

ADVANCED ENZYME TECHNOLOGIES LIMITED

Board Evaluation Policy ('Policy')

(Approved by the Board of Directors of the Company at its meeting held on 25th June, 2016 and amended by the Board with effect from 1st February 2020)

1.1 Introduction

Pursuant to Section 178 of the Companies Act, 2013 and Regulation 4 and other applicable Regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors of the Company is required to adopt a Policy on evaluation of Individual Director, Committees of the Board and the functioning of the Board as a whole. This Policy is formulated in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and as per applicable regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended from time to time) ["Applicable Laws"].

The Policy has been framed with an objective to ensure individual Directors and the Board as a whole, work efficiently and effectively in achieving their functions. The policy has been formulated by the Nomination and Remuneration Committee ("NRC") of the Company and approved by the Board of Directors at its meeting held on 25th June 2016 and amended by the Board of Directors in its meeting held on 6th February 2020.

1.2 Objective

The objective is to assess the effectiveness of the Board as a whole and various Committees with an objective to review and improve the overall functioning of the Board.

Individual Board members are assessed on their effective contribution and commitment to their role and responsibilities as Directors.

Each year the Board will undertake the following activities:

- i. The Chairman may meet with each Non-executive Director separately to discuss individual performance and ideas for improvement.
- ii. The Board as a whole will discuss and analyze its own performance during the year including suggestions for change or improvement.

1.3 Key Functions of the Board

The Board should fulfil certain key functions, including:

- i. Reviewing and guiding corporate strategy, major plans of action, risk policy, annual budgets and business plans; setting performance objectives; monitoring implementation and corporate performance; and overseeing major capital expenditures, acquisitions and divestments.
- ii. Monitoring the effectiveness of the company's governance practices and making changes as needed.
- iii. Selecting, compensating, monitoring and, when necessary, replacing key executives and overseeing succession planning.
- iv. Aligning key executive and board remuneration with the longer term interests of the company and its shareholders.
- v. Ensuring a transparent board nomination process with the diversity of thought, experience, knowledge, perspective and gender in the Board.
- vi. Monitoring and managing potential conflicts of interest of management, board members and shareholders, including misuse of corporate assets and abuse in related party transactions.
- vii. Ensuring the integrity of the company's accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for risk management, financial and operational control, and compliance with the law and relevant standards.
- viii. Overseeing the process of disclosure and communications.
- ix. Monitoring and reviewing Board Evaluation framework.

1.4 Board Evaluation and Performance

Board evaluation typically examines the role of the Board and the entailing responsibilities, and assesses how effectively these are fulfilled by the Board. The effectiveness of the Board depends on a variety of factors, some of which are derived from the above functions of the Board.

- i. **Board Structure:** its composition, constitution and diversity and that of its Committees, competencies of the members, board and committee charters, frequency of meetings, procedures;

- ii. **Dynamics and Functioning of the Board:** annual Board calendar, information availability, interactions and communication with senior executives, Board agenda, cohesiveness and the quality of participation in Board meetings;
- iii. **Business Strategy Governance & Monitoring role:** Board's role in company strategy; Monitoring of policies, strategy and systems implementation;
- iv. **Financial Reporting Process, Internal Audit and Internal Controls:** The integrity and the robustness of the financial and other controls, regarding abusive related party transactions, Whistle Blower Mechanism and risk management;
- v. Supporting and Advisory Role; and
- vi. The Chairman's Role.

The evaluation of the performance of the Boards is essentially an assessment of how the Board has performed on all the above counts.

1.5 Evaluation Frequency

The performance of the Board as a whole, its committees and of its members shall be evaluated at least once a year keeping in view the key functions. Annexure has the Board Evaluation Form (Annexure -1) & Individual Director Self Evaluation Form (Annexure 3), Committees Evaluation Form (Annexure - 2), Independent Director Evaluation Form (Annexure – 4), Chairperson Evaluation Form (Annexure – 5), Non-Executive Director Evaluation Form (Annexure – 6), and Managing/Executive Director Evaluation Form (Annexure – 7). It is the responsibility of the Chairman who shall be supported by the Company Secretary to organize the evaluation process and act on the outcome.

The results of the board evaluation shall remain confidential inter alia amongst the Chairman, Directors concerned and the Company Secretary unless required to be disclosed as per the provisions of the applicable laws. The evaluation process will be used constructively as a mechanism to improve Board effectiveness.

