

POLICY ON APPOINTMENT OF DIRECTORS, KMPs AND EMPLOYEES

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 firmly believes the concept of 'mutual co-operation' as an essential ladder towards a cumulative growth and development. Company and its employees are inter-mingled and non-separable from each other. To conquer the Company's organizational goals, employees are the main workforce who make it possible through all their best efforts.

In this reference, it is important for the Company to have a standardized criteria and norms of appointment, evaluation, remuneration and appraisal of Directors, KMPs and other employees of the Company.

Preamble:

This policy includes the criteria for determining qualifications, positive attributes and independence of Directors. It also covers the remuneration criteria for the Directors, KMPs and other employees, including their performance evaluation and appraisal.

Policy of the Company is mainly based on widely accepted standard methodologies and evaluation techniques in line with the applicable provisions of Companies Act, 2013.

Nomination & Remuneration Committee:

The Nomination & Remuneration Committee shall be comprised of at least three Non-Executive Directors, out of which at least one-half shall be the Independent Directors. The Committee shall elect a Non-Executive Director to chair the Committee Meeting. Such Meetings shall be convened at regular intervals and the quorum for the Meeting should be minimum 2 (two) Committee Members. The Nomination & Remuneration Committee along with the Human Resource Department of the Company shall take care of the appointment and evaluation of the Directors, KMPs including the remuneration and appraisal of employees.

Key areas covered under Policy:

Policy shall cover various norms and points which need to be followed in connection with appointment and remuneration of Directors, KMPs and employees in a fair disciplined manner, maintaining the transparency.

Contents are widely narrated as below:

1. For Directors:

1.1 Qualification criteria:

- The candidate should have the diversified experience in business and all other aspects as per operational requirements of the Company and should also possess requisite academical and technical background, which may include any specialized skill, profession, knowledge, technique, competency etc.
- He should be suitable with the Company's dynamics and other perspectives. His experience and meaningful contribution at decision and policy making at operational levels shall be preferred. Personal achievements of the candidate shall be also considered.
- He should also possess personal and professional ethics with high values, integrity and moral.
- He must be willing to devote his time with interest for performing his duties and responsibilities effectively and justifying the expectations of the Company.
- He must not be disqualified to be appointed as Director by any prevailing law or statute of any Regulatory Body or other Authority.
- On satisfaction with the above norms, the Committee shall place the candidature for appointment before the Board.

1.2 Criteria of independence:

- Being the Unlisted Public Company, it shall have Independent Directors in the Board. Independent Directors shall meet with the criteria of independence as prescribed under Section 149 (6) of the Companies Act, 2013.
- Independent Director shall have to abide by the applicable norms and any changes in their status of independence must be intimated to the Board.

1.3 Remuneration criteria:

- Remuneration of the Directors shall be determined according to the experience, potential, individual and Company's performance, market trend and prevailing industry standards. Remuneration may or may not be covered other perquisites and benefits.
- Executive Directors of the Company shall not be entitled to receive any fees for attending the Meetings of the Company.

- Non-Executive Directors of the Company shall be entitled to receive sitting fees for attending the Board Meetings only. However, they shall be authorized to receive any charges / fees by whatever name it may be called in their professional capacity.
- Out of pocket expenses shall be reimbursed to Directors.
- Remuneration to Directors shall be in line with the Section 197 of the Companies Act, 2013.

1.4 Evaluation criteria:

- Evaluation of the entire Board of Directors and their Committees shall be conducted on yearly basis.
- Evaluation of the Executive Directors shall be conducted by Independent Directors of the Company every year based on their overall individual performance, achievement of set targets, inputs, decision making skills, their response in crucial conditions, etc.
- Non-Executive Directors (incl. Independent Directors) shall be evaluated by rest of the Board based on their competency and impact of their professional knowledge, skills and guidance on operations of the Company.

2. For Key Managerial Personnel (KMP):

2.1 Qualification criteria:

- Head of Human Resource Department under consultation of Board of Directors may determine appropriate criteria of KMP as per requirement of the Company.
- Selection shall be based on merit of academic, professional qualifications, relevant work experience, skill and other capabilities suitable to the concerned designation of KMP.
- In case of applicability of specific Act or Law or Statute with the appointment of KMP, prescribed norms shall be followed in all respect.

2.2 Remuneration criteria:

- Remuneration shall be in accordance with the experience and challenge dealing skills. Overall output and efficiency shall also be considered while fixing / reviewing the remuneration of KMP.

2.3 Evaluation criteria:

- Based on the execution skills of tasks, responsibilities and effectiveness of the steps initiated by the KMP shall be the major evaluation measure of their performance.
- Board of Directors shall conduct yearly evaluation program of KMP, which shall be the basis of appraisal.

3. For Employees:

3.1 Qualification criteria:

- Departmental Head shall provide desired attributes and requisite criteria to the Head of the Human resource Department for the employee required to be appointed.
- Head of HR Department under advice of the Departmental Head shall conduct interview of candidates and select the appropriate candidate as desired.
- The criteria shall be in line with the employment terms and work performance.

3.2 Remuneration criteria:

- Basis of remuneration shall be the fair and transparent in line with present industry scale.
- Previous experience and academic background shall be the pivot to determine the remuneration scale of the employee.

3.3 Evaluation criteria:

- Employees shall be 360° evaluated. Overall evaluation shall be conducted by the Head of the Department as per the instruction of Human resource Department.
- Evaluation Report as prepared by the Departmental Head shall be forwarded to Head of the Department for their inputs and observations therein. Human Resource Department along with Board of Directors shall undertake final evaluation.
- Completion of assignments and task in allotted time period, punctuality, reliability, work performance, trustworthiness, attentiveness, alertness, behavior, co-operation with colleagues shall be evaluated in depth and considered for the review and appraisal.

Review:

Policy shall be reviewed from time to time. Necessary changes and modification shall be updated as and when required.

Reports prepared herein shall be kept as records under the custody of Human Resource Department.

Last reviewed on: **October 31, 2023**