

Advanced Enzyme Technologies Limited

CATALYSING SUCCESS

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The enzyme and probiotic industry plays a crucial role in the health across the globe and affects every person directly. Apart from human and animal nutrition, these compounds are central to a variety of other industries as well. With better biocatalysts, probiotics, biofuels, textiles, cleaning aids, the world is indeed moving forward with enzymes as an integral part. With each industry playing an imperative role in the society, this industry has been catalyzing success. These compounds are a subject of heavy research and companies invest heavily in their development as they are a key to modern life. Advanced Enzymes is dedicated to the production of enzymes and probiotics which take the world forward. With skillful personnel and a long history of fostering innovation, we are in the constant quest for better enzymes.

Disclaimer:

This document 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 herein reflects the perceptions on major issues as on date and the opinions expressed here are subject to update or revise any of the opinions or forward-looking statements expressed in this section, consequent to new information, future events or otherwise.





THE ANNUAL REPORT ONLINE This 2020 Annual Report can also be downloaded as a PDF file from our website at

https://www.advancedenzymes.com/investors/ annual-report/

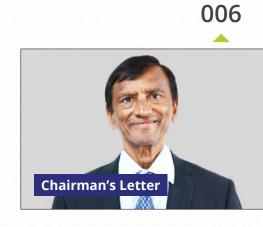




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CORPORATE IDENTITY



Vision

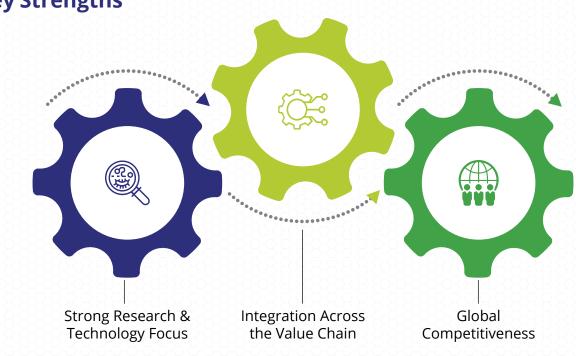
Our vision at Advanced Enzymes is to become a leading, respected & preferred, enzyme based solutions provider in the global market.





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

Key Strengths







Mission

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

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



CHAIRMAN'S LETTER



by your Company.

Dear Shareholders.

It brings me immense pleasure to put forth the Annual the wonderful news that Your Company is now a zero netreport of Your Company, Advanced Enzymes, for the debt organization. financial year 2019-20.

We have also made significant progress in integrating This year was marked by the enormously challenging evoxx, the German subsidiary. The acceleration of the COVID-19 pandemic, which has fundamentally altered the integration process has resulted in evoxx achieving a world and continues to do so. It is difficult to overstate positive PAT on a standalone basis in FY20, as well as our gratitude for essential workers – from healthcare steady growth for the first time since its acquisition. personnel to grocery workers to many staff members of Your Company. Amidst lockdowns, our team came to Although the world is facing tough times ahead, Your work across the globe because of a shared commitment Company is well-positioned to rise to the occasion. With the entire globe clamoring for natural alternatives to boost to produce our enzyme and probiotics products, which are vital to the food supply. human immunity, we anticipate numerous opportunities in the areas of biocatalysis and probiotics.

We are proud of the consistent excellence achieved by Your Company in FY20. Our operating revenues at the FY20 is a testament of the brilliant work of Your Company's consolidated level grew by about 6% to ₹ 4,440 million from team members, and their never-ending dedication to ₹4,196 million. For the first time in history, our EBITDA providing the highest-quality products, retaining the trust crossed the ₹2,000 million mark, growing by about 11% of customers, and looking forward to the future with to ₹2,023 million from ₹1,819 million. On the other hand, optimism and innovation. As we move forward into our our PAT (before minority interest) has grown about 15% next year, may you and yours family stay safe and healthy! to ₹1,330 million from ₹1,159 million. As before, Human Nutrition is our largest revenue driver (contributing 75%) of revenue), followed by Animal Nutrition (13% of revenue) and Bio Processing (12% of revenue). On the operations front, our capacity utilization continues to be in the 52%-Best Regards, 55% range. When compared with FY19, it is clear Advanced Enzymes is staying true to its values. Further highlighting our sound decision-making and continuous hard work is V. L. Rathi

Even though the world is facing tough times, we are proud of the consistent excellence achieved $\nabla \nabla$

DIVERSIFIED MARKETS

Industrial Bio-Processing

to comply with the pollution norms reducing overall process cost.

Non-Food Processing

Food Processing

traditional alternatives.