1.6 Annual Board and Committee Evaluation Questionnaire

- i. Questionnaires for capturing various facets of the functioning of Board (enclosed as Annexure 1) and of its Committees (enclosed as Annexure 2) will be circulated among the Directors in on before end of March every year and the duly filled Evaluation form shall be submitted by the Directors to the Company to enable the Company to place it before NRC by end of May every year;
- ii. The questionnaire contains certain statements about various facets of the working of the Board and its Committees which will be objectively evaluated by each Director. Each objective answer has been assigned a numeric value. A Director can also provide his/her comments/suggestions in the same questionnaire;
- iii. Post evaluation by every Director, numeric value assigned to each objective answer for all the statements in the questionnaire will be summed and averaged respectively;

- iv. The Annual Evaluation Report will be given by the Chairperson supported by the Company Secretary at the April/ May Board meeting i.e. meeting where the annual financial statements of the Company shall be considered;
- v. The results of previous evaluation of the Board will be compared with the current performance of the Board, and a report indicating performance evaluation of the Board and its Committees will be presented to the Board.

The evaluation results and the Board discussions thereon may be used along with the objective evaluation for preparation of a plan of action by the Nomination and Remuneration Committee at its meeting to be held at the time of adoption of Audited Accounts for the financial year.

1.7 Annual Evaluation of Individual Director:

- i. A Director Survey Form (Enclosed as Annexure 3) will be filled up by every Director (and for the Director(s) appointed during the financial year, one who has completed six months from the appointment date as on the end of the financial year or as may be decided by the Chairman/Board of Directors). The Form contains questions examining the following facets of the Director :
 - a) Knowledge/Skills
 - b) Contribution to the Board
 - c) Communication/Relationships with Board & Senior Management
- ii. Once filled up, these forms are required to be submitted to the Chairman of the Board by the Directors / Company Secretary within 30 days from the date of receipt of forms from the Company.
- iii. The results can be individually discussed and feedback can be provided to the Director by the Chairman of the Board.

1.8 Amendments

The Board Evaluation Policy may be reviewed & amended, from time to time, by the Board of the Company on the recommendation of the Nomination & Remuneration Committee of the Board. In the event of any amendment to the Applicable Laws, such amendment shall be deemed to be adopted by the Company under this Policy.

BOARD EVALUATION

Name of Director evaluating:

[Please highlight or tick mark the appropriate column]

A	COMPOSITION/ROLE OF THE BOARD, ITS MEETINGS & PROCESSES	CRITICAL	WEAK	FAIR	SATISFACTORY	STRONG	COMMENTS IF ANY
1	The Board meetings create an environment for open and honest expression of views/constructive challenge and the overall dynamics is conducive to Board effectiveness.	1	2	3	4	5	
2	The discussion at Board meetings is of high standard and Directors contribute by asking relevant questions and offering advice.	1	2	3	4	5	
3	The Board has the right strength in terms of composition; right mix of people/competencies, skills, experience, independence and knowledge, including the appropriate balance between Independent Directors and Non-Independent Directors.	1	2	3	4	5	
4	The Board has laid down, with recommendations of the Nomination and Remuneration Committee, an adequate & transparent process for selecting new Directors, KMPs and succession planning.	1	2	3	4	5	
5	The frequency of Board meetings is appropriate for the Board to fulfil its objective	1	2	3	4	5	
6	The attendance at the Board meetings is satisfactory	1	2	3	4	5	
7	The level and quality of the information provided to the Board in respect of major transactions is satisfactory.						
8	The structure, format and content of Board agenda and documents are appropriate.	1	2	3	4	5	
9	Board agenda, minutes / documents are received in a timely manner.	1	2	3	4	5	
10	Whether the minutes are being recorded properly & approved as per the prescribed process and such minutes are circulated in timely manner	1	2	3	4	5	
11	The Board is adequately informed on external environment affecting the Company.	1	2	3	4	5	
12	Board meetings are of an appropriate length and frequency to enable proper consideration of key issues.	1	2	3	4	5	
13	The professional advice is provided by KMPs on Compliance & Governance matters, as and when sought by the Board or otherwise required.	1	2	3	4	5	

