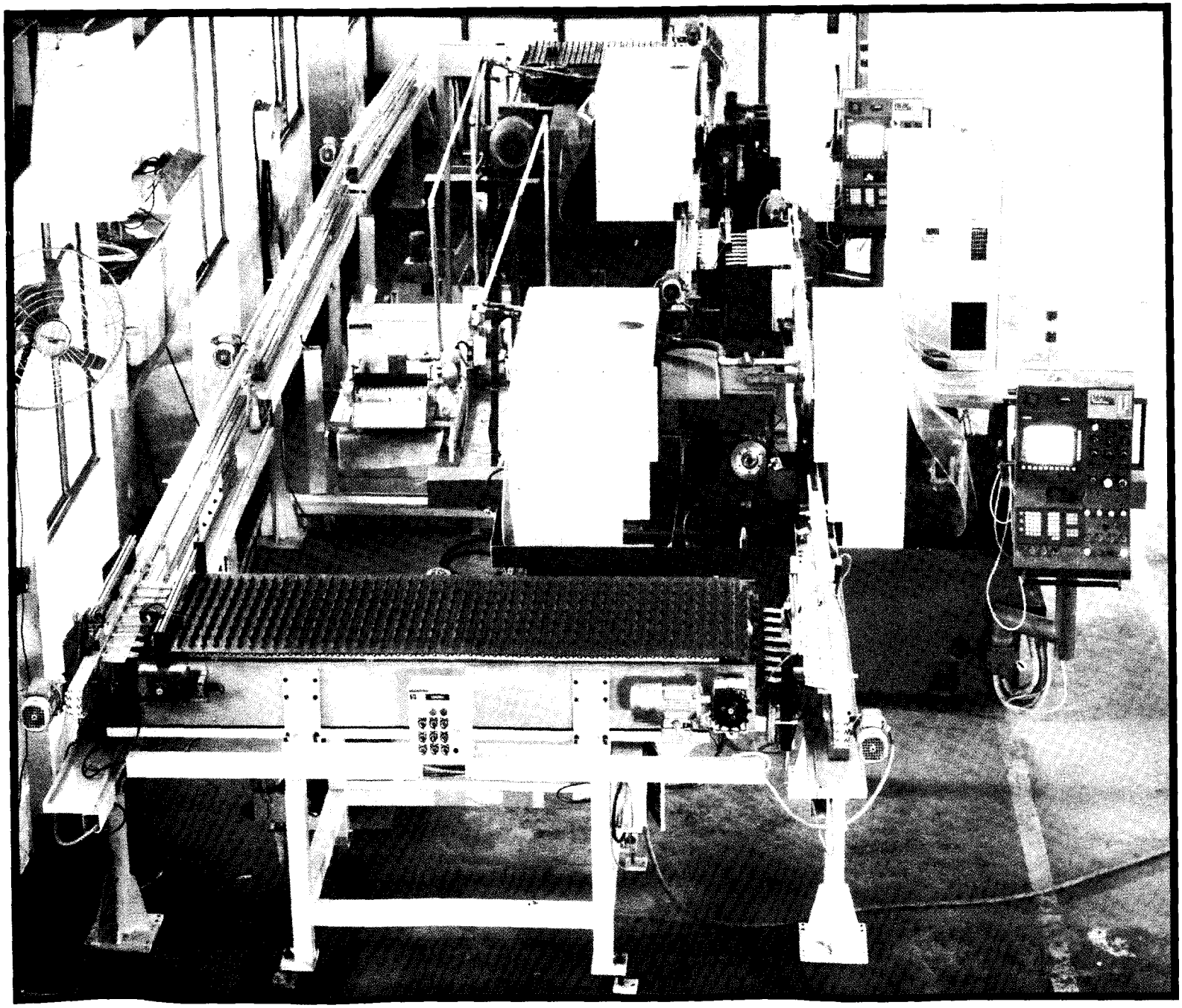
# SOLITAIRE MACHINE TOOLS LTD.

