



AKSH OPTIFIBRE LIMITED



25TH

ANNUAL REPORT
2011-2012

OPTICAL FIBRE CABLES FOR EVERY NEED



AKSH OPTIFIBRE LIMITED

J-1/1, B-1 Extension, Mohan Co-operative Industrial Estate, Mathura Road, New Delhi, INDIA
Telephone : +91-11-26991508, 1509 | Fax : +91-11-26991510
Email: aksh@amail.co.in | Website : www.akshoptifibre.com

Chairman

Dr. Kailash S. Choudhari

Whole Time Director

Mr. Chetan Choudhari

Directors

Mr. P.F. Sundesha
 Mr. B.R. Rakhecha
 Mr. Narendra Kumbhat
 Mr. Arun Sood
 Mr. Amrit Nath
 Mr. D. K. Mathur

Company Secretary

Mr. Gaurav Mehta

Auditors

P.C. Bindal & Co.

Bankers

Union Bank of India
 ICICI Bank Limited
 Punjab National Bank

Registrar and Transfer Agents

MCS Limited, F-65, First floor,
 Okhla Industrial Estate, Phase-I, New Delhi-
 110020

Registered Office

F-1080, RIICO Industrial Area, Bhiwadi,
 Rajasthan-301019.

Corporate Office

J-1/1, B-1 Extension, MCIE, Mathura Road,
 New Delhi-110044.

Network Operating Centers
Delhi

A-16, MCIE, Mathura Road, New Delhi-44.

Chandigarh

SCO-186 Sector-38 C&D, Chandigarh-36.

Jaipur

M-18 Flatted Software Complex, EPIP Jaipur -22.

Mumbai

702, Corporate Arena, Kamla Nagar Road, Behind
 Mahindra Gardens off S.V. Road, Goregaon (W)
 Mumbai-400 062.

Plant Locations:
Fibre & Cable Division, Bhiwadi

F-1075-1081, RIICO Industrial Area, Phase-III
 Bhiwadi – 301 019(Rajasthan).

FRP & Cable Division, Reengus

A-58-59, Shree Khatu Shyam Ji Industrial Complex,
 Reengus, District Sikar (Rajasthan).

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IMPORTANT COMMUNICATION TO THE STAKEHOLDERS/MEMBERS

The Ministry of Corporate Affairs has taken a “Green Initiative in the Corporate Governance” by allowing paperless compliances by the Companies and has issued circulars stating that service of notice/ other documents including the Annual report can be sent by e- mail to its members. To support this green initiative of the government the Stakeholders/ Members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to fill the appropriate column in the following format :-

Name : e-mail Id :

Address :

DP ID :

Client ID :

Folio No :

No of equity shares held :
(in case of physical holdings)

Signatures :

and register the same with MCS Limited, F-65, First Floor, Okhla Indl. Area, Phase I, New Delhi- 110020(or) send the same to the Company Secretary, Aksh Optifibre Limited, J-1/1, B-1 Extn. Mohan Co-operative Industrial Estate, Mathura Road, New Delhi – 110044.

CHAIRMAN'S MESSAGE



Dear Shareholders,

It gives me immense pleasure to address you on the **25th – Silver Jubilee AGM** of your Company. This is a milestone event and I must admit pride, a sense of accomplishment and deep humility surrounding me. It is also a special occasion for me personally as I will be completing my 25 years of service to your Company in various capacities over the years. I will continue to serve your Company as long as I believe I am adding value to the Company and would like to hand over the reign in the very capable hands of younger generation in the near future.

Aksh founded in 1986 with a modest beginning as a copper cable manufacturing Company, with continuous innovations has grown steadily to become a technology leader and a global player in the Optical Fibre (OF), Optical Fibre Cables (OFC) & FRP rods manufacturing and is now knocking the doors of becoming an international technology and service provider in the Fibre to Home (FTTH) arena.

Relentless backward integration was the theme now being transformed in to forward integration. From being a global supplier of products we now look forward to establishing a global presence by establishing new plants and providing services internationally.

Developing unique products such as interconnecting cables, ceramic armoured cables for Solar and Windmill operations and Air blown FTTH cables for FTTH solution has paved the way for Aksh becoming “**Star Export House**” with export turnover in excess of 75% to 60 countries across 6 continents like Japan, China, USA etc making the Company a unique Indian Company to do so.

On the domestic front the Company's turnover continues to grow robustly as in the telecom field voice revenue moves to data revenue and wireless connectivity to Fibre connectivity. If the last decade was wireless the next decade will be Optical Fibre with government initiative to connect villages. Moreover the increased usage of smartphones, Tablet PCs and proliferation of high bandwidth devices will necessitate OFC deployment. Projects like Aadhar and direct money transfers to bank accounts require OF initiatives.

I am glad to say that the cultural evolution of Aksh has matched the technical growth with excellent and path breaking HR practices, Corporate Governance and fair practices recognized through various awards.

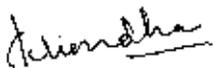
Aksh has developed soft IPRs and has supervised the first commercial vertically integrated triple play FTTH service outside India showing exceptional technology transfer and training skillset.

The next decade will see rapid globalization of Aksh and the fruits of same shall be available to all the stakeholders.

I take this opportunity to thank all the shareholders for their continued trust in the Board of Directors and the Management. I would also like to thank all the members of the Board, business associates, employees, vendors, suppliers, Government agencies and lenders who have always supported the Company.

I have always believed that people are the key to achieve the corporate goals and with the volatility in the global economy, people need to constantly improve their competencies to meet these challenges. Your Company continues to pay a lot of emphasis on their developments.

With best wishes,



Dr. Kailash S Choudhari
(Chairman)

DIRECTOR'S REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the 25th Annual Report together with the audited statement of accounts for the financial year ended 31st March, 2012.

FINANCIAL RESULTS

The financial performance of the Company, for the financial year ended March 31, 2012 is summarized below:

Particulars	(Rs. in Lacs)	
	F.Y. ended 2011-2012	F.Y. ended 2010-2011
Turnover	18885.94	508.55
Profit / (Loss) before Interest, Depreciation and Tax	3043.77	(1,461.26)
Finance Cost	534.81	245.42
Depreciation	1330.09	919.34
Profit/ (Loss) before Tax	1178.87	(2,626.02)
Provision for Tax		
- Deferred tax Assets Reversed	109.91	2,155.12
Net Profit / (Loss) after Tax	1068.96	(4,781.14)

OPERATIONAL REVIEW

Figures for the current year are inclusive of erstwhile Aksh Technologies Limited (ATL), wholly owned subsidiary of the Company amalgamated with the Company with effect from April 1, 2011, the appointed date and are therefore not comparable with the previous year. During the year under review, your Company achieved a gross turnover of Rs. 18885.94 Lacs and registered a net profit after tax of Rs. 1068.96 Lacs. The profit is attributed due to overall improved performance from the manufacturing division of the Company.

Your Company successfully expanded market globally to prepare for a better future, in line with the strategic objective of global leadership; we further expanded our market presence in new geographies like America, Malaysia and Bhutan. Your Company is now globally recognized for high quality FRP (Fibre Reinforced Plastic) Rods, ARP (Aramid Reinforced Plastic) rods and OFC

Your Company has one of the largest subscriber base of IPTV Customers, in India IPTV has gained much momentum in the recent years after the introduction of bundled services in the form of triple play or quadruple play together with the development of the interactive TV platform which has revolutionized the TV market. In addition, services such as time shift TV experience, in which your Company is pioneer, have encouraged TV households to shift from their existing TV platforms to IPTV. The company is also the leader in the FTTH (Fibre- To – The – Home) Segment and has consolidated its spot by starting its FTTH services in Jaipur, Ajmer, Faridabad and Ambala.

The detailed analysis of Company's operations and segment wise performance is covered under Management Discussion & Analysis Report.

FUTURE OUTLOOK

As per CRU estimates, the global fibre demand last year was about 215 mn fkm which is highest ever showcasing the growth of 10% over previous year. Indian OFC market has grown at a growth rate of 11.4% over previous year and is expected to grow at a CAGR of 12.5%. The growth in networks based on optical fibre cable is likely to pick up speed over the next few years, making India one of the fastest growing markets in this area. The growth in fibre can also be correlated to the growth in global bandwidth. As more and more data gets consumed, the bandwidth requirement continues to increase which in turn put strain on existing network and paving the way for optical fibre which only can support high data traffic flow.

IPTV in India has a better future given the availability of integrated services such as broadband internet, TV and telephone services under a single package or scheme that too at a reasonable price or a price which is comparatively less than the cost involved in subscribing for internet, broadcast TV and telephone services individually.

DIVIDEND

In the absence of the divisible profits during the current year, your Directors are unable to recommend any dividend for the year under review.

MERGER

Aksh Technologies Limited, a wholly owned subsidiary of the Company has merged with your Company pursuant to order of Hon'ble High Court of Rajasthan, Jaipur dated November 8, 2012 which became effective on November 24, 2012 upon filing the certified copy of the order with the Registrar of Companies, Jaipur. The appointed date of Merger is April 1, 2011. The merger of Aksh Technologies Limited, with your Company would make the Company a leading diversified optical fibre manufacturer and IPTV service provider Company. This merger will also provide a greater scale and financial capability to capture future growth opportunities with a potential to realise operating and strategic synergies across the regions.

SUBSIDIARY COMPANIES

During the year under review, the Company has incorporated one Step-down Wholly Owned Overseas subsidiary namely AOL PROJECTS-JLT incorporated in Jumeirah Lakes Towers, Multi Commodities Centre, Dubai (U.A.E). AOL Projects JLT is direct wholly owned subsidiary of AOL FZE, Dubai.

As on date the Company has one Indian, viz., APAKSH Broadband Limited and one Wholly Owned Overseas Subsidiary AOL-FZE, incorporated in SAIF Zone, Sharjah Dubai (U.A.E) with one step down Wholly Owned Overseas subsidiary namely AOL PROJECTS-JLT.

The Statement pursuant to Section 212 of the Companies Act, 1956, form part of financial statements is annexed herewith. The Audited Statements of Accounts along with the Report of the Board of Directors and Auditors' Report thereon on the Subsidiary Companies have not been annexed in terms of general exemption granted by the Ministry of Company Affairs vide its circular no. 2/2011 dated February 8, 2011. The relevant documents of the Subsidiary Companies will be made available to any member of the Company who may be interested in obtaining the same. The annual accounts of the Subsidiary Companies will be available for inspection during business hours at the Registered Office of the Company.

CONSOLIDATED FINANCIAL STATEMENTS

As provided in the Accounting Standard (AS-21) issued by The Institute of Chartered Accountants of India (ICAI) on consolidated financial statements, the consolidated financial statements are attached which form part of the Annual Report.

FIXED DEPOSITS

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

LISTING

The Equity Shares of the Company continue to be listed at The Bombay Stock Exchange Ltd and The National Stock Exchange Ltd. FCCBs and GDRs are listed at the Luxembourg Stock Exchange. The Listing Fee has been paid to all the stock exchanges.

DIRECTOR'S RESPONSIBILITY STATEMENT

It is hereby affirmed that:

1. in preparation of annual accounts, all applicable accounting standards have been followed,
2. the accounting policies of the Company have been consistently followed. Wherever circumstances demanded, estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period,
3. proper and sufficient care has been taken for maintenance of accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding assets of the Company and proper internal controls are in place for preventing and detecting frauds and other irregularities, and annual accounts have been prepared on a going concern basis.

RECOGNITION

The Company's manufacturing facilities continue to remain certified by independent and reputed external agency as being compliant as well as aligned with the external standards for Quality Management System ISO 9001:2008 and 1400:2004.

INDUSTRIAL RELATIONS

Industrial relations remained cordial throughout the year. Your Directors recognize and appreciate the sincerity and hard work, loyalty, dedicated efforts and contribution of all the employees in most difficult and challenging business environment during the year.

The Company continues to accord a very high priority to both industrial safety and environmental protection and these are ongoing process at the Company's plants.

DIRECTORS

In accordance with the requirements of the Companies Act, 1956 and the Articles of Association of the Company, Dr. Kailash S. Choudhari and Mr. D.K. Mathur, Directors will retire by rotation, and being eligible, have offered themselves for re-appointment.

CORPORATE GOVERNANCE

The Report on Corporate Governance along with the Certificate from the Statutory Auditors certifying the compliance of Corporate Governance enumerated in Clause 49 of the Listing Agreement with the Stock Exchanges is included in the Annual Report.

MANAGEMENT DISCUSSION AND ANALYSIS

The Report on Management Discussion and Analysis has been attached and forms part of the Annual report.

INFORMATION PURSUANT TO SECTION 217 (2A)

In terms of the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and amendments thereto, the names and other particulars of the employees are required to be set out in the Annexure to the Directors' Report. However, as per the provisions of Section 219(1)(b)(iv) of the Act, the report and accounts are being sent to all the Members excluding the aforesaid particulars. The complete Annual Report including this statement shall be made available for inspection by any Member during working hours for a period of 21 days before the date of the Annual General Meeting. Any Member interested in obtaining a copy of the said statement may write to the Company.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS & OUTGO

The information pursuant to Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 relating to the Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo are given in Annexure to this report.

AUDITORS' REPORT

The observation of Auditors and their report read with the relevant Notes to Accounts are self-explanatory and therefore do not require further explanation.

AUDITORS

M/s P. C. Bindal & Co., Chartered Accountants, holds the office as Auditors of your company till the conclusion of the 25th Annual General Meeting and has expressed their willingness

to be re-appointed. Their appointment, if made, would be within the limits specified under Section 224(1)(B) of the Companies Act, 1956.

COST AUDITORS

As per the requirement of the Central Government and pursuant to section 233B of the Companies Act, 1956, the Company is required to carry out the audit of the cost accounts. Accordingly, the Company has appointed M/s. K.G. Goyal & Associates, practicing cost accountants as Cost Auditors for conducting the audit of the Companies cost accounts for the financial year 2012-13.

EMPLOYEES STOCK PURCHASE SCHEME

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

ACKNOWLEDGEMENT

Your Directors take this opportunity to place on record their appreciation to the contribution made by the employees to the working of the company.

Your Directors also express gratitude to the Customers, Suppliers, Shareholders, Banks, Trade Partners, Service Partners and Investors for the confidence reposed in your Company and for their continued co-operation during the year under Report.

for & on behalf of the Board of Directors

Kailash S. Choudhari
Chairman

Place: New Delhi

Date : 26.11.2012

ANNEXURE 'A' TO THE DIRECTORS' REPORT

CONSERVATION OF ENERGY, RESEARCH & DEVELOPMENT, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS & OUTGO

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

Information as required 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 financial year ended 31st March, 2012 is as follows:

1.	CONSERVATION OF ENERGY	
a	Energy conservation measures taken	The Company is continuously engaged in the quest of energy conservation. It has adopted the following: i. Energy efficient AC motors. ii. Water chillers in place of VAM & oil based boilers. iii. LED lamps in place of conventional lamps.
b	Additional investments & proposals, if any, being implemented.	The company has invested approx. Rs. 45 Lacs for implementation of the above measures.
c	Impact of measures of a & b above for reduction of energy consumption & consequent impact on cost of production	The company has saved around 30- 35% in terms of energy costs and increased the production capacity by 10% -15%.
	Total energy consumption and energy consumption per unit of production as perform 'A' of the Annexure in respect of Industries specified in the schedule thereto	Not Applicable
2.	TECHNOLOGY ABSORPTION Research & Development (R&D)	
1.	Specific area in which R & D is carried by the Company	The Company is conducting R&D to make its services business more user effective. This has helped the company in cost reduction, increased quality checks, as well as increased market penetration of the Company, both domestic and at international levels.
2.	Benefits derived as a result of the above R&D	The company has developed : i. 1F/2F/4F low friction droplite cables for FTTH application. ii. 144 Fibre tripled layered stranding construction cables. iii. 144F micro armoured cables iv. 4F hybrid (Fibre & copper) cables for security systems. v. ARP Rods of higher sizes
3.	Future Plan of action	The Company would continue R&Ds for more customer awareness. Further, would develop: i. Higher fiber count ring marked cables & normal high count fibre cables. ii. Intrusion proof non-metallic optical fibre cables. iii. Carbon FRP, Flat Rods with more flexibility. iv. FRP Rods with UV curing technology. The Company is further exploring the possibility to tap international turnkey tenders involving Optical fibre cables.
4.	Expenditure on R & D. i) Capital ii) Recurring iii) Total iv) Total R & D Expenditure as a percentage of total turnover	The Company has not undertaken any major Expenditure on R&D.

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1	Efforts in brief, made through towards technology absorption, adaptation and innovation.	Not Applicable.
2	Benefits derived as a result of the above efforts, e.g., product improvement, cost reduction, product development, import substitution, etc.	Not Applicable
3	Information regarding Imported Technology: a. Technology imported b. Year of Import c. Has the technology been fully absorbed d. If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action.	None Not Applicable Not Applicable Not Applicable

3. FOREIGN EXCHANGE EARNINGS AND OUTGO

a.	Activities relating to exports; initiatives taken to increase exports; development of new export markets for products, services and export plans.	Participation in telecom exhibitions worldwide. Participation in all telecom tenders worldwide. Vendor registration in website portal of various telecom operators & promoting Aksh brand cables in international market and through exports.
b.	Total foreign exchange used and earned	The information of foreign exchange earnings and outflow is furnished in notes to accounts.

CORPORATE GOVERNANCE REPORT

CONTINUED DEDICATION TO CORPORATE FAIRNESS, TRANSPERENCY AND ACCOUNTABILITY

Your Company believes in conducting its affairs with the highest levels of integrity, proper authorisations, accountability, disclosure and transparency. The Company strongly believes in maintaining a simple and transparent corporate structure driven solely by business needs. Shareholders' interests are on utmost priority and the management is only a trustee to carry out the activities in a truthful and fruitful manner.

The details of the Corporate Governance Compliance by the Company as per the Clause 49 of the Listing Agreement entered into with Stock Exchanges are as under:

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

AKSH is committed to attain the highest levels of transparency, accountability and equity in all facets of its operations and in all its interactions with its shareholders, employees, government, lenders and the society at large. The underlying goal of the Company is to enhance its overall enterprise value and retain the trust and faith of all its valuable stakeholders, over a sustainable tenure.

Good Governance is an essential and integral part of corporate success and sustainable economic growth encouraging the efficient use of resources and equally to require accountability for the stewardship of those resources.

In addition to the adherence to its philosophy and values, the Company has also complied with the provisions of Clause 49 of the Listing Agreement of Stock Exchange, which deals with the compliance of Corporate Governance requirements. A detail, in line with the same is as follows.

2. THE BOARD OF DIRECTORS

Composition

The Board of Directors of your Company presently consists of 8 Directors, with 1 Promoter Director cum Non- Executive Chairman, 4 Independent Non-Executive Directors, 1 Whole Time Director and 2 Non-Independent Non-Executive Directors.

As per the statutory requirements of Clause 49 of the listing agreement, as entered with the Stock Exchanges none of the Directors on the Board of your Company are holding

directorships in more than 15 Public Companies and memberships of more than 10 Committees alongwith the Chairmanships of not more than 5 Committees across all the companies in which they are Directors. All the Non- Executive Directors on the Board of your Company are liable to retire by rotation unless otherwise specifically approved by the shareholders.

As per the statutory requirements of the listing agreement all the Independent Directors on the board of your Company are experienced and renowned persons from their respective fields. They take active part in the Board and Committee meetings which add value in the decision making process of the Board of Directors.

Board Functioning & Procedure

The Company believes that at the core of its corporate governance practice is the Board, which oversees how the management serves and protects the long-term interests of all stakeholders of the Company. An active, well-informed and independent Board is necessary to ensure the highest standards of corporate governance. The Company believes that composition of Board is conducive for making decisions expediently, with the benefit of a variety of perspectives and skills, and in the best interests of the Company as a whole rather than of individual shareholders or interest groups.

In accordance with the provisions of Clause 49 of the Listing Agreement, the Board meets at least once in every quarter to review the quarterly results and other items of agenda as required under Annexure 1A of Clause 49 of Listing Agreement, and if necessary, additional meetings are held. The Chairman of the Board and the Company Secretary discuss the items to be included in the agenda and the agenda is sent in advance to the Directors along with the draft of relevant documents and explanatory notes.

During the financial year ended on 31st March, 2012 the Board of Directors had **8 meetings** with not more than four months gap between any two meetings. The date of Board Meetings held during the year is as follows:

(i) 28th April, 2011 (ii) 21st May, 2011 (iii) 15th July, 2011 (iv) 22nd August, 2011 (v) 21st October, 2011 (vi) 27th January, 2012 (vii) 24th February, 2012 (viii) 20th March, 2012.

The Board of Directors granted leave of absence to the absentee Directors in the respective Board Meetings.

The category of the Board of Directors, their shareholding, attendance in Board Meeting and at the last Annual General Meeting, Number of other Directorships, Committee memberships and Chairmanships held by them as at 31st March, 2012 are given below:

Name	Category	Shares Held	No. of other Directorships*	No of other Committee positions held**		No. of Board Meetings attended during 2011-2012	Attendance at the 24 th Annual General Meeting held on 15 th July, 2011.
				Chairman	Member		
Dr. Kailash S. Choudhari	C-P-NE	1,95,92,700	2	Nil	1	8	Yes
Mr. Popat Lal F. Sundesha	NENI	52,80,060	3	Nil	1	3	No
Mr. D.K. Mathur	I	67,500	Nil	Nil	Nil	4	No
Mr.B.R. Rakhecha	NENI	Nil	2	Nil	1	8	Yes
Mr.Narendra Kumbhat	I	Nil	3	Nil	1	8	Yes
Mr. Arun Sood	I	Nil	1	Nil	Nil	5	No
Mr.Amrit Nath	I	Nil	Nil	Nil	Nil	8	No
Mr.Chetan Choudhari	WTD	745,864	2	Nil	Nil	8	Yes

C- Chairman, P- Promoter, NENI – Non -Executive Non -Independent, I – Independent. WTD- Whole Time Director.
***Directorships in private companies, foreign companies, associations & Section 25 companies are excluded.**

**** Only Audit and Shareholder's/ Investor's Grievance cum Share Transfer Committee of other companies are considered.**

Mr. Amrit Nath and Mr. Arun Sood, Directors of the Company are related to each other in terms of the definition of "Relative" given under the Companies Act, 1956. No other Director is related to other in terms of the definition of "Relative" given under the Companies Act, 1956.

Code of Conduct

The Board of Directors has adopted the Code of Conduct and Ethics for Directors and Senior Management personnel. The Code has also been posted on the Company's website www.akshoptifibre.com

The Code has been circulated to all the members of the Board and senior management personnel and the compliance with the Code of Conduct and Ethics is affirmed by them annually.

A declaration signed by the Whole Time Director of the Company is given below:

This is to certify that, to the best of my knowledge and belief, for the financial year ended on 31st March, 2012 all Board members and Senior Management Personnel have affirmed compliance with the code of Conduct for Directors and Senior Management respectively.

Chetan Choudhari

Date: 01.04.2012

Whole Time Director

Insider Trading Code

As per SEBI (Prevention of Insider Trading) Regulation, 1992 the Company has adopted a Code of Conduct for Prevention

of Insider Trading. All the Directors, employees at senior management level and other employees who could have access to the unpublished price sensitive information of the company are governed by this code. The Company has appointed Mr. Gaurav Mehta as Compliance Officer who is responsible for setting forth procedures and implementation of the code of conduct for trading in company's securities and during the under review there has been due compliance with the said code.

