



COMPLETE  
ENTERTAINMENT

**ACE INDIA**  

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**LIMITED**

*15th*  
*Annual Report*  
*2008 - 2009*

***Board of Directors***

**VED PRAKASH NARULA**

(Managing Director)

**VIRENDER KUMAR KATHURIA**

(Director)

**MAMTA NARULA**

(Director)

**B. S. GOYAL**

(Director)

***Auditors***

**RAJESH ARJUN & CO.**

Chartered Accountants

***Bankers***

**CANARA BANK**

**HDFC BANK**

***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

**NOTICE**

Notice is hereby given that 15<sup>th</sup> Annual General Meeting of the Members of the Company will be held on Tuesday, the 29<sup>th</sup> day of September 2009, at 11.30 A.M. at PREM PAVITRA BHOJNALAYA, Shri Hans Tower, 35-B, Moti Dungi, 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 2009 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. Virender Kumar who retires by rotation, and being eligible, offers herself 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 Rajesh Arjun 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".

**SPECIAL BUSINESS**

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

**RESOLVED THAT** pursuant to the provisions of Section 17 of the Companies Act, 1956 and subject to the approval of the Members and further subject to the confirmation of Company Law Board, the Registered Office of the Company be shifted from the State of Rajasthan to National Capital Territory of Delhi.

**RESOLVED FURTHER** that Clause II of the Memorandum of Association of the Company be altered by incorporating the words the 'National Capital Territory of Delhi' in substitution of and deletion of the word 'State of Rajasthan'.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to file a petition before the Company Law Board, to file Memorandum of Appearance, to appoint counsel and to do all acts as may be deemed necessary in this matter."

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

**"RESOLVED THAT** in accordance with the provisions of section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956, and the enabling provisions in the Memorandum and Article of Association of the Company, the listing agreement entered into by the company with the stock exchanges where the shares of the company are listed and the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000, the Securities and

Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 1997 and clarifications thereon issued from time to time, if any, and all such approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, permissions and sanctions, which may be agreed to, by the Board of directors of the company, the consent of the company be and is hereby accorded to the Board to create, issue/offer and allot 18,00,000 (Eighteen lacs) Zero Coupon Warrants at a price of Rs.10/- (Rupees Ten only) each (hereinafter referred to as "Warrants") aggregating to Rs. 1,80,00,000 (Rupees One Crore Eighty Lacs only) based on relevant date i.e. 26.08.2009 on preferential basis without offering the same to any other persons who at the date of the offer are holders of equity shares, each Warrant entitling the holder thereof to apply and be allotted one fully paid-up equity share of Rs 10/- (Rupees Ten only) each, at any time not exceeding eighteen months from the date of allotment of the Warrants as per the terms and conditions given in the Explanatory Statement annexed to this notice, which, inter alia, includes the following:

- a. Issue of up to 18,00,000 Warrants with an entitlement to convert into/exchange with the equal number of Equity Shares of the Company during the period of eighteen months from the date of allotment of Warrants.
- b. Entitlement to the extent not exercised shall be lapsed and up-front amount paid on such warrants shall be forfeited.
- c. The relevant date for the purpose of determination of issue price of the resultant equity shares on conversion of warrants is 26<sup>th</sup> August 2009.
- d. The issue price of the resultant equity shares on conversion of warrants shall fixed as per SEBI Guidelines.

**RESOLVED FURTHER THAT** the Board of the Directors of the Company be and is hereby authorised to reduce, change or modify the number of warrants to finalize and modify the terms and conditions, quantum, pricing, timing and all other matters relating to the issue and allotment of the aforesaid preferential issue of warrants and the resultant equity shares, to agree to such conditions or modifications that may be imposed, required or suggested by the Securities and Exchange Board of India, Stock Exchange(s) or other authorities, or that may otherwise be deemed fit or proper by the Board and to settle all questions or difficulties that may arise with regard to the aforesaid in such manner as it may determine in its absolute discretion and to take such steps and to do all such acts, deeds, matters and things as may be required, necessary, proper or expedient, to give effect to this Resolution.

**RESOLVED FURTHER THAT** the Board of the Directors of the Company be and is hereby authorised to delegate all or any of the previously mentioned powers/authorities to committee of Directors and/or officers or to any one or more directors and officers of the company."

6. To consider and, if thought fit, to pass the following resolution, with or without modification, as **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to Section 198, 269, 309, 310 and other applicable provisions of the Companies Act, 1956,

read with Schedule XIII of the Companies Act, 1956 and all other applicable provisions, if any, of the Companies Act, 1956 including any statutory modification or re-enactment thereof and subject to such approvals as may be necessary, approval of the members of the company be and is hereby accorded to the re-appointment of Mr. Ved Prakash Narula as Managing Director of the company for a period of five years with effect from 28<sup>th</sup> day of October 2009 on a Monthly Salary of Rs. 20,000/- per month.

**"RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required to give effect to the aforesaid resolution."

7. To consider and, if thought fit, to pass the following resolution, with or without modification, as **Ordinary Resolution:**

**"RESOLVED THAT** Mr. B. S. Goyal, be and is hereby appointed as a Director of the company, liable to retire by rotation."

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

Place: New Delhi  
Date: 26<sup>th</sup> August 2009

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 21<sup>st</sup> September 2009 to 28<sup>th</sup> September 2009 (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. Notice of Resolution at item no.4 is hereby given pursuant to Section 192A of the Companies Act, 1956, read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001, that the Company proposes to obtain consent of its Members by way of a Postal Ballot.
7. The relative Explanatory Statement pursuant to Sections 173(2) and 192A(2) of the Companies Act, 1956 setting out material facts is annexed hereto.
8. The Board of Directors at its meeting held on 26<sup>th</sup> August 2009 has appointed M/s Rajesh Arjun & Co., Chartered Accountant, 13/81-81A, LGF, Vikram Vihar New Delhi-24

as the Scrutinizer to receive and scrutinize the completed Ballot Papers from the Members. The Postal Ballot Form and the self-addressed business reply envelope are enclosed for use of the Members.

9. You are requested to carefully read the instructions printed in the Postal Ballot Form and return the Form duly completed with the assent (for) or dissent (against), in the attached pre-paid envelope, so as to reach the Scrutinizer on or before 25<sup>th</sup> September 2009 to be eligible for being considered, failing which, it will be strictly treated as if no reply has been received from the Member. The Scrutinizer will submit his report to the Chairman of the Company after completion of the scrutiny and the results of postal ballot will be announced on 28<sup>th</sup> September 2009, at the Registered Office of the Company at 2/100, Scheme 10 B, R.H.B. Colony, Alwar (Rajasthan) at 2.00 p.m.
10. All documents referred to in the accompanying Notice and the Explanatory Statement are open for inspection at the Registered Office of the Company during the office hours on all working days except Saturdays between 11.00 a.m. and 1.00 p.m., up to 25<sup>th</sup> September 2009.

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

Place: New Delhi  
Date: 26<sup>th</sup> August, 2009

sd/-

V.P. Narula  
(Managing Director)

**Explanatory Statement under Sections 173(2) and 192A(2)  
of the Companies Act, 1956.**

**Item No.4 – Shifting of the Registered office of the company**

The Registered Office of the Company is presently situated in the State of Rajasthan. As a measure of rationalisation, it is proposed to shift the Registered Office from the State of Rajasthan to the State of Delhi.

Section 17 of the Companies Act, 1956 provides that for the shifting the Registered Office of the Company from one State to another, approval of the members by way of Special Resolution and confirmation by the Company Law Board is required. Further, pursuant to Section 192A of the Companies Act, 1956, such Special Resolution is required to be passed by means of a postal ballot.

The Board of Directors accordingly recommend the resolution set out at Item No. 4 of the accompanying Notice for the approval of the Members. Your approval is sought by voting by Postal Ballot in terms of the provisions of Section 192A of the Companies Act, 1956, read with the provisions of the Companies (Passing of Resolutions by Postal Ballot) Rules, 2001.

None of the Directors of the Company is, in any way, concerned or interested in the said resolution.

**ITEM NO. 5 – Issue of Warrants**

Your Company proposes to make a preferential issue of warrants with an option/entitlement of conversion into/exchange with the equity shares of the Company within a period of about 18 months from the date of allotment of warrants. Since your company is a listed company, the proposed issue is in terms of the provisions of the Securities and Exchange Board of India (Disclosure and Investor Protection) Guideline, 2000 and the

Securities and Exchange Board of India (Substantial Acquisition and Takeover) Regulation, 1997. In terms of the provisions of the Companies Act, 1956, and the aforesaid SEBI Guidelines and Regulations, the relevant disclosures/details are given below:

**Objects and purpose of the Preferential Issue:** The Company needs funds to complete its pending projects and to start new projects to face growing competition in the market. The company also requires funds to repay the old outstanding liabilities. It is proposed that long-term funds be raised through preferential issue of Warrants by way of private placement to the persons other than promoters.

