



**21st
Annual Report
2006-07**

AKSH OPTIFIBRE LIMITED

(An ISO 9001:2000 Company)

REGISTERED OFFICE :

F-1080, RIICO Industrial Area,
(Phase-III), Bhiwadi - 3201 019

CORPORATE OFFICE :

Enkay Towers, Udyog Vihar-V,
Gurgaon - 122 016 (Haryana) INDIA
Tel. : 91-124-2397101-103
Fax : 91-124-2450141
E-mail : aksh@akshoptifibre.com
Website : www.akshoptifibre.com

PLANT-I

F-1075-81, RIICO Industrial Area
(Phase-III), Bhiwadi - 301 019

PLANT-II

F-315 (B), RIICO Industrial Area
(Phase-I), Bhiwadi - 301 019

PLANT-III

A-58-59, RIICO Industrial Area
Sri Khatushyamji Industrial Complex
Rigus, Distt. Sikkar, Rajasthan

Managing Director

Dr. Kailash S. Choudhari

Directors

P.F. Sundesha
D. K. Mathur
Sanjay Kalra
B.R. Rakhecha (Executive Director)
Narendra Kumbhat

Company Secretary

Seema Narang

Bankers

Union Bank of India, New Delhi
ICICI Bank Ltd., New Delhi
Punjab National Bank, Delhi

Auditors

P.C. Bindal & Co.
101, Sita Ram Mansion
718/21, Joshi Road,
Karol Bagh, New Delhi - 110 005

Share Transfer Agent :

MCS Limited
Sri Venkateshwara Bhawan
W-40, Okhla Indl. Area,
Phase-II, New Delhi-110 020

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Aksh Optifibre Limited

NOTICE

NOTICE is hereby given that the 21st Annual General Meeting of the Members of **Aksh Optifibre Limited** will be held at the Registered Office of the Company at F-1080, RIICO Industrial Area, Phase-III, Bhiwadi-301 019 (Rajasthan) on Monday, the 28th January, 2008, at 10.00 A.M to transact the following business :

ORDINARY BUSINESS:

1. To consider and adopt the Audited Balance Sheet as at 30th September, 2007 and the Profit & Loss Account for the period ended on that date together with the Reports of the Directors and the Auditors thereon.
2. To declare dividend on Equity Shares.
3. To appoint a Director in place of Mr. P.F. Sundesha who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Mr. Sanjay Kalra who retires by rotation and is eligible for re-appointment.
5. To appoint M/s. P.C. Bindal & Co., Chartered Accountants, New Delhi, as the Statutory Auditors of the Company for the current year who shall hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on a remuneration to be fixed by the Board of Directors of the Company in addition to reimbursement of all out-of-pocket expenses in connection with the audit of the accounts of the Company.

SPECIAL BUSINESS:

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

"**RESOLVED THAT** in accordance with the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act 1956, or any statutory modification(s) or re-enactment thereof, Mr. Narendra Kumbhat, who was appointed as an Additional Director pursuant to the provisions of Section 260 of the Companies act, 1956 and Article 80 of the Article of Association of the Company, be and is hereby appointed as a Director of the Company liable to retire by rotation."

By Order of the Board

Place: Bhiwadi
Date : December 06, 2007

Seema Narang
Company Secretary

Notes:

1. **A Member entitled to attend and vote at the Annual General Meeting (the Meeting) is entitled to attend and vote on a poll instead of himself and the proxy need not be a member of the Company. The instrument appointing the proxy should, however be deposited at the Registered Office of the Company not less than Forty eight hours before the commencement of the meeting.**
2. Corporate Members intending to send their authorised representatives to attend the Meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from 24th January 2008 to 28th January 2008 (both days inclusive).
4. Section 205A of the Companies Act, 1956, all unclaimed/ unpaid dividends for the financial year 31st March, 1995 and 1996 have been transferred to the General Revenue Account of Central Government as required by Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978. Those Members who have not claimed their dividend so far, are requested to claim the same by submitting an application in prescribed Form II to the Registrar of Companies, 132 Vijay Nagar, Near Kartarpura Phatak, Kartarpura, Jaipur - 302 006 (Rajasthan).

Dividends for the financial year ended 31st March, 2001 and thereafter, which remain unpaid or unclaimed for a period of 7 years from the date they had been transferred to Unpaid Dividend Account shall be transferred to **Investor Education and Protection Fund (IEPF)** established by the Central Government, on their due dates as per the details given hereunder:

Financial Year	Nature of Dividend	Date of transfer to Unpaid Dividend account	Due date of transfer to IEPF
2000-01	1st Interim Dividend	14.12.2000	14.12.2007
2000-01	2nd Interim Dividend	05.03.2001	05.03.2008
2000-01	Final Div	05.07.2001	05.07.2008
2001-02	1st Interim Dividend	22.08.2001	22.08.2008
2001-02	2nd Interim Dividend	20.11.2001	20.11.2008
2001-02	Final Dividend	05.07.2002	05.07.2009
2005-06	Final Dividend	04.11.2006	04.11.2013

Members who have not claimed/ encashed the dividend warrants for the aforesaid years, are requested to approach the Company at its Corporate Office for revalidation of the dividend warrants or for obtaining Demand Drafts, as the case may be. Members are requested to note that no claims shall lie against the Company or the IEPF in respect of any amounts which were unclaimed and unpaid, on its becoming due for transfer to IEPF account.

5. The nomination facility is available to the Shareholders in respect of equity shares held by them. Shareholders holding shares in electronic mode, may obtain and submit duly filled Nomination Forms to their respective Depository Participants. Also shareholders holding shares in physical mode may send their request for nomination at the Office of the Share Transfer Agents of the Company, MCS Ltd, at Sri Venkateshwara Bhawan, W-40 Okhla Industrial Area, Phase-II, New Delhi 110 020.
6. Members holding shares in the electronic mode are requested to intimate the change in their address, bank details etc to their respective Depository Participants (DPs) and those holding shares in physical mode are requested to intimate the above details to the Share Transfer Agents of the Company, MCS Ltd, quoting their Folio Number(s).
7. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to address their questions to the Company Secretary so as to reach the Corporate Office of the Company, atleast 10 days before the Meeting, to enable the information required to be made available at the Meeting, to the best extent possible.
8. 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 a.m to 1 p.m upto the date of the Meeting.
9. The equity shares of the Company are available for trading in demat form both on National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Shareholders are requested to avail this facility and get their shareholding converted into dematerialised form by sending the Dematerialisation Request Form (DRF) along with the share certificates through their Depository Participant to the Registrar and Transfer Agents of the Company.

By Order of the Board

Place: Bhiwadi
Date : December 06, 2007

Seema Narang
Company Secretary

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

The following explanatory statement sets out all material facts relating to the Special Business mentioned in the accompanying notice.

Item no. 6

The Board of Directors of the Company (the Board), appointed , pursuant to the provisions of Section 260 of the Companies Act,1956(The act) and Article 80 of the Articles of Association of the Company, Mr. Narendra Kumbhat as an Additional Director of the company with effect from 24th November 2007.

In terms of provisions of Section 260 of the Act, Mr. Kumbhat hold office as Director only till date of the forthcoming Annual General Meeting, but is eligible for appointment. Notice has been received from members as required by Section 257 of the Act, signifying their intention to propose the candidature of Mr. Kumbhat.

A brief resume of Mr. Kumbhat, nature of his expertise in specific functional areas and name of companies in which he holds directorships and memberships/chairmanships of Board committees as stipulated under clause 49 of Listing Agreement with the Stock Exchanges in India, are provided in Report on Corporate Governance forming part of the Annual Report.

Save and except Mr. Kumbhat, none of the other Directors of the Company is, in any way, concerned or interested in the Resolution set out at Item no.6 of the Notice.

By Order of the Board

Place: Bhiwadi
Date : December 06, 2007

Seema Narang
Company Secretary

Aksh Optifibre Limited

DIRECTORS' REPORT

To
The Members,

Your Directors are pleased to present the 21st Annual Report together with the Audited Accounts for the financial period ended 30th September, 2007.

FINANCIAL RESULTS

(Rs. in Lacs)

Particulars	Period ended 30.09.2007 (18 months)	Year ended 31.03.2006 (12 months)
Turnover	12748.02	11316.08
Profit before interest & depreciation	2322.11	3101.67
Interest	(1092.84)	(311.36)
Depreciation	(1088.65)	(562.26)
Profit before Tax	140.62	2228.05
Provision for Tax including Deferred	65.29	742.11
Fringe Benefit Tax	8.67	3.13
Net Profit / Loss after Tax	66.66	1482.82
Balance (Loss) / Profit brought forward from Previous years	390.13	(3.43)
Balance of Profit & Loss Account of erstwhile Aksh Broadband Limited	408.49	—
Debtore Redemption Reserve written back	500.00	—
Profit available for appropriation	1365.28	1479.39
Appropriations:		
Transfer to general reserve	—	250.00
Proposed Dividends	214.81	385.66
Distribution Tax	36.51	54.09
Transfer to Debtore Redemption Reserve	—	399.50
Surplus carried to Balance Sheet	1113.96	390.13

Operational Review

During the period under review, your Company has achieved a turnover of Rs 12,748.02 lacs as compared to a turnover of Rs. 11316.08 lacs during the previous year. The turnover was lower primarily due to delay in finalization of tenders by the Telecom companies. Net Profit after Tax (PAT) during the year under review was Rs. 66.66 lacs.

Dividend

Your Directors are pleased to recommend a dividend @ 10% (i.e. 50 paise per share) on 42962324 Equity Shares of Re. 5 each absorbing Rs. 214.81 Lacs. The total dividend payout for the year under review is Rs. 250.32 Lacs inclusive of dividend tax thereon. The dividend will not suffer tax in the hands of the shareholders.

Scheme of Amalgamation

During the period under review, the company has under the provisions of Sections 391 to 394 of the Companies Act, 1956, and with the approvals of the shareholders and creditors as also of the Hon'ble High Court of Judicature at Rajasthan and Delhi, has merged and acquired, through the Scheme of Amalgamation (the Scheme) the undertaking of Aksh Broadband Limited into itself. The shareholders of erstwhile Aksh Broadband Limited were allotted equity shares in the ratio of 7:2 shares in the Company, in terms of the Scheme and are listed on the Stock Exchanges. The successful implementation of the Scheme of Amalgamation has resulted in enhancement of shareholder value.

Equity Share Capital

During the year, the Company has allotted 714032 equity shares of Rs. 5/- each at a price of Rs. 62/- per share upon part conversion of FCCBs.

The Company, during the year, has issued 2,02,10,400 equity shares of Rs. 5/- each to the shareholders of erstwhile Aksh Broadband limited (ABL) consequent upon the amalgamation of ABL with the Company.

Accordingly, the Authorised Share Capital of the Company was increased from Rs. 25 crores to Rs. 30 crores.

Subsidiaries

During the period, APAKSH Broadband Limited became a subsidiary of the Company consequent to merger of Aksh Broadband Limited with your Company.

The Statement pursuant to Sec. 212 of the Companies Act, 1956 and the Audited Statements of Accounts along with the Report of the Board of Directors and Auditors' Report thereon on the Subsidiary Company have not been annexed as the same have not been made available by the subsidiary Company, Your Company has made necessary application to the Ministry of Corporate Affairs seeking dispensation from the compliance of Sec. 212(1) with respect to attachment of audited statements of Accounts along with the Report of the Board of Directors and Auditors' Report thereon.



Consolidated Financial Statements

As provided in the Accounting Standard (AS-21) , a subsidiary is excluded from consolidation when the control is intended to be temporary because the subsidiary is acquired and held exclusively with the view to its subsequent disposal in the near future. As the investment in the subsidiary is of temporary nature, the consolidated financial statements have not been prepared and attached.

Fixed Deposits

The Company has not accepted any fixed deposits during the period under review.

Directors

During the year under review, Mr. Vinod Kapur, was co-opted as Additional Director w.e.f. 24th February, 2007. Mr. Vinod Kapur resigned from the Directorship of the Company w.e.f. 28th July, 2007. Your Directors place on record the appreciation for contribution made by Mr. Kapur.

Mr. Narendra Kumbhat has been co-opted as an Additional Director with effect from 24th November, 2007 on the Board of Directors of your Company, to hold office upto the date of the ensuing Annual General Meeting The Company has received a notice in writing from a member proposing the candidature of Mr. Kumbhat for the office of Director, liable to retire by rotation.

In accordance with the requirements of the Companies Act, 1956, and Articles of Association of the Company, Mr. P.F.Sundesha, and Mr. Sanjay Kalra, Directors retire by rotation at the ensuing Annual General Meeting and being eligible, offers themselves for reappointment.

Auditors

Your Company's Statutory Auditors, M/s P. C. Bindal & Co., Chartered Accountants, retire at the conclusion of the forthcoming Annual General Meeting and are recommended for re-appointed as Auditors of the Company for the financial year 2007-08. The company has received a certificate from them to the effect that their reappointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956.

Auditors Report

The Notes on Accounts appearing in Schedule N and referred to in the Auditors Report are self-explanatory, and therefore do not call for any further comments or explanations.

Conservation of Energy, Research & Development, Technology Absorption, Foreign Exchange Earnings & Outgo

The particulars as prescribed under Section 217 (1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988, are set out in the Annexure 'A' and form an integral part of this report.

Particulars of Employees

As required under the provisions of Section 217(2A) of the Companies Act 1956 read with Companies (Particulars of Employees) Rules, 1975, names and other particulars of employees are set out in Annexure "B" and form integral part of this report.

Employee Stock Purchase Scheme

During the year under review no shares have been granted, hence there was no vesting of Shares.

Directors' Responsibility Statement

As required under Section 217(2AA) of the Companies Act, 1956, your Directors confirm having:

- followed in the preparation of the Annual Accounts, the applicable accounting standards with proper explanation relating to material departures;
- selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company at the end of the financial year and of profit of your Company for that period;
- taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities; and
- prepared the Annual Accounts on a going concern basis.

ISO 9001- 2000 Accreditation

Your Company's manufacturing facilities in Plants I & II at Bhiwadi and Plant -III at Ringus, continue to hold the prestigious ISO 9001:2000 certification.

Listing

The Equity Shares of the Company continue to be listed at The Bombay Stock Exchange and The National Stock Exchange Ltd.

Corporate Governance

Your Company is committed to maintain the highest standards of Corporate Governance. Your Directors adhere to the requirements set out but the Securities and Exchange Board of India's Corporate Governance practices and have implemented all the stipulations prescribed.

