



## 2010 - 2011 Annual Report

Welcome to the World of Better Business

# Achievements 2010-2011

Advanced Enzymes received Bio-excellence award for the best Bio-industrial biotech company 2010 on 3rd June 2010.



'Emerging India Awards 2010' for Life science-Pharmaceuticals & Chemicals segment organized by ICICI Business Banking and CNBC TV18 on 10th November 2010

## NOTICE

NOTICE is hereby given that the **Twenty Second Annual General Meeting** of the members of **ADVANCED ENZYME TECHNOLOGIES LIMITED** will be held on Thursday, the 18<sup>th</sup> August 2011 at the registered office of the Company situated at Sun-Magnetica, A Wing, 5<sup>th</sup> Floor, Near L.I.C. Service Road, Naupada, Thane- 400604, at 11.30 A.M., to transact the following business:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2011 and Profit and Loss Account for the year ended on that date and the Directors' and Auditors' report thereon.
2. To declare a dividend.
3. To appoint a Director in place of Mrs. Savita Rathi who retires by rotation and being eligible offers herself for reappointment.
4. To appoint a Director in place of Mr. Pradip Shah who retires by rotation and being eligible offers himself for reappointment.
5. To appoint Auditors and to fix their remuneration.

### **Special Business**

#### **6. Appointment of Mr. P.K.Gupta as a Director of the Company**

**To consider and, if thought fit, to pass with or without modification(s), the following as an Ordinary Resolution:**

"RESOLVED THAT Mr. P.K.Gupta who was appointed as an Additional Director under Section 260 of the Companies Act, 1956 in the Board Meeting held on 27<sup>th</sup> August, 2010 and who holds office upto the date of this Annual General Meeting and in respect of whom notice under Section 257 of the Companies Act, 1956 has been received proposing Mr. P.K.Gupta as a candidate for the office of Director of the Company, be and is hereby appointed as a Director of the Company liable to retire by rotation."

#### **7. Appointment of Mr. Kedar Desai as a Director of the Company**

**To consider and, if thought fit, to pass with or without modification(s), the following as an Ordinary Resolution:**

"RESOLVED THAT Mr. Kedar Desai who was appointed as an Additional Director under Section 260 of the Companies Act, 1956 in the Board Meeting held on 27<sup>th</sup> August, 2010, and who holds office upto the date of this Annual General Meeting and in respect of whom notice under Section 257 of the Companies Act, 1956 has been received proposing Mr. Kedar Desai as a candidate for the office of Director of the Company, be and is hereby appointed as a Director of the Company liable to retire by rotation."

#### **8. Re-appointment of Mrs. Savita Rathi as a Whole-time Director of the Company**

**To consider and, if thought fit, to pass with or without modification(s), the following resolution as Special Resolution:**

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 (hereinafter referred as "the said Act") including Schedule XIII to the said Act as amended up to-date, consent of the Company be and is hereby accorded to the re-appointment of Mrs. Savita C. Rathi (S.C.Rathi) as Whole Time Director for a period of five years with effect from 1st January 2011 on the terms and conditions including remuneration as are set out in the draft Agreement to be entered into between the Company and her, submitted to the Meeting, which agreement is hereby specifically approved with the liberty to the Board to alter and vary terms and conditions of the said agreement as may be agreed to between the Board of Directors and Mrs.S.C.Rathi, provided however that the remuneration payable to Mrs. S.C..Rathi shall not exceed the maximum limits for payment of managerial remuneration prescribed under Schedule XIII of the Companies Act, 1956 or any amendments thereto."

“RESOLVED FURTHER THAT in the event of absence or inadequacy of profits in any financial year, the remuneration payable to her by way of salary and perquisites shall not exceed the maximum limit prescribed under Schedule XIII to the Companies Act, 1956.”

“RESOLVED FURTHER THAT the terms and conditions of the aforesaid reappointment and / or Agreement may be altered and varied from time to time by the Board as it may, in its discretion, deem fit within the maximum amount payable to Wholetime Directors in accordance with the limits specified in Schedule XIII to the Companies Act, 1956 or any amendments made herein in this regard.”

“RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds, and things and to execute any agreements, documents or instructions as may be required to give effect to the aforesaid resolution.”

