

SIXTEENTH ANNUAL REPORT 2009-2010



Ace Software Exports Limited

BOARD OF DIRECTORS

VIKRAM B. SANGHANI

Jt. Managing Director

SANJAY H. DHAMSANIA

Jt. Managing Director

DHARAMSHIBHAI R. VADALIYA

VIMAL KALARIA

PRATIK DADHANIA

COMPANY SECRETARY

N. I. THOMAS

AUDITORS

KALARIA & SAMPAT

Chartered Accountants

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 Sixteenth Annual General Meeting of **ACE SOFTWARE EXPORTS LIMITED** will be held on Saturday, 25th September, 2010 at 11.00 a.m. at the Registered Office of the Company situated at 801, Everest Commercial Complex, Opp. Shastri Maidan, Rajkot to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2010 and Profit and Loss Account for the year ended on that date together with the Auditors' and Directors' Report thereon.
2. To Appoint Director in place of Shri Sanjay Dhamsania, who is liable to retire by rotation, and being eligible, offers himself for re-appointment.
3. To Appoint Director in place of Shri Vimal Kalaria, who is liable to retire by rotation, and being eligible, offers himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration

Special Business:

5. To Consider and if thought fit, to pass, with or without modification(s), the following Resolution, as an **Ordinary Resolution**:

"RESOLVED THAT in accordance with provisions of Section 257 and other applicable provisions, if any, of the Companies Act, 1956, **Shri Pratikkumar Dadhania**, who was appointed as an additional director by the Board, and is eligible for appointment as director, and in respect of whom notice under section 257 of the Companies Act, 1956, has been received, be and is hereby appointed as Director of the Company and he shall be liable to retire by rotation as per provisions of the Companies Act, 1956 read with Articles of Association of the Company."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all things, deeds, acts as may be necessary in this regard."

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

"RESOLVED THAT the consent of the Company pursuant to Section 293(1)(e) and other applicable provisions of the Companies Act, 1956 be and is hereby given to the Board of Directors to contribute and / or to subscribe and/or otherwise to assist during the financial year 2010-2011, any charitable, benevolent, public or general and other funds and to any society, association or institution, notwithstanding that such contributions, subscriptions and expenditure do not directly relate to the business of the Company or the welfare of its employees, upto a sum of Rs.25 lacs (Twenty Five Lacs)."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all acts, deeds, matters and things as it may in its absolute discretion consider necessary, appropriate and incidental thereto to give effect to this resolution including settling of any question with regard thereto and to delegate all or any of the powers herein conferred, to any Director or Directors and/or any officer or Officers of the Company to give effect to this resolution"

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

"RESOLVED THAT in pursuance of applicable provisions, if any, of the Companies, Act, 1956, the approval of Members be and is hereby accorded to the Board of Directors of the Company to purchase and/or sale offices, premises, land, or any other immovable properties from/to any person including directors/relative of Directors or entities in which Directors are directly or indirectly interested"

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all things, deeds, acts, as may be required to do in this connection"

8. To consider and if thought fit, to pass, with or without modification, the following Resolution as an Ordinary Resolution

"RESOLVED THAT in pursuance of applicable provisions, if any, of the Companies, Act, 1956, the approval of Members be and is hereby accorded to the Board of Directors of the Company for sale of plots of land as per informations provided in the explanatory statement, to any person (including Directors or relatives of Directors or promoters of the Company), Company, firm, body corporate, trust, whether director/ promoters of the Company are interested in these entities or not"

"RESOLVED FURTHER THAT the said sale will not effect any business or operations of the Company as these plots are not used or proposed to be used by business /operations of the Company"

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to negotiate and finalise the sale price of such plots of land and do all things, deeds, acts, as may be required to do in this connection"

For & on behalf of Board of Directors,

(Vikram B. Sanghani)

Jt. Managing Director

Notes:

1. A member entitle 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. 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.
3. In Terms of Section 256 read with provisions of Articles of Association of the Company, Shri Sanjay Dhamsania and Shri Vimal Kalaria, Director of the company, retire by rotation at the ensuing Annual General Meeting and being eligible offer himself for re-appointment.
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. Members who hold shares in dematerialized form are requested to write their Client ID and DP ID Numbers and those who hold shares in physical form are requested to write their Folio Number in the Attendance Slip for attending the Meeting.
6. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
7. The Company has already notified closure of Register of Members and Transfer Books from 14th September, 2010 to 24th September, 2010 (Both days inclusive).
8. Members are advised to refer to the information provided in the Annual Report.
9. 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
31.03.2004	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.

