Aksh Optifibre Limited

REGISTERED OFFICE :
F-1080, RIICO Industrial Area,
Phase-III, Bhiwadi-320 019 (Raj)

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

OPERATING CENTRE - JAIPUR
M-18, Flatted Software Complex,
EPIP, Sitapura, Jaipur- 302022

OPERATING CENTRE - MUMBAI
401 & 701, Corporate Arena, Arena,
Kamla Nagar Road,
Behind Mahindra Gargens, off S.V. Road,
Mumbai - 400062

OPERATING CENTRE– CHANDIGARH
SCO-186, Sector-38 C&D,
Chandigarh-166036

OPERATING CENTRE - DELHI
A-16, Mohan Co-operative Industrial Area,
Mathura Road, New Delhi-110044

Bankers
Union Bank of India, New Delhi
Punjab National Bank, New Delhi

Auditors
P.C. Bindal & Co.
101, Sita Ram Mansion
718/21, Joshi Road,
Karol Bagh, New Delhi-110005

Share Transfer Agent:
MCS Limited
F-65, First Floor,
Okhla Industrial Estate, Phase-I,
New Delhi-110020

Managing Director
Dr. Kailash S. Choudhari

Directors
P.F Sundesha
D.K. Mathur
Narendra Kumbhat
B.R. Rakhecha
Arun Sood

Company Secretary
Gaurav Mehta

CONTENTS

Notice	1-4
Directors' Report	5-7
Report on Corporate Governance	8-14
Management Discussion & Analysis	15-16
Auditors' Report on Standalone Financial Statements	17-19
Standalone Financial Statements	20-42
Balance Sheet Abstract	43
Statement pursuant to Section 212	44-45
Auditors' Report on Consolidated Financial Statements	46
Consolidated Financial Statements	47-66

NOTICE

NOTICE is hereby given that the 23rd Annual General Meeting (AGM) of the members of Aksh Optifibre Limited will be held on Saturday 3rd July, 2010, 11.00 a.m. at the Registered Office of the Company at F-1080, RIICO Industrial Area, Phase-III, Bhiwadi- 301 019 (Rajasthan) to transact the following business:

Ordinary Business:

1. To consider and adopt the Balance Sheet as at 31st March, 2010, the Profit & Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.

2. To appoint a Director in place of Mr. Narendra Kumbhat, who retires by rotation and being eligible, offers himself for reappointment.

3. To consider and if thought fit, to pass with or without modification(s) the following resolution as Ordinary Resolution:

   RESOLVED THAT M/s. P.C. Bindal & Co., Chartered Accountants, be and are hereby appointed as Statutory Auditors of the Company to hold office from the conclusion of this annual general meeting until the conclusion of the next annual general meeting on such remuneration as may be fixed by the Board of Directors, in addition to the reimbursement of out of pocket expenses in connection with the audit of the accounts of the Company.

4. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

   RESOLVED THAT pursuant to the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force) Shri Arun Sood, who was appointed as an Additional Director of the Company pursuant to the provisions of Section 260 of the Companies Act, 1956 be and is hereby appointed as Director of the Company, liable to retire by rotation.

5. To consider and if thought fit, to pass with or without modification(s) the following resolution as Special Resolution:

