

**BALANCE SHEET AS AT MARCH 31, 2001***(Amount in Rs.)*

PARTICULARS	SCHEDULE	AS AT March 31, 2001	AS AT March 31, .2000
SOURCES OF FUNDS			
Shareholders' Fund			
Share Capital	"A"	110,189,460	70,215,000
Reserves & Surplus	"B"	654,242,677	159,063,081
		<u>764,432,137</u>	<u>229,278,081</u>
Borrowed Funds			
Secured Loans	"C"	220,710,693	183,953,625
Unsecured Loans	"D"	-	1,925,000
		<u>220,710,693</u>	<u>185,878,625</u>
Total Funds Employed		<u>985,142,830</u>	<u>415,156,706</u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	"E"	403,879,609	295,707,513
Less : Depreciation		(76,105,787)	(53,295,207)
Net Block		<u>327,773,822</u>	<u>242,412,306</u>
Capital Work in Progress		<u>252,891,661</u>	<u>7,823,256</u>
		<u>580,665,483</u>	<u>250,235,562</u>
Investments	"F"	430,205	1,551,289
CURRENT ASSETS, LOANS & ADVANCES			
Inventories	"G"	162,185,989	143,483,607
Sundry Debtors		298,880,589	142,065,877
Cash & Bank Balances		167,883,937	56,111,008
Other Current Assets		2,995,500	789,044
Loans & Advances		68,253,250	27,762,512
		<u>700,199,265</u>	<u>370,212,048</u>
Less : Current Liabilities & Provisions	"H"	<u>303,421,061</u>	<u>219,732,394</u>
Net Current Assets		<u>396,778,204</u>	<u>150,479,654</u>
MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)	"I"	7,268,938	12,890,201
		<u>985,142,830</u>	<u>415,156,706</u>
Significant Accounting Policies and Notes to Accounts	"N"	-	

As per our report of even date

For & On behalf of the Board of Directors

For **P. C. BINDAL & CO.**
Chartered Accountants**Kailash S. Choudhari**
Managing Director**H. V. Navani**
Director**P. C. BINDAL**
Partner**Vinay Nagrath**
Director**Shobha Adlakhia**
Company SecretaryPlace : Gurgaon
Dated : 14th April, 2001


PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2001

(Amount in Rs.)

PARTICULARS	SCHEDULE	Year ended March 31, 2001	Year ended March 31, .2000
A INCOME			
Sales		1,425,431,748	993,016,322
Processing Charges		97,568	8,739,565
Miscellaneous Income	"J"	<u>23,542,082</u>	<u>19,833,931</u>
TOTAL (A)		<u><u>1,449,071,398</u></u>	<u><u>1,021,589,818</u></u>
B EXPENDITURE			
Manufacturing Expenses	"K"	1,044,909,578	851,013,899
Administrative, Selling & Other Expenses	"L"	125,429,717	47,757,648
Financial Expenses	"M"	40,645,265	43,363,288
Miscellaneous Expenditure written off		5,621,263	5,691,229
Depreciation	"E"	<u>23,215,475</u>	<u>14,822,132</u>
TOTAL (B)		<u><u>1,239,821,298</u></u>	<u><u>962,648,196</u></u>
PROFIT BEFORE TAX	("A"- "B")	209,250,100	58,941,622
Provision for Tax			
– earlier year		99,952	(4,934,788)
– current year		<u>18,000,000</u>	<u>5,500,000</u>
NET PROFIT AFTER TAX		<u>191,150,148</u>	<u>58,376,410</u>
Prior Period Adjustment (Net)		58,250	(89,356)
Balance brought forward from Previous Year		40,179,441	444,685
Profit brought forward from amalgamating Company		<u>2,133,491</u>	<u>-</u>
PROFIT AVAILABLE FOR APPROPRIATION		<u><u>233,521,330</u></u>	<u><u>58,731,739</u></u>
APPROPRIATION			
Dividend			
– Interim		33,053,460	11,893,962
– Final (proposed)		22,037,892	-
Dividend tax		9,618,628	1,308,336
Transfer to General Reserve		19,200,000	5,350,000
Surplus carried to Balance Sheet		<u>149,611,350</u>	<u>40,179,441</u>
		<u><u>233,521,330</u></u>	<u><u>58,731,739</u></u>
Significant Accounting Policies and Notes to Accounts	"N"		

As per our report of even date

For & On behalf of the Board of Directors

 For **P. C. BINDAL & CO.**
 Chartered Accountants

Kailash S. Choudhari
 Managing Director

H. V. Navani
 Director

P. C. BINDAL
 Partner

Vinay Nagrath
 Director

Shobha Adlakhia
 Company Secretary

 Place : Gurgaon
 Dated : 14th April, 2001



SCHEDULES FORMING PART OF THE ACCOUNTS

(Amount in Rs.)

