

*ANNUAL
REPORT
2009-2010*



GKB Ophthalmics Ltd.



GKB Ophthalmics Ltd.



VISION

To be a worldwide company in ophthalmic lenses, with a leading position in the Indian market.

GOALS

Quality: Our primary focus is on quality. We need to ensure the lenses going out of our premises are the best quality that can be available to our customers.

Customer: We do well only when our customers do well. Our customers have to be totally satisfied with our service and quality. All our efforts need to be directed to build a healthy relationship with our customers.

Brand building: We have to build public image, trust and pride to secure the competitive edge, thereby increasing overall market share.

VALUES

We believe that the knowledge, experience and talent of our employees; the wisdom of our strategy; the strength of our management team; the service and quality of our product define the success of our organization.

We aspire to be known as a company with the highest standards of ethical conduct, an organization that people can trust – we believe in doing what we say.

Our success is very much the result of our values which we constantly reinforce and communicate to our employees, shareholders and clients.



BOARD OF DIRECTORS:

K. G. Gupta (Chairman & Managing Director)

K. M. Gupta

Vikram Gupta

Gaurav Gupta

Somnath SinaiPriolkar

Anil Palekar w.e.f. May 26,2010

Clifford Viegas w.e.f. May 26,2010 and upto August 31. 2010

Sadashiv Shet w.e.f. May 26,2010

Contents

CFO & COMPANY SECRETARY:

Noel da Silva

AUDITORS:

M/s. Borkar & Muzumdar

Chartered Accountants,

Panaji - Goa.403 001

BANKERS:

State Bank of India

Canara Bank

REGISTERED OFFICE :

16-A, Tivim Industrial Estate

Mapusa - Goa. 403 526.

India.

Email: investor.grievance@gkb.net

Website: www.gkb.net

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NOTICE OF THE ANNUAL GENERAL MEETING

NOTICE is hereby given that the **TWENTY EIGHT ANNUAL GENERAL MEETING** of **GKB OPHTHALMICS LIMITED** will be held on Thursday, September 30, 2010 at 11.00 a.m. at the Registered Office of the Company at 16-A, Tivim Industrial Estate, Mapusa – Goa, to transact the following business:

ORDINARY BUSINESS :

1. To consider and adopt the audited Balance Sheet as at March 31, 2010, the Profit and Loss Account for the year ended on that date, together with the Reports of the Directors and Auditors thereon.
2. To declare a dividend for the financial year 2009-10.
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. Vikram Gupta, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. Gaurav Gupta, who retires by rotation and being eligible, offers himself for re-appointment.
6. 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 :

7. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED that pursuant to Section 31 of the Companies Act, 1956 and other applicable provisions, if any, the Articles of Association of the Company be altered in the following manner: Article 132 of the Articles of Association be deleted and in its place the following new article shall be substituted :

132. The remuneration of a Director for his service shall be Rupees five thousand for each meeting of the Board or a Committee thereof attended by him or such higher sum as may be fixed by the Board of Directors, subject to the ceiling as may be prescribed under the rules framed or guidelines issued by the Central Government from time to time. "

8. To consider and, if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:

"RESOLVED that Mr. Anil Palekar who was appointed as an Additional Director of the Company by the Board of Directors under Section 260 of the Companies Act, 1956 and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing proposing his candidature for the office of Director under Section 257 of the Companies Act, 1956 be and is hereby appointed as Director of the Company liable to retire by rotation".



NOTICE OF THE ANNUAL GENERAL MEETING

9. To consider and, if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:

"RESOLVED that Mr. Sadashiv Shet who was appointed as an Additional Director of the Company by the Board of Directors under Section 260 of the Companies Act, 1956 and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing proposing his candidature for the office of Director under Section 257 of the Companies Act, 1956 be and is hereby appointed as Director of the Company liable to retire by rotation".

10. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED that the consent of the Company under the provisions of Section 293(1)(d) of the Companies Act, 1956, is hereby accorded to the Board of Directors of the Company to borrow from time to time all such sum(s) of money as the Directors may deem requisite for the purpose of the business of the Company notwithstanding that the money(s) to be borrowed together with the money(s) already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) will exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the total amount to be borrowed by the Board of Directors shall not exceed the sum of Rs. 150 crores (Rupees one hundred and fifty crores only) at any one time."

11. To consider and, if thought fit, to pass with or without modification(s) the following resolution as an Ordinary resolution:

"RESOLVED THAT pursuant to the provisions of Section 293(1)(a) and all other provisions, if any, of the Companies Act 1956, the consent of the Company be and is hereby accorded to the Board of Directors of the Company to create mortgages or charges on all or any part of immovable or movable properties of the Company, wheresoever situated, both present and future, and whole or part of the undertakings of the Company of any nature and kind whatsoever and/or creating a floating charge in all or any immovable properties of the Company together with the powers to takeover the management of the business and concern of the Company, in certain events, to or in favour of banks, financial institutions any other lenders to secure the amount borrowed/to be borrowed by the Company from time to time for the due payment of the principal monies together with the interest payable by the Company in respect of such borrowings, so that the total outstanding amount at any time so secured shall not exceed the aggregate of the amounts consented by the Company by the resolution passed at this meeting pursuant to Section 293(1)(d) of the Companies Act, 1956 i.e. Rs. 150 crores (Rupees one hundred and fifty crores only) .

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to negotiate and settle the terms and conditions with the concerning Banks/Financial Institutions etc., finalize the agreement/contracts and documents for creating the aforesaid mortgages and/or charges and to do all such acts, deeds, matters and things as may be necessary to give effect to this resolution".

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

By order of the Board of Directors
For GKB Ophthalmics Limited

August 31, 2010

Noel da Silva
CFO & Company Secretary



NOTICE OF THE ANNUAL GENERAL MEETING

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 and Share Transfer Books of the Company will remain closed from Thursday, the September 23, 2010 to Thursday, the September 30, 2010 (both days inclusive).
3. The Dividend as recommended by the Board of Directors and approved by the members shall be paid to those members, whose names shall appear on the Company's Register of Members on September 30, 2010. In respect of shares in electronic form, the dividend will be payable on the basis of beneficial ownership as per details to be furnished by National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL).
4. Members are also requested to note that, the Securities and Exchange Board of India (SEBI), has mandated the submission of Permanent Account Number (PAN) details by every participant in Securities Market. Those holding shares in electronic form are requested to submit the PAN to their Depository Participants, with whom they are maintaining their dematerialised accounts.
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 will not be distributed at the meeting.
6. Members holding shares in physical form are requested to notify immediately any change in their addresses and Bank details to the Registrars and Share Transfer Agents of the Company and to their respective Depository Participants, in case shares are held in electronic mode. Bank details will be printed on their dividend warrant as a measure of protection against fraudulent encashment.
7. The Company has designed an exclusive e-mail ID called investor.grievance@gkb.net for redressal of shareholders' complaints/grievances.
8. Members desirous of asking any questions at the Annual General Meeting are requested to send in their questions so as to reach the Company at least 7 days before the Annual General Meeting so that the same can be suitably replied.
9. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, relating to the Special Business to be transacted at this AGM is annexed.
10. Dividends which remain unpaid/unclaimed over a period of 7 years will have to be transferred by the Company to Investor Education and Protection Fund (IEPF) as per 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.



NOTICE OF THE ANNUAL GENERAL MEETING

11 Appointment/ Re-appointment of the Directors

Details of Directors seeking appointment /re-appointment at the forthcoming Annual General Meeting pursuant to clause 49 of the listing agreement :

Name of the Director	K. M. Gupta	Vikram Gupta	Gaurav Gupta	Anil Palekar	Sadashiv Shet
Date of Birth	27.12.1941	27.09.1968	26.03.1972	15.06.1949	22.02.1951
Date of Appointment on the Board	10.12.1981	24.07.1996	03.07.1999	28.05.2010	26.05.2010
Qualifications	B. Com	Engineering Graduate from IIT Mumbai.	Master in Computer Engineering from Iowa State University, USA	Engineering Graduate from IIT Mumbai. & PGDM	BA, B.Com, IIB & FCS.
Expertise	In the line of Ophthalmic Lenses	In the line of Ophthalmic Lenses	In the line of Ophthalmic Lenses	Wide range of experience in Corporate Management in various Companies of Government of Goa.	Company Secretarial
Directorship held in other public companies (excluding foreign and private companies)	Nil	Nil	Nil	Nil	Nil
Membership/ Chairmanships of committee in GKB Ophthalmics Limited.	Chairman - Shareholders' / Investors' Grievance Committee	Member - Shareholders' / Investors' Grievance Committee	Member - Audit Committee	1. Chairman - Remuneration Committee. 2. Member - Audit Committee	1. Member - Audit Committee 2. Member - Remuneration Committee
Shareholding of Non-Executive Directors	4,27,893 Shares	3,44,797 Shares	3,44,790 Shares	Nil	Nil
Relationship between directors inter-se	1. Related to K. G. Gupta, Managing Director 2. Related to Vikram Gupta Non Executive Director. 3. Related to Gaurav Gupta, Non Executive Director	1. Related to K. G. Gupta, Managing Director 2. Related to K. M. Gupta Non Executive Director. 3. Related to Gaurav Gupta, Non Executive Director	1. Related to K. G. Gupta, Managing Director 2. Related to K. M. Gupta Non Executive Director. 3. Related to Vikram Gupta, Non Executive Director	-	-



NOTICE OF THE ANNUAL GENERAL MEETING

12. All documents referred to in the accompanying Notice and the Explanatory Statement are open for inspection at the Registered Office of the Company on all working days, upto the date of the Annual General Meeting.

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

By order of the Board of Directors
For GKB Ophthalmics Limited

August 31, 2010

Noel da Silva
CFO & Company Secretary



ANNEXURE TO THE NOTICE

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

Item No. 7.

The Directors hitherto, used to get a remuneration by way of sitting fee to the extent of Rupees two hundred and fifty for each meeting of the Board or a Committee thereof attended by him. However, due to increasing responsibilities passed on to the Directors by the Companies Act, 1956, the Listing Agreement and other enactments, the Directors have to put in more efforts and exert greater vigilance in the affairs of the management of the Company. The Non Executive Directors are not in whole-time employment of the Company and as such do not get any remuneration other than by way of sitting fees. Under these circumstances, it was considered that the remuneration by way of sitting fees be increased from Rupees two hundred and fifty to Rupees five thousand, per meeting of the Board or Committee.

Therefore, the Article 132 of the Articles of Association of the Company be sought to be substituted by new Article 132.

All the Directors, of your Company except Mr. K. G. Gupta, Executive Chairman and Managing Director, are interested in this resolution to the extent of remuneration proposed to be paid to them by way of sitting fees for each Board or Committee meetings attended by them.

The Board of Directors of your Company recommends this special resolution for your approval.

Item No. 8.

Pursuant to Article 130 of the Articles of Association of the Company and in terms of Section 260 of the Companies Act, 1956, Mr. Anil Palekar was appointed as Additional Director w.e.f. May 26, 2010 on the Board of the Company.

Pursuant to provisions of Section 260 of the Companies Act, 1956, he holds office as Director up to the date of ensuing Annual General Meeting. The Company has received a notice under Section 257 of the Companies Act, 1956, from a shareholder proposing the name of Mr. Anil Palekar as Director of the Company. A brief resume of Mr. Anil Palekar as required in terms of Clause 49 of the Listing Agreement is enclosed with the notice.

The Board of Directors of your Company recommends this resolution for your approval.

Mr. Anil Palekar is interested in the resolution to the extent of his appointment as Director. No other Director of the Company is in any way concerned or interested in the proposed resolution.

Item No. 9.

Pursuant to Article 130 of the Articles of Association of the Company and in terms of Section 260 of the Companies Act, 1956, Mr. Sadashiv Shet was appointed as Additional Director w.e.f. May 26, 2010 on the Board of the Company.

Pursuant to provisions of Section 260 of the Companies Act, 1956, he holds office as Director up to the date of ensuing Annual General Meeting. The Company has received a notice under Section 257 of the Companies Act, 1956, from a shareholder proposing the name of Mr. Sadashiv Shet as Director of the Company. A brief resume of Mr. Sadashiv Shet as required in terms of Clause 49 of the Listing Agreement is enclosed with the notice.



ANNEXURE TO THE NOTICE

The Board of Directors of your Company recommends this resolution for your approval.

Mr. Sadashiv Shet is interested in the resolution to the extent of his appointment as Director. No other Director of the Company is in any way concerned or interested in the proposed resolution.

Item No. 10.

The terms of Section 293(1)(d) of the Companies Act, 1956, borrowing by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) in excess of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, require the approval of the shareholders.

For financing the Company's ongoing expansion programme of plastic lenses/providing security/ projects that may be undertaken by the Company in future, the Company would require further borrowings which may exceed its paid-up capital and free reserves. It is proposed to authorise the Board of Directors to borrow money upto a limit not exceeding Rs. 150 crores (Rupees one hundred and fifty crores only).

The Board of Directors recommend passing of this ordinary resolution.

None of the Directors is in any way concerned or interested in the proposed resolution.

Item No. 11

Looking into requirements of the business activities carried by the Company, it may require additional funds. Hence, the Board of Directors of the Company should be authorised to borrow moneys from Banks, Financial Institutions and any other sources. The Company also requires to give securities for due repayment of loan amount and interest thereon to the Banks and Institutions as per their stipulated terms and conditions with right to take possession of the assets in the event of defaults, if any. In terms of provisions of Section 293(1)(a) of the Companies Act 1956, it is required to provide the necessary powers to the Board to sell, lease, mortgage and/or otherwise dispose off the whole or substantially the whole of the undertaking(s).

The Board of Directors recommend passing of this ordinary resolution.

None of the Directors is concerned or interested in the proposed resolution.

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

By order of the Board of Directors
For GKB Ophthalmics Limited

August 31, 2010

Noel da Silva
CFO & Company Secretary



DIRECTORS' REPORT

Dear Shareholders,

Your Directors are pleased to present their 28th Annual Report and the Audited Accounts of the year ended March 31, 2010.