   RESOLVED THAT in accordance with the provisions of Section 81(1A) and all other applicable provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and/or Foreign Exchange Management Act, 1999, Issue of Foreign Currency Convertible Bonds and Ordinary Shares (through Depository Receipt Mechanism) Scheme, 1993 (including any statutory modification(s) or re-enactment thereof) and relevant provisions of the Memorandum and Articles of Association of the Company, the Listing Agreements entered into with the Stock Exchanges where the Company is Listed and subject to the approval, consent, confirmation, permission and/or sanction of the Ministry of Finance and Ministry of Industry (Foreign Investment Promotion Board/ Department of Industrial Policy and Promotion/ Secretariat for Industrial Assistance) of the Government of India, Reserve Bank of India and any other appropriate authorities, institutions or bodies, as may be necessary and subject to such conditions as may be prescribed by any of them in granting any such approval, consent, confirmation, permission or sanction, the Board of Directors (hereinafter referred to as the "Board", which term shall be deemed to include any committee thereof) be and is hereby authorized on behalf of the Company to create, issue, offer and allot, in the course of International/ domestic offerings, in one or more foreign markets/ Indian Market, Equity Shares/ Preference Shares/ Convertible Debentures / Convertible Warrants/ Convertible Notes / American Depository Receipts (ADRs) / Global Depository Receipts (GDRs) / Foreign Currency Convertible Bonds (FCCBs) and / or any other Securities convertible into Equity Shares at the option of the Company and/or holder of the Securities and/or Securities linked to Equity Shares (hereinafter referred to as the "Securities") subscribed to in foreign currency(ies) for cash or stock swap or for other valuable consideration including strategic alliances, business(es) or a combination thereof, including allotment in exercise of a green shoe option, to Non - Resident Indian and /or Foreign Investors (whether Institutions and/or Incorporated Bodies and / or Individuals and whether or not such investors are members of the Company) and / or Qualified Institutional Buyers, and /or Mutual funds, through Issue(s) of securities, Equity Shares or Non-convertible debt instruments along with warrants and convertible securities other than warrants through Qualified Institutional Placements (QIPs) under ICDR Regulations, **to the extent of US$ 50Mn or equivalent thereof in case of international offering or upto Rs. 250.00 Crore if made in INR**, (in case of combination of both 1 US$ be considered as INR 50.00) and such issue and allotment to be made at such time or times, in one or more tranches, at such price or prices, on such terms and conditions including security, rate of interest and in such manner as the Board may, in its absolute discretion think fit in consultation with the Lead Manager(s)/ Investment Banker(s) and/or the Underwriters, subject to guidelines of the Reserve Bank of India(RBI), Securities and Exchange Board of India(SEBI) and Ministry of Finance, and otherwise on such terms and conditions as may be decided and deemed appropriate by the Board at the time of issue or allotment.

   RESOLVED FURTHER THAT the Company and/or any agency or body authorized by the Company may issue depository receipts representing the underlying equity shares or other securities issued by the Company, in registered form with such features and attributes as are prevalent in international capital markets for instruments of this nature and to provide for the tradability or free transferability thereof as per the international practices and regulations and under the forms and practices prevalent in the international markets including filing any registration statement and any amendment thereto with the respective regulatory authorities.

RESOLVED FURTHER THAT in the event that Equity Shares are issued to Qualified Institutional Buyers under Chapter VIII of the ICDR Regulations, the relevant date for the purpose of pricing of the securities shall be determined by the Board and at a price being not less than the price determined in accordance with the pricing formula provided under Chapter VIII of the ICDR Regulations subsequent to the receipt of shareholders' approval in terms of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 and other applicable laws, regulations and guidelines.

RESOLVED FURTHER THAT in the event that Securities which are convertible into Equity Shares of the Company are issued to Qualified Institutional Buyers under Chapter VIII of the ICDR Regulations, the relevant date for the purpose of pricing of such securities, shall be the meeting in which the Board decides to open the issue of such Warrants simultaneously with non convertible debentures subsequent to the receipt of shareholders' approval in terms of Section 81(1A) and other applicable provisions, if any, of the Companies Act and other applicable laws, regulations and guidelines OR the date on which the holder of such Warrants, which are convertible into or exchangeable with the Equity Shares, becomes entitled to apply for the Equity Shares against such Warrants.

RESOLVED FURTHER THAT the Board be and is hereby authorized to issue and allot such number of equity shares as may be required to be issued and allotted upon conversion of any Securities referred above or as may be necessary in accordance with the terms of the offering, all such shares ranking pari-passu with the equity shares of the Company in all respects and the Board be further authorized to execute necessary documents for the purpose of listing the equity shares on the Stock Exchanges in India and abroad.