A separate report on Corporate Governance is attached as a part of the Annual report and annexed hereto as Annexure 'C' along with the Auditors' Certificate on its compliance.

Management's Discussion and Analysis Report

Management's Discussion and Analysis Report for the year under review, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges in India. The Management Discussion and Analysis forms part of this report and is annexed hereto as Annexure 'D'.

Acknowledgment

Your Directors wish to thank and express their grateful appreciation for co-operation received from the Banks, Financial Institutions, Government Authorities, Customers, Vendors, Investors and Members for their continued and valued support.

Your Directors also wish to place on record their deep sense of appreciation for the committed services of the Executives, staff and workers of the Company.

For & On behalf of the Board

B. R. Rakhecha **Kailash S. Choudhari**
Executive Director Managing Director

Place: Bhiwadi

Dated: 6th December, 2007

Aksh Optifibre Limited

ANNEXURE 'A' TO THE DIRECTORS' REPORT

Particulars Regarding Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

Information under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the report of the Board of Directors) Rules, 1988 and forming part of the Director's Report for the period ended September 30, 2007 is as follows

A. Conservation of Energy

(a) Energy conservation measures taken

The company is engaged in the process of energy conservation by adopting improved and efficient maintenance practices like:

- Optimum utilization of Extrusion Lines for new products by increasing line speed.
- Dosing of fuel additive in furnace oil to increase the fuel efficiency.
- Monitoring of fuel consumption on hourly basis.
- Optimization of lighting fixtures in lighting areas.

(b) Additional investments and proposals, if any, being implemented for reduction of energy.

None.

(c) Impact of measures of 'a' and 'b' above for reduction of energy consumption and consequent impact on the cost of production of goods.

Energy conservation measures have resulted in saving of around 8 % in terms of costs.

(d) Total energy consumption and energy consumption per unit of production as per form 'A' of the Annexure in respect of Industries specified in the schedule thereto.

Not Applicable.

B. Technology Absorption

Research and Development (R & D)

(a) Specific area in which R & D is carried by the Company.

Company has carried out R&D in the area whereby the required bandwidth for access network application can be achieved by developing higher fibre count 48F/96F/144F Ribbon cables got approval and supplied to BSNL India.

Company has developed a new Air Blown Fibre Cables upto 12 Fibre count in 1.6mm to 2.0mm diameter, which can be used in existing micro ducts and supplied huge qty to European countries.

Company has developed an All Purpose Optical Fibre Cable upto 12F count, having very high tensile strength, high flexibility, low weight & cost effective, this cable can be installed in all the applications like Aerial, Burial & Duct.

Company has also developed higher count double layer Optical Fibre Cable & supplied to European Countries.

(b) Benefits derived as a result of the above R & D.

This has helped company to explore domestic as well as international market possibilities whereby

customers looking for a high band width for access as well as fibre to the home network.

(c) Future plan of action.

Company has done the planning to develop 576F Fibre Ribbon Cable for access network & also planned to develop low bend fibre ITUT G657 Grade

Expenditure on R & D.

(i)	Capital	NIL
(ii)	Recurring	NIL
(iii)	Total	NIL
(iv)	Total R & D Expenditure as a percentage of total turnover.	

Technology Absorption, Adaptation and Innovation Efforts in brief, made through towards technology absorption, adaptation and innovation.

Not Applicable

1. Benefits derived as a result of the above efforts, e.g., product improvement, cost reduction, product development, import substitution, etc.

Not Applicable

2. In case of imported technology, the following information may be furnished;

(a) Technology

None

(b) Year of Import

Not Applicable

(c) Has the technology been fully absorbed

Not Applicable

(d) If not fully absorbed, areas where this has not taken place, reasons therefor and future plans of action.

Not Applicable

C. Foreign Exchange Earnings and Outgo

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

During the period under review, your Company initiated measures to identify potential customers and products requirements. Company is able to focus on its activities to develop new products specifically to meet overseas market requirements. The efforts made by the Company are expected to yield results in form of increased exports.

(b) Total foreign exchange used and earned

The information of foreign exchange earning and outflows is furnished in the Notes to the Accounts.

For & On behalf of the Board

B. R. Rakhecha **Kailash S. Choudhari**
Executive Director Managing Director

Place: Bhiwadi

Dated: 6th December, 2007

ANNEXURE 'B' TO THE DIRECTORS' REPORT

INFORMATION AS PER SECTION 217 (2A) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES 1975

A. EMPLOYED THROUGH OUT THE YEAR AND IN RECEIPT OF REMUNERATION AGGREGATING TO RS. 2,400,000 PER ANNUM OR MORE

Sl. No.	Name	Designation/ Nature of Duties	Qualifications	Exp. (Yrs)	Date of Joining	Remuneration (Rs)	Age (Yrs)	Previous Employment/ Position Held
1.	Chetan Choudhari	COO	BE (Electronics)	12	1-10-2003	59,67,709/-	37	Aksh Broadband Ltd. President

**CORPORATE GOVERNANCE AT AKSH
CONTINUED DEDICATION TO CORPORATE FAIRNESS, TRANSPERENCY AND ACCOUNTABILITY.**

1. Company's Philosophy on Corporate Governance

Corporate Governance pertains to systems by which companies are directed and controlled keeping in mind the long-term interest of shareholders. It refers to blend of law, regulations and voluntary practices which enable the company to attract financial and human capital, perform efficiently and generate long-term economic value for its shareholders while respecting interests of the society as a whole.

Good corporate governance is an integral part of Aksh Optifibre management, in its pursuit of excellence, growth and value creation with a clear focus on its employees, consumers, shareholders and the community at large - its stakeholders. Good corporate governance has now become a way of life. The Company's core values are based on integrity, respect for law and compliance thereof, emphasis on product quality and a caring spirit. Aksh Optifibre believes in implementing the philosophy of corporate governance in letter and in spirit.

A report, in line with the requirement of the Stock Exchange, practice followed by the Company and detailing mandatory and other voluntary compliances for the period ended September 30, 2007 is given below:

2. BOARD OF DIRECTORS

Composition:

The Board of Directors of the Company comprises of Executive, Non-Executive and Independent Directors. In all there are 6 Directors comprising two whole-time executive directors (one being Managing Director being a Promoter Director and one Executive Director), one Non-Executive Non-Independent and three Non-Executive Independent Directors. The composition of the Board of Directors of the Company meets the stipulated requirements of clause 49 of the Listing Agreements of the Stock Exchanges.

None of the Directors on the Board is a Member on more than 10 Committees and Chairman of more than 5 Committees (as specified in Clause 49), across all the Companies in which he is a Director. The necessary disclosures regarding Committee positions have been made by the Directors.

The composition of the Board is as under:

Name	Designation	Category of directorship	No. of other Directorship*	#No. of other Committee positions held		No. of Board meetings attended during the year	Attendance at the 20th Annual General Meeting 29th Sept., 06
				Chairman	Member		
Dr. Kailash S. Choudhari	Managing Director	Promoter Executive	1	—	—	14	Yes
Mr. Popat Lal F. Sundesha	Director	Non Executive Non Independent	2	—	1	7	—
Mr. D. K. Mathur	Director	Independent	—	—	—	12	—
Mr. B. R. Rakhecha	Executive Director	Executive	1	—	—	12	Yes
Mr. Sanjay Kalra	Director	Independent	1	—	—	12	—
Mr. Narendra Kumbhat**	Additional Director	Independent	2	—	—	N.A.	N.A.

* Directorships in Private Companies, Foreign Companies and Associations are excluded.

** Appointed as an Additional Director w.e.f. 24th November, 2007.

Changes in Board Composition during the year:

Name of the Director	Details of change	Date of Change
Mr Vinod Kapur	Appointed as an Additional Director	24th February 2007
Mr. Vinod Kapur	Resigned as an Additional Director	28th July 2007
Mr. Narendra Kumbhat	Appointed as Additional Director	24th November, 2007

14 Board Meetings held during the year and the gap between two meetings did not exceed four months.

Leave of absence was granted by the Board of Directors who were absent at the respective Board Meeting(s).

Aksh Optifibre Limited

Dates of Board Meetings

20th April 2006, 1st May 2006, 25th July 2006, 04th October 2006, 25th October 2006, 25th November 2006, 29th January 2007, 2nd February 2007, 24th February 2007, 26th March 2007, 28th April 2007, 6th June 2007, 28th July 2007 & 12th September 2007.

Detailed agenda notes and the information required to be given in terms of business were circulated in advance to the Directors. The Directors including Non-Executive Directors actively participated in the deliberations of the Board.

The information as required under Annexure IA to Clause 49 is being made available to the Board.

DETAILS OF DIRECTORS BEING APPOINTED/RE-APPOINTED AT THE FORTHCOMING ANNUAL GENERAL MEETING.

Mr. P.F. Sundesha, Director, shall retire by rotation at the ensuing Annual General Meeting. Mr. P.F. Sundesha being eligible, offers himself for re-appointment.

The particulars as to his experience, expertise and directorship in other companies are given below:

Mr. P.F. Sundesha is an exporter of repute based at Mumbai and has wide range of experience in the field of Marketing, Finance and General Administration. He has been awarded President's award in Exports along with Apparels Export Promotion Council Award for six years. Mr. Sundesha is also a Director in Fulchand Finance Pvt. Ltd, Kewal Kiran Clothing Ltd and APAKSH Broadband Limited.

Mr. Sanjay Kalra, Director, shall retire by rotation at the ensuing Annual General Meeting. Mr. Sanjay Kalra being eligible, offers himself for re-appointment.

The particulars as to his experience, expertise and directorship in other companies are given below:

Mr. Sanjay Kalra, is a member of Institute of Chartered Accountants of India and having a work experience of more two decades in the areas of Finance, Accounts and Administration. He is also a director with Binary Semantics Ltd and Veeshal & Co Pvt Ltd.

Mr. Narendra Kumbhat was appointed as an Additional Director w.e.f. 24th November, 2007 in accordance with provisions of Section 260 of the Companies Act, 1956.

The particulars as to his experience, expertise and directorship in other companies are given below:

Mr. Narendra Kumbhat, MBA, has over 44 years of experience in the various fields namely Finance, Accounts, Administration, Materials, Taxation and Company Law. He is a member of Institute of Internal Auditors, Florida, USA, American Management Association, USA and Administrative Staff College of India. He has been taking up session in the programs on Revival/ Rehabilitation of Sick Industries conducted by the Bankers' Training College of Reserve Bank of India and conducted research on the causes of Industrial Sickness In India and Rehabilitation of Sick Companies. He has worked with Shriram group, Indo Rama, RPG Group, JK Organisation and Shyam Group.

He is also on the Board of Shyam Telecom Limited and Shyam IT Services Limited.

Transaction of the Non-Executive Directors vis-à-vis the Company.

During the period under review, the Company has not entered into any kind of pecuniary relationship/ transactions with any of the Non-Executive Director(s) other than payment of sitting fee for the meetings of the Board.

3. COMMITTEES OF DIRECTORS

A. AUDIT COMMITTEE

The terms of reference, role and scope are in line with those prescribed by Clause 49 of the Listing Agreement with the Stock Exchanges. The Company also complies with the provisions of Section 292A of the Companies Act, 1956 pertaining to Audit Committee and its functioning. The terms of reference of the Audit Committee and the powers vested in this committee as mentioned in the Corporate Governance Report for 2006-2007 are wide in scope and allow it the necessary latitude to discharge its duties efficiently and independently.

The Audit Committee is responsible for the effective supervision of the financial reporting process, reviewing with the management the financial statements and ensuring their compliance with accounting standards, stock exchange and other legal requirements, reviewing with the external auditors the internal control system, assessing their adequacy and ensuring compliance with internal controls; reviewing finding of internal audit and ensuring follow up action on significant findings; and reviewing quarterly, half yearly and annual accounts.

During the period, the committee reviewed accounting matters, financial reporting and internal controls. The power, role, delegation, responsibilities and terms of reference of Audit Committee are as prescribed under Section 292A of the Companies Act, 1956 and also as provided in Clause 49 of the Listing Agreement.

The Committee also considered the appointment of Statutory Auditors, their terms of reference, scope of reference, scope of work and powers etc and have also reviewed the action taken on various items discussed in the previous Audit Committee Meeting.

The Audit Committee met 6 times during the period under review on the following dates:

20th April 2006, 25th July 2006, 25th November 2006, 24th February 2007, 28th April 2007 & 28th July 2007.

The composition of the Audit Committee and attendance of its members at the meetings is as under:

Name	Designation	No. of Meetings attended
Mr. Sanjay Kalra	Member	6
Mr. Popat Lal F Sundesha	Member	5
Mr. D.K. Mathur	Member	6

All the above Directors are Non-Executive. Mr.Sanjay Kalra and Mr.D.K.Mathur are Independent Directors.

The Audit Committee invites such of the executives, as it considers appropriate (and particularly the head of the finance function) to be present at its meetings. The Finance Head attends the meetings. The Statutory Auditors are also invited to the meetings. The Company Secretary acts as the Secretary of the Committee.

B. REMUNERATION COMMITTEE

The Board of Directors of the Company has constituted a Remuneration committee comprising of 3 Non-Executive Directors of the Company, majority being independent, viz Mr. Popatlal F Sundesha, Mr. Sanjay Kalra and Mr.D.K. Mathur. The Company Secretary acts as the Secretary of the Committee.

The Remuneration Committee determines on behalf of the Board and shareholders as per the agreed term of reference, the remuneration of all the directors and other payments that are required to be paid by the Company to the Directors.

The Company has adopted a remuneration policy that attracts and maintains talented, experienced and motivated executives so as to encourage enhanced performance of the company. The remuneration policy envisages a clear relationship between performance and remuneration, including the link between remuneration paid and the overall corporate performance.

Since there was no proposal for enhancement in the remuneration of the Directors, no Committee meetings were held during the period under review.

Details of Director's Remuneration

During the period under review, the Non-Executive Directors of the Company were paid sitting fees only.

Executive Directors

The details of remuneration paid/ provided to Directors are furnished below:

(A) The details of the remuneration to the Managing Director provided as per accounts for the period ended September 30, 2007, is given below:

(Amt in Rs.)

Name	Salary and Allowances	Perquisites	Contribution to Provident Fund	Commission	Total
Dr. Kailash S. Choudhari	15,360,000	Nil	1,258,080	Nil	16,618,080

— Conveyance and telephone expenses are reimbursed on actual basis.

The terms of employment of Dr. K.S. Choudhari are as under:

Service Contract is for 3 years.

