

#### 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 advise 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, LB S Marg, Bhandup (West), Mumbai 400078.
4. The Register of Members and Share transfer Books will remain closed from Monday, the 23<sup>rd</sup> June, 2014 to Monday, the 30<sup>th</sup> June, 2014 (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.
7. Electronic copy of the Notice of the 22<sup>nd</sup> Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the 22<sup>nd</sup> Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.
8. **Voting through electronic means**
  - I. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their right to vote at the 22<sup>nd</sup> Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by National Securities Depository Limited (NSDL).  
The instructions for e-voting are as under:
    - A. In case a Member receives an email from NSDL [for members whose email IDs are registered with the Company/Depository Participant(s)]:
      - (i) Open email and open PDF file viz; "solitaireevoting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for e-voting. Please note that the password is an initial password.
      - (ii) Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>
      - (iii) Click on Shareholder - Login
      - (iv) Put user ID and password as initial password/PIN noted in step (i) above. Click Login.
      - (v) Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
      - (vi) Home page of e-voting opens. Click on e-Voting: Active Voting Cycles.
      - (vii) Select "EVEN" of Solitaire Machine Tools Limited.
      - (viii) Now you are ready for e-voting as Cast Vote page opens.
      - (ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
      - (x) Upon confirmation, the message "Vote cast successfully" will be displayed.
      - (xi) Once you have voted on the resolution, you will not be allowed to modify your vote.
      - (xii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to [sachin@sachinfcs.com](mailto:sachin@sachinfcs.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)
    - B. In case a Member receives physical copy of the Notice of AGM [for members whose email IDs are not registered with the Company/Depository Participant(s) or requesting physical copy]:
      - (i) Initial password is provided as below/at the bottom of the Attendance Slip for the AGM:  
EVEN (E Voting Event Number) USER ID PASSWORD/PIN
      - (ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.
  - II. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the Downloads section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com)
  - III. If you are already registered with NSDL for e-voting then you can use your existing user ID and password/PIN for casting your vote.
  - IV. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
  - V. The e-voting period commences on 24<sup>th</sup> June, 2014 (9:00 am) and ends on 26<sup>th</sup> June, 2014 (6:00 pm). During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 30<sup>th</sup> May, 2014, may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
  - VI. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date (record date) of 30<sup>th</sup> May, 2014.
  - VII. Mr. Sachin Chhadawa, Practising Company Secretary (Membership No. FCS 5619) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
  - VIII. The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
  - IX. The Results shall be declared on or after the AGM of the Company. The Results declared alongwith the Scrutinizer's Report shall be placed on the Company's website [www.smitgrinders.com](http://www.smitgrinders.com) and on the website of NSDL within two (2) days of passing of the resolutions at the AGM of the Company and communicated to the BSE Limited and Vadodara Stock Exchange.



**SOLITAIRE MACHINE TOOLS LIMITED**

CIN : L28932MH1967PLC013747

Registered Office : 107, Arun Chambers, Tardeo Road, Mumbai - 400 034

**NOTICE  
TWENTY SECOND ANNUAL GENERAL MEETING**

NOTICE is hereby given that the Twenty Second Annual General Meeting of the Members of the Solitaire Machine Tools Limited will be held on Monday, the 30<sup>th</sup> June, 2014 at 9.30 a.m. at Gold Coins, 6, Arun Chambers, Next to A.C. Market, Tardeo Road, Mumbai 400 034, to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Balance Sheet as on March 31, 2014 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 2013-14.
3. To appoint a director in place of Mrs. Padmaja K. Mukundan, who retires by rotation, and being eligible, offers herself for reappointment.
4. To appoint a director in place of Mrs. Rashmi Desai, 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 and Managing Director

Place: Vadodara  
Date: 10/05/2014

Solitaire Machine Tools Limited  
(CIN: L28932MH1967PLC013747)  
Regd. Office: 107, Arun Chambers, Tardeo Road, Mumbai – 400 034  
Email: sales@smtgrinders.com, Website: http://www.smtgrinders.com, Phone: 022- 66602156.

