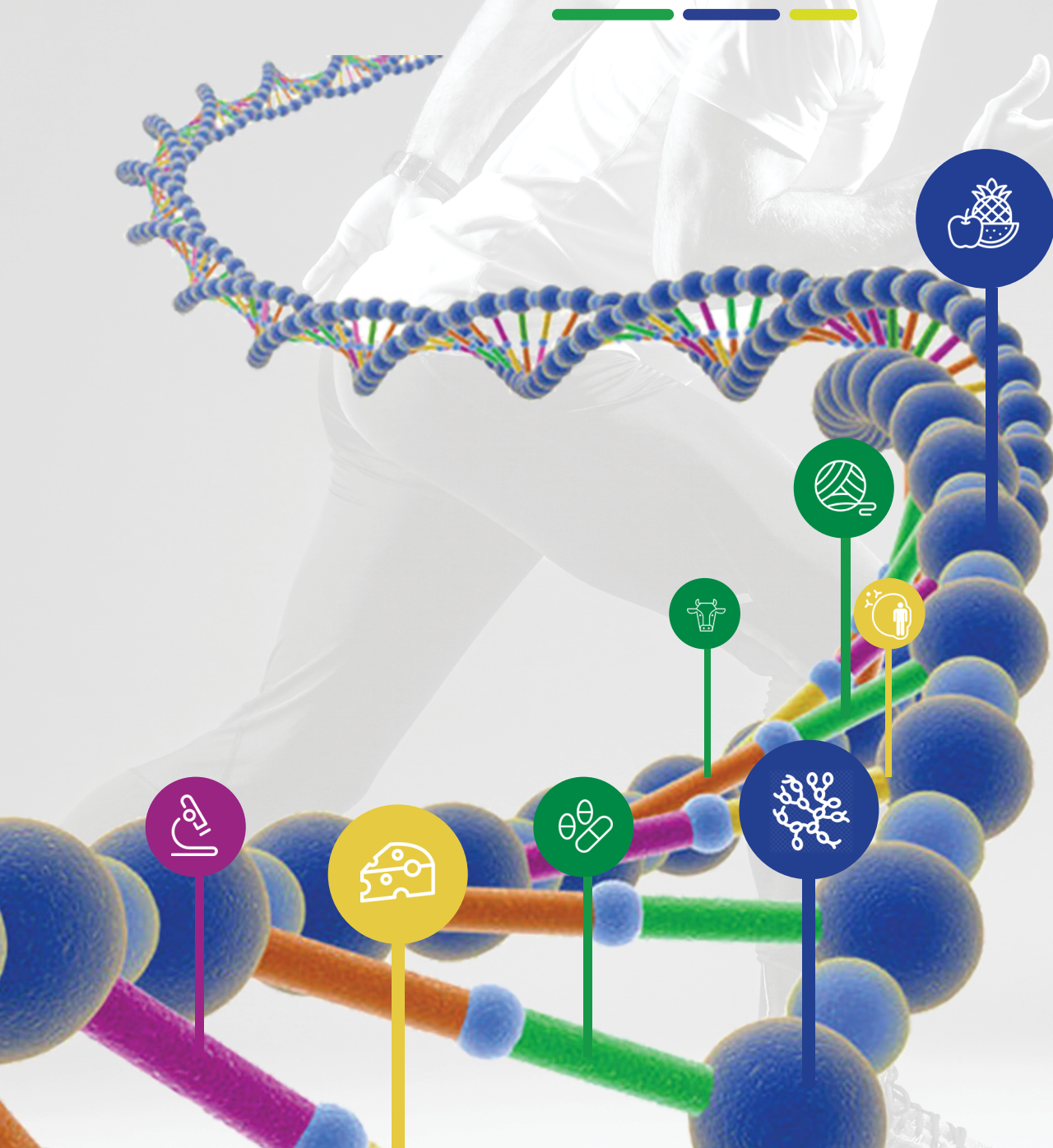


# Towards a stronger healthier world

ANNUAL REPORT | 2020-21



# TOWARDS A STRONGER, HEALTHIER WORLD

## 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 change without notice. The Company undertakes 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



SCAN ME

## THE ANNUAL REPORT ONLINE

This 2021 Annual Report can also be downloaded as a PDF file from our website at

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

Enzymes and probiotics are essential for maintaining a healthy immune system. They break down complex foods and reinforce the body's ability to withstand sickness. Over the years, the science behind enzymes has developed by leaps and bounds. Humans are now able to improve their health significantly by following the right diet and intaking the right medicines. In the coming future, it will become vital for humanity to enhance its immunity, as they are the most dependable line of defense against any degree of bio-problem.

