

TWENTY THIRD ANNUAL REPORT 2016-17



Ace Software Exports Limited

ACE SOFTWARE EXPORTS LIMITED

Reg. Off. 801, "Everest", Opp. Shashtri Maidan, Rajkot-360001 (Gujarat)
Phone: 0281- 2226097, Fax: 02812232918, Email: Investorinfo@acesoftex.com
CIN: L72200GJ1994PLC022781, Website: www.acesoftex.com

CORPORATE INFORMATION

Board of Directors:

Vikram B. Sanghani

Joint Managing Director

Sanjay H. Dhamsania

Joint Managing Director

Dharmasibhai R. Vadaliya

Independent Director

Vimal L. Kalaria

Independent Director

Pratik C. Dadhaniya

Independent Director

Dhara S. Shah

Independent Director

Jyotin B. Vasavada

Chief Financial Officer

CS Jayram K. Vachhani

Company Secretary

Statutory Auditors:

M/s. Kalaria & Sampat,

Chartered Accountants,
Rajkot

Secretarial Auditor:

CS Hemali S. Patel

Practicing Company Secretary
Rajkot

Internal Auditor:

Dipak Dave

Bankers

Bank of Baroda

HDFC Bank Ltd.

Axis Bank Ltd.

Registrar & Share Tarnsfer Agents :

M/s. Link Intime India Pvt. Ltd.

5th Floor, 506 to 508, Amarnath Business Centre - 1(ABC-1),
Beside Gala Business Centre, Nr. St. Xavier's College Corner,
Off C G Road, Ellisebridge,
Ahmedabad - 380 006.

Tel. : 079-26465179

Email : ahmedabad@linkintime.co.in

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NOTICE Of the Annual General Meeting

Notice is hereby given that the Twenty Third Annual General Meeting of Company will be held on Saturday, September 23, 2017 at 11.00 a.m. at 801, Everest Commercial Complex, Opp. Shashtri Maidan, Rajkot-360001, Gujarat, to transact following businesses:

ORDINARY BUSINESS

Item No. 1. Adoption of Financial Statements

To consider and adopt:

- (a) the audited financial statement of the Company for the financial year ended March 31, 2017, the reports of the Board of Directors and Auditors thereon; and
- (b) the audited consolidated financial statement of the Company for the financial year ended March 31, 2017.

Item No. 2. To appoint a Director in place of Vikram B. Sanghani (DIN: 00183818), who retires by rotation and, being eligible, seeks re-appointment.

Item No. 3. To appoint a Director in place of Sanjay H. Dhamsania (DIN: 00013892), who retires by rotation and, being eligible, seeks re-appointment.

Item No. 4. Appointment of Auditors

To appoint the auditors of the Company, and to fix their remuneration.

Explanation: The Companies Act, 2013 ("the Act") was notified effective from April 1, 2014. Section 139 of the Act lays down the criteria for appointment and mandatory rotation of statutory auditors. The Rules also lay down the transitional period that can be served by the existing auditors depending on the number of consecutive years for which an audit firm has been functioning as auditor in the same company. The incumbent auditors, Kalaria & Sampat, Chartered Accountants (Firm Reg. No. 104570W) have served the Company for over 10 years before the Act was notified and will be completing the maximum number of transitional period (three years) at the ensuing 23rd AGM. The audit committee has proposed and on 11th August, 2017, the Board has recommended the appointment of H.B. Kalaria, Chartered Accountants (Firm Reg. No. 104571W) ('Auditor') as the statutory auditors of the company. Auditor will hold the office for a period of five consecutive years from the conclusion of the 23rd AGM till the conclusion of the 28th AGM to be held in 2022.

Therefore, shareholders are requested to consider and if thought fit, to pass the following resolution as ordinary resolution:

"RESOLVED THAT pursuant to Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 and rules made thereunder, as amended from time to time, pursuant to the proposals of the audit committee and recommendation of Board, H. B. Kalaria, Chartered Accountants (Firm Reg. No.104571W), be and is hereby appointed as the statutory auditors of the Company to hold office for a period of five consecutive years commencing from the financial year 2017-18, on a remuneration that may be determined by the Board of Directors of the Company.

SPECIAL BUSINESS

5. Revision in remuneration of Mr. Vikram B. Sanghani (DIN: 00183818), Jt Managing Director of the Company

To consider and, if thought fit, to pass with or without modification, the following resolution as a **Special Resolution:**

"RESOLVED THAT, pursuant to the provisions of Sections 197 read with Schedule V and other applicable provisions of the Companies Act, 2013, and the Companies (Appointment and Remuneration of Managing Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), and in pursuance of recommendation of the Nomination & Remuneration Committee of the Board of Directors of the Company, approval of the members of the Company be and is hereby accorded for the revision in remuneration, including perquisites, commission, allowances etc, payable to Mr. Vikram B. Sanghani (DIN: 00183818), Jt Managing Director of the Company, with effect from 1st April, 2018 to 31st March, 2021, for three years, as set out in the explanatory statement annexed to the Notice convening this Meeting, is hereby specifically sanctioned with the other terms and conditions of his appointment remaining the same, and with liberty to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include the Nomination and Remuneration Committee of the Board) to increase remuneration upto 15% of overall remuneration (excluding commission) at the beginning of every financial year and alter the terms and conditions of the remuneration as it may deem fit and as may be acceptable to Mr. Vikram B. Sanghani, subject to the same shall not exceed the ceiling limits as specified under schedule V the Companies Act or any statutory modification(s) or re-enactment thereof."