— Commission

1st Year - at the rate of 5% on the Net Profits after Tax exceeding Rs. 30 Crores

2nd Year - at the rate of 5% on the Net Profits after Tax exceeding Rs. 35 Crores

3rd Year - at the rate of 5% on the Net Profits after Tax exceeding Rs 40 Crores

Provision of Gratuity of Rs. 1,615,387/- was made during the year.

Since the company's Net profit does not exceed Rs. 30 crores during the period under review, no commission was paid to the Managing Director of the Company.

(B) The details of the remuneration to the Executive Director provided as per accounts for the period ended September 30, 2007, is given below:

(Amt in Rs.)

Name	Salary and Allowances	Perquisites	Contribution to Provident Fund	Commission	Total
Mr. B.R. Rakhecha	4,242,000	77,307	397,080	Nil	4,716,387

— Conveyance and telephone expenses are reimbursed on actual basis.

— Perquisites represents provision for leave encashment Rs. 77,307/-

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(C) The details of the remuneration to the Managing Director of erstwhile Aksh Broadband Limited provided as per accounts for the period ended September 30, 2007, is given below:

(Amt in Rs.)

Name	Salary and Allowances	Perquisites	Contribution to Provident Fund	Commission	Total
Mr. Y.L.Agarwal	1,719,515	Nil	Nil	Nil	1,719,515

— Conveyance and telephone expenses were reimbursed on actual basis

No Director of the Company including the Managing Director is entitled to the shares of the Company under the Employee Stock Purchase Scheme.

C. SHAREHOLDER/INVESTORS' GRIEVANCE COMMITTEE

We at Aksh are conscious towards addressing Investors' Grievances and make sure that the same are redressed promptly.

The Board has constituted a Shareholders' Grievance Committee comprising of Mr. Popatlal F Sundesha, Chairman, Dr. Kailash S. Choudhari, member. This Committee reviews the matters concerning the redressal of shareholders grievances like transfer of shares, non-receipt of dividend warrants etc.

The Company has duly appointed share transfer agents (R & T Agents) for servicing the shareholder's holding shares in physical and dematerialized form. All requests for dematerialization of shares are likewise processed and confirmations thereof are communicated to the investors within the prescribed time.

The Company has an **"Online Investor Grievance Redressal System"** at the Investors' Corner on its Website whereby the investor can login and lodge his grievance, which instantly reaches the Company and we ensure that the same is redressed at the earliest and to the satisfaction of the shareholders.

During the financial period ended September 30, 2007 47 complaints were received from the shareholders. They were promptly attended to and resolved to the satisfaction of the shareholders.

D. SHARE ALLOTMENT-CUM-TRANSFER COMMITTEE.

The composition of Share Allotment -Cum -Transfer Committee is as under:

Sl. No.	Name
1	Dr. Kailash S Choudhari
2	Mr. Popatlal F Sundesha
3	Mr. Sanjay Kalra
4	Mr. Vinod Kapur*

* Ceased to be member of the Committee w.e.f. July 28, 2007.

During the year 1 meeting of the Committee was held on 4th April, 2007. The decisions taken by the Share Allotment cum Transfer Committee were ratified by the Board of Directors.

The Board of Directors has continued with the delegation of power of approving transfer of securities to Mr. Chetan Choudhari, Chief Operating Officer and the Company Secretary. The share allotment cum transfer committee looks after approval of share transfers, transposition, issue of duplicate share certificates, approval of demat/ remat of share certificates etc.

During the year, authorized officials approved transfers/ transmissions/ demat/ remat/ issue of duplicate certificates every fortnightly and placed report for the consideration of Board of Directors.

The Company complies with the various requirements of the listing agreements and the depositories with respect to transfer of shares and the requisite reports are sent to them within the prescribed time.

E. ESPS COMPENSATION COMMITTEE.

ESPS COMPENSATION COMMITTEE comprises of Dr. Kailash S. Choudhari, Chairman of the Committee, and Mr. Popatlal F Sundesha as other Committee Member.

ESPS Committee has the full and conclusive authority:

— to determine the eligible employees of the Company to whom the Shares shall be granted under the terms and provisions of the Employees Stock Purchase Scheme; to interpret the Scheme; to prescribe, amend and rescind rules and regulations relating to the Scheme; to determine the terms and conditions of respective Grant letters and to make all other determinations necessary or advisable for the proper administration of the Plan;

— For administering the ESPS, the "Aksh Employee Welfare Trust" was constituted which hold shares for the benefit of Employees. After the shares are vested after a period of one year on achieving certain set goals, the same get transferred from the trust to the respective employees who exercise the vested shares. During the period no shares have been granted, hence not vested.

During the period no meeting of ESPS Compensation Committee was held.

F. FINANCE AND MANAGEMENT COMMITTEE

Finance and Management Committee composition is given hereunder:

Sl. No.	Name
1	Dr. Kailash S Choudhari ^
2	Mr. Popatlal F Sundesha*
3	Mr. Sanjay Kalra**
4	Mr. B. R. Rakhecha**
5	Mr. D.K. Mathur**

^ Ceased to be member of the Committee w.e.f. Nov. 25, 2006 & reappointed w.e.f. November 24, 2007.

* Ceased to be members of the Committee w.e.f. November 25, 2006.

** Co-opted as members of the Committee w.e.f. November 25, 2006.

During the period 6 meetings were held on the following dates:

24th May 2006, 7th June 2006, 2nd September 2006, 24th January, 2007, 2nd July 2007, 20th August 2007.

The decisions taken by the Finance & Management Committee were ratified by the Board of Directors.

4. GENERAL BODY MEETINGS

The location and time of the last three Annual General Meetings held by the Company are as under: -

Year	Date of AGM	Venue	Time	Special Resolutions passed
2005-06	29.09.2006	F-1080, RIICO Industrial Area, Phase-III, Bhiwadi - 301 019 (Rajasthan).	9:00 A.M.	2
2004-05	30-09-2005	F-1080, RIICO Industrial Area, Phase-III, Bhiwadi - 301 019 (Rajasthan).	9:00 A.M.	NIL
2003-04	30-09-2004	F-1080, RIICO Industrial Area, Phase-III, Bhiwadi - 301 019 (Rajasthan).	11:00 A.M.	NIL

Attendance of Directors at AGMs during the last four financial years

30-09-2004 : At this meeting two Directors were present out of five Directors.

30-09-2005 : At this meeting two Directors were present out of five Directors.

30-09-2006 : At this meeting two Directors were present out of five Directors.

During the financial period ended September 30, 2007, three Extra-ordinary General Meetings were convened on 18th November, 2006, 6th January, 2007 and 24th March, 2007 respectively at the Registered Office of the Company at F-1080, RIICO Industrial Area, Phase - III, Bhiwadi - 300 019, Rajasthan.

Subsidiary Company

APAKSH Broadband Limited, a subsidiary of erstwhile Aksh Broadband Limited, became subsidiary of your Company pursuant to Merger becoming effective from 25th July, 2007.

In view of the ongoing litigation and disputes between the shareholders and management of APAKSH Broadband Ltd, the accounts of the subsidiary have not been prepared and made available to the company and thus the consolidated financial results could not be prepared. The Company has made necessary applications to the Ministry of Corporate Affairs seeking exemption from compliance of Section 212(1) of the Companies Act, 1956.

Special resolution(s) by Postal Ballot:

During the financial period ended September 30, 2007 two resolutions were passed by the shareholders through postal ballot on 29th September, 2006 and 7th April, 2007. Details of the aforesaid special resolutions passed through postal ballot are as under:

(a) **Person who conducted Postal Ballot:** The Board appointed Mr. Rajiv Adlakha, Practicing Company Secretary, as the scrutinizer to conduct the postal ballot voting process. Mr. Adlakha conducted the process and submitted his report to the Managing Director.

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(b) Procedure Followed:

The Postal Ballot notice and accompanying documents were dispatched to shareholders under certificate of posting.

- (c) **Details of voting pattern:** After scrutinizing all the ballot forms received, the scrutinizer reported that the shareholders representing 98% of the total voting strength voted in favour of the resolution, based on which the results were declared and the resolution was carried with overwhelming majority.

Court Convened Meeting : On November 17th & 18th, 2006, meetings of the secured creditors, shareholders and unsecured creditors of the Company convened by the Hon'ble High court of Judicature for Rajasthan, were held wherein the Scheme of Amalgamation of Aksh Broadband Limited with the company ('the Scheme') was approved with an overwhelming majority. The Scheme has since become effective on 25th July, 2007, the Appointed Date of the Scheme being April 1, 2006.

DISCLOSURES

- 1) In terms of Accounting Standard (AS) 18, "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the Company has identified the related parties covered therein and details of transactions with such related parties have been disclosed in the Note no.5 to Schedule 'N' - Notes to Accounts of the Annual Report for the period ended September 30, 2007.

During the period under review the Company has not entered into any transaction of the material nature with its promoters, the Directors or the management, their subsidiaries or relatives, etc., that may have potential conflict with the interest of the Company at large.

- 2) During the period under review there was no instance of non-compliance by the Company of any formalities of Stock Exchange, SEBI or any statutory authority, nor any penalty imposed on the Company from the Stock Exchange, SEBI or any Statutory Authority.
- 3) All Mandatory requirements as per Clause 49 of the Listing Agreement have been complied with by the Company.
- 4) The Company follows the Accounting Standards followed by the Institute of Chartered Accountants of India and there are no statutory audit qualifications in this regard.
- 5) In terms of Clause 49(V) of the Listing Agreement, the Managing Director and the Vice President (F&A) made a certification to the Board of Directors in the prescribed format for the period under review which has been reviewed by the Audit Committee and taken on record by the Board.

6. MEANS OF COMMUNICATION

- (i) Information like quarterly/half yearly/annual financial results, notice of board meeting are submitted to the stock exchanges to enable them to put them on their websites and communicate to their members.
- (ii) Quarterly results and annual results are published in newspapers viz Financial Express and Dainik Lokmat. The results are also displayed on the Company's website. The Notice of AGM along with Annual Report is sent to the shareholders well in advance of the AGM. The Stock Exchanges are notified of any important developments that may materially effect the working of the Company. Disclosures with regard to shareholding pattern, change in major shareholdings etc; are also sent to the stock exchanges as required under SEBI Takeover Regulations and SEBI (Prohibition of Insider Trading) Regulations. Apart from above the company is regular in electronically filing specific documents/statements on the EDIFAR website viz., www.sebiedifar.nic.in.
- (iii) The Company has its own website namely www.akshoptifibre.com
- (iv) A Management Discussion and Analysis Report, which forms a part of the Annual Report, is given by means of a separate Annexure and is attached to the Directors' Report.

7. GENERAL SHAREHOLDER INFORMATION:

In accordance with the resolution passed by the shareholders of the Company at the Annual General Meeting held on 22nd July 2003 the equity shares of the Company have been delisted from The Jaipur Stock Exchange Association Ltd. The shares of the Company continue to be listed at The Bombay Stock Exchange and the National Stock Exchange Ltd.

- | | |
|---|--|
| (i) Date, Time and Venue of the Annual General Meeting | January 28, 2007, at 10.00 A.M.,
at the Registered Office of the Company, at
F-1080, RIICO Indl. Area, Phase-III, Bhiwadi - 301 019. |
| (ii) Financial Calendar 2007-2008 | |
| Accounting Year | October 1 2007 to September 30, 2008 |
| First Qtr Results | January 2008 |
| Second Qtr Results | April 2008 |
| Third Qtr Results | July 2008 |
| Fourth Qtr Results Unaudited /
Audited Annual Results. | October 2008/ November -December 2008 |



- (iii) **Book Closure Dates** January 24, 2008 to January 28, 2008.
- (iv) **Dividend Payment Date** Paid within the prescribed statutory period from the date of declaration at the AGM.
- (v) **Listing on Stock Exchanges**
 The Bombay Stock Exchange
 Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 13 India.
 Tel: 022-272 1233/ 272 1234. Fax: 022-2722082/ 2723132
 Website: www.bseindia.com
 The National Stock Exchange of India Ltd.
 Exchange plaza, 5th Floor, Plot No. C/1,
 "G Block" Bandra Kurla Complex, Bandra (E),
 Mumbai - 400013, India.
 Tel:022- 6598100- 8114 Fax:022-6598237/ 6598238
 Website: www.nse-india.com
 The listing fee for the period 2006-07 has been paid to BSE & NSE.
- (vi) **Stock Code**
 '532351' on the Stock Exchange, Mumbai.
 'AKSHOPTFBR' at the National Stock Exchange of India Ltd., Mumbai
- (vii) **Registrar & Share Transfer Agents.**
 MCS Limited
 "Sri Venkateshwara Bhawan"
 W-40, Okhla Indl.Area, Phase II, New Delhi - 110 020
 Tel: 011 - 26384909-10 Fax: 011 - 26384907
 E-mail: mcsdel@del6.vsnl.net.in
- (viii) **Investor queries/request for transfer, transmission, issue of duplicate certificates etc to be sent**
 M/s. MCS Limited
 K/A: Mr. Umesh Gupta.
- (ix) **Share Transfer System**
 The valid share transfers are registered and duly transferred share certificate(s) are dispatched within a period of 30 days from the date of receipt.

Members holding shares in electronic mode are requested to intimate the change in their address, bank details, etc. to their respective Depository Participants (DPs) and those holding shares in physical mode are requested to intimate the above details to the Share Transfer Agent of the Company, M/s MCS Ltd. quoting their Folio Number(s).

(x) Stock Market price data relating to shares listed on BSE and NSE for the period April 2006 - September 2007.

- a) Monthly high and low quotations as well as the volume of shares traded at the Bombay Stock Exchange (BSE) and National Stock Exchange Ltd (NSE).

Date	Bombay Stock Exchange			National Stock Exchange Ltd		
	High (Rs.)	Low (Rs.)	Volume (No)	High (Rs.)	Low (Rs.)	Volume (No.)
April 2006	84.00	62.90	4180740	83.90	62.80	5381799
May 2006	89.30	55.55	3900304	89.40	56.05	4825386
June 2006	68.00	45.05	887518	68.00	45.95	1313492
July 2006	66.95	49.10	392184	69.90	49.00	674779
August 2006	63.90	51.00	1430637	64.00	50.50	2213962
September 2006	59.00	49.45	699862	58.85	49.65	1030557
October 2006	56.20	47.10	755121	59.85	45.25	1079868
November 2006	53.90	43.00	1515461	53.20	43.00	2286636
December 2006	50.20	39.50	870433	53.20	38.50	1282011
January 2007	65.05	41.70	8926448	65.20	41.70	9849108
February 2007	63.00	45.05	1568038	65.20	41.20	2016908
March 2007	56.00	45.50	998524	54.50	42.90	2052247
April 2007	56.00	45.55	700644	55.70	45.50	1681245
May 2007	51.60	44.25	495706	51.20	44.05	649439
June 2007	48.50	40.95	963340	49.00	38.20	1179492
July 2007	47.00	39.10	1096596	45.85	38.70	672849
August 2007	44.85	36.00	1065053	44.80	36.70	1207717
September 2007	61.50	41.00	7339664	61.70	40.55	8621082

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(xi) DISTRIBUTION OF SHAREHOLDING AS ON 30TH SEPT. 2007.

