


***ANNUAL  
REPORT  
2002-2003***

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**GKB Ophthalmics Ltd.**



## GKB Ophthalmics Ltd.

### **BOARD OF DIRECTORS :**

**K.G. Gupta** (Chairman & Managing Director)

**K.M. Gupta**

**B.K. Gupta**

**R.K. Gupta**

**Vikram Gupta** ( Wholetime Director )

**Gaurav Gupta**

**Cesar Menezes**

**Somnath Priolkar**

### **COMPANY SECRETARY :**

Prashanth D. Mallya

### **AUDITORS :**

M/s Borkar & Muzumdar

Chartered Accountants

Panaji - Goa

### **BANKERS :**

State Bank of India,

Commercial Branch,

Panaji - Goa.

### **REGISTERED OFFICE :**

16-A, Tivim Industrial Estate

Mapusa - Goa. 403 526

India.





## GKB Ophthalmics Ltd.

### NOTICE OF THE ANNUAL GENERAL MEETING

NOTICE is hereby given that the TWENTY FIRST ANNUAL GENERAL MEETING of the Members of GKB OPHTHALMICS LIMITED will be held at the Registered office of the Company at 16-A, Tivim Industrial Estate, Mapusa - Goa, on Tuesday, the 30th September, 2003 at 11.00 a.m to transact the following business.

#### ORDINARY BUSINESS :

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2003, the Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To declare a dividend, if any for the financial year 2002-03.
3. To appoint a Director in place of Mr. R.K. Gupta who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Gaurav Gupta who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint the Auditors to hold office from the conclusion of this Annual General Meeting, until the conclusion of the next Annual General Meeting and to fix their remuneration.

#### SPECIAL BUSINESS :

6. To re-appoint Mr. Vikram Gupta as Wholetime Director

To consider and if thought fit pass with or without modification the following resolution as Ordinary Resolution.

#### ORDINARY RESOLUTION

RESOLVED THAT that all resolutions relating to the appointment and remuneration of Mr. Vikram Gupta, Wholetime Director previously passed by the members be and are hereby revoked.

RESOLVED FURTHER THAT subject to the provisions of Section 198, 269, 309 & 310 read with Schedule XIII and other applicable provisions of the Companies Act, 1956 and also subject to any limits or guidelines introduced by the Central Government or any other competent authority consent of the Company be and is hereby given to the re-appointment of Mr. Vikram Gupta as Wholetime Director of the Company for a period of five years from 01.01.2003 to 31.12.2007.

#### REMUNERATION :

Salary : Salary of Rs., 40,000/- ( Forty Thousand Only) per month in the pay scale of Rs. 40,000 – 4,000 – 80,000 per month effective from 01-01-2003.

#### COMMISSION :

Commission : Commission of 1%( One Percent) of the Net Profits of the Company Computed in the manner laid down in sections 349 and 350 of the Companies Act, 1956 subject to a maximum of annual salary. However the Commission thus calculated will if necessary, be further reduced in manner and to extent, to be decided by the Board, so that the total managerial remuneration paid/payable is within the limits laid down in sections 198 and 309 and other provisions of the Companies Act, 1956.



# GKB Ophthalmics Ltd.

## NOTICE OF THE ANNUAL GENERAL MEETING (Contd.)

### PERQUISITES :

Perquisites : Perquisites as detailed hereafter, restricted to an amount equal to annual salary or Rs. 4,50,000/- per annum whichever is less. Unless the context otherwise requires the perquisites are classified in three categories A, B, and C as follows:

### CATEGORY A :

- i) Housing :
  - a) Expenditure by Company on hiring unfurnished accommodation subject to a ceiling of 50% of the salary.
  - b) In case no accommodation is provided by the Company, Mr. Gupta shall be entitled to House Rent Allowance subject to the same ceiling as above
  - c) Expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per Income Tax rules, 1962 subject to a ceiling of 10% of salary.
- ii) Medical Reimbursement : Medical expenses incurred for self and family subject to a ceiling of one month's salary in a year or 3 month's salary over a period of 3 years.
- iii) Leave travel : For self and family once in a calendar year by first class air or first class a/c rail as per the rules of the Company.
- iv) Personal Accident Insurance : Premium not to exceed Rs. 4,000/- per annum.

