

PLANT-I

4.5

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

PLANT-II

A-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

PLANT-IV

F-141, RIICO Industrial Area Jaitpura, Distt. Jaipur-303 704

CORPORATE OFFICE

Enkay Towers, Udyog Vihar-V, Gurgaon - 122 016 (Haryana) INDIA

Tel.: 91-1242397101-103 Fax: 91-124-2450141

E-mail: aksh@akshoptifibre.com Website: www.aksoptifibre.com

Managing Director

Dr. Kailash S. Choudhari

Directors

P.F. Sundesha D.K. Mathur Sanjay Kalra B.R. Rakhecha (Executive Director) 4

Company Secretary

Anurag Upadhyaya

Bankers

Union Bank of India, New Delhi ICiCl Bank Ltd. New Delhi

Auditors

P.C. Bindal & Co.
101, Sita Ram Mansion
718/21, Joshi Road,
Karol Bagh, New Delhi - 110 005
Registered Office
F-1080, RIICO Industrial Area,
(Phase-III), Bhiwadi-3201 019

Share Transfer Agent:

MCS Limited Sri Venkateshwara Bhawan W-0, Okhla Indl. Area, Phase-II, New Delhi-110 020

CONTENTS

Ν	-+	
	IOT.	1(←

Directors'Report	1-4
Corporate Governance	5-12
Management Discussion & Analysis	13-14
Auditors'Report	15-18
Financial Accounts	19-34
Cash Flow Statement	35-35
Balance Sheet Abstract	36-36
Proxy Form	



NOTICE

NOTICE is hereby given that the 20th Annual General Meeting of the Members of **AKSH OPTIFIBRE LIMITED** will be held on 29th September, 2006, at 9.00 A.M. at the Regd. office of the Company at F-1080, RIICO Industrial Area-Phase-III, Bhiwadi-309016 (Rajasthan) to transact the following business:

Ordinary Business:

- 1. To consider and adopt the audited Balance Sheet as at 31st March 2006, Profit and Loss Account for the year ended on that date and the reports of the Directors and Auditors thereon.
- 2. To declare dividend.
- 3. To appoint Mr. B. R. Rakhecha, who retires by rotation, and being eligible, offers himself for re-appointment.
- 4. To appoint M/s. P.C. Bindal & Co, Chartered Accountants, the retiring Auditors of the Company, who shall hold office from the conclusion of this Annual general Meeting until the conclusion of the next General Meeting and to fix their remuneration.

Special Business:

- 5. 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 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), the consent of the Company be and is hereby accorded to appoint Mr. D.K. Mathur, Additional Director, in respect of whom the company has received a notice of intention from one of the shareholders proposing the candidature of Mr. D. K. Mathur, as Director of the Company whose office shall be liable to retire by rotation.
- 6. To consider and if thought found fit, to pass, with or without modification, the following resolution as **Special Resolution**:
 - "RESOLVED THAT in accordance with the provisions of Sections 198,269and 309 read with schedule XIII and all other applicable provisions, if any, of the Companies Act 1956(including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), the consent of the Company be and is hereby accorded to the re-appointment of Dr. Kailash S Choudhari, as Managing Director for a period of 3(three) years with effect from 1st April 2006 to 31st March 2009 on the terms and conditions including remuneration as are set out in the appointment letter issued to him, a draft whereof is placed before this meeting which appointment letter is hereby specifically sanctioned with liberty to the Board of Directors(hereinafter referred to as "the Board" which term shall include the Remuneration Committee constituted by the Board) to alter and vary the terms and conditions of the said appointment and/or remuneration, subject to the same not exceeding the limits specified in schedule XIII to the Companies Act 1956, including any statutory modification or re-enactment thereof for the time being in force or as may hereafter be made by Central Government in that behalf from time to time, or any amendments thereto as may be agreed to between the Board and Dr.K.S. Choudhari.
 - "RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any year during the tenure of Dr.K.S.Choudhari, as Managing Director, the remuneration payable aforesaid shall be treated as minimum remuneration within the meaning of section 198 read with schedule XIII of the Companies Act, 1956 from time to time.
 - "RESLOVED FURTHER THAT the Board be and is hereby authorised to take all such steps as may be necessary, proper or expedient to give effect to this resolution."
- 7. To consider and if thought fit, to pass, with or without modification, the following resolution as **Special Resolution:**
 - "RESOLVED THAT in accordance with the provisions of Sections 198, 269and 309 read with schedule XIII and all other applicable provisions, if any, of the Companies Act 1956 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), the consent of the Company be and is hereby accorded to the re-appointment of Mr. B. R. Rakhecha, as Executive Director for a period of 2 (two) years with effect from 1st April 2006 to 31st March 2008 on the terms and conditions including remuneration as are set out in the appointment letter issued to him, a draft whereof is placed before this meeting which appointment letter is hereby specifically sanctioned with liberty to the Board of Directors (hereinafter referred to as "the Board" which term shall include the Remuneration Committee constituted by the Board) to alter and vary the terms and conditions of the said appointment and / or remuneration, subject to the same not exceeding the limits specified in schedule XIII to the Companies Act 1956, including any statutory modification or reenactment thereof for the time being in force or as may hereafter be made by Central Government in that behalf from time to time, or any amendments thereto as may be agreed to between the Board and Mr. B. R. Rakhecha.

"RESLOVED FURTHER THAT the Board be and is hereby authorised to take all such steps as may be necessary, proper or expedient to give effect to this resolution

By Order of the Board of Directors

Dr.Kailash S Choudhari

Managing Director

Place: Gurgaon Date: 20th April, 2006

NOTES:

- A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself. The proxy
 need not be a member of the Company. The instrument of proxy should, however, be deposited at the registered
 office of the Company not les than forty eight (48) hours in advance before the commencement of meeting.
- 2. An explanatory statement pursuant to Section 173(2) of the Companies Act 1956, relating to the Special Business to be transacted at the meeting is annexed hereto.
- 3. Members holding shares in dematerialized form are requested to write their client I.D. and DP ID numbers and those who hold shares in physical form are requested to write their folio number on the attendance slip.
- 4. All documents referred to in the accompanying notice and explanatory statements are open for inspection at the Registered Office of the Company on all working days, except Saturdays between 11.00 am to 4.00 pm upto the date of the Annual General Meeting.
- 5. (a) The Company has already notified closure of Register of Members and Transfer Books thereof from 27.09.06 to 29.09.06 (both days inclusive) for determining the names of members eligible for dividend, if approved, on equity shares. In respect of shares held in dematerialsed form the dividend shall be paid on the basis of particulars of beneficial ownership data furnished by the depositories for this purpose.
 - (b) The dividend on Equity shares as recommended by the Board of Directors, if declared at the Annual General Meeting will be paid on or after 29th September, 2006.
 - (c) Shareholders holding shares in electronic form may kindly note that their Bank account details as furnished by their depositories to the Company will be printed on the dividend warrants as per the applicable regulations of the depositories and the Company shall not entertain any direct request from the shareholders for addition/deletion/.change in their bank account details.

EXPLANATORY STATEMENTS UNDER SECTION 173(2) OF THE COMPANIES ACT 1956.

The explanatory statement for item nos. 5 to 7 of the accompanying Notice set out hereinabove are as under:

Item No.5.

Appointment of Mr. D.K. Mathur, Additional Director, as Regular Director

Mr. D. K. Mathur was appointed as Additional Director of the Company w.e.f 20th December 2005. The Company has received a notice from one of the shareholders of the company, proposing his appointment as regular director of the company, whose office shall be liable to retire by rotation.

An MBA by qualification, he has immense experience in marketing, Accounts and general administration. He is an industrialist of repute, running M/s. Akriti Creations Pvt. Ltd and M/s. Alankar Creations for the last 2 decades. Both the Companies are into export of ready made garments.

Mr. D.K. Mathur is also a member of the audit committee of your company.

It is felt that the Company shall be benefited by having Mr. Mathur on the Board and in the audit Committee of the Company. Except Mr. D.K. Mathur himself, none of the directions is concerned with or interested in the said item.

Item no.: 6

The present term of office of Dr. K.S Choudhari, as Managing Director of the Company had expired on 31st March 2006. Subject to shareholders' approval, the Board of Directors at its meeting held on 20th April 2006 has re-appointed him as Managing Director of the Company for a further period of 3 years from the expiry date of his present term on the remuneration determined by the Remuneration Committee.

During the previous years Dr. K. S Choudhari was in receipt of total remuneration in the scale of Rs.3,00,000 - 50000 - 4,00,000/- p.m.

Perguisites and allowances: Rs.2,15,000/- p.m.

In case of profits, he was entitled to commission at the following rates:

First year -5% of net profits after tax exceeding Rs.15 Crores Second year -5% of net profits after tax exceeding 20 crores.

Third year - 5% of net profits after tax exceeding 25 crores.

The broad particulars of remuneration payable to and the term of appointment of Dr. K. S. Choudhari during the tenure of his re-appointment are as under:

I. Salary:

Rs. 5,00,000 /- per month in the pay scale of Rs. 5,00,000 - 1,00,000 - 7,00,000 with next increment due on 01-04-2007.

II. Perquisites:

In addition to the above salary, the following perquisites shall also be allowed to him:

i) Housing:

- a) The expenditure by the Company on hiring furnished accommodation for the appointee will be subject to 60% of the salary over and above 10% payable to him.
- b) In case, no accommodation is provided by the Company, the appointee shall be entitled to house rent allowance @ 60% of salary.
- III. The appointee shall also be eligible to the following perquisites, in accordance with the rules specified by the Company:
 - i. Contribution to Provident fund to a maximum of 12% of appointee's basic salary.
 - ii. Gratuity payable at a rate not exceeding half a month's salary for each completed year of service.
 - iii. Provision for use of one mobile phone. Personal long distance calls on mobile phone shall be billed by the Company to the appointee.
 - iV. Commission : 1^{st} Year @ 5% on Net Profits after Tax exceeding 30 Crores. 2^{nd} Year @ 5% on Net Profits after Tax exceeding 35 Crores. 3^{rd} Year @ 5% on Net Profits after Tax exceeding 40 Crores.

Under the dynamic leadership and effective management of Dr. Kailash S Choudhari, Managing Director, the Company was able to reduce its debt liability considerably. Further, the Company during the financial year 2005-2006 the Company achieved a turnover of 11316.08 lacs and a profit of 1482.82 lacs, showing an increase in turnover of 195.65% over the last year. Taking into consideration his contribution towards the growth of the Company, the remuneration proposed by the Remuneration Committee of the Board of Directors, is suitable and in lines with the prevailing industry norms.

Except Dr. K.S. Choudhari himself none of the directors is concerned with or interested in the said item.

Item No.7.

The present term of office of Mr. B.R. Rakhecha, as Executive Director of the Company, had expired on 31st March 2006. Subject to shareholders' approval, the Board of Directors at its meeting held on 20th April 2006 has re-appointed him as Executive Director of the Company for a further period of 2 years from the expiry date of his present term on the remuneration determined by the Remuneration Committee of the Board of Directors.

During the previous years Mr. B.R. Rakhecha, Executive Director, was in receipt of total remuneration (per month) as per the following details:

Basic Salary	In the scale of 1,00,000-15,000-1,15,000/- per month	
H.R.A.	40% of Basic salary	
Contribution to Provident fund	12% of basic salary p.m. subject to statutory provisions.	

The Broad particulars of remuneration payable to and the term of appointment of Mr. B.R. Rakhecha during the tenure of his re-appointment are as under:

Basic Salary	In the scale of 1,60,000-25,000-1,85,000/- per month
H.R.A.	40% of Basic salary
Contribution to Provident fund	12% of basic salary p.m. subject to statutory provisions.

Except Mr. B.R. Rakhecha none of the Directors is concerned with or interested in the said item.

Your Directors commend the resolutions set out at Item no. 5 to 7 of the Notice for your approval.

By Order of the Board of Directors

Place : Gurgaon Dr. Kailash S Choudhari Date : 20.04.2006 Dr. Kailash S Choudhari Managing Director

DIRECTORS' REPORT

То

The Members.

Your Directors are pleased to present the 20th Annual Report together with the Audited Accounts for the financial year ended 31st March, 2006.

