

# 2015 - 2016 ANNUAL REPORT



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# Financial Highlights

ANNUAL REPORT 2015-16					
FINANCIAL HIGHLIGHT ON CONSOLIDATED BASIS			(Rupees in Millions)		
A) Financial Results Summary	2015-16	2014-15	2013-14	2012-13	2011-12
Net sales	2,938	2,231	2,394	2,204	1,717
EBIDTA (including other income)	1,389	931	1,031	943	657
Depreciation	87	90	100	74	55
EBIT	1,302	841	931	869	602
Finance Charge	79	93	132	96	122
Profit before tax & exceptional items	1,223	748	799	773	479
Exceptional items	41	-	514	-	-
Profit before tax	1,182	748	284	773	479
Tax	414	230	74	264	135
Profit after tax incl minority (PAT)	768	518	210	509	344
Profit after tax and allocation of minority interest	758	510	197	498	338
Paid up capital-Equity	218	218	218	218	207
Reserves & surplus	2,563	1,902	1,457	1,416	761
Shareholders' Fund	2,781	2,120	1,674	1,634	968
Minority interest	54	45	36	24	16
Long-term borrowings (including current maturities)	718	914	1,278	1,520	1,707
Working capital finance	296	226	361	306	359
Short term unsecured borrowings	-	11	30	22	20
Total Debt	1,014	1,151	1,669	1,849	2,086
Current liabilities (excluding current maturities of Long-term borrowings)	481	697	532	338	354
Tangible assets (net)	1,144	1,111	1,149	1,158	496
Intangible assets (net)	51	38	0	0	1
Goodwill on consolidation	1,710	1,710	1,710	1,710	1,547
Current asset	1,397	1,041	920	937	768
Net worth	2,781	2,120	1,674	1,634	968
Total outside liabilities - TOL	1,551	1,892	2,242	2,210	2,457
Growth Indicators					
Net Sales	32%	*-7%	9%	28%	47%
EBIDTA	49%	** -10%	9%	44%	150%
EBIT	55%	** -10%	7%	44%	182%
PAT	49%	158%	-60%	48%	102%
Key Operating Ratio					
EBITDA Margin	47%	42%	43%	43%	38%
EBIT Margin	44%	38%	39%	39%	35%
PAT Margin	26%	23%	9%	23%	20%
Financial Leverage					
Debt/Equity	0.36	0.54	1.00	1.13	2.15
Interest Coverage	16.48	9.08	7.05	9.09	4.92
Debt/EBDAT	0.77	1.37	1.86	2.18	3.90
Return Ratios					
RoE ( PAT/Shareholders' Fund)	28%	24%	13%	31%	36%
ROCE (EBIT/ (Shareholders' Fund + Total Debt))	34%	26%	28%	25%	20%
Other Ratios					
Turnover to Tangible assets (net)	2.57	2.01	2.08	1.90	3.46
TOL to Net Worth Ratio	0.56	0.89	1.34	1.35	2.54
Book Value per share (Rs.)	128	97	77	75	47

\* 4% increase on previous year if sales is taken net of exceptional sales return during FY 2014

\*\* 5% increase in EBIDTA and 4% increase in EBIT on previous year if gross profit margin on exceptional amount of sales return during FY 2014 is adjusted to the extent of gross margin

## **BOARD OF DIRECTORS**

Mr. Kedar Desai	Chairman - Independent Non-Executive Director
Mr. Chandrakant Laxminarayan Rathi	Managing Director
Mrs. Savita Chandrakant Rathi	Whole Time Director
Mr. Mukund Madhusudan Kabra	Whole Time Director
Mr. Vasant Laxminarayan Rathi	Director - Non Independent Non-Executive
Mr. Ramesh Thakorlal Mehta	Director - Independent Non-Executive
Mr. Pradip Bhailal Shah	Director - Non Independent Non-Executive
Mr. Kunisetty Venkata Ramakrishna	Director - Non Independent Non-Executive
Ms. Rupa Rajul Vora	Director - Independent Non-Executive