# 20th Annual Report 2011-12



Line of SMT-Bocca CNC Centerless Grinder Model R-50 for Lakshmi Machine Works, Coimbatore

| | |
|---|---|
| Mr. P. J. Sheth | Chairman Emeritus |

**BOARD OF DIRECTORS**

| | |
|---|---|
| Mr. Ashok J. Sheth | Chairman & Managing Director |
| Mr. H. J. Badani | Vice Chairman & Managing Director |
| Mr. Harsh Badani | Whole Time Director |
| Ms. Shilpa Taneja | Director |
| Mr. A. J. Kothari | Director |
| Dr. Amita Shah | Director |
| Ms. Rashmi Desai | Director |
| Ms. Padmaja K. Mukundan | Director |

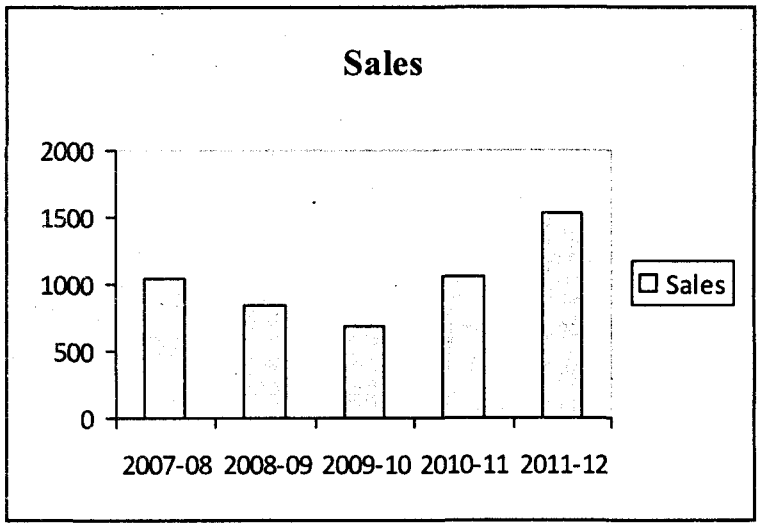
**CORPORATE MANAGEMENT**

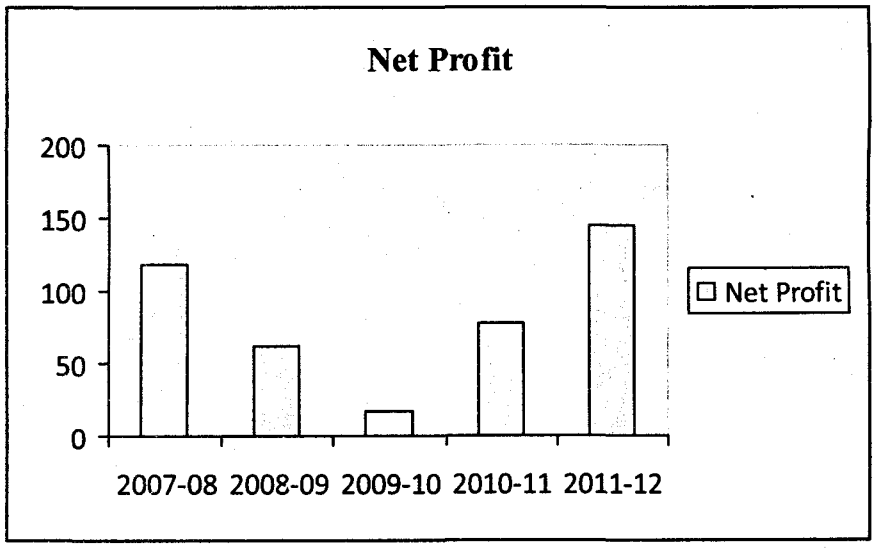
| | |
|---|---|
| Mr. Ashok J. Sheth | Chairman & Managing Director |
| Mr. H. J. Badani | Vice Chairman & Managing Director |
| Mr. Harsh Badani | Whole Time Director |
| Mr. N. M. B. Khan | General Manager (Finance & Corporate Affairs) |

