



Food processing

Industrial processing

Animal Healthcare and Nutrition

Bio - Fuels

Human Healthcare

Biological

## 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

## DIRECTORS' REPORT

The Directors have pleasure in presenting their Twenty Second Annual Report together with the audited statement of accounts of the Company for the year ended 31<sup>st</sup> March 2011.

### FINANCIAL RESULTS:

	<b>Year ended 31.03.2011 <u>(Rs. in lacs)</u></b>	Year ended 31.03.2010 <u>(Rs. in lacs)</u>
Profit before depreciation, interest & tax	<b>2658.65</b>	2136.43
(Less):		
Depreciation	<b>475.10</b>	473.03
Interest / Finance charges	<b>243.02</b>	<u>242.17</u>
	<b>718.12</b>	715.20
Profit before tax	<b>1940.53</b>	1421.23
Less/(Add): Provision for taxation		
Current tax	<b>261.67</b>	390.00
Deferred tax	<b>71.61</b>	(65.70)
Mat Credit entitlement	<b>(146.00)</b>	<u>-</u>
	<b>187.28</b>	324.30
Profit after tax	<b>1753.25</b>	1096.93
Add/(Less): Previous year tax adjustments	-	(5.41)
Balance brought forward	<b>2322.98</b>	2281.05
Profit available for appropriation	<b>4076.23</b>	3372.57
Utilised for issue of Bonus shares	-	(928.31)
Profit available for appropriation	<b>4076.23</b>	2444.26
Out of which directors have appropriated as follows		
Interim/ Proposed dividend (including tax on dividend)	<b>120.87</b>	121.27
Balance in Profit and loss account carried to Balance sheet	<b>3955.36</b>	2322.98

### CONSOLIDATED FINANCIAL RESULTS:

	<b>Year ended 31.03.2011 <u>(Rs. in lacs)</u></b>	Year ended 31.03.2010 <u>(Rs. in lacs)</u>
Profit before depreciation, interest & tax	<b>2663.16</b>	2423.61
(Less):		
Depreciation	<b>498.48</b>	512.33
Interest / Finance charges	<b>255.71</b>	<u>250.73</u>
	<b>754.19</b>	763.06
Profit before tax	<b>1908.97</b>	1660.55
Less/(Add): Provision for taxation		
Current tax	<b>291.94</b>	473.67
Deferred tax	<b>71.66</b>	(59.91)
Mat Credit entitlement	<b>(146.00)</b>	<u>-</u>
	<b>217.60</b>	413.76
Profit after tax	<b>1691.37</b>	1246.79

#### **DIVIDEND:**

In view of the ongoing expansion project at SEZ, Indore and future growth plans, your Directors recommend payment of dividend @ 5% for the current year amounting to Rs. 103.65 lacs, for the financial year ended 31<sup>st</sup> March 2011 which is equivalent to dividend declared for the previous financial year.

#### **REVIEW OF OPERATIONS:**

During the year under review (FY 2011) your Company achieved net sales of Rs. 11132 lacs as compared to Rs. 10702 lacs in the previous FY 2010. Domestic sale during the FY 2011 is down by 12% as compared to FY 2010. The lower domestic sale is due to discontinued sale of some of traded non core products such as antibiotics for animal health care and textile auxiliaries. The core manufacturing business has increased to Rs. 8977 lacs during FY 2011 as against Rs. 7596 lacs during FY 2010 and registered a growth of 18% during FY 2011.

The Company's exports have gone up to Rs. 4293 lacs from Rs. 2928 lacs in the previous year. Exports have grown by 47% in spite of rising rupee.

The Company has recorded a growth of about 60% in its net profit after tax during the year 2010-11. This is mainly due to higher exports fetching better price realization and lower selling and distribution expenses at about Rs.540 lacs as against about Rs.805 lacs in the previous F. Y. 2010.

We had formed our wholly owned subsidiary in USA for the purpose of acquiring existing business of Specialty Enzyme and Biochemicals Co. USA which is our associate and owned by our Chairman alongwith his family members. This is being done to have only one common entity i.e. parent company "Advanced Enzyme Technologies Limited", India and to make the Company truly Indian Multinational Company.

During the year the Company has reduced its stake in one of its subsidiary company viz Advanced Vital Enzymes Limited, from 100% to about 20% , as the investment was not yielding desirable return due to various operational issues mainly because of lack of clarity of government regulations regarding applicability of Food & Drug Control Act or Food Adulteration Act in respect of its major business planned by the Subsidiary Company.

The ongoing capital expenditure plan for setting up of fermentation facility at SEZ, Indore is on its full swing and expected to be completed by July 2011 and addition in R&D facilities has been completed during the year under review.

#### **AWARDS AND RECOGNITION :**

Your Company has received the Bio-Excellence award for being the **Best Industrial Biotech Company** at the recently concluded Bangalore Bio 2010 event - the premier Biotechnology event in the country. Your Company has also received the '**Emerging India Awards 2010**' in the category 'Life Science-Pharmaceuticals & Chemicals' from ICICI Business Banking and CNBC TV18 in the month of November 2010. The Company is also proud to announce that **Dr. Anil Gupta, General Manager - R&D**, has received the honor as **Business Leader for the year 2011** by CHEMTECH foundation.

#### **FUTURE OUTLOOK :**

As detailed in the last year reports our geographical expansion coupled with improved product placements enabled us to make in road in European Market.

Role of enzymes in food processing including fruit processing has gained strong acceptability across globe and new markets are fast developing. Food Processing Industries are looking for competitive cost with quality, which is what your Company is positioned to provide and therefore is confident to gain a good market share over a period of time.

Nutraceutical segment is expected to continue to be growing in double digit. Your Company has participated in various exhibitions worldwide and it has received very encouraging response from participants. Some of them are already our customers and the others also gave encouraging responses and subsequently became our customers. Regulations in most of the countries about Nutraceutical are well in placed and due to clarity it is easier to enter those markets. We are confident that our exports in this segment will grow rapidly.

Enzyme market has grown with a CAGR of about 9% in past 5 years and expected to touch at USD 7 billion by 2013 and USD 9.5 billion by 2018.

The Company is gearing up with its expanded capacity which is under implementation at SEZ, Indore with 4 fermentators of 60 m<sup>3</sup> each, which is likely to be completed by July 2011 to increase its market share in its core business.

#### **DIRECTORS' RESPONSIBILITY STATEMENT:**

In the preparation of the annual accounts, the applicable Accounting Standards had been followed along with proper explanation relating to material departures.

We 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 at 31st March 2011 and of the profit of the Company for the year ended on that date.

We have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

We have prepared the accompanying Financial Statements of the Company on a going concern basis.

#### **BANKING:**

The Company has working capital arrangement from CitiBank N.A. & HDFC Bank Ltd & Yes Bank. The Company has recently introduced DBS Bank as one of the Banker to the Company and got sanction for credit facilities in the form of External Commercial Borrowing upto USD 0.6 Crores for financing the capital expenditure plan at SEZ.

#### **DIRECTORS:**

The Board of Directors of the Company comprises of qualified individuals possessing the skills, experience and expertise necessary to guide the Company. They have contributed immensely for the growth of the Company.

Mr. P. K. Gupta & Mr. Kedar Desai have been inducted as independent directors on the Board with effect from 27<sup>th</sup> August 2010 and appointed as Additional Directors of the Company. As per the provisions of the Companies Act, 1956, additional directors hold office only up to the date of the ensuing Annual General Meeting and can be appointed as regular directors. Notices under Section 257 of the Companies Act, 1956 have been received proposing candidature of Mr. P. K. Gupta and Mr. Kedar Desai for the office of Director of the Company.

Mr. P. K. Gupta has a career in banking sector for a period of over 37 years & has served in various banks including as the Chairman & Managing Director of United Bank of India.

Mr. Kedar Desai is the partner of M/s. Desai Desai Carrimjee & Mulla, Advocates & Solicitors, Mumbai & has profound experience in his field.

Mrs. Savita Rathi & Mr. Pradip Shah, the Directors of the Company retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for reappointment.

**EMPLOYEES:**

Your directors place on record their appreciation of the contribution made by all the employees.

Particulars of the employees of the Company who were in receipt of remuneration in excess of the limits of Rs.60 lacs, if employed through out the financial year or Rs.5 lac per month if employed for the part of the financial year as prescribed by the Department of Company Affairs under the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975 amended by Companies (Particulars of Employees) Amendment Rules 2002 and further amended by Companies (Particulars of Employees) Amendment Rules 2011 (vide MCA Notification number G.S.R 289(E) dated 31<sup>st</sup> March 2011) is given in the Annexure II (Part IV).

**AUDITORS REPORT AND REAPPOINTMENT:**

The observations made by the Auditors in their report are appropriately dealt in the schedule of notes forming part of the accounts for the year which are self explanatory and hence do not require any further explanations.

M/s M.M.Nissim And Co., Chartered Accountants retire at the ensuing Annual General Meeting but have expressed their unwillingness to get re-appointed. Accordingly it is proposed to appoint M/s. Walker, Chandio & Co. as the auditors, which is one of the largest audit firms in India.

**SUBSIDIARY:**

The Company has five subsidiaries viz. Advanced Bio-Agro Tech Limited, Advanced Enzytech Solutions Limited, Advanced Bio-Pro Solutions Limited, Advanced Enzyme Far East Limited & Advanced Enzymes USA within the meaning of Section 4 of the Companies Act 1956.

**PARTICULARS UNDER SECTION 212 OF THE COMPANIES ACT, 1956:**

In terms of the MCA General Circular 2/2011 dated 8<sup>th</sup> February 2011 under Section 212 (8) of the Companies Act , 1956, copy of Balance Sheets, Profit and Loss accounts, reports of the Board of Directors and Auditors' Report of the subsidiaries have not been attached with the Balance Sheet of the Company. These documents will be made available upon request by any investor of the Company or subsidiary companies and shall be kept for inspection by any investor at the Registered Office of the Company. However, as directed by the Central Government the financial data of the subsidiaries have been furnished under Financial Information of Subsidiary Companies forming part of the Annual Report. Further, pursuant to Accounting Standard AS-21 specified in the Companies (Accounting Standards) Rules, 2006, the Consolidated Financial Statements presented by the Company includes financial information of its Subsidiaries. The statement pursuant to Section 212 of the Companies Act, 1956 forms part of the Annual Report.

**CONSOLIDATED FINANCIAL STATEMENTS:**

In accordance with the Accounting Standard AS-21 on Consolidated Financial Statements, the Consolidated Audited Financial Statements and Cash Flow Statement are provided in the Annual Report.

**FIXED DEPOSIT:**

The Company has complied with the requirements prescribed under the Companies (Acceptance of Deposits) Rules 1975. The Company does not have any overdue or unclaimed deposit as on the date of this Report.

**ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE:**

The information required under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 is given in the Annexure "II" (Part I, II and III) and forms part of this report.

**AUDIT COMMITTEE:**

The members of the audit committee were Mr. C. L. Rathi, Mr. R.T. Mehta and Mr. G.C.Gore. Mr. G.C.Gore, upon ceasing to be alternate director, the Committee was reconstituted & Mr. Kedar Desai was inducted. During the year under review, the audit committee met twice, to review financial reporting system, internal control systems and control procedures and ensuring compliance with the regulatory guidelines.

**RESEARCH AND DEVELOPMENT:**

Your Company has continued its focus on R&D for more details refer information provided under Future Outlook. R&D expenditure which is Rs. 896 lacs for the current year and constitute 8.05% of net sales as against Rs. 681 lacs incurred during the previous year (6.37% of net sales). The aforesaid expenses are higher as compared to previous year as the Company has expanded its R&D labs and acquired 6500 sq ft additional space. Accordingly major expenses incurred on creating the the new R&D lab which has state of art ultra modern equipments.

**INTELLECTUAL PROPERTY (IPR):**

The Company has focused and accelerated the IPR work on a number of products. The Company has filed 3 new applications in Indian/International patent office during the year. Out of 16 applications filed for patent till this year, we have received patent for eight of these applications for commercial use and remaining are under various stage of grant.

**SOCIAL RESPONSIBLE CORPORATE CITIZEN:**

Your Company has been consistently working on providing eco safe solution and side effect free health care beside providing social support and relief consistently either directly or through one of the biggest NGO (Art of Living which operates under different segments in serving the mankind all over the world).

**EMPLOYEES STOCK OPTION PLAN:**

The stock option issued by the Company under ESOP Scheme of the Company already has been granted, vested and exercised during the previous year and accordingly no more options were available for grant. Hence no vesting of any option and its exercise.

**ENTERPRISE RESOURCE PLANNING (ERP):**

SAP Business One Solution Software implemented by the Company is providing desired results and complete integration of data .

**DEMAT OF SHARES:**

Shareholders can get their physical shares demated through their depository participants. The Company has been allotted ISIN Number by NSDL, which is **INE 837H01012**. 18,398,480 shares have been demated till 31<sup>st</sup> March 2011.

**SHARE TRANSFER AGENT:**

The Company has appointed M/s System Support Services as share transfer agent(R&T Agent) and entered into tripartite agreement as required by NSDL to facilitate dematerialization and share transfer related work. Shareholder 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.

**ACKNOWLEDGMENTS:**

Your Directors acknowledge with gratitude the support received by the Company from Citi Bank N.A, HDFC Bank, Yes Bank, DBS Bank, Government Agencies and organizations. 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**

Thane, 8<sup>th</sup> July 2011

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

**(R.T.Mehta)**  
Director



**ANNEXURE "I" TO THE DIRECTOR'S REPORT**

<b>Name of the subsidiary</b>	<b>Advanced Bio-Agro Tech Limited</b>	<b>Advanced EnzyTech Solutions Limited</b>	<b>Advanced Bio-Pro Solutions Limited</b>	<b>Advanced Enzyme Far East Limited (Hongkong)</b>	<b>Advanced Enzymes USA</b>
Extent of Holding	60% (60%)	85.71% (71.43%)	100% (NA)	100% (100%)	100% (NA)
Date of incorporation	09.11.2004	01.09.2008	20.07.2010	11.03.2009	01.11.2010
Accounting year	From 01.04.2010 to 31.03.2011	From 01.04.2010 to 31.03.2011	From 20.07.2010 to 31.03.2011	From 01.04.2010 to 31.03.2011	From 01.11.2010 to 31.03.2011
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	Nil	Nil
(b) Not dealt with or provided for in the accounts of the holding Company	Rs.27,67,011	Rs.5,61,426	(Rs. 12,816)	(Rs. 38,29,242)	(Rs. 29,95,532)
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	NA	Nil	NA
(b) Not dealt with or provided for in the accounts of the holding Company	Rs.1,51,36,083	Rs. 1,30,485	NA	Rs. 3,51,595	NA

**ANNEXURE "II" TO THE DIRECTORS' REPORT**

Information under Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31<sup>st</sup> March 2011.

**I. CONSERVATION OF ENERGY**
**(a) Energy Conservation measures taken:**

The Company had continued with the measures already taken but with better experience and versatility concentrated more to get better results. Measures taken include:

- Repair and overhauling electrical equipments 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**

		<b>Year Ended March '2011</b>	Year Ended March '2010
<b>(A) Power and Fuel Consumption</b>			
<b>1. Electricity</b>			
<b>a. Purchased from M.S.E.B.</b>			
Total Units	Kwh	<b>6421549</b>	5471738
Total Amount	Rs.	<b>34596091</b>	26636968
Average rate per Kwh.	Rs.	<b>5.39</b>	4.87
<b>b. Own Generation (Through Diesel)</b>			
Total Units	Kwh	<b>243660</b>	191700
High Speed Diesel Oil Quantity	Ltrs	<b>54150</b>	52600
Amount	Rs.	<b>2199761</b>	1807074
Average Rate per Ltr	Rs.	<b>40.62</b>	34.36
Average Rate per Kwh.	Rs.	<b>9.03</b>	9.43
<b>2. Furnace Oil &amp; Diesel (for steam generation)</b>			
Quantity	Ltrs.	<b>1825269</b>	1568678
Total Amount	Rs.	<b>49012069</b>	36034104
Average Rate per Ltr.	Rs.	<b>26.85</b>	22.97

**(B) Consumption per Tonne of production**

(Total production **2579.89 MT** (Last Year 3062.52 MT))

	<u>Year ended March-2011</u>		<u>Year ended March-2010</u>	
	Unit (kwh)	Amount	Unit (kwh)	Amount
<b>1. Electricity</b>				
Purchased	<b>6421549</b>	<b>34596091</b>	5471738	26636968
Own Generation	<b>243660</b>	<b>2199761</b>	191700	1807074
<b>TOTAL</b>	<b>6665209</b>	<b>36795852</b>	5663438	28444042
Average per tonne of production	<b>2584</b>	<b>14263</b>	1849	9288
<b>2. Steam</b>	<b>Unit (kg)</b>	<b>Amount</b>	Unit (kg)	Amount
Through Furnace Oil & Diesel	<b>25346000</b>	<b>49012069</b>	20462105	36034104
<b>TOTAL</b>	<b>25346000</b>	<b>49012069</b>	20462105	36034104
Average per tonne of Production	<b>9824</b>	<b>18998</b>	6681	11766

**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**

1. Specific areas in which R & D carried out by the Company
  - Yield optimization.
  - New mutants Exo-Peptidase for protein base flavours used in Food Industries
  - Up-gradation of production processes: Leucine Aminopeptidase, Ferulic acid esterase and Pectin lyase.
  - Enzyme profile changes achieved to meet application demands.
  - Improvement done on new formulations and processes developed in Grain, Oilseed, Fruit & Vegetable processing based on plant scale trails.
  - Several new mutants of our existing bank of microbial cultures were screened for new enzymes and improved fermentation efficiencies.
  