The vision of Advanced Enzymes aligns with developing modern medicines which strengthen the body's immunity, protecting people from many forms of sickness. The key to success on the road ahead will be manufacturing better enzymes and probiotics by banking on research and development. As we move ahead towards a stronger and healthier world, we at Advanced Enzymes dedicate ourselves to the cause and aim to achieve excellent end products.

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Strong R&D  
Capabilities

26

Presence Across the  
Globe

18

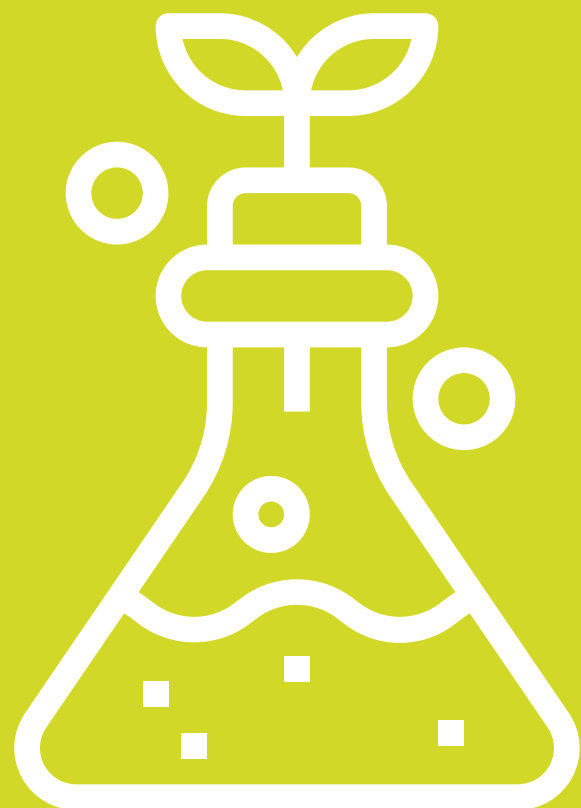
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# CORPORATE IDENTITY



Advanced Enzyme Technologies Limited (AETL) is a research driven company with global leadership in the manufacturing of enzymes and probiotics. We are the largest Indian enzyme company, engaged in the research and development, manufacturing and marketing of 400+ proprietary products developed from over 68+ indigenous enzymes and probiotics. We are 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, 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 replace traditionally used chemicals with eco-friendly enzymatic solutions.



## Vision

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



## Mission

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

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



## Key Strengths



Strong Research & Technology Focus



Global Competitiveness

Integration Across the Value Chain



# CHAIRMAN'S LETTER



The COVID-19 pandemic, which was a defining event in 2020, continued to have a sporadic impact in different parts of the world in 2021 as well. The health, social and economic consequences were felt by people world over. Health and frontline workers continued to work tenaciously to provide all help possible to those in need.

The pandemic's impact was felt by businesses all over the globe owing to pandemic-related restrictions. However, despite the unfavourable environment, I am proud to inform you that the Company exhibited resilient performance for the year ended March 31, 2021. Your Company crossed the ₹ 5,000 million mark in FY21 – we have reached ₹ 5,018 million this year. This would not have been possible without the vision of the Board and management and the passion and dedication of our people.

We are cognizant of the COVID-19 pandemic, which is continuing to impact lives and businesses alike. On behalf of your Company, I would like to wish all those impacted a speedy recovery. I request you all to continue following all the necessary safety and social distancing measures.

## Resilient performance

During the year, our consolidated operating revenue grew by 13% to ₹ 5,018 million from ₹ 4,440 million in FY20. Our EBITDA grew by 14% to ₹ 2,315 million, continuing to remain above the ₹ 2,000-million mark, while our EBITDA margin remained at 46%. Our PAT too grew by 14% to ₹ 1,515 million compared to ₹ 1,330 million in FY20.

