



DIRECTORS' REPORT

Your Directors are pleased to present their report on the business and operations and the Audited Accounts of your Company for the financial year ended 31st March, 2001.

FINANCIAL RESULTS

Rs. in Lacs

Particulars	Year ended 31.03.2001	Year ended 31.03.2000
Turnover	14255.29	10017.56
Profit before interest & depreciation	2580.24	1088.38
Interest	(255.59)	(350.74)
Depreciation	(232.15)	(148.22)
Profit before Tax	2092.50	589.42
Prior year tax adjustment	-	49.34
Provision for Taxation	(181.00)	(55.00)
Profit after Tax	1911.50	583.76
Profit available for appropriation	2335.21	587.31
Appropriations:		
Dividends		
■ Interim	330.53	118.94
■ Final (recommended)	220.38	-
Dividend Tax	96.19	13.08
Transfer to General Reserve	192.00	53.50
Surplus carried to Balance Sheet	1496.11	401.79

PERFORMANCE OF THE COMPANY

The Company's overall turnover at Rs.142.55 crores, recorded a growth of 42.30% over the previous year's turnover of Rs.100.17 crores. Your Company also achieved a Net Profit after Tax of Rs.19.12 crores for the year ended 31st March, 2001, as against Rs.5.83 crores during the previous year, reflecting a growth of approx. 228%. Other income for the year also increased by 18.69% at Rs.2.35 crores as against Rs.1.98 crores in the last fiscal.

This has been achieved through a number of strategic business initiatives and by an ongoing process of value re-engineering, innovations, effective management of costs and expenses, improvement in product quality and increased productivity, thereby ensuring an enviably high return on investment.

Highlights in this financial year include bagging the highly coveted Rs.60 crore order from BSNL (Bharat Sanchar Nigam Ltd, formerly DoT) for supplying of 12F and 24F Optical Fibre Cables, thereby making the Company the largest supplier to BSNL in this financial year. The Company also finalised a Rs.474 crore deal with Shin-Etsu, Japan, for importing Quartz Preforms, a strategic raw material for the manufacture of Optical Fibre, assuring its constant supply for the next five years.

DIVIDENDS

During the year, your Company paid two Interim Dividends aggregating to Rs.1.50 per share and in view of the excellent performance of the Company, your Directors now recommend a Final Dividend of Rs.1.00 per share, making a total Dividend payout of Rs.2.50 per share or 50% on the face value of Rs.5/- per share, for the financial year 2000-2001. If approved at the forthcoming Annual General Meeting, the Dividend shall be paid out of the profits of the Company to those shareholders whose names appear on the Register of Members as on 2nd June, 2001, subject however, to the provisions of the Companies Act, 1956. Further, with a view to enhance Stakeholders' value, your Directors have decided to continue with the policy of considering every quarter, to pay a dividend, which if declared, would be commensurate with the profits earned by the Company in the relevant quarter.

EXPORTS

During the year, the Company achieved a breakthrough in the Export Market and received orders for over Rs.800 crores from US, Europe, Taiwan, Israel, Jordan and other parts of the world, to be executed over a period of three years. The foreign exchange earnings through exports amounted to Rs.24.07 crores as against Rs.4.09 crores in the previous year, representing an increase of 488% over last year. We expect the export sales to further grow substantially in the years to come.

MERGER

Your Company embarked upon a major step towards backward integration by merging Telecords (India) Private Limited, a leading manufacturer of Fibre Reinforced Plastic (FRP) Rods with a capacity of 1,00,000 Kms p.a. FRP Rods are essential raw material, and account for about 25% of the cable cost. The Merger has ensured availability of FRP Rods in-house, thereby significantly reducing their cost for the Company, giving it an unbeatable competitive advantage over other companies. With this Merger, your Company will be the only one in India that manufactures FRP rods as well as Optical Fibre.

RESEARCH & DEVELOPMENT

Your Company continued its innovative initiatives for the development of cost-effective designs / products of Optical Fibre Cable for both indigenous and export markets. During the year, the Company also developed a cost-effective Proof Cable for which the patent has already been applied for in India and US. This revolutionary cable is literally immune to all natural hazards such as extreme weather, lightning, chemicals, termites, rodents, etc. With a focused thrust strategy, the Company positions fibre optics as a technological anchor in the future of convergence. Further de-bottlenecking of the Plant & Machinery led to the enhancement of the production capacities of FRP rods by more than 25%, without using additional resources.