FINANCIAL RESULTS

(Rs. in Lacs)

Particulars	Year ended 31.03.2006	Year ended 31.03.2005
Turnover	11316.08	3827.46
Profit before interest & depreciation	3101.67	374.58
Interest	(311.36)	(402.45)
Depreciation	(562.26)	(523.55)
Profit before Tax	2228.05	(551.42)
Provision for Deferred Tax	(742.11)	227.55
ncome Tax	(128.73)	_
Fringe benefit tax	(3.13)	_
Mat Credit entitlement	128.73	_
Net Profit / Loss after Tax	1482.82	(323.87)
Balance (Loss) / Profit brought forward from Previous Years	(3.43)	322.65
Profit available for appropriation	1479.39	(1.22)
Appropriations:		
Transfer to general reserve	250.00	_
Proposed Dividends	385.66	_
Distribution Tax	54.09	_
ncome Tax (Earlier Year)	_	(2.20)
Transfer to Debenture Redemption Reserve	399.50	` _
Surplus carried to Balance Sheet	1479.39	(3.42)

OPERATIONAL REVIEW

During the Financial Year under review, your Company has achieved a turnover of Rs 11316.08 lacs registering an increase of approx. 200% over the previous year. The year under review witnessed a good recovery in the optical fibre cable industry due to increased demand of the Optical Fibre cable by the telecom industry in India and abroad. Further, spanning of optic fibre based network and broadband services by various State Governments in India and abroad also benefited the company.

Net Profit after Tax (PAT) during the year under review was Rs. 1482.82 lacs as against a loss of Rs. 323.87 lacs during the previous year. Increased volume of sales, both domestic and exports helped the Company to enhance its profitability during the year under review. Further, your Company was also successful in further reduction of the borrowing cost by repayment of its loans and redemption of nonconvertible debentures worth Rs. 1200 lacs, thereby reducing its overall liability.

Dividend

Considering the improved performance of the Company during the year under review, your Directors are pleased to recommend a dividend @ 35% on 22037892 Equity Shares of Re. 5 each absorbing Rs. 385.66 Lacs. The total dividend payout for the year under review is Rs. 439.75 Lacs inclusive of dividend tax thereon. The dividend will not suffer tax in the hands of the shareholders.

Future Outlook

Due to sharp increase in requirement of bandwidth for broadband service globally demand for fibre is increasing at a rate of over 20% on year-to-year basis. Increase in global demand of fibre has pushed the fibre prices and the trend is expected to remain the same for current year also. The Company has decided to restart the fibre manufacturing facility at its full capacity.

Exports

During the year, foreign exchange earnings through exports amounted to Rs. 749.73 Lacs as against Rs. 414.45 lacs in the previous year, representing an increase of 80.9% over the last year.

New Products in Pipeline

The Company has developed the following new products:

- (a) a new Light Weight, High Strength, Cost effective ADSS cable to meet the stringent quality requirement for Aerial Installation.
- (b) A 24F Composite Micro Cable in 5.0 mm diameter which is having G652-Single Mode fibres & G655 – NZDS Fibres. This type of cable can be blown in Micro Duct to reduce the installation cost of network. The cable has advantage of low cost single mode fibre for general application & NZDS Fibre for carrying high bit rate optical signals including DWDM signals. The Company has supplied a large quantity of this type of Aerial & Micro Cables to Customer for Broadband Services. The cable has been successfully installed & the results are outstanding.
- (c) Added 96 fibre micro cable to its micro cable series.



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 Mumbai Stock Exchange and The National Stock Exchange Ltd.

Directors

Mr. John Levack had resigned from the directorship of the Company citing personal reasons with effect from 30th September 2005. Further, Mr. D.K. Mathur was appointed as Additional Director of the Company w.e.f. 20-12-2005.

In accordance with the requirements of the Companies Act, 1956, and Articles of Association of the Company, the term of Mr. D.K. Mathur, who was appointed as Additional Director, will expire at the ensuing Annual General Meeting and being eligible, offers himself for appointment as Director of the Company liable to retire by rotation. A brief resume of Mr. D.K. Mathur, nature of his expertise in specific functional areas and the names of the companies in which he holds the directorship and the membership/chairmanship of the Committees of the Board, as stipulated under Clause 49 of the listing Agreement is given in the section on Corporate Governance elsewhere in the Annual Report. In accordance with the requirements of the Companies Act, 1956, and Articles of Association of the Company, Mr. B. R. Rakhecha, Director, is liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. A brief resume of Mr. B.R. Rakhecha, nature of his expertise in specific functional areas and the names of the companies in which he holds the directorship and the membership/chairmanship of the Committees of the Board, as stipulated under Clause 49 of the listing Agreement is given in the section on Corporate Governance elsewhere in the Annual Report.

The Board, on the recommendation of Remuneration Committee, has approved and revised remuneration of Dr. Kailash S. Choudhari, Managing Director, and Mr. B. R. Rakhecha, Executive Director, of the Company. The proposal for their revised remuneration effective from 1st April 2006 will be placed at the ensuing Annual General meeting for the consideration and approval of shareholders.

Auditors

Your Company's Statutory Auditors, M/s P. C. Bindal & Co., Chartered Accountants, retire at the conclusion of the forth-coming Annual General Meeting and are proposed to be reappointed as Auditors of the Company for the financial year 2006-07. The Auditors have confirmed their eligibility and willingness to accept the office, if re-appointed.

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.

Employee Stock Purchase Scheme

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

Fixed Deposits

The Company has not accepted any Fixed Deposits during the year as per the provisions of Section 58A 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, names and other particulars of employees are set out in Annexure "B" and form integral part of this report.

Report on Corporate Governance

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.

The Management Discussion and Analysis forms part of this report and is annexed hereto as Annexure 'D'.

Directors' Responsibility Statement

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

- a) followed in the preparation of the Annual Accounts, the applicable accounting standards with proper explanation relating to material departures;
- selected such accounting polices 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
- d) prepared the Annual Accounts on a going concern basis.

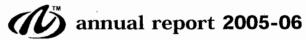
Acknowledgment

Your Directors place on record their appreciation of the contribution made by all the employees, through their competence, hard work, solidarity, co-operation and support.

Your Directors also thank all its customers, vendors, investors, financial institutions and bankers for their continued and valued support.

For & On behalf of the Board

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



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 year ended March 31, 2006 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
- Optimization of lighting fixtures in lighting areas.
- 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 has 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 broadband application can be achieved in an economical and time bound frame. For this the company has developed a new Light Weight, High

Strength, Cost effective ADSS cable. The light weight and high tensile strength of the cable reduces the installation cost and time significantly.

R & D in the field of micro cable installation has been further progressed and the company has developed 24F Composite Micro Cable in 5.0 mm diameter.

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

This has helped Company to explore market possibilities whereby customers looking for a high bandwidth aerial fibre cable network at very low cost.

(c) Future plan of action.

The Company has planned to develop Single mode Low Water Peak G-652D fibre suitable over entire wavelength range from 1260 mm to 1625 mm. The fibre is best suitable for DWDM / CWDM optical transmission for Metropolitan networks.

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

R & D activities are carried out along with the normal operations and it is not possible to show separately as capital expense, hence it is considered as a part of normal revenue expenditure.

Technology Absorption, Adaptation and Innovation

 Efforts in brief, made through towards technology absorption, adaptation and innovation.

Not Applicable

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

Not Applicable

- 3. 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 therefore 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 and services and export plans: During the year under review, Company initiated measures, to identify potential customers and products requirements. Company is able to focus on its R & D activities to develop products specifically to meet overseas market requirements. The efforts made by the Company is 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

Place: Gurgaon Dated: 20.04.2006 B. R. Rakhecha

Kailash S. Choudhari

Executive Director

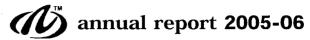
Managing Director

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 RECIEPT OF REMUNERATION AGGREGATING TO Rs. 2,400,000/- PER ANNUM OR MORE

SI. No.	Name	Designation/ Nature of Duties	Qualifications	Exp. (Yrs)	Date of Joining	Remuneration (Rs)		Previous Employment Position Held
1.	Chetan Choudhari	coo	BE (Electronics)	11	01-10-2003	3,650,916	36	Aksh Broadband Ltd. President



ANNEXURE 'C' TO THE DIRECTORS REPORT CORPORATE GOVERNANCE AT AKSH

CONTINUED DEDICATION TO CORPORATE FAIRNESS, TRANSPARENCY AND ACCOUNTABILITY.

1. Company's Philosophy on Code of Corporate Governance

The underlying principles of corporate Governance are the values, ethics and commitment to follow best business practices. Our philosophy on corporate governance is based on the foundations of transparency, disclosures and fairness. As a good corporate citizen, the Company is committed towards achieving business excellence and enhancing shareholder value by following best disclosure practices based on conscience, openness, fairness, professionalism and accountability. In order to safeguard the interest of all stakeholders, such as shareholders, creditors, suppliers, lenders, consumers etc, proper systems and processes have been established.

A report, in line with the requirement of the Stock Exchange(s), practice followed by the Company and detailing mandatory and other voluntary compliances for the year ended March 31st, 2006 are given below:

2. BOARD OF DIRECTORS

Company has a policy to have an appropriate mix of executive and independent directors to maintain the independence of the Board and to separate the Board functions of governance and management. The Board consists of 5 members, comprising two whole-time Executive Director (one Managing Director being a Promoter Director and one Executive Director), one Non-Executive Non-Independent and two Independent Directors. All Directors are professionally competent and highly experienced in their respective fields. The composition and category of directors is as follows:

Name	e Designation Date App		Date of Cessation / resignation	Category of directorship
Dr. Kailash S. Choudhari	Managing Director	01.06.93	NA	Promoter Executive
Mr. Popat Lal F. Sundesha	Director	18.05.96	NA	Non Executive - Non Independent#
Mr. D. K. Mathur	Director	20.12.05		Independent
Mr. B. R. Rakhecha	Executive Director	29.07.02	NA	Executive
Mr. Sanjay Kalra	Director	20.01.04	NA	Independent
Mr. John W. E. Levack	Director	01.10.95	30.09.05	Independent

Independent till 31st December 2005 and became Non-independent w.e.f 1st January 2006 by virtue of amendment in Clause 49 of Listing Agreement.

During the financial year 2005-06, Five Meetings of the Board of directors of the Company were held on 26.04.2005, 29.07.2005, 17.10.2005, 19.01.2006 and 27.01.2006. 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.

Structure / Attendance / Other Directorships

The attendance of the members at the Board Meetings held during the year and at the Last Annual General Meeting as also number of other directorships, memberships & chairmanships in committees of various companies as at 31st March, 2006 is shown in table below:

Name	No. of Board meetings held during the tenure in last financial year		membership	No. of Chairmanship in Committees of Board	•	Whether attended the Last AGM
Dr. Kailash S. Choudhari	5	5	2	Nil	3	YES
Mr. Popatial F. Sundesha	5	4	2	1	3	NO
Mr. D.K. Mathur*	2	2	2	Nil	2	NO
Mr. B R Rakhecha	5	5	Nil	Nil	2	YES
Mr. Sanjay Kalra	5	5	2	1	2	NO
Mr. John W. E. Levack**	2	2	1	Nil		NO

^{*}Mr. D.K. Mathur was inducted in the Board of the company w.e.f. 20-12-2005.

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

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

Mr. D. K. Mathur was appointed as Additional Director w.e.f. 20.12.05, whose term will expire at the ensuing Annual General Meeting. The Company has received a notice from a shareholder proposing his candidature for appointment as director in the forthcoming Annual General meeting.

Mr. D.K. Mathur, Independent Director, was appointed as Additional Director on 20.12.2005. Mr. Mathur is MBA (Marketing) and is an Industrialist of repute having a working experience of more than two decades in the areas of Sales, Marketing, Finance and Administration. He is Director in Alankar Creations and Akriti Creations Pvt Limited, both Companies are engaged in the export of ready made garments.

Further, Mr. B.R. Rakhecha, Director, shall retire by rotation at the ensuing Annual General Meeting. Mr. B.R. Rakhecha being eligible, offers himself for re-appointment.

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

Mr. B.R. Rakhecha has been on the Board of your Company since 2002. Mr. Rakhecha is B.Com, LLB. He has vast knowledge and rich experience in various areas of operations of the Company, viz, manufacturing, production, industrial relations and general administration. In the past Mr. Rakhecha has handled marketing operations of JFTC and PVC business of CMI Limited and at present he is heading the operations/ production of OFC of Aksh Optifibre Limited.

Transaction of the non-executive Director viz-a-viz the Company.