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

6. Revision in remuneration of Mr. Sanjay H. Dhamsania (DIN: 00013892), Jt Managing Director of the Company

To consider and, if thought fit, to pass with or without modification, the following resolution as a **Special Resolution:**

"RESOLVED THAT, pursuant to the provisions of Sections 197 read with Schedule V and other applicable provisions of the Companies Act, 2013, and the Companies (Appointment and Remuneration of Managing Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), and in pursuance of recommendation of the Nomination & Remuneration Committee of the Board of Directors of the Company, approval of the members of the Company be and is hereby accorded for the revision in remuneration, including perquisites, commission, allowances etc, payable to Mr. Sanjay H. Dhamsania (DIN: 00013892), Jt Managing Director of the Company, with effect from 1st April, 2018 to 31st March, 2021, for three years, as set out in the explanatory statement annexed to the Notice convening this Meeting, is hereby specifically sanctioned with the other terms and conditions of his appointment remaining the same, and with liberty to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include the Nomination and Remuneration Committee of the Board) to increase remuneration upto 15% of overall remuneration (excluding commission) at the beginning of every financial year and alter the terms and conditions of the remuneration as it may deem fit and as may be acceptable to Mr. Sanjay H. Dhamsania, subject to the same shall not exceed the ceiling limits as specified under schedule V of the Companies Act or any statutory modification(s) or re-enactment thereof."

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

7. Approval for rectification/modification of lease agreement entered into by the company with Ace Infoway Pvt. Ltd., being related party.

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

"RESOLVED THAT pursuant to section 188 of the Companies Act, 2013 read with rules thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), consent of the company be and is hereby accorded to the board of directors to enter into contract (including modification thereof or ratification of existing contract/s, as and when required) with Ace Infoway Pvt. Ltd. for providing the office no. 801,802,803,810,811 & 812 situated at Aalap-B complex, Linda Chowk, Rajkot-360001, on lease/ leave and license agreement with the authority to Ace Infoway Pvt. Ltd. to sub lease/ sub let the premises to any persons, firm, company, LLP or Body Corporate having the common promoters and management, on such terms and conditions and on such consideration/rental as the Board of Directors thinks appropriate, which shall be at the arms' length basis and at the fair market value."

"RESOLVED FURTHER THAT Board of directors be and is hereby authorized to do all the acts, things and deeds necessary to give effect of the above resolution, including alteration in terms and conditions of the lease/sub lease / leave and licensing agreement as and when required."

By Order of the Board of Directors

Jayram K. Vachhani

Company Secretary & Compliance Officer

August 11, 2017

Reg. Off. 801, "Everest", Opp. Shashtri Maidan, Rajkot-360001 (Gujarat)

Phone: 0281- 2226097, Fax: 02812232918, Email: investorinfo@acesoftex.com

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Notes:

1. The Statement pursuant to section 102(1) of the Companies Act, 2013 with respect to the special business set out in the Notice is annexed.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (THE "MEETING") IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL ON HIS/HER BEHALF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.** The instrument appointing the proxy should, however, be deposited at the registered office of the Company not less than forty-eight hours before the commencement of the Meeting. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
3. The business set out in the Notice will be transacted through electronic voting system and the Company is providing facility for voting by electronic means. Instructions and other information relating to e-voting are given in this Notice under **Note No. 20**. The Company will also send communication relating to remote e-voting which *inter alia* would contain details about User ID and password along with a copy of this Notice to the members, separately.
4. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified true copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
5. In terms of Section 152 of the Companies Act, 2013, Vikram B. Sanghani (DIN: 00183818) and Sanjay H. Dhamsania (DIN: 00013892), Directors, retire by rotation at the Meeting and being eligible, offer themselves for reappointment. The Board of Directors of the Company commends their respective re-appointments.
6. Members are requested to bring their attendance slip along with their copy of Annual Report to the Meeting.
7. 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.
8. Relevant documents referred to in the accompanying Notice and the Statement is open for inspection by the members at the Registered Office of the Company on all working days, except Saturdays, during business hours up to the date of the Meeting.
9. The Company has notified closure of Register of Members and Share Transfer Books from **Monday, September 18, 2017 to, Saturday, September 23, 2017 (both days inclusive).**
10. Members who holds share in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to Link Intime India Pvt. Ltd. for consolidation into a single folio.
11. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company/RTA
12. Non-Resident Indian Members are requested to inform Link Intime India Pvt. Ltd. at its Ahmedabad Branch office situated at 5TH Floor, 506 TO 508, Amarnath Business Centre – 1 (ABC-1), Beside Gala Business Centre, Nr. St. Xavier's College Corner, Off C G Road, Elliesebidge, Ahmedabad - 380006, immediately of:
 - (a) Change in their residential status on return to India for permanent settlement.
 - (b) Particulars of their bank account maintained in India with complete name, branch, account type, account number and address of the bank with pin code number, if not furnished earlier.
13. Members who have not registered their e-mail addresses so far, are requested to register their e-mail address for receiving all communication including Annual Report, Notices, Circulars, etc. from the Company electronically.
14. 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 Link Intime India Pvt. Ltd. at its Ahmedabad Branch office situated at 5TH Floor, 506 TO 508, Amarnath Business Centre – 1 (ABC-1), Beside Gala Business Centre, Nr. St. Xavier's College Corner, Off C G Road, Elliesebidge, Ahmedabad - 380006.
15. All the statutory registers under Companies Act, 2013 will be available for inspection by the members at the AGM.
16. Members may also note that the notice of the 23rd AGM and the Annual Report 2017 will be available on the Company's website, www.acesoftex.com. The Physical copies of the aforesaid documents will also be available at the Company's registered office for inspection during normal business hours on working days. Members who require communication in physical form in addition to e-communication, or have any other queries, may write to us at investorinfo@acesoftex.com.
17. 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 requested to write their folio number in Attendance Slip for attending the meeting.

