


*ANNUAL
REPORT
2006-2007*

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GKB Ophthalmics Ltd.



GKB Ophthalmics Ltd.

GKB Ophthalmics Limited

16-A, Tivim Industrial Estate
Mapusa-Goa 403 526

ATTENDANCE SLIP

Please complete the Attendance Slip and hand it over at the entrance of the Meeting Hall, joint shareholders may obtain Additional Attendance Slip on request:

Name & Address of the Shareholder (s) :

Ledger Folio /DP &

Client ID No.(s) :

No. of Shares

I hereby record my presence of the 25th ANNUAL GENERAL MEETING of the Company held on Saturday, 29th September, 2007.

SIGNATURE OF THE SHAREHODLER/REPRESENTATIVE /PROXY*

*Strike out whichever is not applicable.

.....cut here.....

GKB Ophthalmics Limited

16-A, Tivim Industrial Estate
Mapusa-Goa 403 526

FORM OF PROXY

Proxy No. :

Ledger folio /DP &
Client ID No.(s) :

No. of Shares

I/We of

being a member of GKB Ophthalmics Limited hereby appoint

.....of.....

or failing himof.....

as my/our proxy to vote for me/us on my/our behalf at the 25th ANNUAL GENERAL MEETING of the Company to be held on Saturday, 29th September, 2007 and at any adjournment thereof.

Signed this day of 2007.

Affix Revenue
Stamp
of 1 Rupee

Note: The proxy must be deposited at the Registered Office of the Company not less than 48 hours before the time of holding the Meeting.



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

Somnath Priolkar

COMPANY SECRETARY:

Prashanth D. Mallya (resigned w.e.f 31.08.2007)

AUDITORS:

M/s. Borkar & Mazumdar

Chartered Accountants,

Panaji - Goa.

BANKERS:

State Bank of India, Commercial Branch,

Panaji - Goa.

Canara Bank

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 FIFTH 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 the 29th September, 2007 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, 2007, 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 2006-07
3. To appoint a Director in place of Mr. B. K. Gupta who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. K. M. 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.

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 Tuesday, the 24th September, 2007 to Saturday, the 29th September, 2007 (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 10th day of October, 2007 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, 2007 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 Registrar of Members of the Company, after giving effect to valid share transfers in physical form lodged with the Company on or before 24th September, 2007.
4. 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.



GKB Ophthalmics Ltd.

5. 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.
6. Dividends which remain unencashed/unclaimed over a period of 7 years will have to be transferred by the Company to Investor Education and Protection Fund (IEPF) constituted by the Central Government under Section 205A and 205C of the Companies Act, 1956. Further, under the amended provisions of Section 205B of the Companies Act, 1956, no claim by the shareholders shall lie for the unclaimed dividend transferred by the Company to IEPF.

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

By order of the Board of Directors
For GKB OPHTHALMICS LIMITED

24th August, 2007

Prashanth D. Mallya
Company Secretary

Details of Directors seeking appointment /re-appointment at the forthcoming Annual General Meeting (In pursuance 49 of the Listing Agreement).

Name of the Director	Date of Birth	Nationality	Date of appointment on the Board	Qualification	List of Directorship held in other Company. Company.
Mr. B. K. Gupta	21.05.1940	Indian	02.07.1982	Commerce Graduate	1. GKB Rx. Lens (P) Ltd. Kolkata., Bangalore & Delhi.
Mr. K. M. Gupta	27.12.1941	Indian	10.12.1981	Commerce Graduate	1. GKB Opticals Ltd. 2. M. P. Telelinks Ltd.



GKB Ophthalmics Ltd.

DIRECTORS' AND MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Dear Shareholders,

Your Directors are pleased to present their 25th Annual Report and the Audited Accounts of the year ended 31st March, 2007.

FINANCIAL RESULTS:

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

	2006-07	2005-06
a) Sale & Other Income	2554.91	2141.35
b) Profit before Depreciation	262.05	288.50
c) Depreciation	105.26	77.05
d) Profit for the year	96.89	121.12
e) Extra Ordinary items	---	—
f) Profit before Tax	156.80	211.45
g) Provision for Fringe Benefit Tax	5.24	6.33
h) Income Tax Provisions for earlier years written back	(1.46)	(1.92)
i) Balance from previous years	110.50	56.22
l) Balance carried to balance sheet	148.79	110.50

