Placement Document
Not for Circulation
Serial Number [•]

AKSH OPTIFIBRE LIMITED

(Our Company was originally incorporated as a private limited company with the name Aksh India Private Limited on March 19, 1986 and was issued a certificate of incorporation bearing no. 23670 of 1985-1986 by the Registrar of Companies, Delhi and Haryana. Our Company was issued a fresh certificate of incorporation consequent upon change of name on conversion to a public limited company on March 13, 1994 with the name Aksh India Limited by the Deputy Registrar of Companies, Delhi and Haryana. Subsequently the Company changed its name from Aksh India Limited to Aksh Optifibre Limited and was issued with a fresh certificate of incorporation consequent upon change of name with the name Aksh Optifibre Limited on 17 April 2000 by the Registrar of Companies, Rajasthan, Jaipur. For more details, see the section titled "Business - Overview".)

Aksh Optifibre Limited (the "**Company**") is issuing up to 11,550,000 Equity Shares with a face value of Rs. 5 each (the "**Equity Shares**") at a price of Rs. 19.50 per Equity Share, including a premium of Rs. 14.50 per Equity Share (the "**Issue Price**"), aggregating Rs. 225.23 million (the "**Issue**").

ISSUE IN RELIANCE UPON CHAPTER VIII OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, AS AMENDED.

THIS ISSUE AND THE DISTRIBUTION OF THIS PLACEMENT DOCUMENT IS BEING DONE IN RELIANCE UPON CHAPTER VIII OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, AS AMENDED (THE "SEBI ICDR REGULATIONS"). THIS PLACEMENT DOCUMENT IS PERSONAL TO EACH PROSPECTIVE INVESTOR, AND DOES NOT CONSTITUTE AN OFFER OR INVITATION OR SOLICITATION OF AN OFFER TO THE PUBLIC OR TO ANY OTHER PERSON OR CLASS OF INVESTORS WITHIN OR OUTSIDE INDIA OTHER THAN QUALIFIED INSTITUTIONAL BUYERS ("QIBs") (AS DEFINED IN THE SEBI ICDR REGULATIONS).

YOU MAY NOT AND ARE NOT AUTHORISED TO: (1) DELIVER THIS PLACEMENT DOCUMENT TO ANY OTHER PERSON; OR (2) REPRODUCE THIS PLACEMENT DOCUMENT IN ANY MANNER WHATSOEVER. ANY DISTRIBUTION OR REPRODUCTION OF THIS PLACEMENT DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS INSTRUCTION MAY RESULT IN A VIOLATION OF THE SEBI ICDR REGULATIONS AND/OR OTHER APPLICABLE LAWS OF INDIA AND OTHER JURISDICTIONS.

Invitations, offers and sales of Equity Shares to be issued pursuant to the Issue shall only be made pursuant to the Preliminary Placement Document, the Placement Document, the Bid cum Application Form and the Confirmation of Allocation Note. See the section titled "*Issue Procedure*". The distribution of this Placement Document or the disclosure of its contents without our prior consent to any person, other than QIBs and persons retained by QIBs to advise them with respect to their purchase of Equity Shares, is unauthorised and prohibited. Each prospective investor, by accepting delivery of this Placement Document, agrees to observe the foregoing restrictions and make no copies of this Placement Document or any documents referred to in this Placement Document.

WE HAVE PREPARED THIS PLACEMENT DOCUMENT SOLELY FOR PROVIDING INFORMATION IN CONNECTION WITH THE PROPOSED ISSUE OF THE EQUITY SHARES DESCRIBED IN THIS PLACEMENT DOCUMENT.

This Placement Document has not been reviewed by the Securities Exchange Board of India (the "**SEBI**"), the Reserve Bank of India, the Bombay Stock Exchange Limited (the "**BSE**"), the National Stock Exchange of India Limited (the "**NSE**"), (the BSE and the NSE are hereinafter collectively referred to as the "**Stock Exchanges**") or any other regulatory or listing authority and is intended solely for QIBs. A copy of this Placement Document has been delivered to the Stock Exchanges. Copies of the Placement Document will be filed with the Stock Exchanges and delivered to the SEBI for record purposes.

Investments in equity and equity-related securities involve a degree of risk and prospective investors should not invest in this Issue unless they are prepared to take the risk of losing their investment. Prospective investors are advised to carefully read the section titled "Risk Factors" in the Placement Document before making an investment decision in this Issue. Each prospective investor is advised to consult its advisors about the particular consequences to it of an investment in the Equity Shares being issued pursuant to the Preliminary Placement Document.

The information on the Issuer's website, on the website of the Book Running Lead Manager or any website directly or indirectly linked to such websites does not constitute or form part of this Placement Document and prospective investors should not rely on such information.

Applications shall be made for the listing of the Equity Shares offered through this Placement Document on the Stock Exchanges. The Stock Exchanges assume no responsibility for the correctness of any statements made, opinions expressed or reports contained herein. Admission of the Equity Shares to trading on the Stock Exchanges should not be taken as an indication of the merits of the Company or the Equity Shares.

This Placement Document has not been and will not be registered as a prospectus with the Registrar of Companies ("**RoC**") in India, will not be circulated or distributed to the public in India or any other jurisdiction and will not constitute a public offer in India or any other jurisdiction.

The Equity Shares have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**US Securities Act**"), and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in accordance with applicable U.S. state securities laws. The Equity Shares are only being offered and sold outside the United States in reliance on Regulation S under the U.S. Securities Act ("**Regulation S**"). For further details, please refer to the chapters titled "*Selling Restrictions*" and "*Transfer Restrictions*".

This Placement Document is dated August 27, 2010.

BOOK RUNNING LEAD MANAGER

ANAND RATHI

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NOTICE TO INVESTORS

Our Company has furnished and accepts full responsibility for the information contained in this Placement Document and to the best of our Company's knowledge and belief, having made all reasonable enquiries, confirms that this Placement Document contains all information with respect to our Company and the Equity Shares, which is material in the context of this Issue. The statements contained in this Placement Document relating to our Company and the Equity Shares are, in all material respects, true and accurate and not misleading, the opinions and intentions expressed in this Placement Document with regard to our Company and the Equity Shares are honestly held, have been reached after considering all relevant circumstances, are based on information presently available to our Company and are based on reasonable assumptions. There are no other facts in relation to our Company and the Equity Shares, the omission of which would, in the context of the Issue, make any statement in this Placement Document misleading in any material respect. Further, all reasonable enquiries have been made by our Company to ascertain such facts and to verify the accuracy of all such information and statements. The Book Running Lead Manager has not separately verified the information contained in this Placement Document (financial, legal or otherwise). Accordingly, the Book Running Lead Manager nor any of their respective members, employees, counsel, officers, directors, representatives, agents or affiliates makes any express or implied representation, warranty or undertaking, and no responsibility or liability is accepted, by the Book Running Lead Manager, as to the accuracy or completeness of the information contained in this Placement Document or any other information supplied in connection with the Equity Shares issued pursuant to the Issue. Each person receiving this Placement Document acknowledges that such person has neither relied on the Book Running Lead Manager nor on any person affiliated with the Book Running Lead Manager in connection with its investigation of the accuracy of such information or its investment decision, and in making an investment decision each such person must rely on its own examination of our Company and the terms of this issue, including merits and risks involved in investing in the Equity Shares issued pursuant to the Issue. No person is authorised to give any information or to make any representation not contained in this Placement Document and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of our Company or the Book Running Lead Manager. The delivery of this Placement Document at any time does not imply that the information contained in it is correct as at any time subsequent to its date.

The Equity Shares have not been approved, disapproved or recommended by any regulatory authority in any jurisdiction. No regulatory authority has passed on or endorsed the merits of this Issue or the accuracy or adequacy of the Placement Document. Any representation to the contrary may be a criminal offence.

The distribution of this Placement Document and the issue of the Equity Shares may be restricted by law in certain jurisdictions. As such, this Placement Document does not constitute, and may not be used for or in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. In particular, no action has been taken by our Company or the Book Running Lead Manager which would permit an offering of the Equity Shares or distribution of this Placement Document in any jurisdiction, other than India. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and neither this Placement Document nor any other offering materials in connection with the Equity Shares may be distributed or published in or from any country or jurisdiction (other than in India).

Investors should not construe the contents of this Placement Document as legal, tax, accounting or investment advice. Investors should consult their own counsel and advisors as to business, legal, tax, accounting and related matters concerning this Issue. In addition, neither our Company nor the Book Running Lead Manager are making any representation to any offeree or purchaser of the Equity Shares regarding the legality of an investment in the Equity Shares by such offeree or purchaser under applicable legal, investment or similar laws or regulations.

Each purchaser of the Equity Shares in this Issue is deemed to have acknowledged, represented and agreed that it is eligible to invest in India and in our Company under Indian law, including Chapter VIII of the SEBI ICDR Regulations and is not prohibited by SEBI or any other regulatory authority from buying, selling or dealing in securities. Each purchaser of Equity Shares in this Issue also acknowledges that it has been afforded an opportunity to request from our Company and review information relating to our Company and the Equity Shares.

The information on the Issuer's website, www.akshoptifibre.com, on the website of the Book Running Lead

Manager or any website directly or indirectly linked to such websites does not constitute or form part of this Placement Document and prospective investors should not rely on such information. This Placement Document contains summaries of certain terms of certain documents, which summaries are qualified in their entirety by the terms and conditions of such documents.

REPRESENTATIONS BY INVESTORS

All references to "you" in this section are to the prospective investor in the Issue.

By subscribing to any Equity Shares under the Issue, you are deemed to have represented and warranted to our Company and the Book Running Lead Manager, and acknowledged and agreed as follows:

- you are a QIB as defined in regulation 2(1)(zd) of the SEBI Regulations having a valid and existing registration under the applicable laws and regulations of India and undertake to acquire, hold, manage or dispose of any Equity Shares that are allocated to you for the purposes of your business in accordance with Chapter VIII of the SEBI Regulations;

- if you are a QIB not resident in India, that you are (i) an FII or (ii) a sub-account which is not a foreign corporate or foreign individual, and have a valid and existing registration with SEBI under applicable law. If you are Allotted Equity Shares pursuant to the Issue, you shall not, for a period of one year from the date of Allotment, sell the Equity Shares so acquired except on the Stock Exchanges;

- you are aware that the Equity Shares have not been and will not be registered under the SEBI Regulations or under any other law in force in India. The Placement Document has not been verified or affirmed by the SEBI or the Stock Exchanges and will not be filed with the RoC. The Placement Document has been filed with the Stock Exchanges for record purposes only and has been displayed on the websites of our Company and the Stock Exchanges;

- you are entitled to subscribe for the Equity Shares under the laws of all relevant jurisdictions which apply to you and that you have fully observed such laws and obtained all such governmental and other consents in each case which may be required thereunder and complied with all necessary formalities;

- you are entitled to acquire the Equity Shares under the laws of all relevant jurisdictions and that you have the necessary capacity and have obtained all necessary consents and authorities to enable you to commit to this participation in the Issue and to perform your obligations in relation thereto (including, without limitation, in the case of any person on whose behalf you are acting, all necessary consents and authorities to agree to the terms set out or referred to in the Placement Document) and will honour such obligations;

- you confirm that, either: (i) you have not participated in or attended any investor meetings or presentations by our Company or its agents ("**Company Presentations**") with regard to our Company or the Issue in the absence of the Book Running Lead Manager; or (ii) if you have participated in or attended any Company Presentations: (a) you understand and acknowledge that the Book Running Lead Manager may not have knowledge of the statements that our Company or its agents may have made at such Company Presentations and are therefore unable to determine whether the information provided to you at such Company Presentations may have included any material misstatements or omissions, and, accordingly you acknowledge that the Book Running Lead Manager have advised you not to rely in any way on any information that was provided to you at such Company Presentations, and (b) confirm that, to the best of your knowledge, you have not been provided any material information that was not publicly available;

- neither the Issuer nor the Book Running Lead Manager are making any recommendations to you, advising you regarding the suitability of any transactions it may enter into in connection with the Issue and that participation in the Issue is on the basis that you are not and will not be a client of the Book Running Lead Manager and that the Book Running Lead Manager have no duties or responsibilities to you for providing the protection afforded to their clients or customers or for providing advice in relation to the Issue;

- all statements other than statements of historical fact included in the Placement Document, including, without limitation, those regarding our Company's financial position, business strategy, plans and objectives of management for future operations (including development plans and objectives relating to our Company's business), are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause actual results to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our Company's present and future business strategies and environment in which our Company will operate in the future. You should not place undue reliance on forward-looking statements, which speak only as at the date of Placement Document. Our Company assumes no responsibility to update any of the forward-looking statements contained in the Placement Document;

- you are aware and understand that the Equity Shares are being offered only to QIBs and are not being offered to the general public and the Allotment of the same shall be on a discretionary basis;

- you have made, or been deemed to have made, as applicable, the representations set forth under the section titled "Transfer Restrictions";

- you have been provided a serially numbered copy of the Preliminary Placement Document and the Placement Document and have read them in their entirety;

- that in making your investment decision, (i) you have relied on your own examination of our Company and the terms of the Issue, including the merits and risks involved; (ii) you have made your own assessment of our Company, the Equity Shares and the terms of the Issue based on such information as is publicly available; (iii) you have consulted your own independent advisors or otherwise have satisfied yourself concerning without limitation, the effects of local laws; (iv) you have relied solely on the information contained in the Placement Document and no other disclosure or representation by our Company, by the Book Running Lead Manager or any other party; and (v) you have received all information that you believe is necessary and appropriate in order to make an investment decision in respect of our Company and the Equity Shares;

- you have such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of the investment in the Equity Shares and you and any accounts for which you are subscribing the Equity Shares (i) are each able to bear the economic risk of the investment in the Equity Shares; (ii) will not look to our Company and/or the Book Running Lead Manager for all or part of any such loss or losses that may be suffered; (iii) are able to sustain a complete loss on the investment in the Equity Shares; (iv) have no need for liquidity with respect to the investment in the Equity Shares; and (v) have no reason to anticipate any change in your or their circumstances, financial or otherwise, which may cause or require any sale or distribution by you or them of all or any part of the Equity Shares;

- that where you are acquiring the Equity Shares for one or more managed accounts, you represent and warrant that you are authorised in writing, by each such managed account, to acquire the Equity Shares for each managed account and to make (and you hereby make) the representations, warranties, acknowledgements and agreements herein for and on behalf of each such account reading the reference to "you" to include such accounts;

- you are not a Promoter and are not a person related to the Promoters, either directly or indirectly and your Bid does not directly or indirectly represent the Promoters or promoter group or persons relating to the Promoters;

- you have no rights under a shareholders' agreement or voting agreement with the Promoters or persons related to the Promoters, no veto rights or right to appoint any nominee director on the Board of Directors other than the rights acquired in the capacity of a lender not holding any shares of our Company which shall not be deemed to be a person related to the Promoter;

- you have no right to withdraw your Bid after the Bid Closing Date;

- you are eligible to Bid and hold Equity Shares so Allotted in addition to any Equity Shares held by you prior to the Issue. You further confirm that your holding upon the Issue of the Equity Shares shall not exceed the level permissible as per any applicable regulation;

- the Bids submitted by you would not eventually result in triggering a tender offer under the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as amended (the "**Takeover Code**");

- to the best of your knowledge and belief together with other QIBs in the Issue that belong to the same group or are under common control as you, the Allotment under the Issue shall not exceed 50% of the Issue. For the purposes of this representation:

  a. the expression 'belongs to the same group' shall derive meaning from the concept of 'companies under the same group' as provided in sub-section (11) of Section 372 of the Companies Act; and

  b. 'control' shall have the same meaning as is assigned to it by clause (c) of sub-regulation 1 of Regulation 2 of the Takeover Code;

  you are aware that if you, together with any other QIB(s) that belongs to the same group or under common control, are Allotted more than 5% of the Equity Shares in this Issue, our Company will be required to disclose your name, along with the name of such other Allottees and the number of Equity Shares Allotted to you and to such other Allottees on the website of the Stock Exchanges and you consent to such disclosure being made by our Company. For the purposes of this representation, 'belongs to the same group' and 'control' shall have the meaning set forth in a and b above;

- you shall not undertake any trade in the Equity Shares credited to your Depository Participant account until such time that the final listing and trading approval for the Equity Shares is issued by the Stock Exchanges;

- you are aware that applications have been made to the Stock Exchanges for in-principle approval for listing and admission of the Equity Shares to trading on the Stock Exchanges' market for listed securities and that the applications for the final listings and trading approvals will be made only after the Allotment and there can therefore be no assurance that such final approvals will be obtained on time or at all;

- you are aware and understand that the Book Running Lead Manager has entered into a placement agreement with our Company (the "**Placement Agreement**") whereby the Book Running Lead Manager have, subject to the satisfaction of certain conditions set out therein, undertaken to use their reasonable efforts to procure QIBs to subscribe for the Equity Shares to be issued pursuant to the Issue;

- that the contents of this Placement Document are exclusively the responsibility of our Company and that neither the Book Running Lead Manager nor any person acting on their behalf has or shall have any liability for any information, representation or statement contained in this Placement Document or any information previously published by or on behalf of our Company and will not be liable for your decision to participate in the Issue based on any information, representation or statement contained in this Placement Document or otherwise;

- that the only information you are entitled to rely on, and on which you have relied in committing yourself to acquire the Equity Shares, is contained in this Placement Document, such information being all that you deem necessary to make an investment decision in respect of the Equity Shares and that you have neither received nor relied on any other information given or representation, warranty or statement made by or on behalf of the Book Running Lead Manager or our Company or any other person and neither the Book Running Lead Manager will be liable for your decision to participate in the Issue based on any other information, representation, warranty or statement that you may have obtained or received;

- you agree to indemnify and hold our Company and the Book Running Lead Manager harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the representations and warranties in this paragraph. You agree that the indemnity set forth in this paragraph shall survive the resale of the Equity Shares by or on behalf of the managed accounts of the Equity Shares to be issued pursuant to the Issue;

- that our Company, the Book Running Lead Manager and others will rely on the truth and accuracy of the foregoing representations, warranties, acknowledgements and undertakings which are given to the Book Running Lead Manager on your own behalf and on behalf of our Company and are irrevocable;

- all statements other than statements of historical fact included in this Placement Document, including, without limitation, those regarding our Company's financial position, business strategy, plans and objectives of management for future operations (including development plans and objectives relating to our products), are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause actual results to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. You should not place and have not placed undue reliance on forward-looking statements, which speak only as at the date of the Placement Document. Our Company assumes no responsibility to update any of the forward-looking statements contained in this Placement Document;

- that you are eligible to invest in India under applicable law, including the Foreign Exchange Management (Transfer or Issue of Security by Person Resident Outside India) Regulations, 2000, as amended from time to time, and have not been prohibited by the SEBI from buying, selling or dealing in securities;

- that you are a sophisticated investor who is seeking to purchase the Equity Shares for your own investment and not with a view to distribute them;

- any dispute arising in connection with the Issue will be governed by and construed in accordance with the laws of the Republic of India, and the courts in New Delhi, India shall have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Placement Document; and

- that each of the representations, warranties, acknowledgements, undertakings and agreements set out above shall continue to be true and accurate at all times up to and including the Allotment of the Equity Shares in the Issue.

DISCLAIMER CLAUSE OF THE STOCK EXCHANGES

As required, a copy of the Placement Document has been submitted to the Stock Exchanges.

The Stock Exchanges do not in any manner:

- warrant, certify or endorse the correctness or completeness of any of the contents of the Placement Document;

- warrant that our Company's Equity Shares will be listed or will continue to be listed on the Stock Exchanges; or

- take any responsibility for the financial or other soundness of our Company, its promoters, its management or any scheme or project of our Company,

and it should not for any reason be deemed or construed to mean that the Placement Document has been cleared or approved by the Stock Exchanges. Every person who desires to apply for or otherwise acquires any Equity Shares of our Company may do so pursuant to an independent inquiry, investigation and analysis and shall not have any claim against the Stock Exchanges whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

OFFSHORE DERIVATIVE INSTRUMENTS

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 15A(1) of the SEBI (Foreign Institutional Investors) Regulations, 1995, as amended, an FII or its sub-account may issue or otherwise deal in offshore derivative instruments such as participatory notes, equity-linked notes or any other similar instruments against underlying securities (all such offshore derivative instruments are referred to herein as "**P-Notes**") listed or proposed to be listed on any stock exchange in India only in favour of those entities which are regulated by any relevant regulatory authorities in the countries of their incorporation or establishment subject to compliance with "know your client" requirements. An FII or sub-account shall also ensure that no further issue or transfer of any instrument referred to above is made to any person other than a regulated entity. P-Notes have not been and are not being offered or sold pursuant to this Placement Document. This Placement Document does not contain any information concerning P-Notes, including, without limitation, any information regarding any risk factors relating thereto.

Any P-Notes that may be issued are not securities of our Company and do not constitute any obligation of, claims on or interests in our Company. Our Company has not participated in any offer of any P-Notes, or in the establishment of the terms of any P-Notes, or in the preparation of any disclosure related to the P-Notes. Any P-Notes that may be offered are issued by, and are the sole obligations of, third parties that are unrelated to our Company. Our Company does not make any recommendation as to any investment in P-Notes and does not accept any responsibility whatsoever in connection with the P-Notes. Any P-Notes that may be issued are not securities of the Book Running Lead Manager and do not constitute any obligations or claims on the Book Running Lead Manager. FII affiliates of the Book Running Lead Manager may purchase, to the extent permissible under law, Equity Shares in the Issue and may issue P-Notes in respect thereof.

Prospective investors interested in purchasing any P-Notes have the responsibility to obtain adequate disclosures as to the issuer(s) of such P-Notes and the terms and conditions of any such P-Notes. Neither SEBI nor any other regulatory authority has reviewed or approved any P-Notes or any disclosure related thereto. Prospective investors are urged to consult with their own financial, legal, accounting and tax advisors regarding any contemplated investment in P-Notes, including whether P-Notes are issued in compliance with applicable laws and regulations.

ENFORCEMENT OF CIVIL LIABILITIES

Our Company is a limited liability company incorporated under the laws of India. All the directors of our Company ("**Directors**") and key management personnel named herein are residents of India and all or a substantial portion of the assets of our Company and such persons are located in India. As a result, it may not be possible for investors to effect service of process upon our Company or such persons outside India or to enforce judgments obtained against such parties outside India.

Recognition and enforcement of foreign judgments is provided for under Section 13 of section 44A of the Code of Civil Procedure, 1908 (the "**Civil Code**") on a statutory basis. Section 13 of the Civil Code provides that a foreign judgment shall be conclusive regarding any matter directly adjudicated upon, except: (i) where the judgment has not been pronounced by a court of competent jurisdiction; (ii) where the judgment has not been given on the merits of the case; (iii) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or a refusal to recognise the law of India in cases to which such law is applicable; (iv) where the proceedings in which the judgment was obtained were opposed to natural justice; (v) where the judgment has been obtained by fraud; and (vi) where the judgment sustains a claim founded on a breach of any law then in force in India.

India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. Section 44A of the Civil Code provides that where a foreign judgment has been rendered by a superior court, within the meaning of such section, in any country or territory outside India which the Government has by notification declared to be a reciprocating territory, it may be enforced in India by proceedings in execution as if the judgment had been rendered by the relevant court in India. However, Section 44A of the Civil Code is applicable only to monetary decrees not being in the nature of any amounts payable in respect of taxes, other charges of a like nature or in respect of a fine or other penalties and does not apply to arbitration awards.

Each of the United Kingdom, Singapore and Hong Kong has been declared by the Government of India to be a reciprocating territory for the purposes of Section 44A of the Civil Code, but the United States has not been so declared. A judgment of a court in a jurisdiction which is not a reciprocating territory may be enforced only by a fresh suit upon the judgment and not by proceedings in execution. The suit must be brought in India within three years from the date of the judgment in the same manner as any other suit filed to enforce a civil liability in India. It is unlikely that a court in India would award damages on the same basis as a foreign court if an action was brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if that court were of the view that the amount of damages awarded was excessive or inconsistent with public policy. A party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI to repatriate outside India any amount recovered pursuant to such award and any such amount may be subject to income tax in accordance with applicable laws. It is uncertain as to whether an Indian court would enforce foreign judgements that would contravene or violate Indian Law.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

In this Placement Document, unless the context otherwise indicates or implies, references to “you”, “offeree”, “purchaser”, “subscriber”, “recipient”, “investor” and “potential investor” are to the prospective investors in this Issue, references to our “**Company**” or the **“Company”** or “**Issuer**” are to Aksh Optifibre Limited and our subsidiaries. In this Placement Document, references to “**USD**” and “**U.S. Dollars**” are to the legal currency of the United States, references to “**Re.**”, “**Rs.**” and “**Rupees**” are to the legal currency of India. All references herein to the “**U.S.**” or the “**United States**” are to the United States of America and its territories and possessions and all references to “**India**” are to the Republic of India and its territories and possessions. Unless otherwise stated, references in this Placement Document to a particular year are to the calendar year ended on December 31 and to a particular “**fiscal**” or “**fiscal year**” are to the fiscal year ended on March 31. Our Company publishes its financial statements in Rupees. Our Company’s financial statements included herein have been prepared in accordance with Indian GAAP and the Companies Act. Unless otherwise indicated, all financial data in this Placement Document are derived from our Company’s financial statements prepared in accordance with Indian GAAP. Indian GAAP differs in certain significant respects from International Financial Reporting Standards (“**IFRS**”). We do not provide a reconciliation of our financial statements to IFRS; however, we have provided in this Placement Document a narrative summary of the principal differences between Indian GAAP and IFRS relevant to our business in the section titled “Summary of Significant Differences Between Indian GAAP and IFRS”. Any discrepancies in the tables included herein between the amounts listed and the totals thereof are due to rounding off. The audited and consolidated financial statements of our Company for the eighteen months ended March 31, 2009 and for the financial year ended on March 31, 2010 prepared in accordance with Indian GAAP, are included in this Placement Document and are referred to herein as the “Annexure -Financial Statements”.

INDUSTRY AND MARKET DATA

Information regarding market position, growth rates and other industry data pertaining to the business of our Company contained in this Placement Document consists of estimates based on data reports compiled by government bodies, professional organisations and analysts, data from other external sources and our knowledge of the markets in which our Company competes. The statistical information included in this Placement Document relating to the various sectors in which our Company operates has been reproduced from various trade, industry and government publications and websites.

This data is subject to change and cannot be verified with complete certainty due to limits on the availability and reliability of the raw data and other limitations and uncertainties inherent in any statistical survey. In many cases, there is no readily available external information (whether from trade or industry associations, government bodies or other organisations) to validate market-related analysis and estimates, so our Company has relied on internally developed estimates.

Neither our Company nor the Book Running Lead Manager have independently verified this data and neither our Company nor the Book Running Lead Manager makes any representation regarding the accuracy of such data. Similarly, while our Company believes its internal estimates to be reasonable, such estimates have not been verified by any independent sources and neither our Company nor the Book Running Lead Manager can assure potential investors as to their accuracy.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this Placement Document that are not statements of historical facts constitute "forward-looking statements". Investors can generally identify forward-looking statements by terminology such as "aim", "anticipate", "believe", "can", "contemplate", "continue", "could", "estimate", "expect", "intend", "may", "objective", "plan", "potential", "project", "propose", "pursue", "seek", "shall", "should", "target", "will", "would", or other words or phrases of similar import. All statements regarding our Company's expected financial condition and results of operations and business plans and prospects are forward-looking statements. These forward-looking statements include statements as to our Company's business strategy, revenue and profitability, planned projects and other matters discussed in this Placement Document that are not historical facts. These forward-looking statements and any other projections contained in this Placement Document (whether made by our Company or any third party) are predictions and involve known and unknown risks, uncertainties, assumptions and other factors that may cause our Company's actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections. All forward-looking statements are subject to risks, uncertainties and assumptions about our Company that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from our Company's expectations include, among others:

- changes in competitors' pricing and other competitive strategies;
- changes in consumer spending pattern;
- general economic and political changes and changes in laws and regulations that apply to the Indian or global industry, including with respect to import duties, excise duties or environmental regulations;
- our ability to successfully implement our strategy, our growth and expansion plans and technological changes;
- the market prices and demand;
- Employee unrest or deterioration of relations with employees;
- governmental and business conditions globally and in India;
- global or local recessionary or inflationary conditions; and
- the other risk factors discussed in the Placement Document, including those set forth in the section titled "Risk Factors" of the Placement Document.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under the sections titled "Risk Factors", "Management's Discussion and Analysis of Financial Condition and Results of Operations", "Industry Overview" and "Business". The forward-looking statements contained in this Placement Document are based on the beliefs of management, as well as the assumptions made by and information currently available to management. Although our Company believes that the expectations reflected in such forward-looking statements are reasonable at this time, it cannot assure investors that such expectations will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements. If any of these risks and uncertainties materialise, or if any of our Company's underlying assumptions prove to be incorrect, our Company's actual results of operations or financial condition could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to our Company are expressly qualified in their entirety by reference to these cautionary statements. Except as required by law, our Company does not undertake to update or revise any forward looking statements after the date of this Placement Document or to conform these statements to actual results or to changes in our expectations.

CERTAIN DEFINITIONS AND ABBREVIATIONS

Our Company has prepared this Placement Document using certain definitions and abbreviations which you should consider when reading the information contained herein.

The terms defined in this section shall have the meaning set forth herein, unless specified otherwise in the context thereof, and references to any statue or regulations or policies shall include amendments thereto, from time to time.

Company Related Terms

Term	Description
Articles of Association / Articles	The articles of association of our Company
Board of Directors/Board	The board of directors of our Company or committees constituted thereof
Company / we / us / our / the	Aksh Optifibre Limited, where the context so suggests, its subsidiaries, its associates and affiliates
Directors	Directors of our Company
Memorandum / Memorandum of Association	The memorandum of association of our Company
Promoter	The term "Promoter" shall have the meaning set forth in regulation 2(1)(za) of the SEBI Regulations
Subsidiaries	Subsidiaries of our Company including Apaksh Broadband Limited, Aksh Technologies Limited, Aksh Infratel Limited, Aksh Net Tel Limited, Spyk Global Limited
The Issuer	Aksh Optifibre Limited, a public limited company incorporated under the Companies Act and having its Registered Office at F–1080, RIICO Industrial Area, Phase–III, Bhiwadi–301 019, Rajasthan (India)

Issue Related Terms

Term	Description
Allocated / Allocation	The allocation of Equity Shares following the determination of the Issue Price to QIBs on the basis of Bid cum Application Forms submitted by them, in consultation with the Book Running Lead Manager (as defined below) in compliance with Chapter VIII of the SEBI Regulations
Allotment / Allotted	Unless the context otherwise requires, the allotment and issue of Equity Shares pursuant to this Issue
Allottees	Persons to whom Equity Shares of our Company are issued pursuant to the Issue
Auditors	P.C. Bindal & Co., Chartered Accountants, the statutory auditors of our Company
Bid(s)	An offer by a QIB pursuant to the Bid cum Application Form
Bid cum Application Form	The form (including any revisions thereof) pursuant to which a QIB subscribes for the Equity Shares Allocated to such Bidder
Bid Closing Date	August 24,2010
Bid Opening Date	August 16, 2010
Bidder	Any prospective investor, a QIB, who makes a Bid pursuant to the terms of the Preliminary Placement Document and the Bid cum Application Form
Bidding Period	The period between the Bid Opening Date and Bid Closing Date inclusive of both dates during which prospective QIBs can submit their Bids
CAN / Confirmation of Allocation Note	Note or advice or intimation to not more than 49 QIBs confirming the Allocation of Equity Shares to such QIBs after discovery of the Issue Price
Cut-off Price	The Issue Price of the Equity Shares which shall be finalised by our Company in consultation with the Book Running Lead Manager
Depository	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended
Depository Participant	A depository participant as defined under the Depositories Act

Term	Description
Equity Shares	Equity shares of our Company of face value Rs. 5 each unless otherwise specified in the context thereof
Escrow Agreement	Agreement dated August 11, 2010, entered into between our Company, the Book Running Lead Manager and the Escrow Bank for collection of the Bid Amounts and for remitting refunds, if any, of the amounts collected, to the Bidders
Escrow Bank or Escrow Agent / Collection Bank / Designated Bank	HDFC Bank Limited
Escrow Cash Account / Escrow Account	A special bank account opened by our company titled "Aksh Optifibre Limited - QIP Escrow Account" with the Escrow Agent in terms of the Escrow Agreement into which payment of application money shall be made by the Investors
Floor Price	The floor price of Rs. 19.20 per Equity Share, which has been calculated in accordance with Chapter VIII of the SEBI Regulations
Indian Stock Exchanges / Stock Exchanges	BSE, NSE
Issue	The offer and sale of the 11,550,000 Equity Shares to QIBs, pursuant to Chapter VIII of the SEBI Regulations
Issue Price	A price per Equity Share of Rs. 19.50
Issue Size	The issue of 11,550,000 Equity Shares aggregating Rs. 225.23 millions
Book Running Lead Manager	Anand Rathi Advisors Limited
Pay-in Date	Bid Closing Date or the last date specified in the CAN sent to QIBs, as applicable
Preliminary Placement Document	The Preliminary Placement Document dated August 11, 2010 issued in accordance with Chapter VIII of the SEBI Regulations
Qualified Institutional Buyer(s) / QIB(s)	Qualified institutional buyer (as defined under clause 2(1)(zd) of the SEBI Regulations)
RBI	Reserve Bank of India
Registered Office	F–1080, RIICO Industrial Area, Phase–III, Bhiwadi–301 019, Rajasthan (India)
RoC	Registrar of companies, located at Jaipur, Rajasthan

Conventional and General Terms/Abbreviations

Term / Abbreviation	Full Form
AS	Accounting Standards issued by the Institute of Chartered Accountants of India
AY	Assessment year
BSE	Bombay Stock Exchange Limited
CDSL	Central Depository Services (India) Limited
Central Government	Government of India
CIN	Corporate identification number
Civil Code	The Code of Civil Procedure, 1908, as amended
Companies Act	The Companies Act, 1956, as amended
Depositories Act	The Depositories Act, 1996, as amended
FII	Foreign institutional investor (as defined under the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended) registered with SEBI under applicable laws in India
Financial Year / Fiscal / FY	Period of twelve months ended March 31 of that particular year
GIR	General Index Registrar
Government of India	The government of the Republic of India
ICAI	Institute of Chartered Accountants of India
IFRS	International Financial Reporting Standards
India	Republic of India
Indian GAAP	Generally accepted accounting principles followed in India
IT Act	Income Tax Act, 1961, as amended
MoEF	Indian Ministry of Environment and Forests

Term / Abbreviation	Full Form
Million	Million
Mutual Fund	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996, as amended
NSDL	The National Securities Depositories Limited
NSE	National Stock Exchange of India Limited
p.a.	per annum
PAN	Permanent account number
Regulation S	Regulation S under the Securities Act
Rs. / Re. / Rupees	Rupees, being the lawful currency of India
SEBI	Securities Exchange Board of India
SEBI Act	The Securities Exchange Board of India Act, 1992, as amended
SEBI Regulations	The SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended
Securities Act	The U.S. Securities Act of 1933, as amended
SCRA	Securities Contracts (Regulation) Act, 1956, as amended
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended
SICA	The Sick Industrial Companies (Special Provisions) Act, 1985, as amended
STT	Securities Transaction Tax
Stamp Act	The Indian Stamp Act, 1899, as amended
Takeover Code	The SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997, as amended
U.S. / United States	United States of America
US GAAP	Generally accepted accounting principles in the United States of America
U.S. Dollars / USD	U.S. dollars, the lawful currency being of the United States of America

Company / Industry Related Terms

Abbreviations	Full Form
A/C	Account
ADSL	Asymmetric Digital Subscriber Line
ARPU	Average Revenue Per User
BSNL	Bharat Sanchar Nigam Limited
CDN	Content Delivery Network
CMS	Content Management System
CDMA	Code Division Multiple Access
DoT	Department of Telecom, Ministry of Communications and Information Technology, Government of India
DSL	Digital Subscriber Lines
DSA	Direct Sales Agent
EBITDA	Earnings Before Interest Tax Depreciation and Amortization
FTTH	Fibre to the Home
FVCI	Foreign Venture Capital Investor
GDP	Gross Domestic Product
GIR	General Index Registration
Government	The Government of India
HDTV	High Definition Television
HFC	Hybrid Fibre Coaxial
ICP	Integrated Communications Provider
IBC	International Broadcasting Convention
IDC	Internet Data Centre
IP	Internet Protocol
IPR	Intellectual Property Rights
IPTV	Internet Protocol Television
ISDN	Integrated Services Digital Network
ISP/ISPs	Internet Service Providers

Abbreviations	Full Form
Kms	Kilometres
LIC	Life Insurance Corporation of India
LCO	Local Cable Operator
MAN	Metropolitan Area Network
MAT	Minimum Alternate Tax
MTNL	Mahanagar Telephone Nigam Limited
NOC	Network Operations Centre
POP	Point of Presence
PCO	Public Call Office
PVR	Personal Video Recording
Kbps	Kilo Bits Per Second
SDSL	Symmetric Digital Subscriber Line
STB	Set Top Box
TRAI	Telecom Regulatory Authority of India
U.K.	United Kingdom
UTI	Unit Trust of India
VAS	Value Added Services
VDSL	Very high data rate Digital Subscriber Line
VOD	Video on Demand
VoIP	Voice Over Internet Portal
VPN	Virtual Private Network
VSATs	Very Small Aperture Terminal
VSNL	Videsh Sanchar Nigam Limited
WIMAX	Worldwide Interoperability for Microwave Access
WLL	Wireless Local Loop
WLAN	Wireless Local Area Network
WTO	World Trade Organisation

GENERAL INFORMATION

1. Our Company was originally incorporated as a private limited company in the name of Aksh India Private Limited on March 19, 1986 and was issued a Certificate of incorporation by the Registrar of Companies, Delhi and Haryana. Pursuant to passing of the special resolution dated March 8, 1994, our Company was converted into a public limited company. Our Company was issued a fresh certificate of incorporation consequent upon change of name on conversion to a public limited company on March 13, 1994 with the name Aksh India Limited by the Deputy Registrar of Companies, Delhi and Haryana. Thereafter, our Company changed its name from Aksh India Limited to Aksh Optifibre Limited and was issued with a fresh Certificate of Incorporation consequent upon change of name with the name Aksh Optifibre Limited on April 17, 2000 by the Registrar of Companies, Rajasthan, Jaipur. Our Company has its registered office at F–1080, RIICO Industrial Area, Phase–III, Bhiwadi–301 019, Rajasthan (India). Our Company is registered with the RoC bearing no. 23670 of 1985-1986 and the CIN is L24305RJ1986PLC016132.

2. The issuance of Equity Shares under this Issue is pursuant to the approval by the shareholders of our Company vide its special resolution dated July 3, 2010 for issue of shares. The offering of Equity Shares was authorised and approved by the Board of Directors on May 17, 2010.

3. Our Company has applied for in-principle approval to list the Equity Shares on BSE and NSE.

4. Copies of Memorandum and Articles will be available for inspection during usual business hours on any weekday between 10.00 a.m. to 1.00 p.m. Indian Standard Time (except Saturdays and public holidays) at our Company's Registered Office until the closure of the Issue.

5. Our Company has obtained all consents, approvals and authorisations required in connection with this Issue.

6. There has been no material change in our Company's financial or trading position since March 31, 2010, the date of the latest financial statements prepared in accordance with Indian GAAP included in this Placement Document, except as disclosed herein.

7. Except as disclosed in this Placement Document, there are no litigation or arbitration proceedings against or affecting our Company or its assets or revenues, nor is our Company aware of any pending or threatened litigation or arbitration proceedings, which are or might be material in the context of this Issue of Equity Shares.

8. Our Company's Auditors, P.C. Bindal & Co., Chartered Accountants, have audited our consolidated financial statements as of and for the year ended on March 31, 2010 and as of and for the eighteen months period ended on March 31, 2009.

9. Our Company confirms that it is in compliance with the minimum public shareholding requirements as required under the terms of the listing agreements with the Stock Exchanges.

10. The Floor Price for the Issue is Rs. 19.20, calculated in accordance with the provisions of Chapter VIII of the SEBI Regulations.

SUMMARY OF BUSINESS

The following summary is qualified in its entirety by, and should be read in conjunction with, the more detailed information and financial statements appearing elsewhere in this Placement Document. In addition to this summary, we urge you to read the entire Placement Document carefully, especially the risks of investing in the Equity Shares discussed under the section titled "Risk Factors", before deciding whether to buy our Equity Shares.

Overview

Our Company was originally incorporated as a private limited company in the name of Aksh India Private Limited on March 19, 1986 and was issued a Certificate of incorporation by the Registrar of Companies, Delhi and Haryana. Pursuant to passing of the special resolution dated March 8, 1994, our Company was converted into a public limited company. Our Company was issued a fresh certificate of incorporation consequent upon change of name on conversion to a public limited company on March 13, 1994 with the name Aksh India Limited by the Deputy Registrar of Companies, Delhi and Haryana. Thereafter, our Company changed its name from Aksh India Limited to Aksh Optifibre Limited in order to reflect core activity of the Company and was issued with a fresh Certificate of Incorporation consequent upon change of name with the name Aksh Optifibre Limited on April 17, 2000 by the Registrar of Companies, Rajasthan, Jaipur.

The Company has been mainly into two business segments namely Internet Protocal TV (IPTV) transmission business and optical fibre cable manufacturing. 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, the transfer became effective on November 14, 2009. The optical fibre cable manufacturing is an integrated optical fibre, optical fibre cable and fibre reinforced plastic rods manufacturing unit.

The Company made its initial public issue in July 2000. The Issue size was Rs. 358.14 million. The issue constituted 5,968,950 equity shares of Rs.5 each for cash at a premium of Rs.55 per share.

In January 2007, the Company issued US$8.75 million 1% Unsecured Foreign Currency Convertible Bonds due in 2010, which are listed on the official list of the Lux SE and traded on the Euro MTF market of the LuxSE. Out of the said issue, FCCBs aggregating to US$ 2.5 Mn were converted into equity shares. Pursuant to RBI approval, the Company re-financed FCCBs aggregating to US$ 5.25 Mn and FCCBs aggregating to US$ 1.00 Mn are outstanding.