18. Members are advised to refer to the information provided in the Annual Report.

19. Additional information, pursuant to Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, in respect of the directors seeking appointment/ re-appointment at the AGM, is furnished as annexure to the notice. The directors have furnished consent/declaration for their appointment / re-appointment as required under the Companies Act, 2013 and the Rules framed thereunder.

20. The instructions for e-voting are as under:

Voting through electronic means

- I. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, the Company is pleased to provide members facility to exercise their right to vote on resolutions proposed to be considered at the 23rd Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by National Securities Depository Limited (NSDL).
- II. The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.
- III. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
- IV. The remote e-voting period commences on **19th September, 2017 (9:00 am)** and ends on **22nd September, 2017 (5:00 pm)**. During this period members' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of **16th September, 2017**, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.
- V. The process and manner for remote e-voting are as under:
 - A. In case a Member receives an email from NSDL [for members whose email IDs are registered with the Company/Depository Participants(s)] :
 - (i) Open email and open PDF file viz; "remote e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for remote e-voting. Please note that the password is an initial password.
NOTE: Shareholders already registered with NSDL for e-voting will not receive the PDF file "remote e-voting.pdf".
 - (ii) Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>
 - (iii) Click on Shareholder - Login
 - (iv) Put your user ID and password (the initial password mentioned in the e-mail sent by NSDL to shareholders whose email addresses are registered with the company/depository participant(s) or mentioned in the attendance slip) and verification code as displayed. Click Login.
 - (v) Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
 - (vi) Home page of remote e-voting opens. Click on remote e-voting: Active Voting Cycles.
 - (vii) Select "EVEN" of "Name of the company".
 - (viii) Now you are ready for remote e-voting as Cast Vote page opens.
 - (ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
 - (x) Upon confirmation, the message "Vote cast successfully" will be displayed.
 - (xi) Once you have voted on the resolution, you will not be allowed to modify your vote.
 - (xii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to rajan_bhiani@yahoo.com with a copy marked to evoting@nsdl.co.in
 - B. In case a Member receives physical copy of the Notice of AGM [for members whose email IDs are not registered with the Company/Depository Participants(s) or requesting physical copy]:
 - (i) Initial password is provided as below/at the bottom of the Attendance Slip for the AGM

EVEN (Remote e-voting Event Number)	USER ID	PASSWORD/PIN
 - (ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.
- VI. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-voting user manual for Members available at the downloads section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990.
- VII. If you are already registered with NSDL for remote e-voting then you can use your existing user ID and password/PIN for casting your vote.
NOTE: Shareholders who forgot the User Details/Password can use "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com.
In case Shareholders are holding shares in demat mode, USER-ID is the combination of (DPID+ClientID).
In case Shareholders are holding shares in physical mode, USER-ID is the combination of (Even No+Folio No).
- VIII. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- IX. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of **16th September, 2017**.
- X. Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. **16th September, 2017**, may obtain the login ID and password by sending a request at evoting@nsdl.co.in or RTA (Link Intime India Pvt. Ltd.) at Ahmedabad@linkintime.co.in
- XI. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.
- XII. Mr. Rajan H. Bhiani, Chartered Accountants (Membership No. 134409) has been appointed for as Scrutinizer for providing facility to the members of the Company to scrutinize the voting and remote e-voting process in a fair and transparent manner.
- XIII. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of "Ballot Paper" or "Poling Paper" for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
- XIV. The Scrutinizer shall after the conclusion of voting at the general meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
- XV. The Results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company www.acesoftex.com and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the BSE Limited, Mumbai.

21. Information required under Regulation 36(3) of the SEBI (LODR) Regulation, 2015 with respect to the Directors retiring by rotation and being eligible seeking re-appointment is as under;

Name of Director	Mr. Vikram B. Sanghani
Director Identification Number	00183818

Brief resume of the Director including nature of expertise in specific functional areas Mr. Sanghani has been leading the ACE group since 1992. He is one of the founder promoters of the Company and is associates with the Company since inception, he has through foresight and visionary approach, coupled with sound understanding of the Software industries & financial issues, has led the company to the path of growth. Prior to working with the Company, Mr. Sanghani worked at ICICI Ltd, where he was part of the Resources team. At ICICI, he dealt with Chase Manhattan, S G Warburg, and Bank of Tokyo, among many other leading international banks. Mr. Sanghani has spearheaded Ace's Indian operations, nurturing them from inception to the efficient and profitable businesses that they are today. He is also actively engaged in social and charitable activities and has executed exceptionally large projects, including a dam that provides clean water to 100,000 disadvantaged people. Mr. Sanghani has an MBA from the Bajaj Institute of Mumbai.