**Form No. MGT-12**

**Polling Paper**

*[Pursuant to section 109(5) of the Companies Act, 2013 and rule 21(1)(c) of the Companies (Management and Administration) Rules, 2014]*

Name of the Company: Solitaire Machine Tools Limited  
Registered office: 107, Arun Chambers, Tardeo Road, Mumbai – 400 034

**BALLOT PAPER**

S No	Particulars	Details
1.	Name of the First Named Shareholder (in block letters)	
2.	Postal address	
3.	Registered folio No. / *Client ID No. (*Applicable to investors holding shares in dematerialized form)	
4.	Class of Share	

I hereby exercise my vote in respect of Ordinary/ Special resolution enumerated below by recording my assent or dissent to the said resolution in the following manner:

No	Item No.	No. of shares held by me	I assent to the resolution	I dissent from the resolution
1.	Adoption of Financial Statements for the year ended March 31, 2014			
2.	Approval of Dividend for the financial year 2013-14			
3.	Re-appointment of Mrs. Padmaja K. Mukundan, who retires by rotation			
4.	Re-appointment of Mrs. Rashmi Desai, who retires by rotation			
5.	Appointment of Auditors and fixing their remuneration			

Place:

Date:

(Signature of the shareholder)

## DIRECTORS' REPORT

### TO THE MEMBERS:

Your Directors have pleasure in presenting 22<sup>nd</sup> Annual Report of your company together with the Audited Accounts for the year ended March 31, 2014.

### FINANCIAL RESULTS:

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

(Rs. in Lacs)

Particulars	Year Ended 31 <sup>st</sup> March, 2014	Year Ended 31 <sup>st</sup> March, 2013	Year Ended 31 <sup>st</sup> March, 2012	Year Ended 31 <sup>st</sup> March, 2011	Year Ended 31 <sup>st</sup> March, 2010
Sales (Net)	923.08	1036.45	1407.65	954.97	626.41
Other Income	20.66	14.71	15.21	7.38	12.42
Increase/ (Decrease) in stocks	84.90	57.00	(32.02)	(45.51)	(38.02)
Profit Before Taxation	58.52	141.85	192.41	136.65	24.94
Less:					
Taxation	25.00	50.00	65.14	48.02	6.50
Fringe Benefit Tax	-	-	-	-	-
Add/Less: Deferred Tax	3.70	1.11	5.80	(6.63)	4.83
Net Profit after Tax	37.21	88.17	134.62	77.17	17.14
Add: Profit brought Forward from Previous Year	514.75	466.16	417.13	392.93	375.79
Profit available for appropriation	551.96	554.34	551.75	470.11	392.93
Proposed Dividend	22.71	34.07	68.13	45.42	-
Corporate Tax on Proposed Dividend	3.86	5.53	11.05	7.54	-
Transfer to General Reserve	0.00	0.00	6.41	-	-
Balance Carried to Balance Sheet	525.39	514.75	466.16	417.13	392.93

### DIVIDEND:

Your Directors recommend dividend of Rs. 0.50/- per share (5%) on 4542176 equity shares of Rs. 10/- each for the year ended March 31, 2014 subject to members' approval.

### OPERATIONS:

The operation for the year has shown further decline in sales and profits. The Capital Goods industry and especially the Machine Tools industry have suffered. The slowdown in Automobiles production has affected the industry and SMT in particular a lot during the year. The order booking and delay in taking delivery of the machines has affected the performance of the Company.

The total net sales were down by about 11 % to Rs. 923.06 Lacs against previous year Rs. 1137.00 Lacs. The net profit also declined by about 58 % to Rs. 37.21 Lacs against previous year Rs. 88.17 Lacs. The only Silver lining was that with decline in Domestic Demands, the Export sales went up from Rs. 1.35 Crore in previous year to Rs. 2.98 Crore during the year. The Company sold machines and spares to USA, Mexico, Italy and UK.

In spite of the downturn the Company has remained Debt Free. The borrowings from Bank were in Cash Credit account against increased inventory of machines and parts.

The New Year started with Political uncertainty in the country and its industrial policies. However, thanks to our country's democratic values, we have given clear verdict to form a government which would be targeting Growth all around the country. The positive signs would prompt growth and hopefully, Manufacturing industry would get desired boost.

