

FIFTEENTH ANNUAL REPORT 2008-2009



Ace Software Exports Limited

BOARD OF DIRECTORS

VIKRAM B. SANGHANI

Jt. Managing Director

SANJAY H. DHAMSAANIA

Jt. Managing Director

DHARAMSHIBHAI R. VADALIYA

VIMAL KALARIA

TRUPTI LELE

COMPANY SECRETARY

N. I. THOMAS

AUDITORS

KALARIA & SAMPAT

Chartered Accountants

Report  Junction.com

BANKERS

BANK OF BARODA

HDFC BANK LTD.

AXIS BANK LTD.

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 Fifteenth Annual General Meeting of **ACE SOFTWARE EXPORTS LIMITED** will be held at 801, Everest Comm. Complex, Opp. Shastri Maidan, Rajkot on Wednesday, 30th September, 2009 at 11.00 A.M. to transact the following business:

Ordinary Business:

- To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2009 and Profit and Loss Account for the year ended on that date together with the Auditors' and Directors' Report thereon.
- To Appoint a Director in place of Shri Vikram Sanghani, who retires by rotation, and being eligible, offers himself for re-appointment.
- To Appoint a Director in place of Shri Dharamshibhai Vadalia, who retires by rotation, and being eligible, offers himself for re-appointment.
- To appoint Auditors to hold office till the conclusion of the next Annual General Meeting and to fix their remuneration.

Special Business:

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

"RESOLVED that the consent of the company, be and is hereby granted in terms of Sec 293(1)(a) and all other provisions of the Companies Act, 1956, if any, (including any statutory modification or re-enactment thereof, for the time being in force), to the Board of Directors of the company (hereinafter referred to as "Board" which term shall be deemed to include any Committee which the Board may constitute for this purpose), and the Board, is hereby authorized to sell, lease or otherwise dispose off the whole, or substantially the whole of the undertaking(s) of the company including sale or disposal of any investment in property/land and sale or disposal of any investment in the subsidiaries of the company including any land/property held by the subsidiaries."

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

"RESOLVED THAT in accordance with the provisions of Section 198, 269, 309 and 311 read with Schedule-XIII to the Companies Act, 1956 and other applicable provisions if any, the consent of the Company be and is hereby accorded to the re-appointment of Shri Vikram B. Sanghani as Jt. Managing Director of the Company for a period of 5(Five) years with effect from 29th March, 2010 on the terms and conditions including remuneration for a period of 3(Three) years, as are set out in the agreement to be entered into between the Company and Shri Vikram B. Sanghani (a draft whereof is placed before the meeting).

"RESOLVED FURTHER THAT the Board of Directors (hereinafter referred as the "Board" which expression shall include the Remuneration Committee constituted by the Board) are authorized to alter and vary the terms and conditions of the said appointment and/or remuneration and/or agreement, subject to the same not exceeding the limits specified in the Schedule-XIII to the Companies Act, 1956 including any statutory modification or re-enactments thereof for the time being in force or as may hereinafter be made by the Central Government in that behalf from time to time or any amendment thereto as may be agreed to between the Board and Shri Vikram B. Sanghani."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to take all such steps as may be necessary, proper or expedient to give effect to this resolution."

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

"RESOLVED THAT in accordance with the provisions of Section 198, 269, 309 and 311 read with Schedule-XIII to the Companies Act, 1956 and other applicable provisions if any, the consent of the Company be and is hereby accorded to the re-appointment of Shri Sanjay H. Dhamsania as Jt. Managing Director of the Company for a period of 5(Five) years with effect from 29th March, 2010 on the terms and conditions including remuneration for a period of 3(Three) years, as are set out in the agreement to be entered into between the Company and Shri Sanjay H. Dhamsania (a draft whereof is placed before the meeting).

"RESOLVED FURTHER THAT the Board of Directors (hereinafter referred as the "Board" which expression shall include the Remuneration Committee constituted by the Board) are authorized to alter and vary the terms and conditions of the said appointment and/or remuneration and/or agreement, subject to the same not exceeding the limits specified in the Schedule-XIII to the Companies Act, 1956 including any statutory modification or re-enactments thereof for the time being in force or as may hereinafter be made by the Central Government in that behalf from time to time or any amendment thereto as may be agreed to between the Board and Shri Sanjay H. Dhamsania."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to take all such steps as may be necessary, proper or expedient to give effect to this resolution."