3. COMMITTEES OF DIRECTORS

A. AUDIT COMMITTEE

The terms of reference, role and scope are in line with those prescribed by Clause 49 of the Listing Agreement with the Stock Exchanges. The Company also complies with the provisions of Section 292A of the Companies Act, 1956 pertaining to Audit Committee and its functioning. The terms of reference of the Audit Committee and the powers vested in this committee as mentioned in the Corporate Governance Report for 2011-2012 are wide in scope and allow it the necessary latitude to discharge its duties efficiently and independently.

The Audit Committee is responsible for the effective supervision of the financial reporting process, reviewing with the management the financial statements and ensuring their compliance with accounting standards, listing agreement and other legal requirements, reviewing with the external auditors the internal control system, assessing their adequacy and ensuring compliance with internal controls; reviewing finding

of internal audit and ensuring follow up action on significant findings and reviewing quarterly, half yearly and annual accounts.

ROLE OF AUDIT COMMITTEE

The broad terms of reference of Audit Committee include inter-alia the following:-

- Review quarterly and annual financial statements before submission to the Board for approval;
- Discuss with Auditors about Internal Control System and to consider their observations and follow-up;
- Review of risk management policies and practices;
- Ensure compliance of Internal Control System;

- Investigate on any matter referred by the Board;
- Make recommendation to the Board on any matter relating to the financial management of the Company, including the Audit Report.

MEETING OF AUDIT COMMITTEE

During the period under review, **4 meetings** of the Audit Committee were held on the following dates:

- 21st May 2011
- 15th July, 2011
- 21st October, 2011
- 27th January, 2012

The composition and attendance of each of the member of Audit Committee as on 31st March, 2012 was as under:

Sl. No.	Name	Category	No. of Meetings attended
1.	Mr. Narendra Kumbhat	Member	4
2.	Mr. Popatlal F Sundesha	Member	3
3.	Mr. D.K. Mathur	Member	3
4.	Mr. Amrit Nath	Member	4

All the members of the Audit Committee are Independent and Non-Executive Directors, except Mr. Popatlal Fulchand Sundesha, who is Non Independent and Non Executive Director. All the members have sound knowledge of accounts, audit, finance, internal controls etc.

The Audit Committee invites such of the executives, as it considers appropriate (and particularly the head of the finance function) to be present at its meetings. The Chief Financial Officer attends the meetings. The Statutory Auditors are also invited to the meetings. There being no permanent Chairman of the Committee, the members elect one amongst themselves as Chairman of the meeting to preside over the same.

The Company Secretary acts as the Secretary of the Committee.

B. REMUNERATION COMMITTEE

The Board of Directors of the Company has constituted a Remuneration Committee comprising of 3 Non-Executive Directors of the Company majority being Independent viz Mr. P.F. Sundesha, Mr. Narendra Kumbhat and Mr. D. K. Mathur as on 31st March, 2012. The Board of Directors vide their resolution dated 10th August, 2012 have re-constituted the Remuneration Committee to constitute Mr. Amrit Nath, Mr. Narendra Kumbhat and Mr. D.K. Mathur, all being Independent Directors, as its new members. There being no permanent Chairman of the Committee, the members elect one amongst themselves as Chairman of the meeting to preside over the same. The Company Secretary acts as the Secretary of the Committee.

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

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

No meeting of the Remuneration Committee was held during the period under review.

Details of Director's Remuneration

During the period under review, the Non-Executive Directors of the Company were paid sitting fees only @ Rs.5,000/- per meeting for attending meetings of the Board of Directors and Audit Committee till 31st March, 2012. The Board of Directors of your Company in their meeting held on 05th May, 2012 has increased the amount of the sitting fees to Rs. 10,000/- per meeting for attending meetings of the Board of Directors and Audit Committee.

Executive Directors

During the period under review no remuneration was paid to the Executive Directors. Mr. Chetan Choudhari being the Whole Time Director of the Company was appointed on NIL Remuneration in Aksh Optifibre Limited.

C. SHAREHOLDER'S/ INVESTOR'S GRIEVANCE COMMITTEE

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

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

dividend warrants etc. Company Secretary is the compliance officer in this regard. No meeting of the Shareholders' Grievance Committee was held during the period under review.

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 processed and confirmations thereof are communicated to the investors within the prescribed time.

Investor's Services – complaints received till 31st March, 2012 Investor's Services – complaints received till 31st March, 2012

Particulars	Received	Attended to	Pending
Revalidation/Correction/ Non-Receipt of Dividend Warrant Annual Reports	NIL 11	NIL 11	NIL NIL

During the year under review SEBI vide its Circular Number: - CIR/OIAE/2/2011 dated 3rd June, 2011 has initiated SEBI (SCORES) with a purpose of processing the investor complaints against listed companies in SEBI complaints redress system through online mode. The Company has duly complied with the provisions of the aforesaid circular.

During the year under review no investor grievance was received or was pending in the SCORES account of the Company.

D. SHARE ALLOTMENT-CUM-TRANSFER COMMITTEE.

The Share Allotment -cum- Transfer Committee comprises of Dr. Kailash S. Choudhari, Mr. Satyendra Gupta and the Company Secretary, as its members. 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.

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.

During the period under review, No meeting of the Share Allotment –Cum- Transfer Committee were held.

E. ESPS COMPENSATION COMMITTEE.

The ESPS Compensation Committee comprises of Dr. Kailash S. Choudhari, as Chairman and Mr. Popatlal F Sundesha as Member. The ESPS Committee has the full and conclusive authority to determine the eligible employees of the Company to whom the Shares shall be granted under the terms and provisions of the Employees Stock Purchase Scheme; to interpret the Scheme; to prescribe, amend and rescind rules and regulations relating to the Scheme; to determine the terms and conditions of respective Grant letters and to make all other determinations necessary or advisable

for the proper administration of the Plan.

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

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

F. FINANCE COMMITTEE

The Finance Committee comprises of Dr. Kailash S. Choudhari, Mr. Popatlal F Sundesha, Mr. D. K. Mathur and Mr. Narendra Kumbhat as its members. There being no permanent Chairman of the Committee, the members elect one amongst themselves as Chairman of the meeting to preside over the same.

During the period under review, No meeting of the Finance Committee was held.

G. FCCB COMMITTEE

During the year under review a new FCCB Committee has been constituted by your Directors vide their resolution passed in their meeting held on 05th May, 2012. The idea behind constituting the new committee was to look after the issuance of new FCCBs as and when it is required alongwith to convert the existing FCCBs into the Equity Shares of the Company as and when the conversion request is received by the Company.

The FCCB Committee comprises of Mr. Chetan Choudhari, Whole Time Director and Mr. B.R. Rakhecha, Director as its present members.

Till the date of last reporting two meetings of the FCCB Committee were held.

4. GENERAL BODY MEETINGS

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

Year	Date of AGM	Venue	Time	Special Resolutions passed
2010-11	15.07.2011	F-1080, RIICO Industrial Area, Phase-III, Bhiwadi - 19 (Rajasthan)	11.00 A.M	ONE
2009-10	03.07.2010	F-1080, RIICO Industrial Area, Phase-III, Bhiwadi - 19 (Rajasthan).	11.00 A.M.	ONE
2007-09	25.07.2009	F-1080, RIICO Industrial Area, Phase-III, Bhiwadi - 19 (Rajasthan).	11:00 A.M.	-Nil-

Special Business in the AGM held on 15th July 2011:

Item no.1

Appointment of Mr. Chetan Choudhari as a Whole Time Director of the Company on NIL Remuneration.

5. DISCLOSURES

- During the financial 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.
- During the financial 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 Statutory Authority.
- All Mandatory requirements as per Clause 49 of the Listing Agreement have been complied with by the Company.
- The Company has in place a risk management mechanism to inform the Board members about the risk assessment & minimization procedures, the Board reviews the same from time to time.
- Other than transactions entered into in the normal

course of business, the Company has not entered into any materially significant related party transactions during the period, which could have a potential conflict of interest between the Company and its Promoters, Directors, Management and /or relatives.

- In terms of Clause 49(V) of the Listing Agreement, the Whole Time Director and the Chief Financial Officer made a certification to the Board of Directors in the prescribed format for the year under review which has been reviewed by the Audit Committee and taken on record by the Board.
- As regards the other Non-Mandatory requirements, the Board has taken cognizance of the same and shall adopt the same as and when necessary.

6. MEANS OF COMMUNICATION

The information like quarterly/half yearly/annual financial results, notices of board meetings are promptly submitted to the stock exchanges to enable them to put them on their websites and for the information of the members and investors. The financial results of the company, in the prescribed format, as per Clause 41 of the Listing Agreements are also posted on the Company's website www.akshoptifibre.com.

The Company has also published its 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
Annual Accounts as on March 31,2011	21 st May,2011	23 rd May,2011
April - June, 2011	15 th July,2011	16 th July, 2011
July - September, 2011	21 st October, 2011	22 nd October, 2011
October - December, 2011	27 th January, 2012	28 th January, 2012

Further in line with the circular no. NSE/LIST/C/2011 dated 29th September, 2011 of The National Stock ("NSE"), the Company has started uploading its quarterly Corporate Governance Report, quarterly Shareholding Patterns, its FCCBs conversion details etc. through NSE Electronic Application

System ("NEAPS"), a web based initiative taken by National Stock Exchanges for Listed Entities, in order to achieve the paperless documentation and to mitigate the time and cost factors involved in physical filings to the exchange.

7. SUBSIDIARY COMPANIES

As on 31st March, 2012 the Company had two Indian unlisted Subsidiaries i.e. M/s. APAKSH Broadband Limited and M/s. Aksh Technologies Limited, one wholly Owned Overseas Subsidiary Company i.e. M/s. AOL- FZE and one step-down wholly owned overseas subsidiary Company i.e. M/s. AOL Projects – JLT. M/s. Aksh Technologies Limited has been merged with your Company; vide order dated November 08, 2012 passed by Hon'ble Jaipur High Court. The above Scheme has become effective from November 24, 2012, the appointed date being April 01, 2011 upon filing the certified copy of the High Court order with the office of the Registrar of Companies, Jaipur.

As per the requirements of the Listing Agreement, the financial Statements of the Subsidiary Companies are reviewed by the Audit Committee of the Company. The Minutes of all the unlisted subsidiary companies are placed in the Board Meetings of the Company. The other requirements of the listing agreement with regard to subsidiary companies have been complied with.

8. DIRECTOR'S INFORMATION

As per the requirements of Clause 49(IV)(G)(i) of the Listing Agreements of both the exchanges, particulars of Directors seeking re-appointments at the forthcoming Annual General Meeting are given hereunder:-

Profile of Directors seeking Appointment/ Re-appointment:-

(i) **Dr. Kailash S. Choudhari**

Dr. Kailash S. Choudhari is a Non- Executive Chairman on the Board of your Company. Dr. Choudhari holds a M.B.B.S. degree from All India Institute of Medical Sciences, New Delhi. He was inducted as a Director on the Board of your company on 05th April, 1986. Dr. Choudhari is the Chairman of the ESPS Compensation Committee and a member of Shareholder's/ Investors Grievance Committee, Share Allotment-Cum-Transfer Committee and Finance Committee of your Company. Dr. Choudhari holds 19,592,700 Equity Shares and 1,25,000 GDRs of your Company. Currently Dr. Choudhari is also a Director on the Board of the Companies as given below:-

S. No.	Names of the Companies
1.	M/s. APAKSH Broadband Limited
2.	AOL-FZE, Dubai (Overseas Subsidiary)

(ii) **Mr. D.K. Mathur**

Mr. D.K. Mathur is a Non- Executive Independent Director on the Board of your Company. Mr. Mathur is an MBA (Marketing) by qualification. He was inducted as a Director on the Board of

your Company on 20th December, 2005. Mr. Mathur is a member of Audit, Remuneration and Finance committee of your Company. Mr. Mathur holds 67,500 Equity Shares of your company. Currently Mr. Mathur is also a Director on the Board of the Companies as given below:-

S. No.	Names of the Companies
1.	M/s. Akriti Creations Private Limited
2.	M/s. Rajasthan Trunk Factory Private Limited
3.	M/s. RTF Promoters & Builders Private Limited
4.	M/s. T.V. Promoters & Builders Private Limited
5.	M/s. New Age Gardens Private Limited
6.	M/s. Photos India Private Limited

(iii) **Mr. Chetan Choudhari**

Mr. Chetan Choudhari is a Whole Time Director on the Board of your Company. He was also working as the Chief Executive Officer of M/s. Aksh Technologies Limited, Wholly Owned Subsidiary of your Company before its merger with your Company w.e.f. 24th November, 2012. Mr. Choudhari is B.E. (Electronics) by qualification. He was appointed as a Whole Time Director of your Company on 01st September, 2010. Mr. Choudhari holds 7,45,864 Equity Shares of your Company. Mr. Choudhari is also a Director on the Board of the Companies as given below:-

S. No.	Names of the Companies
1.	M/s. APAKSH Broadband Limited
2.	M/s. New Generation Networks Limited

9. GENERAL SHAREHOLDER'S INFORMATION

Registered Office

F – 1080, RIICO Industrial Area, Phase – III, Bhiwadi – 301 019 (Rajasthan).

Address of Correspondence

J-1/1, B-1 Extension, Mohan Co-operative Industrial Estate, Mathura Road, New Delhi – 110044.

Compliance Officer and Contact Address:

Mr. Gaurav Mehta
 Company Secretary
 Aksh Optifibre Limited
 J-1/1, B-1 Extension, Mohan Co-operative Industrial Estate
 Mathura Road, New Delhi – 110044.
 Telephone : 91-11 – 26991508/1509, Fax : 91-11-26991510.
 e-mail : gaurav@akshoptifibre.com

9.1 Annual General Meeting

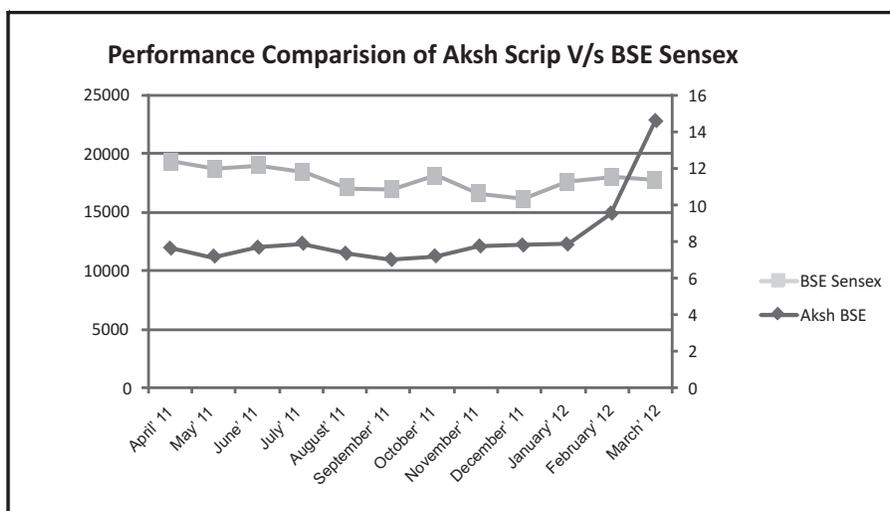
1.	Date, Time and Venue of the Annual General Meeting	31 st December, 2012 at 11.30 A.M., at the Registered Office of the Company, at F-1080, RIICO Indl. Area, Phase-III, Bhiwadi – 301 019 (Rajasthan)
2.	Financial Calendar	1 st April, 2011 to 31 st March, 2012
3.	Book Closure Dates	24 th December, 2012 to 31 st December, 2012 (both days Inclusive)
4.	Dividend Payment Date	Not Applicable
5.	Listing on Stock Exchanges	
(A)	Equity Shares	Stock Code/Symbol
	The Bombay Stock Exchange Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 01. Website: www.bseindia.com.	'532351'
	The National Stock Exchange of India Ltd. Exchange Plaza, 5th Floor, Plot No. C/1, "G Block" Bandra Kurla Complex, Bandra (E), Mumbai - 400051. Website: www.nseindia.com.	'AKSHOPTFBR'
(B)	GDRs & FCCBs	The GDRs & FCCBs of the Company are Listed under the EURO MTF Platform of Luxembourg Stock Exchange, Societe de la Bourse de Luxembourg, Avenue, Luxembourg.
6.	ISIN Code for the Company's Equity Shares	INE523B01011
7.	Corporate Identification Number(CIN)	L24305RJ1986PLC016132
8.	Listing Fees	The Company has paid listing fees to The Bombay Stock Exchange (BSE) and to The National Stock Exchange of India Ltd (NSE), where the Shares of the Company are Listed.
9.	Share Transfer Agents	MCS Limited F-65, First Floor, Okhla Indl. Area, Phase I, New Delhi - 110020 Tel: 011 - 26384909-10 Fax: 011 - 26384907 E-mail: mcsdel@del6.vsnl.net.in
10.	Investor queries/request for transfer, transmission, issue of duplicate certificates etc to be sent	M/s. MCS Limited

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

9.2 Market Price Data

Monthly high/ low/ close prices of the shares of the Company as traded at The Bombay Stock Exchange, Limited, Mumbai (BSE) and monthly high/ low/ close prices of the BSE Sensex during the financial year under review.

Date	AKSH BSE PRICE(Rs.)			BSE SENSEX (Rs.)		
	High	Low	Month Close	High	Low	Month Close
April 2011	8.79	5.95	7.42	19811.14	18976.19	19135.96
May 2011	7.49	5.53	6.29	19253.87	17786.13	18503.28
June 2011	7.28	6.27	6.81	18873.39	17314.38	18845.87
July 2011	7.36	6.71	7.04	19131.70	18131.86	18197.20
August 2011	7.10	5.90	6.48	18440.07	15765.53	16676.75
September 2011	7.10	5.80	6.05	17211.80	15801.01	16453.76
October 2011	6.75	5.93	6.26	17908.13	15745.43	17705.01
November 2011	7.00	5.80	6.90	17702.26	15478.69	16123.46
December 2011	8.20	6.10	6.98	17003.71	15135.86	15454.92
January 2012	7.95	6.00	7.01	17258.97	15358.02	17193.55
February 2012	9.59	6.45	8.94	18523.78	17061.55	17752.68
March 2012	14.98	6.95	14.88	18,040.69	16,920.61	17,404.20



9.3 Distribution of Shareholding as on 31.03.2012

No. of Equity Shares held	No. of Shareholders	% to Total shareholders	No. of Shares held	% to Total shares
1-500	12,465	68.26	24,93,227	1.75
501-1000	2,503	13.70	22,22,611	1.55
1001-2000	1,411	7.73	23,07,174	1.61
2001-3000	560	3.06	14,72,511	1.03
3001-4000	224	1.23	8,21,933	0.58
4001-5000	282	1.55	13,63,686	0.95
5001-10000	372	2.04	27,93,328	1.95
10000-50000	304	1.67	68,55,262	4.80
50001-100000	59	0.32	44,38,548	3.11
100001-And Above	80	0.44	11,81,56,591	82.67
TOTAL	18,260	100.00	14,29,24,871	100.00

9.4 Shareholding Pattern:

The Shareholding of different categories of the Shareholders as on 31st March, 2012 is given below:

Category	No. of Shares	% Age
Promoters	4,29,49,225	30.05
Corporate Bodies	3,18,53,178	22.29
FII's/NRIs/OCBs	32,96,844	2.31
Trusts	4,63,120	0.32
Custodian for GDRs	2,04,23,692	14.29
Public	4,39,38,812	30.74
TOTAL	14,29,24,871	100.00

9.5 Dematerialisation of Shares.

The Shares of the Company are in Compulsory Demat Mode. The breakup of Equity Share Capital held with the depositories and in physical form as on 31st March, 2012 is as follows:

Category	No. of Shareholders	No. of Equity Shares Held	% Age
NSDL	11,219	8,85,81,226	61.98
CDSL	6,885	5,37,26,174	37.59
Physical	159	6,17,471	0.43
Total	18,263	14,29,24,871	100.00

9.6 Reconciliation of the Share Capital Audit Report

As stipulated by Securities and Exchange Board of India (SEBI), Reconciliation of the Share Capital Audit is required to be carried out by a qualified Company Secretary to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. This audit is carried out at the end of each Quarter and the report thereon is submitted to the Stock Exchanges and also placed before the Board of Directors.

9.7 Outstanding GDRs / ADRs/ Warrants or any Convertible instruments:

- i. **FCCBs US\$ 8.75 Mn. on 29th January, 2007:** Out of the said issue, FCCBs aggregating to US\$ 2.5 Mn. were converted into Equity Shares. FCCBs aggregating US\$

5.25 Mn. were exchanged with new FCCBs of an aggregate value of US\$ 6.328 Mn. in February, 2010 and the balance FCCBs of nominal value of US\$ 1 Mn. were exchanged with new FCCBs aggregating US\$ 1.205 Mn. in June, 2012. FCCBs of US\$ 1.205 Mn. have been fully converted into equity shares.

- ii. **FCCBs US\$ 20 Mn. on 8th January, 2008:** Out of the said issue, FCCBs aggregating to US\$ 7.00 Mn. were converted into equity shares and FCCBs aggregating to US\$ 13.00 Mn. remain outstanding as on 31.03.2012.
- iii. **FCCBs US\$ 6.328 Mn. on 5th February, 2010:** Out of the said issue, FCCBs aggregating to US\$ 4.015 Mn. were converted into equity shares and FCCBs aggregating to US\$ 2.225 Mn. remained outstanding as on 31.03.2012.
- iv. **GDRs US\$ 20.00 Mn. in January 2008:** Comprising of 6,535,948 GDRs, one GDR equivalent to two Equity Shares. 2,553,921 GDRs remain outstanding as on 31.03.2012.
- v. **GDRs US\$ 25.00 Mn. in September 2010:** Comprising of 1,165,750 GDRs, one GDR equivalent to 50 Equity Shares. 306317 GDRs remain outstanding as on 31.03.2012.

The paid up equity capital of the Company will further be increased as and when the FCCBs gets converted into equity shares. However, there would be no impact on the paid up equity share capital of the Company, upon conversion of GDRs into equity shares.

10. MANAGEMENT RESPONSIBILITY STATEMENT

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

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

COMPLIANCE

The certificate dated 26th November, 2012 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

ON CLAUSE 49 OF THE LISTING AGREEMENT

To the Members of Aksh Optifibre Limited,

We have examined the compliance of conditions of Corporate Governance by Aksh Optifibre Limited, for the financial year ended 31st March, 2012 as stipulated in clause 49 of the listing agreement of the said Company with the Stock Exchange(s).

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

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

We state that in respect of the investor grievance received during the year ended 31st March, 2012 no investor grievance are pending for a period exceeding one month against the Company as per the records maintained by the Shareholders and Investor Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For P.C. Bindal & Co.
Chartered Accountants
Sd/
 K.C.Gupta
 (PARTNER)
 Membership No. 088638
 FRN No. 003824N

Place : New Delhi
Dated : 26.11.2012

WTD/CFO CERTIFICATE

The Board of Directors
Aksh Optifibre Limited

We have reviewed financial statements and the cash flow statement for the year ended 31st March, 2012 and that to the best of our knowledge and belief, we state that:-

- (a) (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
- (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the Auditors and the Audit Committee :-
 - (i) significant changes in internal control over financial reporting during the year;
 - (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (iii) instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

Yours sincerely,

Satyendra Gupta
Chief Financial Officer

Chetan Choudhari
Whole Time Director

Date: 26.11.2012
Place: New Delhi

MANAGEMENT DISCUSSION AND ANALYSIS OF THE FINANCIAL STATEMENTS AND OPERATIONAL RESULTS

CAUTIONARY STATEMENT

Statement in the management's discussions and analysis describing the Company's projections, estimates, expectations or predictions may be 'forward looking statements' within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that would make a difference to the Company's operations include demand-supply conditions, raw material prices, changes in government regulations, tax regimes and economic developments within the country and abroad and such other factors.

