



**ANNUAL REPORT
2010 - 2011**



GKB Ophthalmics Ltd.

Company Awarded , The Business Today – YES Bank BEST SME Award 2010 in the category of International Trade.



From left to right : Mr. K.G.Gupta, Chairman and MD , GKB Ophthalmics Limited, Mr. Aroon Purie, Editor-in-chief , India Today Group, Mr. Kamal Nath, Hon'ble Union Cabinet Minister of Road Transport and Highways and Mr. Rana Kapoor, Founder & MD and CEO , YES Bank.

Invited by CRISIL and NSE for their Seminar on Independent Equity Research at Taj Mahal Palace & Towers



From left to right : Mr. K.G.Gupta Chairman and MD, GKB Ophthalmics Limited, Ms Chitra Ramakrishna, Joint Managing Director NSE, Ms Roopa Kudva, MD and CEO CRISIL, Mr Prashant Jain, Executive Director and CIO HDFC Asset Management Company and Prayasvinbhai Patel, MD, EIMCO Elecon (I) Ltd.



BOARD OF DIRECTORS:

K. G. Gupta Chairman & Managing Director

K. M. Gupta

Vikram Gupta

Gaurav Gupta

Somnath SinaiPriolkar

Anil Palekar

Sadashiv Shet

Joseph A. A. D'Costa w.e.f. March 31, 2011

CFO & COMPANY SECRETARY:

Noel da Silva

AUDITORS:

M/s Borkar & Muzumdar
Chartered Accountants
Panaji – Goa, 403 001

BANKERS:

State Bank of India
The Saraswat Co-op. Bank Ltd.
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

NOTICE is hereby given that the TWENTY NINTH ANNUAL GENERAL MEETING of GKB OPHTHALMICS LIMITED will be held on Thursday, December 29, 2011 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, 2011, the Profit and Loss Account for the year ended on that date, together with the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Somnath SinaiPriolkar, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Anil Palekar, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Sadashiv Shet, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint M/s Sharp & Tannan, Chartered Accountants as Auditors for the current financial year in place of retiring Auditors, M/s Borkar & Muzumdar, Chartered Accountants and to fix their remuneration.

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

“RESOLVED THAT M/s Sharp & Tannan, Chartered Accountants, Mumbai (Registration No. 109982W), be and are hereby appointed as Statutory Auditors of the Company to hold office from conclusion of this meeting till the conclusion of next Annual General Meeting and that the Board of Directors of the Company be and is hereby authorized to fix their remuneration”.

SPECIAL BUSINESS :

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

“RESOLVED that Mr. Joseph A. A. D'Costa 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”.

Registered Office :

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

December 01, 2011

By order of the Board of Directors
For **GKB Ophthalmics Limited**

Noel da Silva
CFO & Company Secretary



NOTICE

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. 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.
3. Members holding shares in physical form are requested to notify immediately any change in their addresses to the Registrars and Share Transfer Agents of the Company and to their respective Depository Participants, in case shares are held in electronic mode.
4. 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.
5. 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.
6. 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.
7. 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.



NOTICE

8. 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	Somnath SinaiPriolkar	Anil Palekar	Sadashiv Shet	Joseph A. A. D'Costa
Date of Birth	25.04.1932	15.06.1949	22.02.1951	02.11.1947
Date of Appointment on the Board	31.12.2001	26.05.2010	26.05.2010	31.03.2011
Qualifications	Arts & Law Graduate	Engineering Graduate from IIT Mumbai & PGDM	BA, B.Com., LLB & FCS.	B.Sc.
Expertise	Wide range of experience in Accounts and Finance in different departments of Government of Goa.	Wide range of experience in Corporate Management in various Companies of Government of Goa.	Company Secretarial	Vast experience in Banking field.
Directorship held in other public companies (excluding foreign and private companies)	Nil	Nil	1	Nil
Membership/ Chairmanships of committee in GKB Ophthalmics Limited.	Chairman - Audit Committee	1. Chairman - Remuneration Committee. 2. Member - Audit Committee	1. Member - Audit Committee 2. Member - Remuneration Committee	Member – Audit Committee.
Shareholding of Non-Executive Directors	1200 Shares	Nil	Nil	Nil
Relationship between directors inter-se	–	–	–	–



NOTICE

9.

GREEN INITIATIVE

The Ministry of Corporate Affairs has recently issued circulars allowing Companies to send various notices /documents including the Annual Reports to its Shareholders through electronic mode. In order to support this initiative, we request the shareholders to register their e-mail addresses in respect of shares held (1) in dematerialised mode with their respective Depository Participants and (2) in physical mode with our RTA, Sharex Dynamic (India) Pvt. Ltd., by giving details such as Registered folio number, DP ID-Client ID, full name and PAN.

Registered Office :

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

By order of the Board of Directors
For **GKB Ophthalmics Limited**

December 01, 2011

Noel da Silva
CFO & Company Secretary



ANNEXURE TO THE NOTICE

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

Item No. 6.

Pursuant to Article 130 of the Articles of Association of the Company and in terms of Section 260 of the Companies Act, 1956, Mr. Joseph A. A. D'Costa was appointed as Additional Director w.e.f. March 31, 2011, 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. Joseph A. A. D'Costa as Director of the Company. A brief resume of Mr. Joseph A. A. D'Costa 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. Joseph A. A. D'Costa 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.

Registered Office :

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

By order of the Board of Directors
For **GKB Ophthalmics Limited**

December 01, 2011

Noel da Silva
CFO & Company Secretary



DIRECTORS' REPORT

Dear Shareholders,

Your Directors are pleased to present their 29th Annual Report and the Audited Accounts of the year ended March 31, 2011.

FINANCIAL RESULTS :

Rs. in lakhs

		2010-11	2009-10
a)	Sales & Other Income	2,775.91	3,873.53
b)	Profit before Depreciation and Tax	130.33	346.14
c)	Provision for Depreciation	84.61	94.70
d)	Provision for Tax	77.75	132.89
e)	Profit after Depreciation and Tax	20.27	118.60
f)	Balance from previous years	309.48	259.19
g)	Proposed Dividend and Dividend Tax	–	58.31
h)	Transfer to Reserves	–	10.00
i)	Balance carried forward	329.75	309.48

OPERATIONS :

During the year under review, the turnover of the Company was Rs. 2,775.91 lakhs, as compared to Rs. 3,873.53 lakhs in the previous year.

The Company is in a transitory phase, wherein the main focus is changing from producing glass lenses to plastic lenses which has led to decline in turnover.

CURRENT YEAR :

The turnover of the Company, in the first 6 months is lower than the corresponding period in the previous year.

The Company has imported an entire plant from Spain in the month of January 2011, which will vastly augment the Company's capacity to manufacture plastic lenses and introduce new premium quality lenses.

The delay in commissioning of the new plant has led to the temporary decline in production capacity utilisation adversely impacting sales and profitability. The plant is expected to be fully commissioned in February 2012, with a capital expenditure of Rs. 654.00 lakhs to be funded partly through debt and internal accruals.



DIRECTORS' REPORT

DIVIDEND :

With the view to conserve the resources, your Directors regret their inability to recommend any dividend for the year 2010-11.

ASSOCIATES AND SUBSIDIARIES :

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

The Company's Wholly Owned Subsidiary (WOS) in Sharjah, UAE, a Free Trade Zone Establishment, has achieved a turnover of Dirhams 14.11 million for the year ended December 31, 2010 as compared to Dirhams 14.63 million during the previous year. The net profit is Dirhams 1.18 million as compared to Dirhams 1.15 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, in Spain.

DELISTING :

Information in accordance with Regulation 7(1)(d) of the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009.

The equity shares of the Company have been delisted from the Pune Stock Exchange Limited w.e.f. December 15, 2010 and from Ahmedabad Stock Exchange Limited w.e.f. January 18, 2011.

CORPORATE GOVERNANCE :

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

AWARDS AND RECOGNITION :

Awards won and recognition received from the financial year 2010-11 till date.

1. GKB won the prestigious Business Today – YES Bank, Best SME Award 2010, in the International Trade.
2. GKB won the CAPEXIL Award for its performance in the International Trade.
3. GKB has been accorded the status of Star Export House, by the Government of India, Ministry of Commerce and Industry, SEEPZ, Special Economic Zone, Mumbai, based on its performance in the International Trade.



DIRECTORS' REPORT

4. Both Unit I as well as Unit II are now ISO 9001:2008 certified, for the manufacture and supply of glass and plastic lenses and glass moulds.
5. Mr. K. G. Gupta, Chairman and Managing Director, has been elected as the member of Regional Governing Council 2010-2012, SEEPZ, Special Economic Zone, Mumbai.

INSURANCE :

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

FIXED DEPOSIT :

The Company has not accepted any deposits from the public during the year. No amount on account of principal or interest on public deposits was outstanding as on the date of the Balance Sheet.

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. 76.12 lakhs from financial institutions during the financial year ended March 31, 2011.

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' REPORT

DIRECTORS :

Mr. Somnath SinaiPriolkar, Mr. Anil Palekar and Mr. Sadashiv Shet will retire by rotation, pursuant to Articles of Association of the Company being eligible offer themselves for re-appointment.

Mr. Joseph A. A. D'Costa who was appointed as Additional Director holds office up to the date of this Annual General Meeting.

The Company has received a notice from a member signifying his intention to propose the appointment, of Mr. D'Costa as Director at the forthcoming Annual General Meeting.

AUDITORS :

M/s Borkar & Muzumdar, Chartered Accountants, Auditors of the Company, retire at the conclusion of the ensuing Annual General Meeting (AGM). They have now given a written notice to the effect that they do not offer themselves for re-appointment as Statutory Auditors at the ensuing AGM.

The Board of Directors of the Company recommends the appointment of M/s Sharp & Tannan, Chartered Accountants, Mumbai, as Auditors of the Company to hold office from the conclusion of this Annual General Meeting, until the conclusion of the next Annual General Meeting.

The proposed Auditors have given a written certificate, to the effect that the appointment if made, would be within the limits specified in Section 224(1B) of the Companies Act, 1956.

You are requested to appoint the Auditors in the ensuing Annual General Meeting.