Annexure to the Notice

Explanatory statement pursuant to section 173(2) of the Companies Act, 1956

Item No. 5 :

The Board of Directors of the Company appointed Shri Pratikkumar Dadhanian as an Additional Director of the Company with effect from 30th January, 2010, pursuant to section 260 of the Act and provisions of the Articles of Association of the Company. Under section 260 of the Company Act, Shri Pratikkumar Dadhanian ceases to hold office at this Annual General Meeting but is eligible for appointment as a Director. A notice under section 257 of Act has been received from a Member signifying his intention to propose appointment of Shri Pratikkumar Dadhanian as a Director.

Shri Pratikkumar Dadhanian has done his graduation in Architecture from CEPT Ahmedabad. Shri Dadhanian is a Practising Architect since 1996. He has designed well known public buildings constructed by Government or semi-government authorities, educational Institutions, trust etc. Shri Dadhanian is a Member of Council of Architecture, Delhi & Indian Institute of Architects, Mumbai. He is an independent & non-executive Director of the Company. The Directors recommend the Resolution at Item 5 of the accompanying notice for approval of the Members of Company. Shri Pratikkumar Dadhanian is concerned or interested in item no. 5 of the notice.

Item No. 6 :

Members are aware that in view of the high industrial and economic growth, increasing Corporate Social Responsibilities (CSR) / obligations towards the society, the Company may like to contribute and donate from time to time to such charitable and other funds not directly relating to the business of the Company or the welfare of its employees and the amount of contribution whereof may exceed the limits prescribed under Section 293 (1) (e) of the Companies Act, 1956. Various measures are being taken by the Union Government and state Governments for upliftment of various classes of society, and your Company would like to be a good "corporate citizen" by executing its social responsibility.

None of the Directors of the Company is interested in the said resolution. Hence, Members are requested to pass the Resolution as an ordinary resolution

Item No. 7 & 8:

Members are aware that the Company is situated at 8th Floor, Everest Commercial Complex, Opp Shastri Maidan, Rajkot. The said offices are owned by M/s Ace Software Exports, a partnership firm, in which Mr. Vikram Sanghani & Mr. Sanjay Dhamsania, Directors of the Company are partners. Presently, the Company is using the said offices on lease basis and the said lease will be expired on 30.03.2010. Looking into the present trend of constant increase in real estate markets, it will be advisable to purchase the offices in name of the Company itself, so that lease rental can be saved as well as the properties can be owned by the Company. Further, the Company is having idle plots of land situated at Munjka (Dist. Rajkot). These plots are not presently used by the Company neither it is proposed to be used for the business of the Company, considering the fact that there is no plan of the Company to diversify its business activities in real estate, Hence, it is proposed to sale the said plots and utilise the sale proceeds in business/ operations of the Company.

Provisions of Section 297, which governs the transactions between the Company on one hand and the Director/relative of directors/ partnership firms of Directors/private limited company in which Directors are interested etc. on other hand, however, do not apply to transaction related to immovable properties. Hence, the proposed purchase of offices also does not fall within purview of Section 297 and there is no legal binding on the Company to obtain approval of Members or any authority. However, the Company believes in maintenance of corporate governance system in letter & spirit. The Company believes that as Directors are involved in this transaction, the said purchase should be approved by the Members. This will be a step towards enhancing corporate governance practices as well as creating trust amongst stakeholders that every transaction in company goes through transparent mechanism. Further, the said transaction is also approved by the Committee of Independent Directors of the Company.

Members are requested to pass the Resolution as an Ordinary Resolution. Shri Vikram Sanghani, and Shri Sanjay Dhamsania, Jt. Managing Directors of the Company are interested in this Resolution.

No other Director is, anyway, interested in this Resolution.

DIRECTORS' REPORT

To,
The Members,
Ace Software Exports Ltd.
Rajkot.

The Directors of the company have pleasure in presenting their **SIXTEENTH ANNUAL REPORT** together with the Audited Financial Statements of your Company for the Financial Year ended on **31st March, 2010**.