PARTICULARS	AS AT March 31, 2001	AS AT March 31, .2000
SCHEDULE - "A"		
SHARE CAPITAL		
AUTHORISED		
2,80,00,000 Equity Shares of Rs.5/- each (P.Y., 2,80,00,000 Equity Shares of Rs.5/- each)	140,000,000	140,000,000
1,00,000 Preference Shares of Rs.100/- each (P.Y. 1,00,000 Preference Shares of Rs.100/- each)	10,000,000	10,000,000
	<u>150,000,000</u>	<u>150,000,000</u>
ISSUED, SUBSCRIBED & PAID UP		
2,20,37,892 Equity Shares of Rs.5/- each (P.Y. 1,22,15,000 Equity Shares of Rs.5/- each)	110,189,460	61,075,000
Redeemable Preference Shares of Rs.100/- each (P.Y. 91,400 Redeemable Preference Shares of Rs.100/- each)	-	9,140,000
	<u>110,189,460</u>	<u>70,215,000</u>

- Issued & Subscribed Capital includes 95,05,860 Equity Shares of Rs.5/- each issued as fully paid Bonus Shares
- Issued & Subscribed Capital includes 16,60,942 Equity Shares of Rs.5/- each issued to Shareholders of Telecord India (P) Ltd., pursuant to Scheme of arrangement (Refer note 2.8)

SCHEDULE - "B"

RESERVES & SURPLUS

a) Share Premium Account	103,042,000	78,697,000
Add : Addition during the year	398,977,750	36,560,000
Less : Public Issue Exp. W/O	(26,117,549)	-
Less : Issue of Bonus shares	-	(12,215,000)
Sub Total (a)	<u>475,902,201</u>	<u>103,042,000</u>
b) General Reserve**		
As per last Balance Sheet	8,029,126 **	8,991,640
Add : Transfer from Profit & Loss A/c.	19,200,000	5,350,000
Sub Total (b)	<u>27,229,126</u>	<u>14,341,640</u>
c) Profit & Loss Account	149,611,350	40,179,441
Sub Total (c)	<u>149,611,350</u>	<u>40,179,441</u>
d) State Capital Subsidy	1,500,000	1,500,000
Sub Total (d)	<u>1,500,000</u>	<u>1,500,000</u>
Total (a+b+c+d)	<u>654,242,677</u>	<u>159,063,081</u>

** General Reserves have been reduced by Rs.63,12,514/- being difference in share capital of Transferrer Company and share capital issued.



SCHEDULES FORMING PART OF THE ACCOUNTS

(Amount in Rs.)

PARTICULARS	AS AT March 31, 2001	AS AT March 31, .2000
SCHEDULE - "C"		
SECURED LOANS		
a) Limits with Banks		
Working Capital Loans	78,847,769	57,550,138
Secured Overdraft against FDR	54,454,323	-
b) ICICI LTD.		
i) Foreign Currency Loans	-	7,785,783
ii) Rupee Term Loans	67,600,817	50,175,306
c) 16.33% Secured Redeemable Optionally Convertible Debentures**	17,950,576 **	68,270,000
d) Other Secured Loans	1,857,208	172,398
Total	<u>220,710,693</u>	<u>183,953,625</u>

** Secured Redeemable Optionally Convertible Debentures issued to ICICI Ltd., have been consolidated and denominated as 16.33% Secured Redeemable Optionally Convertible Debentures.

NOTE :

- a) Working Capital facilities from Union Bank of India are secured by way of first charge on raw materials, stock-in-progress, finished goods, consumable stores & spares, book debts, (herein after mentioned as Current Assets) both present and future. These working capital facilities are further secured by way of second pari passu charge on the Fixed Assets of the Company by way of deposit of title deeds in respect of immovable properties & hypothecation of moveable properties except bankers goods.
- b) The Working Capital facilities from ICICI Bank Ltd. are secured by way of first pari passu charge on the Bankers Goods. These Working Capital facilities are further secured by way of second pari passu charge on the fixed assets of the Company to an extent of Rs.2645 Lacs by way of mortgage by deposit of title deeds in respect of immovable properties & hypothecation of moveable properties except bankers goods.
- c) The Working Capital facilities from China Trust Commercial Bank are secured by way of first pari passu charge on present & future current assets.
- d) Rupee Term Loans from ICICI Ltd., are secured by way of first charge through equitable mortgage on all the immovable properties of the Company, both present & future and hypothecation of movables (save & except book debts and stock exclusively hypothecated to banks for their working capital facilities and subject to the note "f" hereunder) including movable plant & machinery, tools & accessories, both present & future.
- e) Secured Redeemable Optionally Convertible Debentures issued and allotted to ICICI Ltd. are secured by way of first charge through equitable mortgage on all that piece and parcel of land, hereditaments premises situated at Village Budasan, Taluka Kadi, District Mehsana in the State of Gujarat and mortgage by way of deposit of title deeds in respect of immovable properties & hypothecation of moveable properties situated at F-1078-80, RIICO Industrial Area, Phase-III, Bhiwadi, save & except book debts and stocks exclusively hypothecated to Union Bank of India & subject to note "f" hereunder.
- f) In case of Optical Fibre Cable Plant acquired during the year 1999-2000, Banker of previous owner, namely Dena Bank, is yet to convey their no objection to the transfer, Current Assets, namely stock of raw materials, semi finished goods and book debts have therefore been acquired subject to first charge to Dena Bank, Darya Ganj branch, New Delhi, which shall continue until receipt of their NOC.
- g) Other Secured Loans are secured by hypothecation of respective assets bought out of each.

SCHEDULE- "D"
UNSECURED LOANS

Fixed Deposits	-	1,925,000
	-	1,925,000
	<u>-</u>	<u>1,925,000</u>

**SCHEDULE "E"
SCHEDULE OF FIXED ASSETS FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2001**

(Amount in Rs.)