| | |
|---|---|
| **REGISTERED & CORPORATE OFFICE** | 107, ARUN CHAMBERS, TARDEO ROAD<br>MUMBAI-400 034<br>Tel: 022 2351 3012/ 2352 0363<br>Fax: 022 2351 6853 |
| **PLANTS** | |
| **PLANT I:** | 292, DHARAMSINH DESAI MARG<br>CHHANI ROAD, VADODARA-390 002<br>Tel: 0265 277 2415/ 277 3585<br>Fax: 0265 277 1927<br>Email: sales@smtgrinders.com |
| **PLANT II** | A-24/25, KRISHNA INDUSTRIAL ESTATE,<br>GORWA, VADODARA-390 016<br>Tel: 0265 6580010 |
| **WEBSITE** | www.smtgrinders.com |
| **AUDITORS** | AJMERA AJMERA & ASSOCIATES<br>CHARTERED ACCOUNTANTS,<br>MUMBAI |
| **BANKER** | AXIS BANK LTD.<br>VARDHMAN COMPLEX, OPP. G.E.B.<br>RACE COURSE CIRCLE (NORTH),<br>VADODARA-390 007 |
| **SHARE TRANSFER AGENT** | LINK INTIME INDIA PRIVATE LIMITED,<br>C-13, PANNALAL SILK MILLS COMPOUND,<br>L.B.S. MARG, BHANDUP (WEST)<br>MUMBAI-400 078 |
| **SECRETARIAL CONSULTANT** | SACHIN CHHADAWA & ASSOCIATES,<br>COMPANY SECRETARIES,<br>MUMBAI |

## SOLITAIRE MACHINE TOOLS LTD.

| KEY FINANCIAL INDICATORS FOR LAST FIVE YEARS | | | | | (Rs. in lacs) |
|---|---|---|---|---|---|
| **YEAR** | **2007-08** | **2008-09** | **2009-10** | **2010-11** | **2011-12** |
| Sales | 1038.39 | 838.17 | 685.85 | 1060.94 | 1535.37 |
| Raw material Cost | 397.04 | 471.74 | 282.82 | 424.08 | 669.32 |
| Payment to Employees & Directors | 76.34 | 82.01 | 76.06 | 102.07 | 152.76 |
| Manufacturing & other expenses | 156.30 | 187.78 | 144.69 | 182.73 | 264.70 |
| Depreciation | 59.61 | 64.73 | 68.81 | 71.17 | 75.43 |
| Net Profit | 118.41 | 62.22 | 17.14 | 77.17 | 134.62 |



# NOTICE

NOTICE is hereby given that the Twentieth Annual General Meeting of the Members of the Solitaire Machine Tools Limited will be held on Thursday, the 31st May, 2012 at 10.00 a. m. at Senate Banquet, 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 March 31, 2012 and Profit and Loss Account for the year ended on that date and Directors' report and Auditors Report thereon.

2. To declare dividend for the financial year 2011-12.

3. To appoint a director in place of Ms. Padmaja K. Mukundan, who retires by rotation, and being eligible, offers herself for reappointment.

4. To appoint a director in place of Ms. Shilpa Taneja, who retires by rotation, and being eligible, offers herself for reappointment.

5. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of next Annual General Meeting and to fix their remuneration.

For SOLITAIRE MACHINE TOOLS LIMITED

Ashok J. Sheth
Chairman

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

Place: Vadodara.
Date: 28/04/2012.

**Notes:**

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the company. Proxies in order to be effective should be duly completed, stamped and signed and must be deposited at the Registered office of the company not less than 48 hours before the commencement of the meeting.

2. Members are requested to advice immediately any change in their address to the Company's Registered Office or M/s Link Intime India Private Limited, Mumbai, quoting their registered folio number. Shareholders holding shares in dematerialized form shall address their communication to their respective depository participant only.

3. All communication in respect to the shares be addressed to share transfer agent "Link Intime India Private Limited" at C-13, Pannalal Silk Mills Compound, L B S Marg, Bhandup (West), Mumbai 400078.

