

Success at every Turn



15th Annual Report 2001-2002



ACE DESIGNERS LIMITED

Regd Office : Plot No. 533, 10th Main, IV Phase, Peenya Industrial Area,
BANGALORE-560 058

BOARD OF DIRECTORS	:	Mr. A. V. Sathe Chairman
		Mr. S. G. Shirgurkar Managing Director
		Mr. B. Machado Managing Director
		Mr. R. Srinivasan Director
		Mr. A. Shankar Director
COMPANY SECRETARY & SENIOR MANAGER - ACCOUNTS	:	Mr. H. R. Sampath Kumar
BANKERS	:	M/s. Syndicate Bank, Industrial Finance Branch, Dickenson Road, Manipal Centre, Bangalore - 560 042.
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	:	1. Plot No. 533, 10th Main, IV Phase, Peenya Industrial Area, Bangalore-560 058. 2. Plot No. 7 & 8, Phase II, Peenya Industrial Area, Bangalore - 560 058.

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ACE DESIGNERS LIMITED

Regd Office : Plot No. 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 Fifteenth Annual General Meeting of the Members of **ACE DESIGNERS LIMITED** will be held on Saturday, the 27th July 2002 at 12 Noon at 10/30, Sindhi School Lane, Kumara Krupa Road, High Grounds, Bangalore-560 001 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 2002 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. B. Machado who retires by rotation, but being eligible, offers himself for reappointment.
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.

SPECIAL BUSINESS :

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

RESOLVED that Sri. R. Srinivasan who was appointed the Additional Director of the Company pursuant to Sec.260 of the Companies Act, 1956 and holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a Notice under Sec.257 of the Companies Act, 1956, in writing, proposing his candidature for the office of the Director be and is hereby appointed Director of the Company subject to retirement by rotation under the Articles of Association of the Company.

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

RESOLVED that Sri. A.Shankar who was appointed the Additional Director of the Company pursuant to Sec.260 of the Companies Act, 1956 and holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a Notice under Sec.257 of the Companies Act, 1956, in writing, proposing his candidature for the office of the Director be and is hereby appointed Director of the Company subject to retirement by rotation under the Articles of Association of the Company.

By Order of the Board of Directors

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

Bangalore,
Dated : 28th June 2002.



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.

EXPLANATORY STATEMENT UNDER SECTION 173 (2) OF THE COMPANIES ACT, 1956

ITEM NO. 4 :

Sri. Srinivasan who is a distinguished Mechanical Engineer, was associated with Widia India Ltd, a multi national Company, from 1966 to 1994. Starting his career as a Works Engineer, he rose to the position of Managing Director in 1981 and served that Company, as such, upto 1994. He has attended several Management Training Programmes in India and abroad. Besides, he has been associated as Director of many Public and Private Limited Companies. With many years of rich experience to manage Manufacturing, Technology Development and Marketing, it is felt that his continuance as a Director could bring in significant contributions to the growth of your Company. Therefore, the Board feels that it is in the interest of the Company to appoint Sri. Srinivasan as a Director liable to retire by rotation.

While your Directors recommend the resolution for your approval, it may please be noted that none of the Directors of the Company, except Sri. R.Srinivasan, is in any way, concerned or interested in the resolution.

ITEM NO. 5 :

Sri. A. Shankar is an eminent Chartered Accountant in Bangalore and has been practising in the areas of Direct Taxation and Financial matters for the past 18 years, besides appearances before IT Appellate Tribunals. He has participated in various National Conferences, Seminars and Workshops and presented more than 50 Technical Papers. Further, being an Advisor to various reputed domestic and multi-national Companies on matters relating to taxation, finance etc., it is felt that his continuance as a Director could bring in rich contributions to the growth of your Company. Therefore, the Board feels that it is in the interest of the Company to appoint Sri. Shankar as a Director liable to retire by rotation.

While your Directors recommend the resolution for your approval, it may please be noted that none of the Directors of the Company, except Sri. A.Shankar, is in any way, concerned or interested in the resolution.

By Order of the Board of Directors

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

Bangalore,
Dated : 28th June 2002.

DIRECTORS' REPORT

The Members
ACE DESIGNERS LIMITED
Bangalore.

Ladies and Gentlemen,

Your Directors have pleasure in presenting the Fifteenth Annual Report and Accounts of your Company for the year ended 31st March 2002.

