



18th Annual Report 2009-2010



SOLITAIRE MACHINE TOOLS LTD.

107, Arun Chambers, Tardeo Road, Mumbai - 400 034.

Tel. : 91-22-2351 3012/2352 0363 Fax : 91-22-2351 6853

Mr. P. J. Sheth

Chairman Emeritus

Mr. A. J. Sheth
Mr. H. J. Badani
Mr. Harsh Badani
Ms. Shilpa Taneja
Mr. A. J. Kothari
Dr. Amita Shah
Mrs. Rashmi Desai
Ms. 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 Manager (Finance & Corporate Affairs)

**REGISTERED & CORPORATE
OFFICE**

107, ARUN CHAMBERS, TARDEO ROAD
MUMBAI-400 034
Tel: 022 2351 3012/ 2352 0363
Fax: 022 2351 6853

PLANT I:

292, DHARAMSINH DESAI MARG
CHHANI ROAD, VADODARA-390 002.
Tel: 0265 277 2415/ 277 3585
Fax: 0265 277 1927
Email : sales@smtgrinders.com

PLANT II

A-24/25, KRISHNA INDUSTRIAL ESTATE,
GORWA, VADODRA-390 016
Tel: 0265 658 0010
Email: sales@smtgrinders.com

AUDITORS

AJMERA AJMERA & ASSOCIATES
CHARTERED ACCOUNTANTS
MUMBAI

BANKER

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

SHARE TRANSFER AGENT

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

SECRETARIAL CONSULTANT

SACHIN CHHADAWA
PRACTICING COMPANY SECRETARY
MUMBAI

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 26th June, 2010 at 4.00 p. m. at Gold Coin Restaurant, Ground Floor, Arun Chambers, 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, 2010 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. A. J. Kothari, who retires by rotation, and being eligible, offers himself for reappointment.
3. To appoint a director in place of Ms. Shilpa Taneja, who retires by rotation, and being eligible, offers herself for reappointment.
4. 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.

SPECIAL BUSINESS:

5. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an ORDINARY RESOLUTION:

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 310 of the Companies Act, 1956 (including any Statutory modification or re-enactment thereof) and Schedule XIII thereof, consent of the members be and is hereby accorded to the appointment of Mr. A.J. Sheth as Chairman and Managing Director of the Company for the period of 5 years with effect from 30th January, 2010.

"RESOLVED FURTHER THAT Mr. A.J. Sheth shall receive a remuneration of Rs. 50,000/- per month and additional perquisites like use of Company's car, provident fund, gratuity, reimbursement of one telephone line at residence, reimbursement of electricity bill at the residence and reimbursement of expenses incurred in course of performing his duty as a Chairman and Managing Director."

"RESOLVED FURTHER THAT the remuneration for the above period may be reviewed by the Board from time to time and such remuneration should be within the limits of Schedule XIII and other applicable provisions of the Companies Act, 1956.

"RESOLVED FURTHER THAT subject to the provisions of Section 255 of the Companies Act, 1956, Mr. A.J. Sheth shall not be liable to retire by rotation during his tenure as Chairman and Managing Director of the Company."

RESOLVED FURTHER THAT Board of Director of the Company be and is hereby authorised to do all such acts, deeds and things as may be necessary to give effect to this resolution."

6. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an ORDINARY RESOLUTION:

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 310 of the Companies Act, 1956 (including any Statutory modification or re-enactment thereof) and Schedule XIII thereof,

consent of the members be and is hereby accorded to the appointment of Mr. H.J. Badani as Vice Chairman and Managing Director of the Company for the period of 5 years with effect from 30th January, 2010.

"RESOLVED FURTHER THAT Mr. H.J. Badani shall receive a remuneration of Rs. 50,000/- per month and additional perquisites like a Company's car, provident fund, gratuity, reimbursement of one telephone bill and electricity bill at residence and reimbursement of expenses incurred in course of performing his duty as Vice - Chairman and Managing Director."

"RESOLVED FURTHER THAT the remuneration for the above period may be reviewed by the Board from time to time & such remuneration shall be within the limits of Schedule XIII and other applicable provisions of the Companies Act, 1956.

"RESOLVED FURTHER THAT subject to the provisions of Section 255 of the Companies Act, 1956, Mr. H.J. Badani shall not be liable to retire by rotation during his tenure as Vice - Chairman and Managing Director of the Company."

RESOLVED FURTHER THAT Board of Director of the Company be and is hereby authorised to do all such acts, deeds and things as may be necessary to give effect to this resolution."

7. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an ORDINARY RESOLUTION:

"RESOLVED THAT Mr. Harsh Badani, who was appointed as an Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956 and holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice from a member of the Company under Section 257 of the Companies Act, 1956, in writing, proposing his candidature for the office of the Director, be and is hereby appointed as a Director of the Company."

8. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an ORDINARY RESOLUTION:

"RESOLVED THAT subject to the provisions of Section 198, 269, 309, 310 of the Companies Act, 1956 (including any Statutory modification or re-enactment thereof) and Schedule XIII thereof, consent of the members be and is hereby accorded to the appointment of Mr. Harsh Badani as Whole Time Director of the Company for the period of five years w. e. f. 30th January, 2010 on a remuneration of Rs. 25,000 per month and additional perquisites like company's car, provident fund, gratuity and other perquisites as may be decided by the Board."

"RESOLVED FURTHER THAT subject to the provisions of Section 255 of the Companies Act, 1956, Mr. Harsh Badani shall not be liable to retire by rotation during his tenure as Whole Time Director of the Company."

RESOLVED FURTHER THAT Board of Director of the Company be and is hereby authorised to do all such acts, deeds and things as may be necessary to give effect to this resolution."

9. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a SPECIAL RESOLUTION:

"RESOLVED THAT subject to the provisions of Section 314 of the Companies Act, 1956 (including any statutory modification or re-enactment thereof), consent of members be and is hereby accorded to the appointment of Mr. P.J. Sheth as Chairman Emeritus of the Company w. e. f. 30th January 2010.

RESOLVED FURTHER THAT Mr. P.J. Sheth will not draw any remuneration. However he will be provided with an office, chauffeur driven car, reimbursement of one telephone expenses at residence, medical expenses for self and spouse, reimbursement of expenses of electricity bill and actual expenses incurred by him in connection with the company's work and other perquisites as may be decided by the Board from time to time."

RESOLVED FURTHER THAT Board of Director of the Company be and is hereby authorised to do all such acts, deeds and things as may be necessary to give effect to this resolution."

For SOLITAIRE MACHINE TOOLS LIMITED

Sd/-

A.J. Sheth
Chairman

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, LBS Marg, Bhandup (West), Mumbai 400078.
4. The Register of Members and Share transfer Books will remain closed from Saturday, the 19th June, 2010 to Saturday, the 26th June, 2010 (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. The Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of the Special Business to be transacted at the meeting is annexed to this notice.

Regd. Office:

107, Arun Chambers
Tardeo Road, Mumbai-400 034

Place: Vadodara

Date: 22nd May, 2010

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956.

As required by section 173(2) of The Companies Act, 1956 the following statement sets out all material facts relating to the Special Business under item No. 5 to 9 mentioned in the accompanying Notice dated 22nd May, 2010 and should be taken as forming part of it.

Item No. 5

In accordance with the provisions of Schedule XIII of the Companies Act, 1956, appointment of Mr. A.J. Sheth as Chairman and Managing Director requires shareholders approval by passing Ordinary Resolution at the ensuing Annual General Meeting.

Mr. A.J. Sheth is qualified Mechanical Engineer with more than 42 years of experience in the Machine Tool Industry with international exposure. His experience in the industry will be helpful to the Company.

The terms of appointment and remuneration payable to Mr. A.J. Sheth as Chairman and Managing Director are as follows:

1. Remuneration: Rs. 50,000/- per month with authority to the Board to review it from time to time in accordance with the provisions of Schedule XIII of the Companies Act, 1956.
2. Perquisites and allowances: Use of Company's car, provident fund, gratuity, reimbursement of one telephone line at residence, reimbursement of electricity bill at the residence and reimbursement of expenses incurred in course of performing his duty as a Chairman and Managing Director.
3. If at any time the appointee ceases to be a director of the Company for any reason whatsoever, he shall cease to be the Chairman and Managing Director of the Company.
4. The appointee shall not be liable to retire by rotation during his tenure as Chairman and Managing Director of the Company.

Considering this, your Directors recommend passing the said resolution.

None of the directors except Mr. A. J. Sheth, is interested in this resolution.

Item No. 6

In accordance with the provisions of Schedule XIII of the Companies Act, 1956, appointment of Mr. H.J. Badani as Vice - Chairman and Managing Director requires shareholders approval by passing Ordinary Resolution at the ensuing Annual General Meeting.

Mr. H.J. Badani is actively involved with the operations at Plants at Vadodara since inception, having exposure in finance and administration. His experience in the industry will be helpful to the Company.

The terms of appointment and remuneration payable to Mr. Hemendra Badani as Vice - Chairman and Managing Director are as follows:

1. **Remuneration:** Rs. 50,000/- per month with authority to the Board to review it from time to time in accordance with the provisions of Schedule XIII of the Companies Act, 1956.
2. **Perquisites and allowances:** Use of Company's car, provident fund, gratuity, reimbursement of one telephone line at residence, reimbursement of electricity bill at the residence and reimbursement of expenses incurred in course of performing his duty as a Vice - Chairman and Managing Director.
3. If at any time the appointee ceases to be a director of the Company for any reason whatsoever, he shall cease to be the Vice - Chairman and Managing Director of the Company.
4. The appointee shall not be liable to retire by rotation during his tenure as Chairman and Managing Director of the Company.

Considering this, your Directors recommend passing the said resolution.

None of the directors except Mr. H.J. Badani and Mr. Harsh Badani are interested in this resolution.