MODERNISATION OF FACILITIES

The Company continued its endeavour to modernise the existing plant & machinery and production facilities for achieving optimum results. Accordingly, certain critical machines have been upgraded and bottlenecks removed, resulting in high productivity and optimum utilisation of resources.

EXPANSION PLANS AND STRATEGY

Your Company has initiated steps to build an additional state-of-the-art facility to manufacture FRP Rods, Optical Fibre and Proof Cable at Khatushyamji, Ringus.

The Company has already acquired 1,88,720 sq. mtrs. of land at the above site and has installed the Plant & Machinery to manufacture FRP Rods, taking its installed capacity from 120,000 to 300,000 km per annum. Your Directors are pleased to report that the above facility has already been commissioned in the last week of April, 2001. The manufacturing facilities at the site are fully air-conditioned to ensure superior quality. Your Directors believe that the capacity of the Company to manufacture FRP rods will be the highest in the world, with the best automation & quality control systems, in the financial year 2001-2002.

The above expansion project to manufacture FRP Rods, Optical Fibre and Proof Cable, will be funded through internal accruals and term loans from Financial Institutions. The Rajasthan Government has also given an in-principle approval for the allotment of free land to construct the Airstrip at Khatushyamji, Ringus.

ISO 9002 ACCREDITATION

Your Company's manufacturing facilities in Plants I & II at Bhiwadi, continue to maintain and uphold the prestigious ISO 9002 certification received from U. L. Inc., USA, a leading international certification Company.

INFORMATION TECHNOLOGY

Advances in information technology are reshaping opportunities and redefining the syntax of business. Your Company has implemented a leading-edge world class Enterprise Resource Planning System (ERP) at all the Plants located at Bhiwadi and Jaitpura, to integrate the organisation in an efficient and cost-effective manner. The structured methodology provided by ERP, supports on-line Planning, Quality Control, Inventory Management and Budgetary Controls, thereby ensuring standardisation, and also eliminating multiple data entry for paper-less offices to provide significant gains in internal controls and checks.

DIRECTORS

During the year, there was no change in the Directorships.

In accordance with the requirements of the Companies Act, 1956, and Articles of Association of the Company, Mr. Popatlal F. Sundesha and Mr. Rudolf Meier, Directors, retire by rotation at the ensuing Annual General Meeting, and being eligible, offer 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 have confirmed their eligibility and willingness to accept the office, if reappointed.

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.

HR INITIATIVES

The Company continued its focus on leveraging its human capital and facilitating individual and collective excellence through drives such as consolidation of the Performance Management System – PRAGATI (Performance Review and Goal Achievement Through Improvement of self), implementation of the Assessment Centre and competence-building through Training and Development initiatives. PRAGATI is a 360° feedback appraisal system where all the members of the Company get feedback from their superiors, peers and subordinates. The goal is to help each member become a better leader. During the year, the Company also introduced a performance-driven Employee Stock Purchase Scheme to energise and inculcate ownership in its employees. The interventions, such as the fortnightly newflash - JAGRITI, the quarterly magazine - AKSHVANI and the quarterly CEO meet, gave a new fillip to the communication channels amongst members of the Aksh family.

EMPLOYEE STOCK PURCHASE SCHEME

"Responsibilities, Rights, Rewards, Recognition — these come to people who own their jobs and who act like owners... and are passionate about it."

Embodying this philosophy, your Company provides its employees with an ownership opportunity by way of the Employee Stock Purchase Scheme (ESPS), encouraging them to partake in the value that they create for the Company by their exceptional performance. It also helps the organisation in attracting the best people, retaining them, and rewarding outstanding performers.

For achieving the above objective, the Company constituted the "Aksh Employees Welfare Trust" in February, 2000. The newly-introduced Scheme is initially for a period of three years, commencing from April 1, 2000, to April 1, 2003. As per the Scheme, equity shares of the Company are held by the above trust for the benefit of Employees, which get transferred to Employees upon achievement of set goals after a year, as approved by the ESPS Committee.

During the year, 2,28,790 Equity Shares were granted out of which 1,59,310 shares have been vested which will result in transfer of 1,58,680 Equity Shares from the Aksh Employees Welfare Trust to the respective Employees. After the transfer of above shares in favour of Aksh Employees, the Trust will hold 7,74,120 Equity Shares

FIXED DEPOSITS

The Company has not accepted any Fixed Deposits during the year as per the provisions of Section 58-A of the Companies Act, 1956, and the rules made thereunder, and as such, no amount of principal or interest was outstanding on the date of the Balance Sheet.

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, as amended, the names and other particulars of employees are set out in the Annexure 'B' and form part of this report.

