

## CORPORATE INFORMATION

### Board of Directors:

**Vikram B. Sanghani**

Joint Managing Director

**Sanjay H. Dhamsania**

Joint Managing Director

**Dharmsibhai R. Vadaliya**

Independent Director

**Vimal L. Kalaria**

Independent Director

**Pratik C. Dadhania**

Independent Director

### Company Secretary:

**N. I. Thomas**

### Secretarial Consultants

**M/s. MJP Associates,**

Practising Company Secretaries

Rajkot

### Statutory Auditors:

**M/s. Kalaria & Sampat,**

Chartered Accountants,

Rajkot

### Bankers

**Bank of Baroda**

**HDFC Bank Ltd.**

**Axis Bank Ltd.**

### Registered Office:

801 – Everest Commercial Complex,

Opp. Shashtri Maidan,

Rajkot – 360 001, Gujarat, India

**NOTICE**

Notice is hereby given that the Seventeenth Annual General Meeting of the Members of Ace Software Exports Limited will be held on Thursday, 29<sup>th</sup> September, 2011 at 11:00 am at the Regd. Office of the Company situated at 801, Everest Commercial Complex, Opp. Shastri Maidan, Rajkot – 360 001, Gujarat, India to transact the following businesses:

**Ordinary Business:**

1. To received, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2011 and Profit & 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 Vikram B, Sanghani, who is liable to retire by rotation, and being eligible, offers himself for re-appointment.
3. To appoint Director in place of Shri Dharamsi Vadalia, who is liable to retire by rotation, and being eligible offers himself for re-appointment.
4. To appoint auditors **M/s. Kalaria & Sampat**, Chartered Accountants, Rajkot, 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.

Date : 28.05.2011

For & On behalf of Board of Directors

Rajkot : Rajkot

**Ace Software Exports Limited**  
**(Vikram B. Sanghani)**

**Joint Managing Director**

**Registered Office Add :**

801, Everest Commercial Complex,  
Opp. Shastri Maidan,  
Rajkot – 360 001,  
Gujarat, India

**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 Vikram Sanghani and Dharamsi Vadalia, Directors 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. Link Intime India 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 Wednesday, 21<sup>st</sup> to Wednesday, 28<sup>th</sup> September, 2011 (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.



**DIRECTORS' REPORT**

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

The Directors of the company have pleasure in presenting their **SEVENTEENTH ANNUAL REPORT** together with the Audited Financial Statements of your Company for the Financial Year ended on **31<sup>st</sup> March, 2011**.

SR. NO.	PARTICULARS	2010-11	2009-10
1.	Sales & Services	1,78,12,443.00	1,89,20,435.00
2.	Other Income	1,43,05,018.00	65,36,469.00
3.	<b>Total Income</b>	<b>3,28,36,374.00</b>	<b>2,42,10,206.00</b>
4.	Depreciation	10,63,154.00	9,16,083.00
5.	<b>Profit / (Loss) Before Tax (PBT)</b>	<b>30,09,969.00</b>	<b>(19,40,320.00)</b>
6.	Taxation	60,946.00	54,530.00
7.	<b>Profit/(Loss) After Tax (PAT)</b>	<b>29,49,023.00</b>	<b>(19,94,850.00)</b>
8.	Balance Carried forward to the Balance Sheet	7,76,79,237.00	7,47,30,214.00

**OPERATION:**

During the financial year 2010-11, your Company has achieved total turnover of Rs. 1,78,12,443/- as compared to the turnover of Rs. 1,89,20,435/- of the previous year. The Net Profit of Rs. 29,49,023/- as compared to the Net Loss of Rs. 19,94,850/- of the previous year. The management ensures the members that no efforts will be left untried for increasing the turnover & profitability in coming years.

**DIVIDEND:**

With a view to plough back profits of the year and in order to conserve resources for operational purposes, the Board of Directors of your Company do not recommend any dividend for the year.

**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 Vikram Sanghani & Shri Dharamsibhai Vadalia, 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.

**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. "In accordance with the general circular issued by the Ministry of Corporate Affairs, Government of India, the Balance Sheet, Profit and Loss Account and other documents of the subsidiary companies are not being attached with the Balance Sheet of the Company. The Company will make available the Annual Accounts of the subsidiary companies and the related detailed information to

any member of the Company who may be interested in obtaining the same. The annual accounts of the subsidiary companies will also be kept open for inspection at the Registered Office of the Company and that of the respective subsidiary companies. The Consolidated Financial Statements presented by the Company include the financial results of its subsidiary companies".

Sr. No.	Name of Subsidiary companies & Location	Percentage stake owned by Ace Software Exports Ltd. (%)
1	Ace Infoworld Pvt. Ltd. Rajkot (Apex Advanced Technology Pvt. Ltd)	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:**

The are no employees in the Company drawing remuneration more than the limits specified in the Companies (Particulars of Employees) Rules, 1975 as amended by the Companies (Particulars of Employees) (Amendment) Rules, 2011.

**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	2010-11	2009-10
Foreign Exchange Earnings	USD 3,93,905.70	USD 4,20,115.75
	(INR 1,78,12,443.00)	(INR 1,89,20,435.00)
Foreign Exchange Outgo	USD 6,569.41	USD 2,601.00
	(INR 3,08,621.00)	(INR 1,26,177.00)

**1. 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 2 US\$ 225 billion in 2009 to US\$ 239 billion in 2014 at a CAGR of 1.1%. The current recessionary conditions in USA and other parts of the world have had an impact on outsourced business volumes. The order flow is expected to be weak during 2011-12. Security concerns and nationalistic attitude are also expected to have a negative impact.

**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.

For & on behalf of Board of Directors,

Vikram B. Sanghani      Sanjay H. Dhamsania  
Jt. Managing Director      Jt. Managing Director

Rajkot, Dated 28th May, 2011



**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	No. of shares held in the company	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
Vikram Sanghani	Executive & Non Independent	11,02,143 <sup>*</sup>	10	1	-	9	Yes
Sanjay Dhamsania	Executive & Non Independent	4,98,800 <sup>#</sup>	10	1	-	9	Yes
Pratikumar Dadhanai	Non-Executive & Independent	Nil	5	3	-	-	Not Applicable <sup>1</sup>
Vimal Kalaria	Non-Executive & Independent	Nil	8	2	2	7	Yes
Dharamshi 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 Dadhanai and Mr. Dharmshibhai Vadalia.

The Audit Committee met 4 times during the year

Name	Designation	No. of Committee meetings attended
Mr. Vimal Kalaria	Chairman	4
Mr. Pratik Dadhanai	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:

Name of Member	Designation	No. of Committee meetings attended
Vimal Kalaria	Chairman	3
Dharamshibhai Vadalia	Member	3
Mr. Pratik Dadhanai	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:

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

Sitting fees paid to Non-Executive & Independent Director:

Name of Director	Sitting Fees 2010-11
Vimal Kalaria	Rs. 10,500.00
Dharamshibhai Vadalia	Rs. 10,500.00
Pratik Dadhanai	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:

Name of Member	Designation	Category
Dharamshibhai Vadalia	Chairman	Non-Executive Independent Director
Pratik Dadhanai	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:

Date of AGM	Time	Venue	Details of Special Resolutions passed
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.

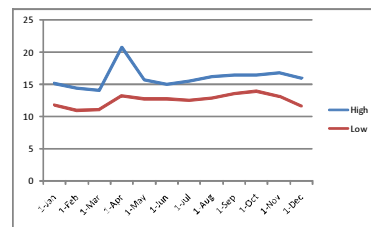
vi. Scrip/Stock Code/ISIN:

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:



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
00001 to 0500	3078	83.37	571879	12.23
00501 to 1000	324	8.78	269796	5.76
01001 to 2000	142	3.85	216061	4.62
02001 to 3000	39	1.05	100806	2.15
03001 to 4000	20	0.54	71512	1.53
04001 to 5000	13	0.35	64110	1.37
05001 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:

- 801, Everest Comm. Complex,  
Opp. Shastri Maidan,  
Rajkot – 360 001.
- 801, Aalap – B,  
Opp. Shastri Maidan,  
Rajkot – 360 001.
- 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(l) (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

**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 2010-2011 ended on 31<sup>st</sup> March, 2011, 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:- 28/05/2011

Vikram Sanghani  
Jt. Managing Director

Sanjay Dhamsania  
Jt. Managing Director



To  
The Members,  
**ACE SOFTWARE EXPORTS LIMITED**

We have audited the attached Balance Sheet of **ACE SOFTWARE EXPORTS LIMITED**, as at 31<sup>st</sup> March 2011, 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.

