



COMPLETE  
ENTERTAINMENT

**ACE INDIA**  
**LIMITED**

*13th*  
*Annual Report*  
*2006 - 2007*

***Board of Directors***

**VED PRAKASH NARULA**

(Managing Director)

**VIRENDER KUMAR KATHURIA**

(Director)

**MAMTA NARULA**

(Director)

**NARINDER KUMAR WAHI**

(Director)

**SANJEEV KUMAR**

(Company Secretary)

***Auditors***

**G. P. & CO.**

Chartered Accountants

***Bankers***

**CANARA BANK**

**HDFC BANK**

**CENTURIAN BANK OF PUNJAB**

***Registered Office***

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

Alwar, Rajasthan

***Registrar and Transfer Agent***

**Beetal Financial & Computer Services (P) Ltd.**

99, Madan Gir, Behind Local Shopping Centre, Near Dada Harsukh Nath Mandir

New Delhi-110 062

Ph. : 29961281-82 Fax : 29961284

## 13th Annual Report 2006-2007

**Ace India Limited****NOTICE**

Notice is hereby given that 13<sup>th</sup> Annual General Meeting of the Members of the Company will be held on Friday, the 28<sup>th</sup> day of September 2007, at 11.30 A.M. at PREM PAVITRA BHOJNALAYA, Shri Hans Tower, 35-B, Moti Dungri, Alwar (Rajasthan) to transact the following business:

**ORDINARY BUSINESS**

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31<sup>st</sup> March 2007 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. Narinder Kumar Wahi 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 this 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 G P and 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".

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

Place : New Delhi  
Date : 16.08.2007

sd/-

V.P. Narula  
(Managing Director)

**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 the registered office of the company 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 24<sup>th</sup> September, 2007 to 28<sup>th</sup> September 2007 (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.

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

Place : New Delhi  
Date : 16.08.2007

sd/-

V.P. Narula  
(Managing Director)

**DIRECTORS' REPORT****To the Members,**

Your Directors take pleasure in presenting the 13th Annual Report together with the Audited Accounts of your Company for the year ended 31<sup>st</sup> March 2007.

**Financial Results**

	31.03.2007 Amount (Rs. in Lacs)	31.03.2006 Amount (Rs in Lacs)
Gross Income	323.30	409.49
Profit/Loss (Before Tax)	6.51	14.94

**DIVIDEND**

Due to requirement of funds for the current working of the Company, your Directors regret their inability to recommend any dividend on equity share capital for the year under report.

**OPERATIONAL REVIEW**

During the financial year under report, total revenues decreased to Rs. 323.30 lacs from Rs.409.49 lacs in the Previous year. Your company earned a profit of Rs. 6.51 lacs as against profit of Rs. 14.94 lacs in the last year. The Company's current year performance is very encouraging. However, decrease in turnover and profit is due to existence of pirated CDs in the market. Further, the Censor Board delayed issue the certificate due to overload. In spite of the above downsizing facts and slashing market, the company always endeavours to cut expenses and earn good profits.

Your Company believes in high quality of content to the consumer for maximizing the future growth and opportunities. Your Company is trying to develop value based programming instead of quantitative based. During the year under review the company released Three more Albums viz. "Cool Babby 2.Ras Rasiya Krishan Kanahaiya 3.Kanha Shobhey Bajuband Kanha Shobhey Kangana and few new projects for making of feature films and albums are under pipe line.

**FUTURE OUTLOOK**

The entertainment industry is one of the fastest growing industries. Your Company is aspiring to position itself as a Global competitor in the field of composite Entertainment. Your directors expect steady growth in sales and profits in the years ahead. From this year, the company has entered into Uttranchal (Garwall & Kumau) Market. Hindi is the second most widely spoken language in the world, at the same time

Bhojpuri, Bengali & Punjabi has also a huge market, so your company is developing quality contents in Hindi and the aforesaid regional languages.

#### **BUSINESS STRATEGY**

Your Directors strategy has been to restructure the company thoroughly to impart to it the ability to meet the adverse conditions and to work continuously on cost reduction.