DISCLOSURE UNDER CLAUSE 43 OF THE LISTING AGREEMENT

Your Company had raised a sum of Rs.3576 lacs by way of issue of equity shares through its Initial Public Offer in July, 2000 through a



Book Building process. The Book Built portion was oversubscribed by 8.22 times and the Fixed Price Portion was over subscribed by 1.1592 times.

As specified in the Prospectus, all the plant & machinery including utilities for the Optical Fibre cable and Optical Fibre, have been

received and commissioning is under progress, except one draw tower from Optec/ Heathway which is arriving in the month of May, 2001. The Commercial production of the first draw tower is expected to start by first week of June 2001, and as such, the project is behind schedule by 9 months. The status of actual utilisation of funds and the projected vs actual performance is given below :

1. Projected Profitability as per Prospectus vs Actual

(Rs. in Million)

Particulars	Promise	Performance	Variations
Total Income (Net of excise)	1268	1297*	(+) 29
PBT	93	209	(+) 116
Taxation	11	18	(+) 7
PAT	82	191	(+) 109
Dividend including Tax	-	65	(+) 65
Net Cash Accruals	131	220	(+) 89
Equity Share Capital	102	110	(+) 8
Reserves & Surplus	491	654	(+) 163
Net Worth	593	757	(+) 164
Total Debt Equity Ratio	0.84	0.27	-

* Excluding Excise Duty of Rs.151 Million

2. Projected Utilisation of Funds as per Prospectus vs Actual

(Rs. in Lacs)

Particulars	Promise	* Performance	Variations Short (+)/ Excess (-)
Land & Site Development	36.00	28.62	(+) 7.38
Building	64.00	371.09	(-) 307.09
Plant & Machinery:	2899.34	1697.23	(+) 1202.11
Utilities	205.00	417.21	(-) 212.21
Pre-Op. expenses	—	143.50	(-) 143.50
Misc. Fixed Assets	75.00	11.50	(+) 63.50
Long Term Working Capital Requirements/ General Corporate Purposes	316.00	1193.67	(-) 877.67
Contingencies	345.27	—	(+) 345.27
Issue Expenses	183.39	261.18	(-) 77.79
Total	4124.00	4124.00	

* Includes Capital Work-in-progress

Covered Area of the Building has been increased substantially to meet enhanced requirements.

REPORT ON CORPORATE GOVERNANCE

Pursuant to clause 49 of the Listing agreement, a report on the Corporate Governance is given in the Annexure 'C' and forms part of this report.

DIRECTORS' RESPONSIBILITY STATEMENT AS PER SECTION 217(2AA) OF THE COMPANIES ACT, 1956

The financial statements for the year ended 31st March, 2001, are in full conformity with the requirements of the Accounting Standards issued by the Institute of Chartered Accountants of India, and the same has been prepared on a going concern basis. The Directors of AKSH OPTIFIBRE LTD. accept the responsibility for the integrity and objectivity of these financial statements, as reflected through the consistent application of the Accounting Policies. The Directors believe that the financial statements reflect fairly the form and substance of the transactions concluded and reasonably present the Company's financial condition and true and fair view of the results of the operations for the year and the state of affairs of the business as at 31st March, 2001. Our Internal & Statutory Auditors have conducted monthly audits to provide reasonable assurance that the established policies and the procedures of the Company have been followed for safeguarding the assets of the Company and for preventing any form of fraud and other irregularities subject to the inherent limitations in any system and procedure and coverage thereof that should be recognised in weighing the assurance provided by any system of internal controls.

The financial statements have been audited by M/s P.C. Bindal & Co., Chartered Accountants, the Statutory Auditors. The Audit Committee of AKSH OPTIFIBRE LTD. meets periodically to review the manner in which the Internal and Statutory Auditors are performing their responsibilities and to discuss auditing, internal controls and financial reporting issues.

ACKNOWLEDGMENT

Your Directors place on record their appreciation of the significant contribution made by employees across the organisation, who, through their competence, hard work, solidarity, cooperation and support, have enabled the Company to achieve rapid growth.

Your Directors thank the Government of India and particularly acknowledge with thanks, the guidance, support and confidence extended by RIICO, the Government of Rajasthan, and all the customers, vendors, investors, Financial Institutions and Bankers for their continued support in your Company's growth.

