

Corporate Governance

1. The Company's philosophy on Corporate Governance:

The company's philosophy on Corporate Governance strives to achieve highest levels of transparency, accountability and equity in all facets of its operations and interactions with its stakeholders, employees and the government. The company considers good Corporate Governance as a must follow objective and which shall lead the organization to achieve long-term goals.

2. Board of Directors:

Composition of the Board of Directors

The Board of Directors of the company as on 31st March, 2008 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 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>	<u>Remarks</u>
Vikram Sanghani	Ex-Dir	9	-	-	16	Yes	
Sanjay Dhamsania	Ex-Dir	9	-	-	17	Yes	
Shyamal Sheth	N.Ex-IND	2	-	-	12	No	
Vimal Kalaria	N.Ex-IND	2	-	-	12	Yes	
Dharamshi Vadalia	N.Ex-IND	1	-	-	12	No	

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

Board Meetings

The Board of Directors met 17 times during the year 2007-2008 on 16.04.07, 25.05.07, 07.06.07, 20.06.07, 30.06.07, 04.07.07, 18.07.07, 31.07.07, 03.08.07, 17.08.07, 01.09.07, 18.09.07, 28.09.07, 30.10.07, 02.11.07, 30.01.08 and 01.03.08

3. Audit Committee:

The composition of the Audit Committee and details of the meetings as attended by the Members of the Committee are as given below

<u>Name</u>	<u>Designation</u>	<u>No. of Committee meetings attended</u>
Mr. Vimal Kalaria	Chairman	4
Mr. Shyamal Sheth	Member	4
Mr. Dharamshibhai Vadalia	Member	4
Mr. Vikram Sanghani	Member	4

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

The Audit Committee met 4 times during the year on 25.04.2007, 16.07.2007, 24.10.2007 and 25.01.2008.

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	2
Dharamshibhai Vadalia	Member	2
Shyamal Sheth	Member	2

Details of Remuneration paid to all the Directors:

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

<u>Name of Director</u>	<u>Salary (Rs.)</u>	<u>Medical Exp (Rs.)</u>
Vikram Sanghani	14,85,000	15,000
Sanjay Dhamsania	14,85,000	15,000

The composition of Non-Executive Directors on the Board gives transparency in decision making and also fulfils the mandatory requirement of Corporate Governance norms. The company pays remuneration to Non-Executive Directors by way of sitting fees.

5. Shareholders Committee:

i. Composition

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

<u>Name of Member</u>	<u>Designation</u>	<u>Category</u>
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 2007-2008 and the same have been satisfactorily attended to.

iv. No Investor complaints remained pending as on 31.03.2008.

6. General Body Meetings:

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

<u>Date of AGM</u>	<u>Time</u>	<u>Venue</u>	<u>Details of Special Resolutions passed</u>
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
29.09.2006	11.00 A.M.	801, "Everest" Opp. Shastri Maidan, Rajkot - 360 001	Approval for Buy-back of Shares * and under Section 293(1)(a) of the Companies Act, 1956.
25.09.2007	11.00 A.M.	801, "Everest" Opp. Shastri Maidan, Rajkot - 360 001	Approval of remuneration scale payable to both Jt. Managing Directors and under Section 394 of the Companies Act, 1956.

*The Special resolution approving Buy-Back of Equity shares was passed through postal Ballot in accordance with Companies (Passing of Resolutions by Postal Ballot) Rules - 2001.



7. Disclosures:

- i. **Significant related party transactions:**
There were no materially significant related party transactions during the year-ended 31.03.2008 that may have any potential conflict with the interest of the company at large. Attention of the Members is drawn to the Disclosures of Transactions with Related Parties set out in Schedule-13 (Notes to Accounts) to the Accounts, forming part of the Annual Report.
- ii. There have been no instances of non-compliances, on any matter during the last three-years and hence no penalties or strictures have been imposed on the company by the Stock Exchanges or SEBI 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 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)

9. General Shareholders information:

i. Annual General Meeting

Date : 25th September, 2008
Time : 11.00 A.M
Venue : 801-"Everest" Opp. Shastr. Maidan, Rajkot - 1

ii. Financial Year

Tentative Schedule for the Financial Year 2008-2009
June 30, 2008 : July 2008 (4th Week)
September 30 2008 : October 2008 (4th Week)
December 31, 2008 : January 2009 (3rd /4th Week)
March 31, 2009 : April 2009 (3rd /4th Week)

iii. Date of Book Closure

20th September, 2008 to 25th September, 2008 (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

vi. Scrip/Stock Code

531525 (The Bombay Stock Exchange Ltd., Mumbai)

vii. Market price

Month	High	Low
April-07	19.05	12.50
May-07	20.40	15.00
June-07	18.50	14.70
July-07	19.10	15.60
August-07	19.20	15.00
September-07	21.00	16.50
October-07	18.50	14.00
November-07	17.10	12.10
December-07	28.80	14.70
January-08	26.50	12.95
February-08	16.65	13.00
March-08	14.00	10.00

ix. Registrar and Share Transfer Agent (RTA)

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

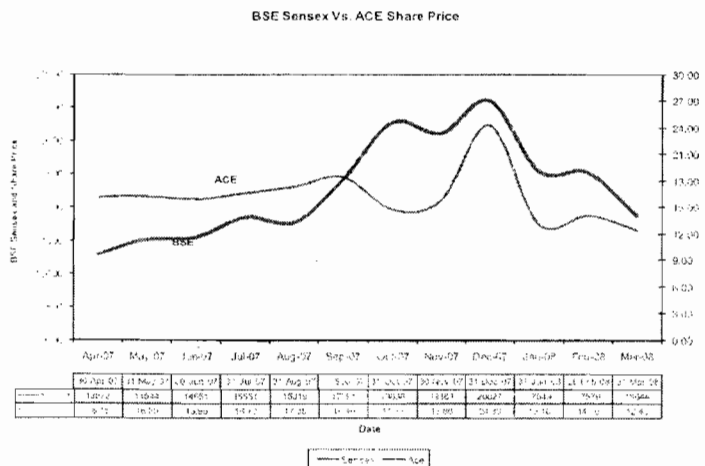
x. Share Transfer System

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

xi. Distribution of Shareholding (As on 31st March, 2008):

Category	No. of Shares	Percentage (%)
Promoters	26,76,825	57.20
Private Corporate Bodies	1,40,041	2.99
Non Resident Indians/OCB	54,667	1.17
Other Public	18,08,467	38.64
Total	46,80,000	100.00

viii. Performance in comparison to BSE Sensex



xii. Dematerialisation of Shares:

The Equity Shares of the company are traded in the depository system of both the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL). As on 31st March, 2008 50.79% of the Equity Shares of the company have been dematerialized.

xiii. Outstanding GDRs/ADRs/Warrants:

There are no outstanding GDRs/ADRs/Warrants as on 31st March, 2008

xiv. Facility Location:

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

xv. Address for Correspondence:

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

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

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

To the Members of
ACE SOFTWARE EXPORTS LTD.,

We have examined the compliance of conditions of Corporate Governance by **Ace Software Exports Limited**, for the year ended on **31st March, 2008**, as stipulated in Clause 49 of the Listing Agreement of the Said Company with the stock exchanges.

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

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

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/Investors' 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 30th June, 2008