#### **9. Issue Of Shares Under Employee Stock Option Scheme**

**To consider and, if thought fit, to pass, with or without modification, the following resolution as a Special Resolution:**

“RESOLVED THAT subject to the provisions of Section 81(1A) and other applicable provisions of the Companies Act, 1956(“the Act”) and subject to any other guidelines of Central Government or Company Law Board and / or any other agency or authority regarding Employees Stock Option Scheme/Plan, consent of the Company be and is hereby accorded to the Board of Directors of the Company (“the Board, which term shall be deemed to include any Committee thereof ) , to issue, offer and allot Equity Shares of the Company not exceeding 4,18,800 Equity Shares of Rs.10/-each at such price and on such terms and conditions as may be decided by the board and such shares may be issued and allotted to employees of the Company or its subsidiaries and/ or the ABL Employees Stock Option Trust or to any other entity for the purpose of the said scheme, as may be permitted under the applicable provisions.”

“RESOLVED FURTHER THAT without prejudice to the generality of the above, the Board, be and is hereby authorized to do all such acts, deeds, matters and things and execute all such deeds, documents, instruments and writings as it may in its absolute discretion deem necessary or desirable and pay fees and commission and incur expenses in relation thereto.”

#### **10. Alteration of Articles of Association**

**To consider, and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:-**

“RESOLVED THAT pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956, Articles of Association of the Company be and are hereby altered by inserting the following two new articles i.e. 115A and 145A after existing Article 115 and Article 145 respectively:

##### **115A :- Participation in General Meeting(s) of the Members through electronic mode**

- (1) Notwithstanding anything contrary contained in the Articles of Association, the Company may, in pursuance of and subject to compliance with the provisions of applicable rules, regulations, circulars, guidelines, notifications etc. as may be specified by the Ministry of Corporate Affairs (MCA), Securities & Exchange Board of India (SEBI), Stock Exchanges or any other competent authority and the provisions, if any, which may be laid down in this regard by any amendment in or re-enactment of the Companies Act, 1956 or by the rules, regulations, etc. made there under or the Listing Agreement with Stock Exchanges, from time to time, allow the member(s) of the Company to participate in the General Meeting(s) of the members through any type of electronic mode like video conferencing etc. and the members so participating shall be deemed to be present in such General Meeting(s) for the purposes of the quorum, voting, recording of minutes and all other relevant provisions in this regard.

- (2) For conducting the aforesaid meetings, the Company shall follow the procedure specified under the applicable laws for the time being in force and the rules, regulations, circulars, notifications, guidelines etc. issued/to be issued from time to time by Ministry of Corporate Affairs (MCA), Securities & Exchange Board of India (SEBI), Stock Exchanges or any other competent authority(ies) in this regard.

**145A :- Participation in Meeting(s) of Directors through electronic mode**

- (1) Notwithstanding anything contrary contained in the Articles of Association, the Company may, in pursuance of and subject to compliance with the applicable rules, regulations, circulars, guidelines, notifications etc. as may be specified by the Ministry of Corporate Affairs (MCA), Securities & Exchange Board of India (SEBI), Stock Exchanges or any other competent authority and the provisions, if any, which may be laid down in this regard by any amendment in or re-enactment of the Companies Act, 1956 or by the rules, regulations, etc. made there under or the Listing Agreement with Stock Exchanges, from time to time, the Director(s) may participate in the meeting(s) of the Board or any Committee of the Directors through any type of electronic mode like video conferencing etc. and the Director(s) so participating shall be deemed to be present in the meeting for the purposes of the quorum, voting, recording of minutes and all other relevant provisions in this regard.
- (2) For conducting the aforesaid meetings, the Company shall follow the procedure specified under the applicable laws for the time being in force and the rules, regulations, circulars, notifications, guidelines etc. issued/to be issued from time to time by Ministry of Corporate Affairs (MCA), Securities & Exchange Board of India (SEBI), Stock Exchanges or any other competent authority(ies) in this regard.