DESCRIPTION	GROSS BLOCK			DEPRECIATION BLOCK			TOTAL AS ON 31.03.2001	W.D.V. AS ON 31.03.2001	W.D.V. AS ON 31.03.2000
	COST AS ON 01.04.2000	TRANSFER FROM TELECORDS	ADDITION DURING THE YEAR	SOLD/ADJUST-MENTS	TOTAL AS ON 31.03.2001	TRANSFER FROM TELECORDS			
Free hold Land	184,250	-	-	-	-	-	184,250	-	184,250
Leased Land	8,439,857	200,434	828,733	-	-	654,652	8,814,372	-	8,439,857
Factory Building	27,969,160	434,638	7,954,679	-	10,340	1,144,591	32,149,224	-	24,914,838
Residential Building	1,968,288	-	-	-	-	32,083	1,895,717	-	1,927,800
Plant & Machinery	196,881,390	3,494,220	78,390,759	(2,952,323)	227,935	15,636,607	222,569,293	(608,027)	158,893,152
Testing Instruments	35,883,172	565,884	9,615,521	-	36,812	2,827,375	35,285,415	-	27,968,197
Air Conditioners	3,588,438	-	19,240	-	-	171,214	2,543,738	-	2,695,712
Furniture & Fixtures	3,397,820	18,804	540,985	-	847	447,285	2,658,731	-	2,547,074
Office Equipment	2,346,811	1,332	606,970	(38,490)	61	132,739	2,571,777	(4,214)	2,130,551
Data Processing System	5,049,184	75,661	4,655,083	-	5,978	1,206,740	7,250,610	-	3,732,584
Electric Fitting	8,080,881	-	864,810	-	-	644,396	7,703,082	-	7,482,668
Vehicle	1,918,262	768,195	2,737,404	(610,443)	36,392	317,793	4,147,614	(111,020)	1,495,623
Total	295,707,513	5,559,168	106,214,184	(3,601,256)	318,365	23,215,475	327,773,822	(723,261)	242,412,306
Previous Year	230,736,569	-	83,929,034	18,958,190	-	148,822,132	242,412,306	4,357,934	187,905,660



SCHEDULES FORMING PART OF THE ACCOUNTS

(Amount in Rs.)

PARTICULARS	AS AT March 31, 2001	AS AT March 31, .2000
SCHEDULE - "F"		
INVESTMENTS - LONG TERM		
QUOTED		
22,300 (P.Y.22,300) Equity Shares of CMI Ltd.	1,328,644	1,328,644
9,300 (P.Y. 9,300) Equity Shares of Prism Cement Ltd.	101,645	101,645
Sub Total (a)	<u>1,430,289</u>	<u>1,430,289</u>
UNQUOTED		
10 (P.Y. 10) Bonds of Dena Bank	98,000	98,000
GOVERNMENT SECURITIES		
National Saving Certificates (Lodged with Government Department as Security Deposit)	32,045	23,000
Sub Total (b)	<u>130,045</u>	<u>121,000</u>
Total (a+b)	<u>1,560,334</u>	<u>1,551,289</u>
Less: Provisions for diminution in value of quoted Investments	(1,130,129)	-
	<u>430,205</u>	<u>1,551,289</u>
SCHEDULE "G"		
CURRENT ASSETS, LOANS & ADVANCES		
A CURRENT ASSETS		
a. Inventories		
(As taken, valued & certified by Management)		
i) Finished Goods	20,985,293	13,132,817
ii) Raw Material	72,480,222	51,120,966
iii) Semi Finished Goods	28,339,100	42,957,437
iv) Scrap	12,903	21,000
v) Packing Material & Others	1,013,600	392,796
vi) Spare Parts	7,178,794	3,851,914
vii) Consumable Stores	1,227,408	1,032,170
viii) Trading Stocks	2,329,322	4,099,682
ix) Goods in Transit	28,619,347	26,874,825
Sub Total (a)	<u>162,185,989</u>	<u>143,483,607</u>
b) Sundry Debtors		
(Unsecured, Considered good)		
i) Debts outstanding for a period exceeding six months	15,800,533	8,494,659
ii) Others	283,080,056	133,571,218
Sub Total (b)	<u>298,880,589</u>	<u>142,065,877</u>



SCHEDULES FORMING PART OF THE ACCOUNTS

(Amount in Rs.)

