



13th ANNUAL REPORT

1999-2000



ACE DESIGNERS LIMITED

Registered office: Plot No.533, 10th Main, IV Phase, Peenya Industrial Area,
Bangalore - 560 058



CONTENTS		
Sl. No.	Particulars	Page No.
1	Notice	1-7
2	Directors' Report	8-11
3	Auditor's Report	12-14
4	Balance Sheet	15
5	Profit & Loss Account	16
6	Schedules to Balance Sheet	17-20
7	Schedules to Profit & Loss Account	21-23
8	Schedule of Fixed Asset	24
9	Notes on Accounts	25-29
10	Statement of Significant Accounting Policies	30
11	Statement under Section 212 of the Companies Act.	31
12	Companies General Business Profile	32



ACE DESIGNERS LIMITED

Registered Office: Plot No.533, 10th Main, IV Phase, Peenya Industrial Area,
Bangalore-560058.

BOARD OF DIRECTORS

Mr.A.V. Sathe Chairman
Mr.S.G. Shirgurkar Managing Director
Mr.B. Machado Managing Director

**COMPANY SECRETARY &
MANAGER - ACCOUNTS**

Mr. H.R. Sampath Kumar

BANKERS

M/s.Syndicate Bank.
Industrial Finance Branch.
Dickenson Road,
Manipal Centre,
Bangalore-42.

AUDITORS

M/s.P.A. Ghatage & Co..
Chartered Accountants.
No.103, Margosa Road,
Malleswaram,
Bangalore-560 003.

WHOLLY OWNED SUBSIDIARY

M/s.ACE International Inc.
49684, Martin Drive,
Wixom, Michigan-48393.

WORKS

Plant-I	Plot No.282, 4th Main IV Phase, Peenya Industrial Area, Bangalore-560 058.	Plant-II	Plot No.533, 10th Main, IV Phase, Peenya Industrial Area, Bangalore-560 058.
Plant-III	A-49, 2nd Main Road, II Stage, Peenya Industrial Estate, Bangalore-560 058.	Plant-IV	Flat No.GF-1, III Stage, Peenya Industrial Estate, Peenya Industrial Area, Bangalore - 560 058.



ACE DESIGNERS LIMITED

Registered Office : 533, 10th Main, IV Phase, Peenya Industrial Area
BANGALORE-560 058

NOTICE

To

All Members
Ace Designers Limited
Bangalore-560 058

Notice is hereby given that the Thirteenth Annual General Meeting of the Members of **ACE DESIGNERS LIMITED** will be held on Friday, the 25th August 2000 at No.10/30, Sindhi School Lane, Kumara Krupa Road, High Grounds, Bangalore-1, at 3.30 P.M for the purpose of transacting the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the Directors' Report, Audited Balance Sheet as at 31st March 2000 and the Profit & Loss Account for the year ended on that date together with the Auditor's Report thereon.
2. To appoint a Director in place of Sri.B.Machado who retires by rotation, but being eligible, offers himself for re-appointment.
3. To consider and if thought fit, to pass with or without modification, the following as an Ordinary Resolution :

RESOLVED that M/s P.A.Ghatage & Company, Chartered Accountants, Bangalore-560 003 be and are hereby appointed Statutory Auditors of the Company from the conclusion of this Meeting until the conclusion of the next Annual General Meeting at a remuneration to be fixed by the Board of Directors.

SPECIAL BUSINESS :

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

RESOLVED :

- a) that subject to the provisions of Section 198, 269, 309, 310, Schedule XIII to the Companies Act, 1956 and any other applicable provisions of the said Act, **Shri.Shrinivas G Shirgurkar** be and is hereby appointed the Managing Director of the Company for a period of 5 (five) years from 1st July 2000 and that he be paid the following remuneration as the **MINIMUM REMUNERATION**

by way of Salary, Allowances, Commission and Perquisites totalling to a sum upto and not exceeding the limits prescribed under Part II- Section-II of Schedule XIII to the Companies Act, 1956 **notwithstanding** that where in any financial year during the currency of his tenure as the Managing Director, the Company has no Profits or its Profits are inadequate.