Payment of remuneration as above shall be subject to such deductions as are required by law.

EXPLANATION : For the purpose of category "A" family means the spouse, the dependent children and dependent parents of the appointee.

### CATEGORY B :

- i) Company's contribution to provident fund at 12% of the salary or at such other percentage as specified from time to time, as per the rules of the Company.
- ii) Company's contribution towards superannuation or Annuity fund together with the Provident fund shall not exceed 25% of the salary, as prescribed by Income Tax rules or any statutory modification there off.
- iii) Gratuity not exceeding half month's salary for each completed year of service.

### CATEGORY C :

Car for Company's business and telephone at residence will be provided. They will however not be considered as perquisites. Personal long distance calls on phones and use of car for personal purpose shall be billed by the Company to the Wholetime Director.

In the event of loss or inadequacy of profits in any financial year the Wholetime Director shall be paid remuneration by way of salary and perquisites as specified above.

### II ) OTHER TERMS :

- 1. Earned / Privilege leave : One full pay and allowance as per rules of the Company applicable to the Senior Managers but not exceeding at the rate of one month for every eleven months of service. However accumulated leave will be allowed to be encashed in accordance with the rules of the Company applicable to Senior Managers. The monetary equivalent of the leave encashed will not be reckoned for the purpose of computation of ceiling on perquisites referred to in para 3 above.



## GKB Ophthalmics Ltd.

### NOTICE OF THE ANNUAL GENERAL MEETING (Contd.)

2. Other Expenses : The Wholetime Director will be entitled to reimbursement of entertainment and all other expenses actually and properly incurred by him in course of legitimate business of the Company.
3. Sitting Fees : The Wholetime Director, so long as he functions as such shall not be paid any sitting fees for attending meetings of the Board of Directors or any Committee(s) thereof.

#### NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.

A Proxy form, duly completed and stamped must reach the Registered Office of the Company not less than 48 hours before the time of holding the aforesaid meeting.

2. The Register of Members of the Company will remain closed from Wednesday the 24th September, 2003 to Tuesday, 30th September, 2003 (both days inclusive). The transfer Books of the Company shall also remain closed during the aforesaid period.
3. The relevant Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, is annexed hereto.
4. The dividend as recommended by the Board, if sanctioned at the meeting will be paid on or after 6th day of October, 2003 to those members or their mandates whose names stand registered on the Company's Register of the Members :-
  - a) As Beneficial Owners as at the end of business on 24th day of September, 2003 as per the lists to be furnished by National Security Depository Limited and Central Depository Services (India) Limited in respect of the shares held in electronic form, and
  - b) As Members in the Register of Members of the Company, after giving effect to valid share transfers in physical form lodged with the Company on or before 24th September, 2003.
5. Members holding shares in identical order of names in more than one folio are requested to write to the Registered Office of the Company enclosing their share certificates to enable the Company to consolidate their holdings in one folio. The Share Certificates will be returned to the members after making requisite change thereon.
6. Depository System

The Company consequent to introduction of the Depository System (DS), entered into agreements with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Members, therefore, now have the option of holding and dealing in the Shares of the Company in electronic form through NSDL or CDSL.

The DS envisages the elimination of several problems involved in the scrip-based system such as bad deliveries, fraudulent transfers, fake certificates, thefts in postal transit, delay in transfers, mutilation of share certificates, etc. Simultaneously, DS offers several advantages like exemption from stamp duty, elimination of concept of market lot, elimination of bad deliveries, reduction in transaction costs, improved liquidity, etc.



## GKB Ophthalmics Ltd.

### NOTICE OF THE ANNUAL GENERAL MEETING (Contd.)

7. As per the provisions of the amended Companies Act, 1956, facility for making nominations is now available to INDIVIDUALS holding shares in the Company. The Nomination Form 2B prescribed by the Government can be obtained from the Registered Office of the Company.
8. Members / Proxies should bring the Attendance Slip sent herewith, duly filled in, for attending the Meeting. They are also requested to bring their copies of the Annual Report. Copies of the Annual Report would not be distributed at the meeting.