The warrants shall have a validity period of 18 months and it will be converted into one fully paid up share of Rs. 10/- each. The Company will receive 25% payment at the time of allotment of warrants and balance amount at the time of conversions which will be utilized in the Company's business.

**Intention of the promoters, directors, their associates and relatives and key management personnel to subscribe to the offer:** The offer is not meant for promoters, directors and their relatives.

Out of the total issue, the warrants are proposed to be allotted in the following manner:

Up to 18,00,000 (Eighteen Lacs) Zero Coupon Warrants optionally convertible into equity shares to Bodies Corporate, individuals etc. other than the promoters/directors of the company.

**Instrument:** The Company is proposing to issue not exceeding 18,00,000 (Eighteen Lacs) warrants. The Holder(s) of these warrants shall be entitled to convert the warrants into/exchange with the Equity shares of the company in the ratio of 1:1, one equity share for every one warrant held.

**The tenure/currency of warrants:** The Holder(s) of these warrants shall be entitled to convert the warrants into/exchange with the Equity Shares of the company within a period of 18 months from the date of allotment of the warrants.

The Warrant holder(s) shall make the written request to the company to exercise the entitlement and sent the same along with complete balance payment payable on the resultant shares at least 15 days before the exercise of the entitlement.

Entitlement to the extent not exercised shall be lapsed and up-front amount paid on such warrants shall be forfeited.

**Lock-in-period:** The warrants issued on preferential basis shall be subject to lock-in-period as per SEBI Guidelines.

The present allotment doesn't attract SEBI (Substantial Acquisition & Takeover) Regulation, 1997.

**Relevant Date and issue Price:** The relevant date for the purpose of determination of issue price of equity shares is 26<sup>th</sup> August 2009.

Issue Price of the resultant equity shares on conversion of warrants will be the price calculated as the pricing formula prescribed in the SEBI Guidelines i.e. issue price shall not be less than the higher of the following:

a) The average of the weekly high and low of the closing prices of the related shares quoted on the stock exchange during the six months preceding the relevant date; or

b) The average of the weekly high and low of the closing prices of the related shares quoted on the stock exchange during the two weeks preceding the relevant date.

**Payment:** In terms of the provisions of the SEBI Guidelines,

25% of the issue price of the resultant equity shares shall be payable at the time of allotment of warrants. The up-front amount paid will be adjusted against the final payment required to be made for acquiring the shares in exchange with the warrants. The up-front amount paid shall be forfeited if and to the extent, option(s) to acquire shares is not exercised.

**Particulars of Allottee:** Present preferential issue of equity shares is proposed to be made to:

1. M/s Prime Edible Private Limited.
2. M/s Aarohi Infocom Private Limited.
3. M/s Tara Consultants Private Limited
4. Sh. Jagdish Kapoor
5. Sh. D.R.Malhotra
6. Sh. Kamal Malik
7. Sh. Balvinder Singh
8. Sh. Sanjeev Bhasin
9. Sh. Gaurav Dhawan

**Pre-issue & Post-issue holding of the proposed Allottees:** As on the date of this notice, the proposed Allottees do not hold any shares in the issuer Company. Similarly, they did not sell any shares of the company during the six months period prior to the relevant date. Post issue of equity shares of the proposed Allottees will be as below:

Particulars	Post-issue	
	No. of shares held	% of share holding
After the conversion/exchange of 18,00,000 (Eighteen Lacs) warrants		
1. M/s Prime Edible Private Limited.	3,00,000	6.047
2. M/s Aarohi Infocom Private Limited.	3,00,000	6.047
3. M/s Tara Consultants Private Limited	3,50,000	7.055
4. Sh. Jagdish Kapoor	1,50,000	3.023
5. Sh. D.R.Malhotra	1,00,000	2.015
6. Sh. Kamal Malik	1,00,000	2.015
7. Sh. Balvinder Singh	1,00,000	2.015
8. Sh. Sanjeev Bhasin	2,00,000	4.031
9. Sh. Gaurav Dhawan	2,00,000	4.031

**Pre-issue & Post-issue Shareholding pattern of the Issuer Company:** Pre-issue & Post-issue Shareholding pattern of the Issuer Company is as follows (Pre-issue shareholding pattern as on 30.06.2009):

#### Category

	Pre-issue		Post-issue	
	No. of shares held	% of shares	No. of held shares	% of held shares
<b>A.Promoter's holding</b>				
<b>1. Promoters</b>				
• Indian Promoters	1267441	40.0974	1267441	25.55
• Foreign Promoters	NIL	NIL	NIL	NIL
<b>2. Persons acting in concert</b>	NIL	NIL	NIL	NIL
<b>SUB-TOTAL</b>	<b>1267441</b>	<b>40.10</b>	<b>1267441</b>	<b>25.55</b>
<b>B.Non-Promoter's holding</b>				
<b>3. Institutional investors</b>				
i. Mutual Funds & UTI	NIL	NIL	NIL	NIL
ii. Banks, Financial, Institutional, Insurance Companies	NIL	NIL	NIL	NIL
iii. FIs	NIL	NIL	NIL	NIL
<b>SUB-TOTAL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>

**9. Others**

a. Private Corporate Bodies	331824	10.49	1281824	25.84
b. India Public	1560560	49.37	2410560	48.59
c. NRIs/OCBs	800	0.03	800	0.016
d. Any Other (please specify)	275	0.01	275	0.0055
De-mat Transit				

<b>SUB-TOTAL</b>	<b>1893459</b>	<b>59.90</b>	<b>3693459</b>	<b>74.45</b>
<b>GRAND TOTAL</b>	<b>3160900</b>	<b>100</b>	<b>4960900</b>	<b>100</b>

**Proposed time of Allotment:** The allotment of warrants in the present preferential issue will be made within a period of 15 days from the date of passing of the aforesaid Special Resolution in the present AGM excluding the time taken in obtaining the necessary approvals, if any, or within such further period as may be prescribed or allowed by the SEBI, Stock Exchange(s) or other concerned authorities.

The Statutory Auditors of the Company has certified that the present preferential issue of equity shares on the above terms and conditions, is in accordance with the requirement contained in the Securities and Exchange Board of India (Disclosure and Investor Protection) Guideline, 2000, the Securities and Exchange Board of India (Substantial Acquisition and Take-over) Regulation, 1997, as amended up to date. The auditor's Certificate shall be laid before the AGM.

In terms of the provisions of the Companies Act, 1956, the consent of members by way of Special Resolution is required. Your director recommends the resolution.

None of the directors is interested in the resolution

**ITEM NO. 6 – Re-appointment of Managing Director**

Mr. V.P. Narula who was appointed as Managing director of the company w.e.f. 28.10.2004 for a period of five years and whose period of Managing Director is due to expire on 27.10.2009. As such, Mr. V.P. Narula has been re-appointed as Managing Director in the Board meeting held on 26<sup>th</sup> August 2009. Thus, the approval of shareholders for his re-appointment is required in the forth coming Annual General Meeting. Your director recommends the resolution.

None of the directors is interested in the resolution except Mrs. Mamta Narula being his spouse and the appointee himself.

**ITEM NO. 7 –Appointment of Director**

The Board of Directors at its meeting held on 30.07.2009 had appointed Mr. B. S. Goyal as an Additional Director of the company and he holds office upto the date of ensuing Annual General Meeting under section 260 of the Companies Act, 1956. Mr. B. S. Goyal, is a financial and legal professional and his appointment will be beneficial for the Company. The Company had received a notice under section 257 of the Act from a member proposing the appointment of Mr. B. S. Goyal as a director of the company.

None of the directors except the appointee himself, is interested in the resolution.

The Board recommends the resolution for adoption by the members.

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

Place: New Delhi

Date: 26<sup>th</sup> August, 2009

sd/-

V.P. Narula  
(Managing Director)

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

Your Directors take pleasure in presenting the 15th Annual Report together with the Audited Accounts of your Company for the year ended 31<sup>st</sup> March 2009.

**Financial Results**

	31.03.2008	31.03.2009
	Amount	Amount
	(Rs. in Lacs)	(Rs in Lacs)
<b>Gross Income</b>	<b>132.73</b>	<b>56.88</b>
<b>Profit/Loss (Before Tax)</b>	<b>1.17</b>	<b>1.12</b>

**DIVIDEND**

Due to requirement of funds for the current working of the Company, your Directors express 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 of the company decreased to Rs. 56.88 lacs from Rs. 132.73 lacs in the Previous year. Your company earned a profit of Rs. 1.12 lacs as against profit of Rs. 1.17 lacs in the last year. The decrease in turnover and profit is due to existence of pirated CDs in the market. Despite the reduced earnings, your management is optimistic of better performance in the coming years.