To meet its entire client's need, the Company has to get customer centric and be innovative in production. 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 a 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 the lowest cost structure with major emphasis on quality. Due to growing needs of quality music, after coming of different channels, the company started production of music videos and cassettes.

The impressive financial results of the last few years clearly demonstrate that your company's strategy has worked and is possible to continue in future also.

#### **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.

#### **DIRECTORS**

Mr. Narinder Kumar Wahi, Director of the company, will retire by rotation at the forth-coming Annual General Meeting of the Company and being eligible, has offered himself for reappointment.

#### **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 31<sup>st</sup> March, 2007, 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 31<sup>st</sup> March, 2007 and the profits of the Company for the said period.
- 3) the Directors 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 frauds and other irregularities.
- 4) the Directors have prepared the Annual Accounts on a going concern basis

#### **AUDITORS**

Due to the sad demise of Shri Anil K.Arora, Chartered Accountant, Proprietor of M/s A.Kathpalia & Co., Chartered Accountants, Auditors of the Company, on June 01, 2007, M/s G P and Co., Chartered Accountants, 24, Aurobindo Apartments, Sri Aurobindo Marg, Adhchini, New Delhi - 110017, were appointed as the Auditors of the Company, to fill up the casual vacancy caused by the sad demise of Shri Anil K.Arora, Chartered Accountant, in the Board Meeting held on 12<sup>th</sup> June 2007.

The Board recalled with appreciation the unstinted support and effort provided by Shri Anil K.Arora and his ever willingness to help the Company through thick and thin. The Board prayed the Almighty to rest his soul in peace.

#### **AUDITOR'S REPORT**

The notes to the accounts referred to in the Auditors' Report are self-explanatory and therefore do not call for any further comments.

#### **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 Companies (Disclosure of particulars in the report of Board of Directors. Rules, 1988) are set out in the annexure attached to 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 controls at various locations of the Company. Any significant issue is required to be brought to 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 : 16.08.2007

sd/-

sd/-

V. P. Narula  
(Managing Director)

Mamta Narula  
(Whole-time Director)

**ANNEXURE TO THE REPORT OF THE DIRECTORS**  
**For the year ended 31 March, 2007**

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's taken:-  
Since the Company is not engaged in manufacturing activity, hence clause is not applicable.
- 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 compact 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 Stock Exchange in India

The Stock Exchange, Mumbai  
Phiroze Jeejeebhoy Towers  
Dalal Street, Fort Mumbai-400001

The Company has paid the Annual Listing fees to the Stock Exchange for the financial year 2007-2008.

**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 M/s 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.

Your company believes that efficient corporate governance requires a clear understanding of the respective roles of the Board and of senior management and their relationships with others in the corporate structure. The relationship of the Board and the management shall be characterised by sincerity; their relationships with employees shall be characterized by fairness, their relationship with communities in which they operate shall be characterized by good citizenship and their relationships with government shall be characterised by commitment to compliance.

**2. BOARD OF DIRECTORS**

- **Composition and size of the board :-** The present strength of the Board is 2 non executive directors and 2 Executive Directors.

S.No.	Name	Category	Designation	Date of Appointment	Directorship in other Cos.
1.	Sh. Ved P. Narula	Executive	Managing Director	31.07.02 (as Dir.) 28.10.04 (as MD)	Narula Chits Pvt. Ltd.
2.	Smt. Mamta Narula	Executive & dependent	Whole-time Director	01-12-05 (as WTD) 26.04.2003 (as Dir.)	Narula Chits Pvt. Ltd.
3.	Sh. Virender Kumar	Non-executive Director & independent		26.09.2006	NIL
4.	Sh. Narinder K.Wahi	Non-executive Director & independent		08.06.2005	NIL

- **Board Meetings and attendance :-** Board Meetings were held in the financial year under review and the gap between two Board Meetings did not exceed 3 months.

The information as required under Annexure 1 of clause 49 of the listing Agreement is made available to the Board.