- (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 all the accounting standards except As - 15 "Employee Benefits" 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 31<sup>st</sup> March, 2011, and taken on records by the Board of Directors, we report that none of the Director is disqualified as on 31<sup>st</sup> March, 2011 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 31<sup>st</sup> March, 2011;
  - (b) In the case of the Profit & Loss Account, of the Profit 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]

**Atul M. Kalaria**  
Partner

Rajkot, Dated 28<sup>th</sup> May 2011

**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) (a) In our opinion and according to the information and explanations given to us, the company has granted unsecured loans to one company covered in the register maintained under section 301 of the Companies Act, 1956 aggregating Rs. 14.00 lacs which have been fully repaid during the year under review.
- (b) According to information and explanation given to us, the unsecured loan given is interest free and other terms and conditions on which loan given is not prima facie prejudicial to the interest of the company.
- (c) In respect of loan given by the company the receipt of principal is regular and is fully repaid during the year under review.
- (d) In our opinion and according to information and explanation given to us, The Company has not taken any loans, secured or unsecured, to or from companies, firms, or other parties covered in the Register maintained under section 301 of the Companies Act, 1956. Accordingly, sub-clause (e), (f) and (g) of clause 4(iii) of the Order is not applicable.
- (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, fixed assets and with regard to the sale 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, wealth tax, 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 31<sup>st</sup> March, 2011 for a period of more than six months from the date they became payable.
- (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 and according to the information and explanations given to us, the company has no accumulated losses and has not incurred cash losses during the financial year under audit, however cash loss of Rs.10,78,767 was incurred 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 company has maintained proper records and contracts with respect to its investment and timely entries have been made therein. All investments are held by the company in its own name.
- (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 and on overall examination of Financial Statement of the company, 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]

**Atul M. Kalaria**  
Partner

Rajkot, Dated 28<sup>th</sup> May 2011



**Ace Software Exports Ltd.**

**BALANCE SHEET AS AT 31ST MARCH,2011**

		(in Rs.)	
PARTICULARS	SCHEDULE	31.03.2011	31.03.2010
<b>I. SOURCES OF FUNDS :</b>			
(1) Shareholder's Funds :			
(a) Share Capital	1	46,800,000	46,800,000
(b) Reserves & Surplus	2	<u>91,602,296</u>	<u>88,653,273</u>
		<b><u>138,402,296</u></b>	<b><u>135,453,273</u></b>
<b>II. APPLICATION OF FUNDS :</b>			
(2) Fixed Assets :			
Gross Block	3	60,462,982	57,809,916
Less : Depreciation		36,860,097	36,068,296
Less : Impairment		<u>7,100,000</u>	<u>7,100,000</u>
Net Block		16,502,886	14,641,621
(3) Investments	4	68,420,109	74,635,640
(4) Current Assets,Loans & Advances :			
(a) Inventories	5	3,128,018	2,409,105
(b) Cash & Bank Balances		4,547,371	3,736,246
(c) Loans and Advances		<u>51,985,001</u>	<u>43,595,177</u>
		59,660,390	49,740,528
Less : Current Liabilities & Provisions :			
(a) Current Liabilities	6	2,046,553	2,440,184
(b) Provisions		<u>4,134,535</u>	<u>1,124,331</u>
		6,181,088	3,564,515
Net Current Assets		53,479,301	46,176,013
		<b><u>138,402,296</u></b>	<b><u>135,453,273</u></b>
NOTES TO ACCOUNTS	12		

AS PER OUR REPORT OF EVEN DATE

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

Atul M. Kalaria  
PARTNER

RAJKOT, Dated 28th May, 2011

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS,

SANJAY H. DHAMSANIA      VIKRAM B. SANGHANI  
JT.MANAGING DIRECTOR      JT.MANAGING DIRECTOR

N. I. THOMAS  
COMPANY SECRETARY

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011**

		(in Rs.)	
PARTICULARS	SCHEDULE	31.03.2011	31.03.2010
<b>I. INCOME :</b>			
Sales & Services	7	17,812,443	18,920,435
Other Income	8	14,305,018	6,536,469
Stock Variance	9	<u>718,913</u>	<u>(1,246,698)</u>
		<b><u>32,836,374</u></b>	<b><u>24,210,206</u></b>
<b>II. EXPENDITURE :</b>			
Operating Expenses	10	20,913,554	17,950,605
Administrative Expenses	11	7,849,697	7,283,838
Depreciation/Amortization/Impairment Loss		<u>1,063,154</u>	<u>916,083</u>
		29,826,405	26,150,526
<b>Profit/(Loss) before tax</b>		3,009,969	(1,940,320)
Less : Provision for tax			
Current Tax		17,946	-
Wealth Tax		<u>43,000</u>	<u>54,530</u>
		60,946	54,530
<b>Profit/(Loss) after tax</b>		<b><u>2,949,023</u></b>	<b><u>(1,994,850)</u></b>
Add. : Profit & Loss Account B/fd.from last year		74,730,214	77,050,971
<b>Balance Carried Forward to Balance Sheet</b>		<b><u>77,679,237</u></b>	<b><u>74,730,214</u></b>
NOTES TO ACCOUNTS	12		

AS PER OUR REPORT OF EVEN DATE

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

Atul M. Kalaria  
PARTNER

RAJKOT, Dated 28th May, 2011

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS,

SANJAY H. DHAMSANIA      VIKRAM B. SANGHANI  
JT.MANAGING DIRECTOR      JT.MANAGING DIRECTOR

N. I. THOMAS  
COMPANY SECRETARY





**CASHFLOW STATEMENT FOR THE YEAR ENDED 31.03.2011**

	31.03.2011	(Rs. In lakhs) 31.03.2010
<b>A. Cashflow from Operating Activities</b>		
Net profit before tax as per Profit and Loss Account	30	(20)
<b>Adjustments for :</b>		
Depreciation & other non cash charges	11	9
Dividend Income	(29)	(17)
Surplus on sale of Investments/Assets	(82)	(2)
Interest Income	(34)	(42)
Interest Expenses	1	2
<b>Operating Profit before working capital changes</b>	<b>(102)</b>	<b>(70)</b>
<b>Adjustments for :</b>		
Trade and other Payables	27	(2)
Trade and other Receivables	(84)	280
Inventories	(7)	-
<b>Cash generated from Operations</b>	<b>(166)</b>	<b>208</b>
Direct taxes paid	(2)	(2)
<b>Net cashflow from operating activities</b>	<b>(168)</b>	<b>206</b>
<b>B. Cashflow from investing activities</b>		
Purchase of Fixed Assets	(31)	(6)
Sale of Fixed Assets	1	4
Purchase of Investments	-	(274)
Sale of Investments	145	-
Interest Income	34	42
Dividend Income	29	17
<b>Net cash generated/used in investing activities</b>	<b>177</b>	<b>(217)</b>
<b>C. Cashflow from financing activities</b>		
Loan taken	50	-
Repayment of loans	(50)	-
Interest paid	(1)	(2)
<b>Net cash generated/used in financing activities</b>	<b>(1)</b>	<b>(2)</b>
<b>Net increase in cash and cash equivalent</b>	<b>8</b>	<b>(12)</b>
<b>Opening Balance Cash and cash equivalent</b>	<b>37</b>	<b>50</b>
<b>Closing Balance Cash and cash equivalent</b>	<b>45</b>	<b>37</b>

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS,

RAJKOT, Dated 28th May, 2011

SANJAY H. DHAMSANIA  
JT.MANAGING DIRECTOR

VIKRAM B. SANGHANI  
JT.MANAGING DIRECTOR

**AUDITORS REPORT**

We have examined the above cash flow statement and the same is in accordance with the SEBI requirement and is based on and in agreement with the corresponding Profit & Loss Account and Balance Sheet covered by our report of even date.

**For KALARIA & SAMPAT**  
Chartered Accountants

**Atul M. Kalaria**  
PARTNER

RAJKOT, Dated 28th May, 2011



**SCHEDULE - 1**

(in Rs.)

