



ACI Infocom Limited



26th Annual Report
2007-2008

CHIEF EXECUTIVE OFFICER

ALOK P. GUPTA

WHOLE TIME DIRECTOR

DIVYA ALOK GUPTA

DIRECTORS

VYAS D. POONAMCHAND
SURESH NARAYANA
SHRIKANT A. SATHYE

AUDITORS

M/s. SNEHAL MUZOOMDAR & Co.
Chartered Accountants

BANKERS

ORIENTAL BANK OF COMMERCE

REGISTERED OFFICE

218, VASAN UDYOG BHAVAN,
SENAPATI BAPAT MARG,
OPP. HIGH STREET PHOENIX,
LOWER PAREL (W),
MUMBAI 400 013.
Tel No. : 40 37 19 99
WEBSITE : www.acinfo.com

**DEPOSITORY REGISTRARS &
SHARE TRANSFER AGENTS**

M/s. SYSTEM SUPPORT SERVICES,
209, SHIVAJI INDUSTRIAL ESTATE,
89, ANDHERI KURLA ROAD,
SAKINAKA, ANDHERI (EAST),
MUMBAI 400 072.
Tel. No. 28 50 08 35
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NOTICE

Notice is hereby given that the Twenty Sixth Annual General Meeting of the members of ACI INFOCOM LIMITED will be held on Saturday, 29th November, 2008 at the registered office of the company situated at 218, Vasan Udyog Bhavan, Senapati Bapat Marg, Opp. High Street Phoenix, Lower Parel (W), Mumbai 400 013 at 10.30 a. m. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2008 and the Audited Profit and Loss Account for the year ended 31st March, 2008 alongwith the Notes and Schedules appended thereto with the Report of the Board of Directors and the Auditors' thereon.
2. To appoint a Director in place of Suresh Narayana who retires by rotation and not offered himself for re-appointment.
3. To appoint a Director in place of Divya Alok Gupta who retires by rotation and not offered herself for re-appointment.
4. To appoint M/s. Snehal Muzoomdar & Co., Chartered Accountants as Auditors of the Company to hold Office from the conclusion of this meeting, until the conclusion of the next Annual General Meeting of the Company and to authorize the Board to fix their remuneration.

Registered Office
218, Vasan Udyog Bhavan,
Senapati Bapat Marg,
Opp. High Street Phoenix,
Lower Parel (W),
Mumbai 400 013

**By order of the Board of Directors
For ACI INFOCOM LIMITED**

Alok P. Gupta
Director

Place : Mumbai,
Date : 25th October, 2008.

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 A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The Proxy, in order to be effective, should be duly completed, stamped and signed and must 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 Register of the Company will remain closed from Wednesday, 27th November, 2008 to Saturday, 29th November, 2008 (both days inclusive).
4. The members are requested to intimate immediately changes, if any, in their Registered address to the Registrar and Share Transfer Agents of the Company 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.
5. Your Company has obtained the permission from the Registrar of Companies, Maharashtra, Mumbai to hold its Annual General Meeting on or before 30th November, 2008.

DIRECTORS' REPORT

To
The Members,

The Board of Directors are pleased to present herewith the Twenty Sixth Annual Report of your Company together with the Audited Accounts for the year ended 31st March, 2008

FINANCIAL RESULTS

Particulars	(Rs. in Lacs.)	
	For the Year	
	2007-08	2006-07
Sales	2516.49	1570.17
Other Income	48.48	3.47
Total Income	2564.97	1573.64
Expenditure before		
Depreciation, Interest & tax	2365.27	1374.97
Depreciation	16.75	15.52
Interest	13.75	30.64
Loss before Taxation	(169.21)	(152.51)
Provision for Taxation	Nil	Nil
Fringe Benefit Tax	2.00	1.26
Prior period Adjustment	1.59	0.17
Loss After Taxation	(172.81)	(153.94)

DIVIDEND

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

DIRECTORS

Suresh Narayana and Divya Alok Gupta, who retire by rotation and due to their preoccupation has not offered themselves for re-appointment. The Board has decided not fill up the vacancies.

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to the requirement Under Section 217 (2AA) of the Companies Act, 1956 with respect to the Directors Responsibilities Statement, it is hereby confirmed;

- i) That in the preparation of the Annual Accounts for the financial year 31st March, 2008, the applicable accounting standards have been followed alongwith proper explanation relating to material departures.
- ii) That the Directors have selected such accounting policies and applied them consistently and made judgment and estimates that were 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, 2008 and of the loss of the Company for the year ended 31st March, 2008.
- iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv) That the Directors have prepared the Accounts for the financial year ended 31st March, 2008 on a going concern basis.

AUDITORS

M/s. Snehal Muzoomdar & Co., Chartered Accountants retire at the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment. The Company has received a certificate from them to the effect that their re-appointment, if made would be within the prescribed limits specified under Section 224(1B) of the Companies Act, 1956.

DEPOSITS

The Company has not accepted any Deposits from the public during the year under 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 Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956, a report on 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 more than 25 years 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.2564.97 Lacs as against Rs. 1573.64 Lacs and incurred a loss of Rs. 172.81 Lacs as against the loss of Rs. 153.95 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 culture of the Company and to keep them abreast with the latest developments in the changing technological environment.

