in million
From banks			
Interest rate			
10.50%	30.00	110.00	-
From related parties			
Interest rate			
3.50%	289.81	229.45	-
Vehicle loans	Payable not later than 1 year*	Payable later than 1 year not later than five years	Payable later than five years
	Rs. in million	Rs. in million	Rs. in million
Interest rate			
10.50%	0.13	0.42	-
9.75%	0.10	0.45	-
12.50%	0.03	-	-
11.60%	0.13	0.22	-
10.83%	0.07	-	-
10.59%	0.22	0.42	-
10.14%	0.25	0.91	-
10.15%	0.28	1.03	-
9.90%	0.07	0.30	-
11.00%	0.02	-	-
10.20%	0.90	2.06	-
	2.20	5.81	-
Deferred sales tax payment liabilities	Payable not later than 1 year*	Payable later than 1 year not later than five years	Payable later than five years
	Rs. in million	Rs. in million	Rs. in million
	7.58	35.50	6.76

* Has been disclosed under note 12.

d) Particulars of default	As at 31 March 2016		As at 31 March 2015	
	Rs. in million	Period of default	Rs. in million	Period of default
Default on payment of principal				
Vasant Rathi	-	-	322.79	15 months
Rathi Property LLC	-	-	56.96	15 months
Default on payment of interest on loan				
Vasant Rathi	-	-	8.29	1 month
Rathi Property LLC	-	-	1.46	1 month

	As at 31 March 2016 Rs. in million	As at 31 March 2015 Rs. in million
10 Deferred tax liabilities (net)		
Deferred tax liabilities		
Depreciation/amortisation charged for financial reporting and income tax purpose	185.84	154.89
Reversal of liability on carrying amount of tangible fixed assets due to transitional provision as per Companies Act, 2013	-	(1.08)
	<u>185.84</u>	<u>153.81</u>
Deferred tax assets		
Provision for employee benefits	4.97	3.63
Provision for product recall liability	1.33	-
Others	5.66	2.49
	<u>11.96</u>	<u>6.12</u>
	<u>173.88</u>	<u>147.69</u>
11 Trade payables		
Total outstanding dues of micro enterprises and small enterprises (Also refer note below)	1.87	1.45
Total outstanding dues of creditors other than micro enterprises and small enterprises	121.50	115.43
	<u>123.37</u>	<u>116.88</u>

Note:

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

Principal amount remaining unpaid	1.87	1.45
Interest due thereon	-	-
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	-	-
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.	-	-
	<u>1.87</u>	<u>1.45</u>

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 financials statements based on information received and available with the Group.

	As at 31 March 2016 Rs. in million	As at 31 March 2015 Rs. in million
12 Other current liabilities		
Current maturities of long-term term loans	319.81	364.22
Current maturities of vehicle loans	2.20	3.45
Current maturities of deferred sales tax payment liabilities	7.58	6.06
Unclaimed dividends (Refer note below)	0.51	0.45
Interest due but not paid	1.25	9.75
Interim dividend payable	9.64	-
Installment due but not paid	-	379.76
Provident fund	1.35	1.10
Employees' State Insurance Scheme contribution	0.01	0.02
Other statutory dues	4.66	3.75
Advances and security deposits from customers	139.35	7.72
Payable in respect of fixed assets held for sale	35.60	-
Other payables	62.75	50.04
	584.71	826.32

Note

The amount due and paid during the year to "Investor Education and Protection Fund" is Rs. 0.03 million (31 March 2015 Rs. 0.04 million).

	As at 31 March 2016		As at 31 March 2015	
	Long-term Rs. in million	Short-term Rs. in million	Long-term Rs. in million	Short-term Rs. in million
13 Provisions				
Provisions for employee benefits				
Leave encashment	-	4.82	-	3.08
Gratuity	1.75	4.12	-	1.02
Bonus	-	7.49	-	4.67
Proposed dividend	-	-	-	14.88
Interim dividend (Also, refer note below)	-	20.00	-	-
Dividend tax	-	8.04	-	2.00
Provision for taxation (net of advance tax)	-	50.40	-	0.25
Provision for product recall expenses	-	3.34	-	101.46
	1.75	103.21	-	127.36

Note:

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

14 Tangible assets

Gross block	Land freehold	Land leasehold	Buildings	Plant and equipments	Furniture and fixtures	Vehicles	Office equipments	Leasehold improvements	Comp. & data Process.Equip.	Total
Balance as at 1 April 2014	2.35	35.22	312.35	1,231.04	35.37	32.63	21.87	12.73	25.04	1,708.59
Additions	-	-	16.18	32.10	6.97	1.04	2.37	-	2.50	61.16
Disposals	-	-	3.14	-	-	1.98	-	-	-	5.12
Other adjustments										
- Transition adjustment recorded against opening reserves (refer note below)	-	-	-	-	-	-	0.34	-	0.70	1.04
- Reversal on account of assets written off	-	-	-	10.79	0.01	1.37	4.77	-	3.09	20.04
Balance as at 31 March 2015	2.35	35.22	325.39	1,252.35	42.33	30.32	19.13	12.73	23.75	1,743.57
Additions	-	-	40.99	33.66	8.00	5.20	3.01	72.51	2.55	165.93
Disposals	-	-	-	0.17	-	1.06	-	-	-	1.23
Assets classified as held for sale (refer note 1 below)	-	12.57	35.60	-	-	-	-	-	-	48.17
Balance as at 31 March 2016	2.35	22.65	330.78	1,285.84	50.33	34.46	22.14	85.24	26.30	1,860.10
Accumulated depreciation and amortisation										
Balance as at 1 April 2014	-	4.47	112.26	376.64	18.50	17.15	10.00	4.68	17.04	560.74
Depreciation and amortisation	-	0.51	17.34	48.04	5.97	5.25	6.00	2.33	4.66	90.10
- Transition adjustment recorded against opening reserves (refer 2 note below)	-	-	-	-	0.05	0.05	2.39	-	0.34	2.15
Reversal on disposal of assets	-	-	0.45	-	-	1.89	-	-	-	2.34
- Reversal on account of assets written off	-	-	-	7.88	0.01	1.30	3.89	-	3.00	16.08
Balance as at 31 March 2015	-	4.98	129.15	416.80	24.51	19.26	14.50	7.01	18.36	634.57
Depreciation and amortisation	-	0.51	17.52	47.24	6.16	4.84	3.74	2.61	4.41	87.03
Reversal on disposal of assets	-	-	-	-	-	0.84	-	-	-	0.84
Balance as at 31 March 2016	-	5.49	146.66	464.04	30.67	23.27	18.24	9.62	22.77	720.76
Other Adjustment										
Balance of Foreign Currency Translation Reserve as at 31 March 2015	-	-	-	0.84	0.45	-	-	0.15	0.60	2.04
Adjustments during the year	-	-	-	1.86	0.04	-	0.51	1.19	0.74	4.34
Balance as at 31 March 2016	-	-	-	2.70	0.49	-	0.51	1.34	1.34	6.38
Net block										
Balance as at 31 March 2015	2.35	30.24	196.24	836.39	18.27	11.06	4.63	5.86	6.00	1,111.04
Balance as at 31 March 2016	2.35	17.16	184.11	823.66	19.71	11.20	4.41	76.82	4.27	1,143.68

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 along with the development costs has been classified as fixed assets held for sale.

Note 2:

Pursuant to the transition provisions prescribed in Schedule II to the Companies Act, 2013, the Company has fully depreciated the carrying value of assets, net of residual value, where the remaining useful life of the asset was determined to be Nil as on 1 April 2014 and has adjusted an amount of Rs. 2.99 million against the opening Surplus balance in the Statement of Profit and Loss under Reserves and Surplus as at 1 April 2014.

15 Intangible assets
Rs. in million

Gross block	Computer software	Technical know-how	Total
Balance as at 1 April 2014	2.24	5.21	7.45
Additions	-	-	-
Disposals	-	-	-
Balance as at 31 March 2015	2.24	5.21	7.45
Additions	0.63	-	0.63
Balance as at 31 March 2016	2.87	5.21	8.08
Accumulated amortisation			
Balance as at 1 April 2014	2.11	5.21	7.32
Amortisation	0.07	-	0.07
Balance as at 31 March 2015	2.18	5.21	7.39
Amortisation	0.16	-	0.16
Balance as at 31 March 2016	2.33	5.21	7.55
Net block			
Balance as at 31 March 2015	0.06	-	0.06
Balance as at 31 March 2016	0.53	-	0.53