**NOTES :**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER.
2. All documents referred in the Notice are open for inspection at the Registered Office of the Company on all working days except Saturdays between 11.00 a.m. to 1.00 p.m. upto the date of Annual General Meeting.
3. The Proxy form duly completed and signed should be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the Meeting.
4. The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, 9<sup>th</sup> August 2011 to Thursday, 18<sup>th</sup> August 2011 (both days inclusive.)
5. The Central Government has granted its approval exempting the Company from the requirement of attaching to its balance sheet, the balance sheet, profit and loss account and report of the directors and auditors thereon, in respect of all its subsidiary companies. Accordingly, the annual report of the Company for the financial year 2010-11 that is being sent to the Members does not contain the said documents of the subsidiary companies. However, the consolidated balance sheet, consolidated profit and loss account and consolidated cash flow statement along with schedules and notes to accounts, forms part of the annual report of the Company. Further, a statement containing the particulars relating to a) capital b) reserves c) total assets d) total liabilities e) details of investment f) turnover g) profit before taxation h) provision for taxation i) profit after taxation and j) proposed dividend of each of the subsidiary companies of the Company is provided after the consolidated group accounts. As per the directions of the Central Government, the annual report of the Company, the annual accounts and the related documents of the Company's subsidiary companies shall be posted on the website of the Company viz. [www.enzymeindia.com](http://www.enzymeindia.com). Members who wish to have a copy of the annual accounts of the Company and that of its subsidiary companies can download the same from the said website or may write to the Company/RTA at their respective addresses. Further the said documents shall be available for inspection of the members at the Registered Office of the Company on all working days except Saturdays between 11.00 a.m. to 1.00 p.m. upto the date of Annual General Meeting.
6. Ministry of Corporate Affairs (MCA) vide circular nos. 17/2011 and 18/2011 dated April 21, 2011 and April 29, 2011 respectively have clarified that a Company would be deemed to have complied with the provisions of Section 53 and 219(1) of the Companies Act, 1956, if documents like notices, annual reports, etc. are sent in

electronic form to its Members. Accordingly, the said documents of the Company for the financial year ended March 31, 2011 will be sent in electronic form to those Members who have registered their e-mail address with their DP and made available to the Company by the Depositories.

Members holding shares in physical form are requested to submit their e-mail address to the Company/RTA, duly quoting their Folio number and Members holding shares in electronic form who have not registered their e-mail address with their DP are requested to do so at the earliest, so as to enable the Company to send the said documents in electronic form, thereby supporting the green initiative of the MCA.

7. Members desiring to seek further information or clarification on the Annual Accounts or operations of the Company at the meeting are requested to send their queries to the Chief of Finance Department so as to reach the Registered Office of the Company at least one week in advance of the date of meeting to enable the management to keep information ready. Replies will be provided only at the meeting.
8. Relevant Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, is annexed hereto.
9. Members are requested to bring their copy of this Annual Report to the meeting.

**By Order of the Board of Directors**

Thane, 8<sup>th</sup> July 2011  
Registered Office  
Sun-Magnetica, A Wing,  
5<sup>th</sup> Floor, Near LIC Service Road,  
Thane (W) - 400 604.

**(C.L.Rathi)**  
Managing Director

#### **EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE ACT**

##### **Item no. 6&7**

Mr. P. K. Gupta & Mr. Kedar Desai have been inducted in the Board on 27<sup>th</sup> August 2010 as additional Directors of the Company.

Mr. P. K. Gupta, aged 62 years, holds a Master of Commerce & Bachelor of Law (LL.B.) Degree from Agra University. He has also passed the Certified Associate of Indian Institute of Bankers (CAIIB) examination, holds Diploma in International Banking and Finance & holds the fellowship of the Indian Institute of Banking & Finance (IIBF). Mr. P. K. Gupta has a career in banking sector for a period of over 37 years & has served as the Chairman & Managing Director of United Bank of India.

Mr. Kedar Desai, aged 39 years, holds a Bachelor of Commerce & Bachelor of Laws (LL.B.) Degree from Mumbai University. He has also passed the examination of Articled Clerks conducted by the Bombay Incorporated Law Society and qualified as a Solicitor of Bombay. He currently is the partner of M/s. Desai Desai Carrimjee & Mulla, Advocates & Solicitors, Mumbai. and his area of practice includes real estate, Personal Law, Banking & Finance, Foreign Direct Investments, Media & Entertainment, Litigation Arbitration & Dispute Resolution, Private Equity Investments, Corporate law & Joint Ventures.

Under the valuable guidance by competent Board of Directors comprising executive and professional directors like Mr. P. K. Gupta & Mr. Kedar Desai, the Board would be enriched with quality decision making & judgement. Notices under section 257 have been received from a member proposing them as a candidate for the office of Director of the Company. Hence the Board accordingly recommends the resolutions set out at Item No. 6 & 7 of the accompanying Notice for the approval of the Members. Your approval is sought for the same.

**Item no. 8**

Mrs. Savita Rathi was appointed as a Whole Time Director for a period of five years effective from 1st day of January 2001 and thereafter on 1st day of January 2006 by the extra-ordinary general meeting of the members of the Company on 1st April 2006.