No. of shares held in the Company*

Individual capacity 5,43,773
 #Jointly / other capacity 8,64,723

Name of Director	Mr. Sanjay H. Dhamsania
Director Identification Number	00013892

Brief resume of the Director including nature of expertise in specific functional areas Mr. Sanjay Dhamsania has been leading the ACE group since 1992. Mr. Dhamsania played a key role in setting up a production facility at Rajkot, India. He manages the Rajkot facility, and has one of the most experienced and talented pools of people in the organization. Additionally, he was instrumental in formulating ACE's key production system and processes, which later became part of the foundation of the conversion process. Mr. Dhamsania holds a Masters Degree in Computer Science from the US. Before returning to India, he worked in the US for two years in a Washington D.C firm. Because of his US experience, he has been able to integrate the requirements of US clients with local talent, to consistently meet quality and delivery standards.

No. of shares held in the Company*

#Jointly / other capacity 9,34,521

* Position as on 31.03.2017

Jointly with others as a first/second/third holder and on behalf of HUF

Terms and conditions of appointment as joint Managing Directors will be the same as approved by the members in the 20th AGM of the company and terms of remuneration will be as per the resolution passed in the 21st AGM and as proposed in the 23rd AGM to be held on **23rd September, 2017**.

Both the directors are holding the directorship since the incorporation of the company.

No. of Board Meeting attended, Directorship held in other companies and Membership in the various committees are in the given in the Director's Report.

EXPLANATORY STATEMENT

As required by Section 102 of the Companies Act, 2013 (the Act), the following Explanatory Statement sets out all material facts relating to the business mentioned under Item No. 5, 6 and 7 of the accompanying notice.

ITEM 5 & 6

The Board of directors of the company ("Board") and nomination and remuneration committee ("NRC"), at the meeting held on 11th August, 2017, subject to the approval of members at the 23rd AGM, revised remuneration, including perquisites, commission, allowances etc. payable to Mr. Vikram B. Sanghani and Mr. Sanjay H. Dhamsania, Joint Managing Directors for a period of 3 (Three) years effective from 1st April, 2018 to 31st March, 2021.

It is proposed to seek members' approval for revised remuneration payable to Mr. Vikram B. Sanghani and Mr. Sanjay H. Dhamsania, Joint Managing Directors in terms of the provisions of section 197 read with the schedule V of the Companies Act, 2013.

Board particulars of the terms of remuneration payable to Mr. Vikram B. Sanghani and Mr. Sanjay H. Dhamsania, Joint Managing Directors, which shall be construed as a contract of employment as per section 190 of the Companies Act, 2013 and the written memorandum setting out the terms are as under;

- (a) Details of salary, perquisites, commission, allowances, etc. payable to Mr. Vikram B. Sanghani and Mr. Sanjay H. Dhamsania, effective from 1st April, 2018 for three years, subject to revision/increase in remuneration by NRC and Board upto 15% of overall remuneration (excluding commission) at the beginning of every financial year, to each Joint Managing Director, is as follows;

- 1) Salary per month : Rs. 2,50,000/- to each Joint Managing Director
- 2) Commission: Such remuneration by way of commission, in addition to the salary and perquisites and allowance payable, upto 1.5 % of the net profit of the Company in a particular financial year, to each Joint Managing Director.

Provided that overall remuneration including commission and allowances shall not exceed the ceiling on remuneration, as specified in Schedule V of the Companies Act, 2013.

- 3) Perquisite payable to each Joint Managing Director

- a. Medical Reimbursement: upto Rs. 1250/- Per month
- b. Leave Travel Concession : As per Company Policy
- c. Company provided car, reimbursement of driver's wages, petrol and other travelling expenses.
- 4) Reimbursement of Expenses:

- a. Expenses incurred for travelling, boarding and lodging including for their respective spouses and attendant(s) during business trips, any medical assistance provided including for their respective family members; and provision of cars for use on the Company's business and telephone expenses at residence shall be reimbursed at actual and not considered as perquisites.

- 5) Allowances/other perquisites: any other allowances and perquisites as approved by the Nomination and Remuneration Committee and Board of Directors from time to time.

Overall remuneration, perquisites, commission, allowance, etc shall not exceed the ceiling on remuneration, as specified in schedule V of the Companies Act, 2013, in case of loss or inadequate profit.

There will be no other change in the terms of appointment of both the Joint Managing Directors.

Mr. Vikram B. Sanghani and Mr. Sanjay H. Dhamsania are interested in the resolutions set out in item no. 5 and 6 of the notice respectively.

Relatives of Mr. Vikram B. Sanghani and Mr. Sanjay H. Dhamsania may be deemed to be interested in the resolutions set out in Items No. 5 and 6 of the notice respectively, to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors/ Key Managerial Personnel of the Company/their relatives is, in any way, concerned or interested, financially or otherwise, in these resolutions. The Board commends the special resolutions set out in the item No.5 and 6 of the Notice for the approval of shareholders.

THE STATEMENT CONTAINING ADDITIONAL INFORMATION AS REQUIRED IN SCHEDULE V OF THE COMPANIES ACT, 2013.

I) GENERAL INFORMATION

1. Nature of Industry :

The Company operates in the business of software database creation

2. Date or expected date of commencement of commercial production:

The Company was incorporated on 17th August, 1994 and Commencement of Business of Certificate was granted on 23rd September, 1994. The Company has commenced the business since then.

3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus.