Notes:

- 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.
- The Register of Members and Share Transfer Book will remain closed from 25th September, 2009 to 30th September, 2009 (Both days inclusive).
- 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.
- 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.
- 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
31.03.2002	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
Jt. Managing Director

Sanjay H. Dhamsania
Jt. Managing Director

Rajkot, Dated 31st August 2009

Explanatory Statement

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

Point No. 5

The Management wishes to inform that your company had acquired property/land and anticipated its use in expansion of business operations. However, looking at current market scenario, the management wishes to dispose/sell off these investments in property/land and make efficient use of funds in other opportunities that may become available.

As this proposal 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.

Point No. 6 and 7

The present term of office of Mr. Vikram B. Sanghani & that of Mr. Sanjay H. Dhamsania as Jt. Managing Directors shall expire on 28th March, 2010. The Board of Directors, at their meeting held on 31st July, 2009 have, subject to the approval of the shareholders, re-appointed, them as Jt. Managing Directors for a further period of 5 (five) years from the expiry of their term of office, on the remuneration determined by the Remuneration Committee of the Board of Directors.

The Draft Agreement between Company and the proposed appointees contains the following principal terms and conditions which have been approved by the Remuneration Committee of the Board of Directors:

Term of Office:

Mr. Vikram B. Sanghani and Mr. Sanjay H. Dhamsania shall be appointed as the Jt. Managing Directors for a period of 5 (Five) years w.e.f. 29/03/2010.

Remuneration:

The remuneration payable to Mr. Vikram B. Sanghani and Mr. Sanjay H. Dhamsania, individually as Jt. Managing Directors, shall be as under:
Salary to each Jt. Managing Directors: In the scale of Rs.100,000/- to Rs. 250,000/- per month with the authority to the Remuneration Committee 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 the each financial year, subject to the overall ceiling 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:

- All medical expenses incurred for self and family members shall be reimbursed.
- Leave Travel Concession for self and family will be allowed once in a year as may be sanctioned by the Board.
- Contribution to the Provident Fund, Super Annuation Fund, Annuity Fund to the extent the same are not taxable under the Income Tax Act, 1961.
- Provision for car for official purposes and telephone at residence.
- Gratuity payable at a rate not exceeding half a month's salary for each completed year of service.
- 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 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. Managing Director, they shall be paid compensation in the manner and to extent permissible under the provisions of section 318 of the Companies Act, 1956.
- If at any time any Jt. Managing Director ceases to be a Director of the company for any cause whatsoever, he shall cease to be Jt. Managing Director in terms of the Agreement and such Agreement shall terminate forthwith.
- The Jt. Managing Directors are appointed by virtue of their employment in the Company and their appointment is subject to the provisions of Section 283(I) of the Companies Act, 1956.
- The Agreement may be terminated by either party, by giving to the opposite party, six month's notice.
- The Agreement between the Company and Mr. Vikram B. Sanghani and that with Mr. Sanjay H. Dhamsania is available for inspection by the shareholders of the Company at its Registered Office during the business hours on any working day of the company.

Further Mr. Vikram B. Sanghani and Mr. Sanjay H. Dhamsania may be deemed to be interested in the resolution pertaining to their re-appointment and/or remuneration payable to them. Except as mentioned above none other Directors of the Company is, in any way, concerned or interested in the resolutions.

The information as required under Schedule-XIII Part -II Section -II 1 (B) (iv) is given as below:

GENERAL INFORMATION:

<u>GENERAL INFORMATION</u>		
1	Nature of Industry	
2	Date or expected date of commencement of commercial production	
3	In case of new companies, expected date of commencement of activities as per project approved by the financial institutions appearing in the prospectus.	
4	Financial performance based on given indicators	
5	Export performance and net foreign exchange collaborations	
6	Foreign investment or collaboration, if any.	
	Computer Software and Services Exports	
	Not Applicable (The Company is an existing company).	
	Not Applicable	
	Particulars	Period
		01-04-2008 to 31-03-2009
		(Rs.In lacs)
	Total Revenue	407.25
	Profit after Tax	49.15
	The Company had Foreign Exchange earning of Rs. 2,68,57,714/- during the financial year 01-04-2008 to 31-03-2009.	
	The Company has no investment in any overseas entities. The Company has Business Collaboration with M/s. Apex Data Services Inc., U.S.A.	

