

# **FOURTEENTH ANNUAL REPORT 2007-2008**



**Ace Software Exports Limited**

Ace Software Exports Ltd.

**ACE SOFTWARE EXPORTS LIMITED****REGD.OFFICE :****801,EVEREST COMM.COMPLEX,OPP.SHASTRI MAIDAN, RAJKOT - 360 001.****PROXY FORM****Fourteenth Annual General Meeting - 25th SEPTEMBER , 2008**

DP. Id\* .....

Client Id\* .....

Reg.Folio No. ....

I/We .....  
of..... in the district of .......... being a member/members of the abovenamed company hereby appoint  
..... of ..... in the district of  
..... or failing him ..... of  
..... in the district of .....as my/our proxy to vote for me/us on my/our behalf at the FOURTEENTH ANNUAL GENERAL MEETING of the  
Company to be held on 25th SEPTEMBER, 2008 and at any adjournment thereof.**Affix a 15  
Paise  
Revenue  
Stamp**

Signed this..... day of....., 2008

**\* Applicable for investors holding shares in electronic form.**

- Note :** (1) This form in order to be effective should be duly stamped, completed, signed and must be deposited at the registered office of the company, not less than 48 hours before the meeting. The Proxy need not be a member of the Company.
- (2) Members holding shares under more than one folio may use photocopy of this Proxy Form for other folios. The Company shall provide additional forms on request.

**ACE SOFTWARE EXPORTS LIMITED****REGD.OFFICE :****801,EVEREST COMM.COMPLEX,OPP.SHASTRI MAIDAN, RAJKOT - 360 001.****ATTENDANCE SLIP****Fourteenth Annual General Meeting - 25th SEPTEMBER , 2008**

DP. Id\* .....

Client Id\* .....

Reg.Folio No. ....

I certify that I am a registered shareholder/proxy for the registered shareholder of the company.

I hereby record my presence at the FOURTEENTH ANNUAL GENERAL MEETING of the company at 801, Everest Comm. Complex, Opp. Shastri Maidan, Rajkot - 360 001 at 11-00 a.m. on 25th SEPTEMBER, 2008.

Member's/Proxy's name in BLOCK Letters

Member's/Proxy's Sign

Note : Please fill in this attendance slip and hand it over at the MEETING PLACE

**\* Applicable for investors holding shares in electronic form.**

**Ace Software Exports Ltd.****ECS MANDATE FORM**

(For use by Shareholders holding Shares in physical mode only)

**Intime Spectrum Registry Ltd.**  
**Unit : Ace Software Exports Ltd.**  
 211-Sudarshan Complex,  
 Mithakhali Underbridge,  
 Navrangpura  
**Ahmedabad – 380 009**

Place:.....

Date : .....

Dear Sirs,

**Sub. : Payment of Dividend in Electronic Clearing System (ECS)**

I hereby consent to have the amount of Dividend on my equity shares credited through the Electronic Clearing System.  
 The required particulars are :

1. Folio No. : .....  
 [Folio No. given on Equity Share Certificate(s) ]
2. Member's Name : .....
3. Member's Address : .....
4. Particulars of Bank Account : .....
  - Bank Name : .....
  - Branch Name : .....
  - Mention the 9-digit code number of the bank and branch appearing on the MICR Cheque issued by the Bank  
 .....  
 (please attach a photocopy of a cheque or a cancelled cheque issued by your bank for verifying the accuracy of the code number)
  - Account type (please type ☒ ) Saving ☐ Current ☐ Cash credit ☐
  - Account Number (as appearing on the cheque book) : .....

I have declare that the particulars given above are correct and complete. If the transaction is delayed or not effected at all for reasons of incomplete or incorrect information for any reasons, I would not hold the company responsible. I also undertake to advise changes, if any, in the particulars of my account to facilitate unpadation of records for purposes credit of Dividend amount through ECS.

Signature of Shareholder(s) \_\_\_\_\_

**Notes :**

1. Please complete the form and send it to Registrar & Share Transfer Agent at the above address if you are holding share Certificate (s) in physical form.
2. In case your shares are in Dematerialised form, inform/ update your information directly with the depository Participant (DP) with whom you are maintaining Demat Account and not to the company or its Registrar.
3. In case of more than one Folio please complete the details on separate sheet.
4. Subject to the Rules and Regulations of the Scheme of the Reserve Bank of India from time to time.



Ace Software Exports Ltd.