Human Nutrition continued to be our primary revenue driver, contributing ₹ 3,786 million in FY21, up by 18%. Our Animal Nutrition and Bio-processing segments degrew by 11% and 1%, respectively. A large chunk of our animal feed business comes from domestic markets. Due to the pandemic, and lockdown restrictions as imposed from time to time, the logistics costs rose significantly, the deliveries also took longer, and lower consumption of animal feed product range, this impacted our Animal Nutrition business. Our Bio-processing business comprises of the food and the non-food businesses. With regard to the food business, our focus this year was primarily on the European market. Due to lower consumption, we witnessed slow growth. Our non-food business consists of the industrial processes like textile processing & effluent treatment, paper & pulp, leather, and laundry solutions, etc. As people focused more on essentials during the year, these businesses did not garner much revenue.

Despite the challenges posed by the pandemic, our resilient performance has instilled in us renewed confidence to be able to face challenges in the future and emerge stronger.

## Acquisition of Scitech Specialities

In January 2021, we completed the acquisition of SciTech Specialities Private Limited (SSPL), India, a contract manufacturing company with niche technology specializing in effervescent granules and tablets. The acquisition has strengthened our manufacturing capabilities by adding two manufacturing facilities for nutraceuticals and pharmaceuticals, taking the count to nine. The combined synergies of the two companies will allow your Company to expand its B2C business and will also empower us with important applications in our existing verticals and provide new delivery systems for existing products. This venture will strengthen our overall capabilities of capacity expansion and R&D.

## A team that is committed towards a healthier world

The health and safety of our people was, is and will continue to be our topmost priority. We continued to follow all the necessary safety and social distancing measures across our facilities to curb the spread of the pandemic. Our resilient performance for FY21 would not have been possible without the determination and passion of our people – they ensured seamless operations, thus maintaining a continuous supply of our enzymes and probiotic products, which are essential primarily to the pharma industry. I would like to extend my heartfelt gratitude to you for your unwavering commitment.

## Ready for the future

The world is becoming increasingly aware of the harmful effects of chemicals on health. Natural alternatives to boost the immune system are gaining increased traction, which puts us in good stead to leverage the rising opportunities in the areas of bio-catalysis and probiotics.

Your Company will continue enhancing its research and innovation capabilities to provide side-effect free healthcare to consumer. We aspire to replace traditional thermal-chemical-mechanical processes with enzyme-passed processes in the industry and we will leave no stone unturned until we get there.

As I conclude, I would like to thank the Board for making prudent decisions for the continued growth of the Company and long-term value creation for all stakeholders. I am also grateful to the stakeholders for their faith and trust in us. We will continue to provide high-quality, cost-effective products to meet the dynamic demands of the industry.

Stay safe and healthy!

