

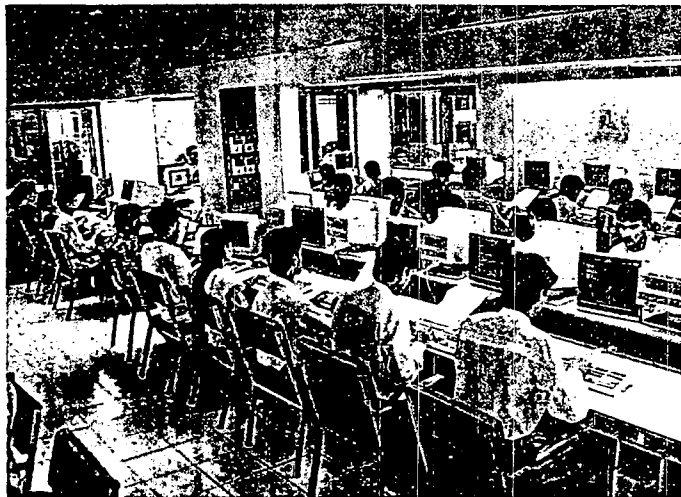
THIRD ANNUAL REPORT 1996-97



SHARE THE VISION
FOR GLOBAL SUCCESS

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CS	<input checked="" type="checkbox"/>	DPV	<input checked="" type="checkbox"/>
RO	<input checked="" type="checkbox"/>	DIV	<input checked="" type="checkbox"/>
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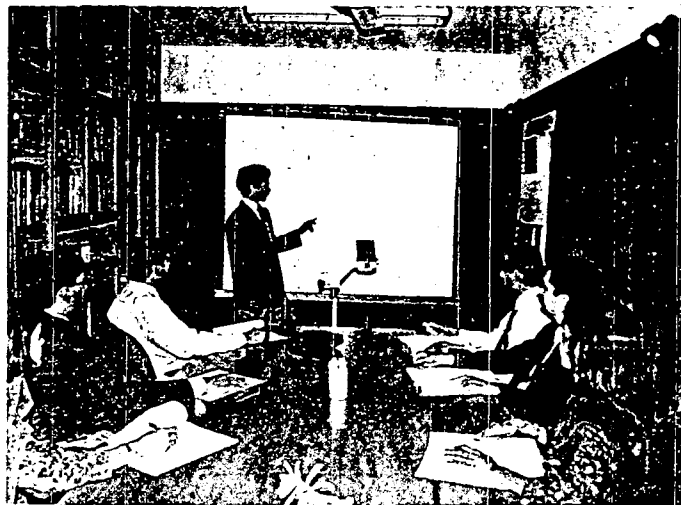
 ACE SOFTWARE EXPORTS LTD.



"The creation of value through a belief in the power of the human mind is the cornerstone of the success of any software unit. Ace values its human assets and has been able to create a dedicated and large organization where every individual's aspirations result in the achievement of corporate goals."

Report  Junction.com

Project Conference and Training



"The flat organization structure synergizes well with a participative process of management and decision making with an organization wide focus on quality. Ace is able to deliver extremely high value to its clients which results in repeat orders and multiple year projects."

BOARD OF DIRECTORS

VIKRAM B. SANGHANI

Jt. Managing Director

SANJAY H. DHAMSANIA

Jt. Managing Director

HARILAL T. DHAMSANIA

JAY B. SANGHANI

BHUPAT C. SANGHANI

BIPIN V. PATEL

RAHUL J. KALARIA

AUDITORS

KALARIA & SAMPAT

Chartered Accountants

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BANKERS

BANK OF BARODA

FOREIGN COLLABORATORS

APEX DATA SERVICES INC.,
U.S.A.

REGISTERED OFFICE

801, Everest Commercial Complex,
Opp. Shastri Maidan,
RAJKOT - 360 001.

N O T I C E

ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Third Annual General Meeting of **ACE SOFTWARE EXPORTS LIMITED** will be held at 801, EVEREST COMM. COMPLEX, Opp. Shastri Maidan, Rajkot on **THURSDAY, 25th SEPTEMBER, 1997** at 1100 Hours to transact the following business :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st MARCH, 1997 and the Profit & Loss Account for the year ended on that date together with the Auditors' and Directors' Report thereon.
2. To appoint directors in place of Shri Bhupatbhai Sanghani and Shri Harilal Dhamsania who retire by rotation, and being eligible, offer themselves for re-appointment.
3. To declare dividend on Equity Capital.
4. To appoint Auditors to hold office till the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