SHARE CAPITAL	31.03.2011	31.03.2010
<b>AUTHORISED SHARE CAPITAL :</b>		
60,00,000 Equity Shares of Rs.10/- each	60,000,000	60,000,000
<b>ISSUED,SUBSCRIBED &amp; PAID-UP :</b>		
46,80,000 Equity Shares of Rs. 10/- each fully paid-up	46,800,000	46,800,000
	<b>46,800,000</b>	<b>46,800,000</b>

**SCHEDULE - 2**

(in Rs.)

RESERVES & SURPLUS	31.03.2011	31.03.2010
Capital Reserve	675,261	675,261
Capital Redemption Reserve	10,200,000	10,200,000
General Reserve	3,047,798	3,047,798
<i>Profit &amp; Loss Account:</i>	77,679,237	74,730,214
	<b>91,602,296</b>	<b>88,653,273</b>

**SCHEDULE - 3**

**FIXED ASSETS AS AT 31ST MARCH, 2011**

(in Rs.)

ASSETS HEAD	GROSS BLOCK				DEPRECIATION				IMPAIRMENT		NET BLOCK	
	OPENING BALANCE	ADDI- TIONS	DEDUC- TIONS	CLOSING BALANCE	UP TO 31.03.2010	FOR THE YEAR	DEPRE. ADJUST.	UP TO 31.03.2011	AS ON 31.03.2010	AS ON 31.03.2011	AS ON 31.03.2011	AS ON 31.03.2010
<b>(A) ACE SOFTWARE EXPORTS LIMITED :</b>												
Office & Residential Premises	11,396,971	-	-	11,396,971	2,170,759	185,771	-	2,356,530	-	-	9,040,441	9,226,212
Computers & Peripherals	21,282,688	2,062,060	-	23,344,748	18,469,638	347,248	-	18,816,886	1,600,000	1,600,000	2,927,862	1,213,050
Furniture & Fixtures	6,616,668	-	-	6,616,668	2,985,242	103,648	-	3,088,890	2,200,000	2,200,000	1,327,777	1,431,425
Office Equipments	5,410,839	395,400	-	5,806,239	2,287,333	55,524	-	2,342,857	2,300,000	2,300,000	1,163,381	823,505
Motor Car	3,115,937	620,479	424,873	3,311,543	1,872,008	308,783	271,353	1,909,438	-	-	1,402,105	1,243,929
	<b>47,823,102</b>	<b>3,077,939</b>	<b>424,873</b>	<b>50,476,168</b>	<b>27,784,980</b>	<b>1,000,974</b>	<b>271,353</b>	<b>28,514,601</b>	<b>6,100,000</b>	<b>6,100,000</b>	<b>15,861,567</b>	<b>13,938,122</b>
<b>(B) ACE CAD SERVICES STP RAJKOT :</b>												
Computers & Peripherals	7,683,320	-	-	7,683,320	7,473,552	26,328	-	7,499,880	100,000	100,000	83,440	109,768
Furniture & Fixtures	1,116,579	-	-	1,116,579	431,889	17,008	-	448,897	450,000	450,000	217,682	234,690
Office Equipments	1,186,916	-	-	1,186,916	377,874	18,844	-	396,718	450,000	450,000	340,198	359,042
	<b>9,986,815</b>	<b>-</b>	<b>-</b>	<b>9,986,815</b>	<b>8,283,315</b>	<b>62,180</b>	<b>-</b>	<b>8,345,495</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>641,319</b>	<b>703,499</b>
<b>TOTAL (A)+(B)</b>	<b>57,809,916</b>	<b>3,077,939</b>	<b>424,873</b>	<b>60,462,982</b>	<b>36,068,296</b>	<b>1,063,154</b>	<b>271,353</b>	<b>36,860,097</b>	<b>7,100,000</b>	<b>7,100,000</b>	<b>16,502,886</b>	<b>14,641,621</b>
<b>PREVIOUS YEAR</b>	<b>57,880,605</b>	<b>589,302</b>	<b>659,991</b>	<b>57,809,916</b>	<b>35,582,096</b>	<b>916,083</b>	<b>429,883</b>	<b>36,068,296</b>	<b>7,100,000</b>	<b>7,100,000</b>	<b>14,641,621</b>	<b>15,198,510</b>

## Ace Software Exports Ltd.

SCHEDULE - 4				SCHEDULE - 5			
(in Rs.)				(in Rs.)			
<b>INVESTMENTS</b>				<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
<b>31.03.2011</b>				<b>31.03.2011</b>			
<b>31.03.2010</b>				<b>31.03.2010</b>			
<b>A. LONG TERM INVESTMENTS :</b>				<b>CURRENT ASSETS :</b>			
<b>Trade Investments</b>		<b>No. of Shres/Bonds/Units</b>		<b>[As taken, valued and certified by the Management]</b>			
<b>In Equity Shares</b>		<b>fully paid-up</b>		<b>Cash and Bank Balances :</b>			
<b>Unquoted, fully paid up</b>				<b>Cash On Hand</b>			
Ace Computer Education Private Limited	240	1,262,000	1,262,000	89,867 117,515			
Rajkot Oilcake Private Limited	10	100	100	<b>Balances with Scheduled Bank :</b>			
<b>In Equity Shares of Subsidiary Companies</b>				<b>Current Accounts</b>			
<b>Unquoted, fully paid up</b>				573,758 174,826			
Rajkot Computer Education Private Limited	10,000	496,960	496,960	<b>Dividend Accounts</b>			
Apex Advance Technology Private Limited	631,525	20,581,369	20,581,369	534,740 535,990			
Aspire Exim Pvt.Ltd.	10,000	100,000	100,000	<b>Deposit Accounts</b>			
Citizen Solution Pvt.Ltd.	10,000	100,000	100,000	3,349,005 2,907,915			
Cosmos Services Pvt.Ltd.	10,000	100,000	100,000	<b>LOANS AND ADVANCES :</b>			
Jubilant Exim Pvt.Ltd.	10,000	100,000	100,000	<b>(Unsecured &amp; considered good unless otherwise stated)</b>			
Speedwell Engineers Pvt.Ltd.	10,000	100,000	100,000	<b>(a) Advances to Staff</b>			
<b>In Bond &amp; Debentures Unquoted, fully paid up</b>				68,514 55,000			
Housing & Urban Development Corporation	4	2,000,000	2,000,000	<b>(b) Advances to Others</b>			
[Interest accrued Rs.1,62,247/- during the year]				20,668,759 13,990,443			
RECL 54EC Bonds	500	-	5,000,000	<b>(c) Other Deposits</b>			
[Interest accrued Rs.1,38,360/- during the year]				7,298,474 7,298,474			
<b>Investment in Property</b>				<b>(d) Tax Deducted at Sources</b>			
Plot of Land at Munjka, Dist. : Rajkot		5,733,054	7,066,186	44,558 178,592			
Plot of Land at Sitvan, Dist. : Rajkot		153,509	142,854	<b>(e) Interest Receivables</b>			
<b>Total Value of Long Term Investments</b>				547,559 1,131,289			
		<b>30,726,992</b>	<b>37,049,469</b>	<b>(f) Advances Recoverable in cash or in kind or for value to be received</b>			
				23,316,281 20,912,485			
				<b>(g) Pre-paid Expenses</b>			
				40,856 28,894			
				<b>59,660,390 49,740,528</b>			
				<b>SCHEDULE - 6</b>			
				(in Rs.)			
				<b>CURRENT LIABILITIES &amp; PROVISIONS</b>			
				<b>31.03.2011</b>			
				<b>31.03.2010</b>			
				<b>Sundry Creditors :</b>			
				<b>For Expenses</b>			
				346,320 832,133			
				<b>Advance from Customer</b>			
				1,083,564 1,019,331			
				<b>Others :</b>			
				<b>Current Liabilities</b>			
				1,175 1,175			
				<b>Tax Deducted at Sources</b>			
				80,754 51,555			
				<b>Unclaimed Dividend</b>			
				534,740 535,990			
				<b>PROVISIONS:</b>			
				<b>For Expenditure</b>			
				4,073,589 997,381			
				<b>For Income Tax</b>			
				17,946 -			
				<b>For Wealth Tax</b>			
				43,000 126,950			
				<b>6,181,088 3,564,515</b>			
				<b>SCHEDULE - 7</b>			
				(in Rs.)			
				<b>SALES &amp; SERVICE</b>			
				<b>31.03.2011</b>			
				<b>31.03.2010</b>			
				<b>Export of Computer Software</b>			
				17,812,443 18,920,435			
				<b>17,812,443 18,920,435</b>			
				<b>SCHEDULE - 8</b>			
				(in Rs.)			
				<b>OTHER INCOME</b>			
				<b>31.03.2011</b>			
				<b>31.03.2010</b>			
				<b>Interest (Net)</b>			
				3,220,609 4,002,114			
				<b>Dividend Income</b>			
				2,886,691 1,675,464			
				<b>Profit on Sale of Investments/Assets (Net)</b>			
				8,197,368 682,643			
				<b>Miscellaneous Income</b>			
				350 176,248			
				<b>14,305,018 6,536,469</b>			
				<b>SCHEDULE - 9</b>			
				(in Rs.)			
				<b>STOCK VARIANCE</b>			
				<b>31.03.2011</b>			
				<b>31.03.2010</b>			
				<b>Closing Stock</b>			
				3,128,018 2,409,105			
				<b>Less : Opening Stock</b>			
				2,409,105 3,655,803			
				<b>718,913 (1,246,698)</b>			