During the year under review, the Company has not entered into any kind of pecuniary relationship/ transactions with any of the Non-Executive Director(s).

Board Committees.

The Company has the following standing and functional committees of the Board.

A. AUDIT COMMITTEE

The Audit Committee during the Financial Year 2005-06 comprised of three Non-Executive Directors (Two Independent & One Non Independent). Viz. Mr. Popatlal F. Sundesha, Mr. Sanjay Kalra, Mr. John W.E. Levack (resigned from the Board of Directors of the Company w.e.f.30.09.05) and Mr. D.K. Mathur. (appointed as member of Audit Committee w.e.f. 20.12.05). The constitution of the Committee meets with the requirements of Section 292A of the Companies Act, 1956 as well as of the Listing Agreement.

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

^{*} Mr. John Levack resigned from the Board of the Company w.e.f. 30-09-2005.

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 financial year 2005-06, 4 audit committee meetings were held and the attendance of the members at the meetings was as follows:

Name	Designation No.		No. of Meetings attended
Mr. Sanjay Kalra	Chairman	4	4
Mr. Popat Lal F Sundesha	Member	4	4
Mr. John Levack*	Member	2	2
Mr. D.K. Mathur**	Member	1	1

^{*} Mr. John Levack resigned from the Board of the Company w.e.f. 30-09-2005.

During the year Committee has met four times on April 26, 2005, July 29, 2005, October 17, 2005 and January 19, 2006.

During the period under report the Audit Committee considered the quarterly audited financial results and reviewed the internal controls and systems.

The terms of reference of the Audit Committee and the powers vested in this committee as mentioned in the Corporate Goverence report for 2005-06 are wide in scope and allows it the necessary latitude to discharge its duties efficiently and independently.

During the year the committee reviewed:

- Quarterly and yearly financial statements before they were submitted to the Board of Directors.
- Statutory Auditors' Audit Report.
- Internal Audit Function.
- 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.
- Legal requirements including Stock Exchange requirements concerning the Financial Statements.
- Related party transactions.

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.

B. REMUNERATION COMMITTEE

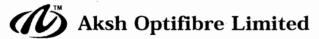
The Board of Directors of the Company has constituted a Remuneration committee comprising of 3 Non-Executive and Independent Directors of the Company viz Mr. Popatlal F Sundesha, Mr. Sanjay Kalra and Mr. D. K. Mathur. The Company Secretary of the Company acts as the Secretary to the Committee.

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

During the year remuneration Committee met once on 20th April 2006 to determine the remuneration of Managing Director and Executive Director.

^{**} Mr. D.K. Mathur was inducted in the Audit Committee w.e.f. 20-12-2005.



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 as prescribed under the Companies Act, 1956.

Managing Director/Executive Director

(1) The details of the remuneration paid to Dr. Kailash S. Choudhari, Managing Director (appointed as Managing Director w.e.f 1st April, 2003) during the Financial Year 2005-06 are as follows:

(Amt in Rs.)

Basic	Contribution to Provident and other Funds	Perquisites/Allowance *	Total
4,800,000/-	576,000/-	2,376,922/-	7,752,922

Commission

1st Year -at the rate of 5% on the Net Profits after Tax exceeding Rs. 15 Crores

2nd Year -at the rate of 5% on the Net Profits after Tax exceeding Rs. 20 Crores

3rd Year - at the rate of 5% on the Net Profits after Tax exceeding Rs. 25 Crores

Since the company's Net profit does not exceed Rs. 25 crores during the year under review, no commission was paid to the Managing Director of the Company.

- Conveyance and telephone expenses are reimbursed on actual basis.
- Perguisites include provision for Gratuity of Rs. 576,922/-
- (2) The details of the remuneration paid to Mr. B.R. Rakhecha, Executive Director, during the Financial Year 2005-06 are as follows:

(Amt in Rs.)

Basic	Contribution to Provident and other Funds	Perquisites/Allowance *	Total
1,380,000/-	165,600/-	657,417/-	2,203,017/-

 Conveyance and telephone expenses are reimbursed on actual basis. Perquisites and allowances include provision for leave encashment Rs. 105,417.

Note:

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

C. SHAREHOLDERS'/ 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 and Dr. Kailash S. Choudhari. 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.

Investors' Services - complaints received till 31-03-2006

Particulars	Received	Attended to	Pending
Revalidation / Correction / Non-Receipt of Dividend Warrant	10	10	0
Annual Reports	5	5	0
Demat / Remat Related	1	1	0
Change of Bank Details/ Address	0	0	0
Stop Transfer/Issuance of Duplicate Share Certificate	0	0	0

D. SHARE ALLOTMENT-CUM-TRANSFER COMMITTEE.

The Board of Directors has delegated the power of approving transfer of securities to the Share Allotment cum Transfer Committee constituting Mr. Chetan Choudhari, Chief Operating Officer, and the Company Secretary of the Company, which meets frequently. 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 Mr. Kailash S. Choudhari, Chairman of the Committee, Mr. John Levack* and Mr. Popatlal F Sundesha as other committee Members.

ESPS Committee has the final and conclusive authority:

- (a) 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;
- (b) For administering the ESPS, the "Aksh Employee Welfare Trust" was constituted which holds shares for the benefit of Employees. After the shares are vested for 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 year no shares have been granted, hence not vested.

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

* Mr John Levack resigned from the Board and all committees of the company w.e.f. 30-09-2005.

F. FINANCE COMMITTEE

Finance Committee comprises of Dr. Kailash S Choudhari, Chairman, and Mr. Popatlal F Sundesha.

During the year, 5 meetings of Finance Committee were held. The decisions taken by the Finance Committee were subsequently ratified by the Board of Directors.

3. GENERAL BODY MEETINGS

The particulars of 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
2004-05	30.09.05	F-1080, RIICO Industrial Area, Phase-III, Bhiwadi - 301 019 (Rajasthan).	9:00 A.M.	NIL
2003-04	30.9.04	F-1080, RIICO Industrial Area, Phase-III, Bhiwadi - 301 019 (Rajasthan).	9:00 A.M.	NIL
2002-03	22.07.03	F-1080, RIICO Industrial Area, Phase-III, Bhiwadi - 301 019 (Rajasthan).	11:00 A.M.	4



Attendance of Directors at AGMs during the last three financial years

22.07.03 : Four Directors were present out of six Directors.
30.09.04 : Two Directors were present out of six Directors.
30.09.05 : Two Directors were present out of five Directors.

During the year Company also conducted an Extra-ordinary General Meeting on 28th February 2006 at 9:00 A.M. at the registered office of the Company at F-1080, RIICO Industrial Area, Phase – III, Bhiwadi – 300 019, Rajasthan.

For the year ended March 31, 2006, no ordinary or special resolutions were passed by the shareholders through postal

4. DISCLOSURES

- a 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, etc., that may have potential conflict with the interest of the Company at large.
- b During the year 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 other Statutory Authority.

5. MEANS OF COMMUNICATION

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 web sites and communicate to their members.

Quarterly Results

The Company publishes quarterly financial results in "The Financial Express" (all editions) and "Dainik Lokmat" (Hindi - Jaipur edition) as per details given below: -

Quarter	Date of Board Meeting	Date of Publication
April - June 2005	July 29, 2005	July 30, 2005
July - September 2005	October 17, 2005	October 18, 2005
October - December 2005	January 19, 2006	January 20,2006
January - March 2006	April 20, 2006	April 21, 2006

Apart from above the company is regular in electronically filing specific documents/statements on the EDIFAR website viz., www.sebiedifar.nic.in.

6. 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 Stock Exchange Mumbai and the National Stock Exchange Ltd.

6.1 Annual General Meeting

1.	Date, Time and Venue of the
	Annual General Meeting

2. Financial Calendar

3. Book Closure Dates

4. Listing on Stock Exchanges

5. Stock Code

6. Share Transfer Agents

29th September 2006, at 9.00A.M., at the Registered Office of the Company, at F-1080, RIICO Indl. Area, Phase-III, Bhiwadi - 301 019

April 1st 2006 to March 31st 2007

Sept. 27th, 2006 to Sept. 29th, 2006 (Both days inclusive)

- 1. The Stock Exchange, Mumbai
- 2. The National Stock Exchange of India Ltd.

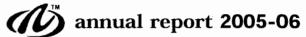
'532351' on the Stock Exchange, Mumbai.

'AKSHOPTFBR' at the National Stock Exchange of India Ltd., Mumbai

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



Investor queries/request for transfer, transmission, issue of duplicate certificates etc to be sent
 M/s. MCS Limited
 K/A: Mr. S. P. Gupta / Mr. Umesh Gupta

Members holding shares in the electronic mode are requested to intimate the change of 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).

6.2. Stock Market data relating to shares listed on BSE and NSE for the period April 2005 - March 2006.

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

	The St	ock Exchange, M	umbai	National St	tock Exchange	of India Ltd
Date	High (Rs.)	Low (Rs.)	Volume (No.)	High (Rs.)	Low (Rs)	Volume (No.)
Apr-05	52.45	39.15	483506	52.00	38.75	79355 7
May-05	61.80	45.05	1046293	61.25	43.00	2094262
Jun-05	64.25	54.75	1217038	64.00	54.85	3013700
Jul-05	66.40	55.25	866099	66.45	55.50	2372000
Aug-05	72.90	58.55	3400281	72.80	56.10	6199868
Sep-05	80.95	58.80	19706470	80.70	59.20	16283297
Oct-05	67.40	52.60	2392924	66.80	52.80	2388243
Nov-05	89.30	54.10	5442257	89.00	50.00	5818213
Dec-05	81.00	67.10	6197606	80.40	67.55	4907318
Jan-06	79.40	71.05	3200780	78.30	71.00	3644247
Feb-06	85.80	70.20	4519652	85.50	70.35	5762505
Mar-06	79.00	57.10	3489383	76.75	58.00	4194265

6.3. Distribution of shareholding as on 31st March, 2006.

No. of Equity Shares held	No. of Shareholders	% to Total	No. of Shares held	% to Tota
Upto 5000	9695	92.38	2049401	9.30
5001-10000	324	3.09	506964	2.30
10001-20000	167	1.59	502161	2.28
20001- 30000	98	0.93	492777	2.24
30001-40000	37	0.35	273706	1.24
40001-50000	41	0.39	393738	1.79
50001-100000	54	0.51	767850	3.48
100000 and above	79	0.75	17051295	77.37
TOTAL	10495	100.00	22,037,892	100.00

6.4. CATEGORIES OF SHAREHOLDERS AS ON MARCH 31, 2006

Particulars	No.of Shares held	Percentage of Shareholding
Promoters	4393215	19.93
FIs/Banks/MF/UTI	1013390	4.60
Corporate Bodies	2586688	11.74
Directors and their relatives	2373624	10.77
FII's/NRIs/OCBs	791823	3.59
Foreign National(s)	1588675	7.21
ESPS Trust	413370	1.88
Public	8877107	40.28
TOTAL	22,037,892	100.00

6.5. DEMATERIALISATION OF SHARES.

The Shares of the Company are in Compulsory Demat Mode. As on 31st March 2006, 94% of the shareholding was in the dematerialized mode.



6.6. COMPLIANCE OFFICER AND CONTACT ADDRESS

Mr. Anurag Upadhyaya - 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

OUTSTANDING GDRs/ADRs/ WARRANTS

The Company has not issued any GDRs / ADRs / Warrants or any Convertible instruments.

6.8 Plant Locations

Plant – I : F – 1075-81, RIICO Industrial Area, Phase – III, Bhiwadi – 301 019 (Rajasthan) Plant – II: F – 315 (B), RIICO Industrial Area, Phase – I, Bhiwadi – 301 019 (Rajasthan)

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

Plant - IV: A - 141, RIICO Industrial Area, Jaitpura, Distt. Jaipur - 303 704

Address for correspondence

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

7. 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 by the Audit Committee.

