



ANNEXURE 'C' TO THE DIRECTORS' REPORT

CORPORATE GOVERNANCE AT AKSH

TRANSPARENCY LEADS TO EFFICIENCY THAT ENHANCES PROFITABILITY, ADDING VALUE TO ALL THE SHAREHOLDERS

Corporate Responsibility and Transparency is the core of AKSH. Reiterating the philosophy of better disclosure practices, your Company has started a new trend in the Corporate World of keeping Stakeholders informed on a regular basis about the performance of the Company by way of Audited Monthly Updates which are normally published in all the editions of "The Business Standard."

Good Corporate Governance guides that the Directors of a Company are appointed on proven competence and professional experience. Similarly, the non-executive Directors need to be more actively involved for providing guidance and expertise to the full time management on policy matters, as well as monitoring of actions carried out by the operating management. Your Company is committed to follow "The Best Corporate Governance Practices" and will always be at the forefront of setting benchmarks in its disclosure practices.

We at Aksh, believe that a Business Organisation ought to conduct its affairs transparently and in a way so as to safeguard the interest of the Company and add value to the shareholders.

To enable this, a system of Corporate Governance was instituted to ensure that all functions of the Company are discharged in a professionally sound, competent and transparent manner at all times and such system was institutionalised through constitution of designated committees of the Board with a majority of non-executive Directors comprising one or more such Directors.

According to the Corporate Governance code adopted by the Board, three committees were constituted during the year – Audit Committee, Directors' Remuneration Committee, and Shareholders' Grievance Committee, in addition to the Committees already existing viz., Finance Committee, Share Allotment-cum Transfer Committee & ESPS Committee. We are happy to inform you that your Company's existing practices and policies are significantly in conformity with the requirements stipulated by SEBI.

Given below is a report on Corporate Governance in AKSH OPTIFIBRE LTD. for the year ended March 31st, 2001

I. BOARD OF DIRECTORS

Our Board of Directors comprises of one Promoter Director being the Managing Director and six non-executive Directors out of which five Directors are Independent.

During the year 14 Board Meetings were held. The Composition of the Board of Directors, their attendance at the Board Meetings held during the year and at the Last Annual General Meeting as also the number of other Directorship held by them are given below:

Name	Date of Appointment	Designation	Status Whether Independent or not	No. of Meetings attended	No. of Memberships in Boards of other Companies	Whether attended the Last AGM
Dr. Kailash S. Choudhari	01-06-1993	Managing Director	Executive and Not Independent	14	NIL	YES
Vinay Nagrath	01-02-2000	Director	Not Independent	14	2	YES
Popat Lal F. Sundesha	18-05-1996	Director	Independent	8	3	NO
H.V. Navani	28-02-1995	Director	Independent	12	1	YES
Kaushal Kumbhat	02-06-2000	Director	Independent	6	12	YES
Rudolf Meier	01-02-2000	Director	Independent	3	NIL	NO
John Levack	01-10-1995	Director	Independent	1	5	NO

None of the Directors of your Company is a member of more than 10 Committees or is the Chairman of more than five Committees across all the Public Companies in which they are Directors.

During the year the Board Meetings were held on 22/04/2000, 02/06/2000, 30/06/2000, 10/07/2000, 12/07/2000, 01/08/2000, 15/09/2000, 26/09/2000, 24/10/2000, 10/12/2000, 20/01/2000, 31/01/2001, 23/02/2001 and 14/03/2001

Transactions of the non-executive Directors' viz-a-viz the Company

During the year under review there were no transactions of the Company with any of the non-executive Directors except with Northern Electrocom Pvt. Limited and Asian Contec Ltd. in which one of the non-executive Director, Shri Vinay Nagrath was interested.



II. AUDIT COMMITTEE

The Audit Committee comprises of four non-executive independent Directors. The Committee is chaired by Sh. Kaushal Kumbhat, who is a Chartered Accountant by profession and has done his Master's Degree in Business Administration from University of California, USA. He is also a Diploma Holder in Portfolio & Funds Management and in Business Finance, and has a rich experience of around 12 years in the field of Finance.