5. To consider and if thought fit, to pass with or without modification, the following resolution as a Ordinary Resolution:
"RESOLVED that the consent of the Company be and is hereby accorded to the Board, to purchase the office premises situated at 801, Everest Comm. Complex, Opp. Shastri Maidan, Rajkot-1, from the erstwhile Partnership firm Ace Software Exports, which at present is taken on lease, on such terms and conditions and at such time it may think fit
6. To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution :
"RESOLVED THAT subject to all applicable provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force and as may be enacted from time to time) and subject to such other approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be agreed to, by the Board of Directors of the Company (hereinafter referred to as the 'Board'), the consent of the company be and is hereby accorded to the Board to acquire/purchase and hold or resell any of its own fully or partly paid shares on such terms and conditions and upto such limits as may be determined by the Board or prescribed by law from time to time; Provided that acquisition / purchase of such fully or partly paid Equity Shares of the company be not construed as reduction of Equity Share Capital which is subject to the controls as stipulated in Section 100 to 104 and Section 402 of the Companies Act, 1956, for the time being in force and that the Board of Directors of the company be and are hereby authorised to do all such acts and things as may be necessary or proper to implement this resolution."
7. To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution :
"RESOLVED THAT pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force), the Articles of Association of the company be and are hereby altered in the manner and to the extent as follows :
(i) Existing Article No. 4 of the Articles of Association of the company be and is hereby deleted and new Article as follows be substituted in place and stead thereof:
(a) New Article No.4 -
"Subject to the provisions of the Act, and all other applicable provisions of law, as may be in force at any time and from time to time, the company may acquire, purchase, hold, resell any of its own fully/partly paid or redeemable shares and may make payment out of funds at its disposal for and in respect of such acquisition/ purchases, on such terms and conditions and at such times as the Board may in its discretion decide and deem fit."
(ii) A new Article be inserted after Article 6(a) of the Articles of Association of the Company as follows hereinafter called Article 6(a)(i) :
(b) New Article No.6(a)(i) -
"Subject to the provisions of the Act and all other applicable provisions of law, as may be in force at any time and from time to time, the company may issue shares, either equity or any other kind with non-voting rights and the resolutions authorising such issue shall prescribe the terms and conditions of the issue."
8. To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution :
"RESOLVED THAT subject to all applicable provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force and as may be enacted from time to time) and subject to such other approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be agreed to, by the Board of Directors of the Company (hereinafter referred to as the 'Board'), the consent of the members of the company be and is hereby accorded to the Board to re-issue the forfeited shares to any person or person(s) and in such manner and at such time as the Board may deem fit."
9. To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution :
"RESOLVED THAT pursuant to the Provisions of Section 370 and other applicable provisions, if any, of the Companies Act, 1956, the Board of Directors of the Company (Board), be and are hereby authorised to make loans/deposits to, or give guarantee(s) or provide securities in connection with loans/deposits made by any other person to, or to any other person by other Companies, including Companies under the same management, in excess of all or any of the percentages prescribed under Section 370 of the Companies Act, 1956, provided that at any time the aggregate of such loans, deposits, guarantees given and securities provided in connection therewith shall not exceed Rupees Five crore.

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF, AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The register of members and share transfer books of the company will remain closed from Friday, 5th SEPTEMBER, 1997 to Thursday, 25th SEPTEMBER, 1997 (both days inclusive).

The share department will be open from 9.30 a.m. to 12.30 p.m.

23rd JULY, 1997

Registered Office :
801, Everest Comm. Complex,
Opp. Shastri Maidan,
RAJKOT - 360 001.

BY ORDER OF THE BOARD

VIKRAM B.SANGHANI
Jt. MANAGING DIRECTOR

ANNEXURE TO NOTICE**EXPLANATORY STATEMENT** pursuant to Section 173 of the Companies Act, 1956**In respect of Item No. 5 :**

The Company at present, besides having its own premises, is also working from a leased premises situated namely at, 801, Everest Comm. Complex, Opp. Shastri Maidan, Rajkot belonging to M/s. ACE SOFTWARE EXPORTS, a firm in which the Directors are interested. As part of the Company's objective of having to operate from owned premises and in furtherance of the project implementation as well as future benefits arising from Capital appreciation it is in the interest of the Company to purchase the said office.

All the Directors except Mr. Bipinchandra Patel are interested in the above resolution to the extent of their share in the erstwhile partnership firm.

The Board commends the resolution for approval.

In respect of Item No. 6 :

At present the Companies Act, 1956 restricts the purchase of its own shares by a company unless the same is done with a view to reduce its capital. Reduction of capital is subject to the provisions of Section 100 to 104 and 402 of the Companies Act, 1956. Various representations have been made by Trade and Industry Association and Companies to the Government requesting for an amendment to the Companies Act permitting the companies to buy back its own shares. From the trend of discussions and reports on the subject, it is expected that an amendment/re-enactment to this effect, may be made in the forthcoming codification of the Companies Act, 1956 or amendments thereto. In that event, it will be advisable for your company which often has surplus funds, to buy back its own shares, when your directors believe your company's shares to be undervalued. Furthermore, investment of surplus funds by the company in its own shares will be preferable compared to investment in other securities. In case the Act is amended so as to allow the company to buy back its own shares the company may wish to take immediate steps in this regard. The resolution proposed under Item No. 6 of the Notice is recommended for approval of the members.