Not Applicable

4. Financial performance based on given indicators;

Particulars	FY 2016-17		FY 2015-16		FY 2014-15	
	Standalone	Consolidated	Standalone	Consolidated	Standalone	Consolidated
Gross Revenue	913.78	926.02	876.20	889.29	662.54	689.18
Profit Before Tax	120.29	121.16	116.74	120.33	38.65	49.94
Profit for the period	100.18	101.02	115.44	117.84	38.65	47.58

5. Foreign investments or collaborations, if any.

Not Applicable.

II) INFORMATION ABOUT THE APPOINTEE:

- (1) Background details:

Details of background and education qualification are provided under note 21 of the notice and in the directors' report;

- (2) Past remuneration:

	Vikram B. Sanghani		Sanjay H. Dhamsania	
	FY 2016-17	FY 2015-16	FY 2016-17	FY 2015-16
Salary	22.65/-	20.85/-	22.65/-	20.85/-
Medical Reimbursement	0.15/-	0.15/-	0.15/-	0.15/-
Commission	0.88/-	0.73/-	0.88/-	0.73/-

- (3) Recognition or awards

As given in the brief resume under note 21 of the notice.

- (4) Job profile and suitability

Mr. Vikram B. Sanghani has been leading the ACE group since 1992. He is one of the founder promoters of the Company and is associates with the Company since inception, he has through foresight and visionary approach, coupled with sound understanding of the Software industries & financial issues, has led the company to the path of growth.

Mr. Sanjay H. Dhamsania has been leading the ACE group since 1992. Mr. Dhamsania played a key role in setting up a production facility at Rajkot, India. He manages the Rajkot facility, and has one of the most experienced and talented pools of people in the organization. Additionally, he was instrumental in formulating ACE's key production system and processes, which later became part of the foundation of the conversion process.

- (5) Remuneration Proposed

- (a) salary, perquisites, commission, allowances, etc. payable to Mr. Vikram B. Sanghani and Mr. Sanjay H. Dhamsania, effective from 1st April, 2018 for three years, subject to revision/increase in remuneration by NRC and Board upto 15% of overall remuneration (excluding commission) at the beginning of every financial year. Details of Salary, Commission, perquisite and allowances payable to each Joint Managing Director, is as follows;

- (b) Salary per month: Rs. 2, 50,000/- to each Joint Managing Director

- (c) Commission: Such remuneration by way of commission, in addition to the salary and perquisites and allowance payable, upto 1.5 % of the net profit of the Company in a particular financial year, to each Joint Managing Director.

Provided that overall remuneration including commission and allowances shall not exceed the ceiling on remuneration, as specified in Schedule V of the Companies Act, 2013.

- (d) Perquisite payable to each Joint Managing Director

- i. Medical Reimbursement: upto Rs. 1250/- Per month
- ii. Leave Travel Concession : As per Company Policy
- iii. Company provided car, reimbursement of driver's wages, petrol and other travelling expenses.

- (e) Reimbursement of Expenses:

- i. Expenses incurred for travelling, boarding and lodging including for their respective spouses and attendant(s) during business trips, any medical assistance provided including for their respective family members; and provision of cars for use on the Company's business and telephone expenses at residence shall be reimbursed at actual and not considered as perquisites.

- (d) Allowances/other perquisites:

Any other allowances and perquisites as approved by the Nomination and Remuneration Committee and Board of Directors from time to time.



(6) **Comparative remuneration profile with respect to industry, size of the company, profile of the position and person**

The current remuneration being paid to the Managing Director (looking at the profile of the position and person) is equal or lower than the remuneration being paid by the companies with comparable size in the industry in which the Company operates.

(7) **Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any.**

Directors does not have any pecuniary relationship with the Company except remuneration paid to them as Managing Director and as a shareholder to the extent of their respective shareholding directly and indirectly in the Company.

III. OTHER INFORMATION:

(1) Reasons of loss or inadequate profits

Due to the competitive market, Company is unable to charge higher rate from customer which resulted into limited/inadequate profit.

(2) Steps taken or proposed to be taken for improvement

The company has taken various initiatives to improve market share and financial performance. It has been aggressively pursuing and implementing its strategies to improve volumes and reduce costs coupled with sale, service and marketing.

(3) Expected increase in productivity and profits in measurable terms.

The Company has strategically planned to address the issue of productivity and increase profits and has put in place measures to reduce cost and improve the bottom-line.

Item 7:

Pursuant to section 188 of the Companies Act, 2013 and rules made thereunder, members of the company has approved, to provide office no. 801,802,803,810,811 & 812, situated at Aalap-B, Nr. Limda Chock, Rajkot-360001('the premises'), on lease/leave and license basis to Ace Infoway Pvt. Ltd., at the 20th Annual General Meeting of Company held on 9th August, 2014. Board of Directors was authorized to enter into contract and do all the acts, things and deed necessary in this regard.

Board has given authority to Mr. Vikram B. Sanghani and Mr. Sanjay H. Dhamsania, Joint Managing Directors of the company to enter into contract and gave authority to determine the terms and conditions of the lease deed.

On 1st September, 2014, lease agreement was executed with Ace Infoway Pvt. Ltd. on monthly lease rental of Rs. 15, 000/- and hire charges of Rs. 35, 000/-. The tenure of which shall be extended from time to time as per the lease agreement.

Whereas on 29th May, 2017, board of directors, at the board meeting, has discussed to allow Ace Infoway Pvt. Ltd. to provide any part of the premises on sub lease/ sub let on such terms and conditions as determined by the board from time to time and with such additional rental as may be determined based on the current market rate.

