RISK ASSESSMENT AND MANAGEMENT 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:

Risk Management is a key aspect of the 'Corporate Governance Principles' and 'Code of Conduct' which aims to improvise the governance practices across the Company's activities. Risk Management Policy and processes will enable the Company to proactively manage the uncertainty and changes in the internal and external environment to limit negative impacts and capitalize on opportunities.

In accordance with Section 134(3) of the Companies Act, 2013, a Company is required to include a statement indicating development and implementation of risk management policy for the company including identification therein of elements of risk, if any, which in the opinion of the Board may threaten the existence of the Company.

This Policy seeks to identify risks inherent in the operations of the Company and provides guidelines to define, measure, report, control and mitigate the identified risks.

Objects:

The main objective of this Policy is to ensure sustainable business growth with stability and to promote a pro-active approach in reporting, evaluating and resolving risks associated with the business. In order to achieve the key objective, the Policy establishes a structured and disciplined approach to Risk Management, in order to guide decisions on risk related issues and to create and protect shareholder value by minimizing threats or losses, and identifying and maximizing opportunities. This Risk Management Policy is being applied in order to ensure that effective management of risks is an integral part of every employee's job. These include:

1. to ensure that all the current and future material risk exposures of the company are identified, assessed, quantified, appropriately mitigated, minimized and managed i.e. to ensure adequate systems for risk management;

2. to establish a framework for the Company's risk management process and to ensure its implementation;

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3. to enable compliance with appropriate regulations, wherever applicable, through the adoption of best practices;

4. to assure business growth with financial stability;

5. providing a framework that enables future activities to take place in a consistent and controlled manner;

6. improving decision making, planning and prioritization by comprehensive and structured understanding of business activities, volatility and opportunities / threats; contributing towards more efficient use/allocation of the resources within the organization;

Risk Management:

The Company shall lay down procedures to inform Board members about the risk assessment and minimization procedures.

The Board shall be responsible for framing, implementing and monitoring the risk management plan for the Company.

Before proceeding to the policy attention is drawn to the roles that the Board and Audit Committee are required to play under the above regulations governing Risk Management:

1. The Board's role under both the regulations is to ensure framing, implementing and monitoring risk management plan, having in place systems for risk management as part of internal controls with duty being cast upon Independent Directors to bring unbiased angle to the Board's deliberations on making risk management systems more robust.

2. The Audit Committee's role is to evaluate the risk management systems.

Broad principles:

The Board is required to review the business plan at regular intervals and develop the Risk Management Strategy which shall encompass laying down guiding principles on proactive planning for identifying, analyzing and mitigating all the material risks, both external and internal including environmental, business, operational, financial and others. Communication of Risk Management Strategy at various levels of the management for effective implementation is essential.

Role of the Board:

The Board will undertake the following actions to ensure risk is managed appropriately:

1. The Board shall be responsible for framing, implementing and monitoring the risk management plan for the Company;

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2. Ensure that the appropriate systems of risk management are in place;

3. The Independent Directors shall help in bringing an independent judgement to bear on the Board's deliberations on issues of risk management and satisfy themselves that the systems of risk management are robust and defensible;

4. Participate in major decisions affecting the organization's risk profile;

5. Have an awareness of and continually monitor the management of strategic risks;

6. Be satisfied that processes and controls are in place for managing less significant risks;

7. Be satisfied that an appropriate accountability framework is working whereby any delegation of risk is documented and performance can be monitored accordingly;

8. Ensure risk management is integrated into board reporting and annual reporting mechanisms;

Role of the Audit Committee:

The following shall serve as the role and responsibility of the Audit Committee authorized to evaluate the effectiveness of the risk management framework:

1. Evaluation of internal financial controls and risk management systems;

2. Review of the strategy for implementing Risk Management Policy;

3. To examine the organization structure relating to risk management;

4. Evaluate the efficacy of Risk Management Systems - Recording and Reporting;

5. To review all hedging strategies / risk treatment methodologies vis a vis compliance with the Risk Management systems;

6. Ensure risk management is integrated into board reporting and annual reporting mechanisms;

The risk management strategy of the Company is to be integrated with the overall business strategies of the Organization and its mission statement to ensure that its risk management capabilities aid in establishing competitive advantage and allow management to develop reasonable assurance regarding the achievement of the Company's objectives.

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Identification and Risk Analysis:

Risk Identification is obligatory on all vertical and functional heads who with the inputs from their team members are required to report the material risks to the Chairman and Managing Director and Whole-time Directors of the Company along with their considered views and recommendations for risk mitigation.

To identify organization's exposure to uncertainty, risks may be classified in the following:

1. Strategic
2. Operational
3. Financial
4. Hazard

After risk analysis, comparison of estimated risks against Organization risk criteria is required. It is to be used to make decisions about the significance of risks and whether each specific risk to be accepted or treated.

Risk can be quantitative, semi quantitative or qualitative in terms of probability of occurrence and possible consequences.

Risks to be reported internally i.e. to Board of Directors and externally to stakeholders on regular basis as part of 'Corporate Governance.'

Board of Directors shall include a statement indicating development and implementation of a Risk Management Policy for the Company including identification therein of elements of risks, if any, which in the opinion of the Board may threaten the existence of the Company.

Risk Treatment:

Risk Treatment includes the process of selecting and implementing measures to mitigate risks and to prioritize risk control actions in terms of their potential to benefit the organization. Risk treatment includes risk control / mitigation and extends to risk avoidance, risk transfer (insurance), risk financing, risk absorption etc. For;

a. Effective and efficient operations

b. Effective Internal Controls

c. Compliance with laws & regulations

Risk treatment shall be applied at all levels through carefully selected validations at each stage to ensure smooth achievement of the objective.

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Implementation:

The Company is prone to inherent business risks. This document is intended to formalize a Risk Management Policy, the objective of which shall be identification, evaluation, monitoring and minimization of identifiable risks.

This Policy is in compliance with the Listing Agreement which requires the Company to lay down procedure for risk minimization.

The Board of Directors of the Company and the Audit Committee shall periodically review and evaluate the risk management system of the Company so that the management controls the risks through properly defined network. Head of Departments shall be responsible for implementation of the risk management system as may be applicable to their respective areas of functioning and report to the Board and Audit Committee.

This Policy applies to all areas of the Company's operations.

This Policy as amended time to time shall be made available at the website of the company. The right to interpret/amend/modify this policy vests in the Board of Directors of the company.

Review:

The Policy may be reviewed and updated from time to time as when required with the requirement of the law.

Last reviewed on: **October 30, 2026**

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