4. The Register of Members and Share transfer Books will remain closed from Thursday, the 24th May, 2012 to Thursday, the 31st May, 2012 (both days inclusive).

5. Any queries regarding Accounts should be communicated in writing at the Registered office of the company at least seven days in advance before the date of Annual General meeting.

6. The Company's shares are listed at Mumbai and Vadodara Stock Exchanges.

## DIRECTORS' REPORT

TO THE MEMBERS:

Your Directors have pleasure in presenting 20th Annual Report of your company together with the Audited Accounts for the year ended March 31, 2012.

## FINANCIAL RESULTS:

The financial results of the company for the year under review with comparison thereof with last four year's results are summarized below:

(Rs. in Lacs)

| Particulars | Year Ended 31st March, 2012 | Year Ended 31st March, 2011 | Year Ended 31st March, 2010 | Year Ended 31st March, 2009 | Year Ended 31st March, 2008 |
|---|---|---|---|---|---|
| Sales (Net) | 1407.65 | 954.97 | 626.41 | 757.05 | 883.48 |
| Other Income | 16.40 | 7.38 | 12.42 | 17.64 | 15.45 |
| Increase/ (Decrease) in stocks | (32.02) | (45.51) | (38.02) | 131.75 | (25.49) |
| Cash Profit Before Depreciation and Taxation | 278.58 | 210.59 | 97.24 | 163.25 | 242.92 |
| Less: Depreciation | 75.43 | 71.17 | 68.81 | 64.73 | 59.61 |
| Taxation | 65.00 | 48.02 | 6.50 | 30.00 | 57.00 |
| Fringe Benefit Tax | - | - | - | 2.00 | 1.62 |
| Add/Less: Deferred Tax | 5.80 | (6.63) | 4.83 | 3.59 | 6.59 |
| Net Profit after Tax | 134.62 | 77.17 | 17.14 | 62.22 | 118.41 |
| Add: Profit brought Forward from Previous Year | 417.13 | 392.93 | 375.79 | 313.56 | 245.01 |
| Profit available for appropriation | 551.75 | 470.11 | 392.93 | 375.79 | 363.42 |
| Proposed Dividend | 68.13 | 45.42 | - | - | 34.06 |
| Corporate Tax on Proposed Dividend | 11.05 | 7.54 | - | - | 5.79 |
| Transfer to General Reserve | 6.41 | - | - | - | 10.00 |
| Balance Carried to Balance Sheet | 466.16 | 417.13 | 392.93 | 375.79 | 313.56 |

## DIVIDEND:

Your Director's recommends dividend of Rs.1.50 per share (15 %) on 45,42,176 equity shares of Rs. 10/- each for the year ended March 31, 2012 subject to member's approval.

## OPERATIONS:

The operation of the year has shown growth in terms of Sales and Net Profit. The Indian economy for Capital Goods has slowed down in recent months. However, your company did not have any serious impact on order execution or booking.

The total sales has grown by 45 % to Rs.1539.75 lacs from previous year of Rs.1064.94 lacs. The net profit has grown by over 74% from Rs.77.17 lacs to Rs. 134.62 lacs. Export Sales has grown from Rs.68 lacs to Rs.360 lacs.

The company has paid back all its Term Loan to the bank during the year. The company is now "Debt free".

The prospect for current financial year are bright with order booking for first six months at the time of beginning of the year. Your company is also making efforts to export machines to various countries.

During the year, the company developed Bocca R 50 CNC Centerless grinder. A Line of two grinders were supplied to Lakshmi Machine Works, Coimbatore. The machines were highly automated and developed with state of the art technology.

During the current year, the company will be exhibiting machines at IMTEX 2013 in Bangalore in the month of January. New products and attachments will be launched at IMTEX.

The company has been able to maintain the raw material and manufacturing cost at lower percentage of sales inspite of increase in raw material prices and all other expenses. The inventory management and cost rationalization has helped to maintain the cost of manufacturing.