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 few new projects

**FUTURE OUTLOOK**

The entertainment industry is one of the fastest growing industries. Your Company is aspiring to position itself 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 (Garwali & Kumau) Market. Hindi is the second most widely spoken language in the world, at the same time Bhojpuri, Bengali & Punjabi languages also have huge market in music industry, and 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. V.P. Narula who has been appointed as Managing director of the company w.e.f. 28.10.2004 for a period of five years and whose period of Managing Director is due to expire on 27.10.2009. The Board considered the re-appointment of Mr. V. P. Narula as Managing Director in their meeting held on 26<sup>th</sup> August 2009 for a further period of 5 Years. His re-appointment will be placed before the shareholders for approval in the forth coming Annual General Meeting.

Mr. Virender Kumar, Director of the company, will retire by rotation at the forth-coming Annual General Meeting of the Company and being eligible, he has offered himself for re-appointment.

Mr. B. S. Goyal was appointed as additional director in the Board Meeting held on 30.07.2009 and he is proposed for appointment as a director under section 257 of the Companies Act, 1956.

During the year, Mr. N. K. Wahi, Independent Director of the company has resigned. Your Board placed on record its gratitude for the services rendered by the outgoing Director during the tenure of his Directorship 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 31<sup>st</sup> March, 2009, 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, 2009 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

M/s. Rajesh Arjun & Co. Chartered Accountants, New Delhi, the Statutory Auditors of the company retire at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

#### 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.

#### SECRETARIAL COMPLIANCE CERTIFICATE

Pursuant to the provisions of Section 383A of the Companies Act, 1956 read with rule 3A of the Companies (Appointment and Qualifications of Secretary) Rules, 1988, the company has opted to obtain a Secretarial Compliance Certificate from a practicing company secretary as the paid up capital of the company is below Rs. 5 Crores. As such, Secretarial Compliance Certificate issued for the financial year 2008-2009 is attached to this report for the consideration of members.

#### 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: 26<sup>th</sup> August 2009 sd/-

V. P. Narula  
(Managing Director)

sd/-

Mamta Narula  
(Whole-time Director)

**AMIT VERMA & ASSOCIATES**

Practicing Company Secretaries



Registration No. of the company: 17-14485

Nominal Capital: Rs. 10,00,00,000/-

**SECRETARIAL COMPLIANCE CERTIFICATE***[Pursuant to the Proviso to Section 383A (1) of the Companies Act, 1956]*

To,  
The Members,  
**M/S ACE INDIA LIMITED,**  
2/100 Scheme 10B KET,  
Near Partap Palton,  
R.H.B. Colony,  
Alwar-301001 Raj.

I have examined the registers, records, books and papers of **M/S ACE INDIA LIMITED**, (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the company for the financial year ended on 31<sup>st</sup> March 2009 (the financial year). In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the company, its officers and agents, I certify that in respect of the aforesaid financial year:

1. The company has kept and maintained all registers as stated in **Annexure 'A'** to this certificate, as per the provisions of the Act and the rules made there under and all entries therein have been duly recorded.
2. The company has duly filed the forms and returns as stated in **Annexure 'B'** to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made there under.
3. The Company, being a public limited company, comments are not required.
4. The Board of Directors duly met **SIX** times respectively on **11<sup>th</sup> April 2008, 30<sup>th</sup> April 2008, 30<sup>th</sup> July 2008, 23<sup>rd</sup> August 2008, 30<sup>th</sup> October 2008 and 30<sup>th</sup> January 2009** in respect of which meetings proper notices were given and the proceedings were properly recorded and signed including the circular resolutions passed in the Minutes Book maintained for the purpose.
5. The company was not required to close its Register of Members or Debenture holders during the financial year.
6. The 14<sup>th</sup> Annual General Meeting for the financial year ended on 31<sup>st</sup> March 2008 was held on 26<sup>th</sup> September 2008 after giving due notice to the members of the company and the resolutions passed thereat were duly recorded in the Minutes Book maintained for the purpose.
7. The Extra-ordinary General Meeting was held on 9<sup>th</sup> May 2008 after giving due notice to the members of the company and the resolutions passed thereat were duly recorded in the Minutes Book maintained for the purpose during the financial year.
8. The company has not advanced any loans to its directors or persons or firms or companies referred to under Section 295 of the Act.
9. The company has not entered into any contracts falling within the purview of Section 297 of the Act.
10. The company has made necessary entries in the register maintained under Section 301 of the Act.
11. As there were no instances falling within the purview of section 314 of the Act, the company has not obtained any approvals from the Board of Directors, members or Central Government.
12. The company has not issued any duplicate share certificates during the financial year.
13. The company has:
  - (i) delivered all the certificates on allotment of securities and on lodgment thereof for transfer/transmission or any other purpose in accordance with the provisions of the Act;
  - (ii) The company has not deposited any amount in a separate Bank account as no dividend was declared during the financial year.
  - (iii) The company was not required to post warrants to any member of the company as no dividend was declared during the financial year.
  - (iv) The company was not required to transfer the amounts to the Investor Education and Protection Fund.
  - (v) The company has duly complied with the requirements of section 217 of the Act.
14. The Board of Directors of the company is duly constituted and the appointment of directors, additional directors, alternate directors and directors to fill casual vacancies has been duly made. However, one director of the company has resigned from the company.
15. The company has not appointed any Managing Director/ Whole-time director/Manager during the financial year.
16. The company has not appointed any sole-selling agents during the financial year.
17. The company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar of Companies and/or such other authorities prescribed under the various provisions of the Act during the financial year.
18. The Directors have disclosed their interest in other firms/ companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
19. The company has not issued any shares, debentures or other securities during the financial year.
20. The company has not bought back any shares or debentures during the financial year.
21. There was no redemption of preference shares or debentures during the financial year.
22. There was no transaction necessitating the company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The company has not invited/accepted any deposits including any unsecured loans falling within the purview of section 58A during the financial year.
24. The company has not made any borrowings during the financial year ended 31<sup>st</sup> March 2009.



25. The company has not made any loans or advances or given guarantees or provided securities to other bodies corporate and consequently no entries have been made in the register kept for the purpose.
26. The company has not altered the provisions of the Memorandum with respect to the situation of the company's registered office from one State to another during the financial year under scrutiny.
27. The company has not altered the provisions of the Memorandum with respect to the objects of the company during the year under scrutiny.
28. The company has not altered the provisions of the Memorandum with respect to the name of the company during the financial year under scrutiny.
29. The company has not altered the provisions of the Memorandum with respect to the share capital of the company during the year under scrutiny.
30. The company has not altered its Articles of Association during the financial year.
31. There was no prosecution initiated against or show cause notices received by the company and no fines or penalties or any other punishment was imposed on the company during the financial year, for offences under the Act.
32. The company has not received any money as security from its employees during the financial year.
33. The company is not required deducted any contribution towards Provident Fund during the financial year.

Place: Ghaziabad  
Date: 25<sup>th</sup> August 2009

Signature:  
Name of the  
Company Secretary: Amit Verma  
C.P. No. 3510

#### ANNEXURE 'A'

##### Registers as maintained by the Company Statutory Registers

1. Register of Members under Section 150;
2. Register of Directors under Section 303;
3. Register of Directors' Shareholding under Section 307;
4. Minutes books of the Board Meetings under Section 193;
5. Minutes books of Committee of Directors i.e. audit committee etc.;
6. Minutes books of the General Meetings;
7. Register and Returns under Section 163;
8. Books of Accounts under Section 209;
9. Register of Particulars of contracts in which directors are interested under Section 301(3);

##### Other Registers

1. Register of Directors' attendance;
2. Register of Shareholders' attendance;

#### ANNEXURE 'B'

Forms and Returns as filed by the company with the Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ending 31<sup>st</sup> March 2009:

S.No.	Forms>Returns	Date of Event	Challan No.	Date of Filing
1.	Form Din 3	NA	A42970335	11.08.2008
2.	Form 32	15.07.2008	A43039650	12.08.2008
3.	Form 32	30.07.2008	A45649613	25.09.2008
4.	Form23AC & ACA	26.09.2008	P27097385	26.11.2008
5.	Form 20B	26.09.2008	P26971382	5.11.2008

A-201, Apex Green Valley, Sector-9, Vaishali,  
Ghaziabad - 201 012 (U.P.)

#### ANNEXURE TO THE REPORT OF THE DIRECTORS For the year ended 31 March, 2009

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 2009-2010.