No. of Equity Shares held	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
1-500	10800	83.46	1771039	4.12
501-1000	1081	8.35	922593	2.15
1001-2000	441	3.41	692181	1.61
2001-3000	148	1.14	389438	0.91
3001-4000	76	0.60	280866	0.65
4001-5000	89	0.69	426067	0.99
5001-10000	135	1.04	1020840	2.38
10000-50000	107	0.83	2353130	5.48
50001-100000	18	0.14	1249161	2.91
100001 and above	45	0.35	33857009	78.81
TOTAL	12940	100.00	42962324	100.00

(xii) CATEGORIES OF SHAREHOLDERS AS ON 30th Sept. '07

Particulars	No. of Shares held	Percentage of Shareholding
Promoters	8832501	20.56
FIs/Banks/MF/UTI	14900	0.03
Corporate Bodies	5545090	12.91
Directors and their relatives	9490540	22.09
FII's/NRIs/OCBs	751028	1.75
Trusts	462620	1.08
Public	16383970	38.13
Foreign National	1481675	3.45
TOTAL	42962324	100.00

(xiii). DEMATERIALISATION OF SHARES.

The Shares of the Company are in Compulsory Demat Mode. As on 30th Sept., 2007, 95.30% of the shareholding is held in Demat Mode.

(xiv). COMPLIANCE OFFICER AND CONTACT ADDRESS

Mrs. Seema Narang
 Company Secretary
 Aksh Optifibre Limited
 Ground Floor, Enkay Towers,
 Udyog Vihar, Phase-V,
 Gurgaon - 122 016,
 Haryana
 Telephone : 91-124 - 2397101-103, Extn. 316
 Fax : 91-124-2450141
 e- mail : csl@akshoptifibre.com

(xv) There are no outstanding GDRs / ADRs / Warrants. During the period the Company came out with an FCCB Issue of USD 8.75 Mn. FCCB's worth USD 7.75 Mn remain outstanding as at the end of close of Financial Period under review. The bonds are convertible at the option of the bondholder into equity shares anytime on or after 21.02.2007 and prior to 15.12.2009 at a conversion price of Rs 62/- per share with a price reset subject to the terms of issue with a fixed exchange rate of Rs. 44.27= 1USD.

(xvi) Plant Locations

Plant - I

F - 1075-81, RIICO Industrial Area, Phase - III, Bhiwadi, Rajasthan - 301 019

Plant - II

F - 315 (B), RIICO Industrial Area, Phase - I, Bhiwadi - 301 019

Plant - III

A 58-59, RIICO Industrial Area, Sri Khatushyamji Industrial Complex, Ringus, Distt. Sikar, Rajasthan

(xvii) Address for correspondence

Regd. Office: F - 1080, RIICO Industrial Area, Phase - III, Bhiwadi - 301 019

8. MANAGEMENT RESPONSIBILITY STATEMENT

The Management confirms that the financial statements are in full conformity with the requirements of the Companies Act, 1956 and the Accounting Standards issued by the Institute of Chartered Accountants of India. The Management accepts responsibility for the integrity and objectivity of these financial statements. The Management believes that the financial statements of operations reflect fairly the Company's financial position and the results of the operations. The company has a system of Internal Control, which is reviewed and updated on the regular basis.

The Financial Statements have been audited by M/s. P.C. Bindal & Co., Chartered Accountants and have been discussed with the Audit Committee.

DECLARATION

I, Kailash S. Choudhari, the Managing Director hereby declare that the Code of Conduct adopted by Aksh Optifibre Limited for its Board Members and Senior Management Personnel has been duly complied by all Board Members and senior Management Personnel of the Company.

Dr. Kailash S. Choudhari
Managing Director

COMPLIANCE

The certificate dated 05.12.2007 obtained from our Statutory Auditors M/s. P.C. Bindal & Co. forms part of this Annual Report and the same is given hereunder:

AUDITORS CERTIFICATE
ON CLAUSE 49 OF THE LISTING AGREEMENT

To the members of Aksh Optifibre Limited

We have examined the compliance of conditions of Corporate Governance by Aksh Optifibre Limited, for the financial year ended 30th September 2007, as stipulated in clause 49 of the listing agreement of the said Company with the Stock Exchange(s).

The Compliance of the conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to the review of procedures and implementation thereof adopted by the Company for ensuring compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to best of our information and according to the explanations given to us and representations made by the Directors and the Management, we certify that the Company has complied with the condition of Corporate Governance as stipulated in the clause 49 of the above mentioned listing agreement.

We state that in respect of the investor grievance received during the year ended 30th September, 2007, no investor grievance are pending for a period exceeding one month against the Company as per the records maintained by the Shareholders and Investor Grievance Committee.

We 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.

For P.C. Bindal & Co
Chartered Accountants

Place : New Delhi.
Dated : 05.12.2007

Sd/-
K. C. Gupta
(PARTNER)
Membership No. 82638

MANAGEMENT DISCUSSION AND ANALYSIS OF THE FINANCIAL STATEMENTS AND OPERATIONAL RESULTS

Statements in the Management Discussion and Analysis Report describing the Company's objectives, projections, estimates, expectations may be forward looking statements within the meaning of applicable laws and regulations. Actual results may defer materially from those expressed or implied. Important factors, which could make a difference to the Company's operation include economics conditions affecting demand/supply and price conditions in the domestic and overseas markets in which the Company operates, dependence on certain customers, change in Government regulations, and other statutes and incidental factors. The Company assumes no responsibility to publicly amend, modify or revise any forward-looking statements on the basis of any subsequent developments, information and events.

INDUSTRY STRUCTURE AND DEVELOPMENTS

The telecom industry globally is building high capacity networks, as service providers are setting up new forms of valuable traffic. Wire line is optimized to provide high-speed data applications as against wireless, which has limitations in terms of bandwidth and spectrum, when it comes to high-speed data. The global trend clearly shows that to support high speed broadband networks, and to provide platform for network management services for large firms, and also for new offerings like Triple play, Ethernet leased lines, bandwidth-on-demand etc, new optical transmission networks are required.

India is now one of the fastest growing telecom markets having achieved significant growth in teledensity predominantly in urban & semi urban segments. The New Policy Framework has focused on creating an environment, which enables continued attraction of investment in the sector and allows creation of communication infrastructure by leveraging on technological development.

The key demand drivers for Optical Fibre & Cables in India are - Growth in Broadband usage, aggressive Network expansion through Telecom Companies namely BSNL and MTNL. Government of India has a target of reaching 20 million Broadband subscribers by 2010 by adding 0.5 Million Broadband connections per month from Jan.2008 to Dec.2010. Telecom players are providing value added services requiring high quality network and higher bandwidth. The growing e-commerce market which includes trading in goods and services, financial settlement systems, travel, distribution and electronic processing of bills would also require very high bandwidth to accommodate the large amount of data being transferred for these applications. Plans announced by other major telecom players to offer IPTV services would further fuel up the demand for Optical Fibre Networks. Besides the above, there are good prospects for exports from India, especially to emerging markets.

The Company has signed agreements with Mahanagar Telephone Nigam limited (MTNL), the incumbent telecom service provider in Mumbai & Delhi, to provide value added services such as Voice Over Internet Protocol (VOIP) and Internet Protocol Television (IPTV) on the Broadband Network of MTNL. The services of VOIP have been commercially launched in Delhi and Mumbai and that of IPTV in Delhi

OPPORTUNITY, THREATS & BUSINESS OUTLOOK

The Company has carried out R&D in the area whereby the required bandwidth for access network application can be achieved by developing higher fibre count 48F/96F/144F Ribbon cables got approval and supplied to BSNL India.

The Company has developed a new Air Blown Fibre Cables upto 12 Fibre count in 1.6mm to 2.0mm diameter, which can be used in existing micro ducts and supplied huge qty to European Countries. The Company has developed an All Purpose Optical Fibre Cable upto 12F count, having very high tensile strength, high flexibility, low weight & being cost effective, this cable can be installed in all the applications like Aerial, Burial & Duct.

The Company has also developed higher count double layer Optical Fibre Cable & supplied to European Countries.

The increase in FTTH demand is due to customer "pull" tied to the desire for enhanced video, voice and data services, known as triple play. During the period 2007-2012 cabled fibre demand is projected to grow by 9% per year by volume.

IPTV technology is gaining tremendous industry momentum and aggressive deployment among service providers worldwide and in India. According to a study done by ABI Research, total subscribers for IPTV may exceed 120 million by 2010 with Asia Pacific constituting roughly 47 per cent of the total subscribers worldwide. China and India are seen as major markets. With average revenue per user for fixed line telephony service falling every year, telecoms want to provide additional value-added services to their customers. Operators and content providers are coming together to deliver value added services, but the industry is still evolving standards in India. State owned telcos viz. MTNL and BSNL are the forerunners in IPTV segment.

RISKS AND CONCERNS

Growth of tele-communication, broadband and networking services in India and abroad has initiated development of new products and technological innovations. Rapidly changing technology may obsolete the current technology. It is crucial to make continuous Research & Development and develop newer technologies to remain competitive and exist in the market. . Thus, any failure to keep abreast with the latest trends in the industry may adversely affect the cost competitiveness and the ability of the Company to develop newer technologies.

Any material changes in Import and Export policies of the Government and Exchange Control Regulations would affect the Company's profitability as a major part of its raw materials is imported.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY.

The Company has in place adequate system of internal controls commensurate with its size and the nature of its operations. An independent internal audit function is in place which reports periodically to the Audit Committee.

The composition and the competencies of the audit team is reviewed from time to time to assess its effectiveness.

The scope of internal audit extends to all functions and locations of the company. The company has also taken steps to comply with the clause 49 of the Listing Agreement as disclosed in the Corporate Governance Report.

HUMAN RESOURCE DEVELOPMENT

In the era of globalization and competitiveness and knowledge-based economy, the industrial scenario is changing frequently, which forces the organization to develop its human resources, to achieve its business goals. To sustain in this challenging environment, the management values its human resources as one of its most valuable assets and actuate their talent by providing opportunities to develop themselves. The management firmly believed that business cannot grow without utilizing the potential of its human resources. The management is committed to provide a conducive working environment to its employees, fully utilizing their potential and enhancing their skills through cross-functional exposure, training and development, sharing of information and experiences. The management believes in maintaining cordial and harmonious relations with its employees.

FINANCIAL PERFORMANCE

The financial performance of the Company has been given separately in the Directors' Report.

For & On behalf of the Board

Place: Bhiwadi
Dated: 6th December, 2007

B. R. Rakhecha **Kailash S. Choudhari**
Executive Director Managing Director

Aksh Optifibre Limited

AUDITORS' REPORT

The Members,
Aksh Optifibre Limited
Bhiwadi (Rajasthan)

1. We have audited the attached balance sheet of Aksh Optifibre Limited as at 30th September, 2007 and the profit & loss account and the cash flow statement for the period ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by Central Government of India in terms of sub-section (4A) of section 227 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.
4. Further to our comments in the annexure referred to above, we report that:
 - i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - ii) In our opinion, proper books of account as required by the law have been kept by the company, so far as appears from our examination of those books ;
 - iii) The balance sheet, profit & loss account, and cash flow statement dealt with by this report are in agreement with the books of account;
 - iv) In our opinion, the balance sheet and profit & loss account and cash flow statement dealt with this report comply with the accounting standards referred to in section 211(3C) of the Companies Act, 1956 ;
 - v) On the basis of the written representations received from the directors as on 30th September, 2007 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 30th September, 2007 from being appointed as a director in terms of clause (g) of sub section (1) of section 274 of the Companies Act, 1956 ;
 - vi) In our opinion, and to the best of our information and according to the explanations given to us, the said accounts read together with the Notes to Accounts - Schedule "N" give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with accounting principles generally accepted in India:
 - a) In the case of Balance Sheet, of the state of affairs of the company as at 30th September, 2007;
 - b) In the case of Profit & Loss Account, of the profit of the company for the period ended on that date; and
 - c) In the case of the cash flow statement, of the cash flows for the period ended on that date.

For P. C. BINDAL & CO.
Chartered Accountants

PLACE : Gurgaon
DATED : November 24, 2007

K. C. GUPTA
Membership No. : 088638
Partner

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE TO THE MEMBERS OF AKSH OPTIFIBRE LIMITED FOR THE PERIOD ENDED ON 30th SEPTEMBER, 2007

- (i) (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified by the management during the period. No material discrepancies were noticed on such verification. In our opinion, the frequency of physical verification of fixed assets is reasonable.
- (c) During the period, the company has not disposed off substantial / major part of fixed assets.
- (ii) (a) As explained to us, the inventory has been physically verified during the period by the management. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of inventory, the company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the books records were not material and have been properly dealt with in the books of accounts.
- (iii) (a) According to the information and explanations given to us, the company has granted unsecured loan to one company (relating to erstwhile Aksh Broadband Limited) covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the period was Rs.73.48 lacs and the closing balance of loan granted to such party was Rs. Nil.
- (b) In our opinion, the rate of interest and other terms and conditions of such loans are not, prima facie, prejudicial to the interest of the company.
- (c) The party has repaid the principal amounts as stipulated and has also been regular in the payment of interest to the company.
- (d) According to the information and explanations given to us, there is no overdue amount of loans granted to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.
- (e) According to the information and explanations given to us, the company has taken unsecured loans from four parties (including parties relating to erstwhile Aksh Broadband Limited) covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the period was Rs.3,360 lacs and the closing balance of loan taken from such party was Rs. 3,006.56 lacs.
- (f) According to the information and explanations given to us, in our opinion, the rate of interest and other terms and conditions on which unsecured loans have been taken from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the Company.
- (g) According to the information and explanations given to us, the payments of the principal amount and interest of the aforesaid loan are regular.
- (iv) In our opinion and according to the information and explanation given to us, there is an adequate internal control system commensurate with the size of the company and the nature of its business for the purchases of inventory, fixed assets, sale of goods and services. During the course of our audit, we have not observed any major weaknesses in internal control system.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the particulars of all contracts or arrangements need to entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered ; and
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us, the company has not accepted any deposits from public to which provisions of sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 apply. 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.