## **BOARD OF DIRECTORS**

VIKRAM B. SANGHANI

Jt. Managing Director

SANJAY H. DHAMSANIA

Jt. Managing Director

DHARAMSHIBHAI R. VADALIYA

VIMAL KALARIA

SHYAMAL SHETH

## **COMPANY SECRETARY**

N. I. THOMAS

## **AUDITORS**

KALARIA & SAMPAT

Chartered Accountants

Report Junction.com

## **BANKERS**

BANK OF BARODA

HDFC BANK LTD.

AXIS BANK LTD.

KOTAK MAHINDRA BANK LTD.

## **FOREIGN COLLABORATORS**

APEX DATA SERVICES INC.,

U.S.A.

## **REGISTERED OFFICE**

801, Everest Commercial Complex,

Opp. Shastri Maidan,

RAJKOT - 360 001.



**Ace Software Exports Ltd.**

**NOTICE**

Notice is hereby given that the Fourteenth Annual General Meeting of **ACE SOFTWARE EXPORTS LIMITED** will be held at 801, Everest Comm. Complex, Opp. Shastri Maidan, Rajkot on Thursday, 25<sup>th</sup> September, 2008 at 11.00 A. M. to transact the following business:

**Ordinary Business:**

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2008 and Profit and Loss Account for the year ended on that date together with the Auditors' and Directors' Report thereon.
2. To declare Dividend on Equity Shares for the year 2007-2008.
3. To Appoint a Director in place of Shri Vimal Kalaria, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To Appoint Ms. Trupti Lele as Director in place of Shri Shyamal Sheth, who retires by rotation, being eligible, but does not offer himself for re-appointment.
5. To appoint Auditors to hold office till the conclusion of the next Annual General Meeting and to fix their remuneration.

**Special Business:**

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

**"RESOLVED THAT** in accordance with Sec. 255 and other applicable provisions of The Companies Act, 1956 Ms. Trupti Lele, be and is hereby appointed as independent director of the company, in place of Shri Shyamal Sheth, who retires by rotation and being eligible, but does not offer himself for re-appointment".

**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 Book will remain closed from 21<sup>st</sup> September, 2008 to 25<sup>th</sup> September, 2008 (Both days inclusive) for determining the names of the members eligible for Dividend on Equity Shares, if declared at the Annual General Meeting.
3. Corporate Members intending to send their authorized representative to attend the Meeting are requested to send a certified true copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the meeting.
4. Members are requested to bring their Attendance Slip alongwith the copy of the Annual Report at the meeting. The Members are further requested to send all their communication relating to the share registry work to the Share Transfer and Registrar Agent of the Company M/s. Intime Spectrum Registry Ltd. at their office situated at 211-Sudarshan Complex, Nr. Mithakhali Underbridge, Navarangpura, Ahmedabad - 380 009.
5. The Electronic Credit System (ECS) of Reserve Bank of India for dividend payment is available at Ahmedabad, Bangalore, Bhubneshwar, Chandigadh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Kolkata, Mumbai, Nagpur, New Delhi, Patna, Pune and Thiruvananthapuram. Members wishing to avail of this facility are requested to intimate the Company Registrar and Share Transfer Agent in the prescribed form and with the prescribed details.
6. The dividend, as recommended by the Board, if sanctioned at the Annual General Meeting, will be paid on or after 25<sup>th</sup> September, 2008 to those persons or their mandates:
  - a) Whose name appear as Beneficial Owners as at the end of the business hours on 20<sup>th</sup> September, 2008 in the list of Beneficial Owners to be furnished by National Securities Depository Services Ltd and Central Depository Services (India) Limited in respect of the shares held in Electronic Form and
  - b) Whose name appear as Members in the Register of Members of the company after giving effect to the valid Share Transfers in physical form lodged with the Registrar and Share Transfer Agent of the company on or before 20<sup>th</sup> September, 2008.

7. Members holding shares in electronic form may kindly note that their Bank Accounts details as furnished by their Depositories to the company will be printed on their Dividend Warrants as per the applicable regulations of the Depositories and company will not entertain any direct request from such shareholders for deletion of/change in such Bank details. Further, instructions, if any, already given by them in respect of shares held in physical form will not be automatically applicable to shares held in the electronic/dematerialised mode. Members who wish to change such Bank Account details are therefore requested to advise their Depository Participant about such change, with complete details of Bank Account.

8. Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, the dividend amount which remain unclaimed for a period of 7 years will be transferred by the Company to the **Investor Education and Protection Fund** established by the Central Government under Section 205C of the Companies Act, 1956.