SCHEDULE - 10			SCHEDULE - 11		
(in Rs.)			(in Rs.)		
<b>OPERATING EXPENSES</b>	<b>31.03.2011</b>	<b>31.03.2010</b>	<b>ADMINISTRATIVE EXPENSES</b>	<b>31.03.2011</b>	<b>31.03.2010</b>
Salaries & Bonus	3,056,414	1,979,786	Rent,Rates,Taxes and Insurance	311,147	248,047
Staff Welfare Expenses	202,602	165,396	Repairs,Replacement & Maintenance	665,030	404,589
Software Sourcing Charges	17,434,753	15,706,944	Travelling,Conveyance & Vehicle	955,604	558,021
Provident Fund/ESI/Gratuity	219,785	89,266	Printing,Stationery,Postage & Xerox	582,845	665,207
Training Expenses	-	9,213	Legal & Professional Charges	1,299,117	1,036,657
			General Expenses	222,198	291,077
			Directors' Remuneration & Allowances	2,719,500	2,640,000
			Books, Periodicals & News Papers	5,949	5,490
			Service Tax Expenses	-	153,516
			Electricity Expenses	743,799	971,696
			Auditors Remuneration	44,120	44,120
			Internet Expenses	248,463	265,418
			Kasar Vataav	51,925	-
				<b>7,849,697</b>	<b>7,283,838</b>

**NOTES TO ACCOUNTS**

**SCHEDULE - 12**

**I Accounting Policies:**

Accounts are prepared on the basis of Going Concern concept and under the Historical Cost Convention. The Company generally follows Mercantile System of accounting, recognizes Income & Expenditure on accrual basis in preparation of its accounts and complies with generally accepted accounting principles in India and relevant provisions of the Companies Act, 1956.

**01) Revenue Recognition:**

Revenue from the sale of software is recognized when the rendering of services under a contract is completed.

Dividend income is accounted on receipt basis.

Profit/Loss on sale of investments is recognized on sale of investments.

Interest on deployment of surplus funds is recognized using the time-proportion method based on interest rates implicit in the transaction.

**02) Expenditure:**

Expenditure is accounted on accrual basis and provision is made for all known liabilities and losses. The company provides for leave encashment and Bonus in the year of payment.

**03) Employee Benefits:**

Company's contributions paid/payable during the year to Employee State Insurance, Provident Fund are recognized in the Profit and Loss Account as per revised Accounting Standard 15, Gratuity is recognized in the Profit and Loss Account as per amount paid.

**04) Fixed Assets, Intangible assets & Capital Work-in-Progress:**

Fixed assets are capitalized at acquisition cost including directly attributable cost of bringing the assets to their working condition for intended use.

**05) Depreciation:**

Depreciation has been provided on Straight Line Method in accordance with the rates and in the manner specified in schedule XIV of the Companies Act, 1956.

Depreciation is charged on a pro-rata basis for assets purchased/sold during the year.

**06) Investments:**

Investments are classified into long term and current investments.

Long-term investments are carried at cost inclusive of all expenses incidental to their acquisition. A provision for diminution is made to recognize a decline, other than temporary, in the value of long term investments.

Current investments are stated at lower of cost or fair market value.

The change in carrying amount of current investments, if any, is charged or credited to the profit and loss account as the case may be.

**07) Inventories:**

Inventories are valued only for final products at the rates contained in customers pro-forma invoice, as the sale is assured under a contract.

**08) Foreign Currency Transactions:**

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction. Foreign currency monetary assets and liabilities are translated at year end exchange rates. Exchange differences arising on settlement of transactions and translation of monetary items are recognized as income or expense in the year in which they arise.

Premium or discount on forward contracts is amortized over the life of such contract and is recognized as income or expense.

**09) Provision for Current & Deferred Tax:**

**Current Tax:** Provision is made for income tax on yearly basis, under the tax-payable method, based on tax liability, as computed after taking credit for allowances and exemptions.

**Deferred Tax:** Deferred tax liability or assets is recognized on timing differences being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognized only to the extent that there is virtual certainty that sufficient taxable income will be available to realize these assets. All other deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available to realize these assets.

**10) Impairment of Assets**

At each balance sheet date, the management reviews the carrying amount of its assets included in each cash generating unit to determine whether there is any indication that those assets were impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss. Recoverable amount is higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of the useful life.

**II Related Party Disclosure:**

Disclosure required as per Accounting Standard 18 (AS 18), "Related party disclosure" of the ICAI is as follows:

1. List of related parties and relationships

No.	Related Party	Nature of Relationship
1	Ace Software Exports	Associate
2	Sanjay Dhamsania	Key Management Personnel
3	Vikram Sanghani	Key Management Personnel
4	Rajkot Computer Education Pvt. Ltd.	Wholly Owned Subsidiary
5	Jubilant Exim Pvt. Ltd.	Wholly Owned Subsidiary
6	Speedwell Engineers Pvt. Ltd.	Wholly Owned Subsidiary
7	Cosmos Services Pvt. Ltd.	Wholly Owned Subsidiary
8	Citizen Solutions Pvt. Ltd.	Wholly Owned Subsidiary
9	Aspire Exim Pvt. Ltd.	Wholly Owned Subsidiary
10	Ace InfoWorld Pvt. Ltd.	Subsidiary

Particulars	(Amount in Rs.)		
	Subsidiary	Associate	Key Management Personnel
Rent		42,000	
Loans taken			50,00,000
Repayment of Loan taken			50,00,000
Interest Paid/Payable			1,30,599
Loan given	14,00,000		
Receipt towards loan given	14,00,000		
Directors' Remuneration			26,10,000
Reimbursement of Medical Expenses			30,000

**III Segment Reporting:**

The company's operations fall under single segment namely Computer Software and Services Exports, hence Segment wise information is not furnished.

**IV Deferred Tax Liabilities/(Assets):**

Particulars	Current Year Charge/(Credit)
Difference between book and tax depreciation, etc. (Related to Fixed Assets)	12,25,279
Loss on sale of Car	(42,409)
Unabsorbed Depreciation	(16,51,747)
<b>Net Timing Difference</b>	<b>(4,68,877)</b>
<b>Deferred Tax Assets</b>	<b>(1,44,883)</b>

The Deferred Tax Assets of the Current Year amounting to Rs. 1,44,883/- and Deferred Tax Asset of the Previous Years amounting to Rs.44,12,092/- is not recognized as there is no reasonable certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax asset can be realized.

**V Earning Per Share (EPS) Calculation (basic and diluted):**

Particulars	Unit	2010-11	2009-10
a) Amount used as the numerator Profit after taxation	Rs. in Lac	29.49	(19.95)
b) Weighted average number of equity shares used as the denominator	No.	46,80,000	46,80,000
c) Nominal value of shares	Rs. in Lac	468.00	468.00
d) Earnings per share (Basic)	Rs.	0.63	(0.43)

**VI Payment to Auditors:**

Particulars	2010-11	2009-10
Statutory & Tax Audit	30,000	30,000
Income Tax Matters	10,000	10,000
Service Tax	4,120	4,120
<b>Total</b>	<b>44,120</b>	<b>44,120</b>

**VII Earnings and Expenditure in Foreign Exchange:**

Particulars	Units	2010-11	2009-10
Export Value of Database Creation	US \$	3,93,905.70	4,20,115.75
Advance from Customer	US \$	24,394.74	-
Expenditure in Foreign Currency			
- Capital Expenditure	US \$	Nil	Nil
- Revenue Expenditure	US \$	6,569.41	2,601.00

**VIII** The provisions of Industries (Development & Regulation) Act, 1951 relating to licensed capacity are not applicable to the company. The Company is engaged in the development of Software and production & sale of such software cannot be expressed in generic units.