RESOLVED FURTHER THAT for the purpose of giving effect to any issue or allotment of equity shares or securities or instruments or securities representing the same, as described in paragraph one above, the Board and other designated officers of the Company (as authorized by the Board) be and is hereby authorized on behalf of the Company to do all such acts, deeds, matters and things as they may at their discretion deem necessary or desirable for such purpose, including without limitation, filing a Registration Statement and other documents with the respective regulatory authorities, listing the securities on overseas stock exchanges such as Luxembourg and/or London and/or Nasdaq and/or New York Stock Exchange(NYSE) and/or any of the other overseas stock exchanges, and the entering into and executing all such arrangements/ agreement(s) with any Lead Manager(s)/ Investment Banker(s)/ Underwriter(s)/ Guarantor(s)/ Depository(ies)/ Custodian(s) and all such agents as may be involved or concerned in such offering of securities and to remunerate all such agents including by way of payment of commission, brokerage, fees, expenses incurred in relation to the issue of securities and other expenses, if any.

RESOLVED FURTHER THAT the Board be and is hereby authorized to settle all questions, difficulties or doubts that may arise in regard to the issue, offer or allotment of securities and utilization of the issue proceeds as it may in its absolute discretion deem fit without being required to seek any further consent or approval of the Members or otherwise to the end and intent that the members shall be deemed to have given their approval thereto expressly by the authority of this resolution.

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers herein conferred to any Committee of Directors or Managing Director or Chief Operating Officer or any Executive Director or Directors or Company Secretary or any other Officer or Officers of the Company or any other professionals to give effect to the aforesaid resolution."

6. To consider and if thought fit, to pass with or without modification(s), if any, the following resolution as an Ordinary Resolution:

   RESOLVED THAT pursuant to the provisions of section 94(1) and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof), the Authorised Share Capital of the Company be and is hereby increased from the existing Rs. 47,50,00,000/-(Rupees Forty Seven Crore, Fifty Lac Only) divided into 9,50,00,000 equity shares of Rs. 5/- each to Rs. 80,00,00,000/-(Rupees Eighty Crore Only) divided into 16,00,00,000 equity shares of Rs. 5/- each and that Clause V of the Memorandum of Association be altered accordingly.

   V. *The Authorised Share Capital of the Company is Rs. 80,00,00,000/-(Rupees Eighty Crore Only) divided into 16,00,00,000 equity shares of Rs. 5/- each.*

By Order of the Board

Place: New Delhi Gaurav Mehta
Date : 17.05.2010 **Company Secretary**

Notes

1. **A member entitled to attend and vote at the Annual General Meeting (the Meeting) is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a member of the Company. The instrument appointing a proxy should, however, be deposited at the registered office of the Company not less than 48 hours before the commencement of the Meeting.**
2. Corporate Members intending to send their authorised representatives to attend the Meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from 2nd July 2010 to 3rd July 2010 (both days inclusive).
4. Members/ proxies should fill in the attendance slip for attending the meeting. Incase of joint holders attending the Meting, only such joint holder who is higher in the order of names will be entitled to vote.

5. Members holding shares in the 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 Agents of the Company, MCS Ltd, at F-65, 1st Floor, Okhla Industrial Area, Phase-I, New Delhi 110 020 quoting their Folio Number(s).
6. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to address their questions to the Company Secretary so as to reach the Corporate Office of the Company, at least 10 days before the Meeting, to enable the information required to be made available at the Meeting, to the best extent possible.
7. The equity shares of the Company have been notified for compulsory trading in demat form and are available for trading in demat form both on National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Shareholders are requested to avail this facility and get their shares converted into dematerialised form by sending the Dematerialisation Request Form (DRF) along with the share certificates through their Depository Participant to the Registrar and Transfer Agents of the Company.
8. The nomination facility is available to the shareholders in respect of equity shares held by them. Shareholders holding shares in electronic mode may obtain and submit duly filled Nomination Forms to their respective Depository Participants. Also shareholders holding shares in physical mode may send their request for nomination at the Office of the Share Transfer Agents of the Company, MCS Ltd, at F-65 1st Floor, Okhla Industrial Area, Phase-I, New Delhi 110 020.
9. Dividends from the financial year 2002-03 and thereafter, which remain unpaid or unclaimed for a period of 7 years from the date they had been transferred to Unpaid Dividend Account shall be transferred to Investor Education and Protection Fund (IEPF) established by the Central Government, on their due dates as per the details given hereunder:

Financial Year	Nature of Dividend	Date of transfer to Unpaid Dividend account	Due date of transfer to IEPF
2005-06	Final Dividend	04.11.2006	04.11.2013
2006-07	Final Dividend	06.03.2008	06.03. 2015

Members who have not claimed/ encashed the dividend warrants for the aforesaid years are requested to approach the Company at its Corporate Office for revalidation of the dividend warrants or for obtaining Demand Drafts, as the case may be. Members are requested to note that no claims shall lie against the Company or the IEPF in respect of any amounts which were unclaimed and unpaid, on its becoming due for transfer to IEPF account.

10. (a) At the ensuing Annual General Meeting, Mr. Narendra Kumbhat retires by rotation and being eligible, offers himself for reappointment. The details pertaining to Mr. Kumbhat are as under:

Name	**Mr. Narendra Kumbhat**
Age	69 Years
Qualification(s)	MBA
Expertise in specific functional area	Accounts, Finance, Taxation & Material Management
Date of appointment as Director of the Company	24.11.2007
Directorship in other companies	Shyam Telecom Limited Shyam IT Services Limited
Chairman/Member of Committees of other Companies	Nil
No. of shares held	Nil
Inter-se relationship with other Directors	Nil

(b) At the ensuing Annual General Meeting, Mr. Arun Sood, Additional Director is proposed to be appointed as Director, liable to retire by rotation. The details pertaining to Mr. Sood are as under:

Name	**Mr. Arun Sood**
Age	50 Years
Qualification(s)	B.E.
Expertise in specific functional area	Engineering, R&D, Logistics, Marketing & Finance
Date of appointment as Director of the Company	17.05.2010
Directorship in other Companies	New Generation Networks Limited Shantanu Investments Pvt. Ltd. Arun Infrastructure India Pvt. Ltd.
Chairman/Member of Committees of other Companies	Nil
No. of shares held	Nil
Inter-se relationship with other Directors	Nil

Explanatory Statement as required under Section 173(2) of the Companies Act, 1956 (the Act)

The following Explanatory Statement sets out the material facts relating to the business under Item Nos.4 to 6 mentioned in the accompanying Notice dated May 17, 2010.

Item no. 4

Mr. Arun Sood was appointed as an Additional Director of the Company with effect from May 17, 2010 by the Board of Directors under Section 260 of the Companies Act, 1956. In terms of Section 260 of the Companies Act, 1956, Mr. Sood holds office only up to the date of the forthcoming Annual General Meeting of the Company but is eligible for appointment as Director. A notice pursuant to Section 257 of the Act, has been received from a member together with the requisite deposit signifying intention to propose Mr. Sood as a Director, liable to retire by rotation, subject to the approval of the members.

The Board accordingly recommends the Ordinary Resolution set out at item No. 4 of the accompanying Notice for the approval of the members. None of the Directors of the Company is, in any way, concerned or interested in the said resolution except Shri Arun Sood who may be deemed to be concerned or interested in the resolution relating to his appointment.

Item no.5

The Company proposes to make substantial investments over the next few years for expansion of IPTV/VOIP/FTTH/ TRIPLE PLAY, etc. In order to meet the requirement of funds for these purposes, it is proposed to issue Equity Shares/ Preference Shares/ Convertible Debentures / Convertible Notes / American Depository Receipts/ Global Depository Receipts / Foreign Currency Convertible Bonds (FCCBs) / Qualified Institutional Placement under ICDR Regulations and / or any Securities convertible into Equity Shares on a preferential allotment basis in terms of the Guidelines for Preferential Issues contained in Chapter VII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (hereinafter referred to as the Preferential Issue Guidelines.). Accordingly, the Board has proposed to raise an amount upto USD 50.00 Million or Rs. 250.00 Crore.