2. Benefits derived as result of above R & D
  - Improved quality and efficiency at application level.
  - Cost reduction in fermentation and down stream process.
  - Better acceptability of products.
  - Higher yield and production.

3. Expenditure on R&D:	<b>( Rs. in lacs)</b>	( Rs. in lacs)
	<b>2010-11</b>	2009-10
(a) Capital	<b>205.22</b>	43.12
(b) Recurring	<b><u>691.01</u></b>	<u>638.34</u>
(c) Total	<b><u>896.23</u></b>	<u>681.46</u>
(d) Total R&D expenditure as a % of net sales of the Company	<b>8.05%</b>	6.37%

**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 mutants of Hemicellulase and Pectinase have been developed.
  - 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.
  - Three new patent applications were filed during the year.
  
2. Benefits derived as a result of the above efforts : 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 enzymes.
  - b. Year of Import : 2008-09
  - c. Has the technology been Fully absorbed : No.
  - d. If not fully absorbed areas : The technology could not be absorbed.  
 where this has not taken place, The Company will work on assimilating  
 reasons therefore and Future Plan in consultation with the provider.

### III. FOREIGN EXCHANGE EARNINGS AND OUTGO

The information on foreign exchange earnings and outgo is contained in Schedule "12" of notes to the financial statements, Point No.20 (iv) to (vii) of additional information, annexed thereto.

### IV. PARTICULARS OF THE EMPLOYEES PURSUANT TO SECTION 217(2A) & (b)(ii) OF THE COMPANIES ACT,1956

Name	Designation	Age	Qualifications	Experience	Date Of Appointment	Gross Remuneration (Rs.)	Last Employment
Mr. C. L. Rathi	Managing Director	56	B.Tech (Hons) Chemical Engg. DBM	33 Yrs	30.11.1992	63,03,880	Self Employment-Prop-SORL.
Previous Year	-----do-----	55	---do----	32 Yrs	----do-----	(53,78,966)	--do----

### V. EMPLOYEE STOCK OPTION

The information on Employee Stock Option Scheme is as follows:

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 and exercised except 5950 option got lapsed out of which 4800 granted during the year 2006-07 and remaining were granted, vested and exercised during the previous year. There are no employee stock option pending for grant, vesting and exercise as on 31<sup>st</sup> March 2011; accordingly no information is furnished.

**By Order of the Board of Directors**

Thane, 8<sup>th</sup> July 2011

**(C.L. Rathi)**                      **(R.T. Mehta)**  
 Managing Director              Director

## **AUDITORS' REPORT**

TO THE SHAREHOLDERS

### **ADVANCED ENZYME TECHNOLOGIES LIMITED**

We have audited the attached Balance Sheet of Advanced Enzyme Technologies Limited, as at 31st March 2011, and also the Profit and Loss Account and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of section 227 (4A) of the Companies Act, 1956, we give below a statement on the matters specified in paragraphs 4 and 5 of the said order.

- i) In respect of its Fixed Assets:
  - a) The company has maintained proper records showing full particulars, including quantitative details and situation of Fixed Assets;
  - b) As explained to us, the assets have been physically verified by the management in accordance with a phased programme of verification, which in our opinion is reasonable, considering the size and the nature of its business. The frequency of verification is reasonable and no material discrepancies have been noticed on such physical verification;
  - c) The company has not disposed off any substantial part of its Fixed Assets during the year.
- ii) In respect of its inventories:
  - a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. As regards materials lying with third parties, confirmations have been obtained;
  - b) The procedures of physical verification of inventory followed by the management are, in our opinion, reasonable and adequate in relation to the size of the company and nature of its business;
  - c) The company is maintaining proper records of inventory. As informed, no material discrepancies were noticed on such physical verification.
- iii)
  - a) The company has granted unsecured loan to a company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year and the year-end balance of such loan was Rs.835.63 Lacs & Rs.798.66 Lacs respectively;
  - b) In our opinion and according to the information and explanations given to us, the rate of interest and other terms & conditions are not prima facie prejudicial to the interest of the company;
  - c) In respect of the aforesaid loan, the receipt of interest has not fallen due during the year. The principal amounts of loans are repayable on demand;
  - d) In respect of the aforesaid loan given by the company, the principle amount is repayable on demand, and therefore the question of overdue amount does not arise.

- e) The company has taken unsecured loans (fixed deposits) from two companies and seven parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year and the year end balance of loans granted to such parties were Rs. 273.52 Lacs and Rs. 243.11 Lacs respectively.
- f) In our opinion and according to the information and explanations given to us, the rate of interest and other terms & conditions are not prima facie prejudicial to the interest of the company.
- g) The principal and interest payments in respect of the said loans were regular.
- iv) In our opinion there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of inventories, fixed assets and for the sale of goods. During the course of our audit, no major weakness has been noticed in internal control system, in respect of these areas.
- v) a) Based on the audit procedure applied by us and according to the information, explanations and representation given to us, we are of the opinion that particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered in the register maintained under that section have been so entered.
- b) According to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 exceeding the value of Rs.5 lakhs in respect of each party, the transactions have been made at prices which are, prima facie, reasonable having regard to the prevailing market prices at the relevant time, except that in respect of sale of certain specialised products, no comparison of prices could be made, as we were informed that there are no prevailing comparable market prices.
- vi) The company has complied with the provisions of section 58 A and 58 AA of the Companies Act, 1956 and Rules framed there under in respect of deposits accepted from the public. We are informed by the management that no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other Tribunal in respect of the aforesaid deposits.
- vii) The Company has appointed a firm of Chartered Accountants to carry out the internal audit of its operations. In our opinion, the company's internal audit system is commensurate with the size and nature of its business.
- viii) The Central Government has not prescribed maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956 for the Company.
- ix) a) The company is regular in depositing undisputed statutory dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other statutory dues with appropriate authorities, where applicable. According to the information and explanations given to us, there are no undisputed amounts payable in respect of such statutory dues which have remained outstanding as at 31st March, 2011 for a period of more than six months from the date they became payable.
- b) According to the records of the company there are no dues in respect of Income Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty and Cess, which are disputed except as stated below which are not deposited since the matters are pending with authorities;

Nature of dues	Year	Amount (Rs.)	Forum where dispute is pending
Excise Duty	F.Y. 2006-07	3,12,809/-	Commissioner Appeals
Income Tax	A.Y. 2004-05	15,45,592/-	Income Tax Appellate Tribunal
	A.Y. 2006-07	9,49,520/-	Commissioner Appeals
	A.Y. 2008-09	52,780/-	Commissioner Appeals

- x) The company has no accumulated losses at the end of the financial year and has not incurred cash losses in the current financial year and in the immediately preceding financial year.
- xi) The company has not defaulted in repayment of its dues to banks. The company does not have any borrowings from financial institutions or by way of debentures.
- xii) The company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures or other securities.
- xiii) The provisions of any special statute applicable to Chit Fund, Nidhi or Mutual Benefit Fund / Societies are not applicable to the company.
- xiv) The company is not dealing or trading in shares, securities, debentures or other investments and hence the requirements of clause 4(xiv) are not applicable to the company.
- xv) According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks and financial institutions.
- xvi) On the basis of the records examined by us we have to state that, the company has, prima facie, applied the term loans for the purposes for which they were obtained.
- xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the company, we report that no funds raised on short term basis have been used for long-term investments.
- xviii) The company has not made any preferential allotment of shares during the year to parties and companies covered in the register maintained under section 301 of the companies Act, 1956.
- xix) The company has not issued any debentures during the year.
- xx) The company has not raised any money by way of public issue during the year.
- xxi) On the basis of our examination and according to the information and explanations given to us, no fraud on or by the company, has been noticed or reported during the year.

Further to our comments referred to above, we report that:

1. We have obtained all the information and explanations, which to the best of our knowledge belief were necessary for the purpose of our audit;
2. In our opinion, proper books of account, as required by law, have been kept by the Company so far as appears from our examination of those books;
3. The Balance Sheet, Profit and Loss Account and Cash Flow statement dealt with by this report are in agreement with the books of account;
4. In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
5. On the basis of written representations received from the Directors as on 31st March 2011 and taken on record by the Board of Directors and on the basis of examination and records of the company, we report and certify that none of the Directors is disqualified as on 31 March, 2011 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956 on the said date;

6. In our opinion and to the best of our information and according to the explanations given to us, the said Accounts read together with notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
- a) in the case of the Balance Sheet, of the State of Affairs of the Company as at 31st March 2011;
  - b) in the case of the Profit and Loss Account, of the Profit for the year ended on that date; and
  - c) in the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

**For M. M. NISSIM AND CO.**  
Chartered Accountants  
(ICAI Reg. No.107122 W)

**(N. Kashinath)**  
Partner  
Mem. No.36490

Mumbai, 26<sup>th</sup> May 2011



## BALANCE SHEET AS AT 31ST MARCH, 2011

	Schedule No.	In Rupees	
		As at March 31, 2011	As at March 31, 2010
<b>SOURCES OF FUNDS</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share Capital	1	207,312,000	207,312,000
Reserves & Surplus	2	419,361,152	256,122,776
		<b>626,673,152</b>	463,434,776
<b>LOAN FUNDS</b>			
Secured	3	548,452,986	251,324,624
Unsecured	4	100,823,447	105,834,395
		<b>649,276,433</b>	357,159,019
		<b>70,063,286</b>	62,902,286
<b>DEFERRED TAX LIABILITY (NET)</b>			
Total		<b>1,346,012,871</b>	883,496,081
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
Gross Block	5	859,443,078	791,780,849
Less: Depreciation		352,462,387	306,355,677
Net Block		506,980,691	485,425,172
Capital Work-in-Progress & Advances against capital expenditure		309,514,805	20,481,374
		<b>816,495,496</b>	505,906,546
<b>INVESTMENTS</b>			
	6	<b>48,742,002</b>	5,254,480
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>			
Inventories	7	163,261,921	234,286,412
Sundry Debtors		218,702,699	197,661,428
Cash and Bank Balances		99,154,924	7,812,526
Loans and Advances		164,150,745	98,532,246
		<b>645,270,289</b>	538,292,612
<b>LESS: CURRENT LIABILITIES AND PROVISIONS</b>			
Current Liabilities	8	141,104,722	142,750,957
Provisions		23,390,194	23,206,600
		<b>164,494,916</b>	165,957,557
<b>NET CURRENT ASSETS</b>		<b>480,775,373</b>	372,335,055
Total		<b>1,346,012,871</b>	883,496,081

**Significant Accounting Policies and Notes on accounts** 12

Schedules 1 to 8 and 12 referred to above form an integral part of the Balance Sheet

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

**For M.M. NISSIM AND CO.**  
Chartered Accountants

**For and on behalf of the Board**
**(N. Kashinath)**  
Partner  
M.No. 36490  
Mumbai, 26<sup>th</sup> May 2011

**(C.L.Rathi)**  
Managing Director  
Thane, 26<sup>th</sup> May 2011

**(R. T. Mehta)** **(B. P. Rauka)**  
Director CFO & Company Secretary

## PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	Schedule No.	In Rupees	
		For The Year Ended March 31, 2011	For The Year Ended March 31, 2010
<b>INCOME</b>			
Sales (Gross)		<b>1,176,104,977</b>	1,120,700,266
Less: Excise Duty		<b>62,856,741</b>	50,540,589
		<b>1,113,248,236</b>	1,070,159,677
Other Income	9	<b>15,570,268</b>	7,529,321
		<b>1,128,818,504</b>	1,077,688,998
<b>EXPENDITURE</b>			
Manufacturing and other Expenses	10	<b>862,952,909</b>	864,045,820
Interest and Finance Costs	11	<b>24,302,066</b>	24,216,786
		<b>887,254,975</b>	888,262,606
<b>PROFIT BEFORE DEPRECIATION &amp; TAXATION</b>		<b>241,563,529</b>	189,426,392
Depreciation		<b>47,509,956</b>	47,302,779
<b>PROFIT BEFORE TAXATION</b>		<b>194,053,573</b>	142,123,613
Provision for Tax			
Current Tax		<b>26,167,000</b>	39,000,000
Less: MAT credit entitlement		<b>14,600,000</b>	-
		<b>11,567,000</b>	39,000,000
Deferred Tax		<b>7,161,000</b>	(6,569,785)
		<b>18,728,000</b>	32,430,215
<b>PROFIT AFTER TAXATION</b>		<b>175,325,573</b>	109,693,398
Less: Short / (Excess) provision of Income Tax of earlier years		-	541,295
		<b>175,325,573</b>	109,152,103
Surplus Brought forward from previous year		<b>232,298,348</b>	228,104,479
<b>AMOUNT AVAILABLE FOR APPROPRIATION</b>		<b>407,623,920</b>	337,256,582
<b>APPROPRIATIONS</b>			
Interim Dividend		-	10,365,600
Proposed Dividend		<b>10,365,600</b>	-
Corporate Tax on Dividend		<b>1,721,597</b>	1,761,634
Issue of Bonus Shares		-	92,831,000
Surplus Carried to Balance Sheet		<b>395,536,724</b>	232,298,348
		<b>407,623,920</b>	337,256,582

**Basic/Diluted EPS (in Rs.)**
**8.46**
**5.27**
**Significant Accounting Policies and Notes on accounts**

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Schedules 9 to 12 referred to above form an integral part of the Profit &amp; Loss Account.

