



*ANNUAL  
REPORT  
2003-2004*

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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 SECOND 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 Thursday, the 30th September, 2004 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, 2004, 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 2003-04.
3. To appoint a Director in place of Mr. K.M. Gupta who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. B.K. 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. K. G. Gupta as Managing 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. K. G. Gupta, Managing 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. K. G. Gupta as Managing Director of the Company for a period of five years from 01.04.2004 to 31.03.2009

#### REMUNERATION :

Salary : Salary of Rs. 1,10,000/- ( One lac ten thousand Only) per month in the pay scale of Rs. 1,10,000 – 10,000 – 1,60,000 per month effective from 01-04-2004.

#### COMMISSION :

Commission : Commission of 1% (One Percent) of the Net Profit 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. 6,50,000/- 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% 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 Managing Director.

In the event of loss or inadequacy of profits in any financial year the Managing 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 Managing 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 Managing 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 Friday, the 24th September, 2004 to Thursday, 30th September, 2004 (both days inclusive). The transfer Books of the Company shall also remain closed during the aforesaid period.
3. The dividend as recommended by the Board, if sanctioned at the meeting will be paid on or after 6th day of October, 2004 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, 2004 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, 2004.
4. Members holding shares in identical order of names in more than one folio are requested to write to the Registrars 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.
5. 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.
6. 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**

Prashanth D. Mallya  
Company Secretary

31st August, 2004



## GKB Ophthalmics Ltd.

### ANNEXURE TO NOTICE

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

Re. : Item No. 6

Mr. K.G. Gupta is a promoter Director of the Company. He has been helm of its affairs since inception as Managing Director. His last appointment as Managing Director was made by the members in Annual General Meeting held on 30.09.1999 for a period of 5 years, which has ended on 31.03.2004. The Board feels it desirable to re-appoint Mr. K. G. Gupta to another term of five years effective from 01.04.2004.

Mr. K.G. Gupta is a Science Graduate. He has worked for the Company as Managing Director since inception. He has a rich experience of 46 years in the field of manufacture and Export of ophthalmic lenses.

Mr. K.G. Gupta is presently drawing a salary of Rs. 70,000/- p.m. in the pay scale of Rs. 70,000-7,000-1,05,000. On re-appointment for another term of 5 years, Mr. K.G. Gupta will continue to draw the same salary but under the scale of Rs. 1,10,000-10,000-1,60,000 with the date of his next increment being on 01.04.2005.

The Board recommends the resolution for the approval of the members.

Registered Office :  
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Mapusa - Goa 403 526.

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

Prashanth D. Mallya  
Company Secretary

31st August, 2004



## GKB Ophthalmics Ltd.

### DIRECTORS' REPORT

Dear Shareholders,

Your Directors are pleased to present their 22nd Annual Report and the Audited Accounts of the year ended 31st March, 2004.

#### FINANCIAL RESULTS :

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

	2003-2004	2002-2003
a) Profit before Interest, Depreciation & Taxes	3,13,17,369	2,50,79,101
b) Less : Interest	41,37,519	40,68,782
c) Profit before Depreciation & taxes	2,71,79,850	2,10,10,319
d) Less : Depreciation	63,71,888	56,93,739
e) Profit before Taxes	2,08,07,962	1,53,16,580
f) Profit after taxes	1,37,59,934	1,15,16,040
g) Less : Prior Period Adjustment/Short provision of taxation of earlier years	5,38,439	20,31,797
h) Add : Balance of profit brought forward from previous year.	38,58,097	30,59,611
i) Profit available for appropriation was	1,70,79,592	1,25,43,854
Which your Directors have appropriated as under to:		
i) General Reserve	50,00,000	40,00,000
ii) Proposed Dividend on Equity Shares	56,35,681	46,85,757
<b>TOTAL</b>	<b>1,06,35,681</b>	<b>86,85,757</b>
Leaving a Balance to be carried forward	64,43,911	38,58,097

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

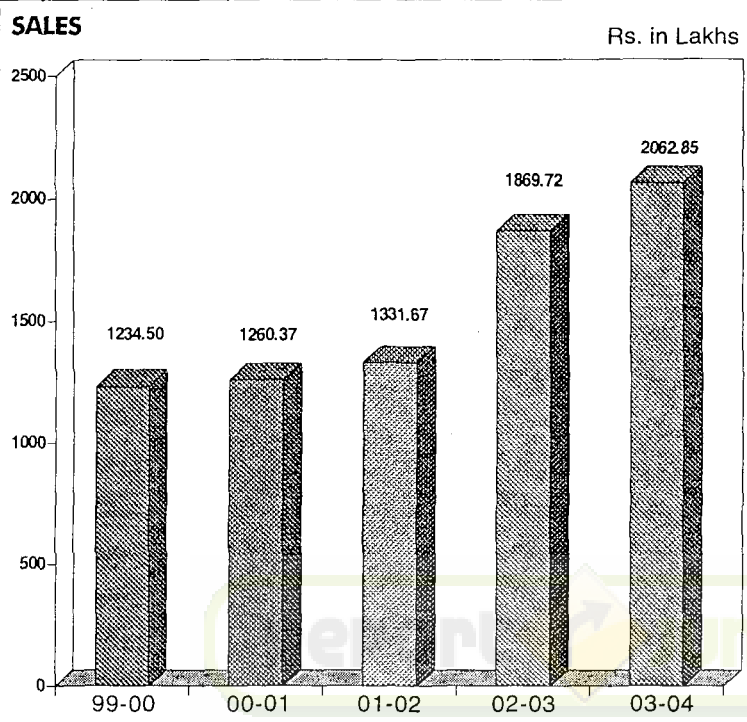
- that in preparation of Annual Accounts, applicable accounting standards have been followed;
- that the Directors have applied sound accounting policies and made judgements and estimates, that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the 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.

