



ACI Infocom Limited



25th Annual Report
2006 - 2007

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BOARD OF DIRECTORS

Alok P. Gupta
Chief Executive Officer (CEO)

Divya Alok Gupta
Whole Time Director
Vyas Damadar Poonamchand
Suresh Narayana
Shrikant A. Sathe

BANKERS

Oriental Bank of Commerce
Overseas Branch, Mumbai

AUDITORS

M/s. Snehal Mazoomdar & Co.
Chartered Accountants
351, Tardeo Airconditioned Market,
Mumbai - 400 034.

REGISTERED OFFICE

218, Vasan Udyog Bhavan,
Senapati Bapat Marg, Opp. High
Street Phoenix, Lower Parel (W),
Mumbai 400 013.
Phone # 40371999
Website : www.aciinfo.com

**DEPOSITORY REGISTRARS &
SHARE TRANSFER AGENTS**

M/s. System Support Services,
209, Shivai Industrial Estate,
89, Andheri Kurla Road, Sakinaka,
Andheri (East), Mumbai 400 072.
Phone # 2850 0835
Fax # 2850 1438
Email : [sysss72@yahoo.com](mailto:syss72@yahoo.com)

LISTING

Bombay Stock Exchange Limited

NOTICE

Notice is hereby given that the Twenty Fifth Annual General Meeting of the members of ACI Infocomm Limited will be held on Friday, the 28th December, 2007 at 10.00 a.m. in terms of extension of time granted by Registrar of Companies, Maharashtra, Mumbai under section 166 of the Companies Act, 1956 at the Registered Office of the Company at 218, Vasan Udyog Bhavan, Senapati Bapat Marg, Opp. High Street Phoenix, Lower Parel (W), Mumbai 400 013 to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2007, Profit & Loss Account for the year ended as on that date along with Notes and Schedules appended thereto with the reports of Board of Directors' and Auditors' thereon.
2. To appoint a Director in place of Mr. Vyas D. Poonamchand who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Shrikant A. Sathe who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint M/s. Snehal Mazoomdar & Co., 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.

Place : Mumbai.

Date : 1st December, 2007

For and on behalf of Board of Directors

(Alok P. Gupta)

Chief Executive Officer

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.
2. 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.
3. The Register of Members and Share Transfer Books of the Company will be closed from 20th December, 2007 to 28th December, 2007 (Both days inclusive).
4. Members are requested to intimate immediately any change in their address to the Share Transfer Agents in respect of the shares held in physical form and to the Depository Participant in respect of shares held in dematerialized form without any delay.

DIRECTORS' REPORT

Dear Shareholders,

Your Directors take pleasure in presenting the Twenty Fifth Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 2007.

FINANCIAL RESULTS		(Rs. in Lacs)
Particulars	For the year	
	2006-07	2005-06
Sales	1570.17	3576.82
Other Income	3.47	166.54
Total Income	1573.64	3743.36
Expenditure before		
Depreciation, Interest & tax	1374.97	3567.37
Depreciation	15.52	46.46
Interest	30.64	57.86
Loss before Taxation	(152.51)	(71.67)
Provision for Taxation	Nil	5.50
Fringe Benefit Tax	1.26	3.70
Prior period Adjustment	0.17	2.84
Loss After Taxation	(153.94)	(83.71)

Change of Registered Office

Your Company had applied to Company Law Board, Chennai to shift the Registered Office from the State of Andhra Pradesh to the State of Maharashtra and the same has been approved and accordingly the Registered Office has now been shifted to Mumbai.

Dividend

Your Directors express their inability to recommend any dividend for the year due to the loss incurred by the Company.

Directors

Mr. Vyas D. Poonamchand and Mr. Shrikant A. Sathe, who are liable to retire by rotation and are, being eligible, offers themselves for re-appointment.

Directors' Responsibility Statement

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

- in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures;
- 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, 2007 and the loss for the year ended 31st March, 2007;
- 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
- the annual accounts have been prepared on a going concern basis;

Auditors

The Auditors, M/s. Snehal Mazoomdar & Co., 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 remuneration in excess of the limits prescribed under Section 217 (2A) of the Companies Act, 1956.

Corporate Governance

Pursuant to the provisions of Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956, a report on the Corporate Governance, which inter alia, includes the composition and construction of Audit Committee, is featuring as a part of Annual Report. Your company will continue to adhere in letter and spirit to the good corporate governance policies. Pursuant to the provisions of Clause 49(VII) (1) of the Listing Agreement, a certificate from the auditors of the Company on the compliance of the Clause is enclosed.

CEO's Declaration

Pursuant to the provisions of Clause 49(I) (D)(ii) of the Listing Agreement, a declaration by the Chairman and Managing Director of the Company declaring that all the members of the Board and the Senior Personnel of the Company have affirmed compliance with the Code of Conduct of the Company is enclosed.

MANAGEMENT DISCUSSION & ANALYSIS (M D&A)

Industry Structure and developments

India continues to grow rapidly in deployment of IT Hardware, Software, and ITeS both in domestic market and for overseas clients. Adoption of IT by various State & Central Government organizations is very encouraging and throwing open huge opportunities.

Opportunities & Strengths

Your company has a rich experience of 25years in IT Hardware manufacturing, distribution and service. Utilizing this core strength, we have started a new ITeS Division which will focus on Digitization, e-Governance, and Networking Projects.

Weakness and threats - Risks and concerns

There will be gestation period for the new ITeS Division to start contribution to the Company bottomline. There will be an upfront investment in setup, pre-operative and marketing expenses.

Segment wise or product - wise performance

Your Company is now operating in the following three Sectors:

- a) I.T. Products & Services
- b) Telecom Services
- c) Trading

Outlook

Both IT and Telecom Services will deliver good performance and profits from the FY ending March 09.

