

SIXTH ANNUAL REPORT 1999-2000



Ace Software Exports Limited

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

COMPANY SECRETARY

CHETAN D. SHAH

AUDITORS

KALARIA & SAMPAT

Chartered Accountants

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.



NOTICE

NOTICE IS HEREBY GIVEN that the Sixth Annual General Meeting of **ACE SOFTWARE EXPORTS LIMITED** will be held at 801, Everest Comm. Complex, Opp. Shastri Maidan, Rajkot on **MONDAY, 25th SEPTEMBER, 2000** at 11:00 Hours to transact the following ordinary business :

1. To receive, consider and adopt the Audited Balance sheet as at 31st MARCH, 2000 and Profit & Loss Account for the year ended on that date together with the Auditors' and Directors' Report thereon.
2. To appoint a director in place of Shri Bipinbhai V. Patel who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint a director in place of Shri Bhupatbhai C. Sanghani who retires by rotation, and being eligible, offers himself for re-appointment.
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(s) the following resolution as a Special Resolution :
"RESOLVED that pursuant to section 31 and other applicable provisions of the Companies Act, 1956, the Articles of Association of the Company be and are hereby amended to the extent and in the manner set out hereunder :-

(1) After Article 15, a new Article 15A be inserted :

"DEMATERIALISATION OF SECURITIES"

Definitions

15A For the purpose of this Article :

- (1) 'Beneficial Owner' means a person or persons whose name(s) is recorded as such with a Depository.

'Depository' means a company formed and registered under the Companies Act, 1956, and which has been granted a certificate of registration to act as a Depository under the Securities & Exchange Board of India Act, 1992.

"Depositories Act, 1996" shall include any statutory modification or re-enactment thereof, 'SEBI' means the Securities & Exchange Board of India.

"Security" means such security as may be specified by SEBI from time to time.

Dematerialisation of securities

- (2) Notwithstanding anything contained in the Articles, the Company shall be entitled to dematerialise its securities and to offer securities in a dematerialised form pursuant to the Depositories Act, 1996.

Options to hold securities

- (3)(a) Every person subscribing to securities offered by the Company shall have the option either to receive the security certificate or to hold the securities with a Depository. If a person opts to hold a security with a Depository, the Company shall intimate such Depository the details of allotment of the security. On receipt of such information, the Depository shall enter in its records the name of the allottee as the beneficial owner of the security.

- (b) Every person who is the beneficial owner of the securities can at any time opt out of a Depository, in the manner provided by the Depositories Act. The Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required certificates of securities.

Securities in Depositories to be in dematerialise form

- (4) All securities held by a Depository shall be dematerialised and be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372A of the Companies Act, 1956 shall apply to a Depository in respect of the securities held by it on behalf of the beneficial owners.

Rights of Depositories and beneficial owners

- (5)(a) Notwithstanding anything to the contrary contained in the Act or the Articles, a Depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of security on behalf of the beneficial owner.
- (b) Save as otherwise provided in (a) above, the Depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.
- (c) Every person holding securities of the Company and whose name is entered as the beneficial owner in records of the Depository shall be deemed to be a member of the Company. The beneficial owner of securities shall be entitled to all rights and benefits and be subject to all the liabilities in respect of his securities which are held by a Depository.

Service of documents

- (6) Notwithstanding anything in the act or the Articles, where securities are held in a Depository, the records of the beneficial ownership may be served by such Depository on the Company by means of electronics mode or by delivery of floppies or discs.

Transfer of securities

- (7) Nothing contained in Section 108 of the Act or the Articles shall apply to a transfer of securities effected by a transferor and transferee both of whom are entered as beneficial owners in the records of a Depository.

Allotment of securities dealt within a Depository

- (8) Notwithstanding anything contained in the Act or the Articles, where securities are dealt with by a Depository, the Company shall intimate the details thereof to the Depository immediately on allotment of such securities.

Distinctive numbers of securities held by a Depository

- (9) Nothing contained in the Act or the Articles regarding necessity of having distinctive in a numbers for securities issued by the Company shall apply to securities held with a Depository.

Register and index

- (10) The Register and index of beneficial owners of beneficial owners maintained by a Depository under the Depositories Act, 1996, shall be deemed to be the Register and Index of Members and Security holders for the purposes of the Articles."