- 1) Salary of Rs.85,000/- per month.
 - 2) Commission @ 1% (One percent) of the Profit computed in accordance with Sections 349 and 350 of the Companies Act, 1956, subject to a ceiling of Rs.4,80,000 per annum, payable at the end of the year.
 - 3) Contribution to Provident Fund as per Rules of the Company, not exceeding 12% of the Salary or such rates as may be revised from time to time by the Statutory Authorities and this shall not be considered as Perquisite
 - 4) Gratuity as per rules of the Company, but not exceeding half month's remuneration that is, Monthly Salary which includes salary for every completed year of service and this shall not be considered as Perquisite.
 - 5) Privilege Leave of one month for every 11 months of completed service and the leave accumulated but not availed of may be encashed and this shall not be considered as Perquisite.
 - 6) Reimbursement of entertainment expenses actually and properly incurred for the business of the Company and this shall not be considered as Perquisite.
 - 7) Provision of a Car for the business of the Company with Driver and this shall not be considered as Perquisite.
 - 8) Free Telephone at Residence to be used for the business of the Company and this shall not be considered as Perquisite.
 - 9) Club Fees in any one of the Clubs in Bangalore with no admission and life membership allowed and this shall not be considered as Perquisite.
- b) that besides the above, as prescribed under Section-I Part II of Schedule XIII to the Companies Act, 1956 where in any financial year, the 10% of the Profits of the Company computed under Section 349 and 350 of the Companies Act 1956 is higher than the minimum remuneration cited above (including contribution to PF, Gratuity Premium and Leave Encashment, but excluding the items which are not considered as Perquisites) Sri. **Shrinivas G.Shirgurkar** be paid an Additional Commission @ 1% on the Profits as is in excess of the said minimum remuneration, annually at the end of the year.
- c) that **NOTWITHSTANDING ANYTHING CONTAINED IN THE FOREGOING PARAGRAPHS**, the remuneration payable to Sri.Shrinivas G Shirgurkar shall not exceed the limits prescribed in Section-II of Part-II of Schedule XIII to the Companies Act for any financial year where the Company has no Profits or its Profits are inadequate **OR** 5% of the Profits as prescribed in Section I of Part II of the said Schedule in any financial year.

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

RESOLVED :

- a) that subject to the provisions of Section 198, 269, 309, 310, Schedule XIII to the Companies Act, 1956 and any other applicable provisions of the said Act, **B.Machado** be and is hereby appointed the Managing Director of the Company for a period of 5 (five) years from 1st July, 2000 and that he be paid the following remuneration as the **MINIMUM REMUNERATION by way of Salary, Allowances, Commission and Perquisites** totalling to a sum upto and not exceeding the limits prescribed under Part II- Section-II of Schedule XIII to the Companies Act, 1956 notwithstanding that where in any financial year during the currency of his tenure as the Managing Director, the Company has no Profits or its Profits are inadequate.
- 1) Salary of Rs.85,000/- per month.
 - 2) Commission @ 1% (One percent) of the Profit computed in accordance with Sections 349 and 350 of the Companies Act, 1956, subject to a ceiling of Rs.4,80,000 per annum, payable at the end of the year.
 - 3) Contribution to Provident Fund as per Rules of the Company, not exceeding 12% of the Salary or such rates as may be revised from time to time by the Statutory Authorities and this shall not be considered as Perquisite.
 - 4) Gratuity as per rules of the Company, but not exceeding half month's remuneration that is, Monthly Salary which includes salary for every completed year of service and this shall not be considered as Perquisite.
 - 5) Privilege Leave of one month for every 11 months of completed service and the leave accumulated but not availed of may be encashed and this shall not be considered as Perquisite.
 - 6) Reimbursement of entertainment expenses actually and properly incurred for the business of the Company and this shall not be considered as Perquisite.
 - 7) Provision of a Car for the business of the Company with Driver and this shall not be considered as Perquisite.
 - 8) Free Telephone at Residence to be used for the business of the Company and this shall not be considered as Perquisite.
 - 9) Club Fees in any one of the Clubs in Bangalore with no admission and life membership allowed and this shall not be considered as Perquisite.
- b) that besides the above, as prescribed under Section-I Part II of Schedule XIII to the Companies Act, 1956 where in any financial year, the 10% of the Profit of the Company computed under Section 349 and 350 of the Companies Act 1956 is higher than the minimum remuneration cited above (including contribution to PF, Gratuity Premium and Leave Encashment, but excluding

the items which are not considered as Perquisites) Sri. B.Machado be paid an Additional Commission @ 1% on the Profits as is in excess of the said minimum remuneration, annually at the end of the year.