AUDITORS' REPORT :

In respect of the observations made by the Auditors in their Report, the Board's response thereon is as follows:

- (i) Paragraphs 4(f) and 4(l) of Auditors' Report and 4, 5(b), 7 and 17 of the Annexure referred to in paragraph 3 of the Auditors' Report, (hereinafter referred to as the said Annexure), are self explanatory.
- (ii) With regard to paragraph 4(g) of the Auditors' Report and paragraph 2 (d) of the said Annexure, the raw material cost is Rs. 4,21,02,794 and cost of conversion/production overheads is Rs. 1,47,83,816.
- (iii) With regard to paragraph 4(h) of the Auditors' Report and paragraph 1(a) of the said Annexure, prior period adjustment in respect of depreciation to the extent of Rs. 35,82,445, as indicated in Note 17 of Schedule 'M', Notes to Accounts, has been written back as a consequence of updation of Fixed Assets Register.
- (iv) With regard to paragraph 4(i) of the Auditors' Report refer to Note 18 of Schedule 'M', Notes to Accounts.
- (v) With regard to paragraph 4(j) of the Auditors' Report, the dividend of Rs. 44,23,000 was declared on May 5, 2011. Earlier years dividend has been accounted in respective earlier years.



- (vi) With regard to paragraph 4(k) of the Auditors' Report, balance confirmations to the extent of Rs. 9,78,31,052 which represent 80% of the debtors value-wise, have been obtained. Like wise, balance confirmations to the extent of Rs. 4,38,52,194, which represent 34% of the creditors, value-wise, have been obtained.
- (vii) With regard to paragraph 9(a) of the said Annexure, interest at the prescribed rates, has been provided for till date. Efforts are being made to pay the pending dues.
- (viii) With regard to paragraph 4(m) of the Auditors' Report, refer to explanations in paragraphs (i) to (vii) above.

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, regulatory authorities, 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 : December 01, 2011

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'.

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) Sustaining quality, improvement and upgradation of production process of plastic lenses.



ANNEXURE TO DIRECTORS' REPORT

- (ii) Further research on ways and measures to reduce rejections.
 - (iii) Effluent treatment plant which was commissioned last year is working smoothly.
 - (iv) New products have been introduced.
 - (v) Mould manufacturing has been stabilised and volumes have increased.
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.
 - (iv) Reduction of cost of plastic lens production due to partial inhouse production of moulds 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).
No expenses have been incurred under the head Research & Development during the financial year.

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.
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.

Sr. No.	Technology Imported	Year of import	Status
1	Taping machine	2006-07	Absorbed
2	CEDI-LX-10 water Purifier/De-ionizer	2008-09	Absorbed
3	Taping Machine	2009-10	Absorbed
4	Polymerization Plant	2010-11	Plant not yet commissioned
5	Hard Coating Machine	2010-11	Machine not yet commissioned
6	Satis AR Coating Machine	2010-11	Machine not yet commissioned



ANNEXURE TO DIRECTORS' REPORT

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	1,584.75
Foreign exchange used	1,564.37
Net earnings	20.38

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 : December 01, 2011

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 i) Industry Structure and Development :

Glass lenses are being replaced by plastic lenses. 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.

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

As in the West, a new trend is emerging in India, wherein some individuals are buying multiple spectacles.

ii) Opportunities and Threats :

There is growing demand for prescription lenses in India and in the West.

Opportunities also lie, in manufacture of glass moulds used in the production of plastic lenses. The Company has embarked on backward integration by manufacturing glass moulds used in plastic lenses.

Rising labour costs in China, are gradually making Indian lenses competitive in the International market.

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

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 6,500 pieces per day, which is sought to be increased to 12,000



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

pieces per day, including 1,000 pieces per day of High Index 1.6 and 1,000 pieces per day of photochromic lenses in February, 2012. The total production of plastic lenses is sought to be increased to 18,000 pieces per day during the financial year 2012-13.

High Index 1.6 and photochromic plastic lenses are high value, high realisation products, which will contribute to revenue growth of the Company.

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.

Rare earth minerals are used in polishing of glass lenses. It is estimated that China has 99% of world's supply and has imposed tight quotas on its rare earth minerals.

Due to consequent shortage, the prices of rare earth minerals have increased 10 times during the last one year.

The prices of High Index 1.8 and 1.9 glass blank lenses have also increased considerably since rare earth minerals are used in their manufacture.

Continued slow down in USA and renewed threat of recession in Europe are also cause for concern.

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 an outside agency to conduct the Internal Audit work. The reports of the Internal Auditors are periodically reviewed by the Audit Committee.



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

During the year 2010-11, the Company's total income decreased from Rs. 3,873.53 lakhs to Rs. 2,775.91 lakhs as the Company is changing its focus from producing glass lenses to plastic lenses.

The Company is 100% Export Oriented Unit (EOU) and is a net foreign exchange earner.

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, 2011 was 319 out of which 145 employees are working for more than 10 years.

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

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE :

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, 2011.

1. BOARD OF DIRECTORS:

a) Composition of Board:

The Composition of the Board is in conformity with the Clause 49 of the Listing Agreement.

The Board of Directors comprises of eight members, out of which seven are Non-Executive. The Chairman of the Board is an Executive Director and half of the Board comprises of Independent Directors.

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

Name of the Director	Category	No. of Board Meetings Attended	Whether attended the last AGM
K. G. Gupta	Chairman, Managing Director, Promoter & Executive	9	Yes
K. M. Gupta	Promoter & Non-Executive	5	No
Vikram Gupta	Promoter & Non-Executive	6	Yes
Gaurav Gupta	Promoter & Non-Executive	8	Yes
Somnath SinaiPriolkar	Independent & Non-Executive	7	Yes
Clifford Viegas ¹	Independent & Non-Executive	2	N.A.
Anil Palekar ²	Independent & Non-Executive	6	Yes
Sadashiv Shet ²	Independent & Non-Executive	6	Yes
Joseph A. A. D'Costa ³	Independent & Non-Executive	1	N.A.

¹ w.e.f. May 26 and upto August 31, 2010

² w.e.f. May 26, 2010

³ w.e.f. March 31, 2011

None of the Directors hold membership or chairmanship in any other public limited company, except Mr. Sadashiv Shet, who holds a directorship.

Last AGM was held on September 30, 2010.



REPORT ON CORPORATE GOVERNANCE

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

Nine Board Meetings were held during the year under review. They were held on April 02, 2010; April 15, 2010; April 29, 2010; May 26, 2010; July 31, 2010; August 31, 2010; October 30, 2010; February 11, 2011 and March 31, 2011.

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

2. AUDIT COMMITTEE :

a) Composition :

The Composition of the Audit Committee is in compliance with Clause 49 of the Listing Agreement. The Audit Committee comprises of four Non-Executive Independent Directors and one Non Executive Promoter Director. Mr. Somnath SinaiPriolkar, is the Chairman of the Audit Committee. Mr. Clifford Viegas was the Chairman of the Committee w.e.f. May 26 and upto August 31, 2010 and Mr. Joseph A. A. D'Costa has been appointed as a member of the Committee w.e.f. March 31, 2011.

All these Directors possess knowledge of Corporate Finance, Accounts and Company Law. Mr. Noel da Silva, CFO and Company Secretary acts as the Secretary of the Committee.

The Managing Director, Internal Auditors, Statutory Auditors, Executives of Accounts and Finance Department attend the Audit Committee meetings on invitation.

b) The terms of reference include :

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.

c) Meetings and Attendance during the year :

During the financial year ended March 31, 2011, seven meetings were held on April 29,



REPORT ON CORPORATE GOVERNANCE

2010; July 31, 2010; August 28, 2010; August 31, 2010, October 30, 2010, February 11, 2011 and March 01, 2011.

The names of the members of the Committee and their attendance are as follows:

Name	No. of Meetings attended
Somnath SinaiPriolkar	6
Gaurav Gupta	7
Clifford Viegas ¹	1
Anil Palekar ²	6
Sadashiv Shet ²	5
Joseph A. A. D'Costa ³	–

¹ was Chairman of the Committee w.e.f. May 26, 2010 and upto August 31, 2010.

² w.e.f. May 26, 2010

³ w.e.f. March 31, 2011.

3. REMUNERATION COMMITTEE (Non Mandatory) :

The Remuneration Committee was constituted on May 26, 2010.

a) Terms of reference :

The Remuneration Committee has been constituted to recommend/review the remuneration of the Managing Director and Wholetime Directors, if any, based inter alia on their experience, qualifications, individual and company performance and comparable industry practices.

b) Composition :

Name of the Director	Category	Designation
Anil Palekar ¹	Independent & Non-Executive	Chairman
Somnath SinaiPriolkar ¹	Independent & Non-Executive	Member
Sadashiv Shet ¹	Independent & Non-Executive	Member

¹ w.e.f. May 26, 2010

No Remuneration Committee meeting was held during the year under review.

c) Details of remuneration paid to all the Directors :

The Non-executive Directors are paid sitting fees for attending the Board/Committee Meetings and the payment is based on the number of meetings attended by them.



REPORT ON CORPORATE GOVERNANCE

Non-Executive Directors have not been paid any other fees or compensation.

Remuneration paid to Managing Director, Sitting fees paid to Non-Executive Directors and number of equity shares held by them are as under :-

Name of the Director	Salary Rs.	Benefits Rs.	Sitting fees Rs.	Total Rs.	Number of equity shares held
K. G. Gupta	15,00,000	6,25,000	–	21,25,000	7,44,010
K. M. Gupta	–	–	30,000	30,000	4,27,893
Vikram Gupta	–	–	40,000	40,000	3,44,797
Gaurav Gupta	–	–	70,000	70,000	3,44,790
Somnath SinaiPriolkar	–	–	60,000	60,000	1,200
Clifford Viegas ¹	–	–	15,000	15,000	–
Anil Palekar ²	–	–	60,000	60,000	–
Sadashiv Shet ²	–	–	55,000	55,000	–
Joseph A. A. D'Costa ³	–	–	5,000	5,000	–

¹ w.e.f. May 26 and upto August 31, 2010

² w.e.f. May 26, 2010

³ w.e.f. March 31, 2011

4. SHAREHOLDERS/INVESTORS' GRIEVANCE COMMITTEE :

The Shareholders/Investors' Grievance Committee has been reconstituted on May 26, 2010 and comprises of two Non-Executive Directors. Mr. K. M. Gupta, a Non-Executive Director, is the Chairman and Mr. Vikram Gupta continues to be a member of the Committee.