**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)	2
2.	Smt. Mamta Narula	Executive & dependent	Whole-time Director	01-12-05 (as WTD) 26.04.03 (as Dir.)	2
3.	Sh. Virender Kumar	Non-executive Director & independent	Director	26.09.2006	NIL
4.	Sh. B. S. Goyal	Additional Director	Director	30.07.2009	2

**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 to 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.	11.04.2008	4	3
2.	30.04.2008	4	3
3.	30.07.2008	4	3
4.	23.08.2008	4	3
5.	30.10.2008	3	3
6.	30.01.2009	3	3

**• 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**

Mr. V.P. Narula who was appointed as Managing director of the company w.e.f. 28.10.2004 for a period of five years and whose period of Managing Director is due to expire on 27.10.2009. Mr. V.P. Narula is re-appointed as Managing Director in Board meeting held on 26<sup>th</sup> August 2009 for a further period of 5 Years and the matter of his re-appointment will be placed before the shareholders for approval in the forth coming Annual General Meeting. Mr. Virender Kumar, Director of the company, will retire by rotation at the forthcoming Annual General Meeting of the Company and being eligible, has offered himself for re-appointment. Mr. B. S. Goyal was appointed as additional director in the Board Meeting held on 30.07.2009 and it is proposed to appoint him as director under section 257 of the Companies Act, 1956.

**• 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:-

a) 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.

- b) To consider the appointment of the Statutory Auditors, the Audit fee and any matters of resignation or dismissal.
- c) To discuss with the Statutory Auditor before the Audit Committee the nature and scope of the Audit.
- d) To discuss problems and reservations arising from the Statutory Audit.
- e) To review the Statutory Auditors' audit reports and presentations and management's response.
- f) 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.
- g) To look into the reasons for substantial defaults in the payment of depositors, debenture holders, shareholders (in case of declared dividends) and creditors.
- h) To review the functioning of the Whistle Blower mechanism.
- i) 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. Vinay Bhushan  | Company Secretary<br>(from 15.07.2008 to 30.07.2009) |

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: 11<sup>th</sup> April, 30<sup>th</sup> April, 30<sup>th</sup> July, 23<sup>rd</sup> August, 30<sup>th</sup> October in 2008 and 30<sup>th</sup> January in 2009.

**Attendance**

Name of the Director/ Company Secretary	No. of meetings attended
Mr. Virender Kumar	6
Mrs. Mamta Narula	6
Mr. Vinay Bhushan (C.S.)	4

The Statutory Auditors of the Company is invited to the audit committee meetings. The audit committee holds discussions with the Statutory Auditors on "Limited Review" of quarterly, half yearly accounts, yearly audit of the Company's accounts and other related matters.

**4. REMUNERATION COMMITTEE**

Mr. Ved Prakash Narula was appointed as managing director on 28.10.2004. He is being paid remuneration Rs.17000 p.m. in accordance with the Schedule XIII.

Smt. Mamta Narula was appointed as Whole-time Director on 01-12-2005. She is being paid remuneration Rs.17,000 p.m. in accordance with the Schedule XIII.

No remuneration except sitting fee for attending the Board/ Committee Meetings is paid to other Directors. As such, there has been no need to constitute a Remuneration Committee.

**5. INVESTORS / SHAREHOLDERS GRIEVANCES COMMITTEE**

Terms of reference

The functions and powers of the shareholder's committee include approval/ rejection of transfer / transmission and rematerialization of equity shares, issue of duplicate share certificates and supervising of operations of the registrar and transfer agents and also maintaining investor relations and review and redressal of shareholder's/ investors' grievances / complaints

• **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: 11<sup>th</sup> April, 30<sup>th</sup> April, 30<sup>th</sup> July, 23<sup>rd</sup> August, 30<sup>th</sup> October in 2008 and 30<sup>th</sup> January in 2009.

**Attendance**

Name of the Director/ Company Secretary	No. of meetings attended
Mr. Virender Kumar	6
Mrs. Mamta Narula	6
Mr. Vinay Bhushan (C.S.)	2

Mr. Vinay Bhushan was the Company Secretary till 30.07.2009 and Mr. Ved Prakash Narula is the Compliance officer of the Company.

The Company had no transfers pending at the close of financial year as well as there were no complaints during the year under review.

**6. GENERAL BODY MEETING :-**

Details of the location of the last three Annual General Meeting and the details of the resolutions passed or to be passed by Postal Ballot

AGM FOR THE FINANCIAL YEARENDED	DATE & TIME OF A.G.M.
2008	26 <sup>th</sup> day of September, 2008, at 11.30 A.M. Venue: - PREM PAVITRA BHOJNALAYA, Shri Hans Tower, 35-B, Moti Dungri, Alwar (Rajasthan)
	Extra-Ordinary General Meeting 2008 9 <sup>th</sup> day of May, 2008, at 11.30 A.M. Venue: - PREM PAVITRA BHOJNALAYA, Shri Hans Tower, 35-B, Moti Dungri, Alwar (Rajasthan)
2007	28 <sup>th</sup> day of September, 2007, at 11.30 A.M. Venue: - PREM PAVITRA BHOJNALAYA, Shri Hans Tower, 35-B, Moti Dungri, Alwar (Rajasthan)
2006	29 <sup>th</sup> day of September, 2006, at 11.00 A.M. Venue: - PREM PAVITRA BHOJNALAYA, Shri Hans Tower, 35-B, Moti Dungri, Alwar (Rajasthan)

\*Special Resolution passed in the previous 3 AGMs

AGM FOR THE FINANCIAL YEAR ENDED	SPECIAL RESOLUTION PASSED
2008	NIL
2007	NIL
2006	NIL

For the year ended 31.03.2009, No Ordinary or Special resolutions were passed by the shareholder through Postal Ballot.

All the resolutions set out in the respective notice were passed by the Shareholders. No postal Ballots were used for voting at these Meetings.

#### 7. DISCLOSURE

- There are no materially significant related party transactions entered in to by the Company with its promoters.
- The prescribed accounting standards has been followed in the preparation of financial statements.
- There exists a whistle blower policy and no personnel has been denied access to the audit committee.

#### 8. MEANS OF COMMUNICATION

The Quarterly results were published in widely circulating national and local dailies such as the Business Standard in English and Veer Arjun in Hindi. These are not sent individually to the Shareholders.

#### 9. GENERAL SHAREHOLDER INFORMATION:-

- A.G.M. Date, time and venue:- 29<sup>th</sup> September, 2009 at 11.30 A.M. at PREM PAVITRA BHOJNALAYA, Shri Hans Tower, 35-B, Moti Dungri, Alwar (Rajasthan)
- Financial year :-
  - April to March
  - First Quarter Results—last week of July
  - Half Year Results— last week of October
  - Third Quarter Results— last Week of January
- Date of book closure 21<sup>st</sup> September to 28<sup>th</sup> September 2009 (Both Days Inclusive)
- Listing on Stock Exchange
  - The Stock Exchange, Mumbai  
The Company has paid the Listing Fees for the Year under review.  
530093
- Stock Code

Market Price Data: Monthly High and Low	High	Low (Rs.)	Aggregate Vol.
April 2008	8.22	5.31	32120
May 2008	8.15	6.26	13215
June 2008	6.70	5.00	29968
July 2008	7.90	4.85	43235
August 2008	8.04	6.80	80516
September 2008	8.95	6.68	28019
October 2008	7.92	5.72	17727
November 2008	7.35	5.23	8217

December 2008	6.26	4.00	9413
January 2009	6.00	4.20	36730
February 2009	5.70	3.87	69656
March 2009	6.25	4.76	49799

#### • Distribution of Shares by categories of shareholders as on March 31, 2009

Category	No. of Shares Held	% of Share Holding
<b>Promoter's Holding</b>		
Promoters		
Indian Promoters	1267441	40.10
Ved Prakash Narula	1220500	38.61
Mamta Narula	46941	1.49
<b>Sub Total</b>	<b>1267441</b>	<b>40.10</b>
<b>Non Promoter's Holding</b>		
<b>Others</b>		
Private Corporate Bodies	340487	10.77
Indian Public	1319972	41.76
LKG Securities & Finance Pvt Ltd.	74138	2.35
Shri Parasram Holdings Pvt Ltd	126370	4.00
Charanjeet Kaur	31642	1.00
NRI/OCBs	800	0.03
<b>Any Other</b>		
Clearing Members-Demat Trans	50	0.00
<b>Sub Total</b>	<b>1893459</b>	<b>59.90</b>
<b>Grand Total</b>	<b>3160900</b>	<b>100.00</b>

- Demat ISIN Number for NSDL, **INE715F01014**  
CDSL

- 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.

- Share Transfer System All the transfers received are Processed by the Registrar and Transfer Agent and are approved by The Share Transfer Committee which normally meets thrice in a month.  
Share transfer are registered and Returned with in maximum of 15 Days from the date of lodgment if Documents are complete in all respects.