In January 2008, the Company made a combined issue of 4,901,961 GDRs at a price of US$3.06 per GDR and US$20 million Zero Coupon Unsecured Foreign Currency Convertible Bonds due 2013, which are listed on the official list of the LuxSE and traded on the Euro MTF market of the LuxSE.

The Company was originally incorporated for manufacture and export of PVC Insulated Specialty Cables. Subsequently, in the year 1994, the Company decided to diversify into manufacturing of optical fibre cables and set up a plant at Bhiwadi Industrial Area, Rajasthan. In the year 1999, the Company divested its PVC division and as a step towards backward integration, the Company took over the manufacturing facility of FRP Rods at Ringus in Rajasthan. In the year 1999-2000, the Company acquired an ongoing OFC plant of another company situated at Bhiwadi.

All the manufacturing plants are certified to ISO 9001:2000 by Underwriters Laboratories for manufacture of single mode and multi mode OFCs to customers' specifications. The optical fibre manufactured by the Company has Type Approval Certificate (TAC) from Department of Telecom Services.

Our Company has agreements with MTNL and BSNL to provide IPTV services and has presence in many cities including metro cities such as Delhi and Mumbai. Further, our Company also has an agreement with MTNL to provide VoIP Services.

SUMMARY OF THE ISSUE

The following is a general summary of the terms of the Issue:

Issuer	Aksh Optifibre Limited.
Issue Size	Up to 11,550,000 Equity Shares aggregating Rs. 225.23 million
Issue Price	Rs. 19.50 per Equity Share
Eligible investors	QIBs as defined in Regulation 2(1)(zd) of the SEBI Regulations. See the section titled "*Issue Procedure - Qualified Institutional Buye*rs".
Equity Shares issued and outstanding immediately prior to the Issue	67,570,083 Equity Shares
Equity Shares issued and outstanding immediately after the Issue	79,120,083 Equity Shares
Listing	Our Company has made applications to the Stock Exchanges to obtain in-principle approvals for the listing of the Equity Shares offered in the Issue on the Stock Exchanges.
Transferability restrictions	The Equity Shares being Allotted pursuant to this Issue shall not be sold for a period of one year from the date of Allotment except on the Stock Exchanges.
Use of proceeds	The total proceeds of the Issue is expected to total approximately Rs. 225.23 million. See the section titled "*Use of Proceeds*".
Risk factors	See the section titled "*Risk Factors*" for a discussion of factors you should consider before deciding whether to buy Equity Shares of our Company.
Closing	The Allotment of the Equity Shares offered pursuant to this Issue is expected to be made on or about August 27, 2010.
Ranking	The Equity Shares being issued shall be subject to the provisions of our Company's Memorandum of Association and Articles of Association and shall rank *pari passu* in all respects with the existing Equity Shares including rights in respect of dividends. The shareholders will be entitled to participate in dividends and other corporate benefits, if any, declared by our Company after the Closing Date, in compliance with the Companies Act. Shareholders may attend and vote in shareholders' meetings on the basis of one vote for every Equity Share held. See the section titled "*Description of the Equity Shares*".
Security codes for the Equity Shares	**ISIN**: INE523B01011 **BSE Code**: 532351 **NSE Code**: AKSHOPTFBR

SELECTED FINANCIAL INFORMATION OF OUR COMPANY

The selected consolidated income statement data and balance sheet data for the financial year ended March 31, 2010 and for the eighteen month period ended March 31, 2009 set forth below have been derived from our Company's audited consolidated financial statements and schedules and notes thereto for the financial year ended March 31, 2010 and for the eighteen month period ended March 31, 2009 which have been audited by P.C. Bindal & Co, Chartered Accountants, our Company's statutory Auditors.

We are a listed company in India and prepare our financial statements in accordance with Indian GAAP and in compliance with the Companies Act and the requirements of listing agreements with the Indian Stock Exchanges where our Equity Shares are listed.

The following information should be read in conjunction with the section of this Placement Document titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our Company's audited consolidated financial statements and schedules and notes thereto included elsewhere in this Placement Document.

Indian GAAP differs in certain material respects from IFRS. For a discussion of significant differences between Indian GAAP and IFRS, see the section title "Summary of Differences between Indian GAAP and IFRS".

Consolidated Balance Sheet as at March 31, 2010 and as at March 31, 2009

(Amount in Rs.)

PARTICULARS	As at	As at
	March 31, 2010	**Mar. 31, 2009**
SOURCES OF FUNDS		
Shareholders' Fund		
Share Capital	524,498,793	516,290,188
Share Warrant	-	29,000,003
Reserves & Surplus	1,995,771,821	1,941,020,594
	2,520,270,614	**2,486,310,785**
Loan Funds		
Secured Loans	198,829,626	204,625,870
Unsecured Loans	1,401,031,418	1,666,977,576
Minority Interest	1,046,517	1,046,517
	1,600,907,561	**1,872,649,963**
TOTAL	**4,121,178,175**	**4,358,960,748**
APPLICATION OF FUNDS		
Fixed Assets		
Gross Block	2,321,564,111	2,196,567,943
Less : Accumulated Depreciation	821,431,266	652,915,463
Net Block	**1,500,132,845**	**1,543,652,480**
Capital Work in Progress	**1,466,231,138**	**1,522,928,488**
Project Development Expenditure	**60,044,238**	**56,462,506**
	3,026,408,221	**3,123,043,474**
Investments	157,045	107,045
Deferred Tax Assets (Net)	214,455,690	144,354,928
Current Assets,Loans & Advances		
Inventories	157,950,084	207,730,448
Sundry Debtors	155,151,484	285,604,298
Cash & Bank Balances	125,596,072	292,720,566
Loans & Advances	449,135,776	425,572,021
	887,833,416	**1,211,627,333**
Less : Current Liabilities & Provisions		
Current Liabilities	463,485,618	444,961,789
Provisions	20,266,082	19,919,899
Net Current Assets	**404,081,716**	**746,745,645**
Miscellaneous Expenditure		
Debit Balance of Profit and Loss Account	476,075,503	344,709,656
TOTAL	**4,121,178,175**	**4,358,960,748**

Consolidated Profit and loss statement for the FY ended March 31, 2010 and eighteen months period ended March 31, 2009

(Amount in Rs.)

PARTICULARS	FY ended	Eighteen months ended
	March 31, 2010	March 31, 2009
INCOME		
Gross Turnover	1,381,909,989	2,638,540,540
Less: Excise Duty/Service Tax	56,275,385	238,442,479
Net Turnover	1,325,634,604	2,400,098,062
Miscellaneous Income	190,664,395	40,668,160
TOTAL	**1,516,298,999**	**2,440,766,221**
EXPENDITURE		
Manufacturing and other expenses	1,199,794,980	2,262,558,256
Administrative and Selling Expenses	296,741,659	622,083,108
Interest	53,839,971	96,525,375
Miscellaneous Expenditure written off	-	263,821
Depreciation including amortization	167,334,367	208,558,207
TOTAL	**1,717,710,976**	**3,189,988,767**
PROFIT BEFORE TAX	**(201,411,976)**	**(749,222,546)**
Provision for tax		
-Current Tax (MAT)	1,340,611	-
-Fringe Benefit Tax	-	1,778,283
-Deferred Tax	(70,100,762)	(269,745,714)
MAT Credit Entitlement	1,285,978	-
PROFIT AFTER TAX	**(131,365,847)**	**(481,255,115)**
Balance brought forward from Previous Year	(344,709,656)	32,677,568
Reversal of Impairment	-	58,867,891
Transfer from General Reserve	-	45,000,000
Balance carried to Balance Sheet	**(476,075,503)**	**(344,709,656)**

Consolidated Cash Flow statement for the FY March 2010 and Eighteen months period ended march 31, 2009

(Amount in Rs.)

	Particulars	**FY ended March 31, 2010**	**Eighteen months ended March 31, 2009**
A	**Cash Flow from Operating activities**		
	Net profit before taxation	(201,411,976)	(749,222,546)
Add:	Depreciation	167,334,366	208,558,207
	Miscellaneous exp written off	-	263,821
	Interest Expense	53,839,971	96,525,375
	Loss on sale of Fixed Assets	175,292	82,796
Less:	Interest Income	(6,418,689)	(27,148,990)
	Operating cash flow before working capital changes	**13,518,964**	**(470,941,337)**
	Adjustment for :		
	Decrease/(Increase) in Sundry Debtors	130,452,814	(100,714,406)
	(Increase) in Other Assets	(11,660,290)	(174,567,038)
	Decrease in Inventories	49,780,364	81,396,051
	Increase in Sundry Creditors	1,82,49,122	261,228,454
	Cash generated from operations	**20,03,40,974**	**(403,598,276)**
	Direct tax (paid)	(1,031,617)	(9,814,007)
	Net Cash Inflow / (outflow) fom Operating activities	**19,93,09,357**	**(413,412,283)**
B	**Cash Flow from Investing activities**		
	Purchase of Fixed Assets	(128,420,432)	(652,705,190)
	Proceeds from Sale of Fixed Assets	2,356,307	20,566,347
	Adjustments for change in current assets &	(10,305,590)	(248,459,566)

	Particulars	FY ended March 31, 2010	Eighteen months ended March 31, 2009
	liabilities		
	Purchase of Investments	(50,000)	-
	Interest Income	6,418,689	27,148,990
	Miscellaneous exp	-	(263,821)
	Project Development Expenditure	(1,507,631)	(3,489,880)
	Capital Work in progress including capital advances	56,697,350	(111,416,451)
	Net Cash outflow from Investing activities	**(74,811,307)**	**(968,619,571)**
C	**Cash Flow from Financing activities**		
	Proceeds from Issue of Share Capital	98,174,915	992,967,630
	Proceeds from Issue of FCCB	(277,152,600)	1,019,295,200
	Proceeds/(Repayments) from Unsecured Borrowings	(4,85,35,858)	(213,778,598)
	Proceeds of Working capital borrowing	(5,796,244)	(6,444,511)
	FCCB Issue expenses	(4,472,786)	(61,876,968)
	Interest paid	(53,839,971)	(96,525,375)
	Dividend and dividend distribution tax paid	-	(25,131,885)
	Net Cash inflow from Financing activities	**(29,16,22,544)**	**1,608,505,493**
D	**Net Increase in cash & cash equivalents**	**(167,124,494)**	**226,473,639**
E	**Cash & Cash equivalents at beginning of period**		
	- As reported in previous financial statements	292,720,566	66,246,927
F	**Cash & Cash equivalents at end of period**	**125,596,072**	**292,720,566**

RECENT DEVELOPMENTS

1. Issue of GDR:

Our Company has recently received in-principle approval under clause 24(a) of the listing agreement dated July 27, 2010 from BSE and dated July 28, 2010 from NSE for an offering of GDRs. We have also applied for in-principle approval to the Luxembourg Stock Exchange.

2. FCCB Conversion:

As on March 31, 2010 our Company had total 6,06,09,062 outstanding shares.

Since April, our Company has allotted the following number of Equity Shares upon conversion of FCCBs:

1. 919,364 Equity Shares on July 23, 2010 upon conversion of FCCBs aggregating USD 1.4 million, out of FCCBs aggregating to USD 20 million, issued on January 08, 2008

2. 700,953 Equity Shares on July 23, 2010 allotted upon conversion of FCCBs aggregating USD 0.302 million, out of FCCBs aggregating to USD 6.328 million issued on February 05, 2010.

3. 5,340,704 Equity Shares on May 12, 2010, upon conversion of FCCBs aggregating USD 2.301 million, out of FCCBs aggregating to USD 6.328 million, issued and allotted on February 05, 2010.

Following the allotment as above, the total outstanding Equity Shares as on July 31, 2010 are 6,75,70,083 Equity Shares.

3. Increase in Authorized Share Capital

Pursuant to resolution approved at our Company's AGM held on July 3, 2010 the Authorised Share Capital of the Company has been increased from the existing Rs. 475 million divided into 95 million Equity Shares of Rs. 5/- each to Rs. 800 million divided into 160 million Equity Shares of Rs. 5/- each.

RISK FACTORS

An investment in the Equity Shares involves risks. Before making an investment decision, investors should carefully consider all of the information set out in this Placement Document, including the risk factors set forth below. The following describes some of the significant risks that could affect us and the Equity Shares. Additionally, some risks may be unknown to us and other risks, currently believed to be immaterial, could turn out to be material. If any or a combination of the following risks actually occur, this could materially adversely affect our ability to satisfy our obligations and have a material adverse effect on our business, cash flows, financial condition, results of operations and prospects. In general, investing in securities of issuers in emerging market countries such as India involves risks not typically associated with investing in the securities of companies in countries with more developed economies. You should also consider the information provided above in connection with the forward-looking statements in this Placement Document and the warning regarding forward-looking statements at the beginning of this Placement Document.

Our Company is involved in a number of legal proceedings which, if decided against us could impact our income and financial condition.

Our Company is involved in various legal proceedings, which are pending at various stages of adjudication before the City Courts, High Courts, and various tribunals. Should any new developments arise, such as a change in Indian law or rulings against us by appellate courts or tribunals, we may need to establish reserves in our financial statements, which could increase our expenses and our current liabilities. Further, if a claim is determined against us and we are required to pay all or a portion of the disputed amount, it could have a material effect on our results of operations and cash flows. For further information regarding litigation, please refer to the chapter titled "Legal Proceedings" in the Placement Document.

Changes in technology may render our current technologies obsolete or require us to make substantial new investments.

We need to anticipate and develop new services and enhance existing services in order to keep our clients satisfied. The failure to do so would adversely affect our market share, business, results of operations and financial condition.

Any non-compliance with the terms and conditions of the listing agreements of the Stock Exchanges or other applicable regulations/rules to be complied by a listed company like us may entail a delisting of our Company from such Stock Exchanges, which will affect future trading of the Equity Shares of our Company.

Under the standard terms of Listing Agreements, the governing body of each Stock Exchange is empowered to suspend trading of or dealing in a listed security for breach by a listed company, of its obligations under such agreement. Further, every listed company has to also comply with certain other rules and regulations like the Takeover Code and the Insider Trading Regulations in addition to the Listing Agreement, which involve periodical and event based filings by any listed company including us.

We cannot assure whether we will be able to satisfy all or any terms of the listing agreement, and other applicable rules/regulations non compliance of which may have an adverse impact on the continued listing and trading of our Equity Shares as well as our operational and financial performance

The success of our Company's business is substantially dependent upon the continuation of its agreements with MTNL and BSNL.

We have entered into an agreement with both BSNL and MTNL for providing IPTV services. Under the terms of these agreements, our Company provides the content delivery, while MTNL and BSNL provide the infrastructure for its IPTV services. The services offered by our Company as well as the quality of these services are dependent on the network of the operators and their willingness to renew the contracts with our Company. Though, MTNL has rolled out its services in Delhi and Mumbai and BSNL in many cities of North India with our Company as the content provider, MTNL has also identified other content delivery companies for its services. Commencement of services with the other content providers or non-renewal of the contract with our Company could adversely affect our Company's business, financial condition and results of operations.

Our Company's contingent liabilities could adversely affect our financial condition.

For details regarding our contingent liabilities, see "*Financial Statements*". If any material contingent liabilities become accrual liabilities, our results of operations and financial condition could be adversely affected.

We have made various applications for registering various trademarks. Any such non registration may lead to dilution of our trade marks and limits our ability to defend our trade marks in infringement or passing off proceedings.

The Company has filed applications for registrations of its logo and trade mark under various classes of the IPR Act. The said applications are still pending for registration with the Registrar of Trademarks. If the Company fails to adequately register these rights it may affect the company's business. The misappropriation or duplication of Company's intellectual property could disrupt its ongoing business, distract its management and employees, reduce its revenues and increase its expenses. In the future, litigation may be necessary to enforce the Company's intellectual property rights or to determine the validity and scope of the proprietary right of others. Any such litigation could be time consuming and costly.

The Company could be subject to intellectual property infringement as the number of its competitors grows and its product offerings overlap with the competitions offerings. Defending against these claims, even if such claims are not meritorious, could be expensive and divert the Company's attention from its own operations

We have entered into a number of related party transactions which may involve conflicts of interest.

We have entered into a number of related party transactions. Such transactions or any future transactions with related parties may potentially involve conflicts of interest and impose certain liabilities on our Company. For further details, see the section titled "Annexure - Financial Statements" of the Placement Document.

Our business is dependent on our association with MTNL and BSNL and the termination of our association with any one of them could adversely affect our financial condition and results of operations.

Our Company has entered into agreements with MTNL and BSNL for providing content based services to the subscribers of MTNL and BSNL. Disassociation with any of them would have a material adverse effect on our results of operations. Any non-renewal of such agreements with MTNL or BSNL will affect our results of operations. Further there are certain conditions in the agreements, non-fulfilment of which may impose penalties on us or may even terminate the agreements and consequently may adversely affect our financial conditions and results of operations

Our Use of Proceeds are based on internal management estimates.

Our assessment of funds requirement and deployment is based on internal management estimates and has not been appraised by any bank or financial institution or any independent organization. Our management has considerable freedom in deciding on the manner of utilization of funds in this issue within the parameters contained in the section titled "Use of Proceeds" and investor in this issue may not necessarily agree with the manner in which funds have been utilized by our management.

Our Company has incurred losses in past.

Our Company made a loss of Rs. 481.26 million and Rs. 131.37 million in the eighteen months period ended March 31, 2009 and for the year ended March 31, 2010 respectively. These losses are mainly on account of low revenues, high start-up costs for setting up a fibre network and broadband services and high operational expenditure. No assurance can be provided that our Company will make profits in the future.

Our Company is outsourcing its hardware and software from domestic and international third parties and hence is dependent on these parties for the functioning of its operations.

Our Company, being a highly technology-oriented company, has entered into various contracts for outsourcing its hardware and software requirements. The performance of our Company's operations and technology is dependent on the successful operation and integration of the outsourced hardware and software and any technological/integration problems may adversely affect the functioning of our Company and the commitments given by our Company.

Our insurance coverage may not adequately protect us against all material hazards.

We have insured ourselves against a majority of the risks associated with our business. Significant insurance policies of our Company provide cover for risks relating to burglary, standard fire and special perils, group insurance, etc. While we believe that the policies we maintain would reasonably be adequate to cover all normal risks associated with the operation of our business, we cannot assure you that our above mentioned insurance would cover any loss or damage to our assets or that any claim under the insurance policies maintained by us will be honoured fully, in part or on time, or that we have obtained sufficient insurance (either in amount or in terms of risks covered) to fund all material losses. To the extent that we suffer loss or damage for events for which we are not insured or for which our insurance is inadequate, the loss would have to be borne by us, and, as a result, our results of operations and financial condition could be adversely affected.

If we are not able to renew or maintain the statutory and regulatory permits and approvals required to operate our business it may have a material adverse effect on our business.

We require certain statutory and regulatory permits and approvals to operate our business. In the future, we will be required to renew such permits and approvals and obtain new permits and approvals for the proposed expansion and vertical integration. While we believe that we will be able to renew or obtain such permits and approvals as and when required, there can be no assurance that the relevant authorities will issue any or all requisite permits or approvals in the time-frame anticipated by us, or at all. Failure by us to renew, maintain or obtain the required permits or approvals may result in the interruption of our operations or delay or prevent our expansion plans or vertical integration, and may have a material adverse effect on our business, financial condition and results of operations.

The loss of the services of our key management personnel could adversely affect our business.

Our success depends in part on the continued services of certain key members of senior management. We do not carry key person life insurance for any of our senior management personnel. If we lose the services of key senior management personnel, it may be difficult to find and integrate replacement personnel in a timely manner. Any loss of key senior management personnel could impair our ability to implement our strategy and may have an adverse effect on our business, financial condition, results of operations and prospects.

Statistical and financial data in the Placement Document may be incomplete or unreliable.

Our Company has not independently verified data from industry publications and other third-party sources and therefore cannot assure the investors that they are complete or reliable. Such data may also be produced on different bases from those used in Western countries. Therefore, discussions of matters relating to India, its economy or regulatory/ statutory regime, as detailed in the Placement Document are subject to the caveat that the statistical and other data upon which such discussions are based, may be incomplete or unreliable. In addition, internal company reports have not been verified by independent sources and may be incomplete or unreliable.

Regulatory Risks

Our Company's business may be affected by the regulatory intervention of TRAI & DoT and any changes in the regulations enacted by it.

Our Company’s business is subject to the regulations formed and enforced by TRAI and DoT. Any price regulation by TRAI may adversely affect the revenues, operations and financial results of our company. Further, our Company is subject to certain rules and regulations formulated and amended from time to time by the relevant regulatory authorities. In any event, if the regulatory authorities decide to revoke and/or cancel and/or suspend and/or amend conditions of our ISP license(s) to operate as an ISP, it will have a material adverse impact on our operational and financial performance.

Changes in Government regulations, such as tax regulations, FDI policies, foreign ownership of Indian securities etc.

Any increase in the effective tax rate as a result of the expiration of tax benefits currently enjoyed, changes in applicable tax laws or the actions of applicable income tax or other regulatory authorities could materially reduce our Company’s profitability. As our Company is currently under MAT (Minimum Alternate Tax), any increase in the MAT rate by the Government could adversely affect the results of operations and financial condition. Also, any significant increase in future effective tax rates could adversely impact net income for future periods.

Any change in Government regulations towards FDI, FII holding in Indian companies, taxation aspects related to such entities or any changes in tax regulations with respect to Indian companies could have a material adverse effect on the prices of equities in the capital markets.

External Risks

We have not prepared, and currently do not intend to prepare, our financial statements in accordance with the International Financial Reporting Standards ("IFRS") of the International Accounting Standards Board.

We have prepared our financial statements and the financial information contained in the Placement Document in accordance with the accounting standards applicable in India. Indian Accounting Practices differ in certain respects from those of IFRS. We have not presented a reconciliation of our financial statements to IFRS in the Placement Document, and we do not intend to reconcile future financial statements to IFRS. As there are differences between Indian Accounting Practices and IFRS, there might be substantial differences in our results of operations, cash flows and financial position if we were to prepare our financial statements in accordance with IFRS. Prospective investors should consult their own professional advisers for an understanding of the differences between the professional standards applicable in India and IFRS and how they might affect the financial information contained in the Placement Document.

Terrorist attacks, civil unrest and other acts of violence or war involving India and other countries could adversely affect the financial markets and our business.

Terrorist attacks and other acts of violence or war may negatively affect the Indian markets on which our Equity Shares trade and also adversely affect the worldwide financial markets. These acts may also result in a loss of business confidence, make travel and other services more difficult and ultimately adversely affect our business. In addition, any deterioration in relations between India and its neighbouring countries might result in investor concern about stability in the region, which could adversely affect the price of our Equity Shares.

India has also witnessed civil disturbances in recent years and it is possible that future civil unrest as well as other adverse social, economic and political events in India could have a negative impact on us. Such incidents could also create a greater perception that investment in Indian companies involves a higher degree of risk and could have an adverse impact on our business and the price of our Equity Shares.

Epidemics could negatively affect the Indian and world economy which in turn may adversely affect our business, financial condition, results of operations and prospects.

In recent years, Asia has experienced outbreaks of avian influenza and Severe Acute Respiratory Syndrome, or SARS. The outbreak of an infectious disease in Asia or elsewhere or any other serious public health concern, such as swine influenza, could have a negative impact on the global economy, financial markets and business activities worldwide, which could adversely affect our business. Although, we have not been adversely affected by such outbreaks in the past, we can give you no assurance that a future outbreak of an infectious disease or any other serious public health concern will not have a material adverse effect on our business.

The occurrence of one or more natural disasters in India, including droughts, floods or earthquakes, could adversely affect our operations and cause our revenues to decline.

In the event of an earthquake, drought, flood or other natural disaster, drinking water, electricity and gas pipelines could be affected and the government could cut the supply of these resources to all industries, including our facilities. This would adversely affect our production operations and reduce our revenues. Even if we take precautions to provide back-up support in the event of a natural disaster, the disaster may nonetheless affect our facilities, harming production and ultimately our business, financial condition, results of operations and prospects.

There may be less company information available in the Indian securities markets than securities markets in developed countries.

There may be differences between the level of regulation and monitoring of the Indian securities markets and the activities of investors, brokers and other participants and that of markets in the United States and other developed countries. SEBI is responsible for approving and improving disclosure and other regulatory standards for the Indian securities markets. SEBI has issued regulations and guidelines on disclosure requirements, insider trading and other matters.

USE OF PROCEEDS

The proceeds from the Issue are Rs. 225.23 million before deducting the estimated expenses of the Issue.

Subject to compliance with applicable laws and regulations, we intend to use the net proceeds received from the Issue towards 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.

In accordance with the policies set up by our Board, our management will have flexibility in deploying the proceeds received by us from the Issue. Pending utilization for the purpose described above, we intend to temporarily invest funds in interest or dividend bearing liquid instruments including money market mutual funds and term deposits with banks or financial institutions. Such investments would be in accordance with the investment policies approved by the Board from time to time. We will not deploy any part of the issue proceeds in the equity markets, either directly or indirectly

CAPITALISATION AND INDEBTEDNESS

The following table sets forth our Company's capitalisation and total debt as of March 31, 2010 on a consolidated basis and as adjusted to give effect to the Issue pursuant to this Placement Document. This table should be read in conjunction with our Company's financial statements and the related notes, the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and other financial information contained in the section titled "Annexure - Financial Statements".

(Rs in millions)

Particulars	As at March 31, 2010 Pre Issue	Post Issue*
Short-term borrowings		
Secured	198.83	198.83
Unsecured	286.25	286.25
Long-term borrowings		
Secured		
Unsecured	1,114.78	1,114.78
Total borrowings	**1,599.86**	1,599.86
Shareholders' funds		
Equity share capital	524.50	617.05
Reserves and surplus	1,519.70	1,828.54
Total Shareholders' funds	**2,044.20**	2,445.59
Total	**3,644.06**	**4,045.45**
Debt/Equity	**0.78:1**	**0.65:1**

Notes: Reserves and Surplus does not include revaluation reserves and is net of Miscellaneous Expenditure (to the extent not written off / adjusted).

** All the details post issue are as on March 31, 2010, only the increase in equity share capital and share premium account pursuant to the conversion of FCCB and QIP issuance have been considered.*

MARKET PRICE INFORMATION

Our Equity Shares are listed on the BSE since August, 2000 and the NSE since August, 2000.

The tables below set forth, for the periods indicated, the high and low closing prices and the average daily trading volume on the BSE and the NSE for our Equity Shares.

A. The high and low closing prices recorded on the BSE and the NSE and the number of Equity Shares traded on the days such high and low prices were recorded, for Fiscal 2008, 2009 and 2010, are stated below:

BSE

Year ending March 31	Date of High	High (Rs.)	Volume on date of high (no. of shares)	Total Turnover (Rs. in millions)	Date of Low	Low (Rs.)	Volume on date of low (no. of shares)	Total Turnover (Rs. in millions)	Average price for the year* (Rs.)
2008	2-Jan-08	92.65	515,697	46.83	23-Aug-07	36.95	17,607	0.66	53.82
2009	21-Apr-08	53.55	11,640	0.63	22-Jan-09	8.38	42,364	0.36	27.73
2010	21-Oct-09	26.85	140,309	3.76	1-Apr-09	10.31	9,435	0.10	18.14

**Average of daily closing prices*

Source: http://www.bseindia.com. High and low prices are based on the daily closing prices

NSE

Year ending March 31	Date of High	High (Rs.)	Volume on date of high (no. of shares)	Total Turnover (Rs. in million)	Date of Low	Low (Rs.)	Volume on date of low (no. of shares)	Total Turnover (Rs. in million)	Average price for the year* (Rs.)
2008	2-Jan-08	92.30	363,765	32.79	23-Aug-07	37.05	17,036	0.64	53.84
2009	17-Apr-08	53.25	26,551	1.14	22-Jan-09	8.40	23,761	0.20	27.77
2010	21-Oct-09	26.70	117,961	3.61	1-Apr-09	10.40	10,260	0.11	18.15

**Average of daily closing prices*

Source: http://www.nseindia.com. High and low prices are based on the daily closing prices

B. The high and low closing prices recorded on the BSE and the NSE and the number of Equity Shares traded on the days such high and low prices were recorded, in each month during the last six months, are stated below:

BSE

Month, Year	Date of High	High (Rs.)	Volume on date of high (no. of shares)	Total Turnover (Rs. in million)	Date of Low	Low (Rs.)	Volume on date of low (no. of shares)	Total Turnover (Rs. in million)	Average price for the month* (Rs.)
July 2010	1-Jul-10	23.50	779,249	19.28	28-Jul-10	18.55	153,879	2.89	20.30
June 2010	30-Jun-10	23.20	252,953	5.81	1-Jun-10	18.85	23,391	0.45	21.04
May 2010	12-May-10	23.20	47,179	1.09	27-May-10	18.50	120,688	2.26	21.48
April 2010	1-Apr-10	27.60	1,138,622	31.18	28-Apr-10	22.05	93,321	2.07	24.48
March 2010	31-Mar-10	24.45	255,787	6.17	11-Mar-10	15.70	236,352	3.84	20.08

Month, Year	Date of High	High (Rs.)	Volume on date of high (no. of shares)	Total Turnover (Rs. in million)	Date of Low	Low (Rs.)	Volume on date of low (no. of shares)	Total Turnover (Rs. in million)	Average price for the month* (Rs.)
February 2010	1-Feb-10	18.90	27,401	0.52	24-Feb-10	16.80	28,871	0.49	17.95

Average of daily closing prices
Source: http://www.bseindia.com. High and low prices are based on the daily closing prices

NSE

Month, Year	Date of High	High (Rs.)	Volume on date of high (no. of shares)	Total Turnover (Rs. in million)	Date of Low	Low (Rs.)	Volume on date of low (no. of shares)	Total Turnover (Rs. in million)	Average price for the month* (Rs.)
July 2010	1-Jul-10	23.45	1,015,241	25.00	28-Jul-10	18.55	178,518	3.36	20.25
June 2010	30-Jun-10	23.20	36,063	0.69	30-Jun-10	18.80	214,449	4.95	21.00
May 2010	4-May-10	23.10	161,650	3.73	27-May-10	18.35	136,598	2.54	21.43
April 2010	1-Apr-10	27.65	1,734,160	47.39	28-Apr-10	22.10	184,916	4.11	24.45
March 2010	31-Mar-10	24.20	355,473	8.52	11-Mar-10	15.60	131,194	2.09	20.02
February 2010	1-Feb-10	18.85	32,642	0.62	25-Feb-10	17.05	20,774	0.35	17.98

Average of daily closing prices
Source: http://www.nseindia.com. High and low prices are based on the daily closing prices

C. Details of the volume of business transacted during the last six months on the BSE and NSE:

Period	BSE		NSE	
	Total Volume of Securities Traded (no. of shares)	Total Value of Securities Transacted (Rs. in millions)	Total volume of securities traded (no. of shares)	Total Value of Securities Transacted (Rs. in millions)
July 2010	2,895,274	62.69	3,767,698	81.41
June 2010	1,126,522	24.50	1,108,337	23.95
May 2010	2,011,336	42.94	2,098,553	44.74
April 2010	3,878,687	98.20	5,098,648	129.56
March 2010	7,270,770	156.65	9,863,828	213.17
February 2010	441,275	8.07	622,593	11.38

Source: http://www.bseindia.com and http://www.nseindia.com

D. The following table provides certain market price and other information of the Equity Shares for May 18, 2010, the first working day immediately following the Board meeting approving the Issue on May 17, 2010.

BSE						NSE					
Open	High	Low	Close	Volume (no. of shares)	Turnover (Rs. in million)	Open	High	Low	Close	Volume (no. of shares)	Turnover (Rs. in million)
23.00	23.00	22.00	22.30	44,443	1.00	22.90	23.00	22.20	22.40	61,838	1.39

Source: http://www.bseindia.com and http://www.nseindia.com

DIVIDEND POLICY

Under the Companies Act, a corporation pays dividends upon a recommendation by the board of directors and approval by a majority of the shareholders, who have the right to declare a lower, but a higher, rate of dividend than that recommended by the board of directors. Under the Companies Act, dividends may be paid out of the profits of a company in the year in which the dividend is declared or out of the undistributed profits of previous fiscal years.

The Company did not declare a dividend for the financial years ended March 31, 2010 and for the eighteen months period ended March 31, 2009.

The form, frequency and amount of future dividends on the Equity Shares will depend upon our Company's earnings, cash flow, financial condition and other factors and shall be at the discretion of our Board and subject to approval of the shareholders of our Company. There is no assurance that any future dividends will be declared or paid or that the amount thereof will not be decreased.

INDUSTRY OVERVIEW

Introduction

The entertainment and media industry has a major role in political and cultural environment of a country as it has direct influence on the public. Currently, the Indian economy is gradually integrating with the major developed countries of the world. Therefore, the cultural and entertainment sectors are undergoing change, which is leading to a rise in revenues and profitability for the entertainment industry.

Over the past few years the entertainment and media industry has gained government recognition and gradually has developed into more organized and disciplined industry. Corporatization is gradually happening in major segments of the entertainment and media industry. The liberalization of the media sector has increased potential for opportunities and growth. India is witnessing a revolution in this sector with the emergence of new technologies. Many companies are taking initiatives to set up digital theatres, multiplexes, etc

The Indian entertainment and media industry includes the print media, television, radio, cinema and the internet. According to FICCI KPMG Report 2009, revenues of the Indian media and entertainment industry in 2008 are estimated to be Rs. 584,000 million, compared to Rs. 520,000 million in 2007, recording a growth of 12.3%. The growth in entertainment industry has been aided by India's rapid economic growth. India's gross domestic product grew by 7.50%, 9.40%, 9.60% and 8.7% in fiscal 2005, fiscal 2006, fiscal 2007 and fiscal 2008 respectively (Source: Economic Survey 2007-2008, RBI). As the Indian economy has grown, the growing Indian middle class is able to allocate a higher percentage of its monthly expenditure on media and entertainment. In the last four years 2005-2008, the industry recorded a cumulative growth of 15% on an overall basis.

The projected 12.5 percent growth for the sector will be driven on the back of factors like favorable demographics, strong long term fundamentals of the Indian economy, expected rise in advertising to GDP ratio compared to developed economies and increasing media penetration.

Given the industry's changing landscape and emerging challenges, the focus of industry players too is changing; with a strong emphasis on profitable growth in the current scenario. Hence, media companies are increasingly concentrating on strengthening existing operations and assessing options for growth through consolidation, while continuing to innovate. Factors like Narrowcasting, Regionalization, Internationalization, Organized Funding, Digitization and Deregulation have become the 'buzzwords' in the industry.

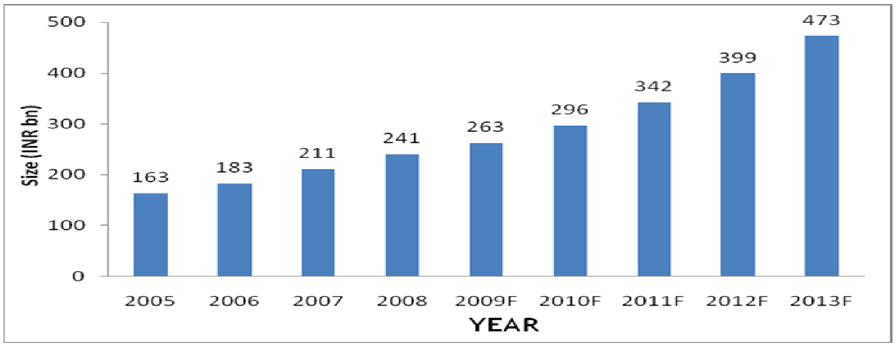
Trends in M&E industry:

- Sports marketing, is expected to grow rapidly now as broadcasters, encouraged by the IPL example, start aggressively selling cricket and other sports as entertainment packages.
- Narrowcasting (niche entertainment) is expected to increase further- Likely to see more audience fragmentation across a myriad of content genres.
- Regional Print and TV sector is witnessing a potential upside of advertising rate difference between national print dailies and TV channels.
- International consumption of Indian media is expected to be an important growth driver for the industry.
- Organized funding is an indicator of how the Indian Media & Entertainment (M&E) industry has come of age. Although with the economic downturn and the liquidity crunch, the overall availability of funding might take a hit in the short term but the long term prospects continue to be positive.
- Advent of 3G services in India, may further aid convergence, by making the mobile phone a convenient access point for video and audio media.

Television:

The Indian television industry began in 1959 when Doordarshan, a public sector undertaking, commenced operations. India's commercial television industry did not begin until 1992, when the Government authorized licensing privately-owned cable and satellite television. As per the FICCI KPMG Report 2009, the number of channels has since grown from two in 1992 to about 120 in 2003 and to over 450 now. The major TV networks in India include Star TV, Zee, Multi Screen Media (earlier known as the Sony entertainment television), Network18, NDTV and SUN TV (a regional language operator).

The industry is estimated to have reached a size of INR 241 billion, a growth of 14.2 percent over 2007. The television industry is projected to grow at the rate of 14.5 percent over 2009-13 and reach a size of INR 473 billion.



Source: *FICCI-KPMG Report 2009*

Despite this strong growth, television penetration stands at approximately 123 million households leaving significant scope for further growth. With rising income levels, increasing access to electricity (especially in rural areas), falling prices for television sets and the continued delivery of quality content, Indian television penetration is expected to continue to increase over the coming years.

Television broadcasting

The Indian broadcasting industry comprises terrestrial broadcasters, cable and satellite broadcasters and foreign cable and satellite broadcasters. The television market is divided into three categories: terrestrial television, cable television and direct to home broadcasting.

Terrestrial television: The state-run monopoly Prasar Bharti Corporation through Doordarshan is the only terrestrial broadcaster in India. Doordarshan was formed in 1959. Doordarshan has installed transmitters nation-wide for terrestrial broadcasting and today offers viewers a total of 19 channels comprising two national channels, 14 regional channels and three international channels.

Cable television: The Indian cable television industry originated in the mid-1980s when entrepreneurs began wiring households to offer local video channels. The current structure of the Indian cable television industry can be divided into four layers - broadcasters, Multi System Operators (MSOs), local cable operators and end user households. Broadcasters transmit the channels via satellite signals. MSOs are wholesale content distributors and are mainly cable television companies which receive broadcast signals from satellites at their headends and further distribute them to various smaller regional and local cable operators. Local cable operators are small content distributors with regional or local coverage who own and control the last mile connection to the households within their operating area. They receive content from MSOs and distribute them to the end user households, which are the fourth and bottom layer of the industry. The households, or viewers, pay monthly cable charges, determined by the local cable operators, for receiving cable television service in their homes.

Over the last decade, the cable industry has evolved into a highly fragmented structure. It is estimated that there are near 30,000 local cable operators across India, and this large and unregulated layer contributes to the fragmented nature of the Indian cable television industry. This fragmented industry structure gives rise to a significant lack of accountability, particularly at the local cable operator level. It is believed that local cable operators generally engage in under-declaration of subscriber numbers making it difficult for broadcasters to obtain a meaningful share of subscription revenues from viewers.

Direct to Home Broadcasting (DTH): DTH broadcasting utilizes a dish antenna that is available at the viewer's premises and is capable of directly receiving television signals from the broadcast satellite. DTH broadcasting can be provided directly to consumer households through addressable equipment that enables consumers to receive and view the downlink signal from the satellites.

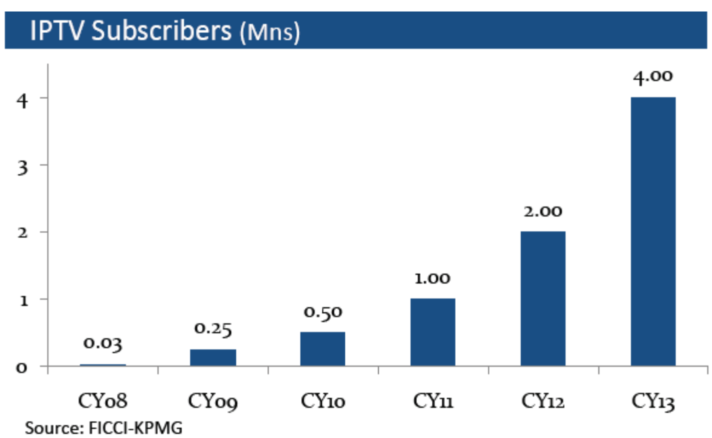
DTH has led the digitization drive in India. With the arrival of DTH, distributors are in a position to offer more channels, better picture quality and add on services to the consumers. In 2005, when Dish TV was the sole pay DTH service provider, total number of pay DTH subscribers was 0.6 million. After the entry of Tata Sky, number of pay DTH subscribers more than quadrupled to reach 2.6 million by end 2006. At present, in a five operator scenario, total number of pay DTH subscribers is estimated to have reached 10 million households by end of 2008. The DTH subscriber base is estimated to grow to around 28 million by 2013. (Source: FICCI-KPMG Report 2009).

Internet protocol television (IPTV): IPTV allows distribution of television over broadband access lines. It provides TV service over the same network that provides data and voice service. MTNL, a public sector undertaking, launched its IPTV services in October 2006. With 4.57 million broadband connections as of July 2008 (Source: TRAI press release dated August 25, 2008), IPTV is positioned for growth in India. IPTV will also enable broadcasters to provide value added services such as video on demand and pay per view movie facilities.

Mobile broadcasting: Mobile broadcasting refers to broadcasting of content over mobile phones. With the advent of improved connectivity, several mobile operators are offering value added services including broadcasting and streaming of news, media, film content etc. to attract customer base and improve market share.