## **CHIEF FINANCIAL OFFICER**

Mr. Beni Prasad Rauka

## **CHIEF BUSINESS OFFICER**

Mr. Piyush Chandrakant Rathi

## **COMPANY SECRETARY**

Mr. Prabal Bordiya

## **REGISTERED OFFICE**

Sun-Magnetica, A Wing, 5th Floor, Near LIC Service Road, Louis Wadi, Thane(W) 400 604

## **R&D CENTRES**

1. Plot no. A-161, Main Road No. 27, Wagle Industrial Estate, Thane (W) 400 604
2. A-135, Road No. 23, Wagle Industrial Estate, Thane (W) 400 604
3. 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.  
Kotak Mahindra Bank Ltd.  
DBS Bank Ltd.

## **AUDITORS**

M/s Walker Chandio & Co LLP,  
Chartered Accountants  
16th Floor, Tower II, Indiabulls Finance Center,  
S. B. Marg, Elphinstone (W), Mumbai 400 013

## **SHARE TRANSFER AGENT**

Link Intime India Pvt. Ltd.  
C-13, Pannalal Silk Mills Compound,  
L.B.S. Marg, Bhandup (W),  
Mumbai 400 078.

## **SUBSIDIARIES**

Advanced Bio-Agro Tech Limited  
Advanced EnzyTech Solutions Limited  
Advanced Enzymes USA, USA  
Cal-India Foods International, USA  
Advanced Supplementary Technologies Corporation, USA  
Enzyme Innovation Inc., USA  
Dynamic Enzymes Inc., USA  
Enzyfuel Innovation Inc., USA

## DIRECTORS' REPORT

The Directors are delighted to present the Twenty Seventh Annual Report on the business and operations of the Company together with the audited Standalone & Consolidated statement of accounts of the Company for the year ended 31st March, 2016.

### 1. RESULTS OF OUR OPERATIONS

#### CONSOLIDATED FINANCIAL RESULTS

	Year ended 31.03.2016 (Rs. in Million)	Year ended 31.03.2015 (Rs. in Million)
Profit before depreciation, interest, exceptional item & tax	1388.51	930.81
(Less):		
Depreciation	87.19	90.17
Interest / finance charges	78.56	92.55
Exceptional item	40.96	-
Total	206.71	182.72
Profit before tax	1181.80	748.09
Less/(Add): Provision for taxation		
Current tax	363.42	201.59
Deferred tax	69.46	47.00
MAT credit entitlement	(18.53)	(19.12)
(Excess)/short provision for last years	0.01	0.49
Total	414.34	229.96
Profit after tax	767.46	518.13

#### STANDALONE FINANCIAL RESULTS

	Year ended 31.03.2016 (Rs. in Million)	Year ended 31.03.2015 (Rs. in Million)
Profit before depreciation, interest, exceptional item & tax	372.45	350.05
(Less):		
Depreciation	73.85	79.84
Interest / finance charges	43.71	46.56
	-	-
Profit before tax	117.56	126.40
Less/(Add): Provision for taxation	254.89	223.65
Current tax	54.59	46.05
Deferred tax	9.89	3.84
MAT credit entitlement	(18.53)	(19.12)
	45.95	30.77
Profit after Tax	208.94	192.89
Balance Brought Forward	1015.99	837.15
	1224.93	1030.04
Less: Reversal of fixed assets(refer note 12 of standalone financial)	-	2.99
Add:-Laibilities reversed on carrying amount of tangible assets due to transitional provision as per CA, 2013(refer note 8)	-	1.01
Profit available for appropriation	1224.93	1028.06
<b>Appropriations</b>		
Interim dividend (including tax on dividend)	25.74	12.07
Balance Carried to Balance Sheet	1199.19	1015.99

