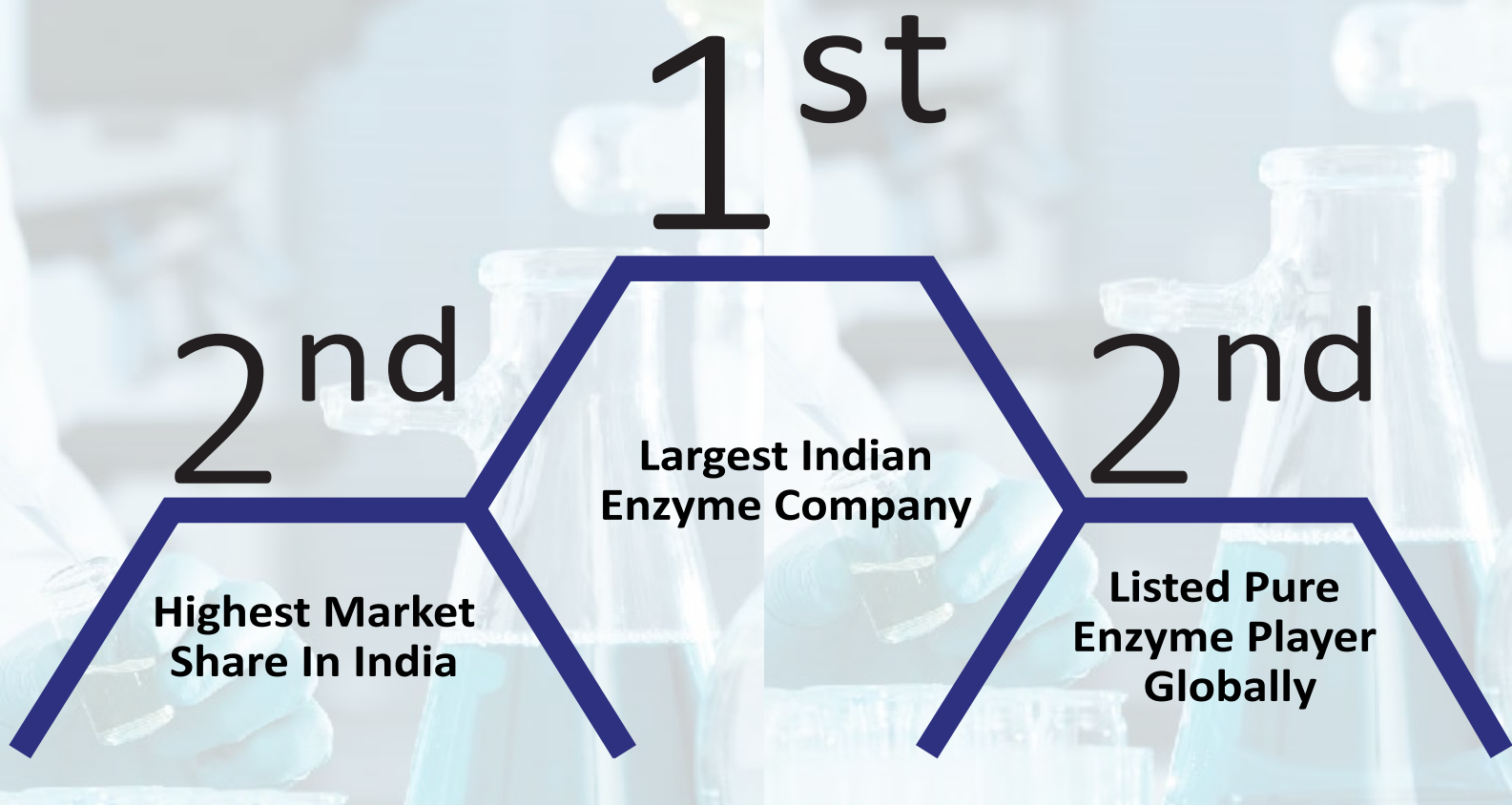




ANNUAL REPORT

2016-17





Company Overview

Advanced Enzymes is a research driven company with global leadership in the manufacturing of enzymes and probiotics. We are the largest Indian enzyme company, engaged in the research and development, manufacturing and marketing of 400+ proprietary products developed from over 65 indigenous enzymes and probiotics. We are committed to providing eco-safe solutions to a wide variety of industries like human health care and nutrition, animal nutrition, baking, fruit & vegetable processing, brewing & malting, grain processing, protein modification, dairy processing, speciality applications, textile processing, leather processing, paper & pulp processing, biofuels, biomass processing, biocatalysis, etc. Our aim is to help consumers access side-effect free healthcare, help farmers enhance nutrition for animals, and also to help the industry replace traditional thermal-chemical-mechanical processes into enzyme based processes.

