

Annual Report 2013-14



GKB Ophthalmics Ltd.



BOARD OF DIRECTORS:

K. G. Gupta Chairman & Managing Director
K. M. Gupta
Vikram Gupta
Gaurav Gupta
Anil Palekar
Sadashiv Shet
Joseph A.A. D'Costa
Christopher Hickman

CFO & COMPANY SECRETARY:

Noel da Silva

AUDITORS:

M/s Sharp & Tannan
Chartered Accountants
Mumbai

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.

CIN : L26109GA1981PLC000469
Tel No. : (0832) 2257253/6714444
Fax No. : (0832) 2257044
Email : investor.grievance@gkb.net
Website : www.gkb.net

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NOTICE

NOTICE is hereby given that the THIRTY SECOND ANNUAL GENERAL MEETING of GKB OPHTHALMICS LIMITED will be held on Saturday, September 06, 2014 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(a). To consider and adopt the Audited Financial Statements of the Company for the financial year ended March 31, 2014 together with the Reports of the Directors and Auditors thereon.
- 1(b). To consider and adopt the Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2014.
2. To appoint a Director in place of Mr. K. M. Gupta, (DIN 00512135) who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Vikram Gupta, (DIN 00052019) who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Gaurav Gupta, (DIN 00051974) who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint the Auditors to hold office from the conclusion of this Annual General Meeting, until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS :

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

“ RESOLVED THAT in supersession of the Ordinary Resolution adopted at the 28th Annual General Meeting of the Company held on September 30, 2010 and pursuant to the provisions of Section 180 (1) (c) and (2) and any other applicable provisions of the Companies Act 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) the consent of the Company is hereby accorded to the Board of Directors to borrow from time to time, in Indian or Foreign currency, all such sum(s) of money as the Directors may deem requisite for the purpose of the business of the Company, notwithstanding that the money(s) to be borrowed together with the money(s) already borrowed by the Company, apart from temporary loans obtained from the Company's bankers in the ordinary course of business, will exceed the aggregate of the paid-up Share Capital and free reserves of the Company, provided that the total amount to be borrowed by the Board of Directors shall



not exceed the sum of Rs. 150.00 crores (Rupees one hundred and fifty crores only) at any one time.”

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

“ RESOLVED THAT in supersession of the Ordinary Resolution adopted at the 28th Annual General Meeting of the Company held on September 30, 2010 and pursuant to the provisions of section 180 (1) (a) and all other provisions, if any, of the Companies Act 2013, and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) the consent of the Company be and is hereby accorded to the Board of Directors of the Company to create mortgages or charges on all or any part of immovable or movable properties of the Company, wheresoever situated, both present and future, and whole or part of the undertakings of the Company of any nature and kind whatsoever and/or creating a floating charge in all or any Immovable properties of the Company together with the powers to takeover the management of the business and concern of the Company, in certain events, to or in favour of banks, financial institutions and any other lenders to secure the amount borrowed/to be borrowed by the Company from time to time for the due payment of the principal monies together with the interest and other financial charges payable by the Company in respect of such borrowings, so that the total outstanding amount at any time so secured shall not exceed Rs.150.00 crores (Rupees one hundred and fifty crores only).

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

Registered Office :

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

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

Place : Mapusa-Goa

Date : May 30, 2014

Noel da Silva
CFO & Company Secretary

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 person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company. Proxies submitted on behalf of the Companies, etc. must be supported by appropriate resolution/letter of authority, as applicable. A proxy form is sent herewith.



A Proxy form, duly completed and stamped must reach the Registered Office of the Company not less than 48 hours before the time of holding the aforesaid meeting.

2. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, the August 28, 2014 to Saturday, the September 06, 2014 (both days inclusive), for the purpose of the Annual General Meeting of the Company.
3. 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.
4. 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.
5. The Explanatory Statement pursuant to Section 102 of the Companies Act 2013, relating to the Special Business to be transacted at the meeting is annexed herewith.
6. Electronic copy of the Annual Report 2013-14 is being sent to all members whose e-mail IDs are registered with the Depository Participants for communication purposes, unless any member has requested for a physical copy of the same. For members who have not registered their e-mail address, physical copies are being sent in the permitted mode and the Annual Report 2013-14, is also available on Company's website www.gkb.net
7. Members desirous of asking any questions at the Annual General Meeting (AGM) are requested to send in their questions so as to reach the Company at least 7 days before the AGM so that the same can be suitably replied.
8. 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 corresponding to Section 124 and 125 of the Companies Act, 2013. Further, no claim by the shareholders shall lie for the unclaimed dividend transferred by the Company to IEPF.



9. Re-appointment of the Directors :

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

Name of the Director	K. M. Gupta	Vikram Gupta	Gaurav Gupta
Date of Birth	27.12.1941	27.09.1968	26.03.1972
Date of Appointment on the Board	10.12.1981	24.07.1996	03.07.1999
Qualifications	B.Com	Engineering Graduate from IIT Mumbai.	Master in Computer Engineering from Iowa State University, USA.
Expertise	In the line of Ophthalmic Lenses	In the line of Ophthalmics Lenses	In the line of Ophthalmic Lenses
Directorship held in other public companies (excluding foreign and private companies)	Nil	Nil	Nil
Membership/Chairmanships of committee in GKB Ophthalmics Limited.	Chairman-Shareholders/ Investors' Grievance Committee	Member - Shareholders/ Investors' Grievance Committee	Member – Audit Committee
Shareholding of Non-Executive Directors	3,53,207 Shares	3,58,061 Shares	3,57,966 Shares
Relationship between directors inter - se	1. Related to K. G. Gupta Managing Director 2. Related to Vikram Gupta Non Executive Director 3. Related to Mr. Gaurav Gupta Non Executive Director	1. Related to K. G. Gupta Managing Director 2. Related to K.M. Gupta Non Executive Director 3. Related to Mr. Gaurav Gupta Non Executive Director	1. Related to K. G. Gupta Managing Director 2. Related to K.M. Gupta Non Executive Director 3. Related to Mr. Vikram Gupta Non Executive Director



10. Instructions for voting by electronic means (e-voting)

In compliance with the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules 2014, the Company is providing facility to its members to exercise their vote at the Annual General Meeting through e-voting.

Necessary arrangements have been made by the Company with Central Depository (India) Limited (CDSL) for this purpose.

The instructions for members for voting electronically are as under:-

In case of members receiving e-mail:

- (i) Log on to the e-voting website www.evotingindia.com
- (ii) Click on “Shareholders” tab.
- (iii) Now, select “**GKB OPHTHALMICS LIMITED**” from the drop down menu and click on “SUBMIT”
- (iv) Now Enter your User ID
 - a) For CDSL: 16 digits beneficiary ID,
 - b) For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c) Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.



(vii) If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN*	<p>Enter your 10 digit alpha - numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none">• Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the last 8 digits of the demat account/folio number in the PAN field.• In case the folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with folio number 100 then enter RA00000100 in the PAN field.
DOB#	<p>Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format .</p>
Dividend Bank Details #	<p>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.</p> <p>★ Please enter DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company, please enter the number of shares held by you as on the cut off date in the Dividend Bank details field.</p>

(viii) After entering these details appropriately, click on “SUBMIT” tab.

(ix) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(xi) Click on the EVSN of **GKB OPHTHALMICS LIMITED** .



- (xii) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
 - (xiii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
 - (xiv) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
 - (xv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
 - (xvi) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
 - (xvii) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates.
 - They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com.
 - After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

In case of members receiving the physical copy:

Please follow all steps from sl. no. (i) to sl. no. (xvii) above to cast vote.

- a) The voting period begins on 01.09.2014 at 10.00A.M. and ends on 02.09.2014 at 5.30 P.M. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of



01.08.2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

- b) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.co.in under help section or write an email to helpdesk.evoting@cdslindia.com.
 - c) The voting rights of members shall be in proportion to their shares of the paid-up equity share capital of the Company as on the cut-off-date (record date) of August 01, 2014.
 - d) Since the Company is required to provide members the facility to cast their vote by electronic means, shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off-date and not casting their vote electronically, may cast their vote at the AGM venue.
 - e) The scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two witnesses not in the employment of the Company and make a scrutinizer's report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
 - f) The results shall be declared after the AGM of the Company. The results declared along with the scrutinizer's report shall be placed on the Company's website www.gkb.net and on the website of CDSL within two (2) days of passing of the resolutions at the AGM of the Company and communicated to BSE Limited and other Exchanges where the Company is listed.
 - g) A member can opt for only one mode of voting i.e either through e-voting or voting at the AGM. If a member casts votes by both modes, then voting done through e-voting shall prevail and the voting at AGM shall be treated as invalid.
 - h) The Board of Directors has appointed Mr. Shivaram Bhat, Practising Company Secretary, failing him, Mrs. Shubhangi Baichwal, Practising Company Secretary as a Scrutinizer to scrutinize e-voting process in a fair and transparent manner.
11. 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, between 11.00 A.M. to 5.00 P.M., upto the date of the Annual General Meeting.

Registered Office :

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

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

Place: Mapusa-Goa
Date : May 30, 2014

Noel da Silva
CFO & Company Secretary



Explanatory Statement pursuant to Section 102 of the Companies Act, 2013.

Item No. 6

The members of the Company at their 28th Annual General Meeting held on September 30, 2010, by way of an ordinary resolution, under Section 293(1)(d) of the Companies Act, 1956, had approved borrowings by the Board of Directors, over and above the aggregate of the paid-up Share Capital of the Company and its free reserves, provided that the total amount of such borrowings, together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's Bankers in ordinary course of business) at any point of time, shall not exceed Rs. 150 crores (Rupees one hundred and fifty crores only).

However, in terms of Section 180 (1) (c) of the Companies Act 2013, such borrowings requires the consent of the members of the Company by way of a Special Resolution.

Accordingly, it is proposed to pass a Special Resolution authorising the Board of Directors to borrow money in excess of paid up Share Capital and its free reserves, not exceeding Rs. 150 crores (Rupees One hundred and fifty crores only) .

The Directors recommend the passing of resolution as a Special Resolution.

None of the Directors, Key Managerial Personnel or their relatives are in any way concerned or interested, financially or otherwise in this resolution.

Item No. 7.

The members of the Company at their 28th Annual General Meeting held on September 30, 2010, by way of an ordinary resolution, under Section 293(1)(a) of the Companies Act, 1956, had authorised the Board of Directors to create mortgages and/or charges on all or any of the moveable and immovable properties of the Company in favour of banks, financial institution and any other lenders upto an aggregate amount of Rs. 150 crores (Rupees one hundred and fifty crores only)

Section 180(1) (a) of the Companies Act, 2013, requires that the Board of Directors, shall not create mortgages and or charges on its movable or immovable properties, except with the consent of the members by way of a Special Resolution.

The Directors recommend the passing of resolution as a Special Resolution.

None of the Directors, Key Managerial Personnel or their relatives are in any way concerned or interested, financially or otherwise in this resolution.

Registered Office :

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

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

Place: Mapusa-Goa
Date : May 30, 2014

Noel da Silva
CFO & Company Secretary



DIRECTORS' REPORT

Dear Shareholders,

Your Directors are pleased to present their 32nd Annual Report and the Audited Accounts of the year ended March 31, 2014.

FINANCIAL RESULTS :

		Rs. in lakhs	
		2013-14	2012-13
a)	Sales & Other Income	3,218.90	3,346.01
b)	Profit before Depreciation and Tax	374.28	72.13
c)	Provision for Depreciation	117.81	115.02
d)	Provision for Tax	211.07	(13.00)
e)	Exceptional Items	37.69	88.68
f)	Profit after Depreciation and Tax	83.08	(118.77)
g)	Balance from previous years	381.98	500.75
h)	Balance carried forward	465.06	381.98

OPERATIONS:

During the year under review, the turnover of the Company was slightly less to the tune of Rs. 3,218.90 lakhs compared to Rs. 3,346.01 lakhs in the previous financial year. However, there was a net profit of Rs. 83.08 lakhs, during the year under review compared to a net loss of Rs. 118.77 lakhs during the previous financial year, mainly due to improved efficiency in operations.

CURRENT YEAR :

The Company's Unit I, manufactures glass lenses. As expected, sales of glass lenses has been declining. In order to compensate the loss of business of glass, production of plastic lenses has been increased. Unit II manufactures all types of plastic lenses both semi-finished and finished.

Unit II, presently manufactures 11,000 pieces per day, which is sought to be increased 20,000 pieces per day, during the current financial year.

DIVIDEND:

With the view to conserve the resources, your Directors regret their inability to recommend any dividend for the year 2013-14.



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.

Another Associate Company, Prime Lenses Private Limited has shown improved results.

The Company's Wholly Owned Subsidiary (WOS) in Sharjah, UAE, a Free Trade Zone Establishment, has achieved a turnover of Dirhams 8.62 million for the year ended December 31, 2013 as compared to Dirhams 9.61 million during the previous year. The net profit is Dirhams 1.22 million as compared to Dirhams 0.79 million during the previous year and has declared a dividend which entails an outflow of Dirhams 0.37 million.

It is proposed to wind up GKB Ophthalmics GmbH, a WOS in Germany as the subsidiary has not been doing any business for several years.

The Ministry of Corporate Affairs, vide circular No. 2 /2011 dated February 08, 2011, has granted a general exemption to Companies, under Section 212(8) of the Companies Act, 1956, from attaching individual annual accounts of its subsidiaries with their annual reports, subject to fulfillment of certain conditions.

Accordingly, the Board of Directors of the Company has passed a resolution giving consent to the Board for not attaching the balance sheet of its two Subsidiaries. A statement under Section 212 of the Companies Act, 1956, giving details of the subsidiaries is attached.

The Company will make the said annual accounts of its subsidiaries available to the members upon a written request. The audited annual accounts of the Subsidiaries is available at the Registered Office of the Company for inspection.

However, in accordance with Accounting Standards 21, issued by the Institute of Chartered Accountants of India, the Consolidated Accounts of the Company and its subsidiaries have been prepared and form part of this Annual Report.

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 .

SOCIAL RESPONSIBILITY :

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

All our units have effluent treatment plants for recycling of waste water.

A Women's Empowerment Cell has been constituted to deal with sexual harassment at workplace.

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

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



INSURANCE :

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

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 not availed any additional loans from financial institutions during the financial year ended March 31, 2014

CREDIT RATING :

CRISIL has reaffirmed "CRISIL D" ratings for long - term as well as short-term Bank facilities

RELATED PARTY TRANSACTIONS :

Note 31 to the Financial Statements sets out the nature of transactions with the related parties. All such transactions are carried out at arm's length. Disclosures of such transactions are made to the Audit Committee.

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;
- 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 safe guarding the assets of the Company and for preventing fraud and other irregularities ; and
- d) that they have prepared the Annual Accounts on a going concern basis.



DIRECTORS :

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

AUDITORS :

The term of M/s Sharp & Tannan, Chartered Accountants, Mumbai, (Firm Registration No. 109982W) as Statutory Auditors, expires at the conclusion of this Annual General Meeting and are eligible for re-appointment. The Auditors have given a certificate that the reappointment, if made, will be within the prescribed limits specified under Section 139 of the Companies Act, 2013.

AUDITORS' REPORT:

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

- i) With regard to paragraph (v) (b) of the Annexure referred to in paragraph 1 of the Auditors' Report, (hereinafter referred to as the "said Annexure"), comparable open market prices are not available.
- ii) Paragraph (ix) (a) and (b) and (xv) of the said Annexure are self explanatory.
- iii) With regards to paragraph (xi) over dues to Banks will be regularised within the next three months.

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 : May 30, 2014

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) Special analysis methods are used to improve performance of utilities like compressors, chillers, etc.
- (b) Additional investments and proposals being implemented for reduction of consumption of energy are :
 - (i) Use of Turbo Ventilators.
 - (ii) Automatic timer for street lights.
 - (iii) Installation of APFC (automatic power factor controller) panels in power circuits. Thus improving its power factor and enabling to claim rebate in energy bills.
 - (iv) 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.
 - (ii) Further research on ways and measures to reduce rejections.
2. Benefit derived as a result of above R & D :
 - (i) Import substitution at a low cost.
 - (ii) Increase in productivity.



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 head R & D 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 and import substitution.

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

Sr. No.	Technology Imported	Year of import	Status
1	Taping Machine	2009-10	Absorbed
2	Polymerization Plant	2010-11	Absorbed
3	Hard Coating Machine	2010-11	Machine not yet commissioned
4	Satis AR Coating Machine	2010-11	Machine not yet commissioned
5	Chillers	2012-13	Absorbed
6	Lens Pad Printing Machine	2013-14	Absorbed

C. FOREIGN EXCHANGE EARNINGS AND OUTGO.

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

The Company has Wholly Owned Subsidiary (WOS) in Sharjah 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	1,653.48
Foreign exchange used	643.94
Net earnings	1,009.64

Detailed information on foreign exchange earning and outgo is given in Notes 36, 43 and 44 to the financial statements.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Place : Mapusa – Goa
Date : May 30, 2014

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 fast replaced by plastic lenses worldwide and the demand for glass lenses is going down in India and other developing countries.

A large section of the population, requires Vision Correction and it is not readily available to them.

ii) **Opportunities and Threats:**

There is growing demand for lenses all over the world particularly in developing countries. The Company has embarked on backward integration by utilizing its skill in producing glass moulds which are extensively used in the manufacture of plastic lenses.

With the increase in awareness, education and medical services, there is a huge scope for increase in demand.

There are no threats, but healthy competition with China.

iii) **Segment - wise or Product - wise Performance :**

The Company deals with, manufacture of glass and plastic lenses both semi-finished and finished forms.

iv) **Outlook :**

Presently, Unit II manufactures 11,000 pieces per day of plastic lenses. This is sought to be increased to 20,000 pieces per day during the current financial year.

v) **Risks and Concerns:**

The entire raw material for glass as well as plastic lenses is imported from Europe and China, which is subjected to foreign exchange fluctuations.

Since the Company depends mainly on exports, the economic situation in exporting countries is liable to affect the performance of the Company.



vi) Internal Control Systems and its Adequacy:

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

The Company has been accredited with ISO 9001:2008 and follows the prescribed parameters.

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

As expected, there has been decrease in sales of glass lens, and increase in sales of plastic lens. Sales of plastic lenses have increased to Rs. 1,613.41 lakhs during the year under review, compared to Rs. 1,376.70 lakhs during the previous financial year. The exports were to the tune of Rs. 633.22 lakhs, during the year under review compared to Rs. 461.00 lakhs during the previous financial year. This trend is expected to continue.

Sales of glass lenses have decreased to Rs. 1,512.30 lakhs during the year under review, compared to Rs. 1,835.69 lakhs during the previous financial year and the exports of glass lenses were to the tune of Rs. 1,389.40 lakhs during the year under review compared to Rs. 1,729.81 lakhs during the previous financial year.

The Company is a 100% Export Oriented Unit (EOU) and has earned net foreign exchange of Rs. 1,009.54 lakhs during the financial year 2013-14.

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, 2014 was 341 out of which 174 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 transaction 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, 2014.

