



AKSH OPTIFIBRE LIMITED

26th ANNUAL REPORT
2012-2013

2013

F R O S T & S U L L I V A N

India ICT Awards

OFC Vendor of the Year

Presented to:

Aksh Optifibre

In recognition to the astounding team work and the relentless efforts in delivering exceptional business performance for the year 2012, Frost & Sullivan conferred upon Aksh, the 2013 Frost & Sullivan India ICT Award for

“OFC Vendor of the Year”

A proud moment indeed for Aksh family.!

Chairman

Dr. Kailash S. Choudhari

Managing 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

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, Phase –III
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, Rajasthan – 301 019

FRP & Cable Division, Reengus

SP-47, Shree KhatuShyamJi Industrial Complex,
Reengus, District Sikar (Rajasthan).

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DIRECTOR'S REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the 26th Annual Report together with the audited statement of accounts for the financial year ended 31st March, 2013.

FINANCIAL RESULTS

The financial performance of the Company for the financial year ended March 31, 2013 is summarized below:

Particulars	(Rs. in Lacs)	
	F.Y. ended 2012-2013	F.Y. ended 2011-2012
Revenue from Operations	23,925.53	18,888.60
Earnings before Depreciation, Amortization, Interest, Exceptional Items & Tax	4,011.30	2259.17
Depreciation and Amortization Expenses	1,663.21	1,330.10
Finance Cost	373.38	534.81
Profit before Exceptional items & Tax	1,974.71	394.26
Exceptional Items	619.02	784.61
Profit before Tax	2,593.73	1,178.87
Income Tax	64.54	-
Deferred tax	-	109.91
MAT Credit Entitlement	64.54	-
Net Profit after Tax	2,593.73	1,068.96

OPERATIONAL REVIEW

Financial year 2012- 13 closed with revenue of Rs 23,925.53 lacs , with EBITDA of Rs 4,011.31 lacs and PAT of Rs 2,593.73 lacs. The manufacturing business earned revenues of Rs. 21,615.50 lacs at an EBITDA margin of 19.29%.

During the year, the Company introduced certain new products and added new markets in the manufacturing business. Your Company continues to be recognized globally for high quality FRP (Fibre Reinforced Plastic) Rods, and Optical Fibre Cables.

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

FUTURE OUTLOOK

With the world accepting and acknowledging the importance of FTTH as the new emerging business opportunity and the South East Asian countries gearing up to make themselves FTTH compliant, there is an ample opportunity for the increase of Optical fibre cable business across the globe. In Indian perspective, the National Optical Fibre Network (NOFN) project envisaged by the Government and the laying of optical fibre cables by the Indian defense and railways will also fillup the demand of optical fibre cables in Indian markets. Further, increase in data bandwidth demand and data consumption with the emerging 4G technology, increase use of smart

phones and data convergence will stress the telcos to upgrade themselves to meet the increased demand and would in turn fuel the demand of optical fibre cables.

Globally FRP demand is expected to increase by about 20% in FY 2013-14. Currently, Aksh has approximately 16-18% share in global demand of FRP which is set to surge ahead. The domestic FRP demand is expected to grow by 70% in FY 2013-14 with NOFN and other government tenders.

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. With the increased demand of residential dwellings and more high rise towers coming up to cater the increased demand of homes, FTTH infrastructure is set to expand, so as to meet the broadband and IPTV needs of the consumers.

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.

AWARD

In recognition to the astounding team work and the relentless efforts in delivering exceptional business performance for the

year 2012, Frost & Sullivan conferred upon Aksh, the 2013 Frost & Sullivan India ICT Award for “**OFC Vendor of the Year**”.

SUBSIDIARY COMPANIES

As on date the Company has one Indian Subsidiary, viz., APAKSH Broadband Limited and one Wholly Owned Overseas Subsidiary namely ‘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, 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. GDRs & FCCBs 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 & Environmental Management System ISO 9001:2008 and 14001:2004.

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, Mr. Narendra Kumbhat and Mr. Arun Sood, 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 26th 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

The Company has appointed M/s. K.G. Goyal & Associates, as Cost Auditors for the financial year 2013-14 to audit the cost accounts related to the Company.