FINANCIAL RESULTS:

	2009-10	Rs. in Lakhs 2008-09
a) Sales & Other Income	3,891.32	3,015.26
b) Profit before Depreciation and Tax	346.13	372.99
c) Provision for Depreciation	94.69	115.45
d) Provision for Tax	132.83	115.90
e) Profit after Depreciation and Tax	118.61	141.64
f) Balance from previous years	259.19	185.86
g) Proposed Dividend and Dividend Tax	58.31	58.31
h) Transfer to Reserves	10.00	10.00
i) Balance carried forward	309.48	259.19

OPERATIONS

During the year under review, the Company has improved its performance. The turnover of the Company increased to Rs. 3,891.32 lakhs during the year against Rs. 3,015.26 lakhs in the previous year, thereby showing an increase of 29%.

CURRENT YEAR :

During the current year, the Company is in transitory phase wherein our main focus is changing from producing glass lenses to manufacturing plastic lenses and we are converting more of our capacity from making glass lenses to making glass molds which are used for plastic lenses. Consequently, turnover of the Company in first 6 months is likely to be lower than the previous year but we hope to make up in the second half.

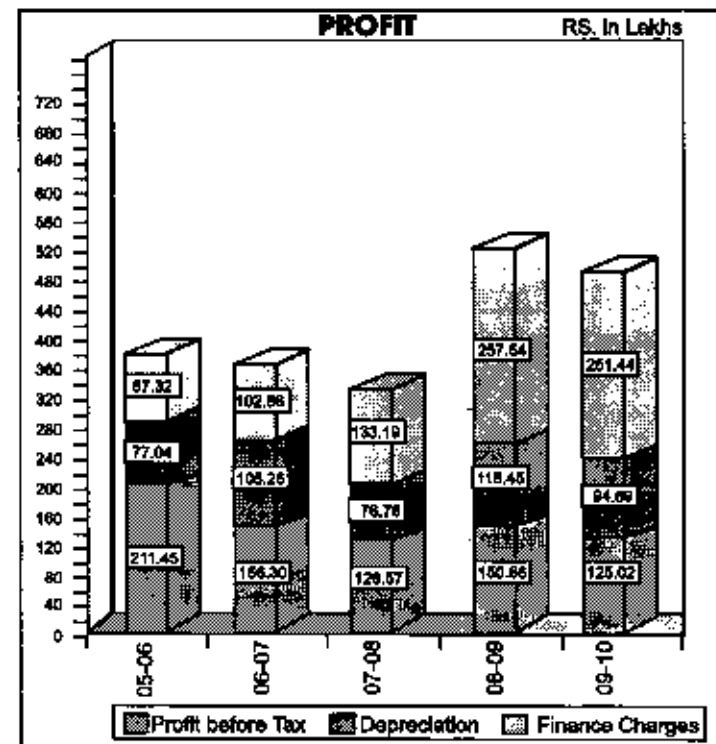
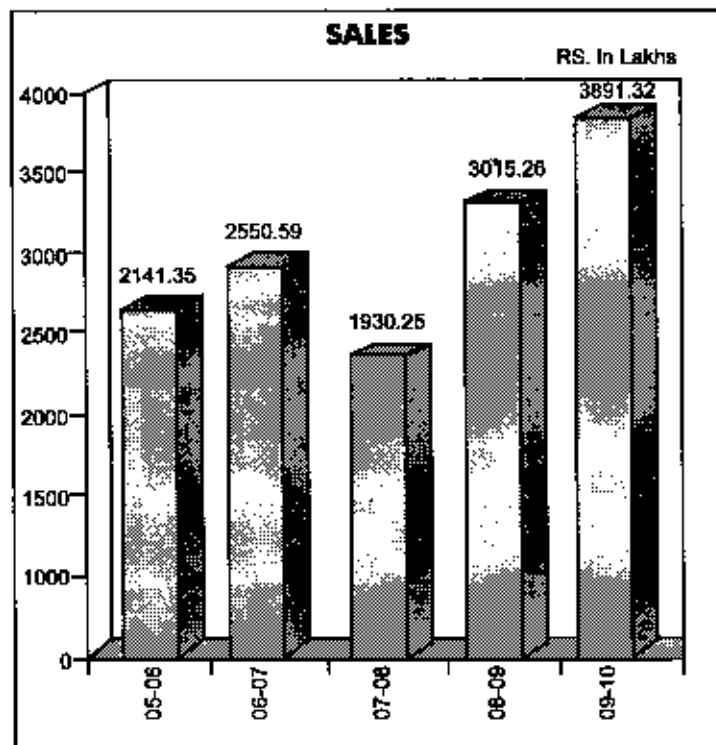
Concerted efforts are being made to penetrate in South American market which has a good potential.

DIVIDEND

Your Directors are pleased to recommend a dividend of Rs. 1.20 per equity share for the year 2009-10.



DIRECTORS' REPORT



ASSOCIATES AND SUBSIDIARIES

Your Directors wish to inform you that our Associate Company GKB Vision Limited which has its manufacturing unit at Pileme Industrial Estate, Goa continues to do well in sustaining its market share in bifocals, progressive lenses and molds of glass.

The Company's Wholly Owned Subsidiary (WOS) in Sharjah, UAE, has posted improved results. The Free Trade Zone Establishment has achieved a turnover of Dirhams 14.63 million for the year ended December 31, 2009 as compared to Dirhams 12.47 million during the previous year. The net profit is Dirhams 1.15 million as compared to Dirhams 1.19 million during the previous year and has declared a dividend which entails an outflow of Dirhams 0.37 million.

The Joint Venture Company Indo Prime Visual Technologies Pvt. Ltd., has not been able to make progress, due to prevailing economic conditions. Meanwhile, the Spanish JV Partner Indo Internacional has filed for re-organisation under chapter 11 of Spanish Bankruptcy Law.

LISTING :

Your Directors are pleased to inform you that the equity shares of the Company have been listed and are being traded in the Bombay Stock Exchange Ltd (BSE) w.e.f. July 07, 2010.

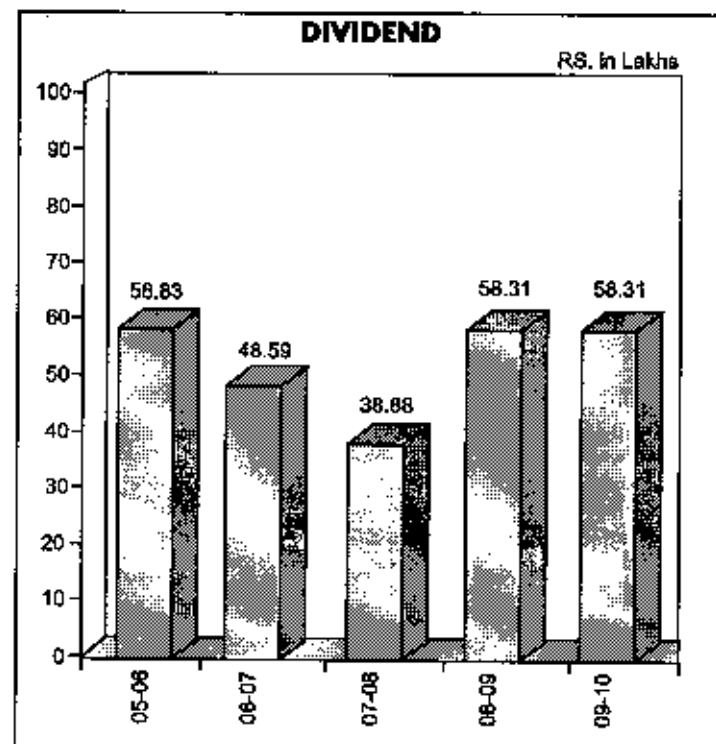
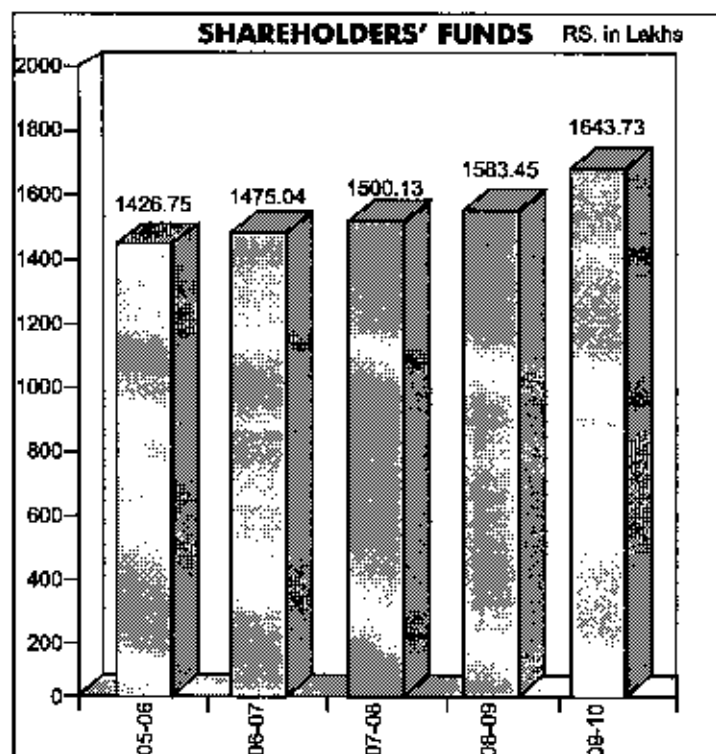
The equity shares are being permitted to trade on The National Stock Exchange of India limited (Capital Market Segment) w.e.f. March 02, 2010.

DELISTING :

In view of Listing in BSE, your Directors have started the process of voluntary delisting of equity shares, from the Pune Stock Exchange Limited, being the Regional Stock Exchange and also from Ahmedabad Stock Exchange Limited and Calcutta Stock Exchange Limited, under the provisions of the SEBI (Delisting of Equity Shares) Regulations 2009.



DIRECTORS' REPORT



CORPORATE GOVERNANCE :

A report on Corporate Governance is enclosed as part of Annual Report along with the Certificate from a practicing Company Secretary, on its Compliance .

As on date of this Directors' Report, the Composition of the Audit Committee and Shareholders'/Investors' Grievance Committee is in conformity with the Listing Agreement with the Stock Exchanges.

A Remuneration Committee has also been constituted.

AWARD :

The Company has bagged the CAPEXIL Merit Award during 2008-09, on account of its export performance.

SOCIAL RESPONSIBILITY :

Disposal of garbage , hazardous and bio-medical waste, continues to be a serious environmental problem in Goa. Company has been raising these issues through various Trade Organisations.

Company has taken affirmative actions on Code for ecologically sustainable business growth under the aegis of Confederation of Indian Industry (CII), Goa Chapter.

Scholarships are being disbursed to deserving SC/ST students studying in surrounding schools.

Mr. K. G. Gupta, Chairman and Managing Director, is in the forefront on the issues concerning Social Responsibility and is the Convener, CII Social Development, CSR and Affirmative Action Panel of CII, Goa Chapter.

Our Associate Company, GKB Vision Limited has successfully implemented an ecologically sound rain water harvesting project.



DIRECTORS' REPORT

INSURANCE :

The Company has taken adequate insurance covers for its properties and insurable interest.

PERSONNEL :

The relations between the employees and the management, during the year, have been cordial.

PARTICULARS OF EMPLOYEES :

Provisions of Section 217 (2A) (a) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules 1975, are not applicable to the Company.

FINANCE :

The Company has availed additional loans of Rs. 42.39 lakhs from financial institutions during the financial year ended March 31, 2010.

DIRECTORS' RESPONSIBILITY STATEMENT :

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

- a) that in the preparation of the Annual Accounts, the applicable accounting standards have been followed and that no material departures have been made from them;
- b) that they selected such accounting policies and applied them consistently 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;
- c) that they 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 for preventing fraud and other irregularities ; and
- d) that they have prepared the Annual Accounts on a going concern basis.

DIRECTORS :

Mr. K. M. Gupta, Mr. Vikram Gupta and Mr. Gaurav Gupta will retire by rotation, pursuant to Articles of Association of the Company being eligible offer themselves for re-appointment.

Mr. Anil Palekar and Mr. Sadashiv Shet, who were appointed as Additional Directors hold office upto the date of this Annual General Meeting. Mr. Clifford Viegas who was appointed as Additional Director on May 26, 2010, has resigned w.e.f. August 31, 2010.



DIRECTORS' REPORT

The Company has received notices from members signifying their intention to propose the appointment, of Mr. Palekar and Mr. Shet, as Directors at the forthcoming Annual General Meeting.

AUDITORS :

The term of M/s. Borkar & Muzumdar, Chartered Accountants, Panaji Goa, as Statutory Auditors, expires at the conclusion of this Annual General Meeting and are eligible for re-appointment. The Auditors have given a certificate that the re-appointment, if made, will be within the prescribed limits specified under Section 224 (1B) of the Companies Act, 1956.

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

Particulars required to be disclosed under the provisions of Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosures of Particulars in the Report of Board of Directors) Rules 1988 are annexed and forms an integral part of this report.

ACKNOWLEDGEMENT :

Your Directors wish to acknowledge and are grateful for the excellent support received from all levels, clients, suppliers, Central, State and Local Government Agencies, Banks and all other stakeholders. Your Directors recognize and appreciate the hard work and efforts put in by all the employees of the Company and their contribution to the progress of the Company in a very challenging environment.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Place : Mapusa-Goa
Date: August 31, 2010

K G GUPTA
CHAIRMAN & MANAGING DIRECTOR



ANNEXURE TO DIRECTORS' REPORT

Information in accordance with Section 217(1)(e) of the Companies Act 1956, read with (Disclosure of Particulars in the Report of Board of Directors) Rules 1988

A. CONSERVATION OF ENERGY

Power consumption in the manufacturing activities of the Company is not of any major significance. Still energy Conservation continues to receive adequate attention. General awareness has been created about the need to conserve energy.

(a) Energy Conservation measures taken :

- (i) Scheduled and planned maintenance programme has resulted in improved performance of equipment.
- (ii) Effective use of utility equipment like compressors and chillers.

