



SOLITAIRE MACHINE TOOLS LTD

1999-2000

A N N U A L R E P O R T

BOARD OF DIRECTORS

MR. P. J. SHETH
(Executive Chairman)
MR. S. KRISHNAMURTHY
MR. D. J. SHETH
MR. NIRANJAN B. AMIN
MS. SWATI H. BADANI
MS. SHILPA TANEJA
MR. ROHIT CHOTHANI
MR. A. J. SHETH
(Jt Managing Director)
MR. H. J. BADANI
(Jt Managing Director)

AUDITORS

K. N. AJMERA & COMPANY
CHARTERED ACCOUNTANTS

BANKERS

STATE BANK OF INDIA,
MANDVI MAIN BRANCH,
BARODA - 390 017.

SOLICITORS

B. AMIN & COMPANY
42-43, ALI CHAMBERS,
N. MASTER ROAD,
FORT, MUMBAI - 400 023.

REGISTERED OFFICE

107, ARUN CHAMBERS,
TARDEO ROAD,
MUMBAI - 400 080.

PLANT

292, DHARAMSINH DESAI MARG
CHHANI ROAD,
BARODA - 390 002.

SHARE TRANSFER AGENT

INTIME SPECTRUM REGISTRY
PRIVATE LIMITED,
260-A SHANTI INDUSTRIAL
ESTATE,
SAROJINI NAIDU ROAD,
MULUND (WEST),
MUMBAI - 400 080.

NOTICE

NOTICE is hereby given that the Annual General Meeting of the members of the SOLITAIRE MACHINE TOOLS LIMITED will be held on Saturday, the 8th July, 2000 at 10:00 a.m. at Senate Room, Status Restaurant, 208, Regent Chambers, Nariman Point, Mumbai - 400 021 to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Balance Sheet as on 31st March, 2000 and Profit and Loss Account for the year ended on that date and Directors' Report and Auditors' Report thereon.
2. To appoint a Director in place of Mr. D. J. Sheth who retires by rotation, and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. Rohit Chothani who retires by rotation, and being eligible, offers himself for reappointment.
4. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to authorise the Board of Directors to fix their remuneration.

By order of the board

Place : Mumbai

Date : 22nd May, 2000.

Regd office : 107, Arun Chambers,
Tardeo Road,
Mumbai - 400 034.

P. J. SHETH.

Executive Chairman

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF SELF AND THE PROXY NEED NOT BE A MEMBER.
2. Members are requested to communicate immediately change in their address, if any.
3. All communication in respect to the shares to be addressed to share transfer agent, "M/s. Intime Spectrum Registry Private Limited".
4. The Register of Members and Share Transfer Books will remain closed from Saturday, 1st July, 2000 to Saturday 8th July, 2000 (Both days inclusive).

Place : Mumbai

Date : 22nd May, 2000

Regd office : 107, Arun Chambers,
Tardeo Road,
Mumbai - 400 034.

By order of the board

P. J. SHETH

Executive Chairman

DIRECTORS REPORT

TO THE MEMBERS :

Your Directors have pleasure in presenting Annual Report of your company together with the Audited Accounts for the year ended 31st March, 2000.

FINANCIAL RESULTS :

The financial results of the company for the year under review are summarised below :

	(Rs. in Lacs) YEAR ENDED 31.03.2000 (12 months)	(Rs. in Lacs) YEAR ENDED 31.03.1999 (12 months)
Sales	260.14	373.03
Other Income & Increase in stocks	22.77	21.78
Gross Profit Before Depreciation and Taxation	27.04	58.73
Less : Depreciation	20.61	19.29
Taxation	1.00	5.00
Net Profit for the year	5.43	34.44
Add/Less : Income Tax for prior year	5.24	-
Add/Less: Profit/Loss brought Forward from previous year	116.69	82.25
Balance in Profit & Loss Account	116.88	116.69

OPERATIONS :

Members will notice a sharp drop in the sales turnover and profitability of the company which was due to our plant employees resorting to an illegal strike during the month of July'99 and again in February' 2000. The company lost production for 90 days due to this strike. On both the occasions the strike was called off unconditionally with the active intervention of Government Labour Officers. The matter is pending before the Labour Court for settlement.

The general market condition in the capital goods industry has not shown any major investments and many of the customers are now trying to give a new lease life to their existing equipment by resorting to rebuilding and retrofitting. Your company's decision to initiate these activities two years back would certainly result in added business.