(2) The following new Articles 68c and 68d be inserted after the existing Article 68(b) of the Articles of Association -

Nomination of Shares and/or Debentures

- 68c (1) Every shareholder or debentureholder of the Company, may at any time, nominate in the manner prescribed under the Act, a person to whom his shares or debentures of the Company shall vest in the event of his death.
- (2) Where the shares or debentures of the Company are held by more than one person jointly, joint holders, may together nominate in the manner prescribed under the Act, a person to whom all the rights in the shares or debentures of the Company shall vest in the event of death of all joint holders.
- (3) Notwithstanding anything contained in any other law for the time being in force or in any deposition, whether testamentary or otherwise, in respect of the shares or debentures where a nomination made in the manner prescribed under the Act, purports to confer on any person the right to vest the shares or debentures of the Company, the nominee shall, on the death of the shareholder or debentureholders or on the death of joint holders become entitled to all the rights in relation to such share or debentures, to the exclusion of all other persons, unless the nomination is invalid or cancelled in the prescribed manner under the Act.
- (4) Where the nominee is a minor, the holder of the shares or debentures can make the nomination to appoint in the prescribed manner under the Act, any person to become entitled to the shares or debentures in the event of his death, during the minority.

TRANSMISSION IN CASE OF NOMINATION

- 68d (1) Notwithstanding anything contained in the existing Articles relating to the transfer and transmission, any person who becomes a nominee by virtue of the provisions of Section 109A, upon the production of such evidence as may be required by the Board and subject as hereinafter provided elect either -
- (a) to be registered himself as holder of the share or debenture as the case may be : or
- (b) to make such transfer of the share or debenture as the case may be, as the deceased shareholder or debentureholder, as the case may be could have made.
- (2) if the person being a nominee, so entitled, elects to be registered as holder of the share or debenture himself as the case may be, he shall deliver or send to the Company, a notice in writing duly signed by him stating that the nominee concerned so elects and such notice shall be accompanied with the death certificate of the deceased shareholder or debenture holder, as the case may be.
- (3) All the limitations, restrictions and provisions of the Act relating to the right to transfer and the registration of transfer of shares or debentures shall be applicable to any such notice or transfer as aforesaid as if the death of the member had not occurred and the notice or transfer were signed by that shareholder or debentureholder as the case may be.
- (4) A person being a nominee becoming entitled to the share or debenture by reason of the death of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he was the registered holder of the share or debenture except that he shall not, before being registered a member in respect of his share or debenture, be entitled in respect of it to exercise any right conferred by membership in relation to meeting of the Company. Provided further that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share or debenture, and if the notice is not complied with within 90 days, the Board may thereafter withhold payment of all dividend, bonus or other moneys payable in respect of the share or debenture, until the requirements of the notice have been complied with
- (3) Definition of Member given in Article 2(a) be deleted and the following be substituted in its place :-
"Member" means the duly registered holder from time to time of the shares of the Company and includes the subscribers of the Memorandum of the Company and the beneficial owner(s) as defined in Clause (a) of sub-section (1) of Section 2 of the Depositories Act, 1996.
- (4) Article 28(a) of the Articles of Association relating to Share Certificate shall be altered to include the words "Provided however, that no share certificate(s) shall be issued in respect of the shares held in the Depository at the end of the existing Article 28(a).
- (5) Article 59 of the Articles of Association relating to Share Transfer shall be altered to include the words " held in material form." at the end of existing Article 59.
6. To consider and if thought fit, to pass with or without modification(s) the following resolution as a Ordinary Resolution :
" RESOLVED THAT Mr. Vikram B. Sanghani be and is hereby re-appointed as the Joint Managing Director, of the Company for a period of five years commencing from the 28th Day of March 2000, on the terms and conditions as embodied in the draft agreement, which is open for inspection at the Registered Office of the company during the usual business hours "
7. To consider and if thought fit, to pass with or without modification(s) the following resolution as a Ordinary Resolution :
" RESOLVED THAT Mr. Sanjay H. Dhamsania be and is hereby re-appointed as the Joint Managing Director, of the Company for a period of five years commencing from the 28th Day of March 2000, on the terms and conditions as embodied in the draft agreement, which is open for inspection at the Registered Office of the company during the usual business hours "

8. Appointment of Whole-time Director

To consider and, if thought fit, to pass, with or without modification, the following resolutions as an Ordinary Resolution :-

RESOLVED that in accordance with the provisions of Sections 269, 309 and other applicable provisions (if any) of the Companies Act, 1956 the Company hereby approves of the appointment and terms of remuneration of Mr. Rahul Kalaria, as Whole-time Director of the Company with effect from April 1st 2000 for a period of 5 years upon the terms and conditions (including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year during the aforesaid period) set out in the draft Agreement submitted to this Meeting and signed by the Executive Chairman for the purpose of identification, which Agreement is hereby specifically sanctioned with liberty to the Directors to alter and vary the terms and conditions of the said appointment and/or Agreement in such manner as may be agreed to between the Directors and Mr. Rahul Kalaria".

