

## 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 31<sup>st</sup> March, 2011 consists of Five directors out of which three (3) are Independent Non-Executive Directors and two (2) are Executive & Non-Independent Directors. The composition of the Board and other relevant details relating to Directors are given below:

Name of Director	Category	Number of shares held in the Company	No. of other Director Ship@@	No. of members of other Board Committees	No. of other Board Committees of which the Director is a Chairperson	No. of Board meetings attended	Whether attended last AGM
Vikram Sanghani	Executive & Non-Independent	11,02,143*	10	1	-	9	Yes
Sanjay Dhamsania	Executive & Non-Independent	498,800#	10	1	-	9	Yes
Pratikkumar Dadhania	Non-Executive & Independent	Nil	5	3	-		Not applicable <sup>1</sup>
Vimal Kalaria	Non-Executive & Independent	Nil	8	2	2	7	Yes
Dharamshibhai Vadalia	Non-Executive & Independent	Nil	6	3	1	5	No

@@ 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 and in HUF Account

# Includes shares held individual capacity and does not include 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 7 times during the year 2010-11.

### **3. Audit Committee:**

The Audit Committee of the Company consists of three Independent Directors, Mr. Vimal Kalaria, Mr. Pratik Dadhania and Mr. Dharmshibhai Vadalia.

The Audit Committee met 4 times during the year

<b>Name</b>	<b>Designation</b>	<b>No. of Committee meetings attended</b>
Mr. Vimal Kalaria	Chairman	4
Mr. Pratik Dadhania	Member	4
Mr. Dharamshibhai Vadalia	Member	4

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:

<b>Name of Member</b>	<b>Designation</b>	<b>No. of Committee meetings attended</b>
Vimal Kalaria	Chairman	3
Dharamshibhai Vadalia	Member	3
Mr. Pratik Dadhania	Member	3

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:

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

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

<b>Name of Director</b>	<b>Sitting Fees 2010-11</b>
Vimal Kalaria	Rs. 10,500.00
Dharamshibhai Vadalia	Rs. 10,500.00
Pratik Dadhania	Rs. 10,500.00
<b>TOTAL</b>	<b>Rs. 31,500.00</b>

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:

<b>Name of Member</b>	<b>Designation</b>	<b>Category</b>
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

- 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 2010-11.
- iv. No investor complaints remained pending as on 31.03.2011.

## 6. General Body Meetings:

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

<b>Date of AGM</b>	<b>Time</b>	<b>Venue</b>	<b>Details of Special Resolutions passed</b>
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
25.09.2010	11.00 A.M.	801, "Everest" Comm. Complex, Opp. Shastri Maidan, Rajkot - 360 001	No special Resolution passed in AGM 2010

## 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](http://www.acesoftex.com)

9. **General Shareholder's information:**

i. **Annual General Meeting:**

Date : 29<sup>th</sup> September, 2011  
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, 2011 : First or second week of August 2011  
September 30, 2011 : First or second week of November, 2011  
December 31, 2011 : First or second week of February 2011  
March 31, 2012 : May 2012 (3rd/ 4th Week)

iii. **Date of Book Closure:**

21<sup>st</sup> September, 2011 to 28<sup>th</sup> September, 2011 (Both days inclusive)

iv. **Dividend Payment Date:**

As the Board of Directors' have not recommended any dividend on equity shares for FY 2010-11, hence no dividend is payable to the shareholders.

v. **Listing on the Stock Exchange:**

The Bombay Stock Exchange Ltd., Mumbai.

vi. **Scrip/Stock Code/ISIN:**

531525 - (The Bombay Stock Exchange Ltd., Mumbai)  
ISIN : INE849B01010

vii. **Market price:**

Month	High	Low
April-10	20.77	13.22
May-10	15.75	12.81
June-10	14.95	12.72
July-10	15.43	12.50
August-10	16.20	12.91
September 10	16.49	13.61
October-10	16.49	14.00
November-10	16.85	13.15
December-10	15.98	11.51
January-11	15.13	11.78

February-11	14.35	10.95
March-11	14.04	11.09

viii. Performance in comparison to BSE Sensex:

### CHART

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

x. Share Transfer System:

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

xi. Distribution of Shareholding (As on 31<sup>st</sup> March, 2011):

SHARE OR DEBENTURE	NUMBER OF HOLDERS	% OF HOLDERS	TOTAL SHARES	% OF SHARES/ DEBENTURES
01 to 500	3078	83.36	571879	12.22
501 to 1000	324	8.77	269796	5.76
1001 to 2000	142	3.85	216061	4.62
2001 to 3000	39	1.05	100806	2.15
3001 to 4000	20	0.54	71512	1.52
4001 to 5000	13	0.35	64110	1.37
5001 to 10000	24	0.65	192107	4.10
10001 & above	52	1.41	3193729	68.24
<b>TOTAL</b>	<b>3692</b>	<b>100.00</b>	<b>4680000</b>	<b>100.00</b>

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 31<sup>st</sup> March, 2011, 59.40 % of the Equity Shares (total paid up shares as on 31<sup>st</sup> March, 2011) of the company have been dematerialized.

xiii. Outstanding GDRs/ADRs/Warrants:

The Company has not issued any GDRs/ADRs/ warrants and hence there are no outstanding GDRs/ADRs/Warrants as on 31<sup>st</sup> March, 2011.

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. 3<sup>rd</sup> Floor,  
Raj-Laxmi Commercial complex,  
16, Vijay Plot, Gondal Road,  
Rajkot - 360 001.

xv. Address for Correspondence:

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

The Company Secretary,  
Ace Software Exports Ltd.  
801, Everest Commercial Complex,  
Opp. Shastri Maidan,  
Rajkot - 360 001  
Phone - + 91 281 222 6097, 304 7851, Fax: +91 281 223 2918  
Email: [investorinfo@acesoftex.com](mailto: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:- 28/05/2011

Vikram Sanghani

Jt. Managing Director

Sanjay Dhamsania

Jt. Managing Director

## **Management Discussion and Analysis Report:**

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

World-wide spending on technology and related products and services is estimated to have crossed US\$ 1.6 trillion in 2010, a growth of 4.0% over 2009, with growth driven by emerging verticals and emerging geographies in addition to USA. Global IT services spend increased from US\$ 566 billion in 2009 to US\$ 574 billion in 2010.

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:**

IT services spend is expected to increase from US\$ 566 billion in 2009 to US\$ 684 billion by 2014 at a CAGR of 1.1%. US\$ 225 billion in 2009 to US\$ 239 billion in 2014 at a CAGR of 1.1%.

### **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.