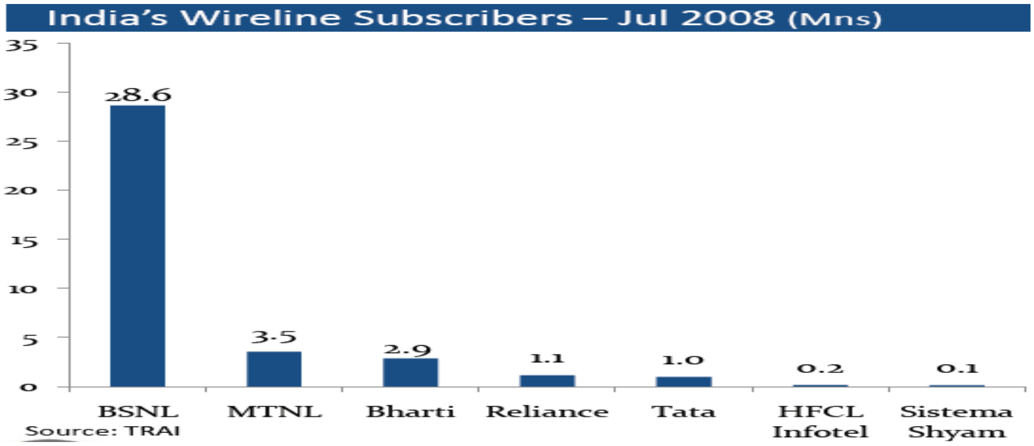
IPTV Indian Scenario

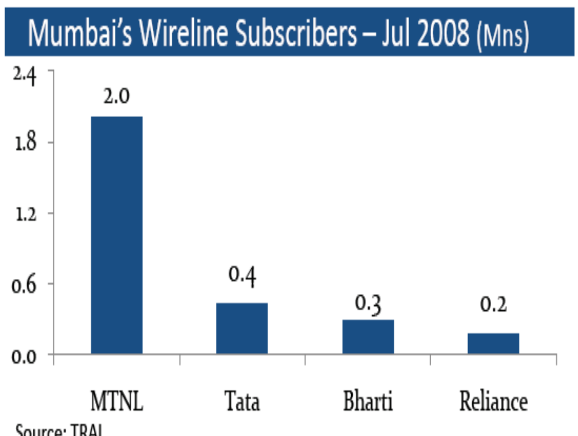
IPTV technology is gaining tremendous industry momentum and aggressive deployment among service providers worldwide and in India. So far the growth of IPTV has been limited as the infrastructure was being built to support it. Implementation of Conditional Access System (CAS) on a larger scale across Indian cities, as has been suggested by Telecom Regulatory Authority of India (TRAI) is likely to be a growth driver for IPTV penetration. Consumers, who had been sticking to analog cable simply out of inertia, may then be forced to make a choice among either CAS based digital cable or DTH or IPTV. The IPTV subscribers are expected to grow at a CAGR of 100% in CY09-CY13 period.

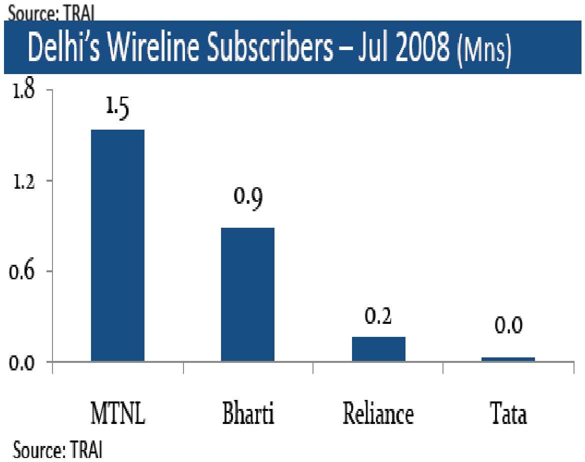


Wire line Connections, a base for IPTV

Bharat Sanchar Nigam Limited (BSNL) and Mahanagar Telephone Nigam Limited (MTNL) together control 86% of India's 37 million + wireline subscriber base. BSNL is the market leader in India with 28.6 million wireline subscribers and 77% market share. MTNL is the market leader in Mumbai and Delhi with 69% and 59% wireline market share, respectively.







Competitors to IPTV

CAS and DTH are the main competitors to IPTV:

Conditional Access System (CAS)

CAS is a digital mode of transmitting TV channels trough a Set Top Box. The transmission signals are encrypted and viewers need to buy a Set Top Box to receive and decrypt the signal. The Set Top Box is required to watch only pay channels, not free-to air channels.

In the new system, Indian broadcasting companies will decide which channels would be 'non-pay' (free-to-air) and which would be 'pay'. The viewer will now be able to select the pay channels he wishes to watch and pay for only these. Each broadcasting channel will determine the rates for buying the channel. Currently, there is no segregation and subscribers pay a blanket rate for the entire service. There will soon be two levels of segregation. The first will be a broad differential according to lower, middle and upper classes of society across cable households. The second differential will be amongst pay channels, like premium channels, which will include focused news, entertainment, sports, music channels and niche channels like nature, health and fashion.

Certain advantages of CAS can be enumerated as under:

Under CAS viewers can watch only what they would like to watch, than what the cable operator has on offer. Subscribers save money they now spend on unnecessary channels. They will get better transmission (because of the use of optic fibre instead of metal cables). The cable operators will no longer have any control over the pricing of channels.

It benefits broadcasters as they always had to grapple with the issue of cable operators not declaring the actual number of subscribers, and hence suffering losses. With CAS, they can find out the exact number of subscribers with a cable operator.

They need to pay a part of the subscription fees to the broadcasters only for the actual number of end users who opt for the channel. This allows operators to price their channels according to their popularity.

It gives a far more accurate indicator of programme popularity with only the actual subscribers of each channel being accounted for.

Direct To Home (DTH)

DTH is defined as the reception of satellite programmes with a personal dish in an individual home. DTH services were first proposed in India in 1996. But they did not pass approval because there were concerns over national security and a cultural invasion. The Government imposed a ban on DTH in 1997. Finally in 2000, DTH was allowed.

Zee group promoted Dish TV was the first to start DTH operations in India. The later entrants in India are Tata-Sky, Reliance, Airtel and SunTV.

IPTV -Future Outlook

IPTV is a novelty service and operators must determine how to deliver the offering to consumers in a manner that encourages them to switch from existing television platforms to an IPTV platform. IPTV provides some clear advantages over satellite, digital terrestrial and cable delivery models, namely unparalleled opportunities for on-demand and interactive services as well as the ability for advertisers to engage in targeted campaign activities.

To become an engine of growth and change, broadband has to be made easily accessible, affordable and useful to the masses. It also has to be technology neutral. Effective use of broadband is critically dependent on the PC penetration. This is low especially in rural areas. Unless this is adequately addressed, broadband for the masses will not become a reality.

For IPTV to really work, bandwidth prices have to come down so broadband can grow. IPTV providers also have to contend with a highly fragmented cable television segment that has a much broader reach than telecom firms. India has thousands of small cable operators, reaching more than 60 million households. The bigger issue is the issue of content as the content industry in India is hugely fragmented.

The key benefits of communications service providers - specifically telcos and internet service providers - offering content driven IP based services are churn reduction and new customer acquisition, incremental revenue creation and the elimination of competitive direct channels to customers.

Providing IPTV services and the seamless experience that consumers expect, will require operators to augment existing fulfillment, assurance and billing functions and develop new capabilities. Along with this, IPTV providers will need to build new capabilities in content management operations like installing a content management system and contract management system, adopting new content management processes for broadcast and on-demand content, etc.

IPTV –Advantages

Complete content on demand: IPTV offers consumers much more control over their viewing experience. Instead of being constrained to the channels on their television, people can browse through a nearly limitless supply of content and watch what they want, when they want on any device (TV or Computer).

Real-time interactivity: Consumers will be able to interact with their television in innovative ways. For example, sports fans can watch multiple games simultaneously and chat with other people between big plays. Shoppers can buy on impulse using a mouse-like device to click on products they see in movies or shows. Gamers can raise the stakes by participating in on-demand, interactive gaming. People can easily create their own content or form communities of viewers with similar interests.

Integration and convergence: Another advantage of an IP-based network is the opportunity for integration and convergence. Converged services imply interaction of existing services in a seamless manner to create new value added services. Internet Protocol based services will help to enable efforts to provide consumers anytime, anywhere access to content over their televisions, PCs and cell phones, and to integrate services and content to tie them together.

Addressable advertising: The well-knit communication of a particular message or media content between a specific device and the customer based on their address is called addressable advertising. Here, the said address of the customer may be obtained by scrutinizing the profile of the viewer. This is done in order to determine whether the advertising message is appropriate for the recipient or not. Therefore, addressable advertising allows for speedy and straight measurement of the efficiency of advertising campaigns. The cooperation of the viewer is the key aspect of addressable advertising. As soon the IP television is turned on, the IP television systems may ask or prompt the viewer to pick their name from a list of registered users. As a reply, viewers will typically want to select their programming name. Here, the programming name has a profile (or, preferences) and the advertising messages can be selected, which are the best match to the concerned viewer profile. Because of the advanced features offered by IP television, such as incoming calls and e-mails and programming guides that remember favourite channels, the viewers can actually do so here.

Digital video recorders: One of the advantages of IPTV is the ability for digital video recorders to record multiple broadcasts at once. It will also be easier to find favourite programs by using "custom view guides." IPTV even allows for picture-in-picture viewing without the need for multiple tuners. You can watch one show, while using picture-in-picture to channel surf.

TV viewing: IPTV viewers will have full control over functionality such as rewind, fast-forward, pause, and so on. Using a cell phone or PDA, a subscriber might even utilize remote programming for IPTV. However, the real advantage of IPTV is that it uses Internet protocols to provide two-way communication for interactive television. One application might be in game shows in which the studio audience is asked to participate by helping a contestant choose between answers. IPTV opens the door to real-time participation from people watching at home. Another application would be the ability to turn on multiple angles of an event, such as a touchdown, and watch it from dual angles simultaneously using picture-in-picture viewing. One can also receive Web service notifications while watching IPTV for things such as incoming email and instant messages. If your IPTV is packaged with digital phone, Caller ID might pop up on screen as your telephone rings.

In other words, IPTV has the potential to permanently change how people consume content from broadcasters pushing it during prime time hours to consumers pulling it when and how they wish.

BUSINESS

Introduction

Our Company was originally incorporated as a private limited company in the name of Aksh India Private Limited on March 19, 1986 and was issued a Certificate of incorporation by the Registrar of Companies, Delhi and Haryana. Pursuant to passing of the special resolution dated March 8, 1994, our Company was converted into a public limited company. Our Company was issued a fresh certificate of incorporation consequent upon change of name on conversion to a public limited company on March 13, 1994 with the name Aksh India Limited by the Deputy Registrar of Companies, Delhi and Haryana. Thereafter, our Company changed its name from Aksh India Limited to Aksh Optifibre Limited in order to reflect core activity of the Company and was issued with a fresh Certificate of Incorporation consequent upon change of name with the name Aksh Optifibre Limited on April 17, 2000 by the Registrar of Companies, Rajasthan, Jaipur.

The Company has been mainly into two business segments namely Internet Protocal TV (IPTV) transmission business and optical fibre cable manufacturing. 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, the transfer became effective on November 14, 2009. The optical fibre cable manufacturing is an integrated optical fibre, optical fibre cable and fibre reinforced plastic rods manufacturing unit.

The Company made its initial public issue in July 2000. The Issue size was Rs. 358.14 million. The issue constituted 5,968,950 equity shares of Rs.5 each for cash at a premium of Rs.55 per share.

In January 2007, the Company issued US$8.75 million 1% Unsecured Foreign Currency Convertible Bonds due in 2010, which are listed on the official list of the Lux SE and traded on the Euro MTF market of the LuxSE. Out of the said issue, FCCBs aggregating to US$ 2.5 Mn were converted into equity shares. Pursuant to RBI approval, the Company re-financed FCCBs aggregating to US$ 5.25 Mn and FCCBs aggregating to US$ 1.00 Mn are outstanding

In January 2008, the Company made a combined issue of 4,901,961 GDRs at a price of US$3.06 per GDR and US$20 million Zero Coupon Unsecured Foreign Currency Convertible Bonds due 2013, which are listed on the official list of the LuxSE and traded on the Euro MTF market of the LuxSE.

The Company was originally incorporated for manufacture and export of PVC Insulated Specialty Cables. Subsequently, in the year 1994, the Company decided to diversify into manufacturing of optical fibre cables and set up a plant at Bhiwadi Industrial Area, Rajasthan. In the year 1999, the Company divested its PVC division and as a step towards backward integration, the Company took over the manufacturing facility of FRP Rods at Ringus in Rajasthan. In the year 1999-2000, the Company acquired an ongoing OFC plant of another company situated at Bhiwadi.

All the manufacturing plants are certified to ISO 9001:2000 by Underwriters Laboratories for manufacture of single mode and multi mode OFCs to customers' specifications. The optical fibre manufactured by the Company has Type Approval Certificate (TAC) from Department of Telecom Services.

Our Company has agreements with MTNL and BSNL to provide IPTV services and has presence in many cities including metro cities such as Delhi and Mumbai. Further, our Company also has an agreement with MTNL to provide VoIP Services.

In the year 2007, to integrate and diversify its business operations in telecommunication sector, the Company went into a scheme of amalgamation with its associate company namely Aksh Broadband Limited with an object to -

- move forward into forward integration and becoming a telecom service provider in addition to being an optical fibre player;
- provide single window integrated networking/telecom solutions as well as expansion of subscriber's base.

Further, to strengthen its IPTV business, the Company transferred the optical fibre cable manufacturing to its wholly owned subsidiary namely Aksh Technologies Limited pursuant to an agreement dated November 14, 2009.

Products and Services

Products

We, through our subsidiary, manufacture optical fibre and optical fibre cable.

Optical Fibre Manufacturing

The company manufactures the following types of optical fibre

- Single Mode Fibre
- Multimode Fibre

Following are the different sections of fibre manufacturing

1. Preform Preparation

The Preforms imported from various manufacturers are jointed with handles & subsequently fire polished for best performance in fibre draw tower.

2. Fibre Drawing Operation

The Preforms after above operation are drawn into optical fibre on state of the art fibre draw towers. The towers are fully automated with fastest available speeds to increase productivity and controls for best quality.

3. Proof Testing Operation

The fibre after being drawn and checked for essential parameters is subjected to Proof testing on state of the art machines where every portion of fibre is subjected to 1 % Strain, to eliminate the critical flaws in the glass.

4. Fibre Quality

The fibre after proof test is further characterized for Optical , Geometrical & Mechanical properties on state of the art test equipments. The Aksh fibre quality lab has complete test facility for critical fibre Reliability & Environmental tests apart from routine tests, to meet the Global Standards. There is stringent quality control system right from raw materials entry to dispatch of fibre.

Optical Fibre Cables

Our Company manufactures the following type of optical fibre cables

1. Duct Cables
2. Inter Connect Cables
3. Armoured Direct Burial Cables
4. ADSS Cables
5. Aerial Cables

Services

The company provides IPTV services under the brand name “iControl” as per agreement with MTNL and BSNL and VoIP services under the brand name “Pigeon” as per agreement with MTNL.

IPTV services are defined as delivering broadcast-quality digital television and other services over a broadband network using internet technology.IPTV provides Triple Play Service i.e. — high-speed Internet, television and telephone over a single broadband connection. It enables Internet style delivery of video to a television or other device.

iControl IPTV

The Company has signed an agreement with MTNL and BSNL to use their wireline infrastructure in many cities including Delhi and Mumbai to provide broadband content services to their subscribers. The Company has commercially launched IPTV services in most of the cities where it has a license.

The Company is providing Broadband Content Services (BCS) to the broadband subscribers using the Digital Subscriber Line technology to the broadband customers using Internet Protocol Television (IPTV). We believe we have has the infrastructure in place to support 1 million subscribers with having 25,000 subscribers currently.

The Company has been commercially operating IPTV for the last two years under the brand name "iControl". We believe iControl IPTV is one of the largest IPTV service provider in India. It offers various features as listed below:

- iControl allows the customer to get all the missed shows, matches, movies of up to last 7days. Not limited to just one or two show recordings, iControl provides all content missed on multiple channels up to last 7 days without having to record it manually. This feature is available on various channels under different packages

- iControl allows subscribers to pause-rewind Live TV and Fast forward the rewind show. Subscribers have the flexibility to watch more than two shows at a time.

- A huge database of movies under Bollywood, Hollywood and Regional. One can see a whole range of movies from different production houses. iControl does not need a DVD Player or DVDs. Subscribers can watch their favorite movies anytime and also have the option to bookmark them. Additionally, one can also get music on Demand under the Music application available in iControl. iControl also enables sharing personal videos using video sharing service which is totally secure.

- iControl IPTV gives subscribers a broad array of channels to choose from for their viewing

- iControl provides video classified pages offering solutions from Lifestyle, Travel, Restaurants, Schools, Parlours and even plumbers. It also allows subscribers to watch video matrimonial, resumes, advertisements and allows them to shop for movie tickets and flowers.

- iControl provides interactive gaming feature which allows the subscriber to play a whole lot of educational and other games etc.

- iControl Mall gives the subscriber the freedom to shop, with a click of the remote from the convenience of home or office, without sharing confidential details. Wide arrays of products are available for buying such as Electronic gadgets, jewellery, Flowers & Gifts etc.

The details of the various services proposed to be provided by the Company are as follows:

(A) Video phone & Video conferencing

A videoconference (also known as a video teleconference) is a set of interactive telecommunication technologies, which allow two or more locations to interact via two way video and audio transmissions simultaneously. The Company proposes to provide this facility also over the IPTV.

(B) Interactive Program Guides (IPGs)

IPGs are electronic program guides that permit customers to select and sort television programming by time, theme, channel and other criteria. IPGs also can provide supplemental information about programs and allow viewers to select a program to record.

(C) Enhanced TV services

These are services that enable viewers to access further information about the television programs and advertising they're watching (including how to purchase an item). These services may also allow consumers to play along with game shows, participate in opinion polls and obtain latest news and weather, reports, etc.

(D) T-Commerce

T-Commerce is TV based commerce. With IPTV there is a possibility of buying the things right through the TV Set.

Pigeon VoIP Services

The Company also has the right to offer VoIP to MTNL subscribers in the cities of Delhi and Mumbai. VoIP is the method of taking analog audio signals (what the subscriber hears when he/she talks on the phone) and converting them to digital data (packets) that can be transmitted over the public internet, or over a private network managed by a VoIP service provider.

Pigeon VoIP is a VoIP (Voice over Internet Protocol) service launched by Aksh Optifibre Ltd. in association with MTNL for MTNL Broadband subscribers to enable them to talk to many countries (including US, UK, Australia etc). This service ensures high voice quality domestically and internationally.

Cost benefit is the major benefit of this kind of service. With Pigeon VoIP the subscriber can speak over the internet, anywhere in the world where there's a Broadband connection at the most cheapest rates. The VoIP technology converts your voice into a digital signal that travels over the Internet. A subscriber can :

- call other people using the same service
- call anyone who has a international LL / Mobile no

Following are the major features of Pigeon VoIP:

- High Quality Voice Calls - With the base of MTNL which has one of the largest and best last mile connectivity in Delhi and Mumbai, Pigeon provides HIGH Quality Voice Call domestically and internationally.

- No Bandwidth Charges - Pigeon VoIP does not charge the bandwidth involved in calling.

- Many Pigeon VoIP on one MTNL Line – A consumer or a corporate house can acquire more than 20 VoIP connections on one MTNL line.

- Free 3 way conferencing- Pigeon VoIP allows Free 3 way conferencing which enables three individuals, divisions of any corporate, enterprise to converse at low rate.

Plants

The Company owns the following plants where the manufacturing of optical fibre cable is undertaken by its subsidiary, Aksh Technologies Limited:

Plant	Location
Plant – I	Plot No.1075-1080, RIICO Industrial Area, Phase – III, Bhiwadi (Rajasthan)
Plant – II	Plot No. 315-A(B) RIICO Industrial Area, Phase – III, Bhiwadi (Rajasthan)
Plant – III	A-56 & 57, A-58 & 59, E-40, E-40A, E-40B, E-40C, B-49A, B-47 to B-51, E-41 to 46, F-36 to 39, Shreekhatu Shyamji Industrial Area, Reengus, Sikar, (Rajasthan)

Our Company has entered into agreements with MTNL and BSNL for providing content based services to the subscribers of MTNL and BSNL. The Company has signed an agreement with MTNL and BSNL to use their wireline infrastructure in 22 cities including Delhi and Mumbai to provide broadband content services to their subscribers. The Company also has the right to offer VoIP to MTNL subscribers in the cities of Delhi and Mumbai. The Company has commercially launched IPTV services in most of the cities where it has a license.

Strengths of the Company

1. Professionally managed and experienced Management Team

2. Technologically advanced set up with hoards of value added services in the offering

3. Offering time shift TV, enabling the viewers to shift view time for their preferred programming

4. Video on Demand (VoD), thereby giving liberty to viewers to watch their favourite movies as and when they want.

Period	Activity
1986	Incorporated as a private limited company
1994	Converted into a public limited company
1998	ISO 9002 accreditation by United Laboratories, USA
2000	Came with an IPO and got listed on BSE, NSE and JSE
2001	New plant at Ringus for FRP rods
2003	Added capability to manufacture ribbon cable and special accessible FTTH
2006	MTNL-AKSH Optifibre tie-up for IPTV (icontrol)
2007	MTNL launches VoIP (Pigeon) in partnership with AKSH Optifibre
2008	MTNL - AKSH Optifibre limited launched Pigeon (Video phoning) in Delhi and Mumbai

Intellectual property

The Application for registration of our company's logo towards the mark "GEOM" being a device mark was registered on 6-7-2007 bearing RC No 646532

The Company has filed applications for registrations of various other trademarks under various classes of the IPR Act. The said applications are still pending for registration with the Registrar of Trademarks.

Insurance

The Company's principal types of insurance coverage include burglary, standard fire and special perils insurance for building, plant and machinery, office equipment, furniture fixture and fitting, and inventory. In addition, the Company also maintains group accident and mediclaim policies for its employees.

The management of the Company believes that the amount of insurance presently maintained by the Company represents an appropriate level of coverage required to insure the business and operations of the Company, and is in accordance with industry standards in India.

Research and Development

We have a fully dedicated Research and Development team. The R&D activity primarily includes exploring continuously the areas of providing better quality of output and services with the minimum use of bandwidth and other resources.

Competition

The main competitors of our company are IOL Netcomm Limited, My Way IPTV, Paramount cables Ltd., Sterlite Technologies Ltd., Divinet Access Technologies Limited, Bharti Airtel Limited and Reliance Communications Limited.

Occupational Health and Safety

We believe that we comply in all material respects with local, state and central governmental occupational health and safety laws, regulations and other mandatory requirements relevant to the health and safety of employees, contractors and visitors to our operational facilities.

We are committed to ensuring the occupational health and safety of our workers. We regularly set health and safety targets to continually reduce the risk of harm to employees, contractors and visitors to our operational facilities.

Human Resource

Our company employs a number of well-qualified and skilled employees and its senior management team is professionally qualified. Our company's employees are not unionized and it has not experienced any work stoppages or labour disruptions in the past three years.

Employees

The Company had a total of 149 employees on its rolls as at June 30, 2010. Details of the Company's employees are provided below:

Sr. No.	Category	Total
1	Executives	33
2	Managers	21
3	Engineers	32
4	Technicians	6
5	Field Installation Technicians	29
6	Process Members	9
7	Co-ordinators	4
8	Web Designers/Developers	4
9	Content Managers	2
10	Secretaries	1
11	PA to MD	1
12	Team Leaders	3
13	Electricians	4
	Total	149

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

In the following section we discuss our historical results of operations and financial condition for the financial year ended March 31, 2010 and for the eighteen months period ended March 31, 2009 and our management's assessment of the factors that may affect our prospects and performance in future periods. You should read the following discussion together with the section titled "Annexure - Financial Statements" and our Audited Consolidated Financial Statements included elsewhere in this Placement Document.

Our consolidated financial statements for the twelve month period ended March 31, 2010 and for eighteen month period ended March 31, 2009 have been audited by P.C. Bindal & Co., chartered accountants, in accordance with Indian GAAP. Indian GAAP differs in certain significant respects from IFRS. For a discussion of certain differences among Indian GAAP and IFRS that are relevant to our financial statements, you should read the sections entitled "Summary of Certain Significant Differences among Indian GAAP and IFRS". Unless otherwise stated, we have based the discussion below upon our consolidated financial results as reported in our Indian GAAP financial statements. References in the following discussion to financial year ended March 31, 2010 and eighteen month period ended March 31, 2009 refers to the financial year ended March 31, 2010 and the eighteen months period ended March 31, 2009 respectively.

Overview

Our Company was originally incorporated as a private limited company in the name of Aksh India Private Limited on March 19, 1986 and was issued a Certificate of incorporation by the Registrar of Companies, Delhi and Haryana. Pursuant to passing of the special resolution dated March 8, 1994, our Company was converted into a public limited company. Our Company was issued a fresh certificate of incorporation consequent upon change of name on conversion to a public limited company on March 13, 1994 with the name Aksh India Limited by the Deputy Registrar of Companies, Delhi and Haryana. Thereafter, our Company changed its name from Aksh India Limited to Aksh Optifibre Limited in order to reflect core activity of the Company and was issued with a fresh Certificate of Incorporation consequent upon change of name with the name Aksh Optifibre Limited on April 17, 2000 by the Registrar of Companies, Rajasthan, Jaipur.

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In January 2007, the Company issued US$8.75 million 1% Unsecured Foreign Currency Convertible Bonds due in 2010, which are listed on the official list of the Lux SE and traded on the Euro MTF market of the LuxSE. Out of the said issue, FCCBs aggregating to US$ 2.5 Mn were converted into equity shares. Pursuant to RBI approval, the Company re-financed FCCBS aggregating to US$ 5.25 Mn and FCCBs aggregating to US$ 1.00 Mn are outstanding.

In January 2008, the Company made a combined issue of 4,901,961 GDRs at a price of US$3.06 per GDR and US$20 million Zero Coupon Unsecured Foreign Currency Convertible Bonds due 2013, which are listed on the official list of the LuxSE and traded on the Euro MTF market of the LuxSE.

The Company was originally incorporated for manufacture and export of PVC Insulated Specialty Cables. Subsequently, in the year 1994, the Company decided to diversify into manufacturing of optical fibre cables and set up a plant at Bhiwadi Industrial Area, Rajasthan. In the year 1999, the Company divested its PVC division and as a step towards backward integration, the Company took over the manufacturing facility of FRP Rods at Ringus in Rajasthan. In the year 1999-2000, the Company acquired an ongoing OFC plant of another company situated at Bhiwadi.

All the manufacturing plants are certified to ISO 9001:2000 by Underwriters Laboratories for manufacture of single mode and multi mode OFCs to customers' specifications. The optical fibre manufactured by the Company has Type Approval Certificate (TAC) from Department of Telecom Services.

Our Company has agreements with MTNL and BSNL to provide IPTV services and has presence all across the country including metro cities such as Delhi and Mumbai. Further, our Company also has an agreement with MTNL to provide VoIP Services.

FACTORS THAT MAY AFFECT RESULTS OF OUR OPERATIONS

- changes in competitors' pricing and other competitive strategies;
- changes in consumer spending pattern;
- general economic and political changes and changes in laws and regulations that apply to the Indian or global industry, including with respect to import duties, excise duties or environmental regulations;
- our ability to successfully implement our strategy, our growth and expansion plans and technological changes;
- the market prices and demand;
- Employee unrest or deterioration of relations with employees;
- governmental and business conditions globally and in India;
- global or local recessionary or inflationary conditions;

Significant Accounting Policies

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.

1. Basis of preparation of Financial Statements

These consolidated financial statements have been prepared to comply in all material respects with the generally accepted accounting principles in India including the mandatory accounting standards issued by the Institute of Chartered Accountants of India ('ICAI') 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.

2. Principles of Consolidation

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

Name of the Subsidiary	Percentage of holding as on March 31, 2010
Apaksh Broadband Limited	99.92%
Aksh Technologies Limited	100.00%
Aksh infratel Limited	100.00%
Aksh Net Tel Limited	100.00%
Spyk Global Limited	100.00%

3. 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.

4. Fixed Assets

- 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.

- 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.

5. Capital Work-in-Progress

Advances paid towards the acquisition of fixed assets, costs of assets not ready for use before the year-end and expenditure during construction period that is directly or indirectly related to construction, including borrowing costs are included under Capital Work-in-Progress.

6. Depreciation

- 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.

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

- Cost of software is amortised over its useful life on a straight-line basis.

7. Impairment of Assets

- 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.

- After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

- 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.

8. 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.

9. Inventories

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.
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.

The comparison of cost and realizable value is made on an item-by-item basis.

Net realizable value of work-in- process is determined on the basis of selling prices of related finished products.

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.

10. Foreign Currency Transactions

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.

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.

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.

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.

11. 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.

12. 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 and 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.

13. Retirement and other Employee Benefits

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.

Compensated absence liability is provided for based on actuarial valuation done as per Projected Unit Credit Method calculated at the end of each financial year.

Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.

14. 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.

15. 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.

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 profit and loss account 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.

16. 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.

17. 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.

18. 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.

19. Miscellaneous Expenditure

Expenditure on issue of shares / foreign currency convertible bonds (FCCBs) and premium on redemption of FCCBs are adjusted against Securities Premium account.

Discussion on Results of Operations of FY 2010 and eighteen months period ended March 31, 2009.

(Rs. in millions)

	FY ended March 31, 2010		Eighteen months period ended March 31, 2009	
Particulars	**Amount**	**% of total Income**	**Amount**	**% of total Income**
Income				
Gross Turnover	1,381.91	91.14%	2,638.54	108.10%
Less: Excise Duty/Service Tax	56.28	3.71%	238.44	9.77%
Net Turnover	1,325.63	87.43%	2,400.10	98.33%
Miscellaneous Income	190.66	12.57%	40.67	1.67%
Total Income	**1,516.30**	**100.00%**	**2,440.77**	**100.00%**
EXPENDITURE				
Manufacturing and other expenses	1,199.79	79.13%	2,262.56	92.70%
Administrative and Selling Expenses	296.74	19.57%	622.08	25.49%
Interest	53.84	3.55%	96.53	3.95%
Miscellaneous Expenditure written off	0.00	0.00%	0.26	0.01%
Depreciation including amortization	167.33	11.04%	208.56	8.54%
TOTAL	**1,717.71**	**113.28%**	**3,189.99**	**130.70%**
PROFIT BEFORE TAX	(201.41)	(13.28%)	(749.22)	(30.70%)
Provision for tax				
-Current Tax (MAT)	1.34	0.09%	0.00	0.00%
-Fringe Benefit Tax	0.00	0.00%	1.78	0.07%

-Deferred Tax	(70.10)	(4.62%)	(269.75)	(11.05%)
MAT Credit Entitlement	1.29	0.08%	0.00	0.00%
PROFIT AFTER TAX	(131.37)	(8.66%)	(481.26)	(19.72%)

Total Income

The Total Income of our Company was Rs. 1,516.30 millions in FY 2010. Income from Cable manufacturing formed the major part of our revenues followed by income from services provided. Our Company also had miscellaneous income from foreign exchange fluctuations and export incentives in FY 2010.

Expenditure

Manufacturing and other expenses

During FY 2010, our Company incurred total Manufacturing and other expenses amounting to Rs. 1,199.79 millions which represented 79.13% of the total income. Raw materials, Packing Material, Power and Fuel and subscription charges formed a major part of our expenses

Administrative and selling expenses

During FY 2010, our Company incurred total Administrative and selling expenses amounting to Rs. 296.74 millions which represented 19.57% of the total income. Salaries and bonus, Advertisement and Marketing and Service Charges formed a major part of our Administrative and selling expenses

Interest Charges

Our interest costs for the FY 2010 were Rs. 53.84 millions which represented 3.55% of our total income.

Depreciation and Amortization

Depreciation and Amortization represented 11.04% of our total income.

Profit before Taxes

Our Company incurred a loss of Rs. 201.41 millions before taxes for the FY2010.

Provision for Taxation

Provision for taxes comprise of Current tax and deferred tax

Profit after Taxes

Our Company incurred a net loss of Rs. 131.37 millions for the FY2010.

Results of Operations for eighteen months period ended March 31, 2009

Total Income

The Total Income of our Company was Rs. 2,440.77 millions for eighteen months period ended March 31, 2009. Total Income comprised of Income from Cable manufacturing and income from services provided

Expenditure

Manufacturing and other expenses

During eighteen months period ended March 31, 2009, Our Company incurred total Manufacturing and other expenses amounting to Rs. 2,262.56 millions which represented 92.70% of the total income. Raw materials, Packing Material, Power and Fuel and subscription charges formed a major part of our expenses

Administrative and selling expenses

During eighteen months period ended March 31, 2009, Our Company incurred total Administrative and selling expenses amounting to Rs. 622.08 millions which represented 25.49% of the total income. Salaries and bonus, Advertisement, Marketing and Service Charges formed a major part of our Administrative and selling expenses

Interest Charges

Our interest costs for the eighteen months period ended March 31, 2009 were Rs. 96.53 millions which represented 3.95% of our total income.

Depreciation and Amortization

Depreciation and Amortization represented 8.54% of our total income.

Profit before Taxes

Our Company incurred a loss of Rs. 749.22 millions before taxes for the eighteen months period ended March 31, 2009.

Provision for Taxation

Provision for taxes comprise of fringe benefit tax and deferred tax.

Profit after Taxes

Our Company incurred a net loss of Rs. 481.26 millions for the eighteen months period ended March 31, 2009.

Liquidity and Capital Resources

We have historically satisfied our working capital needs from cash flow from our operations and our working capital facilities and funded our expansion plans from internally generated cash, equity and long-term borrowings.

Cash Flow

(Rs. in millions)

Particulars	**FY ended March 31, 2010**	**Eighteen months period ended March 31, 2009**
Net Cash Flow from Operating Activities	199.31	(413.41)
Net Cash flow from / (used in) investing activities	(74.81)	(968.62)
Net Cash flow from / (used in) financing activities	(291.62)	1,608.51
Cash and cash equivalents at the beginning of the year	292.72	66.25
Cash and cash equivalents at the end of the year	125.60	292.72

During FY 2010, net cash generated from operating activities was Rs.199.31 million. Our net cash from operating activities mainly reflects non-cash/non-operating items of depreciation of Rs.167.33 million, interest charges of Rs.53.84 million. Changes in current assets and current liabilities that has a current cash flow impact comprised mainly of decrease in sundry debtors of Rs.130.45 million

During 18 Months Period Ended March 31st, 2009, our net cash generated used in operating activities was Rs.413.41 million. Our net cash from operating activities mainly reflects non-cash/non-operating items of depreciation of Rs.208.56 million, interest charges of Rs.96.53 million. Changes in current assets and current liabilities that has a current cash flow impact comprised mainly of an increase in sundry debtors of Rs.100.71 million and an increase in other assets of Rs.174.57 million.

During FY 2010 our net cash used in investing activities was Rs. 74.81 million. This mainly reflected expenditure towards purchase of fixed assets of Rs. 128.42 million, project development expenditure of Rs. 1.51 million, disposal of assets of Rs. 2.36 million and income received from interest of Rs. 6.42 million

During 18 Months Period Ended March 31st, 2009 our net cash used in investing activities was Rs. 968.62 million. This mainly reflected expenditure towards purchase of fixed assets of Rs. 652.71 million, project development expenditure of Rs. 3.49 million, disposal of assets of Rs. 20.57 million and income received from interest of Rs. 27.15 million.

During FY 2010, our net cash used in financing activities was Rs. 291.62 million which is mainly attributable to issue of shares of Rs. 98.17 million and interest payments of Rs. 53.84 million. We had also repaid our unsecured borrowings of Rs. 48.54 million.

During 18 Months Period Ended March 31st, 2009, our net cash used in financing activities was Rs. 1608.51 million which is mainly attributable to issue of shares of Rs. 992.97 million, proceeds from FCCB issue of Rs. 1019.30 million and FCCB issue expenses of Rs. 61.88 million interest payments of Rs. 96.53 million. We had also repaid our unsecured borrowings of Rs. 213.78 million.

Contingent Liabilities not provided for:

1. Claims not acknowledged as debts

(Rs. in millions)

Particulars	FY 2010	For Eighteen Months Period Ended March 31, 2009
Sales Tax Matters	76.03	7.43
Service Tax	14.01	9.41
Excise / Custom Duty	496.00	22.60
Stamp Duty	-	41.30
Others	47.50	42.34

2. Corporate guarantee given by erstwhile aksh broadband ltd. amounting to Rs. 58.20 million (previous period rs. 58.20 million) in favour of M/s Cisco Systems Capital India Private Limited for loan taken by Apaksh Broadband Ltd., subsidiary of erstwhile Aksh Broadband Ltd.

3. Corporate Guarantee given by the Company amounting to Rs. 605.50 million (Previous Period Rs.Nil) in favour of Union Bank of India, Punjab National Bank and ICICI Bank (Consortium Banks) for working capital facilities sanctioned to Aksh Technologies Ltd. Further the Immovable properties of the company are also charged for working capital facilities sanctioned to Aksh technologies Limited.

4. Bank Guarantees, letters of credit issued by banks and outstanding as at 31st March, 2010 is Rs. 144.15 million, net of margin (Previous Period Rs. 253.69 million).

5. The undivided Aksh Optifibre Limited has imported Plant & Machinery in previous years under EPCG scheme. An export obligation amounting to Rs. 1069.9 million was to be fulfilled during the period of 8 years starting 16^{th} August 2001. The Company has applied for extension of export obligation period, approval for which is awaited. The balance unfulfilled export obligation as on 31^{st} March 2010 is Rs. 440.62 million (previous period Rs. 503.32 million) and the contingent liability in respect thereof is Rs.71.67 million (previous period Rs. 74.96 million). As the management is confident of fulfilling the export obligation, no provision has been considered.

6. Estimated amounts of contracts remaining to be executed on Capital Account (net of advances) is Rs 3,177.52 million (previous period Rs. 263.56 million).

DIRECTORS AND MANAGEMENT

The composition of our Board of Directors is governed by the provisions of the Companies Act and the Listing Agreement with the Stock Exchanges. The Articles of Association provide that the number of directors shall not be less that three (3) or more than twelve (12) unless otherwise provided in a general meeting.

The Articles of Association provide that not less than two-third of the total number of directors shall be persons whose period of office is liable to determination by retirement by rotation. Further, the Articles of Association provide that one-third of such directors or, if their number is not three or multiple of three, then the number nearest to one-third, shall be liable to retirement by rotation and who may be re-appointed by our Company at their AGM.

The Directors on the Board of the Company are as follows

Sr. No.	Name of the Director	Designation	Director Identification Number	Residence Address	No of Shares held as on 30 June 2010	% of shares held	No. of Directorships/committee membership in other companies as on 30 June 2010
1.	Dr. Kailash S. Choudhari	Managing Director-Executive Director	00023824	A-12, 1ST Floor, Geetanjali Enclave, New Delhi-110 017	35,37,105	5.36%	• Apaksh Broadband Limited • SPYK Global Limited • Aksh Technologies Limited
2.	Mr Popatlal F. Sundesha	Non Executive Non - Independent	00030409	221/222 Creative Industrial Estate 72, N.M. Joshi Road Lower Parel Mumbai-400 013	4,330,587	6.57%	• Fulchand Finance Pvt. Limited • Aksh Technologies Limited • APAKSH Broadband Limited • Kewal Kiran Clothing Limited
3.	Mr D. K. Mathur	Non Executive-Independent	00026667	10/4, Vasant Vihar New Delhi	67,500	0.10%	• Akriti Creations Pvt. Ltd • Rajasthan Trunk Factory Pvt. Ltd. • RTF Promoters & Builders Pvt. Ltd. • T.V Promoters & Builders Pvt. Ltd. • New Age Gardens Pvt. Ltd. • Photos India Pvt. Ltd.

Sr. No.	Name of the Director	Designation	Director Identification Number	Residence Address	No of Shares held as on 30 June 2010	% of shares held	No. of Directorships/committee membership in other companies as on 30 June 2010
4.	Mr. B. R. Rakhecha	Non Executive	00026729	C-4/53, Rajasthali Apartment Madhuban Chowk, Pitampura New Delhi-110 034	NIL	NIL	• Aksh Technologies Limited • Aksh Net Tel Limited • Aksh Infratel Limited • SPYK Global Limited • Demiurgic Consultancy Services Pvt. Ltd • Shri Rishabanath Infrastructure Pvt. Limited • Shashi Cables Limited
5.	Mr. Narendra Kumbhat	Non Executive – Independent	00035665	14/5, West Patel Nagar New Delhi-110 008	NIL	NIL	• Shyam IT Services Limited • Shyam Telecom Limited
6.	Mr. Arun Sood	Non-Executive	01389403	7/17 Roop Nagar, Delhi	NIL	NIL	• Shantanu Investments Pvt. Ltd • Arun Infrastructure Pvt. Ltd • New Generation Networks Limited

Brief Profile of the Directors

Dr. Kailash S. Choudhari, an MBBS, is known as a visionary in the optical fibre industry, having more than two decades of experience in the industry. He is responsible for spearheading the Company to its current levels of success and in making it a leading enterprise. Way back in 1994, he visualized the growth of the telecom sector and resultant opportunities available therein in OFC. He was instrumental in the Company's foray into the manufacture of OFC. Under his leadership, the Company integrated backwards to manufacture optic fibre, which is the main raw material used to manufacture optical fibre cables. This backward integration has seen the Company achieving strong growth.

Mr. Popatlal F. Sundesha, a commerce graduate is an exporter of repute based in Mumbai and has a wide range of experience in the field of marketing, finance and general administration. He has been awarded President's award in exports along with Apparels Export Promotion Council Award for six years.

Mr. D.K. Mathur is an MBA (Marketing) and is an Industrialist of repute having work experience of more than two decades in the areas of Sales, Marketing, Finance and administration.

Mr. B.R. Rakhecha is B.Com, LLB. He has extensive experience in various areas of Operations of the Company, viz, manufacturing, production, industrial relations and general administration. In the past Mr. Rakhecha had been handling marketing operations of cable manufacturing units and at present he is Non Executive Director of the company.

