

22<sup>nd</sup> ANNUAL REPORT  
2008-2009

**Ace Micromatic**  
Group

**ACE DESIGNERS LIMITED**

Regd. Office: Plot No.7 & 8, 2<sup>nd</sup> 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 &****DY. GENL. 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  
210, BDA Flats,  
Cambridge Layout Extn,  
Ulsoor, Bangalore-560 008**WORKS**

- 1) Plot No.7 & 8, 2<sup>nd</sup> Phase,  
Peenya Industrial Area,  
Bangalore - 560 058.
- 2) Plot No. 533, 10th Main, 4th Phase,  
Peenya Industrial Area,  
Bangalore - 560 058.

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**ACE DESIGNERS LIMITED**

Regd. Office: Plot No.7 & 8, 2<sup>nd</sup> Phase, Peenya Industrial Area,  
Bangalore - 560 058.

To  
All Members,  
Ace Designers Limited,  
Bangalore-560 058.

**NOTICE**

Notice is hereby given that the Twentyscond Annual General Meeting of the Members of ACE DESIGNERS LIMITED will be held on Saturday, the 27<sup>th</sup> June, 2009 at 10.30 A.M. at the Registered Office of the Company, Plot No.7 & 8, 2<sup>nd</sup> Phase, Peenya Industrial Area, Bangalore - 560 058 for the purpose of transacting the following business :

**ORDINARY BUSINESS :**

1. To receive, consider and adopt the Directors' Report, Audited Balance Sheet as at 31<sup>st</sup> March 2009 and the Profit & Loss Account for the year ended on that date together with the Auditor's Report thereon.
2. To declare a Dividend.
3. To appoint a Director in place of Sri. A. Shankar who retires by rotation, but being eligible, offers himself for re-appointment.
4. To consider and if thought fit, to pass with or without modification, the following as an Ordinary Resolution :

**RESOLVED** that M/s S.R. Batliboi & Associates, Chartered Accountants, Bangalore-560 001 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.5,00,000/- (Rupees Five lakhs only ) plus Service Tax and reimbursement of actual out of pocket expenses.

**By Order of the Board of Directors**  
**H.R. SAMPATH KUMAR**  
Company Secretary & DGM-Accounts

Bangalore,  
Dated: 28.05.2009.

**Note :**

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,

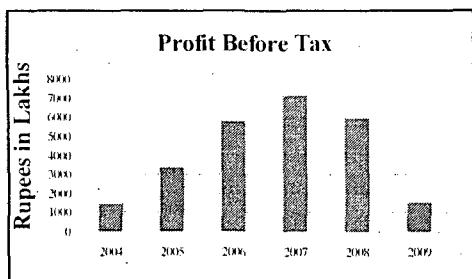
Your Directors have pleasure in presenting the Twentysecond Annual Report and Accounts of your Company for the year ended 31<sup>st</sup> March 2009.

### FINANCIAL PERFORMANCE

The salient features of the financial performance for the year ended 31<sup>st</sup> March 2009 are summarised below:

Particulars	(Rs. in Lakhs)	
	31-03-2009	31-3-2008
Sales	17450.70	24372.42
Other Income	437.22	305.96
Stock value adjustment	317.99	985.34
Profit before Interest and Depreciation	2300.33	6441.80
Financial Charges	190.27	75.02
Depreciation	570.35	403.75
Profit before tax	1539.70	5963.03
Income-tax	410.00	1950.00
Income-tax – earlier years	124.25	0
Fringe Benefit Tax	14.47	13.85
Add/(Less)Deferred Tax	(66.65)	(26.77)
Profit after tax	924.33	3972.41
Balance b/f from previous year	9040.84	6716.58
Amount available for appropriation	9965.17	10688.99
<b>APPROPRIATION</b>		
Interim Dividend	0	534.60
Corporate Tax on Interim Dividend	0	90.86
Proposed Dividend	356.40	534.60
Corporate Tax on Dividend	60.57	90.86
Transferred to General Reserves	92.43	397.23
Balance carried to Balance Sheet	9455.77	9040.84

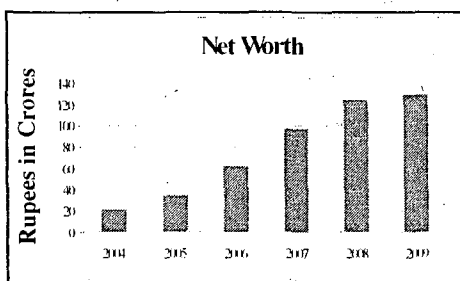




Having posted an unprecedented growth (i.e. CAGR of over 28%) in the past 6 years and with a hope of sustaining such growth till 2015, earlier, your Company had drawn up a Comprehensive long term business plan. In this direction, your Company had decided to create additional infrastructure and commission a few high-end critical Production-machinery to manufacture machines meeting International Quality standards and also for in-house manufacture of key components for the final products.

Accordingly, in the First Phase, as you are aware, your Company has already acquired 80.20 acres of Industrial land at Tyamgondlu Hobli which is now fully covered with fence as a measure of protection.

