

## Corporate Governance

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

Ace's philosophy on Corporate Governance is reflected in its business operations, values, integrity and other corporate actions. The company fully support and endorse the good Corporate Governance practices and attempts to go beyond the corporate requirements.

**2. Board of Directors:**

Composition of the Board of Directors

The Board of Directors of the company as on 31<sup>st</sup> March, 2006 consists of Five directors out of which three (3) are Independent Non-Executive Directors and two (2) are Executive Directors. The composition of the Board and other relevant details relating to Directors are given below:

Name of Director	Category	No. of other Director Ship	No. of memberships of other Board Committees	No. of other Board Committees of which the Director is a Chairperson	No. of Board meetings attended	Whether attended last AGM	Remarks
Vikram Sanghani	Ex-Dir	8	-	-	9	Yes	
Sanjay Dhamsania	Ex-Dir	8	-	-	10	Yes	
Shyamal Sheth	N.Ex-IND	2	-	-	8	No	
Vimal Kalaria	N.Ex-IND	2	-	-	7	Yes	
Dharamshi Vadalia	N.Ex-IND	1	-	-	7	No	

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

**Board Meetings**

The Board of Directors met 10 times during the year 2005-2006 on 04.04.2005, 14.05.2005, 29.06.2005, 30.07.2005, 17.08.2005, 04.09.2005, 27.10.2005, 19.11.2005, 09.12.2005, and 31.01.2006.

**3. Audit Committee:**

The Audit Committee performs the role as required under the Companies Act, 1956 and the Listing Agreement with the Stock Exchanges. The composition of the Audit Committee and details of the meetings as attended by the Members of the Committee are as given below:

Name	Designation	No. of Committee meetings attended
Mr. Vimal Kalaria	Chairman	6
Mr. Shyamal Sheth	Member	5
Mr. Dharamshibhai Vadalia	Member	5
Mr. Vikram Sanghani	Member	4

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

The Audit Committee met 6 times during the year on 24.04.2005, 20.06.2005, 22.07.2005, 22.10.2005, 22.01.2006 and 25.03.2006.

**4. Remuneration Committee:**

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

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

Details of Remuneration paid to all the Directors:

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

Name of Director	Salary (Rs.)	Medical Exp (Rs.)	Commission (Rs.)
Vikram Sanghani	11,85,000	15000	134169
Sanjay Dhamsania	11,85,000	15000	134169

The role of Non-Executive Directors has gone significant qualitative changes with the changes in the Corporate Governance norms and the level of their involvement as the members of the Board and of other Committee of the Board of Directors has enhanced. The company pays remuneration to Non-Executive Directors by way of sitting fees.

**5. Shareholders Committee:**

i. Composition

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

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

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

iii. The Company has received 6 Complaints during the year 2005-2006 and the same have been satisfactorily attended to.

iv. There were no Investor complaints on 31.03.2006.

**6. General Body Meetings:**

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

Date of AGM	Time	Venue	Details of Special Resolutions passed
25.08.2003	11.00 A.M.	801, "Everest" Opp. Shastri Maidan, Rajkot - 360 001	Approval for Alteration of Article of Association. Approval for Buy-Back of Equity shares of the company*
30.09.2004	11.00 A.M.	801, "Everest" Opp. Shastri Maidan, Rajkot - 360 001	Approval for re-appointment of Jt. Managing directors.
24.09.2005	11.00 A.M.	801, "Everest" Opp. Shastri Maidan, Rajkot - 360 001	Approval for delisting from Ahmedabad Stock Exchange Ltd. and Saurashtra-Kutch Stock Exchange Ltd.

\*The Special resolution approving Buy-Back of Equity shares was passed through postal Ballot.

The company has not passed any Resolution through the Postal Ballot during the year 2005-2006. A Special resolution for Buy-Back of Equity shares and an ordinary resolution under Section 293(1)(a) of the Companies Act, 1956 is proposed to be passed through Postal Ballot in accordance with the Companies (Passing of Resolutions by Postal Ballot) Rules- 2001.