## **2. REVIEW OF OPERATIONS & FINANCIAL PERFORMANCE**

### **Revenue –Consolidated**

Our revenue from operations increased by 31.67% to Rs. 2,937.62 Million for financial year (FY) 2016 from Rs. 2,231.08 Million for FY 2015, mainly as a result of increase in our International sales by 43.20% to Rs. 1,867.06 Million in FY 2016 from Rs. 1,303.84 Million in FY 2015, primarily due to increase in sales of our US subsidiary SEB mainly in the Human Healthcare and Nutrition business vertical. The India sales grew by 15.46% to Rs. 1,070.56 Million in FY 2016 from Rs. 927.24 Million in FY 2015.

Our India sales constitutes 36.44% of total sales during FY 2016 as compared to 41.56% of total sales during FY 2015 and International sales was 63.56% of total sales as compared to 58.44% of total sales during FY 2015.

### **Revenue- Standalone**

Our sales on standalone basis increased to Rs. 1391.41 Million during FY 2016 from Rs.1258.79 Million during FY 2015, at a growth rate of 10.54%.

India sales was at Rs. 919.70 Million (66.10% of total sales) during FY 2016 as compared to Rs. 802.31 Million (63.74% of total sales) during FY 2015, increased by 14.63%. International were at Rs. 471.71 Million (33.90% of total sales) during FY 2016 as compared to Rs. 456.48 Million (36.26% of total sales) during FY 2015. International growth was lower at 3.34% as compared to India growth of about 14.63%, due to lower Exports during FY 2016 of Rs. 268.25 Million as compared to Rs. 306.72 Million during FY 15 to our 100% subsidiary Company in USA.

### **Profits- Consolidated**

EBIDTA (Earnings before interest, depreciation, tax and amortisation excluding other income) margin during FY 2016 was 1375.62 Million (46.83%) as compared to Rs. 905.22 Million (40.57%) during FY 2015, improved by about 52%, primarily due to increase in sales of our US subsidiary SEB mainly in the Human Health Care and Nutrition Business vertical.

Profit before exceptional item and tax stood at Rs. 1222.76 Million during FY 2016 as against Rs. 748.09 Million in the previous year, a growth of 63.45%. Profit after exceptional items before tax was at Rs.1181.80 Million during FY 2016 as compared to Rs. 748.09 Million in the previous year. Profit after tax stood at Rs. 767.46 Million during FY 2016 as compared to Rs. 518.13 Million during the previous year, a growth of 48.12%.

### **Profits- Standalone**

EBIDTA margin during FY 2016 was at Rs. 363.17 Million (26.10%) as compared to Rs. 337.14 Million (about 26.78%) in the previous year, at a growth of 7.72%. Profit before exceptional item and tax stood at Rs. 254.89 Million during FY 2016 as compared to Rs. 223.66 Million in the previous year, at a growth of 14.00%. Profit after tax stood at Rs. 208.94 Million during FY 2016 as compared to Rs.192.89 Million during FY 2015, at a growth of 8.32%.

## **3. DIVIDEND**

The Company paid an interim dividend @ 10% for the FY 2016 amounting to Rs. 21.76 Million as compared to dividend @ 5% for FY 15. Your directors do not recommend any final dividends. Accordingly interim dividend already paid is recommended for approval by the shareholders as final dividend for FY 2016.

During the year 2015-16, unclaimed dividend of Rs. 27,940/- pertaining to financial year 2007-08, was transferred to the Investor Education and Protection Fund, as required under the Investor Education and Protection Fund (Awareness and Protection of Investor) Rules, 2001.

## **4. RESERVES**

No amount is proposed for transfer to the General Reserve Account during the financial year 2016.

## **5. SHARE CAPITAL:**

The issued, subscribed and paid up share capital of the Company as on 31st March 2016 is Rs. 21,76,56,000 divided into 2,17,65,600 equity shares of Rs. 10/- each.