Mr. Narendra Kumbhat, an MBA by qualification, has over four decades of experience in the various fields namely Finance, Accounts, Administration, Materials, Taxation and Company Law. He is a member of Institute of Internal Auditors, Florida, USA, American Management Association, USA and Administrative Staff College of India. He has been taking up session in the programs on Revival/ Rehabilitation of Sick Industries conducted by the Bankers' Training College of Reserve Bank of India and conducted research on the causes of Industrial Sickness In India and Rehabilitation of Sick Companies. He has worked with Shriram group, Indo Rama, RPG Group, JK Organisation and Shyam Group.

Mr. Arun Sood, a B.E. by qualification, has experience in various field namely Engineering, R &D, Logistics, Marketing & Finance. He is the Director of Arun Infrastructures Pvt. Ltd, Shantanu investments Pvt Ltd and New Generation Networks Limited.

Remuneration of Directors

The following table sets out details of remuneration paid to the Executive Director for the financial year ended March 31, 2010:

Name	Remuneration (Rs. In Million)
Dr. Kailash S. Choudhari	12.46

Further, Mr. B.R. Rakhecha, Director has been paid Rs. 9,60,000/- as consultancy fee being corporate consultant of the Company. Besides the above, no other remuneration is currently being paid by the Company to its Directors except for sitting fees for Board Meeting to non-executive Directors of the Company which is Rs.5,000/- per Director per meeting.

Benefits to the Directors

The Directors of the Company have neither been granted any benefits in kind nor have they been granted any stock options as at 30 June 2010.

Key Management Personnel

The following are the Key Management Personnel in the Company as at 31 July 2010**:**

No.	Name	Designation	Qualification	Address	Experience
1	Dr.Kailash S Choudhari	Managing Director	M.B.B.S.	A-12, First Floor, Geetanjali Enclave, New Delhi – 17	24 years
2.	Satyendra Gupta	Chief Financial Officer	FCA	H.No.88, Pocket –E, Mayur Vihar, Part – II, New Delhi -92	22 years
3.	Gaurav Mehta	Company Secretary	ACS, LLB	C-602, Rajasthan Co-operative Group Housing Society , Dwarka, Sector –9, New Delhi	7 years
4.	M.P. Singh	General Manager (Access Business)	B.Sc. (Electrical Engineering)	R-119, First Floor, Khirki Extension, New Delhi – 17	20 years
5.	Karun Dhawan	Regional Manager	B.E.- Electronics &	51, Surya Vihar, D.A.V. College,	14 years

		(Access Business) - Punjab	Instrumentation	Jalandhar	
6.	Lokesh Khandelwal	AGM (Rajasthan)	Dip. In Optical Fibre Technology.	BB-29, Jai Ambe Nagar, Tonk Road, Jaipur	10 years

Benefits to the Key Management Personnel

The Key Management Personnel of the Company have neither been granted any benefits in kind nor have they been granted any stock options as at 31 May 2010.

Corporate Governance

Extracts from the Corporate Governance Report dated 31 March 2010:

The Company's Corporate Governance Report for the year 2009-2010 (the "Corporate Governance Report") states that the 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.

The Corporate Governance Report also states that the Company 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 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.

Committees

The Board has established the following Committees:

(i) 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.

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

(a) Review the quarterly and annual financial statements before submission to the Board for approval;

(b) Discuss with Auditors about Internal Control System and to consider their observations and follow-up;

(c) Review of risk management policies and practices;

(d) Ensure compliance of Internal Control System;

(e) Investigate on any matter referred by the Board;

(f) Make recommendation to the Board on any matter relating to the financial management of the Company, including the Audit Report.

Attendance of Members at the Audit Committee Meetings:

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 Audit Committee meetings during the financial year ended 31 March 2010 were held on 26 May 2009, 25 July 2009, 24 October 2009 and 22 January 2010.

The composition of the Audit Committee as on 31 March 2010 was as under:

Name of the Audit Committee Member	Designation
Mr. Narendra Kumbhat	Member
Mr. Popat Lal F Shundesha	Member
Mr. D.K Mathur	Member

(ii) Remuneration Committee:

The Board of Directors has constituted a Remuneration Committee comprising of 3 Non-Executive Directors of the Company. There being no permanent Chairman of the Committee, the members elect one amongst themselves as Chairman of the meeting.

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.

As at 31 March 2010 the members of the Company's Remuneration Committee were as follows:

Name of Directors	Designation
Mr. D.K. Mathur	Member
Mr. Narendra Kumbhat	Member
Mr. Popatlal F. Sundesha	Member

Attendance of Members at the Remuneration Committee Meetings:

During the financial year ended 31st March 2010 no meetings of the Company's Remuneration Committee were held.

Remuneration policy:

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 remuneration paid and the overall corporate performance.

Details of Remuneration to all the Directors for the financial year ended 31 March 2010:

For the financial year ended 31 March 2010 the Non-Executive Directors of the Company were paid sitting fees of Rs. 5,000 /- per meeting for attending meeting of the Board of Directors and Audit Committee Meetings.

The details of remuneration paid/provided to the Company's Managing Director for the financial year ended 31 March 2010 was as follows:

(Amt in Rs.)

Name	Salary and Allowances	Perquisites	Contribution to Provident Fund	Commission	Total
Dr. Kailash S. Choudhari	11,520,000	Nil	943,572	Nil	12,463,572

Shareholder/ Investors' Grievance Committee

The Company has a duly constituted Shareholders Grievance Committee. The committee has the mandate to review and redress shareholder grievances.

The composition of the Committee is as under:

Name of Directors	Designation
Mr. Popatlal F Sundesha	Chairman
Dr. Kailash S. Choudhari	Member

The Committee oversees redressal of shareholders Grievances/Complaints. The Company is prompt in attending to complaints/queries from shareholders/investors.

The Company has duly appointed share transfer agents (R & T Agents) for servicing the shareholder's holding shares in physical and dematerialized form. All requests for dematerialization of shares are likewise processed and confirmations thereof are communicated to the investors within the prescribed time.

The Company has an "Online Investor Grievance Redressal System" at the Investors' Corner on its Website whereby the investor can login and lodge his grievance, which instantly reaches the Company and we ensure that the same is redressed at the earliest and to the satisfaction of the shareholders.

Number of Shareholders'/Investors complaints received by Company's Registrar & Share Transfer Agent, during the period between 31 March 2009 and June 2010.

Number of complaints received:	12
Number not solved to the satisfaction of shareholders:	Nil
Number of Share Transfers pending:	Nil

Share Allotment-Cum-Transfer Committee

The Company has a duly constituted Share Allotment-Cum-Transfer Committee in place. The composition of the Committee is as under:

Name of Directors	Designation
Dr. Kailash S. Choudhari	Member
Mr. Satyendra Gupta	Member
Ms. Gaurav Mehta	Member

The Share Allotment-Cum-Transfer Committee looks after approval of share transfers, transposition, issue of duplicate share certificates, approval for demat / remat of share certificates.

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.

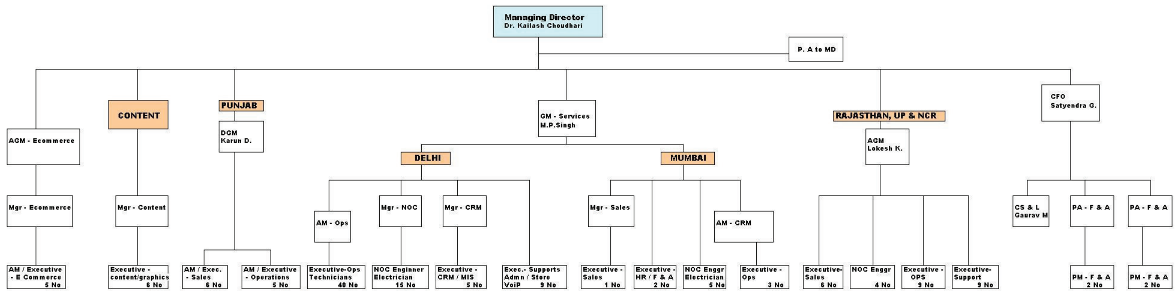
Related Party Transactions

For details on our related part transaction, please refer to section titled "Annexure - Financial Statements" of this Placement Document.

ORGANISATIONAL STRUCTURE AND PRINCIPAL SHAREHOLDERS

Organisation Structure

The organisation structure of our Company is set out below:



Company's Principal Shareholders

Our Company had a total of 65,949,766 shareholders as on June 30, 2010. The following table sets forth the pattern of shareholding in our Company as on June 30, 2010.

Shareholding pattern

Category code (I)	Category of shareholder (II)	Number of shareholders (III)	Total number of shares (IV)	Number of shares held in dematerialized form (V)	Total shareholding as a percentage of total number of shares		Shares Pledged or otherwise encumbered	
					As a percentage of (A+B) (VI)	As a percentage of (A+B+C) (VII)	Number of Shares (VIII)	As a percentage (IX) = (VIII) / (IV) * 100
(A)	**Promoter and Promoter Group**							
(1)	**Indian**							
(a)	Individuals/ Hindu Undivided Family	16	13,230,650	12,899,750	23.48	20.06	0	0
(b)	Central Government/ State Government(s)	-	-	-	-	-	-	-
(c)	Bodies Corporate	-	-	-	-	-	-	-
(d)	Financial Institutions/ Banks	-	-	-	-	-	-	-
(e)	Any Other (specify)	-	-	-	-	-	-	-
	Sub-Total (A)(1)	**16**	**13,230,650**	**12,899,750**	**23.48**	**20.06**	**0**	**0**
(2)	**Foreign**							
(a)	Individuals (Non-Resident Individuals/ Foreign	2	1,125,735	1,075,735	2.00	1.71	0	0

Category code (I)	Category of shareholder (II)	Number of shareholders (III)	Total number of shares (IV)	Number of shares held in dematerialized form (V)	Total shareholding as a percentage of total number of shares		Shares Pledged or otherwise encumbered	
					As a percentage of (A+B) (VI)	As a percentage of (A+B+C) (VII)	Number of Shares (VIII)	As a percentage (IX) = (VIII) / (IV) * 100
	Individuals)							
(b)	Bodies Corporate	-	-	-	-	-	-	-
(c)	Institutions	-	-	-	-	-	-	-
(d)	Any Other (specify)	-	-	-	-	-	-	-
	Sub-Total (A)(2)	**2**	**1,125,735**	**1,075,735**	**2.00**	**1.71**	**0**	**0**
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	**18**	**14,356,385**	**13,975,485**	**25.48**	**21.77**	**0**	**0**
(B)	**Public shareholding**							
(1)	**Institutions**							
(a)	Mutual Funds/UTI	-	-	-	-	-	-	-
(b)	Financial Institutions/ Banks	-	-	-	-	-	-	-
(c)	Central Government/ State Government(s)	-	-	-	-	-	-	-
(d)	Venture Capital Funds	-	-	-	-	-	-	-
(e)	Insurance Companies	-	-	-	-	-	-	-
(f)	Foreign Institutional Investors	3	5,360,704	5,360,704	9.51	8.13	0	0
(g)	Foreign Venture Capital Investors	-	-	-	-	-	-	-
(h)	Any Other (specify)	-	-	-	-	-	-	-
	Sub-Total (B)(1)	**3**	**5,360,704**	**5,360,704**	**9.51**	**8.13**	**0**	**0**
(2)	**Non-institutions**							
(a)	Bodies Corporate	614	11,725,718	11,725,715	20.81	17.78	0	0
(b)	Individuals -							
	i. Individual shareholders holding nominal	11,889	5,904,551	5,817,043	10.48	8.95	0	0

Category code (I)	Category of shareholder (II)	Number of shareholders (III)	Total number of shares (IV)	Number of shares held in dematerialized form (V)	Total shareholding as a percentage of total number of shares: As a percentage of (A+B) (VI)	Total shareholding as a percentage of total number of shares: As a percentage of (A+B+C) (VII)	Shares Pledged or otherwise encumbered: Number of Shares (VIII)	Shares Pledged or otherwise encumbered: As a percentage (IX) = (VIII) / (IV) * 100
	share capital up to Rs. 1 lakh							
	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	58	17,966,664	17,859,164	31.89	27.24	0	0
(c)	Any Other (specify)	132	1,027,902	650,532	1.82	1.56	0	0
	Sub-Total (B)(2)	**12,693**	**36,624,836**	**36,052,454**	**65.00**	**55.53**	**0**	**0**
	Total Public Shareholding (B)= (B)(1)+(B)(2)	**12,696**	**41,985,539**	**55,388,643**	**100.00**	**63.66**	**0**	**0**
	TOTAL (A)+(B)	**12,714**	**56,341,924**	**55,388,643**	**100.00**	**85.43**	**0**	**0**
(C)	**Shares held by Custodians and against which Depository Receipts have been issued**	1	9,607,842	9,607,842	0	14.57	0	0
	GRAND TOTAL (A)+(B)+(C)	**12,715**	**65,949,766**	**64,996,485**	**0**	**100.00**	**0**	**0**

Shareholding of persons belonging to the category "Promoter and Promoter Group"

Sr. No. (I)	Name of the shareholder (II)	Total Shares held: Number (III)	Total Shares held: As a % of grand total (A) + (B) + (C) (IV)	Shares pledged or otherwise encumbered: Number (V)	Shares pledged or otherwise encumbered: As a percentage (VI) = (V) / (III)* 100	Shares pledged or otherwise encumbered: As a % of grand total (A) + (B) + (C) of sub-clause (I)(a) (VII)
1.	Dr Kailash S Choudhari	3,537,105	5.36	0	0.00	0.00
2.	Seema Choudhari	16	0.00	0	0.00	0.00
3.	Rohan Choudhari	150,500	0.23	0	0.00	0.00
4.	Rashi Choudhari	150,500	0.23	0	0.00	0.00
5.	Sangeeta Lodha	1,075,735	1.63	0	0.00	0.00
6.	Shipra Chordia	50,000	0.08	0	0.00	0.00
7.	Ganpat Singh Bhandari	70,000	0.11	0	0.00	0.00
8.	Sailesh S Choudhari	400	0.00	0	0.00	0.00
9.	Popatlal F Sundesha	4,330,587	6.57	0	0.00	0.00
10.	Mahendra Fulchand	426,887	0.65	0	0.00	0.00
11.	Basant Fulchand	400,479	0.61	0	0.00	0.00

Sr. No. (I)	Name of the shareholder (II)	Total Shares held		Shares pledged or otherwise encumbered		
		Number (III)	As a % of grand total (A) + (B) + (C) (IV)	Number (V)	As a percentage (VI) = (V) / (III)* 100	As a % of grand total (A) + (B) + (C) of sub-clause (I)(a) (VII)
12.	Subash Fulchand	381,687	0.58	0	0.00	0.00
13.	Shailesh Popatlal Sundesha	2,417,222	3.67	0	0.00	0.00
14.	Sharda Popatlal	779,100	1.18	0	0.00	0.00
15.	Bharati Shailesh	505,517	0.77	0	0.00	0.00
16.	Susheela Basant	30,750	0.05	0	0.00	0.00
17.	Meena Mahendra	39,050	0.06	0	0.00	0.00
18.	Kala Subash	10,850	0.02	0	0.00	0.00
	TOTAL	**14,356,385**	**21.77**	**0**	**0.00**	**0.00**

Shareholding of persons belonging to the category "Public" and holding more than 1% of the total number of shares

Sr. No.	Name of the shareholder	Number of shares	Shares as a percentage of total number of shares {i.e., Grand Total (A)+(B)+(C) indicated in Statement at para (I)(a) above}
1.	D K Jain	13,980,903	21.2
2.	Deutsche Bank AG London - CB Account	4,642,072	7.04
3.	Master Trust Ltd	1,652,073	2.51
4.	Morgan Securities & Credits Pvt Ltd	1,180,000	1.79
5.	Bennett Coleman & Co Ltd	1,000,000	1.52
6.	Delhi Iron & Steel Co Pvt Ltd	945,061	1.43
7.	Master Capital Services Ltd	828,487	1.26
8.	HT Media Ltd	803,593	1.22
9.	Chetan Choudhari	745,864	1.13
10.	Elara India Opportunities Fund Ltd	698,632	1.06
	TOTAL	**26,476,685**	**40.15**

Details of locked-in shares

Sr. No.	Name of the shareholder	Number of locked-in shares	Locked-in shares as a percentage of total number of shares {i.e., Grand Total (A)+(B)+(C) indicated in Statement at para (I)(a) above}
1.	Kailash S Choudhari	1,684,200	2.55
2.	Popatlal F Sundesha	1,684,200	2.55
3.	D K Jain	1,684,200	2.55
	TOTAL	**5,052,600**	**7.66**

Statement showing details of Depository Receipts (DRs)

Sr. No.	Type of outstanding DR (ADRs, GDRs, SDRs, etc.)	Number of outstanding DRs	Number of shares underlying outstanding DRs	Shares underlying outstanding DRs as a percentage of total number of shares {i.e., Grand Total (A)+(B)+(C) indicated in Statement at para (I)(a) above}
1.	GDRs	4,803,921	9,607,842	14.57
	TOTAL	**4,803,921**	**9,607,842**	**14.57**

Statement showing holding of Depository Receipts (DRs), where underlying shares are in excess of 1% of the total number of shares

Sr. No.	Name of the DR Holder	Type of outstanding DR (ADRs, GDRs, SDRs, etc.)	Number of shares underlying outstanding DRs	Shares underlying outstanding DRs as a percentage of total number of shares {i.e., Grand Total (A)+(B)+(C) indicated in Statement at para (I)(a) above}
1.	Deutche Bank Trust	GDRs	9,607,842	14.57

	Company Americas			
		TOTAL	**9,607,842**	**14.57**

Main Objects

The main Objects of the Company as set out in the clause III (A) of the Memorandum of Association are as follows:

1. To manufacture, refine, roll, reroll, draw, melt, import-export and to deal in all kinds of rods, strips, wires, circles, tube, squares, cables, alloys, iron and steel ferrous and nonferrous metals, machinery, machine parts, tools and implements of all kinds.

2. To carry on manufacture, trade, sale import and export of all types of optical fibres such as step index, graded index and mono mode and other types of Fibres required for use in fibre optic systems and cables, for use in industrials applications, medical use, instrumentation, in defence systems, signaling, telecommunication, multi channel video communication, data communication and other communication and electronic applications.

3. To carry on the manufacture, trade, sale, import and export of equipment used for Fibre Optic Network such as Line Terminal, Equipment, Multi Plexers, Opto-Electronic Instruments, Line Repeaters, Jointing and Terminating Equipment, Materials and Accessories, Laser Device, Light Emitting Device, Testing and Measuring Equipments.

4. To design, develop, install, erect, seek right of way, lay, write software, deploy, operate, maintain and provide consultancy and management services or undertake turnkey projects for manufacturing, installing, laying, commissioning, operating of all or any type of networking and communication systems based on either Fibre Optic, Wireless, Satellite, Non-Fibre Optic systems or hybrid of any of these or any other systems/solutions providing bandwidth in various forms, in India or elsewhere.

5. To carry on the manufacture, trade, sale, import, export, of all types of Telecommunication and Power cables including Fibre Optic Cables, Dry Core Cables, Jelly Filled Cables, Coaxial Cables, Switchboard Cables, Radio Frequency Cables, Cables for PCM System, Electronic Cables, Telephone hand Set Cords, Computer Codes, Cords required for Electric Appliances and Defence Purposes, Aerial Sell supporting cables, Jumper Wires, Drop Wires, Tinsel Conductors, Ribbin Cables, Control Cables, Instrumentation Cables, Signalling cables, Winding Wires, Aircraft and Ship Wiring Cables and all other type of wires and Cables and raw materials used in optical telecommunications.

6. To design, develop, create, install ,maintain, provide, operate and manage(as owner or lease or under any arrangement or otherwise) voice and broadband network to deliver a whole range services in the field of telecommunication and information technology and entertainment including converged services and dial up, wireless internet access, virtual private networks, lease data circuits, ASP services, TAC services, Web Housing and co-location services, enterprise network management services, cable T.V. services, (analogous & Digital IP) Video-on– demand services, interactive T.V. (Video on digital IPTV) service, advertising services, WAP services, Call Centre Services, e-education services, e-banking and e-medicine services, corporate and other mail and data services, storage and back-up services, video streaming , video broadcasting , video conferencing and other multimedia services, satellite voice, data & messaging services, multicast and broadcast services, including convergence as also services including consulting, designing, development and implementation of software.

7. To design, develop, create, install and maintain state of art technology capable of simultaneously supporting triple play services viz, Voice(Over Public Switched Telephone Network),Video (television) and Data (internet through building Metro area Networks/Acesss Nodes, Internet data centers, wireless LMDS/MMDS., Point –to-Point Radio, Direct to Home satellite, fibre to home/kerb/office, ADSL/DSL on copper, coax cable based network, VSAT based networks, infrared & laser data transmission systems and other systems and also provide / operate an infrastructure to transport voice data, video and images intra city and internationally using satellite under sea fiber, DSL and fixed wireless technologies.

8. To provide telecom networks and/or to run and maintain telecom services like basic/fixed line services, cellular/mobile services, paging, videotext, voicemail and data systems, private switching network services, transmission network of all types, computer networks i.e. local area network, wide area network,

Electronic Mail, Intelligent network, Multimedia communication systems or the combinations thereof and for execution of undertakings, Works, projects or enterprises in the telecom industry whether of a private or public character or any joint venture with any government or other authority in India or elsewhere.

9. To carry on the business of content provider (including video, audio and gaming based contents) through voice or broadband network or otherwise in India or abroad.

Subsidiaries of the Company

The Company has subsidiaries namely Apaksh Broadband Limited, Aksh Technologies Ltd., Aksh Infratel Limited, Aksh Net Tel Limited and Spyk Global Limited. The details pertaining to the subsidiaries are as mentioned below.

Name	Apaksh Broadband Limited	Aksh Technologies Limited	Aksh Infratel Limited	Aksh Net Tel Limited	Spyk Global Limited
Date of Incorporation	03 February 2005	13 March 2008	13 March 2008	13 March 2008	14 March 2008
Registered Office	Door no. 5-10-194, Chakrapani Estate, Saifabad, Hyderabad-05	F-1080, RIICO Indl. Area, Bhiwadi, Rrajasthan-19	F-1080, RIICO Indl. Area, Bhiwadi, Rrajasthan-19	F-1080, RIICO Indl. Area, Bhiwadi, Rrajasthan-19	F-1080, RIICO Indl. Area, Bhiwadi, Rrajasthan-19
Authorised Capital on 30 June 2010	Rs. 1,75,00,00,000 divided into 35,00,00,000 equity shares of Rs. 5/- each	Rs. 5,05,00,000 divided into 1,01,00,000 equity shares of Rs. 5/- each	Rs. 10,00,000 divided into 2,00,000 equity shares of Rs. 5/- each	Rs. 5,00,000 divided into 1,00,000 equity shares of Rs. 5/- each	Rs. 50,00,000 divided into 10,00,000 equity shares of Rs. 5/- each
Issued and paid-up capital as on 30 June 2010	1352250000	50500000	500000	500000	500000
No. of Shares held by the Company	225,950,000 equity shares of Rs.5 each	10100,000 equity shares of Rs.5 each	100,000 equity shares of Rs.5 each	100,000 equity shares of Rs.5 each	100,000 equity shares of Rs.5 each
% of total paid up capital held by the Company	99.92%	100%	100%	100%	100%
Value at which the Company shows shares held in its account	At face value of Rs. 5/- each	30/-(face value of Rs.5each at a premium of Rs. 25	At face value of Rs. 5/- each	At face value of Rs. 5/- each	At face value of Rs. 5/- each
Amount of dividend received in the course of last financial year in respect of shares held	Nil	Nil	Nil	Nil	Nil
Nature of Business	Providing broadband network services	Manufacturing of optical fibre and optical fibre cable	Turnkey projects networking, telecom & communication infrastructure	Providing IPTV & DTH Services	Providing Internet Telephony & VOIP Services
FY ending	31 March	31 March	31 March	31 March	31 March
Reserves and surplus as on 31 March 2010	Nil	2,565.45	Nil	Nil	Nil
PAT as on 31 March 2010	Nil	72.13	(0.14)	(0.14)	(0.15)

REGULATIONS AND POLICIES

The following description is a summary of the relevant regulations and policies as prescribed by the Government of India, certain international treaties and conventions to which India is a signatory and the respective bye laws framed by the local bodies incorporated under the laws of India. The information detailed in this chapter has been obtained from the various legislations, international treaties and conventions, and the bye laws of the respective local authorities that are available in the public domain. The regulations set out below are not exhaustive, are only intended to provide general information to investors and are neither designed nor intended to be a substitute for professional legal advice.

Laws governing Industry related Internet Service Providers

Telecom Regulatory Authority of India Act, 1997

The Telecom Regulatory Authority of India has been established under the Telecom Regulatory Authority of India Act, 1997. The Authority was established to make recommendations on the need and timing for introduction of new service provider; terms and conditions of licence to a service provider; revocation of licence for non-compliance of terms and conditions of licence; measures to facilitate competition and promote efficiency in the operation of telecommunication services so as to facilitate growth in such services; technological improvements in the services provided by the service providers; type of equipment to be used by the service providers after inspection of equipment used in the network; measures for the development of telecommunication technology and any other matter relatable to telecommunication industry in general; efficient management of available spectrum. In addition to this the functions of the Authority are as follows: ensure compliance of terms and conditions of licence; notwithstanding anything contained in the terms and conditions of the licence granted before the commencement of the Telecom Regulatory Authority of India (Amendment) Act, 2000, fix the terms and conditions of inter-connectivity between the service providers; ensure technical compatibility and effective inter-connection between different service providers; regulate arrangement amongst service providers of sharing their revenue deriving from providing telecommunication services; lay-down the standards of quality of service to be provided by the service providers and ensure the quality of service and conduct the periodical survey of such service provided by the service providers so as to protect interest of the consumers of telecommunication service; lay down and ensure the time period for providing local and long distance circuits of telecommunication between different service providers; levy fees and other charges at such rates and in respect of such services as may be determined by regulations; perform such other functions including such administrative and financial functions as may be entrusted to it by the Central Government or as may be necessary to carry out the provisions of this Act. In addition to this the Authority can issue directions and provides for an Appellate Tribunal. Our Company is also regulated by the regulations framed by the TRAI from time to time under this Act.

Indian Telegraph Act, 1885

The Indian Telegraph Act, 1885 is an enactment to amend the law relating to telegraphs in India and governs the provisions of granting license to the Government and to any Company or a person licensed under the Act and specially empowered under the Act to place telegraph lines under or over property belonging whether to private persons or to public bodies. The power to issue a license rests with the Central Government only. Sections 20 to 32 of the Act provide for penal liability for violation of the provisions of the Act. Our Company is also regulated by the rules and regulations framed from time to time under this Act.

Indian Wireless Telegraphy Act, 1933

The Indian Wireless Telegraphy Act, 1933 has been enacted to regulate the possession of wireless telegraphy apparatus in India.

Section 2(1) of the Act defines the term Wireless Communication as, any transmission, omission or reception of signs, signals, writing, images and sounds, or intelligence of any nature by means of electricity, magnetism, or radio waves or Hertzian waves, without the use of wires or other continuous electrical conductors between the transmitting and the receiving apparatus.

Section 2(2) of the Act defines a wireless telegraphy apparatus as, any apparatus, appliance, instrument or material used or capable of use in wireless communication, and includes any article determined by rules made under section 10 of the Act to be wireless telegraphy apparatus, but does not include any such apparatus, appliance, instrument or material commonly used for other electrical purposes, unless it has been specially designed or adapted for wireless communication or forms part of some apparatus, appliance, instrument or material specially so designed or adapted, nor any article determined by rules made under Section 10 of the Act not to be wireless telegraphy apparatus;

Under Section 6 of the Act, the Telegraph Authority established under the Indian Telegraph Act, 1855 is authorized to grant a license to operate wireless apparatuses. Section 6 of the Act provides for offences and penalties vis-à-vis the Act. Only the Central Government is authorized to frame rules under the Act. Our Company is also governed by the rules framed by the Central Government under this Act.

Regulation of Foreign Investment

Foreign Exchange Management Act and Rules and Regulations framed there under.
Foreign investment in India is primarily governed by the provisions of Foreign Exchange Management Act, 1999 ("FEMA"). The Reserve Bank of India, in exercise of its powers under the FEMA, has notified the Foreign Exchange Management (Transfer or Issue of Securities by a Person Resident Outside India) Regulations, 2000 ("FEMA Regulations"), inert alia, to prohibit, restrict, regulate or transfer by or issue security to a person resident outside India. As laid down by the FEMA Regulations, no prior consent and approval is required from the RBI, for FDI under the "automatic route" within the specified sectoral caps. In respect of all industries not specified under the automatic route, and in respect of investment in excess of the specified sectoral caps under the automatic route, approval for such investment may be required from the FIPB and/or the RBI.

Labour Regulations

There are various legislations in India which have defined 'employee' and 'workman' based on factors which *inter alia* include nature of work and remuneration. People who come under the definition of workman or employee are entitled to various statutory benefits including gratuity, bonus, retirement benefits and insurance protection.

Termination of the employment of a non-workman is governed by the terms of the relevant employment contract.

As regards a 'workman', the IDA sets out certain requirements in relation to the termination of services. These include a detailed procedure prescribed for resolution of disputes with labour, removal and certain financial obligations upon retrenchment. The applicability of such laws depends on the number of workers employed and their monthly remuneration.

Employees Provident Funds and Miscellaneous Provisions Act, 1952

The Employees Provident Funds and Miscellaneous Provisions Act, 1952 (the "PF Act") is a labour legislation, which ensures compulsory provident fund, family pension fund and deposit linked insurance in factories and other establishments for the benefit of the employees. The rate of contribution has been fixed at 12%. Presently, an employee at the time of joining the employment and getting wages up to Rs.6500/- is required to become a member of the employees provident fund organization (the "EPFO"), established in accordance with the provisions of the PF Act. An employee is eligible for membership of fund from the very first date of joining such an establishment.

The PF Act inter alia provides for:

- grant of exemption from the operation of the scheme/s framed under the PF Act to an establishment, to a class of employees and to an individual employee, on certain conditions;
- appointments of inspector to secure compliance under the PF Act and the Schemes framed thereunder and;
- modes of recovery of monies due from employers.

The funds established under the PF Act vest in and are administered by the Central Board of Trustees, constituted under the PF Act and functions within the overall regulatory control of the Central Government.

Payment of Gratuity Act, 1972

Under the Payment of Gratuity Act, 1972 (the "Gratuity Act"), an employee who has been in continuous service for a period of five years will be eligible for gratuity upon his resignation, retirement, superannuation, death or disablement. An employee is deemed to be in 'continuous service' for a period of at least two hundred and forty days in a period of twelve months or one hundred and twenty days in a period of six months immediately preceding the date of reckoning, whether or not such service has been interrupted during such period by sickness, accident, leave, absence without leave, lay-off, strike, lock-out or cessation of work not due to the fault of the employee. The maximum amount of gratuity payable under the Gratuity Act shall not exceed Rs. 350,000. The Act requires a company to obtain compulsory insurance for its liability for payment towards gratuity from Life Insurance Corporation of India.

Employees State Insurance Act, 1948

The Employees State Insurance Act, 1948 (the **"ESI Act"**) provides for certain benefits to employees in case of sickness, maternity and employment injury. All employees in establishments covered by the ESI Act are required to be insured, with an obligation imposed on the employer to make certain contributions in relation thereto. In addition, the employer is also required to register itself under the ESI Act and maintain prescribed records and registers.

The Maternity Benefit Act, 1961

The purpose of the Maternity Benefit Act, 1961 is to regulate the employment of pregnant women and to ensure that they get paid leave for a specified period during and after their pregnancy. It provides, inter alia, for payment of maternity benefits, medical bonus and enacts prohibitions on dismissal, reduction of wages paid to pregnant women, etc.

The Contract Labour (Regulation and Abolition) Act, 1970

The purpose of the Contract Labour (Regulation and Abolition) Act, 1970 is to regulate the employment and protect the interests of labourers who are hired on the basis of individual contracts. In the event that any aspect of the activity is outsourced and is carried out by labourers hired on a contractual basis, then compliance with the Contract Labour (Regulation and Abolition) Act, 1970 will also be necessary.

Laws relating to Intellectual Property Rights

The nature of our business involves the generation and use of intellectual property for the protection of which we rely on the legal regime governing the acquisition and protection of intellectual property in India. Such laws are briefly summarised below:

Trademarks Act, 1999

In India, trademarks enjoy protection under both statutory and common law. The Trademarks Act, 1999 (the "TM Act") covers the registration and protection of all trademarks, which are defined as marks capable of being represented graphically and which are capable of distinguishing the goods or services of one person from those of the others and may include shape of goods, their packaging and combination of colours. A registered trademark is assignable and can be transmitted in accordance with the provisions of the TM Act. The TM Act specifies the procedure of registration, their correction, alteration or removal from the register, if necessary. Both the users and the owners are required to be registered on the payment of a prescribed fee. The Trade Mark Registry is a division of the Controller General of Patents, Designs and Trademarks. The registration of a trademark remains in force for a period of ten years and is renewable provided that the mark remains eligible for protection in accordance with the provisions of the Act. Only registered trademarks can be protected by an action for infringement, which may result in penalty or imprisonment. An Intellectual Property Appellate Board ("Appellate Board") has been set up under the TM Act. The Appellate Board is not bound by the procedure laid down in the Civil Procedure Code, 1908 (Act 5 of 1908) but is guided by the principles of natural justice and shall be subject to the provisions of the TM Act and the Trade Marks Rules, 2002 (the "TM Rules").

Applications for a trademark registration may be made for in one or more international classes. India recognises the NICE classification uptill Class 42 which is also as a residual class encompassing all the services beyond Class 42 uptill Class 45 as covered in other jurisdictions. The Trademark Act also provides for filing of applications claiming priority from convention countries Once granted, trademark registration is valid for ten years unless cancelled. If not renewed after ten years, the mark lapses and the registration for such mark has to be obtained afresh.

While both registered and unregistered trademarks are protected under Indian law, the registration of trademarks offers significant advantages to the registered owner, particularly with respect to proving infringement. Registered trademarks are protected by means of an action for infringement, whereas unregistered trademarks may only be protected by means of the common law remedy of passing off. In case of the latter, the plaintiff must, prior to proving passing off, first prove that he is the owner of the trademark concerned and there is a misrepresentation on the part of the Opposite party. In contrast, the owner of a registered trademark is prima facie regarded as the owner of the mark by virtue of the registration obtained.

Copyright Act, 1957

The Copyright Act, 1957 (the "CR Act") covers registration of copyrights of original literary, dramatic, musical and artistic works, cinematographic films and sound recordings. A copyright board ("Copyright Board") has been established under the CR Act, which ordinarily hears all proceedings instituted before it under the CR Act. The Copyright Board is deemed to be a Civil Court for the purposes of sections 345 and 346 of the Code of Criminal Procedure, 1973 and all proceedings before the Copyright Board are deemed to be judicial proceedings within the meanings of sections 193 and 228 of the Indian Penal Code, 1860. A copyright office shall be established under the immediate control of the Registrar of copyrights. Copyright shall subsist during the period of the lifetime of the author and until sixty years thereafter. Licensing and assignment of copyright is permitted in accordance with the provisions of the CR Act. To carry on the business of issuing and granting licenses, copyright societies have been set up. Infringement of copyright is civil or criminal offence under the CR Act depending on the circumstances. Police officers above the rank of sub inspector may seize without warrant all materials used for infringement. No Court inferior to that of a Metropolitan Magistrate or a Judicial Magistrate of the First Class is empowered to try an offence under the CR Act. The Copyright Rules, 1958 came into force along with the CR Act.

Trade Secrets and Confidential Information

In India, trade secrets and confidential information enjoy no special statutory protection and are protected under Common Law.

Patents

Patent is a statutory right for the intellectual property relating to an invention, for a limited period granted by the Government to the patentee in exchange of full disclosure of his invention.

The grant of a product patent in India confers upon the patentee the exclusive right to prevent third parties from the act of making, using, offering for sale, selling or importing for those purposes the patented product in India; and in case of a process patent it confers upon the patentee the exclusive right to prevent third parties from using that process, and from the act of using, offering for sale, selling or importing for those purposes the product obtained directly by that process in India.

The patent right is territorial in nature and a patent obtained in one country is not enforceable in other country. At present, no world patents or international patents exist. In general, an application for a patent must be filed, and a patent shall be granted and enforced, in each country in which the applicant seeks patent protection for his invention, in accordance with the law of that country. In some regions, a regional patent office, for example, the European Patent Office ("**EPO**") and the African Regional Intellectual Property Organization ("**ARIPO**"), accepts regional patent applications, or grants patents, which have the same effect as applications filed, or patents granted, in the member States of that region.

Indian patent system:

Patent registration and protection in India is governed by the Patents Act, 1970 as amended, and the Patents (Amendment) Rules, 2006 ('**Patent Rules'**). The invention to be patentable should satisfy the criterion of novelty, inventive step and industrial application. As per Section 2 (ja) of the Patents Act, 1970 "inventive step" means a feature of an invention that involves technical advance as compared to existing knowledge or having economic significance or both and that makes the invention not obvious to person skilled in the art. The Patents Act, 1970 excludes certain inventions from the purview of patentability. Such inventions *inter alia* include:

(a) Frivolous or contrary to well-established natural laws;
(b) Contrary to public order or morality or which causes serious prejudice to human, plant or animal life, health or environment;
(c) Scientific principle, abstract theory or discovery of any living thing or non-living substance occurring in nature;
(d) A method of agriculture or horticulture;
(e) A mere scheme, rule or method of performing mental act or playing games;
(f) A presentation of information; and
(g) Topography of integrated circuits etc.

The grant of a patent involves various stages which are:

(a) Making an application;
(b) Publication and examination of the patent application;
(c) Term of the patent granted under the Patents Act, 1970 is 20 years from the date of filing of application for the patent, subject to payment of renewal fee;
(d) Opposition; and
(e) A resident in India cannot make or cause to be made any application for grant of a patent for an invention outside India without a written license/ permission from the Controller in the prescribed manner unless - (a) an application for a patent for the same invention has been made in India, not less than six weeks before the application outside India; and (b) either no direction has been given under sub-section (1) of section 35 (relating to inventions relating for defence purposes) in relation to the application in India, or all such directions have been revoked.

The Patents Act, 1970 deems that computer programmes per se are not 'inventions' and are therefore not entitled to patent protection. This position was diluted by the Patents Amendment Ordinance, 2004 which included as patentable subject matter:

(a) Technical applications of computer programs to industry; and
(b) Combinations of computer programs with the hardware.

However, the Patents Amendment Act, 2005 does not include this specific amendment and consequently, the Patents Act, 1970 as it currently stands, disentitles computer programs per *se* from patent protection.

International Patent Protection Mechanism

The extent of patent protection granted by any national patent law is limited to the jurisdiction of the country of registration of the said patent. Therefore, the protection of patents on an international scale ordinarily requires that patent applications be filed and granted in multiple jurisdictions. In order to avoid multiplicity of applications, mechanisms under various international treaties have evolved providing for the effective filing of simultaneous patent applications in multiple jurisdictions by filing of a single international application. The Patent Co-operation Treaty, 1970, ("**PCT**") creates one such mechanism whereby filing an application under the treaty results in the effective filing of a separate application in each of several designated countries under the PCT.

PCT is an agreement for international cooperation in the field of patents. It is the most significant advancement in international cooperation in this field since the adoption of the Paris Convention itself. It is, however, largely a treaty for rationalization and cooperation with regard to the filing, searching and examination of patent applications and the dissemination of the technical information contained therein. The PCT does not provide for the grant of "international patents". The task and responsibility for granting patents remains exclusively in the hands of the Patent Offices of, or acting for, the countries where protection is sought (the "regional Offices"). PCT is a special agreement under the Paris Convention open only to states, which are members of the Paris convention and is administered by International Bureau (IB) under World Intellectual Property Organization ("**WIPO**"), Geneva. PCT makes it possible to seek patent protection for an invention simultaneously in each of a large number of countries by filing a single patent application ("International Application") instead of filing several separate national or regional patent applications. The international application under the PCT mechanism is divided in to two phases: (a) International phase, and (b) national phase.

(a) International Phase: The international application may be filed by anyone who is a national or resident of a contracting state. It may generally be filed with the national patent office of the contracting state of which the applicant is a national or resident or, at the applicant's option, with the International Bureau of WIPO in Geneva. If the applicant is a national or resident of a contracting state which is party to the European Patent Convention, the Harare Protocol on Patents and Industrial Designs (Harare Protocol), the revised Bangui Agreement Relating to the Creation of an African Intellectual Property Organization or the Eurasian Patent Convention, the international application may also be filed with the European Patent Office (EPO), the African Regional Industrial Property Organization (ARIPO), the African Intellectual Property Organization (OAPI) or the Eurasian Patent Office (EAPO), respectively.

    The international application is then subjected to an "international search." International search is carried out by one of the major patent offices appointed by the PCT assembly as an International Searching Authority (ISA). The said search results in an "international search report," that is, a listing of the citations of such published documents that might affect the patentability of the invention claimed in the international application. At the same time, the ISA prepares a written opinion on patentability.

    The international search report and the written opinion are communicated by the ISA to the applicant who may decide to withdraw his application, in particular where the said report or opinion makes the granting of patents unlikely. If the international application is not withdrawn, it is, together with the international search report, published by the International Bureau.

(b) National Phase: The granting of patents corresponding to International applications remains under the control of the national or regional patent offices through the “national phase” patent application. After the end of the International Phase, the applicant can start to pursue the grant of patents directly before the national (or regional) patent Offices of the countries of interest separately. Procedural and substantive requirements for the grant of patents as well as the amount of fees required are different from one country/region to the other. It is therefore advisable to consult a practicing lawyer who is specialized in patents in those countries in which the applicant is interested to get protection.