Industry Structure and Developments

Global Industry Scenario

Optical Fibre

The Company is a leading Optical Fibre, Optical Fibre Cable (OFC) manufacturer. Aksh's numerous capacity expansion initiatives have enabled it to become one of India's largest OFC and single largest FRP manufacturing companies in the world. Aksh's core competence lies in its capability to manufacture OFCs, Optical Fibre (OF) and Fibre Reinforced Plastic (FRP) rods under one roof. The products are being exported to 60 countries located across 5 continents. With a strong Value Engineering and product enhancement capability, Aksh has carved a niche for itself in the Indian OFC market by constantly inventing unique products to the changing customer needs.

Domestic Market

The Indian domestic market has grown from US\$ 114Mn in F.Y. 2010-11 to US\$ 127 mn in F.Y. 2011-12 exhibiting a growth rate of 11.4% and is expected to grow to US\$ 291 mn by 2018 at the CAGR of 12.5%. Increased OFC deployment in the backhaul and the last mile connectivity will drive the demand in the market.

National Telecom Policy 2011 targets to provide affordable and reliable broadband on demand by the year 2015 and to achieve 175 mn broadband connections by the year 2017 and 600 mn by the year 2020. Further, the demand of OFC is likely to increase due to the upcoming defense & Indian railways plans to deploy around 75,000 kms of fibre.

Investments in Fibre-to-the-Home/Building (FTTH/B) will continue to remain crucial to growth in the market. Globally, the number of fibre-connected homes is expected to increase at robust double-digit rates, driven by significant FTTH deployments. The rise in the data storage networks and

technologies is also driving the use of fibre optic components in these networks

With the developed and developing economies opting for FTTH (Fibre-To-The-Home) Technology as a viable broadband option, the Industry is set to grow with the regulators coming forward to foster the State owned telcos to switch to FTTH Technology.

Overseas Market

FTTx will be the key driver for OFC demand across the world. USD 45 Billion are expected to be spent on FTTx by 2017. Currently North America, Western Europe contribute to 30% of the OFC demand and this is primarily driven by FTTx. Need to upgrade the legacy networks is also driving FTTx adoption in many advanced countries.

IPTV Services

The Company has the largest subscriber base of IPTV Customers in South East Asia and with a view to further consolidate its market position as well as to ensure a steady and stable growth, the Company is expanding its IPTV under the Brand "I Control" in the cities of New Delhi and Mumbai and with BSNL in 20 cities of North India.

The Company is pioneer in the FTTH (Fibre- To – The – Home) segment and has consolidated its spot by starting its FTTH services in Jaipur, Ajmer, Faridabad and Ambala. NOC's at Delhi, Mumbai and Jaipur fully commissioned with infrastructure to handle 5 lacs subscribers.

IPTV service providers tend to move away from pure play IPTV services and add new and innovative ways to deliver content to their customers which enables them to much more flexibility necessary to meet new threats from competitive pay-TV services.

India's first IPTV deployment was in 2006, when MTNL rolled out its IPTV service in Delhi followed by BSNL since then, Indian market has witnessed an interesting battle where for the first time state owned companies are aggressively promoting IPTV when private players have kept a low profile. Till now state- owned telecom companies BSNL and MTNL were not considered formidable competitors to private telecom companies. But interestingly these two are aggressively marketing IPTV in India.

IPTV Services Scenario

Emergence of IPTV as a medium for TV viewing has provided consumers with more choice. IPTV services can be delivered by telecom service providers or Internet service providers.

The major benefit of switching to IPTV is to enjoy non –linear TV viewing and with Video on Demand (VoD) or even Time Shifted TV (TSTV), –the next gen way of consuming video entertainment/ edutainment/infotainment at one’s own leisure. The user is also allowed to pause, fast forward or reverse at his/her convenience. This type of instant joy is available only through IPTV and this service has benefits for all – from consumers to service providers to content producers.

A jump in bandwidth usage along with fibre - to -home installations has been driving IPTV in India. The growth drivers of IPTV in India are growth in Broadband usage and aggressive Network expansion through Telecom Companies

namely BSNL & MTNL. FTTH has now emerged as a mainstream business driver with tremendous growth potential as users are increasingly looking for high-speed broadband, high-definition videos, unlimited anywhere telephony and real-time surveillance.

IPTV in India has a better future given the availability of integrated services such as broadband internet, TV and telephone services under a single package or scheme that too at a reasonable price or a price which is comparatively less than the cost involved in subscribing for internet, broadcast TV and telephone services individually.

SWOT Analysis

<p>Strengths</p> <ul style="list-style-type: none"> ◆ Professionally managed and well experienced Team. ◆ State of Art Technology Towers for fibre drawing; ◆ Use of best quality raw materials. ◆ Largest FRP Production Capacity at any single location. ◆ FRP approved by cable manufacturers across the globe. ◆ Technologically advanced set up, with hoards of value added services in the offering. ◆ Offering Time shift TV, to enable households to shift their view time for their preferred programming. ◆ Collection of quality content, with an ability to provide the optimum mix of premium and local content. 	<p>Opportunities</p> <ul style="list-style-type: none"> ◆ Proposed roll out plan for national optical fibre cable network acting as backbone to broadband services across the country. ◆ Opportunity to team up with established players for laying of optical fibre cables. ◆ Growth of FTTH Technology, coupled with increased demand of ARP Rods. ◆ Roll out of 3G services with broadband and ◆ Triple play services set to grow strong with opportunity for infrastructure solutions. 3G will address a huge pent-up demand for high-bandwidth data exchange and internet access. ◆ Growth in the Indian entertainment industry with a spurt of new technologies, larger pay-TV audience and digitization.
<p>Weakness</p> <ul style="list-style-type: none"> ◆ Business mostly tender based, involving risk of penalties in case of delayed or short deliveries ◆ Dependence on Govt. Telcos ◆ High cost of production ◆ Highly capital intensive business ◆ Concentrated customer base ◆ Limited resources at hand ◆ Distance from ports 	<p>Threats</p> <ul style="list-style-type: none"> ◆ Forex Fluctuations ◆ Competitive Markets, both domestic and in international scenario. ◆ International Companies setting business in India. ◆ Over dependence on exports. ◆ Frequent change in Governmental policies and tax laws. ◆ Compliance & regulatory pressures. ◆ Increasing content cost. ◆ Loyalty of cable customers marginalized, but yet to be diminished. Low awareness amongst the masses. ◆ Current weak and unpopular ecosystem of the Country.

Risk Management Framework

The Company has a Risk Management framework in place, which comprises the identification of potential risk areas, evaluation of intensity, mitigation plans and procedures for the risk management and policies formulated both at the enterprise and at the Operating level. The framework seeks to facilitate building a common understanding of the exposure to the various risks and uncertainties at an early stage, for timely response and their effective mitigation.

Internal Control

The Company has proper and adequate internal control procedures commensurate with the size and nature of its business to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition. The Company has a defined organization structure, authority levels delegated powers, internal procedures, rules and guidelines for conducting the company's business. These business control procedures ensure efficient use and protection of the resources and also compliance with the policies, procedures and statutory requirements. The Company also carries out internal audit through an external agency. The prime objective of such audit is to test the adequacy and effectiveness of all internal controls laid down by the management and to suggest improvements.

Human Resources

The Success of any organization depends largely on its human resources, its management and good industrial relations. Your Company has always viewed human resource development as a critical activity for achieving its business goals. In the ever changing business scenario, we recognize the need for training and retaining the talent pool of the Company. Employees after being inducted in the Company are required to undergo technical trainings to enhance/polish their existing skills as well as developing their industry specific

skills. The management believes in maintaining cordial and harmonious relations with its employees. The Company works with a Key Responsibility Area based review and recognition strategy that aligns efforts, while rewarding results. The Company employed a total of 110 employees as on 31st March, 2012 spread over all its offices.

Financial Performance

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

Future Outlook

The OFC market is set to grow with the implementation of National Optical Fibre Network (NOFN), which aims to increase internet usage and improve connectivity in suburban and rural areas. Continuing expansion of existing networks by Railways, Power Grid Corporation Limited and GAIL will also help fuel the demand, apart from private players who want to build project with OFC as key component.

IPTV represents an opportunity for telecommunication companies looking for new revenue streams beyond data and voice services. With the necessary broadband infrastructure in place there are many opportunities for growth. As more and more consumers are switching to fiber for their broadband, it is projected that the numbers of IPTV subscribers will climb in markets, where FTTH deployment is powering ahead.

Your Company would continue to aggressively pursue its OFC and IPTV business for further value addition and wealth creation. It would tap new markets for its OFC business and attract new subscribers for IPTV business thereby boosting revenues.

India is moving towards becoming a top IPTV market and Aksh is making inroads to turn those aspirations into reality. We aspire to build an i-control IPTV base that will change the way most of India utilizes television in their daily lives.

**Financial Statements
2011-2012**

AUDITORS' REPORT

To the Members of,
Aksh Optifibre Limited

1. We have audited the attached balance sheet of Aksh Optifibre Limited as at 31st March, 2012 and also the statement of profit & loss and 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.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the annexure referred to above, we report that:
 - i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - ii) In our opinion, proper books of account as required by the law have been kept by the company, so far as appears from our examination of those books;
 - iii) The balance sheet, statement of profit and loss and cash flow statement dealt with by this report are in agreement with the books of account;
 - iv) In our opinion, the balance sheet, statement of profit and loss and cash flow statement dealt with this report comply with the accounting standards referred to in section 211(3C) of the Companies Act, 1956;
 - v) On the basis of the written representations received from the directors as on 31st March, 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2012 from being appointed as a director in terms of

clause (g) of sub section (1) of section 274 of the Companies Act, 1956;

- vi) *Attention is invited to the note 32 to the financial statements regarding the opinion framed by the Company for non provision of investments and outstanding dues with one of its subsidiary.*
- vii) Based on our audit on financial statement and to the best of our information and according to the explanations given to us, the said accounts read together with our comments in para (vi) above along with the Accompanying Notes to the Financial Statements, 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, 2012;
 - b) In the case of Statement of Profit and Loss, 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
FRN: 003824N

CA .K.C. GUPTA
Partner

Place: New Delhi
Date: 26.11.2012

Membership No: 088638

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, 2012

- (i) (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) As per information & explanation given to us fixed assets except the assets installed at customer premises have been physically verified by the management during the year. No material discrepancies were noticed on such verification. In our opinion, the frequency of physical verification of fixed assets is reasonable.
- (c) During the year, the company has not disposed off substantial / major part of fixed assets.
- (ii) (a) During the year, the inventory has been physically verified by the management. In our opinion, the frequency of verification is reasonable.

- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of inventory, the company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the books records were not material and have been properly dealt with in the books of accounts.
- (iii) (a) According to the information and explanations given to us, the company has granted unsecured loan to one of its wholly owned subsidiary. The maximum amount involved during the year was Rs. 1,296,104,690 and the closing balance of loan given to such party was Rs. 1,242,969,611
- b) According to the information and explanations given to us, in our opinion, the other terms and conditions on which loans have been granted to 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.
- c) As per the information made available to us, the aforesaid advance granted by the company is repayable on demand.
- d) In respect of the aforesaid advances, there is no overdue amount as at year-end.
- (e) According to the information and explanations given to us, the company has taken unsecured loans from five parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 168,485,000 and the closing balance of loan taken from such parties was Rs. 92,755,000.
- (f) According to the information and explanations given to us, in our opinion, the rate of interest and other terms and conditions on which unsecured loans have been taken from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the Company.
- (g) According to the information and explanations given to us, the payments of the principal amount and interest of the aforesaid loan are regular.
- (iv) In our opinion and according to the information and explanation given to us, there is an adequate internal control system commensurate with the size of the company and the nature of its business for the purchases of inventory, fixed assets, sale of goods and services. During the course of our audit, we have not observed any major weaknesses in internal control system.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the particulars of all contracts or arrangements need to entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered ; and
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us, the company has not accepted any deposits from public to which provisions of sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 apply. No order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- (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, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained.
- (ix) (a) According to the information and explanations given to us and according to the books and records examined by us, the company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues were in arrears, as at 31st March, 2012 for a period of more than six months from the date they become payable except Rs. 390,790 relating to sales tax.

(c) According to the information and explanations given to us and the records of the Company examined by us, dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty

and Cess which have not been deposited on account of disputes and the forum where the dispute are pending as under :

Name of the Statute	Nature of Dues	Amount (Rs.)	Year to which Amount Relates	Forum where dispute is pending
AP Vat Act	Sales Tax Demand	18,075,000	2005-06	Hon'ble High Court, Hyderabad
Provident Fund Act	Provident Fund	759,921	2004-05	Hon'ble High Court, Jaipur
DVAT Act	Sales Tax Demand	20,964,327	2007-08	Commissioner (Appeals)
Rajasthan Sales Tax Act	Sales Tax Demand	7,111,596	1996-97, 1998-99, 2000-01 & 2001-02	Hon'ble High Court Jaipur.
Finance Act, 1994	Service Tax Demand	750,000	2004-05	Hon'ble High Court Jaipur.
Finance Act, 1994	Service Tax Demand	553,805	2004-05	Commissioner of Central Excise (Appeals), Jaipur
Finance Act, 1994	Service Tax Demand	9,753	2008-09	Commissioner of Central Excise (Appeals), Jaipur
Finance Act, 1994	Service Tax Demand	64,332	2004-06	CESTAT
Finance Act, 1994	Service Tax Demand	7,553,371	2006-08	Assistant Commissioner, Bhiwadi
Customs Act, 1962	Custom Duty Demand	36,091,482	2005-06	CESTAT
Customs Act, 1962	Custom Duty Demand	4,805,937	2008-09	CESTAT
Central Excise Act, 1944	Excise Duty Demand	9,214,075	2003-05	CESTAT
Central Excise Act, 1944	Excise Duty Demand	336,754	2000-01	CESTAT

- (x) In our opinion, the accumulated losses of the company are not more than fifty percent of its net worth. The Company has not incurred cash loss during the year covered by our audit; however company has incurred cash loss in the immediately preceding financial year.
- (xi) Bonds of \$ 1 mn having maturity value of \$ 1.205mn equivalent to Rs. 61,310,400 issued in pursuant of the redemption of FCCBs amounting \$ 1 mn redeemable were as on 29th January, 2010. However, pursuant to RBI approval and at the request of Bondholder, the Company has after March 31, 2012 issued fresh FCCBs in exchange of outstanding FCCBs.
- (xii) According to the information and explanations given to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the provisions of any special statute applicable to Chit Fund, Nidhi or Mutual Benefit Fund / Society are not applicable to the company.
- (xiv) In our opinion and according to the information and explanations given to us, the company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the company.
- (xv) According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks and financial institutions.
- (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 share to parties 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 way of public issue during the year.
- (xxi) Based on the audit procedures performed and 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
FRN: 003824N

CA .K.C. GUPTA
Partner

Place: New Delhi
Date: 26.11.2012

Membership No: 088638

BALANCE SHEET AS AT MARCH 31, 2012

	Notes	31-Mar-12 Rs.	31-Mar-11 Rs.
Equity and liabilities			
Shareholders' funds			
Share capital	3	714,624,355	714,624,355
Reserves and surplus	4	2,503,619,735	2,417,922,649
		3,218,244,090	3,132,547,004
Non-current liabilities			
Long-term borrowings	5	-	679,035,000
Trade payables	6	3,174,892	-
Long-term provisions	7	12,844,823	9,049,728
		16,019,715	688,084,728
Current liabilities			
Short-term borrowings	8	269,722,395	130,717,936
Trade payables	9	328,415,062	64,175,153
Other current liabilities	9	1,046,733,257	234,235,222
		1,644,870,714	429,128,311
TOTAL		4,879,134,519	4,249,760,043
Assets			
Non-current assets			
Fixed assets			
Tangible assets	10	1,159,373,702	886,817,582
Intangible assets	11	110,852,829	117,858,406
Capital work-in-progress		34,726,858	30,958,427
Intangible assets under development		6,496,843	6,496,843
Non-current investments	12	1,131,751,995	1,532,139,950
Long-term loans and advances	13	19,036,239	13,591,537
Trade receivables	14.1	7,760,065	-
Other non-current assets	14.2	125,131,675	61,643,160
		2,595,130,206	2,649,505,905
Current assets			
Inventories	15	119,932,695	11,020,890
Trade receivables	14.1	588,588,406	204,986,090
Cash and bank balances	16	7,547,233	1,940,299
Short-term loans and advances	13	1,555,742,616	1,374,392,907
Other current assets	14.2	12,193,363	7,913,952
		2,284,004,313	1,600,254,138
TOTAL		4,879,134,519	4,249,760,043

Summary of significant accounting policies 2.1

The accompanying notes (1-42) are an integral part of the financial statements.

As per our report of even date

For and on behalf of the board of directors

For P C Bindal & Co.
Firm Registration Number : 003824N
Chartered Accountants

KAILASH S. CHOUDHARI
Chairman

CA K. C. Gupta
Partner
Membership no.: 088638

CHETAN CHOUDHARI
Whole Time Director

B.R. RAKHECHA
Director

Place: New Delhi
Date : 26.11.2012

SATYENDRA GUPTA
Chief Financial Officer

GAURAV MEHTA
Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2012

	Notes	31-Mar-12 Rs.	31-Mar-11 Rs.
Income			
Revenue from operations (gross)	17	1,888,594,765	50,855,347
Less: excise duty		36,423,643	-
Revenue from operations (net)		1,852,171,122	50,855,347
Other income	18	136,899,040	72,777,200
Total revenue (I)		1,989,070,162	123,632,547
Expenses			
Cost of raw material and components consumed	19	1,061,328,441	-
Purchase of traded goods	20	71,731,567	1,480,040
(Increase)/ decrease in inventories of finished goods, work-in-progress and traded goods	20	33,882,125	296,434
Employee benefits expense	21	125,212,925	53,378,616
Other expense	22	392,537,748	214,603,135
Total expense (II)		1,684,692,806	269,758,225
Earnings before interest, tax, depreciation and amortization (EBITDA) (I) – (II)		304,377,356	(146,125,678)
Depreciation and amortization expense	23	133,009,271	91,933,572
Finance costs	24	53,481,218	24,542,484
Profit/(loss) before tax		117,886,867	(262,601,734)
Tax expenses			
Deferred tax		10,990,996	215,511,801
Total tax expense		10,990,996	215,511,801
Profit/(loss) for the year		106,895,871	(478,113,535)
Earnings per equity share [nominal value of share Rs 5 (31 March 2011: Rs 5)]			
Basic		0.75	(4.37)
Diluted		0.69	(3.87)

Summary of significant accounting policies 2.1

The accompanying notes (1-42) are an integral part of the financial statements.

As per our report of even date

For and on behalf of the board of directors

For P C Bindal & Co.
Firm Registration Number : 003824N
Chartered Accountants

KAILASH S. CHOUDHARI
Chairman

CA K. C. Gupta
Partner
Membership no.: 088638

CHETAN CHOUDHARI
Whole Time Director

B.R. RAKHECHA
Director

Place: New Delhi
Date : 26.11.2012

SATYENDRA GUPTA
Chief Financial Officer

GAURAV MEHTA
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

	31-Mar-12 Rs.	31-Mar-11 Rs.
Cash flow from operating activities		
Profit before tax	117,886,867	(262,601,734)
Profit before tax	117,886,867	(262,601,734)
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation/ amortization on continuing operation	133,009,271	91,933,572
Loss/ (profit) on sale of fixed assets	99,081	(16,263,173)
Interest expense	53,481,218	24,542,484
Interest (income)	(54,869,729)	(9,089,628)
Operating profit before working capital changes	249,606,708	(171,478,479)
Movements in working capital :		
Increase/ (decrease) in Current trade payables	264,239,909	4,064,111
Increase/ (decrease) in Non Current trade payables	3,174,892	-
Increase / (decrease) in long-term provisions	3,795,095	784,611
Increase/ (decrease) in other current liabilities	812,498,035	9,294,420
Decrease / (increase) in trade receivables	(383,602,316)	4,829,555
Decrease / (increase) in Non Current trade receivables	(7,760,065)	-
Decrease / (increase) in inventories	(108,911,805)	296,434
Decrease / (increase) in long-term loans and advances	(5,444,702)	(911,257)
Decrease / (increase) in short-term loans and advances	(206,888,618)	(1,050,357,830)
Decrease / (increase) in other current assets	(4,279,411)	(1,751,981)
Decrease / (increase) in other non-current assets	(63,488,515)	5,749,015
Cash generated from / (used in) operations	552,939,207	(1,199,481,401)
Direct taxes paid (net of refunds)	14,547,913	(107,498)
Net cash flow from/ (used in) operating activities (A)	567,487,120	(1,199,588,899)
Cash flows from investing activities		
Purchase of fixed assets, including CWIP	(405,182,676)	(21,675,597)
Proceeds from sale of fixed assets	2,755,350	26,508,135
Proceeds of non-current investments	400,500,000	1,455,400
Purchase of non-current investments	(112,045)	(1,820,350)
Interest received	54,869,729	9,089,628
Net cash flow from/ (used in) investing activities (B)	52,830,358	13,557,216
Cash flows from financing activities		
Proceeds from issuance of equity share capital	-	1,758,725,431
Repayment of long-term borrowings	(679,035,000)	(390,842,200)
Repayment of short-term borrowings	139,004,459	(118,708,378)
Balance of Profit & loss vested in the company	(21,198,785)	-
Interest paid	(53,481,218)	(24,542,484)
Expenses on issue of FCCB/GDR/Shares on QIP	-	(43,289,670)
Net cash flow from/ (used in) in financing activities (C)	(614,710,544)	1,181,342,699
Net increase/(decrease) in cash and cash equivalents (A + B + C)	5,606,934	(4,688,984)
Cash and cash equivalents at the beginning of the year	1,940,299	6,629,283
Cash and cash equivalents at the end of the year	7,547,233	1,940,299
Components of cash and cash equivalents		
Cash on hand	645,325	130,429
With banks- on current account	6,315,867	1,403,829
Deposits with original maturity of less than three months	180,000	-
unpaid dividend accounts	406,041	406,041
Total cash and cash equivalents (note 16)	7,547,233	1,940,299

Summary of significant accounting policies

2.1

The accompanying notes (1-42) are an integral part of the financial statements.

As per our report of even date

For and on behalf of the board of directors
For P C Bindal & Co.

Firm Registration Number : 003824N

Chartered Accountants

KAILASH S. CHOUDHARI

Chairman

CA K. C. Gupta

Partner

Membership no.: 088638

CHETAN CHOUDHARI

Whole Time Director

B.R. RAKHECHA

Director

Place: New Delhi

Date : 26.11.2012

SATYENDRA GUPTA

Chief Financial Officer

GAURAV MEHTA

Company Secretary

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012**1 CORPORATE INFORMATION**

Aksh Optifibre Limited is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its shares are listed at The Bombay Stock Exchange Ltd., The National Stock Exchange Ltd. in India and FCCBs/GDRs are listed at Luxembourg Stock Exchange. The company is engaged in the manufacturing and selling of Optical Fibre, Optical Fibre Cable and Fibre Reinforced Plastic Rods. The company caters to both domestic and international markets. The company also provides the Internet Protocol Television (IPTV) and Voice over Internet Protocol (VoIP) services in association with MTNL in the cities of Delhi and Mumbai and IPTV services with BSNL in 20 cities of North India. The company is the pioneer in the FTTH (Fibre to the Home) space and has further consolidated its place by starting FTTH services in Delhi, Jaipur, Ajmer & Faridabad.