13% 12% Enzymes are considered as potent biocatalysts for a large number of reactions. Advanced Enzyme (AETL) offers eco-safe solutions for variety of industries such as textiles, leather, detergent and pulp & paper, which are used in the manufacture of a wide range of products. Biological solutions improve the efficiency of industrial processes by saving energy, water and other raw materials, while reducing waste and effluent load, thereby helping customers By maximizing the resources and continuously enhancing the quality of the products, food and beverage manufacturers are improving the choices enjoyed by consumers and users around the globe. Enzymes play an essential role in bringing more nutritious and appealing food and beverage products to the modern world, and they offer significant benefits beyond the scope of

75%





Animal Nutrition

AETL provides enzyme based feed additives for the animal nutrition industry, mainly catering to poultry and swine. By adding enzymes to feed, the digestibility of the components can be enhanced. Animal Nutrition product offering enables animals to maximize the nutrients they absorb from the feed, thus helping in reducing feed costs, minimizing animal waste production and accordingly helping to reduce environmental pollution. Probiotics has beneficial metabolites and competitive exclusion widely used in animal healthcare. We have developed and assessed efficacy of probiotic formulations useful in Animal healthcare.

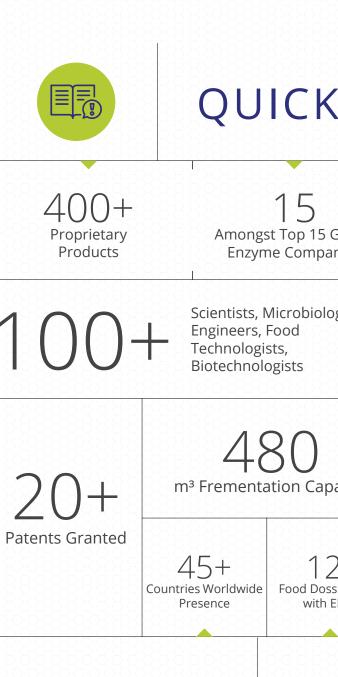
Human Healthcare and Nutrition

AETL provides proprietary enzyme products and customized enzyme solutions to various pharmaceutical and nutraceutical companies in India, North America, Asia (ex-India), Europe and other countries globally. These products includes various anti-inflammatory solutions, digestion solutions, probiotics, etc. which are used by customers as active ingredients. Probiotics have now become an integral part of several therapies for the digestive disorders and newer applications for treatment of several other diseases are being developed. We have developed and upscaled technologies for the production and application of several important probiotics.



Pithampur, Madhya Pradesh







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#Food Dossier filed with EFSA, out of which positive opinion is received for