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. THE PROXIES TO BE EFFECTIVE, SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The Register of members and share transfer books of the company will remain closed from 4th September, 2000 to 25th September, 2000 (both days inclusive).
3. The Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, is given below and forms part of the Notice.
4. Members are requested to intimate to the Company changes, if any, in their Registered Address alongwith Pin Code Numbers.

EXPLANATORY STATEMENT :

Pursuant to Section 173 of the Companies Act, 1956.

The following are the material facts relating to items No. 5, 6, 7 & 8 of the accompanying Notice :

ITEM NO. 5 :

- (1) With the introduction of the Depositories Act, 1996, and the Depository System, some of the Companies Act, 1956, relating to issue, holding, transfer, transmission of shares and other securities have been amended to facilitate implementation of the new system.

It is proposed to amend the Articles of Association of the Company suitable to incorporate therein necessary provisions relating to the depository system.

None of the Directors of the Company are interested or concerned in the proposed Resolution.

The Board recommends the Resolution for approval of the shareholders.

- (2) By the Companies (Amendment) Act, 1999 (1st Amendment), the holders of shares or debentures of the Company have been given an option to nominate at any time in the prescribed manner a person to whom the rights of security holders of the Company will vest in the event of his death. It would be beneficial if such a nomination clause is included in the Articles of Association of the Company.

It has therefore become necessary to alter the Articles of Association of your Company by inserting new Articles 68a and 68d after the existing Article 68b of the Articles of Association to give effect to the said provisions as proposed in resolution set out in item No. 5.

ITEM NO. 6

The Draft Agreement between the Company and Mr. Vikram Sanghani contains the following principal terms and conditions:

TERM OF OFFICE :

Mr. VIKRAM SANGHANI be appointed as the Jt. Mang. Director for a period of Five Years w.e.f. 28/03/2000.

REMUNERATION

Remuneration payable to Mr. VIKRAM SANGHANI the Jt. Mang. Director will be as follows :

Salary : In the scale of Rs. 40,000/- to Rs. 1,20,000/- per month with authority to the Board to fix the salary within the scale from time to time.

COMMISSION :

Such remuneration by way of commission, in addition to the salary and perquisites and allowances payable, calculated with reference to the net profits of the Company in a particular financial year, as may be determined by the Board of Directors of the Company at the end of each financial year, subject to the overall ceilings of 1.5% of the net profits of the Company. The specific amount payable will be paid annually after the Annual Accounts have been approved by the Board of Directors and adopted by the Shareholders.

PERQUISITES :

- a) All medical expenses incurred for self and family members shall be reimbursed.
- b) Leave travel concession for self and family will be allowed once in a year as may be sanctioned by the Board.
- c) Contribution to Provident fund, Super Annuation Fund, Annuity fund to the extent the same are not taxable under the Income Tax Act.
- d) Gratuity as per the provisions of the Payment of Gratuity Act, or as per the Gratuity Scheme of the Company whichever is higher.
- e) Provision of car with driver for use on Company's business and telephone at the residence.

* In the event of inadequacy or absence of profit in any financial year he shall be paid the same remuneration as stated hereinabove, as minimum remuneration but subject to the upper limit, if any, prescribed under the Companies Act, 1956 from time to time.

In the event of loss of office as Jt. Mang. Director, he shall be paid compensation in the manner and to the extent permissible under the provisions of Section 318 of the Companies Act, 1956.

If at any time the Jt. Mang. Director ceases to be a Director of the Company for any cause whatsoever, he will cease to be the Jt. Mang. Director in terms of the Agreement and such agreement shall terminate forthwith.

The Jt. Mang. Director is appointed by virtue of his employment in the Company and his appointment is subject to provisions of Section 283(l) of the Companies Act, 1956.

The agreement may be terminated by either party, giving to the party, six month's notice.

The Agreement between the Company and Mr. Vikram Sanghani is available for inspection by the Shareholders of the Company at its Registered Office between 11.00 A.M. on any working day of the Company.

