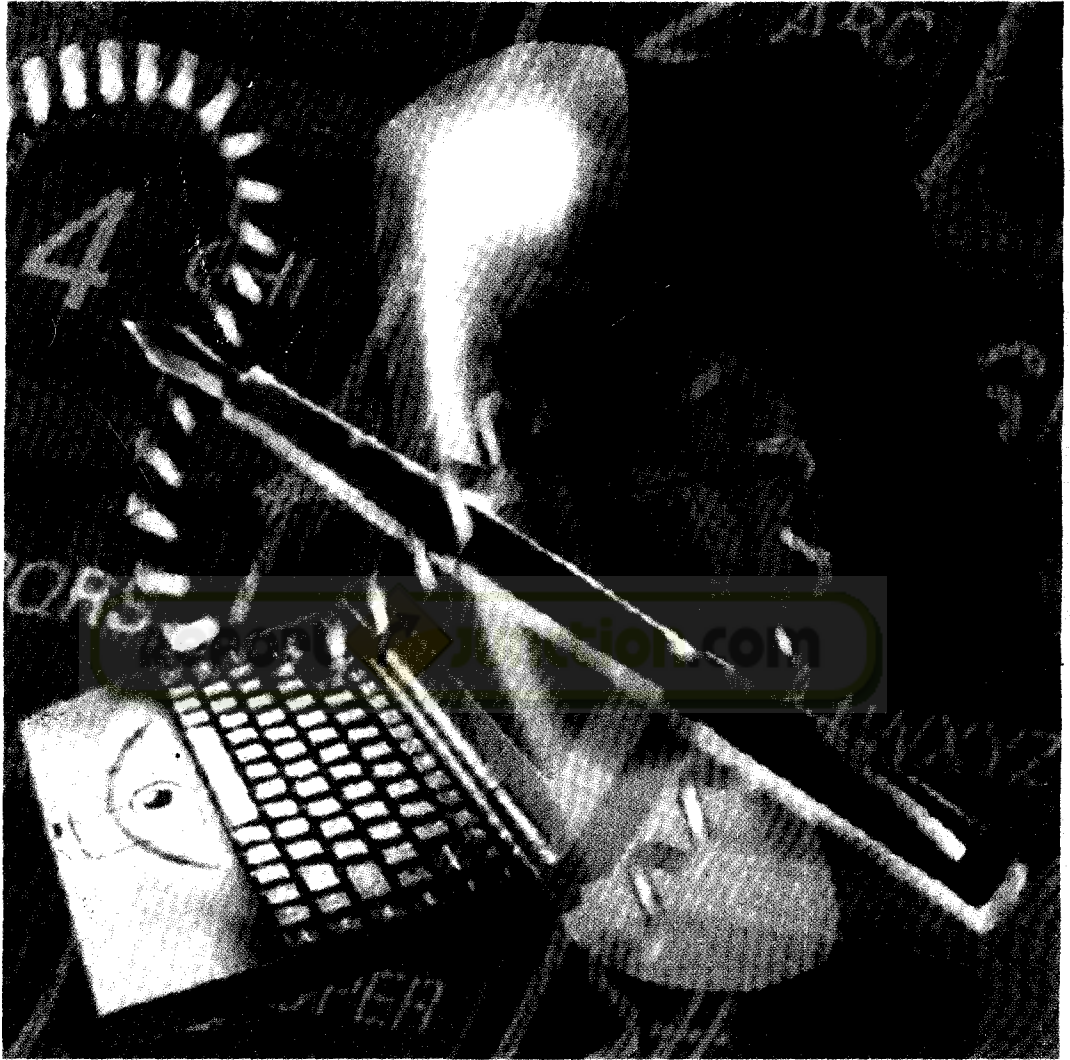


Annual Report



ACI Infocom Limited

2002 - 2003

VISION

To add value to our customers by providing Products and Services, evolved through partnering with world renowned vendors, cost effective technologies and processes.