2 BASIS OF PREPARATION

The financial statements have been prepared to comply in all material respects with the notified Accounting Standards by Companies Accounting Standard Rules 2006 (as amended) and the relevant requirements of the Companies Act, 1956. The financial statements have been prepared under historical cost convention on an accrual basis of accounting except in case of assets for which impairment is carried out. The accounting policies have been consistently applied by the company.

2.1 SIGNIFICANT ACCOUNTING POLICIES**a) Use of Estimates**

The preparation of the financial statements is in conformity with the generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting year. Difference between the actual result and estimates are recognized in the year in which the results are known/ materialized.

b) Fixed Assets

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

c) Capital Work-in-Progress

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.

d) Depreciation

- i) Depreciation on Fixed Assets is provided on straight-line method at 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 up to Rs.5,000/- are depreciated in full in the year of purchase.

Depreciation on equipments installed at customer premises is being provided at 20% on useful life estimated by the management.

Licence fee is amortised over the licenced period.

- ii) Cost of leasehold land is amortized over lease period on a straight-line basis.
- iii) Cost of software is amortised over its useful life on a straight-line basis.
- iv) Extra shift depreciation is charged on the basis of actual extra shifts worked as required by Schedule XIV to the Companies Act, 1956.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012**e) Impairment of Assets**

- i) The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted at their present value at the weighted average cost of capital.
- ii) After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.
- iii) A previously recognized impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

f) Investments

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Long Term investments are stated at cost. Provision for diminution in the value of long- term investments is made only if such diminution is other than temporary. Current Investments are carried at the lower of cost and fair value and provisions are made to recognize the decline in the carrying value.

g) Inventories

- i) Raw materials, work-in-process, finished goods, trading stock, packing material and stores and spares parts are valued at the lower of cost and net realizable value except scrap which is valued at 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 comparison of cost and realizable value is made on an item-by-item basis.
- iv) Net realizable value of work-in- process is determined on the basis of selling prices of related finished products.
- v) Raw Material and other supplies held for use in production of inventories are not written down below cost unless their prices have declined and it is estimated that the cost of related finished goods will exceed their net realizable value.

h) Foreign Currency Transactions

- i) Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of transaction.
- ii) Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.
- iii) Exchange differences arising on the settlement of monetary items or on reporting company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expense in the year in which they arise.
- iv) The premium or discount arising at the inception of forward exchange contracts is amortized as expense or income over the life of the contract. Exchange differences on such contracts are recognized in the statement of profit & loss in the year in which exchange rate changes. Any profit or loss arising on cancellation or renewal of forward exchange contracts is recognized as income or expense for the year. None of the forward exchange contracts are taken for trading for speculation purpose.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012**i) Borrowing Costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that company incurs in connection with the borrowing of funds.

j) Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be readily measured.

Sales of Goods & Services

Revenue is recognized when the significant risks and rewards of ownership of the goods have been passed to the buyer (usually at the point of dispatch to customers). Sales include excise duty, sale of scrap and net of sale tax and quantity discount.

Income from services is recognized on the completion of services. Period based services are accounted for proportionately over the period of service.

Income from Interest

Revenue is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

Other Incomes

Other Incomes are accrued as earned except where the receipt of income is uncertain.

k) Retirement and other Employee Benefits

- i) Retirement benefits in the form of Provident Fund are a defined contribution scheme and the contributions are charged to the Statement of Profit and Loss for the year when the contributions to the respective funds are due. The company has no other obligation other than the contribution payable.
- ii) Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on Projected Unit Credit Method calculated at the end of each financial year. 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.
- iii) Leave Encashment liability is provided for based on actuarial valuation done as per Projected Unit Credit Method calculated at the end of each financial year.
- iv) Actuarial gains/losses are immediately taken to statement of profit and loss and are not deferred.

l) Export Incentives

Export Incentive in the form of advance licences / credit earned under duty entitlement pass book scheme are treated as income in the year of export at the estimated realisable value / actual credit earned on exports made during the year.

m) Taxes on Income

Tax expense comprises of current and deferred tax. Current income tax is determined as the amount of tax payable in respect of taxable income for the year based on provisions of Income Tax Act, 1961. Deferred income tax reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities are offset, if legally and enforceable right exist to set off current tax asset against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

levied by same governing taxation laws. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In case of unabsorbed depreciation and carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each balance sheet date the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

MAT credit is recognized as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the Minimum Alternative Tax (MAT) credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the statement of profit and loss and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

n) **Operating Leases**

Assets given on operating leases are included in fixed assets. Lease income is recognised in the Statement of Profit and Loss on a straight-line basis over the lease term. Costs, including depreciation are recognised as an expense in the Statement of Profit and Loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the Statement of Profit and Loss.

o) **Earnings Per Share**

The Company reports basic and diluted earnings per share in accordance with Notified AS 20 under the Companies (Accounting Standards) Rules, 2006 issued by The Institute of Chartered Accountants of India on 'Earnings Per Share'. Basic earnings per share is computed by dividing the net profit or loss for the period attributable to equity shareholders after deducting attributable taxes by the weighted average number of equity shares outstanding during the period. Diluted earnings per share are computed by dividing the net profit or loss for the period by the weighted average number of equity shares outstanding during the period. Both profit for the year and weighted average numbers of shares are adjusted for the effects of all diluted potential equity shares except where the results are anti-dilutive.

p) **Provisions, Contingent Liabilities and Contingent Assets**

As per Notified AS 29 under the Companies (Accounting Standards) Rules, 2006, Provisions, Contingent Liabilities and Contingent Assets, issued by the Institute of Chartered Accountants of India, the Company recognizes provisions (without discounting to its present value) only when it has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation as and when a reliable estimate of the amount of the obligation can be made.

No provision is recognized for –

Any possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or

Any present obligation that arises from past events but is not recognized because –

- It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- A reliable estimate of the amount of obligation cannot be made.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

Such obligations are disclosed as Contingent Liabilities. These are assessed continually and only that part of the obligation for which an outflow of resources embodying economic benefits is probable, is provided for, except in the extremely rare circumstances where no reliable estimate can be made.

q) Miscellaneous Expenditure

Expenditure on issue of shares / foreign currency convertible bonds (FCCBs) / Global Depository Receipts (GDRs) / shares under Qualified Institutional Placements (QIP) and premium on redemption of FCCBs are adjusted against Securities Premium account.

r) Measurement of EBITDA

As permitted by the Guidance Note on the Revised Schedule VI to the Companies Act, 1956, the company has elected to present earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the statement of profit and loss. The company measures EBITDA on the basis of profit/ (loss) from continuing operations. In its measurement, the company does not include depreciation and amortization expense, finance costs and tax expense.

3. Share capital

	31-Mar-12 Rs.	31-Mar-11 Rs.
Authorized share (No.)		
170,100,000 (31 March 2011: 160,000,000) Equity Shares of Rs.5/- each	850,500,000	800,000,000
Issued, subscribed and fully paid-up share (No.)		
142,924,871 (31 March 2011: 142,924,871) Equity Shares of Rs.5/- each fully paid up	714,624,355	714,624,355
Total issued, subscribed and fully paid-up share capital	714,624,355	714,624,355

**(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting year
Equity shares**

	31-Mar-12		31-Mar-11	
	No.	Rs.	No.	Rs.
At the beginning of the year	142,924,871	714,624,355	60,609,062	303,045,310
Add:				
Issued pursuant to conversion of FCCBs	-	-	12,478,309	62,391,545
Issued under Qualified Institutional Placements (QIP)	-	-	11,550,000	57,750,000
Shares Represented by GDRs	-	-	58,287,500	291,437,500
Outstanding at the end of the year	142,924,871	714,624,355	142,924,871	714,624,355

(b) Terms/ rights attached to equity shares

The company has only one class of equity shares having par value of Rs 5 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in ensuing Annual General Meeting.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

- (c) Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:

	31-Mar-12 No.	31-Mar-11 No.
<u>Shares issued for consideration other than cash during the period 2007-09</u>		
Equity shares of Rs 5 per share issued as fully paid up to Shareholders of erstwhile Aksh Broadband Limited pursuant to Scheme of Amalgamation	20,210,400	20,210,400

- (d) Details of shareholders (as per register of shareholders) holding more than 5% shares in the company

Name of the shareholder	As at 31 March 2012		As at 31 March 2011	
	No.	% holding	No.	% holding
Dr K S Choudhari	19,592,700	13.71%	2,694,605	1.89%
Davinder Kumar Jain	16,480,743	11.53%	13,024,661	9.11%
The Bank of New York, Mellon	15,315,850	10.72%	38,665,850	27.05%
Religare Finvest Limited	9,358,208	6.55%	5,717,000	4.00%
Seema Choudhari	7,809,341	5.46%	4,400,672	3.08%

4. Reserves and surplus

	31-Mar-12 Rs.	31-Mar-11 Rs.
Capital reserve	1,500,000	1,500,000
Securities premium account		
Balance as per the last financial statements	3,298,128,538	1,994,271,821
Add :		
On Issue of 2,955,097 equity shares upon conversion of FCCBs	-	161,939,314
On Issue of 9,523,212 equity shares upon conversion of FCCBs.	-	143,419,573
On issue of 11,550,000 equity shares under QIP.	-	167,475,000
On issue of 58,287,500 equity shares upon issue of Global Depository Receipts (GDR).	-	874,312,500
Less :		
Issue expenses on issue of Shares / FCCBs.	-	(43,289,670)
Closing Balance	3,298,128,538	3,298,128,538
Surplus/ (deficit) in the statement of profit and loss		
Balance as per last financial statements	(881,705,889)	(403,592,354)
Vested in company pursuant to Amalgamation	(21,198,785)	-
Profit / (Loss) for the year	106,895,871	(478,113,535)
Net Deficit in the statement of profit and loss	(796,008,803)	(881,705,889)
Total reserves and surplus	2,503,619,735	2,417,922,649

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012
5. Long-term borrowings

	Non-current portion		Current maturities	
	31-Mar-12 Rs.	31-Mar-11 Rs.	31-Mar-12 Rs.	31-Mar-11 Rs.
Foreign Currency Convertible Bonds (FCCBs)				
100 (31 March 2011: 100) 1% FCCBs due on Jan-2010 of \$ 10,000 each (unsecured)(refer foot note 'a')	-	-	50,880,000	44,600,000
130 (31 March 2011: 130) 0% FCCBs due on Jan-2013 of \$ 100,000 each (unsecured) (refer foot note 'b')	-	579,800,000	661,440,000	-
2,225 (31 March 2011: 2,225) 1% FCCBs due on Feb-2013 of \$ 1,000 each (unsecured) (refer foot note 'b')	-	99,235,000	113,208,000	-
	-	679,035,000	825,528,000	44,600,000
The above amount includes				
Secured borrowings	-	-	-	-
Unsecured borrowings	-	679,035,000	825,528,000	44,600,000
Amount disclosed under the head "other current liabilities" (note 9)	-	-	(825,528,000)	(44,600,000)
Net amount	-	679,035,000	-	-

a). Represents FCCBs of USD 1.00 mn which were due for redemption in January 2010. Pursuant to RBI approval and at the request of the Bondholder, the Company has after March 31, 2012 issued fresh FCCBs in exchange of the outstanding FCCBs. The outstanding FCCBs of USD 1.00 Mn have been included under FCCBs and the redemption premium of USD 205,300 is included under current liabilities.

b). Issue of Foreign Currency Convertible Bonds (FCCBs):

The Company issued the FCCBs which are convertible into ordinary shares . The particulars, terms of issue and the status of conversion as at March 31, 2012 are given below:

Issue	0% FCCBs (due Jan 2013)	1% FCCBs (due Feb 2013)
Issued on	January 8, 2008	February 5, 2010
Issue Amount	US\$ 20 Million	US\$ 6.328 Million
Face Value	US\$ 100,000	US\$ 1,000
Fixed Exchange Rate for conversion	US\$ 1= INR 39.27	US\$ 1 = INR 46.56
Exercise Period	Between January 9, 2008 to January 01, 2013.	Between March 01, 2010 to January 15,2013
Redeemable on	January 08,2013	February 05,2013
Redemption percentage of the Principal Amount	139.93%	107.19%
FCCBs Converted	US \$ 7 Million	US \$ 4.103 Million
Shares issued on conversion of FCCBs	4,596,818	9,523,212
FCCBs outstanding as on March 31, 2012.	US\$ 13 Million	US\$ 2.225 Million
Shares that could be issued on conversion of outstanding FCCBs	8,536,956 shares	5,164,307 shares

The proceeds from the issue of FCCBs (net of issue expenses) have been utilised for the purposes as stated in the offer documents. The unutilised money is deposited with banks in short term deposits/current accounts.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012
6. Other long-term liabilities

	31-Mar-12 Rs.	31-Mar-11 Rs.
Trade payables (including acceptances)	3,174,892	-
	3,174,892	-

7. Provisions

	Long-term		Short-term	
	31-Mar-12 Rs.	31-Mar-11 Rs.	31-Mar-12 Rs.	31-Mar-11 Rs.
Provision for employee benefits				
Provision for Gratuity & Leave Encashment	12,844,823	9,049,728	-	-
	12,844,823	9,049,728	-	-

8. Short-term borrowings

	31-Mar-12 Rs.	31-Mar-11 Rs.
Secured Loans		
Cash Credit /Packing Credit Facilities	124,482,280	-
Unsecured Loans		
Deposits (unsecured)		
0% loan from Chairman repayable on demand	19,975,000	25,100,000
15% Inter Corporate Deposit from related parties repayable on demand	35,900,000	30,000,000
15% Inter Corporate Deposit from others repayable on demand	35,500,000	30,000,000
12% Inter Corporate Deposit from others repayable on demand	1,380,000	3,485,000
9% Security Deposits	2,169,998	2,170,998
0 %Security Deposits	38,006,227	39,961,938
Buyers Credit from Banks	12,308,890	-
	269,722,395	130,717,936
The above amount includes		
Secured borrowings	124,482,280	-
Unsecured borrowings	145,240,115	130,717,936

- Cash credit from banks are secured by way of first pari-passu charge on current assets both present and future and second pari-pasu charge on the fixed assets of the Company's manufacturing division. These facilities are further secured by way of first pari-pasu charge on the immovable properties of the company and personal guarantee of Dr. Kailash S. Choudhari and Corporate Guarantee of the Company. The cash credit is repayable on demand. The interest payable on cash credit ranges between 16% to 18% and on packing credit 6.1%.
- Non fund based limits are further secured by first pari pasu charge on immovable properties of manufacturing division of the Company.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012
9. Other current liabilities

	31-Mar-12 Rs.	31-Mar-11 Rs.
Trade payables (including acceptances)	328,415,062	64,175,153
Other liabilities		
Current maturities of long-term borrowings (note 5)	825,528,000	44,600,000
Interest accrued but not due on borrowings	21,004,488	19,391,634
Advance from Customers	22,890,568	2,730,150
Unearned revenue	550,003	6,934,197
Investor Education and Protection Fund will be credited by following amounts (as and when due)		
Unpaid dividend 2005-06	305,174	305,174
Unpaid dividend 2006-07	100,867	100,867
Other current liabilities @	176,174,157	160,173,200
Retention Money and Security Deposit	180,000	-
	1,046,733,257	234,235,222
	1,375,148,319	298,410,375

@ Includes Rs 10,445,664 (31 March 2011: 9,156,380) being Premium on FCCB Redemption.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012
10. Tangible assets

	(Amount in Rs.)														
	Freehold Land	Lease hold Land	Factory Buildings	Residential Building	Plant and equipment	Telecom Networking	Testing Instruments	Air Conditioners	Furniture and fixtures	Office Equipments	Data Processing System	Electric Fittings	Vehicles	Fork Lift	Total
Cost or valuation															
At 1 April 2010	184,250	33,406,918	127,182,804	540,400	659,204,261	314,685,712	-	2,878,107	11,282,103	1,232,581	4,823,107	3,650,775	1,160,418	-	1,160,231,436
Additions	-	-	48,980,380	-	48,980,380	416,565	-	42,839	26,481	-	128,130	29,660	-	-	49,624,055
Disposals / adjustments	-	(2,361,290)	(840,450)	(540,400)	(6,653,115)	-	-	-	(981,650)	(205,501)	(534,800)	-	-	-	(12,117,246)
At 31 March 2011	184,250	31,045,628	126,342,354	-	701,531,526	315,102,277	-	2,920,946	10,326,894	1,027,080	4,416,437	3,680,435	1,160,418	-	1,197,738,245
Additions	-	-	-	-	9,518,026	-	-	-	238,050	39,840	458,112	1,661,557	-	-	11,915,585
Vested in Co. pursuant to Amalgamation	-	-	-	-	730,038,944	-	93,945,062	26,331,046	6,442,627	6,322,627	14,686,980	50,247,894	8,055	2,065,998	930,089,233
Disposals / adjustments	-	-	-	-	(13,659,090)	-	-	(41,536)	-	-	(16,700)	(722,753)	(4,500)	(14,340)	(14,458,919)
At 31 March 2012	184,250	31,045,628	126,342,354	-	1,427,429,406	315,102,277	93,945,062	29,210,456	17,007,571	7,389,547	19,544,829	54,867,133	1,163,973	2,051,658	2,125,284,144
Depreciation															
At 1 April 2010	-	3,595,689	52,399,870	99,675	85,962,983	96,051,821	-	308,825	1,267,847	234,054	2,227,197	312,544	480,977	-	242,941,482
Charge for the year	-	331,201	4,233,623	11,534	48,494,093	14,952,504	-	153,242	654,294	51,325	665,473	183,936	110,240	-	69,851,465
Disposals / adjustments	-	(186,713)	(320,852)	(111,209)	(396,624)	-	-	2,053	(129,487)	(211,345)	(529,247)	1,140	-	-	(1,872,284)
At 31 March 2011	-	3,740,177	56,312,641	-	134,070,452	111,004,325	-	464,120	1,792,654	74,034	2,363,423	507,620	591,217	-	310,920,663
Charge for the year	-	315,798	4,223,075	-	95,898,803	15,008,364	4,063,698	1,232,777	886,349	420,359	1,046,796	2,688,525	110,563	88,587	126,003,694
Vested in Co. pursuant to Amalgamation	-	-	-	-	423,914,165	-	54,296,993	17,746,330	5,222,290	3,023,735	13,046,014	22,045,018	7,925	1,288,103	540,590,573
Disposals / adjustments	-	-	-	-	(11,120,773)	-	-	(7,084)	-	-	-	(460,187)	(4,460)	(11,984)	(11,604,488)
At 31 March 2012	-	4,055,975	60,535,716	-	642,762,647	126,012,689	58,390,691	19,436,143	7,901,293	3,518,128	16,456,233	24,780,976	705,245	1,364,706	965,910,442
Net Block															
At 31 March 2011	184,250	27,305,451	70,029,713	-	567,461,074	204,087,952	-	2,456,826	8,534,240	963,046	2,053,014	3,172,815	589,201	-	886,817,562
At 31 March 2012	184,250	26,989,653	65,806,638	-	784,666,759	189,089,588	35,564,371	9,774,313	9,106,278	3,871,419	3,088,586	30,086,157	468,728	686,952	1,159,373,702

11. Intangible assets

	(Amount in Rs.)
	Computer software
Gross block	
At 1 April 2010	216,183,389
Additions	92,465
At 31 March 2011	216,275,854
Additions	-
Vested in Co. pursuant to Amalgamation	5,537,430
At 31 March 2012	221,813,284
Amortization	
At 1 April 2010	76,335,341
Charge for the year	22,082,107
At 31 March 2011	98,417,448
Charge for the year	7,005,577
Vested in Co. pursuant to Amalgamation	5,537,430
At 31 March 2012	110,960,455
Net block	
At 31 March 2011	117,858,406
At 31 March 2012	110,852,829

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012
12. Non-current investments

	31-Mar-12 Rs.	31-Mar-11 Rs.
Trade investments (valued at cost unless stated otherwise)		
Investment in subsidiaries		
<i>Unquoted equity instruments</i>		
Nil (31 March 2011: 10,100,000) Equity shares of Rs 5 each fully paid-up in Aksh Technologies Limited, out of which 10,000,000 equity shares of Rs 5 each at a premium of Rs 25 each (refer note 25.)	-	300,500,000
1 (31 March 2011: 1) equity share of Arab Emirates Dhiram (AED) 150,000 each fully paid-up in AOL FZE	1,820,350	1,820,350
225,950,000 (31 March 2011: 225,950,000) Equity Shares of Rs.5/- each in APAKSH Broadband Limited	1,129,750,000	1,129,750,000
<i>Unquoted Debentures</i>		
Nil (31 March 2011: 1,000,000), 9% Optionally Convertible Debentures of Rs 100 each in Aksh Technologies Limited	-	100,000,000
	1,131,570,350	1,532,070,350
Non-trade investments (valued at cost unless stated otherwise)		
Investment in equity instruments (quoted)		
22,300 (31 March 2011: 22,300) equity shares of Rs. 5 each fully paid-up in CMI Limited	44,600	44,600
Government and trust securities (unquoted)		
National Saving Certificates (Deposited with Government Department as Security)#	87,045	25,000
Kisan Vikas Patra##	50,000	-
	181,645	69,600
	1,131,751,995	1,532,139,950
Aggregate amount of quoted investments (Market value: Rs 370,180 (31 March 2011: Rs 369,065))	44,600	44,600
Aggregate amount of unquoted investments	1,131,707,395	1,532,095,350

#Includes Rs. 62,045 vested pursuant to Scheme of Amalgamation (refer Note 25).

##Represent investment vested in the company pursuant to the scheme of Amalgamation (refer Note 25).