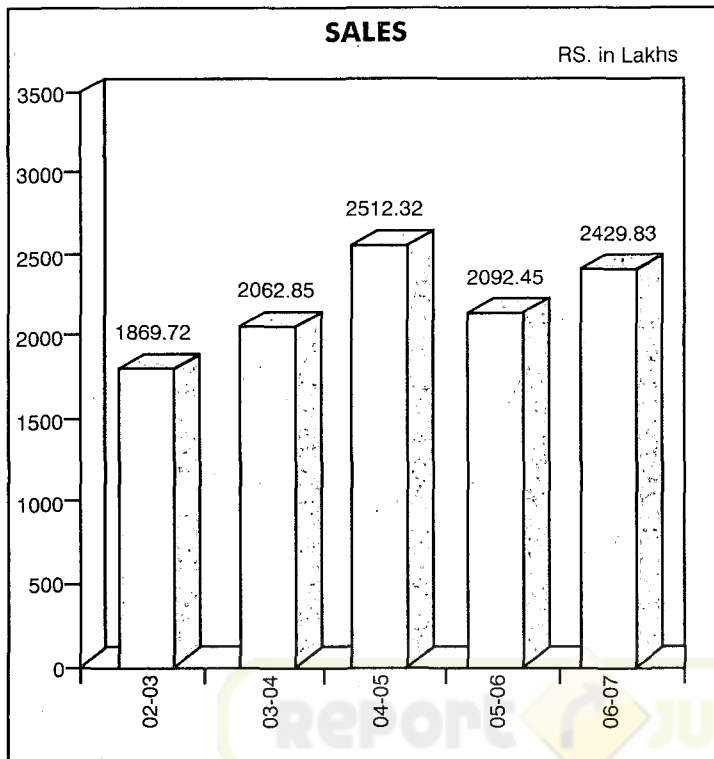
Pursuant to provision of Section 217 (2AA) of the Companies Act, 1956, the Directors hereby state and confirm:

- 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 Profits 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.)



OPERATIONS

The demand of glass lenses in the world market has been gradually going down but the fall in demand in single vision glass lenses has been significant. Besides the company lost a major customer in Europe, which accounted for 35% of the total turnover.

Although the company has been able to regain its turnover of 2004-05 in the year under review but margins have shrunk and profitability has been under pressure.

The factory in Tivim produced 27,17,257 pieces of Ophthalmic lenses during the year.

The second EOU in Tivim Industrial Estate continues its trial production of CR lenses and has achieved enough levels of success to start commercial Production.

The Group has acquired a US based Trading Company in mineral lenses. This is primarily to create market for company's line of products in USA.

CURRENT YEAR

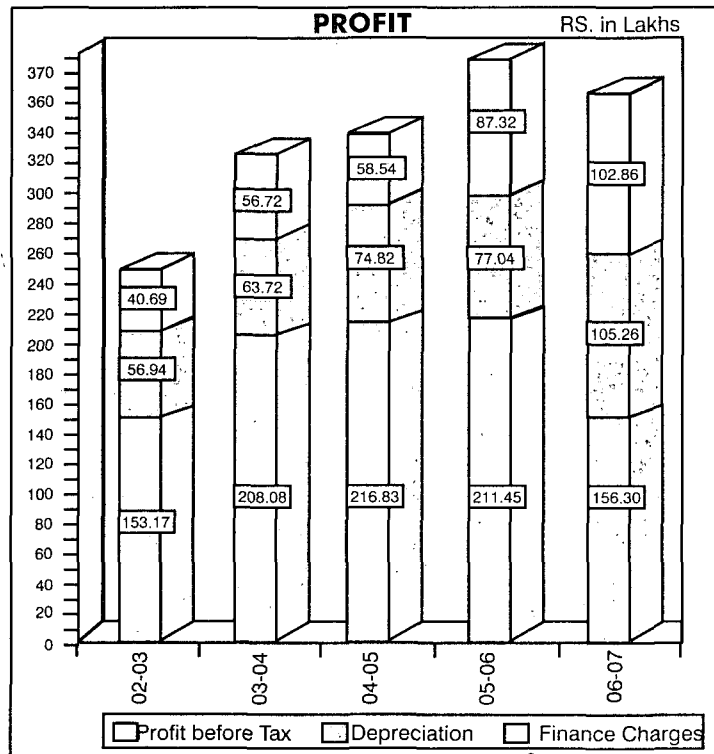
The sales during the current year are down by 25%. The Company is trying to improve the turnover but it would take some time and we expect the profitability to reduce during the current year. Strengthening of Rupee and weakening of dollar is a matter of grave concern as it is hitting the export realisation and squeezing the margins. Most of company's exports are in dollar area and all imports of raw material are paid in Euro, a currency that has not depreciated.