PARTICULARS	AS AT March 31, 2001	AS AT March 31, .2000
c) Cash & Bank Balances		
i) Cash in hand	198,665	55,695
ii) Cheques in hand	-	16,766,991
iii) Foreign currency in hand	1,035	-
iv) FDRs with Scheduled Banks *	123,701,408	33,280,640
v) FDRs with Other Banks	36,637,580	-
vi) Margin Money	1,086,310	5,375,000
vii) In Current A/c with Scheduled banks	5,969,934	632,682
viii) In Current A/c with other banks	289,005	-
Sub Total (c)	<u>167,883,937</u>	<u>56,111,008</u>
* Pledged against Margin Money		
d) Other Current Assets		
i) Interest Accrued on FDR & Others	2,995,500	789,044
Sub Total (d)	<u>2,995,500</u>	<u>789,044</u>
Total A (a+b+c+d)	<u>631,946,015</u>	<u>342,449,536</u>
B. LOANS & ADVANCES		
(Unsecured, Considered Good)		
a) Advances Recoverable in cash or in kind for value to be received	41,682,361	14,546,952
b) Loans	9,798,539	6,576,039
c) Prepaid Taxes	16,772,350	6,639,521
Total (B)	<u>68,253,250</u>	<u>27,762,512</u>
Total (A+B)	<u>700,199,265</u>	<u>370,212,048</u>
SCHEDULE -"H"		
CURRENT LIABILITIES & PROVISIONS		
A. CURRENT LIABILITIES		
a) Sundry Creditors		
i) Outstanding dues of SSI Undertakings	1,488,818	4,056,399
ii) Others	156,572,793	173,039,946
b) Creditors for Expenses	29,802,105	14,855,735
c) Advance from Customers	73,271,588	10,386,352
Total [A]	<u>261,135,304</u>	<u>202,338,432</u>
B. PROVISIONS		
a) Provision for Income Tax	18,000,000	5,500,000
b) Proposed Dividend (Final)	22,037,892	-
c) Interim Dividend	-	11,893,962
d) Provision for tax on Dividend	2,247,865	-
Total [B]	<u>42,285,757</u>	<u>17,393,962</u>
Total [A+B]	<u>303,421,061</u>	<u>219,732,394</u>



SCHEDULES FORMING PART OF THE ACCOUNTS

(Amount in Rs.)

PARTICULARS	AS AT March 31, 2001	AS AT March 31, .2000
SCHEDULE "I"		
MISCELLANEOUS EXPENDITURE		
(To the extent not written off or adjusted)		
a) CAPITAL ISSUE EXPENSES		
As per last Balance Sheet	2,706,137	3,085,370
Add : Incurred during the year	26,117,549	150,000
Less : Written off against Share Premium	(26,117,549)	-
Less : Written off during the year	(529,233)	(529,233)
Sub Total (a)	<u>2,176,904</u>	<u>2,706,137</u>
b) DEFERRED REVENUE EXPENDITURE		
As per last Balance Sheet	10,184,064	15,751,973
Add : Incurred during the year	-	316,685
Less : Written off during the year	(5,092,030)	(5,158,078)
Less : Transferred to PVC unit	-	(726,516)
Sub Total (b)	<u>5,092,034</u>	<u>10,184,064</u>
Total (a+b)	<u><u>7,268,938</u></u>	<u><u>12,890,201</u></u>
SCHEDULE - "J"		
MISCELLANEOUS INCOME		
Interest on Inter Corporate Deposits, Fixed Deposit & Others (Tax Deducted at Source Rs. 36,73,285/-) (P.Y. Rs. 6,17,653)	17,004,178	2,970,656
Dividend	201,986	10,342,350
Duty Drawback	6,151,180	-
Lease Rent Received	-	95,944
Profit on Sale of Assets	-	5,799,148
Profit on Sale of Investments	-	58,862
Other Income	184,738	566,971
	<u>23,542,082</u>	<u>19,833,931</u>



SCHEDULES FORMING PART OF THE ACCOUNTS

(Amount in Rs.)

PARTICULARS	AS AT March 31, 2001	AS AT March 31, .2000
SCHEDULE - "K"		
MANUFACTURING EXPENSES		
Raw Material Consumed	716,711,605	610,196,430
Trading Purchases	76,074,942	59,783,779
(Increase)/Decrease in Stock	8,544,318	3,315,759
Store & Hardware Consumed	12,602,660	6,872,294
Job Charges	1,541,583	7,278,797
Wages, Salaries & Bonus	16,505,439	11,050,748
Contribution to Provident & Other Funds	1,292,910	835,945
Employee Welfare	967,810	884,450
Excise Duty	151,671,148	118,023,961
Freight & Cartage	14,754,698	9,481,959
Insurance	1,983,261	1,875,360
Packing Material Consumed	13,347,993	7,902,762
Power & Fuel	13,079,647	9,890,450
Rental Charges	1,192,500	73,741
Repair & Maintenance (Plant & Machinery)	13,031,983	3,319,889
Testing Charges	662,921	227,575
Royalty for technical know-how	944,160	-
	<u>1,044,909,578</u>	<u>851,013,899</u>
SCHEDULE - "L"		
ADMINISTRATIVE, SELLING & OTHER EXPENSES		
Salaries & Bonus	16,410,946	10,070,159
Contribution to Provident & Other Funds	1,157,878	769,590
Employee Welfare	1,328,143	518,169
Directors' Remuneration	7,498,597	1,063,503
Travelling & Conveyance	6,487,655	3,372,985
Postage & Telephone	4,207,322	2,191,166
Insurance	1,435,141	1,503,906
Lease Rentals	934,017	1,205,459
Rent, Rates & Taxes	2,354,751	1,785,344
Professional & Legal Expenses	8,757,535	2,196,718
Exchange Fluctuation	7,114,842	2,500,582
Repair & Maintenance		
– Building	2,502,758	139,750
– Others	936,440	844,339
Service charges	31,935,124	11,492,879
Discount & Rebate	468,098	392,161
Freight & Cartage (Outward)	8,781,901	3,486,193
Liquidated Damages	10,539,198	1,602,454
Auditors' Remuneration	535,430	295,795
Loss on Sale of Assets	1,892,977	-
Provision for diminution in value of Investments	1,130,129	-
Other Expenses	9,020,835	2,326,496
	<u>125,429,717</u>	<u>47,757,648</u>
SCHEDULE - "M"		
FINANCIAL EXPENSES		
Bank Charges	15,086,519	8,288,778
Interest on Loans	18,256,720	29,833,023
Interest on Debentures	7,302,026	5,241,487
	<u>40,645,265</u>	<u>43,363,288</u>