Aksh Optifibre Limited

- (vii) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account relating to materials, labour and other items of cost 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 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have not, however made a detailed examination of the records with a view to determining whether they are accurate and correct.
- (ix) (a) According to the information and explanations given to us and according to the books and records produced before us, the company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other material statutory dues were in arrears, as at 30th September, 2007 for a period of more than six months from the date they become payable except Rs. 3.91 lacs relating to Sales Tax and Rs. 0.69 lacs relating to Service Tax.
- (c) According to the information and explanations given to us. and the records of the Company examined by us , dues of Income Tax, Sales Tax , Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess which have not been deposited on account of disputes and the forum where the dispute are pending as under :

Name of the Statute	Nature of Dues	Amount (Rs.in lacs)	Period to which Amount Relates	Forum where dispute is pending
Central Excise Act	Excise Duty Demand	102.51	1999-2000, 2001-02, 2002-03 & 2001-05	Appellate Tribunal
Central Excise Act	Excise Duty Demand	0.20	1996-97	Hon'ble Supreme Court
Central Excise Act	Excise Duty Demand	1.44	2001-02	Commissioner (Appeals)
Central Excise Act	Service Tax Demand	4.30	2004-05 & 2005-06	Commissioner (Appeals)
Central Excise Act	Service Tax Demand	5.50	2004-05	Appellate Tribunal
Central Excise Act	Service Tax Demand	4.51	2004-05 & 2005-06	Asstt. Commissioner
Income Tax Act	Income Tax Demand	114.24	2000-01	Commissioner (Appeals)
Rajasthan Sales Tax Act	Sales Tax Demand	74.25	1996-97, 2000-01& 2001-02	Asstt. Commissioner
Provident Fund Act	Provident Fund	7.60	2004-05	Hon'ble High Court, Jaipur

- (x) There are no accumulated losses of the company. Further, the Company has not incurred cash losses during the period covered by our audit and the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to financial institutions, banks or debenture holders except as given below :
- (a) During the period, Letters of credits aggregating to Rs 4,079.02 lacs were not paid on due dates. Average delay per letter of credit was 47 days.
- (b) Non Convertible Debentures amounting to Rs. 150 lacs due for redemption on 10th September, 2006 were redeemed on 6th December, 2006.
- (c) Repayment of installments of short term loan to UTI Bank Ltd amounting to Rs.50 lacs each due on 31st May, 2006, 31st July, 2006 and 31st August, 2006 has been made on 15th June, 2006. 3rd October, 2006 & 16th October, 2006 respectively and that due on 30th September, 2006 has been made in two installments of Rs. 25 lacs each on 17th October, 2006 and 3rd November, 2006.
- (d) Repayment of term loan of Corporation Bank amounting to Rs.39.60 lacs each due on 30th September, 2006, 31st December, 2006, and 31st March, 2007 has been made on 29th December, 2006. 26th March, 2007 & 30th June, 2007 respectively.

- (xii) According to the information and explanations given to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the provisions of any special statute applicable to Chit Fund, Nidhi or Mutual Benefit Fund / Society are not applicable to the company.
- (xiv) In our opinion and according to the information and explanations given to us, the company is not dealing or trading in shares, securities, debentures and other investments, Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xv) According to the information and explanations given to us, the company has not given any guarantees for loans taken by others from banks or financial institutions.
- (xvi) According to the information and explanations given to us, the term loans have been utilized for the purpose for which they were raised.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) According to the information and explanations given to us, the company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
- (xix) According to the information and explanations given to us, the company has not issued any debentures during the period that require creation of security or charge.
- (xx) We have verified the end use of money raised by public issue from the offering circular and as disclosed in the notes to the financial statements.
- (xxi) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For P. C. BINDAL & CO.
Chartered Accountants

PLACE : Gurgaon
DATED : November 24, 2007

K. C. GUPTA
Membership No. : 088638
Partner

Aksh Optifibre Limited

BALANCE SHEET AS AT SEPTEMBER 30, 2007

(Amount in Rupees)

PARTICULARS	SCHEDULE	As at 30.09.2007	As at 30.03.2006
SOURCES OF FUNDS			
Shareholders' Fund			
Share Capital	"A"	214,811,620	110,189,460
Reserves & Surplus	"B"	1,275,351,168	591,415,771
		<u>1,490,162,788</u>	<u>701,605,231</u>
Loan Funds			
Secured Loans	"C"	161,277,822	162,329,528
Unsecured Loans	"D"	778,548,627	30,000,000
		<u>939,826,449</u>	<u>192,329,528</u>
Deferred Tax Liability (Net)		<u>125,390,786</u>	<u>74,677,903</u>
TOTAL		<u>2,555,380,023</u>	<u>968,612,662</u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	"E"	1,528,343,929	922,793,070
Less : Accumulated Depreciation		474,692,408	324,709,456
Net Block		<u>1,053,651,521</u>	<u>598,083,614</u>
Capital Work in Progress		<u>28,039,291</u>	<u>12,498,188</u>
		<u>1,081,690,812</u>	<u>610,581,802</u>
Investments	"F"	881,532,045	105,782,045
Current Assets, Loans & Advances			
Inventories	"G"	289,126,499	109,802,566
Sundry Debtors		521,861,074	196,758,682
Cash & Bank Balances		50,114,687	69,040,086
Loans & Advances		205,396,106	49,390,399
		<u>1,066,498,366</u>	<u>424,991,733</u>
Less : Current Liabilities & Provisions	"H"		
Current Liabilities		436,891,761	112,251,107
Provisions		37,449,439	61,800,973
Net Current Assets		<u>592,157,166</u>	<u>250,939,653</u>
Miscellaneous Expenditure (To the extent not written off or adjusted.)		—	1,309,162
TOTAL		<u>2,555,380,023</u>	<u>968,612,662</u>
Significant Accounting Policies and Notes to Accounts	"N"		

The schedules referred to above form an integral part of balance sheet.

As per our report of even date

For & on behalf of the Board of Directors

For P.C. BINDAL & CO.
Chartered Accountants

K.C. Gupta
Partner
M.No.088638

Kailash S. Choudhari
Managing Director

B. R. Rakhecha
Executive Director

Place : Gurgaon
Dated : November 24, 2007

Satyendra Gupta
Vice President (F&A)

Seema Narang
Company Secretary

**PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED SEPTEMBER 30, 2007****(Amount in Rupees)**

PARTICULARS	SCHEDULE	Period ended	Year ended
		30.09.2007 18 Months	31.03.2006 12 Months
INCOME			
Gross Turnover	"I"	1,274,801,797	1,131,607,568
Less: Excise Duty/Service Tax		121,061,035	145,849,164
Net Turnover		1,153,740,762	985,758,404
Miscellaneous Income	"J"	29,260,203	42,222,134
TOTAL		1,183,000,965	1,027,980,538
EXPENDITURE			
Manufacturing and other expenses	"K"	824,417,507	651,436,912
Administrative and Selling Expenses	"L"	111,993,815	58,837,959
Financial Expenses	"M"	122,353,281	36,001,105
Miscellaneous Expenditure written off		1,309,162	2,673,780
Depreciation	"E"	108,864,761	56,225,995
TOTAL		1,168,938,526	805,175,751
PROFIT BEFORE TAX		14,062,439	222,804,787
Less: Provision for tax			
— Current Tax (MAT)		2,937,866	12,872,800
— Fringe Benefit Tax		867,292	312,531
— Deferred Tax		6,529,644	74,210,575
Add: MAT Credit Entitlement		2,937,866	12,872,800
PROFIT AFTER TAX		6,665,503	148,281,681
Balance brought forward from Previous Year		39,013,570	(342,875)
Balance of profit & loss account of erstwhile Aksh Broadband Ltd		40,848,960	—
Debenture Redemption Reserve written back		50,000,000	—
PROFIT AVAILABLE FOR APPROPRIATION		136,528,033	147,938,806
APPROPRIATIONS			
Proposed Dividend		21,481,162	38,566,311
Dividend Distribution Tax		3,650,723	5,408,925
Transfer to Debenture Redemption Reserve		—	39,950,000
Transfer to General Reserve		—	25,000,000
Surplus carried to Balance Sheet		111,396,148	39,013,570
Earning Per Share			
(Face value of Rs.5/- each)			
Basic		0.16	6.73
Diluted		0.15	6.73

Significant Accounting Policies and Notes to Accounts "N"

The schedules referred to above form an integral part of profit & loss account.

As per our report of even date

For & on behalf of the Board of Directors

For P.C. BINDAL & CO.

Chartered Accountants

K.C. Gupta
Partner
M.No.088638

Kailash S. Choudhari
Managing Director

B. R. Rakhecha
Executive Director

Place : Gurgaon
Dated : November 24, 2007

Satyendra Gupta
Vice President (F&A)

Seema Narang
Company Secretary

Aksh Optifibre Limited

CASH FLOW STATEMENT FOR THE PERIOD ENDED SEPTEMBER 30, 2007

(Amount in Rupees)

PARTICULARS	Period Ended 30.09.2007 18 Months	Year Ended 31.03.2006 12 Months
Cash Flow from Operating activities		
Net profit before taxation	14,062,439	222,804,787
Adjustment for :		
Depreciation	108,864,761	56,225,995
Miscellaneous exp written off	1,366,335	2,673,780
Interest Expense	109,284,119	31,136,389
Less		
Interest Income	(5,516,819)	(528,771)
Dividend Income	—	(4,408,000)
(Profit) Loss on sale of Fixed Assets	7,546	—
(Profit) Loss on sale of Investments	—	(500,000)
Operating cash flow before working capital changes	228,068,381	307,404,180
Adjustment for :		
Decrease(Increase) in Sundry Debtors	(162,522,324)	(106,822,493)
Decrease(Increase) in Other Assets	443,907,092	(3,808,676)
Decrease(Increase) in Inventories	(124,453,220)	42,871,260
(Decrease)Increase in Sundry Creditors	(232,291,373)	12,717,840
Cash generated from operations	152,708,556	252,362,111
Direct tax paid	18,748,537	(13,453,757)
Net Cash Inflow / (outflow) fom Operating activities	171,457,093	238,908,354
Cash Flow from Investing activities		
Purchase of Fixed Assets	(271,362,039)	(3,589,922)
Proceeds from Sale of Fixed Assets	572,880	2,289,372
Proceeds from Sale of Investments		1,000,000
Purchase of Investments	(542,500,000)	—
Interest Income	5,516,819	528,771
Dividend Income	—	4,408,000
Capital Work in progress including capital advances	(15,541,103)	(9,388,919)
Net Cash outflow from Investing activities	(823,313,443)	(4,752,698)
Cash Flow from Financing activities		
Proceeds from Issue of Share Capital	78,769,984	—
Proceeds from Issue of FCCB	312,892,300	—
Proceeds from Unsecured Borrowings	385,292,964	25,000,000
Repayment of long Term Borrowing	(97,293,355)	(162,190,003)
Proceeds/ (Repayment)of Working capital borrowing	71,642,275	(7,732,034)
FCCB Issue expenses	(15,435,005)	—
Interest paid	(109,284,119)	(31,136,390)
Dividend and dividend distribution tax paid	(45,634,890)	—
Net Cash inflow / (outflow) from Financing activities	580,950,154	(176,058,427)
Net Increase in cash & cash equivalents	(70,906,196)	58,097,229
Cash & Cash equivalents at beginning of period		
- As reported in previous financial statements	69,040,086	10,942,857
- Acquired on amalgamation of erstwhile ABL	51,980,797	—
Cash & Cash equivalents at end of period	50,114,687	69,040,086

As per our report of even date

For & on behalf of the Board of Directors

For P.C. BINDAL & CO.

Chartered Accountants

K.C. Gupta

Partner

M.No.088638

Place : Gurgaon

Dated : November 24, 2007

Kailash S. Choudhari

Managing Director

B. R. Rakhecha

Executive Director

Satyendra Gupta

Vice President (F&A)

Seema Narang

Company Secretary



SCHEDULES FORMING PART OF BALANCE SHEET

(Amount in Rupees)

PARTICULARS	As at 30.09.2007	As at 31.03.2006
SCHEDULE - "A"		
SHARE CAPITAL		
AUTHORISED		
60,000,000 (P.Y. 30,000,000) Equity Shares of Rs.5/- each	300,000,000	150,000,000
	300,000,000	150,000,000
ISSUED, SUBSCRIBED & PAID UP		
42,962,324 (P.Y.22,037,892) Equity Shares of Rs.5/- each fully paid up	214,811,620	110,189,460
	214,811,620	110,189,460

Issued, Subscribed & Paid up Capital includes :

- 9,505,860 Equity Shares of Rs. 5/- each issued as fully paid up Bonus Shares by capitalisation of Securities Premium and Reserves
- 1,660,942 Equity Shares of Rs. 5/- each issued as fully paid up to Shareholders of Telecords India Pvt Ltd pursuant to Scheme of Arrangement
- 714,032 Equity Shares of Rs. 5/- each fully paid up issued at premium of Rs. 57/- per share, upon conversion of Foreign Currency Convertible Bonds (FCCBs).
- 20,210,400 Equity Shares of Rs. 5/- each issued to Shareholders of erstwhile Aksh Broadband Limited as fully paid up pursuant to Scheme of Amalgamation.

SCHEDULE - "B"
RESERVES & SURPLUS

(Amount in Rupees)

PARTICULARS	As at 31.03.2006	Transferred from erstwhile ABL	Additions	Deductions	As at 30.09.2007
Securities Premium Account	475,902,201	581,788,000	75,199,824 a	15,435,005 b	1,117,455,020
General Reserve	25,000,000	20,000,000	—	—	45,000,000
State Capital Subsidy	1,500,000	—	—	—	1,500,000
Debenture Redemption Reserve	50,000,000	—	—	50,000,000 c	—
Profit & Loss Account	39,013,570	113,028,960	31,533,618	72,180,000 d	111,396,148
	591,415,771	714,816,960	106,733,442	137,615,005	1,275,351,168

Notes:

- Represents Rs. 34,500,000/- premium received in respect of equity shares by erstwhile ABL & Rs. 40,699,824/- premium received on conversion of FCCB.
- Applied in writing off FCCB Issue Expenses.
- Transferred to Profit & Loss account on redemption of debentures.
- Difference between Book value of assets and liabilities takeover from erstwhile ABL pursuant to Scheme of Amalgamation.

