

SOLITAIRE MACHINE TOOLS LIMITED
REPORT
AND
STATEMENT OF ACCOUNTS
FOR THE YEAR ENDED
31ST MARCH, 2016

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Mr. A. J. Sheth
Mr. H. J. Badani
Mr. Harsh Badani
Ms. Shilpa Taneja
Mr. A. J. Kothari
Dr. Amita Shah
Mrs. Rashmi Desai
Mrs. Padmaja K. Mukundan

Chairman & Managing Director
Vice Chairman & Managing Director
Whole Time Director
Director
Director
Director
Director
Director

Mr. A. J. Sheth
Mr. H. J. Badani
Mr. Harsh Badani
Mr. N. M. B. Khan

Chairman & Managing Director
Vice Chairman & Managing Director
Whole Time Director
Dy. General Manger (Finance & Corporate Affairs)

Shop 3-A, Floor- Bas, Plot 731, Part 3, Arun Chamber,
Pandit Madan Mohan Malviya Marg, Tardeo, Mumbai -
400034. Tel: 022 66602156

PLANT I:

292, DHARAMSINH DESAI MARG
CHHANI ROAD, VADODARA-390 002
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Email: sales@smtgrinders.com

A-24/25, KRISHNA INDUSTRIAL ESTATE,
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Email: sales@smtgrinders.com

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AJMERA AJMERA & ASSOCIATES
CHARTERED ACCOUNTANTS
MUMBAI

AXIS BANK LTD.
VARDHMAN COMPLEX, OPP. G.E.B.
RACE COURSE CIRCLE (NORTH),
VADODARA-390 007

LINK INTIME INDIA PRIVATE LIMITED,
C-13, PANNALAL SILK MILLS COMPOUND,
L.B.S. MARG, BHANDUP (WEST)
MUMBAI-400 078

SACHIN CHHADAWA
PRACTICING COMPANY SECRETARY
MUMBAI

DIRECTORS' REPORT

To the Members,

The Directors have pleasure in presenting before you the Twenty Fourth Annual Report of the Company together with the Audited Statements of Accounts for the year ended 31st March, 2016.

FINANCIAL RESULTS :

The performance during the period ended 31st March, 2016 has been as under:

(Rs. in Lacs)

Particulars	Year Ended 31 st March, 2016	Year Ended 31 st March, 2015	Year Ended 31 st March, 2014	Year Ended 31 st March, 2013	Year Ended 31 st March, 2012
Sales (Net)	1565.50	1079.42	923.08	1036.45	1407.65
Other Income	26.80	15.44	20.66	14.71	15.21
(Increase)/ Decrease in stocks	179.04	(159.22)	(84.90)	(57.00)	32.02
Profit Before Taxation	169.54	104.63	58.52	141.85	192.41
Less:					
Taxation	66.50	56.00	25.00	50.00	65.14
Add/Less: Deferred Tax	6.43	26.08	3.70	1.11	5.80
Net Profit after Tax	108.88	62.94	37.21	88.17	134.62
Add: Profit brought Forward from Previous Year	547.45	525.39	514.75	466.16	417.13
Profit available for appropriation	656.33	588.33	551.96	554.34	551.75
Proposed Dividend	45.42	34.06	22.71	34.07	68.13
Corporate Tax on Proposed Dividend	9.08	6.81	3.86	5.53	11.05
Transfer to General Reserve	0.00	0.00	0.00	0.00	6.41
Balance Carried to Balance Sheet	601.82	547.45	525.39	514.75	466.16

DIVIDEND:

Your Directors recommend dividend of Rs. 4542176/- which would be 10% on 4542176 equity shares of Rs. 10/- each for the year ended March 31, 2016 subject to members' approval.

OPERATIONS:

The operation for the year has shown rapid growth after last year's moderate growth. The market recovered and demand shot up for the company. This was unusual as Machine Tool Industry recovery was slow. The company increased total sales by 45 % and the total share of Exports was close to 40 %. During the year machines were sold in Brazil, Argentina, UK, USA and Italy. The recognition in International market has helped Company gain required prestige for better future. The sales could have been better if several machines ready for delivery would have been picked up by the customers. However, the inventory was down from previous year and machines held are cleared in current financial year.