FINANCIAL RESULTS:

Your Company's performance for the year ended on 31st March, 2010 is summarized as under:

Particulars	(Amount in INR)	
	For the year ended on 31st March, 2010	For the year ended on 31st March, 2009
Sales & other income	2,42,10,206	4,07,25,164
Profit (loss) before depreciation	(10,78,767)	60,79,383
Less:		
- Depreciation	9,16,083	8,92,336
Net profit (loss) before taxation	(19,94,850)	51,87,047
Less:		
- Taxation	—	2,25,000
- Fringe benefit tax	—	47,050
Net profit (loss) after taxation	(19,94,850)	49,14,997
Add: Profit & loss account balance brought forward	7,70,50,971	7,16,62,066
Excess provision of earlier year written back	(3,25,907)	76,896
Excess provision of dividend & DDT thereon	—	3,97,011
Balance carried to Balance sheet	7,47,30,214	7,70,50,971

PERFORMANCE:

During the financial year 2009-10, your Company has achieved total turnover of Rs. 2,42,10,206 as compared to Rs. 4,07,25,164 of previous year. For the period under Report, your Company has incurred net loss of Rs. 19,94,850 as compared to net profit of Rs. 49,14,997 in financial year 2008-09. The turnover of company has decreased considerably due to global recessionary conditions, specifically the downturn in the company's main market U.S.A., which has adversely affected its bottom-line. The company has plans to initiate marketing efforts to increase revenues in coming months.

DIVIDEND:

With a view of loss during the year, the Board do not recommend any dividend.

BOARD'S RESPONSIBILITY STATEMENT

In pursuance of Section 217(2AA) of the Companies Act, 1956, the Directors confirm:

- That in the preparation of annual accounts, the applicable accounting standards have been followed and that no material departures have been made from the same;
- That they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the accounting year and of the profit and loss account for that year;
- That they have 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 frauds and other irregularities;
- That they have prepared the annual accounts on a going concern basis.

TRADE RELATIONS

The Board desires to place on record its appreciation for the support and co-operation received from suppliers / vendors and authorized dealers and all other associated with our Company. Company regards them as partners in its progress and shares with them the fruits of growth. The Management constantly endeavors to build strong and mutually respectable trade relations with them.

DIRECTORS

Shri Sanjay Dhamsania and Shri Vimal Kalaria Directors are liable to retire by rotation and being eligible offer themselves for reappointment. Brief Resumes of Directors are attached with Notice of the AGM. Members are requested to reappoint the Directors.

The Board of Directors of the Company appointed Shri Pratikkumar Dadhania, as an Additional Director of the Company with effect from 30th January 2010, pursuant to section 260 of the Act read with provisions of the Articles of Association of the Company. He is an independent & non-executive Director of the Company. Under section 260 of the Company Act, Shri Pratikkumar Dadhania ceases to hold office at this Annual General Meeting but is eligible for appointment as a Director. A notice under section 257 of Act has been received from a Member signifying his intention to propose his appointment as a Director. Members are requested to appoint Shri Pratikkumar Dadhania as Director.

Further, Ms. Trupti Lele, Independent & Non-Executive Director has resigned from Directorship w.e.f. 30th January, 2010. The Board took note of valuable contribution made by Mrs Lele during her tenureship as Director.

CORPORATE GOVERNANCE

Since inception, the Company laid a lot of emphasis on appropriate & timely disclosures and transparency in all business dealings. ASEL has been adhering to the corporate governance principles & practices since long. Your Company is regularly submitting its Corporate Governance Reports to stock exchanges where shares are listed. A detailed report on Corporate Governance is also annexed to this Report. Further, the Certificate, in relation to compliance of the corporate governance principles, obtained from M/s Kalaria & Sampat, Chartered Accountants, and statutory Auditors of the Company is annexed to this Report of Board.

AUDITORS

M/s Kalaria & Sampat, Chartered Accountants, and statutory Auditors of the Company, retire at this Annual General Meeting, and being eligible, offer themselves to be reappointed as such. The Company has received certificate from M/s. Kalaria & Sampat, Chartered Accountants, declaring that their appointment will fall within limits prescribed under Section 224(1B) of the Companies Act, 1956.

SECRETARIAL AUDIT

As directed by the Securities and Exchange Board of India (SEBI), Secretarial Audit is being carried out at the specified periodicity by M/s. MJP Associates, Practising Company Secretaries, Rajkot. The findings of the Secretarial Audit were satisfactory.