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	4	Yes
K. M. Gupta	Promoter & Non Executive	1	No
Vikram Gupta	Promoter & Non Executive	0	No
Gaurav Gupta	Promoter & Non Executive	3	Yes
Anil Palekar	Independent & Non Executive	3	No
Sadashiv Shet	Independent & Non Executive	4	Yes
Joseph A. A. D'Costa	Independent & Non Executive	4	Yes
Christopher Hickman	Independent & Non Executive	4	Yes

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

Last AGM was held on August 31, 2013.

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

Four Board Meetings were held during the year under review. They were held on May 28, 2013; August 13, 2013; November 14, 2013 and February 08, 2014 .

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. Sadashiv Shet is the Chairman of the Audit Committee.

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. Reviewing, with the management, the annual financial statements before submission to the board for approval.
4. Reviewing, with the management, the quarterly financial statements before submission to the board for approval.

c) Meetings and Attendance during the year.

Four meetings were held on May 28, 2013; August 13, 2013; November 14, 2013 and February 08, 2014.

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

Name	Category	No. of Meetings attended
Sadashiv Shet	Independent & Non-Executive	4
Gaurav Gupta	Promoter & Non-Executive	3
Anil Palekar	Independent & Non-Executive	3
Joseph A. A. D'Costa	Independent & Non-Executive	4
Christopher Hickman	Independent & Non-Executive	4

3. NOMINATION AND REMUNERATION COMMITTEE (Hitherto known as the Remuneration Committee)

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	Independent & Non-Executive	Chairman
Sadashiv Shet	Independent & Non-Executive	Member
Joseph A. A. D'Costa	Independent & Non-Executive	Member

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. 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	4,21,200	--	19,21,200	7,76,225
K. M. Gupta	--	--	10,000	10,000	3,53,207
Vikram Gupta	--	--	5,000	5,000	3,72,505
Gaurav Gupta	--	--	30,000	30,000	3,57,966
Anil Palekar	--	--	30,000	30,000	--
Sadashiv Shet	--	--	40,000	40,000	--
Joseph A. A. D'Costa	--	--	40,000	40,000	--
Christopher Hickman	--	--	35,000	35,000	--

4. STAKEHOLDERS' GRIEVANCE COMMITTEE. (Hitherto known as Shareholders/ Investors' Grievance Committee)

The Stakeholders' Grievance Committee comprises of two Non Executive Directors. Mr. K. M. Gupta is the Chairman and Mr. Vikram Gupta is a member of the Committee.

During the year two complaints were received and all were resolved to investors' satisfaction.

During the year two meetings of the Committee were held on June 20, 2013 and February 08, 2014.

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



5. GENERAL BODY MEETINGS

The last three Annual General Meetings of the Company were held at the Conference Room, GKB Ophthalmics Limited, 16-A, Tivim Industrial Estate, Mapusa, Goa, as under :-

Financial Year	Date & Time	Special resolution passed
2010-2011	December 29, 2011 11.00 A.M.	None
2011-2012	August 13, 2012 11.00 A.M.	Re-appointment of Mr. K. G. Gupta as Managing Director
2012-2013	August 31, 2013 11.00 A.M.	None

No special resolution has been passed through postal ballot during the last year. At present the Company has not proposed any special resolution to be passed by postal ballot.

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 relationships 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) All Independent Directors have confirmed, that they meet with the criteria of 'Independence' as stipulated in Sub Section 6 and 7 of Section 149 of the Companies Act, 2013.
- (v) Disclosures regarding re-appointment of Directors.
The details appear under Note 9 to the Notice for the Annual General Meeting.

7. WHISTLE BLOWER POLICY

The Audit committee has decided to set up a vigil mechanism for Directors and employees and the same was approved by the Board of Directors at their meeting held on May 30, 2014. It provides for a formal mechanism to report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct, without fear of reprisal. It also provides for direct access to various Authorities including the Chairman of the Audit Committee. This mechanism has been disclosed on company's website.

**8. MEANS OF COMMUNICATION**

Quarterly, half yearly and annual results are normally published in the Economic Times and The Mint 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.

9. GENERAL SHAREHOLDER INFORMATION

i.	32nd Annual General Meeting		
	Date	:	September 06, 2014
	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	:	August 28, 2014 to September 06, 2014 (both days inclusive)
iv.	Dividend payment date	:	No dividend is proposed
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 2014-15, has been paid to all the Exchanges
	Trading on Stock Exchange	:	National Stock Exchange of India Ltd. (NSE) (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 265 D01015

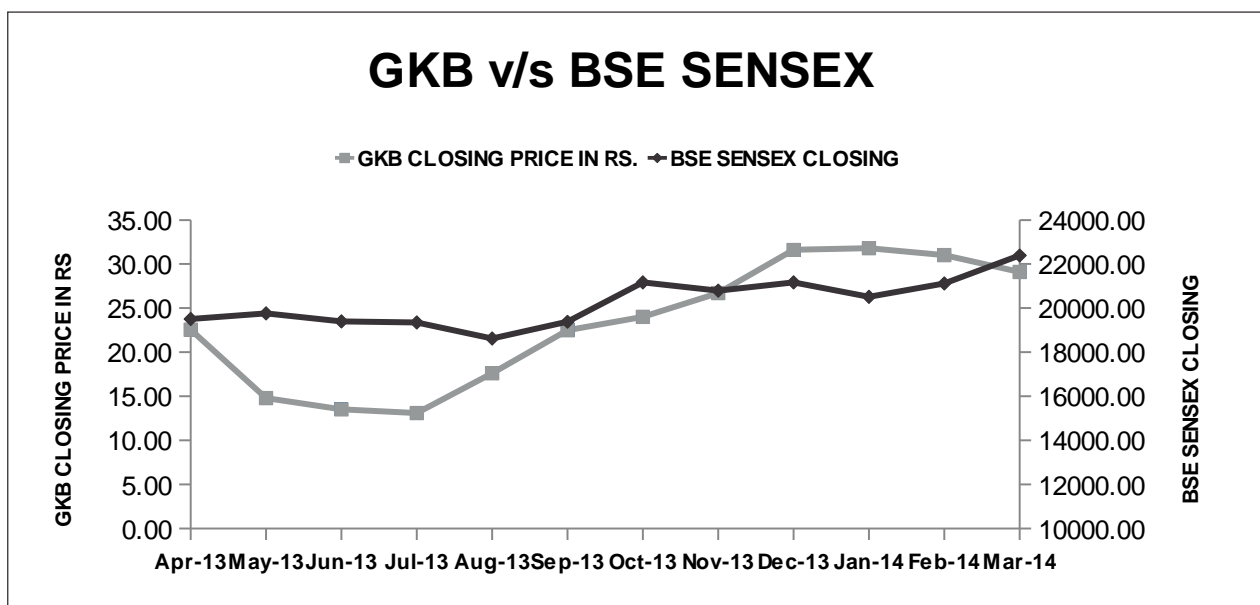


vii. Market Price Data

In Rs.

Month	BSE		NSE	
	Equity Shares		Equity Shares	
	High	Low	High	Low
April, 2013	22.55	18.20	21.70	15.20
May, 2013	24.80	14.80	16.90	14.25
June, 2013	14.60	13.50	16.90	16.90
July, 2013	13.50	12.25	17.70	16.85
August, 2013	17.60	13.10	18.00	16.85
September, 2013	23.00	18.45	18.00	15.00
October, 2013	24.00	21.60	17.30	16.50
November, 2013	27.70	25.00	18.15	17.30
December, 2013	32.00	26.70	29.45	18.15
January, 2014	33.00	31.00	29.45	29.45
February, 2014	31.80	29.25	29.45	29.45
March, 2014	31.00	27.65	32.20	27.75

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.

x. Distribution of Shareholding

The distribution of shareholding as on March 31, 2014 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	968	80.73	18,30,960.00	4.41
5,001	to 10,000	105	8.76	8,85,380.00	2.13
10,001	to 20,000	51	4.25	7,32,120.00	1.76
20,001	to 30,000	15	1.25	3,77,100.00	0.91
30,001	to 40,000	10	0.83	3,47,920.00	0.84
40,001	to 50,000	7	0.58	3,29,080.00	0.79
50,001	to 1,00,000	15	1.25	10,60,540.00	2.55
1,00,001	and above	28	2.34	359,72,700.00	86.61
Total		1199	100.00	415,35,800.00	100.00

xi. The categories of shareholding as on March 31, 2014 are as under:-

Sr. No.	Category	No of Shares held.	Percentage (%)
1	Indian Promoters	28,08,144	67.61
2	Banks, Financial Institutions & Insurance Companies	25,412	0.61
3	Private Corporate Bodies	1,77,173	4.27
4	Indian Public	11,35,429	27.33
5	Others (a) NRI/OCB	7,222	0.17
	(b) CLR	200	0.01
	TOTAL	41,53,580	100.00



xii. Dematerialization of shares and liquidity :-

97.52% of the Company's equity shares were dematerialised and the shares are traded on the BSE and NSE.

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 – Unit I
D2-14, 18 & 19 – Unit II
Tivim Industrial Estate
Mapusa – Goa 403526

Phone : +91 832 2257253/6714444

Fax : + 91 832 2257044

Email : gkbophthalmics@gkb.net

10. 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.

11. 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, 2014

FOR GKB OPHTHALMICS LTD.,

Place : Mapusa – Goa.

Date : May 30, 2014

K. G. GUPTA

CHAIRMAN & MANAGING DIRECTOR



COMPLIANCE CERTIFICATE FROM PRACTICING COMPANY SECRETARY

TO THE MEMBERS OF GKB OPHTHALMICS LIMITED

I have examined the compliance of conditions of Corporate Governance by **GKB OPHTHALMICS LIMITED**, 16-A, Tivim Industrial Estate, Mapusa, Goa - 403526, for the year ended 31st March 2014, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The Compliance of conditions of Corporate Governance is the responsibility of management. My examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

Based on the records and documents maintained, information provided by the Company and according to the explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

I state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Investor Grievance Committee.

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

Date : May 30, 2014

Place : Corlim, Goa

CS GIRIJA NAGVEKAR
Practising Company Secretary
C.P. No. 10335



INDEPENDENT AUDITOR'S REPORT To the Members of GKB Ophthalmics Limited

Report on the Financial Statements

We have audited the accompanying financial statements of **GKB Ophthalmics Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, and to the best of our information and according to the explanations given to us, the said financial statements give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2014;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 and as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the 'Order') issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. As required by Section 227(3) of the Companies Act, 1956 we report that:
 - (a) We have obtained all information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our 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 those books;



- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account; and
- (d) in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards notified under the Act read with the General Circular 15/2013 dated 13th September, 2013, of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013; and
- (e) On the basis of the written representations received from the directors of the Company as on 31st March, 2014 and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31st March, 2014 from being appointed as a director in terms of Section 274(1)(g) of the Act.

SHARP & TANNAN

Chartered Accountants

Firm Registration No.: 109982W

By the hand of

Edwin P. Augustine

Partner

(Membership No. 43385)

Place : Mumbai, Maharashtra

Date : 30th May, 2014



ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in Paragraph 1 under the heading of "Report on Legal and Regulatory Requirements" of our report of even date)

- (i) (a) The Company is maintaining proper records to show full particulars, including quantitative details and situation of all fixed assets.

(b) As per explanation given to us, these fixed assets have been physically verified by the management, in accordance with a phased programme of verification, which in our opinion, is reasonable, considering the size of the Company and nature of its assets. The frequency of physical verification is reasonable and no material discrepancies were noticed on such verification.

(c) The Company has not disposed off any substantial part of its fixed assets so as to affect its going concern status.
- (ii) (a) As explained to us, the inventories have been physically verified by the management at reasonable intervals during the year. In our opinion, the frequency of such verification is reasonable.

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

(c) The Company is maintaining proper records of inventory. The discrepancies between the physical stocks and the book stocks, which were not material, have been properly dealt with in the books of accounts.
- (iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Accordingly clauses 4(iii)(b) to 4(iii)(d) of the Order are not applicable to the Company.

(b) According to the information and explanations given to us, the Company has not taken any loans, secured or unsecured, from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Accordingly clauses 4(iii)(f) and 4(iii)(g) of the Order are not applicable to the Company.
- (iv) In our opinion, and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the internal control system.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been so entered.

(b) *We are unable to comment whether the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year, have been made at prices which are reasonable having regards to the prevailing market prices at the relevant time given the specialized nature of items and their quality/condition.*



- (vi) During the year, the Company has neither accepted nor renewed any deposits from the public under the provisions of section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and hence the directives issued by the Reserve Bank of India and the rules framed there under, do not apply to the Company. According to the information and explanations given to us, no order has been passed by the Company Law Board, or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal on the Company.
- (vii) In our opinion, the Company has an adequate internal audit system commensurate with the size and the nature of its business.
- (viii) Based on the certificate issued by the Cost Accountant of the Company, we report that the prescribed accounts and records have been made and maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956. However, the contents of these accounts and records have not been examined by us.
- (ix) (a) According to the information and explanations given to us and on the basis of our examination of the books of accounts, the Company has been generally regular in depositing undisputed statutory dues relating to investor education and protection fund, custom duty and other statutory dues, as applicable, with the appropriate authorities. However, there have been delays in depositing statutory dues relating to provident fund, employees state insurance, income-tax, sales tax, excise duty, service tax, wealth tax and value added tax with the appropriate authorities.
- (b) According to the information and explanations given to us, undisputed statutory dues of income tax and wealth tax amounting to Rs.588.86 lakhs and Rs. 6.18 lakhs respectively were in arrears and were outstanding as at 31st March, 2014 for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, the dues of sales tax and excise duty which have not been deposited on account of disputes and the forum where the dispute is pending are as under:

Name of the statute	Financial year	Nature of dues	Disputed Amount (in Rs. lakhs)	Forum where the dispute is pending
The Central Excise Act, 1944	2005-06	Duty, interest and penalty	17.17	Central Excise and Service Tax Appellate Tribunal (CESTAT)
	2006-07	Duty, interest and penalty	16.45	Joint Commissioner / Commissioner of Customs and Central Excise (Appeals)
The Central Sales Tax Act, 1956	2008-09	Sales tax, interest and penalty	111.71	Additional Commissioner of Commercial Tax, Panaji
			145.33	



- (x) The Company has no accumulated losses as at 31st March, 2014, and it has not incurred cash losses in the financial year ended on that date and in the immediately preceding financial year.
- (xi) The Company has not issued any debentures. There was no default on repayment of loans obtained from financial institutions. However, the Company has defaulted in repayment of dues to banks (including interest) during the year as follows:

Sr. No.	Period of default	Amount (in Rs. Lakhs)
1.	April 2013 to March 2014	99.84
2.	Overdue as on March 31, 2014	19.02

- (xii) In our opinion, the provisions of clause 4 (xii) of the Order are not presently applicable to the Company, since the Company has not granted any loans and / or advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The Company is not a Chit Fund, Nidhi / Mutual Benefit Fund / Society and hence the provisions of clause 4 (xiii) of the Order are not presently applicable to the Company.
- (xiv) According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments and hence the provisions of clause 4 (xiv) of the Order are not presently applicable to the Company.
- (xv) According to the information provided to us and explanations given to us, the Company has given guarantees amounting to Rs. 3,061.08 lakhs to banks for loans taken by associate companies. *However, we are unable to comment 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.*
- (xvi) In our opinion and according to the information and explanations given to us, on an overall basis the term loans have been applied for the purposes for which they were obtained.
- (xvii) According to the information and explanations given to us, and on overall examination of the balance sheet of the Company, we are of the opinion that no funds raised on short-term basis have been used for long-term investments.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies to be covered in the register maintained under Section 301 of the Companies Act, 1956. Hence in our opinion, the provision of clause 4 (xviii) of the Order is not presently applicable to the Company.
- (xix) During the financial year, the Company has not issued any debentures. Hence in our opinion, the provision of clause 4 (xix) of the Order is not presently applicable to the Company.
- (xx) The Company has not raised any money by public issues during the year. Accordingly the provision of clause 4 (xx) of the Order is not presently applicable to the Company.



- (xxi) During the course of our examination of the books of account and records of the Company carried out in accordance with the generally accepted auditing practices in India, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

SHARP & TANNAN

Chartered Accountants

Firm Registration No.: 109982W

By the hand of

Place : Mumbai, Maharashtra
Date : 30th May, 2014

Edwin P. Augustine
Partner

(Membership No. 43385)



BALANCE SHEET AS AT 31ST MARCH, 2014

Particulars	Note No.	As at 31.03.2014 Rs.	As at 31.03.2013 Rs.
I EQUITY & LIABILITIES			
1 Shareholder's funds			
(a) Share Capital	1	41,535,800	41,535,800
(b) Reserves and Surplus	2	138,396,073	130,087,928
Total Shareholders Funds		179,931,873	171,623,728
2 Share application money pending allotment		-	-
3 Non-current Liabilities			
(a) Long term borrowings	3	15,220,520	24,509,529
(b) Deferred Tax Liabilities (net)	4	9,287,770	6,910,863
(c) Other Long term liabilities		-	-
(d) Long Term Provisions	5	3,791,176	4,019,972
Total Non Current Liabilities		28,299,466	35,440,364
4 Current Liabilities			
(a) Short term borrowings	6	98,241,413	113,363,490
(b) Trade payables	7	88,683,938	83,962,137
(c) Other current liabilities	8	36,726,594	56,110,883
(d) Short Term Provisions	9	74,661,945	59,589,960
Total Current Liabilities		298,313,890	313,026,470
Total Liabilities		326,613,356	348,466,834
Total Liabilities and Equity		506,545,229	520,090,562
II ASSETS			
1 Non-current Assets			
(a) Fixed Assets			
(i) Tangible assets	10	134,953,410	125,333,185
(ii) Intangible assets	10	1,139,660	1,344,274
(iii) Capital work-in-progress	10	5,733,416	22,933,908
(iv) Intangible assets under development	10	-	-
(b) Non-current investments	11	55,308,598	42,308,598
(c) Long-term loans and advances	12	-	20,001
(d) Other non-current assets		-	-
Total Non-current assets		197,135,084	191,939,966
2 Current Assets			
(a) Current investments		-	-
(b) Inventories	13	151,425,682	174,276,079
(c) Trade receivables	14	151,178,979	136,392,426
(d) Cash and bank balances	15	3,556,966	5,188,430
(e) Short-term loans and advances	16	2,169,459	5,526,894
(f) Other current assets	17	1,079,059	6,766,767
Total Current Assets		309,410,145	328,150,596
Total Assets		506,545,229	520,090,562
Significant Accounting Policies	A		