Registered Office :  
16-A, Tivim Industrial Estate,  
Mapusa - Goa 403 526.

By order of the Board of Directors  
For **GKB OPHTHALMICS LIMITED**

9th August, 2003

Prashanth D. Mallya  
Company Secretary

### ANNEXURE TO NOTICE

Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956.

Re. : Item No. 6

Mr. Vikram Gupta, Whole- Time Director was in the helm of affairs of the Company since his appointment as Whole Time Director on 24.07.1996. The Board of Directors considering his contributions to the Company feels it desirable to re-appoint him for a period of five years from 1.1.2003 till 31.12.2007.

Mr. Vikram Gupta, is a Engineering Graduate from I.I.T Powai, He has vide expertise in the Ophthalmics lens Industry of about 10 years.

The Board recommends the resolution for approval of the members.

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By order of the Board of Directors  
For **GKB OPHTHALMICS LIMITED**

9th August, 2003

Prashanth D. Mallya  
Company Secretary



# GKB Ophthalmics Ltd.

## DIRECTOR'S REPORT

Dear Shareholders,

Your Directors are pleased to present their 21st Annual Report and the Audited Accounts of the year ended 31st March, 2003.

### FINANCIAL RESULTS :

The salient features of the Company's financial results for the year under review are as under:

	2002-2003	2001-2002
a) Profit before Interest, Depreciation & Taxes	2,50,79,101	2,19,76,492
b) Less : Interest	40,68,782	52,21,705
c) Profit before Depreciation & taxes	2,10,10,319	1,67,54,787
d) Less : Depreciation	56,93,739	52,49,829
e) Profit before Taxes	1,53,16,580	1,15,04,958
f) Profit after taxes	1,15,16,040	1,04,58,958
g) Less : Prior Period Adjustment.	20,31,797	51,550
h) Add : Balance of profit brought forward from previous year.	30,59,611	15,33,399
i) Profit available for appropriation was	1,25,43,854	1,20,43,907
Which your Directors have appropriated as under to:		
i) General Reserve	40,00,000	40,00,000
ii) Proposed Dividend on Equity Shares	46,85,757	49,84,296
<b>TOTAL</b>	<b>86,85,757</b>	<b>89,84,296</b>
Leaving a Balance to be carried forward	38,58,097	30,59,611

Pursuant to provision of Section 217 (2AA) of the Companies Act, 1956, the Directors hereby state and confirm :

- that in preparation of Annual Accounts, applicable accounting standards have been followed;
- that the Directors have applied sound accounting policies and made judgements and estimates, that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of financial year and of the Profit of the Company for the year;
- that the Directors have taken sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company; and
- that the Directors have prepared the Annual Accounts on a "going concern" basis.