For & On behalf of the Board

Place : Gurgaon
Dated : 1st May, 2001

Kailash S. Choudhari
Managing Director



ANNEXURE 'A' TO DIRECTORS' REPORT

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

A. CONSERVATION OF ENERGY

- (a) Energy conservation measures taken.
An exhaust gas recovery boiler has been installed & commissioned on the 1500 KVA DG set. The energy recovered, out of the exhaust gases of the DG set, is used to run the Air-Conditioning system by the VAM (Vapour Absorption Machine), amounting to 25% of the total Air-conditioning requirement
- (b) Additional investments and proposal, 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.
The cost of producing chilled water for Air-conditioning is significantly reduced as no electricity is being used, resulting into low cost for producing Optical Fibre & Optical Fibre Cable.
- (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

Reserch & Development (R&D)

- Specific areas in which R&D is carried out by the Company.
The Company has innovated the tandemized process design, 6-FRP Rod Cable design and Unitube Cable designs, which have become Industry Standards.
The Company has also developed cost effective Proof Cable for indigenous and export markets for which patent has already been applied.
- Benefits derived as a result of the above R&D.
Proof Cable augmented with Home Optical Terminal, can deliver unprecedented bandwidth and make Fibre to the Home, a reality which will completely revolutionise the IT and Telecom Industry.
- Future plan of action**
To develop FRP Rods of higher strength and to increase the production capacity by further de-bottlenecking the machines.
- Expenditure on R&D
 - Capital
 - Recurring
 - Total
 - Total R&D Expenditure as a percentage of total turnover.
Not separately accounted.

Technology Absorption, Adaptation and Innovation

- Efforts in brief, made through towards technology absorption, adaptation and innovation.**
We are in the process of absorbing the new technology of Plasma Deposition and Etching, which is new to our country in this field. The efforts will include extensive trials in our own facility and training personnel.
- Benefits derived as a result of the above efforts, e.g., product improvement, cost reduction, product development, import substitution, etc.**
Not derived in this Financial year.
- In case of imported technology, the following information may be furnished :**
 - Technology**
Technology for Etching & Sleeving process
 - Year of Import**
Financial year 2000-2001
 - Has the technology been fully absorbed**
The technology is under process of assimilation and the same will continue to the next financial year.
 - If not fully absorbed, areas where this has not taken place, reasons therefor and future plans of action.**
Delay from the supplier as it in was new Technology. This will be commissioned by Last week of May, 2001,

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

- Activities relating to exports; initiative taken to increase exports; development of new export markets for products and services; and export plans;**
Strong initiatives were taken to interact with a variety of overseas customers in all parts of the world. New customers, specially for the long term business were identified and contracts obtained. The focus was to increase the exports and the Company saw a growth of over 488% over last year. Exports were also targeted to low fibre count cables, to make optimum use of the scarcely available fibre. We received orders from new customers in hitherto unexplored regions.
- Total foreign exchange used and earned.**
The information on foreign exchange earnings and outgoings is furnished in the Notes to the Accounts.

For and on behalf of the Board of Directors

(KAILASH S. CHOUDHARI)
Managing Director

Place : Gurgaon
Date : 1st May, 2001

Annexure 'B' to the Directors' Report
Information as per Section 217 (2A) of Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975

Sl. No.	Name	Designation/ Nature of duties	Qualification	Exp. (Yrs.)	DOJ	Remuneration (Rs.)	Age	Previous Employment/ Position Held
A.	Employed throughout the year and in receipt of Remuneration aggregating to Rs.12,00,000/- per annum or more							
	No Employee							
B.	Employed for a part of the year and in receipt of remuneration Aggregating to Rs.1,00,000/- per month or more							
1.	Rajiv Naik	CEO	BE (Electrical), MBA	20	15/03/2001	2,93,334*	43	Sterlite Industries (I) Ltd. - OFC Business (Head- Commercial Functions)
2.	Chetan Choudhari	COO - FRP & FTH MFG	BE (Electronics)	7	01/11/2000	1,76,100	30	Telecorads (India) Pvt. Ltd. - (Whole Time Director)
3.	Ajaya Kumar J	PL - LOG.	BE (Elect & Comm), PGD - Mat. Mgt.	15	03/02/2001	1,06,859	36	Sterlite Industries (I) Ltd. - OFC Business (AGM - Commercial)
4.	Rajneesh Bhandari	PL - FRP & FTH MFG	BTECH (Chemical)	11	01/02/2001	1,00,917	32	R.N. Tradelinks Pvt. Ltd. (Entrepreneur)

*Remuneration for March 2001 - Rs.1,60,861/-

Remuneration includes Salaries, HRA, Medical Expenses, Leave Travel Assistance, Company's contribution to provident fund and ex-gratia payments

All employment are non-contractual

None of these employees is related to any director of the Company