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**BOARD OF DIRECTORS**

G.S.Pujary
U. Chandra Mouli
Divya Gupta
Brig. M. Jaya Rao (Retd)
Suresh Narayana

CEO

Ashok Natarajan

COMPANY SECRETARY

D. Subrahmanya Sarma

BANKERS

Oriental Bank of Commerce
Overseas Branch, Nariman Point,
Mumbai - 400 021.

AUDITORS

Swamy & Seshadri
Chartered Accountants
Secunderabad – 500 380

REGISTERED OFFICE

H.No. 2, Shiva Sadan
Sivaramakrishna Colony
West Marredpally
Secunderabad – 500 026
Phone # 27807285, 27700284
Website: www.aciinfo.com

PLANT**WORKS I**

Plot No. 18& 19
Anrich Industrial Estate, Bollaram,
Taluq Narsapur, Dist Medak,
Andhra Pradesh.

WORKS II

Unit No.156, S.D.F.V.
SEEPZ, Andheri (E) MUMBAI-400 096

**DEPOSITORY REGISTRARS &
SHARE TRANSFER AGENTS**

Aarthi Consultants Pvt.Limited
1-2-285, Domalguda,Hyderabad.
Phone # 27642217 / 27634445
Fax # 27632184

LISTING

The Hyderabad Stock Exchange Ltd
The Mumbai Stock Exchange
The Bangalore Stock Exchange
The Ahmedabad Stock Exchange

NOTICE

Notice is hereby given that the Twenty First Annual General Meeting of the Company will be held on Monday, the 29th September 2003 at 4.00 p.m. at Belson Taj, S.D. Road, Secunderabad to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March 2003, Profit & Loss Account for the year ended as on that date along with Notes and Schedules appended thereto with the reports of Auditors and Board of Directors thereon.
2. To appoint a Director in place of Mr. Suresh Narayana , who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint M/s. Swamy & Seshadri, Chartered Accountants, as Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting and authorize the Board to fix their remuneration.

rules framed thereunder in this regard and subject to such other approvals, permissions and sanctions, as may be required from the Stock Exchanges with which the Equity Shares of the Company are listed, the consent of Members 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 Hyderabad Stock Exchange Limited, Ahmedabad Stock Exchange and Bangalore Stock Exchange."

"FURTHER RESOLVED THAT the Board of Directors of the Company be and are hereby authorised to make such applications, and do all such things, acts and deeds for delisting the Company's Shares from the above stated Stock Exchanges."

For and on behalf of Board of Directors

Place : Secunderabad
Date : 2nd August 2003

D.S. Sarma
Company Secretary

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 subject to the provisions of the applicable laws, guidelines, rules and regulations including the Companies Act, 1956, the Securities Contracts (Regulation) Act, 1956, Listing Agreement(s) with the Stock Exchange(s), SEBI (Delisting of Securities) Guidelines, 2003 and the

NOTES:

1. A Member entitled to attend and vote is entitled to appoint Proxy to attend and vote instead of himself and the Proxy need not be a Member of the Company. The instrument appointing Proxy should however, be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
2. The Register of Members and Share Transfer Books of the Company will be closed from 25th September 2003 (Thursday) to 29th September 2003 (Monday) (Both days inclusive).
3. Members are requested to intimate immediately any change in their address to the Share Transfer Agents.
4. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of item # 4 is annexed hereto and forms part of the notice.
5. Additional information of directors recommended for appointment or seeking re-appointment:

MR. SURESH NARAYANA

Mr. Suresh Narayana, who was co-opted on the Board on 30th November, 2001 and re-appointed as a Director at the Twentieth Annual General Meeting of the Company is liable to retire by rotation and is eligible for re-appointment.

Mr, Suresh Narayana is a qualified Company Secretary and acting as consultant for few Public Sector Companies.

EXPLANATORY STATEMENT

(Pursuant to Section 173(2) of the Companies Act, 1956)

Item # 4

At present, the shares of your Company are listed with the Stock Exchanges situated at Ahmedabad, Bangalore, Hyderabad and Mumbai. With the introduction of screen based trading by the Mumbai Stock Exchange, the volumes of equity shares being traded on the other Stock Exchanges have been reduced considerably.