13. Loans and advances (Unsecured, considered Good unless stated otherwise)

	Non-current		Current	
	31-Mar-12 Rs.	31-Mar-11 Rs.	31-Mar-12 Rs.	31-Mar-11 Rs.
Capital advances	12,306,633	12,432,910	-	-
Security deposit	6,729,606	1,158,627	8,481,437	10,444,701
Loan and advances to related parties			1,246,224,807	1,104,581,348
Advances recoverable in cash or kind	-	-	133,691,218	119,700,813
Other loans and advances				
Advance income-tax (net of provision for taxation)	-	-	6,081,725	9,638,642
Mat Credit Entitlement	-	-	17,096,644	15,810,666
Prepaid expenses	-	-	2,312,187	2,604,243
Balances with statutory / government authorities	-	-	141,854,598	111,612,494
	-	-	167,345,154	139,666,045
Total	19,036,239	13,591,537	1,555,742,616	1,374,392,907

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	Non-current		Current	
	31-Mar-12 Rs.	31-Mar-11 Rs.	31-Mar-12 Rs.	31-Mar-11 Rs.
Loans and advances to related parties include				
Dues from the APAKSH Broadband Ltd (a subsidiary company)	-	-	3,255,196	2,132,778
Dues from AOL FZE (a subsidiary company)	-	-	1,242,969,611	1,080,256,439
Dues from Aksh Technologies Limited (PY a subsidiary company)	-	-	-	22,192,131

14. Trade receivables and other assets
14.1. Trade receivables

	Non-current		Current	
	31-Mar-12 Rs.	31-Mar-11 Rs.	31-Mar-12 Rs.	31-Mar-11 Rs.
Unsecured, considered good unless stated otherwise				
Outstanding for a period exceeding six months from the date they are due for payment *	-	-	205,744,420	195,100,175
Other receivables	-	-	382,843,986	9,885,915
	-	-	588,588,406	204,986,090
Other receivables				
Secured, considered good				
Unsecured, considered good	7,760,065	-	-	-
Doubtful	7,760,065	-	-	-
Provision for doubtful receivables	-	-	-	-
	7,760,065	-	-	-
	7,760,065	-	-	-

Trade receivables include:

	Non Current		Current	
	31-Mar-12 Rs.	31-Mar-11 Rs.	31-Mar-12 Rs.	31-Mar-11 Rs.
* Includes due from the APAKSH Broadband Ltd (a subsidiary company)	-	-	170,664,706	170,664,706

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012
14.2. Other assets

	Non-current		Current	
	31-Mar-12 Rs.	31-Mar-11 Rs.	31-Mar-12 Rs.	31-Mar-11 Rs.
Unsecured, considered good unless stated otherwise				
Non-current bank balances (note16)	125,131,675	61,643,160	-	-
Interest accrued on fixed deposits	-	-	6,137,411	1,858,000
Interest accrued on other deposits	-	-	6,055,952	6,055,952
	-	-	12,193,363	7,913,952
	125,131,675	61,643,160	12,193,363	7,913,952

15. Inventories (valued at lower of cost and net realizable value)

	31-Mar-12 Rs.	31-Mar-11 Rs.
i) Finished Goods & Traded Goods	13,839,685	4,377,058
ii) Raw Material (Including Goods in transit of Rs. 516,015)	46,126,128	-
iii) Semi Finished Goods	41,721,790	6,643,832
iv) Stores, Spares & others	18,245,092	-
	119,932,695	11,020,890

16. Cash and bank balances

	Non-current		Current	
	31-Mar-12 Rs.	31-Mar-11 Rs.	31-Mar-12 Rs.	31-Mar-11 Rs.
Cash and cash equivalents				
Balances with banks:				
On current accounts	-	-	6,315,867	1,403,829
Deposits with original maturity of less than three months	-	-	180,000	-
On unpaid dividend account	-	-	406,041	406,041
Cash on hand	-	-	645,325	130,429
	-	-	7,547,233	1,940,299
Other bank balances				
Deposits with original maturity for more than 12 months	10,000	-	-	-
Margin money deposit	125,121,675	61,643,160	-	-
	125,131,675	61,643,160	-	-
Amount disclosed under non-current assets (note 14.2)	(125,131,675)	(61,643,160)	-	-
	-	-	7,547,233	1,940,299

Margin money deposits given as security

Margin money deposits with a carrying amount of Rs 125,121,675 (31 March 2011: 61,643,160) are pledged with Banks and others for various Facilities.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012
17. Revenue from operations

	31-Mar-12 Rs.	31-Mar-11 Rs.
Revenue from operations		
Sale of products		
Finished goods	1,624,412,283	-
Traded goods	74,583,386	2,354,648
Sale of services	145,343,388	48,500,699
Other operating revenue		
Scrap sales	1,154,161	-
Export Incentives	24,171,484	-
Foreign Exchange Fluctuation (net) on operating activities	7,147,992	-
Other operating revenue	11,782,071	-
Revenue from operations (gross)	1,888,594,765	50,855,347
Less: Excise duty #	36,423,643	
Revenue from operations (net)	1,852,171,122	50,855,347

Excise duty on sales amounting to Rs.36,423,643 (31.03.2011 : Nil) has been reduced from sales in statement of profit and loss and excise duty on decrease in stock amounting to Rs. 322,553 (31.03.2011 : Nil) has been considered as (income)/expense in note 22 of financial statements.

Detail of products sold

	31-Mar-12 Rs.	31-Mar-11 Rs.
Finished goods sold		
Optical Fibre and Optical Fible Cables	1,074,794,552	-
Fibre Reinforced Plastic Rod and Impregnated Glass Roving Reinforcement	549,617,731	-
	1,624,412,283	-

	31-Mar-12 Rs.	31-Mar-11 Rs.
Traded goods sold		
Telecom & electronic items	74,583,386	2,354,648
	74,583,386	2,354,648

Detail of services rendered

	31-Mar-12 Rs.	31-Mar-11 Rs.
IPTV & VoIP services	34,965,763	34,247,354
Other Services	18,540,915	14,253,345
Network Errection, Installation & Commissioning services	91,836,710	-
	145,343,388	48,500,699

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012
18. Other income

	31-Mar-12 Rs.	31-Mar-11 Rs.
Interest income		
on deposits	7,862,562	6,062,286
on advances to related parties	46,239,380	-
on other advances	767,787	3,027,342
Profit on sale of fixed assets	-	16,263,173
Foreign Exchange Fluctuation (Net)	48,853,027	-
Rent	-	44,400,000
Other Income	263,687	3,024,399
Other non-operating income	32,912,597	-
	136,899,040	72,777,200

19. Cost of raw material and components consumed

	31-Mar-12 Rs.	31-Mar-11 Rs.
Inventory at the beginning of the year	48,688,695	-
Add: Purchases	1,058,249,858	-
	1,106,938,553	-
Less: inventory at the end of the year	45,610,112	-
Cost of raw material and components consumed	1,061,328,441	-

Detail of raw material and components consumed

	31-Mar-12 Rs.	31-Mar-11 Rs.
Glass Fibre and Glass Preforms	522,413,686	-
Resin such as (PVC, HDPE, Nylon, MB, LSZH, PBT, Nucrel, UV resin and Polyester)	221,476,986	-
Others	317,437,769	-
	1,061,328,441	-

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012
20. Detail of purchase of traded goods

	31-Mar-12 Rs.	31-Mar-11 Rs.
Telecom & electronic items Accessories, Equipments and others	71,731,567	1,480,040
	71,731,567	1,480,040

20. (Increase)/ decrease in inventories

	(Increase) / decrease Rs.	31-Mar-12 Rs.	31-Mar-11 Rs.
Inventories at the end of the year	31-Mar-12		
Finished Goods	8,416,283	13,839,685	4,377,058
Semi Finished Goods	25,465,842	41,721,790	6,643,832
Vested in the company pursuant to amalgamation			
Finished Goods	-	-	17,878,910
Semi Finished Goods	-	-	60,543,800
	33,882,125	55,561,475	89,443,600
Inventories at the beginning of the year	31-Mar-11		
Finished & Semi Finished Goods	296,434	11,020,890	11,317,324
	296,434	11,020,890	11,317,324

21. Employee benefits expense

	31-Mar-12 Rs.	31-Mar-11 Rs.
Salaries, wages and bonus	106,704,955	36,437,962
Contribution to provident and other funds	9,181,617	4,093,830
Gratuity	1,519,385	4,075,600
Staff welfare expenses	4,791,945	1,070,578
Directors' Remuneration	3,015,023	7,700,646
	125,212,925	53,378,616

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012
22. Other expenses

	31-Mar-12 Rs.	31-Mar-11 Rs.
Consumption of stores and spares	16,603,680	354,830
Sub-contracting expenses	43,964,596	28,594,715
Subscription Charges	24,123,214	49,388,042
Packing Material Consumed	65,189,070	-
Increase/(Decrease) in Excise Duty Provision on Stock	(322,553)	-
Project Execution Expenses	61,630,718	-
Power & Fuel	53,152,304	9,091,980
Advertisement	-	16,529,207
Travelling & Conveyance	13,270,672	3,623,930
Postage & Telephone	4,059,248	3,100,909
Insurance	3,552,426	1,576,317
Loss on Sale of Fixed Assets	99,081	-
Foreign Exchange Fluctuations (net)	-	23,573,296
Rent	16,399,474	14,207,201
Rates and taxes	4,382,729	
Professional & Legal Expenses	12,999,637	15,156,145
Repair & Maintenance		
Plant & Machinery	4,340,348	-
Buildings	1,492,161	-
Others	8,499,684	5,683,442
Marketing & Service Charges	21,854,722	4,845,813
Membership & Subscription	1,500,012	24,298,282
Freight & Cartage (Outward)	14,960,416	245,436
Auditors' Remuneration	2,329,262	1,167,325
Investments Written Off (net)	-	1,455,400
Other Expenses	21,377,188	11,710,865
	395,458,089	214,603,135
Less : Transfer to Capital Asset/ Capital Work in Progress	2,920,341	-
	392,537,748	214,603,135

Detail of Payment to auditor

	31-Mar-12 Rs.	31-Mar-11 Rs.
As auditor:		
Audit fee	1,800,000	800,000
Tax audit fee	200,000	100,000
In other capacity:		
Taxation matters	100,000	-
Other services (certification fees)	145,000	231,500
Reimbursement of expenses	84,262	35,825
	2,329,262	1,167,325

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012
23. Depreciation and amortization expense

	31-Mar-12 Rs.	31-Mar-11 Rs.
Depreciation of tangible assets	126,003,694	69,851,465
Amortization of intangible assets	7,005,577	22,082,107
	133,009,271	91,933,572

24. Finance costs

	31-Mar-12 Rs.	31-Mar-11 Rs.
Interest on Cash Credit	21,996,630	-
Interest	11,607,373	23,201,910
Bank Charges	19,877,215	1,340,574
	53,481,218	24,542,484

25 Accounting for Amalgamation of Aksh Technologies Limited (ATL) with the Company.

- a) Pursuant to the Scheme of Amalgamation of the erstwhile ATL (100% subsidiary of the Company) with the Company, as approved by the shareholders and subsequently sanctioned by the Honourable High Court of Rajasthan vide its order dated 08/11/2012, the assets and liabilities of the erstwhile ATL were transferred to and vested in the Company with effect from the Appointed Date, April 1, 2011. The scheme has, accordingly, been given effect to in these Accounts.
- b) ATL is engaged in the business of manufacture and sale of Optical Fibre, Optical Fibre Cable and Fibre Reinforced Plastic Rods.
- c) The amalgamation has been accounted for under the 'pooling of interest method', as prescribed under AS-14 under the Companies (Accounting Standards) Rules, 2006 issued by the "Institute of the Chartered Accountants of India". Accordingly, the assets and liabilities of erstwhile ATL as at April 1, 2011 have been taken over at their book values, subject to adjustments made due to differences in the accounting policies of the two companies.
- d) Consequent to the Scheme of Amalgamation, 10,100,000 equity shares of Rs. 5 each of ATL held by the Company and 1,000,000, 9% optionally convertible debentures of Rs. 100 each stand cancelled.
- e) The profit and loss statement pertaining to ATL for the year Ended March 31, 2012, the period for which business was run and managed in trust for the Company resulting in a profit of Rs. 98,364,737 as detailed below has been incorporated in these accounts.

Particulars	(Amount in Rs.)
Sales & other income	1,723,317,777
Less:	
Manufacturing and other expenses	1,523,524,749
Profit before interest, depreciation and tax	199,793,028
Less:	
-Interest	53,779,602
-Depreciation	47,648,689
Profit before Tax	98,364,737

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012
26 Contingent Liabilities:

a) Claims not acknowledged as debts (Amount in Rs.)

S. No.	Particulars	31-Mar-12	31-Mar-11
1	VAT/Sales Tax Matters	49,445,633	39,065,270
2	Service Tax	34,417,453	-
3	Excise / Custom Duty	55,993,423	-
4	Stamp Duty	5,700,000	4,042,480
5	Others	5,224,551	11,341,466

b) Corporate Guarantee given by erstwhile Aksh Broadband Ltd. amounting to Rs. 58,202,875 (31.03.2011 : Rs. 58,202,875) in favour of M/s Cisco Systems Capital India Private Limited for loan taken by APAKSH Broadband Ltd., subsidiary of erstwhile Aksh Broadband Ltd.

c) Bank Guarantees, letters of credit (Net of margin) issued by banks and outstanding as on the reporting date is Rs. 51,577,221 (31.03.2011 : Rs. NIL)

d) The Company had imported Plant & Machinery in previous years under EPCG scheme. An export obligation amounting to Rs. 1,069,942,685 was placed on the Company to be fulfilled in 8 years starting from 16th August 2001. The Company applied for extension of export obligation period and received the extension up to 31st August 2011. The Company has fulfilled all the export obligations within the stipulated time but is yet to receive the certificate for discharge of liability as on the reporting date.

e) Estimated amounts of contracts remaining to be executed on Capital Account (net of advances) is Rs. 60,732,833 (31.03.2011 : Rs. 98,387,603)

27 Employee Benefits:

The disclosures as per the Notified AS 15 under the Companies (Accounting Standards) Rules, 2006 on "Employee Benefits", are as follows:

a) The Company has classified various benefits provided to employees as under :

Defined Contribution Plans and amount recognized in Profit and Loss Account.

(Amount in Rs.)

Particulars	31-Mar-12	31-Mar-11
Employer's Contribution to Provident Fund	8,353,194	4,056,291
Employer's Contribution to ESI	765,575	480,322

b) Defined Benefit Plans

Gratuity and Leave Encashment – actuarial valuation done in accordance with the Accounting Standard -15 (Revised), details of the same are given :

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012
i). Summary of results

		(Amount in Rs.)	
S. No.	Particulars	Year Ended March 31, 2012	
		Gratuity	Leave Encashment
a)	Present value of obligation as at the beginning of the period	9,014,141	4,183,873
b)	Acquisition adjustment	-	-
c)	Interest cost	766,202	355,630
d)	Past service cost	-	-
e)	Current service cost	1,792,568	1,209,259
f)	Curtailment cost/(Credit)	-	-
g)	Settlement cost/(Credit)	-	-
h)	Benefits paid	(837,772)	(1,043,247)
i)	Actuarial (gain)/loss on obligation	(122,399)	173,169
j)	Present value of obligation as at the end of period	10,612,740	4,878,684

Changes in the fair value of plan assets

		(Amount in Rs.)	
		Gratuity	Leave Encashment
a)	Fair value of plan assets at the beginning of the period	3,984,641	-
b)	Acquisition adjustment	-	-
c)	Expected return on plan assets	364,595	-
d)	Contributions	-	-
e)	Benefits paid	-	-
f)	Actuarial gain/(loss) on plan assets	(1)	-
g)	Fair value of plan assets at the end of the period	4,349,235	-

Net liability recognized in balance sheet

7,966,139	4,878,684
------------------	------------------

Expense recognized in the statement of profit and loss

		(Amount in Rs.)	
		Gratuity	Leave Encashment
a)	Current service cost	1,792,568	1,209,259
b)	Past service cost	-	-
c)	Interest cost	766,202	355,630
d)	Expected return on plan assets	(364,595)	-
e)	Curtailment cost / (Credit)	-	-
f)	Settlement cost / (credit)	-	-
g)	Net actuarial (gain)/ loss recognized in the period	(122,398)	173,169
h)	Expenses recognized in the statement of profit & losses	2,071,777	1,738,058

ii). Actuarial Assumptions

		(Amount in Rs.)	
		Gratuity (Funded)	Leave Encashment
a)	Discounting Rate	8.50%	8.50%
b)	Future salary Increase	6.00%	6.00%
c)	Expected Rate of return on plan assets	9.15%	0.00%

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012
28 Loans and Advances in the nature of Loans given to subsidiaries :
(Amount in Rs.)

Name of the Co.	31-Mar-12	31-Mar-11	Max. Balance during the year
AOLFZE	1,242,969,611	1,080,256,439	1,296,104,690

29 Related Party Disclosures

Related party disclosures as required under Accounting Standard - 18 under the Companies (Accounting Standards) Rules 2006 on "Related Party Disclosures" issued by The Institute of Chartered Accountants of India are as given below as on 31st March, 2012:

- Subsidiary Companies :
 - APAKSH Broadband Limited
 - Aksh Net Tel Limited (Dissolved on 11th March, 2011)
 - Aksh Infratel Limited (Dissolved on 25th May, 2011)
 - SPYK Global Limited (Dissolved on 18th Feb, 2011)
 - AOLFZE
 - AOL Projects JLT
- Individuals exercising significant influence and their relatives:
 - Dr. Kailash S. Choudhari (Chairman)
 - Mr P. F. Sundesha
 - Mr Shailesh Popat Lal (Relative of Mr. P F Sundesha)
- Key Management personnel and their relatives:
 - Dr. Kailash S. Choudhari (Chairman)
 - Mr. Chetan Choudhari (Whole Time Director)
- Enterprises over which personnel referred in (b) and (c) aforementioned exercise significant influence:
 - Fulchand Finance Private Limited (Relates to Mr. P F Sundesha)

Related Party Transactions
(Amount in Rs.)

S.No.	Nature of Transaction	Subsidiaries	Key Management Personnel	Others	Total
1	Re-imburement of expenses Received	1,122,418	-	-	1,122,418
		<i>2,291,486</i>	-	-	<i>2,291,486</i>
2	Investment made	-	-	-	-
		<i>1,820,350</i>	-	-	<i>1,820,350</i>
3	Loans given	-	-	-	-
		<i>1,080,256,439</i>	-	-	<i>1,080,256,439</i>
4	Receipt against loan	13,338,914	-	69,900,000	83,238,914
		-	-	<i>72,275,000</i>	<i>72,275,000</i>
5	Interest received on Loan	46,239,380	-	-	46,239,380
		-	-	-	-
6	Remuneration Paid	-	8,208,000	-	8,208,000
		-	-	<i>7,385,646</i>	<i>7,385,646</i>
7	Interest Expenses	-	-	5,350,151	5,350,151
		-	-	<i>19,366,285</i>	<i>19,366,285</i>
8	Repayment of loan taken	-	-	69,125,000	69,125,000
		-	-	<i>210,500,000</i>	<i>210,500,000</i>
9	Sitting Fees	-	-	70,000	70,000
		-	-	<i>45,000</i>	<i>45,000</i>
10	Rent Paid	-	-	2,940,000	2,940,000
		-	-	<i>5,880,000</i>	<i>5,880,000</i>
	Balance as at March 31, 2012				
1	Trade Receivables	(173,919,902)	-	-	(173,919,902)
		<i>(172,797,484)</i>	-	-	<i>(172,797,484)</i>
2	Loan and advances	(1,242,969,611)	-	-	(1,242,969,611)
		<i>(1,080,256,439)</i>	-	-	<i>(1,080,256,439)</i>
3	Trade and other Payables	-	-	63,147,216	63,147,216
		-	-	<i>78,204,526</i>	<i>78,204,526</i>

Note : Figures in italic represents Previous Year's amount.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012
30 Segmental Reporting

Based on the guiding principles given in Accounting Standard AS-17 under the Companies (Accounting Standards) Rules 2006 "Segment Reporting" issued by the Institute of Chartered Accountants of India, the Company's business segments are Manufacturing, Services and Trading of goods. The information about business segments are given below:

(Amount Rs.)

Particulars	Manufacturing		Services		Trading		Total	
	2011-2012	2010-2011	2011-2012	2010-2011	2011-2012	2010-2011	2011-2012	2010-2011
1 Segment Revenue								
External Turnover	1,632,005,151	-	137,738,602	48,500,699	82,427,369	2,354,648	1,852,171,122	50,855,347
Inter Segment Turnover	2,702,016	-	21,333	-	4,981,949	-	-	-
Total Revenue	1,634,707,167	-	137,759,935	48,500,699	87,409,318	2,354,648	1,852,171,122	50,855,347
2 Segment Results before Interest and Taxes	195,321,211	-	(138,595,809)	(224,728,064)	10,919,927	578,174	67,645,329	(224,149,890)
Less : Interest Expenses	40,547,319	-	12,933,899	24,542,484	-	-	53,481,218	24,542,484
Add : Interest Income	4,154,990	-	50,714,739	9,089,628	-	-	54,869,729	9,089,628
Add : Exceptional Items	-	-	48,853,027	(22,998,988)	-	-	48,853,027	(22,998,988)
Profit before Tax	158,928,882	-	(51,961,942)	(263,179,908)	10,919,927	578,174	117,886,867	(262,601,734)
Current Tax	-	-	-	-	-	-	-	-
Deferred Tax	10,990,996	-	-	215,511,801	-	-	10,990,996	215,511,801
Profit after Tax	147,937,886	-	(51,961,942)	(478,691,709)	10,919,927	578,174	106,895,871	(478,113,535)
3 Other Information								
Segment Assets	933,407,185	-	1,571,187,374	1,637,363,655	-	-	2,504,594,559	1,637,363,655
Unallocated	-	-	-	-	-	-	2,374,539,960	2,612,396,388
Total Assets	933,407,185	-	1,571,187,374	1,637,363,655	-	-	4,879,134,519	4,249,760,043
Segment Liabilities	466,732,230	-	1,194,158,199	1,117,213,039	-	-	1,660,890,429	1,117,213,039
Share Capital & reserves	-	-	-	-	-	-	3,218,244,090	3,132,547,004
Total Liabilities	466,732,230	-	1,194,158,199	1,117,213,039	-	-	4,879,134,519	4,249,760,043
Capital Expenditure	4,562,075	-	7,353,510	49,624,055	-	-	11,915,585	49,624,055
Depreciation And Amortization	53,779,602	-	79,229,669	91,933,572	-	-	133,009,271	91,933,572

Note :- Total Revenue is after elimination of inter segment turnover of Rs. 7,705,298 (31.03.2011 : NIL)

31 Basic and diluted earnings per share

(Amount in Rs.)

S. No.	Particulars	31-Mar-12	31-Mar-11
a.	Net Profit/(Loss) for the year	106,895,871	(478,113,535)
b.	Weighted Average No of Equity Shares used in computing Basic-Earning per Share	142,924,871	109,524,606
c.	Impact of diluted instruments on Net Profit/(Loss) for the year	916,704	1,229,422
d.	Net Profit/(Loss) used for the computation of diluted earning per share	107,812,575	(476,884,113)
e.	Weighted average number of equity shares from dilutive instruments	13,701,263	13,701,263
f.	Weighted Average No of Equity Shares used in computing Diluted Earning per Share	156,626,134	123,225,869
g.	Nominal Value of Equity Shares-(Rs.)	5	5
h.	Basic-Earning Per Shares (Rs.)	0.75	(4.37)
i.	Diluted -Earning Per Share (Rs.)	0.69	(3.87)

32 The Company has an investment of Rs. 1,129,750,000 in the equity shares and has outstanding dues of Rs. 173,919,902 (net of advances) from APAKSH Broadband Limited (APAKSH), subsidiary acquired as a result of the amalgamation of erstwhile Aksh Broadband Limited with the Company. APAKSH's operations are presently suspended due to some litigation. One of the shareholder of APAKSH filed a petition under sections 397, 398, 402, 403 of The Companies Act before Company Law Board (CLB), Additional Principal Bench, Chennai. The Hon'ble Company Law Board gave specific findings of fact and law and dismissed the said petition. An appeal was filed against the judgment passed by CLB in Hon'ble High Court of Andhra Pradesh, which was also dismissed. A Special Leave Petition (SLP) was filed against the Hon'ble High Court order in the Hon'ble Supreme Court. The Hon'ble Supreme Court vide its order dated 7th May 2010 has dismissed the SLP. The Management of the Company has now initiated discussions on the revival of the project and is hopeful to restart the same. In view of the above, no provision has been considered necessary in respect of the outstanding dues and investment at this stage.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012
33 Derivative Instruments

- i) Forward contracts outstanding as at the reporting date:-

Particulars	Amount in USD
Forward contracts to sell US\$	100,000

The year-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

Amount receivable in foreign currency on account of the following:

S. No.	Particulars	Currency	31-Mar-12	31-Mar-11
1	Export of goods and services	USD	4,772,306	-
		EURO	56,060	-
		RINGGIT	2,641,620	-
2	Advance to suppliers	USD	22,148	-

Amount payable in foreign currency on account of the following:

S. No.	Particulars	Currency	31-Mar-12	31-Mar-11
1	Import of goods and services	USD	2,250,102	527,038
		EURO	1,137,900	420,100
		JPY	44,000	-
2	Advance from customers	USD	268,057	-
		EURO	1,352	-
3	Buyer's Credit	USD	241,920	-
4	Packing credit facility	USD	97,000	-

- 34** a) The company has not received any claim for interest from any supplier covered under the "Interest on delayed payments to "Micro, Small and Medium Enterprises Act" to the extent such parties have been identified from the available information.
- b) The names of Micro, Small and Medium Enterprises to whom the company owes amount outstanding for more than 30 days as at the Balance sheet date are as under
1. Gayatri Industries
 2. Kabeer Traders
 3. Aakriti Prime Products Private Limited
 4. J.D.Wood Products
 5. S.R. International
- c) The above information has been compiled in respect of parties to the extent to which they could be identified as Micro, Small and Medium Enterprise on the basis of information available with the Company.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	31-Mar-12		31-Mar-11	
	Rs.	%	Rs.	%
35 Value and Percentage of Raw Material Consumed				
Imported	622,314,020	59%	-	-
Indigenous	439,014,421	41%	-	-
	1,061,328,441	100%	-	-
36 Spare Parts & Components				
Imported	6,348,008	39%	-	-
Indigenous	9,773,759	61%	-	-
	16,121,767	100%	-	-
37 Value of Imports on CIF Basis				
Raw Materials	620,478,367		-	
Consumable	7,425,609		-	
Assesories	13,828,670		-	
Capital Goods	-		16,767,291	
Others	58,447,872		-	
38 Earnings in Foreign Exchange on FOB Basis				
Exports of Goods and Services	1,364,159,975		-	
Erection and Commissioning Income	15,479,461		-	
Exports Incentive	-		147,830	
Interest	47,208,317		-	
39 Expenditure in Foreign Currency				
Travelling	1,501,945		205,000	
Sale Commission	9,654,383		-	
Interest & Bank Charges	2,043,622		1,324,966	
Repair & Maintenance	-		-	
GDR/FCCB Issue	-		40,476,838	
Interest on FCCB	-		-	
Other Expenses	2,514,107		3,055,062	

40 No provision for taxation has been made because of availability of brought forward losses and unabsorbed depreciation under Income Tax Act, 1961.