Information in respect of such unclaimed dividend when due for transfer to the said Fund is given below:

Financial Year ended	Date of Declaration of Dividend	Last date for claiming unpaid Dividend
31.03.2001	25.09.2001	24.09.2008
31.03.2002	25.09.2002	24.09.2009
31.03.2004	30.09.2004	29.09.2011
31.03.2005	24.09.2005	23.09.2012

The shareholders who have not so far encashed the dividend warrant(s) are requested to seek issue of duplicate warrant(s) by writing to the company immediately. Shareholders are requested to note that no claims shall lie against the Company or the said Fund in respect of any amounts which were unclaimed and unpaid for a period of seven years from the dates that they first became due for payment and no payment shall be made in respect of any such sums.

**For & on behalf of Board of Directors,**

**Vikram B. Sanghani**      **Sanjay H. Dhamsania**  
Jt. Managing Director      Jt. Managing Director

**Rajkot, Dated 21st August 2008**

**Explanatory Statement**

(Pursuant to Section-173(2) of the Companies Act, 1956)

**Item No. 6**

The independent director of your company Shri Shyamal Sheth does not wish to remain on the Board as director of the company. In place of Shri Shyamal Sheth, the Board of Directors of your company seeks to appoint Ms. Trupti S. Lele as independent director. Details about her qualifications, interests etc. are set out as follows:

**Brief details of Ms. Trupti S. Lele:**

Ms. Trupti Shirish Lele is a senior IT professional. Ms. Lele passed her Diploma in Computer Technology from A. V. Parekh Technical Institute in 1991. In 1992, she joined as programmer to a leading IT company of Rajkot, M/s. Phoenix Consultants Private Limited. In 1995, she was promoted as system analyst. She got further more responsibility as project manager in 1997. At Phoenix, she carried out many successful ERP/CRM software development projects. The domains she worked were Hospitals, Corporate and Government organization. In 1994, Phoenix became vendor of Ace Software Exports Ltd. to carry out several USA based large projects. In 1998, Ms. Lele took full responsibilities of operations of Phoenix with Ace. She played a very vital role to make Phoenix's operations very stable and scalable. In the year 2001, she visited USA onsite customer on behalf of Ace for designing the large project - which was eventually turned to be a big success. She possesses multi face skills - from operations to team lead to process engineering to finance and economics - everything needed to run an enterprise. Ms. Lele started her own business dealing with finance and stock market from the year 2003. As the proposal for appointment of Ms. Trupti S. Lele as independent director of the company is in the interest of the company, the Board of Directors of the company recommends the passing of the said resolution as set out in the notice. None of Directors of the Company are in any way, concerned or interested in the said resolution.

**For & on behalf of Board of Directors,**

**Vikram B. Sanghani**      **Sanjay H. Dhamsania**  
Jt. Managing Director      Jt. Managing Director

**Rajkot, Dated 21st August 2008**





## Ace Software Exports Ltd.

### DIRECTORS' REPORT

To,  
The Members,  
Ace Software Exports Ltd.  
The Directors of the company have pleasure in presenting their **FOURTEENTH ANNUAL REPORT** together with the Audited Statement of Accounts of your Company for the Financial Year ended on **31<sup>st</sup> March, 2008**.

Particulars	FY 2007-2008	(Rs. In Lacs) FY 2006-2007
<b>Income from Operations &amp; other income</b>	<b>745.86</b>	<b>492.73</b>
Profit before Depreciation & other		
Write-offs and Taxations	376.56	80.36
Less: Depreciation & Write offs	103.82	31.76
Less: Provisions for Taxes	5.92	5.93
<b>Profit after Depreciation and Taxation</b>	<b>266.82</b>	<b>42.67</b>
Amount of Appropriation:		
Dividend including Tax thereon	27.38	29.96
Balance of Profit & Loss A/c. carried to the next year	239.44	12.71
<b>Earning per Share (in Rs.) Basic &amp; Diluted</b>	<b>5.54</b>	<b>0.83</b>

**2. Dividend:**  
Your directors have recommended final dividend of 5% on Equity Shares. The final dividend as recommended, if declared by the members at the ensuing Annual General Meeting, would involve cash outflow of Rs.27.38 Lacs (including Rs. 3.98 lacs towards dividend distribution tax).

**3. Performance:**  
During the financial year 2007-08, your company reported revenues from operations of Rs. 306.84 Lacs as against Rs. 452.70 lacs in the previous year. However during the year under review, other income surged from Rs. 82.48 lacs in previous year to Rs. 445.64 lacs which led to increase in Profit after Tax (PAT) to Rs.266.82 lacs. This was a one time surge due to sale of shares of subsidiary company. The operating margins are narrowing due to higher costs and exchange rate fluctuations.

