

DIVIDEND DISTRIBUTION POLICY

Introduction:

Aether Industries Limited (referred to as 'Company') is mainly engaged in business of manufacturing basic cum specialty chemicals along with research and development activities.

Company values integrity, commitment, standards and ethics and also believes that such principles and standards govern the behavior of the Company and its' employees. High moral and ethics are always essential for long term achievements and vision of the Company.

Preamble:

Company strongly believes into long run relation with the shareholders for value creation. The Company recognizes the requirement to give a profit portion by way of appropriate rate of dividend.

This Policy is formulated with the intention to maintain the balance between the profit to be retained in the Company and the amount to be distributed among the shareholders through dividend. The Policy stipulates the criteria while determining the rationales for recommendation of the dividend as well as retaining the profit in the Company.

Statutory requirement:

This Policy shall observe and comply with the provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended.

The Policy is approved by the Board and reserves the right to amend from time to time as and when required.

This Policy will regulate the process of dividend declaration and its pay-out by the Company in accordance with the provisions contained in Companies Act, 2013 read with the applicable Rules, regulation 43A of SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015 as applicable from time to time. However, this document does not solicit investments in the Company's equity shares.

Dividend:

Dividend is the payment made by the company to its shareholders out of the profit made by the company in proportion to the equity capital they hold, dividend included Interim Dividends.

The Company can declare the dividend at the Annual General Meeting with the approval of the shareholders upon recommendation of the Board, taking into consideration the operating and financial performance of the Company. The Board may also declare the interim dividend.

Factors:

The Board after considering the following internal (Company's financial and operative parameters) and external factors, may recommend the dividend:

Internal Factors (Financial Parameters):

- Capex requirements
- Working Capital requirements
- Net Operating Profit after Tax
- Cash requirements
- Fund requirements for the outstanding debts
- Cash contingencies, if any
- Dividend trends
- Outstanding borrowings;

External Factors:

- Economic environment
- Business cycle
- Government Policies
- Rate of dividend in the same industry
- Any material changes which may have significant impact on the Company
- Any other criteria / factor which may impact herein
- Prevailing legal requirements
- Regulatory conditions or restrictions laid down under the applicable laws including tax laws.
- Dividend pay-out ratio of companies in the same industry.
- Cost of financing
- Any other factor that has a significant influence / impact on the Company's working / financial position of the Company

Circumstances under which dividend may not be paid:

The Board may in extraordinary circumstances like adverse market conditions, business uncertainty, inadequacy of profits etc., deviate from the policy parameters and may prune or not recommend dividend. The decision regarding dividend pay-out is a crucial decision as it determines the amount of profit to be distributed among shareholders of the Company and the amount of profit to be retained in business. The decision seeks to balance the dual objectives of appropriately rewarding shareholders through dividends and retaining profits in order to maintain a healthy capital adequacy ratio to support future growth. The shareholders of the Company may not expect dividend in the following circumstances, subject to discretion of the Board of Directors:

- If the Company undertakes or proposes to undertake a significant expansion of business / brand / company requiring higher allocation of capital;

- Decision to undertake any acquisitions, amalgamation, merger, joint ventures, etc. which requires significant capital outflow;
- Significantly higher working capital requirements adversely impacting free cash flow;
- Whenever it proposes to utilise surplus cash for buy-back of securities; or
- In the event of inadequacy of profits or whenever the Company has incurred losses.
- Such other matters as may be determined by the Board from time to time.

Utilisation of Retained Earnings:

The Company may declare dividend out of the profits of the Company for the year or out of the profits for any previous year or years or out of the free reserves available for distribution of dividend, after having due regard to the Parameters laid down in this Policy. The retained earning after declaration of the dividend if any, shall be utilised in the manner as considered appropriate by the Board and subject to the applicable laws. The Company would utilise the retained earnings in a manner which is beneficial to the interest of the Company and its stakeholders, including, but not limited to ensuring maintenance of a healthy level of minimum capital adequacy ratios, meeting the Company's future business growth / expansion and strategic plans or such other purpose the Board may deem fit from time to time in the interest of the Company and its stakeholders.

Different Class of Shareholders:

Currently the Company has only Equity Shareholders. The factors and condition of dividend shall be as per the Policy and in-line with the rights attached to such class of share-holders.

Disclosure

This Policy shall be disclosed in the Company's annual reports and on the Company's website, <https://aether.co.in/>. Further, in case the Company decides to declare dividend on the basis of parameters in addition to those mentioned in this Policy, or proposed to change the parameters, or change the Policy, all such changes along with rationale for the same shall be disclosed in the annual reports and on the Company's website, <https://aether.co.in/>.

Parameters adopted with regard to various classes of shares:

Since the company has issued only one class of Equity Shares with equal voting rights, all the members of the Company are entitled to the same dividend per share.

Review and Amendments:

The Board shall have the power to review and amend any of the provisions of this Policy, substitute any of the provisions with a new provision or replace this Policy entirely with a new Policy as and when they feel required.

The Chairman and Managing Director are individually authorised to make alterations in the policy if required from time to time. In case of any amendment(s), clarification(s) circular etc. issued by relevant authorities not being consistent to the provisions laid down under this policy then such amendment, clarification, circular etc. shall prevail upon the provisions hereunder and this policy shall stand amended accordingly from the effective date as laid down under such amendment, clarification, circular etc.

The Board may, subject to the applicable laws amend any provision(s) or substitute any of the provision(s) of this Policy with new provision(s) or replace this Policy in entirety.