

14TH ANNUAL REPORT 2000 - 2001



CONTENTS

SL. NO.	PARTICULARS	PAGE NO.
1.	Notice	1
2.	Directors' Report	2-5
3.	Auditors' Report	6-8
4.	Balance Sheet	9
5.	Profit & Loss Account	10
6.	Schedules to Balance Sheet	11-14
7.	Schedules to Profit & Loss Account	15-17
8.	Schedule of Fixed Assets	18
9.	Notes on Accounts	19-23
10.	Statement of Significant Accounting Policies	24
11.	Statement under Section 212 of the Companies Act, 1956	25
12.	Company's General Business Profile	26



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 & SENIOR 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	GF-1, KSSIDC Flat, Peenya Industrial Estate, 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 Fourteenth Annual General Meeting of the Members of **ACE DESIGNERS LIMITED** will be held on Monday, the 18th June 2001 at No.10/30, Sindhi School Lane, Kumara Krupa Road, High Grounds, Bangalore-560001, 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 2001 and the Profit & Loss Account for the year ended on that date together with the Auditors' Report thereon.
2. To appoint a Director in place of Sri.A.V.Sathe who retires by rotation, but being eligible, offers himself for re-appointment.
3. To declare a Dividend.
4. To consider and if thought fit, to pass with or without modifications, 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 of Rs. 40,000/- (Rupees Thirty thousand only) plus reimbursement of actual out of pocket expenses.

By Order of the Board of Directors

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

Bangalore,
Dated : 19th May 2001

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.

DIRECTORS' REPORT

The Members,
ACE DESIGNERS LIMITED,
Bangalore.

Ladies and Gentlemen,

Your Directors have pleasure in presenting the Fourteenth Annual Report and Accounts of your Company for the year ended 31st March 2001.

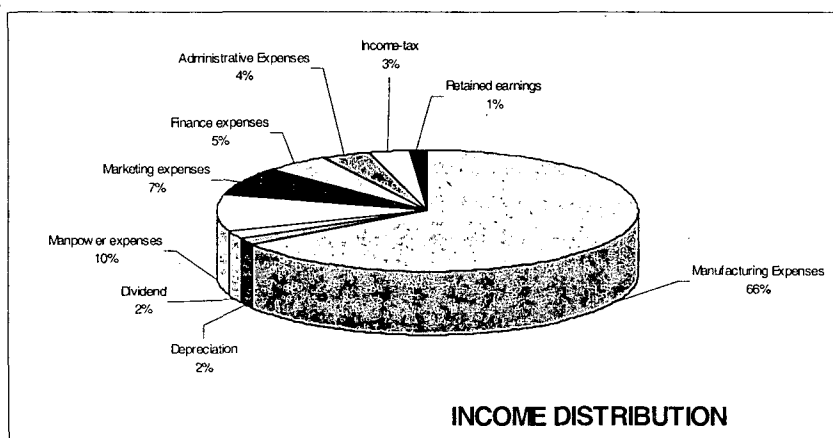
FINANCIAL PERFORMANCE

The salient features of the financial performance during the year ended 31st March 2001 are summarised as under:

	(Rs. in Lakhs)	
	31-3-2001	31-3-2000
Sales	5110.29	4668.73
Other Income	42.59	41.76
Stock value adjustment	306.66	6.62
Profit before Interest and Depreciation	733.84	602.12
Financial Charges	276.52	221.75
Depreciation	90.90	84.08
Profit before tax	366.42	296.29
Income-tax	160.59	105.77
Profit after tax	205.83	190.52
Balance b/f from previous year	402.92	359.15
Amount available for appropriation	608.75	549.67
APPROPRIATION		
Dividend	118.80	-
Interim Dividend	-	118.80
Corporate Tax on Dividend	12.12	13.66
Transferred to General Reserves	15.44	14.29
Balance carried to Balance Sheet	462.39	402.92