During the year two complaints were received, which remained unresolved at the end of the year, but have since been resolved to investors' satisfaction.

During the year three meetings of the Committee were held on April 29, 2010, August 31, 2010 and October 30, 2010.

In order to expedite the process of Share Transfer, the Board has delegated the power to Mr. Noel da Silva, CFO and Company Secretary, who is also the Compliance Officer of the Company.



REPORT ON CORPORATE GOVERNANCE

5. GENERAL BODY MEETINGS:

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

Year	Venue	Date	Time
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.
2009-2010	Conference Room GKB Ophthalmics Limited 16-A, Tivim Industrial Estate Mapusa – Goa.	September 30, 2010	11.00 a.m.

No special resolution was passed in the AGM held in 2008. A special resolution for re-appointment of Mr. K. G. Gupta as Managing Director of the Company was passed in the AGM held in 2009. A special resolution for increasing the sitting fees of the Directors was passed in the AGM held in 2010.

No special resolution was passed through postal ballot during the last year and no special resolution is proposed to be passed through postal ballot during this year.

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

The details appear under Note 8 to the Notice for the Annual General Meeting.



REPORT ON CORPORATE GOVERNANCE

7. MEANS OF COMMUNICATION :

Quarterly, half yearly and annual results are normally published in the Economic Times and promptly submitted to the Stock Exchanges for display on their respective websites.

The results are also displayed in Company's website www.gkb.net, which also displays official news releases.

On July 08, 2010 a letter has been addressed to shareholders informing them that the equity shares of the Company have been listed in the Bombay Stock Exchange and requesting shareholders holding equity shares in physical mode to get them demated.

A presentation was made at the seminar on Independent Equity Research : Empowering Investors, conducted by CRISIL Research and the National Stock Exchange of India Ltd., on October 06, 2010, at the Crystal Central, Taj Mahal Palace and Towers, Mumbai, which was attended by institutional investors and analysts.

Presentations have also been made to other analysts during the year.

CRISIL Research which had released the Independent Research Report on May 11, 2010, has since released 3 updates during the financial year.

8. GENERAL SHAREHOLDER INFORMATION :

i. 29th Annual General Meeting

Date	: December 29, 2011
Time	: 11.00 a.m.
Venue	: Conference Room GKB Ophthalmics Limited 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 : September 23, 2011 to September 30, 2011 (both days inclusive)

iv. Dividend payment date : No dividend is proposed



REPORT ON CORPORATE GOVERNANCE

- v. Listing on Stock Exchanges : Bombay Stock Exchange Ltd. (BSE)
Madras Stock Exchange Ltd. (MSE)
Delhi Stock Exchange Ltd. (DSE)
Calcutta Stock Exchange Ltd. (CSE)

Annual Listing fee for the year 2011-12, has been paid to all the Exchanges

- Delisting : Pune Stock Exchange Ltd. (w.e.f. December 15, 2010)
Ahmedabad Stock Exchange Ltd. (w.e.f. January 18, 2011)

- Trading on Stock Exchange : National Stock Exchange of India Ltd. (Permitted to trade and admitted to dealings in the Capital Market Segment) in terms of agreement between NSE and MSE.

- vi. Stock Code :
BSE 533212
NSE/MSE GKB
DSE 9179
CSE 017097
ISIN NUMBER INE 256D01015

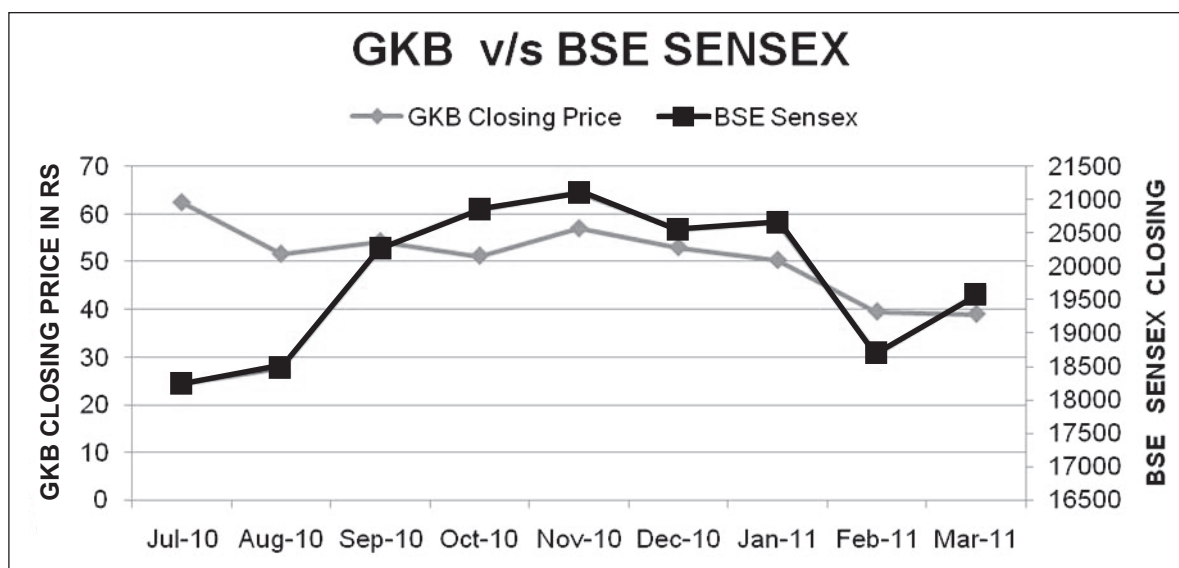
- vii. Market Price Data

Month	BSE		NSE	
	Equity Shares		Equity Shares	
	High	Low	High	Low
April, 2010	–	–	80.80	52.25
May, 2010	–	–	63.50	43.70
June, 2010	–	–	63.30	48.50
July, 2010	79.50	55.50	80.00	51.00
August, 2010	65.00	45.20	64.90	48.00
September, 2010	69.90	51.05	67.00	50.00
October, 2010	57.80	51.00	58.85	51.15
November, 2010	65.00	51.25	66.00	50.20
December, 2010	61.75	49.50	63.00	46.10
January, 2011	59.85	50.05	62.95	47.10
February, 2011	53.25	35.25	51.60	36.05
March, 2011	45.40	35.20	45.05	34.30



REPORT ON CORPORATE GOVERNANCE

The performance comparison of GKB Ophthalmics Limited's closing share prices in each month with BSE Sensex are presented as follows :



viii. Share Registrars & Transfer Agents

SHAREX DYNAMIC (INDIA) PVT. LTD.

Unit -1, Luthra Industrial Premises

Andheri – Kurla Road, Safed Pool

Andheri (E) , Mumbai – 400 072.

Phone : + 91 22 2851 5606/ 2851 5644

Fax : +91 22 2851 2885

Email : sharexindia@vsnl.com

Web : www.sharexindia.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, 2011 is as under:

Range		Shareholders		Total Amount	
Rs.	Rs.	Number	% to Total Nos	Rs.	% to Total Amount
	(1)	(2)	(3)	(4)	(5)
	Upto 5,000	987	79.79	20,30,080	4.89
	5,001 to 10,000	112	9.05	9,60,910	2.31
	10,001 to 20,000	45	3.64	6,74,820	1.62
	20,001 to 30,000	22	1.78	5,58,870	1.35
	30,001 to 40,000	10	0.81	3,58,610	0.86
	40,001 to 50,000	9	0.73	4,27,680	1.03
	50,001 to 1,00,000	22	1.78	14,69,600	3.54
	1,00,001 and above	30	2.43	3,50,55,230	84.40
	TOTAL	1237	100.00	415,35,800	100.00

xi. The categories of shareholding as on March 31, 2011 are as under:-

Sr. No.	Category	No. of Shares held	Percentage (%)
1	Indian Promoters	27,49,700	66.20
2	Banks, Financial Institutions & Insurance Companies	25,412	0.61
3	Private Corporate Bodies	2,79,764	6.74
4	Indian Public	10,88,251	26.20
5	Other (a) NRI/OCB	4,585	0.11
	(b) CLR	5,868	0.14
	TOTAL	41,53,580	100.00

xii. Dematerialization of shares and liquidity :

97% of the Company's equity shares were dematerialised and the shares are traded daily on the BSE and NSE. Also 100% of the Promoters' and Promoter Group's shareholding has been dematerialised and the Company is now compliant with Securities and Exchange Board of India (SEBI) Circular No. Cir/ISD/3/2011 dated June 17, 2011.



REPORT ON CORPORATE GOVERNANCE

xiii. Address for correspondence and Plant Locations :

Address for correspondence :

GKB Ophthalmics Limited
16-A, Tivim Industrial Estate.
Mapusa – Goa 403 526

Plant Locations :

16-A , C & D, D2-14,18 and 19
Tivim Industrial Estate
Mapusa – Goa 403 526

Phone : +91 832 2257253/ 335/ 336

Fax : + 91 832 2257044

Email : gkbgoa@bsnl.in

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, in terms of Clause 49 V of the Listing Agreement.

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 I (D) 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.

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, 2011.

FOR GKB OPHTHALMICS LTD.,

Place : Mapusa – Goa

Date : December 01, 2011

K. G. GUPTA

CHAIRMAN & MANAGING DIRECTOR



COMPLIANCE CERTIFICATE FROM PRACTICING COMPANY SECRETARY

To the Members of GKB Ophthalmics Limited

- i) 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 31st March 2011, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.
- ii) The Compliance of conditions of Corporate Governance is the responsibility of management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statement of the Company.
- iii) Based on the records and documents maintained by the Company and the information and explanations given to us in our opinion the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.
- iv) 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.