As at 31 March 2016		As at 31 March 2015	
Trade	Others	Trade	Others
Rs. in million	Rs. in million	Rs. in million	Rs. in million

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

19,100 Equity shares (31 March 2015 - 19,100) of Rs.10 each fully paid up of Advanced Vital Enzymes Private Limited	0.57	-	0.57	-
1,666 Equity shares (31 March 2015 - 1,666) of Rs.30 each fully paid up of Bombay Mercantile Co-op. Bank Limited	-	0.05	-	0.05
	0.57	0.05	0.57	0.05
Aggregate amount of unquoted investments	0.57	0.05	0.57	0.05

	As at 31 March 2016 Rs. in million	As at 31 March 2015 Rs. in million
17 Deferred tax asset (net)		
Deferred tax liabilities		
Depreciation/amortisation charged for financial reporting and income tax purpose	-	3.33
Total	<u>-</u>	<u>3.33</u>
Deferred tax assets		
Accrued interest	-	3.88
Provision for product recall liability	-	39.74
Others	<u>2.04</u>	<u>3.29</u>
Total	<u>2.04</u>	<u>46.91</u>
Net deferred tax asset	<u>2.04</u>	<u>43.58</u>

	As at 31 March 2016		As at 31 March 2015	
	Long- term Rs. in million	Short-term Rs. in million	Long- term Rs. in million	Short-term Rs. in million
18 Loans and advances				
Capital advances				
- Unsecured, considered good	0.12	-	-	-
- Doubtful	<u>1.30</u>	-	<u>1.30</u>	-
	1.42	-	1.30	-
Allowances for bad and doubtful advances	<u>(1.30)</u>	-	<u>(1.30)</u>	-
	0.12	-	-	-
Security deposits				
- Unsecured, considered good	<u>13.74</u>	<u>0.07</u>	<u>13.78</u>	<u>0.07</u>
	13.74	0.07	13.78	0.07
Loans and advances to related parties**				
-Unsecured, considered good (Also, refer note 23)	<u>-</u>	-	<u>7.98</u>	-
	-	-	7.98	-
Other loans and advances (Unsecured, considered good)				
- Loan to employees	-	0.51	-	0.51
-Advances recoverable in cash or in kind or for value to be received	2.98	32.52	3.75	36.08
- Advance income tax (net of provisions)	33.90	2.54	23.66	50.75
- MAT credit entitlement	129.70	-	111.17	-
- Balance with excise authorities	<u>-</u>	<u>9.06</u>	<u>-</u>	<u>6.38</u>
	166.58	44.63	138.58	93.72
	<u>180.44</u>	<u>44.70</u>	<u>160.34</u>	<u>93.79</u>
	-	-	7.98	-

** Includes amounts due by
Private company in which directors are
interested

	As at 31 March 2016 Rs. in million	As at 31 March 2015 Rs. in million
19 Other non-current assets		
Non-current bank balances (Refer note 22)	1.27	0.37
	<u>1.27</u>	<u>0.37</u>
20 Inventories (valued at lower of cost and net realisable value)		
Raw materials (including goods-in-transit of Rs. 19.47 million (31 March 2015 Rs. 20.23 million)	183.40	195.99
Work-in-progress	256.94	207.59
Finished goods (including goods-in-transit of Rs. 20.44 million (31 March 2015 Rs. 7.05 million)	118.85	88.49
Traded goods	0.82	0.63
Stores, spares and packing materials	44.91	33.63
	<u>604.92</u>	<u>526.33</u>
21 Trade receivables		
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	65.71	17.24
Doubtful	2.90	2.90
	<u>68.61</u>	<u>20.14</u>
Less : Allowances for bad and doubtful debts	2.90	2.90
	<u>65.71</u>	<u>17.24</u>
Other debts		
Secured, considered good	0.18	0.18
Unsecured, considered good	352.08	353.00
	<u>352.26</u>	<u>353.18</u>
	<u>417.97</u>	<u>370.42</u>
The above balance includes amounts due by Private companies in which directors are interested	6.75	5.36