SUBSIDIARY COMPANIES:

ASEL has below mentioned Seven Subsidiary Companies. The Annual Report of Ace Software Exports Ltd. for the financial year 2009-10 includes Directors' Report, Auditors' Report, Profit & Loss Account, Balance Sheet and Notes to Accounts of Below mentioned subsidiary companies as per Section 212 of the Companies Act, 1956

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%

PARTICULARS OF EMPLOYEES:

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

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE

EARNING AND OUTGO:

Disclosures with regards to Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo as required under the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 are annexed herewith and forms part of this Report.

ACKNOWLEDGEMENT:

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.

ANNEXURE 'A' TO THE DIRECTORS' REPORT

Disclosures pursuant to the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988.

1. Consumption & Conservation of energy

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 consumption of energy are not required to be furnished. Further, the Company is taking sufficient steps for the purpose of energy conservation.

2. Technology absorption

As the Company is engaged in the IT sector, the Company is implementing constant upgradation of technology related to software & hardware.

3. Foreign Exchange earnings and outgo

Particulars	2009-10	2008-09
Foreign Exchange earnings	USD 4,20,115.75 (INR 1,89,20,435.00)	USD 5,85,511.63 (INR 2,68,57,714.00)
Foreign Exchange Outgo	USD 2,601.00 (INR 1,26,177.00)	USD 28,185.41 (INR 13,58,167.00)

1. Management Discussion and Analysis Report:

a. Industry Structure & Development:

Worldwide technology and related products and services spend is estimated to have crossed USD 1.5 trillion in 2009. This is decline of 2.9 % over year 2009 as per NASSOCOM Strategic Review 2010. Due to global slowdown, considerable reductions were made in information technology expenditures all over the world. 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, and due to huge pressure on margins, your company is facing threat of decreasing in total revenues and profitability.

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.

For & on behalf of Board of Directors,

Vikram B. Sanghani
Jt. Managing Director

Sanjay H. Dhamsania
Jt. Managing Director

Rajkot, Dated 29th May, 2010

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:

<u>Name of Director</u>	<u>Category</u>	<u>No. of shares held in the company</u>	<u>No. of other Director Ship</u>	<u>No. of memberships of other Board Committees</u>	<u>No. of other Board Committees of which the Director is a Chairperson</u>	<u>No. of Board meetings attended</u>	<u>Whether attended last AGM</u>
Vikram Sanghani	Executive & Non Independent	7,23,793 ¹	10	1	-	9	Yes
Sanjay Dhamsania	Executive & Non Independent	7,29,818 ²	10	1	-	9	Yes
Pratik Kumar Dadhania ³	Non-Executive & Independent	Nil	5	3	-	-	Not Applicable ¹
Vimal Kalaria	Non-Executive & Independent	Nil	8	2	2	7	Yes
Dharamshi Vadalia	Non-Executive & Independent	Nil	6	3	1	5	No
Trupti Lele ²	Non-Executive & Independent	Nil	Nil	-	-	-	Yes

1. Appointed w.e.f. 30th January, 2010

2. Resigned w.e.f. 30th January, 2010

@@ Excludes directorship in Ace Software Exports Ltd but includes all private and unlisted Public Limited Companies

** Includes shares held jointly with Mr Sanjay Dhamsania & others as well as shares held as partner of Ace Technologies

Includes shares held jointly with Mr Vikram Sanghani & others as well as shares held as partner of Ace Technologies

Board Meetings

The Board of Directors met 8 times during the year 2009-10.

3. Audit Committee:

The Audit Committee of the Company consists of three Independent Directors, Mr. Vimal Kalaria, Mr. Pratik Dadhania and Mr. Dharmshibhai Vadalia. Mr. Vikram Sanghani, Jt. Managing Director, resigned from the Committee w.e.f. 30th January, 2010 with a view to give more independence to the Committee and bring better corporate governance. Further, Ms. Trupti Lele, Independent Director, as she resigned as Director from the Company, also resigned as Member of the Audit Committee. Mr. Pratik Dadhania, appointed as Member of the Committee w.e.f. 30th January, 2010

The Audit Committee met 4 times during the year

<u>Name</u>	<u>Designation</u>	<u>No. of Committee meetings attended</u>
Mr. Vimal Kalaria	Chairman	4
Mrs. Trupti Lele ¹	Member	3
Mr. Pratik Dadhania ²	Member	1
Mr. Dharmshibhai Vadalia	Member	4
Mr. Vikram Sanghani ³	Member	3