Item No. 7

Mr. Harsh Badani was appointed as an Additional Director of the Company on 30th January, 2010. Pursuant to Section 260 of the Companies Act, 1956, Mr. Harsh Badani will hold office as an Additional Director upto the date of this Annual General Meeting.

The Company has received a notice in writing from a member proposing the candidature of Mr. Harsh Badani for the office of the Director of the Company under the provisions of Section 257 of the Companies Act, 1956.

Considering this, your Directors recommend passing the said resolution.

None of the directors except Mr. Harsh Badani and Mr. H.J. Badani are interested in this resolution.

Item No. 8

Mr. Harsh Badani was appointed as an Additional and Executive Director of the Company on 30th January, 2010. Mr. Harsh Badani, B. E. (Production Engineering) joined as Manufacturing Engineer in the year 2006. He has appointed as Manager, Manufacturing in the year 2008. He has proved his capabilities through hard work and he is capable of handling greater responsibilities. In the view of his qualification, capabilities and experience, it was decided absorb him in the Board of Directors of the Company as Whole Time Director.

Considering this, your Directors recommend passing the said resolution.

None of the directors except Mr. Harsh Badani, and Mr. H.J. Badani is interested in this resolution

Item No. 9

Mr. P. J. Sheth, Founder of the Company and erstwhile Chairman and Director has been associated with the Machine Tools Industry since last 50 years. His contribution to the Company since its foundation is remarkable. Considering his achievements, experience and hard work for the Industry as well as the Company, it is decided to appoint him as Chairman Emeritus.

Mr. P.J. Sheth will not draw any remuneration. Since he is related to some of the directors of the Company, his appointment and perquisites requires approval of members by way of Special Resolution.

Your Directors recommend passing the said resolution.

None of the directors except Mr. A.J. Sheth, Mr. Harsh Badani and Mr. H.J. Badani are interested in this resolution.

For SOLITAIRE MACHINE TOOLS LIMITED

Sd/-
A.J. Sheth
Chairman

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

Place: Vadodara
Date: 22nd May, 2010

DIRECTORS' REPORT

TO THE MEMBERS:

Your Directors have pleasure in presenting 18th Annual Report of your company together with the Audited Accounts for the year ended March 31, 2010.

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 2010	Year Ended 31st March 2009	Year Ended 31st March 2008	Year Ended 31st March 2007	Year Ended 31st March 2006
Sales (Net)	626.41	757.05	883.48	702.63	545.08
Other Income	12.42	17.64	15.45	12.57	7.26
Increase/ (Decrease) in stocks	(38.02)	131.75	(25.49)	32.55	23.24
Cash Profit Before Depreciation and Taxation	97.24	163.25	242.92	188.94	156.89
Less: Depreciation	68.81	64.73	59.61	44.60	39.68
Taxation	6.50	30.00	57.00	45.00	45.00
Fringe Benefit Tax	-	2.00	1.62	1.54	0.95
Add/Less: Deferred Tax	4.83	3.59	6.59	2.75	10.27
Net Profit after Tax	17.14	62.22	118.41	101.01	81.53
Add: Profit brought Forward from Previous Year	375.79	313.56	245.01	185.84	139.20
Profit available for appropriation	392.93	375.79	363.42	286.85	220.73
Proposed Dividend	-	-	34.06	27.25	22.71
Corporate Tax on Proposed Dividend	-	-	5.79	4.59	3.19
Transfer to General Reserve	-	-	10.00	10.00	9.00
Balance Carried to Balance Sheet	392.93	375.79	313.56	245.01	185.84

DIVIDEND:

In view of the uncertainty prevailing in the Industry and decline in profits due to recession in last year, your board has considered it prudent to not recommend the dividend for the year under review.

OPERATIONS:

The operations for the current year have not kept pace with the industry. The downward trend was based on Export market. The export to USA had gone down by almost 62% in current year due to down turn in demand. The severe recession in Europe also did not help, as we could not get any orders from customers, as was envisaged earlier.

The other factors contributing to down ward trend was non co operation by some of our employees during the last quarter of the year. This resulted in loss of production and sales. The issues are being resolved for better co operation in current year and future.

We were still required to hold inventory of some of the special purpose grinders built for customers and not picked up by them, due to their own problems. The order value of such grinders approximates to Rs.1.25 crores.

The company was able to reduce the inventories with proper controls on purchase and better utilization of resources. No major capital expenses were made, as the company had built enough capacity in terms of building and equipment in previous years. The cost rationalization at various stages of manufacturing was implemented to improve productivity.

The company thanks its customers and suppliers for excellent support provided in the current year.

The company also received excellent support from its bankers to tide over the difficult times in past two years.

The company has started the current year with pending orders of about Rs.5.00 crores and as industrial growth is foreseen, the company can expand its sales in current year. In January 2011, company will participate in IMTEX 2011 exhibition in Bangalore and hope to receive good response from customers in India and abroad.

DIRECTORS:

Ms. Shilpa Taneja, Director and Mr. A. J. Kothari, 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 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.