None of the directors of the company are, in any way, concerned or interested in the resolution.

In respect of Item no. 7 :

The following alterations are being made in the Articles of Association

The present Article 4 of the Company's Articles of Association in on the lines of Section 77 of the Companies Act, 1956, which prohibits the company to purchase or to finance the purchase of its own shares. In the event of the expected amendment to the Companies Act, 1956 permitting companies to buy its own shares, this Article will restrict the powers of the company in the matter. It is therefore proposed to delete the present Article 4 and to substitute a new Article 4 in its place as proposed in the Special Resolution at Item No. 7.

The present Article 6 of the Company's Articles of Association provide for equal voting rights for all equity shares of the company. In respect of voting rights it is expected that the forthcoming amendments will also permit issue of shares in the company's share capital without voting rights. It is therefore necessary to add the new Article 6(a)(i) so that the company may avail of the permissive provisions regarding issue of non-voting shares.

The Board commends the resolution for approval.

In respect of Item no. 8 :

The Company vide its Notice dated 16/04/97 had informed all the shareholders whose allotment money remain unpaid, that the said shares shall be forfeited unless the allotment money due on it is not paid on or before 16/05/97.

The Board at its meeting held on 23rd July, 97 decided that the last date for receiving allotment money alongwith interest thereon shall be 31st August, 97. All the shares remaining unpaid on or after 31st August, 97 shall be forfeited. The Board now wishes to re-issue the said shares which remain unpaid as on 31st August, 1997 and seeks your approval for the same.

In respect of Item no. 9 :

The Company with its on-going expansion programme anticipates a good and healthy progress in the years to come. With this, it also anticipates surplus funds to be generated from its activities. The Board seeks your approval for deployment of the surplus funds in the best interest of the Company.

Members' authorisation to the Board is accordingly sought.

The Board commends the resolution for approval.

23rd JULY, 1997

BY ORDER OF THE BOARD

Registered Office :
801, Everest Comm. Complex,
Opp. Shastri Maidan,
RAJKOT - 360 001.

VIKRAM B. SANGHANI
Jt. MANAGING DIRECTOR

DIRECTORS' REPORT

To
The Members
ACE SOFTWARE EXPORTS LTD.,

Your Directors have pleasure in presenting you the **THIRD ANNUAL REPORT** of the company together with the Audited Statement of Accounts for the year ended 31st MARCH, 1997.

FINANCIAL HIGHLIGHTS :

The financial highlights for the year ended 31st March, 1997 are given below :

	(Rs. in lakhs) 1996-97
Income from Operations and other income	184.78
Profit before Depreciation & Taxation	86.56
LESS : Depreciation	16.35
Profit before tax	70.21
LESS : Provision for taxation	9.06
Profit after tax	61.15
Amount of Appropriation	
Proposed Dividend	49.00
Dividend distribution tax	4.90
General Reserve	1.60
Carried to next year	5.65

1. DIVIDEND :

Your Directors are pleased to recommend a dividend of 10% for the year 1996-97 on pro-rata basis.

2. PERFORMANCE :

Your company has registered an impressive growth for the year under review. The financial results of the company have shown a healthy growth of 37% in sales and 50% growth in profits over the previous financial year.

3. EXPORTS :

In the year 1996-97 the company's exports have registered a growth of 40% over the previous financial year.

4. OPERATIONS :

During the year, the Database Creation Operations of your company have received excellent response from the market in U.S.A. Currently the company has in excess of 200 Computers working for the Production activity. The CAD division of the company has also commenced commercial production. The current capacity is booked till February 1998 for a large AM/FM project contracted by Apex Data Services Inc. (Our foreign collaborator) This project includes conversion of maps of a large Public utility based in U.S.A.

5. PROJECT :

The implementation of the project has been going on well and is likely to reach the projected capacity by December 1997. It is also intended to contract a production facility with about 150 personnel in Ahmedabad by October 1997. The CAD project will also give a significant boost to the operations during the current financial year. The company has an installed base of 260 computer systems for its various activities.

6. CAPITAL EXPENDITURE :

The company already occupies 11,000 sq.ft. of owned office space in addition to 3400 sq.ft. leased premises. Additionally 3300 sq.ft. on ownership will be ready for occupation by December 1997.

7. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO :

Your company has given utmost priority for conservation of energy and technology absorption. The company has entered into a technical collaboration with M/s. Apex Data Services Inc., U.S.A. The process of technology absorption for software of Database Creation has been completed.

Your company has earned foreign exchange by exporting software to U.S.A., the particulars of which are as follows :

EXPORTS IN US \$	RUPEES IN '000
4,38,966	15552.41

8. FUTURE PROSPECTS :

Exports to the U.S. and European market will remain the major thrust areas and the company expects to build on the strengths already achieved.