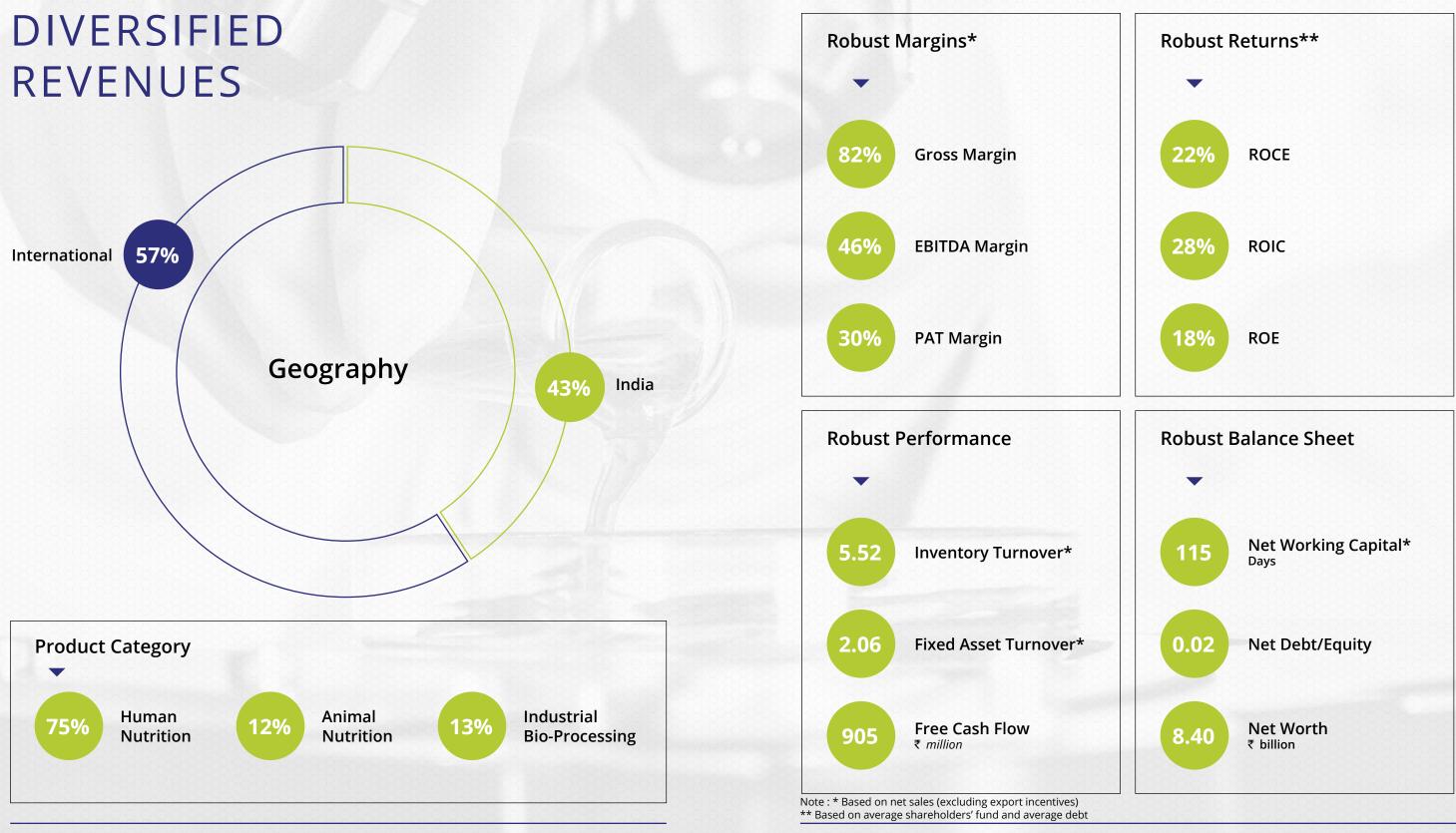
Advanced Enzyme Technologies Limited



QUICK FACTS

Global anies	550+ Employees
ogists,	25+ Years of Fermentation Experience
oacity 2# ssier Filed EFSA	HH 1 Indian Enzyme Company
3+ nes & otics	GRAS Dossiers filed with FDA. No Question Letter received for one dossier, another one is under evaluation
or 3 Dossiers &	& 9 are under evaluation





Advanced Enzyme Technologies Limited

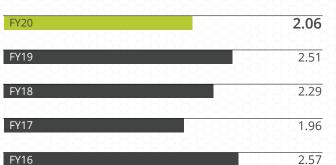


CATALYSING SUCCESS | Annual Report 2019-20



KEY PERFORMANCE INDICATORS

Fixed Asset Turnover (X)



EBITDA*

FY20	2,023
FY19	1,819
FY18	1,640
FY17	1,509
FY16	1,378

PAT*

FY20	1,330
FY19	1,159
FY18	936
FY17	929
FY16	768

Free Cash Flow*

FY20	905
FY19	1,163
FY18	1,051
FY17	956
FY16	880

EBITDA Margin (%)

FY20	46%
FY19	44%
FY18	42%
FY17	46%
FY16	47%

PAT Margin (%)

FY20	30%
FY19	28%
FY18	24%
FY17	28%
FY16	26%

Net Working Capital (Days)

FY16	112
ROE (%)	
FY20	18%
FY19	19%
FY18	18%
FY17	25%
FY16	31%

FY20	115	FY20	8,397
FY19	105	FY19	6,788
FY18	106	FY18	5,591
FY17	122	FY17	4,640
FY16	112	FY16	2,781
ROE (%)		ROCE (%)	
FY20	18%	FY20	22%
FY19	19%	FY19	24%
FY18	18%	FY18	25%
FY17	25%	FY17	31%
FY16	31%	FY16	35%
Net Debt / Equity (X)		ROIC (%)	
FY20	0.02	FY20	28%
FY19	0.05	FY19	29%
FY18	0.12	FY18	31%
FY17	0.12	FY17	35%
FY16	0.36	FY16	39%

Note: As per IGAAP (FY17, FY18, FY19 & FY20 – as per Ind As) All numbers are on Consolidated basis. * All numbers are in ₹ million unless otherwise stated. Net working capital days =((Trade receivables + inventories – Trade payables)/ Net Sales)*365 Net Debt = Long term debt + short term debt + current maturities of long term debt – Cash & Cash Equivalent ROIC=EBITDA / (Equity + Net Debt)

Return ratio calculated based on average of shareholders' fund and average debt

Net Worth*



FINANCIAL SUMMARY (Consolidated)