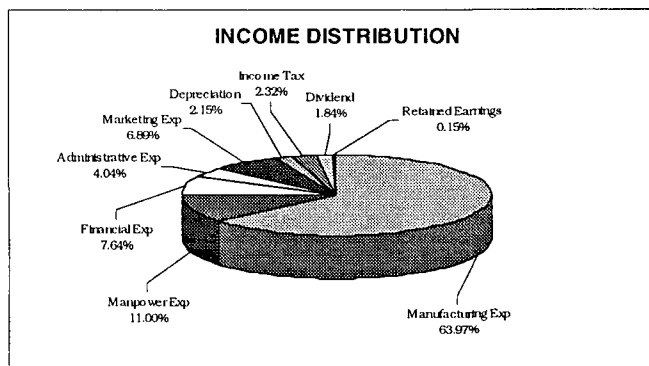
FINANCIAL PERFORMANCE

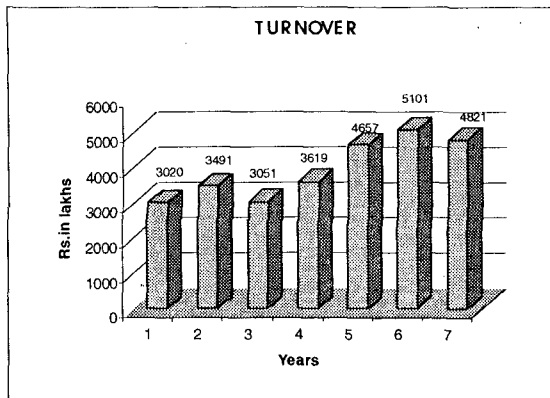
The salient features of the financial performance during the year ended 31st March 2002 are summarised as under :

	31-3-2002	(Rs. in Lakhs) 31-3-2001
Sales	4828.59	5096.65
Other Income	118.80	57.10
Stock Value Adjustment	(92.85)	306.66
Profit before Interest and Depreciation	692.57	733.84
Financial Charges	370.42	276.52
Depreciation	104.38	90.90
Profit before tax	217.77	366.42
Income-tax	112.50	160.59
Profit after tax	105.27	205.83
Balance b/f from previous year	462.39	402.92
Amount available for appropriation	567.66	608.75
APPROPRIATION		
Dividend	-	118.80
Interim Dividend	89.10	-
Corporate Tax on Dividend	9.09	12.12
Transferred to General Reserves	7.89	15.44
Balance carried to Balance Sheet	461.58	462.39

OPERATIONS

During the year under review, the overall performance of your Company was not satisfactory compared with the previous year due to sluggish trend in the economy. However, it has retained its position as the largest producer of CNC Lathes in the country. With a turnover of Rs. 48.21 Crores achieved during the year as against Rs. 50.88 crores in the previous year, thereby registering a decline of 5.24%, the number of machines sold during the year stood at 317 as against 315 in the previous year.





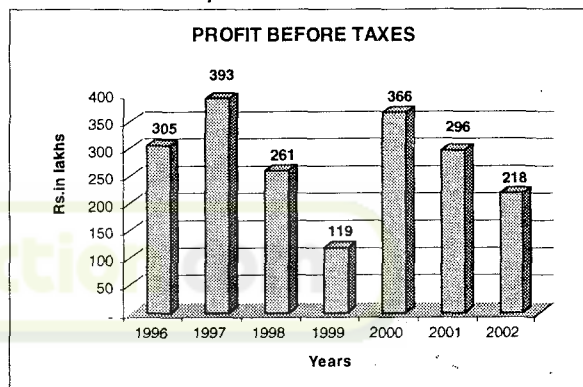
Notwithstanding, the export turnover at Rs. 337.52 lakhs showed an impressive growth of 28% over previous year's Rs.263.75 lakhs. During the previous year, as a part of its growth plan, your Company commissioned the newly acquired manufacturing facility/premises and moved thereto certain production facilities. With this, the overall operating efficiency of your Company is expected to improve in the long run and as such, it is poised to achieve the desired volumes in the coming years.

DIVIDEND

Your Directors having paid an interim dividend at the rate of 15% during the month of March 2002, do not recommend any final Dividend for the year.

BUSINESS PROSPECTS

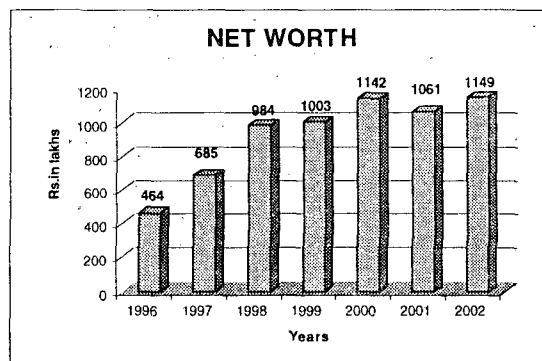
The Union Budget-2002 failed to create any stimulus for generation of additional demand to your Company's products. However, your Company has been able to register more than 100% growth in booking Orders for its products in the first two months of current financial year. Though this could be attributed to various reasons, one of the significant reasons is sourcing of auto components from the Indian small and medium size Auto Component Manufacturing Companies by the major Multi-national Companies of Europe and US, in turn, resulting in generating demand for your Company's products. By virtue of the increased global demand, the Bearing ring sub-suppliers, Ford India ancillaries, etc., have increased their productive capacity more than three-fold. The Two wheeler