Aksh Optifibre Limited

SCHEDULES FORMING PART OF BALANCE SHEET

(Amount in Rupees)

PARTICULARS	As at 30.09.2007	As at 31.03.2006
SCHEDULE - "C"		
SECURED LOANS		
Working Capital Facilities from Banks		
— Cash Credit Facilities	161,277,822	81,047,847
— FCNR (B) / WCTL	—	31,281,681
9.50% Secured Non Convertible Debentures	—	50,000,000
	<u>161,277,822</u>	<u>162,329,528</u>

NOTE :

- a Working Capital facilities from Union Bank of India are secured by way of first pari-passu charge on raw material, stock in process, finished goods, consumable and others stock and book debts (herinafter referred as "Current Assets" both present and future. These facilities are further secured by way of second pari passu charge on the Fixed Assets of the Company and Personal Gurantee of Managing Director.
- b Working Capital facilities from Punjab National Bank are secured by way of first pari-passu charge on Current Assets both present and future. These facilities are further secured by way of second pari passu charge on the Fixed Assets of the Company and Personal Gurantee of Managing Director.
- c Working Capital facilities from ICICI Bank Ltd. are secured by way of first pari-passu charge on the current assets. These facilities are further secured by way of second pari - passu charge on the fixed assets of the Company to the extent of Rs. 3.85 Crore. Non fund based facility (Revolving letter of credit facility) is also secured by way of first pari passu charge on the fixed assets of the Company. The above facilities are further secured by personal guarantee of Managing director.

SCHEDULE - "D"

UNSECURED LOANS

Foreign Currency Convertible Bonds	312,892,300	—
Loan from Managing Director	32,500,000	—
Inter Corporate Deposits	408,156,327	—
Short Term Loan from Bank #	25,000,000	30,000,000
	<u>778,548,627</u>	<u>30,000,000</u>

- # Managing Director of the Company has provided his personal guarantee and pledge of part of equity shares held by him as collateral security for the loan.



SCHEDULE OF FIXED ASSETS FORMING PART OF BALANCE SHEET

SCHEDULE - "E"

FIXED ASSETS

(Amount in Rupees)

S. Description	GROSS BLOCK				DEPRECIATION BLOCK				NET BLOCK		
	As at 31.03.06 fromerstwhile Aksh Broadband Ltd	Transferred fromerstwhile Aksh Broadband Ltd	Additions	Deductions	As at 30.09.07	As at 31.03.06 fromerstwhile Aksh Broadband Ltd	Transferred For The Period	Deductions	As at 30.09.07	As at 30.09.07	As at 31.03.06
1 Freehold Land	184,250	—	—	—	184,250	—	—	—	—	184,250	184,250
2 Leasehold Land	31,747,360	1,320,515*	—	—	33,067,875	2,267,595	484,459	—	2,752,054	30,315,821	29,479,765
3 Factory/Buildings	79,417,081	—	—	—	79,417,081	16,537,190	3,982,430	—	20,519,620	58,897,461	62,879,891
4 Residential Building	540,400	—	—	—	540,400	60,889	14,556	—	75,445	464,955	479,511
5 Plant & Machinery*	639,425,083	16,458,904	263,766,895	687,656	918,963,226	231,467,040	529,728	64,132,058	122,073	296,006,753	407,958,043
6 Telecom Networking Equipments & Accessories	—	299,231,049	5,409,613	—	304,640,662	—	37,047,129	21,661,256	—	58,708,385	245,932,277
7 Testing Instruments	85,749,907	—	54,880	—	85,804,787	32,808,393	—	6,235,105	—	39,043,498	46,761,289
8 Air Conditioners	25,513,972	142,200	112,945	—	25,769,117	9,106,795	2,443	2,652,309	—	11,761,547	14,007,570
9 Furniture & Fixtures	6,286,901	1,063,904	241,362	—	7,572,167	3,519,959	100,479	618,067	—	4,238,505	3,333,662
10 Office Equipments	5,972,942	1,057,646	221,303	19,199	7,232,692	1,619,622	128,810	601,478	4,356	2,345,554	4,887,138
11 Data Processing System	12,345,994	1,788,040	1,322,730	—	15,456,764	10,922,714	861,564	1,547,983	—	13,332,261	2,124,503
12 Electric Fittings	28,805,419	—	218,211	—	29,023,630	10,161,662	—	2,814,303	—	12,975,965	16,047,665
13 Vehicles	8,056	1,160,417	—	—	1,168,473	7,623	39,867	165,602	—	213,092	955,381
14 Fork Lift	1,278,275	—	—	—	1,278,275	692,544	—	135,683	—	828,227	450,048
15 Intangible Assets-Software	5,537,430	12,673,000	14,100	—	18,224,530	5,537,430	2,534,600	3,819,472	—	11,891,502	6,333,028
Total	922,793,070	334,895,675	271,362,039	706,855	1,528,343,929	324,709,456	41,244,620	108,864,761	126,429	474,692,408	1,053,651,521
Previous Year	922,317,263	—	3,589,922	3,114,115	922,793,070	269,308,204	—	56,225,995	824,743	324,709,456	598,083,614

₹ Leasehold land is yet to be registered in the name of the company.

* Includes Rs. 1,21,197/- increase (P.Y. : Rs 5,89,372/- decrease) due to exchange rate charges of foreign currency designated liabilities incurred for acquiring fixed assets.

Aksh Optifibre Limited

SCHEDULES FORMING PART OF BALANCE SHEET

(Amount in Rupees)

PARTICULARS	As at 30.09.2007	As at 31.03.2006
SCHEDULE - "F"		
INVESTMENTS		
A LONG TERM INVESTMENT		
QUOTED		
22,300 (P.Y. 22,300) Equity Shares of CMI Limited	44,600	44,600
	<u>44,600</u>	<u>44,600</u>
UNQUOTED		
Aksh Broadband Limited *	—	105,700,000
Nil (P.Y. 2,204,000) Equity Shares of Rs. 5/ each		
Government Securities		
National Saving Certificates \$	57,045	32,045
(Lodged with Government Department as Security Deposit)		
Kisan Vikas Patra	50,000	50,000
	<u>107,045</u>	<u>105,782,045</u>
TOTAL LONG TERM INVESTMENTS	<u>151,645</u>	<u>105,826,645</u>
B CURRENT INVESTMENT		
Investment in Subsidiary Company		
APAKSH Broadband Limited #		
225,950,000 (P.Y. Nil) Equity Shares of Rs.5/- each	1,129,750,000	
Less : Uncalled liability on shares partly paid	<u>248,325,000</u>	
	<u>881,425,000</u>	—
TOTAL CURRENT INVESTMENTS	<u>881,425,000</u>	—
TOTAL INVESTMENTS (A+B)	<u>881,576,645</u>	105,826,645
Less: Provision for Diminution in value of quoted Investments	44,600	44,600
	<u>881,532,045</u>	<u>105,782,045</u>
Aggregate value of Investments		
Quoted (Market value not available) **	—	—
Unquoted	881,532,045	105,782,045
	<u>881,532,045</u>	<u>105,782,045</u>
Movements in investments during the year		
Addition:		
# Represents investment vested in the company pursuant to the Scheme of Amalgamation.		
\$ Includes Rs 25,000/- vested in the company pursuant to the Scheme of Amalgamation.		
Deletion :		
*Cancelled pursuant to the Scheme of Amalgamation		
** As these shares have not been traded for several years, no market quotation is available.		
SCHEDULE - "G"		
CURRENT ASSETS, LOANS & ADVANCES		
A) CURRENT ASSETS		
a) INVENTORIES		
i) Finished Goods & Traded Goods	24,179,299	21,700,937
ii) Raw Material (Including Goods-in-Transit)	188,265,234	49,387,142
iii) Semi Finished Goods	57,502,524	20,200,104
iv) Stores, Spares & Others	19,179,442	18,514,383
Sub Total (a)	<u>289,126,499</u>	<u>109,802,566</u>



SCHEDULES FORMING PART OF BALANCE SHEET

(Amount in Rupees)

PARTICULARS	As at 30.09.2007	As at 31.03.2006
b) SUNDRY DEBTORS(UNSECURED)		
i) Debts outstanding for a period exceeding six months		
a) Considered Good #	414,990,083	7,955,209
b) Considered Doubtful	1,393,647	1,393,647
	<u>416,383,730</u>	<u>9,348,856</u>
Less: Provision for Doubtful Debts	1,393,647	1,393,647
	<u>414,990,083</u>	<u>7,955,209</u>
ii) Others (Considered Good) #	106,870,991	188,803,473
Sub Total (b)	<u>521,861,074</u>	<u>196,758,682</u>
<p># Includes Rs. 405,978,018 (net of advance) due from APAksh Broadband Limited, a Subsidiary Company. (Maximum Amount due during the period Rs. 405,978,018/- (Previous Year Rs. Nil).</p>		
c) CASH & BANK BALANCES		
i) Cash in hand	372,730	80,786
ii) Cheques in hand	—	56,928,904
iii) Balance with Scheduled Banks		
- Current Accounts	10,942,155	490,231
- Deposit Accounts (Margin) *	34,649,141	11,177,910
iv) In Current Account with Non Scheduled Bank #	5,090	—
v) Bank balance in Dividend Account	674,315	362,255
vi) Unutilised Money of FCCB in Escrow account	3,471,256	—
Sub Total (c)	<u>50,114,687</u>	<u>69,040,086</u>
Total 'A' (a+b+c)	<u>861,102,260</u>	<u>375,601,334</u>
B) LOANS & ADVANCES		
(Unsecured, Considered Good)		
a) Advances Recoverable in cash or in kind for value to be received @	132,218,691	17,160,119
b) Prepaid Taxes	6,475,438	13,951,518
c) MAT Credit Entitlement	15,810,666	12,872,800
d) Balance with Excise & Custom	50,891,311	5,405,962
Total 'B'	<u>205,396,106</u>	<u>49,390,399</u>
Total (A+B)	<u>1,066,498,366</u>	<u>424,991,733</u>
<p>* Pledged against Credit Facilities # The Urban Co-operative Bank Ltd., Maximum Balance Rs. 5,090/- @ includes Rs. 5,594,282/- due from APAKSH Broadband Limited a subsidiary Company (Maximum Amount due during the period Rs. 5,594,282/- (Previous Year Rs. Nil)</p>		
SCHEDULE - "H"		
CURRENT LIABILITIES & PROVISIONS		
A) CURRENT LIABILITIES		
a) Dues of other than SSI undertakings	183,121,716	91,404,739
b) Dues of SSI Undertakings	4,135,730	—
c) Other Current Liabilities @	132,772,099	15,222,111
d) Advance From Customers	115,739,865	4,562,994
e) Retention Money & Security Deposit	448,036	699,008
f) Unclaimed Dividend	674,315	362,255
Total 'A'	<u>436,891,761</u>	<u>112,251,107</u>
B) PROVISIONS		
a) Provision for Retirement Benefits	8,512,396	4,640,406
b) Provision for Income Tax	2,937,866	12,872,800
c) Provision for Fringe Benefit Tax	867,292	312,531
d) Proposed Dividend	21,481,162	38,566,311
e) Dividend Distribution tax	3,650,723	5,408,925
Total 'B'	<u>37,449,439</u>	<u>61,800,973</u>
Total (A+B)	<u>474,341,200</u>	<u>174,052,080</u>

@ Includes Rs 37,800,000 (Previous Year Rs Nil) being Share Warrant money payable to promoter / a section of public on cancellation of warrants.

Aksh Optifibre Limited

SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT

(Amount in Rupees)

PARTICULARS	Period ended 30.09.2007 18 Months	Year ended 31.03.2006 12 Months
SCHEDULE - "I"		
GROSS TURNOVER		
Sales (Net of Retrurns)	1,155,860,179	1,131,607,568
Service Income	118,941,618	—
	1,274,801,797	1,131,607,568
SCHEDULE - "J"		
MISCELLANEOUS INCOME		
Interest Received on deposits/others *	5,516,819	528,771
Foreign Exchange Fluctuations	20,986,524	—
Dividend	—	4,408,000
Profit on sale of Long Term Investment	—	500,000
Provision for Doubtful Debts Written Back	—	35,510,941
Other Income	2,756,860	1,274,422
	29,260,203	42,222,134
* Tax Deducted at Source Rs. 541,422/-(P.Y.Rs.117,986/-)		
SCHEDULE - "K"		
MANUFACTURING AND OTHER EXPENSES		
Raw Material Consumed	563,696,876	529,317,552
Trading Purchases	31,670,249	10,278,760
(Increase)/Decrease in stock	15,710,869	38,071,427
Stores Consumed	16,234,629	9,654,769
Job Charges & Contract Expenses	71,697,344	87,604
Wages, Salaries & Bonus	41,676,516	13,947,571
Contribution to Provident & Other Funds	3,329,883	1,266,115
Employees Welfare	2,893,445	1,285,016
Increase/(Decrease) in Excise Duty on Stock	(1,032,313)	(4,905,832)
Freight & Cartage	21,131,547	3,906,247
Insurance	3,237,243	2,315,937
Packing Material Consumed	34,922,429	19,996,181
Power & Fuel	55,119,116	23,620,625
Repair & Maintenance - Plant & Machinery	4,273,100	1,920,459
Testing Charges	864,507	674,481
	865,425,440	651,436,912
Less : Expenses Capitalised	41,007,933	—
	824,417,507	651,436,912

**SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT****(Amount in Rupees)**

PARTICULARS	Period ended 30.09.2007 18 Months	Year ended 31.03.2006 12 Months
SCHEDULE - "L"		
ADMINISTRATIVE & SELLING EXPENSES		
Salaries & Bonus	22,995,133	9,083,891
Contribution to Provident & Other Funds	1,776,562	786,012
Employees Welfare	919,609	533,935
Directors' Remuneration	13,692,682	9,958,122
Travelling & Conveyance	9,918,628	2,830,483
Postage & Telephone	3,952,513	1,370,366
Insurance	1,560,401	211,559
Loss on Sale of Fixed Assets	7,546	—
Foreign Exchange Fluctuations	—	558,115
Rent, Rates & Taxes	5,392,828	1,576,076
Professional & Legal Expenses	6,992,857	3,604,895
Repair & Maintenance		
- Buildings	1,955,728	475,421
- Others	1,098,483	789,536
Marketing & Service Charges	9,092,057	8,540,424
Discount & Rebate	4,881,032	8,848,235
Freight & Cartage (Outward)	9,732,878	4,607,397
Auditors' Remuneration	1,154,604	709,850
Other Expenses	16,870,274	4,353,642
	<u>111,993,815</u>	<u>58,837,959</u>
SCHEDULE - "M"		
FINANCIAL EXPENSES		
Bank Charges	13,069,162	4,864,715
Interest on Fixed Loans *	73,472,263	6,041,604
Interest on Debentures	4,462,001	12,229,298
Interest Others	31,349,855	12,865,488
	<u>122,353,281</u>	<u>36,001,105</u>