Place : Mangalore
Date : December 01, 2011

CHETHAN NAYAK
Company Secretary
C.P. No. 3140



AUDITORS' REPORT

To,

The Members,

GKB OPHTHALMICS LIMITED,

1. We have audited the attached Balance Sheet of **GKB OPHTHALMICS LIMITED**, as at 31st March 2011, 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 sub-section (3C) of Section 211 of the Companies Act, 1956 except for what is stated in the ensuing paragraphs.
 - (e) On the basis of written representations received from the directors as on 31st March 2011, and taken on record by the Board of Directors, we report that none of the directors



AUDITORS' REPORT

are disqualified as on 31st March 2011 from being appointed as a director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

- (f) The liquidity of the company has been badly affected during the year. This is evident from the cash flow statement according to which there is negative cash flow of Rs. 12,79,247/- from its operating activities as against positive cash flow of Rs. 30,30,661/- disclosed in the accounts for the previous year. In our opinion the above is mainly on account of blocking of funds of the Company in the debts due from various related parties which are disclosed in note no. 19 of the accounts. The amounts recoverable from these parties have shot up to Rs. 12.48 crores from Rs. 9.12 crores pertaining to previous year. On account of poor liquidity the company is not able to pay income/wealth tax arrears of Rs. 3.56 crores.**
- (g) In accordance with the Accounting Policy No. I(d) disclosed in Schedule (M' of the accounts for the year on valuation of inventories, the stocks of finished goods are valued by the Company at lower of cost or net realizable value. The cost represents cost of raw materials, cost of conversion and production overheads. In respect of absorption of production overheads, in the absence of any explanation on discrepancies pointed out, we are unable to ascertain the correctness of the value of closing stocks of finished goods of Rs. 5,68,86,610/- shown in the accounts of the year and also the effect of these discrepancies on the valuation and consequential effect on the profits of the Company for the year.**
- (h) The Company has not produced for our verification the fixed asset register as according to the Company the same has not yet been updated. In the absence of this register there is every possibility that the company has continued to charge the depreciation on certain fixed assets even when they have been fully depreciated. In these circumstances we are unable to ascertain the correctness of depreciation of Rs. 84,61,270/- charged and write back of depreciation of Rs. 35,82,445, included in Prior Period Adjustments, to Profit & Loss Account of the year and consequently also of the value affixed assets of Rs. 9,74,69,851/- appearing in the Balance Sheet of the Company.**
- (i) The Company in note no. 18 has stated that it assessed at the end of the year whether there is any indication that any asset may be impaired and that during this assessment it found that no asset has been impaired. We are not able to ascertain the correctness of the above statement and its consequential effect on profit as well as value of the Fixed Assets, since in our opinion it is very difficult to identify the impairment of any of the fixed assets as per the requirements of Accounting Standard (AS-28) on 'Impairment of Assets' issued by the Institute of Chartered Accountants of India without proper maintenance of fixed assets register which gives the carrying amount of individual items of fixed assets for comparing them with their recoverable amounts.**



AUDITORS' REPORT

- (i) *The Company has not accounted for dividend of Rs. 44,23,000/- declared by GKB Ophthalmic Products (FZE) whose entire share capital is held by the Company. According to note no. 7 read with note no. 5, the Company has not accounted the above dividend since there is no subsidiary-holding relationship between the two companies as per UAE law. The Company has however not produced for our scrutiny any legal opinion which states that M/s GKB Ophthalmic Product (FZE) need not be considered as subsidiary of the company for the purpose of not accounting the above dividend in its accounts of the year. Consequently profit for the year in our opinion, has been understated to that extent.*
- (k) *The Company has stated in note no. 11 that very few parties have confirmed their balances in response to balance confirmation letters sent by the company to all its creditors and debtors. In the absence of proper confirmations we are not able to ascertain the accuracy of balances of debtors and creditors shown in the accounts of the year. Consequential effect thereon on the Accounts of the Company can not be ascertained.*
- (l) *The Company has made provision of Rs. 77,75,352/-for taxation in the accounts for the year. However as per the computation of income prepared by the Company based on the profits disclosed in the year, it has been noted that the Company should have provided taxes an amount of Rs. 82,55,951/- in the accounts for the year. As a consequence, the provision for taxation for the year is understated to the extent of Rs. 4,80,599/- and profits for the year are overstated to that extent.*
- (m) *In our opinion and to the best of our information and according to the explanations given to us, in view of the effects of the matters discussed in the preceding paragraphs (g) to (l), the Accounts do not 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 2011; and*
 - (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
Registration No. 101569W

(A. N. Naik)
Partner
M. No. 030668
Place : Panaji – Goa.
Date : 24-11-2011



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 31ST MARCH, 2011

1. (a) **The company has not produced for our verification the fixed asset register as according to the company the same has not yet been updated.** We have been informed by the management that all the fixed assets have been physically verified by them at the end of the year and no material discrepancies have been noticed by them on such verification. **However in view of non production of fixed asset register for our verification we are unable to state whether there is any material discrepancy between the physical count and fixed assets record.**
 - (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.
 - (d) **In view of inadequate information received from the Company regarding valuation of stock, in particular regarding absorption of production overheads, we are unable to ascertain the accuracy of the value of closing stock of finished goods of Rs. 5,68,86,610/- disclosed in the accounts of the year.**
3. (a) According to the information and explanations given to us, the Company has not granted/taken any loans, secured or unsecured to/from parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly paragraphs 4(iii) (a),(b),(c),(d),(e),(f) & (g) are not applicable.
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 them commensurate with the size of the Company and nature of its business.**



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 31ST MARCH, 2011

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.
7. **The Company has an internal audit system but in our opinion its scope and coverage require to be further widened to make it commensurate with the size and nature of the Company's business.**
8. Maintenance of cost records, we are informed, 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, Employees State Insurance, Sales tax, Service Tax, Customs duty, Excise Duty, cess and other material statutory dues, where applicable with the appropriate authorities, except **however, during the year there were delays in depositing, with the appropriate authorities, undisputed statutory dues in respect of income tax, wealth tax, provident fund and labour welfare fund.** There are no arrears of outstanding provident fund and labour welfare fund 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) and wealth tax dues outstanding for more than six months from the date they become payable are Rs.3,55,25,327/- and Rs. 1,20,000/- respectively.**



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 31ST MARCH, 2011

- (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	Rs.16,44,687/-	Joint Commissioner / Commissioner of customs and central excise (Appeals)
2.	Central Excise Duty	Rs.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 banks to attach the assets of the Company on default by associate companies without attempting to recover in the first instance from the associate companies.



**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 31ST MARCH, 2011**

16. In our opinion and according to the information and explanations given to us on an overall basis the term loans taken by the Company 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, ***funds of Rs. 17,08,280/- raised by the Company on short-term basis, have been used for long-term investments (capital work-in-progress).***
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

Registration No. 101569W

(A. N. Naik)

Partner

M. No. 030668

Place : Panaji – Goa.

Date : 24-11-2011



BALANCE SHEET AS AT 31ST MARCH, 2011

	SCHEDULE	As at 31.03.2011		As at 31.03.2010	
		Rupees	Rupees	Rupees	Rupees
SOURCES OF FUNDS:					
SHAREHOLDERS' FUNDS					
a) Share capital	A	41,535,800		41,535,800	
b) Reserves and surplus	B	124,865,147	166,400,947	122,837,896	164,373,696
LOAN FUNDS					
Secured loans	C		99,999,923		80,813,573
DEFERRED TAX LIABILITY (Net) (refer note no. 24)			10,490,388		9,605,664
TOTAL			276,891,258		254,792,933
APPLICATION OF FUNDS:					
FIXED ASSETS	D				
a) Gross block		198,220,337		186,441,912	
b) Less: Depreciation		100,750,486		96,634,167	
c) Net block			97,469,851		89,807,745
Capital work-in-progress			39,043,933		-
INVESTMENTS	E		13,961,658		43,096,358
CURRENT ASSETS, LOANS & ADVANCES	F				
a) Interest accrued on investments		612,419		228,892	
b) Inventories		155,739,824		147,921,597	
c) Sundry debtors		121,660,714		102,517,804	
d) Cash and bank balances		13,101,205		8,397,238	
e) Loans and advances		37,416,864		11,444,022	
		328,531,026		270,509,553	
Less: CURRENT LIABILITIES & PROVISIONS	G				
a) Current liabilities		180,068,408		110,187,274	
b) Provisions		22,046,802		38,433,449	
		202,115,210		148,620,723	
NET CURRENT ASSETS			126,415,816		121,888,830
TOTAL			276,891,258		254,792,933

Significant Accounting Policies and 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

Place : Panaji-Goa

Date : 24th November, 2011

For and on behalf of the Board

K. G. GUPTA
GAURAV GUPTA
NOEL DA SILVA

Chairman & Managing Director
Director
CFO & Company Secretary

Place : Mapusa Goa

Date : 29th August, 2011



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	SCHEDULE	2010 – 2011		2009 – 2010
		Rupees	Rupees	Rupees
INCOME				
Sales				
Export		192,760,534		330,408,491
Domestic		64,377,942		47,211,732
		257,138,476		377,620,223
Less: Excise duty (refer note no. 28)		3,319,144		2,164,211
Net Sales		253,819,332		375,456,012
Other Income	H	23,771,665		11,896,928
Increase/(Decrease) in stock	I	(6,159,302)		(5,267,521)
			271,431,695	382,085,419
EXPENDITURE				
Raw material consumed	J	125,062,628		182,728,344
Lens Purchases		8,452,536		53,980,911
Manufacturing and other expenses	K	111,543,888		98,259,240
Interest and Finance charges	L	13,339,177		12,502,639
Depreciation		8,461,270		9,469,958
			266,859,499	356,941,092
PROFIT BEFORE PRIOR PERIOD ADJUSTMENTS			4,572,195	25,144,327
Prior Period Adjustments (refer note no. 17)			(5,230,407)	(5,215)
PROFIT BEFORE TAX			9,802,603	25,149,542
Provision for Taxation (refer note no. 25)			7,775,352	13,289,093
PROFIT AFTER TAX			2,027,250	11,860,449
Balance in Profit & Loss Account brought forward			30,947,627	25,918,555
PROFIT AVAILABLE FOR APPROPRIATION			32,974,878	37,779,004
APPROPRIATIONS				
Proposed dividend on Equity Shares			-	4,984,296
Additional tax on dividend			-	847,081
Transfer to general reserve			-	1,000,000
			-	6,831,377
BALANCE OF PROFIT CARRIED TO BALANCE SHEET			32,974,878	30,947,627
Earning per share (refer note no. 23)				
Basic/ Diluted EPS (Rs.)			0.49	2.86

Significant Accounting Policies and 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