The agenda and the papers for consideration at the Board Meeting are circulated at least 3 days prior to the Meeting.

Adequate information is circulated as part of the Board papers and is also available at the Board Meeting to enable the Board take informed decision.

The dates on which meetings were held are as follows:-

S.No.	Date of Meeting	Board Strength	No. of Directors present
1.	28.04.2006	4	4
2.	28.07.2006	4	4
3.	16.08.2006	4	4
4.	29.08.2006	4	4
5.	28.10.2006	4	4
6.	30.10.2006	4	4
7.	31.01.2007	4	4

• **Code of Business Conduct and Ethics for Board of Directors and Senior Management Personnel**

The Company has in place the Code of Business Conduct and Ethics for Board of Directors and Senior Management (The Code) approved by the board of directors. The Code has been communicated to the directors and members of the senior management. The CEO hereby declares that the Board Members and Senior Management have affirmed compliance with the Code.

• **Details of directors being appointed and re-appointed**

During the year under review Mr. Narinder Kumar Wahi is being re-appointed as Director of the company.

• **Material relationship of the Non-Executive Directors in your company**

None of the non-executive directors have any pecuniary or material relationship or transaction with the company and have given undertaking to that effect.

• **Director's membership in Board committees**

As per listing agreement, no director shall be a member in more than 10 committees or shall act as a chairman of more than 5 committees across all companies in which he is a director.

None of the directors of our company were member in more than 10 committees or acted as chairman of more than 5 committees across all companies in which they were directors.

**3. AUDIT COMMITTEE**

- **Terms of reference:** - The term of reference of this committee are wide enough covering the matters specified for audit committees under clause 49 of the listing Agreement as well as in Section 292A of the Companies Act, 1956. It is functioning under the stewardship of Mr. Virender Kumar, an Independent Non-Executive Director. The functions to be carried out, are given below:-

- To review the results announcement and the report and accounts/ review at end of a quarter, half year and the full year before submission to the Board.
  - To consider the appointment of the Statutory Auditors, the Audit fee and any matters of resignation or dismissal.
  - To discuss with the Statutory Auditor before the Audit Committee the nature and scope of the Audit.
  - To discuss problems and reservations arising from the Statutory Audit.
  - To review the Statutory Auditors' audit reports and presentations and management's response.
  - Oversight of 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 look into the reasons for substantial defaults in the payment of depositors, debenture holders, shareholders (in case of declared dividends) and creditors.
  - To review the functioning of the Whistle Blower mechanism.
  - Carrying out any other function as is mentioned in the terms of reference of the audit committee.
- **Composition and Name of Members:-** Audit Committee consists of the following
- |                         |  |
|-------------------------|--|
| 1. Mr. Virender Kumar   | working as Non Executive and independent               |
| 2. Ms. Mamta Narula     | Executive Director                                     |
| 3. Mr. Narinder K. Wahi | working as Non Executive and independent               |
| 4. Ms. Swati Sharma     | Company Secretary (from Jan. 2006 to Aug 16, 2006)     |
| 5. Mr. Shobhan Mahanti  | Company Secretary (from Aug 16, 2006 to 01 Feb. 2007). |
| 6. Mr. Sanjeev Kumar    | Company Secretary (from 01 Feb 2007 to till date).     |

The Company Secretary acts as Secretary to the Committee.

- **Meetings and the attendance during the year**  
The details of meetings held during the year, and the attendance thereat are as follows:  
Dates of meetings: 20<sup>th</sup> April, 14<sup>th</sup> June, 17<sup>th</sup> July, 11<sup>th</sup> September, 21<sup>st</sup> October in 2006 and 22<sup>nd</sup> January in 2007.

**Attendance**

<u>Name of the Director/</u> <u>Company Secretary</u>	<u>No. of meetings attended</u>
Mr. Virender Kumar	6
Mrs. Mamta Narula	6
Ms. Swati Sharma (C.S.)	3
Mr. Shobhan Mahanti (C.S.)	3