The accompanying notes are an integral part of the financial statements

As per our report attached of even date

SHARP & TANNAN

Chartered Accountants

Firm Registration No. 109982W

By the hand of

For and on behalf of the Board

Edwin P. Augustine

Partner

Membership No. 43385

K. G. Gupta

Chairman and

Managing Director

Gaurav Gupta

Director

Vikram Gupta

Director

Noel Da Silva

CFO and
Company Secretary

Place : Mumbai, Maharashtra

Date : 30th May, 2014

Place : Mapusa, Goa

Date : 30th May, 2014

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2014

Particulars	Note No.	2013-14		2012-13	
		Rs.	Rs.	Rs.	Rs.
Income					
Revenue from operations (Gross)	18	322,084,257		329,601,333	
Less : Excise duty		8,316,300		7,518,885	
Revenue from operations (Net)			313,767,957		322,082,448
Other income	19		8,121,888		12,518,073
Total Revenue			321,889,845		334,600,521
Expenses					
Cost of materials consumed	20	138,069,401		154,068,130	
Purchase of stock in trade	20	1,929,851		5,761,576	
Changes in inventories of finished goods (including excise duty) and work in progress	20	(550,752)		(12,551,501)	
Employee benefits expenses	21		139,448,500		147,278,205
Finance costs	22		48,254,995		46,219,496
Depreciation and amortisation	10		28,564,543		28,768,648
Other expenses	23		11,781,336		11,501,867
			68,193,895		105,121,043
			296,243,269		338,889,259
Profit / (Loss) before exceptional and extraordinary items and tax			25,646,576		(4,288,738)
Exceptional item (Refer note 13)			3,768,681		(8,888,837)
Profit before extraordinary items and tax			29,415,257		(13,177,575)
Extraordinary items			-		-
Profit/ (Loss) before tax			29,415,257		(13,177,575)
Tax Expense :					
Current Tax		(12,730,671)		(102,000)	
Taxation adjustment of previous years		(5,999,534)		-	
Deferred Tax	4	(2,376,907)		1,402,309	
			(21,107,112)		1,300,309
Profit after tax			8,308,145		(11,877,266)
Earnings per Equity Share (Refer note 34)					
- Basic	Rs.		2.00		(2.86)
- Diluted	Rs.		2.00		(2.86)
Face value per Equity Share	Rs.		10		10
Significant Accounting Policies	A				

The accompanying notes are an integral part of the financial statements

As per our report attached of even date

SHARP & TANNAN

Chartered Accountants

Firm Registration No. 109982W

By the hand of

For and on behalf of the Board

Edwin P. Augustine

Partner

Membership No. 43385

K. G. Gupta

Chairman and

Managing Director

Gaurav Gupta

Director

Vikram Gupta

Director

Noel Da Silva

CFO and

Company Secretary

Place : Mumbai, Maharashtra

Date : 30th May, 2014

Place : Mapusa, Goa

Date : 30th May, 2014

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014**

	2013-14 (Rs.)	2012-13 (Rs.)
(A) CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before tax and extraordinary items	29,415,257	(13,177,575)
Depreciation and amortisation	11,781,336	11,501,867
Finance cost	28,564,543	28,768,648
Unrealised exchange loss / (gain) (net)	2,562,909	1,781,494
Write off of long term investments	-	227,404
Loss on sale of fixed assets (net)	43,536	-
Dividend income	(7,194,681)	(5,403,000)
Interest income	(320,411)	(514,777)
Operating profit before working capital changes	64,852,489	23,184,061
Adjustments for :		
Increase / (decrease) in trade and other payables	(13,687,247)	22,699,542
Increase / (decrease) in provisions	75,349	147,911
(Increase) / decrease in inventories	22,850,397	(23,487,265)
(Increase) / decrease in trade and other receivables	(8,952,737)	3,649,147
	285,762	3,009,335
Cash generated from operations	65,138,251	26,193,396
Direct taxes paid (net of refunds)	(10,405,653)	(6,477,625)
Net cash generated from / (used) in operations	(A) 54,732,598	19,715,771
(B) CASH FLOWS FROM INVESTMENT ACTIVITIES		
Payments for purchase of fixed assets	(6,867,617)	(15,543,185)
Proceeds from sale of fixed assets	97,778	-
Purchase of long term investments	(13,000,000)	-
Proceeds from long term investments	-	185,656
Interest received	610,119	217,013
Dividend received	12,592,681	4,978,242
Net cash generated from / (used) in investment activities	(B) (6,567,039)	(10,162,274)
(C) CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long term borrowings	225,989	1,615,819
Repayments of long term borrowings	(10,930,223)	(9,849,684)
Proceeds from / (Repayments of) short term borrowings	(15,122,077)	22,723,772
Interest paid	(22,265,174)	(24,000,357)
Dividend paid (including tax on dividend)	-	(58,510)
Net cash generated from / (used) in financing activities	(C) (48,091,485)	(9,568,960)
Net changes in cash and cash equivalents	(A+B+C) 74,074	(15,463)
Cash and cash equivalents - Opening balance	25,589	41,052
Cash and cash equivalents - Closing balance	99,663	25,589
Net increase / (decrease) in cash and cash equivalents	74,074	(15,463)
Notes :		
1 The aforesaid statement has been prepared under the indirect method, as set out in "Accounting Standard (AS) 3 - "Cash Flow Statement", as specified in the Companies (Accounting Standards) Rules, 2006		
2 Additions to fixed assets are stated inclusive of movements in capital work in progress between the beginning and end of the year and treated as part of investment activities.		
3 Figures for the previous year have been regrouped, wherever necessary		

As per our report attached of even date

SHARP & TANNAN
Chartered Accountants
Firm Registration No. 109982W
By the hand of

For and on behalf of the Board

Edwin P. Augustine
Partner
Membership No. 43385

K. G. Gupta
Chairman and
Managing Director

Gaurav Gupta
Director

Vikram Gupta
Director

Noel Da Silva
CFO and
Company Secretary

Place : Mumbai, Maharashtra
Date : 30th May, 2014

Place : Mapusa, Goa
Date : 30th May, 2014



NOTES FORMING PART OF THE FINANCIAL STATEMENTS

NOTE A - Significant Accounting Policies

1 Basis of preparation of Financial Statements:

The financial statements are prepared and presented under the historical cost convention, on the accrual basis of accounting and in accordance with the provisions of the Companies Act, 1956 ('the Act'), and the accounting principles generally accepted in India and comply with the accounting standards ('AS') prescribed in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government, in consultation with the National Advisory Committee on Accounting Standard ('NACAS') to the extent applicable.

2 Use of estimates:

The preparation of the financial statements in conformity with generally accepted accounting principles ('GAAP') in India requires management to make estimates and assumptions that affect the reported amount of assets, liabilities and the disclosure of contingent liabilities on the date of the financial statements. The estimates and assumptions used in the accompanying financial statements are based on management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual results could differ from those estimates. Any revision to the accounting estimates is recognised prospectively in current and future periods.

3 Fixed Assets:

- i) Fixed assets are capitalised at acquisition cost (net of duty / tax credits availed, if any) including directly attributable costs such as freight, insurance and specific installation charges for bringing the assets to working condition for 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.

4 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.

5 Impairment of Assets :

As at each Balance Sheet date, the carrying amount of assets (other than inventory) is tested for impairment, so as to determine :

- i) the provision for impairment loss, if any.
- ii) the reversal of impairment loss recognised in previous periods, if any.

Impairment loss is recognised when the carrying amount of an asset or a cash generating unit exceeds its recoverable amount.

The recoverable amount of the asset (or where applicable that of the cash generating unit to which the asset belongs) is determined at the higher of the net selling price and the value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

6 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 "weighted average" 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.

7 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.



NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Defined Contribution Plan

a) Provident Fund

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

b) Superannuation

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

Defined Benefit Plan

Leave Encashment:

The employees of the company are entitled to encashment of un-availed 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 un-availed 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 is 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.

8 Borrowing Costs:

Borrowing costs that are attributable to the acquisition, construction or Production of a Qualifying asset are capitalise 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.

9 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.

10 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.

11 Investments:

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

12 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 FINANCIAL STATEMENTS

13 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.

14 Accounting for interest in joint ventures:

Interest in jointly controlled entities:

a) Incorporated jointly controlled entities:

- i) Income on investments in incorporated jointly controlled entities is recognized when the right to receive the same is established.
- ii) Investment in such joint ventures is carried at cost after providing for any diminution in value which is other than temporary in nature.

15 Cash flow statement:

Cash flows are reported using the indirect method, whereby profit/ (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

16 Cash and cash equivalents:

- (i) Cash comprises of cash on hand and demand deposits with banks.
- (ii) Cash equivalents are short-term, highly liquid investments that are readily convertible into known amount of cash and which are subject to an insignificant risk of change in value.

17 Provisions, Contingent liabilities, Contingent assets and Commitments:

- a) Provisions are recognised for liabilities that can be measured only by using a substantial degree of estimation, if:
 - i) The Company has a present obligation as a result of past a event;
 - ii) A probable outflow of resources is expected to settle the obligation; and
 - iii) The amount of the obligation can be reliably estimated.
- b) Reimbursement by another party, expected in respect of expenditure required to settle a provision, is recognised when it is virtually certain that reimbursement will be received if the obligation is settled.
- c) Contingent liability is disclosed in case of:
 - i) a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation;
 - ii) a present obligation when no reliable estimate is possible;
 - iii) a possible obligation arising from past events, unless the probability of outflow of resources is remote.
- d) Contingent assets are neither recognised nor disclosed.
- e) Commitments include the amount of purchase order (net of advance) issued to parties for completion of assets.
- f) Provisions, contingent liabilities, contingent assets and commitments are reviewed at each balance sheet date.

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

NOTE 1 : SHARE CAPITAL	As at 31.03.2014 Rs.	As at 31.03.2013 Rs.
Authorised : 7,000,000 equity shares of Rs.10 each (Previous year 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 (Previous year 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 (Previous year 4,153,580 equity shares of Rs. 10 each)	41,535,800	41,535,800
	41,535,800	41,535,800

List of shareholders holding more than 5% along with number of shares held.

Name of Shareholder	As at 31.03.2014		As at 31.03.2013	
	No. of shares	% held	No. of shares	% held
1 Krishna Gopal Gupta	776,225	18.69%	756,909	18.22%
2 Krishna Murari Gupta	353,207	8.50%	353,207	8.50%
3 Vikram Gupta	372,505	8.97%	358,061	8.62%
4 Gaurav Gupta	357,966	8.62%	357,966	8.62%
5 Veena Gupta	289,233	6.96%	285,900	6.88%
6 Usha Gupta	209,000	5.03%	209,000	5.03%
7 Shefali Chawla	230,553	5.55%	172,105	4.14%

Other disclosures (for 5 years immediately preceding 31.03.2014)

Particulars	FY 2013-14	FY 2012-13	FY 2011-12	FY 2010-11	FY 2009-10
i. Shares issued pursuant to a contract without payment being received in cash	-	-	-	-	-
ii. Shares issued as fully paid up bonus shares	-	-	-	-	-
iii. Shares bought back	-	-	-	-	-

Reconciliation of opening and closing share capital

Particulars	As at 31.03.2014		As at 31.03.2013	
	No. of shares	Value (Rs.)	No. of shares	Value (Rs.)
Equity shares at the beginning of the year	4,153,580	41,535,800	4,153,580	41,535,800
Equity shares issued during the year	-	-	-	-
Equity shares at the close of the year	4,153,580	41,535,800	4,153,580	41,535,800

Rights, preferences and restrictions attached to shares

The company has one class of equity shares having a par value of Rs. 10 per share. Each shareholder is eligible for one per share held. The dividend proposed by the Board of Directors is subject to the approval of shareholders in the ensuing Annual General Meeting except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company in proportion to their shareholding.

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

NOTE 2 : RESERVES AND SURPLUS	As at 31.03.2014		As at 31.03.2013	
	Rs.	Rs.	Rs.	Rs.
Capital Reserve - As per last Balance Sheet		4,328,500		4,328,500
Securities Premium Account - As per last Balance Sheet		20,276,000		20,276,000
Investment Allowance (Utilised) Reserve - As per last Balance Sheet		2,229,150		2,229,150
General Reserve - As per last Balance Sheet		65,056,619		65,056,619
Balance in Statement of Profit and Loss - As per last Balance Sheet Add: Transfer from Statement of Profit and Loss	38,197,659 8,308,145		50,074,925 (11,877,266)	
		46,505,804		38,197,659
		138,396,073		130,087,928



NOTES FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 3 : LONG TERM BORROWINGS	As at 31.03.2014 Rs.	As at 31.03.2013 Rs.
Secured :		
Term Loans		
a) From Banks	15,220,520	24,509,529
b) From Financial institutions	-	-
	15,220,520	24,509,529

Maturity period of principal repayment of term loans	As at 31.03.2014 Rs.	As at 31.03.2013 Rs.
a) Term loans from bank		
Maturing within 2018-19	-	-
Maturing within 2017-18	91,045	1,030,505
Maturing within 2016-17	4,864,178	6,255,977
Maturing within 2015-16	10,265,297	8,763,699
Maturing within 2014-15	-	8,459,348
	15,220,520	24,509,529
b) Term loans from financial institutions		
Maturing within 2014-15	-	-
Maturing within 2013-14	-	-
	-	-
	15,220,520	24,509,529
Current maturities of long term borrowings disclosed in Note 8 under - Other Current Liabilities		
a) Term loans from bank	11,589,053	12,907,368
b) Term loans from financial institutions	-	96,910
	11,589,053	13,004,278
Interest accrued and due on long term borrowings disclosed in Note 8 under - Other Current Liabilities		
a) Term loans from bank	347,446	491,365
b) Term loans from financial institutions	-	-
	347,446	491,365
	27,157,019	38,005,172

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

Details of continuing default	As at 31.03.2014 Rs.	As at 31.03.2013 Rs.
a) Term loans from bank	1,554,406	3,752,092
b) Interest accrued and outstanding on above loans	347,446	491,365
	1,901,852	4,243,457

Details of security	Amount outstanding as on 31.03.2014 Rs.	Amount outstanding as on 31.03.2013 Rs.
a) Term loans from bank		
i. Secured by hypothecation of vehicle	794,893	675,320
ii. Secured by mortgage of land and building	6,091,409	9,115,155
iii. Secured by hypothecation of imported plant and machinery	18,665,525	25,793,680
iv. Secured by hypothecation of fixed assets other than imported plant and machinery	1,605,192	2,324,107
(Sr. nos. ii, iii and iv are also secured by personal guarantee of three directors and corporate guarantee of GKB Vision Ltd., an associate company)		
b) Term loans from financial institutions		
i. Secured by hypothecation of vehicle	-	96,910
ii. Secured by hypothecation of machinery and personal guarantee of two directors	-	-
	27,157,019	38,005,172



NOTES FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 4 : DEFERRED TAX

The major components of deferred tax assets and deferred tax liabilities are as under:-

in Rs.

	As at 31.03.2014		As at 31.03.2013	
	Deferred Tax Assets	Deferred Tax Liabilities	Deferred Tax Assets	Deferred Tax Liabilities
Difference between book and tax written down value		14,491,813		13,378,432
Expenses allowable for tax purposes when paid/on payment of TDS	3,542,808		3,409,760	
Provision for doubtful debts and provision for inventory write down	1,661,235		3,057,809	
	5,204,043	14,491,813	6,467,569	13,378,432
Net deferred tax liability / (asset)	9,287,770		6,910,863	
Net liability (charged)/credited to the statement of profit and loss	(2,376,907)			

NOTE 5 : LONG TERM PROVISIONS

	As at 31.03.2014		As at 31.03.2013	
	Rs.	Rs.	Rs.	Rs.
Provision for Employee Benefits				
- Gratuity	2,599,038		2,526,923	
- Leave encashment [Refer note 27]	1,192,138		1,493,049	
		3,791,176		4,019,972
		3,791,176		4,019,972



NOTES FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 6 : SHORT TERM BORROWINGS	As at 31.03.2014		As at 31.03.2013	
	Rs.	Rs.	Rs.	Rs.
Secured :				
From Banks :				
a) Cash credit	40,894,842		40,757,278	
b) Packing credit facility	57,346,571		60,303,798	
c) Buyers credit facility	-		12,302,414	
		98,241,413		113,363,490
		98,241,413		113,363,490

Nature of security :

The above short term borrowings from banks are secured by hypothecation of the inventories, book debts receivable and other current assets, and personal guarantees of three directors and corporate guarantee of GKB Vision Limited, an associate company.

NOTE 7 : TRADE PAYABLES	As at 31.03.2014		As at 31.03.2013	
	Rs.	Rs.	Rs.	Rs.
- Due to micro and small enterprises (Refer note 30)	-		-	
- Due to related parties	60,388,154		39,354,514	
- Due to others (Refer footnote below)	28,295,784		44,607,623	
		88,683,938		83,962,137
		88,683,938		83,962,137

Note :

Due to others includes reinstated amount of Rs. 15,549,044 (previous year Rs. 14,086,751) due to Alpha Diamond Industry, Japan against imports which is overdue for a period exceeding 6 months. The Company proposes to apply to the Reserve Bank of India (RBI), seeking extension to effect the payment.

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

NOTE 8 : OTHER CURRENT LIABILITIES	As at 31.03.2014		As at 31.03.2013	
	Rs.	Rs.	Rs.	Rs.
Current maturities of long term debt				
Secured :				
From Banks	11,589,053		12,907,368	
From Financial Institutions	-		96,910	
		11,589,053		13,004,278
Interest accrued and due on borrowings		347,446		491,365
Overdrawn bank balances as per books		800,194		3,540,688
Other liabilities				
- Statutory dues	1,400,275		1,898,216	
- Creditors for capital goods	1,293,523		4,043,372	
- Others	10,968,918		23,461,956	
		13,662,716		29,403,544
Unpaid dividend (Refer note 33)		-		-
Advance from customers (Refer footnote below)				
- Related parties	7,871,281		6,577,358	
- Others	2,455,904		3,093,650	
		10,327,185		9,671,008
		36,726,594		56,110,883

Note :

Advance from customers includes interest free unadjusted amount of Euro 20,742, equivalent to Rs. 1,189,094 originally received in financial year 2006-07 from GKB Ophthalmics GmbH, a wholly owned subsidiary, as advance against future supplies. However, no supplies were made upto 31st March 2014. The Company proposes to apply to the Reserve Bank of India (RBI), to regularise the transaction. Pending outcome of the application, the amount has been shown at the original rate of conversion.