Convention Application:

As per the Patents Act, 1970 where the applicant has made an application for a patent in respect of an invention in a convention country (“basic application”), the applicant can file applications under the Patents Act, 1970 within 12 months from the date of the basic application for the same invention. One of such international convention is the Paris Convention for the Protection of Industrial Property, 1883 (the “**Paris Convention**”). The Paris Convention applies to industrial property in the widest sense, including patents, trade marks, industrial designs, geographical indications, etc. The Paris Convention requires its member countries to guarantee to the citizens of the other countries the same rights in patent and trademark matters that it gives to its own citizens. In case of patent filings in multiple jurisdictions, Paris Convention, grants a right of priority to the applicant which means that the applicant who has filed an application in any contracting states, may apply for the patent protection in any other contracting states within 12 months and claim priority over other applications relating to the same inventions, which have been filed by other applicants during the said 12 month period.

<u>Laws governing the immovable properties</u>

The Transfer of Property Act, 1882

The transfer of property, including immovable property, between living persons, as opposed to the transfer of property by the operation of law, is governed by the Transfer of Property Act, 1882 ("T.P. Act"). The T.P. Act establishes the general principles relating to the transfer of property, including among other things, identifying the categories of property that are capable of being transferred, the persons competent to transfer property, the validity of restrictions and conditions imposed on the transfer and the creation of contingent and vested interest in the property.

The Indian Stamp Act, 1899

Stamp duty needs to be paid on all documents specified under the Indian Stamp Act, 1899 (the "Stamp Act") at the rates specified in the Schedules to the Stamp Act. The rate of stamp duty varies from state to state. The applicable rates for stamp duty on the instruments chargeable with duty, including those relating to conveyance, are prescribed by the state legislation. Instruments chargeable to duty under the Stamp Act, which are not duly stamped or are inadequately stamped, are inadmissible in evidence in a court of law. However the same may be rectified by paying the outstanding stamp duty and paying a penalty on the outstanding amount of the required stamp duty, as the case may be. The Stamp Act also provides for impounding of instruments, which are not sufficiently stamped or not stamped at all.

Registration Act, 1908

The Registration Act, 1908 (the "Registration Act") has been enacted with the object of providing public notice of the execution of documents affecting transfer of interest in immoveable property. The purpose of the Registration Act is the conservation of evidence, assurances, title, and publication of documents and prevention of fraud. It details the formalities for registering an instrument. Section 17 of the Registration Act identifies documents for which registration is compulsory and includes, among other things, any non-testamentary instrument which purports or operates to create, declare, assign, limit or extinguish, whether in present or in future, any right, title or interest, whether vested or contingent, in immovable property of the value of one hundred rupees or more and a lease of immovable property for any term exceeding one year or reserving a yearly rent. A document will not affect the property comprised in it, nor is treated as evidence of any transaction affecting such property (except as evidence of a contract in a suit for specific performance or as evidence of part performance under the T.P. Act or as collateral), unless it has been registered.

For laws and regulations applicable to Listed Companies, please refer chapter titled "Indian Securities Market" in the Placement Document.

ISSUE PROCEDURE

Below is a summary intended to present a general outline of the procedure relating to the bidding, payment, Allocation and Allotment of the Equity Shares. The procedure followed in the Issue may differ from the one mentioned below and the investors are advised to appraise themselves of the same from our Company or the BRLM. The investors are further advised to inform themselves of any restrictions or limitations that may be applicable to them, and are required to consult their respective advisers in this regard. Investors that apply in this Issue will be required to confirm and will be deemed to have represented to our Company, the BRLM and their respective directors, officers, agents, advisors, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares and will not offer, sell, pledge or transfer the Equity Shares to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares. Our Company and the BRLM and their respective directors, officers, agents, advisors, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares. For further details, please refer to the sections titled "Transfer Restrictions" and "Selling Restrictions" of the Placement Document.

Qualified Institutions Placement

The Issue is being made to QIBs in reliance upon Chapter VIII of the SEBI (ICDR) Regulations through the mechanism of qualified institutions placements wherein an Indian listed company may issue and allot "eligible securities" as defined in the SEBI (ICDR) Regulations to include equity shares, non-convertible debt instruments along with warrants and convertible securities other than warrants, on a private placement basis to Qualified Institutional Buyers as defined in Regulation 2(1) (zd) of the SEBI (ICDR) Regulations provided that:

- a special resolution approving the qualified institutions placement has been passed by its shareholders;

- the equity shares of the same class, which are proposed to be allotted through qualified institutions placement, have been listed on a recognised stock exchange having nation wide trading terminal for a period of at least one year prior to the date of issuance of notice to its shareholders for convening the meeting to pass the special resolution; and

- compliance with the requirement of minimum public shareholding specified in the listing agreement with the stock exchanges;

The aggregate of the proposed Qualified Institutions Placement and all previous Qualified Institutions Placements made in the same financial year shall not exceed five times the net worth of the issuer as per the audited balance sheet of the previous financial year.

Additionally, there is a minimum pricing requirement under the SEBI (ICDR) Regulations. The Issue price shall be equal or more than the price calculated in accordance with Regulation 85 of the SEBI (ICDR) Regulations which shall be the Floor Price. The issue price of the equity shares of the company shall not be less than the average of the weekly high and low of the closing prices of the equity shares of the same class quoted in the stock exchange during the two weeks preceding the relevant date.

The relevant date for the determination of Floor Price for the issue of the Equity Shares means the date of the meeting in which our Board or any Committee thereof, thereof decides to open the Issue.

Our Company has received in-principle approval under Clause 24(a) of the Listing Agreement from BSE and NSE vide their letters dated August 10, 2010 and August 10, 2010 for the listing of the Equity Shares on BSE and NSE.

We have also filed a copy of the Placement Document with the Stock Exchanges.

Pursuant to the provisions of Section 67 of the Companies Act, for a transaction that is not a public offering, an invitation or offer may not be made to more than 49 persons. The Preliminary Placement Document and the Placement Document is a private document provided to not more than 49 investors through serially numbered copies and is required to be placed on the website of the concerned stock exchange and of the Issuer with a disclaimer to the effect that it is in connection with an issue to QIBs and no offer is being made to the public or to any other category of investors.

Securities allotted to QIBs pursuant to a qualified institutions placement shall not be sold for a period of one year from the date of Allotment except on a recognized stock exchange in India.

A copy of the Placement Document is required to be filed with the SEBI for record purposes within 30 days of the Allotment of the Equity Shares in this Issue.

Issue procedure

1. Our Company and the BRLM shall circulate serially numbered copies of the Preliminary Placement Document and the Bid-cum-Application Form, either in electronic form and/or physical form to not more than 49 QIBs.

2. The list of QIBs to whom the Bid-cum-Application Form is delivered shall be determined by our Company in consultation with the BRLM. **Unless a serially numbered Preliminary Placement Document and the Bid-cum-Application Form is addressed to a particular QIB, no invitation to subscribe shall be deemed to have been made.** Even if such documentation were to come into the possession of any person other than the intended recipient, no offer or invitation to offer shall be deemed to have been made to such person.

3. Our Company shall intimate the Bid/Issue Opening Date to the Stock Exchanges.

4. QIBs may submit their Bids through the Bid-cum-Application Form during the Issue period to the BRLM.

5. QIBs may submit such Bid-cum-Application Forms to the BRLM and would have to indicate the following in the Bid-cum-Application Form:

   (a) Full name of the QIB to whom Equity Shares are to be allotted
   (b) Number of Equity Shares Bid for
   (c) Price at which they are agreeable to Bid for the Equity Shares provided that QIBs may also indicate that they are agreeable to submit a Bid at "Cut-off Price" which shall be any price as may be determined by our Company in consultation with the BRLM at or above the minimum price calculated in accordance with Regulation 85 of the SEBI (ICDR) Regulations which shall be the Floor Price.
   (d) The details of the dematerialised account(s) to which the Equity Shares should be credited.

Note: Each sub-account of an FII will be considered as an individual QIB and separate Bid cum Application Form will be required from each sub-account for submitting Bids. It may be noted that a sub-account which is a foreign corporate or a foreign individual is not a "QIB" in terms of SEBI (ICDR) Regulations.

6. Once the Bid-cum-Application Form is submitted by the QIB, the Bid constitutes an irrevocable offer and cannot be withdrawn. The Bid may be revised till Bid/Issue Closing Date, for which the QIB will have to revise the Bid in a Revision Form available with the BRLM. Revision Forms received after the closure of the Issue on Bid/Issue Closing Date shall not be considered as valid and the original Bid will stand.

7. The Bid / Issue Closing Date shall be notified to the Stock Exchanges and the QIBs shall be deemed to have been given notice of such date.

8. Upon receipt of the duly completed Bid-cum-Application Form, our Company shall, in consultation with the BRLM, after the closure of the Issue, decide (i) the Issue Price and (ii) the number of Equity Shares to be Allocated and the Applicants to whom the same would be Allocated. Our Company shall notify the Stock Exchanges of the Issue Price. On determination of the Issue Price, the BRLM will send the CAN to the QIBs who have been Allocated Equity Shares. The dispatch of the CAN shall be deemed a valid, binding and irrevocable contract for the QIBs to pay the entire Issue Price for all the Equity Shares Allocated to such QIBs. The CAN shall contain details like the number of Equity Shares Allocated to the QIB and payment instructions including the details of the amounts payable by the QIB for the Allotment of Equity Shares in its name and the Pay-in Date as applicable to the respective QIB. The decision of our Company and the BRLM in this regard shall be at their sole and absolute discretion, and may not be proportionate to the number of Equity Shares applied for.

9. QIBs would have to deliver the cheque /confirmation of payment through electronic transfer for the subscription monies to the Escrow Account of our Company by the Pay-in Date as specified in the CAN sent to the respective QIBs.

10. Upon receipt of the application monies from QIBs, our Company shall issue and allot the Equity Shares to those QIBs as per the details provided in their respective CANs. Our Company shall intimate to the Stock Exchanges the details of the Allotment. The allottees shall in no event exceed 49 in number.

11. Our Company shall then apply for listing of the Equity Shares. After receiving the listing approval, Equity Shares shall be credited into the depository participant accounts of the QIBs.

12. Our Company shall then apply for the final trading permission from the Stock Exchanges.

13. The Equity Shares that have been so allotted and credited to the depository participant accounts of the QIBs shall be eligible for trading on the Stock Exchanges only upon the receipt of final trading approval from the Stock Exchanges.

14. As per the applicable laws, the Stock Exchanges shall notify the final listing and trading approvals, which are ordinarily available on their websites, and our Company shall communicate the receipt of the listing and trading approvals from the Stock Exchanges to those QIBs to whom the Equity Shares have been allotted. Our Company and the BRLM shall not be responsible for any delay or non-receipt of the communication of the listing and trading approvals from the Stock Exchanges or any loss arising from such delay or non-receipt. QIBs are advised to apprise themselves of the status of the receipt of the permissions from the Stock Exchanges or our Company.

Qualified Institutional Buyers

Only QIBs as defined in Regulation 2(1)(zd) of the SEBI (ICDR) Regulations are eligible to invest. For the purposes of the Issue, the term "QIB" means the following:

- A mutual fund, venture capital fund, foreign venture capital investors registered with SEBI;
- A foreign institutional investor and sub-account (other than a sub-account which is a foreign corporate or foreign individual), registered with SEBI;
- A public financial institutions as defined in section 4A of the Companies Act, 1956;
- A scheduled commercial bank;
- A multilateral and bilateral development financial institution;
- A state industrial development corporation;
- An insurance company registered with Insurance Regulatory and Development Authority;
- A provident fund with minimum corpus of Rs. 250 million;
- A pension fund with minimum corpus of Rs. 250 million;
- National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of Government of India published in the Gazette of India; and
- Insurance funds set up and managed by army, navy or air force of the Union of India.

Persons resident outside India are permitted to participate in the Issue subject to compliance with all applicable laws and such that the shareholding of such persons does not exceed specified limits as prescribed under applicable laws in this regard.

FIIs are permitted to participate in the QIP subject to compliance with all applicable laws and such that the shareholding of the FIIs does not exceed specified limits as prescribed under applicable laws in this regard.
No single FII can hold more than 10% of the post Issue paid-up capital of our Company. In respect of an FII investing in our Equity Shares on behalf of its sub accounts, the investment on behalf of each sub account shall not exceed 10% of our Company's total issued capital or 5% of the total issued capital of our Company in case such sub account is a foreign corporate or an individual.

Our Company is registered with Department of Telecommunications as a Other Service Provider (OSP). According to Consolidated FDI Policy, effective from April 1, 2010 100% FDI holding is allowed for OSPs

No Allotment shall be made pursuant to the Issue, either directly or indirectly, to any QIB being our promoter or any person related to our promoter(s).

QIBs, who have all or any of the following rights shall be deemed to be a person related to promoter(s):

a) rights under a shareholders agreement or voting agreement entered into with our promoters or persons related to our promoters;

b) veto rights; or

c) right to appoint any nominee director on our Board.

Provided that a QIB who does not hold any shares in the issuer and who has acquired the said rights in the capacity of a lender shall not be deemed to be a person related to promoters.

We and the BRLM are not liable for the summary of legal provisions as stated herein and any amendment or modification or change in applicable laws or regulations, which may occur after the date of the Preliminary Placement Document. QIBs are advised to make their independent investigations and satisfy themselves that they are eligible to apply. QIBs are advised to ensure that any single Bid-cum-Application Form from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in the Preliminary Placement Document. Further, QIBs are required to satisfy themselves that their Bids would not eventually result in triggering a tender offer under the Takeover Code, and the QIB shall be solely responsible for compliance with the provisions of the Takeover Code, SEBI (Prohibition of Insider Trading) Regulations, 1992 and other applicable laws, rules, regulations, guidelines and circulars.

A minimum of 10% of the Equity Shares in the Issue shall be allotted to Mutual Funds. If no Mutual Fund is agreeable to take up the minimum portion as specified above, such minimum portion (or part thereof not so taken up) may be allotted to other QIBs.

Note: Affiliates or associates of the BRLM who are QIBs may participate in the Issue in compliance with applicable laws.

Bid/Issue Programme

Bidding Period / Issue Period:

BID/ISSUE OPENED ON	**August 16, 2010**
BID/ISSUE CLOSED ON	**August 24, 2010**

Application Process

Bid-cum-Application Form

QIBs shall only use the specified serially numbered Bid-cum-Application Form supplied by the BRLM in either electronic form or by physical delivery for the purpose of making an Application in terms of the Preliminary Placement Document. Revisions to the Bid shall only be made in the Revision Form.

QIBs WOULD NEED TO PROVIDE THEIR DEPOSITORY ACCOUNT DETAILS, THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID-CUM-APPLICATION FORM. QIBs MUST ENSURE THAT THE NAME GIVEN IN THE BID-CUM-APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. FOR THIS PURPOSE, SUB-ACCOUNTS OF A FII WOULD BE CONSIDERED AS AN INDEPENDENT QIB.

IF SO REQUIRED BY THE BRLM, THE QIB SUBMITTING A BID, ALONG WITH THE BID-CUM-APPLICATION FORM, WILL ALSO HAVE TO SUBMIT REQUISITE DOCUMENT(S) TO THE BRLM TO EVIDENCE THEIR STATUS AS A "QIB" AS DEFINED HEREINABOVE.

IF SO REQUIRED BY THE BRLM, COLLECTION BANK(S) OR ANY STATUTORY OR REGULATORY AUTHORITY IN THIS REGARD, INCLUDING AFTER ISSUE CLOSURE, THE QIB

SUBMITTING A BID AND/OR BEING ALLOTTED EQUITY SHARES IN THE ISSUE, WILL ALSO HAVE TO SUBMIT REQUISITE DOCUMENT(S) TO FULFILL THE KNOW YOUR CUSTOMER (KYC) NORMS.

The submission of the Bid-cum-Application Form by the QIBs shall be deemed a valid, binding and irrevocable offer by the QIB to pay the entire Issue Price for its share of Allocation (as indicated by the CAN) and becomes a binding contract on the QIB, upon issuance of the CAN by our Company in favour of the QIB.

Demographic details including address, bank account will be obtained from the Depositories as per the demat account details given above.

QIBs shall only use the specified and serially numbered Bid-cum-Application Form supplied by the BRLM in either electronic form or by physical delivery for the purpose of making a Bid (including revision of Bid) in terms of the Preliminary Placement Document and the Bid-cum-Application Form.

By making an Application (including revision) for Equity Shares pursuant to the terms of the Preliminary Placement Document and Bid-cum-Application Form, the QIB will be deemed to have made the representations and warranties as contained in the paragraph titled "Representations by Investors" in the section entitled "Notice to Investors" of the Preliminary Placement Document, in addition to the representations, warranties and agreements made under the section entitled "Selling Restrictions" of the Preliminary Placement Document.

The QIBs may also be sent a serially numbered Placement Document either in electronic form or by physical delivery.

Bids by MFs

The Bids made by the asset management companies or custodian of MFs shall specifically state the names of the concerned schemes for which the Bids are made. Each scheme/fund of a mutual fund will have to submit separate Bid-cum-Application Form.

Each mutual fund will have to submit separate Bid-cum-Application Forms for each of its participating schemes. Such applications will not be treated as multiple Bids provided that the Bids clearly indicate the scheme for which the Bid has been made. However, for the purpose of calculating the number of allotters/applicants, various schemes of the same mutual fund will be considered as a single allottee/applicant.

Demographic details like address, bank account among other will be obtained from the Depositories as per the demat account details given above.

As per the current regulations, the following restrictions are applicable for investments by MFs:

No MF scheme shall invest more than 10% of its net asset value in Equity Shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No MF under all its schemes should own more than 10% of any company's paid-up capital carrying voting rights.

The above information is given for the benefit of the Bidders. We and the BRLM are not liable for any amendments or modification or changes in applicable laws or regulations, which may happen after the date of the Preliminary Placement Document. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under the applicable laws and regulations.

Submission of Bid-cum-Application Form

All Bid-cum-Application Forms shall be duly completed with information including the name of the QIB, the price and the number of Equity Shares applied. The Bid-cum-Application Form shall be submitted to the BRLM either through electronic form or through physical delivery at the following address:

Anand Rathi Advisors Limited
11th Floor, Times Tower, Kamla City,
Senapati Bapat Marg,

Lower Parel,
Mumbai – 400 013, India.
Tel: +91-22-4047 7000
Fax: +91-22-4047 7070
E-mail: aksh.qip@rathi.com
Contact Person: Mr. Mukesh Garg / Mr. Yash Khajanchi

The BRLM shall not be required to provide any written acknowledgement of the same.

Pricing and Allocation

Build up of the Book

The QIBs shall submit their Bids through the Bid-cum-Application Form within the Issue period to the BRLM who shall maintain the Book.

Price discovery and allocation

Our Company, in consultation with the BRLM, shall finalize the Issue Price for the Equity Shares which shall be at or above the Floor Price.

After finalization of the Issue Price, our Company shall update the Preliminary Placement Document with the Issue details and file the same with the Stock Exchanges as the Placement Document.

Method of Allocation

We shall determine the Allocation in consultation with the BRLM on a discretionary basis and in compliance with Chapter VIII of the SEBI (ICDR) Regulations.

Bid-cum-Application Forms received from the QIBs at or above the Issue Price shall be grouped together to determine the total demand. The Allocation to all such QIBs will be made at the Issue Price. Allocation shall be decided by us in consultation with the BRLM on a discretionary basis. Allocation to Mutual Funds for up to a minimum of 10% of the Issue Size shall be undertaken subject to valid applications being received at or above the Issue Price.

THE DECISION OF OUR COMPANY AND BRLM IN RESPECT OF ALLOCATION SHALL BE FINAL AND BINDING ON ALL QIBS. QIBS MAY NOTE THAT ALLOCATION OF EQUITY SHARES IS AT OUR SOLE AND ABSOLUTE DISCRETION AND QIBS MAY NOT RECEIVE ANY ALLOCATION EVEN IF THEY HAVE SUBMITTED VALID APPLICATIONS AT OR ABOVE THE ISSUE PRICE. NEITHER WE NOR THE BRLM ARE OBLIGED TO ASSIGN ANY REASONS FOR SUCH NON-ALLOCATION.

Number of Allottees

The minimum number of allottees in the Issue shall not be less than:

(a) two, where the Issue Size is less than or equal to Rs. 2.5 billion; or
(b) five, where the Issue Size is greater than Rs. 2.5 billion.

Provided that no single allottee shall be allotted more than 50% of the Issue size.

Provided further that QIBs belonging to the same group or those who are under common control shall be deemed to be a single allottee for the purpose of this Regulation. For details of what constitutes "same group" or "common control" see "Application Process— Bid-cum-Application Form."

The maximum number of allottees of Equity Shares shall not be greater than 49 allottees.

Confirmation and Allocation Note ("CAN")

Based on the Bids received and the Issue Price decided, our Company in consultation with the BRLM will decide the QIBs to whom the CAN shall be sent containing details of the Equity Shares allocated to them and the details of the amounts payable by them for Allotment of the Equity Shares in their respective names. Additionally, the CAN would include details of the bank account for transfer of funds if done electronically, Pay-In Date as well as the probable designated date, "Designated Date", being the date of credit of the Equity Shares to the investor's account, as applicable to the respective QIBs. The dispatch of the serially numbered Preliminary Placement Document and the CAN shall be deemed to be a valid, binding and irrevocable non-negotiable and non transferable obligation on QIB to furnish all details that may be required by the BRLM and to pay the entire Issue Price for all the Equity Shares allocated to such QIB.

QIBs are advised to instruct their Depository Participant to accept the Equity Shares that may be Allocated/Allotted to them pursuant to the Issue.

Bank Account for Payment of Application Money

Our Company has opened a special bank account (Designated Bank Account / Escrow Account) with HDFC Bank Limited ("Collection Bank / Escrow Bank") in terms of the arrangement between BRLM, our Company and the Collection Bank. The QIB, to whom CAN is sent, will be required to deposit the entire amount payable for the Equity Shares allocated to it by the Pay-In Date as mentioned in the respective CAN.

If the payment is not made favouring the Collection Bank Account within the time stipulated in the CAN, the Bid-cum-Application Form and the CAN of the QIB are liable to be cancelled.

In case of cancellations or default by the QIBs, we and the BRLM have the right to reallocate the Equity Shares at the Issue Price among existing Applicants to the Issue or new QIBs at their sole and absolute discretion, subject to statutory limits.

Payment Instructions

- The payment of application money shall be made by the QIBs in the name of "Aksh Optifibre Limited-QIP Escrow Account" as per the payment instructions provided in the CAN.

- QIBs may make payment through cheques or electronic fund transfer, or such as other mode as may be required by BRLM.

Note: Payment of the amounts through outstation cheques are liable to be rejected. Cheques should be only payable at Mumbai.

Designated Date and Allotment of Equity Shares

- The Equity Shares will not be allotted unless the QIBs pay the amount payable as mentioned in the CANs issued to them, into the bank account with the Collection Bank as stated above.

- In accordance with the SEBI (ICDR) Regulations, Equity Shares will be issued and Allotment shall be made only in the dematerialized form to the allottees. Allottees will have the option to re-materialize the Equity Shares, if they so desire, as per the provisions of the Companies Act and the Depositories Act.

- We reserve the right to cancel the Issue at any time up to Allotment without assigning any reasons whatsoever.

- Post Allotment and credit of Equity Shares into the QIBs depository participant account, we would apply for trading approval from the Stock Exchanges.

- In the unlikely event of any delay in the Allotment or credit of Equity Shares, or receipt of trading approval or cancellation of the Issue, no interest or penalty would be payable by us. On cancellation of the Issue, monies received from investors in the Issue shall be refunded within a reasonable time, without interest or penalty as stated above.

Submission to SEBI

We shall submit the Placement Document to SEBI within 30 days of the date of Allotment for record purposes.

Other Instructions

Permanent Account Number (PAN)

Applicants should mention its PAN allotted under the Income Tax Act, 1961. Bid-cum-Application Forms received without PAN are liable to be rejected. It is to be specifically noted that applicant should not submit the GIR number instead of the PAN as the Bid-cum-Application Form is liable to be rejected on this ground.

Our Right to Reject Bids

We, in consultation with the BRLM, may reject Bids without assigning any reasons whatsoever. Our decision with the BRLM in relation to the rejection of any Bid shall be final and binding.

Equity Shares in dematerialised form with NSDL or CDSL

As per the provisions of Section 68B of the Companies Act, the Allotment of Equity Shares in the Issue shall be only in a dematerialised form, (*i.e.*, not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

- A QIB applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of either NSDL or CDSL prior to making the Bid.
- Allotment to a successful QIB will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the QIB.
- Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. All the Stock Exchanges where our Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.
- The trading of our Equity Shares would be in dematerialised form only for all QIBs in the demat segment of the respective Stock Exchanges.
- We shall not be responsible or liable for the delay in the credit of Equity Shares due to errors in the Bid-cum-Application Form or on the part of the QIBs.

Release of funds to our Company

The Escrow Bank shall not release the monies lying to the credit of the **"Aksh Optifibre Limited- QIP Escrow Account"** till such time, that it receives an instruction in pursuance to the Escrow Agreement, alongwith the Listing approval of the Stock Exchanges for the Equity Shares offered in the Issue.

PLACEMENT

Placement Agreement

The Book Running Lead Manager have entered into a placement agreement with our Company (the "**Placement Agreement**"), pursuant to which the Book Running Lead Manager have agreed to place the Equity Shares of our Company on a reasonable efforts basis to QIBs, pursuant to Chapter VIII of the SEBI Regulations.

The Placement Agreement contains customary representations and warranties, as well as indemnities from our Company and is subject to termination in accordance with the terms contained therein.

Applications shall be made to list the Equity Shares issued pursuant to the Issue and admit them to trading on the Stock Exchanges. No assurance can be given as to the liquidity or sustainability of the trading market for such Equity Shares, the ability of holders of the Equity Shares to sell their Equity Shares or the price at which holders of the Equity Shares will be able to sell their Equity Shares.

The Preliminary Placement Document and the Placement Document has not been, and will not be, registered as a prospectus with the RoC and no Equity Shares will be offered in India or overseas to the public or any members of the public in India or any other class of investors other than QIBs.

In connection with the Issue, the Book Running Lead Manager (or their respective affiliates) may, for its own accounts, enter into asset swaps, credit derivatives or other derivative transactions relating to the Equity Shares at the same time as the offer and sale of the Equity Shares, or in secondary market transactions. As a result of such transactions, the Book Running Lead Manager may hold long or short positions in such Equity Shares. These transactions may comprise a substantial portion of the Issue and no specific disclosure will be made of such positions. Affiliates of the Book Running Lead Manager may purchase Equity Shares and be allocated Equity Shares for proprietary purposes and not with a view to distribution or in connection with the issuance of P-Notes. See heading titled "Offshore Derivative Instruments".

SELLING RESTRICTIONS

The distribution of this Placement Document and the offer, sale or delivery of the Shares in this Issue is restricted by law in certain jurisdictions. Persons who come into possession of this Placement Document are advised to take legal advice with regard to any restrictions that may be applicable to them and to observe such restrictions. This Placement Document may not be used for the purpose of an offer or sale in any circumstances in which such offer or sale is not authorized or permitted.

General

No action has been or will be taken in any jurisdiction that would permit a public offering of the Equity Shares or the possession, circulation or distribution of this Placement Document or any other material relating to us or the Equity Shares in this Issue in any jurisdiction where action for the purpose is required. Accordingly, the Equity Shares in this Issue may not be offered or sold, directly or indirectly and neither this Placement Document nor any other offering material or advertisements in connection with the Equity Shares proposed to be issued pursuant to this Issue may be distributed or published, in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction. The Issue will be made in compliance with the SEBI Regulations. Each subscriber of the Equity Shares in the Issue will be required to make, or to be deemed to have made, as applicable, the acknowledgments and agreements as described under "Transfer Restrictions".

Dubai International Financial Centre

The Placement Document relates to an Exempt Offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority ("**DFSA"**). The Placement Document is intended for distribution only to persons of a type specified in the Offered Securities Rules of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved the Placement Document nor taken steps to verify the information set forth herein and has no responsibility for the offering memorandum. The Equity Shares to which the Placement Document relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the Equity Shares offered pursuant to this Issue should conduct their own due diligence on the shares. If you do not understand the contents of the Placement Document you should consult an authorized financial advisor.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**") an offer to the public of any Equity Shares which are the subject of the placement contemplated by the Placement Document may not be made in that Relevant Member State except that an offer to the public in that Relevant Member State of any such Equity Shares may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

(a) to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;

(b) to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last (or, in Sweden, in its last two) annual or consolidated accounts;

(c) to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the Book Running Lead Manager for any such offer; or

(d) in any other circumstances falling within Article 3(2) of the Prospectus Directive, For the purposes of this provision, the expression an 'offer to the public' in relation to any Equity Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any Equity Shares to be offered so as to enable an investor to decide to purchase any Equity Shares, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression 'Prospectus Directive' means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

Hong Kong

The Placement Document has not been approved by or registered with the Securities and Futures Commission of Hong Kong or the Registrar of Companies of Hong Kong. No person may offer or sell in Hong Kong, by means of any document, any Equity Shares issued pursuant to this Issue other than (a) to 'professional investors' as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a ;prospectus' as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance. No person may issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Equity Shares issued pursuant to this Issue which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Equity Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to 'professional investors' as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

Singapore

The Placement Document has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, the Equity Shares issued pursuant to this Issue may not be offered or sold or made the subject of an invitation for subscription or purchase nor may the Placement Document or any other document or material in connection with the offer or sale or invitation for subscription or purchase of any Equity Shares be circulated or distributed, whether directly or indirectly, to any person in Singapore other than (a) to an institutional investor pursuant to Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**"), (b) to a relevant person, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (c) pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Each of the following relevant persons specified in Section 275 of the SFA who has subscribed for or purchased Equity Shares issued pursuant to this Issue, namely a person who is:

(a) corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

should note that shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within 6 months after that corporation or that trust has acquired the Equity Shares issued pursuant to this Issue pursuant to an offer made under Section 275 except:

(i) to an institutional investor under Section 274 of the SFA or to a relevant person, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions, specified in Section 275 of the SFA;

(ii) where no consideration is or will be given for the transfer or

(iii) by operation of law.

Switzerland

The Placement Document does not constitute a prospectus within the meaning of Articles 652a and 1156 of the

Swiss Code of Obligations or a listing prospectus according to Article 32 of the Listing Rules of the SWX Swiss Exchange. The Equity Shares issued pursuant to this Issue will not be listed on the SWX Swiss Exchange and, therefore, the Placement Document does not comply with the disclosure standards of the Listing Rules of the SWX Swiss Exchange. Accordingly, the Equity Shares may not be offered to the public in or from Switzerland, but only to a selected and limited group of investors, which do not subscribe for the Equity Shares with a view to distribution to the public. The investors will be individually approached by the Book Running Lead Manager from time to time. The Placement Document is personal to each offeree and does not constitute an offer to any other person. The Placement Document may only be used by those persons to whom it has been handed out in connection with the offer described herein and may neither directly nor indirectly be distributed or made available to other persons without the express consent of our Company. It may not be used in connection with any other offer and shall in particular not be copied and/or distributed to the public in or from Switzerland.

United Arab Emirates

This announcement is not intended to constitute an offer, sale or delivery of shares or other securities under the laws of the United Arab Emirates (the "**UAE**"). The Equity Shares referred to herein have not been and will not be registered under Federal Law No. 4 of 2000 Concerning the Emirates Securities and Commodities Authority and the Emirates Security and Commodity Exchange, or with the UAE Central Bank, the Dubai Financial Market, the Abu Dhabi Securities market or with any other UAE exchange. The Issue, the Equity Shares and interests therein have not been approved or licensed by the UAE Central Bank or any other relevant licensing authorities in the UAE, and do not constitute a public offer of securities in the UAE in accordance with the Commercial Companies Law, Federal Law No. 8 of 1984 (as amended) or otherwise.

In relation to its use in the UAE, this announcement is strictly private and confidential and is being distributed to a limited number of investors and must not be provided to any person other than the original recipient, and may not be reproduced or used for any other purpose. The interests in the Equity Shares may not be offered or sold directly or indirectly to the public in the UAE. Prospective purchasers of the Equity Shares should conduct their own due diligence on the accuracy of the information relating to the Equity Shares. If you do not understand the contents of this document you should consult an authorized financial advisor.

United Kingdom

The Book Running Lead Manager has represented and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Market Act 2000 (the "**FSMA**") to persons who are investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 or circumstances in which section 2(1) of the FSMA does not apply to our Company; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Equity Shares issued pursuant to this Issue in, from or otherwise involving the United Kingdom.

United States

The Equity Shares issued pursuant to this Issue have not been and will not be registered under the Securities Act or any state securities laws in the United States and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable U.S. state securities laws.

The Equity Shares issued pursuant to this Issue are being offered and sold outside the United States in reliance on Regulation S under the Securities Act to investors who are also QIBs. The Issue is not being made to the public or any investors other than QIBs.

Until the expiry of 40 days after the commencement of the Issue, an offer or sale of Equity Shares issued pursuant to this Issue within the United States by a dealer (whether or not it is participating in the Issue) may violate the registration requirements of the Securities Act. See "***Transfer Restrictions***".

TRANSFER RESTRICTIONS

Subscribers of the Equity Shares in this Issue are not permitted to sell the Equity Shares for a period of one year from the date of Allotment except through the Stock Exchanges.

Subject to the foregoing, each purchaser acquiring the Equity Shares issued pursuant to this Issue by its acceptance of the Placement Document and of the Equity Shares issued pursuant to this Issue, will be deemed to have acknowledged, represented to and agreed with our Company and the Book Running Lead Manager that it has received a copy of the Placement Document and such other information as it deems necessary to make an informed investment decision and that:

(1) the purchaser is authorized to consummate the purchase of the Equity Shares issued pursuant to this Issue in compliance with all applicable laws and regulations;

(2) the purchaser acknowledges that the Equity Shares issued pursuant to this Issue have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state of the United States and are subject to restrictions on transfer;

(3) the purchaser is purchasing the Equity Shares issued pursuant to this Issue in an offshore transaction meeting the requirements of Rule 903 of Regulation S under the Securities Act;

(4) the purchaser and the person, if any, for whose account or benefit the purchaser is acquiring the Equity Shares issued pursuant to this Issue, was located outside the United States at the time the buy order for such Equity Shares was originated and continues to be located outside the United States and has not purchased such Equity Shares for the account or benefit of any person in the United States or entered into any arrangement for the transfer of such Equity Shares or any economic interest therein to any person in the United States;

(5) the purchaser is not an affiliate of our Company or a person acting on behalf of an affiliate;

(6) if, in the future, the purchaser decides to offer, resell, pledge or otherwise transfer such Equity Shares, or any economic interest therein, such Equity Shares or any economic interest therein may be offered, sold, pledged or otherwise transferred only in accordance with all applicable laws, including the securities laws of the States of the United States. The purchaser understands and acknowledges that until expiration of 40 days after the Bid Closing Date, no Equity Shares may be offered, resold, pledged or transferred within the United States;

(7) the purchaser understands that such Equity Shares (to the extent they are in certificated form), unless our Company determines otherwise in accordance with applicable law, will bear a legend substantially to the following effect:

THE EQUITY SHARES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**") OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES.

(8) our Company will not recognize any offer, sale, pledge or other transfer of such Equity Shares made other than in compliance with the above-stated restrictions; and

(9) the purchaser acknowledges that our Company, the Book Running Lead Manager, its affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of such acknowledgements, representations and agreements deemed to have been made by virtue of its purchase of such Equity Shares are no longer accurate, it will promptly notify o Company, and if it is acquiring any of such Equity Shares as a fiduciary or agent for one or more accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of such account.

INDIAN SECURITIES MARKET

The information in this section has been extracted from publicly available documents from various sources, including officially prepared materials from SEBI, the BSE and the NSE and has not been independently verified by our Company or the Book Running Lead Manager.

The Indian Securities Market

India has a long history of organised securities trading. In 1875, the first stock exchange was established in Mumbai.

Stock Exchange Regulation

India's stock exchanges are regulated primarily by the Securities and Exchange Board of India ("**SEBI**"), as well as by the Government of India acting through the Ministry of Finance, Stock Exchange Division, under the Securities Contracts (Regulation) Act, 1956, as amended ("**SCRA**") and the Securities Contracts (Regulation) Rules, 1957, as amended ("**SCRR**"). The SCRA and the SCRR along with the rules, bye-laws and regulations of the respective stock exchanges, regulate the recognition of stock exchanges, the qualifications for membership and the manner in which contracts are entered into, settled and enforced between members.

The Securities and Exchange Board of India Act 1992 granted powers to SEBI to regulate the Indian securities markets, including stock exchanges and other intermediaries in the capital markets, to promote and monitor self-regulatory organisations, to prohibit fraudulent and unfair trade practices and insider trading and to regulate substantial acquisitions of shares and takeovers of companies. SEBI has also issued guidelines and regulations concerning minimum disclosure requirements by public companies, rules and regulations concerning investor protection, insider trading, substantial acquisition of shares and takeovers of companies, buyback of securities, delisting of securities, employee stock option schemes, stockbrokers, merchant bankers, underwriters, mutual funds, foreign institutional investors ("**FIIs**"), credit rating agencies and other capital market participants.

Listing

The listing of securities on recognised Indian stock exchanges is regulated by the SCRA, the SCRR and the listing agreement of the respective stock exchanges, under which the governing body of each stock exchange is empowered to suspend trading of or dealing in a listed security for breach of a company's obligations under such agreement, subject to the company receiving prior notice of such intent of the stock exchange and upon granting a hearing in the matter.

The listing agreements have recently been amended to provide that all listed companies other than those mentioned below will be required to ensure minimum level of public shareholding at 25% of the total number of issued shares of a class or kind for the purpose of continuous listing. However, the companies mentioned below will be required to maintain the minimum level of public shareholding at 10% of the total number of issued shares of a class or kind for the purpose of continuous listing:

a. where the company offers or has in the past offered a particular class or kind of its shares to the public to the extent of at least 10% of the issue size in terms of Rule 19(2)(b) of the Securities Contracts (Regulations) Rules, 1957; and

b. where the number of outstanding listed shares of any class or kind of the company are twenty (20) million or more and the market capitalization of such company in respect of shares of such class or kind is Rs. 1000 crores or more.

The provisions of the Securities and Exchange Board of India (Delisting of Shares) Regulations, 2009, as amended (the "**Delisting Regulations**") and the SCRR govern voluntary and compulsory delisting of equity shares of listed Indian companies from any of the recognised stock exchanges. A company may voluntarily delist from a stock exchange provided that (a) the securities of the company have been listed for a minimum period of three years on any recognised stock exchange, (b) the delisting has been approved by two-thirds of the public shareholders, and (c) the company , the promoter and/or the director of the company provide an exit opportunity and purchase the outstanding securities from those holders who wish to sell them at a price determined in accordance with the Delisting Regulations, provided further that the condition in (c) above may be dispensed with by SEBI if the securities remain listed on the NSE or the BSE.

In the event a company seeks to voluntarily delist from a stock exchange, it is required to provide an exit opportunity to the other shareholders (the "Delisting Offer") and seek the in-principle approval of the stock exchange. This exit opportunity involves a price discovery process known as the "book building process". A Delisting Offer can be launched by any promoter seeking to delist the securities of the company. The Delisting Offer needs to be supported by a resolution approved by the board of directors and a resolution approved by three-fourths of the shareholders of the listed company through a postal ballot. In addition, the special resolution of the shareholders can be acted upon if, and only if, the votes cast by public shareholders in favour of the proposal amount are at least two times the number of votes cast by public shareholders against it (promoters and holders of depository receipts are considered non-public shareholders). Following the approval of the shareholders, the promoter would issue a public announcement (i.e. a public notice) in relation to the Delisting Offer. The offer price shall have a floor price which shall be determined in the manner provided in the Delisting Regulations.

The Delisting Regulations and the SCRR empower the stock exchanges to delist the securities of companies on certain grounds, including if a company is incurring losses during the preceding three consecutive years and has negative net worth; the trading in the securities of the company has remained suspended for a minimum period of six months; the securities of a company have remained infrequently traded during the preceding three years; the company or any of its promoters or directors have been convicted for failure to comply with any provisions of the SEBI Act or the Depositories Act or rules and regulations made thereunder and awarded a punishment of not less than three years; or there has been failure to raise the public shareholdings within a specified time to the minimum level applicable to the company under its listing agreement. Any order for compulsory delisting can be made only after considering representations received from aggrieved persons. These guidelines also provides that in the event that the securities of a company are delisted by a stock exchange, the fair value of securities shall be determined by an independent valuer appointed by the stock exchange from a panel of experts selected by the stock exchange. If a listed company is delisted by the stock exchange, the listed company can file an appeal before the Securities Appellate Tribunal. The Delisting Regulations do not permit the listing of shares once delisted for a period of 5 years (in a voluntary delisting) and 10 years (if the stock exchanges initiate the delisting).

Disclosures under the Companies Act and Securities Regulations

Under the Companies Act, a public offering of securities in India must be made by means of a prospectus, which must contain information specified in the Companies Act and the SEBI Regulations. The prospectus must be filed with the registrar of companies having jurisdiction over the place where a company's registered office is situated. A company's directors and promoters may be subject to civil and criminal liability for misrepresentation in a prospectus. The Companies Act also sets forth procedures for the acceptance of subscriptions and the allotment of securities among subscribers and establishes maximum commission rates for the sale of securities. SEBI has issued detailed guidelines concerning disclosure by public companies and investor protection.

Public limited companies are required under the Companies Act and SEBI guidelines to prepare, file with the Registrar of Companies and circulate to their shareholders audited annual accounts which comply with the Companies Act's disclosure requirements and regulations governing their manner of presentation and which include sections pertaining to corporate governance, related party transactions and the management's discussion and analysis as required under the listing agreement. In addition, a listed company is subject to continuing disclosure requirements pursuant to the terms of its listing agreement with the relevant stock exchange. Accordingly, companies are now required to publish unaudited financial statements (subject to a limited review by the company's auditors) on a quarterly basis and are required to inform stock exchanges immediately regarding any stock price sensitive information.