	As at 31 March 2016		As at 31 March 2015	
	Current Rs. in million	Non-current Rs. in million	Current Rs. in million	Non-current Rs. in million
22 Cash and bank balances				
Cash on hand	0.61	-	0.53	-
Balances with banks				
- in current accounts	249.87	-	38.94	-
- in deposit account with maturity upto three months*	2.48	-	2.62	-
	252.96	-	42.09	-
Other bank balances				
Unclaimed dividend account	10.15	-	0.45	-
Bank deposits with maturity more than three months but less than twelve months	0.03	-	0.83	-
Bank deposits with maturity of more than twelve months	-	1.27	-	0.37
	10.18	1.27	1.28	0.37
Less : Amounts disclosed as Other non-current assets (Refer note 19)	-	1.27	-	0.37
	263.14	-	43.37	-
*includes earmarked balances for performance guarantees	2.11	-	1.98	-

	As at 31 March 2016 Rs. in million	As at 31 March 2015 Rs. in million
23 Other current assets		
Current maturities of loan to related parties**	-	7.23
Fixed assets held for sale	48.17	-
Share issue expenses (Also, refer note below)	18.28	-
Others	0.01	-
	66.46	7.23
** Includes amounts due by Private company in which directors are interested	-	7.23

Note:

The share issue expenses are being incurred by the Company in relation to its proposed Initial Public Offer ("the Offer") of equity shares. The Company and the Selling Shareholders will share these expenses with certain exclusion of expenses as agreed amongst them, on a pro-rata basis in proportion of the Equity shares contributed by each of them in the Offer.

The share of the Company of such expenses shall be adjusted against the Securities premium reserve as permissible under Section 52 of the Companies Act, 2013, to the extent any balance is available for utilisation in the Securities premium reserve post the issue of equity shares. Share issue expenses in excess of the balance in the Securities premium reserve would be expensed in the Statement of profit and loss. The share of the Selling Shareholders of such expenses will be reimbursed to the Company.

	As at 31 March 2016 Rs. in million	As at 31 March 2015 Rs. in million
24 Contingent liabilities and commitments		
a) Contingent liabilities		
i) Pertains to income tax demand/ matters on account of deductions/ disallowances for earlier years, pending for appeals consequent to order passed against the Company/ demands raised by the Department under Income Tax Act, 1961. Amount paid there against and included under note 18 'Loans and advances' Rs. 24.00 million (31 March 2015- Rs. 16.00 million).	170.97	142.24
ii) Advanced Enzymes USA, Inc. had received written demands from clients for approximately USD 3.90 million, based on allegations that its products delivered to the clients did not conform to certain pre-agreed specifications. The company had been advised by the legal counsel that it is possible, but not probable that the claims would succeed and accordingly no provision for liability was recognised in the financial statements.	-	246.69
iii) 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.	23.16	-
iv) Possible liability arising for excise duty and service tax on account of observations for the earlier years through Excise Audit conducted by the excise authorities.	-	22.95
	<u>170.97</u>	<u>411.88</u>

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	4.24	1.09
-Other	27.75	25.42
	<u>32.00</u>	<u>26.51</u>
	<u>202.97</u>	<u>438.39</u>

	Year ended 31 March 2016 Rs. in million	Year ended 31 March 2015 Rs. in million
25 Revenue		
Revenue from operations		
Sale of goods		
Export	1,867.06	1,303.84
Domestic	1,177.52	1,015.72
Revenue from operations (Gross)	3,044.58	2,319.56
Less : Excise duty	106.96	88.48
Revenue from operations (Net)	2,937.62	2,231.08
Details of goods sold		
- Manufactured goods		
- Enzymes	2,485.96	1,872.05
- Animal Feed Supplement	405.46	328.38
- Micro organisms	31.53	13.09
- Others	9.52	15.26
	2,932.47	2,228.78
- Traded goods		
- Animal feed supplement	1.57	2.30
- Agri supplies	3.58	-
	5.15	2.30
	2,937.62	2,231.08
26 Other income		
Interest income	4.63	4.43
Profit on sale of fixed assets (net)	-	1.54
International incentives	2.25	1.93
Excess provision no longer required written back	1.67	0.17
Net gain on foreign currency transactions and translations	0.22	-
Other non-operating income		
- Service income (net of expenses directly attributable to such income of Rs. 0.50 million (31 March 2015 Rs. Nil))	1.08	-
- Miscellaneous income	3.04	17.52
	12.89	25.59
27 Cost of materials consumed		
Opening stock		
Raw materials and components (including goods-in-transit)	195.99	174.21
Add : Purchases during the year		
Raw materials and components	654.42	499.59
Less : Closing stock		
Raw materials and components (including goods-in-transit)	183.40	195.99
	667.01	477.81