Since the Board of Directors could not find any justification to continue the listing of the Company's Equity Shares with the Stock Exchanges at Ahmedabad, Bangalore and Hyderabad, it was decided to seek voluntary delisting of your Company's shares from the said Stock Exchanges. It would also help in cost saving as well as voluminous work of preparing the same information of repetitive nature.

As per the Guidelines issued by the Securities and Exchange Board of India for voluntary delisting of shares from all Stock Exchanges, other than the Mumbai Stock Exchange and/or the National Stock Exchange, the same can be done with the prior approval of members by way of special resolution.

Hence, your Directors commend the resolution set out at item No. 4 for your approval by way of Special Resolution.

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

For and on behalf of Board of Directors

Place : Secunderabad

Date : 2nd August 2003

D.S. Sarma

Company Secretary

DIRECTORS' REPORT

Dear Shareholders,

Your Directors take pleasure in presenting the Twenty First Annual Report together with the Audited Accounts of the Company for the year ended 31st March 2003.

FINANCIAL RESULTS

(Rs. in Lacs)

Particulars	2002-03	2001-02
Sales	7159.89	11532.56
Other Income	1.96	1.80
Total Income	7161.85	11534.36
Expenditure before Depreciation & Amortization of Goodwill	7060.04	11533.82
Profit before Depreciation & Amortization of Goodwill	101.81	0.54
Depreciation	99.90	88.66
Amortization of Goodwill	26.55	27.78
Profit / (Loss) before Taxation	(24.64)	(115.90)
Provision for Taxation	-	-
Profit / (Loss) after Taxation	(24.64)	(115.90)

PERFORMANCE & PROSPECTS

During the year under review, even though your Company's sales were on a downward trend, your Company's cost saving methods and better utilization of available resources resulted in a cash profit of Rs. 101.81 lacs during 2002-03 as against previous year figures Rs.0.54 lacs.

With the signs of economic recovery during the current financial year - in particular, the IT Industry - and also with the commencement of Software services, your Directors are optimistic that the Company will achieve better results. Your Company is also exploring the possibilities of entering the fray of Business Processing Outsourcing (BPO) field and other IT enabled services.

DIVIDEND

As the Company's Operations during the year have resulted in a loss, your Directors do not recommend payment of dividend for the year.

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

A. Conservation of energy: The Company uses electric energy for its equipment such as air conditioners, computer terminals, lighting and utilities in the work premises. All possible measures have been taken to conserve energy.

B. Technology Absorption: During the year your company has not operated plants, therefore no technology absorption and research & development.

C. Foreign Exchange Earnings & Outgo

	(Rs. in Lacs)	
	March, 2003	March, 2002
a) Earnings on re-exports	562.46	601.96
b) Outgo		
i. Travelling	0.49	0.24
ii. Royalty on Microsoft Products	2131.76	1847.99
iii. CIF Value of goods imported	3375.01	5464.32

DIRECTORS

Mr.Suresh Narayana, who is liable to retire by rotation and being eligible, offers himself for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217(2AA) of the Companies Act, 1956, the Board of Directors confirm that:

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures;



- (ii) the directors had 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 end of 31st March, 2003 and the loss for the year ended 31st March, 2003;
- (iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; and
- (iv) the annual accounts have been prepared on a going concern basis;

AUDITORS

The auditors, M/s. Swamy & Seshadri, Chartered Accountants of the Company who retire at the conclusion of the ensuing Annual General Meeting and have confirmed their eligibility and willingness to accept office, if reappointed. The Company has also received a certificate from them under Section 224 (1B) of the Companies Act, 1956.

DEPOSITS

The Company has not accepted any Deposits from the public during the year pursuant to Section 58A of the Companies Act 1956.

PERSONNEL

The Company is not having any employees who are drawing salary in excess of the limits prescribed under Section 217 (2A) of the Companies Act, 1956.

DELISTING OF SHARES

The Company proposes to delist its equity shares from The Hyderabad Stock Exchange (HSE) Ltd., Bangalore Stock Exchange (BgSE) and Ahmedabad Stock Exchange (ASE) during the current year. Necessary resolution has been proposed for the approval of the members. However, Company's shares are continued to be listed on Mumbai Stock Exchange.