## **6. CONSOLIDATED FINANCIAL STATEMENTS**

The audited consolidated financial statement of the Company prepared in accordance with applicable Accounting Standards AS-21 specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 is provided in the Annual Report.

### **SUBSIDIARY COMPANIES AND CONSOLIDATED FINANCIAL STATEMENTS**

As on 31st March, 2016, Company has following 8 subsidiaries:

1. Advanced Bio-Agro Tech Limited, India;
2. Advanced EnzyTech Solutions Limited, India;
3. Advanced Enzymes USA;
4. Advanced Supplementary Technologies Corporation (Subsidiary of Advanced Enzymes USA);
5. Cal-India Foods International (doing business as Specialty Enzymes and Biotechnologies) (Subsidiary of Advanced Enzymes USA);
6. Dynamic Enzymes, Inc. (Subsidiary of Advanced Enzymes USA);
7. Enzyfuel Innovation Inc. (Subsidiary of Advanced Enzymes USA); and
8. Enzyme Innovation, Inc. (Subsidiary of Cal-India Foods International, Step-down subsidiary of Advanced Enzymes USA).

A report on the performance and financial position of each of the subsidiaries as per the Companies Act, 2013 is provided as **Annexure A** to the consolidated financial statement and hence not repeated here for the sake of brevity.

## **7. DIRECTORS' RESPONSIBILITY STATEMENT**

Your Directors state that:

- a) in the preparation of the annual accounts for the year ended March 31, 2016, the applicable accounting standards read with requirements set out under Schedule III to the Act, have been followed and there are no material departures from the same;
- b) the Directors 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 as at March 31, 2016 and of the profit of the Company for the year ended on that date;
- c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the Directors have prepared the annual accounts on a 'going concern' basis;
- e) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- f) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

## **8. RISK MANAGEMENT**

Your Company understands that controlling risks through a formal programme is necessary for the well-being of the Company. The Company has adopted a formal Risk Management policy for the Company, whereby, risks are broadly categorized into Strategic, Operational, Compliance, and Financial & Reporting Risks. The Policy initially has outlined the broad base parameters of identification, assessment, monitoring and mitigation of various risks which are keys to business objectives.

The Company has initiated the process of improvements to Integrated Enterprise Risk Management, Internal Controls Management and Assurance Frameworks and processes to drive a common integrated view of risks, optimal risk mitigation responses and efficient management of internal control and assurance activities.

## **9. CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES**

During the financial year under review, all contracts / arrangements / transactions entered by the Company with related parties were in the ordinary course of business and on an arm's length basis.

As prescribed by Section 134 (3) (h) of the Companies Act, 2013 and Rule 8 (2) of the Companies (Account) Rules, 2014, particulars of contracts/arrangements with related parties are given in Form AOC-2, annexed as **Annexure B** to this report.

## **10. CORPORATE SOCIAL RESPONSIBILITY (CSR)**

The key philosophy of all CSR initiatives of the Company is guided by three core commitments of Scale, Impact and Sustainability.

The Annual Report on CSR as per Companies (Corporate Social Responsibility Policy) Rules, 2014 is annexed herewith as **ANNEXURE – C** to this Report in the prescribed format.

#### **11. DIRECTORS**

The Board of Directors of the Company comprises 9 Directors including 3 Independent Directors, of which the Chairman of the Board is a Non-Executive and Independent Director and the Board comprises qualified individuals possessing the skills, experience and expertise necessary to guide the Company.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed under Section 149 (6) of the Companies Act, 2013 and Regulation 16 (1) (b) of SEBI (LODR).

The Board expressed that, in accordance with the provisions of the Companies Act, 2013 and the Articles of Association of the Company, Mr. Pradip Bhailal Shah, Director of the Company, retires by rotation at the ensuing Annual General Meeting, who is eligible for re-appointment, however does not seek the same. The Directors has proposed not to fill-in the said casual vacancy and a resolution to that effect has been proposed at the ensuing Annual General Meeting.