During the past financial year the engineering industry has seen a major thrust and emphasis on quality standards. This has resulted in customers stressing on improved quality with closer tolerances. However, the cost of the final product has not changed. The customer now expects better product at the same price.

All these years your company had been manufacturing conventional grinders for domestic as well as export market. In the present scenario where customers speak in terms of bits and bytes we have made substantial progress. The company has taken the steps towards manufacturing Computerised Numerical Control machines with active technical input from M/s. Delta Tau Data Systems Inc. California, USA. Delta Tau is a company established in the Silicon Valley and is one of the largest firms involved in manufacture of CNC Controls for Machine Tools. With the use of these controls and related software and hardware we are now in the market with Grinders having upto 6 axis of CNC Controls. This automation in the grinders is not only advantageous in terms of quality but also in terms of rate of production and better automation with pre-defined tolerances. This will help the company to maintain its lead over competition, as the market for CNC machines grows.

The new assembly facility at our existing Baroda plant is now under final stage of completion. Your company is looking ahead in the new millennium for a substantial growth in production and quality implementation.

DIRECTORS :

Mr. D. J. Sheth and Mr. Rohit Chothani retires by rotation and being eligible offers themselves for re-appointment.

SUBSIDIARY COMPANY :

The Directors' report, Auditors Report and Audited Accounts for the year ended 31st March, 2000 of Eugene Marketing Limited is appended to this Report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING AND OUTGO :

A. CONVERSATION OF ENERGY

The company's operations do not involve substantial consumption of power in comparison to cost of production. However, regulatory measures are there to ensure that the consumption of power is within the norms.

B. TECHNOLOGY ABSORPTION

The company has fully absorbed the technical know-how received from USA.

C. FOREIGN EXCHANGE EARNING AND OUTGO

Foreign Exchange earning of the company during the year 1999-2000 are Rs.98,97,708.00 while outgoing were Rs. 22,100.00.

AUDITORS :

M/s. K. N. Ajmera & Company, Chartered Accountants held their office until the conclusion of the ensuing Annual General Meeting and are eligible for reappointment. The members are requested to reappoint them as Auditors of the Company till the conclusion of the next Annual General Meeting.

FIXED DEPOSIT :

During the financial year under consideration, the company had not accepted nor renewed any deposit from public within the meaning of Section 58-A of the Companies Act, 1956.

YEAR 2000 (Y2K) COMPLIANCE :

The transition to the year 2000 was smooth and company did not encounter any problems related to Y2K. All systems based on computers functioned normally and without any mishap.

DEPOSITORY SYSTEM FOR SHARES :

Your company has entered into an agreement with National Securities Depositories Limited (NSDL) for facilitating holdings, transfers and settlement of trades in the equity securities of the company in electronic form. Your directors recommend shareholders to convert their physical holdings into dematerialised holdings for safe and secure scripless holdings of company's equity shares. Company is also entering into an agreement with Central Securities Depositories Limited for Dematerialising shares. This will give option to the investor to choose from the either Depositories as per their requirement.

PARTICULARS OF EMPLOYEES :

None of the employees are drawing salary whose particulars are to be included in the Directors Report are required U/S 217(2A) of the Companies Act, 1956.

ACKNOWLEDGEMENT :

Your Directors' acknowledge the co-operation received from various Government agencies, Bank, Customers, Suppliers and Employees during the year.

PLACE : MUMBAI

BY ORDER OF THE BOARD

DATE : 22 MAY, 2000

P. J. SHETH
Executive Chairman

AUDITOR'S REPORT**REPORT TO THE MEMBERS OF
SOLITAIRE MACHINE TOOLS LIMITED.**

We have audited the attached Balance Sheet of SOLITAIRE MACHINE TOOLS LIMITED as at 31st March, 2000 and also the Profit and Loss Account of the Company for the year ended on that date annexed thereto, and report that :

- a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit ;
- b. 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 such books.
- c. In our opinion, the profit and loss account and balance sheet complies with the mandatory accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ; except compliance of Accounting Standard 15 of the Institute of Chartered Accountants of India in respect of Gratuity liability and leave encashment retirement benefit to employees (vide A-(g)) accounting policies.
- d. The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account.
- e. In our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet and the Profit and Loss Account subject to Notes on Accounts appearing on Schedule 'XVII' read together with Significant Accounting Policies and other notes appearing in the said Schedule and elsewhere give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view :
 - i) In the case of the Balance Sheet, of the State of affairs of the Company as at 31st March, 2000 and
 - ii) In the case of the Profit and Loss Account, of the Profit for the year ended on that date.