Best wishes,  
V. L. Rathi

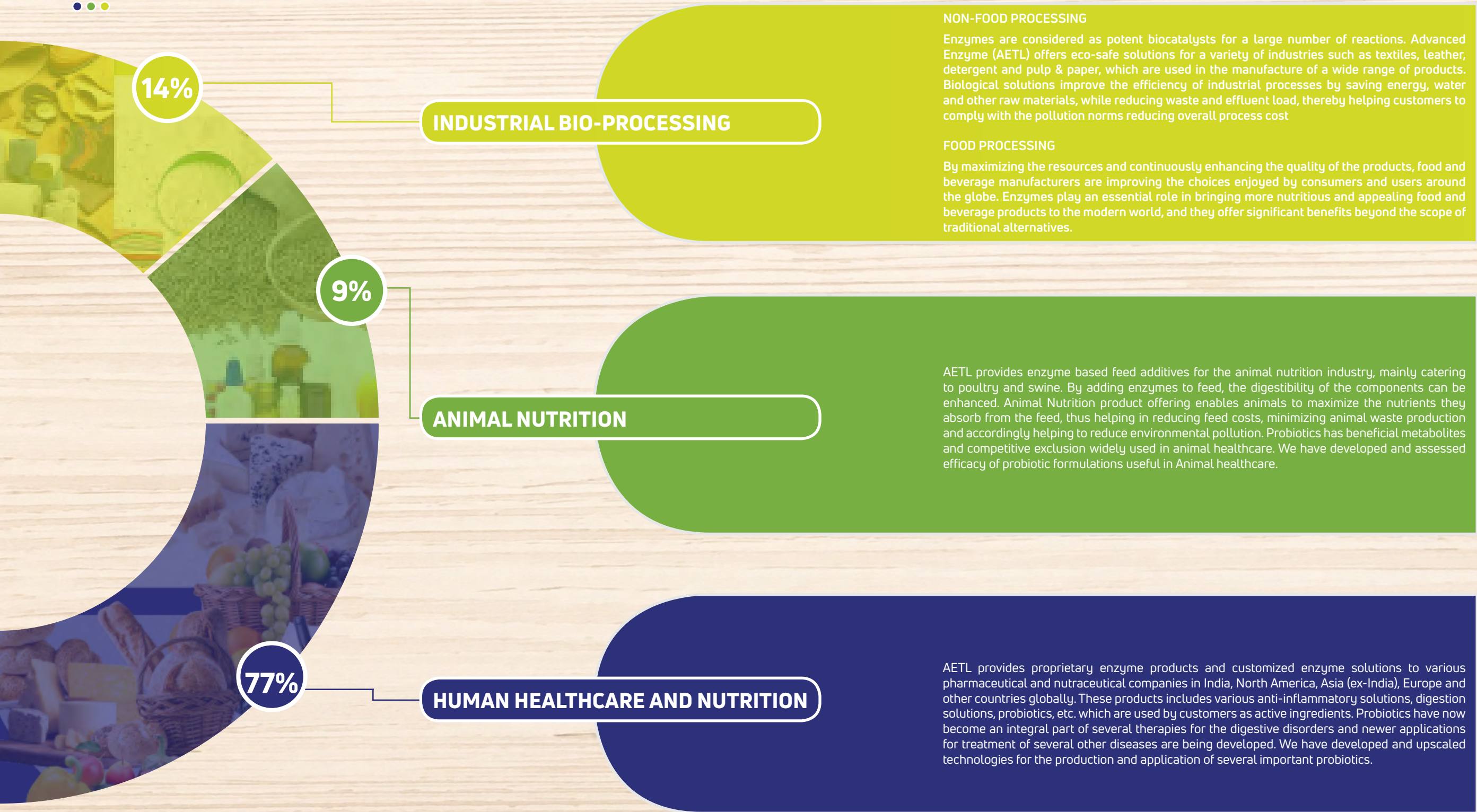
## Dear Shareholders,

I am delighted to present to you the Annual Report 2020-21 of your Company, Advanced Enzymes.

We strongly believe in the adage 'Tough times never last, but tough people do'. These are tough times and we sincerely hope that all of you and your families are in good health. At the same time, this is a battle that we have to fight together and remain united through it.

At Advanced, we are regularly taking stock of the current COVID-19 scenario as, safeguarding employee and customer health and interests is always our top most priority.

# DIVERSIFIED MARKET



Note : Product category-wise revenue does not include SciTech Specialities Private Limited numbers



# QUICK FACTS

## 1<sup>st</sup>

Listed Indian enzyme company

## 2<sup>nd</sup>

Highest market share in India

## 2<sup>nd</sup>

Listed integrated enzyme player globally

## 68+

Enzymes & Probiotics

## 400+

Proprietary Products

## 700+

Customers Worldwide

## 45+

Countries Worldwide Presence

## 750+

Employees

## 13\*

Patents

## 12<sup>#</sup>

Food Enzyme Dossiers filed with EFSA

## 5

GRAS Dossiers filed with FDA. No question letter received for two dossier, another three are under evaluation

\* Patents includes the filed applications

<sup>#</sup>Food Dossier filed with EFSA, out of which positive opinion is received for 4 Dossiers & 8 are under evaluation