**4. Directors:**  
There were no changes in the composition of the Board of Directors during the year under review.  
In terms of the provisions of the Companies Act, 1956 and the Article of Association of the company, Shri Vimal Kalaria and Shri Shyamal Sheth, Directors of the company, retire by rotation at the forthcoming Annual General Meeting. However, Shri Shyamal Sheth being eligible does not wish to offer himself for re-appointment.

**5. Subsidiary Companies:**  
Section - 212 of the Companies Act, 1956, requires the Annual Report of Holding Company to include Directors' Report, Auditors' Report, Profit & Loss Account, Balance Sheet and Notes thereto of the Subsidiary Companies. The Annual Report of Ace Software Exports Ltd. for the year 2007-2008 has attached details of its Subsidiary Companies namely, Rajkot Computer Education Pvt. Ltd., ("RCEPL") and Apex Advanced Technology Pvt. Ltd. Hyderabad ("AAT").

#### AAT - Hyderabad

Your company held 79.75% shares of AAT as at 31.03.2008, a company based in Hyderabad and delivering data conversion services to Apex Covantage LLC, USA. Your company increased its holding in the subsidiary company from 79.75% to 98.96% in April 2008. As mentioned in 13<sup>th</sup> Annual Report, AAT has suspended its commercial operations from April 2007 to prevent occurrence of cash losses.

**6. Auditors:**  
The Statutory Auditors M/s. Kalaria & Sampat, Chartered Accountants, shall retire at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment pursuant to Section-224 of the Companies Act, 1956. The Audit Committee have recommended the re-appointment of M/s. Kalaria & Sampat, Chartered Accountants, as the Statutory Auditors of the Company for the Financial year 2008-09 subject to the approval of shareholders at the ensuing Annual general meeting.

**7. Particulars of Employees:**  
There are no Employees, whose details are required to be mentioned as per section 217(2A) of the Companies Act, 1956.

**8. Buy-Back of Equity Shares:**  
The company in accordance with the relevant provisions of the Companies Act, 1956 and the Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 as amended had commenced buy - back of equity shares w.e.f. 30th April 2007. The Buyback Size consisted of 4,42,346 Equity Shares of the face value of Rs 10 each i.e. 8.64% of the aggregate of the Company's paid-up Equity Share Capital as on March 31, 2007.

The last date for the Buyback was:

- Upon buyback of 4,42,346 Equity Shares or
- (September 28, 2007) whichever is earlier.

The company through open market route has bought back total 4,41,726 equity shares at an average price of Rs. 16.91 per share. Post buy-back of equity shares, the paid up equity share capital is reduced from Rs. 512.17 lacs to Rs. 468.00 lacs.

**9. Conservation of Energy, Technology Absorption and Foreign Exchange Earning and Outgo:**

The company belongs to Information Technology sector, wherein there are ongoing efforts on part of management and employees to explore, learn, absorb and adopt new technologies.  
Your company operates in the business of Software Database Creation (e-Publishing) and does not have any conventional manufacturing or transforming activities. Hence, details of conservation of energy are not required to be furnished.

During Year 2007-2008 the Foreign Exchange Earnings and Outgo of the company were as follows:

Foreign Exchange Earnings : USD 765658.07  
Foreign Exchange Outgo : USD 46941.11 on revenue items.

#### 10. Audit Committee:

In compliance of the provisions of the Section-292A of the Companies Act, 1956 and the Listing Agreement with the Stock Exchange, the Audit Committee of the company comprises of the following Directors:

Mr. Vimal Kalaria  
Mr. Vikram Sanghani  
Mr. Dharamshibhai Vadalal  
Mr. Shyamal Sheth

The Audit Committee of Board of Directors reviews, acts and reports to the Board with respect to various auditing and accounting policies and also functions in accordance with the provisions of Listing Agreement and the Companies Act, 1956.

#### 11. Responsibility Statement:

As required under Section-217 (2AA) of the Companies Act, 1956, the Directors of the company hereby state and confirm:

- That in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departure;
- That the Directors had 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 the affairs of the company at the end of the financial year and of the profits of the company for that period;
- That 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 safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- That the Directors had prepared the annual accounts on a going concerns basis.

#### 12. Corporate Governance:

Your company has been consistently following the principles of good Corporate Governance over the years. A separate report on Corporate Governance alongwith the Auditors' Certificate on its compliance is attached as a part of the Annual Report.

#### 13. Management Discussion and Analysis Report:

##### a. Industry Structure & Development:

The company's business relates to database creation (E-publishing) pertaining to Information Technology Enabled Services. This includes creating large volume of full text, image based data. The company continues to source its entire work from Apex Group, USA.

