

ANNUAL
REPORT
2007-2008

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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

Gaurav Gupta

Somnath Priolkar

AUDITORS:

M/s. Borkar & Muzumdar

Chartered Accountants,

Panaji - Goa.403 001

BANKERS:

State Bank of India, Commercial Branch,

Panaji - Goa.403 001

Canara Bank ,

Panaji - Goa.403 001

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 SIXTH 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, 2008 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, 2008, 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 2007-08
3. To appoint a Director in place of Mr. Gaurav Gupta who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Somnath Priolkar 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 Thursday, the 25th September, 2008 to Monday, the 29th September, 2008 (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, 2008 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 25th day of September, 2008 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 25th September, 2008.
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.
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.



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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

23rd August, 2008

K. G. GUPTA
CHAIRMAN & MANAGING DIRECTOR

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.
Mr. Gaurav Gupta	26.03.1972	Indian	03.07.1999	Post Graduate In Computer Science	Five
Mr. Somnath Priolkar	25.04.1932	Indian	31.12.2001	Arts & Law Graduate	--



GKB Ophthalmics Ltd.

DIRECTORS' AND MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Dear Shareholders,

Your Directors are pleased to present their 26th Annual Report and the Audited Accounts of the year ended 31st March, 2008.

FINANCIAL RESULTS:

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

	2007-08	2006-07
a) Sale & Other Income	1960.42	2554.91
b) Profit before Depreciation	203.33	262.05
c) Depreciation	76.76	105.26
d) Profit for the year	75.95	96.89
e) Profit before Tax	126.57	156.80
g) Provision for Fringe Benefit Tax	3.46	5.24
h) Short Provisions of Income Tax of earlier years	8.15	(1.46)
i) Balance from previous years	148.79	110.50
l) Balance carried to balance sheet	185.86	148.79

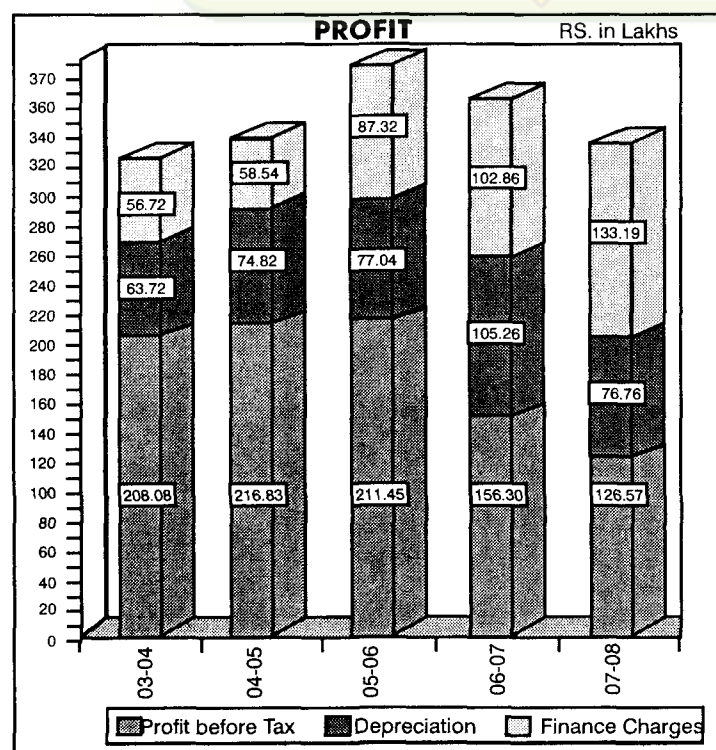
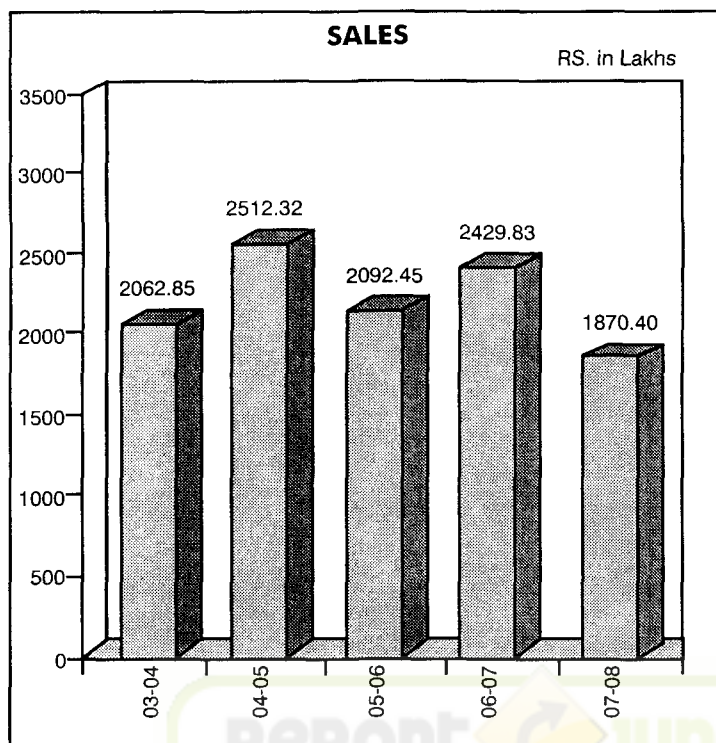
Pursuant to provision of Section 217 (2AA) of the Companies Act, 1956, the Directors hereby state and confirm:

- 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.