41 Figures for the year ended 31 March 2012 are inclusive of erstwhile Aksh Technologies Limited (ATL) amalgamated with the Company with effect from April 1, 2011, the appointed date (refer note 25) and are therefore not directly comparable with those of the previous year.

42 Till the year ended 31 March 2011, the Company was using pre-revised Schedule VI to the Companies Act 1956, for preparation and presentation of its financial statements. During the year ended 31 March 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the Company. The Company has reclassified previous year figures to conform to this year's classification.

The accompanying notes are (1-42) an integral part of the financial statements.

As per our report of even date

For and on behalf of the board of directors

For P C Bindal & Co.
Firm Registration Number : 003824N
Chartered Accountants

KAILASH S. CHOUDHARI
Chairman

CA K. C. Gupta
Partner
Membership no.: 088638

CHETAN CHOUDHARI
Whole Time Director

B.R. RAKHECHA
Director

Place: New Delhi
Date : 26.11.2012

SATYENDRA GUPTA
Chief Financial Officer

GAURAV MEHTA
Company Secretary

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

Relating to Subsidiary Companies

Amount in Rs.

	APAKSH Broadband Limited	AOL-FZE	AOL Projects JLT
1 The Financial Year of the subsidiaries Company ended on	31st March, 2012	31st March, 2012	31st March, 2012
2 Share of Subsidiary Company held on that date and extent of holding			
a) Equity Share of Rs 5 each	225,950,000	-	-
b) Equity Share of AED 150,000 each	-	1	-
c) Equity Share of AED 1,000 each*	-	-	300
Extent of holding	99.92%	100.00%	100.00%
3 The net aggregate amount of Subsidiary's profit/(Losses) so far as it is concerned with the members of Aksh Optifibre Limited			
i) Not deal with the holding Company's account (Rs.)			
a) For Subsidiary's financial year	-	23,895,528	67,957,566
b) For subsidiary's previous financial year since it became subsidiary	-	15,731,515	-
ii) Deal with the holding Company's account (Rs.)			
a) For Subsidiary's financial year	-	-	-
b) For subsidiary's previous financial year since it became subsidiary	-	-	-
4 Material changes, if any, between the end of the Financial Year of the Subsidiary Company and holding company	-	-	-

* Equity share held by AOL FZE

Statement pursuant to Section 212 of the Companies Act, 1956

Relating to Subsidiary Companies in accordance with General Circular No. : 02/2011 dated February 8, 2011 from the Ministry of Corporate Affairs

Amount in Rs.

Name of Susidiary	APAKSH Broadband Limited	AOL-FZE	AOL Projects JLT
1 Country of Incorporation	India	UAE	UAE
2 Reporting Currency	Rs.	AED	AED
3 Exchange Rate as at March 31, 2012 (Rs.)		13.85	13.85
4 Capital	1,352,250,000	1,818,000	4,154,400
5 Reserves	-	43,095,802	69,788,753
6 Total Assets	1,587,756,835	1,395,942,392	79,067,548
7 Total Liabilities	1,587,756,835	1,395,942,392	79,067,548
8 Investments (except in case of investment in subsidiaries)	-	-	-
9 Turnover / Total Income	-	804,924,260	77,160,203
10 Profit/(loss) before Taxation	-	23,895,528	67,957,566
11 Provision for Taxation	-	-	-
12 Profit/(loss) after Taxation	-	23,895,528	67,957,566
13 Proposed Dividend	-	-	-

Consolidated Financial Statements with Auditors' Report**AUDITORS' REPORT**

The Board of Directors,

Aksh Optifibre Limited

1. We have audited the attached Balance Sheet of Aksh Optifibre Limited ('the Company') and its subsidiaries (collectively referred as 'Aksh Group') as on 31st March, 2012 and the Consolidated statement of Profit and Loss and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the 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 amount and disclosures in the financial statements. An audit includes assessing the accounting policies used and significant estimates made by the management, as well as evaluating overall financial statement presentation. We believe that our audit provides a reasonable basis of our opinion.
3. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of notified Accounting Standard (AS) 21- Consolidated Financial Statements.
4. We have not conducted audit of foreign subsidiary, whose financial statements reflect total assets of Rs. 1,470,066,204 as at 31st March, 2012 and the total revenues of Rs. 882,084,463 for the year ended on that date. These financial statements and other information have been audited by other auditor whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included in respect of subsidiary is based solely on the report of other auditor.
5. *Attention is invited to the under mentioned notes to the financial statements regarding APAKSH Broadband Limited, a subsidiary company:*
 - a. *Note 35 regarding BG revoked of Rs. 15,000,000 by M/s Andhra Pradesh Technology Services Limited and provision for various expenses e.g rent, bandwidth expenses etc. due to non availability of information and accumulated interest of Rs. 14,187,000 on secured loans taken from Cisco Systems Capital India Private Limited.*
 - b. *Note 36 regarding management's opinion on revival of the project.*
 - c. *No records produced as records maintained for quantitative details and situation of Capital work-in-progress of Rs. 1,529,437,315 in respect of its project for development, operation & maintenance AP Broadband Network.*

The impact & quantum of the above on the Company's assets/ operations cannot be quantified.
6. In our opinion and to the best of our information and according to the explanations given to us the said accounts read with our comments in para 5 above and its consequent effect on net assets or operations (if any), quantum of which cannot be ascertained, the Consolidated Financial Statements 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, 2012;
 - b. In the case of Statement of Profit and Loss, 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
FRN : 003824N

CA. K.C. Gupta
Partner
Membership No : 088638

Date: 26.11.2012
Place: New Delhi

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2012

	Notes	31-Mar-12 Rs.	31-Mar-11 Rs.
Equity and liabilities			
Shareholders' funds			
Share capital	3	936,077,838	936,077,838
Reserves and surplus	4	2,536,196,887	2,329,714,254
		3,472,274,725	3,265,792,092
Minority Interest			
		1,046,517	1,046,517
Non-current liabilities			
Long-term borrowings	5	-	679,035,000
Trade payables	6	3,174,892	-
Other long-term liabilities	6	-	4,618,647
Long-term provisions	7	12,844,823	18,824,168
		16,019,715	702,477,815
Current liabilities			
Short-term borrowings	8	324,514,953	369,837,344
Trade payables	9	446,052,975	271,618,073
Other current liabilities	9	1,049,870,229	314,469,264
		1,820,438,157	955,924,681
TOTAL		5,309,779,114	4,925,241,105
Assets			
Non-current assets			
Fixed assets			
Tangible assets			
Tangible assets	10	1,161,323,118	1,279,014,179
Intangible assets	11	110,852,827	118,647,497
Capital work-in-progress		1,485,445,594	1,478,982,198
Intangible assets under development		6,496,843	6,496,843
Non-current investments	12	181,645	181,645
Deferred tax assets (net)	13	-	10,990,996
Long-term loans and advances	14	21,036,239	25,354,201
Trade receivables	15.1	7,760,065	-
Other non-current assets	15.2	125,131,675	102,253,160
		2,918,228,006	3,021,920,719
Current assets			
Inventories	16	349,398,514	233,651,081
Trade receivables	15.1	621,632,377	453,688,360
Cash and bank balances	17	8,677,174	3,744,279
Short-term loans and advances	14	1,399,649,681	1,203,719,493
Other current assets	15.2	12,193,362	8,517,173
		2,391,551,108	1,903,320,386
TOTAL		5,309,779,114	4,925,241,105

Summary of significant accounting policies

2.1

The accompanying notes (1-38) are an integral part of the financial statements.

As per our report of even date

For and on behalf of the board of directors

For P C Bindal & Co.

 Firm Registration Number : 003824N
 Chartered Accountants

KAILASH S. CHOUDHARI

Chairman

CA K. C. Gupta

 Partner
 Membership no.: 088638

CHETAN CHOUDHARI

Whole Time Director

B.R. RAKHECHA

Director

 Place: New Delhi
 Date : 26.11.2012

SATYENDRA GUPTA

Chief Financial Officer

GAURAV MEHTA

Company Secretary

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2012

	Notes	31-Mar-12 Rs.	31-Mar-11 Rs.
Income			
Revenue from operations (gross)	18	2,770,679,228	1,354,899,413
Less: excise duty		36,423,643	45,563,492
Revenue from operations (net)		2,734,255,585	1,309,335,921
Other income	19	90,659,660	33,930,752
Total revenue (I)		2,824,915,245	1,343,266,673
Expenses			
Cost of raw material and components consumed	20	1,061,328,440	658,413,199
Purchase of traded goods	21	937,522,803	332,919,147
(Increase)/ decrease in inventories of finished goods, work-in-progress and traded goods	21	(125,331,617)	(91,716,670)
Employee benefits expense	22	151,538,285	135,340,687
Other expense	23	406,193,506	388,063,713
Total expense (II)		2,431,251,417	1,423,020,076
Earnings before interest, tax, depreciation and amortization (EBITDA) (I) – (II)		393,663,828	(79,753,403)
Depreciation and amortization expense	24	133,009,273	145,244,738
Finance costs	25	53,577,524	61,353,399
Profit/(loss) before tax		207,077,031	(286,351,540)
Tax expenses			
Deferred tax		10,990,996	203,464,694
Total tax expense		10,990,996	203,464,694
Profit/(loss) for the year		196,086,035	(489,816,234)
Earnings per equity share [nominal value of share Rs 5 (31 March 2011: Rs 5)]			
Basic		1.37	(4.47)
Diluted		1.26	(3.97)

Summary of significant accounting policies 2.1

The accompanying notes (1-38) are an integral part of the financial statements.

As per our report of even date

For and on behalf of the board of directors

For P C Bindal & Co.
Firm Registration Number : 003824N
Chartered Accountants

KAILASH S. CHOUDHARI
Chairman

CA K. C. Gupta
Partner
Membership no.: 088638

CHETAN CHOUDHARI
Whole Time Director

B.R. RAKHECHA
Director

Place: New Delhi
Date : 26.11.2012

SATYENDRA GUPTA
Chief Financial Officer

GAURAV MEHTA
Company Secretary

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

	31-Mar-12 Rs.	31-Mar-11 Rs.
Cash flow from operating activities		
Profit before tax	207,077,031	(286,351,540)
Profit before tax	207,077,031	(286,351,540)
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation/ amortization on continuing operation	133,009,273	145,244,738
Loss/ (profit) on sale of fixed assets	99,081	(16,263,173)
Foreign Currency Translation Reserve	10,396,598	(4,022,547)
Interest expense	53,577,524	61,353,399
Interest (income)	(8,630,349)	(10,991,962)
Operating profit before working capital changes	395,529,158	(111,031,085)
Movements in working capital :		
Increase/ (decrease) in Current trade payables	174,434,900	(45,478,758)
Increase/ (decrease) in Non Current trade payables	3,174,892	-
Increase / (decrease) in long-term provisions	(5,979,345)	3,712,733
Increase/ (decrease) in other current liabilities	735,400,967	166,181,949
Increase/ (decrease) in other long-term liabilities	(4,618,647)	4,618,647
Decrease / (increase) in trade receivables	(167,944,017)	(298,536,876)
Decrease / (increase) in Non Current trade receivables	(7,760,065)	-
Decrease / (increase) in inventories	(115,747,433)	(75,700,997)
Decrease / (increase) in long-term loans and advances	4,317,962	(4,382,466)
Decrease / (increase) in short-term loans and advances	(189,078,352)	(782,075,918)
Decrease / (increase) in other current assets	(3,676,189)	(1,482,111)
Decrease / (increase) in other non-current assets	(22,878,515)	6,430,382
Cash generated from / (used in) operations	795,175,316	(1,137,744,500)
Direct taxes paid (net of refunds)	(6,851,836)	15,944,628
Net cash flow from/ (used in) operating activities (A)	788,323,480	(1,121,799,872)
Cash flows from investing activities		
Purchase of fixed assets, including CWIP	(16,841,369)	(24,902,476)
Proceeds from sale of fixed assets	2,755,350	26,508,135
Purchase of non-current investments	-	(24,600)
Interest received	8,630,349	10,991,962
Net cash flow from/ (used in) investing activities (B)	(5,455,670)	12,573,021
Cash flows from financing activities		
Proceeds from issuance of equity share capital	-	1,758,725,431
Repayment of long-term borrowings	(679,035,000)	(485,534,759)
Repayment of short-term borrowings	(45,322,391)	(65,453,941)
Interest paid	(53,577,524)	(61,353,399)
Expenses on issue of FCCB/GDR/Shares on QIP	-	(43,289,670)
Net cash flow from/ (used in) in financing activities (C)	(777,934,915)	1,103,093,662
Net increase/(decrease) in cash and cash equivalents (A + B + C)	4,932,895	(6,133,189)
Cash and cash equivalents at the beginning of the year	3,744,279	9,877,468
Cash and cash equivalents at the end of the year	8,677,174	3,744,279
Components of cash and cash equivalents		
Cash on hand	645,325	238,075
With banks- on current account	7,445,808	3,100,163
Deposits with original maturity of less than three months	180,000	-
unpaid dividend accounts	406,041	406,041
Total cash and cash equivalents (note 17)	8,677,174	3,744,279

Summary of significant accounting policies
The accompanying notes (1-38) are an integral part of the financial statements.

2.1

As per our report of even date

For P C Bindal & Co.
Firm Registration Number : 003824N
Chartered Accountants

CA K. C. Gupta
Partner
Membership no.: 088638

Place: New Delhi
Date : 26.11.2012

For and on behalf of the board of directors

KAILASH S. CHOUDHARI
Chairman

CHETAN CHOUDHARI
Whole Time Director

B.R. RAKHECHA
Director

SATYENDRA GUPTA
Chief Financial Officer

GAURAV MEHTA
Company Secretary

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012
1 CORPORATE INFORMATION

Aksh Optifibre Limited is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its shares are listed at The Bombay Stock Exchange Ltd., The National Stock Exchange Ltd. in India and FCCBs/GDRs are listed at Luxembourg Stock Exchange. The Company is engaged in the manufacturing and selling of Optical Fibre, Optical Fibre Cable and Fibre Reinforced Plastic Rods. The Company caters to both domestic and international markets. The Company also provides the Internet Protocol Television (IPTV) and Voice over Internet Protocol (VoIP) services in association with MTNL in the cities of Delhi and Mumbai and IPTV services with BSNL in 20 cities of North India. The Company is the pioneer in the FTTH (Fibre to the Home) space and has further consolidated its place by starting FTTH services in Delhi, Jaipur, Ajmer & Faridabad.

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The significant accounting policies adopted by Aksh Optifibre Limited (the Company) and its subsidiaries (hereinafter referred to as the "Group") in respect of these Consolidated Financial Statements, are set out below.

2.1 SIGNIFICANT ACCOUNTING POLICIES
a) BASIS OF PREPARATION

These consolidated financial statements have been prepared to comply in all material respects with the generally accepted accounting principles in India including the notified Accounting Standards by Companies Accounting Standard Rules 2006 (as amended) and relevant requirements of the Companies Act, 1956 to reflect the financial position and the results of operations of the Group. These consolidated financial statements are prepared under the historical cost convention on the accrual basis of accounting and in accordance with the reporting requirements of Accounting Standard - 21 'Consolidated Financial Statements' issued by the ICAI.

b) Principles of Consolidation

These accounts represent consolidated accounts of the Group and its majority owned subsidiaries as follows :

Entity	Country of Incorporation	Shareholding as at March 31, 2011
APAKSH Broadband Limited (APAKSH)	India	99.92%
AOL FZE	UAE	100%
AOL Projects JLT (Incorporated in Sept' 2011) subsidiary of AOL FZE	UAE	100%

c) Use of Estimates

The preparation of the financial statements in conformity with the generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting year. Difference between the actual result and estimates are recognized in the year in which the results are known/materialized.

d) Fixed Assets

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

e) Capital Work-in-Progress

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.

f) Depreciation

- i) Depreciation on Fixed Assets is provided on straight-line method at 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 up to Rs.5, 000/- are depreciated in full in the year of purchase.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

Depreciation on equipments installed at customer premises is being provided at 20% on useful life estimated by the management.

Licence fee is amortised over the licenced period.

- ii) Cost of leasehold land is amortized over lease period on a straight-line basis.
- iii) Cost of software is amortised over its useful life on a straight-line basis.
- iv) Extra shift depreciation is charged on the basis of actual extra shifts worked as required by Schedule XIV to the Companies Act, 1956.

g) Impairment of Assets

- i) The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted at their present value at the weighted average cost of capital.
- ii) After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.
- iii) A previously recognized impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

h) Investments

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Long Term investments are stated at cost. Provision for diminution in the value of long- term investments is made only if such diminution is other than temporary. Current Investments are carried at the lower of cost and fair value and provisions are made to recognize the decline in the carrying value.

i) Inventories

- i) Raw materials, work-in-process, finished goods, trading stock, packing material and stores and spares parts are valued at the lower of cost and net realizable value except scrap which is valued at 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 comparison of cost and realizable value is made on an item-by-item basis.
- iv) Net realizable value of work-in- process is determined on the basis of selling prices of related finished products.
- v) Raw Material and other supplies held for use in production of inventories are not written down below cost unless their prices have declined and it is estimated that cost of related finished goods will exceed their net realizable value.

j) Foreign Currency Transactions

- i) Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of transaction.
- ii) Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.
- iii) Exchange differences arising on the settlement of monetary items or on reporting company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expense in the year in which they arise.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

- iv) The premium or discount arising at the inception of forward exchange contracts is amortized as expense or income over the life of the contract. Exchange differences on such contracts are recognized in the statement of profit & loss in the year in which exchange rate changes. Any profit or loss arising on cancellation or renewal of forward exchange contracts is recognized as income or expense for the year. None of the forward exchange contracts are taken for trading for speculation purpose.

k) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that company incurs in connection with the borrowing of funds.

l) Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be readily measured.

Sales of Goods & Services

Revenue is recognized when the significant risks and rewards of ownership of the goods have been passed to the buyer (usually at the point of dispatch to customers). Sales include excise duty, sale of scrap and net of sale tax and quantity discount.

Income from services is recognized on the completion of services. Period based services are accounted for proportionately over the period of service.

Income from Interest

Revenue is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

Other Incomes

Other Incomes are accrued as earned except where the receipt of income is uncertain.

m) Retirement and other Employee Benefits

- i) Retirement benefits in the form of Provident Fund are a defined contribution scheme and the contributions are charged to the Statement of Profit and Loss for the year when the contributions to the respective funds are due. The company has no other obligation other than the contribution payable.
- ii) Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on Projected Unit Credit Method calculated at the end of each financial year. 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.
- iii) Leave Encashment liability is provided for based on actuarial valuation done as per Projected Unit Credit Method calculated at the end of each financial year.
- iv) Actuarial gains/losses are immediately taken to Statement of Profit and Loss and are not deferred.

n) Export Incentives

Export Incentive in the form of advance licences / credit earned under duty entitlement pass book scheme are treated as income in the year of export at the estimated realisable value / actual credit earned on exports made during the year.

o) Taxes on Income

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

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

MAT credit is recognized as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the Minimum Alternative Tax (MAT) credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the Statement of Profit and Loss and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

p) Operating Leases

Assets given on operating leases are included in fixed assets. Lease income is recognised in the Statement of Profit and Loss on a straight-line basis over the lease term. Costs, including depreciation are recognised as an expense in the Statement of Profit and Loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the Statement of Profit and Loss.

q) Earnings Per Share

The Group reports basic and diluted earnings per share in accordance with Notified AS 20 under the Companies (Accounting Standards) Rules, 2006 issued by The Institute of Chartered Accountants of India on 'Earnings Per Share'. Basic earnings per share is computed by dividing the net profit or loss for the period attributable to equity shareholders after deducting attributable taxes by the weighted average number of equity shares outstanding during the period. Diluted earnings per share are computed by dividing the net profit or loss for the period by the weighted average number of equity shares outstanding during the period. Both profit for the year and weighted average numbers of shares are adjusted for the effects of all diluted potential equity shares except where the results are anti-dilutive.

r) Provisions, Contingent Liabilities and Contingent Assets

As per Notified AS 29 under the Companies (Accounting Standards) Rules, 2006, Provisions, Contingent Liabilities and Contingent Assets, issued by the Institute of Chartered Accountants of India, the Company recognizes provisions (without discounting to its present value) only when it has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation as and when a reliable estimate of the amount of the obligation can be made.

No provision is recognized for –

Any possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or

Any present obligation that arises from past events but is not recognized because –

- It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- A reliable estimate of the amount of obligation cannot be made.

Such obligations are disclosed as Contingent Liabilities. These are assessed continually and only that part of the obligation for which an outflow of resources embodying economic benefits is probable, is provided for, except in the extremely rare circumstances where no reliable estimate can be made.

s) Project Development Expenditure

Expenses incurred relating to project prior to commencement of commercial production / start of the project is classified as Project Development Expenditure net of income earned during the project development stage.

t) Miscellaneous Expenditure

Expenditure on issue of shares / foreign currency convertible bonds (FCCBs) / Global Depository Receipts (GDRs) / shares under Qualified Institutional Placements (QIP) and premium on redemption of FCCBs are adjusted against Securities Premium Account.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012
u) Translation of Foreign Subsidiary

In case of foreign subsidiary, the revenue and expense transactions at the year end reflected in the Statement of Profit and Loss have been translated at the average exchange rates for the period to which the financial statements relate. The assets & liabilities, both monetary and non-monetary, have been translated at the closing exchange rate prevailing on the date of the Balance Sheet.