	Year ended 31 March 2016 Rs. in million	Year ended 31 March 2015 Rs. in million
28 Purchase of traded goods		
Purchase	3.06	2.12
	<u>3.06</u>	<u>2.12</u>
29 Changes in inventories of finished goods, work-in-progress and traded goods		
Opening stock		
- Finished goods	88.09	102.23
- Work-in-progress	207.41	191.06
- Traded goods	0.63	0.47
	<u>296.13</u>	<u>293.76</u>
Closing stock		
- Finished goods	118.84	88.09
- Work-in-progress	256.88	207.41
- Traded goods	0.82	0.63
	<u>376.54</u>	<u>296.13</u>
Differential excise duty on stocks	0.49	(0.36)
	<u>(79.92)</u>	<u>(2.73)</u>
30 Employee benefit expenses		
Salaries, wages and bonus	401.58	335.94
Contribution to gratuity, provident fund and other funds	29.57	17.72
Staff welfare expenses	13.89	11.58
	<u>445.05</u>	<u>365.24</u>
31 Finance costs		
Interest expenses	66.69	79.60
Bank charges	10.24	7.31
Net loss on foreign currency transactions and translations	1.63	5.64
	<u>78.56</u>	<u>92.55</u>
32 Depreciation and amortisation expense		
Depreciation of tangible assets	87.03	90.10
Amortisation of intangible assets	0.16	0.07
	<u>87.19</u>	<u>90.17</u>

	Year ended 31 March 2016 Rs. in million	Year ended 31 March 2015 Rs. in million
33 Other expenses		
Manufacturing expenses		
Consumption of stores and spare parts	42.40	31.31
Consumption of packing materials	26.54	26.31
Power and fuel	99.07	99.08
Carriage inward and freight	23.60	19.37
Water charges	2.66	2.18
Excise duty	11.15	9.97
Laboratory expenses	17.46	14.70
Repairs and maintenance		
- Buildings	13.85	9.85
- Plant and equipments	12.46	5.39
Other manufacturing expenses	0.04	0.04
	249.23	218.20
Selling and distribution expenses		
Travel, conveyance and car hire	33.00	32.29
Commission	8.01	6.53
Discount on sales	7.21	0.62
Sales promotion and advertisement	16.99	15.84
Freight outward and forwarding	24.69	23.01
Other selling and distribution expenses	15.99	12.70
	105.89	90.99
Administrative and general expenses		
Rent	19.53	18.59
Rates and taxes	3.64	3.91
Repairs and maintenance		
- Others	5.86	7.36
Insurance	13.14	12.69
Printing and stationary	3.10	2.75
Communication expenses	7.85	6.98
Directors' sitting fees	0.52	0.28
Legal and professional charges	51.36	74.98
Payments to auditors (Also refer note 39)	2.10	1.50
Provision for doubtful debts	-	1.20
Bad debts	3.71	0.71
Advances/assets written off	5.07	-
Donation	1.43	1.69
Loss on sale of assets	0.08	-
Net loss on foreign currency transactions and translations	9.63	2.54
Fixed assets written off	-	3.94
Commuting expenses	5.96	5.03
CSR expenditure	4.46	3.30
Miscellaneous expenses	34.24	26.78
	171.68	174.23
	526.80	483.42

34 Exceptional items

During the year 2013-14, some of the lots of products of enzyme sold by the Group were reported to have potential contamination. The Group had done voluntarily recall of those specific lots and also got goods returned back from some of its overseas customers. As a result of this event, the subsidiaries incorporated in USA has created provision towards product recall liability, based on legal advice with respect to settlement of the customer claims.