##### b. Opportunity, Threats and Outlook Risk & Concerns:

The opportunities and potential of IT and ITes companies continue to look good as Indian companies offer competitive pricing, accurate and timely work output, and quick adaptation to customers' requirements. As per NASSCOM fact sheet it is estimated that FY 2008 revenues of IT Services would grow by 30% year on year basis which shows the strength of this sector in Indian economy. However, there are some threats or risks which this segment/sector faces in terms of foreign exchange fluctuations, dependency of work on single customer, protests in USA against outsourcing of work to other countries, increased competition from countries like Philippines, China, and Mexico etc. But, the company would continue to reshape its business model in order to differentiate it from the competitors and also to improve the volumes and bottom-line.

##### c. Segment/Product wise performance:

The company's operation falls under single segment namely, "Computer Software and Services Exports", therefore segment wise performance is not furnished.

##### d. Internal control systems and their adequacy:

The Company has an effective Internal Control System in place and this is periodically reviewed for its effectiveness. There are well defined Power and Authority limits to ensure that assets of the Company are safeguarded and transactions are executed in accordance with the Corporate Policies. The company has a Cross-Functional Internal Audit team with pre-determined roles, responsibilities and authorities. The team ensures an appropriate information flow and effective monitoring. The findings and recommendations of the Team are reviewed by the Audit Committee periodically.

##### e. Discussion on financial performance with respect to operational performance:

The Financial Performance of the company, during the year under review, has been given separately in the Directors' Report.

##### f. Material development in Human resources/Industrial relation front, including number of people employed:

The company continues to maintain excellent industrial relations. It conducts training and educational programs as per the requirements of the organization which helps the employees to improve efficiency and in turn, increase the productivity. As a Human Resource Development policy your company endeavors to attract and retain best professional talent, by creating and providing a professional work culture in the organization.

#### 14. Appreciation:

Your Directors take this opportunity to thank all investors, banks, regulatory and governmental authorities and Apex Covantage, LLC USA for their continued co-operation during the year. Your Directors sincerely acknowledges the significant contribution made by all the employees for their dedicated services to the Company.

For & on behalf of Board of Directors,

Vikram B. Sanghani      Sanjay H. Dhamsania  
Jt. Managing Director      Jt. Managing Director

Rajkot, Dated 30th June 2008



## Ace Software Exports Ltd.

## Corporate Governance

## 1. The Company's philosophy on Corporate Governance:

The company's philosophy on Corporate Governance strives to achieve highest levels of transparency, accountability and equity in all facets of its operations and interactions with its stakeholders, employees and the government. The company considers good Corporate Governance as a must follow objective and which shall lead the organization to achieve long-term goals.

## 2. Board of Directors:

Composition of the Board of Directors

The Board of Directors of the company as on 31<sup>st</sup> March, 2008 consists of Five directors out of which three (3) are Independent Non-Executive Directors and two (2) are Executive Directors. The composition of the Board and other relevant details relating to Directors are given below:

Name of Director	Category	No. of other Director Ship	No. of memberships of other Board Committees	No. of other Board Committees of which the Director is a Chairperson	No. of Board meetings attended	Whether attended last AGM	Remarks
Vikram Sanghani	Ex-Dir	9	-	-	16	Yes	
Sanjay Dhamsania	Ex-Dir	9	-	-	17	Yes	
Shyamal Sheth	N.Ex-IND	2	-	-	12	No	
Vimal Kalaria	N.Ex-IND	2	-	-	12	Yes	
Dharamshi Vadalia	N.Ex-IND	1	-	-	12	No	

Ex-Dir means Executive Director, N.Ex-IND means Non-Executive Non Independent Director, N.Ex-IND means Non-Executive Independent Director.

Board Meetings

The Board of Directors met 17 times during the year 2007-2008 on 16.04.07, 25.05.07, 07.06.07, 20.06.07, 30.06.07, 04.07.07, 18.07.07, 31.07.07, 03.08.07, 17.08.07, 01.09.07, 18.09.07, 28.09.07, 30.10.07, 02.11.07, 30.01.08 and 01.03.08

## 3. Audit Committee:

The composition of the Audit Committee and details of the meetings as attended by the Members of the Committee are as given below:

Name	Designation	No. of Committee meetings attended
Mr. Vimal Kalaria	Chairman	4
Mr. Shyamal Sheth	Member	4
Mr. Dharamshibhai Vadalia	Member	4
Mr. Vikram Sanghani	Member	4

Mr. N. I. Thomas, Company Secretary, acts as the Secretary to the Committee.