COMPLIANCE

The certificate dated 20.04.06 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

To the members of Aksh Optifibre Limited

We have examined the compliance of conditions of Corporate Governance by Aksh Broadband Limited Optifibre Limited, for the year ended on 31st March 2006 as stipulated in Clause 49 of the Listing agreement of the said company with

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 the 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 conditions 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 needed 31st March, 2006, no investor grievances 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

P.C.Bindal (PARTNER) Membership No. 82683

Place: Gurgaon Dated: 20.04.2006



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 differ materially from those expressed or implied. Important factors, which could make a difference to the Company's operation include economic 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

Global Outlook

Growth of telecom industry globally is plotting a growth roadmap for the telecom equipment industry also. The global demand-supply dynamics in the optic fibre industry is giving a good hope to the OFC Companies. Telecom services are globally focusing on speed, bandwidth, distance, resistance and maintenance. The fibre optic networks operate at high speed, have large carrying capacity, uninterrupted signals transmission, greater resistance to electromagnetic noise and costs much less to maintain. The global trend clearly shows that high speed broadband networks and new technologies like Triple play, Ethernet leased lines, bandwidth-on-demand etc, needs transmission networks via optical fibre cable.

Domestic Industry Overview and Demand Outlook

Cables are the crucial infrastructure backbone of an economy, the critical elements that wire up the length and breadth of the country as telecom networks. The inclination of Governments, Public Sectors and private players to build a nation-wide communication network passing through every village, street and home in both urban and rural India is being implemented rapidly. The e-governance is a high priority sector and a big amount of development expenditure is being incurred by the state governments on development of communication, broadband and network services. Being a most suitable cable in speed, long reach and high bandwidth, optical fibre cable is in good demand from various operators, governments and public sectors.

In F.Y. 2005-2006, the domestic optical fibre demand rose to 22.5 lac fibre kilometers(fkm) from 20.2 lacs fkm in F.Y. 2004-2005 (Source: CRIS INFAC), registering a growth of about 11.4% over the corresponding previous year.

The demand for optical fibre cable (OFC) is expected to grow at a CAGR of 11% over the next two years (source: CRIS INFAC). The demand will continue to be driven by roll out of broadband network by Government as well as private players, interconnection of mobile networks using OFC and laying of national long distance networks.

Opportunity and Threats

Growth of telecommunication, broadbanding and networking services in India and abroad has emerged lot of opportunity for opened optical fibre cable industry. With the development of new products and technological innovations, your Company looks forward to a fast paced growth in coming years. The company has invested in Research & Development to develop new products finding application in domestic and global telecom market requirements. The Company has developed Air Blown Fibre Cable that can be blown in Super Micro Duct to provide bandwidth to homes and is engaged in development of G-652D Fibre (Low Water Peak Single Mode Fibre), use in CWDM/DWDM Optical Transmission for Metropolitan Network.

Your Company faces the challenges of normal market competition from domestic as well as international companies in its existing business. Further rapidly changing technology may obsolete the current technology. To remain competitive and upgraded, your Company needs to make continuous investment in Research & Development and latest technologies.

Internal Control Systems and their Adequacy.

The Company has adequate internal control systems commensurate with the size and nature of its business operations. The various internal controls are continuously reviewed and strengthened by the Management and Audit Committee. Your Company regularly updates and upgrades the information technology infrastructure to meet its business needs. Further Company has appointed an independent Internal Auditors who carry out extensive internal audit over the year covering each and every aspect of business activities of the company to ensure accuracy, reliability and consistency of records, systems and procedures.

FINANCIAL PERFORMANCE COUPLED WITH OPERATIONAL PERFORMANCE

Financial Performance

1) Turnover:

The Company has achieved a turnover of Rs. 11316 Lacs in the period ending 31st March 2006 showing an increase of 196% over last year's turnover of Rs. 3827 Lacs. This has been mainly due to a good recovery in the optical fibre cable industry as a result of increased demand of the Optical Fibre cable by the telecom industry in India and abroad and spanning of optic fibre based network and broadband services by various State Governments.



2) Expenditure:

a) Manufacturing Expenses:

The manufacturing expenses have increased to Rs. 6514 Lacs from Rs. 2106 Lacs as a result of the increase in the volume of business compared to previous year.

b) Administrative and Selling Expenses:

In terms of percentage, the administrative and selling expenses have decreased to 5.2% of the turnover from 12.4% for last year. In absolute terms, the same have gone up to Rs. 588 Lacs from Rs. 476 Lacs in the previous year mainly on account of higher turnover and increased business activities.

c) Depreciation:

The Company provided a sum of Rs. 562 Lacs towards depreciation for the year ended March 31, 2006 as against Rs. 524 Lacs in the previous year. The increase in depreciation was on account of additions to Plant and Machinery and running of more than one shift.

d) Profit/Loss Before Tax

The profit before tax of the Company amounted to Rs. 2228 Lacs as against loss of Rs. 551 Lacs in the previous year.

e) Net Profit/Loss After Tax

The net profit after tax of the Company was Rs. 1483 Lacs as against a loss of Rs. 324 Lacs in the previous year.

3) Quantitative Performance

The Company had sold 62953 ckm of Optic Fiber Cables, as against 9088 ckm during the last financial year.

4) Assets and Liabilities

(a) Current Liabilities and Provisions

Sundry Creditors were of Rs. 914 Lacs as on March 31, 2006 as compared to Rs. 771 lacs as on March 31, 2005. The sundry creditors as a percentage of total turnover is 8.09% for the year ended 31st March, 2006 as compared with 20.14% in the previous year. This is mainly because of increase in turnover during the year,

(b) Sundry Debtors

Sundry Debtors were of Rs. 1968 lacs as on March 31, 2006 as compared to Rs. 899 lacs as on March 31, 2005. The debtors as a percentage of total turnover is 17.39% for the year ended 31st March, 2006 as compared with 23.5% in the previous year.

HUMAN RESOURCE DEVELOPMENT

Human resource has always been viewed by your company as its best possession over the years and its development the foremost. Your company firmly believes that it is the man behind the machine which matters and is the keyman behind the success of an organisation. Industrial relations in your company continue to be harmonious. Total number of employees as on 31st March 2006 were 170 as compared to 136 as on 31st March, 2005.

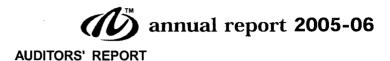
RISK MANAGEMENT

Your Company is an Optical fibre cable manufacturing company, prone to inherent business risks like any other organization. The Company has a risk management policy the objective of which is identification, evaluating, monitoring, and minimizing identifiable risks. Your company is prone to External and Internal business risks. External risks involve, risks prone to OFC and telecom Industry as a whole, such as change/s in Government policies, change/s in business cycles affecting sale, vagaries of nature affecting business like floods, earthquakes, riots, war with enemies etc., and other external factors beyond the control of AOL. Risk of competition is also included in External risks. Internal risks involve inability to perform despite favourable conditions prevailing the market. These risks can be due to operational risk, financial risk, failure risk, legal liability risk, manpower risk, risks of material, inventory, technology etc.

The Company has made a system to identify the risk in consultation with all the concerned departments / functions. It is evaluated and reviewed periodically by the management and the Board of Directors. To monitor / control risks, and their reduction / minimization, Company takes various steps and updates its systems and procedures to minimize the risk.

For & On behalf of the Board

Place: Gurgaon Dated: 20.04.2006 B. R. Rakhecha Executive Director Kailash S. Choudhari Managing Director



The Members, Aksh Optifibre Limited Bhiwadi (Rajasthan)

REPORT ON THE ACCOUNTS FOR THE YEAR ENDED ON 31ST MARCH, 2006 IN COMPLIANCE WITH SECTION 227(2) OF THE COMPANIES ACT, 1956.

- We have audited the attached balance sheet of Aksh Optifibre Limited as at 31st March, 2006 and the profit & loss account and also the cash flow statement for the year 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.
- 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 subsection (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:
 - 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 in section 211(3C) of the Companies Act, 1956;
 - v) On the basis of the written representations received from the directors as on 31st March, 2006 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2006 from being appointed as a director in terms of clause (g) of sub clause (1) of section 274 of the Companies Act, 1956;
 - vii) In our opinion, and to the best of our information and according to the explanations given to us, the said accounts 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 31st March, 2006;
 - b) In the case of Profit & Loss Account, of the profit of the company for the year ended on that date; and
 - c) In the case of the cash flow statement, of the cash flows for the year ended on that date.

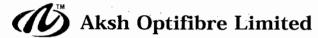
For P.C. BINDAL & CO. Chartered Accountants

[P.C. BINDAL]

Partner

M. No.: 82683

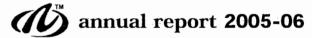
PLACE: Gurgaon DATE: 20.4.2006



ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE TO THE MEMBERS OF AKSH OPTIFIBRE LIMITED FOR THE YEAR ENDED ON 31ST MARCH, 2006

-4

- (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 year. No material discrepancies were noticed on such verification.
 - (c) During the year, 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 year 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) The company had granted loan to one party covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.1.53 lacs and the year-end balance of loan granted to such party is Rs. NIL.
 - (b) According to the information and explanations given to us, in our opinion, the rate of interest and other terms and conditions of such loan are not, *prima facie*, prejudicial to the interest of the Company.
 - (c) According to the information and explanations given to us, the receipt of the principal amount and interest are regular.
 - (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 had taken unsecured loan from one company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.150.00 lacs and the year-end balance of loan taken from such party was Rs. NIL.
 - (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 payment of the principal amount and interest are regular.
- (iv) In our opinion and according to the information and explanation given to us, there are adequate internal control systems 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 contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered into the register maintained under section 301 of the Companies Act, 1956; 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.

- 1

- (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, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues were in arrears, as at 31st March, 2006 for a period of more than six months from the date they become payable.
 - (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.)	Period to which Amount Relates	Forum where dispute is pending
Central Excise Act	Excise Duty Demand	6,60,136.00	1997-98	Commissioner (Appeals)
Central Excise Act	Excise Duty Demand	1,43,558.00	2002-03	Commissioner (Appeals)
Central Excise Act	Excise Duty Demand	19,893.00	1996-97	Hon'ble Supreme Court
Central Excise Act	Excise Duty Demand	3,36,754.00	1999-00	Commissioner (Appeals)
Central Excise Act	Excise Duty Demand	1,46,297.00	2001-02	Commissioner (Appeals)
Central Excise Act	Service Tax Demand	15,01,650.00	2001-02	Appellate Tribunal, New Delhi
Central Excise Act	Service Tax Demand	23,600.00	16.11.1997 to	Appellate Tribunal, New Delhi
			02.06.1998	
Rajasthan Sales Tax Act	Sales Tax Demand	11,022.00	1996-97	Asstt. Commissioner, Bhiwadi
Rajasthan Sales Tax Act	Sales Tax Demand	71,11,596.00	2001-02	Asstt. Commissioner, Bhiwadi

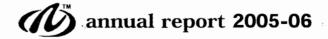
- (x) In our opinion, the accumulated losses of the company are not more than fifty percent of its net worth. Further, the Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xi) Based on our audit procedures and on the basis of 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 year, 34 Letters of credits aggregating to Rs 893.73 lacs were not paid on due dates. Average delay per letter of credit was 8 days. As on 31st March, 2006, no letter of credit was overdue for payment.
 - (b) Payment on redemption of Non Convertible Debentures to UTI Bank Ltd amounting to Rs.100 lacs due on 10th September, 2005 has been paid on 9th November, 2005.
 - (c) Payment on redemption of Non Convertible Debentures to UTI Bank Ltd amounting to Rs.350 lacs due on 4th January, 2006 has been paid in four installments of Rs.50 lacs,100 lacs Rs.100 lacs & Rs.100 lacs on 21st January, 2006.10th February, 2006. 4th March, 2006 & 17th March, 2006 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 in 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) In our opinion, the terms and conditions on which the company has given guarantees for loans taken by others from banks or financial institutions are not prejudicial to the interest of the company.
- (xvi) According to the information and explanations given to us, the company has not availed any term loan during the year under audit.
- (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 had not issued any debentures during the year.
- (xx) According to the information and explanations given to us, the company had not raised any money by public issue during the year.
- (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: 20th April, 2006 [P.C. BINDAL]
Partner
M. No.: 82683



BALANCE SHEET AS AT 31ST MARCH,2006

(Amount in Rs)