1. Resigned from the Audit Committee w.e.f. 30th January, 2010

2. Appointed in the Audit Committee w.e.f. 30th January, 2010

3. Resigned from the Committee w.e.f. 30th January, 2010.

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

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:

<u>Name of Member</u>	<u>Designation</u>	<u>No. of Committee meetings attended</u>
Vimal Kalaria	Chairman	3
Dharamshibhai Vadalia	Member	3
Trupti Lele ¹	Member	2
Mr. Pratik Dadhania ²	Member	1

1. Resigned from the Audit Committee w.e.f. 30th January, 2010

2. Appointed in the Audit Committee w.e.f. 30th January, 2010

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:

<u>Name of Exec. Director</u>	<u>Salary (Rs.)</u>	<u>Medical Exp (Rs.)</u>
Vikram Sanghani	13,05,000	15,000
Sanjay Dhamsania	13,05,000	15,000

3. Sitting fees paid to Non-Executive & Independent Director:

<u>Name of Director</u>	<u>Sitting Fees 2009-10</u>
Vimal Kalaria	7500
Dharamshibhai Vadalia	6000
Trupti Lele	6000
Pratik Dadhania	1500
TOTAL	21000

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
Dharamshibhai Vadalia	Chairman	Non-Executive Independent Director
Pratik Dadhania	Member	Non-Executive Independent Director
Vikram Sanghani	Member	Executive-Non Independent Director
Sanjay Dhamsania	Member	Executive-Non Independent Director

1. Appointed in the Committee w.e.f. 30th January, 2010

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

iii. The Company has received No complaints during the year 2009-10 and the same have been satisfactorily attended to.

iv. No investor complaints remained pending as on 31.03.2010.

6. General Body Meetings:

The details of the date, location, and 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
25.09.2007	11.00 A.M.	801, "Everest" Comm. Complex, Opp. Shastri Maidan, Rajkot - 360 001	Approval of remuneration scale payable to both Jt. Managing Directors and under Section 269, 198, 309 of the Companies Act, 1956
25.09.2008	11.00 A.M.	801, "Everest" Comm. Complex, Opp. Shastri Maidan, Rajkot - 360 001	No special Resolution passed in AGM 2008
30.09.2009	11.00 A.M.	801, "Everest" Comm. Complex, Opp. Shastri Maidan, Rajkot - 360 001	Approval of remuneration scale payable to both Jt. Managing Directors and under Section 269, 198, 309 of the Companies Act, 1956

7. Disclosures:

i. Significant related party transactions:

There were no materially significant related party transactions, during the year-ended 31.03.2010 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-year 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. Moreover, the Quarterly and Audited Results of the company are also displayed on the company's Website - www.acesoftex.com

9. General Shareholder's information:

i. Annual General Meeting:

Date : 25th September, 2010
Time : 11.00 A.M.
Venue : 801-"Everest" Comm. Complex, Opp. Shastri Maidan, Rajkot - 360001

ii. Financial Year:

Tentative Schedule for the Financial Year 2010-11:
June 30, 2010 : July 2010 (4th Week)
September 30, 2010 : October 2010 (3rd Week)
December 31, 2010 : January 2011 (3rd /4th Week)
March 31, 2011 : May 2011 (3rd /4th Week)

iii. Date of Book Closure:

14th September, 2010 to 24th September, 2010 (Both days inclusive)

iv. Dividend Payment Date:

As the Board of Directors have not recommended any dividend on equity shares for FY 2009-10, hence no dividend is payable to the shareholders.

v. Listing on the Stock Exchange:

The Bombay Stock Exchange Ltd., Mumbai.

vi. Scrip/Stock Code:

531525 - (The Bombay Stock Exchange Ltd., Mumbai)

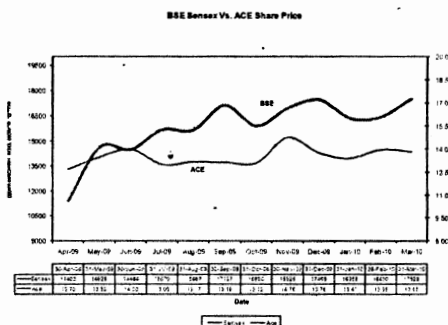
vii. Market price:

Month	High	Low
April-09	16.00	12.45
May-09	14.60	12.20
June-09	14.64	12.65
July-09	13.50	12.00
August-09	13.50	12.00
September-09	15.00	12.55
October-09	14.13	12.20
November-09	16.65	12.60
December-09	15.67	12.70
January-10	16.39	13.16
February-10	14.96	12.80
March-10	15.00	13.04

ix. Registrar and Share Transfer Agent (RTA):

Link Intime India Pvt. Ltd
211, Sudarshan Complex,
Nr. Mithakhali Under Bridge,
Ellisbridge,
Ahmedabad-380 009
Phone/Fax- 079-26465179

viii. Performance in comparison to BSE Sensex:



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, 2010):

SHARE OR DEBENTURE	NUMBER OF HOLDERS	% OF HOLDERS	TOTAL SHARES	% OF SHARES/DEBENTURES
00001 to 0500	3216	83.4460	605452	12.9370
00501 to 1000	341	8.8480	284041	6.0690
01001 to 2000	140	3.6330	213056	4.5520
02001 to 3000	43	1.1160	113668	2.4290
03001 to 4000	20	0.5190	71944	1.5370
04001 to 5000	14	0.3630	68610	1.4660
05001 to 10000	30	0.7780	238004	5.0860
10001 & above	50	1.2970	3085225	65.9240
TOTAL	3854	100.00	4680000	100.00

xii. Dematerialization 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, 2010, 51.50% of the Equity Shares (total paid up shares as on 31st March, 2010) of the company have been dematerialized.

xiii. Outstanding GDRs/ADRs/Warrants:

There are no outstanding GDRs/ADRs/Warrants as on 31st March, 2010.

xiv. Facility Location:

1. 801, Everest Comm. Complex,
Opp. Shastri Maidan,
Rajkot - 360 001.
2. 801, Aalap - 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 - + 91 281 222 6097, 304 7851, Fax: +91 281 223 2918
Email: investorinfo@acesoftex.com

DECLARATION REGARDING COMPLIANCE WITH CODE OF CONDUCT (Clause 49(I) (d))

The Company has laid down and adopted "Code of Conduct" for all Board Members and core management team of the Company. The Company believes that such Code of Conduct is necessary for best Corporate Governance practices, and expects that all Board Members and Core management team adhere to this Code of Conduct.

It is hereby affirmed that all the Directors and Senior Management personnel have complied with the Code of Conduct and have given a confirmation in this regard.

Place:- Rajkot
Date:- 29/05/2010

Vikram Sanghani
Jt. Managing Director

Sanjay Dhamsania
Jt. Managing Director

MANAGING DIRECTOR'S CERTIFICATE FOR FINANCIAL STATEMENTS (CLAUSE 49V OF LISTING AGREEMENT)

We have reviewed financial statements and cash flow statements for the financial year 2009-2010 ended on 31st March, 2010, and to the best of our knowledge and belief:

- These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
- These statements together present true and fair view of the Company's affairs and in compliance with existing accounting standards, applicable laws and regulations;
- No transactions entered into by the Company during the aforesaid year, which are fraudulent, illegal or in violation of the Company's code of conduct.

Further, we accept that it is our responsibility to establish and maintain internal controls. We have evaluated the effectiveness of internal control system of the Company and have disclosed to the auditors and the Audit Committee, wherever applicable:

- deficiencies in the design or operation of internal controls, if any, which came to our notice and steps have been taken/proposed to be taken to rectify these deficiencies
- Significant changes in the internal control during the year
- Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements
- Instances of significant fraud of which we became aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system.

Place:- Rajkot
Date:- 29/05/2010

Vikram Sanghani
Jt. Managing Director

Sanjay Dhamsania
Jt. Managing Director

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 2010, 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. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and 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.

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 granted unsecured loans to the companies covered in the register maintained under section 301 of the Companies Act, 1956 aggregating Rs. 96.98 lacs which have been fully repaid during the year under review.
- (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) In our opinion, and according to the information and explanations given to us, there are no contracts or arrangements that need to be entered in the register in pursuance of section 301 of the Companies Act, 1956.
- (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, 2010 for a period of more than six months from the date they became payable.

- (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, 2010, and taken on records by the Board of Directors, we report that none of the Director is disqualified as on 31st March, 2010 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, 2010;
(b) In the case of the Profit & Loss Account, of the Loss for the year ended on that date, and
(c) In the case of the Cash Flow Statement, of the cash flow for the year ended on that date.