* Includes interest of Rs. 734,589/- payable to Managing Director

SCHEDULES FORMING PART OF ACCOUNTS

SCHEDULE "N"

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable accounting standards issued by the Institute of Chartered Accountants of India and the relevant requirements of the Companies Act, 1956. Significant accounting policies applied in preparing and presenting these financial Statements are set out below:

a) Basis of Accounting

The financial statements are prepared under historical cost convention on accrual basis of Accounting and on a going concern basis.

b) Revenue Recognition

- i) Revenue from sale of goods is recognized when all the significant risk and rewards of ownership are transferred to the buyer (usually at the point of dispatch to customers). Sales are inclusive of excise duty and exclusive of sales tax and sales return. Net sales are exclusive of excise duty. Service charges are accounted for on accrual basis.
- ii) Dividend income is recognized when the right to receive payment is established.
- iii) Other Incomes are accrued as earned except where the receipt of income is uncertain.

c) Fixed Assets

- i) Fixed Assets are stated at cost of acquisition less accumulated depreciation. Cost includes any borrowing costs directly attributable to the acquisition/ construction of fixed assets and bringing the assets to its working condition for its intended use.
- ii) Exchange difference arising on account of liabilities incurred for acquisition or construction of Fixed Assets is adjusted in the carrying amount of related Fixed Assets.

d) Capital Work-in-Progress

Advances paid towards the acquisition of fixed assets, costs of assets not ready for use before the year-end and expenditure during construction period that is directly or indirectly related to construction, including borrowing costs are included under Capital Work-in-Progress.

e) Depreciation

- i) Depreciation on Building, Plant and Machinery and other Fixed Assets (except leasehold land and software) is provided as per straight-line method in accordance with the rates specified in Schedule XIV of the Companies Act, 1956. Depreciation is charged on pro-rata basis for assets purchased/ sold during the year. Individual assets costing upto Rs.5, 000/- are depreciated in full in the year of purchase.
- ii) Extra shift depreciation is charged on the basis of actual extra shifts worked as required by Schedule XIV to the Companies Act, 1956.
- iii) Cost of leasehold land is amortized over lease period on a straight-line basis.
- iv) Cost of software is amortised over its useful life on a straight-line basis.

f) Impairment

Fixed Assets are tested for impairment if there is any indication of their possible impairment. An impairment loss is recognized where the carrying amount of a fixed asset (or cash generating unit) exceeds its recoverable amount, i.e. higher of value in use and net selling price. Impairment Loss recognized in one period can get reversed fully or partly in a subsequent year.

g) Investments

Investments are classified into Long Term Investments and Current Investments. Long Term investments are stated at cost. Provision for diminution in the value of long- term investments is made only if such diminution is other than temporary. Current Investments are carried at the lower of cost and fair value and provisions are made to recognize the decline in the carrying value.

h) Inventories

- i) Raw materials, work-in-process, finished goods, trading stock, packing material and stores and spares parts are valued at the lower of cost and net realizable value.

SCHEDULES FORMING PART OF ACCOUNTS

- ii) Cost of inventories of items that are not ordinarily interchangeable or are meant for specific projects is assigned by specific identification of their individual cost. Cost of other inventories is ascertained on the FIFO basis. In determining the cost of work-in-process and finished goods, fixed production overheads are allocated on the basis of normal capacity of production facilities.
- iii) The comparison of cost and realizable value is made on an item-by-item basis.
- iv) Net realizable value of work-in- process is determined on the basis of selling prices of related finished products.
- v) Raw Material and other supplies held for use in production of inventories are not written down below cost unless their prices have declined and it is estimated that the cost of related finished goods will exceed their net realizable value.

i) Retirement Benefits

- a) Contribution to Provident Fund, a defined contribution plan, is accounted for on accrual basis. The Company continues to make contributions to provident fund plan administered by the Government of India.
- b) Liability for gratuity, a defined contribution plan, is determined by actuarial valuation carried out by an independent actuary as at the period-end. The liability with regard to gratuity in respect of any employee not covered under group gratuity scheme is provided on the basis of amount payable to such employees as if they were to retire on the last day of financial year.

j) Foreign Exchange Transactions

Transactions in foreign currency are recorded at the exchange rates prevailing at the dates of the transactions. In case of liabilities incurred for the acquisition of fixed assets, the loss or gain on restatement of liabilities (at the rates prevailing at the year end) is included in the carrying amount of the related fixed assets. In the case of other foreign currency denominated monetary assets and liabilities, the loss or gain arising as above is charged or credited to profit and loss account of the year of restatement / settlement. In the case of forward contracts that relate to operating transactions, difference between forward rates and spot rates on the date of transaction (i.e. forward premium or discount) is recognized as income or expense, as the case may be, over the life of the contract.

k) Income Tax

Income taxes are computed using the tax effect accounting method where taxes are accrued in the same period, as the related revenue and expenses to which they relate. The differences that result between profit offered for income tax and the profit before tax as per financial statements are identified and deferred tax assets or deferred tax liabilities are recorded for timing differences, namely differences that originate in one accounting period and are capable of reversal in future. Deferred tax assets and liabilities are measured using tax rates and tax laws enacted or substantively enacted by the balance sheet date.

Deferred tax assets are recognized only if there is reasonable certainty that they will be realized. However, where the Company has unabsorbed depreciation or carried forward losses under taxation laws, a much stricter test, viz, virtual certainty of realization, is applied for recognition of deferred tax assets. Deferred tax assets are reviewed for the continuing appropriateness of their respective carrying values at each balance sheet date and written down or written up to reflect the amount that is reasonably/ virtually certain (as the case may be) of realization.

l) Miscellaneous Expenditure

- i) Expenditure on issue of shares and foreign currency convertible bonds is adjusted against Securities Premium account.
- ii) Expenditure on issue of debentures and other ancillary costs of borrowings are amortized over the period of the related borrowings.

2. Accounting for Amalgamation of Aksh Broadband Limited with the company:

The High Court of Rajasthan, by its order dated 23.02.2007 and The High Court of Delhi, by its order dated 29.05.2007 sanctioned the Scheme of Amalgamation of erstwhile Aksh Broadband Limited (erstwhile ABL) with the Company i.e. Aksh Optifibre Limited under the provisions of Sections 391 and 394 of the Companies Act,1956 pursuant to which the erstwhile ABL has been amalgamated with the company with effect from April 1, 2006, being the appointed date. The said Scheme became effective on July 25, 2007 on filing of the certified copy of the Order of the Delhi High Court with Registrar of Companies, Delhi and Haryana.

Aksh Optifibre Limited

SCHEDULES FORMING PART OF ACCOUNTS

In accordance with the said Scheme of Amalgamation, all the properties, assets, liabilities and reserves of the erstwhile ABL have without further act or deed been transferred to and vested in the Company with effect from the appointed date i.e. April 1, 2006.

Consequent to the effectuation of the said Scheme of Amalgamation, the Company has on August 8, 2007 issued and allotted to the shareholders of the erstwhile ABL seven equity shares of Rs.5 each credited as fully paid up for every two equity share of Rs. 5 each fully paid up held by them in the erstwhile ABL.

For giving effect to the amalgamation, the following accounting treatment has been followed in these accounts as required by the Scheme of Amalgamation:

- a) The assets and liabilities of erstwhile ABL as at the close of business on March 31, 2006 and the transactions including income and expenses for the 18 months period ended on September 30, 2007 of the erstwhile ABL have been incorporated in the books of the Company; and
- b) The balances lying to the credit of Securities Premium, General Reserve and Profit and Loss Account in the books of erstwhile ABL as at March 31, 2006 have been credited to the respective accounts in the books of the Company.
- c) The difference of Rs. 721.80 lacs between (i) the book values of the assets and (ii) the aggregate of book values of liabilities, reserves and profit & loss account of erstwhile ABL and the face value of equity shares of the company issued to the shareholders of the erstwhile ABL has been adjusted against the balance of profit and loss account.

3. Contingent Liabilities not provided for:

- a) Claims not acknowledged as debts

(Rs. In lacs)

S. No.	Particulars	September 30, 2007	March 31, 2006
i)	Income Tax Matters	114.24	—
ii)	Sales Tax Matters	74.25	73.36
iii)	Service Tax	14.31	15.02
iv)	Excise Duty	104.14	104.04
v)	Stamp Duty	372.59	372.59
vi)	Provident Fund	7.60	—
vii)	Others	42.19	68.98

- b) Bank Guarantees, letters of credit issued by banks and outstanding as at 30th September 2007 Rs. 984.53 lacs net of margin (P.Y. Rs.390.84 lacs).
 - c) Consequent to import of Plant & Machinery in previous years, the balance of export obligation pending as at 30th September,2007 is Rs. 6,345.46 lacs (P.Y. Rs. 1,903.68 lacs) and the contingent liability in respect thereof till 30th September, 2007 is Rs. 836.66 lacs (P.Y. Rs. 215.76 lacs) .The management expects that the obligation will be fulfilled in the coming years.
 - d) Bills discounted with banks and others on recourse basis Rs. 690.07 lacs (P.Y. Rs. Nil)
 - e) In respect of uncalled liability on partly paid up shares of Rs. 2,483.25 lacs (P.Y. Rs. Nil)
 - f) Estimated amounts of contracts remaining to be executed on Capital Account (net of advances) Rs. 142.75 lacs (P.Y. : Rs. 12.73 lacs)
4. Out of the three petition for winding up of erstwhile Aksh Broadband Limited by a few of its creditors under the provisions of the Companies Act, 1956 before the Hon'ble High Court of Delhi. One matter is pending before the Hon'ble High Court of Delhi and is being contested.
 5. The Company has issued 875 nos. 1% Foreign Currency Convertible Bonds due 2010 (FCCBs) of USD 10,000 each aggregating USD 8.75 million (Rs 3873.63 lacs approx) at par on 29.01.2007. These bonds have a maturity period of 3 years and 1 day . The Bonds are convertible into equity shares of Rs 5 each fully paid at the option of the Bondholder at a conversion price of Rs 62/ per share, with a price rest subject to the terms of issue with a fixed rate of exchange of Rs 44.27 = USD 1. The Bonds are convertible at the option of the Bondholder into equity shares at anytime on or after 21.2.2007 and prior to 15.12.2009 . Unless previously converted, redeemed or cancelled, the Bonds shall be redeemed on 29.01.2010 at 120.53% of the outstanding principal amount of the Bonds giving a yield to maturity of 7.25% per annum compounded annually . As the Bonds of an aggregate value of USD 1 million have been converted into equity shares during the period and the Management is confident that the remaining Bonds would also get converted before the redemption date, no provision for Redemption Premium have been made in these accounts.



SCHEDULES FORMING PART OF ACCOUNTS

The proceeds (net of issue expenses) have been utilized for the purposes as stated in the Offer document and the unutilized amount is lying in the Escrow account.

6. Breakup of Deferred Tax Assets and Deferred Tax Liabilities:

S. No.	Particulars	September 30, 2007 (Rs.)	March 31, 2006 (Rs.)
	Deferred Tax Liabilities		
a.	Difference in depreciation for accounting and tax purposes	160,198,617	106,805,862
	Deferred Tx Assets		
a.	Unabsorbed Depreciation/ Business Loss	31,440,767	30,096,897
b.	Provision for Gratuity/Leave encashment	2,893,363	1,561,961
c.	Provision for doubtful debts	473,701	469,101
	Total Deferred Tax Assets	34,807,831	32,127,959
	Net Deferred Tax Liabilities	125,390,786	74,677,903

7. Related Party Disclosures

Related party disclosures as required under Accounting Standard - 18 on "Related Party Disclosures" issued by The Institute of Chartered Accountants of India are as given below as on 30th September, 2007:

a) Subsidiary Company

APAKSH Broadband Ltd.(Subsidiary Company of erstwhile Aksh Broadband Ltd.)

b) Associates

Aksh Networks Ltd. (Related to erstwhile Aksh Broadband Ltd.)

c) Individuals exercising significant influence

- Dr. Kailash S. Choudhari
- Mr P.F.Sundesha
- Ms Pooja Jain (director of erstwhile Aksh Broadband Ltd)

d) Key Management personnel & their relatives:

- Dr. Kailash S. Choudhari
- Mrs. Seema Choudhari (Relative of Dr. Kailash S. Choudhari)
- Mr. B. R. Rakhecha
- Mr. Yogeshwar Lal Agarwal (MD of erstwhile Aksh Broadband Ltd)

e) Enterprises over which personnel referred in c & d aforementioned exercise significant influence -

- Relates to Mr P.F Sundesha, Director
- M/s Fulchand Finance Pvt. Ltd.
- Relates to Ms Pooja Jain director in erstwhile Aksh Broadband Limited
- Luxor Writing Instruments Private Limited

Related Party Transactions

Particulars	Related Parties as defined above				Total
	a	b	c & d	e	
Sale transactions	1,978.80	48.79			2,027.59
Services rendered	1,062.82				1,062.82
Purchases transactions		222.53			222.53
Services received		8.69			8.69
Directors' remuneration			246.76		246.76
Interest expenses		6.10	7.35	238.28	251.73
Re-imbusement of expenses	124.63				124.63
Total	3166.25	286.11	254.11	238.28	3944.75
Balance outstanding :					
Due from	4,059.78				4,059.78
Due to		120.81	339.79	2617.58	3,078.18
Total	4,059.78	120.81	339.79	2,617.58	7,137.96

Aksh Optifibre Limited

SCHEDULES FORMING PART OF ACCOUNTS

Previous year	a	b*	c & d	e	Total
Sale transactions		5,736.34			5,736.34
Purchases transactions		0.15			0.15
Rent paid			22.80		22.80
Directors' remuneration			76.66		76.66
Provision for doubtful debts written back		355.11			355.11
Re-imbusement of expenses		2.48			2.48
Total	—	6,094.08	99.46	—	6,193.54
Balance outstanding:					
- Due from		1,707.65			1,707.65
- Due to	—		—	—	

* Last year's figures also includes transactions with erstwhile Aksh Broadband Limited