			(Amount in Rs)
PARTICULARS	SCHEDULE	As at March 31,2006	As at March 31,2005
SOURCES OF FUNDS	~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~		
Shareholders' Fund			
Share Capital	"A"	110,189,460	110,189,460
Reserves & Surplus	"B"	591,415,771	487,452,201
		701,605,231	597,641,661
Borrowed Funds			
Secured Loans	"C"	162,329,528	332,251,565
Unsecured Loans	"D"	30,000,000	5,000,000
		192,329,528	337,251,565
Deferred Tax Liabilities		74,677,903	467,328
Total Funds Employed		968,612,662	935,360,554
APPLICATION OF FUNDS			
Fixed Assets	"E"		
Gross Block		922,793,070	922,317,263
Less: Depreciation		324,709,456	269,308,204
Net Block		598,083,614	653,009,059
Capital Work in Progress		12,498,188	3,109,269
Investments	"F"	105,782,045	106,282,045
Current Assets,Loans & Advances	"G"		
Inventories		109,802,566	152,673,826
Sundry Debtors		196,758,682	89,936,189
Cash & Bank Balances		68,677,831	10,942,857
Other Current Assets		284,126	175,785
Loans & Advances		49,106,273	19,079,381
		424,629,478	272,808,038
Less : Current Liabilities & Provisions	"H"	173,689,825	104,173,674
Net Current Assets		250,939,653	168,634,364
Miscellaneous Expenditure (To the extent not written off or adjusted)	"la	1,309,162	3,982,942
Profit & Loss Account			342,875
		968,612,662	935,360,554
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

B.R Rakhecha Executive Director

(P.C.Bindal) Partner

S.K BANSAL

Anurag Upadhyaya Company Secretary

M. No. 82683

Process Associate(F&A)

Place : Gurgaon Date : 20th April, 2006



PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH,2006

P	ARTICULARS	SCHEDULE	Year Ended March 31,2006	Year Ended March 31, 2005
Ā	INCOME			
	Sales(Net of Returns)		1,131,607,568	382,746,330
	Less : Excise Duty		145,849,164	46,638,481
			985,758,404	336,107,849
	Other Business Income		78,254	20,315
	Miscellaneous Income	"J"	42,143,880	4,526,132
	TOTAL (A)		1,027,980,538	340,654,296
В	EXPENDITURE			
	Manufacturing Expenses	"K"	651,436,912	210,575,041
	Administrative & Selling Expenses	"L"	58,837,959	47,644,251
	Financial Expenses	"M"	36,001,105	44,992,622
	Provision for Doubtful Debts		-	36,904,588
	Miscellaneous Expenditure written off		2,673,780	3,324,415
	Depreciation	"E"	56,225,995	52,355,268
	TOTAL (B)		805,175,751	395,796,185
	NET PROFIT/(LOSS) BEFORE TAX Less:Provision for Taxation	A-B)	222,804,787	(55,141,889)
	-Income Tax(MAT)		12,872,800	-
	-Fringe Benefit Tax		312,531	-
	-Deferred Tax Liabilities/(Assets)		74,210,575	(22,754,591)
	Add:MAT Credit Entitlement		12,872,800	-
	NET PROFIT/(LOSS) AFTER TAX		148,281,681	(32,387,298)
	Balance brought forward from Previous Year		(342,875)	32,264,875
	PROFIT AVAILABLE FOR APPROPRIATION APPROPRIATION		147,938,806	(122,423)
	Proposed Dividend		38,566,311	-
	Dividend Distribution Tax		5,408,925	
	Income Tax (Earlier Year)		•	220,452
	Transfer to Debenture Redemption Reserve		39,950,000	
	Transfer to General Reserve		25,000,000	-
	Surplus/Deficit carried to Balance Sheet		39,013,570	(342,875)
			147,938,806	(122,423)
	Basic and Diluted Earnings Per Share (In Rs.)		6.73	(1.47)
	(Face value of Rs.5/- each) 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

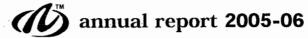
Kailash S. Choudhari Managing Director B.R Rakhecha Executive Director

(P.C.Bindal) Partner M.No.82683 S.K BANSAL
Process Associate(F&A)

Anurag Upadhyaya Company Secretary

Place : Gurgaon

Dated: 20th April, 2006



SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH,2006

1	Amou	ınt	in	Rs۱
٦	A11100			,

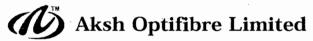
PARTICULARS	As at	As at
	MARCH 31,2006	MARCH 31,2005
SCHEDULE - "A"		
SHARE CAPITAL	•	•
AUTHORISED		
30,000,000 Equity Shares of Rs.5/- each	150,000,000	140,000,000
(P.Y.28,000,000 Equity Shares of Rs.5/- each)		
Nil (P.Y.) 100000 Preference Shares of Rs. 100/- each	-	10,000,000
	150,000,000	150,000,000
ISSUED, SUBSCRIBED & PAID UP		
22,037,892 Equity Shares of Rs.5/- each	110,189,460	110,189,460
(P.Y. 22,037,892 Equity Shares of Rs.5/- each)	110,189,460	110,189,460

(Issued & Subscribed Capital includes 9,505,860 Equity Shares of Rs. 5/- each issued as fully paid Bonus Shares by capitalisation of Share Premium and Reserves)

(Issued & Subscribed Capital includes 1,660,942 Equity Shares of Rs. 5/- each issued to Shareholders of Telecords India Pvt Ltd pursuant to scheme of arrangement.)

SCHEDULE - "B" RESERVES & SURPLUS

a)	Share Premium Account		475,902,201	475,902,201
		Sub Total (a)	475,902,201	475,902,201
				,
b)	General Reserve			
	Transfer from Profit & Loss A/c during the year		25,000,000	-
		Sub Total (b)	25,000,000	
c)	Profit & Loss Account		39,013,570	-
		Sub Total (c)	39,013,570	-
d)	State Capital Subsidy		1,500,000	1,500,000
		Sub Total (d)	1,500,000	1,500,000
e)	Debenture Redemption Reserve			
	As per last Balace Sheet		10,050,000	10,050,000
	Add:Transfer from Profit & Loss A/c during the year		39,950,000	
		Sub Total (e)	50,000,000	10,050,000
	Tot	al (a+b+c+d+e)	591,415,771	487,452,201
	Tot	al (a+b+c+d+e)	591,415,771	487,452,201



SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH,2006

PAR	TICULARS	As at	As at
		MARCH 31,2006	MARCH 31,2005
	IEDULE - "C"		
a)	WORKING CAPITAL LIMITS WITH BANKS -Cash Credit Facilities -FCNR(B/WCTL	81,047,847 31,281,681	88,779,881 73,471,684
b)	9.50% Secured Non Convertible Debentures with UTI Bank Ltd. Total	50,000,000 162,329,528	170,000,000 332,251,565

NOTE:

- a) Various fund based & non-fund based credit facilities from Union Bank of India are secured by way of first pari-passu 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 facilities are further secured by way of second pari passu charge on the Fixed Assets of the Company
- b) The various fund based & non-fund based credit 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 an extent of Rs. 26.45 crores. Non-Fund based facility (Revolving Letter of Credit facility of Rs. 8.64 crores per month) with effective exposure of nine months aggregating to Rs.77.76 crores is also secured by way of first pari-passu charge on the immovable assets of the Company. However, ICICI Bank Ltd. has now reduced its total exposure to Rs. 28.05 crores for which charge yet to be suitably modified.
- c) Rupee Term Loan from ICICI Bank Ltd.(since repaid in full) is secured by way of first pari-passu charge by Equitable Mortgage on all the immovable properties of the Company,both present & future and hypothecation of moveables (save & except book debts and Stock exclusively hypothecated to banks for their Working Capital facilities) including movable Plant & machinery, Tools and accessories, both present & future.
- d) 9.50% Non Convertible Debentures issued to UTI Bank Ltd. are secured by way of first pari-passu charge on the fixed assets of the Company. These are further secured by way of English Mortgage on all that piece or parcel of land, herditaments and premises situated at village Budasan, Taluka Kadi, District Mehsana in the state of Gujarat.

SCHEDULE - "D"
UNSECURED LOANS
Inter-Corporate Deposits
Short Term Loan from UTI Bank Ltd.

-	5,000,000
30,000,000	
30,000,000	5,000,000

annual report 2005-06

SCHEDULE - "E"

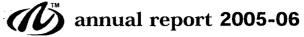
SCHEDULE OF FIXED ASSETS FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2006

