



COMPLETE
ENTERTAINMENT

ACE INDIA
LIMITED

10th
Annual Report
2003 - 2004

Board of Directors

VED PRAKASH NARULA
(Executive Director)

VIRENDER KUMAR KATHURIA
(Director)

MAMTA NARULA
(Director)

RAJESH KUMAR NARULA
(Director)

BISWAJIT DORA
(Company Secretary)

Auditors

A. KATHPALIA & CO.
Chartered Accountants

Bankers

CANARA BANK
HDFC BANK
CORPORATION BANK
CENTURIAN BANK

Registered Office

2/100, Scheme 10B, R.H.B. Colony
Alwar, Rajasthan

Register and Transfer Agent

Beetal Financial & Computer Services (P) Ltd.
321-S, Chirag Delhi, New Delhi-110017

NOTICE

Notice is hereby given that 10th Annual General Meeting of the Members of the Company will be held on Wednesday, the 22nd day of September 2004, at 10.00 A.M. at Registered office at 2/100 Scheme 10 B, Near Partap Palton, R.H.B. Colony, Alwar-301001 (Rajasthan) to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March, 2004 and Profit & Loss Account for the period ended on that date along with the Auditors' Report and Directors' Report thereon.
2. To appoint a Director in place of Mr. Ved Prakash Narula, who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint Auditors to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting and for the purpose to consider and if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution :-

"RESOLVED THAT pursuant to the provision of Section 224 and other applicable provisions, if any, of the Companies Act, 1956 M/s A. KATHPALIA & CO., Chartered Accountants, be and are hereby appointed as Auditors of the Company from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company at a remuneration to be decided by the Board of Directors of the Company, in addition to reimbursement of all out of pocket expenses in connection with the audit of the Company".

SPECIAL BUSINESS

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

"RESOLVED THAT pursuant to the applicable provisions of SEBI (Delisting of Securities) Guidelines, 2003, and subject to the provisions of Companies Act, 1956 and Securities Contracts (Regulation) Act, 1956 and the Rules framed there under, the Listing agreements with the respective Stock Exchanges, and other applicable Rules, Regulations and Guidelines and further subject to the requisite approvals, permissions and consents as may be prescribed or imposed while granting such approvals, permissions or consents as may be required and subject to conditions and modifications as agreed to by the Board of Directors of the company be and is hereby accorded to the Board of Directors of the Company to seek voluntary delisting of the equity shares of the company from the Delhi Stock Exchange at such time or times as the Board may decide.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts, deeds, matters and things as it may in its absolute discretion consider necessary, appropriate and incidental

thereto to give effect to this resolution including setting of any question with regard thereto.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to delegate all or any of the powers herein conferred, to any Director and/or any Officer or Officers of the Company to give effect to this resolution."

**By the order of the Board of Directors
For ACE INDIA LIMITED**

**Place: - New Delhi
Date: - 29/07/2004**

**sd/-
Biswajit Dora
(Company Secretary)**

Notes

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY AT ITS REGISTERED OFFICE NOT LESS THAN FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The Register of Members and Share Transfer Book will remain closed from 16th September, 2004 to 22nd September, 2004 (both days inclusive) .
3. Members holding shares in more than one folio in identical order of name are requested to write to R&TA enclosing their shares certificates for consolidation of their holdings in one folio to facilitate better services.
4. Members seeking any information with regards to accounts or operations are requested to write to the Company at an early date so as to enable the management to keep the information ready.
5. Members/proxies should bring the attendance slip duly filled in for attending the meeting.
6. The Explanatory Statement pursuant to the provisions of Section 173 (2) of the Companies Act, 1956, setting out material facts in respect of the business under item no. 4 is annexed hereto and forms part of the Notice.
7. The Members are requested to notify the change in their addresses, if any, to the Registrar and Transfer Agent, M/s Beetal Financial & Computer Services Private Limited, 321 S, Chirag Delhi, Near Shahid Bhagat Singh College, New Delhi-110017.

**By the order of the Board of Directors
For ACE INDIA LIMITED**

**Place: - New Delhi
Date: - 29/07/2004**

**sd/-
Biswajit Dora
(Company Secretary)**

Explanatory Statement pursuant to Section, 173 of the Companies Act, 1956

Item No. 4.

At present, the equity shares of the company are listed on The Stock Exchange, Mumbai (BSE), The Delhi Stock exchange Association Limited (DSE) and The Madras Stock Exchange Association Limited (MSE). DSE and MSE being the Regional Stock Exchanges.

An analysis of the trading volumes of equity shares of the Company at Delhi Stock Exchange over the last three calendar years, reveals that trading in the Company's shares at this stock Exchange has been nil.

The Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003, Provide an option to the company to seek voluntary Delisting of its shares from the Stock Exchange, provided the shares of the company continue to be listed in a stock exchange having Nation wide trading terminals, and in such an event, even an exit opportunity is not required to be given to the investors.