## 500

m<sup>3</sup> Fermentation Capacity

## 25+

Years of Fermentation Experience

## 15

Amongst Top 15 Global Enzyme Companies

## 9

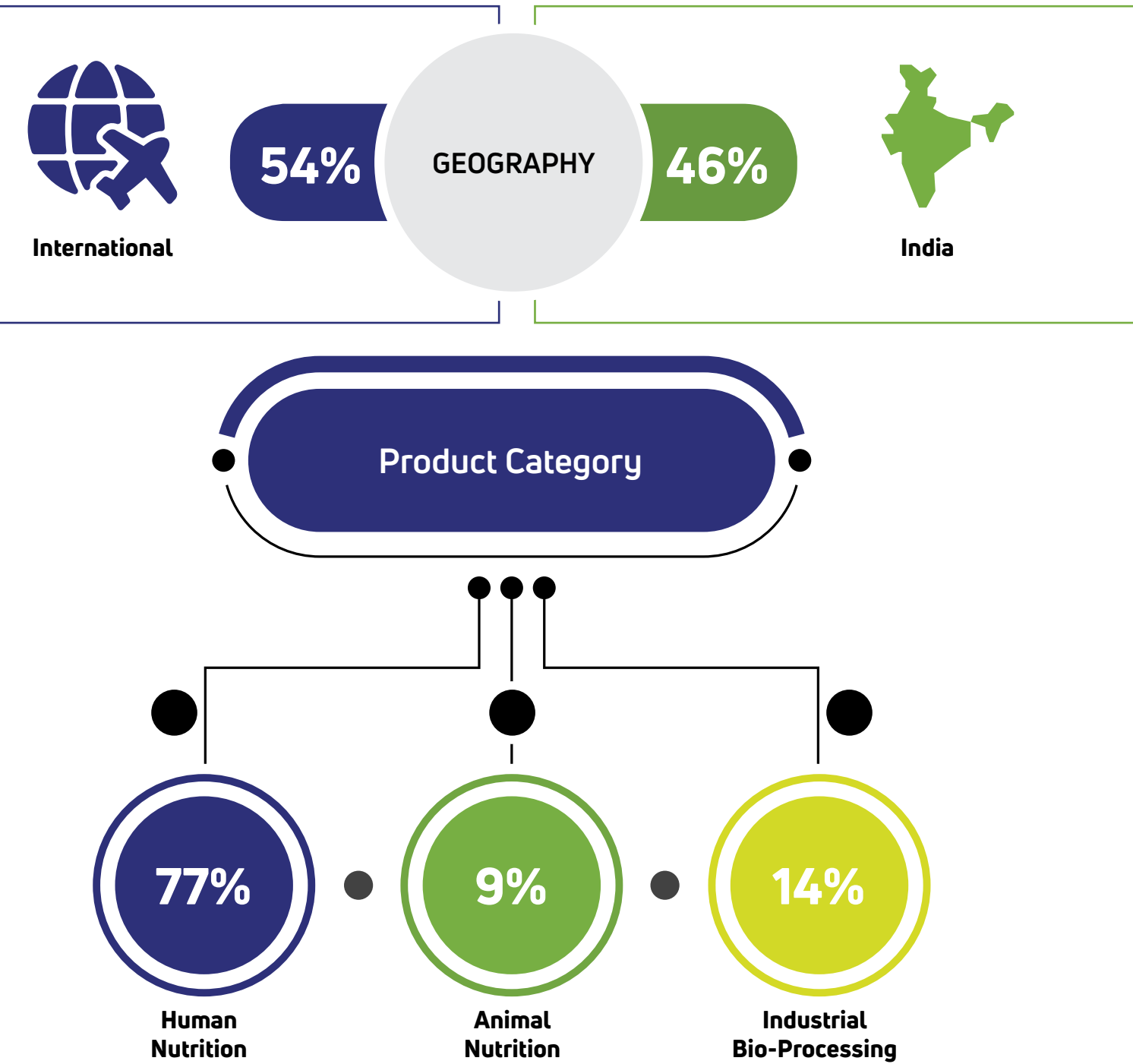
Manufacturing Units

## 7

R&D Units