Internal control systems and their adequacy

Your Company places considerable emphasis on internal control systems and is appointing a separate Internal Auditor.

Discussion on financial performance with respect to operational performance

During the year under review, your Company has made a Turnover of Rs.1573.64 Lacs as against Rs.3743.36 Lacs and incurred a loss of Rs. 153.94 Lacs as against the loss of Rs.83.71 in the previous year.

The loss during the year is due to exit from the commodity HW & SW product sales. We have to write off certain obsolete inventories.

However, the management is striving hard to improve the sales from the new Services businesses and also to control the overhead expenses.

Material developments in Human Resources / Industrial Relations front, including number of people employed.

The Company employs personnel from all walks of life having the requisite qualifications as demanded by the job profile. It has a well designed training programme, to retain and train the personnel with respect to the work culture of the Company and to keep them abreast with the latest developments in the changing technological environment.

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

	2006-07	(Rs. in Lacs) 2005-06
a) Earnings on re-exports	NIL	NIL
b) Outgo		
i. Traveling	NIL	9.53
ii. Royalty on Microsoft Products	NIL	1469.65
iii. CIF Value of goods imported	NIL	1171.05

ACKNOWLEDGEMENTS

Your Directors place on record their grateful appreciation for 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 the Board of Directors

(Alok P. Gupta)
Chairman

(Divya Gupta)
Director

Place : Mumbai

Date : 30th November, 2007

REPORT ON CORPORATE GOVERNANCE FOR THE FINANCIAL YEAR 2006-07

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

The Company has Executive Chairman. The Board of Directors comprises of 5 directors including 3 Non executive independent directors.

a) Composition and category of directors as on 31st March, 2007

Sr. No.	Name of the Director	Category
1.	Mr. Alok P. Gupta	Executive Promoter Director
2.	Mrs. Divya Alok Gupta	Whole Time Director
3.	Mr. Vyas Damadar Poonamchand	Director
4.	Mr. Suresh Narayana	Director
5.	Mr. Shrikant A. Sathe	Director

b) Attendance of each director at the Board meetings held during the year 2006-2007 and at the last Annual General Meeting

Name of the Director	Board meetings held During the year	Meetings attended	Last AGM
Mr. Alok P. Gupta	10	10	Present
Mrs. Divya Alok Gupta	10	10	Present
Mr. Vyas Damadar Poonamchand	10	10	Present
Mr. Suresh Narayana	10	7	Present
Mr. Shrikant A. Sathe	10	8	Present

Information in terms of Clause 49 of the Listing Agreement in respect of directors being proposed for appointment/ re-appointments.

Mr. Vyas D. Poonamchand, who is to retire by rotation and is, being eligible, offers himself for re-appointment.

Mr. Shrikant A. Sathe who is to retire by rotation and is, being eligible, offers himself for re-appointment.

Audit Committee

The Audit Committee was constituted in terms of Section 292A of the Companies Act, 1956 and the provisions of the Clause 49 of the Listing Agreement.

a) Brief description of terms of reference:

The terms of reference of the Audit Committee are in conformity with the provisions of Sub Clause II of the Listing Agreements, which inter alia, includes the following:

- Oversight of Company's financial reporting process.
- Recommending appointment and removal of external auditors and fixing of their fees.
- Reviewing with management the quarterly, half-yearly and annual financial results/ statements with special emphasis on accounting policies and practices, compliances with accounting standards and other legal requirements concerning financial statements.
- Reviewing the adequacy of the Audit and compliance functioning including their policies, procedures, techniques and other regulatory requirements.

- Reviewing the adequacy of internal control systems and significant audit findings.
- Discussion with external auditors regarding nature and scope of audit.

b) Composition, name of members and Chairperson

- 1) Mr. Vyas D. Poonamchand, Chairman
- 2) Mr. Suresh Narayana, Member
- 3) Mr. Shrikant A. Sathe, Member

c) Meetings and attendance during the year 2006-07

Name of the Member	Board meetings held During the year	Meetings attended
Mr. Vyas D. Poonamchand	4	4
Mr. Suresh Narayana	4	4
Mr. Shrikant A. Sathe	4	4

d) The Chairman of the Audit Committee attended the last AGM and answered queries raised by the Shareholders.

Remuneration Committee

a) Brief Description of terms of reference

This Committee was constituted primarily to evaluate compensation and benefits for Executive Directors.

b) Composition, name of members and Chairperson

The Remuneration Committee comprises of the following Directors:

- 1) Mr. Alok Gupta - Chairman
- 2) Mr. Suresh Narayana - Member
- 3) Mr. Shrikant A. Sathe - Member

c) Meetings and Attendance during the year 2006-2007

There was no incidence necessitating the meeting of the Committee.

d) Remuneration Policy

The remuneration Policy of the company is rewards for results and recognition for efforts.

e) Details of remuneration of all the directors

Particulars	Mr. Alok Gupta	Ms. Divya Gupta
Salary	Rs.6.00 Lakhs	Rs. 2.40 Lakhs
Perquisites	—	—
Provident Fund	—	—
Total	Rs.6.00 Lakhs	Rs. 2.40 Lakhs

The non-executive directors are not eligible for Commission and they have been paid sitting fees only.

Shareholder's / Investor's Grievance Committee

a) Terms of reference

The Committee was constituted to specifically look into the redressing of shareholders and investor complaints like transfer of shares, non-receipt of Balance Sheet, non-receipt of declared dividend, etc.

b) Composition, name of members and Chairperson

- 1) Ms. Divya Gupta - Chairman
- 2) Mr. Suresh Narayana - Member
- 3) Mr. Shrikant A. Sathe - Member