This is the Profit &amp; Loss Account referred to in our report of even date

**For M.M. NISSIM AND CO.**

Chartered Accountants

**For and on behalf of the Board**
**(N. Kashinath)**

Partner

M.No. 36490

Mumbai, 26<sup>th</sup> May 2011

**(C.L.Rathi)**

Managing Director

Thane, 26<sup>th</sup> May 2011

**(R. T. Mehta)**

Director

**(B. P. Rauka)**

CFO &amp; Company Secretary

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

	For The Year Ended 31st March 2011	In Rupees	For The Year Ended 31st March 2010
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>			
<b>NET PROFIT BEFORE TAX</b>	<b>194,053,573</b>		142,123,613
<b>Adjustment for :</b>			
Depreciation	47,509,956		47,302,779
Interest	20,526,611		20,155,974
(Profit) / Loss on sale of fixed assets	(87,421)		111,859
(Profit) / Loss on sale of investments	(768,522)		-
Interest Income	(5,703,131)		(922,900)
Unrealised exchange loss / (gain) (net)	1,181,034		23,444
Provision for Doubtful debts	1,826,638		1,558,815
Investments written off	5,000		-
	<u>64,490,165</u>		68,229,971
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	<b>258,543,738</b>		210,353,584
<b>Adjustment for :</b>			
Trade and other receivables	(71,207,256)		(108,297,483)
Inventories	71,024,491		(37,774,933)
Trade Payable & Provision	(3,125,735)	<u>(3,308,500)</u>	22,248,958
CASH GENERATED FROM OPERATIONS	<b>255,235,238</b>		86,530,126
Direct Taxes paid	<u>(37,931,020)</u>		<u>(14,452,286)</u>
NET CASH FROM OPERATING ACTIVITIES	<b>217,304,218</b>		72,077,840
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of Fixed Assets	(358,451,484)		(28,342,846)
Proceeds from sale of Fixed Assets	439,999		47,500
Interest & Dividend income	3,969,715		856,320
Investment in subsidiary companies	(45,720,000)		(1,304,000)
Proceeds from sale of Investments in a subsidiary co.	2,996,000		-
NET CASH USED IN INVESTING ACTIVITIES	<b>(396,765,770)</b>		(28,743,026)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>			
Borrowings	65,815,232		78,657,867
External commercial borrowings	267,600,000		-
Repayments of term loans	(41,297,818)		(73,704,871)
Interest	(20,526,611)		(20,155,974)
Dividend and Corporate Dividend Tax	(786,853)		(23,341,578)
NET CASH FROM FINANCING ACTIVITIES	<b>270,803,950</b>		(38,544,556)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	<b>91,342,398</b>		4,790,258
CASH AND CASH EQUIVALENTS AS AT 31.3.2010	<b>7,812,526</b>		3,022,268
CASH AND CASH EQUIVALENTS AS AT 31.3.2011	<b>99,154,924</b>		7,812,526

As per our attached Report of even date

**For M.M. NISSIM AND CO.**  
Chartered Accountants

**(N. Kashinath)**  
Partner  
M.No. 36490  
Mumbai, 26<sup>th</sup> May 2011

**For and on behalf of the Board**

**(C.L.Rathi)**                      **(R. T. Mehta)**      **(B. P. Rauka)**  
Managing Director      Director              CFO & Company Secretary

Thane, 26<sup>th</sup> May 2011



**SCHEDULE 5: FIXED ASSETS**

(In Rupees)

Nature of Fixed Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Cost/Value as at 1.4.2010	Additions	Deductions/ Adjustments	Cost/Value as at 31.03.11	Upto 31.3.2010	Provided during the year	Deductions/ Adjustments	Upto 31.03.11	As at 31.03.11	As at 31.3.10
Tangible Assets										
Land *	30,024,019	-		30,024,019	2,208,740	512,000	-	2,720,740	27,303,279	27,815,279
Buildings **	164,234,167	952,390	-	165,186,557	54,627,913	11,026,990	-	65,654,903	99,531,654	109,606,254
Plant & Machinery ***	539,332,166	42,719,262		582,051,428	214,737,727	28,652,801		243,390,528	338,660,900	324,594,439
Furniture & Office Equipment	25,075,975	10,806,076	-	35,882,051	11,865,801	2,442,447	-	14,308,248	21,573,803	13,210,174
Computer	14,350,406	1,780,479	174,000	15,956,885	11,530,160	1,479,453	166,438	12,843,175	3,113,710	2,820,246
Vehicles	11,486,488	13,159,846	1,581,824	23,064,510	7,344,870	2,094,983	1,236,808	8,203,045	14,861,465	4,141,618
Intangible Assets										
Software	2,072,500	-	-	2,072,500	2,072,500	-	-	2,072,500	-	-
Technical know-how	5,205,128	-	-	5,205,128	1,967,966	1,301,282	-	3,269,248	1,935,880	3,237,162
TOTAL	791,780,849	69,418,053	1,755,824	859,443,078	306,355,677	47,509,956	1,403,246	352,462,387	506,980,691	485,425,172
Previous year	778,512,662	13,889,766	621,579	791,780,849	259,515,118	47,302,779	462,220	306,355,677	485,425,172	518,997,544
Capital Work-in-Progress and advances against Capital Expenditure									309,514,805	20,481,374
Grand Total									816,495,496	505,906,546

\* Including Leasehold Land amounting to Rs.22,650,988

\*\* Building includes cost of Rs.9,52,390/- (As at 31.03.10 Rs.NIL) being the improvements in leasehold property.

\*\*\* Plant and Machinery includes cost of Rs.6,30,000/- being the Company's share towards electrical installations not owned by the Company

In Rupees  
**As at**                      **As at**  
**March 31, 2011**      **March 31, 2010**

**SCHEDULE 6: INVESTMENTS - Long Term - Unquoted - Fully Paid**
In Shares - Trade
In Subsidiary companies

60,000 Equity shares of Rs.10/- each fully paid up of Advanced Bio-Agro Tech Ltd.	600,000	600,000
60,000 (50,000) Equity shares of Rs.10/- each fully paid up of Advanced Enzytech Solutions Ltd. (10,000 shares acquired during the year)	600,000	500,000
200,000 Equity shares of HKD.1/- each fully paid up of Advanced Enzyme Fareast Ltd.	1,304,000	1,304,000
50,000 (Nil) Equity shares of Rs.10/- each fully paid up of Advanced Bio-Pro Solutions Ltd. (Subscribed during the year)	500,000	-
10,00,000 (Nil) Equity shares of USD 1/- each of Advanced Enzymes, USA (Subscribed during the year)	45,120,000	-
19,100 (94,000) Equity shares of Rs.10/- each fully paid up of Advanced Vital Enzymes Ltd. (74,900 shares sold during the year)	-	2,795,500
<u>Others</u>		
19,100 (94,000) Equity shares of Rs.10/- each fully paid up of Advanced Vital Enzymes Ltd.	568,022	-
<u>Non Trade</u>		
Nil (200) Equity Shares of Rs.25/- each fully paid up of Shree Sinner Vyapari Sahakari Bank Ltd. (Written off during the year)	-	5,000
1,666 Equity Shares of Rs.30/- each fully paid up of Bombay Mercantile Co-op. Bank Ltd.	49,980	49,980
	48,742,002	5,254,480

**SCHEDULE 7: CURRENT ASSETS, LOANS AND ADVANCES**
**A. Current Assets**
**Inventories:**

Stores, Spares and Packing Materials	18,672,670	12,556,778
Raw Materials	102,505,318	121,108,734
Stock in Process	31,465,651	69,434,411
Finished Goods	10,618,281	31,186,489
	163,261,921	234,286,412

**Sundry Debtors:**

(Unsecured, Considered good - unless otherwise stated)

## (i) Debts outstanding for a period exceeding six months

Considered Good	17,961,729	6,540,383
Considered Doubtful	1,826,638	1,558,815
	19,788,367	8,099,198

## (ii) Other Debts

Secured	347,610	3,050,000
Unsecured (Note 13)	200,393,360	188,071,045
	200,740,970	191,121,045
	220,529,337	199,220,243
Less: Provision for doubtful debts	1,826,638	1,558,815
	218,702,699	197,661,428

**Cash and Bank Balances:**

Cash balance on hand	582,186	169,929
<u>Bank balances :</u>		
<u>With Scheduled Banks :</u>		
On Current Accounts	2,568,063	5,519,118
On Deposit Accounts (includes Rs.6.22 lacs under lien for various government authorities)	96,004,675	2,122,500
<u>With Other Bank</u>		
On Current Account	-	979
	99,154,924	7,812,526
<b>Total- A</b>	<b>481,119,544</b>	<b>439,760,366</b>

	In Rupees	
	As at March 31, 2011	As at March 31, 2010
<b>B. Loans and Advances:</b>		
(Unsecured - Considered Good)		
Loan to Employees	462,371	209,029
Advances recoverable in Cash or in kind or for value to be received	119,164,880	19,603,188
Subsidiary Companies	4,745,444	51,524,616
Advance Income Tax (Less Provisions)	24,169,782	7,348,254
Balance with Excise Authorities	7,702,100	13,582,661
Deposits	7,906,168	6,264,498
<b>Total - B</b>	<u>164,150,745</u>	<u>98,532,246</u>
<b>Total - A &amp; B</b>	<u>645,270,289</u>	<u>538,292,612</u>

**SCHEDULE 8: CURRENT LIABILITIES AND PROVISIONS**
**A. Current Liabilities:**

Acceptances	13,111,391	5,195,550
Sundry Creditors		
Outstanding dues of micro and small enterprises	306,692	1,430,091
Others	71,349,759	92,936,074
Unclaimed Dividend	360,156	1,147,009
Other Liabilities	55,976,724	42,042,233
<b>Total - A</b>	<u>141,104,722</u>	<u>142,750,957</u>

**B. Provisions:**

Provision for Income Tax (Less Payments)	11,302,997	20,845,489
Proposed Dividend	10,365,600	-
Corporate Tax on Dividend	1,721,597	-
Provision for retirement benefits	-	2,361,111
<b>Total - B</b>	<u>23,390,194</u>	<u>23,206,600</u>
<b>Total - A &amp; B</b>	<u>164,494,916</u>	<u>165,957,557</u>

**Note:** There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund.

**SCHEDULES ANNEXED TO AND FORMING PART OF  
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011**

	In Rupees	
	For The Year Ended 31st March 2011	For The Year Ended 31st March 2010
<b>SCHEDULE 9: OTHER INCOME</b>		
Interest received (Gross)	5,703,131	922,900
Profit on sale of investments	768,522	-
Profit on sale of assets	87,421	-
Export Incentives	5,914,318	3,260,841
Foreign exchange gain (Net)	958,997	1,317,357
Miscellaneous Income	2,137,879	2,028,223
	<u>15,570,268</u>	<u>7,529,321</u>
Tax Deducted at Source	888,528	55,951

In Rupees

<b>For The</b>	<b>For The</b>
<b>Year Ended</b>	<b>Year Ended</b>
<b>31st March 2011</b>	<b>31st March 2010</b>

**SCHEDULE 10: MANUFACTURING AND OTHER EXPENSES**

**1. Raw Material Consumption and Other Charges:**

Raw materials consumed:			
Opening Stock	121,108,734		75,698,691
Purchases	<u>382,704,115</u>		<u>514,193,552</u>
	503,812,849		589,892,243
Less: Closing Stock	<u>102,505,318</u>		<u>121,108,734</u>
		<b>401,307,531</b>	<b>468,783,509</b>
Stores and Spares Consumed	22,033,328		23,428,643
Packing Materials consumed	15,112,303		16,994,442
Power and Fuel	85,257,875		65,348,388
Water Charges	1,311,780		1,080,023
Carriage Inward & Freight	10,471,201		10,406,354
Repairs and Renewals:			
Buildings	2,779,035		4,507,986
Plant and Machinery	4,779,010		3,756,266
Other Assets	<u>3,210,628</u>		<u>2,869,970</u>
	10,768,673		11,134,222
Other Manufacturing Expenses	<u>6,059,888</u>		<u>2,772,358</u>
		<b>151,015,048</b>	<b>131,164,430</b>

**Add/(Less): Decrease/(Increase) in stocks**

Closing Stock			
Finished Goods	10,618,281		31,186,489
Stock in Process	<u>31,465,651</u>		<u>69,434,411</u>
		<b>42,083,932</b>	<b>100,620,899</b>
Less: Opening Stock			
Finished Goods	31,186,489		24,915,863
Stock in Process	<u>69,434,411</u>		<u>84,136,074</u>
		<b>100,620,899</b>	<b>109,051,937</b>
Differential Excise duty on stocks		<u>(1,326,169)</u>	<u>(471,480)</u>
		<b>57,210,798</b>	<b>7,959,557</b>
		<b>609,533,377</b>	<b>607,907,496</b>

C/F.



	In Rupees	
	For The Year Ended 31st March 2011	For The Year Ended 31st March 2010
<b>SCHEDULE 10: MANUFACTURING AND OTHER EXPENSES (Contd...)</b>		
B/F	609,533,377	607,907,496
<b>2. Employees' Remuneration and Benefits:</b>		
Salaries, Wages & Bonus	74,350,296	63,057,407
Contribution to Provident, Gratuity and other funds	4,787,151	7,659,282
Welfare Expenses	6,707,845	5,691,796
	<u>85,845,292</u>	<u>76,408,485</u>
<b>3. Selling and Distribution Expenses:</b>		
Commission	23,077,428	60,000,001
Discount on Sales	4,650,874	1,624,063
Sales Promotion and Advertisement	1,547,106	1,782,172
Transport & Freight Charges	14,644,810	9,860,001
Other Selling & Distribution Expenses	10,052,303	7,275,060
	<u>53,972,521</u>	<u>80,541,297</u>
<b>4. Administrative and General Expenses:</b>		
Insurance	2,129,317	1,898,326
Rent	115,205	64,200
Rates and Taxes	1,767,011	3,145,678
Printing & Stationary	1,524,911	1,386,425
Traveling & Conveyance	9,372,197	5,393,063
Communication Expenses	3,759,090	3,971,595
Legal & Professional Charges	14,041,154	10,402,391
Auditors' Remuneration:		
Audit Fees	175,000	175,000
Tax Audit Fees	25,000	25,000
Other services	315,000	10,000
Reimbursement of Expenses etc.	21,413	5,174
	<u>536,413</u>	<u>215,174</u>
Directors' Fees	145,000	11,000
Research & Development Expenses	69,101,027	63,833,702
Provision for doubtful debts	1,826,638	1,558,815
Bad Debts	1,558,815	-
Less : Provisions of doubtful debts written back	1,558,815	-
Donation	672,507	715,132
Loss on sale of assets	-	111,859
Investments written off	5,000	-
Sundry Expenses	8,606,249	6,481,182
	<u>113,601,719</u>	<u>99,188,542</u>
Total -1 to 4	<u>862,952,909</u>	<u>864,045,820</u>
<b>SCHEDULE 11: INTEREST AND FINANCE COSTS</b>		
Interest:		
On Fixed Loans	5,046,767	7,701,990
To Banks & Others	15,479,844	12,453,984
	<u>20,526,611</u>	<u>20,155,974</u>
Finance Expenses	3,775,455	4,060,812
	<u>24,302,066</u>	<u>24,216,786</u>

## **SCHEDULE 12: NOTES ON ACCOUNTS**

Notes annexed to and forming part of the Balance Sheet as at 31st March, 2011 and Profit & Loss Account for the year ended on that date.

### **1. Significant Accounting Policies:**

#### **Basis of Accounting**

The Accounts have been prepared on the historical cost convention on an accrual basis, in accordance with relevant requirements of the Companies Act, 1956 and the applicable accounting standards notified by the Companies (Accounting Standard) Rules, 2006.

#### **Use of Estimates**

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of financial statements and reported amount of revenues and expenses during the reporting period. Differences between the actual results and estimates are recognised in the period in which the results are known / materialised.

#### **Revenue Recognition**

All income and expenditure are accounted on accrual basis.

Sale of goods in domestic markets are recognised upon passage of title to the customers which generally coincides with their delivery. Revenue in respect of export sales is recognised on shipment of products.

Interest income is recognised on time proportionate method.

#### **Fixed Assets**

Fixed Assets are stated at their original cost less accumulated depreciation and provision for impairment, if any. The cost includes expenditure incurred on the acquisition and construction / installation and other related expenses in bringing the asset to working condition for its intended use. In respect of qualifying assets, related pre operational expenses including borrowing costs are also capitalised.

Costs relating to acquisition of Technical know-how and software are capitalised as "Intangible Assets".

#### **Depreciation**

Depreciation on Fixed Assets other than Plant & Machinery has been provided on Written Down Value Method and on Plant & Machinery on Straight Line Method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956 on prorata basis from the date of additions and/or disposal. Lease hold land is amortised over the period of lease except for lease hold land acquired under perpetual lease. Fixed Assets costing individually less than Rs. 5,000 are depreciated fully in the year of purchase.

Depreciation on assets not owned by the Company is provided over the period of the economic life of the assets estimated at five years.

Intangible Assets are amortised on a straight line basis over a period of four years.

Depreciation policy on Leasehold improvements are written off over the lower of the remaining period of lease or the life of the asset.

#### **Investments**

Investments are classified into 'long term' and 'current' depending on the management's intention of holding these investments. Long term investments are valued at cost, provision being made to recognise a decline in value, other than temporary in nature. Current investments are valued at lower of cost and Quoted / Fair Value.

#### **Foreign Currency Transactions**

The Company is exposed to currency fluctuations on foreign currency transactions. Transactions denominated in foreign currency are recorded at the exchange rate prevailing on the date of transactions. Exchange differences arising on foreign exchange transactions settled during the year are recognized in the profit and loss account of the year.

### **Transaction**

Monetary assets and liabilities in foreign currency, which are outstanding as at the year-end, are translated at the year-end at the closing exchange rate and the resultant exchange differences are recognized in the profit and loss account. Non monetary items are stated in the balance sheet using the exchange rate at the date of the transaction.

### **Derivative instruments**

The Company's exposure to foreign currency fluctuations relates to foreign currency assets, liabilities and forecasted cash flows. 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.

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 profit and loss account.