The Engineering, Aerospace and Automotive industry worldwide is looking at upward trend. The Company has been able to book orders from USA, Australia, New Zealand, Brazil, Argentina and Italy. This shows acceptance of the Quality of Indian manufactured machines in industrial world. The Company is also member of Government of India initiative of Promoting "Brand India" campaign in various parts of the world.

The company has been able to maintain the raw material and manufacturing cost to earlier level with small increase in percentage. The inventory of semi-finished machines and parts has grown due to non-shipment of the machines.

The Company plans to launch its Double Disk Grinder and Micro Centerless grinder at IMTEX 2015 in Bangalore in January 2015. The New Solitaire No.1 Mini Plus was manufactured and was well accepted by customers.

The Company distributed funds to Employees children to promote education, especially for Girl Child. The Company thanks it's customers for continuous support and especially International customers for their support and faith in meeting their requirements from the company against international competition. The company's personnel have worked hard to achieve the targets in spite of difficult times and tough market conditions. The Company thanks its bankers for continued support during the year.

On a sad note, Mr P.J.Sheth, Chairman Emeritus, founder, promoter and mentor to us at SMT passed away on August 15, 2013.

#### **DIRECTORS:**

Mrs. Padmaja K. Mukundan, Director and Mrs. Rashmi Desai, 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 RESPONSIBILITY STATEMENT AS REQUIRED 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

**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. 1,44,178/- 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 and Managing Director

Place: Vadodara  
Date: 10/05/2014



## MANAGEMENT DISCUSSION AND ANALYSIS

### 1. Industry Structure and Development:

The Company is part of the industry broadly known as Capital Goods. The Capital Goods Industry consists of various products in different segments like Textiles Machinery, Engineering Industries and Automobiles and ancillary manufacturing. The Company is part of Capital Goods Industry known as Machine Tools Industry catering to various segments as explained above. Being part of Capital Goods Industry, fortunes of company is directly linked to the growth and progress of the industry to which it caters. The other relevant factors having bearing on the industry are government policies, import export policies, and incentive for investment available to the industries.

The Centerless Grinders manufactured by the company are used in the industry like Automobile, Automobile Ancillaries, Textiles Machinery, Steel Industry, Bearing Industry etc.

### 2. Opportunities and Threats:

The growth opportunity for the machine-tools industry is in direct proportion to the industrial growth of other industries like Textile Machinery Industry, Automobile Industry, Steel Industry, Bearing Industry, etc. to which the Machine Tool Industry is supplementary Industry. During the last few years, the phenomenal growth in Automobiles Industry has largely contributed to the growth of machine tools industry and opportunity lies in the further growth anticipated in the Automobiles Industry as several multinational car manufacturer shifts their production base to India. Another potential growth opportunity lies in out sourcing of Automobile ancillary products from India, which has tremendous growth potential in the coming years.

### 3. Segment wise Performance:

Presently, company is dealing in single segment activity namely Machine Tools.

### 4. Outlook:

The long-term outlook for the industry is optimistic based upon the product innovation and cutting age technology for sustaining growth. The export market especially to U.S.A. will sustain and an additional avenue is opened for exports to Europe, South America & others. The domestic demand will also grow in the current year.

### 5. Internal Control Systems and Their Adequacy:

Considering the size and nature of the business, presently adequate internal control systems are in place. However, as and when company achieves further growth and higher level of operations, company will review the internal control system to match with changed requirement...

The company has proper and adequate system of internal controls to ensure that all assets are safeguarded and protected against unauthorized use or disposition and that transaction are authorized and recorded correctly.

The company has constituted Audit Committee consisting of non-executive and independent Directors to look into various aspects of Accounts. The company has a clearly defined organization structure in place.

**6. The Financial and Operational Performance:**

The financial statement is in confirmation with the provisions of the Companies Act, 1956 and applicable accounting standard recommended by the Institute of Chartered Accountants of India. The financial statement reflects the genuine desire for the transparency and best judgment for the estimates made on prudent and reasonable bases to correctly reflect the true and fair affairs of the company.

**7. Human Resource Development:**

The company believes that the main strength of any organization is its people. It is the people who build the system and create a climate to suit the growth and excellence in the company. The industrial relations, during the year were cordial.