The Audit Committee is responsible for the effective supervision of the financial reporting process, ensuring financial & accounting controls and compliance with the financial policies of the Company. The Committee interacts with the Statutory and Internal Auditor to ascertain the quality and veracity of the Company's transactions, to review the manner in which they are performing their responsibilities and to discuss the reports of the Internal and the Statutory Auditors.

The Committee provides the overall direction on the risk management policies. The Committee has full access to financial data and to the members of the Company staff.

The Charter of the Audit Committee is in line with the international practices and as prescribed under clause 49 of the Listing Agreement

During the year 2 Audit Committee Meetings were held and the attendance of the Members at the Meetings was as follows:

Name	Designation	No. of Meetings attended
Kaushal Kumbhat	Chairman	2
Popatlal F. Sundesha	Member	2
Rudolf Meier	Member	1
John Levack	Member	Leave of absence granted

All the above Meetings were also attended by the Statutory Auditors, the Internal Auditor, the Vice President – Finance & Accounts as special invitees and by the Company Secretary.

During the year, the Committee reviewed :

- Quarterly, Half yearly financial statements before they were submitted to the Board of Directors.
- Internal and Statutory Auditor's Audit Report.
- Suggested accounting treatment of writing off the public issue expenses from the premium amount and various parameters for recasting the Financial Results as per US GAAP.
- The Internal Audit function.
- The Internal Controls to ensure that the accounts of the Company are properly maintained and that the transactions are in accordance with the prevailing laws and regulations
- Management Information System
- Accounting implications of the major transactions.
- Legal requirements including the Stock Exchange requirements concerning the financial statements.
- Compliance with the Accounting Standards, etc.

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

In addition, one Audit Committee Meeting was held on 13th April, 2001, to consider the Final Accounts for the year ended 31st March, 2001.

The Report of the Chairman as well as the minutes of the Audit Committee are circulated to all the Board Members for their discussions and consideration.

III SHAREHOLDER/ INVESTORS' GRIEVANCE COMMITTEE

The Board has constituted a Shareholders' Grievance Committee comprising of Mr. Vinay Nagrath, Chairman, Dr. Kailash S. Choudhari and Mr. Rudolf Meier as the co-members. This Committee reviews the matter concerning the redressal of shareholders grievances like transfer of shares, non-receipt of dividends, etc.

For the prompt redressal of investors' grievances, we have an "Online Investor Grievance Redressal System" at the Investors' Corner on our Website, whereby the investor can just login and lodge their grievance, which automatically comes to us and we ensure that the same is redressed at the earliest and to the satisfaction of the shareholders.



Investors' Services – complaints received and attended to during the year :

Particulars	Year ended Received	March, 2001 Attended to
Non receipt of share certificates/ Loss of share certificates/ Refund Orders (IPO)	35	35
Non receipt of share certificates sent for transfer	3	3
Non receipt of Dividend	6	4
Others	5	5

IV SHARE ALLOTMENT-CUM-TRANSFER COMMITTEE.

In addition to Shareholders Grievance Committee, we have a Committee comprising of Dr. Kailash S. Choudhari, Chairman, and two non-executive Directors namely, Shri Vinay Nagrath and Shri H.V. Navani. The committee meets fortnightly to consider the allotment, transfer, transmission, split, replacement, issue of duplicate share certificates, etc., and also consider the NSDL & CDSL Demat Update Report.

During the year under review 19 meetings were held.

V ESPS COMMITTEE.

ESPS COMMITTEE comprises of Dr. Kailash S. Choudhari, Chairman, Shri John Levack, Shri Vinay Nagrath and Shri Popatlal F. Sundesha, as other Committee Members.

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, "Aksh Employee Welfare Trust" was constituted which holds shares for the benefit of Employees. The shares are vested after a period of one year from the date of grant on achieving certain set goals, the same get transferred from the trust to the respective employees who exercise the vested shares. During the year, 2,28,790 Equity Shares were granted and 1,59,310 Equity Shares were vested. Out of the vested shares 1,58,680 Equity Shares have been exercised and will be transferred from the Trust to the Employees. The Equity Shares so transferred will be locked in for a period of one year from the date of transfer.

During the year, 3 Committee Meetings were held.

VI FINANCE COMMITTEE

Finance Committee comprises of Dr. Kailash S. Choudhari, Chairman, Shri H.V. Navani, Shri Vinay Nagrath and Shri Popatlal F. Sundesha as other Committee Members.