In case of international offering through FCCBs/ADRs/GDRs or any other instrument, the funds raised shall be used primarily/ predominantly in foreign currency only through overseas acquisitions, overseas green field projects of IPTV/ VOIP/FTTH/TRIPLE PLAY, Capital/Revenue expenditure in foreign currency, etc. In case of domestic offering, the funds raised shall be primarily/ predominantly used for expansion of IPTV/VOIP/FTTH/TRIPLE PLAY service in domestic market, to meet Company's long term fund requirements, working capital requirements and general corporate purposes, as may be decided by the Board in the best interests of the Company.

Since the issue(s) may be offered to public, various strategic alliances, business (es) or a combination thereof or to Non – Resident Indian and /or Foreign Investors (whether Institutions and/or Incorporated Bodies and/or Individuals and whether or not such investors are members of the Company), the Company is not able to determine the identity of proposed allottees at this stage. However, there would be no change in the management of the Company. Further, the proposed security may be in the form of Equity or Convertible/non- convertible Instruments, which may or may not be converted into Equity Shares, thus the post issue shareholding pattern of the Company cannot be determined at this stage.

The issue shall be in accordance with the provisions, guidelines, regulations of Companies Act, 1956 and/or ICDR Regulations, Listing Agreement, Foreign Exchange Management Act 1999 and the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (through Depository Receipt Mechanism) Scheme, 1993, or issued by SEBI, the Ministry of Finance and Ministry of Industry (Foreign Investment Promotion Board/ Department of Industrial Policy & Promotion/ Secretariat for Industrial Assistance), Reserve Bank of India and any other appropriate authorities, institutions or bodies, as may be applicable.

The resolution set out in Item no.5 is an enabling resolution conferring authority on the Board to do all acts and deeds which may be required to issue/ offer securities of appropriate nature at opportune time, including of size, structure pricing and timing of the issue(s)/offer(s) at the appropriate times.

The detailed terms and conditions of the Issue as and when made will be determined by the Board of Directors in consultation with the Merchant Bankers, Lead Managers, Advisors, Underwriters and other experts in accordance with the terms of statutory approvals from such authorities as may be required. The issue price of the security to be issued in the proposed offerings will be determined by the Board of Directors at the time of the offer depending on the then prevailing market conditions. The securities will be listed on such International / Indian Stock Exchanges as the Board may be advised.

Section 81 of the Companies Act, 1956, provides, inter alia, that where it is proposed to increase the Subscribed Share Capital of the Company by allotment of further shares, such further shares shall be offered to the persons who at the date of the offer are holders of the Equity Shares of the Company, in proportion to the capital paid up on those shares as of that date unless the shareholders in a General Meeting decide otherwise. The Listing Agreements executed by the Company with the various Stock Exchanges also provide that the Company shall issue or offer in the first instance all securities to the existing Equity Shareholders of the Company unless the Shareholders in a General Meeting decide otherwise. The Special Resolution seeks the consent of the Shareholders authorising the Board of Directors to make the proposed issue/offer of securities and in the event it is decided to issue/offer Securities convertible into Equity Shares, to issue to the holders of such Convertible Securities in such manner and such number of Equity Shares on conversion as may be required to be issued in accordance with the terms of the issue.

The Board accordingly recommends the Special Resolution set out at item No. 5 of the accompanying Notice for the approval of the Members. None of the Directors of the Company is, in any way, concerned or interested in the said resolution.

Item no. 6

At present the Authorised Share Capital of your Company is Rs. 47,50,00,000 /-(Rupees Forty Seven Crore Fifty Lac Only) divided into 9,50,00,000 equity shares of Rs. 5/- each and the Issued, Subscribed and Paid-up Capital of your Company is Rs.32,97,48,830/- (RupeesThirty Two Crore, Ninety Seven Lac Forty Eight Thousand Eight Hundred and Thirty only) comprising 65,949,766 equity shares of Rs. 5/- each.