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

NOTE 9 : SHORT TERM PROVISIONS	As at 31.03.2014		As at 31.03.2013	
	Rs.	Rs.	Rs.	Rs.
Provision for Employee Benefits				
- Gratuity	4,559,370		4,306,367	
- Leave encashment	498,799		241,207	
- Superannuation	1,223,414		912,511	
- Bonus	846,666		1,554,764	
		7,128,249		7,014,849
Provision for Income Taxes (net of advance tax and tax deducted at source)		67,533,696		52,575,111
		74,661,945		59,589,960



NOTES FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 10 : FIXED ASSETS										in Rs.	
DESCRIPTION OF ASSETS	Gross Block			Depreciation / Amortisation			Net Block				
	Opening As at 01.04.2013	Additions	Deductions	Closing As at 31.03.2014	Opening As at 01.04.2013	On Deductions	For the year	Closing As at 31.03.2014	As at 31.03.2014	As at 31.03.2013	
(A) Tangible Assets											
Freehold Land	429,910	-	-	429,910	-	-	-	-	429,910	429,910	
Leasehold land	895,500	-	-	895,500	103,294	-	9,426	112,720	782,780	792,206	
Buildings	39,819,378	11,940,408	-	51,759,786	9,308,776	-	1,262,307	10,571,083	41,188,703	30,510,602	
Plant and Machinery	182,383,685	7,643,185	-	190,026,870	97,259,228	-	8,933,422	106,192,650	83,834,220	85,124,457	
Furniture and Fixtures	10,336,386	389,994	-	10,726,380	7,696,459	-	395,275	8,091,734	2,634,646	2,639,927	
Office Equipment	2,117,447	386,699	-	2,504,146	1,290,957	-	111,196	1,402,153	1,101,993	826,490	
Vehicles	9,126,666	923,139	1,582,430	8,467,375	4,117,073	1,441,116	810,260	3,486,217	4,981,158	5,009,593	
	245,108,972	21,283,425	1,582,430	264,809,967	119,775,787	1,441,116	11,521,886	129,856,557	134,953,410	125,333,185	
Previous year	224,441,019	20,667,953	-	245,108,972	108,508,633	-	11,267,154	119,775,787	125,333,185		
Add : Capital Work in Progress									5,733,416	22,933,908	
	245,108,972	21,283,425	1,582,430	264,809,967	119,775,787	1,441,116	11,521,886	129,856,557	140,686,826	148,267,093	
(B) Intangible Assets											
Computer Software	1,598,526	54,836	-	1,653,362	254,252	-	259,450	513,702	1,139,660	1,344,274	
	1,598,526	54,836	-	1,653,362	254,252	-	259,450	513,702	1,139,660	1,344,274	
Previous year	1,073,057	525,469	-	1,598,526	19,539	-	234,713	254,252	1,344,274		
Add : Intangible assets under development									-	-	
	1,598,526	54,836	-	1,653,362	254,252	-	259,450	513,702	1,139,660	1,344,274	
Sub-total (B)											
	246,707,498	21,338,261	1,582,430	266,463,329	120,030,039	1,441,116	11,781,336	130,370,259	141,826,486	149,611,367	
Total (A + B)											
	225,514,076	21,193,422	-	246,707,498	108,528,172	-	11,501,867	120,030,039	149,611,367		
Previous year											



NOTES FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 11 : NON CURRENT INVESTMENTS (at cost, unquoted)	As at 31.03.2014		As at 31.03.2013	
	Rs.	Rs.	Rs.	Rs.
Investment in Equity Instruments				
Subsidiaries				
- GKB Ophthalmic Products FZE, Sharjah [1 equity share (Previous year 1 equity share) of nominal value of AED 150,000]		1,830,150		1,830,150
- GKB Ophthalmics GmbH, Germany [1 equity share (Previous year 1 equity share) of the capital stock]		1,081,488		1,081,488
Associates				
- Prime Lenses Private Limited [1,832,592 equity shares (Previous year 532,592 equity shares) of Rs. 10 each]		41,760,000		28,760,000
- GKB Vision Limited [1,058,986 equity shares (Previous year 1,058,986 equity share) of Rs. 10 each]		10,609,860		10,609,860
Others				
- Crysta Lenses Private Limited [1 equity share (Previous year 1 equity share) of Rs. 10 each]		1,800		1,800
- Saraswat Co-operative Bank Limited [2,500 shares (Previous year 2,500 shares) of Rs. 10 each]		25,300		25,300
		55,308,598		42,308,598

NOTE 12 : LONG TERM LOANS AND ADVANCES (unsecured, considered good)	As at 31.03.2014		As at 31.03.2013	
	Rs.	Rs.	Rs.	Rs.
Capital Advances		-		20,001
		-		20,001



NOTES FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 13 : INVENTORIES (at lower of cost or net realisable value)	As at 31.03.2014		As at 31.03.2013	
	Rs.	Rs.	Rs.	Rs.
Raw materials	22,271,163		38,417,268	
Add: Goods in transit	1,615,581		7,225,603	
		23,886,744		45,642,871
Work-in-Process		5,830,890		4,195,068
Finished goods	80,502,934		82,626,050	
Less : Provision for writedown of inventories to net realisable value*	5,120,156		8,888,837	
		75,382,778		73,737,213
Stock in trade		1,038,046		-
Stores, spares and packing material	45,091,051		50,700,927	
Add: Goods in transit	196,173			
		45,287,224		50,700,927
		151,425,682		174,276,079
<p>* The Company has made a provision towards write down of closing inventory of finished goods to its net realisable value. This write down has been treated as an exceptional item in the Statement of Profit and Loss</p>				



NOTES FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 14 : TRADE RECEIVABLES (unsecured considered good, unless otherwise stated)	As at 31.03.2014		As at 31.03.2013	
	Rs.	Rs.	Rs.	Rs.
- Debts outstanding for a period exceeding six months from the date due for payment				
Considered good *	54,072,711		75,271,997	
Considered doubtful	-		1,006,984	
	54,072,711		76,278,981	
Less: Provision for bad and doubtful debts	-		1,006,984	
		54,072,711		75,271,997
- Other Debts				
Considered good *		97,106,268		61,120,429
		151,178,979		136,392,426
* Trade receivables include dues from:				
- Prime Lenses Private Limited		58,968,976		74,782,376
- GKB Rx Lens Private Limited		-		7,812,452
- GKB Optic Technologies Pvt. Ltd.		1,984,621		-
- GKB Opticals Ltd.		2,037,196		2,037,196
which are private limited companies in which a director of the Company is a director				



NOTES FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 15 : CASH AND BANK BALANCES	As at 31.03.2014		As at 31.03.2013	
	Rs.	Rs.	Rs.	Rs.
Cash and cash equivalents				
Cash on hand	5,242		1,498	
Balance with banks - on current account	94,421		24,091	
		99,663		25,589
Other bank balances				
Balance with banks - on margin money deposit accounts (pledged against bank guarantee and letters of credit)	3,457,303		5,162,841	
- on unpaid dividend account	-		-	
		3,457,303		5,162,841
		3,556,966		5,188,430

Details of maturity of margin money deposit accounts	As at 31.03.2014 Rs.		As at 31.03.2013 Rs.
Bank deposits :			
- Maturity after 12 months	-		-
- Maturity within 12 months	3,457,303		5,162,841
	3,457,303		5,162,841



NOTES FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 16 : SHORT TERM LOANS AND ADVANCES (unsecured considered good)	As at 31.03.2014		As at 31.03.2013	
	Rs.	Rs.	Rs.	Rs.
Security Deposits		356,845		356,845
Advances recoverable in cash or in kind or for value to be received				
- Due from related parties *	-		467,333	
- Due from others	1,812,614		4,702,716	
		1,812,614		5,170,049
		2,169,459		5,526,894
* Due from related parties comprise advances to - Prime Lenses Pvt. Ltd. which is private limited company in which a director of the Company is a director.				
		-		467,333

NOTE 17 : OTHER CURRENT ASSETS	As at 31.03.2014		As at 31.03.2013	
	Rs.	Rs.	Rs.	Rs.
Interest accrued on margin money deposits / others		1,079,059		1,368,767
Dividend receivable from subsidiary		-		5,398,000
		1,079,059		6,766,767



NOTES FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 18 : REVENUE FROM OPERATIONS	2013 - 2014		2012 - 2013	
	Rs.	Rs.	Rs.	Rs.
Sale of Products				
- Export Sales	203,459,903		219,150,312	
- Domestic Sales	118,624,354		109,607,957	
		322,084,257		328,758,269
Other operational revenue				
- Processing charges		-		843,064
Gross Revenue from operations		322,084,257		329,601,333

NOTE 19 : OTHER INCOME	2013 - 2014		2012 - 2013	
	Rs.	Rs.	Rs.	Rs.
Interest income				
from margin money deposits / others		320,411		514,777
Dividend income				
from subsidiary company	5,921,398		5,398,000	
from associate company	1,270,783		-	
from others	2,500		5,000	
		7,194,681		5,403,000
Exchange gain (net)		321,461		3,710,454
Doubtful debts written back		38,026		
Other non operating income				
Sundry balances written back (net)	211,396		2,889,842	
Miscellaneous Income - others	35,913		-	
		247,309		2,889,842
		8,121,888		12,518,073



NOTES FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 20 : COST OF GOODS SOLD	2013-14		2012-13	
	Rs.	Rs.	Rs.	Rs.
Cost of materials consumed :				
Add : Opening stock	45,642,871		46,075,006	
Purchases	116,313,274		153,635,995	
	161,956,145		199,711,001	
Less : Closing stock	23,886,744		45,642,871	
		138,069,401		154,068,130
Purchase of stock in trade		1,929,851		5,761,576
Changes in inventories of finished goods (including excise duty) and work in progress :				
Closing stock :				
Work-In-Process	5,830,890		4,195,068	
Finished goods	80,282,927		82,452,827	
Trading goods	1,038,046		-	
	87,151,863		86,647,895	
Opening stock :				
Work-In-Process	4,195,068		4,975,421	
Finished goods	82,452,827		69,085,654	
Trading goods	-		-	
	86,647,895		74,061,075	
Excise duty				
on closing stock of finished goods	220,007		173,223	
on opening stock of finished goods	173,223		208,542	
	(46,784)	(550,752)	35,319	(12,551,501)
		139,448,500		147,278,205

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

NOTE 21 : EMPLOYEE BENEFITS EXPENSES	2013-14		2012-13	
	Rs.	Rs.	Rs.	Rs.
Salaries, Wages and Bonus		42,280,557		40,577,694
Contribution to Provident fund and other funds		4,044,165		3,877,915
Gratuity		1,079,901		400,520
Leave encashment		88,102		311,155
Workmen and Staff Welfare		762,270		1,052,212
		48,254,995		46,219,496

NOTE 22 : FINANCE COSTS	2013-14		2012-13	
	Rs.	Rs.	Rs.	Rs.
Interest expenses:				
- Borrowings	19,222,095		21,243,919	
- Income tax and wealth tax	6,443,288		4,821,745	
- Others	-		89	
		25,665,383		26,065,753
Other borrowing costs and bank charges		2,899,160		2,702,895
		28,564,543		28,768,648

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

NOTE 23 : OTHER EXPENSES	2013-14		2012-13	
	Rs.	Rs.	Rs.	Rs.
Stores and spares consumed		30,880,670		41,146,780
Packing material consumed		6,040,659		8,449,573
Power and fuel		9,137,755		11,933,985
Other manufacturing expenses		2,636,816		20,591,958
Lease rent (refer foot note below)		730,221		628,013
Repairs :				
- Building	380,564		155,071	
- Plant and Equipment	1,586,519		1,718,005	
- Others	673,646		864,692	
		2,640,729		2,737,768
Insurance		603,181		708,195
Rates and Taxes		220,607		1,080,051
Freight and forwarding		5,445,857		7,565,977
Auditor's Remuneration				
- Audit fees	400,000		400,000	
- Tax audit fees	100,000		100,000	
- Other matters	150,000		150,000	
- Out of pocket expenses	67,095		72,297	
- Service Tax	85,176		77,093	
		802,271		799,390
Commission		96,828		166,647
Travelling and conveyance		1,507,686		1,832,625
Legal and Professional Charges		1,350,801		2,048,092
Loss on sale of fixed assets (net)		43,536		-
Directors' fees (including service tax)		213,484		163,720
Advertising and sales promotion		337,255		224,610
Bad debts write off		319,003		-
Security charges		1,785,672		1,487,726
Telephone and communication expenses		1,297,738		1,357,283
Printing and stationery expenses		662,786		754,370
Write off of investment in joint venture (refer note 45)		-		227,404
Miscellaneous expenses		1,440,340		1,216,876
		68,193,895		105,121,043

Note :**Operating Lease**

The Company has taken warehouses and a residential apartment on operating lease. The Company also pays lease rent on the factory premises. Lease rent amounting to Rs. 730,221 (previous year Rs. 628,013) has been charged to the Statement of Profit and Loss.



NOTES FORMING PART OF THE FINANCIAL STATEMENTS

24 Contingent Liabilities and Commitments :

31.03.2014

31.03.2013

Contingent Liabilities

	Rs.	Rs.
a) Sales tax liability that may arise in respect of matters in appeal	11,170,738	11,170,738
b) Excise duty liability that may arise in respect of matters in appeal	3,361,887	3,361,887
c) Other claims against the Company not acknowledged as debts	7,525,000	7,525,000
d) Guarantees given on behalf of associate companies.	312,108,000	306,108,000
e) Bills discounted	9,881,502	14,898,384
f) Letters of credit outstanding	7,714,789	15,710,536
g) Bank guarantees	5,229,403	5,379,403

Note :

It is not practical to estimate the timing of outflows in respect of 'a', 'b' and 'c' above pending resolution of legal proceedings.

Commitments

	Rs.	Rs.
a) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	-	-
b) Other commitments		
The Company is a 100% EOU registered under the SEEPZ Special Economic Zone. As per the amendment to Letter of Permission dated November 20, 2008, the Company was required to achieve export turnover of USD 35.82 million and Net Foreign Exchange Earning (NFE) of USD 3.26 million during the period April 1, 2008 to March 31, 2013. Although the Company achieved Net Foreign Exchange Earnings (NFE) as required, it did not meet the export turnover obligation.		
By letter dated May 27, 2013, the period for achievement of export targets has been extended upto March 31, 2018. As at March 31, 2014, the export turnover obligation remaining to be achieved is USD 8.03 million.		

25 Particulars of un-hedged foreign currency exposures as at 31st March, 2014 :

Trade Receivables

Foreign currency	Amount in foreign currency 2013-14	Amount in Rs. 2013-14	Amount in foreign currency 2012-13	Amount in Rs. 2012-13
USD	905,674	53,751,725	691,474	37,325,741
EURO	138,737	11,280,671	121,008	8,312,063
GBP	-	-	480	39,107
		65,032,396		45,676,910

Trade Payables (including payable for expenses)

Foreign currency	Amount in foreign currency 2013-14	Amount in Rs. 2013-14	Amount in foreign currency 2012-13	Amount in Rs. 2012-13
USD	256,543	15,549,044	449,191	24,665,053
EURO	77,770	6,504,692	144,785	10,195,781
JPY	-	-	332,000	194,486
		22,053,736		35,055,319

Bank balance

Foreign currency	Amount in foreign currency 2013-14	Amount in Rs. 2013-14	Amount in foreign currency 2012-13	Amount in Rs. 2012-13
USD	134	7,952	32	1,732
EURO	25	2,034	12	823
		9,986		2,555

26 Trade receivable, loans and advances and trade payable balances are subject to confirmation, reconciliation and consequent adjustments, if any.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

27 Disclosures as required by Accounting Standard (AS) 15 "Employee Benefits":

a) Defined Contribution Plans :

Contribution to Defined Contribution Plans, recognised as an expense and included under "Employee Benefits Expenses"

Note 21 to the Statement of Profit and Loss are as under :

- Employer's contribution to Provident Fund and EDLI Rs.1,296,171 (Previous year Rs.1,278,195)
- Employer's contribution to Family Pension Scheme Rs.1,103,600 (Previous year Rs.1,056,240)
- Employer's contribution to Employees State Insurance Scheme Rs.1,285,686 (Previous year Rs.1,178,245)
- Employer's contribution to Superannuation Fund Rs.310,903 (Previous year Rs.322,225)
- Employer's contribution to Labour Welfare Fund Rs.47,805 (Previous year Rs.43,010)

b) Defined Benefit Plans :

The Company's gratuity and leave encashment plans are defined benefit plans :

	Gratuity (funded) Rs. 2013-2014	Gratuity (funded) Rs. 2012-2013	Gratuity (unfunded) Rs. 2013-2014	Gratuity (unfunded) Rs. 2012-2013
I Change in obligation during the year				
1 Liability at the beginning of the year	6,949,564	6,608,802	2,526,923	2,454,808
2 Interest cost	555,965	528,704	-	-
3 Current service cost	508,498	521,370	72,115	72,115
4 Past service cost	-	-	-	-
5 Benefits paid	(268,651)	(217,263)	-	-
6 Actuarial (gain) / losses	176,611	(492,049)	-	-
7 Liability at the end of the year	7,921,987	6,949,564	2,599,038	2,526,923
II Change in assets during the year				
1 Plan assets at the beginning of the year	2,643,197	2,575,885	-	-
2 Expected return of plan assets	233,288	229,620	-	-
3 Contributions	754,783	54,955	-	-
4 Benefits paid	(268,651)	(217,263)	-	-
5 Actuarial gain / (loss)	-	-	-	-
6 Plan assets at the end of the year	3,362,617	2,643,197	-	-
7 Total actuarial gain/(loss) to be recognised	(176,611)	492,049	-	-
III Actual return on plan assets				
1 Expected return on plan assets	233,288	229,620	-	-
2 Actuarial gain / (loss)	-	-	-	-
3 Actual return on plan assets	233,288	229,620	-	-
IV Net asset / (liability) recognised in the balance sheet				
1 Liability at the end of the year	(7,921,987)	(6,949,564)	(2,599,038)	(2,526,923)
2 Plan assets at the end of the year	3,362,617	2,643,197	-	-
3 Amount recognised in the balance sheet	(4,559,370)	(4,306,367)	(2,599,038)	(2,526,923)
V Expenses recognised in the statement of profit and loss for the year				
1 Current service cost	508,498	521,370	72,115	72,115
2 Interest cost	555,965	528,704	-	-
3 Expected return on plan assets	(233,288)	(229,620)	-	-
4 Actuarial (gain) / losses	176,611	(492,049)	-	-
5 Past service cost	-	-	-	-
6 Total expenses as per actuarial valuation	1,007,786	328,405	72,115	72,115
7 Optional payment	-	-	-	-
8 Total expenses	1,007,786	328,405	72,115	72,115
VI Balance sheet reconciliation				
1 Opening net liability	4,306,367	4,032,917	2,526,923	2,454,808
2 Expenses as above	1,007,786	328,405	72,115	72,115
3 Employer contribution	(754,783)	(54,955)	-	-
4 Amount recognised in the balance sheet *	4,559,370	4,306,367	2,599,038	2,526,923
VII The major categories of plan assets as a percentage of total :				
Insurer Managed Funds	100%	100%	Not applicable	Not applicable
VIII Actuarial assumptions:				
1 Discount rate	8.00%	8.00%	8.25%	8.25%
2 Rate of return on plan assets	Not determined	Not determined	Not applicable	Not applicable
3 Rate of mortality	As per mortality table LIC (1994-96) Ultimate	As per mortality table LIC (1994-96) Ultimate		
4 Salary Escalation	6.00%	6.00%	-	-

* Pursuant to revised schedule VI, the closing net liability is disclosed as follows:

Disclosed in Note 5 - Long Term Provisions	-	-	2,599,038	2,526,923
Disclosed in Note 9 - Short Term Provisions	4,559,370	4,306,367	-	-

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Disclosures as required by Accounting Standard (AS) 15 Employee Benefits (contd.)