During the year 14 Finance Committee Meetings were held.

VII GENERAL BODY MEETINGS

The AGM for Financial Year 1999- 2000 was held at the Registered Office of the Company, at F-1080, RIICO Industrial Area, Phase-III, Bhiwadi - 301 019 (Rajasthan). The AGMs for the two years prior to the last year were held at B-1/ D-2, Mohan Co-Operative Industrial Estate, Mathura Road, New Delhi, the then Registered Office.

Attendance at AGMs during the last three financial years

24-09-1998 : At this Meeting all the Directors were present except one.

24-09-1999 : At this Meeting three Directors were present out of six Directors.

30-06-2000 : At this Meeting four Directors were present out of seven Directors.

No special resolution was required to be put through postal ballot last year.

VIII REMUNERATION OF DIRECTORS

Non-executive Directors

Non executive Directors are paid only the sitting fees for attending the meetings of the Board of Directors within the limits prescribed under the Companies Act, 1956.

Executive Director

The details of the remuneration paid to Dr. Kailash S. Choudhari, Managing Director (appointed as Managing Director w.e.f 1st April, 2000) during the Financial Year 2000-2001 are as follows:



(Amt. in Rs.)

Basic	Contribution to Provident and other Funds	Perquisites	Commission	Total
24,00,000	5,06,520	22,03,077*	23,50,000**	74,59,597

* including provision for gratuity Rs. 9,23,077/-

** The commission was payable @ 5% on Profits After Tax exceeding Rs. 15 crores, in accordance with the resolution passed by the Members in the their Meeting 24.04.2000. However, the Board has approved Rs.23,50,000 to be paid as the Commission.

Note: No Director of the Company, including the Managing Director, is entitled to the Equity Shares of the Company under the Employee Stock Purchase Scheme.

IX DISCLOSURES

1. During the year 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, at etc., that may have potential conflict with the interest of the Company at large.
2. There were no instances of non-compliances of any matter related to the Capital Markets during the period under review.

X APPOINTMENT/ REAPPOINTMENT OF THE DIRECTORS

During the year under review no Additional Director was appointed.

Further, Mr. Popatlal F. Sundesha and Mr. Rudolf Meier, Directors, shall retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment. The relevant Information relating to the Directors to be reappointed at the ensuing Annual General Meeting to be held on 2nd June, 2001, is as under :

Popatlal F. Sundesha has been on the Board since 1996. Mr. Sundesha is a reputed exporter based at Mumbai and has wide range of experience in the field of Marketing. 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 Exports Pvt. Limited, Fulchand Finance Pvt. Limited and Real Computer System Pvt. Ltd.

Rudolf Meier is on our Board since February 2000. Mr. Meier is a foreign national and has studied Commercial Studies in Zurich (Switzerland). He has rich experience of 37 years in the field of Marketing, Production, Import and Exports. Sh. Rudolf Meier is CEO of Vini Rovio Ronco Limited and Goslow Ltd., based at Switzerland.

XI MEANS OF COMMUNICATION

The Audited quarterly results of the Company are normally published in the Economic Times, all editions.

Also, benchmarking the best disclosure practices, your Company has started publishing its Audited Monthly Results in "Business Standard" all editions, normally in the third week of the following month.

In addition, our Monthly, Quarterly, and Annual Results are displayed at the Investors' Corner on our Website at www.akshoptifibre.com. We also update our Website periodically to include the information on new developments and business opportunities of the Company.

Management Discussion & Analysis Report is Annexed hereto and forms part of the Annual Report

XII GENERAL SHAREHOLDER INFORMATION

1. Date, Time and Venue of the Annual General Meeting : June 02,2001 at 11.00A.M.
F-1080, RIICO Industrial Area, Phase-III,
Bhiwadi - 301019 (Rajasthan) India
2. Financial Calendar : April 1 to March 31
3. Book Closure Dates : 24th May- 2nd June, 2001 (both days inclusive)
4. Dividend Payment Date : 11.06.2001
5. Listing on Stock Exchanges : The Jaipur Stock Exchange Limited
Stock Exchange Building, J.L.N. Marg
Malviya Nagar, Jaipur
Tel:0141-720367,714,997,716 Fax: 0141-720715
E-mail: jsel@datainfosys.net