The Institute of Chartered Accountants of India (the "**ICAI**") and SEBI have implemented changes which require Indian companies to account for deferred taxation, to consolidate their accounts with subsidiaries, to provide sector reporting, to increase their disclosure of related party transactions from April 1, 2001 and to account for investments in associated companies and joint ventures in consolidated accounts and interim financial reporting from April 1, 2002. As of April 1, 2003, accounting of intangible assets is also regulated by accounting standards set by ICAI and as of April 1, 2004 accounting standards regulate accounting for impairment of assets.

Indian Stock Exchanges

There are currently 19 stock exchanges in India. Most of the stock exchanges have their own governing board for self-regulation. A number of these exchanges have been directed by SEBI to file schemes for demutualisation as a measure of moving towards greater investor protection. Vide its order dated May 20, 2005, the SEBI has notified the BSE (Corporatisation and Demutualisation) Scheme, 2005. On August 29, 2005, SEBI notified the Corporatisation and Demutualisation Schemes of ten other stock exchanges.

BSE and NSE together hold a dominant position among the stock exchanges in terms of the number of listed companies, market capitalisation and trading activity.

In order to restrict abnormal price volatility in any particular stock, SEBI has instructed stock exchanges to apply daily circuit breakers for most stocks, which do not allow transactions beyond a certain level of price volatility. An index based market-wide (equity and equity derivatives) circuit breaker system has been implemented and additionally, there are currently in place varying individual scrip-wise bands.

The Indian stock exchanges can also exercise the power to suspend trading during periods of market volatility. Trading on Indian stock exchanges is subject to margin requirements imposed by stock exchanges that are required to be paid by stockbrokers. At the discretion of stock exchanges and under instructions from SEBI, stock exchanges can also impose ad hoc margins for specific stocks in the event of extreme volatility in price movements.

NSE

The NSE was established by financial institutions and banks to provide nationwide on-line satellite-linked screen based trading facilities for market makers with an electronic order-based trading system, and electronic clearing and settlement for securities, including government securities, debentures, public sector bonds and units. The principal aim of the NSE is to enable investors to buy or sell securities from anywhere in India and to serve as a national market for securities. Deliveries for trades executed "on-market" are settled through the National Securities Clearing Corporation Limited. The NSE does not categorise shares into groups as in the case of BSE, except in respect of the trade-to-trade category. Screen- based paperless trading and settlement is possible through the NSE from various cities in India. The NSE commenced operations in the wholesale debt market in June 1994, in capital markets in November 1994 and in derivatives in June 2000. The NSE launched the NSE 50 Index, now known as S&P CNX NIFTY on April 22, 1996 and the mid-cap index on January 1, 1996. The securities in the NSE 50 Index are highly liquid. With a wide network in major metropolitan cities, screen-based trading, a central monitoring system and greater transparency, the NSE has recently recorded high volumes of trading.

BSE

The BSE, the oldest stock exchange in India, was established in 1875. It is the first stock exchange in India to have obtained permanent recognition in 1956 from the Government of India under the SCRA. The BSE switched over from an open outcry trading system to online trading ("BOLT") from May 1995. Earlier an association of persons, BSE is now a corporatised and demutualised entity incorporated under the provisions of the Companies Act, 1956, pursuant to the BSE (Corporatisation and Demutualisation) Scheme, 2005 notified by SEBI. Only a member of the BSE has the right to trade in the stocks listed on the BSE.

Derivatives trading commenced on the BSE in 2000. The BSE has wholesale and retail debt trading segments. Retail trading in government securities commenced in January, 2003. The following two indices are generally used in tracking the aggregate price movements on the BSE. The BSE Sensitive Index, or Sensex, consists of listed shares of 30 large market capitalization companies. The companies are selected on the basis of market capitalization, liquidity and industry representation. The Sensex was first compiled in 1986 with the fiscal year ended March 31, 1979 as its base year. The BSE 100 Index (formerly the BSE National Index) contains listed shares of 100 companies including the 30 in Sensex with fiscal 1984 as the base year. The BSE 100 Index was introduced in January 1989.

Internet-Based Securities Trading and Services

SEBI approved Internet trading in January 2000. Internet trading takes place through order routing systems, which route client orders to exchange trading systems for execution. Stockbrokers interested in providing this service are required to apply for permission to the relevant stock exchange and also have to comply with certain minimum conditions stipulated by the SEBI. The NSE became the first exchange to grant approval to its members for providing Internet-based trading services. Internet trading is possible on both the "equities" as well as the "derivatives" segments of the NSE and the BSE.

Trading Hours

Trading on both the NSE and the BSE occurs from Monday through Friday, between 9:00 a.m. and 3:30 p.m. The NSE and the BSE are closed on public holidays. Pursuant to a circular dated October 23, 2009, the SEBI has permitted all the recognized stock exchanges to set their trading hours (in the cash and derivatives segments), subject to the conditions that, the trading hours are between 9 a.m. and 5 p.m. and such stock exchange has in place risk management systems and infrastructure commensurate to the trading hours.

Trading Procedure

In order to facilitate smooth transactions, in 1995, the BSE replaced its open outcry system with the BSE On-line Trading facility. This automated screen based trading system was put into practice nation-wide. This has enhanced transparency in dealings and has assisted considerably in facilitating settlement cycles and improving efficiency in back-office work.

Electronic trading was introduced in India by the NSE, which developed its technology in-house. The NSE introduced for the first time in India, fully automated screen based trading, which uses a modern, fully computerized trading system designed to offer investors across the length and breadth of the country a safe and easy way to invest. The NSE trading system, which is called the "National Exchange for Automated Trading" ("**NEAT**") is a fully automated screen based trading system, which adopts the principle of an order driven market. The derivatives turnover on the NSE has surpassed the equity market turnover. The turnover of derivatives on the NSE increased from Rs. 2,365.4 crores in 2000-2001 to Rs. 1,10,10,482.2 crores in 2008-2009.

Stock Market Indices

There is an array of indices of stock prices on the NSE. The popular indices are the S&P CNX Nifty, CNX Nifty Junior, S&P CNX Defty, S&P CNX 500, CNX Midcap and CNX 100.

The following two indices are generally used for tracking the aggregate price movements on the BSE.

- The BSE Sensitive Index, or Sensex, consists of listed shares of 30 large market capitalization companies. The companies are selected on the basis of market capitalization, liquidity and industry representation. Sensex was first compiled in 1986 with the fiscal year ended March 31, 1979 as its base year. This is the most commonly used index in India.
- The BSE 100 Index (formerly the BSE National Index) contains listed shares of 100 companies including the 30 companies in the Sensex. The BSE 100 Index was introduced in January 1989 with the fiscal year ended March 31, 1984 as its base year.

Takeover Code

Disclosure and mandatory bid obligations for listed Indian companies under Indian law are governed by the Takeover Code which prescribes certain thresholds or trigger points that give rise to these obligations, as applicable. The Takeover Code is under constant review by the SEBI and was last amended in April 2010. Since our Company is an Indian listed company, the provisions of the Takeover Code will apply to acquisition of our Company's shares.

- The term "shares" is defined under the Takeover Code to mean equity shares or any other security, which entitles a person to receive shares with voting rights but does not include preference shares.
- Any acquirer (meaning a person who, directly or indirectly, acquires or agrees to acquire shares or voting rights in a company, or acquires or agrees to acquire control over a company, either by himself or with any

person acting in concert with him) who acquires shares or voting rights that would entitle him to more than 5%, 10%, 14%, 54% or 74% of the shares or voting rights in a company is required to disclose the aggregate of his shareholding or voting rights in that company to our Company and to each of the stock exchanges on which our Company's shares are listed at every such stage within two days of (i) the receipt of intimation of allotment of shares or (ii) the acquisition of shares or voting rights, as the case may be. Such company in turn is also required to disclose the same to the stock exchanges on which the company's shares are listed.

- A person who holds more than 15% of the shares or voting rights in any company is required to make an annual disclosure of his holdings to that company within 21 days of the financial year ending on 31 March (which in turn is required to disclose the same to each of the stock exchanges on which that company's shares are listed). Further, any person who holds 15% or more but less than 55% or 55% or more but less than 75% of the shares or voting rights in any company is required to disclose any purchase or sale of shares aggregating 2% of the share capital of a company along with the aggregate shareholding after such acquisition or sale, to that company (which in turn is required to disclose the same to each of the stock exchanges on which our Company's shares are listed) and to each of the stock exchanges on which the shares of the company are listed within two days of (i) the receipt of intimation of the allotment of shares or (ii) the acquisition of shares or voting rights, as the case may be.
- Promoters or persons in control of a company are also required to make periodic disclosure of their holdings or the voting rights held by them along with persons acting in concert, in the same manner as above, annually within 21 days of the end of each financial year as well as from the record date for entitlement of dividends. The company is also required to disclose the holdings of its promoters or persons in control as of March 31st of the respective year and on the record date fixed for the declaration of dividends to each of the stock exchanges on which its equity shares are listed. In addition, promoters or persons forming part of the promoter group of our Company are also required to disclose to our Company the details of the shares of our Company pledged by them within 7 days of the creation, or invocation, of the pledge, as the case may be. Our Company is, in turn, required to disclose the information to the stock exchanges within 7 days of receipt of such information, if during any quarter ending March, June, September and December of any year: (i) the aggregate number of pledged shares taken together with the shares already pledged during that quarter exceeds 25,000, or (ii) the aggregate total pledged shares taken together with the shares already pledged during that quarter exceeds 1% of the total shareholding or voting rights of our Company, whichever is lower.
- An acquirer who, together with persons acting in concert with him, acquires or agrees to acquire 15% or more (taken together with existing equity shares or voting rights, if any, held by it or by persons acting in concert with it) of the shares or voting rights of a company would be required to make a public announcement offering to acquire a further minimum of 20% of the shares of our Company at a price not lower than the price determined in accordance with the Takeover Code. Such offer has to be made to all public shareholders of a company (public shareholding is defined as shareholding held by persons other than the promoters) and within four working days of entering into an agreement for the acquisition of or of the decision to acquire shares or voting rights which exceed 15% or more of the voting rights in a company. A copy of the public announcement is required to be delivered on the date on which such announcement is published to SEBI, our Company and the stock exchanges on which a company's equity shares are listed.
- An acquirer who, together with persons acting in concert with him, has acquired 15%, or more, but less than 55% of the shares or voting rights in the shares of a company, cannot acquire additional shares or voting rights that would entitle him to exercise more than 5% of the voting rights (with post acquisition shareholding or voting rights not exceeding 55%) in any financial year ending on 31 March unless such acquirer makes a public announcement offering to acquire a further minimum of 20% of the shares of our company at a price not lower than the price determined in accordance with the Takeover Code.
- An acquirer who, together with persons acting in concert with him, if any, holds 55% or more but less than 75% of the shares or voting rights (or, where the company concerned obtained the initial listing of its shares by making an offer of at least 10% of the issue size to the public pursuant to Rule 19(2)(b) of the SCR Rules, less than 90 of the shares or voting rights in the company) in a company cannot acquire additional shares either by himself, or with, or through persons acting in concert, entitling him to exercise voting rights or voting rights unless such acquirer makes a public announcement offering to acquire a further minimum of 20% of the shares of our Company at a price not lower than the price determined in accordance with the Takeover Code.
- However, such an acquirer may acquire, together with persons acting in concert with him, additional shares or voting rights that would entitle him to exercise up to 5% voting rights in our company, without making a public announcement as aforesaid if (i) the acquisition is made through open market purchase in normal segment on the stock exchange but not through bulk/block deal/negotiated deal/preferential allotment, or the increase in the shareholding or voting rights of the acquirer is pursuant to a buyback of shares by our

Company; and (ii) the post acquisition shareholding of the acquirer together with persons acting in concert with him shall not increase beyond 75%.

- Where an acquirer who (together with persons acting in concert) holds 55% or more, but less than 75% of the shares or voting rights (or, where the company concerned obtained initial listing of its shares by making an offer of at least 10% of the issue size to the public pursuant to Rule 19(2)(b) of the SCR Rules, less than 90% of the shares or voting rights) in the company, intends to consolidate its holdings while ensuring that the public shareholding in the target company does not fall below the minimum level permitted by the listing agreement with the stock exchanges, the acquirer may do so only through an Open Offer under the Takeover Code. Such Open Offer would be required to be made for the lesser of (i) 20% of the voting capital of the company, or (ii) such other lesser percentage of the voting capital of the company as would, assuming full subscription to the Open Offer, enable the acquirer (together with persons acting in concert), to increase the holding to the maximum level possible, i.e. up to the delisting threshold (75% or 90%, as the case may be).
- The mandatory public offer requirements prescribed by the Takeover Code have also been made applicable to acquisitions of global depositary receipts, where the holders of such global depositary receipts become entitled to exercise voting rights in any manner, on the underlying shares.
- In addition, regardless of whether there has been any acquisition of shares or voting rights in a company, an acquirer cannot directly or indirectly acquire control over a company (for example, by way of acquiring the right to appoint a majority of the directors or to control the management or the policy decisions of the company) unless such acquirer makes a public announcement offering to acquire a minimum of 20% of the shares of the company. In addition, the Takeover Code introduces the "chain principle" by which the acquisition of a holding company will obligate the acquirer to make a public offer to the shareholders of each of its subsidiary companies which is listed. However, the public announcement requirement will not apply to any change in control which takes place pursuant to a special resolution passed by way of postal ballot by shareholders. The Takeover Code sets out the contents of the required public announcements as well as the minimum offer price. The minimum offer price depends on whether the shares of the company are "Frequently" or "Infrequently" traded (as defined in the Takeover Code). In the case of shares which are frequently traded, the minimum offer price shall be the highest of:
  (a) the negotiated price under the agreement for the acquisition of shares or voting rights in the company;
  (b) the highest price paid by the acquirer or persons acting in concert with him/her for any acquisitions, including through an allotment in a public, preferential or rights issue, during the 26-week period prior to the date of the public announcement; or
  (c) the average of the weekly high and low of the closing prices of the shares of the company as quoted on the stock exchange where the shares of the company are most frequently traded during the 26-week period prior to the date of the public announcement or the average of the daily high and low of the prices of the shares as quoted on the stock exchange where the shares of the company are most frequently traded during the two-week period prior to the date of the public announcement, whichever is higher.
- The Open Offer for the acquisition of a further minimum of 20% of the shares of a company has to be made by way of a public announcement which is to be made within four working days of entering into an agreement for the acquisition or the decision to acquire shares or voting rights exceeding the relevant percentages or within four working days after the decision to make any such change(s) is made which would result in acquisition of control.
- The Takeover Code provides that an acquirer who seeks to acquire any shares or voting rights which would result in the public shareholding in the target company being reduced to a level below the limit specified in the listing agreement with the stock exchange for the purpose of listing on a continuous basis, shall take the necessary steps to facilitate the compliance by the company with the relevant provisions of such listing agreement, within the time period mentioned therein. Further, the Takeover Code contains penalties for the violation of any provisions.
- The Takeover Code permits conditional offers as well as the acquisition and subsequent delisting of all shares of a company and provides specific guidelines for the gradual acquisition of shares or voting rights. Specific obligations of the acquirer and the board of directors of the target company in the offer process have also been set out.
- SEBI has also recently amended the Takeover Code to provide an exemption from the regulation 10, 11 and 12 of the Takeover Code, providing for, inter alia the requirement of public announcement for acquiring 15%, 15-55% and 55-75%, as applicable, of the shares and voting rights in the company (as described in detail hereinabove) to the holders of ADRs and GDRs, unless the holders thereof become entitled to exercise the voting rights, in any manner on the underlying share or exchange such depository receipts with the underlying shares carrying voting rights.
- The general requirements to make such a public announcements do not, however, apply entirely to bailout

takeovers when a promoter (i.e. a person or persons in control of the company, persons named in any offer document as promoters and certain specified corporate bodies and individuals) is taking over a financially weak company but not a "sick industrial company" pursuant to a rehabilitation scheme approved by a public financial institution or a scheduled bank. A "financially weak company" is a company which has at the end of the previous financial year accumulated losses which have resulted in the erosion of more than 50% but less than 100% of the total sum of its paid up capital and free reserves as at the beginning of the previous financial year. A "sick industrial company" is a company registered for more than five years which has at the end of any financial year accumulated losses equal to or exceeding its entire net worth.

Acquirers making a public offer are also required to deposit a percentage of the total consideration for such offer in an escrow account. This amount will be forfeited in the event that the acquirer does not fulfil his/her obligations. The public offer provisions of the Takeover Code (subject to certain specified conditions), do not apply, inter alia, to certain specified acquisitions, including the acquisition of shares (i) by allotment in a public and rights issue subject to the fulfillment of certain conditions, (ii) pursuant to an underwriting agreement, (iii) by registered stockbrokers in the ordinary course of business on behalf of clients, (iv) in unlisted companies (unless such acquisition results in an indirect acquisition of shares in excess of 15% in a listed company), (v) pursuant to a scheme of arrangement or reconstruction including an amalgamation or demerger, under any law or regulation of India or any other country, (vi) pursuant to a scheme under Section 18 of the SICA, (vii) resulting from transfers between companies belonging to the same group of companies or between promoters of a publicly listed company and their relatives, provided the relevant conditions are complied with, (viii) through inheritance on succession, (ix) resulting from transfers by Indian venture capital funds or foreign venture capital investors registered with the SEBI, to their respective promoters or to other venture capital undertakings, (x) by companies controlled by the Government of India unless such acquisition is made pursuant to a disinvestment process undertaken by the Government of India or a State Government, (xi) pursuant to a change in control by the takeover/restoration of the management of a borrower company by a secured creditor under the terms of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002, (xii) by acquisition of shares by a person in exchange for equity shares received under a public offer made under the Takeover Code, and (xiii) in terms of guidelines and regulations relating to delisting of securities as specified by SEBI. The Takeover Code does not apply to acquisitions in the ordinary course of business by public financial institutions, either on their own account or as a pledgee. An application may also be filed with the SEBI seeking exemption from the requirements of the Takeover Code.

Minimum Level of Public Shareholding

All listed companies are required to ensure that their minimum level of public shareholding remains at or above 25%, however, this requirement does not apply to those companies who in the past had offered at least 10% of the issue size to the public pursuant to Rule 19(2)(b) of the SCRR, or to companies that have reached a size of 20 million or more in terms of the number of outstanding listed shares and Rs. 1000 crores or more in terms of market capitalisation. Such listed companies are required to maintain the minimum level of public shareholding at 10% of the total number of issued shares of a class or kind for the purposes of listing. Failure to comply with this clause in the listing agreement may result in such the delisting of such listed company's shares pursuant to the terms of the Delisting Regulations and may result in penal action being taken pursuant to the SEBI Act.

Insider Trading Regulations

The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations 1992 ("**Insider Trading Regulations**") have been notified by SEBI to prevent insider trading in India by prohibiting and penalising insider trading in India. The Insider Trading Regulations prohibit an "insider" from dealing, either on his/her own behalf or on behalf of any other person, in the securities of a company listed on any stock exchange when in possession of unpublished price sensitive information. The terms "unpublished" and "price sensitive information" are defined in the Insider Trading Regulations. The insider is also prohibited from communicating, counselling or procuring, directly or indirectly, any unpublished price sensitive information to any other person who whilst in possession of such unpublished price sensitive information shall not deal in securities. The prohibition under the Insider Trading Regulations also extends to a company dealing in the securities of a company listed on any stock exchange whilst in the possession of unpublished price sensitive information. It is to be noted that recently SEBI has amended the Insider Trading Regulations to provide certain defences to the prohibition on companies in possession of unpublished price sensitive information dealing in securities.

The Insider Trading Regulations make it compulsory for listed companies and certain other entities associated with the securities market to establish an internal code of conduct to prevent insider trading and also to regulate disclosure of unpublished price sensitive information within such entities so as to minimise misuse of such information. To this end, the Insider Trading Regulations provide a model code of conduct. Further, the Insider Trading Regulations specify a model code of corporate disclosure practices to prevent insider trading which must be implemented by all listed companies.

On a continuing basis, under the Insider Trading Regulations, any person who holds more than 5% of the shares or of the voting rights in any listed company is required to disclose to our company, the number of shares or voting rights held by him and any change in shareholding or voting rights, (even if such change results in the shareholding falling below 5%) if there has been change in such holdings from the last disclosure made, provided such change exceeds 2% of the total shareholding or voting rights in our company. Such disclosure is required to be made within four working days of:

1. the receipt of intimation of allotment of the shares; or
2. the acquisition or the sale of the shares or voting rights, as the case may be.

All directors and officers of a listing company are required to make periodic disclosures of their shareholding as specified in the Insider Trading Regulations.

Depositories

In August 1996, the Indian Parliament enacted the Depositories Act 1996 ("**Depositories Act**") which provides a legal framework for the establishment of depositories to record ownership details and effect transfers in electronic book-entry form. SEBI has framed the Securities and Exchange Board of India (Depositories and Participants) Regulations 1996 which provide for the formation of such depositories, the registration of participants as well as the rights and obligations of the depositories, participants, the beneficial owners and the issuers. The depository system has significantly improved the operations of the Indian securities markets.

Trading of securities in book-entry form commenced in December 1996. In January 1998, SEBI notified scripts of various companies for compulsory dematerialised trading by certain categories of investors such as foreign institutional investors and other institutional investors and has also notified compulsory dematerialised trading in specified scripts for all retail investors. SEBI has subsequently significantly increased the number of scripts in which dematerialised trading is compulsory for all investors. Under the Depositories Act and guidelines issued by SEBI, the company shall give the option to subscribers/shareholders to receive the security certificates and hold securities in dematerialised form with a Depositary.

However, even in the case of scripts notified for compulsory dematerialised trading, investors, other than institutional investors, may trade in and deliver physical shares on transactions outside the stock exchange where there are no requirements to report such transactions to the stock exchange and on transactions on the stock exchange involving lots of less than 500 securities.

Transfers of shares in book-entry form require both the seller and the purchaser of the Equity Shares to establish accounts with Depositary Participants registered with the depositaries established under the Depositories Act. Upon delivery, the shares shall be registered in the name of the relevant Depositary on the company's books and this Depositary shall enter the name of the investor in its records as the beneficial owner, thus effecting the transfer of beneficial ownership. The beneficial owner shall be entitled to all rights and benefits of a shareholder and be subject to all liabilities in respect of his/her shares held by a Depositary.

The Companies Act compulsorily provides that Indian companies making any initial public offerings of securities for or in excess of Rs. 10 crores should issue the securities in dematerialised form.

DESCRIPTION OF THE EQUITY SHARES

Set forth below is certain information relating to the share capital of our Company including a brief summary of some of the provisions of the Memorandum and Articles of Association of our Company and the Companies Act relating to the rights attached to the Equity Shares.

General

The authorised share capital of our Company is Rs. 800 millions comprising of 160 million Equity Shares of Rs. 5/- each aggregating Rs. 800 millions.

Dividends

Under the Companies Act, unless the Board recommends the payment of a dividend, the Shareholders at a general meeting have no power to declare any dividend. Subject to certain conditions laid down by Section 205 of the Companies Act, no dividend can be declared or paid by a company for any financial year except out of the profits of the company or out of the profits of the company for any previous financial year(s) arrived at after providing for depreciation in accordance with the provisions of the Companies Act and remaining undistributed or out of both or out of moneys provided by the Central or State Government for payment of dividend in pursuance of a guarantee given by that government. Under the Company's Articles of Association, the Shareholders at a general meeting may declare a lower, but not higher, dividend than that recommended by the Board. Dividends are generally declared as a percentage of the par value. The dividend recommended by the Board and approved by the Shareholders at a general meeting is distributed and paid to Shareholders in proportion to the paid-up value of their Shares as of the record date for which such dividend is payable. In addition, as permitted by the Company's Articles of Association, the Board may announce and pay interim dividends. Under the Companies Act, dividends can only be paid in cash to Shareholders listed on the register of Shareholders on the date which is specified as the "record date" or "book closure date" or to those Shareholders keeping their shares in dematerialised form, a list of which is provided by the National Securities Depository Limited (the "NSDL") and the Central Depository Services (India) Limited (the "CDSL"). No Shareholder is entitled to a dividend while any lien in respect of unpaid calls on any of his/her Shares is outstanding subject to Section 205 A of the Act.

Any dividend declared shall be deposited in a separate bank account within five days from the date of the declaration of such dividend. Dividends must be paid within 30 days from the date of the declaration and any dividend which remains unpaid or unclaimed after that period must be transferred within seven days of the expiry of the 30-day period mentioned above, to a special unpaid dividend account held at a scheduled bank. Any money which remains unpaid or unclaimed for seven years from the date of such transfer must be transferred by the Company to the Investor Education and Protection Fund established by the Government pursuant to which no claim shall lie against the Company or the Investor Education and Protection Fund. Directors of the Company may be held criminally liable for any default of the aforementioned provisions.

Under the Companies Act, the Company may only pay a dividend in excess of 10.0% of paid-up capital, in respect of any financial year, out of the profits of that year after it has transferred to its reserves a percentage of its profits for that year ranging between 2.5% and 10.0%, depending on the rate of dividend proposed to be declared/paid in that year. The Companies Act further provides that if the profit for a year is inadequate or absent, the dividend for that year may be declared out of the accumulated profits earned in previous years and transferred to reserves, subject to the following conditions: (i) the rate of dividend to be declared may not exceed the lesser of the average of the rates at which dividends were declared in the five years immediately preceding that year, or 10.0% of paid-up capital; (ii) the total amount to be drawn from the accumulated profits from previous years and transferred to reserves, may not exceed an amount equivalent to 10.0% of paid-up capital and reserves and the amount so drawn is first to be used to set off the losses incurred in the financial year before any dividends in respect of preference or equity shares is declared; and (iii) the balance of reserves after withdrawals must not be below 15.0% of paid-up capital.

Any income by way of dividends distributed, declared or paid (whether interim or otherwise) by a company is subject to dividend distribution tax under the Finance Act, 2010 at a rate of 15% excluding the presently applicable surcharge, of 1.125 and an education cess of 0.3225 and 0.16125 secondary and higher education cess resulting in an effective rate of 16.60875% of the total amount of the dividend declared, distributed or paid.

Bonus Shares

The Company's Articles of Association permit the Company by a resolution of the Shareholders in a general meeting to resolve in certain circumstances that certain amounts standing to the credit of certain reserves or securities premiums can be capitalised and distributed by way of bonus, in the same proportion and on the footing that such Shareholders became entitled to capital. Such amounts may also be utilised on behalf of the Company's Shareholders to pay in full, either at par or premium, any unissued shares or debentures and or pay any amounts for the time being unpaid on any shares held by the members.

Any issue of bonus shares would be subject to the regulations issued by the SEBI in this regard. The relevant SEBI ICDR Regulations prescribe that no company shall, pending conversion of convertible securities, issue any shares by way of bonus unless a similar benefit is extended to the holders of such convertible securities, through reservation of shares in proportion to such convertible part of the convertible securities falling due for conversion within a period of 12 months from the date of bonus issue. Further, for the issuance of such bonus shares, a company should not have defaulted in the payment of interest or principal in respect of fixed deposits and interest on existing debentures or principal on redemption of such debentures nor can bonus shares be declared unless the partly paid-up shares are fully paid up. The declaration of bonus shares in lieu of a dividend cannot be made. The bonus issue shall be made out of free reserves built out of genuine profits or share premium collected in cash only. The reserves created by revaluation of fixed assets cannot be capitalised. Further, a company should have sufficient reason to believe that it has not defaulted in respect of the payment of statutory dues of the employees, such as contribution to provident fund, gratuity and/or bonus.

Pre-Emptive Rights and Alteration of Share Capital

Subject to the provisions of the Companies Act, the Company may increase its share capital by issuing new Shares. Such new Shares shall be offered to existing Shareholders listed on the members' register on the record date in proportion to the amount paid-up on those Shares at that date. The offer shall be made by notice specifying the number of Shares offered and the date (being not less than 15 days from the date of the offer) after which the offer, if not accepted, will be deemed to have been declined. After such date, the Board may dispose of the Shares offered in respect of which no acceptance has been received, in such manner as they think most beneficial to the Company. The offer is deemed to include a right exercisable by the person concerned to renounce the Shares offered to him/her in favour of any other person provided that the person in whose favour such Shares have been renounced is approved by the Board in their absolute discretion.

Under the provisions of the Companies Act, new Shares may be offered to any persons whether or not those persons include existing Shareholders, if a special resolution to that effect is passed by the Shareholders of the Company in a general meeting.

The Company may, by ordinary resolution, from time to time, alter the Company's Memorandum of Association to subdivide the Shares for a larger amount than is fixed by the Memorandum of Association provided that the same proportionate liability shall continue on the Shares so reduced or increased as existed on the original Shares before such subdivision or consolidation, or it may cancel Shares which, at the date of passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of Shares cancelled.

The Company's issued share capital may, among other things, be increased by the exercise of warrants attached to any of the Company's securities, or individually issued, entitling the holder to subscribe for the Company's shares or upon the conversion of convertible debentures issued. The issue of any convertible debentures or the taking of any convertible loans, other than from the Government and financial institutions, requires the approval of a special resolution of the Shareholders.

The Company's Articles of Association provide that the Company may in a general meeting, from time to time increase its capital by the creation of new shares and may consolidate or sub-divide its share capital, convert all or any of its fully paid-up Shares into stock and reconvert that stock into fully paid-up Shares or cancel Shares which have not been taken up by any person. The Company may also from time to time by special resolution reduce its capital and pay capital on the grounds that it may be called up again or otherwise.

The Company's Articles of Association also provide that if at any time the Company's share capital is divided into different classes of shares, the rights attached to any one class (unless otherwise provided by the terms of issue of the shares of that class) may be varied with the consent in writing of the holders of three-fourths of the issued shares of that class, or with the sanction of a special resolution, passed at a separate meeting of the holders of the shares of that class.

General Meetings of Shareholders

The Company must hold its annual general meeting each year within 15 months of the previous annual general meeting and in any event not later than six months after the end of each accounting year, unless extended by the Registrar of Companies at the Company's request for any special reason. The Board may convene an extraordinary general meeting of shareholders when necessary or at the request of a shareholder or shareholders holding in the aggregate not less than 10.0% of the Company's paid-up capital (carrying a right to vote in respect of the relevant matter on the date of the deposit of the requisition).

Written notices convening a meeting setting out the date, place and agenda of the meeting must be given to members at least 21 clear days prior to the date of the proposed meeting. A general meeting may be called after giving shorter notice if consent is received from all Shareholders, in the case of an annual general meeting, and from Shareholders holding not less than 95.0% of the Company's paid-up capital, in the case of any other general meeting. Currently, the Company gives written notices to all its members, the auditors of the Company, to the persons entitled to a share in consequence of the death or insolvency of a member and, in addition, gives public notice of general meetings of shareholders in a daily newspaper of general circulation in Rajasthan. Shareholders meetings are generally held at Bhiwadi in Rajasthan. The quorum for a general meeting of the Company is five Shareholders personally being present.

A company intending to pass a resolution relating to matters such as, but not limited to, amending the objects clause of its memorandum of association, issue of shares of differential voting rights as to voting or dividend or otherwise, variation in the rights attached to a class of shares or debentures or other securities, buyback of shares under the Companies Act or giving loans or extending guarantees in excess of limits prescribed under the Companies Act and guidelines issued thereunder, is required to obtain passage of the resolution by means of a postal ballot instead of transacting the business in the general meeting of the company. A notice to all shareholders shall be sent along with a draft resolution explaining the reasons thereof and requesting each shareholder to send his/her assent or dissent in writing on a postal ballot within a period of 30 days from the date of posting the letter. Postal ballot includes voting by electronic mode.

Voting Rights

At a general meeting, upon a show of hands, every member holding shares and entitled to vote and present in person has one vote. Upon a poll, the voting rights of each Shareholder entitled to vote and present in person or by proxy, are in the same proportion as the capital paid-up on each Share held by such Shareholder to the total paid-up capital of the Company. Voting is by show of hands, unless a poll is ordered by the Chairman of the meeting or demanded by a Shareholder or Shareholders holding at least 10.0% of the voting rights in respect of the resolution. The Chairman of the meeting has a casting vote.

Ordinary resolutions may be passed by simple majority of those present and voting at any general meeting for which the required period of notice has been given. Special resolutions require that the votes cast in favour of the resolution by those present and voting must be at least three times the votes cast against the resolution. Under the Companies Act some of the matters that require special resolution are amendment to the Articles of Association, members voluntary winding up, dissolutions, merger or consolidation.

A Shareholder may exercise his voting rights by proxy to be given in the form required by the Articles of Association of the Company. The instrument appointing a proxy is required to be lodged with the Company at least 48 hours before the time of the meeting. A Shareholder may, by a single power of attorney, grant a general power of representation regarding several general meetings of Shareholders. Any Shareholder of the Company may appoint a proxy. A corporate shareholder is also entitled to nominate a representative to attend and vote on its behalf at general meetings. A proxy may not vote except on a poll and does not have a right to speak at meetings. A Shareholder which is a legal entity may appoint an authorised representative who can vote in all respects as if a member both by show of hands and by poll.

A Shareholder may exercise their voting rights by proxy to be given in the form provided in the relevant schedule to the Companies Act. The instrument appointing a proxy must be delivered to the Company at least 48 hours prior to a general meeting. A Shareholder is also entitled to nominate a representative to attend and vote (both upon a show of hands and upon poll) on its behalf at general meetings.

Registration of Transfers and Register of Members

Our Company is required to maintain a register of members wherein the particulars of the members of our Company are entered. For the purpose of determining the shareholders, the register may be closed for such period not exceeding 45 days in any one year or 30 days at any one time at such times, as the Board may deem expedient. Under the listing agreement with BSE on which our Company's outstanding Equity Shares are listed, our Company may, upon at least seven days' advance notice to such stock exchange, set a record date and/or close the register of shareholders in order to ascertain the identity of shareholders. The trading of Equity Shares and the delivery of certificates in respect thereof may continue while the register of shareholders is closed.

The transfer of shares held in physical form (not dematerialised) shall take place through an instrument in writing and application for transfer is to be made for transfer by a legal representative of a deceased member.

Directors

The Articles of our Company provide that the number of Directors of our Company shall not be less than three and not be more than 12. The Directors shall be appointed by our Company in the general meeting subject to the provisions of the Companies Act and the Articles. Not less than two-thirds of the Directors of our Company shall be persons whose period of office is liable to determination by retirement of directors by rotation. The remaining Directors shall be appointed in accordance with the Articles. As per the Companies Act, a Director shall not be a director in more than fifteen companies. Our Company may increase or decrease the number of directors and alter their qualification by an Ordinary Resolution from time to time provided the increase is not more than 12 and approved by the Central Government.

The Directors have the power to appoint any other persons as an addition to the Board but any director so appointed shall hold office only up to the date of the next following annual general meeting of our Company but shall be eligible for reappointment at such meeting. Subject to the provisions of Section 313 of the Companies Act, the Board shall also have the power to appoint any person to act as an alternate director for a director during the latter's absence for a period of not less than three months from the state in which the meeting of the Directors is ordinarily held. The Alternate Director shall vacate the office if and when the original Director returns to the State in which the meetings of the Board are ordinarily held and in case the office of the original Director is determined before he returns, the provisions of the Companies Act and the Articles for automatic reappointment shall apply to the original director and not the Alternate Director. Not less than two-thirds of the total numbers of directors shall be persons whose period of office is subject to retirement by rotation and one third of such directors, or if their number is not three or a multiple of three, then the number nearest to one-third, shall retire from office at every annual general meeting. The Directors to retire are those who have been the longest in the office since their last appointment.

Annual Report and Financial Results

The annual report is required to be laid before the annual general meeting of the shareholders of our Company. This includes financial information such as the audited financial statements as of the date of closing of the financial year, directors' report, management's discussion and analysis and a corporate governance section, and is sent to the shareholders of our Company. Our Company is required to file the annual report with the Registrar of Companies within 60 days from the date of the annual general meeting. As required under the listing agreement, copies are required to be simultaneously sent to Stock Exchanges. Our Company must also file its financial results in at least one English language daily newspaper circulating the whole or substantially the whole of India and also in a newspaper published in the language of the region where the registered office of our company is situated.

Transfer of Shares

Equity Shares held through depositories are transferred in the form of book entries or in electronic form in accordance with the regulations laid down by SEBI. These regulations provide the regime for the functioning of the depositories and the participants and set out the manner in which the records are to be kept and maintained and the safeguards to be followed in this system. Transfers of beneficial ownership of shares held through a depository are exempt from stamp duty. Our Company has entered into an agreement for such depository services with the NSDL and the CDSL. SEBI requires that our Company's shares for trading and settlement purposes be in book-entry form for all investors, except for transactions that are not made on a stock exchange and transactions that are not required to be reported to the stock exchange.

The Equity Shares are freely transferable, subject only to the provisions of the Companies Act, under which, if a transfer of shares contravenes the SEBI provisions or the regulations issued under it, or the SICA, or any other similar law, the Company Law Board may, on an application made by a company, a depository incorporated in India, an investor, the SEBI or other parties, direct a rectification of the register of members. If a company without sufficient cause refuses to register a transfer of shares within two months from the date on which the instrument of transfer is delivered to the company, the transferee may appeal to the Indian Company Law Board seeking to register the transfer of equity shares. The Company Law Board may, in its discretion, issue an interim order suspending the voting rights attached to the relevant equity shares before completing its investigation of the alleged contravention. Under the Companies (Second Amendment) Act, 2002, the Indian Company Law Board will be replaced with the National Company Law Tribunal. Further, under the Sick Industrial Companies (Special Provisions) Repeal Act, 2003, which is expected to come into force shortly, the SICA is sought to be repealed and the Board of Industrial and Financial Reconstruction, as constituted under the SICA, is to be replaced with the National Company Law Tribunal.

Pursuant to the Listing Agreements, in the event our Company has not effected the transfer of shares within one month or where our Company has failed to communicate to the transferee any valid objection to the transfer within the stipulated time period of one month, it is required to compensate the aggrieved party for the opportunity loss caused during the period of the delay. The Equity Shares of our Company shall be freely transferable.

The Companies Act provides that the shares or debentures of a publicly listed company shall be freely transferable. However, the Board may, subject to Section 111 of the Companies Act, at any time in their absolute and uncontrolled discretion by giving reasons decline to register shares. However, this may not be done on the grounds that the transferor is indebted to the Company on any account whatsoever. Notice of such refusal must be sent to the transferee within two months of the date on which the transfer was lodged with the company.

A transfer may also be by transmission. Subject to the provisions of the Company's Articles, any person becoming entitled to shares in consequence of the death, lunacy, bankruptcy or insolvency of any member or by any lawful means other than by a transfer in accordance with these presents, may, with the consent of the Board, upon producing such evidence that he sustains the character in respect of which he proposes to act under the Article, or his title, as the Board thinks sufficient, be registered as a member in respect of such shares, or may, subject to the regulations as to transfer contained in the Articles, transfer such shares.

Acquisition by our Company of its own Equity Shares

Our Company in accordance with its Articles and the provisions of the Companies Act is authorised to purchase any of its fully paid shares and reissue or cancel the same subject to the compliance of sections 77, 77A, 77AA and 77B of the Companies Act and other applicable law and such other terms and conditions as may be required by the provisions of the Companies Act or Articles of our Company or as the Board may deem fit.

Liquidation Rights

Subject to the provisions of the Companies Act (including in particular the rights of employees, the requirement to pay statutory dues and the rights of creditors as contained in Sections 529A and 530 thereof), and of the holders of any other shares entitled by their terms of issue to preferential repayment over the Shares, in the event of the Company's winding-up, the holders of the Shares are entitled to be repaid the amounts of capital paid-up or credited as paid-up on such Shares or in case of shortfall, proportionately. All surplus assets remaining after payments due to employees, statutory dues, the holders of any preference shares and other creditors in accordance with Sections 529A and 530 of the Companies Act belong to the holders of the equity shares in proportion to the amount paid-up or credited as paid-up on such Shares, respectively, at the commencement of the winding-up.

TAXATION

To,
The Board of Directors,
Aksh Optifibre Limited

Dear Sirs,

Subject: Statement of Possible Tax Benefits

We hereby report that the enclosed annexure A states the probable tax benefits that may be available to the Shareholders of Aksh Optifibre Limited (the "Company") under the provisions of the Income Tax Act, 1961 and other allied direct and indirect tax laws presently prevailing and in force in India.

Several of these benefits are subject to the Company or its Shareholders fulfilling the conditions prescribed under the relevant tax laws and their interpretations. Hence, the ability of the Company or its Shareholders to derive tax benefits is subject to fulfilment of such conditions, which based on business imperatives the Company faces in the future, the Company may or may not choose to fulfil.

The benefits discussed in the enclosed annexure A are neither exhaustive nor are they conclusive. This statement is only intended to provide general information and to guide the investors and is neither designed nor intended to be a substitute for professional tax advice. A shareholder is advised to consult his/ her/ their own tax consultant with respect to the tax implications of an investment in the equity shares particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the benefits, which an investor can avail.

We do not express any opinion or provide any assurance as to whether:

- The Company or its Shareholders will continue to obtain these benefits in future; or
- The conditions prescribed for availing the benefits have been / would be met with.
- The revenue authorities / courts will concur with the views expressed herein.

For **P.C. Bindal & Co.**
Chartered Accountants
Firm Registration No.: 003824N

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

Place: New Delhi
Date: 3rd August, 2010

Annexure A

As per the taxation laws in force, the tax benefits / consequences as applicable, to the Qualified Institutional Investors (not being individuals or HUFs) investing in the Equity Shares are stated as follows:

1. Benefits available to resident shareholders

1.1 Dividends exempt under Section 10(34) Dividends (whether interim or final) declared, distributed or paid by the Company are exempt in the hands of shareholders as per the provisions of Section 10(34) of the Income Tax Act, 1961 (" the Act").

1.2 Computation of capital gains

1.2.1. Capital assets may be categorized into short term capital assets and long term capital assets based on the period of holding. Shares in a company, listed securities or units of UTI or units of mutual fund specified under section 10 (23D) of the Act or zero coupon bonds will be considered as long term capital assets if they are held for a period exceeding 12 months. Consequently, capital gains arising on sale of these assets held for more than 12 months are considered as "long term capital gains". Capital gains arising on sale of these assets held for 12 months or less are considered as "short term capital gains".