- Dematerialization of Shares and liquidity 22,93,100 shares of the paid up capital has been dematerialized as on 30/06/09.

- Address for correspondence Shareholder's correspondence should be addressed to the Company's Registrar & Share Transfer Agent at the address mentioned above  
Contact Person :- Mr. Puneet Mittal  
Shareholders may send their problem to Mr. V.P. Narula,

Managing Director At E-21,  
Basement, Jang Pura Extn. New  
Delhi-14, for assistance E Mail :-  
aceindiaitd@hotmail.com  
Ph: 011-40580552, Fax:011-29820987  
Shareholders holding shares in  
Electronic mode should address all  
their correspondence to their  
respective Depository Participant.

The company has an internal audit, which carries out independent periodic audit. The scope of internal audit covers variety of operational and financial matters following and review of implementation of recommendations made for corrective action. The prime objective of such audit is to test the adequacy, effectiveness and adherence of all internal control laid down by the management and to suggest improvement.

#### **Discussion on financial performance with respect to operational performance**

The financial statements are prepared in compliance with the requirements of Companies Act, 1956, and Generally Accepted Accounting Principles in India. The management of Ace India Limited accepts the responsibility for the integrity and objectivity of these financial statements and the basis for various estimates and the judgment used in preparing the financial statements.

#### **Material developments in Human Resources / Industrial Relations front**

The Company has a strong team of able and experienced staff and executives. Regular workshops are being held to update the skill set of the existing personnel as also to train fresh candidates recruited by the Company. Several training modules for transformation of work culture are being conducted. These development programs would result in continuous improvement in our capability, teamwork and total employee involvement. Relations with the employees at all level remain cordial and your Directors wish to place on record their appreciation of the co-operation and contribution made by the employees at all levels. The Company gives considerable importance to the training and development of employees.

### **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

#### **Industry Structure and development**

The Company is engaged in the business of production, direction, telecast, broadcast, distribution and exhibition of films, TV serials, advertisements, dramas, musical shows, fashion shows, and all related business including sports events and to acquire copyrights, patents, distribution and marketing rights of audio cassettes, video cassettes, compact discs, digital video discs and to run theatres, soap operas, club houses, cinema halls etc.

We are regularly producing movies, serials, Music Albums and Stage shows. The Company stands committed in giving a break to fresh faces and artists/singers. So that never ever there is a vacuum in the entertainment industry and hidden talent comes to the surface.

#### **Opportunities, Threats, Risks and Concerns Opportunities**

Media market is among the few in the world that continues to register a robust growth. Your Company has focused on the "Entertainment" segment of the market and the core strength lies in its experience and knowledge of the user requirements, the development undertaken for customization of products. It has executed orders in the past several years and is on the threshold of obtaining sizable business during the current year.

#### **Threats, Risks and Concerns**

With all around increase in cost of inputs your directors anticipate that this may adversely affect cost structure and/or selling prices of products in the domestic/international markets, thereby potentially affecting margins of the Company. Due to competitive nature of the industry it may not be possible to pass on the increase on to the customers.

The industry segment that your company deals in is a high technology segment wherein there is regular changes/up-gradation in technologies. This leads to low product life cycle and high level of obsolescence.

#### **Outlook**

Your Company's focus is on the Media and Entertainment Industry. Both the market segments for the Company's product range are buoyant. Existing technical expertise of the company is being enhanced to meet the future requirements of the customers. Company has participated in various exhibitions to enhance the publicity which would result in sizable business opportunity for the Company.

#### **Internal control systems and their adequacy**

The Company continues to have a proper and adequate internal control procedure commensurate with its size and nature of business. The internal control system provides for laid down policy, guidelines and approval procedures. This control procedure ensures efficient use and protection of resources, compliance with established Company policy and guidelines and compliance statutes.

### **AUDITORS' CERTIFICATE**

#### **TO THE MEMBERS OF ACE INDIA LIMITED**

We have examined the compliance of the conditions of Corporate Governance by ACE INDIA LIMITED as stipulated in clause 49 of the listing agreement of the said Company with Stock Exchange in India.

The compliance of condition of Corporate Governance is the responsibility of the Company's management; our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the Compliance of the condition of Corporate Governance. It is neither an Audit nor an expression of an opinion on the Financial Statement of the Company.

In our opinion and to the best of our information and according to the explanations given to us, the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned listing agreements.

We further state that such Compliance is neither an assurance as to future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Rajesh Arjun & Co.,  
Chartered Accountants

sd/-

Place: - New Delhi  
Date: 07-08-2009

CA. Rajesh Kumar Pajni  
Proprietor  
M. No. 096721

## BALANCE SHEET AS ON 31ST MARCH, 2009

PARTICULARS	SCHEDULE	AS ON 31/03/09	AS ON 31/03/08
<b>SOURCES OF FUNDS</b>			
<b>Share holders' funds</b>			
Share Capital	1	31609000.00	31609000.00
Reserve & Surplus	2	640602.29	1147511.19
<b>Loan Funds</b>			
Unsecured Loans	3	0.00	0.00
Deferred Tax Liabilities		967072.09	364121.32
<b>TOTAL</b>		<b>33216674.38</b>	<b>33120632.51</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block		19385115.09	12398391.09
Less: Depreciation	4	3382247.91	2355140.91
Net Block		16002867.18	10043250.18
Investments	5	2429044.00	2429044.00
Deferred Tax Asset		0.00	0.00
<b>Current Assets, Loans &amp; Advances</b>			
Films/Albums under production	6	9752100.00	16213694.00
Loan & Advances	7	3807500.00	3807500.00
Sundry Debtors	8	7550604.40	10644616.00
Other Current Assets	9	305047.91	299937.63
Inventories	10	1737039.00	1480130.00
Cash & Bank Balances	11	1245145.83	323421.18
		24397437.14	32769298.81
<b>Less: Current Liabilities &amp; Provisions</b>	12	9612673.94	12120960.48
<b>Net Current Assets</b>		<b>14784763.20</b>	<b>20648338.33</b>
<b>TOTAL</b>		<b>33216674.38</b>	<b>33120632.51</b>
		0.00	0.00
<b>Accounting Policies &amp; Notes on Accounts</b>	18		

As per our report of even date  
For Rajesh Arjun & Co.  
Chartered Accountants

sd/-  
V.P. Narula  
(Managing Director)

sd/-  
Mamta Narula  
(Director)

sd/-

CA. Rajesh Kumar Pajni  
Proprietor  
M. No. 096721

Place: New Delhi.  
Dated: 07.08.2009

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDING 31ST MARCH, 2009**

PARTICULARS	SCHEDULE	AS ON 31/03/09	AS ON 31/03/08
<b>INCOME</b>			
Sales	13	3870965.40	11646965.00
Other Income	14	<u>1817274.00</u>	<u>1626068.00</u>
		<u>5688239.40</u>	<u>13273033.00</u>
<b>EXPENDITURE</b>			
Purchases		3741841.00	11121108.00
Personnel Expenses	15	541303.00	738684.00
Administrative & Other Expenses	16	262949.99	433923.71
Interest & Finance Charges	17	2511.15	1923.95
Depreciation		<u>1027107.00</u>	<u>859860.00</u>
		<u>5575712.14</u>	<u>13155499.66</u>
Profit before taxation		112527.26	117533.34
Less: Provision for Taxation			
Current Tax		12626.00	13187.00
Deferred Tax		602950.77	184367.32
Fringe Benefit Tax		3859.39	5014.21
Add : Opening Provision for Taxation Reversed		0.00	0.00
Balance Carried down		<u>-506908.90</u>	<u>-85035.19</u>
Earning per share basic/diluted (Rs.)		-0.16	-0.03

**Accounting Policies & Notes on Accounts 18**

As per our report of even date  
For Rajesh Arjun & Co.  
Chartered Accountants

sd/-  
V.P. Narula  
(Managing Director)

sd/-  
Mamta Narula  
(Director)

sd/-

CA. Rajesh Kumar Pajni  
Proprietor  
M. No. 096721

Place: New Delhi.  
Dated: 07.08.2009

## SCHEDULE OF BALANCE SHEET AS ON 31ST MARCH, 2009

PARTICULARS	AS ON 31/03/09	AS ON 31/03/08
<b>SCHEDULE - 1</b>		
SHARE CAPITAL		
AUTHORISED		
(8000000 Equity shares of Rs. 10/- each)	80000000.00	80000000.00
(2000000 16% Redeemable cumulative preference shares of Rs. 10/- each)	20000000.00	20000000.00
	<u>100000000.00</u>	<u>100000000.00</u>
ISSUED, SUBSCRIBED & PAID UP		
(3160900 Equity shares of Rs. 10/- each fully paid up)	31609000.00	31609000.00
	<u>31609000.00</u>	<u>31609000.00</u>