None of the Directors are interested in the above proposed resolution except Mr. Vikram Sanghani, Mr. Jay Sanghani and Mr. Bhupatbhai Sanghani.

ITEM NO. 7

The Draft Agreement between the Company and Mr. Sanjay Dhamsania contains the following principal terms and conditions:

TERM OF OFFICE :

Mr. SANJAY DHAMSANIA be appointed as the Jt. Mang. Director for a period of Five Years w.e.f. 28/03/2000.

REMUNERATION

Remuneration payable to Mr. SANJAY DHAMSANIA the Jt. Mang. Director will be as follows :

Salary : In the scale of Rs. 40,000/- to Rs. 1,20,000/- per month with authority to the Board to fix the salary within the scale from time to time.

COMMISSION :

Such remuneration by way of commission, in addition to the salary and perquisites and allowances payable, calculated with reference to the net profits of the Company in a particular financial year, as may be determined by the Board of Directors of the Company at the end of each financial year, subject to the overall ceilings of 1.5% of the net profits of the Company. The specific amount payable will be paid annually after the Annual Accounts have been approved by the Board of Directors and adopted by the Shareholders.

PERQUISITES :

- a) All medical expenses incurred for self and family members shall be reimbursed.
- b) Leave travel concession for self and family will be allowed once in a year as may be sanctioned by the Board.
- c) Contribution to Provident fund, Super Annuation Fund, Annuity fund to the extent the same are not taxable under the Income Tax Act.
- d) Gratuity as per the provisions of the Payment of Gratuity Act, or as per the Gratuity Scheme of the Company whichever is higher.
- e) Provision of car with driver for use on Company's business and telephone at the residence.

In the event of inadequacy or absence of profit in any financial year he shall be paid the same remuneration as stated hereinabove, as minimum remuneration but subject to the upper limit, if any, prescribed under the Companies Act, 1956 from time to time.

In the event of loss of office as Jt. Mang. Director, he shall be paid compensation in the manner and to the extent permissible under the provisions of Section 318 of the Companies Act, 1956.

If at any time the Jt. Mang. Director ceases to be a Director of the Company for any cause whatsoever, he will cease to be the Jt. Mang. Director in terms of the Agreement and such agreement shall terminate forthwith.

The Jt. Mang. Director is appointed by virtue of his employment in the Company and his appointment is subject to provisions of Section 283(l) of the Companies Act, 1956.

The agreement may be terminated by either party, giving to the party, six month's notice.

The Agreement between the Company and Mr. Sanjay Dhamsania is available for inspection by the Share holders of the Company at its Registered Office between 11.00 A.M. on any working day of the Company.

None of the Directors are interested in the above proposed resolution except Mr. Sanjay Dhamsania and Mr. Haribhai Dhamsania

ITEM NO. 8

The draft Agreement between the Company and Mr. Rahul Kalaria contains the following principal terms and conditions :

TERM OF OFFICE :

Mr. RAHUL KALARIA be appointed as the Whole Time Director for a period of Five Years w.e.f. 01/04/2000.

REMUNERATION

Remuneration payable to Rahul Kalaria the Whole Time Director will be as follows :

Salary : In the scale of Rs. 15,000 to Rs. 50,000 per month with authority to the Board to fix the salary within the scale from time to time. The annual increment will be merit-based and take into account the Company's performance.

COMMISSION :

Such remuneration by way of commission, in addition to the salary and perquisites and allowances payable, calculated with reference to the net profits of the Company in a particular financial year, as may be determined by the Board of Directors of the Company at the end of each financial year, subject to the overall ceilings of 0.5% of the net profits of the Company. The specific amount payable will be paid annually after the Annual Accounts have been approved by the Board of Directors and adopted by the Shareholders.

PERQUISITES :

- a) All medical expenses incurred for self and family members shall be reimbursed.
- b) Leave travel concession for self and family will be allowed once in a year as may be sanctioned by the Board.
- c) Contribution to Provident fund, Super Annuation Fund, Annuity fund to the extent the same are not taxable under the Income Tax Act.
- d) Gratuity as per the provisions of the Payment of Gratuity Act, or as per the Gratuity Scheme of the Company whichever is higher.
- e) Provision of car for use on Company's business and telephone at the residence.

In the event of inadequacy or absence of profit in any financial year he shall be paid the same remuneration as stated hereinabove, as minimum remuneration but subject to the upper limit, if any, prescribed under the Companies Act, 1956 from time to time.