**7. Disclosures:**

- i. Significant related party transactions:  
There were no materially significant related party transactions, during the year-ended 31.03.2006 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-14 (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 or any statutory authority, on any matter related to capital market during the last three years.
- iii. The company through its internal control measures implement the Whistle Blower policy within the organization ensuring the access to the Audit committee by the personnel.
- iv. Your company has complied with all the mandatory requirement of the Clause-49 of the Listing Agreement and also attempt to adopt the non-mandatory requirement.

**8. Means of Communications:**

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

**9. General Shareholders information:**

**i. Annual General Meeting**

Date : 29<sup>th</sup> September, 2006.  
Time : 11.00 A.M.  
Venue : 801-"Everest" Opp. Shastri Maidan, Rajkot - 1.

**ii. Financial Year**

Tentative Schedule for the Financial Year 2006-2007:  
June 30, 2006 : July 2006 (4<sup>th</sup> Week)  
September 30 2006 : October 2006 (4<sup>th</sup> Week)  
December 31, 2006 : January 2007 (3<sup>rd</sup> /4<sup>th</sup> Week)  
March 31, 2007 : April 2007 (3<sup>rd</sup> /4<sup>th</sup> Week)

**iii. Date of Book Closure**

25<sup>th</sup> September, 2006 to 29<sup>th</sup> September, 2006 (Both days inclusive.)

**iv. Dividend payment date**

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

**v. Listing on the Stock Exchanges**

The Bombay Stock Exchange Ltd., Mumbai.  
The Saurashtra-Kutch Stock Exchange Ltd., Rajkot.

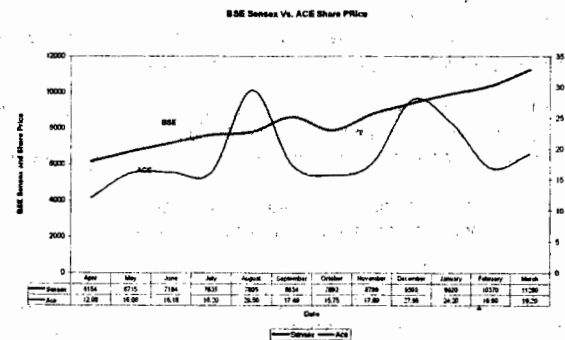
**vi. Stock Code**

531525 (The Bombay Stock Exchange Ltd., Mumbai)  
ACESOFT (The Saurashtra-Kutch Stock Exchange Ltd., Rajkot)

**vii. Market price**

Month	High	Low
April-05	15.99	11.60
May-05	19.40	11.50
June-05	23.89	15.10
July-05	19.25	12.85
August-05	31.90	15.10
September-05	30.00	17.10
October-05	19.00	14.50
November-05	19.45	15.05
December-05	33.90	16.20
January-06	30.10	24.20
February-06	23.85	16.20
March-06	19.20	15.15

**viii. Performance in comparison to BSE Sensex**



**ix. Registrar and Share Transfer Agent**

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

**x. Share Transfer System**

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



<b>xi. Distribution of Shareholding (As on 31<sup>st</sup> March, 2006):</b>		
<b>Category</b>	<b>No. of Shares</b>	<b>Percentage (%)</b>
Promoters	26,87,825	52.479
Private Corporate Bodies	1,66,071	3.242
Non Resident Indians/OCB	1,19,382	2.331
Indian Public	21,48,448	41.948
<b>Total</b>	<b>51,21,726</b>	<b>100.00</b>

**xii. Dematerialisation of Shares:**

The Equity Shares of the company are traded in the depository system of both the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL). As on 31<sup>st</sup> March, 2006 53.35 % of the Equity Shares of the company have been dematerialized.

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

There are no outstanding GDRs/ADRs/Warrants as on 31<sup>st</sup> March, 2006

**xiv. Facility Location:**

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

**xv. Address for Correspondence:**

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

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

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

To the Members of  
**ACE SOFTWARE EXPORTS LIMITED**

We have examined the compliance of Corporate Governance by **Ace Software Exports Limited**, for the year ended on **31st March 2006**, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

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

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

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

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

**FOR KALARIA & SAMPAT,  
CHARTERED ACCOUNTANTS**

**ATUL M.KALARIA  
PARTNER**

RAJKOT, DATED 21st August, 2006