The Audit Committee met 4 times during the year on 25.04.2007, 16.07.2007, 24.10.2007 and 25.01.2008.

## 4. Remuneration Committee:

The remuneration committee reviews and considers the matters in relation to salaries, benefits and other compensations payable to Directors and senior management personnel. The Remuneration Committee comprises of the following three Non-Executive-Independent Directors:

Name of Member	Designation	No. of Committee meetings attended
Vimal Kalaria	Chairman	2
Dharamshibhai Vadalia	Member	2
Shyamal Sheth	Member	2

Details of Remuneration paid to all the Directors:

The Executive directors are paid remuneration within the limit set out in the Schedule-XIII to the Companies Act, 1956 after consideration by the Remuneration Committee. The details of the remuneration paid are as under:

Name of Director	Salary (Rs.)	Medical Exp (Rs.)
Vikram Sanghani	14,85,000	15,000
Sanjay Dhamsania	14,85,000	15,000

The composition of Non-Executive Directors on the Board gives transparency in decision making and also fulfils the mandatory requirement of Corporate Governance norms. The company pays remuneration to Non-Executive Directors by way of sitting fees.

## 5. Shareholders Committee:

i. Composition

Your company has constituted Shareholders Committee, for looking after and redressing the shareholders' complaints. The members of the committee are as follows:

Name of Member	Designation	Category
Dharmshibhai Vadaliya	Chairman	Non-Exe. Independent Director
Vikram Sanghani	Member	Executive-Non Independent Director
Sanjay Dhamsania	Member	Executive-Non Independent Director

ii. Mr. N. I. Thomas, Company Secretary, has been designated as the compliance officer of the company.

iii. The Company has received 6 Complaints during the year 2007-2008 and the same have been satisfactorily attended to.

iv. No Investor complaints remained pending as on 31.03.2008.

## 6. General Body Meetings:

The details of the date, location, time and of the Special Resolutions passed off in the last three Annual General Meeting (AGM) of the company are given below:

Date of AGM	Time	Venue	Details of Special Resolutions passed
24.09.2005	11.00 A.M.	801, "Everest" Opp. Shastri Maidan, Rajkot - 360 001	Approval for delisting from Ahmedabad Stock Exchange Ltd. and Saurashtra-Kutch Stock Exchange Ltd.
29.09.2006	11.00 A.M.	801, "Everest" Opp. Shastri Maidan, Rajkot - 360 001	Approval for Buy-back of Shares * and under Section 293(1)(a) of the Companies Act, 1956.
25.09.2007	11.00 A.M.	801, "Everest" Opp. Shastri Maidan, Rajkot - 360 001	Approval of remuneration scale payable to both Jt. Managing Directors and under Section 394 of the Companies Act, 1956.

\*The Special resolution approving Buy-Back of Equity shares was passed through postal Ballot in accordance with Companies (Passing of Resolutions by Postal Ballot) Rules - 2001.

## Ace Software Exports Ltd.

## 7. Disclosures:

## i. Significant related party transactions:

There were no materially significant related party transactions, during the year-ended 31.03.2008 that may have any potential conflict with the interest of the company at large. Attention of the Members is drawn to the Disclosures of Transactions with Related Parties set out in Schedule-13 (Notes to Accounts) to the Accounts, forming part of the Annual Report.

## ii. There have been no instances of non-compliances, on any matter during the last three-years and hence no penalties or strictures have been imposed on the company by the Stock Exchanges or SEBI of any statutory authority, on any matter related to capital market during the last three years.

## iii. The company through its internal control measures implements the Whistle Blower policy within the organization ensuring the access to the Audit committee by the personnel.

## iv. Your company has complied with all the mandatory requirement of the Clause-49 of the Listing Agreement and also attempt to adopt the non-mandatory requirement.

## 8. Means of Communications:

The Quarterly Results of the company are published in the leading English and Gujarati newspapers viz. Indian Express and Financial Express respectively. Moreover, the Quarterly and Audited Results of the company are also displayed on the company's Website ([www.acesoftex.com](http://www.acesoftex.com))

## 9. General Shareholders information:

## i. Annual General Meeting

Date : 25<sup>th</sup> September, 2008  
Time : 11.00 A.M.  
Venue : 801-"Everest" Opp. Shastri Maidan, Rajkot - 1

## ii. Financial Year

Tentative Schedule for the Financial Year 2008-2009:

June 30, 2008 : July 2008 (4<sup>th</sup> Week)  
September 30 2008 : October 2008 (4<sup>th</sup> Week)  
December 31, 2008 : January 2009 (3<sup>rd</sup> / 4<sup>th</sup> Week)  
March 31, 2009 : April 2009 (3<sup>rd</sup> / 4<sup>th</sup> Week)

## iii. Date of Book Closure

20<sup>th</sup> September, 2008 to 25<sup>th</sup> September, 2008 (Both days inclusive.)