PARTICULARS	AS ON 01/04/08	ADDITIONS	ADJUSTMENT	BALANCE AS ON 31/03/09
<b>SCHEDULE - 2</b>				
RESERVE & SURPLUS				
General Reserve	3100000.00	—	—	3100000.00
Profit & Loss Account	-6202488.81	-506908.90	—	-6709397.71
Capital Reserve	4250000.00	0.00	0.00	4250000.00
	<u>1147511.19</u>	<u>-506908.90</u>	<u>0.00</u>	<u>640602.29</u>

PARTICULARS	AS ON 31/03/09	AS ON 31/03/08
<b>SCHEDULE - 3</b>		
UNSECURED LOANS		
	<u>0.00</u>	<u>0.00</u>
	<u>0.00</u>	<u>0.00</u>

## SCHEDULE '4' OF FIXED ASSETS AS ON 31ST MARCH, 2009

PARTICULARS	DEPN RATE	COST BLOCK			DEPRECIATION BLOCK					NET BLOCK	
		AS ON 01/04/2008	ADDITIONS	DELETION / TRANSFER	TOTAL	DEP. UPTO 31/03/08	FOR THE YEAR	DELETION / TRANSFER	DEP. UPTO 31/03/09	W.D.V. AS ON 31/03/09	W.D.V. AS ON 31/03/08
Computer	4.75%	380011.64	0.00	—	380011.64	196634.94	18051.00	—	214685.94	165325.70	183376.70
Furniture & Fixture	6.33%	242150.00	0.00	—	242150.00	190145.87	15328.00	—	205473.87	36676.13	52004.13
Office Equipment	4.75%	297557.00	0.00	—	297557.00	79359.10	14134.00	—	93493.10	204063.90	218197.90
Films & Albums (released)	10.00%	9738664.84	6986724.00	—	16725388.84	1889001.00	979594.00	—	2868595.00	13856793.84	7849663.84
Other Assets	0.00%	1740007.61	0.00	—	1740007.61	—	—	—	—	1740007.61	1740007.61
TOTAL		12398391.09	6986724.00	0.00	19385115.09	2355140.91	1027107.00	0.00	3382247.91	16002867.18	10043250.18
PREVIOUS YEAR		9696262.09	2702129.00	0.00	12398391.09	1495280.91	859860.00	0.00	2355140.91	10043250.18	8200981.18



PARTICULARS	AS ON 31/03/2009	AS ON 31/03/08
<b>SCHEDULE - 5</b>		
<b>INVESTMENTS</b>		
50000 Equity Shares of Rs. 10/- each of Ace diagnostics & Biotech Ltd. (Unquoted, Market Value uncertainable)	500000.00	500000.00
63000 Equity Shares of Rs. 10/- each of Ace Share Registry Pvt. Ltd. (Unquoted, Market Value uncertainable)	630000.00	630000.00
6100 Equity Shares of Rs. 8.04 each of Industrial Bank of India Ltd. (Unquoted, Market Value uncertainable)	49044.00	49044.00
12500 Equity Shares of Rs. 10/- each at a premium of Rs. 90/- of	1250000.00	1250000.00
	<b>2429044.00</b>	<b>2429044.00</b>
<b>SCHEDULE - 6</b>		
<b>FILMS &amp; ALBUMS UNDER PRODUCTION</b>		
Ek To Sapney Movie	0.00	4785265.00
Bangla Movie	4502100.00	4502100.00
Hindi Movie	5250000.00	5250000.00
Babita Bao	0.00	263000.00
Hikoi	0.00	25350.00
Halla Ghaprol	0.00	221000.00
Hoi Gayo Bawal	0.00	365000.00
Nah Re Shirdi Wale	0.00	801979.00
	<b>9752100.00</b>	<b>16213694.00</b>
<b>SCHEDULE - 7</b>		
<b>LOANS &amp; ADVANCES</b>		
(Unconfirmed, Unsecured considered good) advance recoverable in cash or in kind or for value to be received)	3807500.00	3807500.00
	<b>3807500.00</b>	<b>3807500.00</b>
<b>SCHEDULE - 8</b>		
<b>SUNDRY DEBTORS</b>		
Unconfirmed, Unsecured) - exceeding six months:		
considered good	0.00	0.00
- other debts		
considered good	7550604.40	10644616.00
	<b>7550604.40</b>	<b>10644616.00</b>
<b>SCHEDULE - 9</b>		
<b>OTHER CURRENT ASSETS</b>		
T.D.S.2007	259152.49	259152.49
/at Account	45895.42	40785.14
	<b>305047.91</b>	<b>299937.63</b>

PARTICULARS	AS ON 31/03/09	AS ON 31/03/08
<b>SCHEDULE - 10</b>		
<b>INVENTORIES</b>		
(At lower of cost or net realisable value)	1737039.00	1480130.00
	<b>1737039.00</b>	<b>1480130.00</b>
<b>SCHEDULE - 11</b>		
<b>CASH &amp; BANK BALANCES</b>		
Cash in hand	1237872.55	319629.76
In Current Account with scheduled banks	7465.00	0.00
In Current Account with non-scheduled banks	-191.72	3791.42
	<b>1245145.83</b>	<b>323421.18</b>
<b>SCHEDULE - 12</b>		
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>		
Expenses Payable	24412.00	1347.01
Provisions for I. Tax - Previous Year's	25832.00	12645.00
T.D.S. Payable	0.00	334.00
Provisions for I. Tax	12626.00	13187.00
Fringe Benefit Tax	8873.60	5014.21
Sundry Creditors	9540930.34	12088433.26
	<b>9612673.94</b>	<b>12120960.48</b>
<b>SCHEDULE - 13</b>		
<b>SALES</b>		
Sales	3870965.40	11646965.00
	<b>3870965.40</b>	<b>11646965.00</b>
<b>SCHEDULE - 14</b>		
<b>OTHER INCOME</b>		
Misc. Income	1817274.00	1626068.00
	<b>1817274.00</b>	<b>1626068.00</b>
<b>SCHEDULE - 15</b>		
<b>PERSONNEL EXPENSES</b>		
Staff Salary	129000.00	289500.00
Director's Remuneration	408000.00	444000.00
Staff Welfare	4303.00	5184.00
	<b>541303.00</b>	<b>738684.00</b>

PARTICULARS	AS ON 31/03/09	AS ON 31/03/08
<b>SCHEDULE- 16</b>		
<b>ADMINISTRATIVE &amp; GENERAL EXPENSES</b>		
Advertisement	13656.99	67593.00
Annual General Meeting Expenses	32178.00	32939.00
Annual Listing Fees	10000.00	14794.00
Auditor's Remuneration	16500.00	16500.00
Business Promotion	4087.00	4809.02
CDSL Charges	4495.00	0.00
Conveyance Expenses	9616.00	2145.50
Electricity Charges	17510.00	14760.00
Filing Fees	0.00	2030.00
Insurance	0.00	11393.00
Repairs & Maintenance	7218.00	0.00
Oil & Fuel Expenses	25903.00	38852.69
Office Maintenance	0.00	8079.00
Office Rent	72000.00	156000.00
Postage & Courier	8674.00	5748.00
Printing & Stationery	2020.00	625.00
Professional Charges	10000.00	10000.00
R.T.A. Charges	15672.00	13484.00
Amount Written Off	0.00	5679.50
Telephone Expenses	13420.00	23492.00
Censor Board Fees	0.00	5000.00
	<b>262949.99</b>	<b>433923.71</b>

**SCHEDULE -17****INTEREST & FINANCE EXPENSES**

Bank Interest & Charges	2511.15	1923.95
	<b>2511.15</b>	<b>1923.95</b>

## SCHEDULE -18

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

## 1 SIGNIFICANT ACCOUNTING POLICIES

## a. FIXED ASSETS

Fixed Assets are recorded at cost of acquisition. They are stated at historical cost.

## b. DEPRECIATION

Depreciation on fixed Assets is provided on straight line method in accordance with Section 205 (2) (b) of the Companies Act, 1956, as per the rates specified in Schedule XIV to the Companies Act, 1956. Depreciation on leasehold assets is not provided in view of discontinuation of leasehold business. Albums are amortized over the estimated useful life of the assets i.e. 10 years, on pro rata basis.

## c. INVESTMENTS

Investments are stated at cost of acquisition, and all the investments are in the name of the Company.

## d. REVENUE RECOGNITION

Revenue is recognized when there is reasonable certainty of its ultimate realisation/ collection.

i. **Sales:-** Domestic sales are recognized on dispatch/ on delivery of books/software/Music Cassettes/CD's from sales office.

ii. **Films:-** income will be recognized on its completion/release and sale of rights thereof.

iii. **Other income:-** Other income is accounted for on accrual basis.