(b) Additional investments and proposals being implemented for reduction of consumption of energy are :

- (i) Replacement of conventional chokes by electronic ballast.
- (ii) Replacement of CRT monitors in PCs with LCD monitors.
- (iii) Replacement of mechanical frequency convertors with variable frequency drives (VFD)
- (iv) Use of Turbo Ventilators.
- (v) Replacement of high rating induction motors with low rating motors.
- (vi) Use of latest energy efficient Almonard make circulator for air circulation.
- (vii) Automatic timer for street lights.
- (viii) Installation of APFC (automatic power factor controller) panels in power circuits. Thus improving its power factor and enabling to claim rebate in energy bills.
- (ix) Replacement of older air conditioners with energy efficient star rated air conditioners.

(c) The measures taken in (a) and (b) above have resulted in lower consumption of energy and has helped the Company to improve productivity.

(d) The Company is not covered under the list of Industries which should furnish information in Form 'A'.



ANNEXURE TO DIRECTORS' REPORT

B. TECHNOLOGY ABSORPTION

(e) Efforts made in technology absorption as per Form 'B' Research and Development (R & D)

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

- (i) Sensors production has been stabilized.
- (ii) Sustaining quality, improvement and upgradation of production process of CR lenses.
- (iii) Further research on ways and measures to reduce rejections.
- (iv) Effluent treatment plant has been commissioned.
- (v) New products have been introduced.
- (vi) Mold manufacturing has been started.

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

- (i) Import substitution at a low cost.
- (ii) Increase in productivity.
- (iii) Recycling of water.
- (vi) Reduction of cost of CR production due to partial inhouse production of mold which are major input costs.

3. Future plan of action

- (i) Continuous indigenization of imported spares
- (ii) Introduction of new products/product range considering market requirements.

4. Expenditure on R & D (Rs. in lakhs)

Rs. 4.83 lakhs spent on R & D has been absorbed in operational cost (0.12% of net total turnover)

Technology absorption, adaptation and innovation

1. Efforts, in brief, made towards technology absorption, adaptation and innovation:

The technology we have adapted, is best suited for our products and it is absorbed in full. The Company is however, on look out for ways and means to further improve productivity by introducing innovations and developments in the Company's line of business.



ANNEXURE TO DIRECTORS' REPORT

2. Benefit derived as a result of the above efforts :

Product quality improvement, cost reduction and import substitution.

3. Information regarding technology imported during the last 5 years.

Technology Imported	Year of import	Status
1. Humphrey Automatic Lensometer	2005-06	Absorbed
2. Elma X-Tray cleaning line machine	2005-06	Absorbed
3. Taping machine	2006-07	Absorbed
4. CEDLX-10 water Purifier/ Deionizer	2008-09	Absorbed
5. Taping Machine	2009-10	Absorbed

C. FOREIGN EXCHANGE EARNINGS AND OUTGO.

(f) Activities relating to exports, initiatives taken to increase exports development of new export markets for products and services and export plans:

The Company has Wholly Owned Subsidiaries (WOS) abroad to boost exports. The Company is intensifying exports in marketing its products in several other countries and exploring new markets.

The Company regularly participates in International Optical exhibitions in France, Italy, USA, Dubai and other places, besides conducting market survey and direct mail campaigns.

(g) Total foreign exchange used and earned.

	Rs. in lakhs
Foreign exchange earned :	2,650.89
Foreign exchange used :	1,655.39
Net earnings :	995.50

Detailed information on foreign exchange earning and outgo is given in Notes on Accounts. Schedule 'M', II, 2, F, G and H.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Place : Mapusa-Goa
Date: August 31, 2010

K G GUPTA
CHAIRMAN & MANAGING DIRECTOR



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

CAUTIONARY STATEMENT:

Certain statements made in this Management Discussion and Analysis Report describing the Company's objectives, expectations or predictions may be forward looking within the meaning of applicable laws and regulations. Actual results may differ from such expectation whether express or implied. Several factors that 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.

i) Industry Structure and Development:

In the past, all lenses were made of glass, also known as mineral lenses, were white in colour and of single vision. Subsequently, bifocal and progressive lenses were introduced. Recent addition includes photochromic lenses in plastic to meet the demand of fashion conscious segment of the society.

Glass lenses are being replaced by plastic lenses, also known as CR lenses. They are in fact organic lenses made by polymerisation of chemical mixtures.

In the rest of the world, plastic lenses dominate, accounting for about 80% of the total production of lenses, whereas the balance 20% is accounted by glass lenses. In India, the position is just the reverse.

But India is slowly falling in line with the rest of the world by switching over to plastic lenses.

Worldwide, out of 5 billion people, about 4 billion people require Vision Correction lenses, but only about 1 billion people use such lenses.

In India, a large section of the population require Vision Correction, but the demand is low due to lack of awareness, ignorance and poverty.

ii) Opportunities and Threats:

Till recently, there were a number of big players in glass lenses manufacture with large capacities mainly in Europe. With declining demand for glass and with the recent financial meltdown, several units have closed their manufacturing facilities. However, some of them are still continuing with trading business by outsourcing their requirements from Asia, which benefit glass lens manufacturers like ours.

There is also growing demand for prescription lenses from the West. Opportunities also lie, in manufacture of glass moulds used in production of plastic lenses. The Company is embarking on backward integration by starting the production of glass moulds.

The threat lies for single vision glass lenses from large number of players in the unorganised sector who sell low quality lenses at cheaper price.

The threat arises for CR lenses from China which have been flooding the Ophthalmic market all over the world with cheap lenses by dumping the products possibly at cost or even sub cost prices.



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

iii) Segment wise or Product wise Performance :

The Company deals with, manufacture of single vision lenses of glass and in single vision, bifocal and progressive lenses of plastic.

iv) Outlook :

Plastic lenses have displaced glass lenses to a great extent. Keeping with this new development, the Company has started production of plastic lenses in Unit II. Presently, Unit II manufactures 5,000 pieces per day, which is sought to be increased to 12,000 pieces per day, including 1,000 pieces per day of High Index 1.6 and 1,000 pieces per day of Sunsensor plastic lenses. The total production of plastic lenses is sought to be increased to 18,000 pieces per day during the financial year 2011-12.

High Index 1.6, Sunsensor and Photochromic plastic lenses are high value, high realisation products, which will contribute to revenue growth, partly during the last quarter of the current year and mainly from March, 2011 onwards.

The Company is well poised to tap the growing opportunity in plastic lens segment.

Demand for glass lens will be there for some more years to come and this has become a niche product for the Company. Glass lens have, aesthetic appeal, smoothing effect on the eyes, better finish, are sleek in nature and generally scratch resistant, compared to thicker and lighter plastic lens. They have good demand in South America besides, in developed countries like Germany and Spain.

v) Risks and Concerns:

The blanks which are raw glass lenses are mainly imported from Europe, and exports are done to Europe, America, Africa, Middle East and Far East. The Dollar and Euro fluctuation plays an important role in influencing the margins. Also sometimes, there are cross currency transactions. With demand for raw blank glass lenses going down, the cost of blanks is escalating as there is no advantage of economies of scale in their production.

vi) Internal Control Systems and its Adequacy:

The Company has developed adequate Internal Control Systems, commensurate to its size and business, which are aimed at achieving efficiency in operations, effective monitoring and optimum utilisation of resources. The Company has appointed M/s Virendra Prabhudessai and Company, an outside agency, to conduct the Internal Audit work. The reports of the Internal Auditors are periodically reviewed by the Audit Committee.

vii) Discussion on Financial Performance with respect to Operational Performance :

During the year 2009-10, the Company's total income increased substantially from 3,015.26 lakhs in 2008-09 to Rs. 3,891.32 lakhs, thereby showing an increase of 29%. The Company's profit after tax decreased from Rs. 141.64 lakhs in 2008-09 to Rs. 118.61 lakhs in 2009-10, mainly due to prior period adjustment pertaining to tax matters and also because the Company is changing its focus from producing glass lenses to plastic lenses.



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Company is 100% Export Oriented Unit (EOU) and is a net foreign exchange earner. However, Company is allowed to sell 25% of its production in domestic market.

The exports surged to Rs. 3,304.08 lakhs during the year as against Rs. 2,099.38 lakhs in th previous year, thereby indicating an increase of 57%.

Even though, cost of inputs have increased considerably, the depreciation of the Rupee, optimum use of the resources and other operational control measures have helped the Company to better the realisations in domestic as well as International markets.

Major customers have long term relationship and have continued to do their business with the Company for their bulk requirements, which has helped the Company to emerge as the major manufacturer and exporter of Ophthalmic lenses from India.

viii) Material Development in Human Resources/Industrial Relations front, including number of people employed :

labour relations have been cordial with no interruption of manufacturing activities.

The total number of permanent employees of the company as on March 31, 2010 was 236 out of which 112 employees are working for more than 10 years.

Company is in the process of implementing ISO 9001: 2008 under which 3 key areas have been identified :

1. Job Responsibilities for each function.
2. Competency Assessment Skill Matrix for each employee.
3. Training & Development.

II Disclosures by Senior Management Personnel (I.e) One level below the Board Including all HODs:

None of the Senior Management personnel has Financial and Commercial transactions with the Company, where they have personal interest that would have a potential conflict with the interest of the Company at large.



REPORT ON CORPORATE GOVERNANCE

CORPORATE GOVERNANCE PHILOSOPHY

The Company's philosophy on Corporate governance is to attain high level of transparency and accountability in the functioning of the Company and in its relationship with employees, shareholders, creditors, lenders and ensuring sound Corporate governance practices. The Company also believes that its systems and procedures will enhance Corporate performance and maximise shareholders' value in the long term.

This report on Corporate Governance is as on March 31, 2010.

1. BOARD OF DIRECTORS

a) Composition

The Board of Directors comprises of five members, out of which four are non-executive and is responsible for management of the Company's business. The Board's role, functions, responsibility and accountability are clearly defined.

Except for the Chairman and the Managing Director, all other Directors are liable to retire of rotation, as per the provisions of the Companies Act, 1956.

The Composition of the Board and other relevant details are given below:-

Name of Director	Category	No. of Board Meetings Attended	Whether attended the last AGM
Mr. K. G. Gupta	Chairman, Managing Director Promoter & Executive	8	Yes
Mr. K. M Gupta	Promoter & Non Executive	1	No
Mr. Vikram Gupta	Promoter & Non Executive	7	Yes
Mr. Gaurav Gupta	Promoter & Non Executive	8	Yes
Mr. Somnath Priolkar	Independent & Non Executive	8	Yes

None of the Directors hold membership or chairmanship in any other Company except in Private Limited and Foreign Companies. Last AGM was held on September 19, 2009.



REPORT ON CORPORATE GOVERNANCE

b) Number of Board Meetings held and dates on which held.

The Board meetings are held to improve and discuss the performance of the Company, its future plans, strategies and other pertinent issues related to the Company.

Eight Board Meetings were held during the year under review. They were held on April 11, 2009; April 29, 2009; May 29, 2009; July 29, 2009; August 17, 2009; September 30, 2009; October 29, 2009 and January 27, 2010.

The maximum gap between two Board Meetings held during the year was not more than 4 (four) months.

2. AUDIT COMMITTEE

a) Composition and Broad terms of reference

The Audit Committee of the Company comprises of following two Directors :-

Somnath SinaiPriolkar (Chairman)	: Independent, Non Executive Director
Gaurav Gupta	: Non Executive Director

Both these Directors possess knowledge of Corporate Finance, Accounts and Company Law. The Managing Director, the Internal Auditors and the Statutory Auditors attend the Meetings on invitation.

CFO and Company Secretary acts as the Secretary to the Audit Committee.

The terms of reference of the Audit Committee includes:-

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements before submission to the board for approval.
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval.

b) Meetings and Attendance

During the financial year ended March 31, 2010, four meetings were held on April 29, 2009, July 29, 2009, October 29, 2009 and January 27, 2010.



REPORT ON CORPORATE GOVERNANCE

3. REMUNERATION COMMITTEE

a) Composition

As all decisions regarding the remuneration of executive and non-executive Directors are taken by the entire Board of Directors of the Company, no formal Remuneration Committee has been constituted. The HR-Manager and Manager Administration assist the Board in fulfilling the Remuneration Policy.

b) Remuneration Policy

The key components of the Company's Remuneration Policy are :

Compensation will be a major driver of performance

Compensation will be competitive and benchmarked with a select group of companies from the similar sector.

Compensation will be transparent and simple to administer.

Compensation will be fully legal and tax compliant.

Criteria for making payments to non-executive Directors: The Directors are paid sitting fees for attending the Board/ Committee meetings and the payment is based on the number of Board meetings attended by them.

The Non-executive Directors are not entitled to any other fees or compensation.

Remuneration paid/ payable to Managing Director for the year ended March 31, 2010 (Rs. in Lakhs)

Sr.No.	Name of the Director	Salary	Rent	Medical	Provident Fund (Employer's contribution)	Gratuity
1.	Mr. K. G. Gupta Managing Director	15.00	3.00	0.73	1.80	0.72



REPORT ON CORPORATE GOVERNANCE

c) SHARES HELD BY AND SITTING FEES PAID TO, NON-EXECUTIVE DIRECTORS OF THE COMPANY AS ON MARCH 31, 2010 ARE GIVEN BELOW :

Director	Sitting Fees for Board and Committee Meetings paid during the year (Rs. in lakhs)	No of Ordinary (Equity) Shares held as on March 31, 2010
Mr. K. M. Gupta	0.02	4,33,050
Mr. Vikram Gupta	0.12	3,26,210
Mr. Gaurav Gupta	0.14	3,40,490
Mr. Somnath SinaiPriolkar	0.19	1,200

4. SHAREHOLDERS'/INVESTORS'/ GRIEVANCE COMMITTEE

The Board of Directors of the Company has constituted Shareholders'/Investors' Grievance Committee comprising of Somnath SinaiPriolkar, as Chairman and Vikram Gupta as a member. The Company has appointed Sharex Dynamic (India) Pvt. Ltd., to act as Registrars and Share Transfer Agent of the Company. The Committee deals with matters relating to transfer/transmission of shares, issue of duplicate share certificates, review of share dematerialized and all other related matters. The committee also monitors redressal of investors' grievances.