INFORMATION ABOUT THE APPOINTEE:

Background details

Mr. Vikram B. Sanghani

Mr. Vikram Sanghani is a MBA from Jamanlal Bajaj Institute of Management Studies. He is the co-founder of the company and has been with the Company right from the incorporation of the Company. He is having 18 years of

experience in the capacity of Managerial Person, in the field of Information Technology (IT) Industry. He was actively involved with the Capital and Forex Market during his brief stint at ICICI Ltd. before starting his own IT industry.

Mr. Sanjay H. Dhamsania

Mr. Sanjay Dhamsania has done M.S. (Computer Science) from Harvard University, Washington D.C., USA. He worked in the US as a programmer Analyst for some time. He is the co-founder of the company and has been with the company right from the incorporation of the company. He is having more than 17 years of experience in the Information Technology (IT) Industry in various capacities and has been involved in top level management since the beginning.

Past Remuneration

The past *remuneration drawn by the proposed appointees for the last three year is as under:

Name	2006-2007 (in Rs.)	2007-2008 (in Rs.)	2008-2009 (in Rs.)
Mr. Vikram B. Sanghani	15,74,876	15,00,000#	14,25,579
Mr. Sanjay H. Dhamsania	15,74,876	15,00,000#	14,25,579

* The remuneration includes salary other allowances and commission.

The remuneration does not include commission.

Recognition or Awards

Mr. Vikram Sanghani is frequently called to seminars as a speaker on IT related topics. The Company also regularly features in news articles (e.g. The Times of India, dated 29th Jun. 2008, The Economic Times, dated 17th Nov. 2006, Indian Express, dated 25th July, 2004, The Economics Times, Saturday, 18th April, 1998, The Economics Times, Wednesday, 3rd January, 1996) and these proposed appointees are used to represent the company in various functions relating to the IT Industry.

Job Profile and their suitability

The job profile of the proposed appointees as mentioned in the earlier paragraphs indicates their suitability for the appointment, as Jt. Managing Directors of the company and it is imperative that they draw remuneration as proposed.

Remuneration proposed

All details are given in the earlier paragraphs of the explanatory statement.

Comparative remuneration profile

The comparative remuneration profile with respect to industry, size of company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin)

The comparative remuneration being paid, in other companies pertaining to the IT industries, with respect to the size of the company, shows higher rewards for the persons holding similar and responsible positions. The details of the average salary structure in the IT industry across different experienced groups is list out as under:

Groups having Years of Experience Category	Figures in Rs. Lacs			
	10 Years above	5 to 10 Years	2 to 5 Years	Less than 2 Years
IT Industry Average	32.00	9.00	5.00	3.00
Data Quest Top 10	34.00	8.00	5.00	3.00
Data Quest Top 5	42.00	9.00	5.00	3.00

* IT Industry Average covers HR survey of 33 Software Companies.

DQ Top 10 & 5 are the common companies that figure in both the DQ Top 10 and the HR survey.

Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any

The proposed Jt. Managing Directors have no pecuniary relationship directly or indirectly with the company except to the extent of their shareholding in the Company.

OTHER INFORMATION:

Reasons for loss or inadequate profits

The Company has reported profits in the current year and it is expected to earn profit in the future years also. However, to keep pace with trends prevalent in managerial remuneration in the IT industry, there may be a situation of inadequate profits. The operations of your company are largely dependant on the intellectual inputs provided by the Jt Managing Directors, and it is imperative to compensate them at a level which matches industry practices. Furthermore, inadequate profits may also be attributable to the fact that your company is functioning in US outsourcing; a market which has not shown desired growth over last three years due to general unfavorable situation prevailing in their economy and also there is considerable exchange rate fluctuation in last year which affects the bottom-line of the company.

Steps taken or proposed to be taken for improvement

Your company is looking to acquire an existing business undertaking in India. This is expected to supplement the operations of your company and ultimately will boost your company's bottom-line in the years to come.

Expected increase in productivity and profits in measurable terms

A business growth of 5% is expected in the turnover in the next financial year thereby improving profitability of the Company.

For & on behalf of Board of Directors,

Vikram B. Sanghani
Jt. Managing Director

Sanjay H. Dhamsania
Jt. Managing Director

Rajkot, Dated 31st August 2009



DIRECTORS' REPORT

To,

The Members,

Ace Software Exports Ltd.

The Directors of the company have pleasure in presenting their **FIFTEENTH ANNUAL REPORT** together with the Audited Financial Statements of your Company for the Financial Year ended on **31st March, 2009**.