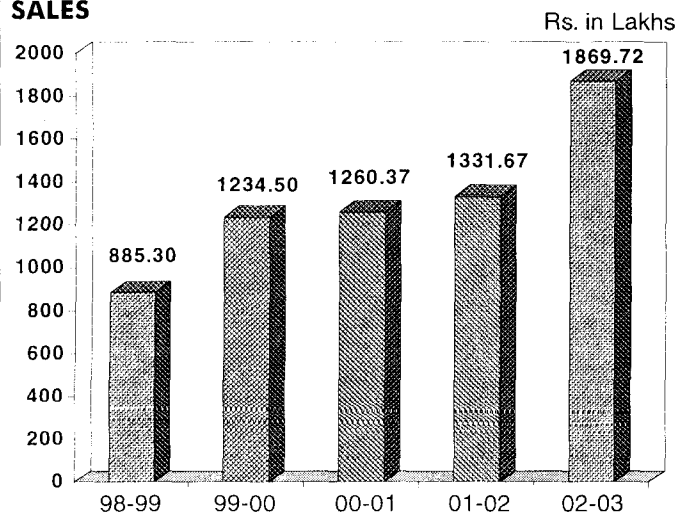




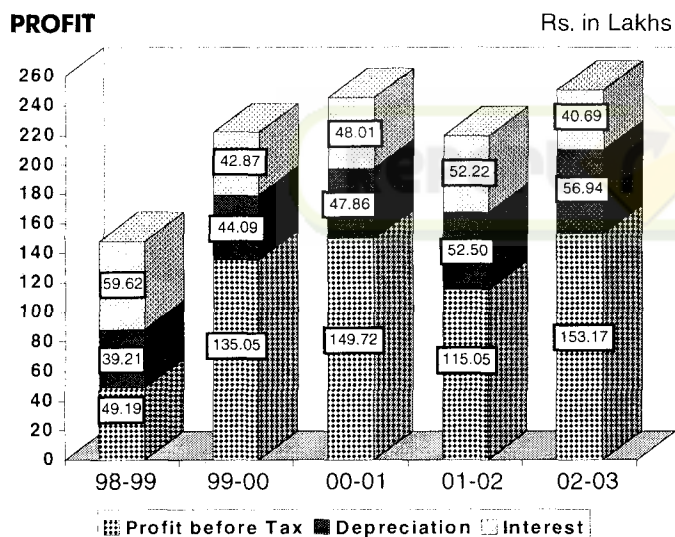
# GKB Ophthalmics Ltd.

## DIRECTOR'S REPORT (Contd.)

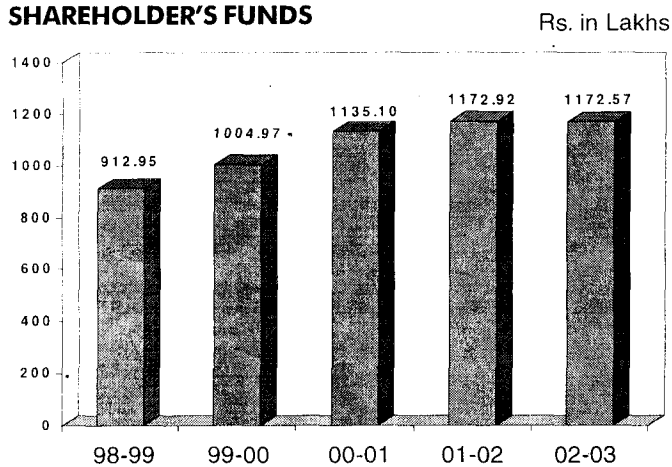
### SALES



### PROFIT



### SHAREHOLDER'S FUNDS



### DIVIDEND :

Your Directors have recommended a dividend of 10% per equity share on 41,53,580 Equity shares of Rs. 10/- each for the financial year ended 31st March, 2003, which, if approved at the forthcoming Annual General Meeting, will be paid to all those Equity Shareholders whose names appear in the Register of members as on 24th September, 2003.

### OPERATIONS :

Company's performance during the year under review was good. The Company produced during the year 23,58,775 pieces of Ophthalmic lenses as against 19,48,041 produced in the previous year showing an increase of 21%. More stress was given to value-added items and the sales for the year reached the level of Rs. 1869.72 lacs as compared to Rs. 1331.67 lacs for the previous year registering a growth of 40%.

Companies in general are facing a stiff global competition and only those who are fine tuning themselves by cutting down cost and remaining competitive are able to perform well. Company's sustained efforts in improving the quality and increase in exports to Europe have brought in good results.

Barring unforeseen circumstances, company expects to do well in the current year inspite of continued slackness in demand of glass lenses in comparison to plastic lenses, adverse dollar/rupee exchange position and increase in value of Euro as most of the imports are from Europe. This is being off set to some extent by increasing exports to Europe.

### QUALITY :

The Company has successfully adopted the Concept of Total Quality Management in its manufacturing process and in other operations. The same is in its final stages of implementation.

### SOCIAL RESPONSIBILITY :

Social Responsibility forms an integral part of Company's goals. To achieve this prime objective the company has and will continue its efforts in this area with greater vigour.

These includes establishing student Scholarship for the children of employees, declared and paid during Independence Day. Also the Company has taken up and completed the full electrification and beautification of primary school in Colvale Panchayat to discharge Company's responsibility towards society.