**SCHEDULES FORMING PART OF THE 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 presentational requirements of the Companies Act, 1956. A summary of important accounting policies applied, are set out below :

a) Convention

The Accounts are prepared under historical cost convention and on the basis of going concern.

b) Revenue Recognition

- i) Sale of goods is recognised at the point of despatch to customers. Sales are inclusive of excise duty and exclusive of sales tax. Service charges are accounted for on accrual basis.
- ii) Other Incomes are accounted for on accrual basis except where the receipt of income is uncertain.

c) Fixed Assets

- i) Fixed Assets are stated at cost of acquisition less accumulated depreciation. The cost includes all pre-operative expenses and the financing cost of borrowed funds relating to construction period.
- ii) Exchange difference (at the rates prevailing at the year end) arising on account of liabilities incurred for acquisition of Fixed Assets is adjusted to the carrying amount of related Fixed Assets.

d) Capital Work-in-Progress

Advances paid towards the acquisition of fixed assets, expenditure during construction period and cost of assets not put to use before the year end, are disclosed under Capital Work-in-Progress.

e) Depreciation

Depreciation on Building, Plant and Machinery and other Fixed Assets is provided as per straight line method in accordance with the rates specified in Schedule XIV to the Companies Act, 1956. Depreciation is charged on a prorata basis for assets purchased/sold during the year. Individual assets costing less than Rs.5,000/- are depreciated in full in the year of purchase. Extra shifts depreciation is charged on the basis on actual extra shifts. Cost of leasehold land is amortised over lease period.

f) Investments

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

g) Inventories

- i) Raw materials, stores and spares parts, work in progress and finished goods are valued at the lower of the historic cost and the net realisable value. Scrap and slow moving / unserviceable stocks are valued at net realisable value.
- 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 respect of work in progress and finished goods cost of conversion is included on absorption costing basis.

h) Custom Duty

Custom duty payable on raw materials, stores and spare parts, machinery are accounted for on clearing of goods from Custom Warehouse.

- i) Retirement Benefits
 - a) Contribution to Provident Fund is accounted for on accrual basis.
 - b) Gratuity and other retirement benefits are charged to profit and loss account through a provision for accruing liability based on assumption that such benefits are payable to all the employees at the end of accounting year.

j) Foreign Exchange Transactions

Transactions in foreign currency are recorded at the exchange rates prevailing at the time of the transaction. In the case of liabilities incurred for the acquisition of fixed assets, the loss or gain on conversion (at the rates prevailing at the period-end) is included in the carrying amount of the related fixed assets. In the case of current assets and current liabilities, the net result of conversion at the rates prevailing at the period-end is charged/ credited to the profit and loss account. In the case of forward



SCHEDULES FORMING PART OF THE ACCOUNTS

contract, difference between forward rates and exchange rates on the date of transaction is recognised as income or expenses over the life of the contract.

k) Income Tax

Provision is made for income tax on a yearly basis, under the tax-payable method, based on the tax liability as computed after taking credit for allowances and exemptions. In case of matters under appeal, if any, due to disallowances or otherwise, full provision is made when the said liabilities are accepted by the Company.

l) Miscellaneous Expenditure

- i) Expenses on issue of shares up to the year ending 31.03.2000 are amortised over the period as prescribed under section 35D of the Income Tax Act, 1961. Expenses on issue of Shares incurred after 31.03.2000 are written off by applying Shares Premium account.
- ii) Expenses on issue of debentures/and other ancillary cost of borrowings are amortised over period of loan.
- iii) Expenditure incurred against which benefit is expected to flow into future periods, are treated as deferred revenue expenditure and charged to revenue account over the expanded duration of benefit.