1. Financial Performance:

Particulars	FY 2008-2009	(Rs. In Lacs) FY 2007-2008
Income from Operations & other income	407.25	745.86
Profit before Depreciation & other		
Write-offs and Taxations	60.79	376.56
Less: Depreciation & Write offs	8.92	103.82
Less: Provisions for Taxes	2.72	5.92
Profit after Depreciation and Taxation	49.15	266.82
<u>Amount of Appropriation:</u>		
Dividend including Tax thereon	0.00	27.38
Balance of Profit & Loss A/c. carried to the next year	770.51	791.30
Earning per Share (in Rs.) Basic & Diluted	1.05	5.54

2. Dividend:

In order to conserve funds for future use; your directors did not recommend any dividend for the financial year 2008-09.

3. Performance:

During the financial year 2008-09, your company reported revenues from operations of Rs. 268.58 Lacs as against Rs. 306.84 lacs in the previous year. There is pressure on profit margins due to higher operating costs and exchange rate fluctuations. These impacted bottom-line of the company and profits after tax reported were Rs. 49.15 lacs as against Rs. 266.82 lacs in the previous year. It may be noted that last year's profits included large amount of non-operating income being profit on sale of equity shares of subsidiary company, which was a one-time gain only.

4. Directors:

At the last AGM, Smt. Trupti Lele was appointed as independent director, since Shri Shyamal Sheth who retired at the said AGM did not offer himself for re-appointment. Apart from above there were no changes in the composition of the Board of Directors during the year under review. In terms of the relevant provisions of the Companies Act, 1956 and the Article of Association of the company, Shri Vikram Sanghani and Shri Dharamshibhai Vadalia, Directors of the company, retire by rotation at the forthcoming Annual General Meeting.

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. During the year under review, your company incorporated five-fully owned subsidiaries namely Aspire Exim Pvt. Ltd., Cosmos Services Pvt. Ltd., Citizen Solutions Pvt. Ltd., Jubilant Exim Pvt. Ltd. and Speedwell Engineers Pvt. Ltd. There were no operations in newly formed subsidiaries for the year under review.

Sr. No.	Name of Subsidiary companies	Percentage stake owned by Ace Software Exports Ltd. (%)
1	Apex Advanced Technology Pvt. Ltd, Hyderabad	98.96%
2	Rajkot Computer Education Pvt. Ltd, Rajkot	100.00%
3	Aspire Exim Pvt. Ltd, Rajkot	100.00%
4	Cosmos Services Pvt. Ltd, Rajkot	100.00%
5	Citizen Solutions Pvt. Ltd, Rajkot	100.00%
6	Jubilant Exim Pvt. Ltd, Rajkot	100.00%
7	Speedwell Engineers Pvt. Ltd, Rajkot	100.00%

The Annual Report of Ace Software Exports Ltd. for the financial year 2008-09 includes Directors' Report, Auditors' Report, Profit & Loss Account, Balance Sheet and Notes to Accounts of above mentioned subsidiary companies.

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 2009-10 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. 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 2008-09 the Foreign Exchange Earnings and Outgo of the company were as follows:

Foreign Exchange Earnings	: USD 5,85,511.63
Foreign Exchange Outgo	: USD 28,185.41 on revenue items
	: GBP 1,500.00 on revenue items

9. Audit Committee:

In compliance of the provisions of the Section-292A of the Companies Act, 1956 and the Listing Agreement with the Stock Exchanges, the Audit Committee of the company comprises of the following Directors: Mr. Vimal Kalaria
Mr. Vikram Sanghani
Mr. Dharamshibhai Vadalia
Smt. Trupti Lele

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.

10. 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.

11. 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.

12. 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:

There has been a global slowdown in the IT industry. This has impacted outsourcing and your company continues to face this threat. Revenues and profitability will continue to be adversely affected.

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.

13. 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 2009



CORPORATE GOVERNANCE**1. The Company's philosophy on Corporate Governance:**

The company attempts to achieve highest levels of transparency, accountability and equity in all facets of its operations and interactions with its stakeholders, employees and the government. On adoption of good corporate governance policies the organization moves to achieve its long-term goals efficiently.