In accordance with the provisions of the Companies Act, 2013 and the Articles of Association of the Company, Mr. Mukund Madhusudan Kabra, Director of the Company, retires by rotation at the ensuing Annual General Meeting and being eligible has offered himself for re-appointment.

Mrs. Rupa R. Vora was inducted as an Independent Director on the board with effect from 28th November, 2015 and appointed as an additional director of the Company. As per the provisions of Companies Act 2013, additional director holds office only upto the date of ensuing Annual General Meeting. Notice under section 160 of the Companies Act, 2013 has been received proposing candidature of Mrs. Rupa R. Vora for the office of Independent Director of the Company for a period of five years with effect from 28th November, 2015.

#### **12. AUDITORS REPORT AND REAPPOINTMENT**

M/s Walker Chandiok & Co LLP, Chartered Accountants, Statutory Auditors of the Company, hold office till the conclusion of the ensuing Annual General Meeting (AGM) and their terms of 5 years are expiring at the ensuing AGM.

The Audit Committee has considered the qualifications and experience of the proposed auditors M/s. BSR & Co. LLP and has recommended their appointment. The Board of Directors has also considered the matter and recommends the passing of the Ordinary Resolution appointing M/s. BSR & Co. LLP, Chartered Accountants, having ICAI firm Reg. No. 101248W/W-100022, as statutory auditors in place of the retiring Auditor M/s Walker Chandiok & Co LLP, for the financial year 1st April 2016 to 31st March 2021. Written consent of the proposed auditors together with a certificate that the appointment, if made, shall be in accordance with the conditions specified in Rule 4 of the Companies (Audit and Auditors) Rules, 2014 has been received.

The Notes on financial statement referred to in the Auditors' Report are self-explanatory and do not call for any further comments. The Auditors' Report does not contain any qualification, reservation or adverse remark.

Cost Audit is not applicable on the Company as per Final (Cost Records and Audit) Rules, 2014.

#### **13. SECRETARIAL AUDITOR**

The provision of Section 204 of the Companies Act, 2013 and Rules thereunder are not applicable to the Company for the financial year 2015-2016.

#### **14. AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE**

The Company is yet to be listed accordingly auditor's certificate on corporate governance is not applicable to the Company.

#### **15. COMMITTEES OF THE BOARD**

Currently, the Board has four committees viz., the audit committee, the nomination and remuneration committee, the corporate social responsibility committee, the stakeholders relationship committee. A detailed note on the composition of the Board and its committees is provided in the corporate governance report section of this Annual Report.

##### **CSR COMMITTEE**

The CSR Committee comprises Mr. Kedar Desai –Chairman (Non-executive- Independent Director), Mr. R.T. Mehta (Non-Executive Independent Director) and Mr. K.V. Ramakrishna (Non-Executive Non- Independent Director) as other members.

##### **AUDIT COMMITTEE**

The Audit Committee comprises of Mrs. Rupa Vora - Chairperson (Non-executive Independent Director), Mr. Kedar Desai – (Non-executive Independent Director), Mr. R. T. Mehta (Non-executive Independent Director) and Mr. K. V. Ramakrishna (Non-executive Non Independent Director) as other members. The Committee met four times during the year.



## **NOMINATION AND REMUNERATION COMMITTEE**

Nomination and Remuneration Committee met thrice during the year. The Company's Policy framed by the Board, on the recommendation of the Nomination & Remuneration Committee relating to selection of Directors, determining Directors independence, payment of remuneration to Directors, Key Managerial Personnel and other employees and other related matters as provided under Section 178(3) of the Companies Act, 2013 is furnished in **ANNEXURE – D** and forms part of this Report.