## e. CONTINGENT LIABILITIES

These are disclosed by way of notes on the balance sheet. Provisions is made in the Accounts in respect of those liabilities which are likely to materialize after the year end till the finalization of accounts and material effect on the position stated in the Balance Sheet.

## 2. DEFERRED TAX LIABILITY/ASSET

In accordance with the requirements of Accounting Standard 22 on "Accounting for Taxes on Income" issued by The Institute of Chartered Accountants of India, the total deferred liabilities/ assets as on 31/03/2009 have been recognised in the following manner :

Deferred Tax Liability in respect of Depreciation Rs. 967072.00

Deferred Tax Assets in respect of Brought Forward Losses and Tax Credit u/s 115JAA of the Income Tax Act, 1961( i.e. Minimum Alternate Tax Provisions)

Rs. - ----

Deferred Tax Liability( Net of Deferred Tax Assets) Rs. 967072.00

3. **EARNING PER SHARE:** The earnings considered in ascertaining the company EPS comprises the net profit after tax and includes the post tax effect of any extra ordinary items. The number of shares used in computing basic EPS is the weighted average number of shares outstanding during the year.

Particulars	Year ended 31 <sup>st</sup> March 2009	Year ended 31 <sup>st</sup> March 2008
a. Weighted average number of Equity Shares Outstanding during the year	3160900	3160900
b. Net Profit after tax available for Equity Share Holders (Rs.)	-506909	-85035
c. Basic and diluted Earning Per Shares. (Rs.)	-0.16	-0.03
d. Nominal value per Share. (Rs.)	10	10

**4. SEGMENT INFORMATION:**

The Company is engaged in the business of production and trading of media, entertainment and books, which constitutes a single business segment, and accordingly, disclosures are not required under AS-17 issued by the Institute of Chartered Accountants of India.

**5. INTANGIBLE ASSETS (under development)**

Expenditure incurred during development stages for albums, serial, films and for purchase of under-production Films are carried forward under the head "Films & Albums under production".

6. Estimated amount of contracts remaining to be executed on Capital Account and not provided for. NIL (previous year NIL)

8. Payment to Auditors: -	Current Year (Rs.)	Previous Year (Rs.)
a) As Auditor	12500.00	11000.00
b) Other Services (Certification fees etc.)	2000.00	2000.00
c) Tax Audit fees	3500.00	3500.00

9. Provision for Taxation has been made after taking into consideration carried forward losses and in accordance with the provisions of Section 115JB of the Income Tax Act, 1961 (i.e. Minimum Alternate Tax Provisions).

1. No provision has been made for gratuity as none of the employees of the company has completed the eligible tenure of the services as per the provisions of the Gratuity Act.

**2. Related Party Disclosures :**

## Key Management Personnel :

Sh. Ved Prakash Narula	Managing Director
Smt. Mamta Narula	Whole Time Director

## Related Party Transactions :

Payments to Managing Director/ whole time director :

Particulars	Current year (Rs.)	Previous Year (Rs.)
Directors Remuneration	408,000.00	444,000.00
Rent for Office Premises	60,000.00	120,000.00

12. Corresponding figures of previous year have been regrouped and/or rearranged to confirm with this year's grouping wherever found necessary

13. Expenditure in Foreign Currency:- NIL

## SCHEDULE – 19

## STATEMENT PURSUANT TO PART IV OF SCHEDULE VI OF THE COMPANIES ACT, 1956. BALANCE SHEET ABSTRACT

## 1. Registration Details

Registration No.	17-14485
State Code	17
Balance Sheet date	31.03.2009

## 2. Capital raised during the year ( Amount in Rs. Thousand)

Public Issue	NIL
Right Issue	NIL
Bonus Issue	Nil
Private placement	Nil

## 3. Position of mobilization and deployment of funds (Amount in Rs. Thousand).

Total liabilities	42829	Total Assets	42829
Source of funds			
Paid up capital	31609	Reserve & Surplus	640
Secured Loan	NIL	Unsecured Loan	NIL
Deferred Tax Liability	967	Application of funds	
Net fixed Assets	16002	Investments	2429
Net Current Assets	14784	Misc. Expenditure	NIL
Accumulated Losses	NIL		

## 4. Performance of Company (Amount in Rs. Thousand)

Turnover	5688	Total Expenditure	5575
Profit/Loss Before Tax	+ 112	Profit/ Loss after Tax	- 507
Earning Per Share	-0.16	Dividend rate	NIL

Schedule forms an integral part of Accounts and have been duly authenticated.

In terms of our report of even date

For Rajesh Arjun & Co.,  
Chartered Accountants

sd/-

sd/-

V.P. NARULA  
(Managing Director)

sd/-

MAMTA NARULA  
(Director)

CA. Rajesh Kumar Pajni  
Proprietor  
M. No. 096721

Place: New Delhi  
Date: 07.08.2009

## CASH FLOW STATEMENT FOR THE YEAR ENDED 2008-2009

PARTICULARS	Year Ended 31/03/09	Year Ended 31/03/08
<b>A) Cash flow from Operating activity</b>		
Net profit before interest, tax and extra ordinary items	112527.26	117533.34
<b>Adjustment for:-</b>		
Depreciation	1027107.00	859860.00
	1139634.26	977393.34
<b>Adjustment for:-</b>		
Trade & other receivable	9550495.32	-9968620.96
Trade & Other Payable	-2508286.54	11159083.24
Inventories	-256909.00	407174.00
Provision for Tax	-16485.39	-18201.21
Cash flow before extra ordinary items (Net cash from Operating Activity (A))	7908448.65	2556828.41
<b>B) Cash flow from Investment Activity</b>		
Increase of fixed assets (Net)	-6986724.00	-2702129.00
Decrease of Investment	0	406500.50
Net cash used in investment Activity (B)	-6986724.00	-2295628.50
<b>C) Cash flow from financial Activity</b>		
Proceed from issue of Share Capital	0	0
Net cash used in financial Activity	0	0
Net increase in cash and cash Equivalent (A+B+C)	921724.65	261199.91
Cash and cash equivalent as at the commencement of year	323421.18	62221.27
Cash and cash equivalent as at the end of the year	1245145.83	323421.18
Net increase as disclosed above	921724.65	261199.91

Note: All figure in brackets/-' as outflow  
Place: New Delhi.  
Dated: 07.08.2009

sd/-  
V.P. Narula  
(Director)

sd/-  
Mamta Narula  
(Director)

## AUDITORS' REPORT

We have verified the above Cash Flow Statements of **M/s ACE INDIA LIMITED**, derived from the audited financial statement for the year ended 31.03.2009 and found the same to be drawn in accordance with and also with the requirement of Clause 32 of the listing Agreement with the Stock Exchange.

Place: New Delhi.  
Dated: 07.08.2009

For Rajesh Arjun & Co.  
Chartered Accountants

sd/-

CA. Rajesh Kumar Pajni  
Proprietor

**AUDITOR'S REPORT**

**TO THE MEMBERS OF ACE INDIA LIMITED**

We have audited the attached Balance Sheet of M/s ACE INDIA LIMITED as at 31<sup>st</sup> March, 2009 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the management of the Company. Our responsibility is to express an opinion on these financial statements based on our audit. We have conducted our Audit in accordance with Auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An Audit includes, examining on a test basis, evidence supporting the amounts and disclosure in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis of our opinion.

As required by the Companies (Auditor's Report) Order, 2003, as amended by Companies (Auditors' Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956 we enclose in the Annexure attached to herewith, a statement on the matters specified in paragraph 4 and 5 of the said order.

Further to our comments in the Annexure referred to above, we report that :

1. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our Audit.
2. In our opinion proper books of Account as required by Law have been maintained by the Company, so far as it appears from our examination of those books.
3. The Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of Account.
4. In our opinion, the Balance Sheet, Profit & Loss Account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Sub- Section (3C) of Section 211 of the Companies Act, 1956.
5. On the basis of written representations received from the Directors and taken on record by the Board of Directors, and the information and explanations given to us, we report that none of the Directors of the Company are prima facie, as at 31<sup>st</sup> March, 2008, disqualified from being appointed as Director of the Company in terms of Clause (g) of Sub Section (1) of Section 274 of the Companies Act, 1956.
6. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:-
  - i. In the case of Balance Sheet, of the state of affairs of the Company as on 31.03.2009 ;
  - ii. In case of Profit & Loss Account of the profit for the year ended on that date, and
  - iii. In the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

**For Rajesh Arjun & Co.,  
Chartered Accountants**

sd/-


**CA. Rajesh Kumar Pajni  
Proprietor  
M. No. 096721**

**Place: New Delhi  
Date: 07.08.2009**



## ANNEXURE TO THE AUDITOR'S REPORT

Referred to in paragraph 2 of our Report of even date.