### **Impairment**

In accordance with accounting standard 28 on 'Impairment of assets' issued by ICAI, where there is an indication of impairment of the company's assets the carrying amount of the company's assets are reviewed at each balance sheet date to determine impairment, if any. The recoverable amount of the assets (or where applicable that of the cash generating unit to which the asset belongs) is estimated at the higher of its net selling price and its value in use. An impairment charge is recognised whenever the carrying amount of the asset or cash-generating unit exceeds its recoverable amount.

### **Inventories**

(i) Inventories are valued as follows: Stores, Spares, Packing Materials, Raw Materials, Finished Goods and Stock in Process - at lower of cost and net realisable value.

(ii) Cost of Raw Materials, Stores, Spares and Packing Materials is determined on FIFO basis. Cost of Finished Goods and Stock in Process is determined by considering materials, labour and other related direct expenses.

### **Customs Duty and Excise Duty**

Customs Duty and Excise Duty have been accounted for on the basis of both payments made in respect of goods cleared as well as provision made for goods lying in bonded warehouse. Such provision is included in the valuation of closing stocks of respective materials and goods.

### **Employee Benefits**

Short term employee benefits are accounted in the period during which the services have been rendered.

### **Defined Contribution Plans**

The Company contributes on a defined contribution basis to Employee's Provident Fund towards post employment benefits, all of which are administered by the Regional Provident Fund authorities, and has no further obligation beyond making its contribution, which is expensed in the year to which it pertains.

Superannuation benefits to employees, a defined contribution plan, as per company's scheme, have been funded with Life Insurance Corporation of India and the contribution is charged to Profit & Loss Account, when the contribution to the fund is due.

### **Defined Benefit Plans**

The liability for the defined benefit plan of Gratuity is determined on the basis of an actuarial valuation by an independent actuary at the year end, which is calculated using projected unit credit method. Actuarial gains and losses which comprise experience adjustment and the effect of changes in actuarial assumptions are recognised in the Profit and Loss Account. The Gratuity liability is funded through a trust with the Life Insurance Corporation of India.

**Other long term liabilities**

The employees of the Company are entitled to leave as per the leave policy of the Company. The liability in respect of unutilised leave balances is provided based on an actuarial valuation carried out by an independent actuary as at the year end, which is calculated using projected unit credit method and charged to the Profit and Loss Account. The Leave encashment liability is funded through a trust with the Life Insurance Corporation of India.

**Income Taxes**

Tax expense comprises both current and deferred taxes. Current Tax is provided on the taxable income using the applicable tax rates and tax laws. Deferred tax assets and liabilities arising on account of timing difference and which are capable of reversal in subsequent periods are recognised using the tax rates and tax laws that have been enacted or substantively enacted.

**Borrowing costs**

Interest and other borrowing costs attributable to the acquisition of or construction of qualifying assets till the date of commercial use of the assets are capitalised. All other borrowing costs are charged to revenue.

**Research & Development Expenses**

Revenue Expenditure on Research & Development is generally charged to revenue in the year in which it is incurred except in cases where expected future benefits are reasonably established.

Capital Expenditure on Research & Development is included in Fixed Assets under appropriate heads and accounted for accordingly.

**Provisions & Contingent Liabilities**

The Company recognises a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources 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. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

2. Contingent Liability not provided for:
  - a. Disputed excise duty liability of Rs.3,12,809/- (Rs.93,65,080/-)
  - b. Disputed income tax liability Rs.25,47,892/- (Rs.15,71,081/-)
  - c. Import letter of credit Rs.37,55,320/- (Rs.79,85,616/-)

Notes : (1) Future cash outflows in respect of (a) & (b) above is determinable only on receipt of judgements/ decisions pending with various forums/ authorities upon expiry of the stipulated period.
3. Estimated amount of contracts remaining to be executed on Capital Account (net of advances) and not provided for Rs.10,20,44,749/- (Rs.1,14,60,306/-).

4. The breakup of Deferred Tax Asset / (Liabilities) as on 31st March, 2011 is as given below:

	<b><u>2010-11</u></b>	<u>In Rupees</u> <b>2009-10</b>
Arising on account of timing difference in:		
- Depreciation	<b>(70,063,286)</b>	(64,797,579)
- Accrued Expenses allowable on Actual Payments	-	1,895,293
Deferred Tax Liability (Net)	<b><u>(70,063,286)</u></b>	<u>(62,902,286)</u>

5. The Central Government vide notification dated March 31, 2009 had amended Accounting Standard (AS-11) - The effects of changes in Exchange Rates notified under the Company's (Accounting Standard) Rules, 2006. Accordingly, the Company had exercised the option stated in paragraph 46 of AS 11 retrospectively from April 1, 2007. Consequently, the Company had recognised the Exchange differences arising on reporting of long term

foreign currency monetary items, in so far as they relate to the acquisition of depreciable capital assets, which are added to or deducted from the cost of the asset and are depreciated over the balance life of the asset.

During the year, the Company has de-capitalised exchange difference amounting to Rs. 39,35,440/- on restatement / repayment of long term foreign currency monetary liabilities for acquiring the fixed assets.

6. During the year, the company has capitalised Borrowing cost amounting to Rs. 40,22,482/- (Rs.NIL).
7. Bank Balance with Other Bank represents Current Account balance with Shree Sinnar Vyapari Sahakari Bank Ltd. amounting to Rs. NIL (Rs. 979/-) and the maximum amount outstanding at any time during the year Rs. 979/- (Rs. 979/-).

	<u>31.03.2011</u>	<u>In Rupees</u> <u>31.03.2010</u>
8. a Managerial Remuneration:		
i. To Managing Director and other Whole Time Directors:		
Salary and Allowances	<b>10,963,946*</b>	8,866,450
Commission	<b>1,730,355</b>	1,373,120
Contribution to Provident and other Funds	<b>870,800</b>	751,976
	<b>13,565,101</b>	10,991,546
ii. Commission to a Non-Executive Director	<b>1,384,284</b>	1,098,496
	<b>14,949,385</b>	12,090,042

\* Exclusive of provision for future liabilities in respect of leave encashment since the same is based on actuarial valuation done on overall Company basis but includes leave encashment made during the year.

- b Computation of Net Profit in accordance with section 349 of the Companies Act, 1956, and calculation of Commission payable to a Managing Director, Whole Time Director and a Non-Executive Director.

	<u>31.03.2011</u>	<u>In Rupees</u> <u>31.03.2010</u>
Profit before taxation	<b>194,053,573</b>	142,123,613
Add: Managerial Remuneration	<b>14,949,385</b>	12,090,042
Director's sitting fees	<b>145,000</b>	11,000
(Profit)/Loss on sale of assets	<b>(87,421)</b>	111,859
(Profit)/Loss on sale of investments	<b>(768,522)</b>	-
Net Profit Under Section 349 of the Companies Act, 1956	<b>208,292,014</b>	154,336,514
Maximum permissible remuneration to Managing Director and whole time Directors @ 10% of the Profits computed above	<b>20,829,201</b>	15,433,650
Restricted to as per Service Agreement to	<b>14,949,385</b>	12,090,042
Maximum permissible remuneration by way of Commission to Non-Executive Director @ 1% of the Profits computed above	<b>2,082,920</b>	1,543,365
Restricted to	<b>1,384,284</b>	1,098,496

Note : The Company depreciated its fixed assets installed on leasehold premises based on estimated useful lives which are lower or equal to the implicit estimated useful lives prescribed by the Schedule XIV of the Act. Thus the depreciation charged in the books is higher than that prescribed as the minimum by the Act. Accordingly, no adjustment for depreciation is considered for the computation of managerial remuneration above.

- c Salary, Wages & Bonus include provisions of Rs.13,84,284/- (Rs.10,98,496/-) towards commission payable to a Non-Executive Director of the company.

9. **Related Party Disclosure:**

**A Relationships:**

**I Subsidiaries**

Advanced Vital Enzymes Limited (subsidiary upto 31 July 2010)  
Advanced Bio-Agro Tech Limited  
Advanced EnzyTech Solutions Limited  
Advanced Enzyme Fareast Limited (erstwhile Fame State International Trading Limited, Hongkong)  
Advanced Bio-Pro Solutions Limited (w.e.f. 20 July 2010)  
Advanced Enzymes, USA (w.e.f. 01 November 2010)

**II Key Management Personnel and their Relatives**

**Directors :**

Mr. Vasant L. Rathi  
Mr. Chandrakant L. Rathi  
Mrs. Savita C. Rathi  
Mr. Mukund M. Kabra

**Relatives of Directors :**

Mr. Piyush C. Rathi  
Ms. Radhika C. Rathi  
Mrs. Prabha V. Rathi  
Mr. Kishore L. Rathi  
Mrs. Mangala M. Kabra  
Mrs. Gitanjali M. Kabra

**III Other Related Parties (in which either of the directors or their relatives have significant influence)**

Atharva Capital Ventures Pvt. Ltd. (erstwhile Super Biochemicals Pvt. Ltd.)  
Chandrakant Rathi Finance & Investment Company Pvt. Ltd.  
Specialty Enzymes & Biochemicals Co.  
Advanced Vital Enzymes Limited (from 01 August 2010)

**B. Nature of transactions:**

The following transactions were carried out with the related parties mentioned in A above, in the ordinary course of business.

In Rupees

	Subsidiaries		KMP & Relatives		Other Related Parties	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
<b>1 Purchases of Goods</b>						
Advanced EnzyTech Solutions Limited	60,706	-	-	-	-	-
Advanced Enzyme Fareast Limited	3,474,419	-	-	-	-	-
Advanced Vital Enzymes Limited	302,697	418,021	-	-	-	-
Specialty Enzymes & Biochemicals Co.	-	-	-	-	3,893,869	10,184,862
	3,837,822	418,021	-	-	3,893,869	10,184,862
<b>2 Sale of Goods</b>						
Advanced EnzyTech Solutions Limited	26,998,363	-	-	-	-	-
Advanced Enzyme Fareast Limited	32,545,953	38,945,494	-	-	-	-
Advanced Bio-Agro Tech Limited	118,870,491	201,351,112	-	-	-	-
Advanced Vital Enzymes Limited	6,038,818	7,844,631	-	-	8,860,250	-
Specialty Enzymes & Biochemicals Co.	-	-	-	-	235,978,135	151,140,171
	184,453,625	248,141,237	-	-	244,838,385	151,140,171
<b>3 Commission Paid</b>						
Advanced EnzyTech Solutions Limited	6,141,723	13,038,716	-	-	-	-
Advanced Enzyme Fareast Limited	2,747,607	-	-	-	-	-
Advanced Vital Enzymes Limited	8,636,200	41,078,868	-	-	-	-
	17,525,530	54,117,584	-	-	-	-
<b>4 Remuneration to Directors &amp; their Relatives</b>						
Mr. V. L. Rathi	-	-	1,384,285	1,098,496	-	-
Mr. C. L. Rathi	-	-	6,303,880	5,378,966	-	-
Mrs. S. C. Rathi	-	-	2,064,840	1,429,927	-	-
Mr. Mukund Kabra	-	-	5,196,380	4,182,653	-	-
Mr. K.L. Rathi	-	-	1,201,045	1,100,196	-	-
Mrs. Mangala M. Kabra	-	-	1,315,640	1,165,815	-	-
Mr. Piyush Rathi	-	-	2,114,820	1,469,912	-	-
	-	-	19,580,890	15,825,965	-	-
<b>5 Interest received</b>						
Advanced Vital Enzymes Limited	-	-	-	-	5,251,732	-
<b>6 Hire charges received</b>						
Advanced Bio-Agro Tech Limited	519,120	390,780	-	-	-	-
<b>7 Sale of Investment</b>						
Chandrakant Rathi Finance & Investment Co.Pvt. Ltd	-	-	-	-	1,504,000	-
Atharva Capital Ventures Pvt. Ltd.	-	-	-	-	940,000	-
Gitanjali Kabra	-	-	376,000	-	-	-
	-	-	376,000	-	2,444,000	-
<b>8 Interest on Fixed Deposits</b>						
Chandrakant Rathi Finance & Investment Co. Pvt. Ltd	-	-	-	-	481,500	240,064
Atharva Capital Ventures Pvt. Ltd.	-	-	-	-	322,257	261,030
Mr. V. L. Rathi	-	-	1,222,756	1,159,765	-	-
Mrs. Prabha V. Rathi	-	-	51,860	51,695	-	-
Ms Radhika Rathi	-	-	262,018	222,045	-	-
Mr. Piyush Rathi	-	-	5,250	5,250	-	-
	-	-	1,541,884	1,438,755	803,757	501,094

In Rupees

	Subsidiaries		KMP & Relatives		Other Related Parties	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
<b>9 Advances Paid / (Received) (Net)</b>						
Advanced EnzyTech Solutions Limited	2,334,793	1,602,043	-	-	-	-
Advanced Enzyme Fareast Limited	653,738	154,870	-	-	-	-
Advanced Bio-Agro Tech Limited	(382,964)	(5,762,585)	-	-	-	-
Advanced Vital Enzymes Limited	21,840,229	49,384,739	-	-	8,641,117	-
	24,445,796	45,379,067	-	-	8,641,117	-
<b>10 Investment in Subsidiaries</b>						
Advanced EnzyTech Solutions Limited	100,000	-	-	-	-	-
Advanced Enzyme Fareast Limited	-	1,304,000	-	-	-	-
Advanced Bio-Pro Solutions Limited	500,000	-	-	-	-	-
Advanced Enzymes USA	45,120,000	-	-	-	-	-
	45,720,000	1,304,000	-	-	-	-
<b>11 Deposits Received/ (Repaid) (Net)</b>						
Chandrakant Rathi Finance & Investment Co. Pvt. Ltd	-	-	-	-	-	3,350,000
Atharva Capital Ventures Pvt. Ltd.	-	-	-	-	-	1,500,000
Mr. V. L. Rathi	-	-	(2,407,000)	3,000,000	-	-
Mrs. Prabha V. Rathi	-	-	(84,000)	-	-	-
Ms Radhika Rathi	-	-	(150,000)	600,000	-	-
Mr. Piyush Rathi	-	-	-	(835,000)	-	-
	-	-	(2,641,000)	2,765,000	-	4,850,000
<b>12 Outstanding Balances</b>						
<b>a. Fixed Deposits</b>						
Chandrakant Rathi Finance & Investment Co. Pvt. Ltd	-	-	-	-	4,400,000	4,400,000
Atharva Capital Ventures Pvt. Ltd.	-	-	-	-	2,975,000	2,975,000
Mr. V. L. Rathi	-	-	10,211,000	12,618,000	-	-
Mrs. Prabha V. Rathi	-	-	410,000	494,000	-	-
Ms. Radhika Rathi	-	-	2,350,000	2,500,000	-	-
Mr. Piyush Rathi	-	-	50,000	50,000	-	-
	-	-	13,021,000	15,662,000	7,375,000	7,375,000
<b>b. Accounts Receivable</b>						
Advanced EnzyTech Solutions Limited	24,931,803	-	-	-	-	-
Advanced Enzyme Fareast Limited	25,007,307	22,213,104	-	-	-	-
Advanced Bio-Agro Tech Limited	5,759,159	22,363,692	-	-	-	-
Advanced Vital Enzymes Limited	-	8,200,983	-	-	10,229,713	-
Specialty Enzymes & Biochemicals Co.	-	-	-	-	62,188,456	43,164,621
	55,698,269	52,777,779	-	-	72,418,169	43,164,621
<b>c. Accounts Payable</b>						
Specialty Enzymes & Biochemicals Co.	-	-	-	-	312,200	-
	-	-	-	-	312,200	-
<b>d. Advances Paid</b>						
Advanced EnzyTech Solutions Limited	3,936,836	1,602,043	-	-	-	-
Advanced Enzyme Fareast Limited	808,608	154,870	-	-	-	-
Advanced Bio-Agro Tech Limited	-	382,964	-	-	-	-
Advanced Vital Enzymes Limited	-	49,384,739	-	-	79,866,085	-
	4,745,444	51,524,616	-	-	79,866,085	-

No amount has been provided as doubtful debts or advances / written off or written back in the year in respect of debts due from / to above related parties.