	Leave encashment (unfunded) Rs. 2013-2014	Leave encashment (unfunded) Rs. 2012-2013
I Change in obligation during the year		
1 Liability at the beginning of the year	1,734,256	1,618,086
2 Interest cost	143,076	141,583
3 Current service cost	120,092	299,426
4 Past service cost	-	-
5 Benefits paid	(131,421)	(194,985)
6 Actuarial (gain) / losses	(175,066)	(129,854)
7 Liability at the end of the year	1,690,937	1,734,256
II Change in assets during the year		
1 Plan assets at the beginning of the year	-	-
2 Expected return of plan assets	-	-
3 Contributions	-	-
4 Benefits paid	-	-
5 Actuarial gain / (loss)	-	-
6 Plan assets at the end of the year	-	-
7 Total actuarial gain/(loss) to be recognised	175,066	129,854
III Actual return on plan assets		
1 Expected return on plan assets	-	-
2 Actuarial gain / (loss)	-	-
3 Actual return on plan assets	-	-
IV Net asset / (liability) recognised in the balance sheet		
1 Liability at the end of the year	(1,690,937)	(1,734,256)
2 Plan assets at the end of the year	-	-
3 Amount recognised in the balance sheet	(1,690,937)	(1,734,256)
V Expenses recognised in the statement of profit and loss for the year		
1 Current service cost	120,092	299,426
2 Interest cost	143,076	141,583
3 Expected return on plan assets	-	-
4 Actuarial (gain) / losses	(175,066)	(129,854)
5 Past service cost	-	-
6 Total expenses as per actuarial valuation	88,102	311,155
7 Optional payment	-	-
8 Total expenses	88,102	311,155
VI Balance sheet reconciliation		
1 Opening net liability	1,734,256	1,618,086
2 Expenses as above	88,102	311,155
3 Benefits Paid	(131,421)	(194,985)
4 Amount recognised in the balance sheet *	1,690,937	1,734,256
VII The major categories of plan assets as a percentage of total :	Not applicable	Not applicable
VIII Actuarial assumptions:		
1 Discount rate	9.31%	8.25%
2 Rate of return on plan assets	Not applicable	Not applicable
3 Rate of mortality	As per mortality table LIC (1994-96) Ultimate	As per mortality table LIC (1994-96) Ultimate
4 Salary Escalation	5.00%	5.00%

* Pursuant to revised schedule VI, the closing net liability is disclosed as follows:

Disclosed in Note 5 - Long Term Provisions	1,192,138	1,493,049
Disclosed in Note 9 - Short Term Provisions	498,799	241,207

General description of the defined benefit plans :

1) The Company operates a gratuity scheme, which is a funded scheme for qualifying employees, except in the case of directors where the scheme is unfunded. The scheme provides for lump sum payment to employees on retirement, death, while in employment or termination of employment or an amount equivalent to 15 days salary for every completed year of service or part thereof in six months, provided the employee has completed 5 years of service.

2) The Company operates a leave encashment scheme, which is an unfunded scheme. The present value of obligation under this scheme is based on an actuarial valuation using the Projected Unit Credit method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

28 During the year the Company has not capitalised any borrowing costs as per Accounting Standard (AS) 16 - "Borrowing costs".

29 Disclosures as required by Accounting Standard (AS) 17 - Segment Reporting :

a) Primary Segment :

The Company operates in one primary segment i.e. ophthalmic lenses, and that is the only primary reportable segment.

b) Secondary Segment (Geographical Segment) :

	Within India Rs.	Outside India Rs.	Total Rs.
Revenue from external customers * (excluding other operational revenue) *	154,341,182 (123,366,885)	159,426,775 (197,872,499)	313,767,957 (321,239,384)
Carrying amount of segment assets	438,601,195 (471,502,014)	67,944,034 (48,588,548)	506,545,229 (520,090,562)
Additions to fixed assets during the year	4,137,769 (17,374,967)	- -	4,137,769 (17,374,967)

* Revenue within India includes deemed export sales of Rs. 44,033,128 (Previous Year Rs. 21,277,813) made to other EOU units in India
Figures in brackets pertain to the previous year

30 Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) as at 31st March, 2014, as per information available with the Company.

	2013-14 Rs.	2012-13 Rs.
a) Principal amount due to supplier under MSMED Act, 2006	-	-
b) Interest accrued, due to supplier under MSMED Act on the above amount and unpaid	-	-
c) Payment made to suppliers (other than interest) beyond the appointed day during the year	-	-
d) Interest paid to supplier under MSMED Act (Other than section 16)	-	-
e) Interest paid to supplier under MSMED Act (section 16)	-	-
f) Interest due and payable to suppliers under MSMED Act for payments already made	-	-
g) Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act	-	-

The above information and that given in Note 7 - "Trade Payables" pertaining to micro and small enterprises has been determined to the extent such parties have been identified on the basis of the information available with the Company. This has been relied upon by the auditors.



NOTES FORMING PART OF THE FINANCIAL STATEMENTS

31 Disclosures as required by Accounting Standard (AS) 18 - Related Party Disclosures :

(a) Relationships:

List of related parties with whom transactions were carried out during the year or previous year:

(i) Subsidiary companies

- 1 GKB Ophthalmics Products FZE
- 2 GKB Ophthalmics GmbH

(ii) Associates/ Enterprises in which directors exercise significant influence

- 1 Prime Lenses Pvt Ltd
- 2 GKB Vision Limited
- 3 Lensco-The Lens Company
- 4 GKB Opticals Limited
- 5 GKB Optic Technologies Pvt.Ltd.
- 6 GKB Rx Lens Pvt Ltd
- 7 Indo Prime Visual Technologies Pvt Ltd

(iii) Key Management Personnel

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

(iv) Relatives of key management personnel

- 1 Mrs. Veena Gupta
- 2 Mr. Gaurav Gupta
- 3 Mr. Vikram Gupta
- 4 Mr. K. M. Gupta

(b) The following transactions were carried out with the related parties:

<i>in Rs.</i>			
Sr No.	Nature of transaction / relationship /party	2013-14	2012-13
1	Purchases of goods and services		
	Subsidiary company		
	GKB Ophthalmics Products FZE	-	8,994,224
	Associates		
	Prime Lenses Pvt Ltd	54,366	112,453
	GKB Vision Limited	46,655,886	38,798,501
	Total	46,710,252	47,905,178
2	Sales of goods and services		
	Subsidiary company		
	GKB Ophthalmics Products FZE	38,880,635	22,590,809
	Associates/ Significant influence enterprise		
	Prime Lenses Pvt Ltd	63,763,366	44,099,181
	GKB Vision Limited	27,225,200	17,387,979
	GKB Rx Lens Pvt Ltd	-	36,018,750
	GKB Optic Technologies Pvt.Ltd.	443,478	-
	Lensco-The Lens Company	19,020,582	23,323,262
	Total	149,333,261	143,419,981



NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Sr No.	Nature of transaction / relationship /party	in Rs.	
		2013-14	2012-13
3	Payment of remuneration		
	Key Management Personnel K. G. Gupta	1,921,316	1,921,316
	Total	1,921,316	1,921,316
4	Rent Paid		
	Relative of Key Management Personnel Veena Gupta	480,000	480,000
	Total	480,000	480,000
5	Dividend received / receivable		
	Subsidiary company GKB Ophthalmics Products FZE	5,921,398	5,398,000
	Associate GKB Vision Limited	1,270,783	-
	Total	7,192,181	5,398,000
6	Recovery of expenses		
	Associates/ Significant influence enterprise GKB Vision Limited	2,100	-
	Prime Lenses Pvt. Ltd	-	-
	GKB Rx Lens Pvt. Ltd.	-	374,865
	Indo Prime Visual Technologies Pvt Ltd	-	72,000
	Total	2,100	446,865
7	Reimbursement of expenses		
	Associates/ Joint Venture Prime Lenses Pvt Ltd	-	29,704
	Indo Prime Visual Technologies Pvt Ltd	-	5,216
	GKB Vision Limited	-	9,887
	Total	-	44,807
8	Director's sitting fees		
	Relatives of Key Management Personnel Gaurav Gupta	30,000	20,000
	Vikram Gupta	5,000	10,000
	K. M. Gupta	10,000	10,000
	Total	45,000	40,000
9	Investment in Share capital		
	Associates Prime Lenses Pvt Ltd	13,000,000	-
	Total	13,000,000	-

Note: Amounts paid/received includes amounts charged/credited to the statement of profit and loss.



NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Sr No.	Nature of balance / relationship /party	in Rs.	
		As at 31.03.2014	As at 31.03.2013
1	Accounts payable		
	Associate/ Joint Venture/ Significant influence enterprise		
	GKB Vision Limited	60,196,079	39,354,514
	GKB Optic Technologies Pvt.Ltd.	192,075	-
	Relative of Key Management Personnel		
	Veena Gupta	432,000	324,000
	Total	60,820,154	39,678,514
2	Advances received remaining unadjusted		
	Subsidiary company		
	GKB Ophthalmics GmbH	1,189,094	1,189,094
	GKB Ophthalmics Products FZE	6,682,187	5,388,264
	Total	7,871,281	6,577,358
3	Accounts receivable/Loans and advances		
	Subsidiary company		
	GKB Ophthalmics Products FZE	12,141,145	312,112
	Associate/ Joint Venture/ Significant influence enterprise		
	Prime Lenses Pvt Ltd	58,968,976	75,249,709
	GKB Optical Limited	2,037,196	2,037,196
	GKB Rx Lens Pvt Ltd	-	7,812,452
	Lensco-The Lens Company	35,202,966	29,737,300
	GKB Optic Technologies Pvt.Ltd.	1,984,620	-
	Total	110,334,903	115,148,769

32 There were no Loans and Advances in the nature of loans given to subsidiaries and associates. Hence disclosure requirements of clause 32 of the Listing Agreement are not applicable.

33 Unclaimed dividend: There is no amount due to be credited to the Investors Education & Protection Fund as at 31st March, 2014

34 Disclosures as required by Accounting Standard (AS) 20 - Earning per share :

Particulars		2013-14	2012-13
Profit/(Loss) after tax as per Statement of Profit and Loss	Rs.	8,308,145	(11,877,266)
Number of equity shares outstanding	Nos.	4,153,580	4,153,580
Face value of equity share	Rs.	10	10
Earnings per share (basic and diluted) :			
- Basic	Rs.	2.00	(2.86)
- Diluted	Rs.	2.00	(2.86)

35 As per Accounting Standard (AS) 28 "Impairment of Assets", the Company has reviewed potential generation of economic benefits from fixed assets. Accordingly, no impairment loss has been provided for the year ended March 31, 2014 (previous year - Nil) in the books.

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS****36 Value of imports on C.I.F. basis :**

	2013-14 Rs.	2012-13 Rs.
Blanks, lenses and monomer *	91,189,272	130,295,280
Stores and consumables *	12,187,410	31,251,869
Spare parts *	2,852,394	11,335,195
Capital goods	956,338	11,716,175
	107,185,414	184,598,519
* Includes purchases from other EOUs	43,684,561	38,208,465
* Includes goods in transit	1,762,619	7,225,603

37 Particulars of sales, closing stock and opening stock of Manufactured goods :

	Sales Rs.	2013-14 Closing stock Rs.	Opening stock Rs.	Sales Rs.	2012-13 Closing stock Rs.	Opening stock Rs.
Ophthalmic lenses	312,535,819	75,382,778	73,737,213	314,523,546	73,737,213	69,294,196

38 Particulars of sales, purchases, closing stock and opening stock of traded goods :

	Sales Rs.	Purchases Rs.	2013-14 Closing stock Rs.	Opening stock Rs.	Sales Rs.	Purchases Rs.	2012-13 Closing stock Rs.	Opening stock Rs.
Ophthalmic Lenses	1,232,138	1,929,851	1,038,046	-	6,715,839	5,761,576	-	-

39 Particulars of closing Work in Progress :

	31.03.2014 Rs.	31.03.2013 Rs.
Ophthalmic Lenses	5,830,890	4,195,068

40 Particulars of services rendered :

	2013-14 Rs.	2012-13 Rs.
Processing of Semi Finished Lenses	-	843,064

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS****41 Raw materials and components consumed :**

	2013-14 Rs.	2012-13 Rs.
Blanks, lenses and monomer	138,069,401	154,068,130

42 Value of imported and indigenous raw material and components and stores and spares consumed and percentage thereof to total consumption :

	2013-14		2012-13	
	% of total consumption	Rs.	% of total consumption	Rs.
Raw Material and components				
Indigenous	20	27,246,779	15	22,768,827
Imported	80	110,822,622	85	131,299,303
	<u>100</u>	<u>138,069,401</u>	<u>100</u>	<u>154,068,130</u>
Stores and Spares :				
Indigenous	33	10,333,530	44	18,001,746
Imported	67	20,547,141	56	23,145,034
	<u>100</u>	<u>30,880,671</u>	<u>100</u>	<u>41,146,780</u>

43 Expenditure in foreign currency charged to accounts :

	2013-14 Rs.	2012-13 Rs.
Foreign travel	290,322	505,187
Commission on sales	96,828	166,647
Legal & professional charges	-	350,110
Miscellaneous expenses (Registration fees)	505,877	182,793
	<u>893,027</u>	<u>1,204,737</u>

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS****44 Earnings in foreign currency :**

	2013-14	2012-13
	Rs.	Rs.
Export of goods (on FOB basis)*	198,747,601	212,837,615
Freight, insurance, etc.*	4,712,302	6,312,697
Dividends	5,921,398	5,398,000
	<u>209,381,301</u>	<u>224,548,312</u>
 * Includes deemed export made to other EOU's	 44,033,128	 21,277,813

45 During the previous year, the Company terminated the Joint Venture agreement and applied to the Ministry of Corporate Affairs (MCA) under the Easy Exit Scheme for the de-registration and dissolution of the Joint Venture entity, M/s Indo Prime Visual Technologies Private Limited. Accordingly, the value of investment in the Joint Venture entity was written off during the previous year after considering the realisation proceeds of Rs. 185,656/-.

46 The products manufactured by the company do not have a warranty period, hence provision for warranty as specified in Accounting Standard (AS) 29 on "Provisions, Contingent Liabilities and Contingent Assets" is not required to be made.

47 The Company's international and domestic transfer pricing certification is carried out by an independent firm of Chartered Accountants. The Company has established a system of maintenance of documents and information as required by the transfer pricing legislation u/s. 92-92F of the Income Tax Act, 1961. Up to March 31, 2013, the last date for which the transfer pricing certification was carried out, there were no adjustments made to the transactions entered into with 'associated enterprises' as defined in section 92A of the Income Tax Act, 1961. The Management believes that the international transactions and specified domestic transactions entered into with 'associated enterprises' during the financial year are at arm's length price and that there will be no impact on the amount of tax expense or the provision of tax on the application of the transfer pricing legislation to such transactions.

48 Previous year's figures have been regrouped/reclassified, to correspond to current year's classification/disclosure.

As per our report attached of even date

SHARP & TANNAN

Chartered Accountants

Firm Registration No. 109982W

By the hand of

For and on behalf of the Board

Edwin P. Augustine

Partner

Membership No. 43385

K. G. Gupta

Chairman and

Managing Director

Gaurav Gupta

Director

Vikram Gupta

Director

Noel Da Silva

CFO and

Company Secretary

Place : Mumbai, Maharashtra
Date : 30th May, 2014

Place : Mapusa, Goa
Date : 30th May, 2014



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of GKB Ophthalmics Limited

We have audited the accompanying consolidated financial statements of **GKB Ophthalmics Limited** (the 'Company'), its subsidiaries and associates (the Company, its subsidiaries and associates constitute the 'GKB Group'), which comprise the Consolidated Balance Sheet as at 31st March, 2014, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information. The consolidated financial statements have been prepared by the Company in accordance with the requirements of the Accounting Standard (AS) 21 Consolidated Financial Statements, (AS) 23 Accounting for Investments in Associates in Consolidated Financial Statements and (AS) 27 Financial Reporting of Interests in Joint Ventures specified by the Companies (Accounting Standards) Rules, 2006 notified by the Central Government and on the basis of the separate audited financial statements of the GKB Group included in the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the GKB Group in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal controls relevant to the Group's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

We report that on the basis of the information and according to the explanations given to us and based on the consideration of the reports of the other auditors on the financial statements of the subsidiaries and associates, as noted below, the consolidated financial statements, give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the GKB Group as at 31st March, 2014;
- (b) in the case of the Consolidated Statement of Profit and Loss, of the consolidated results of operations of the GKB Group for the year ended on that date; and
- (c) in the case of the Consolidated Cash Flow Statement, of the consolidated cash flows of the GKB Group for the year ended on that date.



Other Matters

We did not audit the financial statements of the subsidiaries and associates whose financial statements have been audited by other auditors and whose reports have been furnished to us and insofar as it relates to the amounts included in respect of the subsidiaries and associates are based solely on the reports of the other auditors. The details of total assets, total revenues and net cash flows in respect of these subsidiaries and the net carrying cost of investment and current year share of profit or loss in respect of these associates, to the extent to which they are reflected in the consolidated financial statements

Audited by other auditors:				
				Rs. in lakhs
	Total assets	Total revenues	Net cash outflows	
Foreign subsidiaries	1,398.69	1,458.4	32.97	
		Net carrying cost of investment	Current year share of profits	
Indian associates		1,505.69	151.92	

Our opinion is not qualified in respect of these matters.