B	OVERALL PERFORMANCE OF THE BOARD	CRITICAL	WEAK	FAIR	SATISFACTORY	STRONG	COMMENTS IF ANY
B-1	PERFORMANCE & REPORTING						
1	The Board sets robust annual budgets, targets and objectives, monitors performance, and ensures adequate resources are in place to meet objectives	1	2	3	4	5	

2	The Board spends sufficient time considering and monitoring significant capital expenditure (i.e., major projects, acquisitions, partnership or divestments), growth, future prospects & governance practises/framework of the Company.	1	2	3	4	5	
3	The decision-making process of the Board is satisfactory	1	2	3	4	5	
4	Appropriate consideration is given to interest of all the stakeholders as part of the Board's decision-making process.	1	2	3	4	5	
5	The Board monitors Company performance with industry comparative data.	1	2	3	4	5	
6	Whether the Board monitors and reviews the Board evaluation framework.	1	2	3	4	5	
B-2	STRATEGY AND RISK MANAGEMENT	CRITICAL	WEAK	FAIR	SATISFACTORY	STRONG	COMMENTS IF ANY
1	The Board has sufficient interaction with management to develop insight into the risk management and framework of the Company.	1	2	3	4	5	
2	The Board has sufficient understanding & reviews existing and proposed strategies including high risks issues.	1	2	3	4	5	

B-3	EXTERNAL RELATIONSHIPS	CRITICAL	WEAK	FAIR	SATISFACTORY	STRONG	COMMENTS IF ANY
1	Relationships and communications with all stakeholders are well managed.	1	2	3	4	5	
2	The Board keeps itself well informed on issues, demands, fiduciary duties and concerns of stakeholders and the regulators, details of grievances of the shareholders.	1	2	3	4	5	

C	ETHICS AND COMPLIANCE	CRITICAL	WEAK	FAIR	SATISFACTORY	STRONG	COMMENTS IF ANY
1	The Board is fully aware of the Company's Code of Conduct & Ethics and its role & responsibilities as a Board and Committee(s) member.	1	2	3	4	5	
2	The Board is fully engaged in maintaining good Corporate Governance and compliance with the Company's Code of Conduct	1	2	3	4	5	

D	DIRECTOR'S KNOWLEDGE, INDUCTION, AND CONTINUING PROFESSIONAL DEVELOPMENT	CRITICAL	WEAK	FAIR	SATISFACTORY	STRONG	COMMENTS IF ANY
1	Induction and training for new directors is sufficient for what is required of them.	1	2	3	4	5	
2	The access to management and facilities is sufficient to ensure a good knowledge of the Company	1	2	3	4	5	

3	The Board keeps itself sufficiently informed on developments that affect their responsibilities (e.g., changes in company law).	1	2	3	4	5	
---	---	---	---	---	---	---	--

Signature of Director evaluating

Date: _____

ANNEXURE – 2

BOARD COMMITTEE EVALUATION FORM

Name of Director evaluating:

[Rank on a scale of 1 (Critical) to 5 (Excellent/Strong)]

<Name of Committee>		CRITICAL	WEAK	FAIR	SATISFACTORY	STRONG	COMMENTS IF ANY
1	The Committee composition is appropriate & terms of reference are clearly defined.	1	2	3	4	5	
2	Members of the Committee receive adequate material in advance of committee meetings, in sufficient time and detail to permit them to effectively consider issues to be dealt with.	1	2	3	4	5	
3	The Committee is effective in carrying out its mandate.	1	2	3	4	5	
4	The Committee allocates the right amount of time for its meetings for fulfilling its roles and terms of reference.	1	2	3	4	5	
5	Whether adequate independence of the Committee is ensured from the Board	1	2	3	4	5	
6	The Committee reports its activities to the Board on a regular basis and makes recommendations relevant to these and other matters as the Committee deems necessary.	1	2	3	4	5	

Signature of Director evaluating

Date: _____

ANNEXURE – 3

INDIVIDUAL DIRECTOR SELF ASSESSMENT FORM
(TO BE SUBMITTED TO THE CHAIRMAN/COMPANY SECRETARY)

Name of Director:

Rank on a scale of 1 (Critical) to 5 (Excellent).