Keeping in view the proposed issue of Equity Shares / Preference Shares / Convertible bonds / ADRs /GDRs/ FCCBs for raising fresh capital to meet the increasing business demand and exploring fresh growth opportunities, and also to accommodate the shares upon conversion of FCCBs already issued, it is proposed that the Authorised Share Capital of the Company be increased from the existing Rs. 47,50,00,000/- (Rupees Forty Seven Crore Fifty Lac Only) divided into 9,50,00,000 equity shares of Rs. 5/- each to Rs. 80,00,00,000/-(Rupees Eighty Crore Only) divided into 16,00,00,000 equity shares of Rs. 5/- each, subject to approval of shareholders in their meeting.

As per the provisions of Section 16 and 94 of the Companies Act, 1956, change in the Authorised Capital of the Company requires alteration in Clause V of Memorandum of Association relating to Share Capital of the Company which needs approval of members by means of Ordinary Resolution.

The Board accordingly recommends the Ordinary Resolution set out at item No. 6 of the accompanying Notice for the approval of the Members. None of the Directors of the Company is, in any way, concerned or interested in the said resolution.

By Order of the Board

Place: New Delhi
Date : 17.05.2010

Gaurav Mehta
Company Secretary

DIRECTORS' REPORT

To The Members of

Aksh Optifibre Limited

Your Directors have pleasure in presenting the 23rd Annual Report together with the audited statement of accounts for the year ended 31st March 2010.

FINANCIAL RESULTS

(Rs. in Lacs)

Particulars	Year ended 31.03. 2010 (12 months)	Period ended 31.03. 2009 (18 months)
Turnover	**830.51**	**26,385.41**
Profit / (Loss) before Interest, Depreciation and Tax	**(721.31)**	**(4,432.06)**
Interest	**239.32**	**965.25**
Depreciation	**1,136.29**	**2,085.58**
Profit/ (Loss) before Tax	**(2,096.92)**	**(7,482.89)**
Provision for Tax		
- Deferred tax	**(711.57)**	**(2,697.46)**
- Fringe Benefit Tax	**-**	**17.78**
Net Profit / (Loss) after Tax	**(1,385.35)**	**(4,803.21)**

During the period under review, your Company attained a gross turnover of Rs. 830. 51 Lacs as against Rs.26,385.41 Lacs during the previous year. The financial performance of the Company for the period under review reflects its business operations of services only, while the figures of the previous financial period comprises both the manufacturing and services business, hence not comparable.

The Net Loss after Tax during the period under review was Rs. 1385.35 as against Rs. 4803.21 for the previous year.

Your Company has entered into a phase wherein the focus is to consolidate as well as to ensure a steady and stable growth. With the same view your Company is presently concentrating in the business of IPTV and VOIP services and the subscriber base of the Company is increasing in all the cities where the Company has its presence. However, the operations of IPTV and VoIP services are huge capital intensive and have long gestation period, but your Directors are confident of sustaining profitable growth in the future and are continuously working to achieve the same.

DIVIDEND

In the absence of profits, your Directors are unable to recommend any Dividend for the period under review.

OPERATIONS

During the period under review, the Company consolidated its operations of IPTV under the brand "iControl" in the cities of Delhi and Mumbai and with BSNL in 20 cities of North India, viz, State of Jammu & Kashmir, Himachal Pradesh, Punjab, Haryana, Rajasthan and U.P.(West). iControl has revolutionized the television watching with the Company offering host of add-on services viz, Time Shift TV (Chill & Cool), Video on Demand (VoD), A-Tube (Video Yellow pages – Pull advertising) , iControl Mall (on line shopping) and TV messaging .Your Company has the largest subscriber base of IPTV customers in South East Asia.

The Company, in association with BSNL, also started pilot project of FTTH (Fibre- to- the- Home) services in the city of Jaipur. The reports and the feedback of the subscribers/ users have been very encouraging. The Company expects to increase its presence in the FTTH services space during the current financial year.

The trend in the growth of the services is expected to remain good in coming year. The endevour is to achieve a respectable base of subscribers for further growth.

The Company is operating its VoIP services under the brand "Pigeon" in the cities of Delhi & Mumbai in association with MTNL. The brand has been well established in the market and people have started using Pigeon VoIP as an effective tool for getting connected with their near and dear ones living abroad.