2. NOTES TO ACCOUNTS

2.1 Contingent Liabilities not provided for

- a) In respect of guarantees and letters of credit issued by Banks, outstanding as at 31st March, 2001, Rs.3526.27 Lacs net of margin (PY Rs.772.17 Lacs).
 - b) Guarantees given on behalf of others :-
Rs.3,97,625/- (P.Y. Rs.1,40,000/-) Guarantee Given to SBBJ for purchase of Two Wheeler by Company staff.
 - c) In respect of penalty levied by Municipal Committee, Chaksu (Raj.) Rs.Nil (PY Rs.17,32,038/-) the case has been decided in favour of Aksh Optifibre Limited by the Hon'ble High Court of Rajasthan.
 - d) During the previous financial year the Company acquired an Optical Fibre Cable Unit from CMI Ltd. During the process of transfer of stocks from CMI Ltd. to the Company, the Excise Department has charged differential customs duty of Rs.2,68,430.00 on raw materials lying in stocks as on date of transfer, since these were cleared on concessional rate. The Company has filed representation with the concerned Department for refund of same.
 - e) Company has supplied Tool Kits & Jointing Kits without carrying out any manufacturing activity thereon, by purchasing and reselling tools. Central Excise authorities have treated this as a manufacturing activity and have issued Show Cause Notices for recovery of Excise Duty for Rs.2,57,93,053.00 (P.Y. Rs. 42,08,717.00) against sales pertaining to period up to March 2001. Company has filed appropriate reply in the matter before the competent authority.
 - f) Company has entered into a contract with Inox Air Products Limited for purchase of Gases as per requirement. Inox Air Products Limited has agreed to provide three storage tanks and the Company has given an Indemnity bond for Rs.44.00 Lacs for securing the rights/ interests of Inox Air Products Limited.
 - g) Company has executed a bond of Rs.1,350.00 Lacs in favour of Deputy Commissioner of Customs, Air Cargo Unit, IGI Airport, New Delhi against Import of Capital goods at concessional rates under EPCG scheme for which the Company has agreed to fulfil Export obligation for Rs.9044.33 Lacs within a period of eight years from the date of issue of EPCG licence dated 31.07.2000.
 - h) In respect of penalty levied by Commercial Tax Officer (Rajasthan) Rs.2,11,734/- (PY Rs.2,89,332/-) as representation has been filed with the concerned department.
 - i) In respect of Excise Duty MODVAT on Capital Goods of Rs.7,37,356.00 (PY. Rs.7,37,356.00) disputed by Central Excise Authorities, as representation has been filed with the concerned authority.
 - j) In respect of Excise Duty MODVAT on Spares Parts of Rs.69,633.00 disputed by Department of Excise, as the representation has been filed with the Concerned Authority.
 - k) In respect of Excise Duty on Cable Scrap in Testing of Rs.5,27,987.00 disputed by Department of Excise, as the representation has been filed with the Concerned Authority.
- 2.2 Profit for the year has been arrived at after adjusting prior year debits of Rs.23,48,265/- (PY Rs.7,98,466/-) and prior year credit of Rs.24,06,515/- (PY Rs.7,09,110.50) charged to respective heads of accounts.
- 2.3 Depreciation includes amortisation of cost of leasehold land pertaining to earlier years amounting to Rs.5,59,005/-.
- 2.4 Maximum amounts due from Directors at any time during the year - Nil (P.Y. Nil)


SCHEDULES FORMING PART OF THE ACCOUNTS

- 2.5 Maximum amount due to any time during the year from Concern/ Companies in which Directors and/ or their relatives are interested

Amount O/S		as on 31.03.2001
a) CMI Limited	Rs.128.84 Lacs (PY Rs.206.34 Lacs)	Rs.0.25 Lacs (Dr.)
b) Astral Fibcom Ltd.	Rs. 2.55 Lacs (P.Y. Nil)	Rs.1.54 Lacs (Cr.)
c) Icon Cables Ltd.	Rs. 57.75 Lacs (P.Y. Rs.80.11 Lacs)	Rs.0.75 Lacs (Dr.)

- 2.6 Estimated amounts of Contracts remaining to be executed on Capital Account (Net of Advances) Rs.7120.37 Lacs (PY Rs.56.47 Lacs)

- 2.7.1 Managerial remuneration paid to the Managing Director/non-whole-time Director

	2001	(Amount in Rs.) 2000
Salary	24,00,000	7,11,000
Contribution to Provident and other funds	5,06,520	59,303
Perquisites*	22,03,077	2,93,200
Commission	23,50,000	-
Sitting fee	39,000	35,000

* Including provision for Gratuity Rs. 923077/-.

- 2.7.2 Computation of net profit in accordance with Section 349 of the Companies Act, 1956, and calculation of commission payable to Managing Director.

	2001	(Amount in Rs.)
Profit after tax from ordinary activities	19,11,50,148	
Add :		
Managing Director's remuneration (including perquisites)	51,09,597	
Directors' sitting fees	39,000	
Commission to Managing Director	23,50,000	
Depreciation as per the accounts	2,32,15,475	
Provision for Taxation	1,80,99,952	
	23,99,64,172	
Less :		
Depreciation as per Section 350 of the Companies Act, 1956 (-)	2,32,15,475	
Net profit in accordance with section 349 of the Companies Act, 1956	21,67,48,697	
Net Profit on which commission is payable	4,86,48,745	
Commission payable to Managing Director @ 5% of net profit in excess of Rs.1500 Lacs	24,32,437	
Commission approved by the board	23,50,000	

- 2.8 Pursuant to the scheme of arrangement, under sections 391 to 394 of Companies Act, 1956, as approved by the shareholders and creditors in their respective meetings and subsequent approval /confirmation by Hon'ble Rajasthan High Court on October 25, 2000 (i.e. effective date), Telecords India (P) Ltd. (TIPL), a manufacturer of fibre reinforced plastic rods with a capacity of 90,000 Kms per annum, has been merged with the Company w.e.f. from the appointed date (i.e. 1st April, 2000). Accordingly w.e.f. appointed date, all assets, properties, rights, claims, interest whatsoever and liabilities, contracts, etc., of TIPL have been transferred and vest in the Company.

As specified in the scheme of arrangement, 16,60,942 fully paid up equity shares of Rs.5/- each have been issued towards consideration to the shareholders of Telecords India (P) Ltd. in proportion of their holding in Telecords India (P) Ltd. The amalgamation being in the nature of merger has been accounted for under the pooling of interests method as per relevant Accounting Standard in force.