1.2.2. Section 48 of the Act, which prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition / improvement and expenses incurred in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. However, in respect of long term capital gains, it offers a benefit by permitting substitution of cost of acquisition / improvement with the indexed cost of acquisition / improvement, which adjusts the cost of acquisition / improvement by a cost inflation index as prescribed from time to time.

1.2.3. As per the provisions of Section 112 of the Act, long term gains as computed above that are not exempt under section 10(38) of the Act would be subject to tax at a rate of 20 percent (plus applicable surcharge and various education cesses). However, as per the proviso to Section 112(1), if the tax on long term capital gains resulting on transfer of listed securities or units of UTI or Mutual Fund (whether listed or not) or zero coupon bonds calculated at the rate of 20 percent with indexation benefit exceeds the tax on long term gains computed at the rate of 10 percent without indexation benefit, then such gains are chargeable to tax at a concessional rate of 10 percent (plus applicable surcharge and various education cesses).

1.2.4. Gains arising on transfer of short term capital assets are currently chargeable to tax at the rate of 30 percent (plus applicable surcharge, education cess and secondary higher education cess) at the discretion of assessee. However, as per the provisions of section 111A of the Act, short-term capital gains of equity shares or units in equity oriented mutual fund on or after 1st October, 2004, where the transaction of sale is chargeable to STT shall be subject to tax at a rate of 15 percent (plus applicable surcharge, education cess and secondary higher education cess).

1.2.5. Exemption of capital gain from income tax
Under section 10 (38) of the Act, long term capital gains arising out of sale of equity shares or a unit of equity oriented fund will be exempt from tax provided that the transaction of sale of such equity shares or unit is chargeable to Securities Transaction Tax ("STT").

According to the provisions of sections 54EC of the Act and subject to the conditions specified therein, long term capital gains not exempt under section 10 (38) shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. If only the part of capital gain is so reinvested, the exemption shall be allowed proportionately. In such a case, the cost of such long term specified assets will not qualify for deduction under section 80C of the Act. However, if the said bonds are transferred or converted into money within a period of three years from the date of their acquisition the amount of capital gain exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money. Provided that investments made on or after 1st April 2007, in the said bonds should not exceed fifty lakh rupees. According to the provisions of section 54F of the Act and subject to the conditions specified therein, in the case of an individual or a Hindu Undivided Family ('HUF'), gains arising on transfer of a long term capital asset (not being a residential house) are not chargeable to tax if the entire net consideration received on such transfer is invested within the prescribed period in a residential house. If only a part of such net consideration is invested within the prescribed period in a residential house, the exemption shall be allowed proportionately. In order to claim benefit, the individual or HUF should not own more than one residential house on the date of transfer. For the purpose of this section, net consideration means full value of the consideration received or accruing as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer. Further, if the residential house in which the investment has been made is transferred within a period of three years from the date of its construction, the amount of capital gains tax exempted earlier would become chargeable to tax as long term capital gains in the year in which such residential house is transferred. Further thereto, if the individual purchases within a period of two years or constructs within a period of three years after the date of transfer of the long term capital asset, any other residential house, other than the residential house referred to above, the amount of capital gains tax exempted earlier would become chargeable to tax as long term capital gains in the year in which such residential house is purchased or constructed.

1.3 Deduction in respect of Securities Transaction Tax paid against Business Income

Under Section 36 (1) (xv) of the Act, the amount of Securities Transaction Tax paid by an assessee in respect of taxable securities transactions offered to tax as "Profits and gains of Business or profession" shall be allowable as a deduction against such Business Income

2. Benefits available to Non-residents (other than FIIs and Foreign Venture Capital Investors):

2.1 Dividends exempt under Section 10(34)

Dividends (whether interim or final) declared, distributed or paid by the Company u/s 115-O are exempt in the hands of shareholders as per the provisions of Section 10(34) of the Act.

2.2 Computation of capital gains

2.2.1. Capital assets may be categorized into short term capital assets and long term capital assets based on the period of holding. Shares in a company, listed securities or units of UTI or units of mutual fund specified under section 10 (23D) of the Act or zero coupon bonds will be considered as long term capital assets if they are held for a period exceeding 12 months. Consequently, capital gains arising on sale of these assets held for more than 12 months are considered as "long term capital gains". Capital gains arising on sale of these assets held for 12 months or less are considered as "short term capital gains".

2.2.2. Section 48 of the Act contains special provisions in relation to computation of capital gains on transfer of an Indian company's shares by non-residents. Computation of capital gains arising on transfer of shares in case of non-residents has to be done in the original foreign currency, which was used to acquire the shares. The capital gain (i.e., sale proceeds less cost of acquisition/ improvement) computed in the original foreign currency is then converted into Indian Rupees at the prevailing rate of exchange. Benefit of indexation of costs is not available in the above case.

2.2.3. According to the provisions of section 112 of the Act, long term capital gains as computed above that are not exempt under section 10 (38) of the Act would be subject to tax at a rate of 20 percent (plus applicable surcharge, education cess and secondary higher education cess). In case investment is made in Indian Rupees, the long-term capital gains that are not exempt u/s. 10(38) of the Act are to be computed after indexing the cost.

2.2.4. However, as per the proviso to section 112 (1) (c), if the tax on long term gains resulting on transfer of listed securities or units or zero coupon bond, calculated at the rate of 20 percent with indexation benefit exceeds the tax on long term gains computed at the rate of 10 percent without indexation benefit, then such gains are chargeable to tax at a concessional rate of 10 percent (plus applicable surcharge, education cess and secondary higher education cess).

2.2.5. Gains arising on transfer of short term capital assets are currently chargeable to tax at the rate of 30 percent (plus applicable surcharge, education cess and secondary higher education cess) at the discretion of assessee. However, as per the provisions of section 111A of the Act, short-term capital gains of equity shares where the transaction of sale is chargeable to STT shall be subject to tax at a rate of 15 percent (plus applicable surcharge, education cess and secondary higher education cess).

2.2.6. Exemption of capital gain from income tax

- Under section 10(38) of the Act, long term capital gains arising out of sale of equity shares or units of equity oriented fund will be exempt from tax provided that the transaction of sale of such equity shares or units is chargeable to STT.

- According to the provisions of section 54EC of the Act and subject to the conditions specified therein, capital gains not exempt under section 10(38) shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. If only part of the capital gain is so reinvested, the exemption shall be allowed proportionately. Provided that investments made on or after 1st April 2007, in the said bonds should not exceed fifty lakh rupees. In such a case, the cost of such long term specified asset will not qualify for deduction under section 80 C of the Act.

- However, if the assessee transfers or converts the notified bonds into money within a period of three years from the date of their acquisition, the amount of capital gains exempt earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money.

- According to the provisions of section 54F of the Act and subject to the conditions specified therein, in the case of an individual or a HUF, gains arising on transfer of a long term capital asset (not being a residential house) are not chargeable to tax if the entire net consideration received on such transfer is invested within the prescribed period in a residential house. If only a part of such net consideration is invested the prescribed period in a residential house, the exemption shall be allowed proportionately. In order to claim benefit, the individual or HUF should not own more than one residential house on the date of transfer. For the purpose of this section, net consideration means full value of the consideration received or accrued as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer. Further, if the residential house in which the investment has been made is transferred within a period of three years from the date of its construction, the amount of capital gains tax exempted earlier would become chargeable to tax as long term capital gains in the year in which such residential house is transferred. Further thereto, if the individual purchases within a period of two years or constructs within a period of three years after the date of transfer of the long term capital asset, any other residential house, other than the residential house referred to above, the amount of capital gains tax exempted earlier would become chargeable to tax as long term capital gains in the year in which such residential house is purchased or constructed.

2.3 Deduction in respect of Securities Transaction Tax paid against Business Income

Under Section 36 (1) (xv) of the Act, the amount of Securities Transaction Tax paid by an assessee in respect of taxable securities transactions offered to tax as “Profits and gains of Business or profession” shall be allowable as a deduction against such Business Income.

2.4 Provisions of the Act vis-à-vis provisions of the tax treaty

As per Section 90 (2) of the Act, the provisions of the Act would prevail over the provisions of the relevant tax treaty to the extent they are more beneficial to the non-resident.

3. Benefits available to Foreign Institutional Investors (‘FIIs’)

3.1 Dividends exempt under section 10(34)

Dividends (whether interim or final) declared, distributed or paid by the Company are exempt in the hands of shareholders as per the provisions of section 10(34) of the Act.

3.2 Taxability of capital gains

3.2.1Under section 10 (38) of the Act, long term capital gains arising out of sale of equity shares or units of equity oriented fund will be exempt from tax provided that the transaction of sale of such equity shares or units is chargeable to STT. However, such income shall be taken into account in computing the book profits under section 115JB. 3.2.2 The income by way of short term capital gains or long term capital gains in case not covered under section 10 (38) of the Act realized by FII's on sale of the shares of the Company would be taxed at the following rates as per section 115AD of the Act.

- Short term capital gains, other than those referred to under section 111A of the Act shall be taxed @ 30% (plus applicable surcharge, education cess and secondary higher education cess).

- Short term capital gains, referred to under section 111A of the Act shall be taxed @ 15% (plus applicable surcharge, education cess and secondary higher education cess).

- Long term capital gains @10% (plus applicable surcharge, education cess and secondary higher education cess) (without cost indexation). It may be noted that the benefits of indexation and foreign currency fluctuation protection as provided by section 48 of the Act are not applicable.

3.2.3 According to provisions of section 54EC of the Act and subject to the condition specified therein, long term capital gains not exempt under section 10(38) shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. If only part of the capital gain is so reinvested, the exemption shall be allowed proportionately. Provided that investments made on or after 1st April 2007, in the said bonds should not exceed fifty lakh rupees.

3.2.4 However, if the assessee transfers or converts the notified bonds into money within a period of three years from the date of their acquisition, the amount of capital gains exempt earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money.

3.2.5 Further the tax benefits related to capital gains are subjected to the CBDT circular no. 4/2007 dated 15th June 2007, and on fulfilment of criteria laid down in the circular, the Company will be able to enjoy the consessional benefits of taxation on capital gains.

3.3 Provisions of the Act vis-à-vis provisions of the tax treaty

As per Section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the relevant tax treaty to the extent they are more beneficial to the non-resident.

4. Benefits available to Mutual Funds

As per the provisions of Section 10(23D) of the Act, any income of Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 or Regulations made thereunder, Mutual Funds set up by public sector banks or public financial institutions and Mutual Funds authorized by the Reserve Bank of India would be exempt from income tax, subject to the conditions as the Central Government may by notification in the Official Gazette specify in this behalf.

5. Benefits to the Venture Capital Companies/ Funds

As per the provisions of section 10(23FB) of the Act, any income of Venture Capital Companies/ Funds (set up to raise funds for investment in a venture capital undertaking registered and notified in this behalf) registered with the Securities and Exchange Board of India, would be exempt from income tax, subject to the conditions specified therein. However, the exemption is restricted to the Venture Capital Company and Venture Capital Fund set up to raise funds for investment in a Venture Capital Undertaking, which is engaged in the business as specified under section 10(23FB)(c). However, the income distributed by the Venture Capital Companies/ Funds to its investors would be taxable in the hands of the recipients.

6. Tax Treaty benefits

An investor has an option to be governed by the provisions of the Act or the provisions of a Tax Treaty that India has entered into with another country of which the investor is a tax resident, whichever is more beneficial.

7. Benefits available under the Wealth-tax Act, 1957

Asset as defined under Section 2(ea) of the Wealth tax Act, 1957 does not include Equity Shares in companies and hence, Equity Shares are not liable to wealth tax.

8. Benefits available under the Gift-Tax Act, 1958

Gift of shares of the Company made on or after October 1, 1998 are not liable to Gift Tax.

The above Statement sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of Equity Shares held as investment (and not as stock in trade). The statements made above are based on the tax laws in force and as interpreted by the relevant taxation authorities as of date. Investors are advised to consult their tax advisors with respect to the tax consequences of the purchase, ownership and disposal of equity shares.

Notes:

1. All the above benefits are as per the current tax laws as amended by the Finance Act, 2010 and will be available only to the sole / first named holder in case joint holders hold the shares.
2. In respect of non – residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the double taxation avoidance agreements, if any, between India and the country in which the non- residence has fiscal domicile.
3. In view of the individual nature of tax consequences, each investor is advised to consult his / her own tax advisor with respect to specific tax consequences of his / her participation in the scheme. The tax implications of and investment in the equity shares, particularly in view of the fact that certain recently enacted legislations may not have direct legal precedent or may have a different interpretation on the benefits, which an investor can avail.
4. This summary is not intended to constitute a complete analysis of the tax consequences or a legal opinion under Indian law or the law of any other jurisdiction of the acquisition, ownership and sale of the shares by potential investors.

For **P.C. Bindal & Co.**
Chartered Accountants
Firm Registration No.: 003824N

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

Place: New Delhi
Date: 3rd August, 2010

LEGAL PROCEEDINGS

Save as described below, the Company believes it is not involved in any legal proceedings and in the opinion of the Company no proceedings are threatened, which may have, or have had during the 12 months preceding the date of the Preliminary Placement Document, material adverse effect on the Company's business, financial position, profitability or results of operations. A summary of litigation involving the Company is set forth below.

I. Litigation involving the Company

A. Litigations against the Company

1. The Company supplied Optical fibre cables to BSNL, Punjab Circle against certain tenders of BSNL for the F.Y. 2000-2001. Against these supplies, BSNL Punjab circle has issued three recovery letters dated 26 August 2002 amounting to Rs. 3.53 million wherein the Company was asked to refund the excess payments by the Department and withheld the payment of Rs. 3,319,184 for supplies made to BSNL for Ludhiana, Jalandhar and Pathankot in February, 2003. Accordingly, arbitration proceedings took place wherein the sole arbitrator decided in favour of the Company vide his order dated September 10, 2007. Aggrieved, BSNL has preferred an appeal before the District Court, Chandigarh (Arbitration Objection Petition No 183 of 2007) to set aside the said award. The matter is currently pending before the Additional District Judge, Chandigarh and the next date of hearing is September 7, 2010.

2. ADVA AG has filed a civil suit (OS) No. 1515 of 2009 against the Company for the recovery of Rs 5,188,634 against supply of equipment made to Aksh Broadband Limited in 2006. The Company has filed its reply to the civil suit. Within the suit, an interim application No 347 of 2010 under Order 37 of the Code of Civil Procedure has also been filed by ADVA to which the Company has filed its Rejoinder to the Reply filed by ADVA. The next date of hearing is December 3, 2010.

3. Modern Malleable Limited & Eritech Limited have filed a winding up petition under Section 433 (e) of the Companies Act (Company Petition No 360 of 2005) against against a joint claim of Rs. 2,435,808 against supplies made by them to the Company. The High Court at Delhi referred the matter to arbitration and directed the Company to submit a Bank Guarantee of equal amount which the Company complied with. The Arbitrator in his order dated December 29, 2009, had directed the Company to pay Rs. 3,220,065, alongwith interest at the rate of 9% amounting to Rs. 12, 44,565.00, within one month of passing of order or Rs. 3,220,065 as well as interest at the rate of 9% till the final payment is made. Against this order of the Arbitrator, The Company has filed an appeal before the District Court, Jaipur. Notices to parties have been issued and the matter is currently pending.

4. A former employee of the Company was transferred to Plant-III of the Company. He had refused to join his duties there and made a representation with the Labour Reconciliation Officer. The dispute could not be reconciled and the matter was referred to the Labour Court, Alwar in Case No LCR 1030/2007.

5. Mr M. Gupta had raised a claim of Rs. 1,441,898 against the supply of certain computer equipment and filed a winding up petition before the Hon'ble Delhi Hight Court (Company Petition No 60 of 2005) against the Company under Section 433(e) of the Companies Act. The Court referred the matter for reconciliation, the proceedings for which are pending. The matter is currently pending.

6. The Company's division in Hyderabad made transit sales to APAKSH Broadband Limited, a subsidiary of the Company. APAKSH failed to provide Form-C under Section 6 (2) of the Central Sales Tax Act for the Assessment Year 2005-06 to the Company. Consequently the Commercial Tax Officer issued a show cause notice dated October 19, 2009 and confirmed the demand of Rs. 66,001,699 against the Company vide Final Assessment Order dated December 31, 2009. After submission of C forms, CTO issued a fresh notice bearing no. P/288/2010 dated January 29, 20101 revising the demand to Rs. 825,021. The Company is taking steps to further reduce this tax liability.

7. A show cause notice bearing no C.No.IV (6)223/AE/JPR-I/05/3709 dated December 1, 2005 was issued against the Company alleging the evasion of Central Excise Duty and wrongful availment of Cenvat Credit. The Company filed its reply and the Commissioner, Central Excise, Jaipur passed an order dated November 2, 2006 confirming the demand of Rs. 10,393,133 alongwith penalty of Rs.

2,039,062 and interest of Rs. 25,220. The Company has appealed before the CESTAT, against such order and the CESTAT has stayed the demand till the final disposal of case vide order dated April 5, 2007 bearing no. S/276/2007-EX. The matter is currently pending before the CESTAT.

B. Litigations filed by the Company

1. The Company's godown at Hyderabad was gutted under fire, thereby causing severe damage to the Company's goods. A claim of Rs. 13,820,624 was made with the Iffco Tokio General Insurance Company which was rejected. Upon such rejection of claim, the Company has filed a consumer complaint with the National Consumer Dispute Redressal Forum against the insurance company. The insurance company has filed its reply to which the Company has filed its rejoinder. The next date of hearing is September 23, 2010.

2. The Regional Provident Fund Commisioner, Jaipur has sent a demand notice to the Company requiring deposit of Rs. 539,241 and Rs. 220,680 with the Provident Fund Department, against fraudulent withdrawal of the said amounts from the Provident Fund accounts of 2 former employees of the Company. The Department has also directed that Rs. 300,125 be earmarked with the Company's account at the State Bank of Bikaner and Jaipur, Bhiwadi, against the said demand. The Company has filed a Writ Petition (No 863 of 2007) before the Hon'ble High Court Rajasthan, Jaipur Bench, against the Provident Fund Department. A police enquiry has been initiated in the matter.

II. Litigation involving the Subsidaries of the Company

A. Litigation Involving Apaksh Broadband Limited

a. Litigation against Apaksh Broadband Limited

1. Apaksh Broadband Limited had entered into an agreement with Cisco Systems Capital India Private Limited for the purchase of certain equipment against which Apaksh Broadband Limited had issued certain cheques amounting. Out of these cheques, 4 have been dishonoured and Cisco has filed 4 matters under Section 138 of the Negotiable Instruments Act before the Chief Metropolitan Magistrate, Patiala House Court, New Delhi. The details of these cases are as follows:

   a. Compliant No 15200/1 of 2008 relating to Cheque No 029196 for amount Rs 4,205,158. The next date of hearing is November 17, 2010.

   b. Complaint No 2917 of 2007 relating to Cheque No 029195 for amount Rs 4,205,158. The next date of hearing is August 27, 2010.

   c. Complaint No 1617/1 of 2007 relating to Cheque No 509802 for amount Rs 4,205,158. The next date of hearing is August 27, 2010.

   d. Complaint No 13738 of 2010 relating to Cheque No 29191 for amount Rs 4,205,158. It has been noted that the claim is time barred and appropriate steps are being taken by Apaksh Broadband Limited.

2. Broadband Net Inc has filed a summary suit against the APAKSH Broadband Limited and Mr Kailash Choudhuri who is also a Director of the Company (1568 of 2009), claiming a sum of Rs. 2,375,172 towards purchase of equipments. The company has filed its reply in the same. The matter is pending before the Hon'ble High Court Mumbai. Both the parties have conducted the examination of documents. The next date of hearing is yet to be announced as the matter is in pre-admission stage.

b. Litigation filed by Apaksh Broadband Limited

There is no litigation filed by Apaksh Broadband Limited.

B. Litigation Involving Aksh Technologies Limited

There is no litigation where Aksh Technologies Limited is involved.

C. Litigation Involving Aksh Infratel Limited

There is no litigation where Aksh Infratel Limited is involved.

D. Litigation Involving Aksh Nettel Limited

There is no litigation where Aksh Nettel Limited is involved.

E. Litigation Involving Spyk Global Limited

There is no litigation where Spyk Global Limited is involved.

III Litigation against the directors of the company

B. Litigation against Mr Kaliash Choudhari

1. M/s In Cable Net (Andhra) Limited had filed a criminal complaint No 227 of 2007 under sections 420 and 409 read with Section 120 B of the Indian Penal Code against Elegant Capital Pvt Ltd & others, impleading Dr.Kailash Choudhari as a party before the Court of the Learned III Additional Chief Metropolitan Magistrate at Hyderabad. The Complainant had pleaded that the accused were guilty of cheating and breach of trust. Dr. Kailash Choudhari approached the High Court of Andhra Pradesh (CRLP No 3038 of 2007) for quashing of the complaint and the High Court vide its order dated January 21, 2010 quashed the criminal complaint filed by In Cable Net. In Cable Net has now filed a Special Leave Petition before the Supreme Court aganist the order of the High Court. By its order dated April 5, 2010, the Supreme Court directed that notices be issued to opposite parties.

2. InCable has filed a criminal complaint No. 96 of 2010 against Mr Kaliash Choudhari and Mr Popatlal Fulchand Sundesha for certain economic offences under Sections 120B, 417, 418, 465, 468 and 471 of the Indian Penal Code and Section 828 of the Companies Act. Notices have been issued to the parties and steps are being taken for quashing the said complaint before the Hon'ble High Court of Andhra Pradesh. The next date of hearing is August 24, 2010.

3. Please refer to disclosure II.A.a.2. above relating to Summary Suit 1568 of 2009.

C. Litigation against Mr Popatlal Fulchand Sundesha

Please refer to disclosure III.A.2. above relating to criminal complaint No. 96 of 2010.

SUMMARY OF SIGNIFICANT DIFFERENCES BETWEEN INDIAN GAAP AND IFRS

To
The Board of Directors
Aksh Optifinre Limited

Dear Sirs,

We produce below the summary of significant differences between Indian GAAP and IFRS, which summarises the principal differences between Indian GAAP and IFRS. We have not performed an audit of the Company in accordance with IFRS nor did we examine any financial statements of the Company prepared in accordance with IFRS. Had we performed such procedures, we might have discovered other differences that are not currently listed in the following summary of significant differences between Indian GAAP and IFRS.

S. No.	Subject	Indian GAAP	IFRS
1.	**Compliance with GAAP**	Indian companies should comply with Indian GAAP, the Companies Act, 1956 and industry-specific regulatory requirements. Additionally listed companies should comply with the rules, regulations and financial interpretations of the Securities Exchange Board of India ("SEBI"). The law requires entities to disclose whether the financial statements comply with applicable accounting standards and to give details of non-compliance. There is a presumption that compliance with accounting standards is necessary to give a true and fair view.	Entities should make an explicit and unreserved statement in the notes that the financial statements comply with IFRS. An entity cannot describe financial statements as complying with IFRS unless they comply with all the requirements of each applicable standard and interpretations.
2.	**Fair presentation override**	Indian GAAP prohibits departure from applicable accounting standards. If there is a conflict between the accounting standards and the Companies Act, 1956 or industry regulations, the latter would prevail with adequate disclosure.	An entity may depart from a Standard under IFRS, extremely rare in practice, if the management of that entity concludes that compliance with the standard or interpretation would render financials to be misleading. A reason for such conclusion and departure along with the financial impact needs to be disclosed. This override does not apply where there is a conflict between local company law and IFRS. IFRS are applied in such a situation.
3.	**Presentation of Comparative Information**	One year comparative financial information required to be presented as per Format of Balance Sheet prescribed under Schedule VI to the Companies Act, 1956.	Comparative financials (one year at a minimum) are required, including footnote data; disclosures can often be optional in financials or notes.
4.	**Statement of Financial Position**	The balance sheet is neither classified into current and non-current nor is it in order of liquidity. The Companies Act, 1956 or other relevant statues prescribes the format and content of the balance sheet. No specific guidance for presentation of information in cases of debts that is	Specific guidance on offsetting of assets and liabilities provided. Classified statement of financial position required (except when a liquidity presentation is used. Debts being refinanced are classified as non-current if

		refinanced. No specific guidance on offsetting.	refinancing completed before the end of the reporting period. Some offsetting of assets and liabilities with different counter-parties permitted, for example, when legal provision exists (e.g. supplier's warranty agreement), or required, when offset criteria are met (financial instrument).
5.	**Statement of Income, Comprehensive Income and Changes in Equity**	Schedule VI to the Companies Act, 1956 requires expenses to be classified by nature.	Expenses can be classified according to function (e.g. cost of sales, selling and administrative etc.) or by nature (e.g. salaries, changes in inventories of finished goods etc.)
6.	**Cash Flow statement** **a. Interest paid** **b. Interest received** **c. Dividend paid** **d. Dividend received** **e. Taxes paid** **f. Extraordinary items**	 Financial enterprises : Operating Other : Financing Financial enterprises : Operating Other : Investing Financing Financial enterprises : Operating Other : Investing Operating unless specific identification with financing or investing. Separately disclosed in respective activity of associated transactions.	 Financial enterprises : Operating Other : Financing or operating Financial enterprises : Operating Other : Operating or investing Operating or financing Financial enterprises : Operating Other : Operating or investing Operating unless specific identification with financing or investing. Prohibited
7.	**Preference Shares (Non-Convertible)**	Non-convertible Preference Shares are recognised as capital based on its legal form and accordingly the dividend payable on the same is treated as an appropriation of profit.	Compulsorily Redeemable Preference Shares on which dividend is mandatorily payable are treated as a financial liability.
8.	**Changes in Accounting policies**	Any change in an accounting policy which has a material effect should be disclosed. The impact of, and the adjustments resulting from such change, if material, should be shown in the financial statements of the period in which such change is made, to reflect the effect of such change. Where the effect of such change is not ascertainable, wholly or in part, the fact should be indicated. If a change is made in the accounting policies which has no material effect on the financial statements for the current period but which is reasonably expected to have a material effect in later periods, the fact of such change should be appropriately disclosed in the period in which the change is adopted.	When an entity changes an accounting policy upon initial application of a Standard or an Interpretation that does not include specific transitional provisions applying to that change, or if it changes an accounting policy voluntarily, it shall apply the change retrospectively. Comparative information is restated, and the amount of the adjustment relating to prior periods is adjusted against the opening balance of retained earnings of the earliest year presented.
9.	**Fixed Assets-**		

	a. Subsequent measurement	The assets are required to be carried at Cost less accumulated depreciation and accumulated amortization losses. Revaluation of assets can be done on subsequent balance sheet date. Revaluation has to be done of all assets in a unit or location. However, revaluation of entire class of assets of that Entity is not required. Any surplus on revaluation is directly recognized in Revaluation Reserve. Depreciation on revalued portion can be recouped out of revaluation reserve. There is no requirement to perform revaluation at regular intervals.	IFRS requires an entity to choose either the cost model or the revaluation model as its accounting policy. If an item of property, plant and equipment is revalued, the entire class of property, plant and equipment to which that asset belongs shall be revalued. Depreciation on revalued portion cannot be recouped out of revaluation reserve. Revaluation reserve is forms part of other comprehensive income. The revaluations must be kept sufficiently up to date, so that the carrying amount does not differ materially from the fair value. This requires regular revaluations of all items of the relevant class in PPE when the revaluation policy is adopted. Carrying value should not be materially different from the fair value.
	b. Major overhaul expenses	AS 10 in its current form is silent on the treatment of overhaul costs. AS 10 permits an enterprise either to capitalize such costs with the consequent derecognition of any remaining carrying amount of the cost of the previous inspection or overhaul or to recognize such cost in the statement of profit and loss.	Costs of major overhauls generally added to asset costs.
	c. Component approach	AS 10 in its current form recognized that in certain circumstances, the accounting for an item of fixed assets may be improved if the total expenditure thereon is allocated to its component parts. AS 10 also recognizes the component approach. However, it does not mandatorily require adoption of the said approach.	Component depreciation for component of an asset with differing patterns of benefits is required.
	d. Impairment	Impairment suggested when the assets book value exceeds its recoverable amount (greater of value in use discounted cash flow and net selling price) Impairment recognized in profit or loss.	Impairment suggested when the assets books value exceeds its recoverable amount (greater of value in use discounted cash flow and fair value less cost to sell) If cost method used, impairments are recognized in profit or loss; if revaluation employed, impairment treated as reversal of revaluation unless it exceeds former write-up, in which case excess impairments taken to current profit or loss.

		Impairment can be reversed under certain conditions.	Impairments can be reversed under certain conditions.
	e. Investment property	Investment property treated as a long term investment and carried at depreciated cost less diminution in value other than temporary.	Investment property can be carried at depreciated cost ("Cost Model") or fair value ("Fair Value Model").
	f. Borrowing cost	Mandatory capitalization of construction period interest costs; ancillary costs also can be capitalized.	Mandatory capitalization of construction period interest costs, finance charges in case of finance lease and exchange difference in case of foreign currency borrowing to the extent that they are regarded as an adjustment to interest cost.
	g. Decommission	No specific guidance under Indian GAAP	Decommissioning obligations recomputed at current risk-adjusted rate at the end of each reporting date.
10.	**Depreciation accounting**	The depreciable amount of each asset should be allocated on a systematic basis over its useful life. All companies need to ensure that minimum depreciation is provided at the rates prescribed in schedule XIV to the Companies Act, 1956. Further, top-up depreciation should be charged to comply with AS 6 requirements, in case the useful life of an asset is shorter than that envisaged in Schedule XIV.	The depreciable amount of an item of property, plant and equipment are allocated on a systematic basis over their useful life.
11.	**Intangible Assets**	Development costs are capitalized if specific criteria are met and amortized; cash flows reported as "Investing" activity. Cost basis required for intangibles. Revaluation is prohibited. Impairment implied when book value is greater than recoverable amount (higher of value in use or net selling price) AS 28 requires goodwill to be tested for impairment using the "bottom – up / top – down" approach under which the goodwill is, in effect, tested for impairment by allocating its carrying amount to each cash-generating unit or smallest group of cash-generating units to which a portion of that carrying amount can be allocated on a reasonable and consistent basis. Goodwill arising on amalgamation is amortised over its useful life not exceeding 5 years unless longer period can be justified. For goodwill arising	Development costs are capitalized if specific criteria are met and amortized; cash flows reported as "Investing" activity. Revaluation of intangibles with active market permitted. Impairment implied when book value is greater than recoverable amount (higher of value in use or fair value less cost to sell) Goodwill is not amortised but reviewed for impairment annually and when indicators of impairment

		on consolidation or on business acquisitions (assets and liabilities only) practice varies with no amortization versus amortization over its useful life not exceeding 10 years. Goodwill impairment may also be reversed if the impairment loss was caused by a specific external event of an exceptional nature that is not expected to recur; and subsequent external events have occurred that reverse the effect of that events.	arise, at the cash – generating - unit ("CGU") level, or group of CGUs, as applicable. Impairment can be reversed, under defined conditions, except for goodwill.
12.	**Inventory**	An assessment is made of net realizable value as at each balance sheet date. AS 25 clarifies that the principles for recognizing and measuring losses from inventory write-downs in an interim period are the same as those that an enterprise would follow if it prepared only annual financial statements. Last in First Out ("LIFO") costing prohibited Presentation at lower of cost or net realizable value required. Though not specifically stated in existing AS 2, reversal of lower of cost or market adjustment may be reversed as can be inferred from AS 5.	Recognition in interim periods of inventory losses from market declines that reasonably can be expected to be restored in the fiscal year is required; guidance in the area of disclosure and accounting for inventories of service provides offered. Last in First Out ("LIFO") costing prohibited Presentation at lower of cost or net realizable value required. Lower of cost or market adjustment must be reversed under defined conditions.
13.	**Revenue Recognition** **- Sale of Goods** **– Interest**	Revenue is measured by the charges made to customers or clients for goods supplied and services rendered to them and by the charges and rewards arising from the use of resources by them. Discounting of deferred revenue is normally not required. However, for installment sales, discounting would be required. Interest income on loans, fixed deposits, etc. is recognized on time-proportion basis at the rates mentioned in the agreement.	Revenue should be measured at the fair value of the consideration received or receivable. Where the inflow of cash or cash equivalents is deferred, discounting to a present value is required. Interest income is recognized using the effective interest method.
14.	**Foreign exchange Transactions** **Determination of functional currency**	It does not define or require determination of functional currency. Assumes an entity normally uses the currency of the country in which it is domiciled in recording its transactions.	Functional currency is defined as the currency of the primary economic environment in which an entity operates. IFRS provides a list of primary and secondary indicators to consider. If the indicators are mixed and the functional currency is not obvious, management should use its

			judgment to determine the functional currency that most faithfully represents the economic results of the entity's operations by focusing on the currency of the economy whose competitive forces and regulations mainly determine the pricing of transactions (not the currency in which transactions are denominated) and the currency that mainly influences labor material and other costs of providing goods or services.
	Treatment of foreign currency gain or loss	On 31 March 2009, AS 11 was amended by the Ministry of Corporate Affair (MCA). Through this amendment, a new paragraph has been inserted in the transitional provision of AS 11 that provides an option to adopt the following treatment as an alternate to immediate recognition of foreign exchange gain/ loss on long-term foreign currency monetary item: I. If the long-term foreign currency monetary item relates to other than an acquisition of a depreciable capital asset, exchange differences should be accumulated in the "Foreign Currency Monetary Item Translation Difference Account" and amortized over the life of the monetary item but not beyond 31 March 2011. II. If the long-term foreign currency monetary item relates to acquisition of a depreciable capital asset, exchange differences arising on such monetary items should be added to or deducted from the cost of the asset. An Entity that chooses to adopt the above treatment needs to do it with retrospective effect for accounting periods commencing on or after 7 December 2006 and this choice is irrevocable. Further, transitional provisions do not apply to exchange differences on monetary item that in substance forms part of An Entity's net investment in a non-integral foreign operation.	Gains or losses arising out of foreign exchange translation differences are required to be included in the determination of net income, unless these differences are regarded as an adjustment to interest costs, which are eligible for capitalization as borrowing costs on fixed assets. Forward Foreign Exchange

		In respect of transactions covered by Forward Foreign Exchange Contract, the premium or discount arising at the inception of a forward exchange contract entered into for hedging purposes should be amortized as expense or income over the life of the contract.	Contracts are measured at fair value with the fair value movements being charged or recognized to profit and loss, unless hedge accounting is followed. IFRS contains detailed guidance on hedge accounting.
15.	**Investments in securities**	Depends on classification of investment – if held to maturity or loans and receivables, they are carried at amortised cost; otherwise at fair value. Unrealised gains/losses on fair value through profit or loss classification (including trading instruments) is recognised in income statement. Unrealised gains and losses on available-for-sale investments are recognised in equity.	Carry long-term investments and loans and receivables at cost (with provision for permanent diminution in value). Current investments carried at lower of cost or fair value determined on individual basis or by category of investment but not on overall (or global) basis.
16.	**Employee benefits / retirement benefits**	AS 15 (Revised) covering all forms of Employee Benefits have been issued by ICAI and notified by NACAS, which is similar to IFRS Actuarial gains or losses are recognized immediately in profit or loss for the period.	The liability for defined benefit plans is reported at the present value of future benefits using the projected unit credit method. IFRS provides options to recognize actuarial gains and losses as follows: • All actuarial gains and losses can be recognized immediately in profit or loss for the period, • All actuarial gains and losses can be recognized immediately in Other Comprehensive Income, or • Actuarial gains and losses below the 10% corridor need not be recognized and those above the 10% corridor can be deferred over the remaining service period of employees or on accelerated basis.
17.	**Deferred taxation**	Deferred tax resulting from "timing differences" between accounting and taxable income is accounted for, subject to consideration of prudence using the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date. Deferred tax assets relating to carry forward losses and unabsorbed depreciation should be recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised. All other deferred tax assets should be	Deferred income taxes are recognised for the future tax effects of temporary differences between accounting and tax base of assets at the enacted or substantively enacted tax rates. Deferred tax assets and liabilities must be recognised regardless of when the timing difference is likely to reverse. Deferred tax assets must be recognised when it is probable that sufficient taxable profits / reversible differences will be available against which the deferred tax assets can be utilized.

		recognised to the extent that there is reasonable certainty that future taxable income will be available for such deferred tax assets to be realised.	
18.	**Dividends**	Dividends shall be recognized when the shareholder's right to receive payment is established. Under the requirements of Schedule VI to the Companies Act, 1956, dividends from subsidiary companies are recognized even if the same are declared after the date of the balance sheet, but pertain to the period ending on or before the date of the balance sheet.	Dividends shall be recognized when the shareholder's right to receive payment is established.
19.	**Provisions, Contingent Assets and Contingent Liabilities**	Provisions are based on the best estimate. No detailed guidance is available. The amount of a provision should not be discounted to its present value.	The amount recognized as a provision should be the best estimate of the expenditure required to settle the present obligation at the balance sheet date. Detailed guidance is available on measurement. Where the effect of the time value of money is material, the amount of a provision should be the present value of the expenditures expected to be required to settle the obligation. The discount rate(s) should not reflect risks for which future cash flow estimates have been adjusted.
20.	**Consolidation:**	Definition of control based on the Companies Act, 1956 – control of more than one half of the voting power or control of the board of directors. No specific guidance for Special purpose entities ("SPE"). Potential voting rights are not considered when determining whether control is present.	Focuses on the concept of control in determining whether a parent-subsidiary relationship exists. Control is the parent's ability to govern the financial and operating policies of a subsidiary to obtain benefits. Control is presumed to exist when a parent owns, directly or indirectly through subsidiaries, more than 50% of an entities voting power. IFRS specifically requires potential voting rights to be assessed. Instruments that are currently exercisable or convertible are included in the assessment, with no requirement to assess whether exercise is economically reasonable (provided such rights have economic substance). Control also exists when a parent

		Need to conform parent and subsidiary accounting policies unless "impracticable" to do so. Reporting date difference cannot be more than "Six" months (adjustment needed for any significant intervening transaction)	owns half or less of the voting power but has legal or contractual rights to control the majority of the entity's voting power or board of directors. In rare circumstances, a parent could also have control over an entity in circumstances where it hold less than 50% of the voting rights of an entity and lacks legal or contractual rights by which to control the majority of the entity's voting power or boards of directors (*de facto* control). An example of *de facto* control is when a major shareholder holds an investment in an entity with an otherwise dispersed public shareholding. The assertion of *de facto* control is evaluated on the basis of all relevant facts and circumstances, including the legal and regulatory environment, the nature of the capital market and the ability of the majority owners of voting shares to vote together. Need to conform uniform accounting policies. Reporting date difference cannot be more than "Three" months (adjustment needed for any significant intervening transactions)
21.	**Lease**	Lease of land are scoped out from the Indian Standard. No specific guidance on lease of land. Leasehold interests in land are accounted and disclosed as fixed assets.	Separation of land building components of lease is now mandatory unless the land element is not material. Leasehold interest in land can be accounted for as investment property, valued at fair value with changes to profit and loss account if it fulfills the criteria of IAS 40.
22.	**Earnings per share ("EPS")**	No specific guidance on two-class method to participating securities. Only basic and diluted earnings per share are required to be disclosed, but separate disclosure required of such EPS with and without extraordinary items.	Two-class method to participating securities applies only to equity instruments; not required for debt instrument. Report basic and diluted EPS from continuing operations and net profit or loss per share.
23.	**Changes in estimates and correction of errors**	Retrospective restatement for corrections of errors is not	Retrospective restatement for corrections of errors is required,

		permitted. The nature and amount of prior period errors is separately disclosed in the statement of profit and loss in a manner that their impact on the current profit or loss can be perceived.	unless impracticable.
24.	**Business combination and consolidated financial statements**	Contingent liabilities are generally not recognized. There is no comprehensive standard on business combination. Minority interest is measured at the book value of the minority's proportionate share of the net assets of the acquiree. No specific guidance available.	Acquirer is required to recognize a contingent liability assumed in a business combination if it is a present obligation that arises from past events and its fair value can be measured reliably. Non-controlling interest measured either: 1. At fair value, or 2. As a proportionate share of identifiable net assets acquired; choice made on an acquisition by acquisition basis. Acquirer (lessor) is not required to recognize a separate asset or liability if the terms of an operating lease are favorable or unfavorable compared with market.

For P.C. Bindal & Co.
Chartered Accountants

K.C. Gupta
(Partner)
Membership No.: 088638

Place: New Delhi
Date: 6 August 2010

ACCOUNTANTS

The Audited Consolidated Financial Statements were prepared in accordance with the Indian GAAP. These financial statements / information have been included in Placement Document were so included in reliance on the report of P.C. Bindal & Co., Chartered Accountants, our Statutory Auditors, for the years given on the authority of such firms in auditing and accounting.

DECLARATION

Our Company certifies that all relevant provisions of Chapter VIII read with schedule XVIII of the SEBI ICDR Regulations have been complied with and no statement made in the Placement Document is contrary to the provisions of Chapter VIII read with schedule XVIII of the SEBI ICDR Regulations and that all approvals and permissions required for this Issue and to carry on our business have been obtained, are currently valid and have been complied with. Our Company further certifies that all the statements in the Placement Document are true and correct.

Signed by:

Mr. Satyendra Gupta
Chief Financial Officer

Date: August 27, 2010
Place: New Delhi

ANNEXURE - FINANCIAL STATEMENTS

Index to the Financial Statements:

AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

To
The Board of Directors
Aksh Optifibre Limited
New Delhi

1. We, M/s. P.C. Bindal & Co., Chartered Accountants have audited the attached Consolidated Balance Sheet of Aksh Optifibre Limited ("the Company") and its subsidiaries, (hereinafter together referred to as "the Group") as at March 31, 2010 and March 31, 2009, the Consolidated Profit and Loss Account for the year ended on that date, the Consolidated Cash Flow statement for the year and eighteen months period ended March 31, 2010 and March 31, 2009 respectively.

2. The financial statements referred to in this report are proposed to be included in the Placement Document of the Company in connection with proposed issue of shares to Qualified Institutional Buyers ('QIBs').

3. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of the Accounting Standards (AS) 21, Consolidated Financial Statements issued by the Institute of Chartered Accountants of India.