**IX Group Gratuity details**

Assumption	As on 31/03/2011
Discount Rate	8.00%
Salary Escalation	7.00%

**Result of Valuation**

Present value of obligations as at beginning of year	4,65,138
Current Service Cost	29,671
Total Service Gratuity	17,55,868
Accured Gratuity	6,13,849
LCSA	10,83,797
LC Premium	4,110
Service Tax	423

**Recommended Contribution Rate**

Fair value of plan assets at beginning of year	4,18,099
Additional contribution for existing fund	47,039
Current Service Cost	29,671
Total Amount Payable - Recognized in profit and loss account	81,243

**X** Contingent Liabilities NIL

**XI** The outstanding balances as at 31.03.2011 in respect of certain Sundry Creditors, Loans & Advances and deposits are subjected to confirmation from respective parties and consequential reconciliation and or adjustments arising there from, if any. The Management, however, does not expect any material variation.

**XII** According to the opinion of the Management the value of realization of current assets, loans & advances and other receivables in the ordinary course of business would not be less than the amount at which they are stated in the Balance Sheet.

**XIII** Previous year's figures have been regrouped / rearranged wherever necessary to make them comparable.

**XIV** Schedules 1 to 12 forms an integral part to the Financial Statements and have been authenticated.

**Signature to Schedule 01 to 12**

**AS PER OUR REPORT OF EVEN DATE**

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

**Atul M. Kalaria**  
PARTNER

RAJKOT, Dated 28th May, 2011

**FOR AND ON BEHALF OF THE BOARD OF DIRECTORS,**

**SANJAY H. DHAMSANIA**      **VIKRAM B. SANGHANI**  
JT.MANAGING DIRECTOR      JT.MANAGING DIRECTOR

**N. I. THOMAS**  
COMPANY SECRETARY

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

**A Registration Details**

Registration No.  State Code  Balance Sheet   
DD MM YYYY

**B Capital Raised during the year (Amount in Rs. '000)**

Public Issue	Rights Issue	Bonus Issue	Private Placement
<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>

**C Position of Mobilisation and Deployment of Funds (Amt.in Rs.'000)**

Total Liabilities	Total Assets			
<input type="text" value="1"/> <input type="text" value="3"/> <input type="text" value="8"/> <input type="text" value="4"/> <input type="text" value="0"/> <input type="text" value="2"/>	<input type="text" value="1"/> <input type="text" value="3"/> <input type="text" value="8"/> <input type="text" value="4"/> <input type="text" value="0"/> <input type="text" value="2"/>			
<u>Sources of Funds</u>				
Paid-up Capital	Reserves & Surplus	Secured Loans	Unsecured Loans	Deferred Tax Liability
<input type="text" value="4"/> <input type="text" value="6"/> <input type="text" value="8"/> <input type="text" value="0"/> <input type="text" value="0"/>	<input type="text" value="9"/> <input type="text" value="1"/> <input type="text" value="6"/> <input type="text" value="0"/> <input type="text" value="2"/>	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
<u>Application of Funds</u>				
Net Fixed Assets	Investments	Net Current Assets		
<input type="text" value="1"/> <input type="text" value="6"/> <input type="text" value="5"/> <input type="text" value="0"/> <input type="text" value="3"/>	<input type="text" value="6"/> <input type="text" value="8"/> <input type="text" value="4"/> <input type="text" value="2"/> <input type="text" value="0"/>	<input type="text" value="5"/> <input type="text" value="3"/> <input type="text" value="4"/> <input type="text" value="7"/> <input type="text" value="9"/>		
Misc. Expenditure	Accumulated Losses			
<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>			

**D Performance of the Company (Amount in Rs. '000)**

Total Income	Total Expenditure
<input type="text" value="3"/> <input type="text" value="2"/> <input type="text" value="8"/> <input type="text" value="3"/> <input type="text" value="6"/>	<input type="text" value="2"/> <input type="text" value="9"/> <input type="text" value="8"/> <input type="text" value="2"/> <input type="text" value="6"/>
+ - Net Profit/Loss Before Tax	+ - Net Profit/Loss After Tax
<input type="text" value="+"/> <input type="text" value="3"/> <input type="text" value="0"/> <input type="text" value="1"/> <input type="text" value="0"/>	<input type="text" value="+"/> <input type="text" value="2"/> <input type="text" value="9"/> <input type="text" value="4"/> <input type="text" value="9"/>
Earning per share in Rs.	Dividend %
<input type="text" value="0.63"/>	<input type="text" value="--"/>

**E Generic Names of The Principal Products/Services of Company**

Item Code No. (ITC Code)

Product Description

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

RAJKOT, Dated 28th May, 2011



**COMPLIANCE CERTIFICATE**

**TO THE MEMBERS OF  
ACE SOFTWARE EXPORTS LTD.**

We have examined the compliance of the conditions of Corporate Governance by Ace Software Exports Ltd. for the year ended on March 31, 2011, as stipulated in Clause 49 of Listing Agreement of the said company with stock the Stock Exchanges.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of Corporate Governance. 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 the representations made by the Directors and the Management, we certify that the Company has complied with the Corporate Governance as stipulated in the above mentioned Listing Agreement.

We 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  
[Firm Registration No. 104570W]

Atul M. Kalaria  
Partner  
Membership No. 41432  
Rajkot, Dated 28<sup>th</sup> May, 2011

**STATEMENT PURSUANT TO SECTION 212(3) OF THE COMPANIES ACT, 1956**

(Rs. in '000)

1. Name of Subsidiary	<b>Rajkot Computer Education Pvt. Ltd.</b>	<b>Ace InfoWorld Pvt. Ltd.</b>	<b>Aspire Exim Pvt. Ltd.</b>	<b>Jubilant Exim Pvt. Ltd.</b>	<b>Speedwell Engineers Pvt. Ltd.</b>	<b>Cosmos Services Pvt. Ltd.</b>	<b>Citizen Solutions Pvt. Ltd.</b>
2. Financial year of the subsidiary ended on	<b>31.03.2011</b>	<b>31.03.2011</b>	<b>31.03.2011</b>	<b>31.03.2011</b>	<b>31.03.2011</b>	<b>31.03.2011</b>	<b>31.03.2011</b>
3. Shares of the subsidiary held by the Company							
a) Number and face value of shares	10,000 Equity shares of Rs. 10/- each fully paid up	6,31,525 Equity shares of Rs. 10/- each fully paid up	10,000 Equity Shares of Rs.10 each fully paid-up	10,000 Equity Shares of Rs.10 each fully paid-up	10,000 Equity Shares of Rs.10 each fully paid-up	10,000 Equity Shares of Rs.10 each fully paid-up	10,000 Equity Shares of Rs.10 each fully paid-up
b) Extent of holding	<b>100%</b>	<b>98.62%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
4. Net aggregate of profits / (losses) so far it concern the members of the subsidiary for the above financial year							
a) dealt with in the accounts of the Company for the current financial year.	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b) not dealt with in the accounts of the Company for the current financial year	0.294	493	31	23	55	21	27
5. Net aggregate of profits / (losses) so far it concern the members of the subsidiary for the previous financial years							
a) dealt with in the accounts of the Company for the previous financial year	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b) not dealt with in the accounts of the Company for the previous financial year	298	26629	901	700	1534	644	786

**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





**Auditors' Report on Consolidated Financial Statements**

**TO THE BOARD OF DIRECTORS OF ACE SOFTWARE EXPORTS LIMITED**

1. We have audited the attached Consolidated Balance Sheet of *Ace Software Exports Limited* ('the Company') and its subsidiaries collectively referred to as 'Group' as at 31<sup>st</sup> March, 2011, and the Consolidated Profit and Loss Account & Consolidated 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.
2. We conducted our audit in accordance with generally accepted auditing standards in India. These Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. 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 managements, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.
3. We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standards 21, 'Consolidated Financial Statements', issued by the Institute of Chartered Accountants of India.
4. On the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual audited financial statements of the Company and its subsidiary, we are of the opinion that the said consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (a) in the case of the Consolidated Balance Sheet, of the consolidated state of affairs of the Company and its subsidiaries as at 31<sup>st</sup> March, 2011;
  - (b) in the case of the Consolidated Profit and Loss Account, of the consolidated results of operations of the Company and its subsidiaries for the year then ended and
  - (c) in the case of the Consolidated Cash Flow Statement, of the consolidated cash flows of the company and its subsidiaries for the year then ended.