Board was authorized in 20th Annual General Meeting to enter into the contract which include the modification or supplement execution of contract also, but for better transparency and as part of good corporate governance, board decided to seek approval of members to ratify the lease deed, executed on 14th June, 2017 with Ace Infoway Pvt. Ltd., which allows Ace Infoway Pvt. Ltd. to provide any part of premises on sub lease or sub let to any persons, firm, company, LLP or Body Corporate having the common promoters and management, on such terms and conditions and on such consideration/rental as the Board of Directors thinks appropriate, which shall be at the arms' length basis and at the fair market value.

Except Mr. Vikram B. Sanghani and Mr. Sanjay H. Dhamsania and their relatives, none of the other directors and/or Key Managerial Personnel or their relatives is concerned or interested in the above resolution.

The Audit Committee reviewed the agreement and approved the same.

The Board of Directors recommends Ordinary Resolution.

By Order of the Board of Directors

Jayram K. Vachhani

Company Secretary & Compliance Officer

August 11, 2017

Reg. Off. 801, "Everest", Opp. Shashtri Maidan, Rajkot-360001 (Gujarat)

Phone: 0281- 2226097, Fax: 02812232918, Email: investorinfo@acesoftex.com

CIN: L72200GJ1994PLC022781, Website: www.acesoftex.com

DIRECTORS' REPORT

Dear Members,

Your directors are pleased to present the Twenty Third Annual Report and the Company's audited financial statement for the financial year ended March 31, 2017.

FINANCIAL PERFORMANCE

The Company's financial performance, for the year ended March 31, 2017 is summarized below;

Sr. No.	Particulars	Standalone		Consolidated	
		2016-17	2015-16	2016-17	2015-16
1.	Revenue from operation	843.14	805.29	843.31	805.47
2.	Other income	70.64	70.91	82.71	83.82
3.	Total Revenue	913.78	876.20	926.02	889.29
4.	Depreciation & Amortization	30.98	27.13	37.58	33.73
5.	Employee Benefit expenses	247.93	225.62	247.93	225.62
6.	Finance Cost	1.17	1.85	1.17	1.85
7.	Other expenses	513.41	504.86	518.18	507.76
8.	Profit/(loss) before tax (PBT)	120.29	116.74	121.16	120.33
9.	Taxation	20.11	1.30	20.13	2.49
10.	Profit/(loss) After Tax(PAT)	100.18	115.44	101.03	117.84

- Revenue from operations increase by 4.70% (Standalone)
- Revenue from operations increase by 4.70% (Consolidated)

TRANSFER TO RESERVES:

The Company has not transferred any sum to the General Reserves.

DIVIDEND:

With a view to plough back profit of the year and in order to conserve resources for operational purposes, the board of directors of your company does not recommend any dividend for the year.

MATERIAL CHANGES AND COMMITMENTS:

No material changes and commitments have occurred after the close of the year till the date of this Report, which affect the financial position of the Company.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS:

No significant and material orders passed by the regulators or courts or tribunals impacting going concern status and Company's operations in future.

FIXED DEPOSITS/DETAILS OF DEPOSIT

The Company has not accepted any fixed deposits and, as such, no amount of principal or interest was outstanding as of the Balance Sheet date.

EXTRACTS OF ANNUAL RETURNS:

Pursuant to Section 134(3) (a) of Companies Act, 2013, extract of the annual return is appended as **Annexure-1** to the Board's Report.

BOARD OF DIRECTORS AND MEETING:

Name of Directors Founder and Executive/Director	Designation	Age	Qualification	Other Directorship in company	Membership of Committee in other Public Limited Companies
Mr. Vikram B. Sanghani DIN: 00183818	Jt. Managing Director	54	MBA (Finance)	Ace Infoworld Pvt. Ltd. Ace Infoway Pvt. Ltd. Ace Computer Education Pvt. Ltd. Everest Office Owners Asso. Pvt. Ltd. Ace Riverside Pvt. Ltd. Neorajkot Foundation	-
Mr. Sanjay H. Dhamsania DIN: 00013892	Jt. Managing Director	55	MS (Computer Science)	Ace infoworld Pvt. Ltd. Ace Infoway Pvt. Ltd. Ace Computer Education Pvt. Ltd. Everest Office Owners Asso. Pvt. Ltd. Ace Riverside Pvt. Ltd.	-
Independent & Non Executive Director	Designation	Age	Qualification	Other Directorship	
Mr. Pratik C. Dadhania DIN: 02931106	Director	45	Graduate in Architecture	-	-
Mr. Vimal L. Kalaria DIN : 00029395	Director	44	Post Graduate Diploma in Finance	-	-
Mr.Dharamshibhai R. Vadalila DIN : 00015165	Director	65	Under Graduate	Dipak Agro Oil Mill Pvt. Ltd. Ace Infoworld Pvt. Ltd.	-
Ms. Dhara S. Shah DIN: 06983857	Director	28	B.Com, CS, LL.B	Mayur Floorings Limited Vishal Fabrics Limited	Vishal Fabrics Ltd. Audit Committee, Nomination and Remuneration Committee (Chairperson), Stake holder Relationship Committee, CSR Committee Mayur Floorings Ltd. Share Transfer Committee

Four board meetings were held during the year ended on March 31, 2017. These were held on May 30, 2016, August 10, 2016, November 12, 2016, and February 13, 2017.