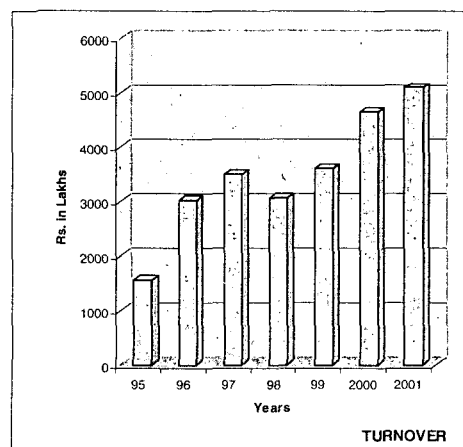
OPERATIONS

During the year under review, your Company retained its position as the largest producer of CNC Lathes in the Country by achieving a record turnover of Rs. 5110.29 lakhs as against Rs. 4668.73 lakhs during the previous year, thereby registering a growth of 9.46%. The number of machines produced stood at 332 as against 284 machines in the





previous year, thus increasing the volume by 16.90%. Export Turnover also registered an impressive increase from Rs. 83.07 lakhs to Rs. 277.40 lakhs, registering a growth of 234%. Increasing the volume of exports has been your Company's long-term strategy to translate its vision to be the **LARGE SCALE PRODUCER OF WORLD CLASS MACHINES**. Towards achieving this, your Company has already acquired a part of the spacious Industrial Infrastructure in the Peenya Industrial Area. With this additional infrastructure, it is proposed to increase the capacity to about 720 machines during the coming year.

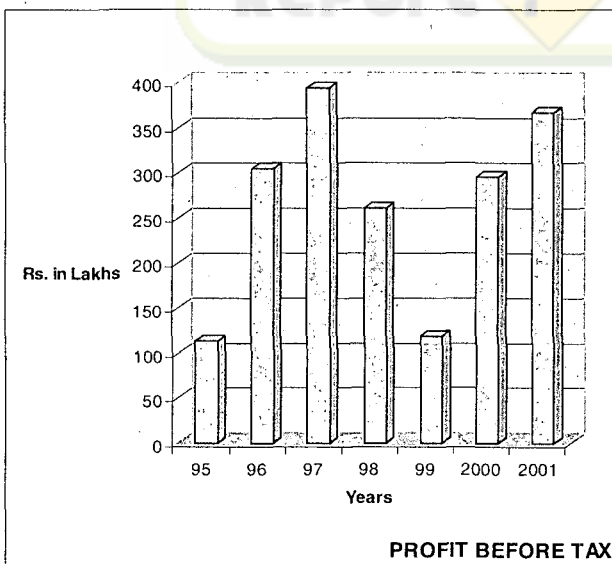


DIVIDEND

Your Directors have pleasure in recommending a Dividend of Rs. 20/- per Equity Share which, if approved, will absorb an amount of Rs. 118.80 lakhs besides an amount of Rs. 12.12 lakhs towards Corporate Tax on Dividend.

BUSINESS PROSPECTS FOR THE COMPANY

Your Company is poised to post substantial growth during the coming year, more so with the reduction in the excise duty on the Two and Three Wheelers. This is expected to create additional demand in this segment, leading to increased derived demand for your Company's products. Based on the Market Survey, it is estimated that the Company's share in the CNC Lathe Market may increase considerably to stand at about 500 machines during the current year and out of this, about 100 machines are expected to be exported to the Italian and Australian Markets, which portend huge potential for further growth. Besides this, with the appointment of more committed new dealers in the US, your Directors are optimistic that the wholly owned subsidiary ACE INTERNATIONAL INC., would improve its performance in the coming years.