Exchange difference arising on the company's net investment in foreign subsidiary are accumulated in a foreign currency translation reserve until the disposal of such investment, at which time they are recognized as income & expense.

v) Measurement of EBITDA

As permitted by the Guidance Note on the Revised Schedule VI to the Companies Act, 1956, the company has elected to present earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the statement of profit and loss. The company measures EBITDA on the basis of profit/ (loss) from continuing operations. In its measurement, the company does not include depreciation and amortization expense, finance costs and tax expense.

3. Share capital

	31-Mar-12 Rs.	31-Mar-11 Rs.
Authorized share (No.)		
170,100,000 (31 March 2011: 160,000,000) Equity Shares of Rs.5/- each	850,500,000	800,000,000
Issued, subscribed and fully paid-up share (No.)		
142,924,871 (31 March 2011: 142,924,871) Equity Shares of Rs.5/- each fully paid up	714,624,355	714,624,355
	221,453,483	221,453,483
Total issued, subscribed and fully paid-up share capital	936,077,838	936,077,838

(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting year
Equity shares

	31-Mar-12		31-Mar-11	
	No.	Rs.	No.	Rs.
At the beginning of the year	142,924,871	714,624,355	60,609,062	303,045,310
Add:				
Issued pursuant to conversion of FCCBs	-	-	12,478,309	62,391,545
Issued under Qualified Institutional Placements (QIP)	-	-	11,550,000	57,750,000
Shares Represented by GDRs	-	-	58,287,500	291,437,500
Outstanding at the end of the year	142,924,871	714,624,355	142,924,871	714,624,355

(b) Terms/ rights attached to equity shares

The company has only one class of equity shares having par value of Rs 5 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in ensuing Annual General Meeting.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

- (c) **Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:**

	31-Mar-12 No.	31-Mar-11 No.
<u>Shares issued for consideration other than cash during the period 2007-09</u>		
Equity shares of Rs 5 per share issued as fully paid up to Shareholders of erstwhile Aksh Broadband Limited pursuant to Scheme of Amalgamation	20,210,400	20,210,400

- (d) **Details of shareholders (as per register of shareholders) holding more than 5% shares in the company**

Name of the shareholder	As at 31 March 2012		As at 31 March 2011	
	No.	% holding	No.	% holding
Dr K S Choudhari	19,592,700	13.71%	2,694,605	1.89%
Davinder Kumar Jain	16,480,743	11.53%	13,024,661	9.11%
The Bank of New York, Mellon	15,315,850	10.72%	38,665,850	27.05%
Religare Finvest Limited	9,358,208	6.55%	5,717,000	4.00%
Seema Choudhari	7,809,341	5.46%	4,400,672	3.08%

4. Reserves and surplus

	31-Mar-12 Rs.	31-Mar-11 Rs.
Capital reserve	1,500,000	1,500,000
Securities premium account		
Balance as per the last financial statements	3,298,128,538	1,994,271,821
Add :		
On Issue of 2,955,097 equity shares upon conversion of FCCBs	-	161,939,314
On Issue of 9,523,212 equity shares upon conversion of FCCBs.	-	143,419,573
On issue of 11,550,000 equity shares under QIP.	-	167,475,000
On issue of 58,287,500 equity shares upon issue of Global Depository Receipts (GDR).	-	874,312,500
Less :		
Issue expenses on issue of Shares / FCCBs.	-	(43,289,670)
Closing Balance	3,298,128,538	3,298,128,538
Foreign Currency Translation Reserve		
Balance as per the last financial statements	(4,022,547)	-
Add: Created on translation and incorporation of non integral foreign subsidiary	10,396,598	(4,022,547)
Closing Balance	6,374,051	(4,022,547)
Surplus/ (deficit) in the statement of profit and loss		
Balance as per last financial statements	(965,891,737)	(476,075,503)
Vested in company pursuant to Amalgamation	-	-
Profit / (Loss) for the year	196,086,035	(489,816,234)
Net Deficit in the statement of profit and loss	(769,805,702)	(965,891,737)
Total reserves and surplus	2,536,196,887	2,329,714,254

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012
5. Long-term borrowings

	Non-current portion		Current maturities	
	31-Mar-12 Rs.	31-Mar-11 Rs.	31-Mar-12 Rs.	31-Mar-11 Rs.
Foreign Currency Convertible Bonds (FCCBs)				
100 (31 March 2011: 100) 1% FCCBs due on Jan-2010 of \$ 10,000 each (unsecured)(refer foot note 'a')	-	-	50,880,000	44,600,000
130 (31 March 2011: 130) 0% FCCBs due on Jan-2013 of \$ 100,000 each (unsecured)(refer foot note 'b')	-	579,800,000	661,440,000	-
2,225 (31 March 2011: 2,225) 1% FCCBs due on Feb-2013 of \$ 1,000 each (unsecured) (refer foot note 'b')	-	99,235,000	113,208,000	-
	-	679,035,000	825,528,000	44,600,000
The above amount includes				
Secured borrowings	-	-	-	-
Unsecured borrowings	-	679,035,000	825,528,000	44,600,000
Amount disclosed under the head "other current liabilities" (note 9)	-	-	(825,528,000)	(44,600,000)
Net amount	-	679,035,000	-	-

a). Represents FCCBs of USD 1.00 mn which were due for redemption in January 2010. Pursuant to RBI approval and at the request of the Bondholder, the Company has after March 31, 2012 issued fresh FCCBs in exchange of the outstanding FCCBs. The outstanding FCCBs of USD 1.00 Mn have been included under FCCBs and the redemption premium of USD 205,300 is included under current liabilities.

b). Issue of Foreign Currency Convertible Bonds (FCCBs):

The Company issued the FCCBs which are convertible into ordinary shares. The particulars, terms of issue and the status of conversion as at March 31, 2012 are given below:

Issue	0% FCCBs (due Jan 2013)	1% FCCBs (due Feb 2013)
Issued on	January 8, 2008	February 5, 2010
Issue Amount	US\$ 20 Million	US\$ 6.328 Million
Face Value	US\$ 100,000	US\$ 1,000
Fixed Exchange Rate for conversion	US\$ 1= INR 39.27	US\$ 1 = INR 46.56
Exercise Period	Between January 9, 2008 to January 01, 2013.	Between March 01, 2010 to January 15,2013
Redeemable on	January 08,2013	February 05,2013
Redemption percentage of the Principal Amount	139.93%	107.19%
FCCBs Converted	US \$ 7 Million	US \$ 4.103 Million
Shares issued on conversion of FCCBs	4,596,818	9,523,212
FCCBs outstanding as on March 31, 2012.	US\$ 13 Million	US\$ 2.225 Million
Shares that could be issued on conversion of outstanding FCCBs	8,536,956 shares	5,164,307 shares

The proceeds from the issue of FCCBs (net of issue expenses) have been utilised for the purposes as stated in the offer documents. The unutilised money is deposited with banks in short term deposits/current accounts.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012
6. Other long-term liabilities

	31-Mar-12 Rs.	31-Mar-11 Rs.
Trade payables (including acceptances)	3,174,892	-
Others	3,174,892	-
Advance from customers	-	4,618,647
	-	4,618,647

7. Provisions

	Long-term		Short-term	
	31-Mar-12 Rs.	31-Mar-11 Rs.	31-Mar-12 Rs.	31-Mar-11 Rs.
Provision for employee benefits				
Provision for Gratuity	7,966,139	14,640,295	-	-
Provision for Leave Encashment	4,878,684	4,183,873	-	-
	12,844,823	18,824,168	-	-

8. Short-term borrowings

	31-Mar-12 Rs.	31-Mar-11 Rs.
Secured Loans		
Working Capital Facilities from Banks		
Cash Credit /Packing Credit Facilities	124,482,280	159,239,349
Other Loans		
Cisco Systems Capital India Pvt Ltd	49,792,559	49,792,559
Unsecured Loans		
Deposits (unsecured)		
0% loan from Chairman repayable on demand	19,975,000	25,100,000
15% Inter Corporate Deposit from related parties repayable on demand	40,900,000	35,000,000
15% Inter Corporate Deposit from others repayable on demand	35,500,000	30,000,000
12% Inter Corporate Deposit from others repayable on demand	1,380,000	3,485,000
9% Security Deposits	2,169,998	2,170,998
0 %Security Deposits	38,006,226	39,961,938
Buyers Credit from Banks	12,308,890	25,087,500
	324,514,953	369,837,344
The above amount includes		
Secured borrowings	174,274,839	209,031,908
Unsecured borrowings	150,240,114	160,805,436

- Cash credit from banks are secured by way of first pari-passu charge on Current Assets both present and future and second pari-pasu charge on the fixed assets of the Company's manufacturing division. These facilities are further secured by way of first pari-pasu charge on the immovable properties of the Company and personal guarantee of Dr. Kailash S. Choudhari and Corporate Guarantee of the Company. The cash credit is repayable on demand. The interest payable on cash credit ranges between 16% to 18% and on packing credit 6.1%.
- Non fund based limits are further secured by first pari pasu charge on immovable properties of manufacturing division of the Company.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012
9. Other current liabilities

	31-Mar-12 Rs.	31-Mar-11 Rs.
Trade payables (including acceptances)	446,052,975	271,618,073
Other liabilities		
Current maturities of long-term borrowings (note 5)	825,528,000	44,600,000
Interest accrued but not due on borrowings	21,571,968	10,880,179
Advance from Customers	22,890,568	24,017,424
Advance against sale of Assets	18,500,000	-
Unearned revenue	712,741	6,934,197
Investor Education and Protection Fund will be credited by following amounts (as and when due)		
Unpaid dividend 2005-06	305,174	305,174
Unpaid dividend 2006-07	100,867	100,867
Other current liabilities @	160,260,911	227,631,423
	1,049,870,229	314,469,264
	1,495,923,204	586,087,337

@ Includes Rs 10,445,664 (31 March 2011: 9,156,380) being Premium on FCCB Redemption.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012
10. Tangible assets

	Freehold Land	Lease hold Land	Factory Buildings	Residential Building	Plant and equipment	Telecom Networking	Testing Instruments	Air Conditioners	Furniture and fixtures	Office Equipments	Data Processing System	Electric Fittings	Vehicles	Fork Lift	Total
(Amount In Rs.)															
Cost or valuation															
At 1 April 2010	184,250	33,406,918	127,182,804	540,400	1,387,633,580	314,665,712	93,924,362	28,879,054	18,881,314	9,388,790	24,303,371	50,104,078	2,277,100	2,030,998	2,093,422,731
Additions	-	-	-	-	50,037,705	416,565	20,700	372,938	26,481	47,910	218,617	3,824,251	-	35,000	55,000,167
Disposals / adjustments	-	(2,361,290)	(840,450)	(540,400)	(6,653,115)	-	-	-	(981,890)	(205,501)	(534,800)	-	-	-	(12,117,246)
At 31 March 2011	184,250	31,045,628	126,342,354	-	1,431,018,170	315,102,277	93,945,062	29,251,992	17,926,105	9,231,199	23,987,188	53,928,329	2,277,100	2,065,998	2,136,305,652
Additions	-	-	-	-	11,179,584	-	-	-	238,050	39,840	458,112	-	-	-	11,915,586
Disposals / adjustments	-	-	-	-	(13,659,090)	-	-	(41,536)	-	-	(16,700)	(722,753)	(4,500)	(14,340)	(14,458,919)
At 31 March 2012	184,250	31,045,628	126,342,354	-	1,428,538,664	315,102,277	93,945,062	29,210,456	18,164,155	9,271,039	24,428,600	53,205,576	2,272,600	2,051,658	2,133,762,319
Depreciation															
At 1 April 2010	-	3,595,689	52,399,870	99,674	465,233,707	96,051,821	50,017,686	16,945,500	6,529,442	3,297,657	18,488,733	20,160,201	962,045	1,185,774	734,967,799
Charge for the year	-	331,201	4,233,622	11,534	83,137,577	14,952,504	4,279,307	1,262,887	965,093	349,101	1,035,669	2,391,296	110,300	102,329	123,162,630
Preoperative Expense Adjustment	-	-	-	-	-	-	-	-	73,212	63,137	791,659	-	105,320	-	1,033,328
Disposals / adjustments	-	(186,713)	(320,852)	(111,209)	(386,624)	-	-	2,053	(129,487)	(211,345)	(529,247)	1,140	-	-	(1,872,284)
At 31 March 2011	-	3,740,177	56,312,640	(0)	557,994,660	111,004,325	54,296,983	18,210,450	7,438,260	3,498,550	19,787,014	22,552,637	1,177,665	1,288,103	857,291,473
Charge for the year	-	315,798	4,223,075	-	95,898,804	15,006,364	4,063,698	1,232,777	886,349	420,359	1,046,796	2,688,525	110,563	88,587	126,003,695
Preoperative Expense Adjustment	-	-	-	-	-	-	-	-	73,412	63,310	506,191	-	105,608	-	748,521
Disposals / adjustments	-	-	-	-	(11,120,773)	-	-	(7,084)	-	-	-	(460,187)	(4,460)	(11,984)	(11,604,488)
At 31 March 2012	-	4,055,975	60,535,715	(0)	642,762,691	126,012,689	58,380,681	19,136,143	8,398,021	3,982,219	21,340,001	24,760,975	1,389,376	1,364,706	972,439,201
Net Block															
At 31 March 2011	184,250	27,305,451	70,029,714	0	873,033,510	204,097,962	39,646,089	11,041,542	10,487,845	5,732,649	4,200,174	31,375,892	1,099,435	777,895	1,279,014,179
At 31 March 2012	184,250	26,989,653	65,806,639	0	785,775,973	189,089,588	35,564,371	9,774,313	9,766,134	5,288,820	3,088,599	28,424,601	883,224	686,952	1,161,323,118

11. Intangible assets

	(Amount In Rs.)
Computer software	
Gross block	
At 1 April 2010	228,141,380
Additions	92,465
At 31 March 2011	228,233,845
At 31 March 2012	228,233,845
Amortization	
At 1 April 2010	86,463,468
Preoperative Expense Adjustment	1,040,772
Charge for the year	22,082,108
At 31 March 2011	109,586,348
Preoperative Expense Adjustment	789,092
Charge for the year	7,005,578
At 31 March 2012	117,381,018
Net block	
At 31 March 2011	118,647,497
At 31 March 2012	110,852,827

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012
12. Non-current investments

	31-Mar-12 Rs.	31-Mar-11 Rs.
Trade investments (valued at cost unless stated otherwise)	-	-
Non-trade investments (valued at cost unless stated otherwise)		
Investment in equity instruments (quoted)		
22,300 (31 March 2011: 22,300) equity shares of Rs. 5 each fully paid-up in CMI Limited	44,600	44,600
Government and trust securities (unquoted)		
National Saving Certificates (Deposited with Government Department as Security)#	87,045	87,045
Kisan Vikas Patra##	50,000	50,000
	<u>181,645</u>	<u>181,645</u>
	<u>181,645</u>	<u>181,645</u>
Aggregate amount of quoted investments (Market value: Rs 370,180 (31 March 2011: Rs 369,065)	44,600	44,600
Aggregate amount of unquoted investments	137,045	137,045
#Includes Rs. 62,045 vested pursuant to Scheme of Amalgamation (refer note 26).		
##Represent investment vested in the company pursuant to the scheme of Amalgamation (refer note 26).		

13. Deferred tax asset (net)

	31-Mar-12 Rs.	31-Mar-11 Rs.
Deferred tax liability		
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting	-	10,747,288
Others	-	-
Gross deferred tax liability	<u>-</u>	<u>10,747,288</u>
Deferred tax asset		
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	-	3,171,317
Provision for diminution in the value of investments	-	-
Provision for doubtful debts and advances	-	-
Others	-	18,566,967
Gross deferred tax asset	<u>-</u>	<u>21,738,284</u>
Net deferred tax asset	<u>-</u>	<u>10,990,996</u>

14. Loans and advances (Unsecured, considered Good unless stated otherwise)

	Non-current		Current	
	31-Mar-12 Rs.	31-Mar-11 Rs.	31-Mar-12 Rs.	31-Mar-11 Rs.
Capital advances	14,306,633	14,569,349	-	-
Security deposit	6,729,606	6,166,206	10,646,977	12,527,153
Advances recoverable in cash or kind	-	4,618,646	1,196,043,569	964,326,697
Other loans and advances				
Advance income-tax (net of provision for taxation)	-	-	6,558,941	10,244,808
Mat Credit Entitlement	-	-	17,096,644	17,096,644
Prepaid expenses	-	-	2,411,845	5,218,436
Balances with statutory / government authorities	-	-	166,891,705	194,305,755
	<u>-</u>	<u>-</u>	<u>192,959,135</u>	<u>226,865,643</u>
Total	<u>21,036,239</u>	<u>25,354,201</u>	<u>1,399,649,681</u>	<u>1,203,719,493</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012
15. Trade receivables and other assets
15.1. Trade receivables

	Non-current		Current	
	31-Mar-12 Rs.	31-Mar-11 Rs.	31-Mar-12 Rs.	31-Mar-11 Rs.
Unsecured, considered good unless stated otherwise				
Outstanding for a period exceeding six months from the date they are due for payment	-	-	35,079,714	37,203,398
Other receivables	-	-	586,552,663	416,484,962
	-	-	621,632,377	453,688,360
Other receivables				
Secured, considered good	-	-	-	-
Unsecured, considered good	7,760,065	-	-	-
Doubtful	-	-	-	-
	7,760,065	-	-	-
Provision for doubtful receivables				
	7,760,065	-	-	-
	7,760,065	-	-	-

15.2. Other assets

	Non-current		Current	
	31-Mar-12 Rs.	31-Mar-11 Rs.	31-Mar-12 Rs.	31-Mar-11 Rs.
Unsecured, considered good unless stated otherwise				
Non-current bank balances (note17)	125,131,675	102,253,160		
Interest accrued on fixed deposits	-	-	6,137,410	2,461,221
Interest accrued on other deposits	-	-	6,055,952	6,055,952
	-	-	12,193,362	8,517,173
	125,131,675	102,253,160	12,193,362	8,517,173

16. Inventories (valued at lower of cost and net realizable value)

	31-Mar-12 Rs.	31-Mar-11 Rs.
i) Finished Goods & Traded Goods	243,305,504	92,117,537
ii) Raw Material and components(Including in transit Rs 516,015) (31 March 2011 : Rs. 8,648,653)	46,126,128	57,337,348
iii) Semi Finished Goods	41,721,790	67,578,140
iv) Stores, Spares & others	18,245,092	16,618,056
	349,398,514	233,651,081

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012
17. Cash and bank balances

	Non-current		Current	
	31-Mar-12 Rs.	31-Mar-11 Rs.	31-Mar-12 Rs.	31-Mar-11 Rs.
Cash and cash equivalents				
Balances with banks:				
On current accounts			7,445,808	3,100,163
Deposits with original maturity of less than three months			180,000	-
On unpaid dividend account			406,041	406,041
Cash on hand			645,325	238,075
	-	-	8,677,174	3,744,279
Other bank balances				
Deposits with original maturity for more than 12 months	10,000	10,000		
Margin money deposit	125,121,675	102,243,160	-	-
	125,131,675	102,253,160	-	-
Amount disclosed under non-current assets (note 15.2)	(125,131,675)	(102,253,160)	-	-
	-	-	8,677,174	3,744,279

Margin money deposits given as security

Margin money deposits with a carrying amount of Rs 125,121,675 (31 March 2011: 102,243,160) are pledged with Banks and others for various Facilities.

18. Revenue from operations

	31-Mar-12 Rs.	31-Mar-11 Rs.
Revenue from operations		
Sale of products		
Finished goods	1,624,412,283	1,000,437,361
Traded goods	879,507,646	291,984,793
Sale of services	222,503,591	48,500,699
Other operating revenue		
Scrap sales	1,154,161	1,039,907
Export Incentives	24,171,484	12,936,653
Foreign Exchange Fluctuation (net) on operating activities	7,147,992	-
Other operating revenue	11,782,071	-
Revenue from operations (gross)	2,770,679,228	1,354,899,413
Less: Excise duty #	36,423,643	45,563,492
Revenue from operations (net)	2,734,255,585	1,309,335,921

Excise duty on sales amounting to Rs.36,423,643 (31.03.2011 : Rs. 45,563,492) has been reduced from sales in statement of profit and loss and excise duty on decrease in stock amounting to Rs. 322,553 (31.03.2011 : Rs. 373,275) has been considered as (income)/expense in note 23 of financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012
Detail of products sold

	31-Mar-12 Rs.	31-Mar-11 Rs.
Finished goods sold		
Optical Fibre and Optical Fible Cables	1,074,794,552	548,997,799
Fibre Reinforced Plastic Rod and Impregnated Glass Roving Reinforcement	549,617,731	451,439,562
	1,624,412,283	1,000,437,361

	31-Mar-12 Rs.	31-Mar-11 Rs.
Traded goods sold		
Telecom & electronic items	879,507,646	291,984,793
	879,507,646	291,984,793

Detail of services rendered

	31-Mar-12 Rs.	31-Mar-11 Rs.
IPTV & VoIP services	34,965,763	34,247,354
Other Services	18,540,915	14,253,345
Consultancy Income	77,160,203	-
Network Errection, Installation & Commissioning services	91,836,710	-
	222,503,591	48,500,699

19. Other income

	31-Mar-12 Rs.	31-Mar-11 Rs.
Interest income		
on deposits	7,862,562	7,812,092
on other advances	767,787	3,179,870
Profit on sale of fixed assets	-	16,263,173
Foreign Exchange Fluctuation (Net)	48,853,027	3,349,112
Other Income	263,687	3,326,505
Other non-operating income	32,912,597	-
	90,659,660	33,930,752

20. Cost of raw material and components consumed

	31-Mar-12 Rs.	31-Mar-11 Rs.
Inventory at the beginning of the year	48,688,695	55,250,654
Add: Purchases	1,058,249,858	651,851,240
	1,106,938,553	707,101,894
Less: inventory at the end of the year	45,610,113	48,688,695
Cost of raw material and components consumed	1,061,328,440	658,413,199

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012
Detail of raw material and components consumed

	31-Mar-12 Rs.	31-Mar-11 Rs.
Glass Fibre and Glass Preforms	522,413,686	221,481,171
Resin such as (PVC, HDPE, Nylon, MB, LSZH, PBT, Nucrel, UV resin and Polyster)	221,476,985	183,123,699
Others	317,437,769	253,808,329
	1,061,328,440	658,413,199

21. Purchase of traded goods

	31-Mar-12 Rs.	31-Mar-11 Rs.
Cable accessories and others	75,518,395	361,402
Other telecom & electronic goods	862,004,408	332,557,745
	937,522,803	332,919,147

21. (Increase)/ decrease in inventories

	(Increase)/ decrease Rs.	31-Mar-12 Rs.	31-Mar-11 Rs.
Inventories at the end of the year	31-Mar-12		
Traded goods	(157,899,910)	233,238,105	75,338,195
Work-in-progress	25,856,350	41,721,790	67,578,140
Finished Goods	6,695,248	10,058,642	16,753,890
Scrap	16,695	8,757	25,452
	(125,331,617)	285,027,294	159,695,677
Inventories at the beginning of the year	31-Mar-11		
Traded goods	(69,496,813)	75,338,195	5,841,382
Work-in-progress	(26,217,163)	67,578,140	41,360,977
Finished Goods	4,004,213	16,753,890	20,758,103
Scrap	(6,907)	25,452	18,545
	(91,716,670)	159,695,677	67,979,0077

22. Employee benefits expense

	31-Mar-12 Rs.	31-Mar-11 Rs.
Salaries, wages and bonus	133,023,234	109,768,380
Contribution to provident and other funds	9,181,617	9,073,802
Gratuity	1,519,385	4,075,600
Staff welfare expenses	4,799,026	4,654,462
Directors' Remuneration	3,015,023	7,768,443
	151,538,285	135,340,687