In view of the above, it is proposed to seek voluntary delisting of the company's shares from DSE. However, the company's share continue to be listed at BSE & Madras Stock Exchange (MSE).

Your Directors recommend the Special Resolution at item no. 4 of the accompanying Notice.

None of the Directors is interested or concerned in the said resolution.

By the order of the Board of Directors
For ACE INDIA LIMITED

Place: - New Delhi

Date: - 29/07/2004

sd/-

Biswajit Dora
(Company Secretary)

DIRECTORS' REPORT**To the Members,**

Your Directors take pleasure in presenting the 10th Annual Report together with the Audited Accounts of your Company for the year ended 31st March, 2004.

Financial Results

	31.03.2004 Amount (Rs. in Lacs)	31.03.2003 Amount (Rs in Lacs)
Gross Income	277.86	20.66
Profit/Loss	7.67	1.10

DIVIDEND

In view of the inadequate profit, your Directors are unable to recommend dividend.

OPERATIONAL REVIEW

During the year under review your company earned a profit of

Rs. 7.67 lacs as against profit of Rs. 1.1 lacs in the last year, your company has shown a seven times increase. This healthy improvement in profitability was possible due to higher sales, and on account of several cost savings under taken during the year. Efforts were made to recover money advanced by the company.

Your Company has positioned itself as an one stop-solution in the field of entertainment. The Project implementation activities which started previous year gather momentum during the year 2003-04. Your Company is trying to develop value based programming not quantitative based.

Your Company along with production, Launch itself as a full fledge Music company (e.g releases Audio Cds/video Vcds, Cassettes).

As the Software market is growing, your Company is entering in trading of software and Hardware.

Your Directors are happy to report that the dark days of your Company are now coming to end. The time is not far when your Company shall rise like a phoenix from the ashes again.

FUTURE OUTLOOK

As a result of the rising demand for quality content, the television entertainment software segment is expected to growth from Rs 23 billion in 2002 to Rs 35 billion in 2007. Your Company is aspiring to position himself as an Global competitor in the field of composite Entertainment.

Your Company is planning to production of programs or software for lifelong cataloguing, innovative programs production, multi-synergy programs methodology and to obtain 40% reach in all composite channel with in short period.

Your Company has also created additional strategy to emerges as content provider in audio, video industries and is now planning to release at least three music album in every month and planning to release two feature films with in a span of twelve month.

BUSINESS STRATEGY

To meet all its clients' need, the Company strives to offer a comprehensive range of services by continuous evaluating new and emerging technologies. As a full service provider, the Company believes that it can increase its revenues from existing clients as well as attract new clients and markets.

Entertainment events are turning out to be as big market and Company plans to be a major player in this segment as well. Company plans to be a multilingual, multipurpose, multi-medium content provider at a lowest cost structure with major emphasis on quality. Due to growing needs of quality music's after comings of different channels, the company started production of music video and cassettes.

As the software market in India spreading its arms and availability of trained professional, your Company started trading of software/hardware.

CORPORATE GOVERNANCE

The company has been proactive in following the principles and practices of good corporate governance. The Company has

taken adequate steps to ensure that the conditions of corporate Governance as stipulated in clause 49 of the listing agreement of stock Exchange are complied with.

Auditors' certificate on corporate governance on its compliance is produced as a part of Annual Report.

FIXED DEPOSIT

There are no fixed deposits accepted by the Company.

VOLUNTARY DELISTING

Your Directors have analysed the trading volumes of the company's shares at The Delhi Stock Exchange Association Limited over the last three calendar years, and observed that the trading in the Company's shares at this Stock Exchange has been nil.

In view of the above, your Directors propose to seek voluntary delisting of the company's shares from DSE in terms of the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003. However, the Company's shares shall continue to be listed at The Stock Exchange, Mumbai and Madras Stock Exchange.

Appropriate proposal is being put up for your consideration.

Your Directors recommend the above proposals.

DIRECTORS

During the year Mr. Jitendra Jaiswal retire from the post of directorship. Your directors place on record their appreciation for the valuable services rendered during their tenure as director of the Company.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement u/s 217(2AA) of the Companies Act, 1956, it is hereby confirmed that:

- 1) In the preparation of the Annual Accounts for the financial year ended 31st March, 2004, the applicable accounting Standards have been followed along with proper explanations relating to material departures.
- 2) the Directors have selected such Accounting Policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the Financial year ended 31st March, 2004 and the profits of the Company for that said period.
- 3) the Director had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safe guarding the assets of the Company and for preventing and detecting fraud and other irregularities .
- 4) the Directors have prepared the Annual Accounts on a going concern basis

AUDITORS

M/s A. KATHPALIA & Co., Auditors, will retire at the conclusion of the meeting and are eligible for appointment. They have, pursuant to sec 224(1B) of companies Act, 1956 furnished the certificate regarding their eligibility for re-appointment as the auditors of the company.