The continuous association of Mrs. Savita Rathi is considered very fruitful to the Company. Hence the Board of directors decided at its meeting held on 31st January 2011, to re-appoint her for a further period of five years based on her involvement with the management of the Company, her achievements and consequent to the increase in her responsibilities.

The Board of Directors approved reappointment of Mrs. Savita Rathi as Whole-Time Director of the Company on certain terms and conditions for a further period of five years effective from 1st January 2011 subject to the approval of the Company in the General Meeting. The terms and conditions of the reappointment are set out in the draft agreement entered into by the Company with Mrs. Savita Rathi, which interalia contain the following:

The Whole-Time Director shall, subject to the supervision and control of the Board of Directors and or/ Chairman of the Company, manage the business and affairs of the Company.

**II REMUNERATION**

- a. **Basic Salary :** In the Range of Rs. 50,000-1,25,000 per month with an annual increment not exceeding 30% of the previous year basic.
- b. **Other Allowances:** Such as House Rent Allowance, Compensatory Allowance, Education Allowance, Special Allowance, any other allowance as per the rules of the Company and payable every month or annually.
- c. **Perquisites:**

**Category – A**

She will be entitled to various perquisites including Medical Reimbursement, Leave Travel Concession, Club Fees (subject to maximum of two clubs excluding admission and life membership fees), Personal Accident Insurance: Medical Insurance, Incentive, Exgratia, Credit Card Membership & Annual Fees (used for business purpose) etc., in accordance with the rules of the Company. The aforesaid perquisites may be in the form of allowances or reimbursement.

The aforesaid perquisites will be restricted to aggregate of annual salary and allowances as mentioned in (a) and (b) above.

**Category – B**

The Company's contribution to Provident Fund, Superannuation Fund and Annuity Fund, benefits of the Pension and Gratuity Scheme, Leave entitlement, Earned Leave and Encashment of earned leave and long service awards, will be in accordance with the Rules and Regulation of the Company and will be allowed in addition to Salary but these shall not be included in the computation of perquisites.

**Category – C**

Car for the use on Company's' business, telephone and communication facilities at residence, will not be considered as perquisites.

- d. **Reimbursement of Expenses:** Reimbursement of travelling, entertainment and other expenses including amount spent on newspaper and business magazines incurred by her during the course of the business of the Company.
- e. **Sitting Fees:** She is not entitled to sitting fees for attending meetings of the Board or of a Committee thereof.
- f. **Termination Clause :**
  1. The appointment shall be terminable by either party i.e by the Company or by WholeTime Director by giving three months' notice.

2. Minimum Remuneration: In the event of absence or inadequacy of profits in any financial year, the remuneration payable to her by way of salary and perquisites shall not exceed the maximum limit prescribed under Schedule XIII to the Companies Act, 1956

The Explanatory statement together with the accompanying Notice should be treated as an abstract of the terms of the Agreement and Memorandum of concern or interest under section 302 of the Companies Act, 1956.

Mrs. S.C.Rathi who is being reappointed, Mr. C.L.Rathi being relative of Mrs. Savita Rathi are interested in the above resolution. No other directors are interested in the said resolution.

The Board accordingly recommends the resolution set out at Item No. 8 of the accompanying Notice for the approval of the Members. Your approval is sought for the same.

#### **Item No.9**

Members may recall that an approval for issue of 100000 Equity Shares of Rs. 10/- each at a premium of Rs. 26 per share to 'ABL Employees Stock Option Trust " (Trust) was accorded by the members in the Annual General Meeting held on 4th June 2002. A Scheme under the name and style of ABL Employees Stock Option Scheme (ESOP) was implemented and all these shares have ultimately been given to the eligible employees of the Company pursuant to the ESOP Scheme of the Company.

Employee Stock Option Scheme was launched in the year 2002 and the Company has so far granted 100000 option equivalent to 100000 equity shares of the Company commencing from year 2002-03. Vesting of option granted was spread over a period of four years in the ratio of 10%, 20%, 30% & 40%. Option granted during the year 2002-03 to 2004-05 already vested.

The trust does not any have any shares with it. Subsequently an enabling resolution was passed by the shareholders in their meeting held on 8th August 2005 however could not be implemented.

Driving performance, sharing of wealth, inculcating an ownership culture among the employees are some of the objectives of ESOP.

Stock options create a sense of common ownership between the Company and its employees. Stock options provides employees an opportunity to share in the growth of the Company and to the Company an opportunity to optimize personnel cost by allowing for an additional market driven mechanism to attract, retain, compensate and reward employees. The scheme paves the way for a unified approach towards a common objective of enhancing overall shareholder value.