# DIVERSIFIED REVENUES

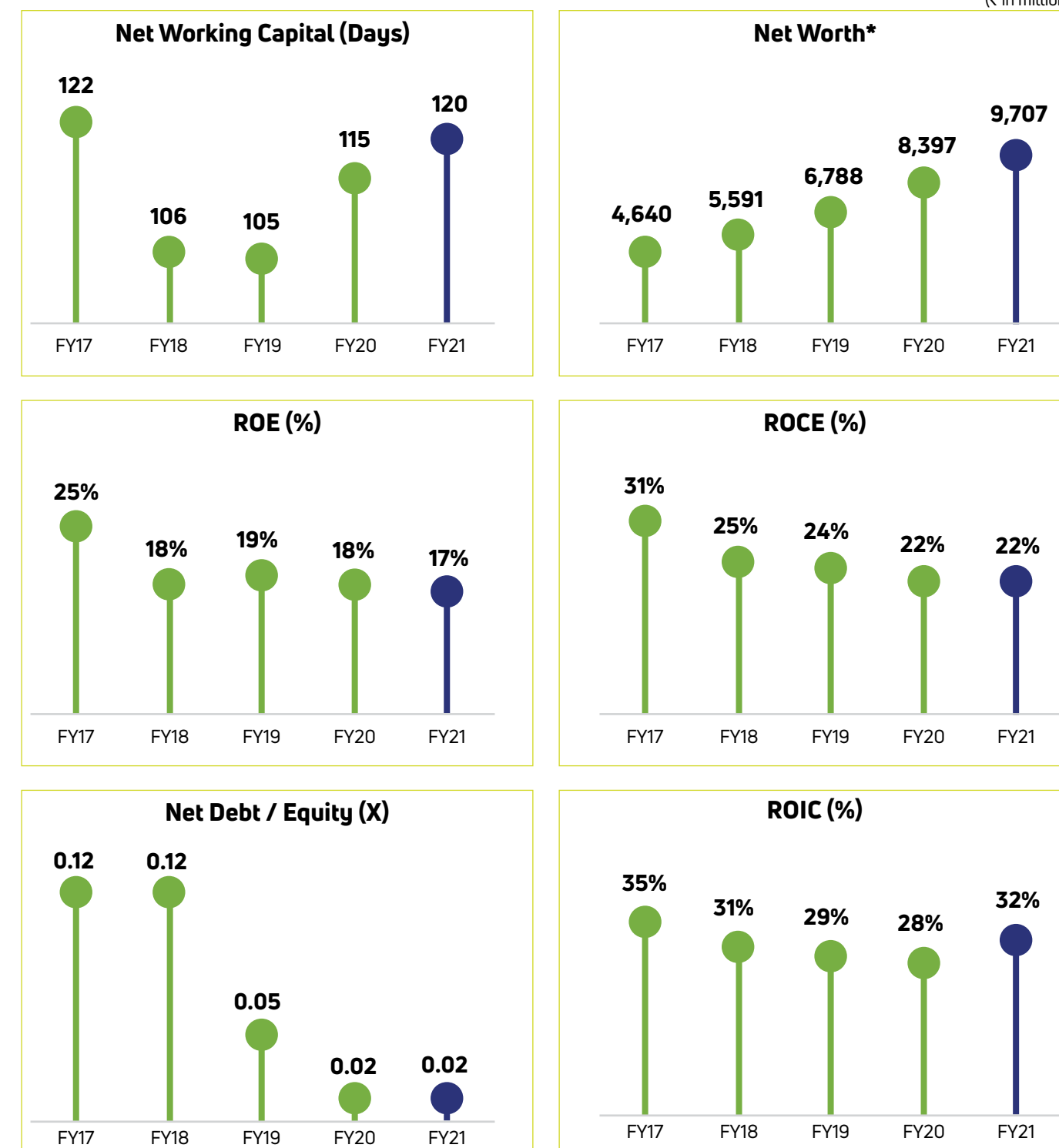
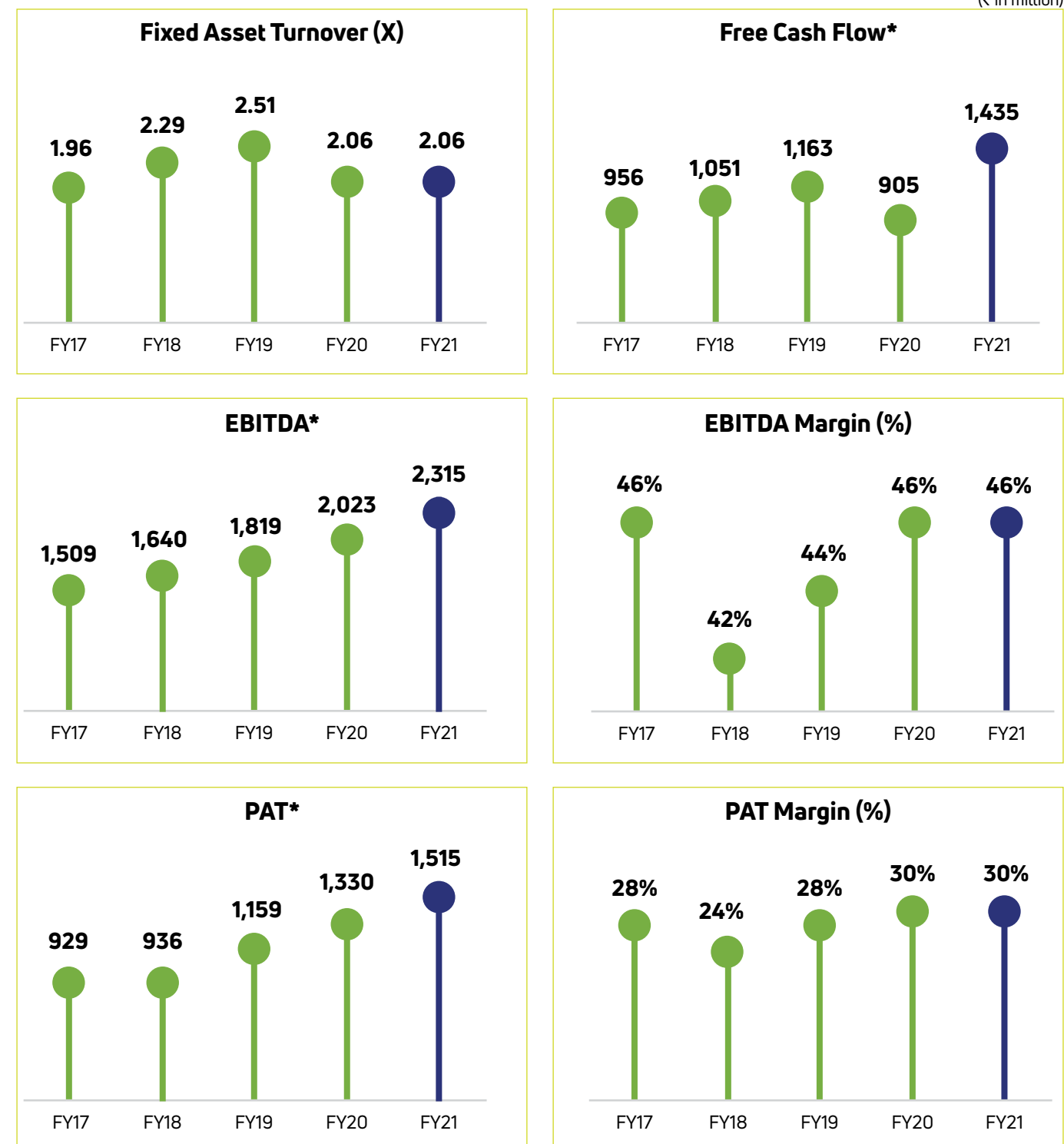