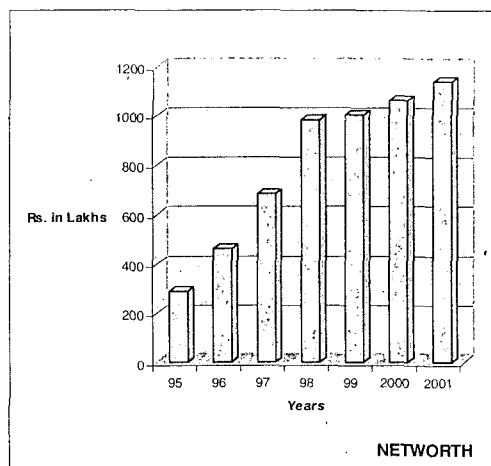
Another added feature is the additional demand for CNC Lathes being generated by Small Job Shop Companies which are required to meet the exacting standards of quality expected of them by their clients in the Automotive Sector. These Companies presently using Single Spindle and Multi-spindle automats are,

by business compulsions, required to install CNC Lathes to meet the quality requirements of their clientele.

In order to effectively combat the growing competition from the existing manufacturers in the SSI segment, the new entrants besides the existing large scale manufacturers introducing new models, your Company, during the year, introduced two low cost models - **COLT** and **CUB** fitted with Siemens Controls.

HUMAN RESOURCE DEVELOPMENT & TRAINING

Your Company strongly believes that Knowledge is Power. Training and equipping its personnel in the relevant areas of functioning is perceived as a necessity for growth. As such, during the year, the Company arranged for extensive in-house and external Training Programmes to its technical and non-technical personnel. It is hoped that this measure would significantly contribute to the desired growth of your Company in the coming years.



APPOINTMENT OF DIRECTORS

Mr. A.V.Sathe, Director retires by rotation in terms of the provisions of the Companies Act, 1956 and the Articles of Association of the Company, but being eligible, offers himself for re-appointment.

AUDITORS

M/s. P.A. Ghatage & Co., Chartered Accountants, Bangalore, who had been appointed Statutory Auditors of the Company at the previous Annual General Meeting would retire at the conclusion of the forthcoming Meeting. However, they have conveyed willingness to be re-appointed and confirmed their eligibility for the same.

STATUTORY INFORMATION

A Statement pursuant to section 212 of the Companies Act, 1956 relating to Wholly Owned Subsidiary i.e., ACE INTERNATIONAL INC., for the year under report is enclosed.

There were no employees employed either throughout the year or a part thereof who were in receipt of such remuneration, the details of which are required to be annexed as stipulated under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees Rules) 1975.

ENERGY CONSERVATION, TECHNOLOGY AND FOREIGN EXCHANGE

Your Company continues to explore all such measures which contribute to the conservation of energy. During the year the total cost incurred on power consumption stood at Rs.35.74 lakhs, with the average cost of Rs. 4.71 per unit of Power consumed. The Unit cost of power generated by the Captive Generator Set amounted to Rs.7.64.

The foreign exchange earned during the year amounted to Rs. 214.83 lakhs and the total outgo towards imports, foreign tour, Investments and other miscellaneous expenses amounted to Rs. 930.78 lakhs respectively. The Company has not imported any foreign technology.

DIRECTORS' RESPONSIBILITY

Pursuant to Section 217 (2AA) of the Companies (Amendment) Act, 2000, your Directors confirm that :

- (1) in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed.
- (2) appropriate Accounting Policies have been selected and applied consistently and also have made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March 2001 and the Profit of the Company for the year ending 31st March 2001.

- (3) proper and sufficient care has been taken 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 fraud and other irregularities and
- (4) the Annual Accounts have been prepared on a Going Concern basis.

ACKNOWLEDGEMENT

The Directors wish to place on record their appreciation of the valuable patronage, co-operation and goodwill received by it from the Customers, Business Associates, Financial Institutions and Bank. The Board also places on record its sincere appreciation of the dedicated services of its employees at all levels.

For and on behalf of the Board of Directors,

(A. V. SATHE)
Chairman

Bangalore,
Date : 19th May 2001.