SR NO	PARTICULARS	RANK	REMARKS, IF ANY
1	I have full knowledge of Company strategy and objectives and can monitor the Company's performance based on the data shared with me		
2	I understand my role & duties as Director, as distinct from management and also my key legal responsibilities & fiduciary duties		
3	Knowledge and experience of the Board have been adequately and productively used		
4	I participate fully and appropriately in collective decision making & analyze the options for action and work towards consensus		
5	I can question/critique proposals with confidence		
6	I keep stakeholder interest as my touchstone in endorsing decisions		
7	I have ability to see the implications of broad organizational issues		
8	I keep abreast with latest developments in the sector		
9	I am aware of the risk associated with the Business and risk management framework of the Company		
10	How I fare across different competencies as identified for effective functioning of the Board and the Company: (a) Experience in the enzyme business / industry (b) Leadership (c) Finance (d) Legal (e) Understanding of Global Business	(a)	
		(b)	
		(c)	
		(d)	
		(e)	
COMMENTS:			

Signature of Director with date:

ANNEXURE - 4

INDEPENDENT DIRECTOR EVALUATION FORM

Name of the Director (evaluating):

Names of the Directors being evaluated:

Category: Independent

[Rank on a scale of 1 (Critical) to 5 (Excellent)]

A	PARTICIPATION AT BOARD/ COMMITTEE MEETINGS	Name of the Director being evaluated	Name of the Director being evaluated	Name of the Director being evaluated	COMMENTS IF ANY
1.	Director demonstrates a willingness to devote time and effort to understand the Company, its business and a readiness to participate in events outside the meeting room, such as site visits				
2.	Director has ability to remain focused at a governance level in Board/ Committee meetings.				
3.	Director's contributions at Board / Committee meetings are of high quality.				
4.	Director's proactively contributes in to development of strategy and to risk management of the Company.				
5.	Director understands governance, regulatory, financial, fiduciary and ethical requirements of the Board / Committee.				
6.	Director actively and successfully updates his/ her knowledge and skills with the latest developments in areas such as corporate governance, financial reporting and the industry and market conditions.				
B	EVALUATION FACTOR	Name of the Director being evaluated	Name of the Director being evaluated	Name of the Director being evaluated	COMMENTS IF ANY
1.	Director exercises objective independent judgment in the best interest of Company and stakeholder.				

2.	Director has effectively assisted the Company is implementing best corporate governance practice and then monitors the same.				
3.	Director helps in bringing independent judgment during board deliberations on strategy, performance, risk management etc.				
4.	Director keeps himself/ herself well informed about the Company and external environment in which it operates.				
5.	Director adheres to the applicable code of conduct for independent directors as per Schedule IV to the Companies Act, 2013				

Signature of Director evaluating

Date: _____

CHAIRPERSON EVALUATION FORM

Name of Director (evaluating):

Name of the Chairperson being evaluated:

[Please highlight or tick mark the appropriate column]

A.	LEADERSHIP & ROLE	CRITICAL	WEAK	FAIR	SATISFACTORY	STRONG	COMMENTS, IF ANY
1.	The Chairperson actively manages shareholders, Board, management and employee relationships and interests thereto of the stakeholders.	1	2	3	4	5	
2.	The Chairman has accurately communicated his/her concept, vision, mission, strategies, goals, and directions for the Company to stakeholders.	1	2	3	4	5	
3.	The Chairperson manages meetings effectively and promotes a sense of participation in all the Board meetings.	1	2	3	4	5	
4.	The Chairperson is an effective leader.	1	2	3	4	5	
5.	Whether the Chairperson is able to keep shareholders' interest in mind during discussions and decisions	1	2	3	4	5	

Signature of Director evaluating

Date: _____

NON-EXECUTIVE DIRECTOR EVALUATION FORM

Name of the Director (evaluating):

Name of the Director being evaluated:

Category: Non-Executive Non-Independent Director

[Please highlight or tick mark the appropriate column]

A	EVALUATION FACTOR	CRITICAL	WEAK	FAIR	SATISFACTORY	STRONG	COMMENTS IF ANY
1.	Director upholds ethical standards of integrity and confidentiality.	1	2	3	4	5	
2.	Director exercises objective independent judgment during Board deliberations on strategy, performance, risk management etc.	1	2	3	4	5	
3.	Director keeps himself/ herself well informed about the Company and external environment in which it operates.	1	2	3	4	5	
4.	Director acts within his authority and promotes legitimate interest of the Stakeholders.	1	2	3	4	5	