The Company recorded highest revenue of Rs. 1565.50 Lacs in the year. The total sales was up by 45 % against previous year. The Net Profit also increased by 73 % against previous year amounting to Rs. 108 Lacs. The EPS went up to Rs. 2.40 against previous year of Rs. 1.39.

Your Company has still remained DEBT FREE for the year. The Company invested Rs. 1.90 Crore (1.40 in fixed assets including 1.10 crore Capital work in progress and additional 0.5 Crore in Fixed Deposits) and all these investments were made from Internal Accruals. The Company has earned more interest from Banks from Fixed Deposits as against the interest paid to banks.

EEPC has once again recognized the Export Achievements of the Company and awarded Star Performer for year 2013-2014 for Western Region. The award was handed over by Central Railway Minister Shri Suresh Prabhu to Ms. Shilpa Taneja in Mumbai.

The Company has been able to contain the cost of all major cost constituent due to improved sales. The cost of material is down by about 9 %. The Employee cost has also been brought down by 3.7 %, and Other Expenses down by 8 %. Various cost cutting measures are taken and more would be taken to reduce the cost of operations.

During last year, our Gorwa plant had rented out the roof to an agency to install Solar Panel for Power generation. The company earned revenue of Rs. 1.66 lacs and was meeting Green Building norms.

The New Year started with good orders in hand and brighter future growth due to improved economic factors prevailing all around. The predicted good monsoon could lift domestic demand for vehicles, tractors and transport. This can lead to better demand for machines in coming months. On Export front, we have orders in hand from Australia, Turkey, Italy, UK and USA. More efforts are being made to improve further export sales and compete against the best manufacturers in the world. The domestic front is also looking up as quality standards are becoming more stringent and need for better machines is increasing.

The Company would be participating in IMTEX 2017 with some new innovations. The exhibition would take place in January 2017 in Bangalore.

The company continued its social responsibility as far as possible with it's own resources.

The company thanks its customers for continuous support and faith in meeting their requirements. The company's personnel have worked diligently to achieve better results and work towards brighter future. The company thanks its Bankers and all government agencies for their support.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

As required under Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Management Discussion and Analysis Report is enclosed as a part of this report.

CORPORATE GOVERNANCE AND SHAREHOLDERS INFORMATION:

Report on Corporate Governance and Management Discussion and Analysis Reports along with Certificate of the Company Secretary in Practice pursuant 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.

LISTING WITH STOCK EXCHANGES:

The Company confirms that it has paid the Annual Listing Fees for the year 2016-17 to BSE where the Company's Shares are listed.

DEMATERIALISATION OF SHARES:

88.1% of the company's paid up Equity Share Capital is in dematerialized form as on 31st March, 2016 and balance 11.9% is in physical form.

NUMBER OF BOARD MEETINGS HELD:

The Board of Directors duly met 5 times during the financial year from 1st April, 2015 to 31st March, 2016. The dates on which the meetings were held are as follows :

9th May, 2015, 17th June, 2015, 20th July, 2015, 31st October, 2015 and 30th January, 2016.

DIRECTORS:

The Board of Directors are duly constituted. As per provisions of Companies Act, 2013 for retirement by rotation, all executive directors are now liable to retire by rotation.

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

DIRECTORS RESPONSIBILITY STATEMENT:

Pursuant to Section 134(5) of the Companies Act, 2013, Directors of your Company hereby state and confirm that:

- a) In the preparation of the annual accounts for the year ended 31st March, 2016, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b) They have selected such accounting policies and applied them consistently and 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 at the end of the financial year and of the profit of the company for the same period;

c) The directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

d) They have prepared the annual accounts on a going concern basis;

e) They have laid down internal financial controls in the company that are adequate and were operating effectively.

f) They have devised proper systems to ensure compliance with the provisions of all applicable laws and these are adequate and are operating effectively.

COMMENTS ON AUDIT OBSERVATIONS:

With respect to the Statutory Auditors' observations regarding dues of custom, please note that, the same have not been deposited by the company on account of dispute which is pending before Delhi High Court.

COMMENTS ON SECRETARIAL AUDITOR'S OBSERVATIONS:

There is no malafide intention on the part of company and delay if any, in the matter is inadvertently and caused due to oversight. The Company is in process of complying all the requirements of the Companies Act, 2013 and amended listing agreement.