## iv. Dividend payment date

Dividend on equity shares, if declared at the ensuing Annual General meeting, will be paid to the eligible shareholders within the statutory time limit.

## v. Listing on the Stock Exchanges

The Bombay Stock Exchange Ltd., Mumbai.

## vi. Scrip/Stock Code

531525 (The Bombay Stock Exchange Ltd., Mumbai)

## vii. Market price

Month	High	Low
April-07	19.05	12.50
May-07	20.40	16.00
June-07	18.50	14.70
July-07	19.10	15.60
August-07	19.20	15.00
September-07	21.00	16.50
October-07	18.50	14.00
November-07	17.10	12.10
December-07	28.80	14.70
January-08	26.50	12.95
February-08	16.65	13.00
March-08	14.00	10.00

## ix. Registrar and Share Transfer Agent (RTA)

M/s. Intime Spectrum Registry Ltd.  
211-Sudarshan Complex,  
Near Mithakhali Underbridge,  
Navrangpura,  
Ahmedabad - 380 009

## x. Share Transfer System

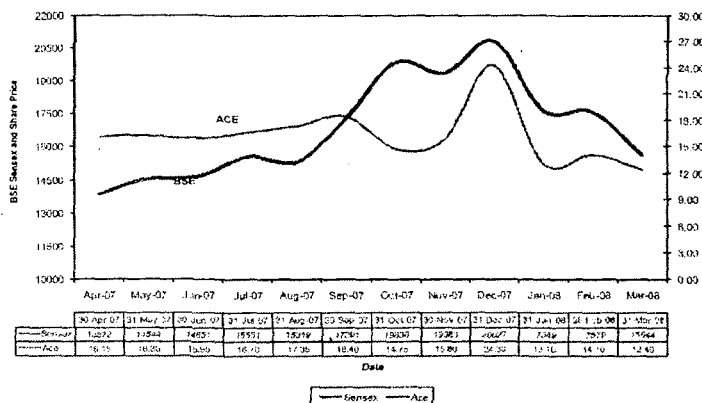
Your company has appointed the Registrar and Share Transfer Agent as named above to carry out the share registry work at the address given above.

xi. Distribution of Shareholding (As on 31<sup>st</sup> March, 2008):

Category	No. of Shares	Percentage (%)
Promoters	26,76,825	57.20
Private Corporate Bodies	1,40,041	2.99
Non Resident Indians/OCB	54,667	1.17
Indian Public	18,08,467	38.64
Total	46,80,000	100.00

## viii. Performance in comparison to BSE Sensex

BSE Sensex Vs. ACE Share Price





**Ace Software Exports Ltd.****xii. Dematerialisation of Shares:**

The Equity Shares of the company are traded in the depository system of both the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL). As on 31<sup>st</sup> March, 2008 50.79% of the Equity Shares of the company have been dematerialized.

**xiii. Outstanding GDRs/ADRs/Warrants:**

There are no outstanding GDRs/ADRs/Warrants as on 31<sup>st</sup> March, 2008

**xiv. Facility Location:**

1. 801, Everest Commercial Complex,  
Opp. Shastri Maidan,  
Rajkot - 360 001.
2. 801, Alaap - B,  
Opp. Shastri Maidan,  
Rajkot - 360 001.
3. 3<sup>rd</sup> Floor,  
Raj-Laxmi Commercial complex,  
16, Vijay Plot, Gondal Road,  
Rajkot - 360 001.

**xv. Address for Correspondence:**

The shareholders may correspond to the RTA on the above mentioned address and/or to the Company at Registered office of the company, as given below quoting respective Folio No./Client ID:

The Company Secretary,  
Ace Software Exports Ltd.  
801, Everest Commercial Complex,  
Opp. Shastri Maidan,  
Rajkot - 360 001  
Phone -(0281) 222 6097, 269 3282 Fax: (0281) 223 2918  
Email : [investorinfo@acesoftex.com](mailto:investorinfo@acesoftex.com)

**ANNEXURE TO THE DIRECTORS' REPORT  
AUDITORS' CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF  
CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT(S)**

To the Members of  
**ACE SOFTWARE EXPORTS LTD.,**

We have examined the compliance of conditions of Corporate Governance by **Ace Software Exports Limited**, for the year ended on **31<sup>st</sup> March, 2008**, as stipulated in Clause 49 of the Listing Agreement of the Said Company with the stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementations thereof adopted by the Company for ensuring compliance with the conditions of the certificate of Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and based on the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

As required by the Guidance Note issued by The Institute of Chartered Accountants of India we have to state that no investor grievances were pending for a period of one month against the Company as per the records maintained by the Shareholders/Investors' Grievance Committee.