Expenditure towards settlement of claims	40.96	-
	40.96	-

	Year ended 31 March 2016 Rs. in million	Year ended 31 March 2015 Rs. in million
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35 Earnings per equity share

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

a) Profit for computing basic and diluted earning per share (Rs. in million)		
Net profit after tax for the year	758.49	509.80
b) Computation of weighted average number of shares (in million)		
Basic earnings per share	21.77	21.77
Diluted earnings per share	21.77	21.77
c) Nominal value of shares (in Rs.)	10.00	10.00
d) Computation		
Basic earnings per share (in Rs.)	34.85	23.42
Diluted earnings per share (in Rs.)	34.85	23.42

36 Segment reporting

Primary segment

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

Secondary segment (based upon geography)

	Year ended 31 March 2016 Rs. in million	Year ended 31 March 2015 Rs. in million
Segment revenue (based upon location of customers)		
Within India	1,070.56	927.24
Outside India	1,867.06	1,303.84
	2,937.62	2,231.08
	As at 31 March 2016 Rs. in million	As at 31 March 2015 Rs. in million
Segment assets (based upon location of assets)		
Within India	2,042.47	1,788.51
Outside India	2,289.11	2,141.40
	4,331.58	3,929.91

	Year ended 31 March 2016 Rs. in million	Year ended 31 March 2015 Rs. in million
Capital expenditure		
Within India	46.20	47.88
Outside India	52.02	78.15
	98.22	126.03

37 Related Party Disclosures - As per Accounting Standard 18

a) Names of related parties

I Key Management Personnel (KMP)

Mr. Vasant L. Rathi
Mr. Chandrakant L. Rathi
Mrs. Savita C. Rathi
Mr. Mukund M. Kabra
Mr. Piyush C. Rathi
Mr. Beni P. Rauka
Mr. Dipak Roda
Mr. Prabal Bordiya (w.e.f 13 January 2016)

II Relatives of KMP :

Mrs. Prabha V. Rathi
Ms. Rachana Rathi
Ms. Rasika Rathi
Ms. Reshma Rathi
Mr. Kishore L. Rathi
Mrs. Mangala M. Kabra
Mrs. Dipika Roda

III Other related parties (entities in which either of the KMPs or their relatives have significant influence)

Atharva Capital Ventures Private Limited
Atharva Clean Energy Private Limited
Chandrakant Rathi Finance and Investment Company Private Limited
Advanced Vital Enzymes Private Limited
C. L. Rathi HUF (Hindu Undivided Family)
Rathi Properties LLC
Mukund M Kabra HUF
Vasant and Prabha Rathi Generation Trust
Shri Lakshminarayanan Rathi Bahuuddeshiya Seva Sanstha
Om Manufacturing Jalna Private Limited (w.e.f. 1 April 2015)
Silvertech Trading Company Private Limited (w.e.f. 1 April 2015)
Pranoo Financial Services Private Limited

Note: Related party relationships have been identified by the management and relied upon by the auditors.

b) Transactions with related parties
Rs. in million

Transactions during the year	KMPs and relatives		Other related parties	
	Year ended 31 March 2016	Year ended 31 March 2015	Year ended 31 March 2016	Year ended 31 March 2015
1 Purchase of goods				
Advanced Vital Enzymes Private Limited	-	-	4.22	2.65
Om Manufacturing Jalna Private Limited	-	-	22.19	-
Silvertech Trading Company Private Limited	-	-	14.57	-
	-	-	40.98	2.65
2 Sale of goods				
Advanced Vital Enzymes Private Limited	-	-	16.15	10.42
Om Manufacturing Jalna Private Limited	-	-	2.97	-
	-	-	19.12	10.42
3 Rent paid				
Rathi Properties LLC	-	-	8.72	8.14
Mr. Vasant L Rathi	3.53	3.30	-	-
	3.53	3.30	8.72	8.14
4 Remuneration *				
Mr. Chandrakant L. Rathi	12.48	8.77	-	-
Mr. Vasant L. Rathi	20.82	26.56	-	-
Mrs. Savita C. Rathi	5.09	3.33	-	-
Mr. Mukund M. Kabra	11.19	8.56	-	-
Mr. Kishore L. Rathi	2.02	1.81	-	-
Mrs. Mangala M. Kabra	2.33	2.03	-	-
Mr. Piyush C. Rathi	6.12	3.75	-	-
Mrs. Prabha V. Rathi	12.77	11.92	-	-
Ms. Reshama Rathi	5.25	4.65	-	-
Ms. Rachana Rathi	5.25	4.62	-	-
Ms. Rasika Rathi	7.83	5.29	-	-
Mr. Beni P. Rauka	6.00	3.52	-	-
Mr. Dipak Roda	5.99	3.60	-	-
Mr. Prabal Bordiya	0.09	-	-	-
	103.23	88.41	-	-
Commission *				
Mr. Vasant L. Rathi	2.07	1.91	-	-
Mr. Chandrakant L. Rathi	1.05	1.44	-	-
Mr. Mukund M. Kabra	0.53	0.96	-	-
	3.65	4.31	-	-
* included in Employee benefit expense				
5 Interest received				
Advanced Vital Enzymes Private Limited	-	-	1.05	1.93
	-	-	1.05	1.93
6 Interest on borrowings				
Mr. Vasant L. Rathi	24.88	42.00	-	-
Ms. Rachana Rathi	-	0.16	-	-
Ms. Rasika Rathi	-	0.16	-	-
Ms. Reshma Rathi	-	0.16	-	-
Rathi Properties LLC	-	-	3.87	7.25
	24.88	42.48	3.87	7.25
7 Interest on fixed deposits				
Mr. Vasant L. Rathi	-	1.00	-	-
Mrs. Prabha V. Rathi	-	0.04	-	-
	-	1.04	-	-