## **THE STAKEHOLDERS RELATIONSHIP COMMITTEE**

The Stakeholders Relationship Committee comprises of Mr. Kedar Desai – Independent Non-Executive Director- Chairman, Mr. K. V. Ramakrishna–Non Independent Director- Member, Mr. R.T. Mehta – Independent Non-Executive Director Member.

## **16. VIGIL MECHANISM**

The Vigil Mechanism of the Company, which also incorporates a whistle blower policy in terms of the Companies Act, 2013, includes an Ethics & Compliance Task Force comprising senior executives of the Company. Protected disclosures can be made by a whistle blower through an e-mail, or dedicated telephone line or a letter to the Task Force or to the Chairperson of the Audit Committee.

## **17. CORPORATE GOVERNANCE**

Corporate Governance is about maximizing shareholders value legally, ethically and sustainably with a goal to ensure fairness for every stakeholder. We are dedicated to ensure to adopt and attain the best practices in Corporate Governance.

Our Corporate Governance Report for FY 2016 forms part of this Annual Report as **Annexure E**.

## **18. BOARD DIVERSITY**

The company recognizes importance of a diverse board in its success. A truly diverse board will leverage difference in thought, perspective, knowledge, skill, regional and industry experience, cultural and geographical background, age, ethnicity, race and gender, which will help us retain our competitive advantage. The board has adopted the Board Diversity policy which sets out the approach to diversity of the board of Directors. The Board Diversity Policy is available on our website [www.advancedenzymes.com](http://www.advancedenzymes.com)

## **19. NUMBER OF MEETINGS OF THE BOARD**

During the financial year 2015-2016, the Board of Directors of the Company, met 8 (Eight) times details of which are given in the Corporate governance report. The maximum interval between any two meetings did not exceed 120 days, as prescribed under the Companies Act, 2013.

In addition to this independent directors of the Company met once on 26.03.2016 to evaluate the quality, quantity and timelines of flow of information between the executive management and the Board of Directors.

## **20. POLICY ON DIRECTOR'S APPOINTMENT AND REMUNERATION**

The current policy is to have an appropriate mix of executive and independent directors to maintain the independence of the board, and separate its functions of governance and management. On March 31, 2016, the Board consists of nine members, three of whom are executive or whole time directors, and six are non-executive directors which includes 3 independent directors.

The policy of the Company on director's appointment and remuneration, including criteria for determining qualifications, positive attributes, independence of director and other matters, as required under sub – section (3) of section 178 of the Companies Act 2013, is available on our website [www.advancedenzymes.com](http://www.advancedenzymes.com)). There has been no change in the policy since the last fiscal year. We affirm that the remuneration paid to the directors is as per the terms laid out in the nomination and remuneration policy of the Company.

## **21. DECLARATION BY INDEPENDENT DIRECTORS**

The Company has received necessary declaration from each independent director under section 149 (7) of the Companies Act, 2013, that he /she meets the criteria of independence laid down in Section 149 (6) of the companies Act, 2013 and Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

## **22. BOARD EVALUATION**

Regulation 4 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 mandates that the board shall monitor and review the Board evaluation framework. The framework includes the evaluation of directors on various parameters such as :

- Board dynamics and relationships
- Information flows
- Decision – making



- Relationship with stakeholders
- Company performance and strategy
- Tracking Board and committees' effectiveness
- Peer evaluation.

The Board of Directors of the Company has framed the policy and the same is uploaded on the web site of the Company and available at [http://www.advancedenzymes.com/AETL-Board\\_Evaluation\\_Policy.pdf](http://www.advancedenzymes.com/AETL-Board_Evaluation_Policy.pdf)

### **23. FAMILIARIZATION PROGRAM FOR INDEPENDENT DIRECTORS**

All new independent directors inducted into the Board attend an orientation program. Pursuant to provisions of Regulation 25(7) of the SEBI (LODR) Regulations, 2015, the detail of training and familiarization program are provided in the Corporate Governance Report and is also available on our website ([www.advancedenzymes.com](http://www.advancedenzymes.com)). Further, at the time of the appointment of an independent director, the Company issues a formal letter of appointment outlining his / her role, function, duties and responsibilities. The format of the letter of appointment is available on our website [www.advancedenzymes.com](http://www.advancedenzymes.com)