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

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



DISCLAIMER

This information may contain certain forward-looking statements/details in the current scenario, which is extremely dynamic and increasingly fraught with risks and uncertainties. Actual results, performances, achievements or sequence of events may be materially different from the views expressed herein. Investors/shareholders/public are hence cautioned not to place undue reliance on these statements/details, and are advised to conduct their own investigation and analysis of the information contained or referred to in this section before taking any action with regard to their own specific objectives. Further, the discussion following here in reflects the perceptions on major issues as on date and the opinions expressed here are subject to change without notice. The Company under takes no obligation to publicly update or revise any of the opinions or forward-looking statements expressed in this section, consequent to new information, future events or otherwise.

CONTENTS

1. Company Information

Company Overview	01
Key Facts	05
Financial Results Summary	06
Key Performance Highlights	07
History and Milestone	08
Awards and Accolades	09
Board of Directors	10
Leadership Team	11
Corporate Information	11
Company Structure	12
Geographical Presence	14
Strong Value Chain	15
Production Process	16
Product Segments	17
Research and Development	18
Key Business Strategy	19
Chairman's Letter	20
Managing Director's Letter	21

2. Statutory Reports

Management Discussion & Analysis	22
Director's Report	33
Corporate Governance Report	63

3. Financial Statements

Standalone Financial Statements	
Independent Auditor's Report	85
Balance Sheet	92
Statement of Profit & Loss	93
Statement of Cash Flows	94
Notes to Financial Statements	95
Consolidated Financial Statements	
Independent Auditor's Report	130
Balance Sheet	136
Statement of Profit & Loss	137
Statement of Cash Flows	138
Notes to Financial Statements	139



Vision

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

Mission

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

Key Facts



45+

**International
Presence**



5

R&D Units
India - 5 | USA - 1



7

Manufacturing Units
India - 5 | USA - 2



13

Registered Patents



400+

Proprietary Products



65+

**Indigenously Developed
Enzymes & Probiotics**



500+

Employees



700+

Customers Worldwide



22+

**Years of Fermentation
Experience**



1

**GRAS Dossier filed
with US FDA**



11

**Food Enzyme Dossiers
filed with EFSA**



420^{m3}

**Fermentation
Capacity**

Financial Results Summary (Consolidated)

(₹ in Million)

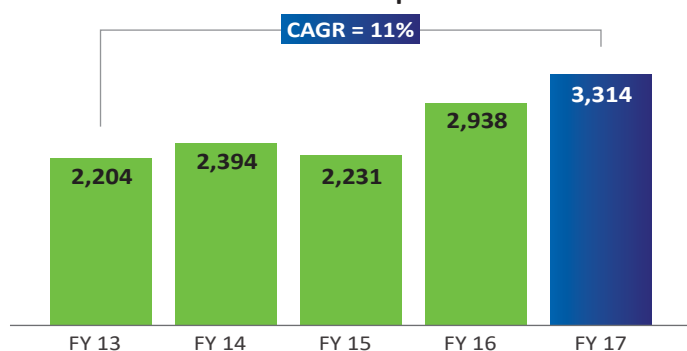
Financial Results Summary	2016-17	2015-16	2014-15	2013-14	2012-13
Net Sales	3314	2,938	2,231	2,394	2,204
EBIDTA (including other income)	1530	1,389	931	1,031	943
Depreciation	122	87	90	100	74
EBIT	1,408	1,302	841	931	869
Finance Charge	42	79	93	132	96
Profit before tax & exceptional items	1,366	1,223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

* (excluding CWIP)

Key Performance Highlights

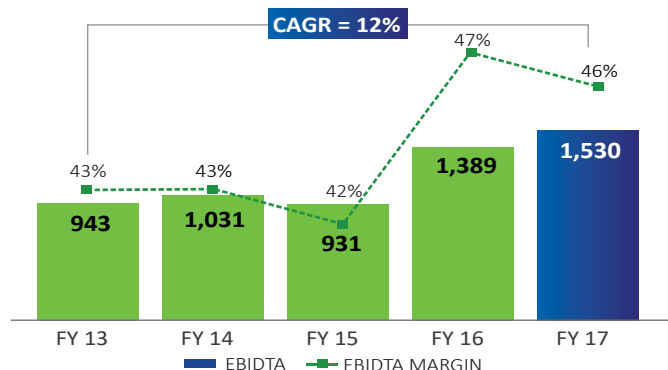
Revenue from Operations

CAGR = 11%



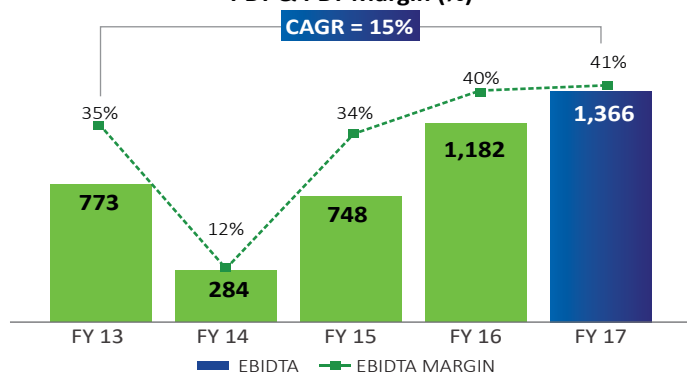
EBIDTA & EBIDTA Margin (%)