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012
23. Other expenses

	31-Mar-12 Rs.	31-Mar-11 Rs.
Consumption of stores and spares	16,603,680	16,046,127
Job Work - Installation & Commissioning Charges	7,092,157	-
Sub-contracting expenses	36,872,439	30,694,715
Subscription Charges	24,123,214	49,388,042
Packing Material Consumed	65,189,070	51,412,088
Increase/(Decrease) in Excise Duty Provision on Stock	(322,553)	(373,275)
Project Execution Expenses	61,630,718	-
Power & Fuel	53,152,304	53,903,481
Advertisement	-	16,529,207
Travelling & Conveyance	15,718,780	12,491,511
Postage & Telephone	4,116,109	4,832,879
Insurance	3,555,595	3,305,809
Loss on Sale of Fixed Assets	99,081	-
Late Delivery Charges	-	858,832
Foreign Exchange Fluctuations (net)	-	23,590,402
Rent	20,966,740	19,778,401
Professional & Legal Expenses	18,583,260	19,185,537
Repair & Maintenance		
Plant & Machinery	4,340,348	2,038,839
Buildings	1,492,161	994,057
Others	8,643,169	4,846,231
Marketing & Service Charges	26,883,484	13,766,022
Membership & Subscription	1,500,012	24,298,282
Freight & Cartage (Outward)	14,960,416	13,219,179
Auditors' Remuneration	2,403,428	2,115,025
Investments Written Off (net)	-	1,146,102
Other Expenses	21,510,235	24,648,018
	409,113,847	388,715,511
Less : Transfer to Capital Asset/ Capital Work in Progress	2,920,341	651,798
	406,193,506	388,063,713

Detail of Payment to auditor

	31-Mar-12 Rs.	31-Mar-11 Rs.
As auditor:		
Audit fee	1,874,166	1,600,000
Tax audit fee	200,000	200,000
In other capacity:		
Taxation matters	100,000	-
Other services (certification fees)	145,000	279,200
Reimbursement of expenses	84,262	35,825
	2,403,428	2,115,025

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012
24. Depreciation and amortization expense

	31-Mar-12 Rs.	31-Mar-11 Rs.
Depreciation of tangible assets	126,003,695	123,162,630
Amortization of intangible assets	7,005,578	22,082,108
	133,009,273	145,244,738

25. Finance costs

	31-Mar-12 Rs.	31-Mar-11 Rs.
Interest on Cash Credit	21,996,630	24,136,475
Interest	11,607,373	23,201,910
Bank Charges	19,973,521	14,015,014
	53,577,524	61,353,399

26 Accounting for Amalgamation of Aksh Technologies Limited (ATL) with the Company.

- a) Pursuant to the Scheme of Amalgamation of the erstwhile ATL (100% subsidiary of the Company) with the Company, as approved by the Shareholders and subsequently sanctioned by the Honourable High Court of Rajasthan vide its order dated 08/11/2012, the assets and liabilities of the erstwhile ATL were transferred to and vested in the Company with effect from the Appointed Date, April 1, 2011. The Scheme has, accordingly, been given effect to in these Accounts.
- b) ATL is engaged in the business of manufacture and sale of Optical Fibre, Optical Fibre Cable and Fibre Reinforced Plastic Rods.
- c) The amalgamation has been accounted for under the 'pooling of interest method', as prescribed under (AS-14) under the Companies (Accountants Standards) rules, 2006 issued by the "Institute of the Chartered Accountants of India". Accordingly, the assets and liabilities of erstwhile ATL as at April 1, 2011 have been taken over at their book values, subject to adjustments made due to differences in the accounting policies of the two companies.
- d) Consequent to the Scheme of Amalgamation, 10,100,000 equity shares of Rs. 5 each of ATL held by the Company and 1,000,000, 9% optionally convertible debentures of Rs. 100 each stand cancelled.
- e) The statement of profit and loss pertaining to ATL for the year Ended March 31, 2012, the period for which business was run and managed in trust for the Company resulting in a profit of Rs.98,364,737 as detailed below has been incorporated in these accounts.

Particulars	(Amount in Rs.)
Sales & other income	1,723,317,777
Less:	
Manufacturing and other expenses	1,523,524,749
Profit before interest, depreciation and tax	199,793,028
Less:	
Interest	53,779,602
Depreciation	47,648,689
Profit before Tax	98,364,737

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012
27 Contingent Liabilities:

a) Claims not acknowledged as debts (Amount in Rs.)

S. No	Particulars	31-Mar-12	31-Mar-11
1	VAT/Sales Tax Matters	85,864,707	101,656,948
2	Service Tax	34,417,453	14,943,565
3	Excise / Custom Duty	55,993,423	52,683,516
4	Stamp Duty	5,700,000	4,042,480
5	Others	42,599,551	48,716,466

b) Corporate Guarantee given by erstwhile Aksh Broadband Ltd. amounting to Rs. 58,202,875 (31.03.2011 : Rs. 58,202,875) in favour of M/s Cisco Systems Capital India Private Limited for loan taken by APAKSH Broadband Ltd., subsidiary of erstwhile Aksh Broadband Ltd.

c) Corporate Guarantee given by the Company amounting to Rs. 605,500,000 (Previous Year Rs. 605,500,000) in favour of Union Bank of India, Punjab National Bank and ICICI Bank (Consortium Banks) for working capital facilities sanctioned to the Company. Further the Immovable properties of the Company are also charged for Non fund based limits.

d) Bank Guarantees, letters of credit (Net of margin) issued by banks and outstanding as on the reporting date is Rs. 51,577,221 (31.03.2011 : Rs. 99,807,000)

e) The undivided Aksh Optifibre Limited has imported Plant & Machinery in previous years under EPCG scheme. An export obligation amounting to Rs. 1,069,942,685 was placed on the Company to be fulfilled in 8 years starting from 16th August 2001. The Company applied for extension of export obligation period and received the extension up to 31st August 2011. The Company has fulfilled all the export obligations within the stipulated time but is yet to receive the certificate for discharge of liability as on the reporting date.

f) Estimated amounts of contracts remaining to be executed on Capital Account (net of advances) is Rs. 3,087,070,833 (31.03.2011 : Rs. 3,125,064,108)

28 Employee Benefits:

The disclosures as per the Notified AS 15 under the Companies (Accounting Standards) Rules, 2006 on "Employee Benefits", are as follows:

a) The Company has classified various benefits provided to employees as under :

Defined Contribution Plans and amount recognized in Statement of Profit and Loss.

(Amount in Rs.)

Particulars	31-Mar-12	31-Mar-11
Employer's Contribution to Provident Fund	8,353,194	8,633,741
Employer's Contribution to ESI	765,575	882,844

b) Defined Benefit Plans

Gratuity and Leave Encashment – actuarial valuation done in accordance with the Accounting Standard -15 (Revised), details of the same are given :

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012
i). Summary of results

		(Amount in Rs.)	
S. No.	Particulars	Year Ended March 31, 2012	
		Gratuity	Leave Encashment
a)	Present value of obligation as at the beginning of the period	9,014,141	4,183,873
b)	Acquisition adjustment	-	-
c)	Interest cost	766,202	355,630
d)	Past service cost	-	-
e)	Current service cost	1,792,568	1,209,259
f)	Curtailement cost/(Credit)	-	-
g)	Settlement cost/(Credit)	-	-
h)	Benefits paid	(837,772)	(1,043,247)
i)	Actuarial (gain)/loss on obligation	(122,399)	173,169
j)	Present value of obligation as at the end of period	10,612,740	4,878,684

Changes in the fair value of plan assets

		(Amount in Rs.)	
		Gratuity	Leave Encashment
a)	Fair value of plan assets at the beginning of the period	3,984,641	-
b)	Acquisition adjustment	-	-
c)	Expected return on plan assets	364,595	-
d)	Contributions	-	-
e)	Benefits paid	-	-
f)	Actuarial gain/(loss) on plan assets	(1)	-
g)	Fair value of plan assets at the end of the period	4,349,235	-
Net liability recognized in balance sheet		7,966,139	4,878,684

Expense recognized in the statement of profit and loss

		(Amount in Rs.)	
		Gratuity	Leave Encashment
a)	Current service cost	1,792,568	1,209,259
b)	Past service cost	-	-
c)	Interest cost	766,202	355,630
d)	Expected return on plan assets	(364,595)	-
e)	Curtailement cost / (Credit)	-	-
f)	Settlement cost / (credit)	-	-
g)	Net actuarial (gain)/ loss recognized in the period	(122,398)	173,169
h)	Expenses recognized in the statement of profit & losses	2,071,777	1,738,058

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012
ii). Actuarial Assumptions

(Amount in Rs.)

	Gratuity (Funded)	Leave Encashment
a) Discounting Rate	8.50%	8.50%
b) Future salary Increase	6.00%	6.00%
c) Expected Rate of return on plan assets	9.15%	0.00%

29 With a view to have a global presence in telecom, the Company has incorporated a wholly owned subsidiary in Dubai, viz. "AOL FZE" for expansion of Companies businesses. The subsidiary company has signed an agreement with Africa One, a Company which has been mandated to provide majority stake in Company, holding GSM licenses with spectrum in African continent for Broadband, IPTV and FTTH projects. In Compliance of the terms of the agreement, the subsidiary company has advanced towards part consideration an amount aggregating Rs 914,046,380 (equivalent to AED 66,005,660) (31.03.2011 : Rs 799,988,599 (equivalent to AED 66,005,660))

30 Segmental Reporting

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

(Amount Rs.)

Particulars	Manufacturing		Services		Trading		Total	
	2011-2012	2010-2011	2011-2012	2010-2011	2011-2012	2010-2011	2011-2012	2010-2011
1 Segment Revenue								
External Turnover	1,632,005,151	969,038,604	214,898,805	48,500,698	887,351,629	291,796,619	2,734,255,585	1,309,335,921
Inter Segment Turnover	2,702,016	651,798	21,333	-	4,981,949	-	-	-
Total Revenue	1,634,707,167	969,690,402	214,920,138	48,500,698	892,333,578	291,796,619	2,734,255,585	1,309,335,921
2 Segment Results before Interest and Taxes	195,321,210	39,367,802	(70,541,937)	(268,818,767)	78,391,906	16,459,850	203,171,179	(212,991,115)
Less : Finance Cost	40,547,319	36,660,755	13,030,205	24,542,484	-	150,160	53,577,524	61,353,399
Add : Interest Income	4,154,990	1,902,334	4,475,359	9,089,628	-	-	8,630,349	10,991,962
Add : Exceptional Items	-	-	48,853,027	(22,998,988)	-	-	48,853,027	(22,998,988)
Profit before Tax	158,928,881	4,609,381	(30,243,756)	(307,270,611)	78,391,906	16,309,690	207,077,031	(286,351,540)
Current Tax	-	-	-	-	-	-	-	-
Deferred Tax	10,990,996	(12,047,107)	-	215,511,801	-	-	10,990,996	203,464,694
Profit after Tax	147,937,885	16,656,488	(30,243,756)	(522,782,412)	78,391,906	16,309,690	196,086,035	(489,816,234)
3 Other Information								
Segment Assets	933,407,183	870,700,848	2,913,429,539	2,882,651,121	481,896,012	304,900,537	4,328,732,734	4,058,252,506
Unallocated	-	-	-	-	-	981,046,380	866,988,599	-
Total Assets	933,407,183	870,700,848	2,913,429,539	2,882,651,121	481,896,012	304,900,537	5,309,779,114	4,925,241,105
Segment Liabilities	466,732,230	469,207,516	1,260,080,190	1,178,663,358	109,645,453	10,531,621	1,836,457,873	1,658,402,495
Share Capital & reserves	-	-	-	-	-	-	3,473,321,241	3,266,838,610
Total Liabilities	466,732,230	469,207,516	1,260,080,190	1,178,663,358	109,645,453	10,531,621	5,309,779,114	4,925,241,105
Capital Expenditure	4,562,075	5,376,112	7,353,511	49,716,520	-	-	11,915,586	55,092,632
Depreciation And Amortization	53,779,604	53,311,166	79,229,669	91,933,572	-	-	133,009,273	145,244,738

Note :- Total Revenue is after elimination of inter segment turnover of Rs. 7,705,298 (31.03.2011 : Rs. 651,758)

31 Related Party Disclosures

Related party disclosures as required under Accounting Standard - 18 on "Related Party Disclosures" issued by The Institute of Chartered Accountants of India are as given below as on 31st March, 2012:

- a) Individuals exercising significant influence & their relatives:
- Dr. Kailash S. Choudhari (Chairman)
 - Mr P. F. Sundesha
 - Mr Shailesh Popat Lal (Relative of Mr. P F Sundesha)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

b) Key Management Personnel and their relatives:

Dr. Kailash S. Choudhari (Chairman)

Mr. Chetan Choudhari (Whole Time Director)

c) Enterprises over which personnel referred in (b) & (c) aforementioned exercise significant influence:

Fulchand Finance Private Limited (Relates to Mr. P F Sundesha)

Related Party Transactions

				(Amount in Rs.)
S.No.	Nature of Transaction	Key Management Personnel	Others	Total
1	Loan taken	-	69,900,000	69,900,000
			<i>72,275,000</i>	<i>72,275,000</i>
2	Remuneration Paid	8,208,000	26,051,013	34,259,013
		<i>6,855,200</i>	<i>17,700,846</i>	<i>24,556,046</i>
3	Interest Expenses	-	5,350,151	5,350,151
			<i>19,366,285</i>	<i>19,366,285</i>
4	Repayment of loan taken	-	69,125,000	69,125,000
			<i>210,500,000</i>	<i>210,500,000</i>
5	Sitting Fees	-	70,000	70,000
			<i>45,000</i>	<i>45,000</i>
6	Rent Paid	-	2,940,000	2,940,000
			<i>5,880,000</i>	<i>5,880,000</i>
Balance as at March 31, 2012				
1	Trade and other Payables	-	68,229,536	68,229,536
			<i>83,204,526</i>	<i>83,204,526</i>

Note :

Figures in italic represents Previous Year's amount.

32 Basic and diluted earnings per share

(Amount in Rs.)

S. No.	Particulars	31-Mar-12	31-Mar-11
a.	Net Profit/(Loss) for the year	196,086,035	(489,816,234)
b.	Weighted Average No of Equity Shares used in computing Basic-Earning per Share	142,924,871	109,524,606
c.	Impact of diluted instruments on Net Profit/(Loss) for the year	916,705	891,539
d.	Net Profit/(Loss) used for the computation of diluted earning per share	197,002,740	(488,924,695)
e.	Weighted average number of equity shares from dilutive instruments	13,701,264	13,701,263
f.	Weighted Average No of Equity Shares used in computing Diluted Earning per Share	156,626,135	123,225,869
g.	Nominal Value of Equity Shares-(Rs.)	5.00	5.00
h.	Basic-Earning Per Shares (Rs.)	1.37	(4.47)
i.	Diluted -Earning Per Share (Rs.)	1.26	(3.97)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

- 33** a) The Company has not received any claim for interest from any supplier covered under the “Interest on delayed payments to “Micro, Small and Medium Enterprises Act” to the extent such parties have been identified from the available information.
- b) The names of Micro, Small and Medium Enterprises to whom the company owes amount outstanding for more than 30 days as at the Balance sheet date are as under
1. Gayatri Industries
 2. Kabeer Traders
 3. Aakriti Prime Products Private Limited
 4. J.D.Wood Products
 5. S.R.International
- c) The above information has been compiled in respect of parties to the extent to which they could be identified as Micro, Small and Medium Enterprise on the basis of information available with the company.
- 34** APAKSH is setting up a Broadband Project in the state of Andhra Pradesh. No Statement of Profit and Loss has been prepared in respect of the said project since the Company has not commenced revenue operations. The expenditure incurred during the period are classified as “Project Development Expenses” pending capitalization and will be apportioned to the assets on the completion of the project.
- 35** In the case of APAKSH, Bank Guarantee of Rs. 15,000,000 (previous period Rs. 15,000,000) was invoked by M/s Andhra Pradesh Technology Services Ltd due to failure of implementation of the project, shown in advance recoverable as Company is contesting. In the case of APAKSH, no provision has been made in respect of various expenses viz. rent, commission, bandwidth expenses as these are not quantifiable due to non availability of information and for interest of Rs. 14,187,000 (previous period Rs. 11,917,080) on secured loan taken from Cisco Systems Capital India Pvt Ltd.
- 36** In Case of APAKSH, The operations are presently suspended due to some dispute. A Special Leave Petition (SLP) was filed against the Hon’ble High Court litigation. One of the shareholder of APAKSH filed a petition under sections 397, 398, 402, 403 of The Companies Act before Company Law Board (CLB), Additional Principal Bench, Chennai. The Hon’ble Company Law Board gave specific findings of fact and law and dismissed the said petition. An appeal was filed against the judgment passed by CLB in Hon’ble High Court of Andhra Pradesh, which was also order in the Hon’ble Supreme Court. The Hon’ble Supreme Court vide it’s order dated 7th May 2010 has dismissed the SLP. The Management of the Company has now initiated discussions on the revival of the project and is hopeful to restart the same.
- 37** No provision for taxation has been made because of availability of brought forward losses and unabsorbed depreciation under Income Tax Act, 1961.
- 38** Previous Period’s figures have been reworked, regrouped, rearranged and reclassified to conform to those of current year’s figures wherever necessary.

The accompanying notes are (1-38) an integral part of the financial statements.

As per our report of even date

For and on behalf of the board of directors

For P C Bindal & Co.
Firm Registration Number : 003824N
Chartered Accountants

KAILASH S. CHOUDHARI
Chairman

CA K. C. Gupta
Partner
Membership no.: 088638

CHETAN CHOUDHARI
Whole Time Director

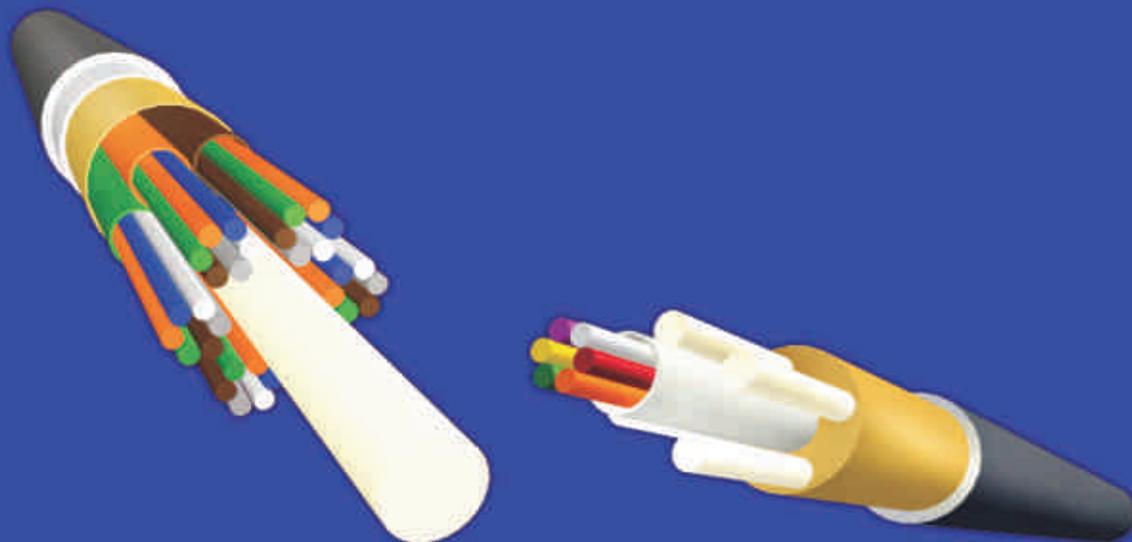
B.R. RAKHECHA
Director

Place: New Delhi
Date : 26.11.2012

SATYENDRA GUPTA
Chief Financial Officer

GAURAV MEHTA
Company Secretary

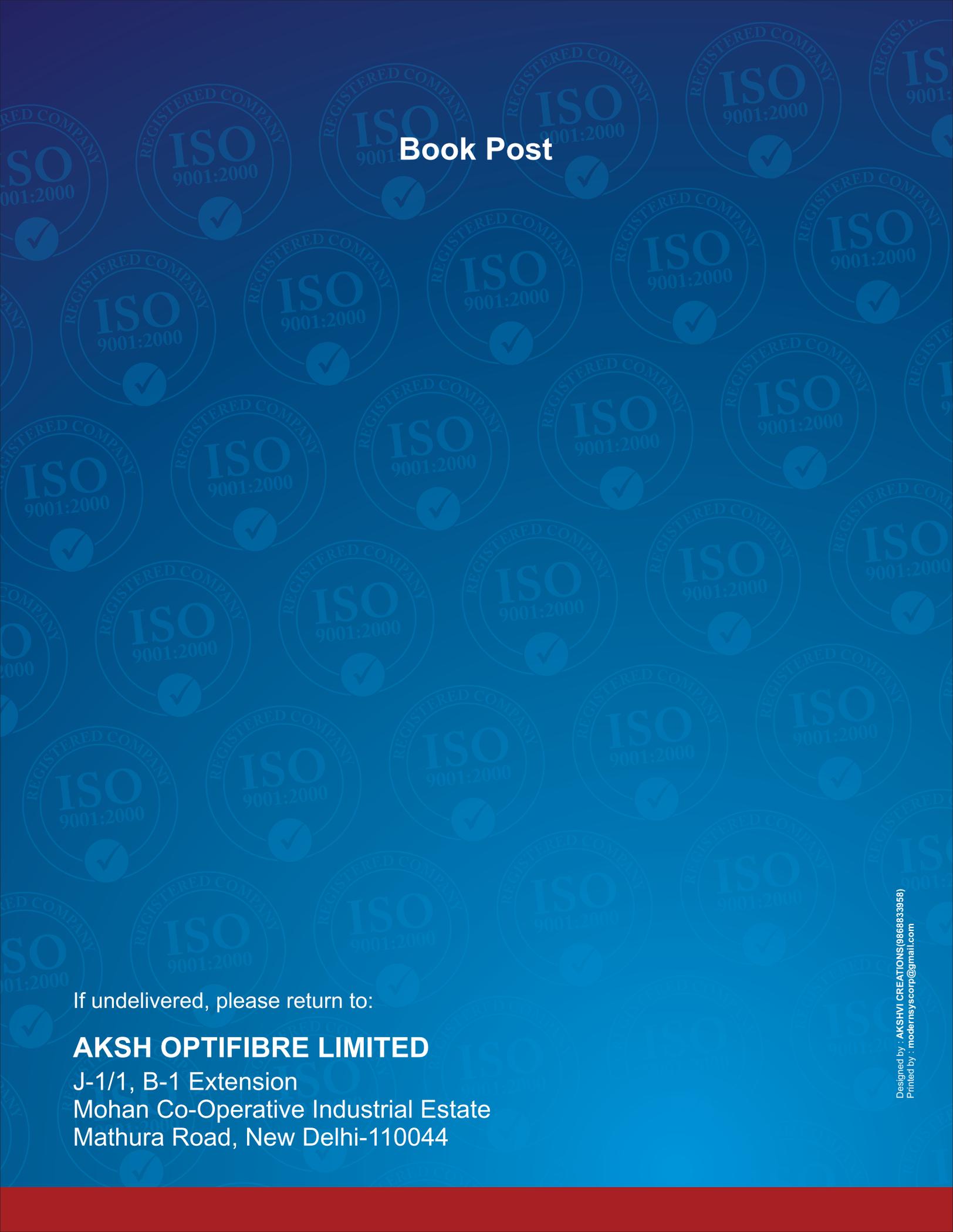
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