The Company has seen a good growth over a period of last 9 years. Its profits have increased from Rs. 254 lacs FY 2002 to Rs 1753 lacs FY 2011. Net worth of the Company has increased to Rs 6267 lacs at the end of FY 2011 from Rs. 1404 lacs at the end of FY 2002. This growth can be also contributed to a great extent to ESOP mantra. Employees have also immensely benefited by the Scheme and the value of their stake has gone up substantially from Rs. 26 lacs to 120 lacs (based on book value, not taking into account any valuation as indicated by the valuer.).

Keeping pace with the dynamic of the market and to reward the employees more particularly those who accepts the challenges and take the responsibility and performs and creates wealth for all stakeholders including for themselves, the Company proposes to issue 418800 Equity shares for the purpose of ESOP Scheme.

It is proposed that authority is given to the Board of Directors or a committee formed and constituted by them in this regard, to decide the price at which shares may be issued under the scheme and also to frame the policy and scheme for ESOP including carry out necessary amendment in the existing scheme already framed by the Company under the name and style of ABL ESOP Scheme.



None of the directors are interested in the resolution as such except to the extent they may be granted options for shares in their capacity as whole time directors and employees of the Company.

The Board accordingly recommends the resolution set out at Item No. 9 of the accompanying Notice for the approval of the Members. Your approval is sought for the same.

**Item No. 10**

Recently, Ministry of Corporate Affairs, Government of India, as part of its Green Initiative in the Corporate Governance, came up with a series of circulars, thereby allowing use of electronic modes in convening and conducting the Board and Shareholders meetings of the Companies.

With a view to implement the green initiative in the Company and in order to ensure maximum participation of shareholders and Board of Directors in the General and Board Meetings respectively, the Board of Directors of the Company has decided to make enabling provisions in the Articles of Association of the Company for adopting electronic modes like video conferencing and other modern electronic systems in conducting Board and General Meetings of the Company.

The new Articles in the Articles of Association will facilitate holding Board and General Meetings vide electronic mode and will ultimately result in effective and larger participation of Directors and shareholders in the affairs of the Company and strengthening Corporate Governance norms in the Company.

Considering the benefits attached with the use of electronic mode and to ensure the maximum participation of the Board of Directors and shareholders in their respective meetings, the Board recommends the alteration of Articles of Association as stated in the Special Resolution at Item No. 10.

None of the Directors of the Company is deemed to be concerned or interested in the resolution proposed at Item No. 10 of the accompanying Notice.

**By Order of the Board of Directors**

Thane, 8<sup>th</sup> July 2011  
Registered Office  
Sun-Magnetica, A Wing,  
5<sup>th</sup> Floor, Near LIC Service Road,  
Thane(W)- 400 604

**(C.L.Rathi)**  
Managing Director

## **BOARD OF DIRECTORS**

V. L. Rathi	Chairman
C. L. Rathi	Managing Director
S. C. Rathi	Whole Time Director
M. M. Kabra	Whole Time Director
R.T. Mehta	Director
Pradip Shah	Director
P.K.Gupta	Director
Kedar Desai	Director

## **CFO & COMPANY SECRETARY**

Beni Prasad Rauka

## **REGISTERED OFFICE**

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

## **R&D CENTRES**

1. 106, Dhanlaxmi Industrial Estate, Old Agra Road, Thane (W) 400 601.
2. Plot No. A-161, Main Road No. 27, Wagle Industrial Estate, Thane (W) 400 604.
3. 1, Gr. Floor, Dhanlaxmi Industrial Estate, Old Agra Road, Thane (W) 400 601.
4. 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.  
Yes Bank Ltd.

## **AUDITORS**

M.M.Nissim & Co  
Chartered Accountants  
Barodawala Mansion,  
B-Wing, 3rd Floor,  
81, Dr. Annie Besant Road,  
Worli, Mumbai- 400 018.

## **SHARE TRANSFER AGENTS**

System Support Services  
209, Shivai Industrial Estate,  
89, Andheri Kurla Road,  
Saki Naka, Mumbai 400 072

## **SUBSIDIARIES**

Advanced Bio-Agro Tech Limited  
Advanced EnzyTech Solutions Limited  
Advanced Bio-Pro Solutions Limited  
Advanced Enzyme Far East Limited  
Advanced Enzymes USA