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

**FOR KALARIA & SAMPAT,  
CHARTERED ACCOUNTANTS**

**ATUL M. KALARIA  
PARTNER**

RAJKOT, DATED 30th June, 2008



## Ace Software Exports Ltd.

### Auditors' Report

To,  
The Members,

#### ACE SOFTWARE EXPORTS LIMITED

We have audited the attached Balance Sheet of ACE SOFTWARE EXPORTS LIMITED, as at 31<sup>st</sup> March 2008, and Profit & Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those 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 disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

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

- (i) 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:

- (ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books.
- (iii) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
- (iv) In our opinion, the Balance Sheet, Profit & Loss Account and 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;
- (v) On the basis of written representations received from the Directors, as on 31<sup>st</sup> March, 2008, and taken on records by the Board of Directors, we report that none of the Director is disqualified as on 31<sup>st</sup> March, 2008 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts 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:
  - (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2008;
  - (b) In the case of the Profit & Loss Account, of the Profit for the year ended on that date, and
  - (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For Kalaria & Sampat,  
Chartered Accountants

Atul M. Kalaria  
Partner

Rajkot, Dated 30<sup>th</sup> June, 2008

### Statement on the Companies (Auditor's Report) Order, 2003

To,  
The Members,

#### ACE SOFTWARE EXPORTS LIMITED

Referred to in paragraph 3 of our report of even date,

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) All the assets have not been physically verified by the management during the year but there is a regular programme of verification which in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) During the year, the company has not disposed off substantial part of fixed assets and the going concern status of the company is not affected.
- (ii) The Company's nature of operation is such that the inventories cannot be physically verified. Accordingly Clause 4(ii) of the Order is not applicable.
- (iii) In our opinion and according to the information and explanations given to us, the company has neither granted nor taken any loans, Secured or unsecured to or from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods & services. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal controls system.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the contracts or arrangements that need to be entered in the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) According to the information and explanations given to us, we are of opinion that the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 aggregating to Rs. 5,00,000/- (Rupees Five Lac) or more during the year, in respect of any party have been made at prices which are reasonable having regard to prevailing market prices.
- (vi) The company has not accepted any deposits from the public.
- (vii) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- (viii) The Central Government has not prescribed the maintenance of cost records under Section 209(1)(d) of the companies Act, 1956 for any of the services rendered by the company. Accordingly clause 4(viii) of the Order is not applicable.
- (ix) In respect of statutory dues;
  - (a) The company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, value added tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues applicable to it.

- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, value added tax, service tax, customs duty, excise duty and cess were in arrears, as at 31<sup>st</sup> March, 2008 for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, there are no dues in respect of income tax, wealth tax, sales tax, value added tax, service tax, customs duty, excise duty and cess that have not been deposited with the appropriate authorities on account of any dispute.
- (x) In our opinion, the company has no accumulated losses. The company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of due to a financial institution, bank or debenture holders.
- (xii) In our opinion and according to the information and explanations given to us, no loans and advances have been granted on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, Clause 4(xii) of the Order is not applicable.
- (xiii) In our opinion, the company is not a *Chit* Fund or a *Nidhi* / Mutual benefit fund/ society. Accordingly, Clause 4(xiii) of the Order is not applicable.
- (xiv) In our opinion and according to the information and explanations given to us, the shares, securities, debentures and other investments dealt or traded by the company, proper records are maintained in respect of transactions and contracts and timely entries have been made therein.
- (xv) The company has not given any guarantee; accordingly clause xv of the Order is not applicable.
- (xvi) The Company has not obtained any term loans. Accordingly, clause 4(xvi) of the Order is not applicable.
- (xvii) According to the information and explanations given to us, the company has not raised any funds on short term basis. Accordingly, clause 4(xvii) of the order is not applicable.
- (xviii) The company has not made preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act. Accordingly, Clause 4(xviii) of the Order is not applicable.
- (xix) The company has not issued any debentures. Accordingly, Clause 4(xix) of the Order is not applicable.
- (xx) The company has not raised any money by public issues during the year. Accordingly the Clause 4(xx) of the Order is not applicable.
- (xxi) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For Kalaria & Sampat,  
Chartered Accountants

Atul M. Kalaria  
Partner

Rajkot, Dated 30<sup>th</sup> June, 2008

