GKB Ophthalmics Ltd.
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CIN.: L26109GA1981PLC000469

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RISK MANAGEMENT POLICY

GKB Ophthalmics Limited (the Company) is engaged in the manufacture and marketing of a range of plastic lenses. The business activities of the Company carry various internal and external risks.

The term "risk" is defined an exposure to the possibility of loss, injury that could severely impact or bring down the organization.

'Risk Management' is the identification, assessment, and prioritization of risks followed by coordinated and economical application of resources to minimize, monitor, and control the probability and/or impact of uncertain events or to maximize the realisation of opportunities. Risk management also provides a system for the setting of priorities when there are competing demands on limited resources.

The common risks inter alia are: Regulations, competition, Business risk, Technology obsolescence, return on investments, business cycle, increase in price and costs, limited resources, retention of talent, etc.

LEGAL FRAMEWORK

The provisions of Section 134(3)(n) of the Companies Act, 2013 necessitate that the Board's Report should contain a statement indicating development and implementation of a 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.

Further, the provisions of Section 177(4)(vii) of the Companies Act, 2013 require that every Audit Committee shall act in accordance with the terms of reference specified in writing by the Board which shall inter alia include evaluation of risk management systems.

In line with the above requirements, it is therefore, required for the Company to frame and adopt a "Risk Management Policy" (this Policy) of the Company

RISK FACTORS

The objectives of the Company are subject to both external and internal risks that are enumerated below:-

1) Economic Risk: - Economic risk includes changes in market conditions, Economy Slowdown.
2) Natural Risk:- Natural risk factors include natural disasters that affect normal business operations like earthquake, Fire, Floods etc.
3) Political Risk:- Political risk is comprised of changes in the political environment or governmental policy that relate to financial affairs like Changes in import and export laws, tariffs, taxes, and other regulations
4) Inflation and Cost structure:- Inflation is inherent in any business and thereby there is a tendency of costs going higher.

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5) Technology Obsolescence –Technological obsolescence is evaluated on a continual basis and the necessary investments are made to bring in the best of the prevailing technology.
6) Legal Risk :- As the Company is governed by various laws, the Company is exposed to legal risk. To mitigate the risk, the Company pays the statutory dues on time and set up compliance mechanism of file necessary documents with various Authorities.
7) Fluctuations in Foreign Exchange :- The Company has exposure to currency risk in case of sale of Goods globally.
8) Industry Risks :- As there was lack of demand of glass lenses globally, the Company had switched the production to plastic lenses. As a result of this change, the machinery and various other technology became obsolescent and added to cost for the Company.
9) Business Operations Risks :- to mitigate the risk of overall process of Business operation such as Production, process and productivity, Business interruption, Profitability , the Company follows the proper policy, planning and maintenance of inventories.
10) Environment Risks:- The Company has set up proper control of Air, water pollution.
11) Liquidity risk:- Proper financial planning and preparation of annual budget minimise the risk of Financial insolvency and cash management.
12) Credit risk:- Proper assessment of credibility of the customer and proper recovery management help the Company to lessen the risk of payment from the customers beyond the credit period and bad and doubtful debts.
13) Raw material Supply Risk:- It refers to non-availability of right kind of raw material at right price and time which will affect production and quality. Raw materials are procured from different sources at competitive prices
14) Human Resource Risks: a) Labour Turnover Risks, involving replacement risks, training risks, skill risks, etc. b) Unrest Risks due to strikes and lockouts is lower by proper recruitment policy and appraisal system.
15) Dumping risk: - China dumped the lenses in the Indian Market at a price lower than the cost of raw material or the cost price of the manufactured lenses. Due to which the Company unable to make and sustain the profit of earlier years.

Management is responsible for the development of risk mitigation plans and the implementation of risk reduction strategies. All the Senior Executives under the guidance of the Chairman and Board of Directors has the responsibility for over viewing management's processes and results in identifying, assessing and monitoring risk associated with Organisation's business operations and the implementation and maintenance of policies and control procedures to give adequate protection against key risk.

AMENDMENT

This Policy can be modified at any time by the Board of Directors of the Company

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