The Stock Exchange, Mumbai
Phiroze Jeejeebhoy Towers, Dalal Street
Mumbai - 400 001, India
Tel: 022-2655581,5626,5860,5861 Fax: 022-2658121
Website: www.bseindia.com



The National Stock Exchange of India Ltd.
Trade World, Senapati Bapat Marg, Lower Parel
Mumbai – 400013, India
Tel:022-4972950-59 Fax:022-4914275/4972985
Website: www.nse-india.com

6. Stock Code : '32351' on the Stock Exchange, Mumbai.
'AKSHOPTFBR' at the National Stock Exchange of India Ltd., Mumbai
7. Share Transfer Agents : **MCS Limited**
Sri Venkateshwara Bhawan
212 A, Shahpur Jat,
Behind Panchsheel Club
New Delhi - 110 048
Tel: 6494830 Fax: 011-6494152
E-mail: mcsdel@vsnl.com
8. Investors' queries /requests for transfer, transmission, issue of duplicate share certificates, etc., to be sent to : MCS Limited
K/A : Mr. S.P. Bansal / Mr. Praveen

Shareholders holding shares in electronic mode should address all their correspondence to their respective Depository Participants (DPs)

9. Share Transfer System

As mentioned earlier, the Share Allotment cum Transfer Committee meets every fortnight to approve the transfers/transmissions, etc. All the complete transfer document received till two days prior to the date of meeting are normally considered for approval in the meeting. As the shares of the Company are in compulsory Demat Mode, after approval an option letter is sent to the transferee giving him/ her the option to receive the shares either in the physical mode or in the demat mode and as per the mode opted by the transferee the shares are transferred.

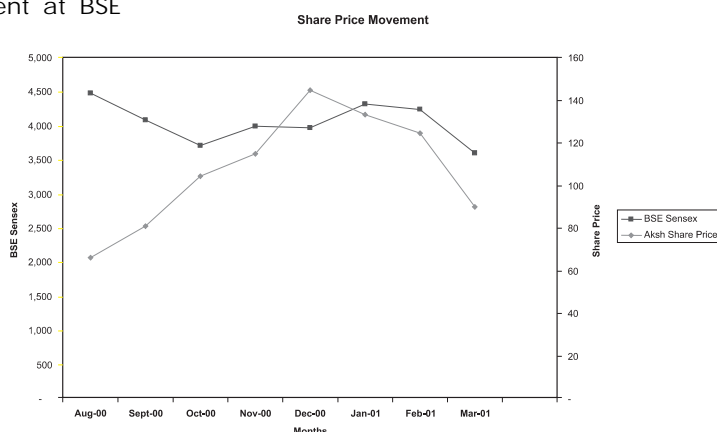
10. Stock Market data at BSE and NSE for the period August, 2000 – March, 2001.

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

Date	BSE			NSE		
	High (Rs.)	Low (Rs.)	Volume (Nos.)	High (Rs.)	Low (Rs.)	Volume (Nos.)
August 2000	68.00	62.70	359881	68.00	62.80	237900
September 2000	97.00	65.20	1677523	98.65	65.00	204333
October 2000	110.00	68.55	684620	109.05	68.00	853040
November 2000	173.20	100.30	5970147	172.30	101.00	6425033
December 2000	171.00	110.00	3786539	170.90	114.10	8420040
January 2001	154.70	122.65	3033041	154.50	122.55	4816127
February 2001	149.00	115.00	2546057	149.00	113.60	4024864
March 2001	127.85	76.60	1509355	127.90	80.20	1860963
TOTAL						

- b) The Company had come out with an Initial Public Offer through 75% Book Building and 25% Fixed Portion route in the month of July 2000, and the trading in the shares started on 23rd August, 2000.

11. Stock Price Movement at BSE



* Source: www.bseindia.com

- The figures reflected above are the closing values at Bombay Stock Exchange.
- The figures have been rounded off to the nearest decimal.