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DIRECTOR'S REPORT (Contd.)



OPERATIONS

The demand of glass lenses in the world market is gradually going down but the fall in demand in single vision glass lenses has been sharper. Glass lenses are being replaced by plastic lenses.

To compensate the loss of business of mineral lenses, the Company has started the production of CR 39 lenses in its Unit 2. The project was initially taken up as a pilot project. There were teething problems which have now been overcome and the plastic lenses produced have got good response from domestic and export market. We are doing a production of 2000 pieces per day which is proposed to increase gradually. Company has also secured licence to manufacture plastic photochromic lenses from Corning France and the production will start in September, 2008.

The factory in Tivim produced 19,61,448 pieces of Ophthalmic lenses in old unit and 1,15,536 pieces of plastic lenses in Unit 2, during the year.

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

CURRENT YEAR

Sales during the 5 months of current year are showing upward trend compared to sales of same period last year. The Company is trying to improve the turnover but the margins are squeezed and it would take sometime before the Company regains its position as before. We expect the profitability to be under strain during the current year. High rate of inflation has put pressure on the wage bill and cost of inputs including cost of energy and transport are going up. Borrowings from bank have also become dearer due to hike in interest rates. Depreciation of rupee against dollar is a welcome sign and is likely to give some relief.

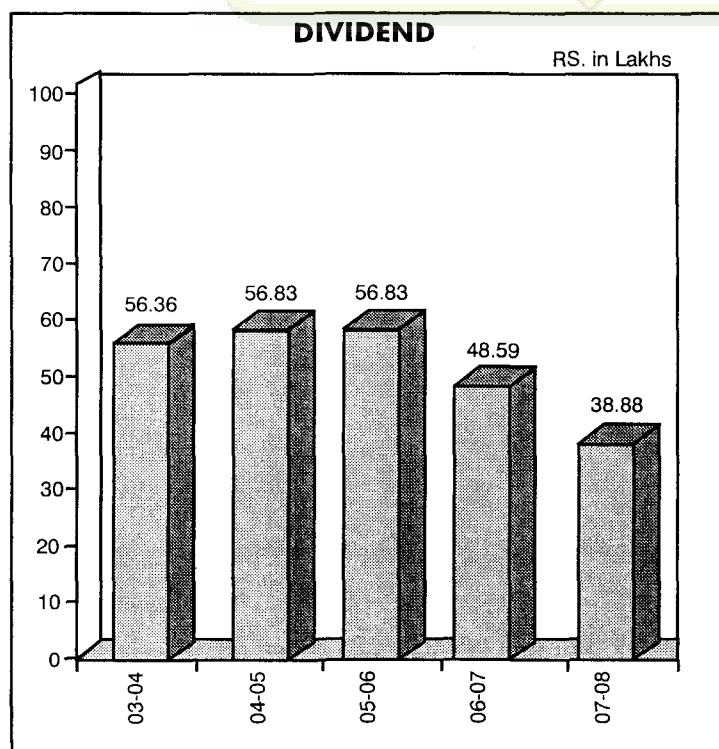
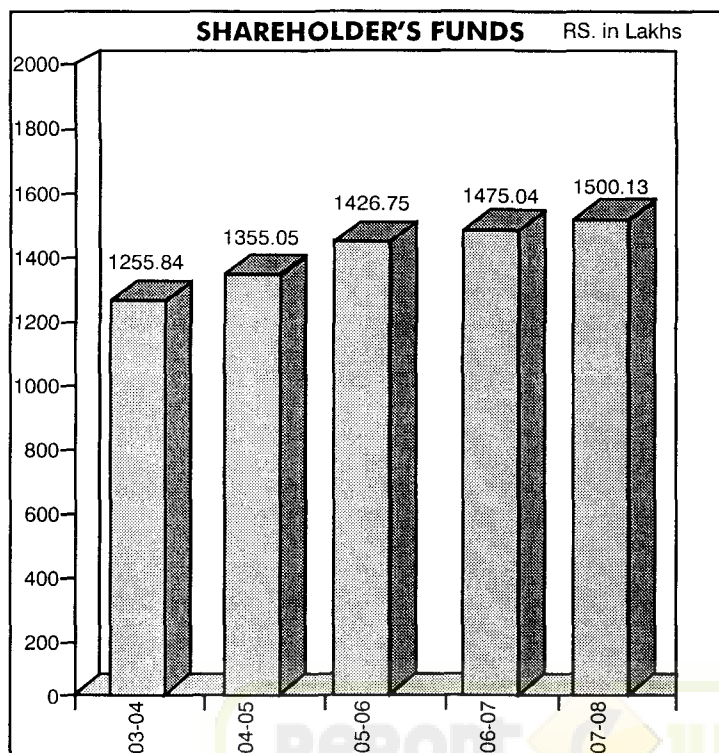
DIVIDEND

In spite of inadequate profit in the Company, the Board of Directors feel confident of coming out of this situation in near future and have decided to maintain the status of a regularly dividend paying Company and have recommended a dividend of Rs 0.80 paise per equity share for the year 2007-08.