10 Provision for leave encashment & gratuity is made based on the actuarial valuation report as below.

**A. Defined Benefit Plans**
**(In Rupees)**

Particulars	Gratuity (Funded)	
	2010-11	2009-10
<b>Change in the present value of the defined benefit obligation</b>		
Opening defined benefit obligation at the beginning of the year	10,904,888	7,431,833
Current Service Cost	1,035,366	1,047,562
Interest Cost	899,653	613,126
Actuarial losses (gains)	(1,785,182)	2,112,690
Benefits paid	(390,582)	(300,323)
Closing defined benefit obligation at the end of the year	10,664,143	10,904,888
<b>Change in Plan Assets</b>		
Opening fair value of plan assets at the beginning of the year	9,642,589	8,312,763
Expected Return on Plan assets	935,558	770,781
Contributions by employer	1,895,592	803,270
Benefit Paid	(390,582)	(300,323)
Actuarial Gains / (losses)	112,300	56,098
Closing fair value of plan assets at the end of the year	12,195,457	9,642,589
<b>Reconciliation of present value of the obligation and fair value of the plan assets</b>		
Present Value of Funded obligation at the end of the year	10,664,143	10,904,888
Fair Value of Plan assets at the end of the year	12,195,457	9,642,589
Deficit/(Surplus)	(1,531,314)	1,262,299
Net Liability/(Asset )	(1,531,314)	1,262,299
<b>Amount Recognised in the Balance Sheet</b>		
Liabilities	10,664,143	10,904,888
Assets	12,195,457	9,642,589
Net Liability / (Asset) recognised in Balance Sheet	(1,531,314)	1,262,299
<b>Net Cost recognised in the profit and loss account</b>		
Current Service Cost	1,035,366	1,047,562
Interest Cost	899,653	613,126
Expected return on plan assets	(935,558)	(770,781)
Net actuarial losses (Gain) recognised during the year	(1,897,482)	2,056,592
Total costs of defined benefit plans included in Schedule 10		
"Payments to and provisions for employees"	(898,021)	2,946,499
<b>Reconciliation of expected return and actual return on Plan Assets</b>		
Expected Return on Plan Assets	935,558	770,781
Actuarial Gain/ (loss) on Plan Assets	112,300	56,098
Actual Return on Plan Assets	1,047,858	826,879

Category of Assets	% of Plan Assets	% of Plan Assets
L.I.C. Group Gratuity (Cash Accumulation) Policy	100%	100%

Principal actuarial assumptions:

Discount Rate	8.50%	8.25%
Expected Rate of return on Plan Asset	9.00%	9.00%
Salary Escalation	7.00%	7.00%

**Amounts for the current and previous periods are as follows:**

	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>	<u>2007-08</u>
Defined benefit obligation	<b>10,664,143</b>	10,904,888	7,431,833	5,863,921
Plan Assets	<b>12,195,457</b>	9,642,589	8,312,763	5,863,921
Surplus / (Deficit)	<b>(1,531,314)</b>	1,262,299	(880,930)	-
Experience adjustments on plan liabilities	(1,508,174)	2,401,370	Not Available	Not Available
Experience adjustments on plan assets	(112,300)	(56,098)	Not Available	Not Available

In Rupees

In Rupees

**B. Other Long Term Liabilities**

Particulars	Leave Encashment (Funded)	
	<u>2010-11</u>	<u>2009-10</u>
Present value of obligation at the year end.	<b>3,898,113</b>	3,680,116
Plan assets (100% in Advanced Group of Company's Employees Leave Encashment Scheme with L.I.C.)	<b>3,989,528</b>	2,581,304
Net Liability/(Asset )	<b>(91,415)</b>	1,098,812

No other disclosures have been furnished as per Para 132 of Accounting Standard 15 (Revised 2005) - Employee Benefits.

The estimates of future salary growth, factored in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market. Such estimates are very long term and are not based on limited past experience / immediate future. Empirical evidence also suggests that in very long term, consistent high salary growth rates are not possible.

**Defined Contribution Plans**

	<u>31.03.2011</u>	<u>31.03.2010</u>
Employer's contribution to Provident Fund*	<b>3,587,089</b>	3,322,600
Employer's contribution to Superannuation Fund*	<b>1,333,175</b>	1,366,675

\* included in "contribution to Provident, Gratuity & Other funds" (Refer schedule 10)

11 As certified by the management, the Company has incurred the following revenue expenditure on research and development activities during the year :

	<u>31.03.2011</u>	<u>31.03.2010</u>
I. Salary, wages and other benefits	<b>21,148,222</b>	18,021,355
ii. Chemicals and accessories	<b>1,448,222</b>	3,298,817
iii. Consultancy & retainership fees	<b>29,307,104</b>	30,506,025
iv. Repairs and maintenance	<b>1,630,658</b>	1,922,333
v. Other expenses	<b>15,566,821</b>	10,085,172

Depreciation includes Rs.43,82,395/- (Rs 36,63,125/-) in respect of fixed assets used for research and development.

Capital expenditure on research and development during the year, as certified by the management, is Rs.2,05,21,972/- (Rs.43,12,023/-)

This information also complies with the terms of the recognition granted upto 31st March, 2012 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/2159/2009- dated 24 June, 2009.

The above includes expenditure incurred by the Company on in house research and development at a new premises. The Company has applied to the concerned department for recognition u/s. 35(2AB).

12 The Company operates only in one primary business segment viz. 'Biochemicals' and hence no separate information for primary segmentwise disclosure is required.

Secondary Segment Reporting: (By geographical segments)

	Domestic		Exports		Total	
					In Rupees	
	<u>2010-11</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2009-10</u>
Revenues	<b>699,534,269</b>	784,903,620	<b>429,284,235</b>	292,785,378	<b>1,128,818,504</b>	1,077,688,998
Total Assets	<b>1,403,434,381</b>	974,321,071	<b>107,073,406</b>	75,132,567	<b>1,510,507,787</b>	1,049,453,638

13 a) Sundry Debtors includes Rs.7,24,18,169/- (Rs.4,31,64,621/-) due from the companies under the same management and Rs.5,56,98,269/- (Rs.5,27,77,779/-) due from the subsidiaries of the Company.

b) Current liabilities includes Rs.312,200/- (Rs.NIL) due to a company under the same management.

c) Advances recoverable in Cash or in kind or for value to be received includes Rs.7,98,66,085/- due from a company under the same management. Maximum outstanding during the year was Rs. 8,35,63,430/-

14 The Company has taken various premises under operating leases. These are generally not non- cancellable and range between 11 months to 3 years and above and are renewable by mutual consent on mutually agreeable terms. Lease payments amounting to Rs.36,32,915/- (Rs.24,84,900/-) are recognised in the Profit & Loss Account under the following heads.

	In Rupees	
	<u>2010-11</u>	<u>2009-10</u>
1. Rent account	<b>115,205</b>	64,200
2. Research and development expenses	<b>3,517,710</b>	2,420,700

15 The Company formulated Employee Stock Option Scheme (ABL-ESOS) in the year 2002 pursuant to resolution passed by the shareholders at the Annual General Meeting dated 4th June 2002 and in terms of the said resolution the board of directors allotted 100,000 Equity Shares at a price of Rs.26 per share to the 'ABL-Employee Stock Option Trust'.

Accordingly options totalling 1,00,000 Nos (Nil options outstanding as on 31st March, 2011) were given to the employees. Each option is convertible into one equity share of Rs.10 each at a price, which is equivalent to the book value as at the end of financial year immediately preceding the year in which option is granted.

16 Earning Per Share (EPS): in accordance with Accounting Standard 20.

	In Rupees	
	<u>2010-11</u>	<u>2009-10</u>
Net Profit after Tax	<b>175,325,573</b>	109,152,103
Weighted Average Number of Ordinary Shares	<b>20,731,200</b>	20,731,200
Nominal value per share	<b>10</b>	10
Basic and Diluted Earning Per Share	<b>8.46</b>	5.27

17 Micro, Small and Medium Enterprises Development Act, 2006 (MSMED)

The information given below and that given in Schedule 8 "Current liabilities and provisions" regarding Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company.

	In Rupees	
	<u>2010-11</u>	<u>2009-10</u>
1. Principal amounts due to suppliers under MSMED	<b>306,692</b>	1,430,091
2. Payments made to suppliers (other than interest) beyond the appointed date during the year	-	4,600,564
3. Amount of interest accrued and unpaid as at the year end	-	42,161
4. Amounts of cumulative interest amounts accrued and unpaid as at the year end	<b>49,561</b>	49,561

18 The Company enters into forward exchange contracts being derivative instruments, which are not intended for trading or speculative purposes, but for hedge purposes, to establish the amount of reporting currency required or available at the date of settlement of certain payables and receivables.

i) The derivative contracts entered into by the Company for hedging interest rate related risks outstanding as on 31st March 2011 amounts to Rs.5,74,70,651/- (Previous year Rs.15,90,506/-).

The category wise break up is given below;

	JPY	USD	INR
Interest Rate Swaps	-	<b>1,288,580</b>	<b>57,470,651</b>
	(73,242)	(657)	(28,006)

ii) The outstanding position in respect of unhedged borrowings as at 31st March,2011 is USD 60,00,000 (USD 6,14,286) equivalent to Rs.26,76,00,000/- (Rs.2,79,99,156/-).

iii) Un-hedged foreign currency exposure is Rs.122.22 lacs (US \$240,373 and Euro 23,785) [Rs.386.35 lacs (US \$871,028 and Euro 122,354)] payable and receivable is Rs.1,070.73 lacs (US \$ 2,229,700 and Euro 121,334) [Rs.806.11 lacs (US \$ 1,681,162 and Euro 117,259)] as at 31st March,2011.

19 The Company has paid a sum of Rs.46,31,506/- (Rs.37,35,923/-) during the year to employees for which requisite resolutions under section 314 of the Companies Act, 1956 have been passed. The Company has made an application to the central Government and approval is awaited in respect of the same.

20 The management is of the view that having regard to the future business projections and plans, and considering the strategic and long term nature of investments in a subsidiary company and a company under the same management, the decline in the books value of these investments is temporary in nature requiring no provision.

21 The amount due and paid during the year to "Investor Education and Protection Fund" is Rs.14,903/- (Rs.5,160/-).

22 (i) The Central Government vide notification dated February 8, 2011 exempted Export Oriented Companies from disclosing in their profit and loss account the information required to be disclosed as per paragraphs 3(i)(a), 3(ii)(a), 3(ii)(b) & 3(ii)(d) of Part II of the Schedule VI of the Companies Act, 1956.

The Company being an Export Oriented Company as defined in the notification, and being eligible, has availed the exemptions granted as per the above notification. The Board of Directors of the Company has given consent to avail the exemption granted under the above notification with regard to non disclosure of information. Accordingly, information relating the values and quantities of raw materials consumed have not been disclosed.

ii) Capacity, Production, Stocks & Sales:

Class of Goods	Unit	Production Qty.	Opening Stock		Closing Stock		Sales (excl. sample/ scrapped)	Sales value
			Rs.	Qty.	Rs.	Qty.	Qty.	Rs.
Enzymes	Kgs.	<b>1,149,139</b>	<b>44,590</b>	<b>22,382,646</b>	<b>19,495</b>	<b>9,522,478</b>	<b>1,174,235</b>	<b>954,477,767</b>
		(1,222,442)	(47,196)	(18,392,299)	(44,590)	(22,382,646)	(1,225,047)	(805,026,588)
Animal Feed	Kgs.	<b>1,096,754</b>	<b>31,549</b>	<b>7,635,343</b>	<b>16,741</b>	<b>1,466,222</b>	<b>1,111,563</b>	<b>126,338,239</b>
		(1,244,137)	(33,804)	(2,262,216)	(31,549)	(7,635,343)	(1,246,392)	(210,420,618)
Micro Organism	Kgs.	<b>2,326</b>	<b>436</b>	<b>116,410</b>	<b>82</b>	<b>11,225</b>	<b>2,680</b>	<b>7,166,983</b>
		(3,374)	(1,994)	(935,369)	(436)	(116,410)	(4,932)	(6,903,629)
Others	Kgs.	<b>331,667</b>	<b>37,695</b>	<b>3,504,846</b>	-	-	<b>369,362</b>	<b>25,265,247</b>
		(592,565)	(39,800)	(3,325,979)	(37,695)	(3,504,846)	(594,670)	(47,808,842)
		<b>2,579,886</b>	<b>114,270</b>	<b>33,639,245</b>	<b>36,318</b>	<b>10,999,925</b>	<b>2,657,840</b>	<b>1,113,248,236</b>
		(3,062,518)	(122,794)	(24,915,863)	(114,270)	(33,639,245)	(3,071,041)	(1,070,159,677)

Licensed Capacity - not applicable

Installed Capacity has not been disclosed as these are variable and subject to changes in product mix.

	<u>In Rupees</u>	
	<u>2010-11</u>	<u>2009-10</u>
(ii) Value of Imports on CIF Basis:		
1. Raw Materials	<b>136,568,941</b>	232,378,334
2. Spare Parts	<b>7,879,520</b>	4,176,900
3. Capital Goods	<b>35,785,898</b>	245,350
(iv) Expenditure in Foreign Currency:		
1. Travelling	<b>2,502,629</b>	1,759,531
2. Legal & Professional Fees	<b>18,068,730</b>	20,216,636
3. Interest & Finance Charges	<b>762,616</b>	2,540,694
4. Sales Promotion Expenses	<b>2,324,557</b>	2,724,033
5. Salary	-	367,062
6. Commission	<b>4,467,804</b>	-
7. Others	<b>147,899</b>	803,782
(v) Remittance in Foreign Currency for Dividend		
1. Year to which it relates		2008-09 & 2009-10
2. Number of Non-Resident Shareholders	-	3
3. Number of shares held by them	-	4,964,600
4. Gross amount of Dividend (In Rupees)	-	9,929,200
(vi) Earnings in Foreign Currency -		-
Export of goods on F.O.B basis	<b>419,956,825</b>	286,922,797
Insurance & freight	<b>9,306,878</b>	5,796,718
Other income	<b>1,603,618</b>	717,543

23 Figures of previous year have been shown in brackets in the Schedule and regrouped / reclassified wherever necessary.

Signatures to the Schedules 1 to 12 which form an integral part of the Financial Statements.

**For M.M. NISSIM AND CO.**  
Chartered Accountants

**For and on behalf of the Board**

**(N. Kashinath)**  
Partner  
M.No. 36490  
Mumbai, 26<sup>th</sup> May 2011

**(C.L.Rathi)**  
Managing Director  
Thane, 26<sup>th</sup> May 2011

**(R. T. Mehta)**  
Director

**(B. P. Rauka)**  
CFO & Company Secretary

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE  
AS PER SCHEDULE VI, PART (IV) OF THE COMPANIES ACT, 1956**

**I. Registration Details**

Registration No.	:	51018
State Code	:	11
Balance Sheet Date	:	31.03.2011

**II. Capital Raised during the Year**

(Amount Rupees in 000's)

Public Issue	:	Nil
Right Issue	:	Nil
Bonus Issue	:	Nil
Private placement - Preference Shares	:	Nil

**III. Position of Mobilisation & Deployment of Funds**

(Amount Rupees in 000's)

Total Liabilities	:	1,510,508
Total Assets	:	1,510,508

**Sources of Funds**

Paid-up Capital	:	207,312
Reserves & Surplus	:	419,361
Secured Loans	:	548,453
Unsecured Loans	:	100,823
Deferred Tax Liability (Net)	:	70,063

**Application of Funds**

Net Fixed Assets	:	816,495
Investments	:	48,742
Net Current Assets	:	480,775
Miscellaneous Expenditure	:	-
Accumulated Losses	:	Nil

**IV. Performance of the Company**

(Amount Rupees in 000's)

Total Income	:	1,128,819
Total Expenditure	:	934,765
Profit Before Tax	:	194,054
Profit After Tax	:	175,326
Earnings per Share (Rs.)	:	8.46
Dividend Rate (%)	:	5

**V. Generic Names of Principal Products/Services of the Company**

(as per monetary terms)

Item code No.	:	Product description
	:	Enzymes
	:	Animal Feed
	:	Micro Organism

**CONSOLIDATED FINANCIAL STATEMENTS & NOTES**

**Auditors' Report to the Board of Directors of Advanced Enzyme Technologies Limited, on the Consolidated Financial Statements for the year ended 31st March 2011 of Advanced Enzyme Technologies Limited and its subsidiaries**

We have audited the attached Consolidated Balance Sheet of the **Advanced Enzyme Technologies Limited** ('the Company'), and its subsidiaries (the Company and its subsidiaries constitute the 'Group') as at 31st March, 2011 and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on the date annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatement. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statements of the subsidiaries. The details of assets and revenues in respect of these subsidiaries to the extent to which they are reflected in their respective financial statements are given below:

(Rs. In Lacs)

Sr.	Name of the Companies	Total Assets	Total Revenues	Net Cash Inflows/ (Outflows)
1.	Advanced Bio-Agro Tech Limited	480.07	1553.38	(48.35)
2.	Advanced Enzytech Solutions Limited	321.28	314.08	8.87
3.	Advanced Enzyme Far East Limited	207.90	459.26	7.99
4.	Advanced Bio-Pro Solutions Limited	4.87	-	4.65
5.	Advanced Enzymes, USA	421.24	-	416.78
6.	Advanced Vital Enzymes Limited (upto 31st July 2010)	-	270.25	(2.05)

These financial statements and other have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the reports of other auditors.