During the year the committee received eight complaints/grievances and all were redressed fully to investors' satisfaction.

During the period two meetings of the Shareholders'/Investors' Grievance Committee were held on October 31, 2010 and March 31, 2010 and the attendance of these meetings was 100%.



REPORT ON CORPORATE GOVERNANCE

5. GENERAL BODY MEETINGS

The details of last three Annual General Meeting of the Company are furnished below:

Year	Venue	Date	Time
2006-2007	Conference Room GKB Ophthalmics Limited 16-A, Tivim Industrial Estate Mapusa Goa.	September 29, 2007	11.00 A.M
2007-2008	Conference Room GKB Ophthalmics Limited 16-A, Tivim Industrial Estate Mapusa Goa.	September 29, 2008	11.00 A.M
2008-2009	Conference Room GKB Ophthalmics Limited 16-A, Tivim Industrial Estate Mapusa Goa.	September 19, 2009	11.00 A.M

Whether Special resolutions :-

- a) were put through postal ballot last year : No
 Details of voting pattern : Not applicable
 Persons who conducted the postal ballot exercise : Not applicable
- b) are proposed to be conducted through postal ballot : No.
 Procedure for postal ballot : Not applicable.

6. DISCLOSURES

- (i) There were no significant transactions of related nature with the related parties viz Promoters, Directors or the management or their subsidiaries or relatives during the year that have potential conflict with the interest of the Company. Suitable disclosures as required by the Accounting Standard (AS-18) have been made in the Annual Report.
- (ii) There are no pecuniary relationship or transactions of non-executive Directors vis-a-vis the Company that have potential conflict with the interest of the Company at large.
- (iii) No penalties or strictures have been imposed on the Company by Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets during the last three years.



REPORT ON CORPORATE GOVERNANCE

(iv) Disclosures regarding appointment or re-appointment of Directors.

The details appear under Note 11 to the Notice for the Annual General Meeting.

7. MEANS OF COMMUNICATION

The Annual, Half yearly and Quarterly results are submitted to the Stock Exchanges in accordance with Listing Agreement.

On March 2, 2010, a letter has been addressed to shareholders informing that the equity shares of the Company are being traded on National Stock Exchange of India Limited (NSE) w.e.f. March 2, 2010

On March 30, 2010, a letter has been addressed to the shareholders requesting them to convert their shares lying in Physical form to be dematerialised, for easy transferability of shares.

Presentations are made to analysts from time to time. The Company results and official news releases are displayed on the Company's website www.gkb.net.

CRISIL Research has been conducted an Independent Research on the Company, which has been sponsored by the National Stock Exchange of India Ltd (NSE). The report is available on the Company's website.

8. GENERAL SHAREHOLDER INFORMATION

- | | | |
|--------------------------------|-------|---|
| i) 28th Annual General Meeting | Date | : September 30, 2010 |
| | Time | : 11.00 a.m |
| | Venue | : Conference Room
GKB Ophthalmic Ltd.
16-A, Tivim Industrial Estate
Mapusa Goa 403 526 |
| ii) Financial year | | : The financial year of the Company is from April 1st to March 31st |
| iii) Date of Book closure | | : From Thursday, September 23, 2010
to Thursday, September 30, 2010.
(both days inclusive) |
| iv) Dividend Payment date | | : On or after October 20, 2010, if declared, at the
forthcoming Annual General Meeting |
| v) Listing on Stock Exchanges | | : Bombay Stock Exchange Ltd. (w.e.f. July 07, 2010)
Pune Stock Exchange Ltd.
Madras Stock Exchange Ltd.
Ahmedabad Stock Exchange Ltd.
Delhi Stock Exchange Ltd.
Calcutta Stock Exchange Ltd. |



REPORT ON CORPORATE GOVERNANCE

Annual listing fee for the year 2010-11 has been paid to all the stock Exchanges

Trading on Stock Exchange

National Stock Exchange of India Ltd. (Permitted to trade and admitted to dealings (w.e.f March 02, 2010)

vi) Stock Code : - Equity Shares

BSE : 533212

NSE : GKB

ISIN NUMBER : INE 256D01015

vii) Market Price Data

National Stock Exchange of India Limited

Month	Equity shares		Nifty	
	High Rs.	Low Rs.	High	Low
March	74.50	10.30	5329.55	4935.35

viii) Share Registrars & Transfer Agents

SHAREX DYNAMIC (INDIA) PVT. LTD.

17/B, Dena Bank Building

2nd floor, Horniman Circle

Fort, Mumbai - 400 001.

Phone: +91 22 2270 2485 - 2264 1376

Fax: +91 22 2264 1349

Email: sharexindia@vsnl.com

ix) Share Transfer System:

The Company has retained Sharex Dynamic (India) Pvt. Ltd, Mumbai to carry out the transfer related activities. Authorised Personnel are approving the transfer on periodical basis. All valid transfers are effected within stipulated time. Share certificates received at the Registered Office are also sent to Registrar and Transfer Agents for doing the needful.


REPORT ON CORPORATE GOVERNANCE
x) Distribution of Shareholding

The distribution of shareholding as on March 31, 2010 is as under:-

the distribution of shareholding as on March 31, 2019 is as under:

Range		Shares holders		Total Amount		
Rs.		Rs.	Numbers	% to Total Nos	In Rs.	% to Total Amount
(1)		(2)	(3)		(4)	(5)
Upto		5,000	401	74.12	11,44,190	2.75
5,001	to	10,000	52	9.61	4,64,040	1.12
10,001	to	20,000	21	3.88	3,36,770	0.81
20,001	to	30,000	9	1.66	2,25,000	0.54
30,001	to	40,000	2	0.37	69,750	0.17
40,001	to	50,000	7	1.29	3,25,000	0.78
50,001	to	1,00,000	12	2.22	9,83,000	2.37
1,00,001	and above		37	6.84	3,79,88,050	91.46
Total			541	100.00	415,35,800	100.00

xi) The categories of shareholding as on March 31, 2010 was as under:-

Sr. No.	Category	No of Shares held .	Percentage (%)
1	Indian Promoters	27,39,070	65.94
2	Banks, Financial Institutions & Insurance Companies	55,300	1.33
3	Private Corporate Bodies	2,34,075	5.64
4	Indian Public	11,18,984	26.94
5	Other (a) NRI/OCB	5,000	0.12
	(b) Ctr	1,151	0.03
TOTAL		41,53,580	100.00



REPORT ON CORPORATE GOVERNANCE

xii) Dematerialization of shares and liquidity :

Electronic holdings			Physical holdings			Total		
No. of Beneficial Owners	No. of shares	%	No. of Folios	No. of shares	%	No. of shares	No. of shares holders	%
215	36,70,445	88	326	4,83,135	12	541	41,53,580	100

xiii) Registered Office, Plant Location and address for correspondence:

Registered Office :
GKB Ophthalmics Limited
16-A, Tivim Industrial Estate,
Mapusa – Goa 403 526

Plant Locations :
16-A and D2-14
Tivim Industrial Estate
Mapusa – Goa 403526

Phone : +91 832 2257253/ 335/ 336
Fax : + 91 832 2257044
Email : gkbgoa@bsnl.in

xiv) Non-Mandatory Requirements : Not Adopted

9. CEO/CFO CERTIFICATION

A certificate from the Chief Executive Officer and Chief Financial Officer on the financial statements of the Company was placed before the Board.

10. CODE OF CONDUCT

The Company has framed and adopted a Code of Conduct, which is applicable to all the Directors and members of the Senior Management in terms of Clause-49 V of the Listing Agreement. The said code, which came into effect from September 4, 2004, lays the general principles designed to guide all Directors and members of the Senior Management in making ethical decisions.

All Directors and members of the Senior Management have confirmed their adherence to the provisions of the said code.



REPORT ON CORPORATE GOVERNANCE

DECLARATION

As provided under Clause-49 of the Listing Agreement with the Stock Exchanges, we confirm that the Board Members and Senior Management of the Company have confirmed compliance with the Code for the year ended March 31, 2010

FOR GKB Ophthalmics Ltd.,

Place: Mapusa-Goa.
Date: August 31, 2010

K. G. GUPTA
CHAIRMAN & MANAGING DIRECTOR



**PRACTISING COMPANY SECRETARY'S CERTIFICATE TO THE MEMBERS OF
GKB OPHTHALMICS LIMITED**

I have examined the compliance of conditions of Corporate Governance by GKB OPHTHALMICS LIMITED, 16-A, Tivim Industrial Estate, Mapusa, Goa 403 526 for the year ended March 31, 2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The Compliance of conditions of Corporate Governance is the responsibility of management. Our examination was carried out in accordance with the guidance note on the Certificate of Corporate Governance. (As stipulated in clause 49 of the Listing Agreement)

In my opinion and to the best of my information and according to the explanation given to me.

I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement, except in appointment of required number of Independent Directors and as a result of this, Audit Committee also formed with only one Independent Director.

I state that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Investors Grievance Committee.

I further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Date : August 31, 2010
Place : Mangalore

CHETHAN NAYAK
COMPANY SECRETARY
C.P. No: 3140



**REPORT OF THE AUDITORS
TO THE SHAREHOLDERS OF GKB OPHTHALMICS LIMITED**

To,
The Members,
GKB Ophthalmics Limited,

1. We have audited the attached Balance Sheet of GKB OPHTHALMICS LIMITED, as at 31st March 2010, the Profit & Loss Account and Cash Flow Statement of the company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended, issued by the Central Government Of India in terms of section 227 (4A) of the Companies Act, 1956, and on the basis of checks of the books and records of the Company as we considered appropriate and the information and the explanations given to us during the course of audit. We enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to above we report that:
 - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purposes of the audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of these books;
 - (c) The Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet and the Profit and Loss Account comply with the Accounting Standards referred to in subsection (3C) of Section 211 of the Companies Act, 1956.
 - (e) On the basis of written representations received from the directors as on 31st March 2010, and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31st March 2010 from being appointed as a director in terms of clause (g) of subsection (1) of Section 274 of the Companies Act, 1956.



**REPORT OF THE AUDITORS
TO THE SHAREHOLDERS OF GKB OPHTHALMICS LIMITED**

(f) In our opinion and to the best of our information and according to the explanations given to us, the said statements of accounts, read together with the significant accounting policies in Schedule 'M' and notes appearing thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2010;
- (ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
- (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For M/s. BORKAR & MUZUMDAR
Chartered Accountants
Firm Registration No. 101569W

(A. N. NAIK)
Partner
(M. No. 30668)

PLACE : Panaji-Goa.
DATE : 31st August, 2010



ANNEXURE TO AUDITORS' REPORT

ANNEXURE REFERRED TO IN PARAGRAPH (3) OF THE AUDITOR'S REPORT OF EVEN DATE ON THE ACCOUNTS OF GKB OPHTHALMICS LIMITED FOR THE YEAR ENDED 31 ST MARCH, 2010

1. (a) *The Company is in the process of updating its records showing full particulars, including quantitative details and situation of fixed assets. All the fixed assets have been physically verified by the management at reasonable intervals. We are informed that discrepancies noticed on such verification will be dealt with in the books of accounts as and when records are updated.*

(b) The Company has not disposed off any substantial part of fixed assets during the year.
2. (a) As explained to us, the inventory has been physically verified by the management at reasonable intervals.

(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.

(c) In our opinion and according to the information and explanations given to us, and on the basis of our examination of records of inventory, the Company is maintaining proper records of inventory. We have been informed that the discrepancies noticed on physical verification of inventory as compared to the book records were not material and have been properly dealt with in the books of accounts.
3. (a) According to the information and explanations given to us, the Company had granted unsecured loan to one party covered in the register maintained under Section 301 of the Companies act, 1956. The entire amount of the loan along with interest was repaid during the year by the said party. The maximum amount involved during the year was Rs.16,42,904/-.

(b) The rate of interest and other terms & conditions of the above loans were not prima facie prejudicial to the interest of the Company, except that the terms of repayment of loans and the date on which interest is to be paid on the loans were not stipulated.

(c) In absence of stipulations regarding terms of repayment of loans and due date we are unable to express our opinion on whether receipt of principal and interest amount is regular.

(d) As the entire loan with interest was repaid during the year, paragraphs 4(iii)(d) of the order is not applicable.

(e) The Company has not taken any loans, secured or unsecured from parties covered in the register maintained under section 301 of the Companies act, 1956. Accordingly, paragraphs 4(iii)(f) and (g) are not applicable.



