



ADVANCED ENZYME TECHNOLOGIES LIMITED

(CIN: L24200MH1989PLC051018)

POLICY ON RELATED PARTY TRANSACTIONS

The Policy

Advanced Enzyme Technologies Limited may engage with Related Parties in the ordinary course of business and on an arm's length basis to leverage scale, size and drive operational synergies to provide value added, innovative products to its consumers while ensuring that transactions with Related Parties are, fully compliant with applicable Regulations.

Objective of the Policy

The Board of Directors ("the Board") of Advanced Enzyme Technologies Limited "Advanced Enzyme" or "the Company"), after considering the recommendation of the Audit Committee, has adopted this policy and associated procedures with regard to Related Party Transactions, in line with the requirements of the Companies Act, 2013, rules made thereunder (as amended from time to time) ["Act"] and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR") in its meeting held on January 13, 2016. In view of the recent amendments in SEBI LODR, the Board reviewed & adopted this revised Policy (in substitution of the existing one) in its meeting held on February 09, 2019. This revised Policy ("Policy") is effective for the Related Party Transactions to be entered into from April 01, 2019.

Definitions and Applicability

All capitalized terms used in this Policy document but not defined herein shall have the meaning ascribed to such term in the Act and the SEBI LODR, as may be amended from time to time.

The Policy may be adopted by the Board of Directors of subsidiary companies. Accordingly, the terms 'Company', 'Board of Directors', 'Audit Committee', 'Nomination and Remuneration Committee', 'Corporate Social Responsibility Committee' shall be construed with reference to the respective companies. In case any of the subsidiary is not required to constitute any of the Committee as per the applicable provisions of the Act and the SEBI LODR, the reference to the Committees in this Policy shall be read as the 'Board of Directors'.

This revised Policy shall be applicable to all Related Party Transactions entered into on or after 1st April 2019. The Audit Committee of the Company shall review all existing related party transactions as a matter of good governance and agree on corrective steps, if required, to ensure that the transactions entered are in the ordinary course of business and are on an arm's length basis.

Dealing with Related Party Transactions

Related Party Transactions are prohibited, unless approved or ratified by the Audit Committee and / or the Board of Directors of the Company in accordance with this Policy. In dealing with Related Party Transactions, the Company will follow the following approach:

Identification of Related Party Transactions:

All Related Party Transactions must be brought to the notice of the Audit Committee of the Company.

Any employee of the Company who is aware of any transaction that is or may be perceived to be a Related Party Transaction is required to bring the same to the attention of the Audit Committee of the Company through Company Secretary.

All Directors, Members of the Management Committee and Key Managerial Personnel (KMPs) / Senior Management Personnel are responsible for informing the Company of their interest (including interest of their Relatives) in other companies, firms or concerns at the beginning of every financial year and any change in such interest during the year. In addition, all Directors, Members of the Management Committee and KMPs are responsible for providing notice to the Board either directly or through Company Secretary of any potential Related Party Transaction involving him/her as Director, Member or otherwise or his or her relative, including any additional information about the transaction that the Audit Committee may request. The Board shall record the disclosure of interest and the Audit Committee will determine whether the transaction is in the ordinary course of business and on an arm's length basis.

Such notice of any potential Related Party Transaction should be given well in advance so that the Company Secretary has adequate time to obtain and review information about the proposed transaction and to refer it to the Audit Committee.

Review and Approval of Related Party Transactions

Related Party Transactions are prohibited, unless approved or ratified by the Audit Committee of the Company in accordance with this Policy.

Unless otherwise stated in this Policy, all Related Party Transactions require prior approval of the Audit Committee of the Company. All Related Party Transactions must be reported to the Company Secretary who shall submit the same for approval or ratification by the Audit Committee.

The Audit Committee shall grant omnibus approval to Related Party Transactions that are:

- Repetitive in nature; and/or
- Entered in the ordinary course of business and are at Arm's Length. The expression Arm's Length has the meaning ascribed to it under Section 188 of the Act. If any of the transaction(s) is expected to be not on arm's length basis, the same shall also be referred to the Board for approval.

Such omnibus approval will be granted to the transactions which, in addition to meeting the above criteria, also satisfy the following considerations:

- The transaction in question is necessary to be executed as it is in the business interest of the Company;

- If the transaction to be entered into with a Related Party is concerning technology transfer, research collaboration, sale / purchase, intellectual property or specialized services;
- The requisite information is presented to the Audit Committee's satisfaction, to confirm that the transaction is at Arm's Length and in ordinary course of business;
- Such omnibus approval shall specify (i) the names of the Related Party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into, (ii) the indicative value and the formula for variation in the value, if any and (iii) such other conditions as the Audit Committee may deem fit;

Provided that where the need for related party transaction cannot be foreseen and aforesaid details are not available, the Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding rupees one crore per transaction.

Such omnibus approval shall be valid for a period not exceeding one year and shall require fresh approval upon the expiry of one year.