HIVING OFF

During the period under review, the manufacturing operations of the Company comprising manufacturing of Optical fibre, Optical fibre cable and FRP Rods has been transferred on going concern basis, to Aksh Technologies Limited, the Wholly Owned Subsidiary of the Company pursuant to the provisions of Section -293(1) (a) of the Companies Act -1956. The transfer became effective on 14th November, 2009, the appointed date being 01st April, 2009.

SUBSIDIARY COMPANIES

As on date the Company has five subsidiaries, viz., APAKSH Broadband Limited, Aksh Technologies Limited, Aksh Infratel Limited, Aksh Net Tel Limited and SPYK Global Limited.

The Statement pursuant to Sec. 212 of the Companies Act, 1956, 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 approval granted by Central Government under Section 212(8) of the Companies Act, 1956. These documents will be made available upon request made by any member of the Company or of the subsidiaries interested in obtaining the same. The annual accounts of the subsidiary companies will also 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 period under review.

ISSUE OF FOREIGN CURRENCY CONVERTIBLE BONDS (FCCBs)

The Company had issued 1% FCCBs aggregating USD 8.75 Mn in January 2007 out of which FCCBs aggregating USD 2.50 Mn were converted and balance USD 6.25 Mn were outstanding which were due for redemption in January 2010. Pursuant to RBI approval, the Company has exchanged the FCCBs aggregating USD 5.25 Mn alongwith interest thereon with the new FCCBs of USD 6.328 Mn in Feb 2010 and the balance FCCBs of USD 1.00 Mn are outstanding.

During the year 46,03,175 Warrants were forfeited due to non conversion into Equity Shares within stipulated time frame.

INVESTMENT IN THE SHARES OF AKSH TECHNOLOGIES LIMITED

Your company has invested in the shares and optionally convertible debentures of its 100% subsidiary viz; Aksh Technologies Limited. The shares and debentures of Aksh Technologies Limited were allotted to your company as consideration other than cash, in lieu of transferring its manufacturing business to Aksh Technologies Limited on going concern basis.

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.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to provisions of Section 217 (2AA) of the Companies Act, 1956, the Board of Directors hereby state:

i. That in the preparation of the annual accounts for the financial year ended 31st March 2010, the accounting standards as issued by ICAI have been followed and there are no material departures ;

ii. That the Directors have selected such accounting policies consulting the Statutory Auditors and has applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profits of the Company for the year ;

iii. That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities. There are however, inherent limitations, which should be recognized while relying on any system of internal control and records;

iv. That the Annual Accounts have been prepared on a going concern basis.

DIRECTORS

In accordance with the requirements of the Companies Act, 1956 and Articles of Association of the Company, Mr. Narendra Kumbhat, Director, retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for reappointment. Mr. Arun Sood has been appointed as Additional Independent Non-executive Director of the Company w.e.f. 17th May 2010.

CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement, the following are annexed to this report:

i. A Report on the Corporate Governance and a Certificate from the Auditors of your Company regarding compliance of the conditions of Corporate Governance;

ii. Management Discussion and Analysis Report

INFORMATION PURSUANT TO SECTION 217(2A)

Information as per Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, has to be given as a part of the Directors' Report.

However, as per the provisions of section 219 (i) (b) (iv) of the said Act, the report and accounts are being sent to all the shareholders excluding the aforesaid annexure.

The complete annual report including the said information shall be made available for inspection by any shareholder 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 statement may write to the Company Secretary at the registered/corporate office of 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 forthcoming Annual General Meeting and have expressed their willingness to be re-appointed. Their appointment, if made, would be within the limits specified under the section 224(1)(B) of the Companies Act 1956.

EMPLOYEES STOCK PURCHASE SCHEME

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

TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

In terms of the provisions of Section 205C of the Companies Act, 1956, the Company has transferred an amount of Rs. 100,892 /- being the unclaimed amount of Dividend paid in the financial year 2001-02, to the Investor Education and Protection Fund established by Central Government.

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 review.