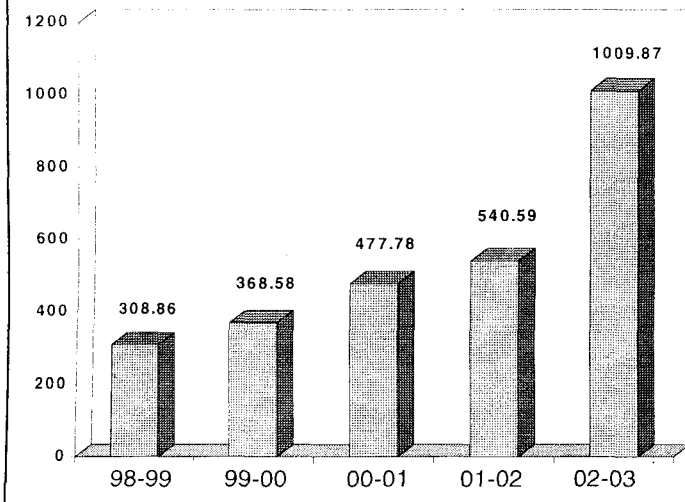


# GKB Ophthalmics Ltd.

## DIRECTOR'S REPORT (Contd.)

### EXPORTS TO EUROPE : VALUE

Rs. in Lakhs



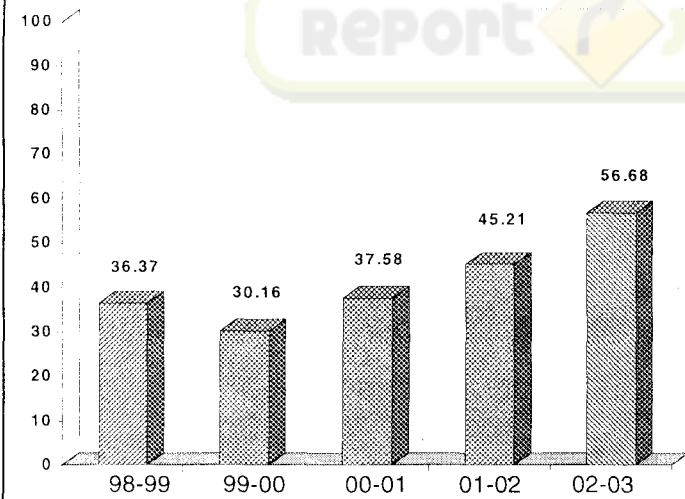
### ASSOCIATE COMPANY :

The Company has made substantial investment in its associate company GKB Vision Ltd. It is heartening to know that in the second year of its operation GKB Vision Ltd reached a healthy turnover of Rs.12.30 crores and has broken even in profits. The Company has started producing mineral progressive lenses for the first time in India and they have been well received by the customers all over the world. GKB Vision Ltd has also started selling its products in Indian market and is well on its way to achieve the desired goals set by the Promoter Company.

### SUBSIDIARY IN GERMANY :

The establishment of company's fully owned subsidiary in Germany in 1998 was a turning point in creating a strong market base in Europe. Europe has become prime market of Company's products and exports to European market stands at all time high of over 10 crores in 2003 against 3 crores in 98-99. In terms of percentage, Company's exports to Europe during the year under review comprised 56.68% against 36.37% in 98-99. The Company is now supplying lenses to world's top Ophthalmic lens companies and is rated as one of the best lens manufacturer in the world.

### EXPORTS TO EUROPE : % AGE OF TOTAL EXPORTS



### FUTURE PROSPECTS :

For last two decades the company has been engaged in production and export of mineral lenses. The demand for mineral lenses is going down and it is important to diversify in other areas. International market has been main stay of the Company so far. The management wishes to keep focus on exports but would like to expand and diversify its operations to enter into the big Indian market. India is emerging as one of the fastest growing economy and it is right time for the Company to venture into domestic operations. There are certain projects under consideration and at the right opportunity Company will embark into domestic operation either directly or through an associate Company.

### CORPORATE GOVERNANCE :

The requirement of compliance with the Code of Corporate Governance as per the clause 49 of the Listing Agreement forms a part of this Annual Report as per the following.

- i) Management Discussion and Analysis Report
- ii) Report on the Corporate Governance.
- iii) Auditor's certificate regarding Compliances of conditions of Corporate Governance.