

ADVANCED ENZYME TECHNOLOGIES LIMITED

DIVIDEND DISTRIBUTION POLICY

The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [as amended] (“Regulations”) mandates for the top 500 listed companies (as per market capitalisation) to formulate, adopt and disclose the company’s Dividend Distribution Policy in its Annual report and website.

The Board of Directors (“Board”) of Advanced Enzyme Technologies Limited (“Company”) has adopted this Dividend Distribution Policy (“Policy”) to comply with these requirements.

The Company currently has only one class of shares, viz. equity, for which this Policy is applicable. The Policy is subject to review by the Board, when the Company issues different class of shares.

The terms not defined herein shall have the meaning ascribed to them under the Companies Act, 2013, rule made therein and/or under the SEBI Regulations.

OBJECTIVE OF THE POLICY

The Policy establishes the principles to ascertain amount that can be distributed as dividend by the Company to its shareholders as well as to enable the Company strike a balance between pay-out and retained earnings, in order to meet the future fund requirements of the Company.

FACTORS/PARAMETERS TO BE CONSIDERED AT THE TIME OF RECOMMENDATION / DECLARATION OF DIVIDEND

The philosophy of the Company is to maximize the stakeholders’ wealth in the Company and the Board shall consider the following factors while declaring interim dividend / recommending final dividend to its shareholders:

a) Internal Factors / Financial Parameters:

- Operating Profit after Tax and Distributable surplus available as per the provisions of the applicable laws including the Companies Act, 2013 and rules made thereunder;
- Working Capital requirements;
- Capital Expenditure (CAPEX) plans /requirements;
- Fund requirement in relation to the acquisitions and/or diversification plans;
- The Company’s Cash Flow position including Cash Flow, if any, required for Contingencies;
- Outstanding and proposed Borrowings;
- Dividend pay-out trend / history; and
- Assessment of Impact of Dividend pay-out on Credit Rating & other consequential factors
- Any other factor(s) that the Board may consider relevant.

b) External Factors:

- Applicable Interest rates on the borrowings of the Company;
- Taxation on distribution of dividend;
- Covenants of any loan agreement(s)
- Dividend Payout Ratios of comparable companies / companies in same industry; and
- Applicable statutory / regulatory conditions or restrictions laid down under the laws including tax laws
- Prospective business opportunities and threats or in the event of any expected challenging circumstances such as change in regulatory / Government policies and/or financial environment.
- Any other factor(s) that the Board may consider relevant.

CIRCUMSTANCES UNDER WHICH SHAREHOLDERS MAY OR MAY NOT EXPECT DIVIDEND

- i) The Company proposes/has undertaken a significant expansion project/CAPEX;
- ii) Mergers, Acquisitions or Joint Ventures (proposed / in-process);
- iii) Buy-back of securities and the proposed utilization of surplus cash / reserves;
- iv) Any other similar plan or proposal which requires higher capital allocation; and/or
- v) Due to inadequacy of profits or losses.

RETAINED EARNINGS

Subject to the provisions of the applicable laws, the retained earnings of the Company may be applied for the following purpose(s):

- i) Capital expenditure / working capital requirements;
- ii) Organic and/ or inorganic growth;
- iii) Investment in new business(es) and/or additional investment or expansion of the existing business(es);
- iv) Issue of Bonus shares;
- v) Buy back of shares;
- vi) General corporate purposes;
- vii) Any other permissible purposes

GENERAL

- i) This Policy is subject to any amendments/revisions as per the guidelines that may be issued by Ministry of Corporate Affairs and/or Securities Exchange Board of India, from time to time;
- ii) The Company / Board reserves its right to alter, modify, add, delete or amend any of the provisions of this Policy, as it may deem fit, subject to the provisions of the applicable laws; and
- iii) 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 stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s), etc.
