POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS AND ON DEALING WITH RELATED PARTY TRANSACTIONS

Objective and Purpose

Aether Industries Limited recognizes Related Party Transactions ("RPTs") can present a potential or actual conflict of interest which may be against the best interest of the Company and its shareholders. The Companies Act 2013 ('the Act') and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI LODR') as amended from time to time, prescribe comprehensive regulatory framework governing RPTs, requiring to adopt comprehensive policy for dealing with RPTs.

The Policy is intended to ensure timely identification of an RPTs, its salient terms and conditions, detail the approval process, outline the disclosure and reporting requirements thereof and to ensure transparency in the conduct of RPT's, so that there is no conflict of interest.

This Policy is also intended to ensure the identification, approval, reporting and disclosure of transactions between the Company and any 'Related Party' under the applicable norms.

Definition

All capitalised terms used in this Policy document but not defined herein shall have the meaning ascribed to such term in the Act and the Rules framed there under, the SEBI LODR and the applicable Accounting Standards as amended from time to time.

Materiality of Related Party Transactions

Under the SEBI Listing Regulations:

A transaction shall be considered material if the transaction(s) to be entered into, individually or taken together with previous transactions during a financial year, exceed the following:

Consolidated Turnover of Listed Entity Threshold	Threshold
(I) Up to Rs. 20,000 Crore	10% of the annual consolidated turnover of the listed entity
(II) More than Rs. 20,000 Crore to upto Rs. 40,000 Crore	Rs. 2,000 Crore + 5% of the annual consolidated turnover of the listed entity above Rs. 20,000 Crore

(III) More than Rs. 40,000 Crore	Rs. 3,000 Crore + 2.5% of the annual consolidated turnover of the listed entity above Rs. 40,000 Crore or Rs. 5000 Crore, whichever is lower.

Explanation: For the purpose of computing the thresholds stated above, the annual consolidated turnover of the listed entity shall be determined based on the last audited financial statements of the listed entity.

Transaction involving payments made to a related party with respect to brand usage or royalty shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed five percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the Company.

Under the Companies Act 2013 ('Act'):

Transactions as provided in Section 188 of the Act entered into with a related party as defined under Section 2(76) of the Act read along with the rules made thereunder, that is not in the ordinary course of business or not at an arm's length basis and exceeds the threshold as specified in Rule 15 of Companies (Meetings of the Board and its Powers) Rules, 2015.

Material Modification to Related Party Transactions

In relation to a Material Related Party Transaction, each subsequent material modification would mean any variation having a net annual financial impact in the consolidated income statement exceeding 20% of the already approved transaction value, or the thresholds specified in Schedule XII of the Listing Regulations, whichever is higher.

Identification of Related Party and Related Party Transactions

All the Promoters, Directors, and Key Managerial Personnel ("KMPs") are responsible for informing the Company of their interest (including interest of their Relatives (as may be applicable) in other companies, firms or concerns at the beginning of every financial year and any change in such interest during the year. In addition, all Directors and KMPs are responsible for providing notice to the Company Secretary of any potential Related Party Transaction involving them or their relative, including any additional information about the transaction that the Audit Committee may request. The Board shall record the disclosure of interest and the Audit Committee will determine whether the transaction is in

the ordinary course of business and on an arm's length basis. On the basis of criteria prescribed under the applicable laws and as per the aforesaid declaration(s) / disclosure(s) / notice(s) received from the Promoters, Directors and KMPs, the list of related parties shall be compiled and updated from time to time.

Such notice of any potential Related Party Transaction should be given well in advance so that the Company Secretary has adequate time to obtain and review information about the proposed transaction and to refer it to the Audit Committee.

Any employee of the Company who is aware of any transaction that is or may be perceived to be a Related Party Transaction is required to bring the same to the attention of the Audit Committee of the Company through the Company Secretary.

Process and Procedure for Dealing with Related Party Transactions

The Audit Committee, Board and Shareholders, as the case may be, shall be provided with all relevant details of the proposed RPTs, including the rationale for entering into such transactions, terms and conditions, business purpose, benefits to the Company and the related party and any other information required under the applicable laws and regulations.

Approval by the Audit Committee

All RPTs and all (a) amendments or modifications thereto with respect to the Act, and (b) subsequent Material Modifications with respect to the SEBI LODR, shall require prior approval of the Audit Committee.

Only Independent Directors, who are members of the Audit Committee shall approve the RPTs. In case such Independent Director is interested in any potential RPT, then shall abstain from voting when such RPT is being considered. The Audit Committee at its discretion may submit any RPT for additional approval of the Board of Directors.

All RPTs above Rupees One Crore, to which the Subsidiary of the Company is a party, but the Company is not a party, shall require prior approval of the Audit Committee, if the value of such Transaction(s)

whether entered into individually or taken together with previous Transaction(s) during a Financial Year exceeds the lower of the following:

(i) ten percent of the annual standalone turnover of the subsidiary as per the last audited financial statements of the subsidiary; or

(ii) the threshold for material RPTs of listed entity as specified above in this policy.

If such Subsidiary does not have audited financial statements for a period of at least one year, prior approval of the Audit Committee shall be obtained if the value of such Transaction(s) whether entered into individually or taken together with previous Transaction(s) during a Financial Year exceeds the lower of the following:

(i) ten percent of the aggregate value of paid-up share capital and securities premium account of the Subsidiary; or

(ii) the threshold for material RPTs of listed entity as specified above in this policy.