ANNEXURE TO AUDITORS' REPORT

4. On the basis of our evaluation of internal control systems and according to the information and explanations given to us, we are of the opinion that internal control systems *with respect to the purchase of inventory and fixed assets and sale of goods and services need to be further improved to make it commensurate with the size of the company and nature of its business.*
5. In respect of the transactions entered in the register maintained in pursuance of Section 301 of the Companies Act, 1956,
 - (a) Based on audit procedures applied by us, to the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that the transactions that needed to be entered into the register maintained under Section 301 have been so entered.
 - (b) In respect of transactions with parties with whom transactions exceeding value of Rupees five lakhs have been entered into during the financial year, because of the specialized nature of the items involved and absence of any comparable prices, we are unable to comment whether the transactions were made at prevailing market prices at the relevant time.
6. The Company has not accepted deposits from the public within the meaning of Section 58A of the Companies Act, 1956 and the Rules framed there under. We are informed that no order has been passed by the Company Law Board.
7. *The Company has an internal audit system but in our opinion its scope and coverage requires to be further widened to make it commensurate with the size and nature of the Company's business.*
8. Maintenance of cost records have not been prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956.
9. (a) In our opinion and according to the information and explanations given to us, the Company has been regular in depositing undisputed statutory dues including investor education and protection fund, Sales tax, Wealth tax, Service Tax, Customs duty, Excise Duty, cess and other material statutory dues, where applicable with the appropriate authorities. *However during the year there were delays in depositing, with the appropriate authorities, undisputed statutory dues in respect of income tax, provident fund and employees' state insurance. There are no arrears of outstanding provident fund and employees state insurance dues as at the last day of the financial year for a period of more than six months from the date they became payable. However the undisputed income tax (including fringe benefit tax) dues outstanding for more than six months from the date they become payable are Rs. 1,91,75,400/-*



ANNEXURE TO AUDITORS' REPORT

(b) According to the information and explanations given to us there are no cases of non-deposit with the appropriate authorities of disputed dues of sales tax/ income tax/ service tax/ customs duty/ wealth tax/ excise duty/ Cess except in the following cases:

No.	Nature of Liability	Amount (Rs.)	Pending Before
1.	Central Excise Duty	16,44,687/-	Joint Commissioner/Commissioner of customs and central excise (Appeals)
2.	Central Excise Duty	17,17,200/-	CESTAT

10. The company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the financial year under report and the immediately preceding financial year.
11. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the company has not defaulted in the repayment of dues to banks. The company does not have any borrowings from financial institutions and has not issued debentures.
12. The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any statute applicable to chit fund / Nidhi / mutual benefit fund/ societies are not applicable to the Company.
14. As informed and explained to us the company is not dealing in or trading in shares, securities, debentures, or other investments and hence requirement of paragraph 4(xiv) are not applicable to the company.
15. The Company has given guarantees to banks for loans taken by associate companies. According to the information and explanations given to us, such guarantees have been extended as a long-term involvement with those companies and there has been no default in repaying the loans. However, we are unable to opine whether the terms and conditions on which the Company has given guarantees are prejudicial to the interest of the Company, since the guarantees give the power to the bank to attach the assets of the company on default by associate companies without attempting to recover in the first instance from the associate companies.
16. In our opinion and according to the information and explanations given to us on an overall basis the term loans have been applied for the purposes for which they were obtained.
17. According to the records examined by us and according to information and explanations given to us, on an overall basis, no funds raised on short-term basis have been used for long-term investment.



ANNEXURE TO AUDITORS' REPORT

18. The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
19. There are no debentures issued and outstanding during the year and hence the question of creating securities in respect thereof does not arise.
20. During the year the Company has not raised money by any public issue.
21. To the best of our knowledge and belief and according to the information and explanations given to us no fraud on or by the Company has been noticed or reported during the financial year.

For M/s. BORKAR & MUZUMDAR
Chartered Accountants
Firm Registration No 101569W

(A. N. NAIK)
Partner
(M. No. 30668)

PLACE : Panaji-Goa.
DATE : 31st August 2010


BALANCE SHEET AS AT 31ST MARCH, 2010

SCHEDULE		As at 31.03.2010		As at 31.03.2009	
		Rupees	Rupees	Rupees	Rupees
SOURCES OF FUNDS					
SHAREHOLDERS' FUNDS					
a) Share Capital	A	41,535,800		41,535,800	
b) Reserves & Surplus	B	122,837,896	164,373,696	116,808,824	158,344,624
LOAN FUNDS					
Secured loans	C		80,813,573		74,233,603
DEFERRED TAX LIABILITY (net)			9,605,664		11,243,358
TOTAL			254,792,933		243,821,585
APPLICATION OF FUNDS					
FIXED ASSETS					
a) Gross Block	D	186,441,912		170,867,533	
b) Less: Depreciation		96,634,167		87,184,904	
c) Net Block			89,807,745		83,682,629
INVESTMENTS	E		43,096,358		43,896,361
CURRENT ASSETS, LOANS & ADVANCES					
a) Interest accrued on Deposits	F	228,892		124,968	
b) Inventories		147,921,597		158,907,885	
c) Sundry Debtors		102,517,804		75,424,621	
d) Cash & Bank Balances		8,397,238		7,997,231	
e) Loans & Advances		11,444,022		42,716,688	
		270,509,553		285,171,393	
Less: CURRENT LIABILITIES & PROVISIONS	G				
a) Current Liabilities		110,187,274		111,597,523	
b) Provisions		38,433,449		57,331,275	
		148,620,723		168,928,798	
NET CURRENT ASSETS			121,888,830		116,242,595
TOTAL			254,792,933		243,821,585

Significant accounting policies & notes on accounts M

The schedules referred to above along with the explanatory notes form an integral part of the Accounts.

As per our report of even date attached

For **M/s. BORKAR & MUZUMDAR**

Chartered Accountants

Firm Registration No.101569W

(**A. N. Naik**)

Partner

Membership No. 30668

Panaji-Goa.

Date : 31st August, 2010

For and on behalf of the Board

K. G. GUPTA

VIKRAM GUPTA

GAURAV GUPTA

SOMNATH PRIOLKAR

ANIL PALEKAR

SADASHIV SHET

NOEL DA SILVA

- Chairman & Managing Director

- Director

- Director

- Director

- Director

- Director

- CFO & Company Secretary

Mapusa -Goa

Date : 31st August, 2010


PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	SCHEDULE	2009-2010	2008-2009
		Rupees	Rupees
INCOME			
SALES			
EXPORT		330,408,491	209,937,919
DOMESTIC		47,211,732	78,631,479
		<u>377,620,223</u>	<u>288,569,398</u>
LESS : EXCISE DUTY ON DOMESTIC SALES		2,164,213	3,931,343
NET SALES		375,456,012	284,638,055
OTHER INCOME	H	13,676,145	16,888,146
INCREASE/ (DECREASE) IN STOCKS	I	(52,675,21)	14,573,433
		<u>383,864,636</u>	<u>316,099,634</u>
EXPENDITURE			
RAW MATERIALS CONSUMED	J	182,728,344	158,301,702
LENS PURCHASES		53,980,911	21,583,831
MANUFACTURING & OTHER EXPENSES	K	100,038,457	83,848,745
INTEREST AND FINANCE CHARGES	L	12,502,639	15,066,248
DEPRECIATION		9,449,958	11,545,063
		<u>358,720,309</u>	<u>290,345,589</u>
PROFIT BEFORE TAX		<u>25,144,327</u>	<u>25,754,045</u>
PROVISION FOR TAXATION			
i) CURRENT INCOME TAX		11,000,000	11,740,000
ii) DEFERRED INCOME TAX		(1,637,694)	(2,371,782)
iii) FRINGE BENEFIT TAX		-	350,373
iv) WEALTH TAX		120,000	100,000
		<u>9,482,306</u>	<u>9,818,591</u>
PROFIT AFTER TAX		<u>15,662,021</u>	<u>15,935,454</u>
PRIOR PERIOD ADJUSTMENTS			
i) FOR EXPENSE		(5,215)	147,747
ii) FOR FRINGE BENEFIT TAX		146,893	13,664
iii) FOR INCOME TAX		3,658,243	1,610,593
iv) FOR WEALTH TAX		1,651	-
		<u>3,801,572</u>	<u>1,772,004</u>
PROFIT AFTER TAX & PRIOR PERIOD ADJUSTMENTS		<u>11,860,449</u>	<u>14,163,450</u>
BALANCE IN PROFIT & LOSS ACCOUNT BROUGHT FORWARD		<u>25,918,555</u>	<u>18,586,482</u>
PROFIT AVAILABLE FOR APPROPRIATION		<u>37,779,004</u>	<u>32,749,932</u>
APPROPRIATIONS			
PROPOSED DIVIDEND ON EQUITY SHARES		4,984,296	4,984,296
ADDITIONAL TAX ON DIVIDEND		847,081	847,081
TRANSFER TO GENERAL RESERVE		1,000,000	1,000,000
		<u>6,831,377</u>	<u>6,831,377</u>
BALANCE OF PROFIT CARRIED TO BALANCE SHEET		<u>30,947,627</u>	<u>25,918,555</u>
EARNING PER SHARE (Refer Note 21 of Sch M)			
BASIC/ DILUTED EPS (Rs.)		2.86	3.41

Significant accounting policies & notes on accounts M

The schedules referred to above along with the explanatory notes form an integral part of the Accounts.

As per our report of even date attached

For **M/s. BORKAR & MUZUMDAR**

Chartered Accountants

Firm Registration No.101569W

(A. N. Naik)

Partner

Membership No. 30668

Panaji-Goa.

Date : 31st August, 2010

For and on behalf of the Board

K. G. GUPTA

VIKRAM GUPTA

GAURAV GUPTA

SOMNATH PRIOLKAR

ANIL PALEKAR

SADASHIV SHET

NOEL DA SILVA

- Managing Director

- Director

- Director

- Director

- Director

- Director

- CFO & Company Secretary

Mapusa -Goa

Date : 31st August, 2010



SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010

	As at 31.03.2010		As at 31.03.2009	
	Rupees	Rupees	Rupees	Rupees
SCHEDULE 'A': SHARE CAPITAL				
AUTHORISED				
70,00,000 Equity Shares of Rs. 10/- each		<u>70,000,000</u>		<u>70,000,000</u>
ISSUED				
41,99,980 Equity shares of Rs. 10/- each		<u>41,999,800</u>		<u>41,999,800</u>
SUBSCRIBED AND PAID UP				
41,53,580 Equity Shares of Rs. 10/- each		<u>41,535,800</u>		<u>41,535,800</u>
(Out of the above, shares of 27,44,982 are allotted as fully paid up Bonus shares by way of capitalization of General Reserve and premium on Equity shares.)				
SCHEDULE 'B': RESERVES & SURPLUS				
CAPITAL RESERVE				
Balance as per last Balance Sheet		<u>4,328,500</u>		<u>4,328,500</u>
SHARE PREMIUM ACCOUNT				
Balance as per last Balance Sheet		<u>20,276,000</u>		<u>20,276,000</u>
INVESTMENT ALLOWANCE (UTILISED) RESERVE				
Balance as per last Balance Sheet		<u>2,229,150</u>		<u>2,229,150</u>
GENERAL RESERVE				
Balance as per last Balance Sheet	<u>64,056,619</u>			<u>63,056,619</u>
Add: Transfer from Profit & Loss Account	<u>1,000,000</u>			<u>1,000,000</u>
Balance carried forward		<u>65,056,619</u>		<u>64,056,619</u>
PROFIT & LOSS ACCOUNT				
Balance carried forward		<u>30,947,627</u>		<u>25,918,555</u>
		<u>122,837,896</u>		<u>116,808,824</u>


SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010

	As at 31.03.2010		As at 31.03.2009	
	Rupees	Rupees	Rupees	Rupees
SCHEDULE 'C'				
SECURED LOANS				
(A) LOANS FROM BANKS				
i) Term loans	5,281,002		4,331,172	
ii) Working Capital loans	<u>75,475,691</u>	80,756,693	<u>69,719,463</u>	74,050,635
(B) Liability for vehicles purchased under Hire purchase Agreement		56,880		182,968
		<u>80,813,573</u>		<u>74,233,603</u>

- ii) Term loan of Rs.7,26,000/- (Previous year Rs. 37,50,633/-) secured by hypothecation of Plant and machinery and personal guarantees of three Directors of the Company.
- ii) Term loan of Rs 42,39,699/- (Previous year Rs NIL) secured by Mortgage of Building and personal guarantees of three Directors of the company.
- iii) Term loan of Rs.3,15,303/- (Previous year Rs.5,80,539/-) is secured by hypothecation of vehicle
- iv) Term loan installment falling due within the next 12 months amount to Rs 23,82,000/-(Previous year Rs.30,09,600/-)
- v) Working capital loan from bank is secured by hypothecation of raw materials, stock in transit, finished goods, stores & spares, Book debts and other receivables, both present and future & further secured by irrevocable joint and several personal guarantees of three Directors of the Company.
- vi) Liability for vehicles under Hire Purchase agreement is secured by hypothecation of Vehicles.



GKB Ophthalmics Ltd.

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010

SCHEDULE 'D' - FIXED ASSETS

DESCRIPTION OF ASSETS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on 01.04.2009 Rupees	Additions/ Adjustments Rupees	Deductions/ Adjustments Rupees	As on 31.03.2010 Rupees	Upto 01.04.2009 Rupees	Deductions Rupees	For the Year Rupees	Upto 31.03.2010 Rupees	As on 31.03.2010 Rupees	As on 31.03.2009 Rupees
Land (leasehold)	895,500	—	—	895,500	65,590	—	9,426	75,016	820,484	829,910
Freehold	—	429,910	—	429,910	—	—	—	—	429,910	—
BUILDING	27,781,706	10,247,985	429,910	37,599,781	4,468,823	20,695	784,404	5,232,532	32,367,249	23,312,883
PLANT & MACHINERY	122,555,405	4,104,849	—	126,660,254	72,418,867	—	7,104,062	79,522,929	47,137,325	50,136,538
FURNITURE & FIXTURE	7,498,238	763,031	—	8,261,269	4,925,465	—	855,365	5,780,830	2,480,439	2,572,773
ELECTRICAL INSTALLATION	5,303,553	345,405	—	5,648,958	2,320,775	—	128,688	2,449,463	3,199,495	2,982,778
OFFICE EQUIPMENT	1,727,609	113,109	—	1,840,718	812,609	—	103,722	916,331	924,387	915,000
VEHICLES	819,900	—	—	819,900	733,115	—	77,157	810,272	9,628	86,785
Assets taken under H.P. Agreement Vehicles	4,285,622	—	—	4,285,622	1,439,660	—	407,134	1,846,794	2,438,828	2,845,962
TOTAL	170,867,533	16,004,289	429,910	186,441,912	87,184,904	20,695	9,469,958	96,634,167	89,807,745	83,682,629
PREV. YEAR	1,68,489,440	3,053,373	675,280	170,867,533	75,640,426	585	11,545,063	87,184,904	83,682,629	



SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010

	As at 31.03.2010		As at 31.03.2009	
	Rupees	Rupees	Rupees	Rupees
SCHEDULE 'E'				
INVESTMENTS - LONG TERM TRADE (UNQUOTED)				
Nil Equity Shares(previous Year 28,76,000) of Rs. 10/- each in Prime Ophthalmic Products Pvt Ltd(Refer note no.3 of Sch.M)		-		28,760,000
5,32,592 Equity Shares (Previous Year Nil)of Rs. 10/- each in Prime Lenses Pvt Ltd(Refer Note No. 3 of Sch.M)		28,760,000		-
1,060,986 Equity Shares of Rs.10/- each in GKB Vision Ltd.		10,609,860		10,609,860
1 Share of GKB Ophthalmics GmbH, Bremen, Germany (Refer Note 4 of Sch. (M)		1,081,488		1,081,488
1 Share of GKB Ophthalmics Products FZE, Saif Zone, Sharjah U.AE. (Refer Note 5 of Sch. M)		1,830,150		1,830,150
1 Equity Share of Rs. 10/- each in Crysta Lenses Pvt Ltd		1,800		1,800
161,306 Equity Shares of Rs.10/- each in Indo Prime Visual Technologies Pvt. Ltd.		1,613,060		-
less: Provision for Diminution in Value of Investment		800,000		-
Share application money with Indo Prime Visual Technologies Pvt. Ltd		-		1,613,063
		43,096,358		43,896,361
SCHEDULE 'F'				
CURRENT ASSETS, LOANS AND ADVANCES:				
a) INTEREST ACCRUED ON DEPOSITS		228,892		124,968
b) INVENTORIES				
(Stocks as per inventories taken, valued and certified by the Managing Director)				
Stores, Spares and Consumable Tools		16,911,408		11,094,826
Raw Materials		62,956,874		74,562,934
Packing Materials		1,485,860		1,415,149
Work in process		2,780,843		5,674,228
Finished Goods		63,786,612		66,160,748
		147,921,597		158,907,885
INVENTORIES IN TRANSIT:				
Note: Value of Inventories in Transit included above is:				
	as at 31.03.10	as at 31.03.09		
Stores, Spares and Consumable Tools	251,258	-		
Raw Materials	6,538,023	23,847,907		
	6,789,281	23,847,907		
c) SUNDRY DEBTORS				
Unsecured:				
Debts outstanding for a period exceeding six months				
Considered Good		58,993,895		20,021,680
Considered Doubtful		38,026		468,036
Other Debts				
Considered Good		43,523,909		55,402,941
		102,555,830		75,892,657
less: Provision for Doubtful Debts		38,026		468,036
		102,517,804		75,424,621


SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010

	As at Rupees	31.03.2010 Rupees	As at Rupees	31.03.2009 Rupees
(d) CASH & BANK BALANCES				
i) Cash in hand	4,936		7,310	
ii) Balances with Scheduled Banks:				
In Current Accounts	615,787		26,425	
In Margin Money Deposits Accounts*	7,528,755		7,733,016	
In Unclaimed Dividend Account	247,760		230,480	
		83,97,238		7,997,231
*Margin money deposit receipts for Rs. 75,28,466/- (Previous year Rs.77,33,016/-) are pledged against Bank Guarantees and letter of credits.				
(e) LOANS AND ADVANCES				
(Unsecured considered good unless otherwise stated)				
i) Advances recoverable in cash or in kind or for value to be received	9,015,934		12,143,490	
ii) Advance Payment of Income Tax	-		27,112,658	
iii) Advance Payment of Wealth Tax	109,651		-	
iv) Taxes deducted at source	237,202		897,068	
v) Advance payment of Fringe Benefit Tax	155,750		1,197,971	
vi) Deposits (Include Rs. 1,13,370/- deposits with Govt. and Semi Govt. Bodies (Previous year : Rs. 1,13,370/-))	351,345		351,345	
vii) Balance with customs, Port trust etc.	1,574,140		1,014,156	
		11,444,022		42,716,688
		270,509,553		285,171,393

SCHEDULE 'G'
CURRENT LIABILITIES & PROVISIONS

a) CURRENT LIABILITIES				
Sundry Creditors (includes Rs. nil/- (Previous year Rs.34,921/-) total outstanding dues to Micro, Small and Medium Enterprises)	94,012,600		96,843,029	
Overdrawn Bank balances as per books	3,273,887		5,749,165	
Advances against sales	1,773,590		2,985,632	
Unclaimed Dividend	247,760		230,480	
Other Liabilities	10,879,437		5,789,217	
		110,187,274		111,597,523
b) PROVISIONS				
Income Tax	25,639,638		44,078,841	
Fringe Benefit Tax	350,373		1,834,574	
Wealth Tax	229,651		108,000	
Proposed Dividend	4,984,296		4,984,296	
Additional Tax on Dividend	847,081		847,081	
Retirement benefits Employees /Directors Liability	6,382,410		5,478,483	
		38,433,449		57,331,275
		148,620,723		168,928,798



**SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED
31st MARCH, 2010**

	2009-2010	2008-2009
	Rupees	Rupees
SCHEDULE 'H'		
OTHER INCOME		
Dividend income on long Term Investment (Gross)	4,055,479	6,210,783
Interest income (Gross)(Tax deducted at source Rs. 72,198/-) (Previous year Rs. 98,786/-)	2,038,371	1,849,250
Profit on sale of assets	-	140,857
Miscellaneous Income	-	113,138
Processing charges(Gross) (Taxes Deducted at Source Rs.66,218/-)	3,310,900	-
Rent Income	45,000	90,000
Exchange rate Fluctuation	1,779,217	5,270,146
Excess liabilities and unclaimed balances written back	447,178	3,213,972
	<u>13,676,145</u>	<u>16,888,146</u>

SCHEDULE 'I'

INCREASE IN STOCKS

Closing Stock in trade			
Finished Goods	63,786,612	66,160,748	
Work-in-Process	2,780,843	5,674,228	
	<u>66,567,455</u>		71,834,976
Less: Opening Stock in trade			
Finished Goods	46,160,748	51,037,318	
Work-in-Process	5,674,228	6,224,225	57,261,543
	<u>71,834,976</u>		
	<u>(5,267,521)</u>		<u>14,573,433</u>

SCHEDULE 'J'

RAW MATERIALS CONSUMED

Opening Balance	74,562,934	61,954,794	
Add: Purchases	171,122,284	170,909,842	
	<u>245,685,218</u>		232,864,636
Less : Closing Balance	62,956,874		74,562,934
	<u>182,728,344</u>		<u>158,301,702</u>


SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2010
2009-2010
2008-2009
Rupees
Rupees
SCHEDULE 'K'
MANUFACTURING & OTHER EXPENSES

Salaries, Wages and Bonus	31,047,431	27,393,865
Contribution to Provident & other funds	3,378,347	2,664,732
Retiring Gratuity Including Contribution to Fund	1,121,339	610,655
Staff welfare	660,490	492,985
Power & Fuel	8,530,235	8,032,021
Freight	6,921,727	7,109,902
Packing Material consumed	5,118,858	43,70,043
Stores, Spares & consumable tools	25,342,278	17,190,777
Other Manufacturing Expenses	5,755,415	3,978,471
Rent	339,000	472,000
Rates & Taxes	163,927	9,649
Travelling & Conveyance	1,896,918	2,765,204
Printing & Stationery	399,814	278,901
Postage & Telegraph	980,465	581,209
Legal & Professional Fees	739,671	864,466
Communication Charges	605,099	611,721
Insurance Charges	839,759	725,208
Advertisement & Publicity	165,793	53,920
Auditors' Remuneration	216,810	188,613
Repairs & Maintenance		
i) Plant & Machinery	1,130,501	1,022,281
ii) Building	296,656	243,593
iii) Other Assets	1,426,159	1,158,965
	2,853,316	2,424,839
Directors Sitting Fees	47,250	10,250
Processing Charges	209,898	-
Commission of sales	356,328	677,140
Miscellaneous Expenses	1,978,297	1,874,138
Provision for doubtful debts (net of written back)	(430,010)	468,036
Provision for Diminution in value of investment	800,000	-
	100,038,457	83,848,745

SCHEDULE 'L' INTEREST & FINANCE CHARGES

Interest on:

- Fixed Loans	270,188	414,264
- Others	9,199,466	11,919,755
	9,469,654	12,334,019
Finance Charges:		
- Bank Charges	3,018,473	2,704,476
- Hire Purchase Finance Charges	14,312	27,753
	3,032,785	2,732,229
	12,502,439	15,066,248



NOTES FORMING PART OF THE BALANCE SHEET AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2010

SCHEDULE 'M' - ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

I ACCOUNTING POLICIES:

a) Basis of preparation of Financial Statements:

- i) Financial statements are prepared under historical cost convention in accordance with the generally accepted accounting principles and provisions of Companies Act 1956, subject to what is stated herein below, as adopted consistently by the Company.
- ii) The Company follows mercantile system of accounting and recognises significant items of income and expenditure on accrual basis.

b) Fixed Assets:

- i) All fixed assets are valued at cost. The cost of fixed assets comprises of purchase price and all other attributable costs of bringing the assets to working conditions for intended use.
- ii) The assets acquired under hire-purchase agreement are included in the fixed assets of the Company, where the terms of the agreement provide that the assets shall eventually become the property of the hirer or confer on him an option to purchase the assets.

c) Depreciation:

- i) Depreciation on fixed assets is provided on straight-line method at the rates and in the manner prescribed in schedule XIV of the Companies Act 1956, except for leasehold land which is amortised over the period of the lease.
- ii) Fixed Assets individually costing Rs. 5,000/- or less, are depreciated fully in the year of purchase.

d) Inventories:

- i) Raw materials, stores, spares & consumables tools & packing materials, work-in-process and finished goods are valued at lower of cost or net realisable value.
- ii) In case of raw materials, stores, consumables tools, & spares and packing materials, cost represents purchase price and other costs incurred for bringing the inventories to their present location and conditions and is determined on "First-in-first-out" basis.
- iii) In case of work-in-process and finished goods, cost represents cost of raw material, cost of conversion such as direct labour, direct expenses, etc. and production overheads which are based on normal level of production.

e) Employee Benefits:

- i) All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits. Short term employee benefits at the balance sheet date, are recognised as an expense as per the Company's scheme based on expected obligations on undiscounted basis.

Defined Contribution Plan

a) Provident Fund

The Company contributes to the government administered provident fund. The fixed contributions to these funds are charged to Profit and Loss Account.

b) Superannuation

Contributions to the superannuation fund, which is administered by Life Insurance Corporation of India, are charged to the Profit and Loss Account.

Defined Benefit Plan

Leave Encashment:

The employees of the company are entitled to encashment of unavailed leave. The employees can carry forward a portion of the unutilised leave and receive cash compensation at retirement or termination of employment. The Company records an obligation for encashment of unavailed leave in the period in which the employee renders the services, based on an actuarial valuation at the balance sheet date, carried out by an independent actuary. Actuarial gain or loss recognised in



NOTES FORMING PART OF THE BALANCE SHEET AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

the statement of profit or loss as income or expense

Gratuity

Company's contribution towards gratuity made under Group Gratuity Scheme with Life Insurance Corporation Of India (LIC) is determined based on the amount recommended by LIC as per Actuarial valuation. The whole time Directors of the Company are not covered by the gratuity trust created under Group Gratuity Fund. Provision for their gratuity liability has been provided for according to the actuarial valuation carried out by the independent Actuary.

f) Foreign Currency Transactions:

i) Foreign Currency transactions are recorded on initial recognition in the reporting currency, using the exchange rate at the date of the transaction. At each balance Sheet date, foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried at historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

Exchange differences that arise on settlement of monetary items or on reporting at each balance Sheet date of the company's monetary items at the closing rate are :

a) adjusted in the cost of Fixed Assets specifically financed by borrowing contracted up to 31st March, 2007 and to which the exchange differences relate, provided the assets are acquired from outside India.

b) recognised as income or expense in the period in which they arise, in cases other than (a) above.

g) Research & Development

a) Revenue expenditure on research and development is charged under the respective heads of account.

b) Capital expenditure on research and development is included as part of fixed assets and depreciated on the same basis as other fixed assets

h) Investments:

long term investments are valued at cost. A provision for diminution in value is made only if such decline is other than temporary.

i) Deferred Taxation:

Deferred tax is recognised, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised if there is virtual certainty that there will be sufficient future taxable income available to realise such losses.

D Impairment of Assets :

At each Balance sheet date, the company assesses whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognised in the profit & loss account to the extent the carrying amount exceeds the recoverable amount.

k) Sales:

i) Sales are net of VAT, Sales tax & sales returns.

ii) Sales include excise duty, cess and insurance charges and freight recoverable from the customers.

iii) Sales of goods is recognised on transfer of property in goods, as per agreed terms.



NOTES FORMING PART OF THE BALANCE SHEET AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

II NOTES ON ACCOUNTS:

1	Contingent liabilities not provided for:	As at 31.3.2010	As at 31.3.2009
(a)	Letter of credit outstanding	42,414,159	47,198,856
(b)	Bank Guarantees	5,102,568	4,371,393
(c)	Corporate Guarantees	52,198,000	52,198,000
(d)	Bills discounted	17,846,589	37,327,266
(e)	Disputed Demand in respect of:		
	- Income Tax*		3,396,154
	- Central Excise	3,361,887	3,361,887

*The Company had filed appeals with the Income Tax Appellate Tribunal (ITAT), Panaji-Goa in the earlier years against the assessment orders passed by the Income Tax Department raising demands of Rs.33,96,154/- During the current year the ITAT has passed the order setting aside the above assessment orders of the Income Tax Department. As consequence of this order of ITAT the Company is not liable to pay the taxes levied by the Income tax department. The Income Tax Department has however not yet passed the order giving effect to the above order of the ITAT and has also filed an appeal with the Bombay High Court at Goa challenging the above ITAT decision of setting a side of the assessment orders.

2 Licenced & Installed Capacity, Production, Stocks and Turnover

A) Particulars In Respect of Goods Manufactured (Ophthalmic Lenses)

	2009-2010 Pieces(Nos)	2008-09 Pieces (Nos)
Licenced Capacity*	NA	NA
Installed Capacity (On single shift basis)**	4,500,000	4,500,000
Actual Production during the year	3,905,433	3,412,298

	2009-2010		2008-2009	
	Qty (pcs)	Value (Rs.)	Qty (pcs)	Value (Rs.)
Opening Stock	1,209,000	66,160,748	873,558	51,037,318
Sales	4,049,881	320,612,528	3,608,143	262,838,386
Closing Stock	1,253,551	63,786,612	1,209,000	66,160,748

*Not Applicable due to the abolition of Industrial Licenses as per notification issued under the Industries Development & regulation Act 1951.