As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988, issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, we further report that ;

1. Physical verification of fixed assets is being carried out and after completion of fixed assets register, discrepancy, if any, will be adjusted thereafter.
2. None of the fixed assets of the Company have been revalued during the year.
3. The stocks of finished goods, stores, spare parts and raw materials components excluding, stocks lying with third parties, have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
4. In our opinion and according to the information and explanations given to us, the procedures of physical verification of stocks followed by the management are

reasonable and adequate in relation to the size of the Company and the nature of its business.

5. The discrepancies noticed on physical verification of the stock as compared to book records were not material and have been properly dealt with in the books of account.
6. In our opinion the valuation of stocks, is fair and proper, in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
7. Company has not taken any loans secured or unsecured from Companies, firms or other parties listed in the register maintained under Section 301 and from Companies under the same management, as defined under sub-section (1B) of Section 370 of the Companies Act, 1956.
8. The Company has given unsecured loans to Companies, listed in the register maintained under Section 301 of the Companies Act, 1956 on the terms and conditions as approved by the Board of Directors and the same are prima-facie not prejudicial to the interest of the Company, and there is no Company under the same management within the meaning of the Section 370 (1-B) of the Companies Act, 1956.
9. Interest free advances given to employees are being repaid by them as stipulated.
10. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of stores, raw materials including components, plant and machinery, equipment and other assets, and with regard to the sale of goods.
11. According to the information and explanations given to us there are no transactions of purchase of goods materials and sale of goods materials and services aggregating during the year to Rs. 50,000.00 or more in respect of each party in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956.
12. As explained to us the Company has a regular procedure for the determination of unserviceable or damaged stores, raw materials and finished goods. Adequate provision has been made in the accounts for the loss arising on the items so determined.
13. The Company has not accepted any deposits during the year from the public within the meaning of provision of Section 58-A of the Companies Act, 1956 and rules made thereunder.
14. In our opinion, reasonable records have been maintained by the Company for the sale and disposal of realisable scrap. The Company has no by-product, as explained.

15. The Company has an internal audit system commensurate with its size and nature of its business.
16. As informed to us the Central Government has not prescribed the maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956.
17. According to the records of the Company the Provident Fund and Employee's State Insurance dues have generally been deposited regularly with the appropriate authorities.
18. According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Custom Duty and Excise Duty were outstanding as at 31st March, 2000 for a period of more than six months from the date they became payable.
19. We have not come across any expenses charged to Revenue Account which, in our opinion and judgement and to the best of our knowledge and belief, could be regarded as personal expenses.
20. The Company is not a Sick Industrial Company within the meaning of clause (O) of sub-section (I) of section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.

For K. N. AJMERA & COMPANY
CHARTERED ACCOUNTANTS.

PLACE : MUMBAI

DATED : 22 MAY, 2000

K. N. AJMERA
PROPRIETOR

BALANCE SHEET AS AT 31ST MARCH, 2000

	SCHEDULE	AS 31.03.2000 (12 Months) Rs.	AT 31.03.1999 (12 Months) Rs.
I. SOURCES OF FUNDS :			
1. SHARE HOLDERS FUNDS :			
a) Share Capital	I	47500230.00	47500230.00
b) Reserves and Surplus	II	15187596.47	15168924.88
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		62687826.47	62669154.88
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2. LOAN FUNDS			
a) Secured Loans	III	4086664.56	0.00
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TOTAL 1 & 2		66774491.03	62669154.88
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II. APPLICATION OF FUNDS :			
1. FIXED ASSETS			
	IV		
a) Gross Block		43449013.61	41017866.31
b) Less : Depreciation		12231401.90	10169983.90
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c) Net Block		31217611.71	30847882.41
d) Capital Work in Progress		4113144.09	0.00
		-----	-----
		35330755.80	30847882.41
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2. INVESTMENTS			
	V	4437398.00	1133398.00
3. CURRENT ASSETS, LOANS AND ADVANCES :			
i. Inventories	VI	8754867.51	12832547.98
ii. Sundry Debtors	VII	5353104.50	2485129.00
iii. Cash and Bank Balance	VIII	1804122.01	5414758.49
iv. Loans and Advances	IX	14010810.46	15528530.01
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		29922904.48	36260965.48
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