Provided that the aggregate value of paid-up share capital and securities premium account of the Subsidiary shall be taken as on a date, not older than three months prior to the date of seeking approval of the Audit Committee

If remuneration and sitting fees paid by the listed entity or its subsidiary to its director, key managerial personnel or senior management, except who is part of promoter or promoter group, shall not require approval of the audit committee provided that the same is not material related party transaction.

Omnibus approval for Related Party Transactions

The Audit Committee may grant omnibus approval for RPTs proposed to be entered into by the Company or its subsidiary subject to the following conditions:

The Audit Committee shall (after obtaining the approval of the Board) lay down the criteria for granting the omnibus approval in line with this Policy in respect of Transactions which are repetitive in nature.

This criteria shall include the following:

(a) The Audit Committee shall lay down the criteria for granting the omnibus approval in line with the Policy on RPTs of the Company and such approval shall be applicable in respect of transactions which are repetitive in nature.

(b) The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company;

The Audit Committee shall satisfy itself regarding the need for such omnibus approval and that such approval is in the interest of the Company.

(a) Such omnibus approval shall specify (i) the name(s) of the Related Party and nature of the relationship; the nature, duration, material terms and other particulars of the Transaction, maximum amount of Transaction that can be entered into, (ii) the indicative base price / current contracted price and the formula for variation in the price, if any, and (iii) such other conditions as the Audit Committee may deem fit.
(b) Provided that where the need for Related Party Transaction cannot be foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions based on the criteria as may be decided by the Committee, subject to such limits as may be prescribed by the Act & SEBI Listing Regulations.
(c) Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the Company.

The members of the audit committee, who are independent directors, may ratify RPTs within three months from the date of the transaction or in the immediate next meeting of the audit committee, whichever is earlier, subject to the following conditions:

(a) the value of the ratified transaction(s) with a related party, whether entered into individually or taken together, during a financial year shall not exceed rupees one crore;
(b) the transaction is not material in terms of the provisions of this regulation;
(c) rationale for inability to seek prior approval for the transaction shall be placed before the audit committee at the time of seeking ratification;
(d) the details of ratification shall be disclosed along with the disclosures of RPTs;
(e) any other condition as specified by the audit committee:

In case of a failure to seek ratification of the Audit Committee, the transaction is voidable at the option of the Committee and if the transaction is with a related party to any director, or is authorised by any other director, the director(s) concerned shall indemnify the Company against any loss incurred by it.

The Audit Committee would review on a quarterly basis the details of such RPTs entered into pursuant to each of the omnibus approval given. The approval will remain valid for a period of one financial year.

Any member of the Audit Committee, who has a potential interest in any Related Party Transaction, shall also recuse himself or herself and abstain from discussion and voting on the approval or ratification of such Related Party Transaction. Such member may, however, participate in discussions and voting with respect to other RPTs placed for approval or ratification of the Audit Committee.

Approval by the Board

In case of Related Party Transaction which is not in the ordinary course of business or not at arm's length transaction, whether or not it is a material Related Party Transaction, prior approval of the Board through a resolution passed at the meeting of the Board shall be necessary.

Any member of the Board who has a potential interest in such Related Party Transaction will recuse himself or herself and abstain from discussion and voting on the approval of such Related Party Transaction. Such member may, however, participate in discussions and voting with respect to other RPTs placed for approval of the Board.

Approval by the Shareholders

If a RPTs is not in the ordinary course of business, or not at arm’s length price and exceeds certain thresholds as prescribed under Section 188 of the Companies Act, it shall require shareholders’ approval by a resolution. The Related Parties shall abstain from voting as shareholders in case of RPTs which require the approval of shareholders.

All material related party shall require prior approval of the shareholders through resolution and no related party shall vote such resolutions whether the entity is a related party to the particular transaction or not.

All material RPTs shall require the prior approval of the shareholders by way of a resolution. No related party shall be entitled to vote on or participate in the voting on such resolution, irrespective of whether such related party is directly or indirectly interested in, or is a party to, the particular transaction.

Information to be placed for approval

To determine the need of a Related Party Transaction, the Audit Committee/Board/Shareholders will be provided with all relevant material information of the Related Party Transaction, including the terms of the transaction, the business purpose of the transaction, the benefits to the Company and to the Related Party, and such other minimum information as required to be placed before Audit Committee and Shareholders prescribed under the SEBI LODR and the Act and rules framed thereunder.

Transactions with Wholly Owned Subsidiary Company(s)

Prior approval of the Audit Committee and the shareholders of the Company shall not be required in respect of transactions, including any subsequent modifications thereto, entered into in the ordinary course of business and on an arm's length basis between a listed holding company and its wholly owned subsidiary, whose accounts are consolidated with those of the holding company and placed before the shareholders at the general meeting for approval.

Disclosure and Reporting of Related Party Transactions

The particulars of contracts or arrangement with Related Parties referred to in Section 188(1) of the Companies Act, 2013 shall be disclosed in the Board's report under Section 134 of the Companies Act, 2013.

The policy shall be published on the Company's website and web link of the policy shall be disclosed in the Company's Annual Report.

Adoption & Amendment to the Policy

The Board of Directors based on the recommendation of the Audit Committee of the Company shall review this Policy atleast once in three years or such other earlier periodicity as it may deem fit and may amend this Policy from time to time.

Any or all provisions of this Policy would be subject to revision / amendment in accordance with the Rules, Regulations, Notifications, etc. on the subject as may be issued by relevant statutory authorities, from time to time.

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s), etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s), etc.

Approved on: **November 18, 2021**

Reviewed on: **October 31, 2023**

Modified on: **October 30, 2026**