**8. Cautionary statement:**

Statement in this Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be "forward-looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include raw material availability and prices, cyclical demand and pricing in the Company's principal markets, changes in Government regulations, tax regimes, economic developments and Industrial growth within India and the countries in which the Company conducts business and other incidental factors.



## REPORT ON CORPORATE GOVERNANCE:

### **Company's Philosophy on Corporate Governance:**

Solitaire Machine Tools Limited believes that good Corporate Governance is essential to achieve long-term corporate goals, enhance shareholders' value and attain highest level of transparency. The Company is committed to achieve the highest standard of Corporate Governance, accountability and equity in all facets of its operations and in all interaction with stakeholders. The Company believes that all its operations and actions must serve the underlined goal of enhancing customers' satisfaction and shareholders' value over a sustained period of time.

#### **I. Board of Directors:**

- A. The Board of Directors comprises three Executive Directors (two are Executive Directors and Managing Directors and one of the three is Executive Director and Whole Time Director) and five non-executive directors.

During the year, four Board Meetings were held on 4<sup>th</sup> May, 2013, 27<sup>th</sup> July, 2013, 26<sup>th</sup> October 2013 and 1<sup>st</sup> February, 2014.

- B. The Composition of the Board of Directors, their attendance at the board meeting during the year and at the last Annual General Meeting along with number of other directorships, committee chairmanship/ memberships is as follows:

Name of Directors	Category of Directorship	No. of Board Meetings Attended	Attendance at last AGM held on 22.06.2013	No. of other Directorship	Committee Membership/ Chairmanship	
					Member	Chairman
1. Mr. A. J. Sheth	Promoter, CMD and Executive	4	Yes	—		1
2. Mr. H. J. Badani	Promoter, MD and Executive	2	Yes	1	1	
3. Ms. Shilpa Taneja	Promoter and Non - Executive	3	Yes	2	2	
4. Mr. Harsh Badani	Promoter, WTD and Executive	2	Yes	1		
5. Mr. A. J. Kothari	Independent	4	Yes	—	2	
6. Dr. Amita S. Shah	Independent	1	Yes	—	1	
7. Ms. Rashmi S Desai	Independent	1	—	—		
8. Mrs. Padmaja K. Mukundan	Independent	2	—	—		2

CMD – Chairman & Managing Director, ED – Executive Director, WTD – Wholetime Director.

NED - Non-Executive Director, ID – Independent Director

Except sitting fees, no other remuneration is paid to Non-Executive Directors. Leave of absence is granted to the directors absent for meetings.

### C. Appointment of Directors:

The brief particulars of the Directors of the Company retiring by rotation and proposed to be re-appointed at the ensuing Annual General Meeting are as under:

Mrs. Padmaja K. Mukundan, Director and Mrs. Rasmi Desai, Director of the Company retiring by rotation and proposed to be re-appointed at the ensuing Annual General Meeting.

### D. Code of Conduct:

The Company has laid down a code of conduct for all Board Members and senior management personnel of the company. The code of conduct is available on the website of the company at [www.smtgrinders.com](http://www.smtgrinders.com)

## II. Audit Committee:

### Terms of Reference:

The Audit Committee comprises of three Non-Executive Directors under the Chairmanship of Mrs. Padmaja Mukundan, the other members in the Committee being Mrs. Shilpa Taneja and Mr. Anil Kothari. All the members of the Audit Committee are financially literate.

During the year four Audit Committee Meetings were held on 4<sup>th</sup> May 2013, 26<sup>th</sup> July, 2013, 25<sup>th</sup> October 2013 and 31<sup>st</sup> January, 2014.

The attendance record of Audit Committee members is given below:

Name of The Directors	No. of Meetings	
	Held	Attended
1. Mrs. Padmaja Mukundan	4	4
2. Mr. Anil Kothari	4	4
3. Mrs. Shilpa Taneja	4	4

This Committee comprises of two independent Directors and one promoter.

### The Audit Committee is responsible for:

- Overseeing the company's financial reporting process and disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- To recommend the appointment of statutory auditors and fixation of their fees.
- Review of Accounting and financial policies and practices.
- Review of Internal Control Systems.
- Reviewing with the Management, the Quarterly and Annual Financial Statements before submission to the Board, to discuss their findings, suggestions and other related matters and to give recommendations on any such matter connected herewith which will be binding on the Board.