CORPORATE GOVERNANCE

A report on Corporate Governance and Management Discussion & Analysis as required under clause 49 of the Listing Agreement is enclosed.

ACKNOWLEDGEMENTS

Your Directors place on record their grateful appreciation of the continued assistance and co-operation extended by the shareholders, customers, bankers and the dedicated employees and the business associates.

For and on behalf of Board of Directors

G.S.Pujary
Director

U.Chandra Mouli
Director

Place : Secunderabad

Dated 2nd August 2003



CORPORATE GOVERNANCE REPORT 2002-03

Company's Philosophy on Corporate Governance

The Company's philosophy on Corporate Governance envisages the attainment of the highest level of transparency, accountability and equity, in all facets of its operations and in efficient conduct of its business and in meeting its obligations to all stakeholders.

Board of Directors

As at 31st March 2003, the Board of Directors comprises 5 Directors constituting 3 Non-Executive Directors and 4 Independent Directors which is as under:

- 1) Mr. G.S.Pujary - Executive Independent Director
- 2) Mr. U.Chandra Mouli - Executive Independent Director
- 3) Mrs. Divya Gupta - Non-Executive Promoter Director
- 4) Mr. Suresh Narayana - Non-Executive Independent Director
- 5) Brig. M. Jaya Rao(Retd.) - Non-Executive Independent Director

During the Financial Year, nine Board Meetings were held on 1st April 2002, 30th April 2002, 15th July 2002, 29th July 2002, 23rd September 2002, 30th October 2002, 26th December 2002, 31st January 2003 and 28th February 2003.

The details of the attendance and other Directorships of the directors are :

Name of Director	Attendance		Representation on other companies	
	Board Meetings	Last AGM	Directorships	Membership in Committee
Mr.G.S.Pujary	6	Present	—	—
Mr.U.Chandra Mouli	8	Present	—	—
Mrs. Divya Gupta	4	—	—	—
Mr. Suresh Narayana	6	—	—	—
Brig. Jaya Rao(Retd.)	7	Present	—	—

In pursuit of the Company's Corporate Governance Policy, all the statutory and other significant material information is placed before the Board of Directors to enable them to discharge their responsibilities of strategic supervision of the company and as trustees of the shareholders.

Audit Committee

The Company has reconstituted an Audit Committee at the Board Meeting held on 31st January 2003 and composition is as follows:

- i. Brig. Jaya Rao(Retd.) - Chairman
- ii. Mrs. Divya Gupta - Member
- iii. Mr. Suresh Narayana - Member

Date of Audit Committee Meeting	Place	No. of Members present
30-04-2002	Registered Office	All of them i.e 3
29-07- 2002	Registered Office	2
28-02-2003	Registered Office	2

The terms of reference made to the Audit Committee inter-alia include:

- To oversee the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- To review the management on the annual financial statements before submission to the Board.
- To review with the management and the auditors, the adequacy of internal Control systems.
- To review the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- To discuss with internal auditors any significant findings and follow up there on
- To review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- To discuss with the auditors about the nature

and scope of audit before its actual commencement and to have post-audit discussion to ascertain any area(s) of concern.

- To review the company's financial and risk management policies.

Remuneration Committee

The Company has not constituted Remuneration Committee as no remuneration is paid to Non-Executive Directors.

Shareholders' Grievance Committee

The Company has constituted a Shareholders' Grievance Committee at the Board Meeting held on 31st January 2003 comprising the following directors:

- i) Brig. Jaya Rao(Retd.) - Chairman
- ii) Mr. G.S.Pujary - Member
- iii) Mr. U. Chandra Mouli - Member

There was one meeting of the Shareholders' Grievance Committee held on 28th February 2003 and all the members of the committee were present.

The Committee looks into the redressal of shareholders' complaints, transfers and dematerialisation of shares. There were no outstanding transfers and shareholders' complaints as on 31st March 2003.

Mr. U. Chandra Mouli, Director is the Compliance Officer of the Company.