For & on behalf of the Board of Directors

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

Place : New Delhi
Date: 17th May, 2010

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 period ended 31st March,2010, is as follows:

1. CONSERVATION OF ENERGY

a.	Energy conservation measures taken	Not Applicable
b.	Additional investments & proposals, if any, being implemented.	Not Applicable
c.	Impact of measures of a & b above for reduction of energy consumption & consequent impact on cost of production	Not Applicable
	Total energy consumption and energy consumption per unit of production as per form 'A' of the Annexure in respect of Industries specified in the schedule thereto	Not Applicable

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.
2. Benefits derived as a result of the above R&D	The awareness of services amongst the masses has increased.
3. Future Plan of action	The Company would continue R& Ds for more customer awareness.
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	None
	(b) Year of Import	Not Applicable.
	(c) Has the technology been fully absorbed	Not Applicable.
	(d) If not fully absorbed, areas where this has not taken place, reasons therefor and future plans of action.	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:	Nil
b.	Total foreign exchange used and earned	

The information of foreign exchange earnings and outflow is furnished in notes to accounts.

For & on behalf of the Board of Directors

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

Place : New Delhi
Date : 17.05.2010

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 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 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 the Company consists of an optimal mix of Executive Directors and Independent Professionals who have in-depth knowledge of business, in addition to expertise in their areas of specialization. The Board provides leadership, strategic guidance, objective and independent view to the Company's management while discharging its fiduciary responsibilities, thereby ensuring that management adheres to high standards of ethics, transparency and disclosure.

As on 31st March 2010, the Board of Directors of the Company comprised of Executive, Non-Executive and Independent Directors. There are 5 Directors comprising one Whole-Time Executive Director (being Promoter & Managing Director), Two Non-Executive Non-Independent and Two Independent Directors. The composition of the Board of Directors of the Company meets the stipulated requirements of clause 49 of the Listing Agreements of the Stock Exchanges.

None of the Directors on the Board is a Member of more than 10 Committees and Chairman of more than 5 Committees (as specified in Clause 49), across all the Companies in which he is a Director.

Board Functioning & Procedure:

Aksh 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.

Aksh 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 period under review the Board of Directors of the Company met 10 times and the period between any two meetings did not exceed four months. The date of Board Meetings held during the year is as follows:

(i) 26th May, 2009 **(ii)** 22nd June, 2009 **(iii)** 25th July, 2009 **(iv)** 18th August, 2009 **(v)** 29th September, 2009 **(vi)** 24th October, 2009 **(vii)** 26th November, 2009 **(viii)** 15th January , 2010 **(ix)** 22nd January, 2010 **(x)** 05th March, 2010.

There is no change in the Board Composition for the period under review. The Board of Directors granted leave of absence to the absentee Directors in the respective Board Meetings.

The Composition of Board of Directors, their shareholding, attendance during the year and at the last Annual General Meeting, Number of other Directorships, Committee memberships and Chairmanships held by them as at 31st March, 2010 are given below:

Name	Designation/ Category	Shares Held	No. of other Directorships*	No of other Committee positions held**		No. of Board Meetings attended during the 12 months period.	Attendance at the 22nd Annual General Meeting held on 25th July, 2009.
				Chairman	Member		
Dr. Kailash S. Choudhari	MD-PE	4728025	3	-	-	10	Yes
Mr. Popat Lal F. Sundesha	D-NENI	4330587	3	-	-	3	No
Mr. D. K. Mathur	D-I	67500	-	-	-	9	No
Mr. B. R. Rakhecha	D-NENI	Nil	5	-	-	9	Yes
Mr. Narendra Kumbhat	D-I	Nil	2	-	-	10	No

MD – Managing Director, D – Director, PE – Promoter Executive, NENI – Non Executive Non Independent, I - Independent
***Directorships in private companies, foreign companies and associations are excluded.**
****** Only Audit and Shareholders'/ Investors' Grievance cum Share Transfer Committee of other companies are considered.**

No Director is related to any other Director on the Board 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 Managing 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, 2010, all Board members and Senior Management Personnel have affirmed compliance with the code of Conduct for Directors and Senior Management respectively.

01st April, 2010 Dr. Kailash S. Choudhari
Managing Director

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 2009-2010 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.