8. Segmental Reporting

Based on the guiding principles given in Accounting Standard AS-17, "Segment Reporting" issued by the Institute of Chartered Accountants of India, the Company's business segments are cable manufacturing and services. The information about business segments is given below:

(Rs in Lacs)

S.No.	Particulars	September 30, 2007	March 31, 2006
a)	Segment Revenue		
1.	Cable Manufacturing	11,558.60	11,316.08
2.	Services	1,189.42	—
	Total	12,748.02	11,316.08
b)	Segment Results		
1.	Cable Manufacturing	1,039.14	2,117.19
2.	Services	(98.27)	—
3.	Un-allocable Income (Expenses)	292.60	422.22
	Operating Profit	1,233.47	2,539.41
	Interest expenses	1,092.85	311.36
	Net Profit before Tax	140.62	2,228.05
c)	Segmental Capital Employed (Segment assets - segment liabilities)		
1.	Cable Manufacturing	7,611.32	7,868.44
2.	Services	7,329.66	—
3.	Unallocated	9,374.50	1,057.82
	Total	24,315.48	8,926.26

9. Amount paid/ payable to Auditors

	September 30, 2007	March 31, 2006
a) Audit Fee	950,000	600,000
b) Tax Matters	80,866	27,550
b) Out of Pocket Expenses	82,631	42,564
c) Certification Fee/Other Services	41,107	39,736

10. Basic and diluted earning per share:

S.No.	Particulars	September 30, 2007	March 31, 2006
a.	Net Profit for the period (Rs)	6,665,503	148,281,681
b.	Weighted Average No of Equity Shares used in computing Basic-Earning per Share	42,482,828	22,037,892
c.	Weighted average number of equity shares from dilutive instruments	2,474,031	—
d.	Weighted Average No of Equity Shares used in computing Diluted Earning per Share	44,956,859	22,037,892
e.	Nominal Value of Equity shares-(Rs.)	5.00	5.00
f.	Basic-Earning Per Shares (Rs.)	0.16	6.73
g.	Diluted -Earning Per Share (Rs.)	0.15	6.73

**SCHEDULES FORMING PART OF ACCOUNTS****11. Managerial remuneration paid to the Managing Director/ Whole-Time Director/ Non- Whole-Time Directors**

	Current Period (Rs)	Previous Year (Rs)
Salary *	21,328,620	6,180,000
Contribution to PF and other Funds	1,655,160	809,892
Perquisites	1,692,694	2,956,230
Sitting fee \$	43,000	12,000

* Includes Rs. 1,726,621 paid to Mr. Y. L. Agarwal, Managing Director of erstwhile Aksh Broadband Limited (Previous year Rs. Nil) and Rs.11,026,792/-(P.Y. Rs. NIL) capitalised in the project.

\$ Includes sitting fee Rs. 8,000 paid to directors of erstwhile Aksh Broadband Ltd (Previous year Rs. Nil)

12. Computation of net profit in accordance with Section 349 of the Companies Act, 1956, has not been given as no commission is payable to Managing Director for the current period.
13. In the opinion of Board of Directors, all the Current Assets, Loans and Advances have a value on realization in the ordinary course of business at least equal to the amount at which they are stated and that all the known liabilities have been provided for.
14. In the opinion of Board of Directors, none of the assets/ cash generating units of the Company is impaired.
15. The company is in the process of compiling the requisite list of micro and small enterprises under the MEMED Act which has come into force recently and in the absence of information in this regard, the particulars required by the aforesaid Act have not been given.
16. The names of small scale industrial undertakings to whom the company owes amount outstanding for more than 30 days as at the Balance sheet date are J.D. Wood Products & Wood Home.
17. During the period, the Company issued 6,000,000 warrants convertible at the sole discretion of the warrant-holders at any time within a period of 18 months from the date of passing of resolution i.e. 24th March, 2007, into 6,000,000 equity shares of Rs. 5/- each on preferential basis at a conversion price of Rs. 63/- per equity share of the Company to promoter/ to a section of public. Application money (10% of share issue price) amounting to Rs. 37,800,000/- was received from the holder of the warrants. These warrants were cancelled on 28.07.2007. The application money received has accordingly been shown under the head other current liabilities.
18. The Company has an investment of Rs. 8814.25 Lacs in the equity shares and has outstanding dues of Rs. 4115.72 Lacs (net of advances) from APAksh Broadband Limited, subsidiary acquired as a result of the amalgamation of erstwhile Aksh Broadband Limited with the Company. The company's operations are presently suspended due to some litigation. However, the management of the company is confident of resumption of the operations in near future. In view of this, no provision is required in respect of the outstanding dues and investment at this stage.
19. As a result of amalgamation of erstwhile Aksh Broadband Limited (ABL) with the company, APAKSH Broadband Limited (which was a subsidiary ABL) has become subsidiary of the company. In terms of the requirements of Listing Agreement with the stock exchanges, the company is required to present consolidated financial statements in addition to its stand-alone financial statements. Besides, the financial statements, auditors' report and certain other documents and information pertaining to the subsidiary as required by Section 212 of the Companies Act, 1956 are to be attached to the balance sheet of the company.

Due to litigation, the operations at the subsidiary are presently suspended. Consequently, it has not been possible for the management of the subsidiary to furnish its audited financial statements and other relevant documents and information. Accordingly, the company is not in a position to comply with the aforesaid requirements of the Listing Agreements and Companies Act, 1956. The Company has made necessary application to the Ministry of Corporate Affairs seeking exemption from compliance of Section 212 (1).

Aksh Optifibre Limited

SCHEDULES FORMING PART OF ACCOUNTS

20. Additional information pursuant to the provisions of paragraph 3, 4C, 4D of Part II of Schedule VI of the Companies Act.

	Unit	Current Priod		Previous Year
(A) Capacity & Production				
(a) Licenced Capacity		Not Applicable		Not Applicable
(b) Installed Capacity				
(i) Metal free Optical Fibre Cable ---Duct Type, Armoured and Aerial	(Kms)	79,896		79,896
(ii) Proof Cable	Km/per annum	75,000		75,000
(iii) Optical Fibre	Km/per annum	800,000		800,000
(iv) Fibre Reinforced Plastic Rod	Km/per annum	500,000		500,000
(c) Production				
(i) Optical Fibre Cables	Kms	33,288.66		61,247
(ii) Fibre Reinforced Plastic Rod	Kms	349,711.14		238,498
(iii) Optical Fibre	Kms	260,923.80		Nil
(B) Sales				
	Quantity	Value (Rs. in Lacs)	Quantity	Value (Rs in Lacs)
(i) Optical Fibre Cables*	Kms	33,038.72	7,158.66	62,953
(ii) Optical Fibre*	Kms	31,585.25	133.68	18,613
(iii) Fibre Reinforced Plastic Rod*	Kms	323,028.55	3,474.71	157,582
(iv) Accessories #		761.60		0.00
(v) Others		29.95		194.80
		11,558.60		11,316.08
* Excludes captive consumption # Quantities details not easily ascertainable due to various items.				
(C) Trading Purchases				
Cables	Kms	351.15	42.65	—
Accessories			274.05	102.79
			316.70	102.79
(D) Raw Material Consumed				
(i) Optical Fibre	Kms	197199.15	935.36	525,363
(ii) Preforms	Kgs	7642.83	764.35	
(iii) PVC, HDPE, Nylon, MB, LSZH	Mts	1530003.40	1678.30	1,236
(iv) Glass Rovings	Kgs	1621465.34	806.43	1,202,392
(v) Others			1452.54	826.22
			5636.98	5293.18
(E) Closing Stock of Finished Goods/Products				
(i) Optical Fibre Cables	Kms	1,058.36	179.36	1,233
(ii) Fibre Reinforced Plastic Rod	Kms	156.00	0.50	3,583
(iii) Accessories	Nos	5,255.00	59.78	2657
(iv) Optical Fibre	Kms	400.00	1.76	—
(v) Others			0.39	0.38
			241.79	217.01
(F) Opening Stock of Finished Goods/products				
(i) Optical Fibre Cables	Kms	1,232.65	195.60	3,364
(ii) Fibre Reinforced Plastic Rod	Kms	3,583.20	12.62	9,115
(iii) Accessories		2,657.00	8.41	1694
(iv) Others			0.38	—



SCHEDULES FORMING PART OF ACCOUNTS

	Value (Rs. Lacs)	%	Value (Rs. Lacs)	%
(G) Value and Percentage of Imported/ Indigenous Raw-Material Consumed				
Imported	3536.29	62.73	1917.75	36.23
Indigenous	2100.69	37.27	3375.43	63.77
	<u>5636.98</u>	<u>100.00</u>	<u>5293.18</u>	<u>100.00</u>
(H) Spare Parts & Components				
Imported	7.63	35.42	3.17	27.40
Indigenous	13.91	64.58	8.40	72.60
(I) Value of Imports on CIF Basis				
Raw Materials		3776.36		1,903.58
Consumable		13.53		17.42
Telephone Software		487.83		—
Capital Goods		925.87		—
(J) Earnings in Foreign Exchange on FOB Basis				
Exports of Goods		1,379.68		749.73
(K) Expenditure in Foreign Currency				
Interest on FCCB		13.49		
Travelling		5.18		0.93
Legal & Professional		142.03		—
Repair & Maintenance		1.33		
Others		8.73		3.43
(L) Dividend Remitted in Foreign Currency				
Year of Dividend		2005-2006		
No. of Non Resident Shareholder		4		—
No. of Equity Shares Held by them		1,750,025		—
Gross Amount of Dividend		30.62 Lacs		—

21. Current period's figures are for the period of 18 months and includes figures of erstwhile ABL whereas previous year's figures are for the period of 12 months and are therefore not comparable.

22. Previous Year's figures have been regrouped and/or rearranged to conform to those of current period's figures wherever necessary.

As per our report of even date

For & on behalf of the Board of Directors

For P.C. BINDAL & CO.

Chartered Accountants

K.C. Gupta
Partner
M.No.088638

Kailash S. Choudhari
Managing Director

B. R. Rakhecha
Executive Director

Place : Gurgaon
Dated : November 24, 2007

Satyendra Gupta
Vice President (F&A)

Seema Narang
Company Secretary

Aksh Optifibre Limited

Balance Sheet abstract and Company's general business profile as required under the part IV of Schedule VI to the Companies Act, 1956

I Registration details

Registration no.	:	17-016132
State code	:	17
Balance Sheet date	:	30.09.2007

II Capital raised during the period

Amount in Thousands

Public Issue	:	NIL
Rights Issue	:	NIL
Bonus Issue	:	NIL
Private Placement	:	104,622

* Rs. 101,052 on account of amalgamation and Rs. 3,570 on account of conversion of FCCB.

III Position of mobilisation and deployments of funds

Amount in Thousands

Total Liabilities	:	2,555,380
Total Assets	:	2,555,380

Source of funds

Paid-up Capital	:	214,812
Share Application Money	:	—
Reserves and Surplus	:	1,275,351
Secured Loans	:	161,278
Unsecured Loans	:	778,548
Deferred Tax Liability	:	125,391
		2,555,380

Application of funds :

Net fixed assets	:	1,081,691
Investments	:	881,532
Net current assets	:	592,157
Misc. Expenditure	:	—
Accumulated losses	:	—
		2,555,380

IV Performance of the Company

Amount in Thousands

Turnover	:	1,183,001
Total expenditure	:	1,168,939
Profit/loss before tax	:	14,062
Profit/loss after tax	:	6,666
Earning per share of Rs. 5/- each- Basic		Rs. 0.16
Earning per share of Rs. 5/- each- Diluted		Rs. 0.15

V Dividend Rate

10%

VI Generic name of principal products of the Company

Item Code No. (ITC code)	085447000
Product description	Optical Fibre Cable
Item Code No.	090011000
Product description	Optical Fibre
Item Code No.	000391690
Product description	Fibre Reinforced Plastic Rods

As per our report of even date

For & on behalf of the Board of Directors

For P.C. BINDAL & CO.

Chartered Accountants

K.C. Gupta

Partner

M.No.088638

Place : Gurgaon

Dated : November 24, 2007

Kailash S. Choudhari

Managing Director

Satyendra Gupta

Vice President (F&A)

B. R. Rakhecha

Executive Director

Seema Narang

Company Secretary

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AKSH OPTIFIBRE LIMITED

Regd. Office : F-1080, RIICO Industrial Area, Phase - III, Bhiwadi - 301 019 (RAJASTHAN)

PROXY FORM

(To be filled by the Shareholder)

DP. Id. _____

Folio No. _____

Client Id. _____

No. of shares held _____

I/We _____ (Name) of _____
 (Address) being the Member/ Members of AKSH OPTIFIBRE LIMITED hereby appoint Miss/ Mrs./
 Mr. _____ of _____ in the district of _____
 or failing him/ her _____ of _____
 in the district of _____ as my/ our proxy to vote for me/ us, on my/ our behalf at the 21st Annual
 General Meeting of the Company to be held on Monday 28th January, 2008 at F-1080, RIICO Industrial Area, Phase-III,
 Bhiwadi-301 019 (Rajasthan) at 10:00 A.M and at any adjournment thereof.

As witness my/our hand this ___ day of _____, 2008



Signature

Note :

1. The proxy form duly executed and properly stamped should reach the Company's Registered Office at least 48 hours before the time of the meeting.
2. The proxy need not be a member.
3. Proxy cannot speak at the meeting or vote on a show of hands.



AKSH OPTIFIBRE LIMITED

Regd. Office : F-1080, RIICO Industrial Area, Phase - III, Bhiwadi - 301 019 (RAJASTHAN)

ANNUAL GENERAL MEETING

ATTENDANCE SLIP

(To be Handed Over at the Entrance of the Meeting Hall)

DP. Id. _____

Folio No. _____

Client Id. _____

No. of shares held _____

I hereby record my presence at the 21st Annual General Meeting of the Company, held on Monday 28th January, 2008, at F-1080, RIICO Industrial Area, Phase-III, Bhiwadi-301 019 (Rajasthan) at 10: 00 A.M.

Member's / Proxy's Name in Block Letters

(Member's/ Proxy's Signature)

1. Please sign this attendance slip and hand it over at the Attendance Counter at the entrance of the meeting venue.
2. This attendance slip is valid only in case shares are held on the date of the meeting.

Book Post/UPC

If undelivered, Please return to :
AKSH OPTIFIBRE LIMITED
F-1080, RIICO Industrial Area,
Phase-III, Bhiwadi (Rajasthan) 301 019.