AUDITORS:

Statutory Auditors:

Appointment of M/s. Ajmera Ajmera & Associates, Chartered Accountants, Mumbai as an Auditor is required to be ratified at this Annual General Meeting and being eligible, offer themselves for reappointment.

Secretarial Audit :

According to the provision of section 204 of the Companies Act, 2013 read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Secretarial Audit Report submitted by Company Secretary in Practice is enclosed as a part of this report Annexure-A.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS 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 2015-2016 were Rs. 608.05 Lacs (Previous Year Rs. 490.84 Lacs) while outgoings were Rs. 2.82 Lacs (Previous Year Rs. 0.74 Lacs).

VIGIL MECHANISM:

In pursuant to the provisions of section 177(9) & (10) of the Companies Act, 2013, a Vigil Mechanism for directors and employees to report genuine concerns has been established. The Vigil Mechanism Policy has been uploaded on the website of the Company at www.smtgrinders.com under <http://www.smtgrinders.com/policies> link.

RELATED PARTY TRANSACTIONS:

Related party transactions that were entered during the financial year were on an arm's length basis and were in the ordinary course of business. There were no materially significant related party transactions with the Company's Promoters, Directors, Management or their relatives, which could have had a potential conflict with the interests of the Company. Transactions with related parties entered by the Company in the normal course of business are periodically placed before the Audit Committee for its omnibus approval and the particulars of contracts entered during the year as per Form AOC-2 is enclosed as Annexure-B.

The Board of Directors of the Company has, on the recommendation of the Audit Committee, adopted a policy to regulate transactions between the Company and its Related Parties, in compliance with the applicable provisions of the Companies Act 2013, the Rules there under and the Listing Agreement. This Policy was considered and approved by the Board has been uploaded on the website of the Company at www.smtgrinders.com under <http://www.smtgrinders.com/policies> link.

EXTRACT OF ANNUAL RETURN:

The details forming part of the extract of the Annual Return in Form MGT-9 is annexed herewith as Annexure-C.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS:

There are no Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 during the current Financial Year.

REMUNERATION RATIO OF THE DIRECTORS / KEY MANAGERIAL PERSONNEL (KMP) / EMPLOYEES:

The information required pursuant to Section 197 read with Rule 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Companies (Particulars of Employees) Rules, 1975, in respect of employees of the Company and Directors is furnished hereunder:

S. No.	Name	Designation	Remuneration paid FY 15-16	Remuneration paid FY 14-15	Increase in remuneration from previous year	Ratio/Times per Median of employee remuneration
1	Mr. Ashok Sheth	Chairman and Managing Director	Rs. 10,63,223/-	Rs. 10,58,502/-	Rs. 4,721/-	4.86
2	Mr. Hemendra Badani	Managing Director	Rs. 10,88,535/-	Rs. 10,54,310/-	Rs. 34,225/-	4.97
3	Mr. Harsh Badani	Whole Time Director	Rs. 8,64,101/-	Rs. 7,10,265/-	Rs. 1,53,836/-	3.95

DEVELOPMENT AND IMPLEMENTATION OF A RISK MANAGEMENT POLICY:

The Company has been addressing various risks impacting the Company and the policy of the Company on risk management is provided elsewhere in this Annual Report in Management Discussion and Analysis.

ACKNOWLEDGEMENT:

Directors take this opportunity to express their thanks to various departments of the Central and State Government, Bankers, Material Suppliers, Customers and Shareholders for their continued support and guidance. The Directors wish to place on record their appreciation for the dedicated efforts put in by Employees of the Company at all levels.

For and on behalf of Board of Directors

ASHOK J SHETH
Chairman and Managing Director
DIN: 00174006

Place: Mumbai
Date: May 21, 2016

ANNEXURE 'A' TO BOARD'S REPORT

SECRETARIAL AUDIT REPORT FORM NO. MR-3

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2016

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Solitaire Machine Tools Limited

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Solitaire Machine Tools Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of Solitaire Machine Tools Limited's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended March 31, 2016, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2016 according to the provisions of:

- (1) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (2) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (3) The Depositories Act, 1996 and the Regulations and bye-laws framed thereunder;
- (4) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder;
- (5) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;