- 2.9 Amount paid/ payable to Auditors

	Current Year	Previous Year
a) Audit Fee	4,50,000	2,62,000
b) Tax Matters	21,000	50,000
c) Out of Pocket Expenses	85,430	23,991
d) Certification Fee/Other Services	1,14,500	-



SCHEDULES FORMING PART OF THE ACCOUNTS

3. In the opinion of Board of Directors, all the Current Assets, Loans and Advances have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated and that all the known liabilities relating to the year have been provided for.
4. The list of SSI Undertakings as required pursuant to the notification issued by the Ministry of Law, Justice and Company affairs, Deptt. of Company Affairs vide Press Note No. 1/99, F.No.1/1/99-CL.V dated 5.3.1999, is given hereunder. The Small Scale Industrial Undertaking has the same meaning as assigned to it under Clause (j) of Section 3 of Individual (Development & Regulation) Act, 1951.

Name of the Sundry Creditors

Amount (Rs.)

Ajanta Timbers

1,48,508.00

5. In accordance with the accounting policy consistently followed by the Company in the past, excise duty payable on finished goods was accounted for only on clearance of the goods from the factory. In view of the revised "Guidance Note on Accounting Treatment for Excise Duty" and the revised "Accounting Standard 2 - Valuation of Inventories" issued by The Institute of Chartered Accountants of India, provision has been made for the excise duty liability of Rs.25.30 Lacs in respect of goods lying in the factory as on March 31, 2001, which has been included in the valuation of the closing stock of finished goods. However, this has no effect on the profits for the year.
6. The Company has changed its accounting policy with respect to writing off Expenses on issue of Shares. Had the Shares issue expenses been amortised as per past policy, Profit would have been lower by Rs.52,23,510 & Share Premium account higher by Rs.2,08,94,031. The change in policy has resulted in increase in profit to the extend of Rs.52,23,510.
7. Future obligation for lease rentals, under lease arrangements entered into by the Company, amounts to Rs.24.26 Lacs (PY. Rs.28.26 Lacs) .
8. Turnover includes sum of Rs.371.46 Lacs being sales transaction between erstwhile M/s. Telecords India (P) Ltd. and the Company after appointed date i.e. 1st April, 2000, till 25th October, 2000, i.e. effected date of merger of M/s. Telecords India (P) Ltd. Previous year turnover includes sum of Rs.917.85 Lacs being sales/ processing charges made by CMI-Optical Fibre Unit to the Company after appointed date for acquisition till effective date.
9. Additional information pursuant to the provisions of paragraph 3, 4C, 4D of Part II of Schedule VI of the Companies Act, 1956.

	Current Year	Previous Year		
A) Capacities & Production				
a) Licensed Capacity	N.A.	N.A.		
b) Installed Capacity				
i) Optical Fibre Cable - Metal free Duct type, Armoured And Aerial (3 Shift) (Kms)	59547	50358		
Indoor Premises Cable (Kms)	20349	N.A.		
ii) Optical Fibre (Kms)	150000	150000		
iii) Insulated Cables (Kms)	N.A.	Not Ascertainable		
iv) Fibre Reinforced Plastics Rod (Kms)	120000	N.A.		
c) Production				
i) Optical Fibre cables (Kms)	21716	21706		
ii) Optical Fibre (Kms)	92379	37128		
iii) Insulated Wires & Cables (Kms)	N.A.	167		
iv) Fibre Reinforced Plastic Rods (Kms)	76254	N.A.		
	Qty.	Value (In Lacs)	Qty.	Value (In Lacs)
B) Sales				
Optical Fibre Cables (Kms)	21802	11191.96	21923	8274.20
Optical Fibre (Kms)	16695	594.04	18533	425.33
Fibre Reinf. Plastic Rods (Kms)	33585	414.53	-	-
Cable Accessories (Nos)	88647	997.17	80320	890.00
Insulated Wires & Cables (Kms)	-	N.A.	191	101.30
Others		1056.63	-	239.33
		<u>14254.32</u>		<u>9930.16</u>
C) Trading Purchases				
Accessories and Tools (Nos.)	84319	760.53	84898	597.84



SCHEDULES FORMING PART OF THE ACCOUNTS

	Value (In Lacs)	%age	Value (In Lacs)	%age
D) Raw Material Consumed				
Optical Fibre (Kms)	109213	2014.09	198283	2899.31
Preforms (Kg.)	2998	965.36	1200	247.77
Preform (Nos.)	-	-	67	46.15
PVC, HDPE, Nylone & MBs (MTs)	1119	1608.56	925	1420.75
FRP Rods & Dummy Tubes (Kms)	-	-	41068	569.78
Copper Wire & Alloys (MTs)	-	-	21	22.90
Others		2579.11		895.30
		7167.12		6101.96
E) Closing Stock of Finished Goods/ Products				
Optical Fibre Cables (Kms)	295	151.85	381	113.56
Optical Fibre (Kms)	384	10.26	1544	17.77
Fibre Reinf. Plastic Rods (Kms)	8573	44.63	N.A.	
Cable Accessories	2741	23.28	7093	41.00
F) Opening Stock of Finished Goods/ Products				
Optical Fibre Cable (Kms)	381	113.56	598	285.67
Optical Fibre (Kms)	1544	17.77	349	7.24
Cable Accessories (Nos)	7093	41.00	2515	16.64
Insulated Wire & Cables (Kms)	-	-	24	5.65
G) Value and Percentage of Imported/ Indigenous Raw-Material Consumed				
Imported	5499.04	76.73	3671.06	60.16
Indigenous	1668.08	23.27	2430.90	39.84
H) Spare Parts & Components				
Imported	94.65	81.86	24.32	23.86
Indigenous	20.98	18.14	77.60	76.14
		Value (In Lacs)	Value (In Lacs)	
I) Value of Imports on CIF Basis				
Raw Material		4999.31		3793.14
Capital Goods		1276.79		89.71
Components		89.50		26.57
Packing Material		-		1.44
Accessories		-		6.67
J) Earning in Foreign Exchange on FOB Basis				
Exports of Goods		2406.85		409.08
K) Expenditure in Foreign Currency				
Travelling		26.58		8.05
Membership & Subscription		1.11		0.26
Books & Periodicals		0.18		-
L) Details of Dividend remitted during the year to NRI's/ NR's/ OCB's/ Foreign Companies are as follows :-				