In the event of loss of office as WHOLE TIME DIRECTOR, he shall be paid compensation in the manner and to the extent permissible under the provisions of Section 318 of the Companies Act, 1956.

If at any time the WHOLE TIME DIRECTOR ceases to be a Director of the Company for any cause whatsoever, he will cease to be the WHOLE TIME DIRECTOR in terms of the Agreement and such agreement shall terminate forthwith.

The WHOLE TIME DIRECTOR is appointed by virtue of his employment in the Company and his appointment is subject to provisions of Section 283(1) of the Companies Act, 1956.

The agreement may be terminated by either party, giving to the party, six month's notice.

The draft Agreement between the Company and Mr. Rahul Kalaria is available for inspection by the Shareholders of the Company at its Registered Office between 11.00 A.M. on any working day of the Company.

None of the Directors are interested in the above proposed resolution except Mr. Rahul Kalaria

ACE SOFTWARE EXPORTS LTD. DIRECTORS' REPORT

TO,
The Members
ACE SOFTWARE EXPORTS LTD.,

Your Directors have pleasure in presenting you the **SIXTH ANNUAL REPORT** of the company together with the Audited Statement of Accounts for the year ended 31st March, 2000.

1. FINANCIAL HIGHLIGHTS :

The financial highlights of your company for the year ended 31st March, 2000 are given below :

	1999-2000	(Rs. in lakhs) 1998-1999	GROWTH %
Income from Operations and other income	378.65	272.87	38.7
Profit before Depreciation, write-offs & Taxation	143.42	104.99	36.6
LESS : Depreciation & write-offs	41.56	34.71	19.7
Profit before tax	101.86	70.28	44.9
LESS : Provision for taxation	1.25	1.60	-21.8
Profit after tax	100.61	68.68	46.5
Amount of Appropriation			
General Reserve	25.00	2.75	909.1
Carried to next year	75.61	65.93	14.7
Earnings per share	2.01	1.37	46.7

Profits have shown a growth of 46.5% and income has grown by 38.7%

2. GROUP HIGHLIGHTS :

Group Turnover of Ace Software Exports Ltd. alongwith its subsidiaries Apex Logical Data Conversion Ltd. and Ace Infoway Ltd. has shown an increase of 80% and for profit after tax 87% as may be seen from the table given below :

	1999-2000 (Rs. in lakhs)		1998-1999 (Rs. in lakhs)	
	INCOME	PROFIT	INCOME	PROFIT
ACE SOFTWARE EXPORTS LTD.	378.65	100.61	272.87	68.68
APEX LOGICAL DATA CONVERSION LTD.	97.58	2.55	5.55	-13.49
ACE INFOWAY LTD.	23.96	0.31	0.00	0
TOTAL	500.19	103.47	278.42	55.19

Growth over Previous Year **80%** **87%**

3. DIVIDEND :

In view of the proposed capital expenditure to be incurred in respect of expansion of the Company's activities, your Directors have decided to conserve the profits available for appropriation and therefore no dividend is proposed for the year 1999-2000.

4. PERFORMANCE :

Your company has registered sales of Rs. 375.89 lac and has earned Profit after tax of Rs. 100.61 lac for the year under review. This represents a growth of 46.5% in Profits & 38.7% in income over the previous financial year.

5. OPERATIONS :

The company's operations are divided into two major areas of activity:

- Creation of Electronic Databases
- Computer Aided Designing & Geographic Information Services (GIS).

Both divisions are engaged in exporting their IT software products to the US market. The year witnessed excellent growth in the GIS division and this division contributed substantially to the growth in turnover and profitability of the company. Under this division, the company has formed two new undertakings under the Software Technology Park scheme (STP-Gujarat). The CAD division very successfully commenced execution of a contract received from the company's foreign collaborators Apex Data Services Inc. (USA) involving Chicago's power utility Commonwealth Edison's electrical network. This order is likely to be completed by December 2000.

The electronic database creation division continued its excellent work and has expanded through the creation of a subsidiary in Hyderabad, Apex Logical Data Conversion Ltd. (ALD)

The company continues to source its export business from Apex Data Services Inc under its 100% buyback agreement.



6. SUBSIDIARIES :**Subsidiary in Hyderabad, Apex Logical Data Conversion Ltd. (ALD):**

Your company holds 80% of the equity with the balance being held by Apex Data Services Inc. of USA. In its first full year of operations, ALD has already shown a profit at a capacity utilization of 50% approximately.