The Audit Committee shall on quarterly basis review the details of the Related Party Transactions entered into by the Company pursuant to the omnibus approval.

In an unforeseen event where a Related Party Transaction, for which Omnibus approval has not been given by the Audit Committee, needs to be entered due to business exigencies between two Audit Committee meetings, the Audit Committee may approve such Related Party Transaction by passing a resolution by circulation, after satisfying itself that such transaction is in the interest of the Company.

Ratification, if any, of a Related Party Transaction after its commencement or completion will be approved by the Audit Committee in exceptional circumstances only or after satisfying itself that such transaction is in the interest of the Company.

A Related Party Transaction entered into without prior approval of the Audit Committee shall not be deemed to violate this Policy, or be invalid or unenforceable, so long as the transaction is brought to the Audit Committee for ratification as promptly as reasonably practical after it is entered into and such transaction is ratified.

Any member of the Audit Committee, who has a potential interest in any Related Party Transaction, will recuse him or herself, shall not be present during the discussion and abstain from voting on the approval or ratification of such Related Party Transaction. Such member may, however, participate in discussions with respect to other Related Party Transactions placed for approval or ratification of the Audit Committee.

All Related Party Transactions that are not in the ordinary course of business or not on arm's length basis shall be referred to the Board of Directors for their approval. Any member of the Board who has a potential interest in such Related Party Transaction will recuse him or herself, shall not be present during the discussion and abstain from voting on the approval of such Related Party Transaction. Such member may, however, participate in discussions with respect to other Related Party Transactions placed for approval of the Board.

Any Related Party Transactions shall also be placed for prior approval of shareholders if it exceeds the thresholds as prescribed under the Act and the SEBI LODR, unless otherwise exempted under the provisions of SEBI LODR & other applicable laws. No Related Party, as a shareholder, shall vote to approve such resolutions irrespective of whether the entity is a party to the particular transaction or not.

Related Party Transactions that shall not require Approval (unless otherwise required by the Act or SEBI LODR)

Following transactions shall not require separate approval under this Policy:

- Any transaction pertaining to appointment and remuneration of Directors and KMPs that has already been approved by the Nomination and Remuneration Committee of the Company or the Board;
- Transactions that have been approved by the Board under the specific provisions of the Companies Act, e.g. inter-corporate deposits, borrowings, investments with or in wholly owned subsidiaries;
- Payment of Dividend;
- Transactions involving corporate restructuring, such as buy-back of shares, capital reduction, merger, demerger, hive-off, approved by the Board and carried out in accordance with the specific provisions of the Companies Act, 2013 or SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- Contribution to Corporate Social Responsibility (CSR), subject to approval of CSR Committee and within the overall limits approved by the Board of Directors of the Company.
- Any other transaction(s) as may be exempted under SEBI LODR and the Companies Act, 2013

Material Related Party Transactions

All Material Related Party Transactions shall be placed for approval of shareholders through Resolution. However, notwithstanding the other provisions of this Policy, the Material Related Party Transactions entered between the Company and its wholly owned subsidiaries shall not require approval of shareholders.

A transaction with a Related Party shall be considered Material if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year exceed the following thresholds (either individually or collectively):

- a. In case of Brand Usage or Royalty, if the transaction value exceeds 2 (two) percent of the Annual Consolidated Turnover as per the last audited financial statements of the Company.
- b. In case of any other Related Party Transaction, if the transaction value exceeds 10 (ten) percent of the Annual Consolidated Turnover of the Company as per the last audited financial statements of the Company.

Disclosure(s)

Details of all Material Related Parties Transactions shall be disclosed, on quarterly basis, along with the compliance report on corporate governance, to the Stock Exchanges, to the extent required under SEBI LODR. Beginning half year ended March 31, 2019, the Company shall submit within 30 days from the date of publication of its standalone and consolidated financial results for the half year; disclosures of related party transactions on a consolidated basis, in the format specified in the relevant accounting standards for annual results to the Stock Exchanges and publish the same on the Company's website. The said disclosures shall be made to the Stock Exchanges where the shares of the Company are listed as may be required under the provisions (as amended) of SEBI LODR, from time to time. In case of any amendment in SEBI LODR, the submissions & timelines stands amended to that extent, from the effective date as may be notified by SEBI in this regard.

The Company shall disclose the Policy on dealing with Related Party Transactions on its website and provide web link in the Annual Report. In addition to the disclosures required under Accounting standard, Related Party Transactions that are not at arm's length basis and Material Related Party Transactions that are at arm's length or such other transactions as may be statutorily required from time to time, shall be disclosed in the Annual Report of the Company.

Amendments to the Policy

The Audit Committee of the Company shall review and may amend this Policy at least once every three years, subject to the approval of the Board of Directors of the Company. Any or all provisions of this Policy would be subject to revision / amendment in accordance with the Rules, Regulations, Notifications, etc. on the subject as may be issued by relevant statutory authorities, from time to time. In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s), etc. shall prevail upon the provisions hereunder and this Policy shall be deemed amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s), etc.