COST ADDITION SOLD/ TOTAL UPTO FOR THE SOLD/ TOTAL UPTO FOR THE SOLD/ TOTAL AS ON DURING ADJUST AS ON AJ1,03.2006 YEAR ADJUST AS ON AJ1,03.2006 THE YEAR MENTS 31,03.2006 THE YEAR MENTS THE YEAR THE YEAR MENTS THE YEAR										€	(Amount in Rs.)
COST ADDITION SOLD/ TOTAL UPTO FOR THE SOLD/ TOTAL AS ON DURING ADJUST- AS ON 31.03.2005 YEAR ADJUST- AS ON 01.04.2005 THE YEAR MENTS 31.03.2006 - <td< th=""><th>DESCRIPTION</th><th></th><th>GROSSS BLOC</th><th>X</th><th></th><th>DEPF</th><th>RECIATION BL</th><th>OCK</th><th></th><th>NET BLOCK</th><th>-ock</th></td<>	DESCRIPTION		GROSSS BLOC	X		DEPF	RECIATION BL	OCK		NET BLOCK	-ock
AS ON DURING ADJUST- AS ON 31.03.2005 YEAR ADJUST- AS ON 184,250		COST	ADDITION	SOLD/	TOTAL	UPTO	FOR THE	SOLD/	TOTAL	W.D.V.	W.D.V.
01.04.2005 THE YEAR MENTS 31.03.2006 - <th< th=""><th></th><th>AS ON</th><th>DURING</th><th>ADJUST-</th><th>AS ON</th><th>31.03.2005</th><th>YEAR</th><th>ADJUST-</th><th>AS ON</th><th>AS ON</th><th>AS ON</th></th<>		AS ON	DURING	ADJUST-	AS ON	31.03.2005	YEAR	ADJUST-	AS ON	AS ON	AS ON
184,250 - - 184,250 - <		01.04.2005	THE YEAR		31.03.2006			MENTS	31.03.2006	31.03.2006	31.03.2005
31,747,360 - 31,747,360 1,944,710 322,885 - 2,267,595	Freehold Land	184,250	1	1	184,250	i				184,250	184,250
79,417,081 79,417,081 13,884,660 2,652,530 - 16,537,190 638,949,276 3,589,922 3,114,115 639,425,083 190,802,806 41,488,977 824,743 231,467,040 65,749,907 - 25,513,972 7,379,793 1,727,002 - 9,106,795 6,266,901 3,179,760 340,209 - 3,519,559 6,266,901 3,179,760 340,209 - 3,519,559 6,266,901 3,179,760 340,209 - 3,519,559 6,266,901 3,179,760 340,209 - 1,619,622 8,513,594 - 12,345,994 9,373,425 1,549,289 - 10,922,714 28,805,419 - 28,805,419 8,257,814 1,903,848 - 10,161,662 8,055 6,537,430 1,278,275 - 5,537,430 3,853,424 1,683,986 - 5,537,430 1,278,275 3,589,922 3,114,115 922,793,070 269,308,204 56,225,995 824,743 324,709,456 1,203,468,702 1,263,368,204 1,263,378,204 1,263,378,204 1,263,378,204,204 1,263,378,204 1,263,378,204 1,263,378,204,204 1,263,3	Leasehold Land	31,747,360			31,747,360	1,944,710	322,885		2,267,595	29,479,765	29,802,650
540,400 - 540,400 51,194 9,695 - 60,889 638,949,276 3,589,922 3,114,115 639,425,083 190,802,806 41,488,977 824,743 231,467,040 85,749,907 - 85,749,907 28,631,839 4,176,554 - 32,808,393 25,513,972 - - 25,513,972 7,379,793 1,727,002 - 9,106,795 6,266,901 - - 5,972,942 1,339,036 280,586 - 1,619,622 5,972,942 - - 5,972,942 1,339,336 280,586 - 1,619,622 5,805,44 - 12,345,994 9,373,425 1,549,289 - 10,161,662 8,056 - - 28,805,419 8,257,814 1,903,848 - 10,161,662 8,056 - - - 28,056,419 8,257,814 1,903,848 - 10,161,662 8,056 - - - 28,056 - 1,563,889	Factory Buildings	79,417,081	•		79,417,081	13,884,660	2,652,530		16,537,190	62,879,891	65,532,421
638,949,276 3,589,922 3,114,115 639,425,083 190,802,806 41,488,977 824,743 231,467,040 85,749,907 28,631,839 4,176,554 - 32,808,393 25,513,972 - 25,513,972 7,379,793 1,727,002 - 9,106,795 6,266,901 - 5,972,942 1,339,036 280,586 - 1,619,622 14,345,994 - 5,972,942 1,339,036 280,586 - 1,619,622 14,345,994 - 12,345,994 9,373,425 1,549,289 - 10,922,714 28,805,419 - 28,805,419 8,257,814 1,903,848 - 10,161,662 17,563 1,278,275 - 5,537,430 25,337,430 3,533,434 1,683,986 - 5,537,430 25,337,263 3,589,922 3,114,115 922,793,070 269,308,204 56,225,995 824,743 324,709,456 20,344 10,048,703 14,763	Residential Building	540,400			540,400	51,194	9,695	•	60,889	479,511	489,206
85,749,907 - 85,749,907 28,631,839 4,176,554 - 32,808,393 25,513,972 - 25,513,972 7,379,793 1,727,002 - 9,106,795 6,266,901 3,179,750 340,209 - 3,519,959 6,206,901 3,179,750 340,209 - 3,519,959 6,2972,942 1,339,036 280,586 - 1,619,622 1,345,994 9,373,425 1,549,289 - 1,619,622 1,345,994 9,373,425 1,549,289 - 1,619,622 1,245,994 9,373,425 1,549,289 - 10,161,662 1,280,541 1,278,275 - 1,278,275 602,170 90,374 1,683,986 - 5,537,430 1,278,275 1,543,982 1,549,289 1,341,4115 922,793,070 269,308,204 56,225,995 824,743 324,709,456 1,283,284 1,283,286 1,283,284 1,283,286 1,283,283,284 1,283,286 1,283,286 1,283,286 1,283,286 1,283,286 1,283,283,284 1,283,286 1,283,286 1,283,284 1,283,286 1,283,286 1,283,284,284 1,283,286 1,283,286 1,283,284 1,283,284 1,283,284 1,283,2	Plant & Machinery	638,949,276	3,589,922	3,114,115	639,425,083	190,802,806			231,467,040	407,958,043	448,146,470
25,513,972 - 25,513,972 7,379,793 1,727,002 - 9,106,795 6,266,901 - 6,266,901 3,179,750 340,209 - 3,519,959 5 5,972,942 1,339,036 280,586 - 1,619,622 1,545,994 - 5,972,942 1,339,036 280,586 - 1,619,622 1,545,994 9,373,425 1,549,289 - 10,161,662 1,545,994 9,373,425 1,549,289 - 10,161,662 1,549,289 1,549,289 1,549,289 1,549,289 1,549,289 1,549,289 1,549,289 1,549,289 1,549,389,204 1,549,289 1,549,389,204 1,549,389 1,549,389,304 1,549,389 1,549,389,304 1,549,389 1,549,389 1,549,389,304 1,549,389 1,549,389,304 1,549,389 1,549,389,304 1,549,389 1,549,389,304 1,549,389 1,549,38	Testing Instruments	85,749,907	,	,	85,749,907	28,631,839	4,176,554		32,808,393	52,941,514	57,118,068
6,266,901 - 6,266,901 3,179,750 340,209 - 3,519,959 stem 12,345,994 - 1,339,036 280,586 - 1,619,622 stem 12,345,994 - 12,345,994 9,373,425 1,549,289 - 10,922,714 1,9052,714 1,903,848 - 10,161,662 8,056 - 1,549,289 - 10,161,662 8,056 - 1,549,289 - 10,161,662 8,056 - 1,549,289 - 10,161,662 8,056 - 1,549,289 - 10,161,662 8,056 - 1,549,289 - 10,161,662 8,056 - 1,549,289 - 10,161,662 8,056 - 1,549,289 - 10,161,662 8,056 - 1,549,289 - 10,161,662 8,056 - 1,549,289 - 10,161,662 8,056 - 1,549,289 - 10,161,662 8,056 - 1,549,289 - 10,161,662 8,056 - 1,549,289 - 10,161,662 8,056 - 1,549,289 - 10,161,662 8,056 - 1,549,289 - 10,161,662 8,056 - 1,549,289 - 10,161,662 8,056 - 1,549,289 - 10,161,662 8,056 - 1,649,289 - 10,161,662 8,056 - 1,649,289 - 10,161,662 8,056 - 1,649,289 - 10,161,662 8,056 - 1,649,289 - 10,161,662 8,056 - 1,649,289 - 10,161,662 8,056 - 1,649,289 - 10,161,662 8,056 - 1,649,289 - 10,161,662 8,056 - 1,649,289 - 10,161,662 8,056 - 1,649,289 - 10,161,662 8,056 - 1,649,289 - 10,161,662 8,056 - 1,649,289 - 10,161,662 8,056 - 1,649,289 - 10,161,662 8,062 - 1,649,289 - 10,161,662 8,062 - 1,649,289 - 10,161,662 8,062 - 1,649,289 8,056 8,056 8,	Air Conditioners	25,513,972	•	1	25,513,972	7,379,793	1,727,002		9,106,795	16,407,177	18,134,179
5,972,942 - 5,972,942 1,339,036 280,586 - 1,619,622 stem 12,345,994 - - 12,345,994 9,373,425 1,549,289 - 10,922,714 28,805,419 - - 28,805,419 8,257,814 1,903,848 - 10,161,662 8,056 - - 28,805,419 8,257,814 1,903,848 - 10,161,662 1,278,275 - - 1,278,275 602,170 90,374 - 692,544 5,537,430 - - 5,537,430 3,863,444 1,683,986 - 5,537,430 922,317,263 3,589,922 3,114,115 922,793,070 269,308,204 56,225,995 824,743 324,709,456	Furniture & Fixtures	6,266,901			6,266,901	3,179,750	340,209		3,519,959	2,746,942	3,087,151
System 12,345,994 12,345,994 9,373,425 1,549,289 - 10,922,714 1,903,848 - 10,161,662 8,056	Office Equipments	5,972,942	•	,	5,972,942	1,339,036	280,586		1,619,622	4,353,320	4,633,906
28,805,419 - - 28,805,419 8,257,814 1,903,848 - 10,161,662 8,056 - - 8,056 7,563 60 - 7,623 1,278,275 - - 1,278,275 602,170 90,374 - 692,544 5,537,430 - 5,537,430 - 5,537,430 - 5,537,430 922,317,263 3,589,922 3,114,115 922,793,070 269,308,204 56,225,995 824,743 324,709,456	Data Processing System	12,345,994	•	•	12,345,994	9,373,425	1,549,289	•	10,922,714	1,423,280	2,972,569
8,056 - 8,056	Electric Fittings	28,805,419			28,805,419	8,257,814	1,903,848	•	10,161,662	18,643,757	20,547,605
1,278,275 - - 1,278,275 602,170 90,374 - 692,544 5,537,430 - 5,537,430 3,853,444 1,683,986 - 5,537,430 922,317,263 3,589,922 3,114,115 922,793,070 269,308,204 56,225,995 824,743 324,709,456	Vehicles	8,056			8,056	7,563	09		7,623	433	493
5,537,430 - - 5,537,430 3,853,444 1,683,986 - 5,537,430 922,317,263 3,589,922 3,114,115 922,793,070 269,308,204 56,225,995 824,743 324,709,456 922,317,263 48,116 1,99,645 922,317,263 217,263 217,263 246,225,995 824,743 324,709,456	Fork Lift	1,278,275			1,278,275	602,170	90,374	•	692,544	585,731	676,105
922,317,263 3,589,922 3,114,115 922,793,070 269,308,204 56,225,995 824,743 324,709,456	Intangible Assets	5,537,430	•	1	5,537,430	3,853,444	1,683,986	,	5,537,430	(0)	1,683,986
023 468 702 48 116 1 100 645 929 317 263 999 377 52 355 268 46 441 269 308 204	Total	922,317,263	3,589,922	3,114,115	922,793,070		56,225,995		324,709,456	598,083,614	653,009,059
	Previous Year	923,468,792	48,116	1,199,645	922,317,263	216,999,377	52,355,268	46,441	269,308,204	653,009,059	706,469,415



SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2006

PARTICULARS	As at	As at
	MARCH 31,2006	MARCH 31,2005
SCHEDULE - "F" INVESTMENTS-LONGTERM		
QUOTED		
22,300(P.Y. 22,300) Equity Shares of CMI Limited Sub Tol	44,600 tal (a) 44,600	44,600 44,600
UNQUOTED	(4)	
OTHERS	•	
Aksh Networks Limited	-	500,000
Nil (P.Y. 100,000) Equity Shares of Rs.5/- each		
Aksh Broadband Limited	105,700,000	105,700,000
2,204,000 (P.Y. 2,204,000) Equity Shares of Rs.5/- each	407 700 000	100,000,000
Sub To	tal (b) 105,700,000	106,200,000
GOVERNMENT SECURITIES		
National Saving Certificates	32,045	32,045
(Lodged with Government Department as Security Deposit)		
Kisan Vikas Patra	50,000	50,000
Sub To	()	82,045
Total (a	,	106,326,645 44,600
Less: Provision for Diminution in value of quoted Investments	44,600 105,782,045	106,282,045
SCHEDULE - "G" CURRENT ASSETS, LOANS & ADVANCES A. CURRENT ASSETS		•
a) INVENTORIES		
(As taken, valued & certified by Management)	20 924 796	57,642,309
i) Finished Goods	20,821,786 49,387,142	48,625,886
ii) Raw Material iii) Semi Finished Goods	20,200,104	21,880,596
iv) Scrap	37,751	16,556
v) Packing Material & Others	1,226,352	1,748,409
vi) Spare Parts	6,750,307	7,563,178
vii) Consumable Stores	10,537,724	9,496,078
viii)Trading Stocks	841,400	433,007
ix) Goods in Transit	, ·	5,267,807
Sub To	tal (a) 109,802,566	152,673,826
b) SUNDRY DEBTORS(UNSECURED)		
i) Debts outstanding for a period exceeding six months		
a) Considerd Good 7,95	55,209	63,706,287
	93,647	36,904,588
·	18,856	100,610,875
	93,647 7,955,209	36,904,588
ii) Others(Considered Good)	188,803,473	
Sub To	tal (b) 196,758,682	89,936,189



SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH,2006

PART	TICULARS		As at MARCH 31,2006	As at MARCH 31,2005
	c) CASH & BANK BALANCES			
	i) Cash in hand		45,733	42,216
	ii) Cheques in hand		56,928,904	142,015
	iii) Foreign currency in hand		35,053	10,245
	iv) FDRs with Scheduled Bank *	-	10,961,532	9,603,689
	v) Margin Money		216,378	-,,
	vi) In Current Account with Scheduled Banks		490,231	1,144,692
	*Pledged against Margin Money	Sub Total (c)	68,677,831	10,942,857
	r ledged against Margin Money	oub lotal (c)	00,077,031	10,542,007
	d) OTHER CURRENT ASSETS	•	05.007	444.504
	i) Interest Accrued on FDRs		65,967	144,561
	ii) Insurance Claim Recoverable	a . -	218,159	31,224
		Sub Total (d)	284,126	175,785
		Total "A"(a+b+c+d)	375,523,205	253,728,657
3.	LOANS & ADVANCES			
	(Unsecured, Considered Good)			
	a) Advances Recoverable in cash			
	or in kind for value to be received		22,281,955	18,428,277
	b) Loan (Aksh Networks Ltd)		-	153,343
	c) Prepaid Taxes		13,951,518	497,761
	d) MAT Credit Entitlement		12,872,800	
	-,	Total "B"	49,106,273	19,079,381
		Total (A+B)	424,629,478	272,808,038
		rotar (rt-b)		
	EDULE - "H" RENT LIABILITIES & PROVISIONS CURRENT LIABILITIES			
	a) Sundry Creditors		91,404,739	77,172,745
	b) Other Liabilities		15,222,111	18,475,246
	c) Advance From Customers		4,562,994	1,992,862
	d) Retention Money & Security Deposit		699,008	2,207,339
			111,888,852	99,848,192
3	PROVISIONS			
	a) Provision for Retirement Benefits			
	Balance b/f		4,325,482	3,239,796
	Add: Provision during the year		1,423,426	1,478,478
	Less: Paid during the year		1,108,502	392,792
			4,640,406	4,325,482
	b) Fringe Benefit Tax		312,531	•
	c) Provision for income tax		12,872,800	
	d) Proposed Dividend		38,566,311	•
	e) Dividend Distribution tax		5,408,925	
	,	Total (B)	61,800,973	4,325,482
		(- /	173,689,825	104,173,674
1ISC	EDULE - "I" ELLANEOUS EXPENDITURE ne extent not written off or adjusted) a) CAPITAL ISSUE EXPENSES			
	As per last Balance Sheet		60,000	589,193
	Less: Written off during the year	r.	60,000	529,193
	,	Sub Total (a)		60,000
	b) DEFERRED REVENUE EXPENDITURE		2 022 042	£ 740 4£.
	As per last Balance Sheet		3,922,942	6,718,164
	Less: Written off during the year		2,613,780	2,795,222
	•	Sub Total (b)	1,309,162	
		Total (a+b)	1,309,162	3,982,942



SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2006

PARTICULARS	As at	As at
	MARCH 31,2006	MARCH 31,2005
SCHEDULE - "J"		
MISCELLANEOUS INCOME		
Interest on Fixed Deposits ·	528,771	819,895
(Tax Deducted at Source Rs.117,986/-(P.Y.Rs.120,803/-)		
Foreign Exchange Fluctuations	-	1,332,301
Dividend	4,408,000	-
Profit on Sale of Assets	-	163,065
Profit on sale of Investment	500,000	131,971
Prior Period Income	-	206,302
Provision for Doubtful Debts Written Back	35,510,941	-
Other Income	1,196,168	18,72,598
	42,143,880	4,526,132
SCHEDULE - "K"		
MANUFACTURING EXPENSES		
Raw Material Consumed	529,317,552	193,079,662
Trading Purchases	10,278,760	. 468,152
(Increase)/Decrease in stock	38,071,427	(31,311,580)
Store & Hardware Consumed	9,654,769	5,725,475
Job Charges	87,604	217,592
Wages, Salaries & Bonus	13,947,571	10,841,730
Contribution to Provident & Other Funds	1,266,115	1,117,995
Employees Welfare	1,285,016	756,263
Excise Duty	(4,905,832)	2,582,508
Freight & Cartage	3,906,247	3,798,098
Insurance	2,315,937	2,419,595
Packing Material Consumed	19,996,181	7,377,813
Power & Fuel	23,620,625	11,304,389
Repair & Maintenance		
-Plant & Machinery	1,920,459	1,010,875
Testing Charges	674,481	1,186,474
	651,436,912	210,575,041

annual report 2005-06

PARTICULARS	As at	As at
	MARCH 31,2006	MARCH 31,2005
SCHEDULE - "L"		
ADMINISTRATIVE & SELLING EXPENSES		
Salaries & Bonus	9,272,595	7,285,846
Contribution to Provident & Other Funds	786,012	622,238
Employees Welfare	533,935	473,54 7
Directors' Remuneration	9,958,122	9,104,984
Travelling & Conveyance	2,641,779	2,438, 7 56
Postage & Telephone	1,370,366	1,203,001
Insurance	211,559	118,010
Provision for Diminution in value of Investments		44,600
Foreign Exchange Fluctuations	558,115	-
Rent, Rates & Taxes	1,576,076	1,337,313
Professional & Legal Expenses	3,604,895	1,653,517
Repair & Maintenance		
- Buildings	475,421	835,115
- Others	789,536	455,602
Marketing & Service Charges	8,540,424	8,351,480
Discount & Rebate	8,848,235	6,562,702
Freight & Cartage (Outward)	4,607,397	3,224,307
Auditors' Remuneration	709,850	428,412
Other Expenses	4,353,642	3,504,821
	58,837,959	47,644,251
SCHEDULE - "M"		
FINANCIAL EXPENSES		
Bank Charges	4,864,715	4,747,346
Interest on Fixed Loans	6,041,604	7 ,677,161
Interest on Debentures	12,229,298	19,383,635
Interest Others	12,865,488	13,184,480
	36,001,105	44,992,622



SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2006 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, set out below:

a) Basis of Accounting

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

b) Revenue Recognition

- (i) Revenue from sale of goods is recognized when all significant risks 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 recognised 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 or construction less accumulated depreciation. Cost includes any borrowing costs directly attributable to the acquisition/ construction of fixed assets that necessarily take a substantial period of time to get ready for their intended use.
- (ii) Exchange difference arising on account of liabilities incurred for acquisition or construction 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, 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

Depreciation on Building, Plant and Machinery and Other Fixed Assets (except leasehold land and intangible assets-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.

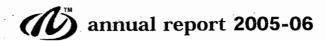
Extra shift depreciation is charged on the basis of actual extra shifts worked as required by Schedule XIV of the Companies Act, 1956.

Cost of leasehold land is amortized over lease term on a straight-line basis.

Cost of intangible assets-software is amortised over its estimated 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 recognised 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 recognised 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 a long-term investments is made 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 stocks, packing material and stores and spare parts are valued at the lower of cost and net realizable 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 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 comparision of cost and relisable value is made on an item-by-item basis.
- (iv) Net realisable 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 the related finished products will exceeds their net realisable value.

i) Retirement Benefits

- (i) 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.
- (ii) The liability of the company for gratuity, a defined retirement benefit plan is determined by actuarial valuation carried out by an independent actuary. 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 date of the transaction. In case of liabilities incurred for the acquisition or construction of fixed assets, the loss or gain on restatement of liabilities (at the rates prevailing at the year end) or on settlement 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 the profit & loss account of the year of restatement /settlement. In the case of forward contract, that relates to operating transaction, difference between forward rates and spot rates on the date of transaction (i.e. forward premium & discount) is recognized as income or expense 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. Should the company have unabsorbed depreciation or carried forward losses under taxation laws, a much stricter test, viz, virtual certainty of realisation, is to be applied for recognition of any deferred tax assets. Deferred tax assets are reviewed for the continuing appropriateness of their recognition as assets 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 realisation.



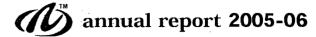
I) Miscellaneous Expenditure

- (i) Expenditure on issue of shares up to the year ending 31.03.2000 is being amortized over the period as prescribed under section 35D of the Income-tax Act, 1961. Expenditure on issue of shares after 31.03.2000 is adjusted against Share Premium account.
- ii) Expenditure on issue of debentures and other ancillary costs of borrowings are amortized over the period of the related borrowings.

2. NOTES TO ACCOUNTS

2.1 Contingent Liabilities not provided for:

- In respect of guarantees and letters of credit issued by bank and outstanding as at 31st March 2006 Rs. 390.84 Lacs net of margin (P.Y. Rs. 491.92 Lacs).
- b. The company has executed bonds aggregating to Rs. 6,712.00 Lacs in favour of Jurisdictional Deputy Commissioner of Customs, against Import of Capital Goods at concessional rates under EPCG scheme for which the Company has agreed to fulfill Export obligation for Rs.16,269.76 Lacs within a period of eight years from the date of issue of respective EPCG licence. The total outstanding export obligation as on 31st March,2006 is Rs. 1,903.64 Lacs and liability in respect thereof till the year ended 31st March, 2006 is Rs. 208.34 Lacs.
- c. Corporate Guarantee executed by the Company in favour of Corporation Bank for credit facilities sanctioned to Aksh Broadband Limited, an associate company amounting to Rs. 2,198.00 Lacs.
- d. In respect of Excise Duty Cenvat on Capital Goods of Rs 19,893/- (P.Y. Rs. 19,893/-) disputed by Central Excise Authorities, appeal is pending before Hon'ble Supreme Court.
- e. In respect of Custom Duty on import of certain raw materials for Rs 1,461,186/- (P.Y. Rs.Nil) disputed by Central Excise & Custom Authorities against which representation has been made to Deputy Commissioner of Customs.
- f. In respect of excise duty of Rs. 690,136/- (P.Y. Rs. 690,136/-) on account of goods issued for captive consumption in R & D division in the same factory, Company has filed necessary appeal with appropriate authority.
- g. In respect of service tax levied by Deputy Commissioner, Central Excise Division for Rs. 1,501,650/- (P.Y. Rs. 1,501,650) on account of Technical Know How transfer, appeal filed with appropriate authority.
- h. In respect of service tax demand on account of interest and penalty on goods transport operator service of Rs 23,600/- (P.Y Rs. Nil.) disputed by Central Excise Authorities, Company has filed necessary appeal with appropriate authority.
- I. In respect of excise duty of Rs. 143,558/- (P.Y. Rs. 143,558/-) on account of supplementary invoices raised to BSNL, Company has filed appeal with appropriate authority.
- J. In respect of sales tax levied by Commercial Tax Officer (Rajasthan) of Rs. 7,111,596/- (P.Y. Rs. 7,111,596) for the financial year 2001-2002, Company has filed representation with appropriate authority.
- k. In respect of penalty levied by Commercial Tax Officer (Rajasthan) Rs. 211,734/- (P.Y. Rs. 211,734/-), representation has been filed with the concerned authority.
- I. In respect of additional liability of sales tax Rs. 12,247/- (P.Y. Rs.12,247/-) pertaining to Plant- II, Company has filed appeal with appropriate authority.
- m. In respect of development and service charges claimed by RIICO for Rs 745,757/- (P.Y. Rs 745,757/-), representation has been filed with the concerned department.
- n. In respect of excise duty of Rs. 336,754/- (P.Y. Rs. 3,754,330) on account of difference of duty on goods sold/ transferred by M/s Telecord (India) Private Limited to the Company, appeal has been filed with appropriate authority.
- In respect of demand notice from Office of the Dy. Collector, Stamp Valuation Cell, Mehsana (Gujrat) regarding deficiency in stamp duty, penalty and registration fees aggregating to Rs.37,259,275/- for which representation is being made with appropriate authority.



2.2 Breakup of Deferred Tax Assets and Deferred Tax Liabilities:

Deferred Ta	x Assets	March 31, 2006	March 31,2005
Busine	orbed Depreciation/ ss Loss	30,096,897	96,125,121
Leave	on for Gratuity/ encashment on for doubtful debts	1,561,961 469,101 —	1,455,957 12,422,084 1,648,377
Deferred Ta	x Liabilities	March 31, 2006	March 31,2005
a. Fixed a	Assets	106,805,862 —	112,118,867

2.3 Related Party Disclosures

- (A) The company is not a subsidiary of any other company nor does it have any subsidiary.
- (B) Names of related parties with whom transactions have taken place during the year:
 - a) Joint Venture & Associates
 - Aksh Broadband Limited
 - Aksh Networks Limited
 - APAKSH Broadband Limited
 - b) Individual owning significant shareholding and occupying key management position and his relative
 - Dr. Kailash S. Choudhari
 - Mrs. Seema Choudhari
 - c) Other Key Management person
 - Mr. B.R.Rakhecha
 - d) Enterprises over which personnel referred in b & c aforementioned are able to exercise significant influence -Nil

Related Party Transactions

(Rs. In Lacs)

Particulars	Related Parties as defined above			
	а	b	С	Total
Sale of goods	5,736.34			5,736.34
Purchase of goods and material	0.15			0.15
Rent paid		22.80		22.80
Directors' remuneration		55.26	21.40	76.66
Provision for doubtful debts written back	355.11			355.11
Re-imbursement of expenses	2.48			2.48
Total	6,094.08	78.06	21.40	6,193.54
Balance as on 31.03.2006				
Due from	1,707.65			1,707.65
Due to				
PREVIOUS YEAR				
Sale of goods	18.82			18.82
Purchases of goods and material	0.57			0.57
Interest received	1.94			1.94
Rent paid	•	22.80	40.00	22.80
Directors' remuneration	100.10	48.50	19.60	68.10
Sales Return	466.13			466.13
Provision for doubtful debts	355.11			355.11
Total	842.57	71.30	19.60	933.47
Balance as on 31.03.2005				
Due from	889.30			889.30
Due to		1.49	0.82	2.31

^{2.4} The company operates in only one segment i.e. telecom cables. Hence, the company has no segment as defined in Accounting Standard 17 issued by The Institute of Chartered Accountants of India.