Place : Panaji-Goa

Date : 24th November, 2011

For and on behalf of the Board

K. G. GUPTA
GAURAV GUPTA
NOEL DA SILVA

Chairman & Managing Director
Director
CFO & Company Secretary

Place : Mapusa Goa

Date : 29th August, 2011



SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011

	As at 31.03.2011	As at 31.03.2010
	Rupees	Rupees
SCHEDULE 'A': SHARE CAPITAL		
AUTHORISED		
7,000,000 Equity Shares of Rs.10/- each	70,000,000	70,000,000
ISSUED		
4,199,980 Equity Shares of Rs.10/- each	41,999,800	41,999,800
SUBSCRIBED AND PAID UP		
4,153,580 Equity Shares of Rs.10/- each	41,535,800	41,535,800
(Out of the above, 2,744,982 shares were allotted as fully paid up Bonus shares by way of capitalisation of General Reserve and premium on Equity shares.)		
SCHEDULE 'B': RESERVES & SURPLUS		
CAPITAL RESERVE		
Balance as per last Balance Sheet	4,328,500	4,328,500
SHARE PREMIUM ACCOUNT		
Balance as per last Balance Sheet	20,276,000	20,276,000
INVESTMENT ALLOWANCE (UTILISED) RESERVE		
Balance as per last Balance Sheet	2,229,150	2,229,150
GENERAL RESERVE		
Balance as per last Balance Sheet	65,056,619	64,056,619
Add: Transfer from Profit and Loss Account	-	1,000,000
Balance carried forward	65,056,619	65,056,619
PROFIT & LOSS ACCOUNT		
Balance carried forward	32,974,878	30,947,627
	124,865,147	122,837,896



SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011

	As at 31.03.2011		As at 31.03.2010
	Rupees	Rupees	Rupees
SCHEDULE 'C': SECURED LOANS			
a) Loans From Banks			
i) Term Loans	8,221,870		5,281,002
ii) Working Capital Loans	91,778,053		75,475,691
		99,999,923	80,756,693
b) Liability for Vehicles purchased under Hire Purchase Agreement		-	56,880
		99,999,923	80,813,573

NOTES

- 1) Term loan of Rs. NIL (Previous year Rs.7,26,000/-) secured by hypothecation of plant and machinery and personal guarantees of three directors of the company.
- 2) Term loan of Rs.26,20,797/- (Previous year Rs.42,39,699/-) secured by Mortgage of Building and personal guarantees of three directors of the company.
- 3) Term loan of Rs.30,58,799/- (Previous year Rs.3,15,303/-) is secured by hypothecation of vehicle.
- 4) Term Loan of Rs. 25,42,274/-(Previous year Rs. Nil) is secured by hypothecation of Machinery and Personal guarantees of two directors.
- 5) Term loan installment falling due within the next 12 months amount to Rs.50,20,107/- (Previous year Rs.23,82,000/-).
- 6) Working capital loan from bank is secured by hypothecation of raw materials, stock in transit, finished goods, stores and spares, book debts and other receivables, both present and future and further secured by irrevocable joint and several personal guarantees of three directors of the company.
- 7) 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, 2011

SCHEDULE 'D': FIXED ASSETS

DESCRIPTION OF ASSETS	GROSS BLOCK			DEPRECIATION					NET BLOCK	
	As on 01.04.2010 Rupees	Additions/ Adjustments Rupees	Deductions/ Adjustments Rupees	As on 31.03.2011 Rupees	Upto 01.04.2010 Rupees	Deductions Rupees	For the Year Rupees	Upto 31.03.2011 Rupees	As on 31.03.2011 Rupees	As on 31.03.2010 Rupees
LAND (Leasehold)	895,500	-	-	895,500	75,016	-	9,426	84,442	811,058	820,484
LAND (Freehold)	429,910	-	-	429,910	-	-	-	-	429,910	429,910
BUILDING	37,599,781	670,206	-	38,269,987	5,232,532	-	1,076,748	6,309,280	31,960,707	32,367,249
PLANT AND MACHINERY	126,660,254	7,783,929	1,425,361	133,018,822	79,522,929	4,053,529	5,815,221	81,284,621	51,734,201	47,137,325
FURNITURE AND FIXTURE	8,261,269	335,749	-	8,597,018	5,780,830	62,229	482,350	6,200,951	2,396,067	2,480,439
ELECTRICAL INSTALLATION	5,648,958	-	-	5,648,958	2,449,463	58,308	237,664	2,628,819	3,020,139	3,199,495
OFFICE EQUIPMENT	1,840,718	108,426	-	1,949,144	916,331	59,089	118,316	975,558	973,586	924,387
VEHICLES	5,105,522	4,598,276	292,800	9,410,998	2,657,066	111,797	721,545	3,266,814	6,144,184	2,448,456
TOTAL	186,441,912	13,496,586	1,718,161	198,220,337	96,634,167	4,344,952	8,461,270	100,750,486	97,469,851	89,807,745
Prev. Year	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	
Capital Work-in-Progress - Building										
Capital Work-in-Progress - Plant & Machinery (Imported)										
Add: Borrowing Costs										
Total Capital Work-in-progress										



SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011

	As at 31.03.2011	As at 31.03.2010								
	Rupees	Rupees								
SCHEDULE 'E': INVESTMENTS - LONG TERM TRADE (UNQUOTED)										
5,32,592 Equity Shares (Previous Year 5,32,592) of Rs.10/- each in Prime Lenses Pvt. Ltd. (refer note no. 6)	-	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 no. 4)	1,081,488	1,081,488								
1 Share of GKB Ophthalmics Products FZE, Saif Zone, Sharjah U.A.E. (refer note no. 5)	1,830,150	1,830,150								
1 Equity Share of Rs.10/- 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	1,613,060								
Less: Provision for diminution in Value of Investment	1,200,000	800,000								
		813,060								
2530 shares of Rs. 10/- each in Saraswat Co-op. Bank Ltd.	25,300	-								
	13,961,658	43,096,358								
SCHEDULE 'F': CURRENT ASSETS, LOANS AND ADVANCES										
a) INTEREST ACCRUED ON DEPOSITS	612,419	228,892								
b) INVENTORIES (Stocks as per inventories taken, valued and certified by the Managing Director)										
Stores, Spares and Consumable Tools	25,608,624	16,911,408								
Raw Materials	68,316,268	62,956,874								
Packing Materials	1,406,780	1,485,860								
Work-in-process	3,521,543	2,780,843								
Finished Goods	56,886,610	63,786,612								
	155,739,824	147,921,597								
INVENTORIES IN TRANSIT: Note: Value of Inventories in Transit included above is:										
Stores,Spares and Raw Materials	<table><tr><td>as at 31.03.2011</td><td>as at 31.03.2010</td></tr><tr><td>108,552</td><td>251,258</td></tr><tr><td>30,364,095</td><td>6,538,023</td></tr><tr><td>30,472,647</td><td>6,789,281</td></tr></table>	as at 31.03.2011	as at 31.03.2010	108,552	251,258	30,364,095	6,538,023	30,472,647	6,789,281	
as at 31.03.2011	as at 31.03.2010									
108,552	251,258									
30,364,095	6,538,023									
30,472,647	6,789,281									
c) SUNDRY DEBTORS Unsecured :										
Debts outstanding for a period exceeding six months :										
- Considered Good	67,228,603	58,993,895								
- Considered Doubtful	503,861	38,026								
Other Debts :										
- Considered Good	54,432,111	43,523,909								
	122,164,575	102,555,830								
Less: Provision for doubtful debts	503,861	38,026								
	121,660,714	102,517,804								



SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011

	As at 31.03.2011	As at 31.03.2010
	Rupees	Rupees
d) CASH & BANK BALANCES		
i) Cash in Hand	36,013	4,936
ii) Balances with Scheduled Banks		
In Current Accounts	8,181	615,787
In Margin Money Deposit Accounts *	12,997,521	7,528,755
In Unclaimed Dividend Account	59,490	247,760
	13,101,205	8,397,238

* Margin money deposit receipts for Rs.1,29,97,521/- (Previous year Rs.75,28,755/-) are pledged against bank guarantees and letters of credit.

e) LOANS & ADVANCES		
(Unsecured considered good unless otherwise stated)		
i) Advances recoverable in cash or in kind or for value to be received	36,290,183	9,015,934
ii) Advance payment of Wealth Tax	-	109,651
iii) Taxes deducted at Source	427,230	237,202
iv) Advance payment of Fringe Benefits Tax	-	155,750
v) Deposits (Include Rs.113,370/- deposits with Govt. and Semi-Govt. Bodies (Previous year Rs. 113,370/-))	355,145	351,345
vi) Balances with customs, port trust, etc.	344,306	1,574,140
	37,416,864	11,444,022
	328,531,026	270,509,553

SCHEDULE 'G': CURRENT LIABILITIES & PROVISIONS

a) CURRENT LIABILITIES		
Sundry Creditors (refer note no. 3)	129,932,738	94,012,600
Overdrawn bank balances as per books	7,797,462	3,273,887
Advances against sales	10,567,154	1,773,590
Unclaimed Dividend	59,490	247,760
Other Liabilities	31,711,564	10,879,437
	180,068,408	110,187,274
b) PROVISIONS		
Income Tax	14,420,100	25,639,638
Fringe Benefit Tax	-	350,373
Wealth Tax	241,400	229,651
Proposed Dividend	-	4,984,296
Additional Tax on Dividend	-	847,081
Retirement Benefits Employees/Directors Liability	7,385,302	6,382,410
	22,046,802	38,433,449
	202,115,210	148,620,723



SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	2010 – 2011 Rupees	2009 – 2010 Rupees
SCHEDULE 'H': OTHER INCOME		
Dividend income on long term investment (Gross)	1,588,479	6,055,479
Interest income (Gross) (Tax deducted at source Rs. 63,907/- Previous year Rs. 72,198/-)	4,408,765	2,038,371
Sundry Credit balances written back	1,128,990	447,178
Processing charges (Gross) (Tax deducted at source Rs. 2,24,907/- Previous year Rs. 66,218/-)	16,554,832	3,310,900
Rent income	-	45,000
Other Miscellaneous income	90,599	-
	23,771,665	11,896,928
SCHEDULE 'I': INCREASE/ (DECREASE) IN STOCK		
Closing Stock in trade		
Finished Goods (Inclusive of Excise duty)	56,886,610	63,786,612
Work-in-Process	3,521,543	2,780,843
	60,408,153	66,567,455
Less: Opening Stock in trade		
Finished Goods	63,786,612	66,160,748
Work-in-Process	2,780,843	5,674,228
	66,567,455	71,834,976
	(6,159,302)	(5,267,521)
SCHEDULE 'J': RAW MATERIAL CONSUMED		
Opening Balance	62,956,874	74,562,934
Add: Purchases	130,422,023	171,122,284
	193,378,896	245,685,218
Less : Closing Balance	68,316,268	62,956,874
	125,062,628	182,728,344



SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	2010 – 2011		2009 – 2010
	Rupees	Rupees	Rupees
SCHEDULE 'K': MANUFACTURING & OTHER EXPENSES			
Salaries, Wages and Bonus		35,875,831	31,047,431
Contribution to Provident and other funds		3,686,552	3,378,347
Retiring Gratuity Including Contribution to Fund		1,007,686	1,121,339
Staff welfare		937,964	660,490
Power and Fuel		7,896,486	8,530,235
Freight		7,132,654	6,921,727
Packing Material consumed		5,187,893	5,118,858
Stores, Spares and Consumable Tools		20,557,277	25,342,278
Other Manufacturing Expenses		9,098,868	5,755,415
Rent		444,000	339,000
Excise Duty		27,281	-
Rates and Taxes		815,223	163,927
Travelling and Conveyance		2,475,084	1,896,918
Printing and Stationery		554,737	399,816
Postage and Telegraph		586,027	980,465
Legal and Professional Fees		955,683	739,671
Communication Charges		724,166	605,099
Insurance Charges		748,974	839,759
Advertisement and Publicity		293,349	165,793
Auditors' Remuneration		400,150	216,810
Repairs and Maintenance			
i) Plant and Machinery	1,436,963		1,130,501
ii) Building	256,409		296,656
iii) Other Assets	1,550,027		1,426,159
		3,243,399	2,853,316
Directors Sitting Fees		335,000	47,250
Processing Charges		734,190	209,898
Commission on sales		284,108	356,328
Miscellaneous Expenses		1,689,583	1,978,297
Provision for doubtful debts (Net of written back)		465,835	(430,010)
Exchange rate fluctuation		4,503,114	(1,779,217)
Loss on sale of asset		482,774	-
Provision for Diminution in value of Investment		400,000	800,000
		111,543,888	98,259,240
SCHEDULE 'L': INTEREST & FINANCE CHARGES			
Interest on:			
- Fixed Loans	1,064,372		270,188
- Others	9,858,919		9,199,666
Less: Borrowing costs	136,620		-
		10,786,671	9,469,854
Finance Charges:			
- Bank Charges	2,550,886		3,018,473
- Hire Purchase Finance Charges	1,620		14,312
		2,552,506	3,032,785
		13,339,177	12,502,639



NOTES FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

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) Administrative & other general overhead expenses that are specifically attributable to construction or acquisition of fixed assets or bringing the fixed assets to working condition are allocated and capitalised as a part of fixed assets.
- iii) 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 and consumable 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, spares, consumable tools 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.
- iv) Finished goods at lower of weighted average cost or net realisable value, cost includes related overheads and excise duty paid/payable on such goods.

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.



NOTES FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

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 the statement of profit or loss as income or expense

Gratuity:

The 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) Borrowing Costs:

Borrowing costs that are attributable to the acquisition, construction or Production of a Qualifying asset are capitalised as part of cost of such Asset till such time as the asset is ready for its intended use or sale. A Qualifying Asset is an Asset that necessarily requires a substantial period of time to get ready for its intended use or sale. All other borrowing costs are recognised as an expense in the period in which they are incurred.

g) 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.

h) 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.

i) Investments:

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

j) 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.



NOTES FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

k) 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 and loss account to the extent the carrying amount exceeds the recoverable amount.

l) Revenue Recognition:

- i) Revenue from Sale of product is recognised on dispatch or appropriation of goods in accordance with the terms of sale and is inclusive of excise duty, cess and insurance charges and freight recoverable from the customers but net of Vat, Sales Tax and Sales returns.
- ii) Revenue from services is recognised in accordance with the specific terms of contract or performance.

II NOTES ON ACCOUNTS:

1. Contingent liabilities not provided for:

	As at 31.03.2011	As at 31.3.2010
(a) Letter of credit outstanding	76,415,440	42,414,159
(b) Bank Guarantees	5,102,568	5,102,568
(c) Corporate Guarantees	52,198,000	52,198,000
(d) Bills discounted	16,348,310	17,846,589
(e) Disputed Demand in respect of: - Central Excise	3,361,887	3,361,887

2. Licensed & Installed Capacity, Production, Stocks and Turnover

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

	2010-2011 Pieces(Nos)	2009-2010 Pieces(Nos)
Licensed Capacity *	NA	NA
Installed Capacity (On single shift basis)**	4,500,000	4,500,000
Actual Production during the year	3,140,573	3,905,433

	2010-2011		2009-2010	
	Qty (pcs)	Value (Rs.)	Qty (pcs)	Value (Rs.)
Opening Stock	1,253,551	63,786,612	1,209,000	66,160,748
Sales	3,156,712	241,860,630	4,049,881	320,812,528
Closing Stock	1,237,412	56,886,610	1,253,551	63,786,612

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

** Installed Capacity is as certified by the Managing Director and relied upon by the auditors, being a technical matter.



**NOTES FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH, 2011**

B) Particulars in Respect of Goods Traded (Ophthalmic Lenses)

	2010-2011		2009-2010	
	Qty (pcs)	Value (Rs.)	Qty (pcs)	Value (Rs.)
Opening Stock	-	-	-	-
Purchases	55,895	8,452,536	109,166	53,980,911
Sales	55,895	11,958,702	109,166	54,643,484
Closing Stock	-	-	-	-

C) Raw Materials Consumed

	2010-2011		2009-2010	
	Qty (pcs)	Value (Rs.)	Qty (pcs)	Value (Rs.)
Blanks	3,399,096	125,062,628	4,214,283	182,728,344

D) Value of Raw Materials Consumed

	2010-2011		2009-2010	
	Rs.	%	Rs.	%
Imported	115,996,340	92.75%	171,025,254	93.60%
Indigenous	9,066,288	7.25%	11,703,090	6.40%
	<u>125,062,628</u>	<u>100.00%</u>	<u>182,728,344</u>	<u>100.00%</u>

E) Value of Stores, Spares and Consumable Tools Consumed

	2010-2011		2009-2010	
	Rs.	%	Rs.	%
Imported	7,957,432	38.71%	12,381,294	48.86%
Indigenous	12,599,845	61.29%	12,960,984	51.14%
	<u>20,557,277</u>	<u>100.00%</u>	<u>25,342,278</u>	<u>100.00%</u>

F) Value of imports calculated on CIF Basis

	2010-2011	2009-2010
	Rs.	Rs.
Blanks/Lenses*	112,792,975	168,411,590
Stores, Spares and Consumable Tools/Packing/other material	8,810,593	12,123,265
Capital Goods	41,863,406	1,383,165
	<u>163,466,974</u>	<u>181,918,020</u>
* Blanks/ Lenses includes purchases from other EOUs	7,664,031	16,941,785
* Blanks/ Lenses includes Stock in transit costing	30,364,095	6,538,023



**NOTES FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH, 2011**

G) Expenditure in Foreign Currency on Account of

	2010-2011	2009-2010
	Rs.	Rs.
Foreign Sales Tours	350,105	207,602
Commission	284,108	356,328
	634,213	563,930

H) Earnings in Foreign Exchange (on accrual basis)

	2010-2011	2009-2010
	Rs.	Rs.
Export of goods (FOB Value)*	186,232,191	323,300,551
Others (Freight, Insurance etc.)	6,528,343	7,107,940
Dividend received	-	4,467,000
	192,760,534	334,875,491

*Includes deemed Export made to other EOUs.

34,285,394 69,785,647

3. 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 31.03.2011	As at 31.03.2010
1.	Principal amount due to supplier under MSMED Act, 2006	44,798	-
2.	Interest accrued, due to supplier under MSMED Act on the above amount and unpaid	7,973	-
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 remaining unpaid at the end of the year to suppliers under MSMED Act	7,973	-

4. a) The Company holds an investment of Euros 25,624.92 i.e. Rs. 10,81,488/- (Previous year Rs. 10,81,488/-) in GmbH, which had 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 31.12.2010 and GmbH has incurred a loss in Euro 620,97 compared to the Loss of Euros 902,37 in the previous year ended on 31.12.2009. 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.
- b) 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.



**NOTES FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH, 2011**

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.

The 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 31.12.2010 and the FZE has earned a profit of DHS 822,682 as compared to the profits of DHS 786,847/- previous period ended 31.12.2009. 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.

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. During the year the company sold 5,32,592 Equity shares held by it in Prime Lenses Pvt. Ltd. to GKB Vision Ltd. a company in which the 3 directors of the company are directors for a Book Value of Rs. 2,87,60,000/-.

7. Non Accounting of Dividend:

GKB Ophthalmic Products FZE, whose entire share capital is held by the company had declared dividend of Rs. 44,23,000 for the year ending 31.12. 2010 after the close of the accounting year of the company. As per the requirement of the schedule VI, the said dividend should have been recognised as income since the same is in respect of the period which was closed before the date of the Balance Sheet of the company. However the company has not recognised the said dividend as income in the accounts for the year, as the GKB Ophthalmic Products FZE has not been considered as subsidiary of the company in view of the explanation given in note no. 5.

8. Advances recoverable in cash or in kind or for value to be received include:

	As at 31.03.2011	As at 31.03.2010	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.	2,687,424	14,00,000	26,87,424	30,42,904
ii) Amount due from a company in which director is interested: Lensco- The Lens Company	9,50,000	-	9,50,000	-
iii) Amount due from a Company in which three directors of the Company are directors. GKB Vision Ltd.	2,77,10,000	-	2,77,10,000	-
iv) Amount due from a Company in which two directors of the Company are directors. Indo Prime Visual Technologies Pvt. Ltd.	7,02,178	4,05,898	7,02,178	4,05,898
v) Amount due from an Establishment under the same management: GKB Ophthalmic Products, FZE	-	44,67,000	44,67,000	49,40,000



**NOTES FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH, 2011**

9. Particulars in respect of Loans and Advances in the nature of loans as required by the listing agreement.

	As at 31.03.2011	As at 31.03.2010	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 lenses Pvt. Ltd	-	-	-	16,42,904
B) Loans and advances in the nature of loans where repayment schedule is not specified or is beyond 7 years				
i) Prime lenses Pvt. Ltd	-	-	-	16,42,904

NOTE : There were no Loans and Advances where interest is not charged or charged below bank rate.