1. a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.   
b. Fixed assets of the Company have been physically verified by the management in a phased manner. No discrepancies between books, records and physical assets were noticed on such verification.
- c. None of the fixed assets have been disposed off during the year hence the going concern concept has not been affected.
2. a. The inventory has been physically verified by the management during the year. In our opinion the frequency of verification is reasonable.  
b. The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.  
c. The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
3. a. As informed to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Act.  
b. As informed to us, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Act.
4. In our opinion and according to the information and explanations given to us, there are generally adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of audit no major weakness has been noticed in the internal control procedures.
5. In case of transactions exceeding the value of five lakh rupees in the financial year in respect of any party  
a. The particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.  
b. In our opinion, each of these transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. The company has not accepted deposits from the public U/s 58A, 58AA or any other relevant provisions of the Act and the rules framed there under.
7. In our opinion, the company has an adequate internal audit system commensurate with its size and the nature of its business.
8. The maintenance of cost records have not been prescribed by the Central Government u/s 209(1)(d) of the Companies Act, 1956 for the year under review.
9. We have been informed that the provisions of the Employees Provident Fund Act, Employees State Insurance Act are not presently applicable to the Company. According to the records of the Company and according to the information and explanations given to us, there are no irregularities in depositing undisputed dues in Investor Education and Protection Fund, Income Tax, Sales tax, Wealth tax, Service tax, Custom Duty, Excise Duty, Cess and any other material Statutory dues with the appropriate authorities. There were no arrears as at 31<sup>st</sup> March, 2009 for a period of more than six months from the date they became payable.
10. The company has accumulated loss of Rs. 67.09 lacs ( Profit after taxes ) , which are less than fifty percent of its net worth. The company has not incurred cash losses in the financial year under report and in the immediately preceding financial year.
11. The company has not defaulted in repayment of dues to a financial institution or bank or debenture holders.
12. Based on our examination and according to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. We are informed that the provisions of any special statute applicable to Chit Fund, Nidhi /Mutual Benefit fund/Society are not applicable to the Company.
14. According to the information and explanations given to us, the Company is not a dealer or trader in shares, securities, debentures or other investments. Accordingly, the provisions of Clause 4(xiv) of the Order are not applicable to the Company.
15. According to information and explanations given to us the Company has not given any guarantee for loans taken by others from bank or financial institutions, the terms and conditions whereof are prejudicial to the interest of the company.
16. The Company has not obtained any term loans.
17. On the basis of our examination and according to the information and explanations given to us, no funds has been raised on short-term basis.
18. During the year, the Company has not made any preferential allotment of shares to parties covered in the Register maintained under section 301 of the Act.
19. During the year, the Company has not issued any debentures during the period under review.
20. During the year, the Company has not forfeited any amount.
21. During the year, the company has not raised money by public issues during the year under review.
22. According to the information and explanations given by the Company and based on our audit procedures, no fraud on or by the Company has been noticed or reported by the Company during the year.

For Rajesh Arjun & Co.,  
Chartered Accountants

sd/-

CA. Rajesh Kumar Pajni  
Proprietor  
M. No. 096721

Place: New Delhi  
Date: 07.08.2009

**ACE INDIA LIMITED**Registered Office : 2/100, Scheme 10 B, R.H.B. Colony, Alwar (Rajasthan)**Postal Ballot Form**

1. Name(s) of shareholder(s) (including joint holders, if any)	1. 2.	
2. Registered address of the sole/first named shareholder	:	
3. Registered Folio no./DP ID No./Client ID No.* (* applicable to investors holding shares in dematerialized form)	:	
4. Number of Shares held	:	

I/we hereby exercise my/our vote in respect of the special resolution to be passed through postal ballot for the business stated in the notice of the company dated 26<sup>th</sup> August 2009 by sending my/our assent or dissent to the said resolution by placing tick ( ) mark at the appropriate box below.

Item no.	No. of shares	I/we assent to the resolution	I/we dissent to the resolution
4			

Place:

Date:

(Signature of the shareholder)



**Instructions:**

1. A member desiring to exercise vote by postal ballot may complete this postal ballot form and send it to the scrutinizer in the attached self-addressed envelope. No postage is required to be paid by the Shareholder as the prepaid self addressed postal envelope is enclosed. However, envelope containing Postal Ballots, if sent by courier/registered post at the expense of the registered Shareholder, will also be accepted.
2. A tick ( ) mark should be placed in the relevant box signifying assent/dissent for the resolution, as the case may be. Incomplete or unsigned Postal Ballots will be rejected. Tick in both the boxes would render your Ballot Form invalid.
3. The self-addressed envelop bears the address of the scrutiner appointed by the Board of directors of the company.
4. Duly completed Postal Ballot Form should reach the Scrutinizer not later than the close of working hours on 25.09.2009 All Postal Ballot Forms received after 25.09.2009 will strictly be treated as if the reply from such member has not been received and shall not be counted for the purpose of passing the Resolution.
5. This form should be completed and signed by the Shareholder. In case of joint holdings, this form should be completed and signed (as per the Specimen Signature registered with the Company) by first named Member and in his absence, by the next named Member. In case of other than individual shareholders, this form should be signed by an authorized signatory whose signature is already registered with the Company. If any extraneous paper is found in such envelop the same would not be considered by the Scrutinizer and would be destroyed.
6. In case of shares held by Companies, Trust, Societies etc., duly completed Postal Ballot Form should also be accompanied by a certified copy of the Board Resolution/Other Authority together with the attested specimen signatures of the duly authorized person exercising the voting by Postal Ballot.
7. The Postal Ballot shall not be exercised by a Proxy.
8. The Scrutinizer's decision on the validity of the Postal Ballot shall be final.

# ACE INDIA LIMITED

Registered office 2/100 Scheme 10 B, R.H.B. colony, Alwar Rajasthan 301001

## PROXY FORM

I/We \_\_\_\_\_ of \_\_\_\_\_  
in the district of \_\_\_\_\_

being a member/members of the above named Company hereby appoint \_\_\_\_\_

\_\_\_\_\_ of \_\_\_\_\_

of \_\_\_\_\_ or failing him/her \_\_\_\_\_

of \_\_\_\_\_ in the district of \_\_\_\_\_

\_\_\_\_\_ as my/our proxy to vote for me/our behalf at the 15<sup>th</sup> Annual General meeting of the Company to be held 29<sup>th</sup> September 2009 at 11.30 A.M. at PREM PAVITRA BHOJNALAYA, Shri Hans Tower, 35-B, Moti Dungri, Alwar (Rajasthan) or at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2009

Signature \_\_\_\_\_

Address \_\_\_\_\_

Folio No. \_\_\_\_\_

### Note:

1. The Proxy need not be a Member.
2. The proxy to be valid should be duly stamped with a revenue stamp of Rs. 1/- and executed by the Member and should reach the Company's Registered office at least 48 Hours before the time of the meeting.



TEAR HERE



# ACE INDIA LIMITED

Registered office 2/100 Scheme 10 B, R.H.B. colony, Alwar Rajasthan 301001

## ATTENDANCE SLIP

FOLIO No. \_\_\_\_\_

No. of Share Held \_\_\_\_\_

I hereby record my presence at the 15<sup>th</sup> Annual General Meeting of the Company to be held on 29<sup>th</sup> September, 2009 at 11.30 A.M. at PREM PAVITRA BHOJNALAYA, Shri Hans Tower, 35-B, Moti Dungri, Alwar (Rajasthan) or at any adjournment thereof.

**ALL PARTICULARS SHOULD CONFIRE WITH THAT OF COMPANY'S RECORD**

Member's Name \_\_\_\_\_

( 1<sup>st</sup> Joint holder) \_\_\_\_\_

( 2<sup>nd</sup> Joint holder) \_\_\_\_\_

Father's Name \_\_\_\_\_

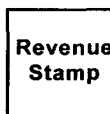
Complete Address \_\_\_\_\_

Proxy's Name \_\_\_\_\_

I certify that I am registered shareholders/ proxy for the registered Shareholder of the Company.

### Note :-

1. Attendance Slip which is not complete in all respect shall not be accepted.
2. Attendance Slip shall be handed over at the registration counter for obtaining entry coupon.
3. Please note, irrespective of number of Attendance Slip and/ or proxies and joint holders, only one refreshment coupon and one entry coupon shall be given to each person.
4. **NO GIFTS WILL BE DISRIBUTED AT THE AGM.**



Revenue  
Stamp

Signature of Member/Proxy

# BOOK – POST

*If Undeliverd please return to :*

**ACE INDIA LIMITED**

E-21, Jangpura Extn., Lower Ground Floor  
New Delhi-110014