2.5 Basic and diluted earning per share:

_		_	_		_	
Α.	Computation	of	Basic	Earning	Per Share	9

		31st March 2006	31st March, 2005
a)	Calculation of Weighted Average Number of Equity Shares Rs. 5/- each		
	Number of shares at the		
	beginning of the year	22,037,892	22,037,892
	Shares issued during the year	-	-
	Total Number of Equity Shares outstanding		
	at the end of the year	22,037,892	22,037,892
	Weighted Average No. of Equity		
	Outstanding during the year	22,037,892	22,037,892
			(Amount in Rs.)
b)	Net Profit /(Net Loss) after tax		
	available for Equity shareholders	148,281,681	(32,387,298)
c)	Earning per Share (Basic & Diluted)	6.73	(1.47)
_			

- B. The company has no outstanding potential equity shares. Hence, Diluted Earning Per Share figures are the same as Basic Earning Per Share figures.
- 2.6 Disclosure pursuant to clause 32 of listing agreement:

The company has not made any loans or advances in the nature of loans to subsidiary, associates or others (P.Y.Rs.153,343/-).

2.7 Sundry Debtors include amounts dues from Aksh Broadband Limited, a company under the same management. (Amount in Rs.)

	Current Year	Previous Year
Debts- considered good	170,720,798	53,266,190
Debts-considered doubtful		35,510,941
Provision for doubtful debts		35,510,941

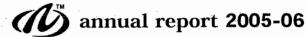
- 2.8 Fixed assets have been decreased during the year by a sum of Rs. 589,372/- (P.Y. Rs. 722,749/-) on account of foreign exchange rate fluctuations.
- 2.9 Maximum amounts due from Directors at any time during the year Rs. Nil (P.Y. Rs.Nil).
- 2.10 Maximum amount due at any time during the year from Concerns/ Companies in which Directors and/ or their relatives are interested

 a) Aksh Broadband Ltd. 	Rs. 2,445.46 Lacs	(P.Y. Rs.1,414.47 Lacs)
b) Aksh Networks Ltd.	Rs. 1.53 Lacs	(P.Y. Rs.21.16 Lacs)
c) APAKSH Broadband Ltd	Rs 0.44 Lacs	(PY Rs. NII.)

- 2.11 Estimated amounts of Contracts remaining to be executed on Capital Account (Net of Advances) Rs. 1,272,693/- (P.Y. Rs. Nil).
- 2.12 Managerial remuneration paid to the Managing Director/ Whole-Time Director/ Non-executive Directors (Amount in Rs.)

Sidealite Directors	Current Year	Previous Year
Managing/Whole-time Directors		
Salary	6,180,000	5,400,000
Contribution to Provident and other funds	809,892	707,676
Perquisites*	2,956,230	2,982,308
* Including provision for retirement benefits Rs. 604,230/- Non-executive Directors	(P.Y.Rs. 642,308/-).	
Sitting fee	12,000	15,000

2.13 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 year.



2.14 Amount paid/ payable to Auditors	(Amount in Rs.,		
	Current Year	Previous Year	
a) Audit Fee	600,000	350,000	
b) Tax Matters	27,550	41,500	
c) Out of Pocket Expenses	42,564	31,735	
d) Certification Fee/Other Services	39.736	5.177	

- 2.15 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.
- 2.16 In the opinion of Board of Directors, none of the assets/cash generating units of the company is impaired.
- 2.17 There are no outstanding dues to small-scale industries at the Balance Sheet date.
- 2.18 Additional information pursuant to the provisions of paragraph 3, 4C, 4D of Part II of

SCHEDULE VI of the Companies Act. 1956.

			Current Year	Pr	evious Year
(A) Capacity & Production (a) Licenced Capacity		No	ot Applicable	No	t Applicable
(i) l	Installed Capacity Metal free Optical Fibre Cable (Kms) Duct Type, Armoured and Aerial		79,896		79,896
(ii) F (iii) (Proof Cable (Kms) Optical Fibre (Kms)		75,000 800,000		75,000 800,000 500,000
٠, ٠	Fibre Reinforced Plastic Rod (Kms) Production		500,000		500,000
(i) (Optical Fibre Cables (Kms) Fibre Reinforced Plastic Rod (Kms)		61,247 238,498		10,578 143,251
(B) Sales	3	Quantity	Value	Quantity	Value
			(Rs. In Lacs)		(Rs. In Lacs
٠,	Optical Fibre Cables* (Kms) Optical Fibre* (Kms)	62,953 18,613	8,982.23 86.51	9,088	2,239.09
(iii) I (iv) (Fibre Reinforced Plastic Rod* (Kms) Others (including cable accessories)	157,582	2,052.54 194.80	125,068	1,486.11 102.26
	*Excludes captive consumption		11,316.08		3,827.46
Acces	ng Purchases ssories & Tools (Nos.) Material Consumed	214,113	102.79	1,295	4.68
	al Fibre including Ribbon (Kms)	525,363	2,481.72	94,338	485.84
	HDPE, Nylon, MB, LSZH (MTs)	1,236	1,250.18	415 654,421	502.75 389.10
(iii) Glass (iv) Other	s Rovings (Kgs)	1,202,392	735.06 826.22	004,421	553.11
(IV) Guiloi	•		5293.18		1930.80
(F) Closi	ng Stock of Finished Goods/Product	te	5293.16		1930.00
` '	al Fiber Cables (Kms)	1,233	195.60	3,364	548.66
•	Reinforced Plastic Rod (Kms)	3,583	12.62	9,115	27.76
` '	Accessories (Nos)	2,657	8.41	1,694	4.33
(F) Open	ing Stock of Finished Goods/produc	ets			
(i) Optica	al Fiber Cables (Kms)	3,364	548.66	1,969	38 7 .20
` '.	Reinforced Plastic Rod (Kms)	9,115	27.76	1,161	11.72
(iii) Cable	Accessories (Nos)	1,694	4.33	5,086	7.08

Aksh Optifibre Limited

(G) Value and Percentage of Imported/ Indigenous Raw-Material Consumed	Value (Rs. Lacs)	%	Value (Rs Lacs)	%	
Imported	1,917.75	36.23	1,016.81	52.66	
Indigenous	3,375.43	63.77	913.99	47.34	
(H) Spare Parts & Components					
Imported	3.17	27.40	0.98	17.13	
Indigenous	8.40	72.60	4.74	82.87	
(I) Value of Imports on CIF Basis					
Raw Materials	1,903.58		1,020.44		
Spares, Components & others	17.42		6.70		
(J) Earnings in Foreign Exchange on Fo	Earnings in Foreign Exchange on FOB Basis				
Exports of Goods	749.73		414.45		
(K) Expenditure in Foreign Currency					
Travelling	0.93		1.97		
Sale Commission	3.43		3.27		

^{2.19} Previous Year's figures have been regrouped and/or rearranged to conform to those of current year'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

(Kailash S. Choudhari) Managing Director

(B.R.Rakhecha) Executive Director

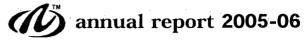
(P.C. BINDAL) Partner M.No. 82683

(S.K.Bansal) Process Associate (F&A) (Anurag Upadhyaya) Company Secretary

Place: Gurgaon

Date: 20th April,2006

^{2.20} All the figures stated in rupees are rounded off to nearest rupee.



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH,2006

(Rs in Lacs)

	2005-2006	2004-2005
Net profit/(Loss) before taxation & extraordinary item	2,228.05	(551.42)
Adjustment for:	•	•
Add		·
Depreciation	562.26	523.55
Miscellaneous exp written off	26.74	33.24
Provision for doubtful debt	-	369.05
Interest Expenses	311,36	402.45
Less		
Interest Income	(5.29)	(8.20)
Dividend Income	(44.08)	-
(Profit)\Loss on sale of Fixed Assets	(1.1.5.)	(1.63)
(Profit)\Loss on sale of Investment	(5.00)	(1.32)
Deminuition of Investment	(0.00)	0.45
Operating profit before working capital changes	3.074.04	766.17
Decrease(Increase) in Sundry Debtors	(1,068.22)	476.66
Decrease(Increase) in Other Assets	(38.09)	46.24
Decrease(Increase) in Inventories	428.71	(420.08)
Decrease)Increase in Sundry Creditors	123.56	386.65
Cash generated from operations	2,520.00	1,255.65
ncome Tax Paid Including Fringe Benefit Tax	(133.36)	(2.20)
Cash Flow from Operating activities(A)	2,386.64	1,253.45
Cash Flow from Investing activities	2,000.04	1,200.10
Purchase of Fixed Assets	(35.90)	(0.48)
Proceeds from Sale of Assets	22.89	13.16
Proceeds from Sale of Investment	10.00	1.85
TDS on Interest income	(1.18)	(1.21)
Interest Income	5.29	8.20
Dividend Income	44.08	0.20 -
Capital Work in progress including capital advances	(93.89)	_
Net Cash from Investing activities(B)	(48.71)	21.52
Cash Flow from Financing activities	(40.71)	21.02
Proceeds from short term borrowing	300.00	_
Repayment of long Term Borrowing	(1,621.90)	(399.82)
Repayment of short term borrowing	(77.32)	(372.72)
nterest paid	(311.36)	(402.45)
Proceeds from Inter Corporate Deposit	(50.00)	(76.83)
		(1,251.82)
Net Cash Flow from Financing activities(C) Net Increase in cash & cash equivalents(A+B+C)	(1,760.58) 577.35	23.15
Cash & Cash equivalents at beginning of period	109.43	86.28
Cash & Cash equivalents at end of period	686.78	109.43

For & on behalf of the Board of Directors

Kailash S. ChoudhariB.R RakhechaS.K BANSALAnurag UpadhyayaManaging DirectorExecutive DirectorProcess Associate(F&A)Company Secretary

AUDITORS' CERTIFICATE

We have examined the attached Cash Flow Statement of Aksh Optifibre Limited for the year ended 31st March,2006. 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 20th April, 2006 to the members of the Company.

For P.C. BINDAL & CO. Chartered Accountants

(P.C.Bindal) Partner M.No.82683

Place : Gurgaon Date : 20th April,2006



BALANCE SHEET ABSTRACT AND COMPANTS BUSINESS PROFILE						
I Registration Details	I Registration Details					
State Code:	1 7	Registration No.	0 0 0 1 6 1 3 2			
Balance Sheet Date:	3 1 0 3 2 0 0 6	e.				
II Capital Raised During the Yo	Date Month ear (Amount in Rs. Thousand	Year)				
Public Issue :	00000000	Rights Issue:	0000000			
Bonus Issue:	0 0 0 0 0 0 0 0	Private Placement	0 0 0 0 0 0 0			
III Position of Mobilisation and	d Deployment of Funds (Amour	nt in Rs. Thousand)				
Total Liability	0 0 9 6 8 6 1 3	Total Assets	0 0 9 6 8 6 1 3			
SOURCES OF FUNDS	0 0 1 1 0 1 8 9	Danama & Cumbus	0 0 5 9 1 4 1 6			
Paid – Up Capital:	0 0 1 1 0 1 8 9	Reserve & Surplus				
Secured Loans:	0 0 1 6 2 3 3 0	Unsecured Loans	0 0 0 3 0 0 0 0			
Deferred Tax Liabilities:	0 0 0 7 4 6 7 8					
APPLICATION OF FUNDS Net Fixed Assets:	0 0 6 1 0 5 8 2	Investments:	0 0 1 0 5 7 8 2			
Net Current Assets:	0 0 2 5 0 9 4 0	Misc. Expenditure:	0 0 0 0 1 3 0 9			
Accumulated Losses:	00000000					
IV Performance of Company (Amount in Rs. Thousnd)					
Turnover: (including other Income)	0 1 0 2 7 9 8 1	Total Expenditure :	0 0 8 0 5 1 7 6			
Profit/Loss before tax:	2 2 2 8 0 5	Profit/Loss after tax:	1 4 8 2 8 2			
Earning Per Share in Rs.	6 . 7 3	Dividend rate (%)	3 5 %			
V Generic Names of the Three Principal Products of Company						
Item Code No (ITC Code)	0 8 5 4 4 7 0 0 0	1				
Product Description	OPTICAL F	I B R E	CABLE			
Item Code No(ITC Code)	0 0 0 9 0 0 1 1 0	0 0				
Product Description	OPTICAL F	1 B R E				
Item Code No. (ITC Code)	0 0 0 0 0 3 9 1 6	9 0				
Product Description	F I B R E R E I	N F O R	CED			
	P L A S T I C R	O D S				
As per our report of even date For & on Behalf of the board of Directors						

For P.C.Bindal & Co. **Chartered Accountants**

P.C.Bindal Partner

M.No. 82683

Place : Gurgaon Date : 20th April 2006

Kailash S. Choudhari Managing Director

B.R.Rakhecha **Executive Director**

S.K. Bansal Process Associate (F& A) Anurag Upadhyaya Company Secretary