Signature of the Director evaluating

Date: _____

ANNEXURE - 7

MANAGING DIRECTOR / EXECUTIVE DIRECTOR EVALUATION FORM

Name of the Director (evaluating):

Name of the Director being evaluated:

[Rank on a scale of 1 (Critical) to 5 (Excellent)]

A	LEADERSHIP	Name of the Director being evaluated	Name of the Director being evaluated	COMMENTS IF ANY
	Managing Director (MD) / Executive Director (ED) has shown clear vision and mission in correctly anticipating business trends, opportunities, threats and priorities affecting the Company's prosperity and operations.			
1.	MD / ED has clearly translated his/her vision and strategy into feasible business or operational plans to achieve strategic success for the Company.			
2.	MD / ED has motivated and encouraged high employee morale and loyalty to the organization, and facilitated team-building and cohesiveness among the Company's employees to achieve the Company's vision.			
3.	MD / ED is open to constructive suggestions, and exercised effective leadership for the organization.			
B	STRATEGY FORMULATION	Name of the Director being evaluated	Name of the Director being evaluated	COMMENTS IF ANY
1.	MD/ED has ensured that, senior management and other employees had participated in the formulation of strategic plans so that they had the ownership of the plans.			
2.	MD/ED has assured that company's resources and budgets are aligned to the implementation of the organization's strategic plan.			
C	STRATEGY EXECUTION	Name of the Director being evaluated	Name of the Director being evaluated	COMMENTS IF ANY

1.	MD/ED has established an effective organization structure and policies, ensuring focus on key functions and to align it with the Company's mission and strategies within the Corporate Governance and Business Responsibility framework.			
2.	MD/ED has consistently made sound decisions and made timely adjustments in strategies, if required.			
3.	MD/ED has timely and effectively executed strategies on priorities and with measures set by the Board.			
4.	MD/ED has ensured that the company's operations complied with requirements under all pertinent laws and regulations.			
5.	MD/ED has accurately supervised performance monitoring and performance control to ensure accountability at all levels of the organization.			
D	FINANCIAL PLANNING / PERFORMANCE	Name of the Director being evaluated	Name of the Director being evaluated	COMMENTS IF ANY
1.	MD/ED has effectively monitored and evaluated financial planning, budget and administrative operations.			
E	RELATIONSHIPS WITH THE BOARD	Name of the Director being evaluated	Name of the Director being evaluated	COMMENTS IF ANY
1.	MD/ED has built strong working relationships with Board members and has worked closely and cooperatively with the board in developing the mission, and short, medium and long-term strategic plans.			
2.	MD/ED has demonstrated a sound knowledge of Board governance procedures and has consistently followed them.			
3.	MD/ED has presented information to the board on items requiring Board opinions and decisions in a professional manner, with recommendations based on thorough study and sound principles.			
F	EXTERNAL RELATIONS	Name of the Director being evaluated	Name of the Director being evaluated	COMMENTS IF ANY
1.	MD/ED has served as an effective Company's representative in			

	communicating with all stakeholders.			
2.	MD/ED has encouraged corporate social responsibility and community involvement in promoting a positive image of Company.			
H	SUCCESSION	Name of the Director being evaluated	Name of the Director being evaluated	COMMENTS IF ANY
1.	MD/ED has effectively reviewed the Company's succession plan, and, if appropriate, made necessary changes by taking into account conditions that are external or internal to the Company.			
2.	MD/ED has put in place the processes and programs required to create a pipeline of future leadership.			
I	PRODUCT/SERVICE KNOWLEDGE	Name of the Director being evaluated	Name of the Director being evaluated	COMMENTS IF ANY
1.	MD/ED has demonstrated a thorough knowledge and understanding about key aspects of the Company's products and services.			
2.	MD/ED has regularly demonstrated creativity and initiative in creating new products and services.			

J	PERSONAL QUALITIES	Name of the Director being evaluated	Name of the Director being evaluated	COMMENTS IF ANY
1.	MD/ED has attained an image that reflects positively on the company, as well as demonstrated a personality, outlook, and attitude that wins trust and support from all stakeholders.			
2.	MD/ED has maintained a high standard of ethics and integrity, as well as a healthy balance of time management and priorities in both work-related and personal matters.			

Signature of Director evaluating

Date: _____