manufacturers like Bajaj Auto, Hero Honda, TVS Motors are witnessing tremendous increase in the sale of Motor cycles and are advising their ancillary units to create additional capacity to meet their growing demand. An analysis of the demand pattern clearly shows that both the segments i.e. Auto Component exports and domestic automobile manufacturers' requirements appear almost equal. Another important feature of your Company's product portfolio which needs specific mention here is the contribution made by the standard products 'LT-16' and 'Jobber' towards the revenue. Almost 53% of the total sales revenue was generated by these two products. Out of the total 317 machines sold, these two models accounted for 168 and the balance, other models. New models viz., COLT and CUB introduced during the year under review have been well received in the market and are being sold in larger numbers contributing to the overall profitability of your Company.

EXPORT :

Barring the initial hiccups, the export performance of your Company needs a special mention. The total number of machines exported since 1989-90 has touched 200 mark. This achievement is attributable to a decade of presence in the overseas market. 34 machines were shipped during the year under review. For the current year, your Company expects to reach an export turnover of more than Rs. 660 lakhs by export of almost 50 machines. Strategies are being worked out to enter the European market in a big way. Distributors in Italy and France have been sending





positive and encouraging response to your Company's products and as such, our machines have been realising better prices as compared to that of the Taiwanese machines. In the ensuing year, your Company proposes to participate in a local Machine-tool Show in Italy to enhance its Brand image.

The Company is witnessing overall increase in the number of delegates visiting from Japan and US. Major machine tool manufacturers from Japan like Honda, NSK and Toyota and their associates/group Companies have paid several visits to your Company and have had several rounds of technical and commercial discussions. Trial Orders have also been placed for supply of machines to Japan and it is hoped that your Company would witness exponential growth in exports in the coming years.

HUMAN RESOURCE DEVELOPMENT & TRAINING

Your Company believes that Knowledgeable employees are its great assets. Imparting regular training and equipping them in the relevant areas of their functioning is considered to be a necessity for the growth of your Company. 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

Sri. B. Machado, Director retires by rotation in terms of the provisions of the Companies Act, 1956 and the Articles of Association of the Company. However, being eligible, offers himself for re-appointment.

Sri. R. Srinivasan and Sri A.Shankar who were appointed by the Board as the Additional Directors hold the Office upto the date of the Annual General Meeting. However, notices have been received by a Shareholder under Section 257 of the Companies Act, 1956 proposing their appointment as the Directors of the Company, liable to retire by rotation.

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

The Compiled Profit & Loss Account for the year ended 31st March, 2002 and Balance Sheet as on that date in respect of the Wholly Owned Subsidiary, M/s. Ace International Inc., USA together with a Statement pursuant to section 212 of the Companies Act, 1956 are enclosed.

Information as required under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 is also enclosed.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION 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.39.06 lakhs, with the average cost of Rs. 4.71 per unit of Power consumed.



The foreign exchange earned during the year amounted to Rs. 121.16 lakhs and the total outgo towards imports, foreign tour, Exhibitions, Investments and Advertisements amounted to Rs. 1150.85 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 2002 and the Profit of the Company for the year ending 31st March 2002.
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,
Dated 28th June, 2002.

ANNEXURE TO DIRECTORS' REPORT

**Statement of particulars of employees in pursuance of Section 217 (2A) of the
Companies Act 1956 read with the Companies (Particulars of employees) Rules 1975**

Sl. No.	Name	Designation	Remuneration Received Rs.	Nature of Duties	Qualification & Experience	Date of commencement of employment	Age	Last Employment
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	Mr. A. V. Sathe	Chairman	1344003	New Designs, Planning and Development	M.Tech. 40	01.04.1989	62	Central Manufacturing Technology Institute
2	Mr. S. G. Shirgurkar	Managing Director	1411203	Marketing, Finance and Administration	B.E. (Mech) 32	01.04.1989	54	Central Manufacturing Technology Institute
3	Mr. B. Machado	Managing Director	1411203	Design, Production, Planning & New Product Development	B.E. (Mech) 32	01.04.1989	54	Central Manufacturing Technology Institute

Notes: 1) Remuneration includes Salary, Allowances, Commission and Company's contribution to Provident Fund
2) Nature of employment is contractual.