4. Audit of one of subsidiary namely APAKSH Broadband Limited has not been conducted whose financial statements reflect total assets of Rs. 15,861.02 lacs as at March 31, 2010 . The figures of the subsidiary have been incorporated on the basis of unaudited financial statements prepared by the management of the said subsidiary.

5. On the basis of the information and explanations given to us and on consideration of the separate audit reports on individual audited financial statements of the Company and its aforesaid consolidated entities, in our opinion, the Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India

   (a) In the case of the Consolidated Balance Sheet of the Group as at March 31, 2010 and March 31, 2009;

   (b) In the case of the Consolidated Profit and Loss Account and Consolidated Cash Flow Statement of the Group for the year and eighteen month period ended March 31, 2010 and March 31, 2009 respectively;

   (c) In the case of the accompanying notes to Consolidated financial statements of the Group along with accounting policies for the year and eighteen month period ended March 31, 2010 and March 31, 2009 respectively.

6. The Company's management is responsible for the preparation of the financial statements. Our responsibility is to report based on the work done. We have performed such tests and procedures, which, in our opinion, were necessary for our reporting to you. These procedures include comparison of the annexed financial information with the Company's audited financial statements. Based on such procedures carried out by us and review of the records produced to us and the information and explanations given to us by the Company's management, and our comments in the foregoing paragraphs, we confirm that nothing has come to our attention to show non-compliance with the SEBI ICDR Regulations.

7. In the Consolidated financial statements the following subsidiaries are included.

Name of the Subsidiary	Percentage of holding as on March 31, 2010
Apaksh Broadband Limited	99.92%
Aksh Technologies Limited	100.00%
Aksh infratel Limited	100.00%
Aksh Net Tel Limited	100.00%
Spyk Global Limited	100.00%

8. This report is solely for your information and for inclusion in the offer document being issued by the Company in connection with the proposed placement of equity shares under Chapter VIII of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For **P.C. Bindal & Co.**
Chartered Accountants
Firm Registration No.: 003824N

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

Date: 7th August, 2010
Place: New Delhi

AUDITORS' REPORT

The Board of Directors,
Aksh Optifibre Limited

1. We have audited the attached Consolidated Balance Sheet of Aksh Optifibre Limited ('the Company') and its subsidiaries (collectively referred as 'Aksh Group') as at March 31, 2010 and the Consolidated Profit and Loss Account 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 theses financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standard 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 also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of the Accounting Standards (AS) 21, Consolidated Financial Statements issued by the Institute of Chartered Accountants of India.
4. **Audit of one of subsidiary namely AP AKSH Broadband Limited has not been conducted. whose financial statements reflect total assets of Rs 15,861.02 lacs as at March 31, 2010 . The figure of the subsidiary have been incorporated on the basis of unaudited financial statements prepared by the management of the said subsidiary.**
5. Subject to above, based on our audit on financial statement and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view with the accounting principles generally accepted in India.
   (i) In the case of the Consolidated Balance Sheet, of the state of affairs of the Aksh Group as at March 31, 2010;
   (ii) In the case of Consolidated Profit and Loss Account, of the loss for the year ended on that date ; and
   (iii) In the case of Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

For P.C. BINDAL & CO.
Chartered Accountants

CA K.C.Gupta
Partner
Membership. No. : 088638
FRN :003824N

Place : New Delhi
Dated :17.05.2010

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2010

(Amount in Rupees)

PARTICULARS	SCHEDULE	As at March 31, 2010	As at March 31, 2009
SOURCES OF FUNDS			
Shareholders' Fund			
Share Capital	"A"	**524,498,793**	516,290,188
Share Warrant		**-**	29,000,003
Reserves and Surplus	"B"	**1,995,771,821**	1,941,020,594
		2,520,270,614	2,486,310,785
Loan Funds			
Secured Loans	"C"	**198,829,626**	204,625,870
Unsecured Loans	"D"	**1,401,031,418**	1,666,977,576
Minority Interest		**1,046,517**	1,046,517
		1,600,907,561	1,87,26,49,963
TOTAL		**4,121,178,175**	4,35,89,60,748
APPLICATION OF FUNDS			
Fixed Assets	"E"		
Gross Block		**2,321,564,111**	2,196,567,943
Less : Accumulated Depreciation		**821,431,266**	652,915,463
Net Block		**1,500,132,845**	1,543,652,480
Capital Work in Progress		**1,466,231,138**	1,522,928,488
Project Development Expenditure		**60,044,237**	56,462,506
		3,026,408,220	3,123,043,474
Investments	"F"	**157,045**	107,045
Deferred Tax Assets (Net)		**214,455,691**	144,354,928
Current Assets,Loans & Advances	"G"		
Inventories		**157,950,084**	207,730,448
Sundry Debtors		**155,151,484**	285,604,298
Cash and Bank Balances		**125,596,072**	292,720,566
Loans and Advances		**449,135,776**	425,572,021
		887,833,416	1,211,627,333
Less : Current Liabilities and Provisions	"H"		
Current Liabilities		**463,485,618**	44,49,61,789
Provisions		**20,266,082**	19,919,899
Net Current Assets		**404,081,716**	74,67,45,645
Profit and Loss Account		**476,075,503**	344,709,656
TOTAL		**4,121,178,175**	4,358,960,748
Significant Accounting Policies and Notes to Accounts	"N"		

The schedules referred to above form an integral part of balance sheet.

As per our report of even date attached

For and on behalf of Board of Directors

For P.C. Bindal & Co,
Chartered Accountants

CA. K.C. Gupta
Partner
Membership No. 088638
FRN: 003824N

B. R. RAKHECHA
Director

KAILASH S.CHOUDHARI
Managing Director

Place : New Delhi
Dated : 17.05.2010

SATYENDRA GUPTA
Chief Financial Officer

GAURAV MEHTA
Company Secretary

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

(Amount in Rupees)

PARTICULARS	SCHEDULE	12 Months ended March 31, 2010	18 Months ended March 31, 2009
INCOME			
Gross Turnover	"I"	**1,381,909,989**	2,638,540,540
Less: Excise Duty/Service Tax		**56,275,385**	238,442,479
Net Turnover		**1,325,634,604**	2,400,098,061
Miscellaneous Income	"J"	**190,664,395**	40,668,160
TOTAL		**1,516,298,999**	2,440,766,221
EXPENDITURE			
Manufacturing and other expenses	"K"	**1,199,794,980**	2,262,558,256
Administrative and Selling Expenses	"L"	**296,741,658**	622,083,108
Miscellaneous Expenditure written off		**-**	263,821
TOTAL		**1,49,65,36,638**	2,88,49,05,185
Profit/(Loss) Before Interest, Depreciation and tax		**1,97,62,361**	(44,41,38,964)
Interest	"M"	**53,839,971**	96,525,375
Depreciation including amortization	"E"	**167,334,366**	208,558,207
PROFIT/(LOSS) BEFORE TAX		**(201,411,976)**	(749,222,546)
Provision for tax		-	-
-Current Tax (MAT)		**1,340,611**	-
-Fringe Benefit Tax		-	1,778,283
-Deferred Tax		**(70,100,762)**	(269,745,714)
MAT Credit Entitlement		**1,285,978**	-
PROFIT/(LOSS) AFTER TAX		**(131,365,847)**	(481,255,115)
Balance brought forward from Previous Year		**(344,709,656)**	32,677,568
Reversal of Impairment		-	58,867,891
Transfer from General Reserve		**-**	45,000,000
Balance carried to Balance Sheet		**(476,075,503)**	(344,709,656)
Basic and Diluted Earning Per Share			
(Face value of Rs.5/- each per share)			
Basic		**(2.22)**	(7.25)
Diluted		**(1.78)**	(5.87)
Significant Accounting Policies and Notes to Accounts	"N"		

The schedules referred to above form an integral part of profit & loss account.

As per our report of even date attached

For and on behalf of Board of Directors

For P.C. Bindal & Co.
Chartered Accountants

CA. K.C. Gupta
Partner
Membership No. 088638
FRN: 003824N

B. R. RAKHECHA
Director

KAILASH S.CHOUDHARI
Managing Director

Place : New Delhi
Dated : 17.05.2010

SATYENDRA GUPTA
Chief Financial Officer

GAURAV MEHTA
Company Secretary

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010

(Amount in Rupees)

	PARTICULARS	12 Months ended March 31, 2010	18 Months ended March 31, 2009
A	**Cash Flow from Operating activities**		
	Net profit/(Loss) before taxation	**(201,411,976)**	(749,222,546)
Add:	Depreciation	**167,334,366**	208,558,207
	Miscellaneous exp written off	**-**	263,821
	Interest Expense	**53,839,971**	96,525,375
	Loss on sale of Fixed Assets	**175,292**	82,796
Less:	Interest Income	**(6,418,689)**	(27,148,990)
	Operating cash flow before working capital changes	**13,518,964**	(470,941,337)
	Adjustment for :		
	Decrease/(Increase) in Sundry Debtors	**130,452,814**	(100,714,406)
	(Increase) in Other Assets	**(11,660,290)**	(174,567,038)
	Decrease in Inventories	**49,780,364**	81,396,051
	Increase in Sundry Creditors	**1,82,49,122**	261,228,454
	Cash generated from operations	**20,03,40,974**	(403,598,276)
	Direct tax (paid)	**(1,031,617)**	(9,814,007)
	Net Cash Inflow / (outflow) from Operating activities	**19,93,09,357**	(413,412,283)
B	**Cash Flow from Investing activities**		
	Purchase of Fixed Assets	**(128,420,432)**	(652,705,190)
	Proceeds from Sale of Fixed Assets	**2,356,307**	20,566,347
	Adjustments for change in current assets & liabilities	**(10,305,590)**	(248,459,566)
	Purchase of Investments	**(50,000)**	-
	Interest Income	**6,418,689**	27,148,990
	Miscellaneous exp	**-**	(263,821)
	Project Development Expenditure	**(1,507,631)**	(3,489,880)
	Capital Work in progress including capital advances	**56,697,350**	(111,416,451)
	Net Cash outflow from Investing activities	**(74,811,307)**	(968,619,571)
C	**Cash Flow from Financing activities**		
	Proceeds from Issue of Share Capital	**98,174,915**	992,967,630
	Proceeds from Issue of FCCB	**(277,152,600)**	1,019,295,200
	Proceeds/(Repayments) from Unsecured Borrowings	**(4,85,35,858)**	(213,778,598)
	Proceeds of Working capital borrowing	**(5,796,244)**	(6,444,511)
	FCCB Issue expenses	**(4,472,786)**	(61,876,968)
	Interest paid	**(53,839,971)**	(96,525,375)
	Dividend and dividend distribution tax paid	**-**	(25,131,885)
	Net Cash inflow from Financing activities	**(29,16,22,544)**	1,608,505,493
D	**Net Increase in cash and cash equivalents**	**(167,124,494)**	226,473,639
E	**Cash and Cash equivalents at beginning of year**		
	- As reported in previous financial statements	**292,720,566**	66,246,927
F	**Cash and Cash equivalents at end of year**	**125,596,072**	292,720,566

As per our report of even date attached

For and on behalf of Board of Directors

For P.C. Bindal & Co.
Chartered Accountants

CA. K.C. Gupta
Partner
Membership No. 088638
FRN: 003824N

B. R. RAKHECHA
Director

KAILASH S.CHOUDHARI
Managing Director

Place : New Delhi
Dated : 17.05.2010

SATYENDRA GUPTA
Chief Financial Officer

GAURAV MEHTA
Company Secretary

SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET

(Amount in Rupees)

PARTICULARS	As at March 31, 2010	As at March 31, 2009
SCHEDULE - "A"		
SHARE CAPITAL		
AUTHORISED		
95,000,000 (previous period 85,000,000) Equity Shares of Rs.5/- each	**475,000,000**	425,000,000
	475,000,000	425,000,000
ISSUED, SUBSCRIBED & PAID UP		
60,609,062 (previous period 58,967,341) Equity Shares of Rs.5/- each fully paid up	**303,045,310**	294,836,705
Forfeited Shares in case of AP Aksh Broadband Ltd.	**221,453,483**	221,453,483
	524,498,793	516,290,188

Footnotes:

Issued, Subscribed and Paid up Capital includes :

a) 9,505,860 (Previous period 9,505,860) Equity Shares of Rs. 5/- each issued as fully paid up Bonus Shares by capitalisation of Securities Premium and Reserves.

b) 1,660,942 (Previous period 1,660,942) Equity Shares of Rs. 5/- each issued as fully paid up to Shareholders of Telecords India Pvt Ltd pursuant to Scheme of Arrangement.

c) 20,210,400 (Previous period 20,210,400) Equity Shares of Rs. 5/- each issued to Shareholders of erstwhile Aksh Broadband Limited as fully paid up pursuant to Scheme of Amalgamation.

d) 16,41,721 (Previous period Nil) Equity Shares of Rs. 5/- each fully paid up issued at the premium of Rs. 54.80 per share upon conversion of Foreign Currency Convertible Bonds (FCCBs).

SCHEDULE - "B"
RESERVES & SURPLUS

(Amount in Rupees)

	As at April 1, 2009	Additions	Deductions	As at March 31, 2010
Securities Premium Account	1,939,520,594	118,966,313 #	64,215,086 ##	**1,994,271,821**
Capital Reserve	1,500,000	-	-	**1,500,000**
	1,941,020,594	**118,966,313**	**64,215,086**	**1,995,771,821**

Footnotes

\# Comprises of Rs. 899.66 lacs on issue of 1,641,721 equity shares upon conversion of Foreign Currency Convertible Bonds of 2013(FCCBs), Rs.290.00 lacs represents forfeited application Money @ Rs. 6.30 per warrant against 4,603,175 warrant.

\## Rs 597.42 Lacs applied in writing off of premium on redemption of FCCBs redeemed during the year and Rs 44.73 Lacs being FCCB issue expenses.

SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET

(Amount in Rupees)

PARTICULARS	As at March 31, 2010	As at March 31, 2009
SCHEDULE - "C"		
SECURED LOANS		
Loans and Advances from Banks		
- Cash Credits	**149,037,067**	154,833,311
Other Loan		
- Cisco Sysyems Capital India Pvt Ltd	**49,792,559**	49,792,559
	198,829,626	204,625,870

Notes:

a Working Capital facilities from Banks are secured by way of hypothication of present and future stock of raw material, stock in process, finished goods, stores and spares, book debts, outstanding monies, receivable claims and material in transit.These facilities are further secured by way of second charge on the fixed assets of the Company and personal guarantee of Managing Director of the Company.

b Non fund based limit (One time Specific Foreign Letter of Credits) aggregating Rs 2180 lacs was further secured by first charge on fixed assest of the Company, of which Rs. 1400 lacs was further secured by pledge of 45,00,000 equity shares of Rs 5 each fully paid up of Company held by the Managing Director of the Company. These facilities are transferred to Aksh Technologies Limited pursuant to transfer of manufacturing business, with the approval of consortium banks.

SCHEDULE - "D"

UNSECURED LOANS

Foreign Currency Convertible Bonds	**1,114,777,200**	1,332,187,500
Loan from Managing Director	**60,825,000**	800,000
Inter Corporate Deposits	**142,435,000**	105,725,000
Security Deposit	**51,166,314**	2,91,64,421
Buyers Credit from Banks	**31,827,904**	82,599,852
Other loans and advances:		
From banks		
Due within one year Rs.Nil, (previous period Rs 24,486,895)	**-**	24,486,895
From others		
Due within one year Rs.Nil, (previous period Rs.92,013,908)	**-**	92,013,908
	1,401,031,418	1,66,69,77,576

SCHEDULE FORMING PART OF CONSOLIDATED BALANCE SHEET
SCHEDULE - "E"
FIXED ASSETS

(Amount in Rupees)

S.No.	Description	GROSS BLOCK				DEPRECIATION BLOCK					NET BLOCK	
		As at April 1 ,2009	Additions	Deductions / Adjustments	As at March 31, 2010	For the April 1 ,2009	For The Period	Adjustment for Pre-Operative Expenses	Deductions / Adjustments	As at March 31, 2010	As at March 31, 2010	As at March 31, 2009
1	Freehold Land	184,250	-	-	184,250	-	-	-	-	-	184,250	184,250
2	Leasehold Land	33,406,918	-	-	33,406,918	3,254,697	340,992	-	-	3,595,689	29,811,229	30,152,221
3	Factory Buildings	127,182,804	-	-	127,182,804	45,406,959	6,992,909	-	-	52,399,868	74,782,936	81,775,844
4	Residential Building	540,400	-	-	540,400	85,140	14,535	-	-	99,675	440,725	455,260
5	Plant & Machinery	1,316,229,780	71,591,800	187,999	1,387,633,581	374,511,128	90,609,639	-	(112,940)	465,233,707	922,399,874	941,718,652
6	Telecom Networking	314,685,712	-	-	314,685,712	81,104,249	14,947,572	-	-	96,051,821	218,633,891	233,581,463
7	Testing Instruments	93,924,362	-	-	93,924,362	45,752,140	4,265,544	-	-	50,017,684	43,906,678	48,172,222
8	Air Conditioners	28,879,054	-	-	28,879,054	15,649,657	1,297,897	-	2,055	16,945,499	11,933,555	13,229,397
9	Furniture & Fixtures	18,661,819	551,555	332,061	18,881,313	5,549,715	1,051,341	73,212	144,825	6,529,442	12,351,871	13,112,104
10	Office Equipments	9,361,122	68,068	40,400	9,388,790	3,059,444	355,856	63,137	180,778	3,297,659	6,091,131	6,301,678
11	Data Processing System	24,724,355	255,820	676,804	24,303,371	17,369,415	1,005,604	791,658	677,945	18,488,733	5,814,638	7,354,940
12	Electric Fittings	49,915,275	188,803	-	50,104,078	17,797,876	2,362,326	-	-	20,160,202	29,943,876	32,117,400
13	Vehicles	22,77,100	-	-	2,277,100	746,425	110,300	105,320	-	962,045	1,315,055	1,530,675
14	Fork Lift	2,030,998	-	-	2,030,998	1,042,182	143,592	-	-	1,185,774	845,224	988,816
15	Intangible Assets-Software	174,563,994	55,764,386	2,187,000	228,141,380	41,586,436	43,836,259	1,040,773	-	86,463,468	141,677,912	132,977,558
	Total	2,196,567,943	12,84,20,432	3,424,264	2,321,564,111	652,915,463	167,334,366	2,074,100	892,663	821,431,266	1,500,132,845	1,543,652,480
	Previous Period	15,432,426,665	711,573,081	58,247,803	2,196,567,943	478,844,762	208,558,207	3,111,152	37,598,660	652,915,463	1,543,652,480	1,064,397,901

SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET

(Amount in Rupees)

PARTICULARS	As at March 31, 2010	As at March 31, 2009
SCHEDULE - "F"		
INVESTMENTS		
A LONGTERM INVESTMENT		
QUOTED		
CMI Limited 22,300 (previous year 22,300) equity shares of Rs.10 each fully paid up	**44,600**	44,600
	44,600	44,600
UNQUOTED		
Government Securities		
National Saving Certificates	**107,045**	57,045
(Lodged with Government Department as Security Deposit)		
Kisan Vikas Patra	**50,000**	50,000
	157,045	107,045
TOTAL LONG TERM INVESTMENTS	**201,645**	151,645
B CURRENT INVESTMENT		
TOTAL CURRENT INVESTMENTS	**-**	-
TOTAL INVESTMENTS (A+B)	**201,645**	151,645
Less: Provision for Diminution in value of quoted Investments	**44,600**	44,600
	157,045	107,045
Aggregate value of Investments		
Quoted (Market value not available) **	**-**	-
Unquoted	**157,045**	107,045
	157,045	107,045

Movements in investments during the year

Addition:

National Saving Certificates amounting to Rs.50,000 purchased during the year

Deletion :

** As these shares have not been traded for several years, no market quotation is available.

	As at March 31, 2010	As at March 31, 2009
SCHEDULE - "G"		
CURRENT ASSETS, LOANS & ADVANCES		
CURRENT ASSETS		
a) INVENTORIES		
i) Finished Goods & Traded Goods	**26,783,341**	25,505,043
ii) Raw Material (Including Goods-in-Transit)	**68,746,295**	87,625,000
iii) Semi Finished Goods	**41,360,977**	76,234,351
iv) Stores, Spares & Others	**21,059,471**	18,366,054
	157,950,084	207,730,448
b) SUNDRY DEBTORS(UNSECURED)		
i) Debts outstanding for a period exceeding six months		
a) Considered Good	**42,304,389**	57,417,261
b) Considered Doubtful	**-**	1,393,647
Less: Provision for Doubtful Debts	**-**	1,393,647
	42,304,389	57,417,261
ii) Others (Considered Good)	**112,847,095**	228,187,037
	155,151,484	285,604,298

SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET

(Amount in Rupees)

PARTICULARS	As at March 31, 2010	As at March 31, 2009
SCHEDULE -"G" (contd.)		
c) CASH and BANK BALANCES		
i) Cash in hand	**532,664**	724,400
ii) Balance with Scheduled Banks		
- Current Accounts	**8,933,673**	19,172,227
- Fixed Deposit	**-**	212,660,618
- Deposit Accounts (Margin) *	**108,683,542**	50,893,971
iii) In Current Account with Non Scheduled Bank $	**5,090**	5,090
iv) Bank balance in Dividend Account	**4,06,041**	582,189
v) Interest Accrued on Deposits	**7,035,062**	8,682,071
	125,596,072	292,720,566
LOANS and ADVANCES		
(Unsecured, Considered Good)		
a) Advances Recoverable in cash or in kind for value to be received	**215,370,516**	220,827,627
b) Prepaid Taxes	**12,348,910**	11,371,926
c) MAT Credit Entitlement	**17,096,644**	15,810,666
d) Balance with Excise & Custom	**204,319,706**	177,561,802
	449,135,776	425,572,021
	887,833,416	1,211,627,333

Footnotes:

* Includes Rs 1,013.35 Lacs (Previous Period Rs. 508.94 Lacs) pledged with Banks for various Facilities

$ The Urban Co-operative Bank Ltd., Maximum Balance Rs. 5,090/- (Previous Period Rs. 5090/-)

SCHEDULE - "H"		
CURRENT LIABILITIES AND PROVISIONS		
CURRENT LIABILITIES		
a) Sundry Creditors- Dues of other than SSI undertakings	**306,923,720**	319,821,895
b) Sundry Creditors -Dues of SSI Undertakings	**10,173,113**	5,263,376
c) Other Current Liabilities @	**137,271,258**	111,309,050
d) Advance From Customers	**8,531,486**	79,885,278
e) Retention Money & Security Deposit	**180,000**	-
f) Unclaimed Dividend	**406,041**	582,190
	463,485,618	444,961,789
PROVISIONS		
a) Provision for Retirement Benefits	**15,111,435**	12,196,210
b) Provision for Income Tax	**1,340,611**	2,937,866
c) Provision for Fringe Benefit Tax	**1,915,507**	1,974,983
d) Unearned Income	**1,898,529**	2,810,840
	20,266,082	19,919,899
	483,751,700	464,881,688

Footnotes:

@ Other Current Liability includes Rs 92.17 Lacs being Premium on FCCB Redemption

SCHEDULES FORMING PART OF CONSOLIDATED PROFIT AND LOSS ACCOUNT

(Amount in Rupees)

PARTICULARS	12 Months ended March 31, 2010	18 Months ended March 31, 2009
SCHEDULE - "I"		
GROSS TURNOVER		
Sales (Net of Retruns)	**1,328,218,964**	2,594,901,235
Service Income	**53,691,025**	43,639,305
	1,381,909,989	2,638,540,540
SCHEDULE - "J"		
MISCELLANEOUS INCOME		
Interest Received on deposits/others	**6,418,689**	27,148,990
(Tax Deducted at Source Rs. 550,225/- (Previous period Rs.2,126,458/-)		
Foreign Exchange Fluctuations	**153,389,409**	-
Export Incentive	**16,108,425**	-
Liabilities written back	**1,393,647**	26,525
Other Income	**13,354,225**	13,492,645
	190,664,395	40,668,160
SCHEDULE - "K"		
MANUFACTURING AND OTHER EXPENSES		
Raw Material Consumed	**852,706,206**	1,797,069,517
Trading Purchases	**14,894,942**	6,491,877
(Increase)/Decrease in stock	**26,524,503**	(12,821,687)
Stores Consumed	**29,005,803**	54,973,814
Job Charges & Contract Expenses	**47,618,609**	63,995,553
Subscription Charges	**49,170,380**	37,088,566
Wages, Salaries & Bonus	**38,110,200**	57,299,746
Contribution to Provident & Other Funds	**2,972,450**	4,591,151
Employees Welfare	**3,048,578**	4,864,953
Increase/(Decrease) in Excise Duty on Stock	**480,470**	(689,534)
Freight & Cartage	**13,814,471**	36,651,795
Insurance	**1,670,138**	2,558,310
Packing Material Consumed	**51,840,535**	94,042,096
Power & Fuel	**64,448,232**	114,288,066
Repair & Maintenance - Plant & Machinery	**2,753,352**	5,723,196
Testing Charges	**736,111**	696,005
	1,199,794,980	2,266,823,424
Less : Expenses Capitalised	**-**	4,265,168
	1,199,794,980	2,262,558,256

SCHEDULES FORMING PART OF CONSOLIDATED PROFIT AND LOSS ACCOUNT

(Amount in Rupees)

PARTICULARS	12 Months ended March 31, 2010	18 Months ended March 31, 2009
SCHEDULE - "L"		
ADMINISTRATIVE & SELLING EXPENSES		
Advertisement	**26,435,440**	73,784,894
Salaries & Bonus	**70,138,512**	98,839,867
Contribution to Provident & Other Funds	**5,859,278**	7,366,701
Employees Welfare	**2,086,996**	3,726,528
Directors' Remuneration	**12,653,571**	26,672,698
Travelling & Conveyance	**8,130,872**	22,287,720
Postage & Telephone	**4,418,649**	6,939,459
Insurance	**2,319,291**	1,169,025
Loss on Sale of Fixed Assets	**175,292**	82,796
Foreign Exchange Fluctuations	**-**	182,419,830
Rent, Rates & Taxes	**20,413,484**	26,442,228
Professional & Legal Expenses	**31,468,884**	46,300,946
Repair & Maintenance		
- Buildings	**579,449**	3,939,736
- Others	**9,134,332**	3,499,145
Bad Debts	**10,636,398**	
Marketing & Service Charges	**23,621,105**	28,874,922
Discount & Rebate	**1,363,076**	1,299,183
Freight & Cartage (Outward)	**12,593,622**	17,863,932
Auditors' Remuneration		
<u>As Auditors</u>		
-Audit Fee	**1,836,180**	1,840,000
-Out of Pocket Expenses	**114,322**	117,119
<u>In other capacity</u>		
-For tax matter and tax Audit	**400,000**	397,000
-For certification	**100,000**	125,000
Late Delivery Charges	**19,928,787**	18,483,751
Bank Charges	**17,572,531**	23,042,139
Other Expenses	**14,761,587**	26,568,491
	296,741,658	622,083,108
SCHEDULE - "M"		
INTEREST		
Interest on Fixed Loans *	**20,445,641**	46,529,495
Interest Others	**33,394,330**	49,995,880
	53,839,971	96,525,375

Footnotes:

* Includes Rs. 3,221,425/- (previous period Rs. 4,093,561/-) on loan taken from Managing Director

SCHEDULE FORMING PART OF CONSOLIDATED ACCOUNTS

SCHEDULE "N"

NOTES TO THE CONSOLIDATED ACCOUNTS AS AT MARCH 31, 2010.

1. **STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2010**

a) 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.

Basis of preparation of Financial Statements

These consolidated financial statements have been prepared to comply in all material respects with the generally accepted accounting principles in India including the mandatory accounting standards issued by the Institute of Chartered Accountants of India ('ICAI') 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, 2010
APAKSH Broadband Limited (AP AKSH)	India	99.92%
Aksh Technologies Limited (ATL)	India	100%
Aksh Net Tel Limited (ANTL)	India	100%
Aksh Infratel Limited (AIL)	India	100%
SPYK Global Limited (SPYK)	India	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**

Advances paid towards the acquisition of fixed assets, costs of assets not ready for use before the year-end and expenditure during construction period that is directly or indirectly related to construction, including borrowing costs are included under Capital Work-in-Progress.

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.

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.

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**

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.

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.

The comparison of cost and realizable value is made on an item-by-item basis.

Net realizable value of work-in- process is determined on the basis of selling prices of related finished products.

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**

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.

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.

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.

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 and 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**

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.

Compensated absence liability is provided for based on actuarial valuation done as per Projected Unit Credit Method calculated at the end of each financial year.

Actuarial gains/losses are immediately taken to profit and loss account 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.

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 profit and loss account 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) **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.

q) **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.

r) **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.

s) **Miscellaneous Expenditure**

Expenditure on issue of shares / foreign currency convertible bonds (FCCBs) and premium on redemption of FCCBs are adjusted against Securities Premium account.

2. **Contingent Liabilities not provided for:**

a) Claims not acknowledged as debts *(R.s. In lacs)*

S. No.	Particulars	March 31, 2010	March 31, 2009
i)	Sales Tax Matters	760.26	74.25
ii)	Service Tax	140.13	94.12
iii)	Excise / Custom Duty	495.99	226.02
iv)	Stamp Duty	-	413.01
v)	Others	475.01	423.36

b) Corporate Guarantee given by erstwhile Aksh Broadband Ltd. amounting to Rs. 582.03 lacs (Previous Period Rs. 582.03 lacs) 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. 6,055.00 lacs (Previous Period Rs.Nil) in favour of Union Bank of India, Punjab National Bank and ICICI Bank (Consortium Banks) for working capital facilities sanctioned to Aksh Technologies Ltd. Further the Immovable properties of the company are also charged for working capital facilities sanctioned to Aksh technologies Limited.

d) Bank Guarantees, letters of credit issued by banks and outstanding as at 31st March, 2010 is Rs. 1,441.50 lacs, net of margin (Previous Period Rs. 2,536.93 lacs).

e) The undivided Aksh Optifibre Limited has imported Plant & Machinery in previous years under EPCG scheme. An export obligation amounting to Rs. 106.99 crores was to be fulfilled during the period of 8 years starting 16th August 2001. The Company has applied for extension of export obligation period, approval for which is awaited. The balance unfulfilled export obligation as on 31st March 2010 is Rs. 4,406.15 lacs (previous period Rs. 5,033.24 lacs) and the contingent liability in respect thereof is Rs.716.73 lacs (previous period Rs. 749.57 lacs). As the management is confident of fulfilling the export obligation, no provision has been considered.

f) Estimated amounts of contracts remaining to be executed on Capital Account (net of advances) is Rs 31,775.16 lacs (Previous Period Rs. 2,635.57 lacs).

3. **Employee Benefits:**

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

The Group has classified various benefits provided to employees as under :

a) Defined Contribution Plans and amount recognised in Profit and Loss Account.

(Rs. In lacs)

Particulars	**Current year**	Previous period
Employer's Contribution to Provident Fund	93.48	136.87
Employer's Contribution to ESI	4.27	7.10

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 :

i) Summary of Results Year ended March 31, 2010

(Rs. In lacs)

		Gratuity (Funded)	**Leave Encashment**
a)	Present value of obligation	66.87	37.18
b)	Fair Value of plan assets	36.51	-
c)	Net asset / (liability) recognized in balance sheet	30.36	37.18

ii) Actuarial Assumptions

		Gratuity (Funded)	**Leave Encashment**
a)	Discounting Rate	8.00%	8.00%
b)	Future salary Increase	5.50%	5.50%
c)	Expected Rate of return on plan assets	8.00%	-

4. **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, 2010 are given below:

Issue	0% FCCBs (due Jan 2013)	1% FCCBs (due Feb 2013)
Issued on	January 8, 2008	February 5, 2010
Issue Amount (in INR at the time of Issue)	US$ 20 Million (INR. 78.54 crores)	US$ 6.328 Million (INR. 29.46 crores)
Face Value	US$ 100,000	US$ 1,000
Conversion Price per share at fixed Exchange Rate	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 8, 2013	February 05, 2013
Redemption percentage of the Principal Amount	139.93%	107.1929%
Amount Converted	US $ 2.5 Million	Nil
Aggregate conversion into shares	1,641,721	Nil
FCCBs outstanding as on March 31, 2010.	US$ 17.5 Million	US$ 6.328 Million
Aggregate amount of shares that could be issued on conversion of outstanding FCCBs	11,492,056 shares	14,687,521 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 scheduled banks in short term deposits/current accounts.

5. The Company had earlier issued 1% Foreign Currency Convertible Bonds (FCCBs) aggregating USD 8.75 Mn in January 2007 against which FCCBs aggregating USD 2.50 Mn were converted and balance USD 6.25 Mn were outstanding. These FCCBs were due for redemption in Janurary 2010. Pursuant to RBI approval, the Company has exchanged the FCCBs aggregating USD 5.25 Mn with the new FCCBs of USD 6.328 Mn. The redemption premium of USD 1.078 Mn payable on redemption has been adjusted against Securities Premium Account. The balance FCCBs of USD 1.00 Mn have been included under FCCBs and the redemption premium of USD 205,300 is included under current liabilities.

6. The Company had issued 4,603,175 Convertible warrants on preferential basis. As the holders of the convertible warrants did not exercise the option of conversion of warrants into equity shares within the stipulated period of 18 months from the date of allottment .i.e. 15th January 2008, the Application money @ Rs. 6.30 per warrant aggregating to Rs. 290 lacs received against 4,603,175 warrant has been forfeited and credited to Securities Premium Account.

7. Breakup of Deferred Tax Assets and Deferred Tax Liabilities of the Group :

(Rs. in lacs)

S. No.	**Particular**	**March 31,2010**	March 31,2009
	Deferred Tax Liabilities		
a.	Difference in depreciation for accounting and tax purposes	1,674.61	1,596.84
	Deferred Tax Assets		
a.	Unabsorbed Depreciation/ Business Loss	3,769.93	2,994.20
b.	Provision for Retirement Benefits	49.24	41.45
c.	Provision for doubtful debts	-	4.74
	Total Deferred Tax Assets	3,819.17	3,040.39
	Net Deferred Tax Liabilities/(Assets)	(2,144.56)	(1,443.55)

8. **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, 2010.

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

b) Key Management personnel & their relatives:
   - Dr. Kailash S. Choudhari
   - Mr. B. R. Rakhecha (upto 30th September, 2008)
   - Mr. Chetan Choudhari
   - Mr. R.V.R. Chowdary

c) Enterprises over which personnel referred in a & b aforementioned exercise significant influence :
   - Fulchand Finance Private Limited (Relates to Mr. P F Sundesha)
   - New Generation Networks Limited (Relates to Mr. Chetan Choudhari)
   - In Cable Net (Andhra) Limited (Relates to Mr. R. V. R. Chowdary)
   - C Star Media Private Limited (Relates to Mr. R. V. R. Chowdary)

SCHEDULE FORMING PART OF CONSOLIDATED ACCOUNTS

Related Party Transactions (Rs. In Lacs)

		Current Year	Previous Period
a)	<u>**Individuals exercising significant influence & their relatives**</u>		
	Dr. Kailash S. Choudhari		
	Director's Remuneration	124.64	226.19
	Interest Expenses	32.21	40.94
	Loans taken	605.25	535.00
	Loans repayment	5.00	852.00
	Outstanding balance due to / (from)	608.57	22.77
	Mr P. F. Sundesha		
	Rent Paid	29.40	37.80
	Security Deposit Paid	-	15.66
	Sitting Fees	0.30	0.36
	Outstanding balance due to / (from)	-	24.85
	Mr Shailesh Popat Lal		
	Rent Paid	29.40	37.80
	Security Deposit Paid	-	15.66
	Outstanding balance due to / (from)	-	24.85
b)	<u>**Key Management personnel & their relatives**</u>		
	Mr. B. R. Rakhecha		
	Director's Remuneration	-	38.51
	Re-imbursement of expenses Paid	-	0.40
	Outstanding balance due to / (from)	-	-
	Mr. R.V.R. Chowdary		
	Outstanding balance due to / (from)	0.25	0.25
c)	<u>**Enterprises over which personnel referred in a & b above exercise significant influence**</u>		
	Fulchand Finance Private Limited		
	Interest Expenses	164.32	225.16
	Rent Paid	-	3.85
	Loans taken	510.00	3,713.00
	Loans repayment	135.00	4749.56
	Outstanding balance due to / (from)	1,425.82	1,085.59
	New Generation Networks Limited		
	Purchase of Capital Goods	1.66	-
	Computer rental paid	0.86	-
	Outstanding balance due to / (from)	(0.06)	-
	In Cable Net (Andhra) Limited		
	Outstanding balance due to / (from)	(12.64)	(12.64)
	C Star Media Private Limited		
	Outstanding balance due to / (from)	(80.00)	(80.00)

9. **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 cable manufacturing and services. The information about business segments is given below:

(Rs in Lacs)

S.No	Particulars	Current Year	Previous Period
a)	**Segment Revenue**		
	1 Cable Manufacturing	**13,254.80**	25,949.02
	2. Services	**536.91**	436.39
	3. Trading	**293.60**	-
	Total	**14,085.31**	26,385.41
	Less : Inter-Segmental Revenue	**266.21**	**-**
	Net Sales / Income from Operations	**13819.10**	26,385.41
b)	**Segment Results**		
	1. Cable Manufacturing	**360.20**	(700.04)
	2. Services	**(3,484.61)**	(3,454.62)
	3. Trading	**15.27**	-
	Total	**(3,109.14)**	(4,154.66)
	Un-allocable Expenses / (Income)	**(64.19)**	665.13
	Operating Profit / (Loss)	**(3,044.95)**	(4,819.79)
	Interest expenses	**538.40**	965.25
	Profit/(Loss) before Exceptional Items	**(3,583.35)**	(5,785.04)
	Exceptional Items – Expenses / (Income)	**(1,569.23)**	1,707.19
	Net Profit / (Loss) before Tax	**(2,014.12)**	(7,492.23)
c)	**Segmental Capital Employed**		
	(Segment assets – segment liabilities)		
	Cable Manufacturing	**5,968.80**	7,691.32
	Services	**29,812.23**	27,994.88
	Unallocated	**670.00**	2,923.21
	Total	**36,451.03**	38,609.41

10. **Basic and diluted earning per share:**

S. No.	**Particulars**	**Current Year**	Previous Period
a.	Net Profit/(Loss) for the period (Rs in Lacs)	**(1,313.66)**	(4812.55)
b.	Weighted Average No of Equity Shares used in computing Basic-Earning per Share	**59,174,243**	55,468,226
c.	Weighted average number of equity shares from dilutive instruments	**13,705,244**	19,552,550
d.	Weighted Average No of Equity Shares used in computing Diluted Earning per Share	**72,879,487**	75,020,776
e.	Nominal Value of Equity Shares-(Rs.)	**5.00**	5.00
f.	Basic-Earning Per Shares (Rs.)	**(2.22)**	(7.25)
g.	Diluted -Earning Per Share (Rs.)	**(1.78)**	(5.87)

11. Managerial remuneration paid to the Whole-Time Director/ Non- Whole-Time Directors/Managing Director.*

(Rs in Lacs)

	Current Year	Previous Period
Salary	**115.20**	226.69
Contribution to PF and other Funds	**9.44**	18.83
Perquisites	**-**	19.17
Sitting Fee	**1.90**	2.03
* Approval pending from Central Government		

12. Computation of net profit in accordance with Section 349 of the Companies Act, 1956, has not been given as no commission is payable to Managing Director for the current year.

13. The Group is in the process of compiling the requisite list of mini, small and micro enterprises under the MSMED Act which has come into force recently and in the absence of information in this regard, the particulars required by the aforesaid Act have not been given.

14. a) The Group has not received any claim for interest from any supplier covered under the "Interest on delayed payments to Small Scale and Ancillary Industrial Undertakings Act, 1993" to the extent such parties have been identified from the available information.

    b) The names of small scale industrial undertakings to whom the company owes amount outstanding for more than 30 days as at the Balance sheet date are as under J. D. Wood Products, Wood Home & Rajshree Timber Products.

    c) The above information has been complied in respect of parties to the extent to which they could be identified as small scale and ancillary undertakings on the basis of information available with the Group.

15. AP AKSH is setting up a Broadband Project in the state of Andhra Pradesh. No Profit & Loss account 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.

16. In the case of AP AKSH, Bank Guarantee of Rs. 100 lacs (previous period Rs. 50 lacs) 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.

17. In the case of AP AKSH, 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. 96.47 lacs (previous period Rs. 73.77 lacs) on secured loan taken from Cisco Systems Capital India Pvt Ltd.

18. In Case of AP AKSH, The operations are presently suspended due to some litigation. One of the shareholder of AP AKSH 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 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.

SCHEDULE FORMING PART OF CONSOLIDATED ACCOUNTS

19. **Derivative Instruments and unhedged Foreign Currency Exposure**

No forward exchange contract, for hedge purpose, has been outstanding as on 31st March 2010.

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	Amount
1	Export of goods	USD GBP EURO	840,797 51,945 220,373
2	Advance to suppliers	USD	23,666

Amount payable in foreign currency on account of the following:

S. No.	Particulars	Currency	Amount
1	Import of goods and services	USD EURO JPY	903,378 785,200 194,000
2	Advance from customers	USD	37,728
3	Buyer's Credit	USD	712,435

20. Previous Period's figures have been reworked, regrouped, rearranged and reclassified to conform to those of current year's figures wherever necessary.

As per our report of even date attached

For and on behalf of Board of Directors

For P.C. Bindal & Co.
Chartered Accountants

CA. K.C. Gupta
Partner
Membership No. 088638
FRN: 003824N

Place : New Delhi
Dated : 17.05.2010

B. R. RAKHECHA
Director

KAILASH S.CHOUDHARI
Managing Director

SATYENDRA GUPTA
Chief Financial Officer

GAURAV MEHTA
Company Secretary

AKSH OPTIFIBRE LIMITED

REGISTERED OFFICE OF AKSH OPTIFIBRE LIMITED

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