Transactions during the year	KMPs and relatives		Other related parties	
	Year ended 31 March 2016	Year ended 31 March 2015	Year ended 31 March 2016	Year ended 31 March 2015
8 Advances / Loan paid (net)				
Advanced Vital Enzymes Private Limited	-	-	(15.20)	(6.55)
Mr. Vasant L. Rath	(571.64)	(68.18)	-	-
Ms. Rachana Rath	(2.99)	(6.89)	-	-
Ms. Rasika Rath	(2.99)	(6.89)	-	-
Ms. Reshma Rath	(2.99)	(6.89)	-	-
Rathi Properties LLC	-	-	(99.48)	(11.18)
	(580.61)	(88.85)	(114.68)	(17.73)
9 Legal and professional charges				
Mrs. Dipika Roda	0.47	0.47	-	-
Pranoo Financial Services Private Limited	-	-	0.47	0.47
	0.47	0.47	0.47	0.47
10 Deposits received/ (repaid) (net)				
Mr. Vasant L. Rath	-	(10.21)	-	-
Mrs. Prabha V. Rath	-	(0.41)	-	-
	-	(10.62)	-	-

c) Outstanding balances

	KMPs and relatives		Other related parties	
	As at 31 March 2016	As at 31 March 2015	As at 31 March 2016	As at 31 March 2015
Outstanding balances				
a. Investment				
Advanced Vital Enzymes Private Limited	-	-	0.57	0.57
	-	-	0.57	0.57
b. Trade receivable				
Advanced Vital Enzymes Private Limited	-	-	3.08	5.36
Om Manufacturing Jalna Private Limited	-	-	3.67	-
	-	-	6.75	5.36
c. Trade payable				
Om Manufacturing Jalna Private Limited	-	-	5.33	-
Silvertech Trading Company Private Limited	-	-	2.27	-
Advanced Vital Enzymes Private Limited	-	-	1.07	-
	-	-	8.67	-
d. Loans and advances (including current maturities)				
Advanced Vital Enzymes Private Limited	-	-	-	15.21
	-	-	-	15.21
e. Long-term borrowings (including current maturities and installment due but not paid)				
Mr. Vasant L. Rath	440.49	960.20	-	-
Rathi Properties LLC	-	-	78.77	169.45
	440.49	960.20	78.77	169.45
f. Short-term borrowings				
Mr. Vasant L Rath	-	2.01	-	-
Ms. Rachana Rath	-	2.86	-	-
Ms. Rasika Rath	-	2.86	-	-
Ms. Reshma Rath	-	2.86	-	-
	-	10.59	-	-
g. Commission payable				
Mr. Vasant L. Rath	1.76	1.91	-	-
Mr. Chandrakant L. Rath	0.94	1.44	-	-
Mr. Mukund M. Kabara	100.48	0.96	-	-
	3.18	4.31	-	-