Name of Directors	Designation	No. of Meetings		Whether attended last AGM held on September 24, 2016
		Held	Attended	
Vikram B. Sanghani	Jt. Managing Director	4	3	Yes
Sanjay H. Dhamsania	Jt. Managing Director	4	4	Yes
Vimal L. Kalaria	Independent Director	4	4	Yes
Dharamshi R. Vadalia	Independent Director	4	4	Yes
Pratik C. Dadhania	Independent Director	4	4	Yes
Dhara Shah	Independent Director	4	4	Yes

Pursuant to Schedule IV of the Companies Act, 2013 and the Rules made thereunder, the independent directors of the Company shall hold at least one meeting in a year, without the attendance of non independent directors and members of the Management. All the independent directors of the Company shall strive to be present at such meetings. The meeting shall review the performance of non independent directors and the Board as a whole; review the performance of the chairman of the Board, taking into account the views of the executive directors and non-executive directors; assess the quality, quantity and timeliness of flow of information between the Management and the board that is necessary for it to effectively and reasonably perform its duties.

Meeting of Independent Directors was held on March 11, 2017.

Terms and conditions of appointment of Independent directors uploaded on the website of the company.

<http://acesoftex.com/uploads/Independent-Director/Brief%20Profile%20and%20Terms%20and%20Conditions%20of%20appointment.pdf>

COMMITTEE:

Audit committee:

The Committee's composition and terms of reference are in compliance with provisions of Section 177 of the Companies Act, 2013 and Regulation 18 of the Listing Regulations. Members of the Audit Committee possess requisite qualifications.

Four meetings of Audit Committee were held during the year ended on March 31, 2017. These were held on May 30, 2016, August 10, 2016, November 12, 2016 and February 13, 2017.

Name	Designation	No. of Meetings	
		Held	Attended
Vimal Kalaria (Non-Executive Independent Director)	Chairman	4	4
Dharamshi Vadalia (Non-Executive Independent Director)	Member	4	4
Pratik Dadhania (Non-Executive Independent Director)	Member	4	4

Nomination and Remuneration Committee (NRC) :

The Committee's composition and terms of reference are in compliance with provisions of the Companies Act, 2013, Regulation 19 of the Listing Regulations. NRC identifies persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and carries out evaluation of every director's performance and works as per the policy formulated thereof.

Four meetings were held during the year ended on March 31, 2017. These were held on May 30, 2016, August 10, 2016, November 12, 2016 and February 13, 2017.

Name	Designation	No. of Meetings	
		Held	Attended
Vimal Kalaria (Non-Executive Independent Director)	Chairman	4	4
Dharamshi Vadalia (Non-Executive Independent Director)	Member	4	4
Pratik Dadhania (Non-Executive Independent Director)	Member	4	4

Details of Remuneration paid to executive directors, independent directors and KMPs during the year is given under the Annexure -1 (Extract of Annual Return)

Stakeholders Relationship Committee

The Committee's composition and terms of reference are in compliance with provisions of the Companies Act, 2013 and Regulation 20 the Listing Regulations. Constituted for considering and resolving grievances of security holders and dissemination of information to shareholders

Four meetings were held during the year ended on March 31, 2017. These were held on May 30, 2016, August 10, 2016, November 12, 2016 and February 13, 2017.

Name	Designation	No. of Meetings	
		Held	Attended
Dharamshi Vadalia (Non-Executive Independent Director)	Chairman	4	4
Pratik Dadhania (Non-Executive Independent Director)	Member	4	4
Vikram Sanghani (Executive Director)	Member	4	3
Sanjay Dhamsania (Executive Director)	Member	4	4

AUDITORS

STATUTORY AUDITOR

Under section 139 of the Companies Act, 2013 and rules made thereunder, it is mandatory to rotate the statutory auditors on completion of the maximum term permitted under the said section. The incumbent auditors, Kalaria & Sampat, Chartered Accountants (Firm Reg. No. 104570W) have served the Company for over 10 years before the Act was notified and will be completing the maximum number of transitional period (three years) at the ensuing 23rd AGM. The audit committee of the Company has proposed, and on **August 11, 2017**, the board of directors of the Company has recommended the appointment of **H. B. Kalaria, Chartered Accounts, (Firm Reg. No.104571W)** as the Statutory Auditors of the Company. **H. B. Kalaria, Chartered Accounts** will hold office for a period of five consecutive years from the conclusion of the ensuing 23rd Annual General Meeting of the Company schedule to be held on 23rd September, 2017, till the conclusion of the 28th Annual General Meeting to be held in year 2022, subject to the approval of members of the Company.

The Notes on financial statement referred to in the Auditors' Report are self-explanatory and do not call for any further comments. The Auditors' Report does not contain any qualification, reservation or adverse remark.

SECRETARIAL AUDITOR

Hemali S. Patel, Practicing Company Secretaries, was appointed to conduct the secretarial audit of the Company for the financial year 2016-17, as required under Section 204 of the Companies Act, 2013 and Rules thereunder.

The secretarial audit report for FY 2016-17 forms part of the Annual Report as **Annexure-2** to the *Board's report*. The Auditors' Report does not contain any qualification, reservation or adverse remark.

REPORTING OF FRAUDS BY AUDITORS

During the year under review, the Statutory Auditors and Secretarial Auditors have not reported any instances of frauds committed in the Company by its officers or employees to the Audit Committee under section 143(12) of the Companies Act, 2013 details of which needs to be mentioned in this Report.