2. Board of Directors:

Composition of the Board of Directors

The Board of Directors of the company as on 31st March, 2009 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	10	-	-	9	Yes	
Sanjay Dhamsania	Ex-Dir	10	-	-	9	Yes	
Trupti Lele	N.Ex-IND	5	-	-	3	No	
Vimal Kalaria	N.Ex-IND	7	-	-	7	Yes	
Dharamshi Vadalia	N.Ex-IND	5	-	-	5	No	

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

Board Meetings

The Board of Directors met 9 times during the year 2008-09 on 04.04.08, 05.06.08, 30.06.08, 31.07.08, 21.08.08, 16.10.08, 30.10.08, 14.11.08 and 31.01.09.

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
Vimal Kalaria	Chairman	4
Trupti Lele	Member	4
Dharamshibhai Vadalia	Member	4
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 29.04.2008, 18.07.2008, 22.10.2008 and 26.01.2009.

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
Trupti Lele	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	13,50,000	15,000
Sanjay Dhamsania	13,50,000	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 2 Complaints during the year 2008-2009 and the same have been satisfactorily attended to.

iv. No Investor complaints remained pending as on 31.03.2009.

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
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.
25.09.2008	11.00 A.M.	801, "Everest" Opp. Shastri Maidan, Rajkot - 360 001	Appointment of Smt. Trupti Lele as independent director per Sec 255 and 256 of the Company 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.

7. Disclosures:**i. Significant related party transactions:**

There were no materially significant related party transactions, during the year-ended 31.03.2009 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 or 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. Times of India (English) and The Economic Times (Gujarati) respectively. Moreover, the Quarterly and Audited Results of the company are also displayed on the company's Website (www.acesoftex.com)

9. General Shareholders information:**i. Annual General Meeting**

Date : 30th September, 2009
Time : 11.00 A.M.
Venue : 801-"Everest" Opp. Shastri Maidan, Rajkot - 1

ii. Financial Year

Tentative Schedule for the Financial Year 2009-2010:

June 30, 2009 : July 2009 (4th Week)
September 30 2009 : October 2009 (3rd Week)
December 31, 2009 : January 2010 (3rd / 4th Week)
March 31, 2010 : April 2010 (3rd / 4th Week)

iii. Date of Book Closure

25th September, 2009 to 30th September, 2009 (Both days inclusive.)

iv. Dividend payment date

As the Board of Directors' have not recommended any dividend on equity shares for FY 2008-09, hence no dividend is payable to the shareholders.

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-08	16.35	11.27
May-08	14.98	12.27
June-08	14.05	11.59
July-08	13.50	10.00
August-08	13.50	10.25
September-08	14.65	11.05
October-08	12.67	8.71
November-08	11.18	8.77
December-08	14.06	10.06
January-09	14.38	12.71
February-09	15.06	12.00
March-09	16.10	11.50

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

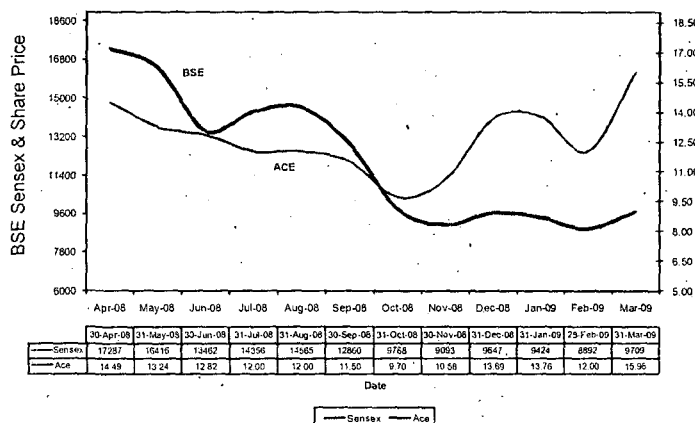
Your company has appointed the Registrar and Share Transfer Agent as named above to carry out the share registry work at the address given above.

xi. Distribution of Shareholding (As on 31st March, 2009):

Category	No. of Shares	Percentage (%)
Promoters	27,28,126	58.29
Private Corporate Bodies	98,678	2.11
Non Resident Indians/OCB	54,354	1.16
Indian Public	17,98,842	38.44
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 31st March, 2009 51.02% of the Equity Shares of the company have been dematerialized.

xiii. Outstanding GDRs/ADRs/Warrants:

There are no outstanding GDRs/ADRs/Warrants as on 31st March, 2009

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. 3rd 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, 304 7851 Fax: (0281) 223 2918
Email : 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 **31st March, 2009**, 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.