**For Kalaria & Sampat,**  
Chartered Accountants  
(Firm's Registration No.104570W)

**Atul M. Kalaria**  
Partner  
Rajkot, Dated 29<sup>th</sup> May,2011

**Ace Software Exports Ltd. - Consolidated**  
**CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011**

PARTICULARS	SCHEDULE	31.03.2011	31.03.2010
<b>I. SOURCES OF FUNDS :</b>			
(1) <i>Shareholder's Funds :</i>			
(a) Share Capital	1	46,800,000	46,800,000
(b) Reserves & Surplus	2	113,203,669	109,606,064
(2) <i>Minority Interest</i>		521,683	514,777
(3) <i>Loan Funds:</i>			
(a) Secured Loans	3	3,063,761	-
(4) <i>Deferred Tax Liability</i>		(31,335)	(72,623)
		<b>163,557,778</b>	<b>156,848,218</b>
<b>II. APPLICATION OF FUNDS :</b>			
(5) <i>Fixed Assets</i>	4		
Gross Block		71,360,357	62,492,254
Less : Depreciation		41,905,413	40,073,973
Less : Impairment		7,100,000	7,100,000
Net Block		22,354,945	15,318,281
(6) <i>Incidental Expenditure Pending Capitalisation</i>		21,045	21,045
		22,375,990	15,339,326
(7) <i>Investments</i>	5	64,664,547	73,571,335
(8) <i>Current Assets, Loans &amp; Advances:</i>	6		
1) Inventories		3,128,018	2,409,105
2) Cash & Bank Balances		6,404,274	4,279,870
3) Loans and Advances		73,444,305	65,979,333
		82,976,596	72,668,308
Less : <i>Current Liabilities &amp; Provisions :</i>	7		
(a) Current Liabilities		2,050,407	2,467,759
(b) Provisions		4,439,236	2,293,280
		6,489,643	4,761,039
Net Current Assets		76,486,953	67,907,269
(9) <i>Miscellaneous Expenditure:</i>	8	30,288	30,288
[To the extent not written off or adjusted]			
		<b>163,557,778</b>	<b>156,848,218</b>
<b>NOTES TO ACCOUNTS</b>	14		

AS PER OUR REPORT OF EVEN DATE  
FOR KALARIA & SAMPAT,  
CHARTERED ACCOUNTANTS  
[Firm's Registration No.104570W]

Atul M. Kalaria  
PARTNER  
RAJKOT, Dated 28th May, 2011

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS,

SANJAY H. DHAMSANIA      VIKRAM B. SANGHANI  
JT.MANAGING DIRECTOR      JT.MANAGING DIRECTOR

N. I. THOMAS  
COMPANY SECRETARY

**CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011**

PARTICULARS	SCHEDULE	31.03.2011	31.03.2010
<b>I. INCOME :</b>			
Sales & Services	9	17,812,443	18,920,435
Other Income	10	16,466,254	14,076,430
Stock Variance	11	718,913	(1,246,698)
		<b>34,997,610</b>	<b>31,750,167</b>
<b>II. EXPENDITURE :</b>			
Operating Expenses	12	20,913,554	18,190,605
Administrative Expenses	13	8,020,679	7,720,419
Depreciation/Amortization		2,102,793	1,085,327
		31,037,026	26,996,352
<b>Profit before tax</b>		<b>3,960,583</b>	<b>4,753,816</b>
Less : Provision For Tax			
Current Tax		268,214	1,113,774
Deferred Tax		41,288	59,021
Wealth Tax		43,000	-
		352,502	1,172,795
<b>Profit after tax</b>		<b>3,608,082</b>	<b>3,581,020</b>
Less : Minority Interest		6,906	10,323
<b>Profit after Minority Interest</b>		<b>3,601,176</b>	<b>3,570,697</b>
Add. : Profit & Loss Account B/d. from last year		74,578,175	71,466,503
Excess/(Short) Provision for Income Tax adjusted		(3,571)	-
Excess Provision of earlier year written back		-	(325,907)
		78,175,780	74,711,293
<b>AMOUNT AVAILABLE FOR APPROPRIATION :</b>		<b>78,175,780</b>	<b>74,711,293</b>
Appropriations :			
Transferred to General Reserves		-	133,118
		-	-
<b>BALANCE CARRIED FORWARD TO BALANCE SHEET</b>		<b>78,175,780</b>	<b>74,578,175</b>
<b>Earning Per Share-Basic and Diluted (Rs.)</b>		<b>0.77</b>	<b>0.76</b>
Weighted average number of shares		4,680,000	4,680,000
<b>NOTES TO ACCOUNTS</b>	14		

AS PER OUR REPORT OF EVEN DATE  
FOR KALARIA & SAMPAT,  
CHARTERED ACCOUNTANTS  
[Firm's Registration No.104570W]

ATUL M. KALARIA  
PARTNER  
RAJKOT, Dated 28th May, 2011

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS,

SANJAY H. DHAMSANIA      VIKRAM B. SANGHANI  
JT.MANAGING DIRECTOR      JT.MANAGING DIRECTOR

N. I. THOMAS  
COMPANY SECRETARY



**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.11**

(Rs. In lakhs)

Particulars	31.3.2011	31.3.2010
<b>A. Cashflow from Operating Activities</b>		
Net profit before tax as per Profit and Loss Account	40	48
<b>Adjustments for :</b>		
Depreciation & other non cash charges	21	11
Dividend Income	(37)	(21)
Surplus on sale of Investments/Assets	(82)	(56)
Interest Income	(48)	(58)
Interest Expenses	3	-
<b>Operating Profit before working capital changes</b>	<b>(104)</b>	<b>(77)</b>
<b>Adjustments for :</b>		
Trade and other Payables	27	(2)
Trade and other Receivables	(82)	306
Cash generated from Operations	<b>(159)</b>	<b>227</b>
Direct taxes paid (net of refunds)	(12)	(13)
<b>Cashflow before extra-ordinary items</b>	<b>(172)</b>	<b>214</b>
<b>Net cashflow from operating activities</b>	<b>(172)</b>	<b>214</b>
<b>B. Cashflow from investing activities</b>		
Purchase of Fixed Assets	(93)	(6)
Sale of Fixed Assets	1	187
Sale/Purchase of Investments (Net)	171	(461)
Interest Received	48	58
Dividend Income	37	21
<b>Net cash generated/used in investing activities</b>	<b>166</b>	<b>(201)</b>
<b>C. Cashflow from financing activities</b>		
Repayment of Loan	-	(29)
Loans received	31	-
Interest paid	3	-
<b>Net cash generated/used in financing activities</b>	<b>27</b>	<b>(29)</b>
<b>Net increase in cash and cash equivalent</b>	<b>21</b>	<b>(15)</b>
<b>Cash and cash equivalent as at 31.3.2010 (Opening Balance)</b>	<b>43</b>	<b>58</b>
<b>Cash and cash equivalent as at 31.3.2011 (Closing Balance)</b>	<b>64</b>	<b>43</b>

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS,

RAJKOT, Dated 28th May, 2011

SANJAY H. DHAMSANIA  
JT.MANAGING DIRECTOR

VIKRAM B. SANGHANI  
JT.MANAGING DIRECTOR

**AUDITORS REPORT**

We have examined the above cash flow statement and the same is in accordance with the SEBI requirement and is based on and in agreement with the corresponding Profit & Loss Account and Balance Sheet covered by our report of even date.