**12. Distribution of shareholding as on March 31, 2001**

No. of equity shares held	No. of shareholders	% of shareholders	No. of shares held	% of shareholding
Up to 1000	7347	93.87	1372121	6.23
1001 to 2000	174	2.22	266114	1.21
2001 to 4000	110	1.41	324758	1.47
4001 to 6000	48	.61	243448	1.10
6001 to 8000	29	.37	206052	.93
8001 to 10000	17	.22	164203	.75
10001 to 20000	29	.37	403503	1.83
20000 and above	73	.93	19057693	86.48
TOTAL	7827	100.00	22037892	100.00

13. Shareholding Pattern as on March 31, 2001

Particulars	No. of shareholders	No. of shares held	% of shareholding
Domestic Companies	578	2439982	11.07
Financial Institutions, Banks and Mutual Funds	7	659826	2.99
FII's and Foreign Companies	5	3335636	15.14
NRI's	52	34158	0.15
ESPS Trust	1	932800	4.23
Promoters	5	6157014	27.94
Directors and their relatives	24	4012362	18.21
Public	7155	4466114	20.27
TOTAL	7827	22037892	100.00

14. Dematerialisation of shares.

The Shares of the Company are in Compulsory Demat Mode. At present 84% of the shareholding is held in Demat Mode.

15. Compliance Officer and Contact Address

Ms. Shobha Adlakha, Company Secretary.

In addition, the Shareholders can contact the following persons at the Corporate of the Company at Gurgoan (Address mentioned inside the back cover page)

Name	Extn. No.
Ashish Jain / Sumit Pahwa	304
Renu Bala	320

16. NON-MANDATORY COMPLIANCES

A remuneration Committee was constituted for reviewing and deciding the Company's policy on specific remuneration packages for Executive Directors.

17. 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 Standard issued by the Institute of Chartered Accountants of India from time to time. The management accepts the 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 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.

18. SECRETARY'S RESPONSIBILITY STATEMENT

The Company Secretary confirms that the Company has:

- maintained all the books of accounts and statutory registers required to be maintained under the Companies Act, 1956, and the rules made thereunder and as prescribed by SEBI.
- filed all the forms and returns and furnished all necessary particulars in time to the Registrar of Companies, Reserve Bank of India and other authorities prescribed under various laws governing the functioning of the Company.



- issued all notices required to be given for the Board and Committee Meetings.
- conducted the Board Meetings, Committee Meetings and General Meetings including Annual General Meeting in accordance with the Companies Act, 1956, SEBI Guidelines and Stock Exchange Regulations as applicable.
- complied with all the requirements relating to the Minutes of the proceedings of the Meeting of Board of Directors, Committee Meetings and General Body Meetings.
- made due disclosures under the requirements of the Act, including the requirements in pursuance to the disclosure made by the Directors.
- obtained necessary approvals of Directors, Shareholders, Central Govt. and other authorities as per the statutory requirements.
- not exceeded its borrowing powers.
- filed all the particulars relating to creation, modification, satisfaction of charges, etc., with the Registrar of Companies.
- effected share transfers and dispatched the certificates within the statutory time limits.
- paid the dividend to all the shareholders within the statutory time limit.
- complied with the requirements of the Listing Agreements entered into with Stock Exchanges.
- paid the Listing fees for the financial year 2001-2002 in time.
- adhered to the provisions of section 269 read with schedule XIII to the Act, in the appointment of managerial remuneration.

The Company has also complied with the requirements prescribed by SEBI and other statutory authorities and also the requirements under the Companies Act, 1956, and other laws governing the functioning of the Company.

COMPLIANCE:

The certificate dated 1st May, 2001, obtained from our Statutory Auditors, M/S P. C. Bindal & Co., forms part of this Annual Report and the same is given herein below :

**AUDITORS' CERTIFICATE
AS PER CLAUSE 49 OF THE LISTING AGREEMENT**

This is to certify that AKSH OPTIFIBRE LIMITED having its Registered office at F-1080, RIICO Industrial Area Phase-III, Bhiwadi, Distt. Alwar, has complied with all the requirements as stipulated in Clause 49 of the Listing Agreement of the Stock Exchanges.

The Certificate has been issued on the basis of records produced and information given to us.

For P. C. BINDAL & CO.
Chartered Accountants

P. C. BINDAL
Partner

Place : Gurgaon
Dated : 1st May, 2001