We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 'Consolidated Financial Statements' notified by the Companies (Accounting Standards) Rules, 2006.

Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, the consolidated financial statements read with other notes thereon, give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) In the case of the Consolidated Balance Sheet, of the consolidated state of affairs of the Group as at 31st March, 2011
- (b) In the case of the Consolidated Profit and Loss Account, of the profit for the year ended on that date; and
- (c) In the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

**For M. M. NISSIM AND CO.**  
Chartered Accountants  
(ICAI Reg. No.107122 W)

**(N. Kashinath)**  
Partner  
Mem. No.36490

Mumbai, 26<sup>th</sup> May 2011



## CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011

	Schedule No.	In Rupees	
		As at March 31, 2011	As at March 31, 2010
<b>SOURCES OF FUNDS</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share Capital	1	207,312,000	207,312,000
Reserves & Surplus	2	427,370,343	271,586,761
		<b>634,682,343</b>	478,898,761
<b>MINORITY INTEREST</b>		<b>12,364,644</b>	10,401,237
<b>LOAN FUNDS</b>			
Secured	3	553,898,674	256,061,426
Unsecured	4	100,823,447	105,834,395
		<b>654,722,121</b>	361,895,821
<b>DEFERRED TAX LIABILITY</b>		<b>70,063,287</b>	63,523,100
Total		<b>1,371,832,395</b>	914,718,919
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
Gross Block	5	868,069,377	853,315,928
Less: Depreciation		354,295,722	310,554,190
Net Block		513,773,655	542,761,738
Capital Work-in-Progress & Advances against capital expenditure		309,692,380	20,631,374
		<b>823,466,035</b>	563,393,112
<b>DEFERRED TAX ASSET</b>		<b>19,067</b>	215
<b>FOREIGN EXCHANGE TRANSLATION ACCOUNT</b>		<b>343,503</b>	-
<b>INVESTMENTS</b>	6	<b>618,002</b>	54,980
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>			
Inventories	7	180,032,346	261,532,916
Sundry Debtors		223,561,108	208,718,747
Cash and Bank Balances		148,805,750	18,674,957
Loans and Advances		164,447,314	60,886,590
		<b>716,846,518</b>	549,813,210
<b>LESS: CURRENT LIABILITIES AND PROVISIONS</b>			
Current Liabilities	8	145,529,272	172,562,622
Provisions		23,994,728	26,049,014
		<b>169,524,000</b>	198,611,636
<b>NET CURRENT ASSETS</b>		<b>547,322,519</b>	351,201,574
<b>MISCELLANEOUS EXPENDITURE</b> (to the extent not written off or adjusted)	9	<b>63,269</b>	69,038
Total		<b>1,371,832,395</b>	914,718,919

**Significant Accounting Policies and Notes on accounts** 13

Schedules 1 to 9 and 13 referred to above form an integral part of the Consolidated Balance Sheet

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

**For M.M. NISSIM AND CO.**  
Chartered Accountants

**For and on behalf of the Board**
**(N. Kashinath)**  
Partner  
M.No. 36490  
Mumbai, 26<sup>th</sup> May 2011

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

**(R. T. Mehta)**  
Director

**(B. P. Rauka)**  
CFO & Company Secretary

Thane, 26<sup>th</sup> May 2011

**CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011**

	Schedule No.	In Rupees	
		For The Year Ended March 31, 2011	For The Year Ended March 31, 2010
<b>INCOME</b>			
Sales (Gross)		<b>1,233,949,886</b>	1,191,527,439
Less: Excise Duty		<b>67,659,761</b>	53,855,664
		<b>1,166,290,125</b>	1,137,671,775
Other Income	10	<b>24,367,754</b>	7,940,253
		<b>1,190,657,879</b>	1,145,612,028
<b>EXPENDITURE</b>			
Manufacturing and other Expenses	11	<b>924,340,924</b>	903,250,169
Interest and Finance Costs	12	<b>25,570,812</b>	25,073,451
		<b>949,911,736</b>	928,323,620
<b>PROFIT BEFORE DEPRECIATION &amp; TAXATION</b>		<b>240,746,143</b>	217,288,408
Depreciation		<b>49,848,419</b>	51,232,596
<b>PROFIT BEFORE TAXATION</b>		<b>190,897,724</b>	166,055,812
Provision for Tax			
Current Tax		<b>29,194,000</b>	47,367,000
Less: MAT credit entitlement		<b>14,600,000</b>	-
		<b>14,594,000</b>	47,367,000
Deferred Tax		<b>7,165,792</b>	(5,990,570)
		<b>21,759,792</b>	41,376,430
<b>PROFIT AFTER TAXATION</b>		<b>169,137,932</b>	124,679,382
Less: Short / (Excess) provision of Income Tax of earlier years		<b>478,171</b>	541,295
		<b>168,659,761</b>	124,138,087
Minority Interests		<b>(1,938,250)</b>	(6,244,170)
Surplus Brought forward from previous year		<b>258,837,995</b>	237,751,180
<b>AMOUNT AVAILABLE FOR APPROPRIATION</b>		<b>425,559,507</b>	355,645,096
<b>APPROPRIATIONS</b>			
Interim Dividend		-	10,365,600
Proposed Dividend		<b>10,365,600</b>	-
Corporate Tax on Dividend		<b>1,721,597</b>	1,761,634
Issue of Bonus Shares		-	92,831,000
Minority interests upto beginning of the year		<b>9,926,395</b>	3,557,066
Surplus Carried to Balance Sheet		<b>403,545,915</b>	247,129,796
		<b>425,559,507</b>	355,645,096
<b>Basic/Diluted EPS (in Rs.)</b>		<b>8.14</b>	<b>5.99</b>

**Significant Accounting Policies and Notes on accounts**

13

Schedules 10 to 13 referred to above form an integral part of the Consolidated Profit &amp; Loss Account.

This is the Consolidated Profit &amp; Loss Account referred to in our report of even date

**For M.M. NISSIM AND CO.**

For and on behalf of the Board

Chartered Accountants

**(N. Kashinath)**

Partner

M.No. 36490

 Mumbai, 26<sup>th</sup> May 2011

**(C.L.Rathi)**

Managing Director

 Thane, 26<sup>th</sup> May 2011

**(R. T. Mehta)**

Director

**(B. P. Rauka)**

CFO &amp; Company Secretary

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011**

	For The Year Ended 31st March 2011	In Rupees	For The Year Ended 31st March 2010
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>			
<b>NET PROFIT BEFORE TAX</b>	<b>190,897,724</b>		166,055,812
<b>Adjustment for :</b>			
Depreciation	49,848,419	51,232,596	
Interest	21,487,889	20,410,669	
(Profit) / Loss on sale of fixed assets	30,121	180,739	
(Profit) / Loss on disposal of subsidiary	(8,496,118)	-	
(Profit) / Loss on sale of investments	(768,522)	-	
Interest Income	(5,796,004)	(922,900)	
Unrealised exchange loss / (gain) (net)	733,013	23,444	
Excess provision written back	(250,000)	(454,579)	
Provision for Doubtful debts	2,638,578	1,558,815	
Bad debts written off	33,060	-	
Investments written off	5,000	-	
Preliminary Expenses	(11,871)	22,053	
Pre-operative Expenses written off	17,640	17,640	
	<b>59,471,205</b>		72,068,477
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	<b>250,368,929</b>		238,124,289
<b>Adjustment for :</b>			
Trade and other receivables	(106,408,007)	(44,563,095)	
Inventories	81,500,570	(64,641,447)	
Trade Payable & Provision	(28,967,950)	28,484,995	(80,719,547)
<b>CASH GENERATED FROM OPERATIONS</b>	<b>196,493,541</b>		157,404,742
Direct Taxes paid	(38,440,357)		(26,531,407)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>158,053,184</b>		130,873,335
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of Fixed Assets	(311,673,155)	(88,701,496)	
Proceeds from sale of Fixed Assets	440,000	(150,000)	
Interest & Dividend income	4,062,588	181,500	
Investment	(2,795,500)	856,320	
Proceeds from sale of Investments	2,227,478	-	
Profit on sale of investment	768,522	-	
Profit on disposal of subsidiary	8,496,118	-	
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(298,473,949)</b>		(87,813,676)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>			
Borrowings	66,524,118	82,635,902	
External commercial borrowings	267,600,000	-	
Repayments of term loans	(41,297,818)	(73,704,871)	
Interest	(21,487,889)	(20,410,669)	
Dividend and Corporate Dividend Tax	(786,853)	(23,341,578)	
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>270,551,558</b>		(34,821,216)
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>130,130,793</b>		8,238,443
<b>CASH AND CASH EQUIVALENTS AS AT 31.3.2010</b>	<b>18,674,957</b>		<b>10,436,517</b>
<b>CASH AND CASH EQUIVALENTS AS AT 31.3.2011</b>	<b>148,805,750</b>		<b>18,674,957</b>

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

**For M.M. NISSIM AND CO.**

**For and on behalf of the Board**

Chartered Accountants

**(N. Kashinath)**

Partner

M.No. 36490

Mumbai, 26<sup>th</sup> May 2011

**(C.L.Rathi)**

Managing Director

Thane, 26<sup>th</sup> May 2011

**(R. T. Mehta)**

Director

**(B. P. Rauka)**

CFO & Company Secretary



**SCHEDULE 5: FIXED ASSETS**

(In Rupees)

Nature of Fixed Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Cost/Value as at 1.4.2010	Additions	Deductions/ Adjustments	Cost/Value as at 31.03.11	Upto 31.3.2010	Provided during the year	Deductions/ Adjustments	Upto 31.03.11	As at 31.03.11	As at 31.3.10
Tangible Assets										
Land *	39,571,882	-	8,101,550	31,470,332	2,208,740	512,000	-	2,720,740	28,749,592	37,363,142
Buildings **	198,001,617	952,390	29,222,701	169,731,306	57,457,636	12,333,755	3,311,087	66,480,304	103,251,002	140,543,981
Plant & Machinery ***	554,757,018	42,771,042	15,424,852	582,103,208	215,250,904	29,150,402	1,010,233	243,391,073	338,712,135	339,506,114
Furniture & Office Equipment	26,138,880	11,019,859	438,548	36,720,191	12,160,801	2,540,436	162,465	14,538,772	22,181,419	13,978,079
Computer	15,274,036	2,236,423	521,136	16,989,323	11,944,638	1,685,245	302,708	13,327,175	3,662,148	3,329,398
Vehicles	12,199,367	14,128,394	2,550,372	23,777,389	7,491,005	2,325,299	1,320,394	8,495,910	15,281,479	4,708,362
Intangible Assets										
Goodwill on consolidation	95,500	-	95,500	-	-	-	-	-	-	95,500
Software	2,072,500	-	-	2,072,500	2,072,500	-	-	2,072,500	-	-
Technical know-how	5,205,128	-	-	5,205,128	1,967,966	1,301,282	-	3,269,248	1,935,880	3,237,162
TOTAL	853,315,928	71,108,108	56,354,659	868,069,377	310,554,190	49,848,419	6,106,887	354,295,722	513,773,655	542,761,738
Previous year	780,039,296	74,248,416	971,784	853,315,928	259,931,139	51,232,596	609,545	310,554,190	542,761,738	520,108,157
Capital Work-in-Progress and advances against Capital Expenditure									309,692,380	20,631,374
Grand Total									823,466,035	563,393,112

\* Including Leasehold Land amounting to Rs.22,650,988

\*\* Building includes cost of Rs.9,52,390/- (As at 31.03.10 Rs.NIL) being the improvements in leasehold property.

\*\*\* Plant and Machinery includes cost of Rs.6,30,000/- being the Company's share towards electrical installations not owned by the Company

	In Rupees	
	As at March 31, 2011	As at March 31, 2010
<b>SCHEDULE 6: INVESTMENTS - Long Term - Unquoted - Fully Paid</b>		
<u>In Shares</u>		
<u>Trade</u>		
19,100 (94,000) Equity shares of Rs.10/- each fully paid up of Advanced Vital Enzymes Ltd.	568,022	-
<u>Non Trade</u>		
Nil (200) Equity Shares of Rs.25/- each fully paid up of Shree Sinnar Vyapari Sahakari Bank Ltd. (Written off during the year)	-	5,000
1,666 Equity Shares of Rs.30/- each fully paid up of Bombay Mercantile Co-op. Bank Ltd.	49,980	49,980
	<u>618,002</u>	<u>54,980</u>
<b>SCHEDULE 7: CURRENT ASSETS, LOANS AND ADVANCES</b>		
<b>A. Current Assets</b>		
<b>Inventories:</b>		
Stores, Spares and Packing Materials	<b>18,672,670</b>	14,302,470
Raw Materials	<b>104,636,959</b>	125,842,935
Stock in Process	<b>31,465,651</b>	73,554,209
Finished Goods	<b>25,257,065</b>	47,833,302
	<b>180,032,346</b>	261,532,916
<b>Sundry Debtors:</b>		
(Unsecured, Considered good - unless otherwise stated)		
(i) Debts outstanding for a period exceeding six months		
Considered Good	<b>20,353,396</b>	7,973,210
Considered Doubtful	<b>2,638,578</b>	1,558,815
	<b>22,991,974</b>	9,532,025
(ii) Other Debts		
Secured	<b>347,610</b>	3,050,000
Unsecured (Note 13)	<b>202,860,102</b>	197,695,537
	<b>203,207,712</b>	200,745,537
	<b>226,199,686</b>	210,277,562
Less: Provision for doubtful debts	<b>2,638,578</b>	1,558,815
	<b>223,561,108</b>	208,718,747
<b>Cash and Bank Balances:</b>		
Cash balance on hand	<b>591,894</b>	254,480
Bank balances :		
With Scheduled Banks :		
On Current Accounts	<b>52,209,181</b>	16,196,998
On Deposit Accounts	<b>96,004,675</b>	2,222,500
(includes Rs.6.22 lacs under lien for various government authorities)		
With Other Bank		
On Current Account	-	979
	<b>148,805,750</b>	18,674,957
<b>Total- A</b>	<b>552,399,204</b>	488,926,620
<b>B. Loans and Advances:</b>		
(Unsecured - Considered Good)		
Loan to Employees	<b>462,371</b>	209,029
Advances recoverable in Cash or in kind or for value to be received	<b>120,575,556</b>	22,179,815
Advance Income Tax (Less Provisions)	<b>27,074,384</b>	15,236,047
Balance with Excise Authorities	<b>8,033,485</b>	15,891,585
Deposits	<b>8,301,518</b>	7,370,114
	<b>164,447,314</b>	60,886,590
<b>Total - B</b>	<b>164,447,314</b>	60,886,590
<b>Total - A &amp; B</b>	<b>716,846,518</b>	549,813,210

	In Rupees	
	As at March 31, 2011	As at March 31, 2010
<b>SCHEDULE 8: CURRENT LIABILITIES AND PROVISIONS</b>		
<b>A. Current Liabilities:</b>		
Acceptances	13,111,391	5,195,550
Sundry Creditors	-	-
Outstanding dues of micro and small enterprises	306,692	1,430,091
Others	70,625,309	111,309,105
Unclaimed Dividend	360,156	1,147,009
Other Liabilities	61,125,724	53,480,868
<b>Total - A</b>	<u><b>145,529,272</b></u>	<u><b>172,562,622</b></u>
<b>B. Provisions:</b>		
Provision for Income Tax (Less Payments)	11,302,997	22,832,846
Proposed Dividend	10,365,600	-
Corporate Tax on Dividend	1,721,597	-
Provision for retirement benefits	604,534	3,216,168
<b>Total - B</b>	<u><b>23,994,728</b></u>	<u><b>26,049,014</b></u>
<b>Total - A &amp; B</b>	<u><b>169,524,000</b></u>	<u><b>198,611,636</b></u>