Year	Dividend	No. of Shareholders	No. of Shares	Current Year (Rs. In Lacs)	Previous Year (Rs. In Lacs)
1999-2000	Interim	4	1746270	43.65	NIL
2000 -2001	Interim (Ist)	9	4699575	35.25	NIL
2000 -2001	Interim (IInd)	13	4625585	34.69	NIL

10. Additions to fixed assets and capital work in progress include increase of Rs.99,85,858/- (PY Rs.1,89,299/-) on account of foreign exchange rate fluctuations.

11. Loans and advances include interest free advances of Rs.97,98,539/- (PY Rs.65,76,039/-) to Aksh Employees Welfare Trust, a Trust for the welfare of employees of the Company. The management has confirmed to Auditors that the advance is good and fully recoverable.



SCHEDULES FORMING PART OF THE ACCOUNTS

12. Previous year's figures have been regrouped and/or rearranged to conform to those of current year's figures wherever necessary.
13. All the figures stated in rupees are rounded off to nearest rupee.

As per our report of even date

For & On behalf of the Board of Directors

For **P. C. BINDAL & CO.**
Chartered Accountants

Kailash S. Choudhari
Managing Director

H. V. Navani
Director

P. C. BINDAL
Partner

Vinay Nagrath
Director

Shobha Adlakha
Company Secretary

Place : Gurgaon
Dated : 14th April, 2001

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2001**Cash Flow from Operating Activities****Rs. in Lacs**

	2000 - 2001	1999 - 2000
Net profit before taxation & extraordinary items	2,092.50	589.42
Adjustment for:		
Add		
Depreciation	232.15	148.22
Miscellaneous Exp written off	56.21	56.91
Interest Expenses	255.59	350.74
Less		
Interest Income	(170.04)	(29.71)
Dividend Income	(2.02)	(103.43)
(Profit)/Loss on Sale of FA	18.93	(57.99)
(Profit)/ Loss on Sale of Investment	-	(0.59)
Devaluation of Investment	11.30	-
Operating profit before working capital changes	2,494.63	953.57
Increase in Sundry Debtors	(1,568.15)	(638.89)
Increase in Other Assets	(325.64)	(88.07)
Increase in Inventories	(187.02)	(527.45)
Increase in Sundry Creditors	587.96	290.51
Cash generated from operations	1,001.77	(10.33)
Income Tax paid	(119.59)	(54.65)
Income Tax expenses/refund	(1.00)	49.37
Prior period adjustment(Net)	0.58	(0.89)
Cash Flow from Operating activities(A)	881.76	(16.50)
Cash Flow from Investing activities		
Purchase of Fixed Assets	(1,036.32)	(839.29)
Proceeds from Sale of Assets	9.85	203.99
Proceeds from Sale of Investment	-	382.84
Increase in investment	(0.09)	-
TDS on Interest income	(36.73)	(6.18)
Interest Income	170.04	29.71
Capital Work in progress	(2,435.29)	(59.10)
Interest Paid on New Loan (to be capitalized)	(93.63)	-
Dividend Income	2.02	103.43
Miscellaneous expenses	(261.18)	3.32
Net Cash from Investing activities(B)	(3,681.32)	(181.28)
Cash Flow from Financing Activities		
Proceeds from issue of Capital	4,326.40	457.00
Proceeds from long-term borrowing	676.00	580.93
Proceeds from short-term borrowing	544.54	-
Repayment of long-term Borrowing	(872.22)	(265.00)
Interest paid	(255.59)	(350.74)
Interim Dividend paid current year	(330.53)	-
Interim Dividend paid of previous year	(118.94)	-
Dividend Tax	(73.71)	(13.08)
Transfer from merged unit	21.33	-
Net Cash Flow from Financing activities (C)	3,917.29	409.11
Net Increase in Cash & Cash equivalents (A+B+C)	1,117.73	211.32
Cash & Cash equivalents at beginning of period	561.11	349.79
Cash & Cash equivalents at end of period	1,678.84	561.11

Auditors' Certificate

We have examined the attached Cash Flow Statement of Aksh Optifibre Limited for the year ended 31st March, 2001. The Statement has been prepared by the Company in accordance with the requirements of Clause 32 of the listing agreement with the stock exchanges and is based on and in agreement with corresponding profit and loss account and balance sheet of the Company covered by our Report of 14th April, 2001 to the Members of the Company.

For **P. C. BINDAL & CO.**
Chartered Accountants

(P. C. BINDAL)
Partner

M. No. 82683

Place : Gurgaon
Date : 14th April, 2001