CAGR = 12%



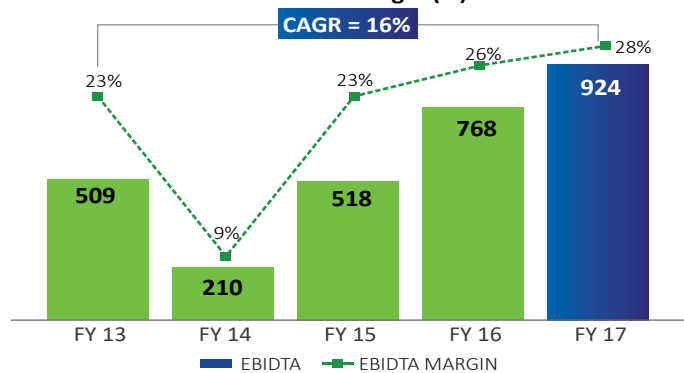
PBT & PBT Margin (%)

CAGR = 15%

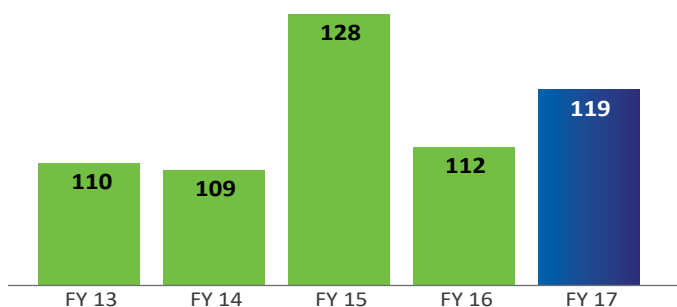


PAT & PAT Margin (%)

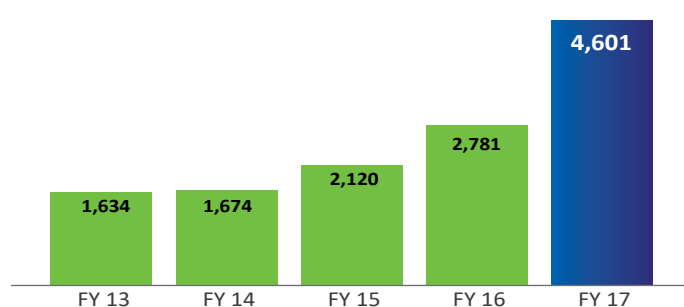
CAGR = 16%



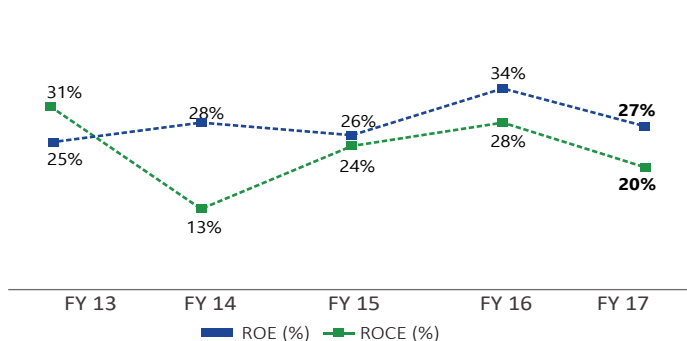
Net Working Capital (Days)



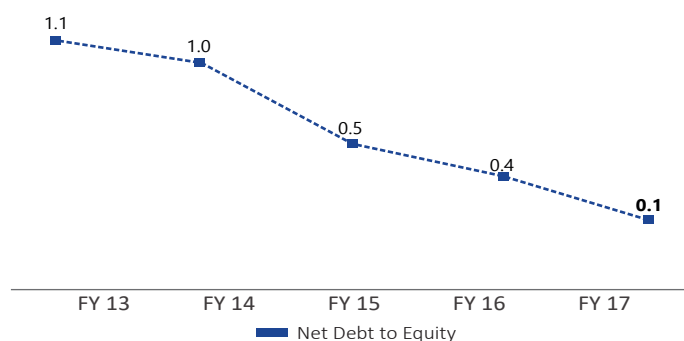
Net Worth (₹ mn)



ROE (%) & ROCE (%)



Net Debt to Equity (x)



History and Milestones