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DIRECTOR'S REPORT (Contd.)



SOCIAL RESPONSIBILITY :

The Company takes its social responsibility seriously and has been upgrading its equipment of water treatment and waste disposal. Company has been raising the issue of disposal of garbage and industrial waste through various trade organizations, urging government to take suitable measures. Company has also taken up affirmative action for the up lift of the weaker section of the society.

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 used in the manufacture of plastic lenses and has successfully increased its customer base.

The Company's Wholly Owned Establishment in UAE, FZE is doing well. The newly set up Free Zone Establishment has achieved a turnover of 10.03 million Dhhs and a profit of 1.01 million Dhhs for the year ended 31.12.2007

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 and will deliver value to the shareholders.

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 .



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DIRECTORS :

Mr. Vikram Gupta, Whole-time Director ceased to be a Whole-time Director of the Company from 31.03.2008 and continues to be a Director of the Company w.e.f. 01.04.2008. The Board records its appreciation for the valuable contribution made by him during his tenure as a Whole-time Director of the Company.

Mr. Gaurav Gupta and Mr. Somnath Priolkar 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. Gaurav Gupta

He is a Post graduate in Computer Science. He is 36 years of age. Presently he is working with GKB Vision Limited as Wholetime Director. He has wide experience in the international market and is mainly responsible for creating exports for the group.

Mr. Somnath Priolkar

He is a Arts & Law graduate and is 76 years of age. He has worked as the head of Accounts and Finance in the Company for about 15 years. He has wide range of experience of service in different departments of Government of Goa.

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 2007-08.

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 a fixed portion for mineral lenses segment still remains though majority will be for CR lenses.

This opens up avenues for low cost manufacturers in China and India, when most of the European and US manufactures reduce their operations due to high cost and outsource most of their requirements from Asia.



GKB Ophthalmics Ltd.

The Opportunities lies in manufacture of glass moulds for CR (Plastic) lenses which is a replaceable material for CR Products and expanding the capacities of making plastic lenses.

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 of glass lenses in Europe and USA.

OUTLOOK

The immediate impact of currency fluctuations is bad, but reversals are expected. With the diversifications, the Company was able to weather the crises with growth of business of associates and subsidiaries. The Company will continue its relentless focus on cost management, savings and efficiencies.

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 describing the Company's objectives, expectations or predication may be forward looking within the meaning of applicable laws and regulations. Actual results may differ from such expectation whether express or applied. Several factors could make significant impact on the company's operations include global and domestic demand and supply conditions, input availability and prices, changes in government regulations, tax laws, economic developments within the country and other factors.

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.

ACKNOWLEDGEMENT :

The Directors would like to sincerely thank for the patronage and support received from employees at all levels, clients, suppliers, Central, State and Local government Agencies, Banks and all other stakeholders for the confidence reposed on the Company Management during the year under review and expect the same in future.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Place: Mapusa Goa.
Date: 23rd August, 2008

K. G. GUPTA
CHAIRMAN & MANAGING DIRECTOR



ANNEXURE TO DIRECTORS' REPORT

ADDITIONAL INFORMATION REQUIRED UNDER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956.

A. ENERGY CONSERVATION MEASURES TAKES

The following new measures were introduced during the year in addition to the old Systematic measures which are :

- a) Efficient management of Diesel Generator Power.
- b) Equipments to monitor and improve Power factor.
- c) Checks to reduce transmission losses in the Plant.
- d) Auto switch off of Compressors when not used.
- e) Installed roof of ventilators for head reduction.

B. TECHNOLOGY ABSORPTION (PARTICULARS ARE PER FORM B)

1. The specific areas where R & D is carried out are as follows :

- a) Sustaining quality control and improvement and upgradation of CR lenses.
- b) Research on ways and measures to improve rejections in CR Costing.
- c) Setting of Effluent Treatment Plant

2. Benefit derived as a result of above R & D :

- a) Import substitution at the fraction of a cost .
- b) Increase in productivity of CR lenses
- c) treatment for effluent to recycle /reuse the water

3. Expenditure on R&D (Rs. In Lacs)

- | | |
|--------------|-------|
| a) Capital | 17.44 |
| b) Recurring | 0.27 |
| c) Total | 17.71 |

D) Total R & D expenditure as per percentage of total turnover : 1.07%