		33333		(₹	tin million)
Particulars	2019-20	2018-19	2017-18	2016-17	2015-16
Revenue from operations (including excise duty and export incentives)	4,440	4,196	3,957	3,431	3,047
Net Sales (excluding excise duty and export incentives)	4,416	4,177	3,881	3,299	2,938
EBITDA	2,023	1,819	1,640	1,509	1,378
Depreciation	258	211	183	128	87
EBIT	1,765	1,608	1,457	1,381	1,291
Finance Charge	30	39	81	36	79
Profit Before Tax & Exceptional Items	1,735	1,569	1,376	1,345	1,212
Exceptional items	-	8-8-8-8	-8-8-8-	6858585	41
Other Income	56	50	14	25	11
Profit Before Tax	1,791	1,619	1,390	1,370	1,182
Tax	461	460	454	441	414
Profit After Tax including minority (PAT)	1,330	1,159	936	929	768
Profit After Tax and Allocation of Minority Interest	1,293	1,111	901	915	758
Paid up Capital-Equity	223	223	223	223	218
Reserves & Surplus	8,173	6,565	5,368	4,417	2,563
Shareholders' Fund	8,397	6,788	5,591	4,640	2,781
Minority Interest	278	260	226	211	54
Long-term Borrowings (including current maturities)	72	137	290	275	718
Working Capital Finance	127	213	377	214	296
Short Term Unsecured Borrowings	- 1	<u> </u>	1	52	838384
Total Debt	199	350	668	541	1,014
Current liabilities (excluding short term borrowings and current maturities)	437	372	519	271	480
Other Liablities	372	341	312	227	176
Tangible Fixed Assets (Property, Plant and Equipment) (Net)	2,143	1,665	1,693	1,679	1,144
Intangible Assets (Net)	645	680	741	336	51
Goodwill on Consolidation	2,941	2,715	2,584	2,280	1,710
Current assets	3,756	2,821	2,107	1,382	1,397
Other Assets	300	230	191	213	203
Net Worth	8,397	6,788	5,591	4,640	2,781
Total outside Liabilities (TOL)	1,286	1,323	1,725	1,250	1,724

Growth Indicators	2019-20	2018-19	2017-18	2016-17	2015-16
Net Sales	6%	8%	18%	12%	32%
EBITDA	11%	11%	9%	10%	52%
EBIT	10%	10%	5%	7%	58%
РАТ	15%	24%	1%	21%	48%
Key Operating Ratios*	2019-20	2018-19	2017-18	2016-17	2015-16
Gross Margin	82%	82%	79%	78%	80%
EBITDA Margin - EBITDA/Net Sales	46%	44%	42%	46%	47%
EBIT Margin- EBIT/ Net Sales	40%	38%	38%	42%	44%
PAT Margin-PAT/Net Sales	30%	28%	24%	28%	26%
Financial Leverage	2019-20	2018-19	2017-18	2016-17	2015-16
Debt/Equity	0.02	0.05	0.12	0.12	0.36
Interest Coverage	58.14	41.23	17.99	38.62	16.34
Debt/EBDAT	0.10	0.20	0.43	0.37	0.78
Return Ratios [#]	2019-20	2018-19	2017-18	2016-17	2015-16
RoE (PAT/ Shareholders' Fund)	18%	19%	18%	25%	31%
RoCE (EBIT/(Shareholders' Fund + Total Debt))	22%	24%	25%	31%	35%
ROIC(EBITDA)/(Equity+ Total Debt-Cash & Cash equivalent)	22%	24%	31%	35%	39%
	2070	2990	3170	3370	
Other Ratios	2019-20	2018-19	2017-18	2016-17	2015-16
Turnover to Tangible Assets (Net)	2.06	2.51	2.29	1.96	2.57
TOL to Net Worth Ratio	0.15	0.19	0.31	0.27	0.62
Book Value/Share (₹)	75.18	60.80	50.08	41.57	127.57
EPS (Basic)	11.58	9.95	8.07	8.27	34.85
EPS (Diluted)	11.56	9.94	8.06	8.27	34.85
Working Capital Cycle (No. of Days)*	2019-20	2018-19	2017-18	2016-17	2015-16
Inventory Turnover	66	67	71	76	75
Accounts Receivable	61	51	55	58	52
Accounts Payable	12	13	20	12	15
Net Working Capital	115	105	106	122	112
R&D Spends (Standalone)	2019-20	2018-19	2017-18	2016-17	2015-16
Capital Expenditure	28.8	6.0	8.3	13.5	17.3
Recurring Expenditure	189.9	189.9	112.4	88.4	81.8
R&D Spends	218.7	195.9	120.7	101.9	99.1
As % of Net Sales	4.95%	4.69%	3.11%	3.09%	3.37%