**Installed Capacity is as certified by the Managing Director and relied upon by the auditors, being a technical matter. The Company's unit at Trivim worked on double shift basis from 1st April 2009 to 31st July 2009.


NOTES FORMING PART OF THE BALANCE SHEET AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010
B) Particulars in Respect of Goods Traded (Ophthalmic Lenses)

	2009-2010		2008-2009	
	Qty (pcs)	Value (Rs.)	Qty (pcs)	Value (Rs.)
Opening Stock	-	-	-	-
Purchase	109,166	53,980,911	44,486	21,583,831
Sales	109,166	54,643,484	44,486	21,799,669
Closing Stock	-	-	-	-

C) Raw Materials Consumed

	2009-2010		2008-2009	
	Qty (pcs)	Value (Rs.)	Qty (pcs)	Value (Rs.)
Blanks	4,214,283	182,728,344	3,783,600	158,301,702

D) Value of Raw Materials Consumed:

	2009-2010		2008-2009	
	Rs.	%	Rs.	%
Imported	171,025,254	93.60	133,717,984	84.00
Indigenous	11,703,090	6.40	24,583,718	16.00
	<u>182,728,344</u>	<u>100.00</u>	<u>158,301,702</u>	<u>100.00</u>

E) Value of Stores, Spares & Consumable Tools Consumed:

	2009-2010		2008-2009	
	Rs.	%	Rs.	%
Imported	12,381,294	48.86	8,521,073	49.57
Indigenous	12,960,984	51.14	8,669,704	50.43
	<u>25,342,278</u>	<u>100</u>	<u>17,190,777</u>	<u>100</u>

F) Value of imports calculated on CIF Basis

	2009-2010	2008-2009
	Rs.	Rs.
Blanks/Lenses*	168,411,590	159,688,201
Stores, Spares and consumable Tools/Packing/other material	12,123,265	9,782,516
Capital Goods	1,383,165	603,622
	<u>181,918,020</u>	<u>170,074,339</u>
* Blanks/ Lenses includes purchases from other EOUs	16,941,785	19,231,157
* Blanks/ Lenses includes Stock in transit costing	6,538,023	23,847,907


NOTES FORMING PART OF THE BALANCE SHEET AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010
G) Expenditure in Foreign Currency on Account of

	2009-2010	2008-2009
	Rs.	Rs.
Foreign Sales Tours	207,602	347,044
Commission	356,328	677,140
	<u>563,930</u>	<u>1,024,184</u>

H) Earnings in Foreign Exchange (on accrual basis)

	2009-2010	2008-2009
	Rs.	Rs.
Export of goods (FOB Value)*	323,300,551	202,663,759
Others (freight, Insurance etc.)	7,107,940	7,274,160
Dividend received	4,467,000	4,940,000
	<u>334,875,491</u>	<u>214,877,919</u>

* Includes deemed Export made to other EOLs.

69,785,647

9,821,162

3 The Company in its accounts of the earlier year had disclosed under the head "Investments" 28,76,000 shares of Rs 10/- each in Prime Ophthalmic Products Pvt. Ltd. Subsequent to the closure of the accounts of the earlier year the Bombay High court has approved the merger of Prime Ophthalmic Products Pvt. Ltd in another company namely Prime Lenses Pvt. Ltd with effect from 01.07.2009. As a consequence of this merger the Company is entitled to receive 5,32,592 shares of Rs 10/- each in Prime Lenses Pvt. Ltd. as against 28,76,000 shares of Rs. 10/- each held earlier in Prime Ophthalmic Products Pvt. Ltd. Considering the aforesaid change in the share holding, the Company has disclosed in the accounts of current year 5,32,592 shares of Rs. 10/- each in Prime Lenses Pvt. Ltd. and Nil Shares in Prime Ophthalmic Products Pvt. Ltd.

4 a) The Company had during the earlier years invested a sum of Euros 127,822.92 (Rs. 53,99,488/-) in GKB Ophthalmics GmbH, in Germany. During the financial year 2004-05, GmbH had refunded Euros 60,000/- at cost in partial disinvestment of capital reserves i.e. export of lenses converted into equity. During the financial year 2006-07, GmbH has further refunded 24,258/- Euros at cost in partial disinvestment of Capital reserve. As on the year end, the Company holds a n investment of Euros 25,624.92 (Rs. 10,81,488/-) in GmbH.

b) The GmbH has informed the Company that although it holds the entire capital of the GmbH there is no "Subsidiary - Holding Company" relationship between the two Companies as per the German law. The latest financial statement received from the GmbH is for the year ended 31.12.2009 and GmbH has incurred a loss in Euro 902,37 compared to the loss of Euros 691,20 in the previous year ended on 31.12.2008. The financial statement of the company and GKB Ophthalmics GmbH, a company incorporated in Germany has therefore not been consolidated due to absence of subsidiary holding relationship.

c) The GmbH has also intimated to the Company that it holds in the GmbH only one share for the entire investment. No share Certificate has however been issued to the company, since as per the German Law no such certificate is required to be issued to the shareholder.

5 The Company had during the earlier year invested a sum of DHS 150,000/- (Rs. 1,830,150/-) in GKB Ophthalmic Products FZE in SAIF Zone, Sharjah, U.A.E. The GKB Ophthalmic Products FZE ("the FZE") was incorporated on 29.02.2004 in the Sharjah Airport International Free Zone, Sharjah as a Free Zone Establishment with limited liability.



NOTES FORMING PART OF THE BALANCE SHEET AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

FZE has informed the Company that although it holds the entire capital of the FZE there is no "Subsidiary - Holding Company" relationship between the two Companies as per the U.A.E law. The enterprise is licensed to import, export and Distribution of Optical Products. The latest financial statement received from the FZE is for the year ended 31.12.2009 and the FZE has earned a profit of DHS 7,86,847/- as compared to the profits of DHS 821,369/- previous period ended 31.12.2008. The financial statement of the Company and GKB Ophthalmics Products FZE, an establishment incorporated in U.A.E have therefore not been consolidated due to absence of subsidiary holding relationship.

- c) The FZE has also intimated to the Company that it holds in the Establishment only one share of DHS. 150,000/- for the entire investment.

6 Advances recoverable In cash or in kind or for value to be received include:

	as at 31.03.2010	As at 31.03.2009	Maximum Outstanding during the year	Maximum Outstanding during the previous year
	Rs.	Rs.	Rs.	Rs.
i) Amount due from a Company in which three directors of the Company were directors: Prime Ophthalmic Products Pvt. Ltd.	-	1,642,904	1,642,904	1,642,904
ii) Amount due from a Company in which three directors of the Company are directors: GKB Vision Ltd.	-	-	-	3,188,618
iii) Amount due from a Company in which two directors of the Company are directors: Prime Lenses Pvt. Ltd.	1,400,000	-	1,400,000	-
iv) Amount due from an Establishment under the same management GKB Ophthalmic Products, FZE	4,467,000	4,940,000	4,940,000	4,940,000

7 Particulars in respect of Loans and Advance in the nature of loans as required by the listing agreement

	As at 31.03.2010	As at 31.03.2009	Maximum Outstanding during the year	Maximum Outstanding during the previous year
	Rs.	Rs.	Rs.	Rs.
A) Loans and advances in the nature of loans to Associate:				
i) Prime Ophthalmic Products Pvt. Ltd.	-	1,642,904	1,642,904	1,642,904
ii) GKB Vision Limited.	-	-	-	3,188,618
B) Loans and advances in the nature of loans where repayment schedule is not specified or is beyond 7 years				
i) Prime Ophthalmic Products Pvt. Ltd.	-	1,642,904	1,642,904	1,642,904
ii) GKB Vision Limited	-	-	-	3,188,618

Note: There were no loans & Advances where interest is not charged or charged below bank rate.



NOTES FORMING PART OF THE BALANCE SHEET AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2010

8 Sundry Debtors includes:

	As at 31.03.2010	As at 31.03.2009	Maximum Outstanding during the year	Maximum Outstanding during the previous year
	Rs.	Rs.	Rs.	Rs.
i) Amount due from a Company in which two directors of the Company are directors: Prime Lenses Pvt. Ltd.	37,927,734	2,500,692	37,927,734	2,725,661
ii) Amount due from an Establishment under the same management: GKB Ophthalmic Products FZE	24,284,383	18,701,433	32,996,397	21,663,413
iii) Amount due from a Company in which three Directors of the Company are Directors: Prime Ophthalmics (P) Pvt Ltd	-	19,843,992	-	12,349,176
iv) Amount due from Directors	-	-	-	1,346,061
v) Amount due from Partnership Firm in which one Director of the Company is director: Gopal Krishna & Bros	-	-	-	768,018
vi) Amount due from a company in which one director of the company is a director: GKB Rx Lens Pvt Ltd	55,540	410,417	410,417	410,417

9 After the end of the year, the Company has sent Balance Confirmation letters to the parties showing debit/credit outstanding balances as on 31st March, 2010. Some of the parties have confirmed their balances. Necessary adjustments, if any shall be made in the accounts on the settlements of the outstanding balances of the other remaining parties.

10 Unclaimed Dividend: There is no amount due to be credited to Investors Education & Protection fund

11. Sales Returns:	2009-2010	2008-2009
Sale of goods are net of returns relating to earlier years	<u>6474</u>	<u>334,333</u>
12 Purchases are net of transfers made to Associate EOU:		
i) Raw Material	6,338,055	555,021
ii) Stores and Spares	5,454	-
	<u>6,343,509</u>	<u>555,021</u>
13 Managerial Remuneration:		
Remuneration to Managing Director		
Salaries	1,500,000	1,500,000
Contribution to Provident Fund	180,000	180,000
Estimated value of perquisites	169,200	169,200
Provision for Gratuity	72,116	282,584
	<u>1,921,316</u>	<u>2,131,784</u>

The Company has been advised that the computation of net profit for the purpose of Directors remuneration under section 349 of Companies Act, 1956 need not be enumerated since no commission by way of percentage of profits is payable for the year to any of the directors of the Company.



NOTES FORMING PART OF THE BALANCE SHEET AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	2009-10	2008-09
14 Auditors' Remuneration		
(i) For statutory audit	165,450	137,875
(ii) For tax audit	44,120	44,120
(iii) For expenses reimbursed	7,240	6,618
	<u>216,810</u>	<u>188,613</u>

15 Prior period adjustment represent:

Salaries, Wages and Bonus	(34,338)	-
Legal and Professional Fees	104,508	-
Communication Charges	(106,706)	-
Rates and Taxes	36,121	20,454
Depreciation	(20,695)	-
Interest paid	15,895	-
Travelling and Conveyance	-	127,293
	<u>(5,215)</u>	<u>147,747</u>

16 Payment of Cess

The Company has not made any provision for the Cess under provision of section 44-1A of the Company's Act, 1956 in the absence of notification regarding rate and manner of remittance.

17 Micro, Small and Medium Enterprises Development Act, 2006

Disclosure pertaining to Micro, Small and Medium Enterprises (as per information available with the company) :

Sr no	Particulars	As at 31.03.2010	As at 31.03.2009
1	Principal amount due to supplier under MSMED Act, 2006	-	30,684
2	Interest accrued, due to supplier under MSMED Act on the above amount and unpaid	-	4,237
3	Payment made to suppliers (other than interest) beyond the appointed day during the year	-	-
4	Interest paid to supplier under MSMED Act (other than section 16)	-	-
5	Interest paid to supplier under MSMED Act (Section 16)	-	-
6	Interest due and payable towards supplier under MSMED Act for payments already made	-	-
7	Interest accrued and remain unpaid at the end of the year to suppliers under MSMED Act	-	4,237

18 Disclosure of related parties/related party transactions :

The Company has identified all related parties and details of transactions are given below. No provision for doubtful debts or advances is made. Also no amounts have been written off or written back during the year in respect of debts dues from related parties.



NOTES FORMING PART OF THE BALANCE SHEET AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

i) List of Related parties :
Associate Companies/firms/parties

1. Prime Lenses Pvt. Ltd	5. GKB Rx Lens Pvt. Ltd.	9. Prime Ophthalmic Products Pvt. Ltd.
2. GKB Vision Limited.	6. Mega motion infotech Pvt. Ltd.	10. India Prime Visual Technologies Pvt. Ltd.
3. GKB Opticals Limited.	7. GKB Ophthalmics Products FZE	11. Crysta lenses Pvt. Ltd.
4. Gopal Krishna & Brothers.	8. GKB Ophthalmics GmbH	

Key Management Personnel

1. Mr. K. G. Gupta - Chairman & Managing Director

Relatives of
Key Management Personnel.