### DIRECTORS' REPORT (Contd.)



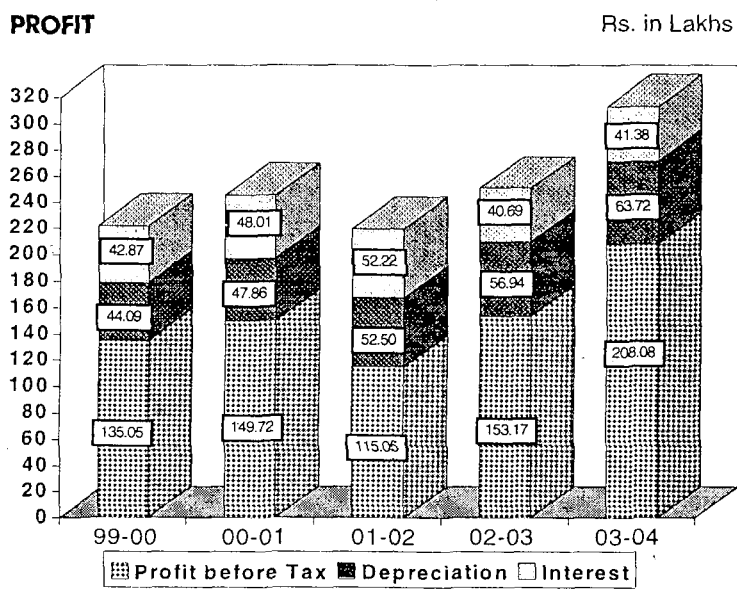
### DIVIDEND :

Your Directors have recommended a dividend of 12% per equity share on 41,53,580 Equity shares of Rs. 10/- each for the financial year ended 31st March, 2004, 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, 2004.

### OPERATIONS :

Company's performance during the year under review was good. The Company produced during the year 27,20,157 pieces of Ophthalmic lenses as against 23,58,775 produced in the previous year showing an increase of 15.32%. However, due to pressure on prices and devaluation of dollar against Indian Rupee, the sales for the year reached the level of Rs. 2,062.85 lacs as compared to Rs. 1,869.72 lacs for the previous year registering a growth of 10.33 %.

The Company in general is facing a stiff global competition. There is also a slow down in demand for glass lenses. By fine tuning themselves and by continuous efforts of cutting down cost and remaining competitive the company is able to manage better performance. Company's sustained efforts in maintaining and improving quality and special efforts to increase exports to Europe have also brought in better results.



The Company has taken steps towards establishing its Office and Stock points in the Middle East by starting its Wholly Owned Subsidiary named GKB Ophthalmics Products FZE in U.A.E.. Barring unforeseen contingencies, the Company expects that the subsidiary will do well and give better service to our customers in the Middle East and Africa and open new markets for the Company's products in the entire region. There are certain factors inhibiting the progress namely diminishing demand of glass lenses, Dollar/Rupee exchange position and appreciation value of Euro. The Company is tackling these situations with, better foreign exchange risk management and by increasing its exports to Europe.