**Note:** There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund.

**SCHEDULE 9: MISCELLANEOUS EXPENDITURE**

(To the extent not written off or adjusted)

Preliminary Expenses	45,627	33,756
Pre-operative Expenses	17,642	35,282
	<u><b>63,269</b></u>	<u><b>69,038</b></u>

**SCHEDULES ANNEXED TO AND FORMING PART OF  
CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011**

	In Rupees	
	For The Year Ended 31st March 2011	For The Year Ended 31st March 2010
<b>SCHEDULE 10: OTHER INCOME</b>		
Interest received (Gross)	5,796,004	922,900
Profit on disposal of a subsidiary	8,496,118	-
Profit on sale of investments	768,522	-
Profit on sale of assets	87,421	-
Export Incentives	5,914,318	3,260,841
Foreign exchange gain (Net)	914,832	1,289,749
Provision no longer required written back	250,000	454,579
Miscellaneous Income	2,140,539	2,012,184
	<u><b>24,367,754</b></u>	<u><b>7,940,253</b></u>
Tax Deducted at Source	2,429,580	6,025,120

In Rupees

<b>For The</b>	<b>For The</b>
<b>Year Ended</b>	<b>Year Ended</b>
<b>31st March 2011</b>	<b>31st March 2010</b>

**SCHEDULE 11: MANUFACTURING AND OTHER EXPENSES**

**1. Raw Material Consumption and Other Charges:**

Raw materials consumed:

Opening Stock	125,842,935		75,698,691
Purchases	<u>383,728,338</u>		<u>532,970,964</u>
	509,571,273		608,669,655
Less: Closing Stock	<u>110,332,511</u>		<u>125,842,935</u>
		<b>399,238,762</b>	<b>482,826,720</b>

Stores and Spares Consumed	22,033,328		23,428,643
Packing Materials consumed	16,943,622		20,573,923
Power and Fuel	85,645,610		66,308,921
Water Charges	1,327,530		1,141,953
Carriage Inward & Freight	10,481,090		10,406,354
Repairs and Renewals:			
Buildings	2,917,869		5,059,810
Plant and Machinery	4,968,698		3,974,102
Other Assets	<u>3,559,169</u>		<u>3,468,931</u>
	11,445,736		12,502,843
Other Manufacturing Expenses	<u>14,049,891</u>		<u>4,503,107</u>
		<b>161,926,807</b>	<b>138,865,744</b>

**Add/(Less): Decrease/(Increase) in stocks**

Closing Stock			
Finished Goods	27,904,863		47,753,301
Stock in Process	<u>32,011,644</u>		<u>73,554,209</u>
		<b>59,916,507</b>	<b>121,307,509</b>

Less: Opening Stock			
Finished Goods	47,753,301		26,489,160
Stock in Process	<u>73,554,209</u>		<u>84,136,074</u>

		<b>121,307,509</b>	110,625,234
Differential Excise duty on stocks		<u>(766,770)</u>	<u>(471,480)</u>
		<b>60,624,232</b>	<b>(11,153,756)</b>
		<u><b>621,789,801</b></u>	<u><b>610,538,708</b></u>

C/F.



		In Rupees	
		For The Year Ended 31st March 2011	For The Year Ended 31st March 2010
<b>SCHEDULE 11: MANUFACTURING AND OTHER EXPENSES (Contd...)</b>			
	B/F	<b>621,789,801</b>	610,538,708
<b>2. Employees' Remuneration and Benefits:</b>			
Salaries, Wages & Bonus		<b>98,708,585</b>	101,518,638
Contribution to Provident, Gratuity and other funds		<b>5,757,501</b>	9,196,164
Welfare Expenses		<b>7,933,434</b>	6,904,076
		<b><u>112,399,520</u></b>	<u>117,618,878</u>
<b>3. Selling and Distribution Expenses:</b>			
Commission		<b>6,175,790</b>	6,048,661
Discount on Sales		<b>5,661,453</b>	3,189,192
Sales Promotion and Advertisement		<b>6,704,660</b>	7,971,895
Transport & Freight Charges		<b>20,234,772</b>	14,476,386
Other Selling & Distribution Expenses		<b>10,419,829</b>	8,509,632
		<b><u>49,196,504</u></b>	<u>40,195,766</u>
<b>4. Administrative and General Expenses:</b>			
Insurance		<b>2,229,439</b>	2,001,691
Rent		<b>801,245</b>	665,671
Rates and Taxes		<b>1,858,111</b>	3,170,508
Printing & Stationary		<b>2,675,952</b>	3,031,914
Traveling & Conveyance		<b>22,085,537</b>	22,047,986
Communication Expenses		<b>5,266,006</b>	5,938,550
Legal & Professional Charges		<b>22,652,480</b>	19,428,363
Auditors' Remuneration:			
Audit Fees	<b>175,000</b>		175,000
Tax Audit Fees	<b>25,000</b>		25,000
Other services	<b>315,000</b>		10,000
Reimbursement of Expenses etc.	<b>21,413</b>		5,174
		<b><u>536,413</u></b>	<u>215,174</u>
Directors' Fees		<b>145,000</b>	11,000
Research & Development Expenses		<b>69,101,027</b>	63,833,702
Provision for doubtful debts		<b>2,638,578</b>	1,558,815
Bad Debts	<b>1,591,875</b>		
Less : Provisions of doubtful debts written back	<b><u>1,558,815</u></b>	<b>33,060</b>	-
Donation		<b>672,507</b>	761,133
Loss on sale of assets		<b>117,542</b>	180,739
Investments written off		<b>5,000</b>	-
Preliminary Expenses Amortised		<b>20,053</b>	82,493
Pre-operative expenses amortised		<b>17,640</b>	17,640
Sundry Expenses		<b>10,099,509</b>	11,951,438
		<b><u>140,955,099</u></b>	<u>134,896,817</u>
<b>Total -1 to 4</b>		<b><u>924,340,924</u></b>	<u>903,250,169</u>
<b>SCHEDULE 12: INTEREST AND FINANCE COSTS</b>			
Interest:			
On Fixed Loans	<b>6,008,045</b>		7,956,685
To Banks & Others	<b><u>15,479,844</u></b>		<u>12,453,984</u>
		<b>21,487,889</b>	20,410,669
Finance Expenses		<b>4,082,923</b>	4,662,782
		<b><u>25,570,812</u></b>	<u>25,073,451</u>

## **SCHEDULE 13: NOTES ON CONSOLIDATED ACCOUNTS**

Notes annexed to and forming part of the Consolidated Balance Sheet as at 31st March, 2011 and Consolidated Profit & Loss Account for the year ended on that date.

### **1 Background**

Advanced Enzyme Technologies Ltd ("Advanced Enzymes" or "the Company"), was incorporated in 1989 in Mumbai for manufacture of biotechnology products.

In November 2004, Advanced Bio-Agro Tech Ltd ("ABAT") was incorporated as a 100% subsidiary. In September 2007, 40% share in ABAT were transferred. ABAT is primarily into marketing of animal feed & supplement business.

In February 2005, Advanced Bio-Nutraceuticals Ltd ("Advenza") was incorporated as a 100% subsidiary for the purpose of forward integration into finished formulations business. On 23 September, 2008 the name of this company was changed to Advanced Vital Enzymes Ltd. With effect from 1st August 2010, holding to the extent of 79.68% in Advenza was sold out.

Effective 1st September 2008, Advanced Enzymes subscribed to 71.43% in Advanced Enzytech Solutions Ltd ("Enzytech") incorporated to cater to the industrial processing business of the Group. The shareholding in this company was further increased to 85.71% during this reporting year.

The Company has also established Advanced Enzyme Fareast Ltd (erstwhile FameState International Trading Ltd), (AEFEL) a wholly owned subsidiary in Hongkong, in March 2009, for the purpose of expansion, marketing and servicing customers in China.

Recently the Company has setup a wholly owned subsidiary in USA, Advanced Enzymes, USA for the purpose of expanding business in US market. And another 100% subsidiary is being incorporated in India, Advanced Bio-Pro Solutions Limited.

### **2A Principles of Consolidation**

The consolidated financial statements relates to Advanced Enzyme Technologies Limited (the Company) 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) notified by the Companies (Accounting Standards) Rules, 2006. The Consolidated Financial Statements have been prepared on the following basis;

- a The financial statement of the Company and its subsidiary companies are consolidated on line-by-line basis by adding together the book value of items like assets, liabilities, income and expenses, after eliminating all significant intra group transactions and unrealized profits on intra group transactions.
- b The difference between the cost of investment in the subsidiary companies over its proportionate share in the net assets value at the time of acquisition of stake in subsidiary companies is recognized in the financial statements as Goodwill or Capital Reserve as the case may be.
- 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 - Revenue items 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 forms 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 are prepared using accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the company's separate financial statements.
- f Subsidiaries 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

<b>Name of the Company</b>	<b>Country of origin</b>	<b>% age voting power held at 31 March 2011</b>
i. Advanced Bio-Agro Tech Ltd	India	60%
ii. Advanced Vital Enzymes Ltd (100% holding upto 31 July 2010)	India	20.32%
iii. Advanced EnzyTech Solutions Ltd	India	85.71%
iv. Advanced Enzyme Fareast Limited (erstwhile Fame State International Trading Ltd)	Hong Kong	100%
v. Advanced Enzymes, USA	USA	100%
vi. Advanced Bio-Pro Solutions Ltd	India	100%

h Effect of Acquisition/ Disposal

The effect of acquisition/ disposal of stake in subsidiaries during the year on the consolidated financial statements is as under:

<b>Name of the Company</b>	<b>Effect on Group Profit before tax for the year</b>	<b>(In Rupees)</b>
		<b>Net Assets as at 31-Mar-11</b>
<b>Acquisitions:</b>		
Advanced Enzymes, USA	(2,547,511)	42,124,468
Advanced Bio-Pro Solutions Ltd	(12,816)	487,184
<b>Disposals:</b>		
Advanced Vital Enzymes Ltd (Previous year Rs. 9,37,876/- and Rs.5,36,59,473/-)	(970,628)	-

## **2B. SIGNIFICANT ACCOUNTING POLICIES:**

### **Basis of Accounting**

The Accounts have been prepared on the historical cost convention on an accrual basis, in accordance with relevant requirements of the Companies Act, 1956 and the applicable accounting standards notified by the Companies (Accounting Standard) Rules, 2006.

### **Use of Estimates**

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of financial statements and reported amount of revenues and expenses during the reporting period. Differences between the actual results and estimates are recognised in the period in which the results are known / materialised.

### **Revenue Recognition**

All income and expenditure are accounted on accrual basis.

Sale of goods are recognised upon passage of title to the customers which generally coincides with their delivery.

### **Fixed Assets**

Fixed Assets are stated at their original cost less accumulated depreciation and provision for impairment, if any. The cost includes expenditure incurred on the acquisition and construction / installation and other related expenses in bringing the asset to working condition for its intended use. In respect of qualifying assets, related pre operational expenses including borrowing costs are also capitalised.

Costs relating to acquisition of Technical know-how and software are capitalised as "Intangible Assets".

### **Depreciation**

Depreciation on Fixed Assets other than Plant & Machinery has been provided on Written Down Value Method and on Plant & Machinery on Straight Line Method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956 on prorata basis from the date of additions and/or disposal. Lease hold land is amortised over the period of lease except for lease hold land acquired under perpetual lease. Fixed Assets costing individually less than Rs. 5,000 are depreciated fully in the year of purchase.

Depreciation on assets not solely owned by the group is provided over the period of the economic life of the assets estimated at five years.

Intangible Assets are amortised on a straight line basis over a period of four years.

Cost of lease hold improvements are written off over the lower of the remaining period of the lease or the life of the asset.

### **Investments**

Investments are classified into 'long term' and 'current' depending on the management's intention of holding these investments. Long term investments are valued at cost, provision being made to recognise a decline in value, other than temporary in nature. Current investments are valued at lower of cost or Quoted / Fair Value.

## **Foreign Currency Transactions**

The Group is exposed to currency fluctuations on foreign currency transactions. Transactions denominated in foreign currency are recorded at the exchange rate prevailing on the date of transactions. Exchange differences arising on foreign exchange transactions settled during the year are recognized in the profit and loss account of the year.

### Transaction

Monetary assets and liabilities in foreign currency, which are outstanding as at the year-end, are translated at the year-end at the closing exchange rate and the resultant exchange differences are recognized in the profit and loss account. Non monetary items are stated in the balance sheet using the exchange rate at the date of the transaction.

### Derivative instruments

The group's exposure to foreign currency fluctuations relates to foreign currency assets, liabilities and forecasted cash flows. 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.

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 profit and loss account.

### Translation of financial statements of non-integral foreign operations

In translating the financial statements of foreign subsidiaries, the assets and liabilities, both monetary and non-monetary, are translated at the closing rate; income and expense items are translated at the mean exchange rate for the year; and all resulting exchange differences are accumulated in a foreign currency translation reserve until the disposal of the net investment.

## **Impairment**

In accordance with accounting standard 28 on 'Impairment of assets' issued by ICAI, where there is an indication of impairment of the group's assets the carrying amount of the assets are reviewed at each balance sheet date to determine impairment, if any. The recoverable amount of the assets (or where applicable that of the cash generating unit to which the asset belongs) is estimated at the higher of its net selling price and its value in use. An impairment charge is recognised whenever the carrying amount of the asset or cash-generating unit exceeds its recoverable amount.

## **Inventories**

- i) Inventories are valued as follows:  
Stores, Spares, Packing Materials, Raw Materials, Finished Goods and Stock in Process - at lower of cost and net realisable value.
- ii) Cost of Raw Materials, Stores, Spares and Packing Materials is determined on FIFO basis. Cost of Finished Goods and Stock in Process is determined by considering materials, labour and other related direct expenses.

### **Customs Duty and Excise Duty**

Customs Duty and Excise Duty have been accounted for on the basis of both payments made in respect of goods cleared as well as provision made for goods lying in bonded warehouse. Such provision is included in the valuation of closing stocks of respective materials and goods.

### **Employee Benefits**

Short term employee benefits are accounted in the period during which the services have been rendered.

#### Defined Contribution Plans

The Group, except for one of its subsidiaries, viz Advanced Enzyme Far East Limited contributes on a defined contribution basis to Employee's Provident Fund towards post employment benefits, all of which are administered by the Regional Provident Fund authorities, and has no further obligation beyond making its contribution, which is expensed in the year to which it pertains.

Superannuation benefits to employees, a defined contribution plan, as per company's scheme, have been funded with Life Insurance Corporation of India and the contribution is charged to Profit & Loss Account, when the contribution to the fund is due.

#### Defined Benefit Plans

The liability for the defined benefit plan of Gratuity for the group except one of its subsidiaries viz. Advanced Enzyme Far East Limited, is determined on the basis of an actuarial valuation by an independent actuary at the year end, which is calculated using projected unit credit method. Actuarial gains and losses which comprise experience adjustment and the effect of changes in actuarial assumptions are recognised in the Profit and Loss Account. The Gratuity liability is funded through a trust with the Life Insurance Corporation of India, except for two of its subsidiaries, viz Advanced Bio-Agrotech limited & Advanced Enzyme Far East Limited.

#### Other long term liabilities

The employees of the group except for one of its subsidiaries, viz Advanced Enzyme Far East Limited, are entitled to leave as per the leave policy of the group. The liability in respect of unutilised leave balances is provided based on an actuarial valuation carried out by an independent actuary as at the year end, which is calculated using projected unit credit method and charged to the Profit and Loss Account. The Leave encashment liability is funded through a trust with the Life Insurance Corporation of India, except for two of its subsidiaries, viz Advanced Bio-Agrotech limited & Advanced Enzyme Far East Limited.

### **Income Taxes**

Tax expense comprises both current and deferred taxes. Current Tax is provided on the taxable income using the applicable tax rates and tax laws. Deferred tax assets and liabilities arising on account of timing difference and which are capable of reversal in subsequent periods are recognised using the tax rates and tax laws that have been enacted or substantively enacted. The Deferred Tax Asset is recognised and carried forward only to the extent that there is a reasonable certainty except for carry forward losses and unabsorbed depreciation which is recognised on virtual certainty that the assets will be adjusted in future.

### **Borrowing costs**

Interest and other borrowing costs attributable to the acquisition of or construction of qualifying assets till the date of commercial use of the assets are capitalised. All other borrowing costs are charged to revenue.