SHARP & TANNAN
Chartered Accountants
Firm Registration no.:109982W
By the hand of

Place : Mumbai, Maharashtra
Date : 30th May, 2014

Edwin P. Augustine
Partner
Membership no.43385

**CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2014**

Particulars	Note No.	As at 31.03.2014 Rs.	As at 31.03.2013 Rs.
I EQUITY & LIABILITIES			
1 Shareholder's funds			
(a) Share Capital	1	41,535,800	41,535,800
(b) Reserves and Surplus	2	357,446,386	308,089,801
Total Shareholders Funds		398,982,186	349,625,601
2 Share application money pending allotment		-	-
3 Non-current Liabilities			
(a) Long term borrowings	3	15,220,520	24,509,529
(b) Deferred Tax Liabilities (net)	4	9,287,770	6,910,863
(c) Other Long term liabilities		-	-
(d) Long Term Provisions	5	3,791,176	4,019,972
Total Non Current Liabilities		28,299,466	35,440,364
4 Current Liabilities			
(a) Short term borrowings	6	98,241,413	113,363,490
(b) Trade payables	7	93,949,357	106,483,368
(c) Other current liabilities	8	31,940,833	61,626,023
(d) Short Term Provisions	9	76,958,171	61,251,382
Total Current Liabilities		301,089,774	342,724,263
Total Liabilities		329,389,240	378,164,627
Total Liabilities and Equity		728,371,426	727,790,228
II ASSETS			
1 Non-current Assets			
(a) Fixed Assets			
(i) Tangible assets	10	137,267,180	125,665,336
(ii) Intangible assets	10	1,139,660	1,344,274
(iii) Capital work-in-progress	10	5,733,416	22,933,908
(iv) Intangible assets under development	10	-	-
(b) Non-current investments	11	150,595,816	123,675,035
(c) Long-term loans and advances	12	-	20,001
(d) Other non-current assets		-	-
Total Non-current assets		294,736,072	273,638,554
2 Current Assets			
(a) Current investments		-	-
(b) Inventories	13	193,861,861	230,314,355
(c) Trade receivables	14	210,115,274	184,298,520
(d) Cash and bank balances	15	23,309,404	28,237,671
(e) Short-term loans and advances	16	5,269,756	9,932,361
(f) Other current assets	17	1,079,059	1,368,767
Total Current Assets		433,635,354	454,151,674
Total Assets		728,371,426	727,790,228
Significant Accounting Policies	A		

The accompanying notes are an integral part of the consolidated financial statements

As per our report attached of even date

SHARP & TANNAN

Chartered Accountants

Firm Registration No. 109982W

By the hand of

For and on behalf of the Board

Edwin P. Augustine
Partner
Membership No. 43385

K. G. Gupta
Chairman and
Managing Director

Gaurav Gupta
Director

Vikram Gupta
Director

Noel Da Silva
CFO and
Company Secretary

Place : Mumbai, Maharashtra
Date : 30th May, 2014

Place : Mapusa, Goa
Date : 30th May, 2014



CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2014

Particulars	Note No.	2013-14		2012-13	
		Rs.	Rs.	Rs.	Rs.
Income					
Revenue from operations (Gross)	18	422,847,519		435,535,388	
Less : Excise duty		8,316,300		7,518,885	
Revenue from operations (Net)			414,531,219		428,016,503
Other income	19		7,126,378		6,286,098
Total Revenue			421,657,597		434,302,601
Expenses					
Cost of materials consumed	20	138,069,401		145,073,906	
Purchase of stock in trade	20	59,514,528		78,874,481	
Changes in inventories of finished goods (including excise duty) and work in progress	20	13,051,345		8,274,890	
Employee benefits expenses	21		210,635,274		232,223,277
Finance costs	22		55,353,607		52,841,978
Depreciation and amortisation	10		28,555,933		28,825,560
Other expenses	23		12,174,066		11,841,551
			72,884,143		111,861,419
			379,603,023		437,593,785
Profit / (Loss) before exceptional and extraordinary items and tax			42,054,574		(3,291,184)
Exceptional item (Refer note 13)			3,768,681		(8,888,837)
Profit before extraordinary items and tax			45,823,255		(12,180,021)
Extraordinary items			-		-
Profit/ (Loss) before tax			45,823,255		(12,180,021)
Tax Expense :					
Current Tax		(12,730,671)		(102,000)	
Taxation adjustment of previous years		(5,999,534)		-	
Deferred Tax	4	(2,376,907)		1,402,309	
			(21,107,112)		1,300,309
Profit after tax			24,716,143		(10,879,712)
Add: Share in profit/(loss) (net) of associates			15,191,564		4,669,029
Profit/(Loss) attributable to group shareholders			39,907,707		(6,210,683)
Earnings per Equity Share (Refer note 33)					
- Basic	Rs.		9.61		(1.50)
- Diluted	Rs.		9.61		(1.50)
Face value per Equity Share	Rs.		10		10
Significant Accounting Policies	A				

The accompanying notes are an integral part of the consolidated financial statements

As per our report attached of even date

SHARP & TANNAN

Chartered Accountants

Firm Registration No. 109982W

By the hand of

For and on behalf of the Board

Edwin P. Augustine

Partner

Membership No. 43385

K. G. Gupta

Chairman and

Managing Director

Gaurav Gupta

Director

Vikram Gupta

Director

Noel Da Silva

CFO and

Company Secretary

Place : Mumbai, Maharashtra

Date : 30th May, 2014

Place : Mapusa, Goa

Date : 30th May, 2014



CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

	2013-14 (Rs.)	2012-13 (Rs.)
(A) CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before tax	45,823,255	(12,180,021)
Depreciation and amortisation	12,174,066	11,841,551
Finance cost	28,555,933	28,825,560
Provision for doubtful debts (net)	883,111	630,778
Unrealised exchange difference	2,562,909	1,781,494
Write-off of long term investment	-	227,404
Profit on sale of assets (net)	(545,329)	-
Dividend income	(2,500)	(5,000)
Interest income	(335,916)	(527,417)
Operating profit before working capital changes	89,115,529	30,594,349
Adjustments for :		
Increase / (decrease) in trade and other payables	(31,795,137)	10,989,505
Increase / (decrease) in provisions	710,152	437,339
(Increase) / decrease in inventories	36,452,549	(2,660,874)
(Increase) / decrease in trade and other receivables	(19,560,879)	(35,829)
	(14,193,315)	8,730,141
Cash generated from operations	74,922,214	39,324,490
Direct taxes paid (net of refunds)	(10,405,653)	(6,472,016)
Net cash generated from / (used) in operations	64,516,561	32,852,474
(B) CASH FLOWS FROM INVESTMENT ACTIVITIES		
Payments for purchase of fixed assets	(9,329,454)	(15,618,415)
Proceeds from sale of fixed assets	774,131	-
Purchase of long term investments	(13,000,000)	-
Proceeds from long term investments	-	185,655
Interest received	625,624	229,653
Dividend received	1,273,283	5,000
Net cash generated from / (used) in investment activities	(19,656,416)	(15,198,107)
(C) CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long term borrowings	225,989	1,615,819
Repayments of long term borrowings	(10,930,223)	(9,849,684)
Proceeds from / (Repayments of) short term borrowings	(15,122,077)	22,723,772
Interest paid	(22,256,563)	(24,057,269)
Dividend paid (including tax on dividend)	-	(58,510)
Net cash generated from / (used) in financing activities	(48,082,874)	(9,625,872)
Net changes in cash and cash equivalents	(3,222,729)	8,028,495
Cash and cash equivalents - Opening balance	23,074,830	15,046,335
Cash and cash equivalents - Closing balance	19,852,101	23,074,830
Net increase / (decrease) in cash and cash equivalents	(3,222,729)	8,028,495

Notes :

- The aforesaid statement has been prepared under the indirect method, as set out in "Accounting Standard (AS) 3 - "Cash Flow Statement", as specified in the Companies (Accounting Standards) Rules, 2006
- Additions to fixed assets are stated inclusive of movements in capital work in progress between the beginning and end of the year and treated as part of investment activities.
- Figures for the previous year have been regrouped/reclassified, wherever necessary, to conform to current year's presentation.

As per our report attached of even date

SHARP & TANNAN

Chartered Accountants

Firm Registration No. 109982W

By the hand of

For and on behalf of the Board

Edwin P. Augustine

Partner

Membership No. 43385

K. G. Gupta

Chairman and

Managing Director

Gaurav Gupta

Director

Vikram Gupta

Director

Noel Da Silva

CFO and

Company Secretary

Place : Mumbai, Maharashtra

Date : 30th May, 2014

Place : Mapusa, Goa

Date : 30th May, 2014



NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

NOTE A - Significant Accounting Policies

1 Basis of preparation of Financial Statements:

The financial statements are prepared and presented under the historical cost convention, on the accrual basis of accounting and in accordance with the provisions of the Companies Act, 1956 ('the Act'), and the accounting principles generally accepted in India and comply with the accounting standards ('AS') prescribed in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government, in consultation with the National Advisory Committee on Accounting Standards ('NACAS') to the extent applicable.

The accounts of associates and the joint venture have been prepared in compliance with the Accounting Standards as specified in the Companies (Accounting Standards) Rules, 2006, prescribed by the Central Government, and those of the foreign subsidiaries have been prepared in compliance with local laws and applicable accounting standards. Necessary adjustments for differences in accounting policies, wherever material and applicable, have been made in the consolidated financial statements.

2 Use of estimates :

The preparation of the financial statements in conformity with generally accepted accounting principles ('GAAP') in India requires management to make estimates and assumptions that affect the reported amount of assets, liabilities and the disclosure of contingent liabilities on the date of the financial statements. The estimates and assumptions used in the accompanying financial statements are based on management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual results could differ from those estimates. Any revision to the accounting estimates is recognised prospectively in current and future periods.

3 Principles of consolidation :

- i) The financial statements of the Parent Company and its Subsidiaries have been consolidated on a line-by-line basis by adding together the book values of the like items of assets, liabilities, income and expenses, after eliminating intra-group balances and the unrealised profits/losses on intra-group transactions, and are presented to the extent possible, in the same manner as the Company's independent financial statements.
- ii) Investment in associate companies have been accounted for by using equity method whereby investment is initially recorded at cost and the carrying amount is adjusted thereafter for post acquisition change in the Company's share of net assets of the associate. The carrying amount of investment in associate companies is reduced to recognise any decline which is other than temporary in nature and such determination of decline in value, if any, is made for each investment individually.
- iii) The Company's interests in Jointly controlled entities are proportionately consolidated on a line-by-line basis by adding together the book values of assets, liabilities, income and expenses, after eliminating the unrealised profits/losses on intra-group transactions.

4 Fixed Assets:

- i) Fixed assets are capitalised at acquisition cost (net of duty / tax credits availed, if any) including directly attributable costs such as freight, insurance and specific installation charges for bringing the assets to working condition for use.



NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

- 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.

5 Depreciation :

- i) Indian Companies

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. Fixed Assets individually costing Rs. 5,000/- or less, are depreciated fully in the year of purchase.

- ii) Foreign Companies

Depreciation has been provided by the foreign companies on methods and the rates required/permissible by the local laws so as to write off the assets over their useful life.

6 Impairment of Assets :

As at each Balance Sheet date, the carrying amount of assets (other than inventory) is tested for impairment, so as to determine :

- i) the provision for impairment loss, if any.
- ii) the reversal of impairment loss recognised in previous periods, if any. Impairment loss is recognised when the carrying amount of an asset or a cash generating unit exceeds its recoverable amount.

The recoverable amount of the asset (or where applicable that of the cash generating unit to which the asset belongs) is determined at the higher of the net selling price and the value in use.

Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

7 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 "weighted average" 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.



NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

8 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 the Statement of Profit and Loss.

- b) Superannuation

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

Defined Benefit Plan

Leave Encashment:

The employees of the company are entitled to encashment of un-availed 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 un-availed 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 is 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. Gratuity liability in case of foreign subsidiaries has been provided as per applicable local laws.

9 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.



NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

10 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.

- ii) Financial statements of overseas non-integral foreign operations are translated as under:

- a) Assets and liabilities at the rate prevailing at the end of the year.
- b) Revenues and expenses at yearly average exchange rates prevailing during the year.

Exchange differences arising on translation of non integral foreign operations are accumulated in the foreign currency translation reserve until disposal of such operations.

11 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.

12 Investments:

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

13 Deferred Taxation:

- i) Indian Companies

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.

- ii) Foreign Companies

Deferred tax liabilities and assets in respect of foreign subsidiaries are recognised in accordance with applicable local laws.



NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

14 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.

15 Cash flow statement:

Cash flows are reported using the indirect method, whereby profit/ (loss) before extraordinary item and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

16 Cash and Cash Equivalents:

- (i) Cash comprises of cash on hand and demand deposits with banks.
- (ii) Cash equivalents are short-term, highly liquid investment that are readily convertible into known amount of cash and which are subject to an insignificant risk of change in value.

17 Provisions, Contingent liabilities, Contingent assets and Commitments :

- (a) Provisions are recognised for liabilities that can be measured only by using a substantial degree of estimation, if:
 - (i) The Company has a present obligation as a result of past a event;
 - (ii) a probable outflow of resources is expected to settle the obligation; and
 - (iii) The amount of the obligation can be reliably estimated.
- (b) Reimbursement by another party, expected in respect of expenditure required to settle a provision, is recognised when it is virtually certain that reimbursement will be received if, obligation is settled.
- (c) Contingent liability is disclosed in case of:
 - (i) a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation;
 - (ii) a present obligation when no reliable estimate is possible;
 - (iii) a possible obligation arising from past events, unless the probability of outflow of resources is remote.
- (d) Contingent assets are neither recognised nor disclosed.
- (e) Commitments includes the amount of purchase order (net of advance) issued to parties for completion of asset.
- (f) Provisions, contingent liabilities, contingent assets and commitments are reviewed at each balance sheet date.



NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 : SHARE CAPITAL	As at 31.03.2014	As at 31.03.2013
	Rs.	Rs.
Authorised : 7,000,000 equity shares of Rs.10 each (Previous year 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 (Previous year 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 (Previous year 4,153,580 equity shares of Rs. 10 each)	41,535,800	41,535,800
	41,535,800	41,535,800

List of shareholders holding more than 5% along with number of shares held.

Name of Shareholder	As at 31.03.2014		As at 31.03.2013	
	No. of shares	% held	No. of shares	% held
1 Krishna Gopal Gupta	776,225	18.69%	756,909	18.22%
2 Krishna Murari Gupta	353,207	8.50%	353,207	8.50%
3 Vikram Gupta	372,505	8.97%	358,061	8.62%
4 Gaurav Gupta	357,966	8.62%	357,966	8.62%
5 Veena Gupta	289,233	6.96%	285,900	6.88%
6 Usha Gupta	209,000	5.03%	209,000	5.03%
7 Shefali Chawla	230,553	5.55%	172,105	4.14%

Other disclosures (for 5 years immediately preceding 31.03.2014)

Particulars	FY 2013-14	FY 2012-13	FY 2011-12	FY 2010-11	FY 2009-10
i. Shares issued pursuant to a contract without payment being received in cash	-	-	-	-	-
ii. Shares issued as fully paid up bonus shares	-	-	-	-	-
iii. Shares bought back	-	-	-	-	-

Reconciliation of opening and closing share capital

Particulars	As at 31.03.2014		As at 31.03.2013	
	No. of shares	Value (Rs.)	No. of shares	Value (Rs.)
Equity shares at the beginning of the year	4,153,580	41,535,800	4,153,580	41,535,800
Equity shares issued during the year	-	-	-	-
Equity shares at the close of the year	4,153,580	41,535,800	4,153,580	41,535,800

Rights, preferences and restrictions attached to shares

The company has one class of equity shares having a par value of Rs. 10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of shareholders in the ensuing Annual General Meeting except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company in proportion to their shareholding.



NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 : RESERVES AND SURPLUS	As at 31.03.2014		As at 31.03.2013	
	Rs.	Rs.	Rs.	Rs.
Capital Reserve				
- As per last Balance Sheet		4,328,500		4,328,500
Securities Premium Account				
- As per last Balance Sheet		20,276,000		20,276,000
Investment Allowance (Utilised) Reserve				
- As per last Balance Sheet		2,229,150		2,229,150
Foreign Currency Translation Reserve				
- As per last Balance Sheet	4,907,987		1,011,734	
Addition / (Deduction) during the year	9,448,878		3,896,253	
		14,356,865		4,907,987
Retained Earnings				
- As per last Balance Sheet	276,348,164		283,360,037	
Addition / (Deduction) during the year				
- Reversal of provision for diminution in the value of investment in Joint Venture reinstated (Refer note 25b)	-		(1,200,000)	
- Adjustment of retained earnings of Joint Venture (Refer note 25b)	-		1,335,122	
- Share of profit/(loss) (net) of associates for the year ended 31st March 2012 short accounted (Refer note 25c)	-		(936,312)	
- Transferred from Statement of Profit and Loss	39,907,707		(6,210,683)	
		316,255,871		276,348,164
		357,446,386		308,089,801



NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3 : LONG TERM BORROWINGS	As at 31.03.2014 Rs.	As at 31.03.2013 Rs.
Secured :		
Term Loans		
a) From Banks	15,220,520	24,509,529
b) From Financial institutions	-	-
	15,220,520	24,509,529

Nature of security :

The above long term borrowings from banks and financial institutions are secured by hypothecation of fixed assets of the Company, personal guarantees of three directors and corporate guarantee of GKB Vision Limited, an associate company.

NOTE 4 : DEFERRED TAX				
The major components of deferred tax assets and deferred tax liabilities are as under:-				
	As at 31.03.2014		As at 31.03.2013	
	Deferred Tax Assets	Deferred Tax Liabilities	Deferred Tax Assets	Deferred Tax Liabilities
Difference between book and tax written down value		14,491,813		13,378,432
Expenses allowable for tax purposes when paid/on payment of TDS	3,542,808		3,409,760	
Provision for doubtful debts and provision for inventory write down	1,661,235		3,057,809	
	5,204,043	14,491,813	6,467,569	13,378,432
Net deferred tax liability / (asset)	9,287,770		6,910,863	
Net liability (charged)/credited to the statement of profit and loss	(2,376,907)			



NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 5 : LONG TERM PROVISIONS	As at 31.03.2014		As at 31.03.2013	
	Rs.	Rs.	Rs.	Rs.
Provision for Employee Benefits				
- Gratuity	2,599,038		2,526,923	
- Leave encashment { Refer note 29 }	1,192,138		1,493,049	
		3,791,176		4,019,972
		3,791,176		4,019,972

NOTE 6 : SHORT TERM BORROWINGS	As at 31.03.2014		As at 31.03.2013	
	Rs.	Rs.	Rs.	Rs.
Secured :				
From Banks :				
a) Cash credit	40,894,842		40,757,278	
b) Packing credit facility	57,346,571		60,303,798	
c) Buyers credit facility	-		12,302,414	
		98,241,413		113,363,490
		98,241,413		113,363,490

Nature of security :

The above short term borrowings from banks are secured by hypothecation of the inventories, book debts receivable and other current assets, and personal guarantees of three directors and corporate guarantee of GKB Vision Limited, an associate company.

NOTE 7 : TRADE PAYABLES	As at 31.03.2014		As at 31.03.2013	
	Rs.	Rs.	Rs.	Rs.
- Due to micro and small enterprises (Refer note 34)	-		-	
- Due to related parties	63,719,370		61,043,185	
- Due to others (Refer footnote below)	30,229,987		45,440,183	
		93,949,357		106,483,368
		93,949,357		106,483,368

Note :

Due to others includes reinstated amount of Rs. 15,549,044 (previous year Rs. 14,086,751) due to AlphaDiamond Industry, Japan against imports which is overdue for a period exceeding 6 months. The Company proposes to apply to the Reserve Bank of India (RBI), seeking extension to effect the payment.



NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 8 : OTHER CURRENT LIABILITIES	As at 31.03.2014		As at 31.03.2013	
	Rs.	Rs.	Rs.	Rs.
Current maturities of long term debt				
Secured :				
From Banks	11,589,053		12,907,368	
From Financial Institutions	-		96,910	
		11,589,053		13,004,278
Interest accrued and due on borrowings		347,446		491,365
Overdrawn bank balances as per books		800,194		3,540,688
Other liabilities				
- Statutory dues	1,400,275		1,898,216	
- Creditors for capital goods	1,293,523		4,043,372	
- Others	13,593,371		29,531,003	
		16,287,169		35,472,591
Unpaid dividend		-		-
Advance from customers				
- Related parties		-		-
- Others		2,916,971		9,117,101
		31,940,833		61,626,023

NOTE 9 : SHORT TERM PROVISIONS	As at 31.03.2014		As at 31.03.2013	
	Rs.	Rs.	Rs.	Rs.
Provision for Employee Benefits				
- Gratuity	6,855,595		5,967,789	
- Leave encashment	498,799		241,207	
- Superannuation	1,223,414		912,511	
- Bonus	846,666		1,554,764	
		9,424,474		8,676,271
Provision for Income Taxes (net of advance tax and tax deducted at source)		67,533,697		52,575,111
		76,958,171		61,251,382



NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 10 : FIXED ASSETS											
DESCRIPTION OF ASSETS	Gross Block				Depreciation / Amortisation				Net Block		in Rs.
	Opening As at 01.04.2013	Additions	Deductions	Translatation Adjustment	Closing As at 31.03.2014	Opening As at 01.04.2013	On Deductions	For the year	Translatation Adjustment	Closing As at 31.03.2014	As at 31.03.2014
(A) Tangible Assets											
Freehold Land	429,910	-	-	-	429,910	-	-	-	-	-	429,910
Leasehold land	895,500	-	-	-	895,500	103,294	-	9,426.00	-	112,720	782,780
Buildings	39,819,378	11,940,408	-	-	51,759,786	9,308,776	-	1,262,307	-	10,571,083	41,188,703
Plant and Machinery	182,383,685	7,643,185	-	-	190,026,870	97,259,228	-	8,933,422	-	106,192,650	83,834,220
Furniture and Fixtures	11,225,683	389,994	-	88,397	11,704,074	8,582,976	-	398,348	88,105	9,069,429	2,634,645
Office Equipment	2,826,113	425,227	-	70,432	3,321,772	1,917,391	-	154,646	61,200	2,133,237	1,188,535
Vehicles	11,450,882	3,260,670	3,039,380	293,826	11,965,998	6,194,150	2,810,578	1,156,467	217,572	4,757,611	7,208,387
	249,031,151	23,659,484	3,039,380	452,655	270,103,910	123,365,815	2,810,578	11,914,616	366,877	132,836,730	137,267,180
Previous year											
Add : Capital Work in Progress	228,144,852	20,716,761	-	169,538	249,031,151	111,615,861	-	11,606,838	143,116	123,365,815	125,665,336
Sub-total (A)	249,031,151	23,659,484	3,039,380	452,655	270,103,910	123,365,815	2,810,578	11,914,616	366,877	132,836,730	143,000,596
(B) Intangible Assets											
Computer Software	1,598,526	54,836	-	-	1,653,362	254,252	-	259,450	-	513,702	1,139,660
	1,598,526	54,836	-	-	1,653,362	254,252	-	259,450	-	513,702	1,139,660
Previous year	1,073,057	525,469	-	-	1,598,526	19,539	-	234,713	-	254,252	1,344,274
Add : Intangible assets under development											-
Sub-total (B)	1,598,526	54,836	-	-	1,653,362	254,252	-	259,450	-	513,702	1,139,660
Total (A + B)	250,629,677	23,714,320	3,039,380	452,655	271,757,272	123,620,067	2,810,578	12,174,066	366,877	133,350,432	144,140,256
Previous year	229,217,909	21,242,230	-	169,538	250,629,677	111,635,400	-	11,841,551	143,116	123,620,067	149,943,518



NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 11 : NON CURRENT INVESTMENTS (at cost, unquoted)	As at 31.03.2014		As at 31.03.2013	
	Rs.	Rs.	Rs.	Rs.
Investment in Equity Instruments				
Associates				
Fully paid equity shares of associate companies	123,647,935		119,915,218	
Add/(Less):				
- Additional Investments during the year	13,000,000		-	
- Share of profit/(loss) (net) of associates for the year ended 31st March 12 short accounted (Refer note 25c)	-		(936,312)	
- Dividend adjustment	(1,270,783)		-	
- Share in profit / (loss) (net) of associates for the year	15,191,564		4,669,029	
		150,568,716		123,647,935
Others				
- Crysta Lenses Private Limited [1 equity share (Previous year 1 equity share) of Rs. 10 each]		1,800		1,800
- Saraswat Co-operative Bank Limited [2,500 shares (Previous year 2,500 shares) of Rs. 10 each]		25,300		25,300
		150,595,816		123,675,035

NOTE 12 : LONG TERM LOANS AND ADVANCES (unsecured, considered good)	As at 31.03.2014		As at 31.03.2013	
	Rs.	Rs.	Rs.	Rs.
Capital Advances		-		20,001
		-		20,001



NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 13 : INVENTORIES (at lower of cost or net realisable value)	As at 31.03.2014		As at 31.03.2013	
	Rs.	Rs.	Rs.	Rs.
Raw materials	22,271,163		38,417,268	
Add: Goods in transit	1,615,581		7,225,603	
		23,886,744		45,642,871
Work-in-Process		5,830,890		4,195,068
Finished goods	80,502,934		82,626,050	
Add: Goods in transit	-		-	
Less: Provision for writedown of inventories to net realisable value*	5,120,156		8,888,837	
		75,382,778		73,737,213
Stock in trade	37,145,619		56,038,276	
Add: Goods in transit	6,328,606		-	
		43,474,225		56,038,276
Stores, spares and packing material	45,091,051		50,700,927	
Add: Goods in transit	196,173		-	
		45,287,224		50,700,927
		193,861,861		230,314,355
* The Company has made a provision towards write down of closing inventory of finished goods to its net realisable value. This write down has been treated as an exceptional item in the Statement of Profit and Loss				

NOTE 14 : TRADE RECEIVABLES (unsecured considered good, unless otherwise stated)	As at 31.03.2014		As at 31.03.2013	
	Rs.	Rs.	Rs.	Rs.
- Debts outstanding for a period exceeding six months from the date due for payment				
Considered good *	73,211,779		94,737,415	
Considered doubtful	298,709		3,280,026	
	73,510,488		98,017,441	
Less: Provision for bad and doubtful debts	298,709		3,280,026	
		73,211,779		94,737,415
- Other Debts				
Considered good *		136,903,495		89,561,105
		210,115,274		184,298,520
* Trade receivables include dues from:				
- Prime Lenses Private Limited		58,968,976		74,782,376
- GKB Rx Lens Private Limited		-		7,812,452
- GKB Optic Technologies Pvt. Ltd.		1,984,620		-
- GKB Optical Ltd.		2,037,196		2,037,196
which are private limited companies in which a director of the Company is a director				



NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 15 : CASH AND BANK BALANCES	As at 31.03.2014		As at 31.03.2013	
	Rs.	Rs.	Rs.	Rs.
Cash and cash equivalents				
Cash on hand	412,569		406,261	
Balance with banks				
- on current account	19,439,532		22,668,569	
		19,852,101		23,074,830
Other bank balances				
Balance with banks				
- on margin money deposit accounts (pledged against bank guarantee and letters of credit)	3,457,303		5,162,841	
- on unpaid dividend account	-		-	
		3,457,303		5,162,841
		23,309,404		28,237,671

Details of maturity of margin money deposit accounts	As at 31.03.2014 Rs.		As at 31.03.2013 Rs.
Bank deposits :			
- Maturity after 12 months	-		-
- Maturity within 12 months	3,457,303		5,162,841
	3,457,303		5,162,841



NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 16 : SHORT TERM LOANS AND ADVANCES (unsecured considered good)	As at 31.03.2014		As at 31.03.2013	
	Rs.	Rs.	Rs.	Rs.
Security Deposits		1,291,942		1,290,985
Advances recoverable in cash or in kind or for value to be received				
- Due from related parties *	-		467,333	
- Due from others	3,977,814		8,174,043	
		3,977,814		8,641,376
Balances with Excise and VAT authorities		-		-
		5,269,756		9,932,361
* Due from related parties comprise advances to - Prime Lenses Pvt. Ltd. which is private limited company in which a director of the Company is a director.		-		467,333

NOTE 17 : OTHER CURRENT ASSETS	As at 31.03.2014		As at 31.03.2013	
	Rs.	Rs.	Rs.	Rs.
Interest accrued on margin money deposits / others		1,079,059		1,368,767
		1,079,059		1,368,767



NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 18 : REVENUE FROM OPERATIONS	2013 - 2014		2012 - 2013	
	Rs.	Rs.	Rs.	Rs.
Sale of Products		422,847,519		434,692,156
Other operational revenue				
- Processing charges		-		843,232
Gross Revenue from operations		422,847,519		435,535,388

NOTE 19 : OTHER INCOME	2013 - 2014		2012 - 2013	
	Rs.	Rs.	Rs.	Rs.
Interest income				
from margin money deposits / others		335,916		527,417
Dividend income	2,500		5,000	
		2,500		5,000
Exchange gain (net)		-		2,218,530
Doubtful debts written back		38,026		-
Other non operating income				
Sundry balances written back (net)	211,396		2,889,842	
Profit on sale of fixed assets (net)	545,329		-	
Miscellaneous Income - others	5,993,211		645,309	
		6,749,936		3,535,151
		7,126,378		6,286,098



NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 20 : COST OF GOODS SOLD	2013-14		2012-13	
	Rs.	Rs.	Rs.	Rs.
Cost of materials consumed :				
Add : Opening stock	45,642,871		46,075,006	
Purchases	116,313,274		144,641,771	
	161,956,145		190,716,777	
Less : Closing stock	23,886,744		45,642,871	
		138,069,401		145,073,906
Purchase of stock in trade		59,514,528		78,874,481
Changes in inventories of finished goods (including excise duty) and work in progress :				
Closing stock :				
Work-In-Process	5,830,890		4,195,068	
Finished goods	80,282,927		82,452,827	
Trading goods	43,474,225		56,038,276	
	129,588,042		142,686,171	
Opening stock :				
Work-In-Process	4,195,068		4,975,421	
Finished goods	82,452,827		69,085,654	
Trading goods	56,038,276		76,864,667	
	142,686,171		150,925,742	
Excise duty				
on closing stock of finished goods	220,007		173,223	
on opening stock of finished goods	173,223		208,542	
	(46,784)	13,051,345	35,319	8,274,890
		210,635,274		232,223,277

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**

NOTE 21 : EMPLOYEE BENEFITS EXPENSES	2013-14		2012-13	
	Rs.	Rs.	Rs.	Rs.
Salaries, Wages and Bonus		48,445,576		46,686,533
Contribution to Provident fund and other funds		4,044,165		3,877,915
Gratuity		1,657,953		626,690
Leave encashment		88,102		311,155
Workmen and Staff Welfare		1,117,811		1,339,685
		55,353,607		52,841,978

NOTE 22 : FINANCE COSTS	2013-14		2012-13	
	Rs.	Rs.	Rs.	Rs.
Interest expenses:				
- Borrowings	19,222,095		21,243,919	
- Income tax and wealth tax	6,443,289		4,821,745	
- Others	-		89	
		25,665,384		26,065,753
Other borrowing costs and bank charges		2,890,549		2,759,807
		28,555,933		28,825,560



NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 23 : OTHER EXPENSES	2013-14		2012-13	
	Rs.	Rs.	Rs.	Rs.
Stores and spares consumed		30,880,670		41,146,780
Packing material consumed		6,040,659		8,449,573
Power and fuel		9,440,988		12,283,425
Other manufacturing expenses		2,636,816		20,591,958
Lease rent (refer foot note below)		1,779,786		2,106,648
Repairs :				
- Building	380,564		155,071	
- Plant and Equipment	1,586,519		1,718,005	
- Others	956,304		1,230,969	
		2,923,387		3,104,045
Insurance		780,828		1,053,245
Rates and Taxes		284,994		1,361,744
Freight and forwarding		5,688,992		6,910,601
Auditor's Remuneration				
- Audit fees	400,000		400,000	
- Tax audit fees	100,000		100,000	
- Other matters	150,000		150,000	
- Out of pocket expenses	67,095		72,297	
- Service Tax	85,176		77,093	
		802,271		799,390
Commission		813,662		1,540,948
Travelling and conveyance		1,865,676		2,943,992
Legal and Professional Charges		1,493,720		2,100,087
Provision for doubtful debts		921,137		630,778
Exchange loss (net)		42,773		-
Directors' fees (including service tax)		213,484		163,720
Advertising and sales promotion		650,151		962,058
Bad debts written off		319,003		-
Security charges		1,785,672		1,487,726
Telephone and communication expenses		1,672,983		1,855,596
Printing and stationery expenses		725,612		826,685
Write off of investment in joint venture (refer note 25b)		-		227,404
Miscellaneous expenses		1,120,879		1,315,016
		72,884,143		111,861,419

Note :**Operating Lease**

The Company has taken warehouses, office premise and residential apartments on operating lease. The Company also pays lease rent on the factory premises. Lease rent amounting to Rs. 1,779,786 (previous year Rs. 2,106,648) has been charged to the Statement of Profit and Loss.



NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

24 Basis of preparation of Consolidated Financial Statements (CFS) :

- a) The Consolidated Financial Statements (CFS) are prepared in accordance with the requirements of Accounting Standard (AS) 21, 'Consolidated Financial Statements' (AS) 23, 'Accounting for Investments in Associates in Consolidated Financial Statements' and (AS) 27, 'Financial Reporting of Interests in Joint Ventures' notified by the Companies (Accounting Standards) Rules, 2006. The CFS comprises the financial statements of GKB Ophthalmics Limited, its subsidiaries, associates and joint venture. References in these notes to GKB, Company, Companies, Parent Company or Group shall mean to include GKB Ophthalmics Limited or any of its subsidiaries, associates and joint venture, unless otherwise stated.
- b) The notes and significant accounting policies to the CFS are intended to serve as a guide for better understanding of the GKB Group's position. In this respect, the Company has disclosed such notes and policies which represent the required disclosure.

25 a) The list of subsidiaries, associates and joint venture included in the consolidated financial statements are as under:

Sr. No.	Name of the Company	Relationship	Country of incorporation	Proportion of ownership interest
1	GKB Ophthalmics Products [FZE], Sharjah (Limited Liability Establishment)	Subsidiary	United Arab Emirates	100%
2	GKB Ophthalmics GmbH, Oyten	Subsidiary	Germany	100%
3	Prime Lenses Private Limited	Associate	India	37.51%
4	GKB Vision Limited	Associate	India	36.47%

- b) During the previous year, the Company terminated the Joint Venture agreement and applied to the Ministry of Corporate Affairs (MCA) under the Easy Exit Scheme for the de-registration and dissolution of the Joint Venture entity, M/s Indo Prime Visual Technologies Private Limited. Consequently, the investment in the Joint Venture entity was written off during the previous year after considering the realisation proceeds of Rs. 185,655/-, and the following adjustments pertaining to the Joint Venture were made in the financial statements of the previous year:
- The reversal of diminution in the value of investment of Rs. 1,200,000/- made in the FY 2011-12 on first time preparation of consolidated financial statements was reinstated and adjusted in the retained earnings.
 - The negative retained earnings of Rs. 1,335,122/- previously recognised was reversed and adjusted in the retained earnings.
 - The carrying amount of the investment of Rs. 413,060/- (net of provision of Rs. 1,200,000/-) was written off after adjustment for the realisation proceeds of Rs. 185,655/-
- c) For the financial year 2011-12, the financial statements of the 2 associate companies considered for consolidation were not subjected to an audit but were certified by the management. The share of losses based on such financial statements were Rs. 1,485,671/-. Subsequently on audit, the share of losses were determined at Rs. 2,431,983/-. The additional share of losses of Rs. 936,312/- were shown and adjusted in the retained earnings of the previous financial year.

26 Consolidated financial statements were prepared for the first time in the previous financial year 2011-12 in accordance with the requirements of Accounting Standard (AS) 21, 'Consolidated Financial Statements', (AS) 23, 'Accounting for Investments in Associates in Consolidated Financial Statements' and (AS) 27, 'Financial Reporting of Interests in Joint Ventures' notified by the Companies (Accounting Standards) Rules, 2006. Since consolidated financial statements were not prepared for the earlier years, certain information as mentioned below could not be ascertained.

- a) Identification of Goodwill or Capital Reserve in the carrying cost of investment in associates.
- b) Determination of balance as at April 01, 2011 of the foreign currency translation reserves in respect of the Company's 'non-integral' foreign subsidiaries and opening balance of retained earnings which has been considered as a balancing figure.
- c) Unrealised profits / losses (if any) in respect of intra group transactions which should have been eliminated
- d) Adjustments required in respect of 'b' and 'c' above, which have an impact on opening retained earnings, has not been given effect in the absence of information.



NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

27 Contingent Liabilities and Commitments :**31.03.2014 31.03.2013****Contingent Liabilities**

	Rs.	Rs.
a) Sales tax liability that may arise in respect of matters in appeal	11,170,738	11,170,738
b) Excise duty liability that may arise in respect of matters in appeal	3,361,887	3,361,887
c) Other claims against the Company not acknowledged as debts	7,525,000	7,525,000
d) Guarantees given on behalf of associate companies.	312,108,000	306,108,000
e) Bills discounted	9,881,502	14,898,384
f) Letters of credit outstanding	7,714,789	15,710,536
g) Bank guarantees	5,229,403	5,379,403

Note :

It is not practical to estimate the timing of outflows in respect of 'a', 'b' and 'c' above pending resolution of legal proceedings.

Commitments

	Rs.	Rs.
a) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	-	-
b) Other commitments		
The Company is a 100% EOU registered under the SEEPZ Special Economic Zone. As per the amendment to Letter of Permission dated November 20, 2008, the Company was required to achieve export turnover of USD 35.82 million and Net Foreign Exchange Earning (NFE) of USD 3.26 million during the period April 1, 2008 to March 31, 2013.		
Although the Company achieved Net Foreign Exchange Earnings (NFE) as required, it did not meet the export turnover obligation. By letter dated May 27, 2013, the period for achievement of export targets has been extended up to March 31, 2018. As at March 31, 2014, the balance export turnover obligation remaining to be achieved is USD 8.03 million.		