### **24. PROPOSAL FOR LISTING OF EQUITY SHARES WITH BSE AND NSE**

The Company is in the process of listing and has got approval from SEBI on its updated draft red herring prospectus for its Initial Public Offerings of Rs. 50 Crore and Offer for Sale by shareholders of the Company for 4,043,470 Equity Shares (OFS) collectively referred as IPO. The Company however will update its draft red herring prospectus to include financial statements for entire financial year 2016 instead of financial statement for stub period of 9 months. The Company has got in principle approval of its listing application for Equity shares from BSE Limited and NSE Ltd and is likely to announce opening of IPO in due course of time. The Company shall enter into Listing agreements with BSE and NSE as per requirement.

### **25. POLICIES**

We seek to promote and follow the ethical standards in all our business transactions guided by our value system. The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 mandated the formulation of certain policies for all listed companies including the companies seeking listing. All our corporate governance policies are available on our website [www.advancedenzymes.com](http://www.advancedenzymes.com)

### **26. AETL' CODE OF CONDUCT FOR THE PREVENTION OF INSIDER TRADING.**

The Board of Directors has adopted the Insider Trading policy in accordance with the requirements of the SEBI (Prohibition of insider Trading) Regulation, 2015. The insider Trading Policy of the Company lays down guidelines and procedures to be followed, and disclosures to be made while dealing with shares of the company as well as the consequences of violation. The Policy has been formulated to regulate, monitor and ensure reporting of deals by employees and to maintain the highest ethical standards of dealing in Company securities.

The Insider Trading Policy of the Company covering code of practices and procedures for fair disclosure of unpublished price sensitive information and code of conduct for the prevention of insider trading, is available on our website [www.advancedenzymes.com](http://www.advancedenzymes.com)

In addition to its Code of Conduct and ethics, key policies that have been adopted by the Company are as follows:

<b>Name of the Policy</b>	<b>Brief Description</b>	<b>Web Link</b>
Whistleblower Policy (Policy on vigil mechanism)	The Company has adopted the whistleblower mechanism for directors and employees to report concerns about unethical behavior, actual or suspected fraud, or violation of the company's code of conduct and ethics.	<a href="http://www.advancedenzymes.com/AETL-Whistle_Blower_Policy-final1.pdf">http://www.advancedenzymes.com/AETL-Whistle_Blower_Policy-final1.pdf</a>
Nomination and Remuneration Policy	This policy formulates the criteria for determining qualifications, competencies, positive attributes and independence for the appointment of a director (executive / non – executive) and also the criteria for determining the remuneration of the directors, key managerial personnel and other employees.	<a href="http://www.advancedenzymes.com/AETL-Nomination_and_Remuneration_policy_.pdf">http://www.advancedenzymes.com/AETL-Nomination_and_Remuneration_policy_.pdf</a>
Corporate Social Responsibility Policy	The policy outlines the company's strategy to bring about a positive impact on society through programs relating to hunger, poverty, education, healthcare, environment and lowering its resource footprint.	<a href="http://www.advancedenzymes.com/AET-CSR-Policy-final.pdf">http://www.advancedenzymes.com/AET-CSR-Policy-final.pdf</a>
Policy on Material Subsidiaries	The policy is used to determine the material subsidiaries and material non listed Indian subsidiaries of the Company and to provide the governance framework for them.	<a href="http://www.advancedenzymes.com/Policy_on_Material_Subsiidiaries.pdf">http://www.advancedenzymes.com/Policy_on_Material_Subsiidiaries.pdf</a>