**For KALARIA & SAMPAT**  
Chartered Accountants  
[Firm's Registration No. 104570W]

**Atul M. Kalaria**  
PARTNER



RAJKOT, Dated 28th May, 2011

**Ace Software Exports Ltd. - Consolidated**  
**SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET**

SCHEDULE - 1				SCHEDULE - 2			
(in Rs.)				(in Rs.)			
<b>SHARE CAPITAL</b>	<b>31.03.2011</b>	<b>31.03.2010</b>		<b>RESERVES &amp; SURPLUS</b>	<b>31.03.2011</b>	<b>31.03.2010</b>	
<b>AUTHORISED SHARE CAPITAL :</b>				Capital Reserve	675,261	675,261	
60,00,000 Equity Shares of Rs.10/- each	60,000,000	60,000,000		Capital Reserve on Consolidation	20,971,710	20,971,710	
	<u>60,000,000</u>	<u>60,000,000</u>		Capital Redemption Reserve	10,200,000	10,200,000	
<b>ISSUED,SUBSCRIBED &amp; PAID-UP :</b>				General Reserve	3,180,918	3,180,918	
46,80,000 Equity Shares of Rs.10/- each	46,800,000	46,800,000		Profit & Loss Account	<u>78,175,780</u>	<u>74,578,175</u>	
fully paid-up					<b>113,203,669</b>	<b>109,606,064</b>	
	<u>46,800,000</u>	<u>46,800,000</u>					

SCHEDULE - 3			
(in Rs.)			
<b>SECURED LOANS</b>	<b>31.03.2011</b>	<b>31.03.2010</b>	
Kotak Mahindra Prime Ltd.	3,063,761	-	
[Secured Against Vehicle]			
	<u>3,063,761</u>	<u>-</u>	

**CONSOLIDATED DEPRECIATION STATEMENT SCHEDULE - 4**

**Fixed Assets As at 31st March, 2011**

(in Rs.)

ASSETS HEAD	GROSS BLOCK				DEPRECIATION				IMPAIRMENT		NET BLOCK	
	OPENING BALANCE	ADDI-TIONS	DEDUC-TIONS	BALANCE	UP TO 31.03.2010	FOR THE YEAR	DEPRE. ADJUST.	UP TO 31.03.2011	ASON 31.03.2010	ASON 31.03.2011	ASON 31.03.2011	ASON 31.03.2010
Office & Residential Premises	11,396,971	-	-	11,396,971	2,170,759	185,771	-	2,356,530	-	-	9,040,441	9,226,212
Computers & Peripherals	30,562,658	2,062,060	-	32,624,718	27,529,855	402,528	-	27,932,383	1,700,000	1,700,000	2,992,335	1,332,803
Furniture & Fixtures	7,704,162	-	-	7,704,162	3,417,131	120,656	-	3,537,787	2,650,000	2,650,000	1,516,375	1,637,031
Office Equipments	9,223,857	395,400	-	9,619,257	4,806,573	131,494	-	4,938,067	2,750,000	2,750,000	1,931,190	1,667,284
Vehicles	3,604,606	6,835,517	424,873	10,015,250	2,149,655	1,262,344	271,353	3,140,646	-	-	6,874,604	1,454,951
	<u>62,492,254</u>	<u>9,292,977</u>	<u>424,873</u>	<u>71,360,358</u>	<u>40,073,973</u>	<u>2,102,793</u>	<u>271,353</u>	<u>41,905,413</u>	<u>7,100,000</u>	<u>7,100,000</u>	<u>22,354,945</u>	<u>15,318,281</u>
Previous Year	<u>75,438,280</u>	<u>589,302</u>	<u>13,535,328</u>	<u>62,492,254</u>	<u>39,418,529</u>	<u>1,085,327</u>	<u>429,883</u>	<u>40,073,973</u>	<u>7,100,000</u>	<u>7,100,000</u>	<u>15,318,281</u>	<u>28,919,751</u>

**SCHEDULE - 5**

(in Rs.)

<b>INVESTMENTS</b>	<b>31.03.2011</b>	<b>31.03.2010</b>
<b>A. LONG TERM INVESTMENTS :</b>		
Trade Investments	1,262,200	1,376,168
Investments in Bonds	2,000,000	7,000,000
Investments in Others	5,886,563	7,095,072
<b>B. Current Investment</b>		
Investments in Mutual Fund	54,798,053	57,986,127
Investments in Shares	717,731	113,968
	<u>64,664,547</u>	<u>73,571,335</u>

**SCHEDULE - 7**

(in Rs.)

<b>CURRENT LIABILITIES &amp; PROVISIONS</b>	<b>31.03.2011</b>	<b>31.03.2010</b>
<i>Sundry Creditors :</i>		
For Expenses	346,320	856,950
Advance from Customer	1,083,564	1,019,331
<i>Others :</i>		
Current Liabilities	1,175	1,175
Tax Deducted at Sources	84,608	54,313
Unclaimed Dividend	534,740	535,990
<i>Provisions :</i>		
For Expenditure	4,123,697	1,048,231
For Income Tax	268,214	1,113,774
For Fringe Benefit Tax	4,325	4,325
For Wealth Tax	43,000	126,950
	<u>6,489,643</u>	<u>4,761,039</u>

**SCHEDULE - 6**

(in Rs.)

<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>	<b>31.03.2011</b>	<b>31.03.2010</b>
<b>CURRENT ASSETS :</b>		
Stock - Finished	3,128,018	2,409,105
[As taken, valued and certified by the Management]		
Cash and Bank Balances :		
Cash On Hand	470,211	273,619
Balances with Scheduled Bank :		
Current Accounts	1,546,027	562,346
Dividend Accounts	1,022,471	535,990
Deposit Accounts	3,349,005	2,907,915
<b>LOANS AND ADVANCES :</b>		
(Unsecured & considered good unless otherwise stated)		
(a) Advances to Staff	68,514	55,000
(b) Advances to Others	41,784,604	34,018,879
(c) Other Deposits	7,318,961	7,318,961
(d) Tax Deducted at Sources	69,640	636,432
(e) Income Tax Advance	-	467,276
(f) Interest Receivables	1,234,437	1,778,224
(g) Advances Recoverable in cash or in kind or for value to be received	22,910,733	21,659,019
(h) Pre-paid Expenses	40,856	28,894
(i) Employee Group Gratuity	16,559	16,648
	<u>82,943,478</u>	<u>72,668,308</u>

**SCHEDULE - 8**

(in Rs.)

<b>MISCELLANEOUS EXPENDITURE</b>	<b>31.03.2011</b>	<b>31.03.2010</b>
[To the extent not written off or adjusted]		
Preliminary and Deferred Revenue Expenditure	30,288	30,288
Less : Written off	-	-
	<u>30,288</u>	<u>30,288</u>

**SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT & LOSS ACCOUNT**

**SCHEDULE - 9**

(in Rs.)

<b>SALES &amp; SERVICES</b>	<b>31.03.2011</b>	<b>31.03.2010</b>
Export Sales	17,812,443	18,920,435
	<u>17,812,443</u>	<u>18,920,435</u>

**SCHEDULE - 10**

(in Rs.)

<b>OTHER INCOME</b>	<b>31.03.2011</b>	<b>31.03.2010</b>
Interest (Net)	4,523,680	5,792,263
Dividend Income	3,744,855	2,019,474
Profit on Sale of Investments/Assets (Net)	8,197,368	6,077,195
Miscellaneous Income	350	187,498
	<u>16,466,254</u>	<u>14,076,430</u>



# Ace Software Exports Ltd. - Consolidated

## SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT & LOSS ACCOUNT

SCHEDULE - 11	(in Rs.)		SCHEDULE - 13	(in Rs.)	
<b>STOCK VARIANCE</b>	<b>31.03.2011</b>	<b>31.03.2010</b>	<b>ADMINISTRATIVE EXPENSES</b>	<b>31.03.2011</b>	<b>31.03.2010</b>
Closing Stock	3,128,018	2,409,105	Rent,Rates,Taxes and Insurance	311,147	259,031
Less : Opening Stock	2,409,105	3,655,803	Repairs,Replacement & Maintenance	666,345	473,807
	<b>718,913</b>	<b>(1,246,698)</b>	Travelling,Conveyance & Vehicle	961,590	558,021
			Printing,Stationery,Postage & Xerox	586,270	683,407
			Legal & Professional Charges	1,371,057	1,097,995
			General Expenses	275,438	464,465
			Directors' Remuneration & Allowances	2,719,500	2,640,000
			Books & Periodicals, News Papers	5,949	5,490
			Freight / Octroi Expenses	-	153,516
			Electricity Expenses	743,799	988,876
			Auditors' Remuneration	79,196	93,755
			Internet Expenses	248,463	265,418
			Kasar/Vatav	51,925	-
			Diminution in value of investment	-	36,638
	<b>20,913,554</b>	<b>18,190,605</b>		<b>8,020,679</b>	<b>7,720,419</b>

### Notes to Accounts and Significant Accounting Policies on Consolidated Financial Statements

#### SCHEDULE - 14

#### I. Significant Accounting Policies:

##### 01] Basis of consolidation

The consolidated financial statements of Ace Software Exports Limited and its subsidiaries are prepared under the historical cost convention and in accordance with the accounting standards issued by the Institute of Chartered Accountants of India.