### Preliminary Expenses

Preliminary Expenses are written off over a period of five years

### Research & Development Expenses

Revenue Expenditure on Research & Development is generally charged to revenue in the year in which it is incurred except in cases where expected future benefits are reasonably established.

Capital Expenditure on Research & Development is included in Fixed Assets under appropriate heads and accounted for accordingly.

### Provisions & Contingent Liabilities

The group recognises a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources 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. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

	<u>2010-11</u>	<u>(In Rupees)</u> <u>2009-10</u>
3. Estimated amount of contracts remaining to be executed on Capital Account (net of advances) and not provided for.	102,044,749	11,760,306
4. The breakup of Deferred Tax Asset / (Liabilities) - NET as on 31st March, is as given below:		<u>(In Rupees)</u>
Arising on account of timing difference in:	<u>2010-11</u>	<u>2009-10</u>
- Depreciation	<b>70,063,287</b>	65,418,393
- Accrued Expenses allowable on Actual Payments	-	(1,895,293)
Deferred Tax Liability (Net)	<u><b>70,063,287</b></u>	<u>63,523,100</u>

5. During the year, the company has capitalised Borrowing cost amounting to Rs.40,22,482/- (Rs.NIL).

### 6. Segment Information

At a consolidated level, the company operates only in one reportable business segment; viz 'Biochemicals'. Thus in the context of Accounting Standard 17 on Segment Reporting is considered to constitute one single primary segment. Other non reportable segments have not been disclosed as unallocated reconciling item in view of their materiality. Accordingly no separate disclosures in respect of primary business segments is considered necessary.

#### Geographical Segment Information;

##### Total Revenue

Domestic	<b>732,492,840</b>	842,824,877
Exports	<b>433,797,285</b>	294,846,898

##### Total Assets

Domestic	<b>1,367,629,082</b>	1,013,161,202
Exports	<b>173,383,809</b>	100,169,353

The group has common assets for manufacturing of goods for domestic and overseas markets. Hence, separate figures for assets/additions to Fixed Assets cannot be furnished except for those disclosed above.

**7 Related Party Disclosure:**

**A Relationships:**

**I Key Management Personnel and their Relatives**

**Directors :**

Mr. Vasant L. Rathi  
Mr. Chandrakant L. Rathi  
Mrs. Savita C. Rathi  
Mr. Mukund M. Kabra

**Relatives of Directors :**

Mr. Piyush C. Rathi  
Ms. Radhika C. Rathi  
Mrs. Prabha V. Rathi  
Mr. Kishore L. Rathi  
Mr. Madhusudan G. Kabra  
Mrs. Mangala M. Kabra  
Mrs. Geetanjali M. Kabra

**II Other Related Parties (in which either of the directors or their relatives have significant influence)**

Atharva Capital Ventures Pvt. Ltd. (erstwhile Super Biochemicals Pvt. Ltd.)  
Chandrakant Rathi Finance & Investment Company Pvt. Ltd.  
Specialty Enzymes & Biochemicals Co.  
Advanced Vital Enzymes Ltd. (w.e.f. 1st August 2010)



(In Rupees)

	KMP & Relatives		Other Related parties	
	2010-11	2009-10	2010-11	2009-10
1 Purchases of Goods Specialty Enzymes & Biochemicals Co.	-	-	3,893,869	10,184,862
2 Sale of Goods Advanced Vital Enzymes Limited	-	-	8,860,250	-
Specialty Enzymes & Biochemicals Co.	-	-	235,978,135	151,140,171
	-	-	244,838,385	151,140,171
3 Remuneration to Directors & their Relatives				
Mr. V. L. Rathi	1,384,285	1,098,496	-	-
Mr. C. L. Rathi	6,303,880	5,378,966	-	-
Mrs. S. C. Rathi	2,064,840	1,429,927	-	-
Mr. Mukund Kabra	5,196,380	4,182,653	-	-
Mr. K.L. Rathi	1,201,045	1,100,196	-	-
Mrs. Mangala M. Kabra	1,315,640	1,165,815	-	-
Mr. Piyush Rathi	2,114,820	1,469,912	-	-
	19,580,890	15,825,965	-	-
4 Interest received Advanced Vital Enzymes Limited	-	-	5,251,732	-
5 Sale of Investment	-	-		
Chandrakant Rathi Finance & Investment Co. Pvt. Ltd	-	-	1,504,000	-
Atharva Capital Ventures Pvt. Ltd. (erstwhile Super Biochemicals Pvt. Ltd.)	-	-	940,000	-
Gitanjali Kabra	376,000	-	-	-
	376,000	-	2,444,000	-
6 Interest on Fixed Deposits				
Chandrakant Rathi Finance & Investment Co. Pvt. Ltd	-	-	481,500	240,064
Atharva Capital Ventures Pvt. Ltd. (erstwhile Super Biochemicals Pvt. Ltd.)	-	-	322,257	261,030
Mr. V. L. Rathi	1,222,756	1,159,765	-	-
Mrs. Prabha V. Rathi	51,860	51,695	-	-
Ms Radhika Rathi	262,018	222,045	-	-
Mr. Piyush Rathi	5,250	5,250	-	-
	1,541,884	1,438,755	803,757	501,094
7 Advances Paid (Net) Advanced Vital Enzymes Limited	-	-	8,641,117	-
8 Deposits Received/ (Repaid) (Net)				
Chandrakant Rathi Finance & Investment Co. Pvt. Ltd	-	-	-	3,350,000
Atharva Capital Ventures Pvt. Ltd. (erstwhile Super Biochemicals Pvt. Ltd.)	-	-	-	1,500,000
Mr. V. L. Rathi	(2,407,000)	3,000,000	-	-
Mrs. Prabha V. Rathi	(84,000)	-	-	-
Ms Radhika Rathi	(150,000)	600,000	-	-
Mr. Piyush Rathi	-	(835,000)	-	-
	(2,641,000)	2,765,000	-	4,850,000
9 Outstanding Balances				
a. Fixed Deposits				
Chandrakant Rathi Finance & Investment Co. Pvt. Ltd	-	-	4,400,000	4,400,000
Atharva Capital Ventures Pvt. Ltd. (erstwhile Super Biochemicals Pvt. Ltd.)	-	-	2,975,000	2,975,000
Mr. V. L. Rathi	10,211,000	12,618,000	-	-
Mrs. Prabha V. Rathi	410,000	494,000	-	-
Ms Radhika Rathi	2,350,000	2,500,000	-	-
Mr. Piyush Rathi	50,000	50,000	-	-
	13,021,000	15,662,000	7,375,000	7,375,000
b. Accounts Receivable				
Advanced Vital Enzymes Limited	-	-	10,229,713	-
Specialty Enzymes & Biochemicals Co.	-	-	62,188,456	43,164,621
	-	-	72,418,169	43,164,621
c. Accounts Payable Specialty Enzymes & Biochemicals Co.	-	-	312,200	-
d. Advances Paid Advanced Vital Enzymes Limited	-	-	79,866,085	-

No amount has been provided as doubtful debts or advances / written off or written back in the year in respect of debts due from / to above related parties.

8 Provision for leave encashment & gratuity is made based on the actuarial valuation report as below.

**A. Defined Benefit Plans**

(In Rupees)

Particulars	Gratuity	
	2010-11	2009-10
<b>Change in the present value of the defined benefit obligation</b>		
Opening defined benefit obligation at the beginning of the year	11,197,395	7,431,833
Current Service Cost	1,155,884	1,183,841
Interest Cost	923,238	613,126
Actuarial losses (gains)	(1,901,968)	2,268,917
Benefits paid	(390,582)	(300,323)
Closing defined benefit obligation at the end of the year	10,983,967	11,197,394
<b>Change in Plan Assets</b>		
Opening fair value of plan assets at the beginning of the year	9,707,815	8,312,763
Expected Return on Plan assets	942,726	775,976
Contributions by employer	1,924,420	864,934
Benefit Paid	(390,582)	(300,323)
Actuarial Gains / (losses)	112,220	54,465
Closing fair value of plan assets at the end of the year	12,296,599	9,707,815
Reconciliation of present value of the obligation and fair value of the plan assets		
Present Value of Funded obligation at the end of the year	10,709,309	10,978,652
Fair Value of Plan assets at the end of the year	12,296,599	9,707,815
Present Value of unfunded obligation	274,658	218,742
Deficit/(Surplus)	(1,312,632)	1,489,579
Net Liability/(Asset )	(1,312,632)	1,489,579
<b>Amount Recognised in the Balance Sheet</b>		
Liabilities	10,983,967	11,197,394
Assets	12,296,599	9,707,815
Net Liability / (Asset) recognised in Balance Sheet	(1,312,632)	1,489,579
<b>Net Cost recognised in the profit and loss account</b>		
Current Service Cost	1,155,884	1,183,841
Interest Cost	923,238	613,126
Expected return on plan assets	(942,726)	(775,976)
Net actuarial losses (Gain) recognised during the year	(2,014,188)	2,214,452
Total costs of defined benefit plans included in Schedule 11 - 2	(877,792)	3,235,443
<b>Reconciliation of expected return and actual return on Plan Assets</b>		
Expected Return on Plan Assets	942,726	775,976
Actuarial Gain/ (loss) on Plan Assets	112,220	54,465
Actual Return on Plan Assets	1,054,946	830,441

**Category of Assets**

L.I.C. Group Gratuity (Cash Accumulation) Policy  
(Obligation of Advanced Bio-Agro Tech Ltd. is unfunded)

% of Plan Assets

**100%**                      100%

Principal actuarial assumptions:

Discount Rate	8.50%	8.25%
Expected Rate of return on Plan Asset	9.00%	9.00%
Salary Escalation	7.00%	7.00%

(In Rupees)

**Amounts for the current and previous periods are as follows:**

	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>	<u>2007-08</u>
Defined benefit obligation	<b>10,983,967</b>	11,197,394	7,431,833	5,863,921
Plan Assets	<b>12,296,599</b>	9,707,815	8,312,763	5,863,921
Surplus / (Deficit)	<b>(1,312,632)</b>	1,489,579	(880,930)	-

	<u>2010-11</u>	<u>2009-10</u>
Experience adjustments on plan liabilities	<b>942,726</b>	775,976
Experience adjustments on plan assets	<b>112,220</b>	54,465

(In Rupees)

**B. Other Long Term Liabilities**

Particulars	Leave Encashment	
	<u>2010-11</u>	<u>2009-10</u>
Present value of Funded obligation at the year end.	<b>3,909,899</b>	3,776,572
Plan assets (100% in Advanced Group of Company's Employees Leave Encashment Scheme with L.I.C.)	<b>4,035,020</b>	2,598,765
Present value of Unfunded obligation at the year end.	<b>329,876</b>	297,032
Net Liability/(Asset )	<b>204,755</b>	1,474,839
(Obligation of Advanced Bio Agro Tech Ltd is unfunded)		

No other disclosures have been furnished as per Para 132 of Accounting Standard 15 (Revised 2005) - Employee Benefits.

The estimates of future salary growth, factored in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market. Such estimates are very long term and are not based on limited past experience / immediate future. Empirical evidence also suggests that in very long term, consistent high salary growth rates are not possible.

**Defined Contribution Plans**

Employer's contribution to Provident Fund*	<b>4,066,150</b>	3,797,743
Employer's contribution to Superannuation Fund*	<b>1,333,175</b>	1,366,675
* included in "contribution to Provident, Gratuity & Other funds" (Refer schedule 11-2)		

**9 Contingent Liability not provided for:**

a. Disputed excise duty liability	<b>312,809</b>	9,365,080
b. Disputed income tax liability	<b>2,547,892</b>	1,571,081
c. Import Letters of Credit	<b>3,755,320</b>	7,985,616

**Notes:**

- Future cash outflows in respect of (a) & (b) above is determinable only on receipt of judgements / decisions pending with various forums/ authorities upon expiry of the stipulated period.
- In respect of one of the subsidiaries, Advanced Bio-Agro Tech Ltd, a claim for compensation under Workmen Compensation Act, is being lodged by wife of one of the deceased employee of the company. The estimated liability is worked out at about Rs. 4 lacs.

10 The Company has taken various premises under operating leases. These are generally not non- cancellable and range between 11 months to 3 years and above and are renewable by mutual consent on mutually agreeable terms. Lease payments amounting to Rs.43,18,955/- (Rs.30,86,371/-) are recognised in the Profit & Loss Account under the following heads.

1. Rent account	<b>801,245</b>	665,671
2. Research and development expenses	<b>3,517,710</b>	2,420,700

11 Earning Per Share (EPS): in accordance with Accounting Standard 20.

Net Profit after Tax	<b>168,659,761</b>	124,138,087
Weighted Average Number of Ordinary Shares	<b>20,731,200</b>	20,731,200
Nominal value per share	<b>10</b>	10
Basic and Diluted Earning Per Share	<b>8.14</b>	5.99

12 Pursuant to the disposal of 'Advanced Vital Enzymes Limited' and formation of 'Advanced Bio Pro Solutions Limited' and 'Advanced Enzymes, USA' in the current year, the figures of the current year are not strictly comparable to those of the previous year. Previous year's figures have been regrouped / reclassified wherever necessary, to conform to current year's classification.

Signatures to the Schedules 1 to 13 which form an integral part of the Financial Statements.

**For M.M. NISSIM AND CO.**

Chartered Accountants

**(N. Kashinath)**

Partner

M.No. 36490

Mumbai, 26<sup>th</sup> May 2011

**For and on behalf of the Board**

**(C.L.Rathi)**

Managing Director

Thane, 26<sup>th</sup> May 2011

**(R. T. Mehta)**

Director

**(B. P. Rauka)**

CFO & Company Secretary

The Central Government vide notification dated February 8, 2011 granted general exemption u/s.212(8) of the Companies Act, 1956.

The Company being eligible, has availed the exemption granted as per the above notification. The Board of Directors of the Company has given consent to avail the exemption granted under the above notification with regard to consolidation of accounts of subsidiaries and not attaching their balance sheets. Accordingly, information required to be disclosed as per the said notification is given below.

	Advanced Bio-Agro Tech Ltd	Advanced EnzyTech Solutions Ltd	Advanced Enzyme Far East Ltd	Advanced Bio-Pro Solutions Ltd.	Advanced Vital Enzymes Ltd (April-July 2010)
Share Capital	1,000,000	700,000	*** 1,304,000	500,000	940,000
Reserves & Surplus	29,838,490	807,270	-	-	1,760,000
Total assets (including investments)	48,006,821	32,128,446	* 20,790,403	490,493	86,564,103
Total liabilities	17,168,331	30,621,176	* 23,125,670	3,309	92,360,221
Debit balance in Profit & Loss	-	-	* 3,639,267	12,816	8,496,118
Investments	-	-	-	-	-
Turnover	154,858,939	25,173,846	** 42,938,752	-	18,361,798
Profit before taxation	7,716,104	1,020,221	* (3,829,242)	(12,816)	(9,426,393)
Provision for taxation	3,104,419	365,191	-	-	40,353
Profit after taxation	4,611,685	655,030	* (3,829,242)	(12,816)	(9,466,746)
Proposed dividend	-	-	-	-	-

**For M.M. NISSIM AND CO.**

Chartered Accountants

**(N. Kashinath)**

Partner

M.No. 36490

 Mumbai, 26<sup>th</sup> May 2011

**For and on behalf of the Board**
**(C.L.Rathi)**

Managing Director

 Thane, 26<sup>th</sup> May 2011

**(R. T. Mehta)**

Director

**(B. P. Rauka)**  
 CFO & Company Secretary

\* Rate as on 31.03.2011 = 5.7379090

\*\* Avg. Rate for F.Y. 2010-11 = 5.8330195

\*\*\* Rate on Investment made i.e. 11.03.2009 = 6.52001

# Exchange Rate on 1.01.2011 = Rs. 45.12

## Exchange Rate on 31.03.2011 = Rs. 44.63

### Avg Exchange Rate for F.Y. 2010-11 = Rs. 45.36



# Achievements 2010-2011

Chitranjan Kesari, Head – IT of Advanced Enzymes receives FUTURE CIO OF INDIA 2010 Award presented by IT NEXT magazine on November 26, 2010



Dr. Anil Gupta, General Manager - R&D, receives the Business Leader Award for the year 2011 from CHEMTECH foundation on 24th February 2011.



Subsidiaries



Accreditations



Advanced Enzyme Technologies Ltd.

\*Sun-Magnetica, "A" Wing, 5th Floor, LIC Service Road, Louiswadi, Thane (W), 400 604

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