- c) that **NOTWITHSTANDING ANYTHING CONTAINED IN THE FOREGOING PARAGRAPHS**, the remuneration payable to Sri.B.Machado shall not exceed the limits prescribed in Section-II of Part-II of Schedule XIII to the Companies Act for any financial year, where the Company has no Profits or its Profits are inadequate and 5% of the Profits as prescribed in Section I of Part II of the said Schedule in any financial year.
6. To consider and if thought fit, to pass with or without modification, the following as an Ordinary Resolution :

RESOLVED :

- a) that subject to the provisions of Section 198, 269, 309, 310, Schedule XIII to the Companies Act, 1956 and any other applicable provisions of the said Act, **Sri.A.V.Sathe** be and is hereby appointed the Whole time Director of the Company for a period of 5 (five) years from 1st July, 2000 and that he be paid the following remuneration as the **MINIMUM REMUNERATION by way of Salary, Allowances, Commission and Perquisites** totalling to a sum upto and not exceeding the limits prescribed under Part II- Section-II of Schedule XIII to the Companies Act, 1956 notwithstanding that where in any financial year during the currency of his tenure as the Whole time Director, the Company has no Profits or its Profits are inadequate.
- 1) Salary of Rs.80,000/- per month.
 - 2) Commission @ 1% (One percent) of the Profit computed in accordance with Sections 349 and 350 of the Companies Act, 1956, subject to a ceiling of Rs.4,80,000 per annum, payable at the end of the year.
 - 3) Contribution to Provident Fund as per Rules of the Company, not exceeding 12% of the Salary or such rates as may be revised from time to time by the Statutory Authorities and this shall not be considered as Perquisite.
 - 4) Gratuity as per rules of the Company, but not exceeding half month's remuneration that is, Monthly Salary which includes salary for every completed year of service and this shall not be considered as Perquisite.
 - 5) Privilege Leave of one month for every 11 months of completed service and the leave accumulated but not availed of may be encashed and this shall not be considered as Perquisite.
 - 6) Reimbursement of entertainment expenses actually and properly incurred for the business of the Company and this shall not be considered as Perquisite.
 - 7) Provision of a Car for the business of the Company and this shall not be considered as Perquisite.

- 8) Free Telephone at Residence to be used for the business of the Company and this shall not be considered as Perquisite.
- 9) Club Fees in any one of the Clubs in Bangalore with no admission and life membership allowed and this shall not be considered as Perquisite.
- b) that besides the above, as prescribed under Section-I Part II of Schedule XIII to the Companies Act, 1956 where in any financial year, the 10% of the Profit of the Company computed under Section 349 and 350 of the Companies Act 1956 is higher than the minimum remuneration cited above (including contribution to PF, Gratuity Premium and Leave Encashment, but excluding the items which are not considered as Perquisites) Sri. A.V.Sathe be paid an Additional Commission @ 1% on the Profits as is in excess of the said minimum remuneration annually at the end of the year.
- c) that **NOTWITHSTANDING ANYTHING CONTAINED IN THE FOREGOING PARAGRAPHS**, the remuneration payable to Sri.A.V.Sathe shall not exceed the limits prescribed in Section-II of Part-II of Schedule XIII to the Companies Act for any financial year, where the Company has no Profits or its Profits are inadequate **OR** 5% of the Profits as prescribed in Section I of Part II of the said Schedule in any financial year.