The financial statements of the subsidiary companies used in the consolidation are drawn up to the same reporting date as of the parent company.

##### 02] Principles of consolidation

The consolidated financial statements include the financial statements of Ace Software Exports Limited and its subsidiaries. These have been prepared in accordance with the Accounting Standard 21 – "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.

The subsidiaries considered in these consolidated financial statements are as under:

Name of Subsidiary	Percentage of Ownership Interest	
	As at 31.03.11	As at 31.03.2010
Rajkot Computer Education Pvt. Ltd.	100.00%	100.00%
Jubilant Exim Pvt. Ltd.	100.00%	100.00%
Speedwell Engineers Pvt. Ltd.	100.00%	100.00%
Cosmos Services Pvt. Ltd.	100.00%	100.00%
Citizen Solutions Pvt. Ltd.	100.00%	100.00%
Aspire Exim Pvt. Ltd.	100.00%	100.00%
Ace Infoworld Pvt. Ltd.	98.62%	98.62%

The financial statements of the Company and its subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenditure, after eliminating inter-company transactions and balances.

The difference between the cost of investment in the subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries is recognized in the financial statements as Goodwill or Capital Reserve as the case may be.

The Minority Interest's share of net profit of consolidated subsidiaries for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to the shareholders of the Company.

Minority interest in the net assets of consolidated subsidiaries consists of the amount of equity attributable to the minority shareholders at the date on which investments are made by the company in the subsidiary companies and further movements, if any, in their share in the equity, subsequent to the date of investments.

##### 03] Revenue Recognition

Revenue from the sale of software is recognized when the rendering of services under a contract is completed.

Dividend income is accounted on receipt basis.

Profit /Loss on sale of investment is recognized on sale of investments.

Interest on deployment of surplus funds is recognized using the time-proportion method based on interest rates implicit in the transaction.

##### 04] Expenditure

Expenditure is accounted on accrual basis and provision is made for all known liabilities and losses. The company provides for leave encashment and Bonous in the year of payment.

##### 05] Employee Benefits:

Company's contributions paid/payable during the year to Employee State Insurance, Provident Fund are recognized in the Profit and Loss Account as per revised Accounting Standard 15, Gratuity is recognized in the Profit and Loss Account as per amount paid.

##### 06] Fixed Assets

Fixed assets are capitalized at acquisition cost including directly attributable cost of bringing the assets to their working condition for intended use.

##### 07] Depreciation

Depreciation is provided by the parent company on Straight Line Method at the rates and manner prescribed in Schedule XIV of the Companies Act, 1956. The Subsidiary Ace InfoWorld Pvt. Ltd. provides depreciation on Written down basis at the rates and manner prescribed in Schedule XIV to the Companies Act, 1956.

No depreciation is provided for the year under review by the 100% subsidiaries as no business activities are carried on.

The consolidated Gross Block & Accumulated Depreciation includes the following:

Name of Subsidiaries	Gross Block (Rs.)	Accumulated Depreciation (Rs.)
Ace InfoWorld Pvt. Ltd.	1,08,97,376	50,45,317
Rajkot Computer Education Pvt. Ltd.	Nil	Nil
Jubilant Exim Pvt. Ltd.	Nil	Nil
Speedwell Engineers Pvt. Ltd.	Nil	Nil
Cosmos Services Pvt. Ltd.	Nil	Nil
Citizen Solutions Pvt. Ltd.	Nil	Nil
Aspire Exim Pvt. Ltd.	Nil	Nil



**08] Investments**

Investments are classified into long term and current investments.

Long-term investments, including Subsidiaries are carried at cost inclusive of all expenses incidental to their acquisition. A provision for diminution is made to recognize a decline, other than temporary, in the value of long term investments.

Current investments are stated at lower of cost or fair market value.

The change in carrying amount of current investments, if any, is charged or credited to the profit and loss account as the case maybe.

**09] Inventories**

Inventories are valued only for final products at the rates contained in customers' pro-forma invoice, as the sale is assured under a contract.

**10] Foreign Currency Transactions**

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction. Foreign currency monetary assets and liabilities are translated at year-end exchange rates. Exchange differences arising on settlement of transactions and translation of monetary items are recognized as income or expense in which they arise.

Premium or discount on forward contracts is amortized over the life of such contract and is recognized as income or expense.

**11] Provision for Current & Deferred Tax**

**Current Tax:** Provision is made for income tax on yearly basis, under the tax-payable method, based on tax liability, as computed after taking credit for allowances and exemptions.

**Deferred Tax:** Deferred Tax liability or assets is recognized on timing differences being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognized only to the extent that there is virtual certainty that sufficient taxable income will be available to realize these assets. All other deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available to realize these assets.

**II Impairment of Assets:**

At each balance sheet date, the management reviews the carrying amount of its assets included in each cash generating unit to determine whether there is any indication that those assets were impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss. Recoverable amount is higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of the useful life.

**III Segment Information:**

The primary operations of the group fall under a single business segment viz. Export of Computer Software. The 100% subsidiary company Rajkot Computer Education Pvt. Ltd. was engaged in providing IT education. However, this subsidiary has ceased its operations. Further the five new 100% subsidiaries formed during the financial year 2008-2009 have not commenced any commercial operations and hence there is no impact in the Profit & Loss account of the Consolidated Financial Statement. The group is engaged in the exports of computer software and has less than 10% of its revenues coming from the domestic market. In view of the above, geographical segment wise is not applicable.

**IV Earning Per Share (EPS) Calculation (basic and diluted):**

Particulars	Unit	2010-2011	2009-2010
a) Amount used as the numerator Profit after Minority Interest	Rs. in Lac	36.01	35.71
b) Weighted average number of equity shares used as the denominator	No.	46,80,000	46,80,000
c) Nominal value of shares	Rs. in Lac	468	468
d) Earnings per share (Basic)	Rs.	0.77	0.76

V Previous year's figures have been regrouped/ rearranged wherever necessary.

VI Schedules 1 to 14 form an integral part to the Financial Statements and have been authenticated.

**Signature to Schedule 01 to 14**

**AS PER OUR REPORT OF EVEN DATE**

**FOR KALARIA & SAMPAT,**

CHARTERED ACCOUNTANTS

[Firm's Registration No.104570W]

Atul M. Kalaria

PARTNER

RAJKOT, Dated 28th May, 2011

**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

**F.Y. 2010-11**

**Financial Information of Subsidiary Companies**

In Rs.

Sr. No.	Name of Subsidiary Company	Reporting Currency	Capital Reserves	Total Assets	Total Liabilities	Investments	Turnover /Total Income	Profit Before Taxation	Provision for Taxation	Profit After Taxation	Proposed Dividend	Country	
1	Rajkot Computer Education Pvt. Ltd.	INR	100000	298696	146262	8401	300323	14483	422	128	294	-	India
2	Ace Infoworld Pvt. Ltd.	INR	6404250	31661140	12496752	200981	12443578	1861444	706219	222590	483629	-	India
3	Aspire Exim Pvt. Ltd.	INR	100000	931158	48408	19518	1000234	52660	44393	13451	30942	-	India
4	Citizen Solutions Pvt. Ltd.	INR	100000	812901	50531	17941	878416	47457	39190	11874	27316	-	India
5	Cosmos Services Pvt. Ltd.	INR	100000	665022	48175	15392	730205	39043	30776	9325	21451	-	India
6	Jubilant Exim Pvt. Ltd.	INR	100000	722838	49760	16149	787053	41542	33275	10082	23193	-	India
7	Speedwell Engineers Pvt. Ltd.	INR	100000	1588596	48106	30172	1666172	87822	79555	24105	55450	-	India