For Kalaria & Sampat,
Chartered Accountants
[Firm's Registration No.104570W]

Brijen N. Sampat
Partner

Rajkot, Dated 29th May 2010

- (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 incurred cash losses amounting to Rs. 10,78,767 during the financial year covered by our audit however there were no cash losses in 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.
- (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
[Firm's Registration No.104570W]

Brijen N. Sampat
Partner

Rajkot, Dated 29th May 2010

Ace Software Exports Ltd.

BALANCE SHEET AS AT 31ST MARCH, 2010

			(in Rs.)
PARTICULARS	SCHEDULE	31.03.2010	31.03.2009
I. SOURCES OF FUNDS :			
(1) Shareholder's Funds :			
(a) Share Capital	1	46,800,000	46,800,000
(b) Reserves & Surplus	2	88,653,273	90,974,030
		<u>135,453,273</u>	<u>137,774,030</u>
II. APPLICATION OF FUNDS :			
(2) Fixed Assets :	3		
Gross Block		57,809,916	57,880,605
Less : Depreciation		36,068,296	35,582,096
Less : Impairment		7,100,000	7,100,000
Net Block		<u>14,641,621</u>	<u>15,198,510</u>
(3) Investments	4	74,635,640	47,230,523
(4) Current Assets, Loans & Advances :	5		
(a) Inventories		2,409,105	3,655,803
(b) Cash & Bank Balances		3,736,246	4,973,631
(c) Loans and Advances		43,595,177	70,673,725
		<u>49,740,528</u>	<u>79,303,159</u>
Less : Current Liabilities & Provisions :	6		
(a) Current Liabilities		2,440,184	2,501,848
(b) Provisions		1,124,331	1,456,314
		<u>3,564,515</u>	<u>3,958,162</u>
Net Current Assets		46,176,013	75,344,996
		<u>135,453,273</u>	<u>137,774,030</u>

NOTES TO ACCOUNTS

12

AS PER OUR REPORT OF EVEN DATE

FOR KALARIA & SAMPAT,
CHARTERED ACCOUNTANTS
[Firm's Registration No. 104570W]

BRIJEN N. SAMPAT
PARTNER

RAJKOT, Dated 29th May, 2010

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS,

SANJAY H. DHAMSANIA
JT.MANAGING DIRECTOR

VIKRAM B. SANGHANI
JT.MANAGING DIRECTOR

N. I. THOMAS
COMPANY SECRETARY

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

			(in Rs.)
PARTICULARS	SCHEDULE	31.03.2010	31.03.2009
I. INCOME :			
Sales & Services	7	18,920,435	26,857,714
Other Income	8	6,536,469	12,027,982
Stock Variance	9	(1,246,698)	1,839,468
		<u>24,210,206</u>	<u>40,725,164</u>
II. EXPENDITURE :			
Operating Expenses	10	17,950,605	20,604,073
Administrative Expenses	11	7,338,368	14,041,709
Depreciation/Amortization/Impairment Loss		916,083	892,336
		<u>26,205,056</u>	<u>35,538,118</u>
Profit/(Loss) before tax		(1,994,850)	5,187,047
Less : Provision for tax			225,000
Current Tax			47,050
Fringe Benefit Tax			272,050
Profit/(Loss) after tax		(1,994,850)	4,914,997
Add. : Profit & Loss Account B/fd. from last year		77,050,971	71,662,066
Excess Provision of earlier year written back		(325,907)	76,896
Add. : Excess Provision of Dividend & Tax thereon:			
Excess Provision of Dividend & Distribution Tax thereon			397,011
Balance Carried Forward to Balance Sheet		<u>74,730,214</u>	<u>77,050,971</u>

NOTES TO ACCOUNTS

12

AS PER OUR REPORT OF EVEN DATE

FOR KALARIA & SAMPAT,
CHARTERED ACCOUNTANTS
[Firm's Registration No. 104570W]

BRIJEN N. SAMPAT
PARTNER

RAJKOT, Dated 29th May, 2010

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS,

SANJAY H. DHAMSANIA
JT.MANAGING DIRECTOR

VIKRAM B. SANGHANI
JT.MANAGING DIRECTOR

N. I. THOMAS
COMPANY SECRETARY