Looking into present business scenario, construction of Building on the above said land has been put on hold to be taken-up once the Market shows signs of recovery. However, certain key and critical Machinery, viz., Double Column DGTCNC MIDI, FMT make Cylindrical Grinder, Mazak Horizontal Machining Centre, Gleason-Gear Hobbing Machine, Amada Hydraulic Press Brake and AMS Vertical Machining Centre, which had been ordered earlier and were ready for delivery have been imported and installed during the year. Reinushnavar Gear Grinding machine which was also ordered before the onset of recession is expected to arrive soon.



During the year, your Company displayed its new products in 'IMTEX-2009', a premier Indian Machine Tool Exhibition, held at Bangalore where some new models were also introduced. The machines on display were CNC Lathe Mu turn, Mu turn 500 and an altogether newer machine Vantage 800. Vantage 800 was introduced in three variants i.e. Vantage 800 LM, Vantage 800 Mc and Vantage 800 Mc Y. Existing model LT-16 was displayed along with Fanuc Robotics for loading and unloading of components.

#### HUMAN RESOURCE DEVELOPMENT & TRAINING

Your Company believes that knowledgeable employees are its assets. Imparting regular training and equipping them with latest knowledge/techniques in the relevant areas of their functioning is considered to be a necessity for the growth of your Company. As in the past, your Company continued its efforts to impart regular training to its employees and apprentices for strengthening their skills in their respective areas of functioning. Your Directors take this opportunity to express their appreciation for the continuous support, dedicated efforts and invaluable contributions made by each of its employees at various levels.

During the year, looking at current slowdown in Company's business operations and downturn in domestic market for our products, Company initiated appropriate actions for optimizing its workforce.

#### APPOINTMENT OF DIRECTORS

Sri A. Shankar, 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.

#### 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 and have conveyed that they are not willing to be re-appointed as Statutory Auditors. As such, it is proposed to appoint M/s. S.R. Batliboi & Associates, Chartered Accountants, Bangalore-560001 as the Statutory Auditors of your Company.

**STATUTORY INFORMATION**

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

**ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE**

Information as required to be given under Section 217 (1) (e) of the Companies Act, 1956 is also enclosed.

**DIRECTORS' RESPONSIBILITY**

Pursuant to Section 217 (2A) 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 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 as at 31<sup>st</sup> March 2009 and the Profit of the Company for the year ending 31<sup>st</sup> March 2009.
- (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 them from its Customers, Business Associates, Financial Institutions and Banks. 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,**

Bangalore,  
Dated : 28.05.2009.

**(A.V.SATHE)**  
**CHAIRMAN**



INFORMATION AS PER SEC. 217 (1)(e) OF THE COMPANIES ACT, 1956, REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO.

<b>A. CONSERVATION OF ENERGY</b>	
(1) Energy conservation measures taken	Timer based auto switching ON/OFF device installed to automatically Switch ON/OFF lights during lunch/tea break in Factory shed
(2) Additional investment and proposals if any being implemented for reduction of energy consumption	Nil
(3) Impact of measures at (1) (2) above for reduction of energy consumption and consequent impact on cost of production of goods.	It is not possible to ascertain the reduction of energy consumption and consequent impact on the cost of production of goods. Hence details not furnished.
(4) Total energy consumption and cost of energy per unit of production	1598401 Units Rs. 5.43 per unit
<b>B. TECHNOLOGY ABSORPTION</b>	
<b>(a) Research &amp; Development</b>	
(1) Specific areas in which R & D carried out by the Company.	7 New products developed and displayed in IMTEX Exhibition. Existing CNC system developed to include local language programming tool like Kannada/Hindi/Tamil. Several Jigs/Fixtures developed as part of process improvement activities.
(2) Benefits derived as a result of the above R & D.	
(3) Future Plan of action	

(4) Expenditure on R & D (a) Capital (b) Revenue (c) Total (d) Total R & D expenditure as a percentage of turnover	(Rs. Lakhs ) Rs. 7.15 Rs. 415.77 Rs. 422.92 2.42%
(b) <b>Technology Absorption, Adaptation and Innovation.</b>	
(1) Efforts in brief, made towards technology absorption and innovation	Bigger machines were developed with newer designs like Vertical Lathes
(2) Benefits derived as a result of the above efforts.	Overall improvement in quality and performance of the machines
(3) In case of imported technology, imported during the last 5 years from the beginning of the financial year. (a) Technology imported (b) Year of import (c) Has the technology been fully absorbed. (d) If not fully absorbed where they have not taken place, reasons thereof and future plans.	Nil  Nil
(c) Foreign Exchange Earnings and Outgo  (1) Activities relating to exports, initiative taken to increase exports  (2) Total Foreign Exchange used and earned	Participated and displayed latest developed products in International Exhibitions held at Russia, US, Germany, Italy, France, Australia etc.  Used : Rs. 2188.65 lakhs Earned : Rs. 1481.46 lakhs