

**ADVANCED ENZYME TECHNOLOGIES LIMITED
(CIN: L24200MH1989PLC051018)**

POLICY ON MATERIAL SUBSIDIARIES

[Adopted on January 13, 2016; Substituted with this revised Policy effective February 09, 2019 unless otherwise mentioned in this revised Policy]

1. INTRODUCTION

The Policy on Material Subsidiaries was approved & adopted by the Board of Directors (the “Board”) of Advanced Enzyme Technologies Limited (the “Company”) in its meeting held on January 13, 2016 pursuant to SEBI (Listing Obligations & Disclosure Requirements) 2015 [“SEBI LODR”]. SEBI vide its circular dated May 09, 2018 has notified the amendments in SEBI LODR including regulation(s) related to the Material Subsidiary definition & related matters. In view of this, the Board reviewed and adopted this revised Policy on Material Subsidiaries (“Policy”). The Policy is effective from February 09, 2019 (unless otherwise mentioned in the Policy)

2. POLICY OBJECTIVE

The objective of the Policy is to lay down the criteria for determination of Material Subsidiaries of Company and to provide for the governance framework for such identified subsidiaries.

3. DEFINITIONS

“Audit Committee or Committee” means “Audit Committee” constituted by the Board of Directors of the Company, from time to time, under SEBI LODR and the Companies Act, 2013.

“Board of Director” or **“Board”** means the Board of Directors of the Company.

“Company” means Advanced Enzyme Technologies Limited (CIN: L24200MH1989PLC051018) having its registered office at 5th floor, Sun Magnetica, Near LIC Service road, Louiswadi, Thane (W), Maharashtra - 400604, India .

“Independent Director” means a director of the Company, not being a whole time director and who is neither a promoter nor belongs to the promoter group of the Company and who satisfies other criteria for independence specified under the Companies Act, 2013 and SEBI LODR, from time to time.

“Policy” means Policy on Material Subsidiaries.

“Material Unlisted Indian Subsidiary” shall mean a Material Subsidiary

which is incorporated in India and is not listed on the Indian stock exchanges.

“Material Unlisted Subsidiary” shall mean a Material Subsidiary whether incorporated in or outside India and is not listed on the Indian stock exchanges.

“Significant Transaction or Arrangement” shall mean any individual transaction or arrangement that exceeds or is likely to exceed ten percent of the total revenues or total expenses or total assets or total liabilities, as the case may be, of the unlisted subsidiary for the immediately preceding accounting year.

“Subsidiary” shall be as defined under the Companies Act, 2013, Rules made thereunder and SEBI LODR.

4. POLICY

- i. A Subsidiary shall be a **Material Subsidiary**, if the income or net worth of such Subsidiary exceeds **ten percent*** of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

** upto March 31, 2019 - it shall be read as twenty percent*

- ii. Effective April 01, 2019, atleast one **Independent Director** of the Company shall be a director on the Board of the material non-listed subsidiary, whether incorporate in India or not.

Material Unlisted Subsidiary shall mean an Unlisted Subsidiary, whose income or net worth (i.e. paid up capital and free reserves) exceeds twenty percent of the consolidated income or net worth respectively of the Company in the immediately preceding accounting year.

- iii. The Audit Committee of Board of the Company shall review the financial statements, in particular, the investments made by all the Unlisted Subsidiary companies on quarterly basis.
- iv. The minutes of the Board Meetings of the Unlisted Subsidiary companies shall be placed before the Board of the Company on an annual basis.
- v. The management of the Unlisted Subsidiary shall on periodic basis bring to the attention of the Board of Directors of the Company, a statement of all Significant Transactions and Arrangements entered into by all the unlisted subsidiary companies.
- vi. The management shall present to the Audit Committee annually the list of such subsidiaries together with the details of the materiality defined

herein. The Audit Committee shall review the same and make suitable recommendations to the Board including recommendation for appointment of Independent Director on the board of Material Unlisted Subsidiary.

5. DISPOSAL OF MATERIAL SUBSIDIARY

The Company shall not without passing a special resolution in its general meeting:

- i. dispose shares in Material Subsidiaries that reduces its shareholding (either on its own or together with other subsidiaries) to less than fifty percent ; or
- ii. ceases the exercise of control over the Subsidiary; or
- iii. sell, dispose or lease the assets amounting to more than twenty percent of the assets of the Material Subsidiary.

Provided that no such prior approval of shareholders by way of special resolution in general meeting will be required if the sale, disposal, lease is made pursuant to a scheme of arrangement duly approved by a Court/Tribunal.

6. DISSEMINATION

Pursuant to Rule 46 of SEBI(LODR) Regulations 2015, this Policy and any amendment thereto shall be posted on the website of the Company and a web link thereto shall be provided in the Annual Report.

In any circumstance where the terms of this Policy differ from any existing or newly enacted law, rule, regulation or standards governing the Company (“Applicable laws”), then the provisions of such Applicable laws shall take precedence over the Policy and the provisions of the Policy shall be deemed modified to that extent, from the effective date as may be mentioned for such applicable law(s).