10. Sundry Debtors includes:

	As at 31.03.2011	As at 31.03.2010	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.	57,114,130	37,927,734	57,114,130	37,927,734
ii) Amount due from an Establishment under the same management: GKB Ophthalmic Products, FZE	12,755,131	24,284,383	24,284,383	32,996,397
iii) Amount due from a company in which one director of the company was a director in the immediate preceeding year GKB Rx Lens Pvt. Ltd.	-	55,540	279,485	410,417
iv) Amount due from a company in which one director of the company is a director Lensco - The Lens Company	21,797,904	21,769,447	21,797,904	28,484,218
v) Amount due from a company in which one director of the company is a director GKB Optical Ltd.	2,337,196	1,617,021	4,993,186	2,847,657

11. 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, 2011. Very few parties have confirmed their balances. Necessary adjustments, if any shall be made in the accounts on the settlements of the outstanding balances of the remaining parties.

12. Unclaimed Dividend: There is no amount due to be credited to Investors Education & Protection Fund.

13. Sales Returns:

Sale of goods are net of returns relating to earlier years

2010-2011	2009-2010
2,364,352	6474



**NOTES FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH, 2011**

14. Purchases are net of Transfers made to Associate EOU:	2010-2011	2009-2010
i) Raw Materials	3,693,744	6,338,055
ii) Stores and Spares	-	5,454
	3,693,744	6,343,509

15. Managerial Remuneration:	2010-2011	2009-2010
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	72,115	72,116
	1,921,315	1,921,316

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.

16. Auditors' Remuneration	2010-2011	2009-2010
i) For Statutory audit	287,500	165,450
ii) For Tax audit	50,000	44,120
iii) For Expenses reimbursed	12,500	7,240
iv) For Other matters	50,150	-
	400,150	216,810

17. Prior period adjustment represents:	2010-2011	2009-2010
Salaries, Wages and Bonus	-	(34,338)
Legal and Professional Fees	-	104,508
Communication Charges	-	(106,706)
Rates and Taxes	70,897	36,121
Depreciation	(3,582,445)	(20,695)
Interest paid	2,524	15,895
Freight	15,776	-
Purchases	(1,737,159)	-
	(5,230,407)	(5,215)

18. Impairment of Assets:
In accordance with Accounting Policy No. I-k, the Company assessed at the end of the year, whether there is any indication that any asset may be impaired. During this assessment, the Company found that no Asset has been impaired, hence no impairment loss is recognised in the accounts of the year.

19. 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 due from related parties.



**NOTES FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH, 2011**

i) List of Related Parties :

Associate Companies/firms/parties:	1. Prime Lenses Pvt. Ltd.	7. GKB Ophthalmics Products FZE
	2. GKB Vision Limited	8. GKB Ophthalmics GmbH
	3. GKB Optical Limited	9. Indo Prime Visual Technologies Pvt. Ltd.
	4. Gopal Krishna & Brothers	10. Crysta Lenses Pvt. Ltd.
	5. GKB Rx Lens Pvt. Ltd.	11. Lensco - The Lens Company
	6. Mega Motion Infotech Pvt. Ltd.	

Key Management Personnel: 1. Mr. K. G. Gupta - Chairman & Managing Director

Relatives of Key Management Personnel:	1. Mrs. Veena Gupta	7. Mr. B. K. Gupta
	2. Mr. Gaurav Gupta	8. Mrs. Uma Gupta
	3. Mr. Vikram Gupta	9. Mr. K. M. Gupta
	4. Mrs. Shefali Chawla	10. Mrs. Usha Gupta
	5. Mr. Vipul Chawla	11. Mrs. Sushma Gupta
	6. Mr. R. K. Gupta	12. Mr. N. K. 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 :	2010-2011	2009-2010
(a) Purchase of Goods :		
Associate		
GKB Vision Ltd.	36,491,413	26,754,664
GKB Ophthalmics Products FZE	15,312,392	19,383,057
GKB Optical Ltd.	-	1,100,078
Prime Lenses Pvt. Ltd.	1,815,613	36,671
(b) Sale of Goods :		
Associate		
GKB Vision Ltd.	16,237,126	26,261,192
Prime Lenses Pvt. Ltd.	52,291,818	24,144,357
GKB Ophthalmics Products FZE	35,804,953	69,568,985
GKB Optical Ltd.	3,948,478	4,020,478
GKB Rx Lenses Pvt. Ltd.	-	2,904,284
Lensco - The Lens Co.	14,611,394	-
(c) Services Provided:		
Associate		
GKB Vision Ltd.	16,554,832	3,310,900
Indo Prime Visual Technologies Pvt. Ltd.	331,280	405,898
(d) Services Received:		
Associate		
GKB Vision Ltd.	734,190	209,898
(e) Sale of Investment		
Associate		
GKB Vision Ltd.	28,760,000	-
(f) Purchase of Fixed Asset :		
Associate		
GKB Vision Ltd.	-	834,328
Prime Lenses Pvt. Ltd.	-	886,366



**NOTES FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH, 2011**

(g) Remuneration paid :	2010-2011	2009-2010
<i>Key Management Personnel :</i>		
K. G. Gupta	1,921,316	1,921,316
(h) Dividend paid :		
<i>Key Management Personnel :</i>		
K. G. Gupta	892,812	1,085,952
<i>Relatives of Key Management Personnel :</i>		
Veena Gupta	413,748	343,080
Vikram Gupta	413,756	391,452
Guarav Gupta	1,320	338,274
K. M. Gupta	1,800	519,660
Shefali Chawla	343,080	174,900
B. K. Gupta	513,472	226,800
Usha Gupta	2,700	250,800
R. K. Gupta	226,800	99,000
Uma Gupta	250,800	95,820
N. K. Gupta	1,800	1,800
Vipul Chawla	96,000	1,320
Sushma Gupta	205,206	2,700
Dr. G. N. Agarwal	-	1,200
(i) Rent paid :		
<i>Relative of Key Management Personnel :</i>		
Veena Gupta	300,000	300,000
(j) Rent Received :		
Associate		
Prime Lenses Pvt. Ltd.	-	45,000
(k) Dividend Received :		
Associate		
GKB Ophthalmics Products FZE	-	4,467,000
GKB Vision Ltd.	1,588,479	1,588,479
(l) Interest Received :		
Associate		
Prime Lenses Pvt. Ltd.	2,687,424	1,400,000
Lensco - The Lens Company	950,000	-
iii) Amount due to / from related parties :		
1. <i>Accounts receivable :</i>		
Associate		
Prime Lenses Pvt. Ltd.	59,801,554	39,327,734
GKB Ophthalmics Products FZE	12,755,131	28,751,383
GKB Rx Lenses Pvt. Ltd.	-	55,540
GKB Opticals Ltd.	2,337,196	1,617,021
Lensco - The Lens Co.	22,747,904	21,769,447
GKB Vision Ltd.	27,710,000	-
Indo Prime Visual Technologies Pvt. Ltd.	702,178	405,898
2. <i>Accounts payable :</i>		
Associate		
GKB Vision Ltd.	1,260,992	718,213



NOTES FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

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

Particulars	Gratuity (Funded) Rs.		Gratuity (Non-Funded) Rs.		Leave Encashment Rs.	
	as on 31.03.2011	as on 31.03.2010	as on 31.03.2011	as on 31.03.2010	as on 31.03.2011	as on 31.03.2010
I. Projected benefit obligation as on 1st April, 2010	5,181,590	4,272,733	2,310,577	2,238,461	1,309,633	1,367,261
Service Cost	436,336	397,098	-	-	239,020	206,666
Interest Cost	414,527	341,819	-	-	120,895	113,250
Actuarial Losses/ (Gains)	299,427	507,018	72,115	72,116	(135,572)	(152,264)
Benefits paid	293,387	337,078	-	-	74,936	225,280
Projected benefit obligation as on 31st March, 2011	6,038,493	5,181,590	2,382,692	2,310,577	1,459,040	1,309,633
II. Change in Plan Asset						
Plan Asset at beginning at fair value	2,419,390	2,399,972	-	-	-	-
Expected return on Plan Assets	214,719	196,712	-	-	-	-
Actuarial Gain / (Loss)	-	-	-	-	-	-
Contributions	154,201	159,784	-	-	-	-
Benefit paid	293,387	337,078	-	-	-	-
Plan Asset at period end at fair value	2,494,923	2,419,390	-	-	-	-
III. Amount recognised in the Balance Sheet :						
Projected benefit obligation at the end of the year	6,038,493	5,181,590	2,382,692	2,310,577	1,459,040	1,309,633
Fair value of the plan asset at the end of the year	2,494,923	2,419,390	-	-	-	-
IV. Liability recognised in the balance sheet						
Expenses recognised in the Statement of Profit and Loss Account for the year ended 31st March, 2011 :	3,543,570	2,762,200	2,382,692	2,310,577	1,459,040	1,309,633
Current Service Cost	436,336	397,098	-	-	239,020	206,666
Interest Cost	414,527	341,819	-	-	120,895	113,250
Expected return on plan assets	214,719	196,712	-	-	-	-
Net Actuarial Losses/(gains) recognised in the year	299,427	507,018	72,115	72,116	(135,572)	(152,264)
Expenses recognised in the profit and loss account	935,571	1,049,223	72,115	72,116	224,343	167,652
V. Assumption :		As per LIC Mortality rate (1994-96)				
Rate of Mortality	8.00%	8.00%	8.25%	8.00%	8.25%	8.00%
Discount Rate	8.00%	8.00%	N.A.	N.A.	N.A.	N.A.
Expected rate of return						



**NOTES FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH, 2011**

21. Segment Information:

i) Primary Segments: Business Segment

The Company is primarily engaged in a single segment business of a manufacture and sale of Ophthalmics 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	
	2010-2011	2009-2010	2010-2011	2009-2010	2010-2011	2009-2010
Revenue:						
Sales	95,344,192*	11,48,33,168	158,475,140	26,06,22,844	253,819,332	37,54,56,012

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. 3,42,85,394/- (Previous Year Rs.6,97,85,647/-) made to other EOU in India.