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, 2009



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 31st March 2009, and also the Profit & Loss Account and 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 31st March, 2009, and taken on records by the Board of Directors, we report that none of the Director is disqualified as on 31st March, 2009 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 31st March, 2009;
 - (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 30th June 2009

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 each 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 31st March, 2009 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 except as given below:

Name of the Statute	Nature of the due	Amount (Rs.)	Period	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	1,12,640	A.Y. 2006-07	Commissioner of Income Tax (Appeals)-1-Rajkot

- (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 dues to a financial institution and bank. The Company has not borrowed any sums through any debentures.
- (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 for loans taken by others from banks or financial institutions. 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) In our opinion and according to the information and explanations given to us, we report that no funds raised on short term basis have been used for long term purposes. 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 30th June 2009

Ace Software Exports Ltd.

BALANCE SHEET AS AT 31ST MARCH, 2009

		(in Rs.)	
PARTICULARS	SCHEDULE	31.03.2009	31.03.2008
I. SOURCES OF FUNDS :			
(1) Shareholder's Funds :			
(a) Share Capital	1	46,800,000	46,800,000
(b) Reserves & Surplus	2	90,974,030	85,585,125
(2) Loan Funds :			
(a) Secured Loans	3	-	3,338,058
(b) Unsecured Loans			556,261
		137,774,030	136,279,444
II. APPLICATION OF FUNDS :			
(3) Fixed Assets :	4		
Gross Block		57,880,605	68,033,435
Less : Depreciation		35,582,096	34,747,027
Less : Impairment		7,100,000	7,100,000
Net Block		15,198,510	26,186,408
(4) Investments	5	47,230,523	53,146,583
(5) Current Assets, Loans & Advances :	6		
(a) Inventories		3,655,803	1,816,335
(b) Cash & Bank Balances		4,973,631	6,541,059
(c) Loans and Advances		70,673,725	57,700,119
		79,303,159	66,057,513
Less : Current Liabilities & Provisions :	7		
(a) Current Liabilities		2,501,848	1,996,121
(b) Provisions		1,456,314	7,114,940
		3,958,162	9,111,061
Net Current Assets		75,344,996	56,946,453
		137,774,030	136,279,444

NOTES TO ACCOUNTS

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AS PER OUR REPORT OF EVEN DATE

FOR KALARIA & SAMPAT,
CHARTERED ACCOUNTANTSATUL M. KALARIA
PARTNER

RAJKOT, Dated 30th June, 2009

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS,

SANJAY H. DHAMSANIA
JT. MANAGING DIRECTORVIKRAM B. SANGHANI
JT. MANAGING DIRECTORN. I. THOMAS
COMPANY SECRETARY

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

		(in Rs.)	
PARTICULARS	SCHEDULE	31.03.2009	31.03.2008
I. INCOME :			
Sales & Services	8	26,857,714	30,684,241
Other Income	9	12,027,982	44,563,595
Stock Variance	10	1,839,468	(661,773)
		40,725,164	74,586,063
II. EXPENDITURE :			
Operating Expenses	11	20,604,073	25,172,338
Administrative Expenses	12	14,041,709	11,758,089
Depreciation/Amortization/Impairment Loss		892,336	10,382,469
		35,538,118	47,312,896
Profit before tax		5,187,047	27,273,166
Less : Provision for tax			
Current Tax		225,000	3,000,000
Deferred Tax			(2,485,854)
Fringe Benefit Tax		47,050	77,476
		272,050	591,622
Profit after tax		4,914,997	26,681,544
Add. : Profit & Loss Account B/fd. from last year		71,662,066	54,905,353
Excess Provision of earlier year written back		76,896	68,720
Add. : Excess Provision of Dividend & Distribution Tax thereon		397,011	212,268
AMOUNT AVAILABLE FOR APPROPRIATION :		77,050,971	81,867,885
Appropriations :			
Dividend @ Rs.0.50 per equity share of Rs.10/-each			2,340,000
Tax on Distribution of Dividend			397,683
Balance Carried Forward to Balance Sheet		77,050,971	79,130,202

NOTES TO ACCOUNTS

13

AS PER OUR REPORT OF EVEN DATE

FOR KALARIA & SAMPAT,
CHARTERED ACCOUNTANTSATUL M. KALARIA
PARTNER

RAJKOT, Dated 30th June, 2009

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS,

SANJAY H. DHAMSANIA
JT. MANAGING DIRECTORVIKRAM B. SANGHANI
JT. MANAGING DIRECTORN. I. THOMAS
COMPANY SECRETARY