AUDITORS' REPORT

During the income tax assessment proceedings, the assessing officer observed that it is justified as to why lease equalization was provided in the books of accounts but it did not justify as to how deduction for the same is available, while computing income of the assessee as per income tax law. The assessing officer further observed that it may be correct on the part of the assessee to follow the guidelines of the Institute of Chartered Accountants of India in respect of lease equalization in the books of accounts. However, with regards to Income Tax Act this position is not acceptable.

Taking into consideration the observations made by the assessing officer and to justify the amount of depreciation claimed on leased assets, Lease Terminal Adjustment Account has been transferred to Lease Rental Income to the extent of deprecation claimed on leased assets.

BAD DEBTS

In the view of management, the amount Rs. 132711.00 seems to be doubtful, efforts are taken to recover.

PERSONNEL

The Management-employee relations remained very cordial and friendly throughout the year.

CONSERVATION OF ENERGY, RESEARCH AND DEVELOPMENT, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING AND OUTGO

The disclosure to be made pursuant to the provision of Sub Section (1) (e) of Section 217 of the Companies Act, 1956, read with the Companies (Disclosure of particulars in the report of B.O.D. Rules, 1988) are set out in the annexure included in this report.

PARTICULARS OF EMPLOYEES

No Particulars of employee are given as required under the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (particulars of employees) Rule, 1975 as amended as no employee has drawn the salary as prescribed in the said Section.

INTERNAL CONTROL SYSTEM

The Company maintains a system of internal control, including suitable monitoring procedures. The internal audit department regularly conducts a review to assess the financial and operating control at various locations of the Company. Any significant

issue is required to brought the attention of the Audit Committee of the Board. The Statutory Auditor and the head of internal Audit are invited to attend the Audit Committee Meeting.

ACKNOWLEDGEMENT

Your Directors would like to express their sincere appreciation and gratitude to the Company's Bankers, Government Authorities, for their valuable co-operation and assistance.

Your Directors also wish to place on record their appreciation for the whole-hearted and continued support extended by the employees, shareholders and investors during the year.

**For and on Behalf of the Board of Directors
For ACE INDIA LIMITED**

Place: - New Delhi
Date: - 29/07/2004

sd/-

**V. P. Narula
(Director)**

ANNEXURE TO THE REPORT OF THE DIRECTORS

For the year ended 31 March, 2004

Information required under Section 217 (1) (e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988.

A. CONSERVATION OF ENERGY

a. Energy conservation measure taken :-

Since Company is not engaged in manufacturing activity, therefore, no measure taken for conservation of energy.

b. Additional investment and proposal, if any, implemented for reduction of consumption of energy. -Nil-

c. Impact of measures at (a) & (b) for reduction of energy consumption and consequent impact on the cost of production of goods :- - Not Applicable -

d. Total energy consumption and energy consumption per unit of production in prescribed form 'A' :-

Since Company is not engaged in manufacturing activity therefore, no information is being furnished

B. TECHNOLOGY ABSORPTION Research & Development

• Specific areas in which R&D carried out by the Company:-

No Specific R&D work was undertaken by the Company during the year. No new technology was absorbed or adopted.

• Benefits derived as a results of above R & D:-

-Not Applicable -

• Future plan of Action:-

There is no necessity of any specific R&D in the case of the Company.

• Expenditure of R & D

No specific expenditure was incurred on R&D Department.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:-

There is no Foreign Exchange earning and outgo during the year.

FORM OF DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION

1. Efforts in brief made towards technology Absorption, adoption and innovation -NIL-
2. Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution etc. -NIL-
3. In case of imported technology (imported during the last year reckoned from the beginning of the financial year) following information may be furnished —NIL

LISTING AT STOCK EXCHANGES

The Company's Equity Shares are listed on the following three Stock Exchanges in India

1. The Delhi Stock Exchange Association Ltd.
Asaf Ali Road, Delhi-110002
2. The Stock Exchange, Mumbai
Phiroze Jeejeebhoy Towers
Dalal Street, Fort Mumbai-400001
3. Madras Stock Exchange
Exchange Building, Post box No. 183,
11, Second line Beach, Chennai- 600001

The Company has paid the Annual Listing fees to the Stock Exchanges for the financial year 2003-2004

REPORT ON CORPORATE GOVERNANCE

(Pursuant to clause 49 of the Listing Agreement entered in to with the Stock Exchange)

1. **COMPANY PHILOSOPHY ON CODE OF GOVERNANCE**

Corporate Governance assumes a great deal of importance in the business life of ACE INDIA LTD. Your Company is not only committed to achieve highest standards of Corporate Governance but also to go beyond it by instituting such systems and procedures as are in accordance with the latest trend of making management completely transparent and institutionally sound. Your company has always believed in the concept of good corporate Governance involving transparency, empowerment, accountability and integrity with a view to enhance shareholders' value in the long term.