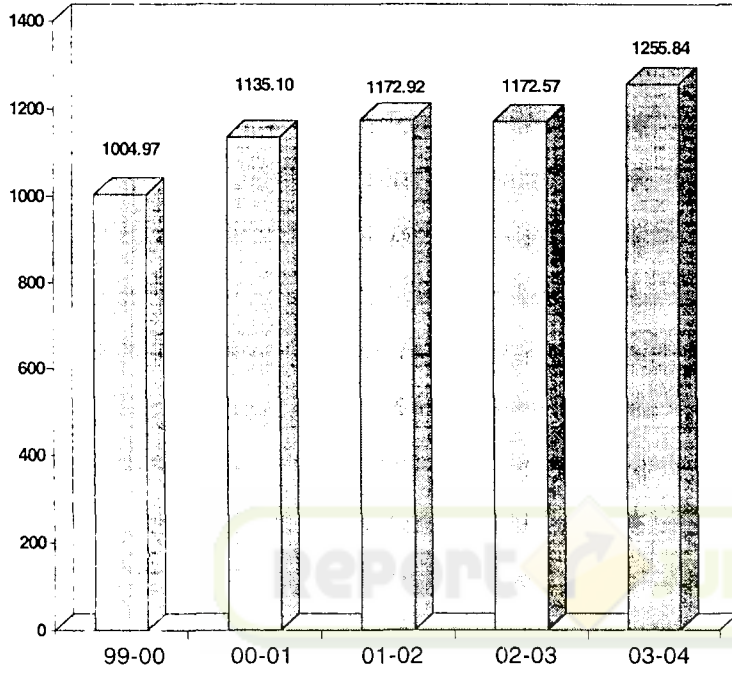


## GKB Ophthalmics Ltd.

### DIRECTORS' REPORT (Contd.)

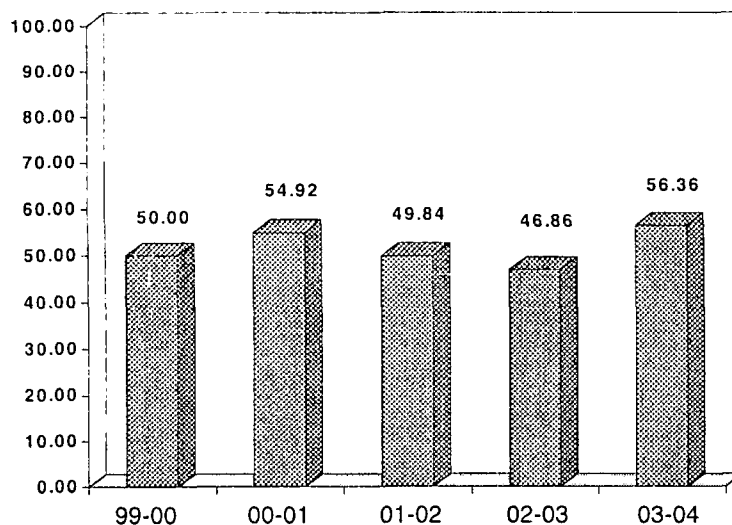
#### SHAREHOLDER'S FUNDS

Rs. in Lakhs



#### DIVIDEND

Rs. in Lakhs



#### QUALITY :

The Company as a matter of policy and for basic survival follows the Concept of Total Quality Management in its manufacturing process and in other operations. The Company has its own team of Quality Control department which is manned by experienced engineers from all fields and they are continuously monitoring and improving the quality of lenses produced. They are also analysing and finding out better tools and techniques to improve the quality and cut down cost.

#### SOCIAL RESPONSIBILITY :

As stated over the years Social Responsibility forms an integral part of Company's goals. To achieve this very important objective the company has and will continue its efforts in this area. The areas include among others the following.

As in the past and present The Company sponsors student Scholarship for the outstanding children of employees. The Company also give donations and sponsorship to the various causes to discharge Company's responsibility towards society.

#### 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.18.39 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. 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.



## GKB Ophthalmics Ltd.

### DIRECTORS' REPORT (Contd.)

#### FUTURE PROSPECTS :

The Company all through these years was focusing production and export of mineral lenses. The demand for mineral lenses is going down and it is important to diversify in other areas. With the growth in Indian Economy and population the demand for all types of lenses in India is fast increasing. Very soon the Company will embark on some new projects which will be directed towards domestic markets.

#### 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.

#### DIRECTORS :

Mr. K.M. Gupta and Mr. B.K. Gupta retire from the Board of Directors by rotation in accordance with the provisions of the Articles of Association of the Company and being eligible offer themselves for re-appointment.

Mr. K. M. Gupta, Who is a Commerce Graduate and is widely experienced in the ophthalmics industry. He has an experience of over 39 years. The Board recommends his re-appointment Mr. K. M. Gupta has been associated with companies like GKB Opticals Ltd., etc.

Mr. B.K. Gupta, a professional in ophthalmics industry is 64 years old and has an experience of 42 years in the Ophthalmic business. He has been associated with many other lens companies such as GKB Rx Lenses (P) Ltd., etc as Working Director.

#### AUDITORS :

M/s. Borkar & Muzumdar, the Auditors of the Company, retire, are eligible for re-appointment and have expressed their willingness to serve if re-appointed.

#### PARTICULARS OF EMPLOYEES :

The statutory statement regarding the employees of the Company as required by the provisions of Section 217 (2A) of the Companies Act, 1956 read with Companies Particulars of (Employees) Rules 1975 and as amended in from time to time forms an integral part of this report. However, as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Report and Accounts are being sent to all shareholders of the Company excluding the information relating to the statement of particulars of employees. Any shareholder interested in obtaining the particulars may inspect the same at the registered office of the Company or write to Company Secretary for a copy.

The Employee relations continue to be very cordial.

#### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

A statement giving details of conservation of energy, technology absorption, foreign exchange earnings and outgo, in accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of Board of Directors) Rules 1988 is annexed and forms an integral part of this report.

#### ACKNOWLEDGEMENT :

The Directors would like to express their gratitude for the patronage and support received from employees at all levels, customers, suppliers, central, State and Local government Agencies, Banks and all other shareholders for the confidence reposed on the Company Management.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Place : Mapusa - Goa.  
Date : 31st August, 2004

K.G. GUPTA  
CHAIRMAN