1. Mrs. Veena Gupta	5. Mr. R. K. Gupta	9. Mrs. Usha Gupta
2. Mr. Gaurav Gupta	6. Mr. B. K. Gupta	10. Mrs. Sushma Gupta
3. Mrs. Shefali Chawla	7. Mrs. Uma Gupta	11. Mr. N. K. Gupta
4. Mr. Vipul Chawla	8. Mr. K. M. Gupta	12. Dr. G. N. Agrawal
		13. Vikram Gupta

NOTE : Related party relationship is as identified by the Company and relied upon by the Auditors.

ii). Disclosure of related party transactions :

Nature of transaction /relationship :	2009-2010	2008-2009
(a) Purchase of Goods :		
Associate		
GKB Vision Ltd	26,754,664	16,344,548
GKB Ophthalmics Products FZE	19,383,057	6,290,747
GKB Opticals Ltd	1,100,078	3,869,274
GKB Rx Lenses Pvt Ltd	-	18,288
Prime Lenses Pvt. Ltd	36,671	-
(b) Sale of Goods :		
Associate		
GKB Vision Ltd	26,261,192	7,335,962
Prime Lenses Pvt Ltd	24,144,357	5,702,621
Prime Ophthalmic Products Pvt. Ltd	-	11,696,614
GKB Ophthalmics Products FZE	69,568,985	38,105,406
GKB Opticals Ltd	4,020,478	2,836,542
Gopal Krishna & Brothers	-	2,754
GKB Rx Lenses Pvt Ltd	2,904,284	1,099,361
(c) Services Provided:		
Associate		
GKB Vision Ltd	3,310,900	-
(d) Services Received:		
Associate		
GKB Vision Ltd	209,898	-
(e) Sale of Fixed Asset :		
Associate		
GKB Vision Ltd	-	603,622



NOTES FORMING PART OF THE BALANCE SHEET AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	2008-09	2007-08
(f) Purchase of Fixed Asset :		
Associate		
GKB Vision Ltd	834,328	-
Prime Lenses Pvt Ltd	886,366	-
(g) Investment in Equity Shares :		
Associate		
Indo Prime Visual Technologies Pvt Ltd	-	1,613,063
(h) Remuneration paid :		
Key Management Personnel :		
K.G.Gupta	1,921,316	2,131,784
(i) Dividend paid :		
Key Management Personnel:		
K.G.Gupta	1,085,952	723,968
Relatives of Key Management Personnel		
Veena Gupta	343,080	228,720
Gaurav Gupta	338,274	225,516
K.M.Gupta	519,660	346,440
Sheloli Chowla	174,900	116,600
B.K.Gupta	226,800	151,200
Usha Gupta	250,800	167,200
R.K.Gupta	99,000	66,000
Uma Gupta	95,820	63,880
N.K.Gupta	1,800	1,200
Vipul Chowla	1,320	880
Sushma Gupta	2,700	1,800
Dr. G.N.Agarwal	1,200	800
Vikram Gupta	391,452	260,728
(j) Rent paid :		
Relative of Key Management Personnel :		
Veena Gupta	300,000	300,000
(k) Rent Received :		
Associate		
Prime Lenses Pvt Ltd	45,000	90,000
(l) Dividend Received :		
Associate		
GKB Ophthalmics Products Fze	4,467,000	4,940,000
GKB Vision Ltd	1,588,479	1,270,783
(m) Interest Received :		
Associate		
Prime Ophthalmic Products Pvt Ltd	-	1,308,954


**NOTES FORMING PART OF THE BALANCE SHEET AND THE PROFIT AND LOSS
ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010**

	2009-10	2008-09
Prime Lenses Pvt Ltd	1,400,000	-
Key management Personnel		
K.G.Gupta	-	86,061
Relatives to Key Management Personnel		
Veena Gupta	-	3,454
iii) Amount due to / from related parties :		
1. Accounts receivable :		
Associate		
Prime Ophthalmic Products Pvt. Ltd	-	19,843,992
Prime lenses Pvt Ltd	39,327,734	2,500,692
GKB Ophthalmics Products FZE	24,402,356	17,549,403
GKB Rx Lenses Pvt Ltd	55,540	410,417
GKB Opticals Ltd	1,617,021	-
2. Accounts payable :		
Associate		
GKB Vision Ltd	718,213	3,829,216
GKB Opticals Ltd	-	803,378
3. Loans and Advances recoverable :		
Associate		
Prime Ophthalmic Products Pvt Ltd	-	1,642,904



NOTES FORMING PART OF THE BALANCE SHEET AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

19 Employee Benefits:
The company has adopted Accounting Standards 15 (Revised 2005) on Employee Benefits effective 1st April 2007.

Particulars	Gratuity (Funded) Rs. as on 31.03.2010	Gratuity (Non-Funded) Rs. as on 31.03.2010	Leave Encashment as on 31.03.2010	as on 31.03.2009
I Projected benefit obligation as on 1st April, 2009				
Service Cost	4,272,733	3,825,079	1,367,261	264,888
Interest Cost	397,098	380,962	206,666	49,201
Actuarial Losses/ (Gains)	341,819	306,006	113,250	18,151
Benefits paid	507,018	(167,081)	(152,264)	1,209,425
Projected benefit obligation as on 31st March, 2010	337,078	72,233	225,280	174,404
	5,181,590	4,272,733	1,309,633	1,367,261
II Change in Plan Asset				
Plan Asset at beginning at fair value	2,399,972	2,118,790	-	-
Expected return on Plan Assets	196,712	191,816	-	-
Actuarial Gain / (Loss)	-	-	-	-
Contributions	159,784	161,599	-	-
Benefit paid	337,078	72,233	-	-
Plan Asset at period end at fair value	2,419,390	2,399,972	-	-
III Amount recognised in the Balance Sheet :				
Projected benefit obligation at the end of the year	5,181,590	4,272,733	1,309,633	1,367,261
Fair value of the plan asset at the end of the year	2,419,390	2,399,972	-	-
Liability recognised in the balance sheet	2,762,200	1,872,761	1,309,633	1,367,261
IV Expenses recognised in the Statement of Profit & Loss Account for the year ended 31st March, 2010 :				
Current Service Cost	397,098	380,962	206,666	49,201
Interest Cost	341,819	306,006	113,250	18,151
Expected return on plan assets	196,712	191,816	-	-
Net Actuarial losses/(gains) recognised in the year	507,018	(167,081)	(152,264)	1,209,425
Expenses recognised in the profit and loss account	1,049,223	328,071	167,652	1,276,777
V Assumption :		As per LIC Mortality table (1994-96)		
Rate of Mortality	8.00%	8.00%	8.00%	8.00%
Discount Rate	8.00%	8.00%	N.A.	N.A.
Expected rate of return				


NOTES FORMING PART OF THE BALANCE SHEET AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010
20. Segment Information:
i) Primary Segments: Business Segment

The Company is primarily engaged in a single segment business of a manufacture and sale of Ophthalmic lenses and that is the only primary reportable segment. The Company's operations are solely situated in India.

ii) Secondary Segments: Geographical Segment

Both the units of the Company are 100% Export Oriented Units. The secondary segmental reporting is based on the geographical location of customers. The geographical segments have been disclosed based on revenues within India (sales to customers in India) and revenues outside India (sales to customers located outside India)

	In India		Outside India		Total	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Revenue (Rs.)						
Sales	114,833,168*	84,521,298*	260,622,844	200,116,757	375,456,012	284,638,055

The Company has common Assets for producing goods for Domestic market and Overseas market. Hence separate figures for assets / additions to Fixed Assets cannot be furnished.

* Includes deemed export Sales of Rs 6,97,85,647 /-(Previous Year Rs. 98,21,162/-) made to other EOU in India

21 Earnings per share

Basic and diluted earnings per share are calculated by dividing the net profit for the year attributable to equity shareholders by the weighted average number of equity shares. The Company does not have any outstanding dilutive potential equity shares. Consequently the basic and diluted earnings per share remain the same.

	2009-2010	2008-2009
Net Profit attributable to shareholders (Rs.)	11,860,449	14,163,450
Weighted average numbers of equity shares	4,153,580	4,153,580
Basic / diluted earnings per share of Rs. 10/- each (Rs.)	2.86	3.41

22 Deferred Tax

Deferred Tax Liability		
On account of Depreciation	[A]	12,470,860
		13,356,955
Deferred Tax Asset		
on Account of:		
Retirement benefits	2,169,381	1,862,136
Other Provisions including provision for doubtful debts	695,815	251,461
	[B]	2,865,197
		2,113,597
Net Deferred tax liability	[A-B]	9,605,664
		11,243,358



NOTES FORMING PART OF THE BALANCE SHEET AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

23 Assets acquired on Hire Purchase Arrangement:

The Gross minimum Lease payments and net minimum Lease payments payable at the Balance Sheet date is as under

	Gross Minimum Lease payments		Net Minimum Lease payments	
	2009-2010	2008-2009	2009-2010	2008-2009
For a period not later than one year	58,500	140,400	56,880	126,088
For a period later than one year but not later than Five Years	-	58,500	-	56,880
For a period later than Five years	-	-	-	-
Total	58,500	198,900	56,880	182,968
Less: Finance Charges	1,620	15,932		
Net minimum Lease payment	56,880	182,968		

24 Excise duty

The company is a 100% EOU and as per prevailing laws & guidelines it is exempted from customs & excise duties & levies. The company is however required to pay custom duty which is in the nature of excise duty payable at concessional rates on domestic sales. During the year, the company has made domestic sales of Rs 4,50,47,521/- (excluding duty) on which excise duty of Rs.21,64,211/- has been paid to excise Department.

25 The product manufactured by the company do not have warranty period, hence provision for warranty as specified in AS-29 on provision, contingent liabilities and contingent assets is not required to be made.

26 Previous years figures have been regrouped and/or rearranged wherever considered necessary to make their classification comparable with that of the current year.



NOTES FORMING PART OF THE BALANCE SHEET AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

27 Additional information as required under Part IV of Schedule VI to the Companies Act, 1956
Balance Sheet Abstract and Company's General Business Profile:

I. Registration Details:

Registration No.	L26109GA1981 PL C000469 (CIN)
Balance Sheet Date	31st March, 2010
State Code	24

II. Capital raised during the Year : (Rs. In 000')

Public issue	NIL
Bonus issue	NIL
Right issue	NIL
Private Placement	NIL

III. Position of Mobilisation and Deployment of Funds: (Rs. In 000')

Total Liabilities	403,414
Total Assets	403,414

SOURCES OF FUNDS:

Paid-up Capital	41,536
Reserves & Surplus	122,838
Secured Loans	80,813
Deferred Tax Liability	9,606

APPLICATION OF FUNDS:

Net Fixed Assets	89,808
Investment	43,096
Net Current Assets	121,889
Misc. Expenditure	-

IV. Performance of Company: (Rs. In 000')

Turnover	389,132
Total Expenditure	363,983
Profit Before Tax	25,150
Profit After Tax	11,860
Earning Per Share (Rs.)	2.86
Dividend Rate (%)	12%

V. Generic Names of three Principal Products/Services of Company (as per monetary terms)

Item Code No. (ITC)	900140000
Product Description	Ophthalmic lenses of glass & CR

The schedules referred to above along with the explanatory notes form an integral part of the Accounts.

As per our report of even date attached

For **M/s. BORKAR & MUZUMDAR**

Chartered Accountants

Firm Registration No. 101569W

(A. N. Naik)

Partner

Membership No. 30668

Panaji-Goa.

Date : 31st August, 2010

For and on behalf of the Board

K. G. GUPTA

- Chairman & Managing Director

VIKRAM GUPTA

- Director

GAURAV GUPTA

- Director

SOMNATH PRIOLKAR

- Director

ANIL PALEKAR

- Director

SADASHIV SHET

- Director

NOEL DA SILVA

- CFO & Company Secretary

Mapusa -Goa

Date : 31st August, 2010



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

	2009-10	2008-09
A. Cash flow from operating activities	25,144,327	25,754,045
Net profit before tax		
Adjustment for:		
Depreciation	9,469,958	11,545,063
Interest and finance Charges	12,502,639	15,066,248
Provision for directors /Employees Group Gratuity	961,555	449,056
Provision for leave encashment	(57,628)	1,102,373
Unrealised foreign exchange difference - net loss	766,361	708,167
Provision for doubtful debts	(430,010)	468,036
Provision for Diminution in value of investment	800,000	-
Dividend Income	(6,055,479)	[6,210,783]
Interest income	(2,038,371)	[1,849,250]
Profit on sale of fixed assets	-	[140,857]
Operating profit before working capital changes	41,063,352	46,892,098
Adjustment for:		
Decrease/(Increase) in trade and other receivables	(22,297,722)	(23,729,871)
Decrease/(Increase) in inventories	10,984,288	(28,217,866)
(Decrease)/increase in trade and other payables	(10,313,645)	35,555,254
Cash generated from operations	19,438,273	30,499,595
Less:		
Interest and finance charges paid	12,518,534	15,066,248
Direct taxes paid	1,583,521	2,244,787
Cash generated before prior period adjustment	5,336,218	13,188,560
Less: prior period adjustment	(415)	147,747
Net cash (used in) from Operating Activities (A)	5,336,633	13,040,813
B. Cash flow from investing activities		
Payments for assets acquisitions	(15,574,979)	(3,053,373)
Proceeds on sale of fixed assets	-	815,552
Purchase of long term investment	-	(1,613,063)
Advances with associate companies (net)	1,500,000	3,188,618
Interest received	1,843,401	477,363
Dividend received	6,528,479	1,270,783
Net cash (used in) from Investing Activities (B)	(5,702,499)	1,085,880
C. Cash flow from financing activities		
Proceeds from borrowings	189,946,451	3,414,153
Repayment of borrowings	(183,366,481)	(11,932,647)
Dividend (including tax on dividend) paid	(5,814,097)	(3,749,264)
Net cash (used in) from Financing Activities (C)	765,873	(12,267,758)
Net Increase/(Decrease) in Cash & Cash Equivalents (A+B+C)	400,007	1,858,935
Cash & Cash equivalents at the beginning of the year	7,997,231	6,138,296
Cash & Cash equivalents at the end of the year	8,397,238	7,997,231

- Notes:
- 1) Cash and cash equivalents includes "Cash and Bank Balances" as disclosed under Schedule F of the annual accounts.
 - 2) The aforesaid statement has been prepared under the indirect method, as set out in "Accounting Standard 3 -CashFlow Statement" issued by the Institute of Chartered Accountants of India.
 - 3) Previous years figures are regrouped/ reclassified wherever necessary.

The schedules referred to above along with the explanatory notes form an integral part of the Accounts.

As per our report of even date attached

For **M/s. BORKAR & MUZUMDAR**

Chartered Accountants

Firm Registration No.101569W

(**A. N. Naik**)

Partner

Membership No. 30668

Panaji-Goa.

Date : 31st August, 2010

For and on behalf of the Board

K. G. GUPTA

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SOMNATH PRIOLKAR

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NOEL DA SILVA

- Chairman & Managing Director

- Director

- Director

- Director

- Director

- Director

- CFO & Company Secretary

Mapusa-Goa

Date : 31st August, 2010

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IN VISION**