

POLICY ON RELATED PARTY TRANSACTION AND MATERIAL SUBSIDIARY

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:

With the Recommendation of the Audit Committee and approval of the Board, the 'Related Party Transaction Policy' is adopted by the Board to ensure the proper identification, approval, monitoring and reporting of transactions between the Company and its Related Parties. Such transactions (to be referred herein as 'RPT') are generally in the ordinary course of the business and at the arm's length price. Though, transaction with such related parties which are not in the course of ordinary course of the business and not at arm's length price shall also be covered under the Policy.

Applicability:

This Policy is in accordance with the provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended and any other applicable law as and when applicable. In case of any ambiguity, provisions applicable shall prevail.

Herein, "Related Party Transaction" means such transactions as specified under Section 188 of the Companies Act, 2013 or rules made thereunder and the SEBI LODR, 2015 including any amendment or modification thereof, as may be applicable.

"Material Related Party Transaction" means a transaction with a Related Party where the transaction/transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds rupees one thousand crore or ten per cent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity, whichever is lower.

"Ordinary course of business" would include usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities and all such activities which the Company can undertake as per Memorandum & Articles of Association.

"Material Modifications" means and include any subsequent change to an existing related party transaction, having variance of above 30% of the existing limit as sanctioned by the Audit Committee / Board / Shareholders as the case may be.

“Material Subsidiary Company” means a subsidiary shall be considered as material if the income or the net worth of the subsidiary exceeds 10% (ten percent) of the consolidated income or net worth respectively of the Company and its subsidiaries in the immediately preceding accounting year.

However for the Regulation 24 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Material Subsidiary shall mean a subsidiary, whose income or net worth exceeds 20% (twenty percent) of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year. The Company shall not dispose of shares in its material subsidiary as defined in this para, which would reduce its shareholding (either on its own or together with other subsidiaries) to less than 50% (fifty percent) or cease exercise of control over the subsidiary without passing a special resolution in its General Meeting except in cases where such divestments is made under a scheme of arrangement duly approved by a court /tribunal or under as resolution plan duly approved under Section 31 of the Insolvency and Bankruptcy Code 2016 and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved. Selling disposing and leasing of assets amounting to more than 20% (twenty percent) of the assets of the material subsidiary as defined in this para, on an aggregate basis during a financial year shall require prior approval of shareholders of the Company by way of special resolution, unless the sale/ disposal/lease is made under a scheme of arrangement duly approved by a court/tribunal or under a resolution plan duly approved under section 31 of the Insolvency and Bankruptcy Code 2016 and such an event is disclosed to the recognised Stock Exchanges within one day of the resolution plan being approved.

Identification of ‘Related Parties’ and ‘Related Party Transactions’:

At the beginning of the every financial year, a declaration will be opted from every Directors, KMPs and other Related Parties within the meaning of Section 2(76), 184 and 189 of the Companies Act, 2013 and Regulation 23 of the SEBI (LODR), 2015.

Apart from the above, such declaration will also be opted from above parties at the time of any change immediately.

The Company will take the note of the above declarations.

The Committee / Board will take into account, among other factors it deems appropriate, whether the Related Party Transaction is on terms no less favorable than terms generally available to an unaffiliated third-party under the same or similar circumstances and the extent of the Related Party’s interest in the Related Party Transaction. Committee / Board will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this Policy.

Approval of transaction:

Audit Committee:

All Related Party Transactions entered into shall be subject to prior approval of the Audit Committee (unless it is exempted pursuant to the provisions of the listing agreement as amended). The approval of the Audit Committee can be granted by way of a Circular Resolution as well. However, the Audit

Committee may grant an an 'Omnibus Approval' for RPT proposed to be entered into by the Company subject to the conditions provided under the Companies Act, 2013 and the SEBI (LODR), 2015.

The Committee shall overlook the certain points while considering the proposals of such transactions i.e. Arm's length price, fairness, rationale for the transaction, likely impact of the transaction on the Party and the Company, Conflict of Interest, etc.

Board:

Along with the approval from the Audit Committee, approval of the Board shall be required where RPTs that are not in the ordinary course of business or not on arm's length basis. Any member of the Board who has an interest in such RPT will recuse him or herself and abstain from participating and voting on the approval of such RPT.

Shareholders:

All the Material RPTs shall require approval of the shareholders through a Resolution (unless it is exempted pursuant to the provisions of the Act or the SEBI LODR) and no Related Party shall vote to approve such Resolution(s).

The transactions which fall under Section 188 of the Act which are not in the Ordinary Course of business and / or not an arms' length basis and which crosses the threshold limits prescribed under the rules made thereunder, shall require approval of the Shareholders through Ordinary Resolution, and only the Related Parties with whom transactions are being entered into, shall abstain from voting on such resolution(s).

Transactions with Wholly owned Subsidiary Company(s):

Prior approval of the Board of Directors will not be required in case of transactions entered into between the Company and its Wholly Owned Subsidiary Company whose accounts are consolidated with the accounts of the Company and are placed before the Shareholders of the Company at the General Meeting for approval, however the approval of the Audit Committee will be required for the transactions with the Wholly Owned Subsidiary Company.

Statutory Disclosures:

Details of all the material RPTs shall be disclosed to the Stock-Exchanges along with other mandatory details as per the SEBI LODR.

Such RPTs shall also be placed on the web-site of the Company and the web-link of the same to be provided in the Annual Report.

The Board shall disclose Related Party Transactions in its Report to Shareholders of the Company.

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.