22. Disclosure in respect of Joint Venture

a) List of Joint Venture

Sr. No.	Name of Joint Venture	Description of interest/ (description of job)	Proportion of ownership	Country of residence
1	Indo Prime Visual Technologies Pvt. Ltd.	Integrated Joint Venture (Sale of Indo equipment in India)	50	India

b) Financial interest in jointly controlled entity

Sr. No.	Name of Integrated Joint Venture/ Jointly controlled entity	Company's Share				
		As at March 31st, 2011		For the Year 2010-11		
		Assets	Liabilities	Income	Expenses	Tax
1	Indo Prime Visual Technologies Pvt. Ltd.	31,00,927	29,21,638	7,76,733	11,25,347	-
		25,32,997*	20,05,093*	7,23,087*	12,02,644*	-

Figures * relates to Previous year.

23. 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.

	2010-2011	2009-2010
Net Profit attributable to shareholders (Rs.)	2,027,250	11,860,449
Weighted average numbers of equity shares	4,153,580	4,153,580
Basic / diluted earnings per share of Rs. 10/- each (Rs.)	0.49	2.86



**NOTES FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH, 2011**

24. Deferred Tax

		2010-2011	2009-2010
Deferred Tax Liability			
- On account of Depreciation	[A]	13,678,072	12,470,860
Deferred Tax Asset			
- On Account of:			
Retirement Benefits		2,510,264	2,169,381
Other Provisions including provision for doubtful debts		677,420	695,815
	[B]	3,187,684	2,865,197
Net Deferred tax liability	[A-B]	10,490,388	9,605,664

25. Provision for taxation comprises of the following:

- Provision for Wealth Tax Rs. 1,21,400/- (Previous year Rs. 1,21,651/-).
- Rs. 51,19,096/- being provision for Current Income Tax (Previous Year Rs. 1,10,00,000/-) and Rs.15,20,100/- being provision for Income Tax in respect of earlier years (Previous Year Rs. 36,58,243/-).
- Provision for Fringe Benefit Tax Rs. 1,30,032/- in respect of earlier years (Previous Year Rs. 1,46,893/-).
- Provision for Deferred tax Rs.8,84,724/- (Previous Year Rs. -16,37,694/-).

26. Payment of Cess

The Company has not made any provision for the Cess under provision of Section 441A of the Company's Act, 1956 in the absence of notification regarding rate and manner of remittance.

27. 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	
	2010-2011	2009-2010	2010-2011	2009-2010
1. For a period not later than one year	-	58,500	-	56,880
2. For a period later than one year but not later than Five Years	-	-	-	-
3. For a period Later than Five years	-	-	-	-
Total	-	58,500	-	56,880
Less: Finance Charges	-	1,620	-	-
Net minimum Lease Payments	-	56,880	-	-

28. Excise duty

The company which is the 100% EOU is exempted from payment of excise duty on the Export Sales, however the company was liable to pay custom duty which was in the nature of excise duty till 28th Feb. 2011, after this date the company is liable to pay both the excise duty as well as the custom duty which is in the nature of excise duty. During the year, the company has made domestic sales of Rs. 6,10,58,798/- (excluding duty) (Previous Year Rs. 4,50,47,521/-) on which the following duties of above nature are paid to Excise Department.

Particulars	2010-11	2009-10
Custom Duty (in the nature of excise duty)	3,149,508	2,164,211
Excise Duty	169,636	Nil
	33,19,144	2,164,211

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

30. 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 PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

31. 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, 2011
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 479,006
Total Assets 479,006

SOURCES OF FUNDS:

Paid-up Capital 41,536
Reserves and Surplus 124,865
Secured Loans 100,000
Deferred Tax Liability 10,491

APPLICATION OF FUNDS:

Net Fixed Assets 97,470
Capital Work-in-Progress 39,044
Investment 13,962
Net Current Assets 126,416
Misc. expenditure -

IV. Performance of Company:

(Rs. in 000')
Turnover 277,591
Total Expenditure 267,788
Profit Before Tax 9,803
Profit After Tax 2,027
Earning Per Share (Rs.) 0.49
Dividend Rate (%) -

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

Item Code No. (ITC) 9001.4090 & 9001.5000
Product Description Ophthalmic lenses of Glass & CR

Signatures to Schedules A to M

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

Place : Panaji-Goa.

Date : 24th November, 2011

For and on behalf of the Board

K. G. GUPTA

GAURAV GUPTA

NOEL DA SILVA

Chairman & Managing Director

Director

CFO & Company Secretary

Place : Mapusa Goa

Date : 29th August, 2011



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH , 2011

	2010-2011 Rupees	2009-2010 Rupees
A. Cash flow from operating activities		
Net profit before tax	4,572,195	25,144,327
Adjustment for:		
Depreciation	8,461,270	9,469,958
Interest and finance charges	13,339,177	12,502,639
Provision for directors/Employee Group Gratuity	853,485	961,555
Provision for leave encashment	149,407	(57,628)
Unrealised foreign exchange difference- loss	6,898,897	766,361
Provision for Doubtful Debts	465,835	(430,010)
Provision for Diminution in value of investment	400,000	800,000
Loss on Sale of Assets	482,774	-
Dividend Income	(1,588,479)	(6,055,479)
Interest income	(4,408,765)	(2,038,371)
Creditors written back	(1,128,990)	-
Operating profit before working capital changes	28,496,807	41,063,352
Adjustment for:		
Decrease/(Increase) in trade and other receivables	(22,496,901)	(22,297,722)
Decrease/(Increase) in inventories	(7,818,227)	10,986,288
(Decrease)/Increase in trade and other payables	12,519,104	(12,619,617)
Cash generated from operations	10,700,782	17,132,301
Less:		
Interest and finance charges paid	13,341,701	12,518,534
Direct taxes paid	288,814	1,583,521
Cash generated before prior period adjustment	(2,929,733)	3,030,246
Less: prior period adjustment	1,650,486	(415)
Net cash (Used in) from operating activities	(A) (1,279,247)	3,030,661
B. Cash flow from investing activities		
Payments for assets acquisitions	(16,524,362)	(13,268,407)
Proceeds on sale of fixed assets	472,880	-
Sale of long term investment	1,050,000	-
Purchase of long term investment	(25,300)	-
Advances with associate companies (net)	-	1,500,000
Interest received	1,787,815	1,843,401
Dividend received	6,055,479	6,528,479
Net cash (Used in) from investing activities	(B) (7,183,488)	(3,396,527)
C. Cash flow from financing activities		
Proceeds from borrowings	150,348,268	189,946,451
Repayment of borrowings	(131,161,919)	(183,366,481)
Dividend (including tax on dividend) paid	(6,019,647)	(5,814,097)
Net cash (Used in) from financing activities	(C) 13,166,702	765,873
Net Increase/(Decrease) in Cash & Cash Equivalents (A+B+C)	4,703,967	400,007
Cash & Cash equivalents at the beginning of the year	8,397,238	7,997,231
Cash & Cash equivalents at the end of the year	13,101,205	8,397,238

- 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 - Cash Flow Statement" issued by the Institute of Chartered Accountants of India.
3) Previous years figures are regrouped/ Reclassified wherever necessary.

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
Place : Panaji-Goa.
Date : 24th November, 2011

For and on behalf of the Board

K. G. GUPTA
GAURAV GUPTA
NOEL DA SILVA

Chairman & Managing Director
Director
CFO & Company Secretary

Place : Mapusa Goa
Date : 29th August, 2011



GKB Ophthalmics Limited

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

ATTENDANCE SLIP

Please complete this Attendance Slip and hand it over at the entrance of the Meeting Hall. Joint Shareholders may obtain Additional Attendance Slip on request.

Name & Address of the Shareholder(s)

.....
.....

I hereby record my presence at the 29th ANNUAL GENERAL MEETING of the Company being held at the Registered Office of the Company, on Thursday, December 29, 2011 at 11.00 a.m.

Folio No. :

DP/ Client ID No.(s) :

No. of Shares held :

Signature of Member/Proxy

(To be signed at the time of handing over this slip)

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GKB Ophthalmics Limited

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

PROXY FORM

I/We in the district of..... being by Member/ Members of GKB OPHTHALMICS LIMITED, hereby appoint of in the district of..... for failing him of in the district as my/our proxy to attend and vote for me/us and on my/our behalf at the 29th ANNUAL GENERAL METTING of the Company to be held on Thursday, December 29, 2011 and any adjournment thereof.

As witness my hand this & day of 2011.

Signed by the said

Folio No. :

DP/ Client ID No.(s) :

No. of Shares held :

Signature : _____

Affix a
Rupee 1/-
Revenue
Stamp

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

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GKB celebrates **50 Glorious Years...** Co-founder releases book on the magnificent journey

Fifty years of undeterred vision, resilient pursuits and commendable success – and, what comes forth is a story worth recounting. One that speaks of undaunted will and faith, but more importantly, of a foresight that exuded the utmost ambition.

In the photograph standing from left to right are Mrs. Usha Gupta, Mrs. Veena Gupta, Mr. Vishnu Goyal, General Sunit Rodrigues, Mr. K.G. Gupta, Mr. R. K. Gupta and Mr. K.M. Gupta



For GKB Ophthalmics Ltd., one of India's front-running ophthalmic companies; the journey from one accomplishment to another has been noteworthy – it not only testifies to a fusion of intellectual acumen and innovative conceptualisation – but in addition, to a continuous series of obstacles dealt with, challenges overcome and uncertainties won over. And for GKB Co-Founder, Chairman and Managing Director, Mr. K.G. Gupta,

the journey symbolises a purpose fulfilled. Having forayed into a field about which India had little known skill at the time GKB found initiation, Mr. Gupta stood persistently grounded in his aspiration of bringing to the masses, quality vision care and vision correction products. From a small family-run firm to now, a leading ophthalmic lenses and eye-care product company – GKB Ophthalmics, under the futuristic leadership of Mr. K.G. Gupta, proudly claims to