<b>Name of the Policy</b>	<b>Brief Description</b>	<b>Web Link</b>
Related Party Transaction Policy	The policy regulates all transactions between the company and its related parties.	<a href="http://www.advancedenzymes.com/Policy-on-Related-Party-Transactions.pdf">http://www.advancedenzymes.com/Policy-on-Related-Party-Transactions.pdf</a>
Insider Trading Policy	The policy provides the framework in dealing with securities of the Company	<a href="http://www.advancedenzymes.com/AETL-Code_of_Internal_Procedures_and_Conduct_for_Regulating,_Monitoring_and_Reporting_of_Trading_by_Insiders.pdf">http://www.advancedenzymes.com/AETL-Code_of_Internal_Procedures_and_Conduct_for_Regulating,_Monitoring_and_Reporting_of_Trading_by_Insiders.pdf</a> and <a href="http://www.advancedenzymes.com/Code_of_practices_and_procedures_for_fair_disclosure_of_unpublished_price_sensitive_information.pdf">Code_of_practices_and_procedures_for_fair_disclosure_of_unpublished_price_sensitive_information.pdf</a>
Policy for Determining Materiality for Disclosures	This policy applies to disclosures of material events affecting AETL and its subsidiaries.. Which deals with the dissemination of unpublished, price – sensitive information..	<a href="http://www.advancedenzymes.com/Policy-on-materiality-of-information.pdf">http://www.advancedenzymes.com/Policy-on-materiality-of-information.pdf</a>
Document Retention and Archival Policy	The policy deals with the retention and archival of corporate records of the Company and all its subsidiaries.	<a href="http://www.advancedenzymes.com/Policy-on-Preservation-and-Archival.pdf">http://www.advancedenzymes.com/Policy-on-Preservation-and-Archival.pdf</a>
Board Evaluation Policy	This policy deals with evaluation of Individual Director, Committees of the Board and the functioning of the Board as a whole.	<a href="http://www.advancedenzymes.com/AETL-Board_Evaluation_Policy.pdf">http://www.advancedenzymes.com/AETL-Board_Evaluation_Policy.pdf</a>

## **27. INTERNAL FINANCIAL CONTROL AND ITS ADEQUACY**

The Board has adopted policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to the company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial disclosures.

## **28. SIGNIFICANT AND MATERIAL ORDERS**

There are no significant and material orders passed by the regulators or courts tribunals impacting the going concern status and Company's operations in future.

## **29. PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN AND SECURITIES PROVIDED**

During the financial year ended 31st March, 2016, no Loan under section 186 of the Companies Act, 2013 was made by the Company.

Particulars of loans given, investments made, guarantees given and securities provided along with the purpose for which the loan or guarantee or security is proposed to be utilized by the recipient are provided in the standalone financial statement (Please refer to Note 14 and 15 to the standalone financial statement).

## **30. EXTRACT OF ANNUAL RETURN**

Extract of Annual Return of the Company in Form MGT-9 is annexed herewith as **ANNEXURE F** to this Report.

## **31. ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE**

The information pertaining to conservation of energy, technology absorption, foreign exchange earnings and outgo as required under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is furnished in **ANNEXURE G (Part I, to Part IV)** and forms part of this report.

## **32. PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES**

In terms of the provisions of Section 197(12) of the Act read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said rules are provided as **ANNEXURE H**.

## **33. FIXED DEPOSIT**

The Company does not have any fixed deposits at the beginning of the year and neither accepted nor renewed any deposits during the year under review. There was no deposit remaining unpaid or unclaimed as at the end of the year 31st March, 2016.

## **34. RESEARCH AND DEVELOPMENT**

During FY 2016, R&D expenditure incurred by the Company was Rs. 99.08 Million (including Capital expenditure of Rs. 17.32 Million) constituting about 7.12% of net sales of the Company as against Rs. 95.20 Million (including capital expenditure of Rs. 3.89 Million) incurred during the previous year (7.56% of net sales).