DIVIDEND

Your Directors have decided to payout dividend of 10% for the current year.

SOCIAL RESPONSIBILITY:

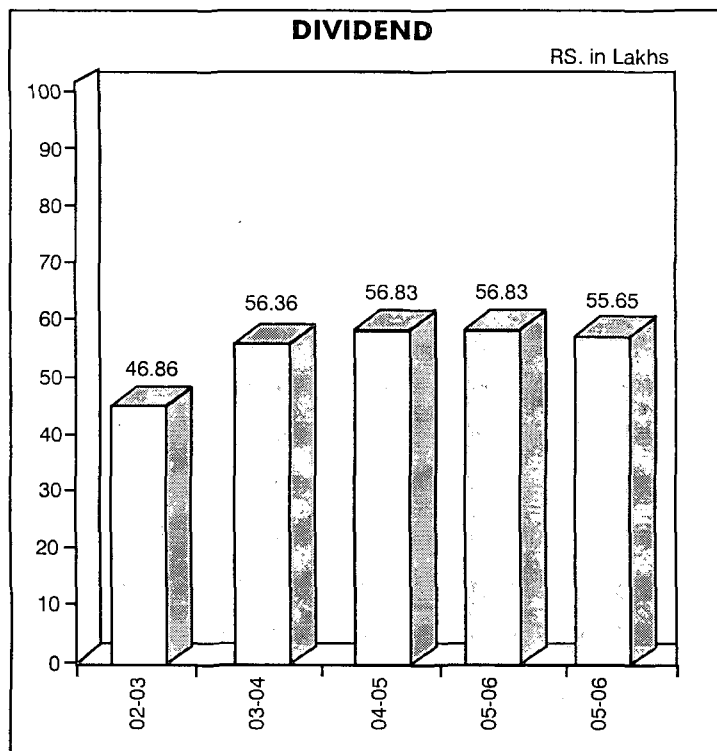
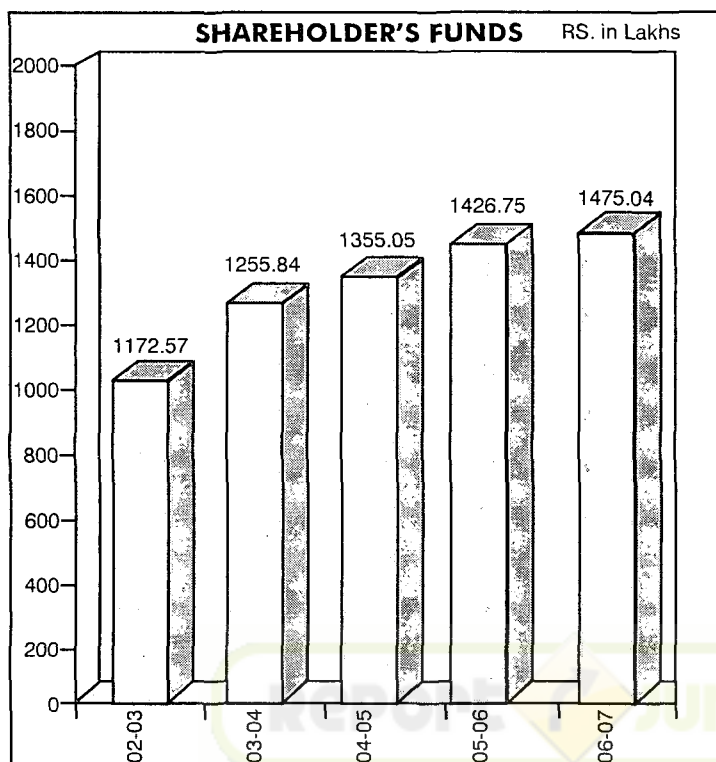
The Company takes its Social responsibility very seriously whether be it to set up and upgrade the water treatment Plant in its factories and rain water harvesting or for providing financial assistance to poorer sections of the society.





GKB Ophthalmics Ltd.

DIRECTOR'S REPORT (Contd.)



ASSOCIATES AND SUBSIDIARIES

Your Directors are pleased to inform you that our Associate Company GKB Vision Limited has done reasonably well in sustaining its market share in Bifocals and Progressive lenses. The Company has diversified into the manufacture of Glass Molds and Photocromatic CR Lenses as diversification and new avenues of growth.