Note : Product category-wise revenue does not include SciTech Specialities Private Limited numbers



Note : \* Based on net sales (excluding export incentives)  
\*\* Based on average shareholders' fund and average debt

# KEY PERFORMANCE INDICATORS



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



# FINANCIAL SUMMARY (Consolidated)

(₹ in million)

Particulars	2020-21	2019-20	2018-19	2017-18	2016-17
Revenue from operations (including excise duty and export incentives)	5,018	4,440	4,196	3,957	3,431
Net Sales (excluding excise duty and export incentives)	5,004	4,416	4,177	3,881	3,299
EBITDA	2,315	2,023	1,819	1,640	1,509
Depreciation	284	258	211	183	128
EBIT	2,031	1,765	1,608	1,457	1,381
Finance Charge	16	30	39	81	36
Profit Before Tax & Exceptional Items	2,015	1,735	1,569	1,376	1,345
Other Income	88	56	50	14	25
Profit Before Tax	2,104	1,791	1,619	1,390	1,370
Tax	589	461	460	454	441
Profit After Tax Including Minority Interest	1,515	1,330	1,159	936	929
Profit After Tax and Allocation of Minority Interest	1,462	1,293	1,111	901	915
Paid up Capital-Equity	223	223	223	223	223
Reserves & Surplus	9,483	8,173	6,565	5,368	4,417
Shareholders' Fund	9,707	8,397	6,788	5,591	4,640
Minority Interest	601	278	260	226	211
Long-term Borrowings (including current maturities)	144	72	137	290	275
Working Capital Finance	47	127	213	377	214
Short Term Unsecured Borrowings	-	-	-	1	52
Total Debt	191	199	350	668	541
Current liabilities (excluding short term borrowings and current maturities)	584	437	372	519	271
Other Liabilities	445	372	341	312	227
Tangible Fixed Assets (Property, Plant and Equipment) (net)	2,432	2,143	1,665	1,693	1,679
Intangible Assets (Net)	779	645	680	741	336
Goodwill on Consolidation	2,901	2,941	2,715	2,584	2,280
Current assets	5,161	3,756	2,821	2,107	1,382
Other Assets	254	300	230	191	213
Net Worth	9,707	8,397	6,788	5,591	4,640
Total outside Liabilities (TOL)	1,820	1,286	1,323	1,725	1,250

(₹ in million)

Growth Indicators	2020-21	2019-20	2018-19	2017-18	2016-17
Net Sales	13%	6%	8%	18%	12%
EBITDA	14%	11%	11%	9%	10%
EBIT	15%	10%	10%	5%	7%
PAT	14%	15%	24%	1%	21%

Key Operating Ratios*	2020-21	2019-20	2018-19	2017-18	2016-17
Gross Margin	80%	82%	82%	79%	78%
EBITDA Margin - EBITDA/Net Sales	46%	46%	44%	42%	46%
EBIT Margin- EBIT/ Net Sales	41%	40%	38%	38%	42%
PAT Margin-PAT/Net Sales	30%	30%	28%	24%	28%

Financial Leverage	2020-21	2019-20	2018-19	2017-18	2016-17
Net Debt/Equity	0.02	0.02	0.05	0.12	0.12
Interest Coverage	127.41	58.14	41.23	17.99	38.62
Debt/EBDAT	0.08	0.10	0.20	0.43	0.37

Return Ratios <sup>#</sup>	2020-21	2019-20	2018-19	2017-18	2016-17
RoE (PAT/ Shareholders' Fund)	17%	18%	19%	18%	25%
RoCE (EBIT/(Shareholders' Fund + Total Debt))	22%	22%	24%	25%	31%
ROIC(EBITDA)/(Equity+ Total Debt-Cash & Cash equivalent)	32%	28%	29%	31%	35%

Other Ratios	2020-21	2019-20	2018-19	2017-18	2016-17
Turnover to Tangible Assets (Net)	2.06	2.06	2.51	2.29	1.96
TOL to Net Worth Ratio	0.19	0.15	0.19	0.31	0.27
Book Value/Share (Rs)	86.88	75.18	60.80	50.08	41.57
EPS (Basic)	13.09	11.58	9.95	8.07	8.27
EPS (Diluted)	13.07	11.56	9.94	8.06	8.27

Working Capital Cycle (No. of Days)*	2020-21	2019-20	2018-19	2017-18	2016-17
Inventory Turnover	68	66	67	71	76
Accounts Receivable	63	61	51	55	58
Accounts Payable	11	12	13	20	12
Net Working Capital	120	115	105	106	122

R&D Spends (Standalone)	2020-21	2019-20	2018-19	2017-18	2016-17
R&D Spends	178	219	196	121	102
Capital Expenditure	54	29	6	8	14
Recurring Expenditure	125	190	190	112	88
As % of Net Sales	3.56%	4.95%	4.69%	3.11%	3.09%

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

\*Based on Net sales

Note- FY 17, FY 18, FY 19, FY 20 &amp; FY21 Book value and EPS are based on face value of ₹ 2 per share

Note- FY 17, FY 18, FY 19, FY 20 &amp; FY21 figures are as per Ind AS