	KMPs and relatives		Other related parties	
	As at 31 March 2016	As at 31 March 2015	As at 31 March 2016	As at 31 March 2015
h. Interest payable				
Mr. Vasant L. Rath	-	8.29	-	-
Rathi Properties LLC	-	-	-	1.46
	-	8.29	-	1.46

	Year ended 31 March 2016 Rs. in million	Year ended 31 March 2015 Rs. in million
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38 Lease disclosure as per Accounting Standard-19

(a) As lessor:		
Operating lease payments charged off to the Consolidated Statement of Profit and Loss	19.53	18.59

(b) Future minimum lease payments under non-cancellable operating lease:

	As at 31 March 2016 Rs. in million	As at 31 March 2015 Rs. in million
Payable not later than one year	6.54	8.34
Payable later than one year not later than five years	-	6.25
Payable later than five years	-	-
	6.54	14.59

39 Payments to auditors (excluding service tax)
As auditor

Statutory audit	1.80	1.30
	1.80	1.30

In other capacity
Other services

- In relation to filing of prospectus*	1.90	-
- Certification work	0.19	0.15
	2.09	0.15

Reimbursement of expenses	0.11	0.05
	4.00	1.50

*The amount has been included in share issue expenses under note no. 23.

	Year ended 31 March 2016 Rs. in million	Year ended 31 March 2015 Rs. in million
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40 Capitalisation of expenditure

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

Legal and professional charges	12.42	38.20
	12.42	38.20

The Company 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), which is mandatory requirement for International of 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.

41 Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013.

Particulars	Net assets i.e. total assets minus total liabilities		Share in profit or loss	
	As a % of consolidated net assets	Rs. in million	As a % of consolidated profit or loss	Rs. in million
Parent				
Advanced Enzyme Technologies Limited	62.64	1,742.04	27.55	208.95
Subsidiaries				
Indian				
Advanced Bio-Agro Tech Limited	4.81	133.77	6.12	46.45
Advanced EnzyTech Solutions Limited	1.14	31.76	0.83	6.33
Foreign				
Advanced Enzymes USA, Inc. (including its subsidiaries)	55.58	1,545.54	69.44	526.72
Total eliminations	(22.25)	(618.74)	(2.76)	(20.99)
Share of minority interest	(1.92)	(53.51)	(1.18)	(8.97)
Total	<u>100.00</u>	<u>2,780.86</u>	<u>100.00</u>	<u>758.49</u>

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.

42 Previous year comparatives

- Due to incorporation of Enzyfuel Innovation, Inc. after 31 March 2015, the corresponding figures of the previous year are strictly not comparable with current year.
- The previous year figures have been regrouped/ reclassified wherever necessary to correspond with the current year's presentation.

For **Walker Chandiok & Co LLP**
(formerly Walker, Chandiok & Co)
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Sudhir N. Pillai
Partner
Membership No :105782

Place : Mumbai
Date : 27 June, 2016

For **Advanced Enzyme Technologies Limited**

Chandrakant. L. Rathi
Managing Director
DIN : 00365691
Place : Washington, D.C.
Date : 25 June, 2016

Prabal Bordiya
Company Secretary
Place : Thane
Date : 27 June, 2016

Kedar Desai
Chairman and Director
DIN : 00322581
Place : Thane
Date : 27 June, 2016

Beni. P. Rauka
Chief Financial Officer
Place : Thane
Date : 27 June, 2016

QUALITY POLICY

We all at Advanced Enzyme Technologies Ltd. Thane are committed to increase customer base and achieve customer satisfaction with,

- : Efficient customer service.
- : Innovative Eco Safe Products.
- : Awareness of Novel Product.
- : Continual improvement in systems and procedures.

MISSION

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

Enzymes are specific and catalyse a wide variety of reactions and have been used widely as processing aids for improving the quality of the end products while reducing energy costs and reducing the overall carbon footprint of the process.

It is our mission to see that every processing unit, that processes biological products, is able to take advantage of enzymes to derive a higher quality output, improve profitability and become more competitive.

VISION

Our vision at Advanced Enzymes is to become the largest, enzyme-based, value provider to consumers and processors globally!





ISO 22000:2005



Advanced Enzyme Technologies Ltd.

Sun Magnetica, 'A' Wing, 5th Floor, LIC Service Road, Louiswadi, Thane (W) - 400 604, India.

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