The company has adopted an Anganwadi school renovation as part of its social commitment to the community (Corporate Social Responsibility Initiative). The company expects to take up more such projects in current year.

The company thanks its customers, for continuous support and help to improve quality and productivity of the machines for better utilization.

The company's personnel have worked diligently to meet the growing demand. The result of their efforts can be seen with the growth in the business.

The company thanks its bankers for excellent support during the year.

**DIRECTORS:**

Ms. Padmaja K. Mukundan, Director and Ms. Shilpa Taneja, Director of the company are liable to retire by rotation being eligible, offers themselves for re-appointment. The Board recommends their reappointment. The Board of Directors is duly constituted.

## DIRECTORS RESPONSIBLITY STATEMENT AS REQUIED UNDER SECTION 217(2AA) OF THE COMPANIES ACT, 1956:

The Directors state:

i) That in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to the material departures.

ii) That the Directors have selected such accounting policies and applied them consistently and 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 at the end of the financial year and of the profit and loss of the Company for that period.

iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

iv) That the Directors have prepared the annual accounts on a going concern basis.

## CORPORATE GOVERNANCE:

Report on Corporate Governance and Management Discussion and Analysis Reports along with Certificate of the Company Secretary in Practice pursuant to clause 49 of the Listing Agreement with the Stock Exchanges has been included in the report. Your company has been practicing the principle of Good Corporate Governance over the year. The Board of Directors supports the broad principles of Corporate Governance. In addition to the basic governance issues, the Board lays strong emphasis on transparency, accountability and integrity.

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

a. **CONSERVATION OF ENERGY:**
The company's operations do not involve substantial consumption of power in comparison to costs 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 and Italy.

c. **FOREIGN EXCHANGE EARNING AND OUTGO:**
Foreign exchange earnings of the company during the year 2011-2012 were Rs. 359.64 Lacs (Previous Year Rs. 67.92 Lacs) while outgoings were Rs. 60.15 Lacs (Previous Year Rs. 0.16 Lacs).

**MANAGEMENT DISCUSSION AND ANALYSIS REPORTS:**
The Management Discussion and Analysis on Company's Performance industry trends and other material changes with respect to company wherever applicable are annexed hereto and forms part of the report.

**AUDITORS:**
M/s Ajmera Ajmera & Associates, Chartered Accountants, Mumbai hold their office until the conclusion of the ensuing Annual General Meeting and are eligible for reappointment. The members are requested to re-appoint them as Auditors of the Company till the conclusion of the next Annual General meeting.

**COMPLIANCE CERTIFICATE:**
The secretarial compliance certificate pursuant to the provision of Sec. 383A(1) of the Act, is obtained from Mr. Sachin Chhadawa, Practicing Company Secretary, Mumbai and is attached herewith for your kind perusal and forms part of this Director's Report.

**FIXED DEPOSIT:**
During the financial year under consideration, the Company had not accepted nor renewed any deposits from public within the meaning of Section 58-A of the Companies Act, 1956.

**PARTICULARS OF EMPLOYEES:**
None of the employees are drawing salary whose particulars are to be included in the Directors' Report as required u/s 217(2A) of the Companies Act, 1956.

**PERSONNEL & INDUSTRIAL RELATIONS:**
Relations with all employees were cordial and congenial atmosphere prevailed. Your Directors acknowledge the committed efforts of the employees at all levels and their satisfying contribution in management and company affairs.

**INSURANCE:**
Your Company continued to cover all assets mainly; plant & machinery, building, materials, furniture & fixtures, employees for the possible risks like fire, flood, public liability, break-down, terrorism, Earthquake and accidents.

**INVESTOR EDUCATION AND PROTECTION FUND:**
The Company has transferred Rs. 67,769/- to Investor Education and Protection Fund during the year under review.

**ACKNOWLEDGEMENT:**
Your Director's take this opportunity to thank the customers, shareholders, suppliers, bankers, financial institutions, and central and state government for their continued support to the company.

BY ORDER OF THE BOARD

ASHOK J. SHETH
Chairman

Place: Vadodara
Date: 28/4/2012