Subsidiary for Internet Services, Ace Infoway Ltd. (AIL):

Ace Infoway Ltd. has its operations in Rajkot and Ahmedabad and provides web designing and hosting services. AIL has more than 300 clients and provides a wide variety of solutions for e-commerce and web programming. AIL has also been successful in obtaining a few international orders.

The financial results of the two subsidiaries form a part of this Annual Report.

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

Your company has given priority to 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
876205.78	37987491.00

8. PROSPECTS :

The prospects for financial year 2000-2001 are very encouraging. Apex Data Services Inc., the company's collaborators based in the US have already bagged very large contracts that will fully utilize the expanded capacity of the company's CAD & GIS division. The electronic database creation division is seeing a volume and revenue growth in the current financial year and also has a full order book. The subsidiary in Hyderabad, Apex Logical Data Conversion Ltd. (ALD) is also likely to reach 100% capacity utilization by November 2000. ALD will contribute significantly to the group's growth and bottomline in 2000-2001.

9. DIRECTORS :

Shri Bhupatbhai C. Sanghani and Shri Bipinbhai V. Patel retire by rotation and being eligible offer themselves for re-appointment at the ensuing Annual General Meeting.

10. PARTICULARS OF EMPLOYEES :

There are no employees whose details are required to be mentioned as per Section 217 (2A) of the Companies Act, 1956.

11. AUDITORS :

M/S. KALARIA & SAMPAT., Chartered Accountants, retire as Auditors of the Company at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. Your directors recommend their re-appointment. Their remuneration may also be appropriately decided.

12. INVESTOR RELATIONS :

The company has a full fledged in-house share transfer facility sufficiently equipped with infrastructure to serve the investors in the best possible manner. All investor mail is duly attended and dealt with expeditiously. The activity of your company's shares on the BSE has been quite encouraging. Total volume transacted during financial year 1999-2000 is 47.8 Lac shares valued at Rs. 17.6 Crores and also, the investor base has widened from 3470 shareholders at the time of listing of the Shares, to 7226 shareholders as on 21st July, 2000. During the financial year 1999-2000 12.77 Lac shares were transferred by the Company.

COMPULSORY DEMATERIALISATION OF SHARES :

As per the Circular No. SMDRP/POLICY/CIR-23/2000 dated May 29, 2000 of the SEBI the Company's shares are to be compulsorily traded in Demat form by 30th October, 2000.

13. APPRECIATION :

Your Directors wish to express their appreciation to all the employees for their excellent support and co-operation in achieving the organizational goals during the period under review. Your directors also wish to acknowledge the co-operation and assistance received from Apex Data Services Inc., U.S.A. and company's Bankers and Auditors, the STP-Gandhinagar authorities and various other Governmental agencies.

PLACE : RAJKOT

DATE : JULY 21st, 2000

FOR & ON BEHALF OF THE BOARD,

VIKRAM B. SANGHANI SANJAY H. DHAMSANIA
JT. MANG. DIRECTOR JT. MANG. DIRECTOR



AUDITORS' REPORT

To,

The Members of
Ace Software Exports Limited,

We have audited the attached Balance Sheet of **ACE SOFTWARE EXPORTS LIMITED** as at **MARCH 31, 2000** and the Profit & Loss Account for the year ended on that date, annexed thereto, and report that :

- 1) As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988, issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- 2) Further to our comments in the Annexure referred to in paragraph 1 above, we report that :
 - a) 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;
 - b) In our opinion, proper books of accounts as required by law have been kept by the company so far as appears from our examination of the books;
 - c) The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the Profit & Loss Account and the Balance Sheet comply with the Accounting Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956.
 - e) In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and Profit & Loss Account together with the notes attached thereto give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view :
 - i) In the case of the Balance Sheet, of the state of affairs as at **MARCH 31, 2000** and
 - ii) In the case of Profit & Loss Account of the Profit of the company for the financial year ended on that date.
- 3) We have also examined the attached Cash Flow Statement of the Company for the year ended MARCH 31, 2000. The statement has been prepared in accordance with the requirements of Clause 32 of the listing agreement entered into with Stock Exchanges.

FOR KALARIA & SAMPAT
CHARTERED ACCOUNTANTS

ATUL M. KALARIA
PARTNER

RAJKOT, JULY 21st, 2000