SUBSIDIARIES:

During the year, the Board of Directors ('the Board') reviewed affairs of the subsidiaries. In accordance with section 129 (3) of the Companies Act, 2013, we have prepared consolidated financial statements of the company and all its subsidiaries, which form part of the Annual Report. Further, a statement of our subsidiaries containing the salient features of the financial statement of our subsidiaries in the prescribed format AOC-1 is appended to the consolidated financial statements and hence not repeated here for the sake of brevity. Further, pursuant to the provisions of section 136 of the Act, the financial statements along with relevant documents and separate audited accounts in respect of subsidiaries, are available on the website of the company.

Further The Company has adopted a Policy in line with the requirements of the Listing Regulations. The objective of this policy is to lay down criteria for identification and dealing with material subsidiaries and to formulate a governance framework for subsidiaries of the Company. The policy on Material Subsidiary is available on the website of the Company <http://acesoftex.com/uploads/Policies/Policy%20on%20Material%20Subsidiary.pdf>

On 24th September, 2016, members of the company passed the special resolution for striking off/sale/ disposed of following wholly controlled LLPs;

- 1) Aspire Exim LLP
- 2) Citizen Solutions LLP
- 3) Cosmos Services LLP
- 4) Jubilant Exim LLP
- 5) Rajkot Computer Education LLP
- 6) Speedwell Engineers LLP

All the above LLPs have not commenced business.

DECLARATION BY INDEPENDENT DIRECTORS:

The Company has received necessary declaration from each independent director under Section 149(7) of the Companies Act, 2013, that he/she meets the criteria of independence laid down in Section 149(6) of the Companies Act, 2013 and other applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the year, the non-executive directors of the Company had no pecuniary relationship or transactions with the Company, other than the sitting fees for the purpose of attending meetings of the Company.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS:

Loans, guarantees and investments covered under Section 186 of the Companies Act, 2013 form part of the notes to the financial statements provided in this Annual Report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

The particulars relating to conservation of energy, technology absorption, foreign exchange earnings and outgo, as required to be disclosed under the Act, are as under:-

- (A) Conservation of energy
- the Steps taken or impact on conservation of energy
Company is ever mindful of the need for energy conservation, not only as a method of cost reduction, but also because it is a global imperative. We have ensured that the following measures are institutionalized across all our facilities:
 - i. Optimal cooling of work areas and data centers.
 - ii. Switching off computers when not in use.
 - iii. Utilization of lights and stand alone air conditioners only when required.
 - iv. Minimal usage of AC s and lights during weekend.
 - the steps taken by the company for utilizing alternate source of energy & Capital investment on energy conservation equipments
At present, Company has not utilize any alternate source of energy and emphasize on the Conservation of energy and be frugal in utilizing the energy.
 - Impact of these measures:
Taking effective measurements in saving energy has significantly benefitted the company.
- (B) **Technology absorption:-**
- the efforts made towards technology absorption, benefit derives & Research and Development
 - i. The Company continues to use the latest technologies for improving the productivity and quality of its services and products. The Company's operations do not require significant import of technology. Company has not incurred any expenses for research and development.

(c) Foreign exchange earnings and outgo :-

Particulars	2016-17	2015-16
Foreign Exchange earning	(USD 12,27,197.68)(INR 8,21,63,376.00)	(USD 12,06,299.45)(INR 8,05,29,088.00)
Foreign Exchange Outgo	-	(USD 481.90)(INR 30,600.46)(EURO 1920)(INR 1,46,337.02)

RISK MANAGEMENT:

The Company continues to use risk management frame work adopted by board in (a) Overseeing and approving the Company's enterprise wide risk management framework; and (b) Overseeing that all the risks that the organization faces such as strategic, financial, credit, market, liquidity, security, property, IT, legal, regulatory, reputational and other risks have been identified and assessed and there is an adequate risk management infrastructure in place capable of addressing those risks. The Company's management systems, organizational structures, processes, standards, code of conduct that governs how the Company conducts the business and manages associated risks.

INTERNAL FINANCIAL CONTROLS:

The Company has in place adequate internal financial controls with reference to financial statements. During the year, such controls were tested and no reportable material weakness in the design or operation was observed.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Pursuant to section 135 of the Companies Act, 2013, every company having net worth of Rs. 500 crore or more, or turnover of Rs. 1000 crore or more or a net profit of Rs. 5 crore or more during any financial year shall constitute a Corporate Social Responsibility Committee. Our company has not triggered any of the above limits; hence, no committee in this regard has been constituted.

DETAILS OF DIRECTORS/KMP WHO WERE APPOINTED OR HAVE RESIGNED DURING THE YEAR & LIABLE TO RETIRE BY ROTATION

Pursuant to the provisions of section 203 of the Companies Act, 2013, the key managerial personnel of the Company are

Mr. Vikram B. Sanghani	Jt. Managing Director
Mr. Sanjay H. Dhamsania	Jt. Managing Director
Mr. Jyotin B. Vasavada	Chief Financial Officer
Mr. Jayram K. Vachhani	Company Secretary

There has been no change in directors and key managerial personnel during the year.

RETIRE BY ROTATION

Pursuant to the provisions of section 152(6) of the Companies Act, 2013, Vikram Bhupatbhai Sanghani and Sanjay Harilal Dhamsania, Directors are liable to retire by rotation and being eligible offer themselves for re-appointment.

Appointment is recommended by Nomination and Remuneration Committee.