CONSERVATION OF ENERGY, TECHNOLOGICAL ABSORPTION AND 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	2007-08	(Rs. in Lacs) 2006-07
a) Earnings on re-exports	NIL	NIL
b) Outgo		
i. Travelling	NIL	NIL
ii. Royalty on Microsoft Products	NIL	NIL
iii. CIF Value of goods imported	108.50	NIL
iv. Sales Promotion	0.67	NIL

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

Place : Mumbai,
Date : 25th October, 2008

REPORT ON THE CORPORATE GOVERNANCE FOR THE FINANCIAL YEAR 2007-08

COMPANY'S PHILOSOPHY ON CODE OF 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, 2008

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

b) Attendance of each director at the Board meetings held during the year 2007-2008 and at the last Annual General Meeting

Name of the Director	Board meeting held during the year	Meetings attended	Last AGM
Mr. Alok P. Gupta	10	10	yes
Ms. Divya Alok Gupta	10	10	yes
Mr. Vyas Damodar Poonamchand	10	8	yes
Mr. Suresh Narayana	10	NIL	NIL
Mr. Shrikant A. Sathye	10	9	NIL

Mr. Suresh Narayana and Ms. Divya Alok Gupta to retire by rotation at the forth coming Annual General Meeting, do not offers themselves 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 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 Damodar Poonamchand, Chairman
- 2) Mr. Suresh Narayana, Member
- 3) Mr. Shrikant A. Sathye, Member

c) Meetings and attendance during the year 2006-07

Name of the Director	Audit Committee meetings held during the year	Meetings attended
Mr. Vyas Damodar Poonamchand	3	3
Mr. Suresh Narayana	3	NIL
Mr. Shrikant A. Sathye	3	3

- 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. Sathye - Member

c) Meetings and Attendance during the year 2007-2008

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.10 Lakhs	Rs. 3.60 Lakhs
Perquisites	---	---
Provident Fund	---	---
Total	Rs.10 Lakhs	Rs. 3.60 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 to 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 - Chairperson
- 2) Mr. Suresh Narayana - Member
- 3) Mr. Shrikant A. Sathye - Member

c) Name and Designation of Compliance Officer: Mr. Alok P. Gupta, Chairman and Chief Executive Officer is the Compliance Officer of the Company.

d) No. of shareholders complaints received during the year 2007-08

During the year 2007-08 there were no. of complaints/letters were received from the investors and all were disposed of during the year.

e) No. of complaints not solved to the satisfaction of shareholders.

There was no complaint that was not solved to the satisfaction of shareholders.

f) No. of pending share transfers : NIL

GENERAL BODY MEETING

a) Details of last three Annual General Meetings: The following information gives the details of date, time and place of last three Annual General Meetings:

F.Y.	LOCATION	DATE OF AGM	TIME OF AGM HELD
2004-2005	Belson Taj, S. D. Road, Secunderabad – 500 003	30-09-2005	4.30 P.M.
2005-2006	Hotel Yatri Nivas, Banquet Hall, 1-8-180/B, S. P. Road, Secunderabad – 500 003.	29-09-2006	12.30 P. M.
2007-2008	218, Vasan Udyog Bhavan, Senapati Bapat Marg, Opp. High Street Phcenix, Lower Parel (W), Mumbai 400 013	28-12-2007	10.00 A. M.

b) Special Resolution passed through Postal Ballot System during the year and person who conducted the postal ballot exercise.

In the month of March 2007 the Company has conducted a postal ballot and has taken approval of the shareholders for the following items and declared results on 28th April, 2007:

- To maintain the books of account of the Company at Company's head office located at Mumbai, Maharashtra.
- To amend the Memorandum of Association in respect of Object Clause by inserting clause relating to enter into arrangements in India and abroad with all types of cellular service providers.
- To amend the Memorandum of Association in respect of Situation Clause as the Registered Office of the Company shifted from the State of Andhra Pradesh to the State of Maharashtra. The Postal Ballot was conducted by Mr. Abbas Lakdawalla, Practicing Company Secretary.

c) Whether any Special Resolution proposed to be conducted through Postal Ballot.

No Special Resolution is proposed to be conducted through postal ballot system.

DISCLOSURES

- The Company had disclosed the related party transactions with the Key Management Personnel of Notes to Accounts. None of the transactions with any of the related parties was in conflict with the interests of the Company.
- There have been no non-compliances by the Company of the regulations imposed by the Stock Exchange or SEBI or any statutory authority, or on any matter related to capital markets during the last 3 years.

MEANS OF COMMUNICATION

- Financial results of the Company (Quarterly, half-yearly and Annual) have been approved by the Board and intimated to the Stock Exchanges and are published in Business Standard and Mahanayak.
- Management discussion and Analysis Report forms part of the Annual Report.

GENERAL SHAREHOLDER'S INFORMATION

a) **Date, Time & Venue of the Present Annual General Meeting**

On 29th November, 2008 at 10.30 A. M. at the Registered Office at 218, Vasan Udyog Bhavan, Senapati Bapat Marg, Opp. High Street Phoenix, Lower Parel (W), Mumbai 400 013.

b) **Financial Calendar**

Quarter ending on
30th June 2008
30th September 2008
31st December 2008
31st March 2009

Reporting on
Last week of July 2008 (Completed)
Last week of October 2008 (Completed)
Last week of January 2009
Last week of June 2009 (Audited)

c) **Dates of Book Closure** : 27th November, 2008 to 29th November, 2008 (Both days inclusive)

d) **Listing on Stock Exchange** : The Bombay Stock Exchange Ltd.