By Order of the Board of Directors

 H.R.SAMPATH KUMAR
COMPANY SECRETARY & MANAGER-ACCOUNTS

Bangalore,
Dated : 28th July 2000

Note :

1. A member entitled to vote is entitled to appoint a Proxy to attend and on a Poll to vote instead of himself. Any person so appointed need not be a member of the Company. A Proxy, in order to be effective, must be lodged with the Company at its Registered Office not less than 48 hours before the commencement of the meeting.
2. Explanatory Statement as required under Section 173 (2) of the Companies Act, 1956 is attached.

EXPLANATORY STATEMENT UNDER SECTION 173 (2) OF THE COMPANIES ACT, 1956.**ITEM NO. 4**

Shri Shrinivas G Shirgurkar had assumed the Office of the Managing Director of the Company for a period of 5 years effective 1st July 1995 and the tenure of his appointment expired on the 30th June, 2000.

In order to steer and strengthen the Company with talented, dedicated and high-calibre leadership, more so at a time when the Machine Tool Industry is exposed to severe competition from global players, it is considered absolutely imperative to retain the talents of Shri Shrinivas G Shirgurkar by re-appointing him as the Managing Director of the Company for a further period of 5 years. It may please be noted that under his leadership, the Company, in the past 5 years, has been able to carve out a niche for itself as a leader in the manufacture of CNC Lathes in the Country. The Company's market share for the CNC Lathes with the introduction of new models has been on the increase. This has been placing tremendous pressure on the Company's leadership for achieving sustained growth and enhanced production for increased profits. His significant contribution to the growth is amply evidenced by the progress made by the Company in the past and future plans it has chalked out for the coming years.

In view of the above, it is considered beneficial in the interest of the Company to continue the appointment of Shri Shrinivas G Shirgurkar as the Managing Director of the Company.

Except Shri Shrinivas G Shirgurkar, no other Director is interested in this resolution.

ITEM NO. 5

Mr. B.Machado was appointed the Managing Director of the Company for a period of 5 years effective 1st July, 1995 and his tenure expired on the 30th June, 2000.

In order to further strengthen the Company with technically strong, highly talented and dedicated stewardship, more so at a time when the Machine Tool Industry is facing global competition, it is considered imperative to retain the services of Mr. B.Machado by re-appointing him as the Managing Director of the Company for a further period of 5 years. It may please be appreciated that Mr Machado who is considered in the machine tool industry circles as a person with impeccably strong technical expertise has been greatly responsible for the reputation being enjoyed by the Company as an innovative and customer-friendly Organisation. The Company's market share for the CNC Lathes with the introduction of new models has been on the increase. This has necessitated the leadership for achieving sustained growth and enhanced production for increased profits. His significant contribution to the growth is evidenced by the progress made by the Company in the past and the plans it has chalked out for the future.

In view of the above, it is considered beneficial in the interest of the Company to continue the appointment of Mr. B.Machado as the Managing Director of the Company.

Except Shri.B.Machado, no other Director is interested in this resolution.

ITEM NO. 6

The Shareholders may please note that Shri.A.V.Sathe was appointed the Whole time Director of the Company for a period of 5 years effective 1st July, 1995 and his tenure expired on the 30th June, 2000.

In order to provide the Company with strong, talented, dedicated and high-calibre leadership, more so at a time when the Machine Tool Industry is facing severe competition from international players, it is considered in the interest of the Company to retain the services of Shri. A.V.Sathe by re-appointing him as the Whole time Director of the Company for a further period of 5 years. It may please be appreciated that with his continued support and participation, the Company has proved to be leader in the field of CNC Lathes. The Company's market share for the CNC Lathes with the introduction of new models has been on the increase. This has necessitated the leadership for achieving sustained growth and enhanced production for increased profits. His significant contribution to the growth is evidenced by the progress made by the Company in the past and plans it has chalked out for the coming years.

In view of the above, it is considered beneficial in the interest of the Company to continue the appointment of Shri. A.V.Sathe as the Whole time Director of the Company.

Except Shri.A.V.Sathe, no other Director is interested in this resolution.

By order of the Board

H.R.SAMPATH KUMAR
COMPANY SECRETARY & MANAGER-ACCOUNTS

Bangalore.

Dated : 28th July 2000