The Company's Wholly Owned Subsidiary in Germany was instrumental in creating its strong market base in Europe. The Company has outlived its utility and has already liquidated its entire stock in trade and in the process of realizing its balance debtors in Bremen, Germany.

The Company's Wholly Owned Establishment in UAE, FZE has done very well in operations. The newly set up Free Zone Establishment has achieved a turnover of 60.46 lacs Dhhs and achieved a tax free Profit of 5.19 lacs Dhhs for the year ended 31.12.2007. The same is expected to do well in the coming years in Trading of variety of lenses, consumables, machineries, spare parts including that of other Companies.

The Associate Company Prime Ophthalmic Products (P) Limited which has been increasing its revenues by 30-40% p.a. The Associate Company creates market for the Company's mineral lenses products in the domestic market and its revenue for the year ended 2006-07 were close to Rs. 10.00 crores.

FUTURE PROSPECTS :

As already mentioned the export margin are under severe pressure and are likely to effect the performance of the company in the current year, but efforts are being made to diversify the investments in profitable fields which should start giving rewards in the coming years. The strategy of depending on the growth of domestic market and continuing in exports will improve the bottom line and will deliver value to the shareholders.



GKB Ophthalmics Ltd.

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 .

DIRECTORS :

Mr. B. K. Gupta and Mr. K. M. 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. B. K. Gupta

He is a commerce graduate and is 67 years of age. He has 45 years of experience in the line of manufacture and export of prescription Ophthalmic lenses. He also has vast expertise in the field of exports and is of immense knowledge for the Ophthalmic Industry.

Mr. K. M. Gupta

He is a commerce graduate and is 65 years of age. He has 42 years of experience in the line of manufacturing and export of Ophthalmic lenses. His line of expertise is in finance, Accounts and manufacturing new type of lenses.

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 Company did not have any employees come under the provisions of Section 217 (2A) of the Companies Act, read with Companies (particulars of Employees) Rules 1975 for the financial year 2006-07.

INDUSTRY STRUCTURE:

The Ophthalmic Industry as a whole is classified under the "Chemical and Allied Products" CAPEXIL. However, the Industry can be classified as Health Care/ Pharmaceutical as it is for Eye rectification process.

The Industry had many players earlier, but with the advent of CR (Plastic Lenses) the demand for the glass lenses has gone down and many of the factories have closed down or have changed their line of manufacture.

Globally the Industry is based in Europe who are the prime suppliers of raw material for the lenses, though China has picked up substantial share in the recent past due to very cheap cost of manufacturing. In India, market is full of small and tiny unorganised players and is mostly concentrated in north India and supplying is all over the country.

THREATS AND OPPORTUNITES:

The Glass lenses business is diminishing gradually, but the advanced Economies a fixed portion for mineral lenses remain though majority will be for CR lenses.

This opens up avenues for low cost manufacturers in China and India, when all European manufactures close and outsource operations from India.



GKB Ophthalmics Ltd.

The Opportunities lies in manufacture of glass moulds for CR (Plastic) lenses which is a replaceable material for CR Products.

The Company with its existing infrastructure can produce molds and also the relevant CR lenses more efficiently than any others in the market.

RISKS AND CONCERNS:

The Risk of currency is already materialized with the appreciation of rupee. The revenues of the Company along with all other exporters are hit adversely. The Risks also emanate from economic competition from china, market fluctuations and declining consumption patterns in Europe and USA.

The concerns of the Industry lie with Government and response to the currency crisis, the end of Income tax concessions, sales tax exemptions and others government policy for Exim business.

OUTLOOK

The immediate impact of currency fluctuations is bad, but reversals are expected with the diversifications, the Company was able to weather the crises if any with growth of business of associates and subsidiaries. The prospects are encouraging and stress is on cost cutting and increase in volumes.

INTERNAL CONTROL SYSTEMS AND ITS ADEQUACY:

The Company has in place the required internal control systems and procedures to ensure optimal use of Company's resources. The Company's internal audit department conducts regular audits of various operational and financial matters. The audit observations are periodically reviewed by the Audit Committee of the Board of Directors.

CAUTIONARY STATEMENT:

Certain statements made in the MDA Report relating to company's out look expectation and estimate etc., may be considered inward during statements within the meaning of applicable law and regulations. Actual results may differ from such expectation whether express or applied. Several factors could make significant impact on the company's operation. These include geo political uncertainties affecting demand and supply and Govt. regulations and vagaries of nature etc., over which the company does not have any control.

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

A brief 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.