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

Dr. Kailash S. Choudhari
Chairman

Place: New Delhi
Date : 17th May, 2013

ANNEXURE 'A' TO THE DIRECTOR'S 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, 2013 is as follows:

1.	CONSERVATION OF ENERGY	
a	Energy conservation measures taken	<ol style="list-style-type: none"> 1. Changed the Manual Tap Changer Transformer with OLTC Transformer. 2. A window with Air Filter has been installed for Fresh Air System in UPS Room. 3. DC Motors has been replaced with AC Motors on sheathing line & other machines as well. 4. Increased the insulation on heaters of Flex & FRP Machines. 5. Based on energy audit, compressor based A.C's are replaced by chilled water based system. 6. Light weight high efficiency fans are used in cooling towers. 7. Variable frequency drives installed in heavy motors.
b	Additional investments & proposals, if any, being implemented.	<ol style="list-style-type: none"> 1. Review of total power consumption to identify and implement improvement of various energy saving measures. 2. Energy efficient devices installed resulting in power saving.
c	Impact of measures of a & b above for reduction of energy consumption & consequent impact on cost of production	15% saving in energy & reduction in production cost by 1%.
d	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, as the Company does not fall in the categories of industries required to give such detail.
2.	TECHNOLOGY ABSORPTION Research & Development (R&D)	
1.	Specific area in which R & D is carried by the Company	<ol style="list-style-type: none"> 1. Developed the FRP process with new technologies of UV Curing System. 2. Developed new products: <ol style="list-style-type: none"> a. NZDS G655 fibre as per NFS specs. b. 288F duct cable with ring marked fibres. c. 96F armoured cable in dry tube & core construction d. 432F duct cable. e. 24F ADSS cable for 500m span length
2.	Benefits derived as a result of the above R&D	<ol style="list-style-type: none"> 1. Increased productivity by 10 times in comparison of thermal heating. 2. Tap new business opportunities in domestic & global markets in the field of 4G applications, FTTH application & security applications.

3.	Future Plan	<ol style="list-style-type: none"> 1. To start regular production with UV Curing technologies 2. To start two new ARP machines of 40 heads in each machine. 3. To develop new application of FRP Rods. 4. To develop product that would serve the needs of customers product deployment and application.
4.	Expenditure on R & D	
i)	Capital	-
ii)	Recurring Total	-
iii)	Total	-
iv)	Total R & D Expenditure as a percentage of total turnover	-
TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION		
1	Efforts in brief, made through towards technology absorption, adaptation and innovation.	<ol style="list-style-type: none"> 1. FRP with UV technologies 2. Flex with new Bonding Materials
2	Benefits derived as a result of the above efforts, e.g., product improvement, cost reduction, product development, import substitution, etc.	<ol style="list-style-type: none"> 1. Increased productivity of FRP 2. Increased the productivity of Flex
3	Information regarding Imported Technology: <ol style="list-style-type: none"> 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. 	N.A.
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.	Increased the FRP exports from the previous years.
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 currently comprises of **Eight Directors**. The Company has 1 Promoter Non-Executive Chairman, 1 Promoter Non Executive Director, 1 Managing Director, 4 Independent Directors, and 1 Non-Independent Non-Executive Director.

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, 2013 the Board of Directors had **6 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) 05th May, 2012 (ii) 10th August, 2012 (iii) 09th November, 2012 (iv) 26th November, 2012 (v) 21st December, 2012 (vi) 02nd February, 2013.

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, 2013 are given below:

Name	Category	Shares Held	No. of other Directorships*	No of other Committee positions held**		No. of Board Meetings attended during 2012-2013	Attendance at the 25 th Annual General Meeting held on 31 st Dec, 2012.
				Chairman	Member		
Dr. Kailash S. Choudhari	C-P-NE	1,95,92,700	2	Nil	1	6	Yes
Mr. Popat Lal F. Sundesha	P-NENI	52,80,060	3	Nil	1	2	No
Mr. Chetan Choudhari	MD	10,17,287	2	Nil	Nil	6	Yes
Mr. D.K. Mathur	I	67,500	Nil	Nil	Nil	4	No
Mr. B.R. Rakhecha	NENI	Nil	2	Nil	1	6	Yes
Mr. Narendra Kumbhat	I	Nil	3	Nil	1	5	Yes
Mr. Arun Sood	I	Nil	1	Nil	Nil	4	No
Mr. Amrit Nath	I	Nil	Nil	Nil	Nil	5	No

C- Chairman, P- Promoter, NENI – Non -Executive Non -Independent, I – Independent, MD- Managing 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, 2013 all Board members and Senior Management Personnel have affirmed compliance with the code of Conduct for Directors and Senior Management respectively.

Chetan Choudhari
Whole Time Director

Date: 01.04.2013

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 2012-2013 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.