28 Trade receivable, loans and advances and trade payable balances are subject to confirmation, reconciliation and consequent

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

29 Disclosures as required by Accounting Standard (AS) 15 "Employee Benefits":

a) Defined Contribution Plans :

Contribution to Defined Contribution Plans, recognised as an expense and included under "Employee Benefits Expenses"

Note 21 to the Statement of Profit and Loss are as under :

- Employer's contribution to Provident Fund and EDLI Rs.1,296,171 (Previous year Rs.1,278,195)
- Employer's contribution to Family Pension Scheme Rs.1,103,600 (Previous year Rs.1,056,240)
- Employer's contribution to Employees State Insurance Scheme Rs.1,285,686 (Previous year Rs.1,178,245)
- Employer's contribution to Superannuation Fund Rs.310,903 (Previous year Rs.322,225)
- Employer's contribution to Labour Welfare Fund Rs.47,805 (Previous year Rs.43,010)

b) Defined Benefit Plans :

The Company's gratuity and leave encashment plans are defined benefit plans :

	Gratuity (funded) Rs. 2013-2014	Gratuity (funded) Rs. 2012-2013	Gratuity (funded) Rs. 2013-2014	Gratuity (funded) Rs. 2012-2013
I Change in obligation during the year				
1 Liability at the beginning of the year	6,949,564	6,608,802	4,188,345	3,826,802
2 Interest cost	555,965	528,704	-	-
3 Current service cost	508,498	521,370	650,167	298,285
4 Past service cost	-	-	-	-
5 Benefits paid	(268,651)	(217,263)	-	-
6 Actuarial (gain) / losses	176,611	(492,049)	-	-
7 Translation adjustments	56,751	-	-	63,258
8 Liability at the end of the year	7,978,738	6,949,564	4,838,512	4,188,345
II Change in assets during the year				
1 Plan assets at the beginning of the year	2,643,197	2,575,885	-	-
2 Expected return of plan assets	233,288	229,620	-	-
3 Contributions	754,783	54,955	-	-
4 Benefits paid	(268,651)	(217,263)	-	-
5 Actuarial gain / (loss)	-	-	-	-
6 Plan assets at the end of the year	3,362,617	2,643,197	-	-
7 Total actuarial gain/(loss) to be recognised	(176,611)	492,049	-	-
III Actual return on plan assets				
1 Expected return on plan assets	233,288	229,620	-	-
2 Actuarial gain / (loss)	-	-	-	-
3 Actual return on plan assets	233,288	229,620	-	-
IV Net asset / (liability) recognised in the balance sheet				
1 Liability at the end of the year	(7,978,738)	(6,949,564)	(4,838,512)	(4,188,345)
2 Plan assets at the end of the year	3,362,617	2,643,197	-	-
3 Amount recognised in the balance sheet	(4,616,121)	(4,306,367)	(4,838,512)	(4,188,345)
V Expenses recognised in the statement of profit and loss for the year				
1 Current service cost	508,498	521,370	650,167	298,285
2 Interest cost	555,965	528,704	-	-
3 Expected return on plan assets	(233,288)	(229,620)	-	-
4 Actuarial (gain) / losses	176,611	(492,049)	-	-
5 Past service cost	-	-	-	-
6 Total expenses as per actuarial valuation	1,007,786	328,405	650,167	298,285
7 Optional payment	-	-	-	-
8 Total expenses	1,007,786	328,405	650,167	298,285
VI Balance sheet reconciliation				
1 Opening net liability	4,306,367	4,032,917	4,188,345	3,826,802
2 Expenses as above	1,007,786	328,405	650,167	298,285
3 Employer contribution	(754,783)	(54,955)	-	-
4 Translation adjustments	56,751	-	-	63,258
5 Amount recognised in the balance sheet *	4,616,121	4,306,367	4,838,512	4,188,345
VII The major categories of plan assets as a percentage of total :				
Insurer Managed Funds	100%	100%	Not applicable	Not applicable
VIII Actuarial assumptions:				
1 Discount rate	8.00%	8.00%	8.25%	8.25%
2 Rate of return on plan assets	Not determined	Not determined	Not applicable	Not applicable
3 Rate of mortality	As per mortality table LIC (1994-96) Ultimate	As per mortality table LIC (1994-96) Ultimate		
4 Salary Escalation	6.00%	6.00%	-	-

* Pursuant to revised schedule VI, the closing net liability is disclosed as follows:

Disclosed in Note 5 - Long Term Provisions	-	-	2,599,038	2,526,923
Disclosed in Note 9 - Short Term Provisions	4,616,121	4,306,367	2,239,474	1,661,422

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Disclosures as required by Accounting Standard (AS) 15 Employee Benefits (contd.)

	Leave encashment (unfunded) Rs. 2013-2014	Leave encashment (unfunded) Rs. 2012-2013
I Change in obligation during the year		
1 Liability at the beginning of the year	1,734,256	1,618,086
2 Interest cost	143,076	141,583
3 Current service cost	120,092	299,426
4 Past service cost	-	-
5 Benefits paid	(131,421)	(194,985)
6 Actuarial (gain) / losses	(175,066)	(129,854)
7 Liability at the end of the year	1,690,937	1,734,256
II Change in assets during the year		
1 Plan assets at the beginning of the year	-	-
2 Expected return of plan assets	-	-
3 Contributions	-	-
4 Benefits paid	-	-
5 Actuarial gain / (loss)	-	-
6 Plan assets at the end of the year	-	-
7 Total actuarial gain/(loss) to be recognised	175,066	129,854
III Actual return on plan assets		
1 Expected return on plan assets	-	-
2 Actuarial gain / (loss)	-	-
3 Actual return on plan assets	-	-
IV Net asset / (liability) recognised in the balance sheet		
1 Liability at the end of the year	(1,690,937)	(1,734,256)
2 Plan assets at the end of the year	-	-
3 Amount recognised in the balance sheet	(1,690,937)	(1,734,256)
V Expenses recognised in the statement of profit and loss for the year		
1 Current service cost	120,092	299,426
2 Interest cost	143,076	141,583
3 Expected return on plan assets	-	-
4 Actuarial (gain) / losses	(175,066)	(129,854)
5 Past service cost	-	-
6 Total expenses as per actuarial valuation	88,102	311,155
7 Optional payment	-	-
8 Total expenses	88,102	311,155
VI Balance sheet reconciliation		
1 Opening net liability	1,734,256	1,618,086
2 Expenses as above	88,102	311,155
3 Benefits Paid	(131,421)	(194,985)
4 Amount recognised in the balance sheet *	1,690,937	1,734,256
VII The major categories of plan assets as a percentage of total :	Not applicable	Not applicable
VIII Actuarial assumptions:		
1 Discount rate	9.31%	8.25%
2 Rate of return on plan assets	Not applicable	Not applicable
3 Rate of mortality	As per mortality table LIC (1994-96) Ultimate	As per mortality table LIC (1994-96) Ultimate
4 Salary Escalation	5.00%	5.00%
* Pursuant to revised schedule VI, the closing net liability is disclosed as follows:		
Disclosed in Note 5 - Long Term Provisions	1,192,138	1,493,049
Disclosed in Note 9 - Short Term Provisions	498,799	241,207

General description of the defined benefit plans :

- The Company operates a gratuity scheme, which is a funded scheme for qualifying employees, except in the case of directors where the scheme is unfunded. The scheme provides for lump sum payment to employees on retirement, death, while in employment or termination of employment or an amount equivalent to 15 days salary for every completed year of service or part thereof in six months, provided the employee has completed 5 years of service.
- The Company operates a leave encashment scheme, which is a unfunded scheme. The present value of obligation under this scheme is based on an actuarial valuation using the Projected Unit Credit method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**

30 During the year the Company has not capitalised any borrowing costs as per Accounting Standard (AS) 16 - "Borrowing costs".

31 Disclosures as required by Accounting Standard (AS) 17 - Segment Reporting :

- a) Primary Segment :
The Company operates in one primary segment i.e. ophthalmic lenses, and that is the only primary reportable segment.
- b) Secondary Segment (Geographical Segment) :

	Within India Rs.	Outside India Rs.	Total Rs.
Revenue from external customers * (excluding other operational revenue)	154,341,182 (123,139,686)	260,190,037 (304,033,585)	414,531,219 (427,173,271)
Carrying amount of segment assets	441,512,833 (474,413,665)	192,760,474 (177,408,126)	634,273,307 (651,821,791)
Additions to fixed assets during the year	4,137,769 (17,374,967)	2,376,059 (48,808)	6,513,828 (17,423,775)

* Revenue within India includes deemed export sales of Rs. 44,033,128 (Previous Year Rs. 21,277,813) made to other EOU units in India
Figures in brackets pertain to the previous year

32 Disclosures as required by Accounting Standard (AS) 18 - Related Party Disclosures :

(a) Relationships:

List of related parties with whom transactions were carried out during the year or previous year:

(i) Associates/Joint venture/Enterprises in which directors exercise significant influence

- 1 Prime Lenses Pvt Ltd
- 2 GKB Vision Limited
- 3 GKB Optic Technologies Pvt.Ltd.
- 4 Lensco-The Lens Company
- 5 GKB Optical Limited
- 6 Indo Prime Visual Technologies Private Limited

(ii) Key Management Personnel

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

(iii) Relatives of key management personnel

- 1 Mrs. Veena Gupta
- 2 Mr. Gaurav Gupta
- 3 Mr. Vikram Gupta
- 4 Mr. K. M. Gupta



NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(b) The following transactions were carried out with the related parties:

In Rs.

Sr No.	Nature of transaction / relationship /party	2013-14	2012-13
1	Purchases of goods and services		
	Associates		
	Prime Lenses Pvt Ltd	16,036,758	1,198,870
	GKB Vision Limited	74,330,418	88,243,439
	Total	90,367,176	89,442,309
2	Sales of goods and services		
	Associates/ Significant influence enterprise		
	Prime Lenses Pvt Ltd	63,763,366	44,099,181
	GKB Vision Limited	27,225,200	17,155,726
	GKB Rx Lens Pvt Ltd	-	36,018,750
	GKB Optic Technologies Pvt.Ltd.	443,478	-
	Lensco-The Lens Company	19,020,582	23,323,262
	Total	110,452,626	120,596,919
3	Payment of remuneration		
	Key Management Personnel		
	K. G. Gupta	1,921,316	1,921,316
	Total	1,921,316	1,921,316
4	Rent Paid		
	Relative of Key Management Personnel		
	Veena Gupta	480,000	480,000
	Total	480,000	480,000
5	Dividend received / receivable		
	GKB Vision Limited	1,270,783	-
	Total	1,270,783	-
6	Recovery of expenses		
	Associate/ Joint Venture/ Significant influence enterprise		
	GKB Vision Limited	2,100	-
	Prime Lenses Pvt. Ltd	-	-
	GKB Rx Lens Pvt. Ltd.	-	374,865
	Indo Prime Visual Technologies Pvt Ltd	-	72,000
	Total	2,100	446,865
7	Reimbursement of expenses		
	Associates/ Joint Venture		
	Prime Lenses Pvt Ltd	-	29,704
	Indo Prime Visual Technologies Pvt Ltd	-	5,216
	GKB Vision Limited	-	9,887



NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

<i>In Rs.</i>			
Sr No.	Nature of transaction / relationship /party	2013-14	2012-13
8	Director's sitting fees		
	Relatives of Key Management Personnel		
	Gaurav Gupta	30,000	20,000
	Vikram Gupta	5,000	10,000
	K. M. Gupta	10,000	10,000
	Total	45,000	40,000
9	Investment in Share capital		
	Associates		
	Prime Lenses Pvt Ltd	13,000,000	-
	Total	13,000,000	-
Note: Amounts paid/received includes amounts charged/credited to the statement of profit and loss.			

<i>In Rs.</i>			
Sr No.	Nature of transaction / relationship /party	As at 31.03.2014	As at 31.03.2013
1	Accounts payable		
	Associate/ Joint Venture/ Significant influence enterprise		
	Prime Lenses Pvt Ltd	234,059	326
	GKB Vision Limited	62,947,116	55,147,695
	GKB Optic Technologies Pvt.Ltd.	538,195	-
	Relative of Key Management Personnel		
	Veena Gupta	432,000	324,000
	Total	64,151,370	55,472,021
2	Advances received remaining unadjusted		
	Significant influence enterprise		
	GKB Rx Lens Pvt Ltd	-	5,388,264
	Total	-	5,388,264
3	Accounts receivable		
	Associate/ Joint Venture/ Significant influence enterprise		
	Prime Lenses Pvt Ltd	58,968,976	75,249,709
	GKB Opticals Limited	2,037,196	2,037,196
	GKB Rx Lens Pvt Ltd	-	7,812,452
	GKB Optic Technologies Pvt.Ltd.	1,984,621	-
	Lensco-The Lens Company	35,202,966	29,737,300
	Total	98,193,759	114,836,657



NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

33 Disclosures as required by Accounting Standard (AS) 20 - Earning per share :

Particulars		2013-14	2012-13
Profit/(Loss) after tax as per Statement of Profit and Loss	Rs.	39,907,707	(6,210,683)
Number of equity shares outstanding	Nos.	4,153,580	4,153,580
Face value of equity share	Rs.	10	10
Earnings per share (basic and diluted) :			
- Basic	Rs.	9.61	(1.50)
- Diluted	Rs.	9.61	(1.50)

34 Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) as at 31st March, 2014, as per information available with the Company.

	2013-14 Rs.	2012-13 Rs.
a) Principal amount due to supplier under MSMED Act, 2006	-	-
b) Interest accrued, due to supplier under MSMED Act on the above amount and unpaid	-	-
c) Payment made to suppliers (other than interest) beyond the appointed day during the year	-	-
d) Interest paid to supplier under MSMED Act (Other than section 16)	-	-
e) Interest paid to supplier under MSMED Act (section 16)	-	-
f) Interest due and payable to suppliers under MSMED Act for payments already made	-	-
g) Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act	-	-

The above information and that given in Note 7 - "Trade Payables" pertaining to micro and small enterprises has been determined to the extent such parties have been identified on the basis of the information available with the Company. This has been relied upon by the auditors.

35 As per Accounting Standard (AS) 28 "Impairment of Assets", the Company has reviewed potential generation of economic benefits from fixed assets. Accordingly, no impairment loss has been provided for the year ended March 31, 2014 in the books.**36 The products manufactured by the company do not have a warranty period, hence provision for warranty as specified in Accounting Standard (AS) 29 on "Provisions, Contingent Liabilities and Contingent Assets" is not required to be made.****37 The Company's international and domestic transfer pricing certification is carried out by an independent firm of Chartered Accountants. The Company has established a system of maintenance of documents and information as required by the transfer pricing legislation u/s. 92-92F of the Income Tax Act, 1961. Up to March 31, 2013, the last date for which the transfer pricing certification was carried out, there were no adjustments made to the transactions entered into with 'associated enterprises' as defined in section 92A of the Income Tax Act, 1961. The Management believes that the international transactions and specified domestic transactions entered into with 'associated enterprises' during the financial year are at arm's length price and that there will be no impact on the amount of tax expense or the provision of tax on the application of the transfer pricing legislation to such transactions.****38 Previous year's figures have been regrouped/reclassified, to correspond to current year's classification/disclosure.**

As per our report attached of even date

SHARP & TANNAN

Chartered Accountants

Firm Registration No. 109982W

By the hand of

For and on behalf of the Board

Edwin P. Augustine

Partner

Membership No. 43385

K. G. Gupta

Chairman and

Managing Director

Gaurav Gupta

Director

Vikram Gupta

Director

Noel Da Silva

CFO and

Company Secretary

Place : Mumbai, Maharashtra

Date : 30th May, 2014

Place : Mapusa, Goa

Date : 30th May, 2014

**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956**

(Rs. In Lakhs)

1	Name of the Subsidiary Company	GKB Ophthalmics FZE (UAE)	GKB Ophthalmics GmbH (Germany)
2	Financial year of Subsidiary Company	December 31, 2013	December 31, 2013
3	(a) Number of shares held in Subsidiary Company on the above date	1	1
	(b) Extent of Holding	100%	100%
	(c) Capital	24.41	21.01
	(d) Reserves / (Accumulated Losses)	1143.98	5.71
	(e) Total assets	1339.93	27.37
	(f) Total Liabilities (other than shareholder's funds)	171.54	(0.66)
	(g) Details of Investments	--	--
	(h) Turnover	1402.72	--
	(i) Profit / (Loss) before Taxation	198.51	(0.61)
	(j) Provision for Taxation / (reversal)	--	--
	(k) Profit after Taxation	198.51	(0.61)
	(l) Proposed Dividend	59.76	--
4	The net aggregate of profits less losses of the Subsidiary Company as far as it concerns the members of the Holding Company		
	(i) Not dealt with in the Holding Company's Account:		
	(a) For the Financial Year of the Subsidiary	138.75	(0.61)
	(b) For the previous Financial Years, since it became Holding Company's Subsidiary	768.57	19.17
	(ii) Dealt with in the Holding Company's Accounts:		
	(a) For the Financial Year of the Subsidiary	60.36	--
	(b) For the previous Financial Years, since it became Holding Company's Subsidiary	238.86	--
5	Exchange Rates as on March 31, 2014.	16.27 equivalent INR per Dirham	82.18 equivalent INR per Euro

For and on behalf of Board of Directors

Place : Mapusa - Goa
Date : 30th May, 2014

K. G. Gupta
Chairman &
Managing Director

Gaurav Gupta
Director

Vikram Gupta
Director

Noel da Silva
CFO &
Company Secretary



NOTES

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.



GKB Ophthalmics Ltd.

Registered Office : 16 A - Tivim Industrial Estate Mapusa - Goa 403 526
CIN : L 26109GA1981PLC000469
Tel No. : (0832) 2257253/6714444 Fax No. : (0832) 2257044
E-mail : gkbophthalmics@gkb.net Website : www.gkb.net

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 32nd ANNUAL GENERAL MEETING of the Company
being held at the Registered Office of the Company on Saturday, September 06, 2014 at
11.00 A.M.

Folio No. / Client ID :

No. of shares held :

Signature of Member/Proxy
(To be signed at the time of handing over this slip)



GKB Ophthalmics Ltd.

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

CIN : L 26109GA1981PLC000469

Tel No. : (0832) 2257253/6714444 Fax No. : (0832) 2257044

E-mail : gkbophthalmics@gkb.net Website : www.gkb.net

PROXY FORM

[Pursuant to section 105 (6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rule 2014]

Name of the member (s) :
Registered address :
Email Id :
Folio No. / Client Id :
DP/ID :

I/We, being the member (s) of shares of the above named Company, hereby appoint

1. Name : _____ Address : _____
Email Id : _____ Signature: _____ or failing him.
2. Name : _____ Address : _____
Email Id : _____ Signature: _____ or failing him.
3. Name : _____ Address : _____
Email Id : _____ Signature: _____

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 32nd Annual General Meeting of the Company, to be held on the sixth day of September, 2014 at 11.00 A.M. at the Registered office of the company, 16-A, Tivim Industrial Estate, Mapusa-Goa, 403 526 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.

- 1(a).Consider and adopt the Audited Financial Statements of the Company for the financial year ended March 31,2014,together with the Reports of the Directors and Auditors thereon.
- 1(b).Consider and adopt the Audited Consolidated Financial Statements of the Company for the financial year ended March 31,2014.
2. Re-appointment of Mr. K. M. Gupta, who retires by rotation
3. Re-appointment of Mr. Vikram Gupta, who retires by rotation.
4. Re-appointment of Mr. Gaurav Gupta, who retires by rotation.
5. Re-appointment of M/s. Sharp & Tannan , Chartered Accountants as the Statutory Auditors of the Company.
6. Approval for borrowing limits of the Company under Section 180 (1)(c) of the Companies Act, 2013.
7. Approval for mortgaging properties of the Companies under Section 180 (1) (a) of the Companies Act, 2013.

Signed this day of 2014.

Signature of shareholder

Signature of the Proxy holder (s)

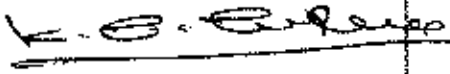
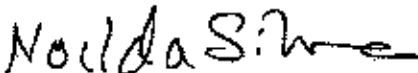
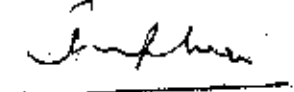
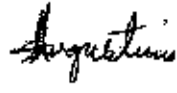
Affix
Signature
Stamp

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.



FORM A

Format of covering letter of the annual audit report to be filed with the Stock Exchanges as per clause 31 (a) of the Listing Agreement

1	Name of the Company	GKB Ophthalmics Limited
2	Annual financial statements for the year ended	Standalone financial statements for the year ended March 31, 2014
3	Type of Audit observation	Unqualified report and no matter of emphasis paragraph.
4	Frequency of observation	Not Applicable as the report is unqualified
5	<p>To be signed by :-</p> <p>Mr. K. G. Gupta Managing Director</p> <p>Mr. Noel da Silva CFO & Company Secretary</p> <p>Mr. Joseph A.A. D'Costa Chairman of the Audit Committee Meeting held on May 30, 2014.</p> <p>Place : Mapusa - Goa Date : May 30, 2014</p> <p>Edwin P. Augustine Partner SHARP & TANNAN Chartered Accountants (Auditor of the Company)</p> <p>Place: Mumbai, Maharashtra Date : May 30, 2014</p>	<p></p> <p></p> <p></p> <p></p>