

**BOARD OF DIRECTORS**

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

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

**CORPORATE MANAGEMENT**

Mr. Ashok 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

**PLANTS****PLANT I:**

292, DHARAMSINH DESAI MARG  
CHHANI ROAD, VADODARA-390 002  
Tel: 0265 277 2415/ 277 3585  
Fax: 0265 2771927  
Email: sales@smtgrinders.com

**PLANT II**

A-24/25, KRISHNA INDUSTRIAL ESTATE,  
GORWA, VADODRA-390 016  
Tel: 0265 6580010

**WEBSITE**

[www.smtgrinders.com](http://www.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**

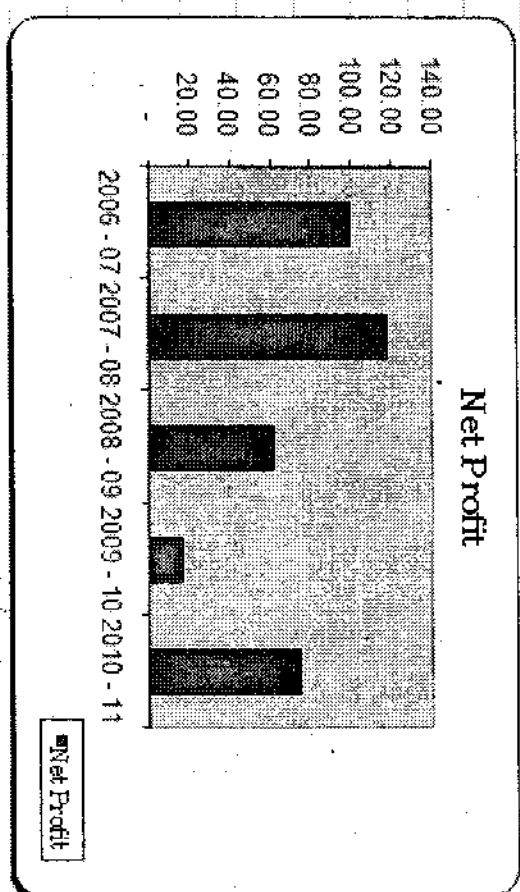
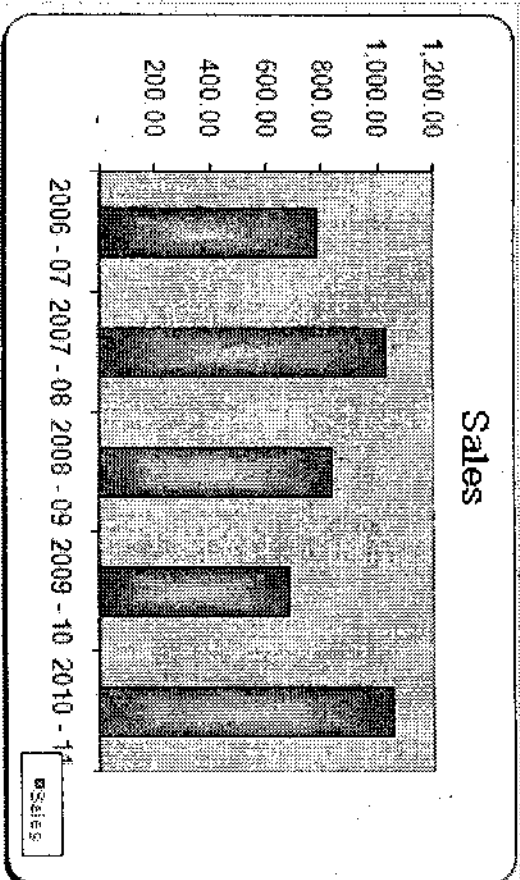
SACHIN CHHADAWA  
PRACTICING COMPANY SECRETARY  
MUMBAI

# SOLITAIRE MACHINE TOOLS LTD.

## KEY FINANCIAL INDICATORS FOR LAST FIVE YEARS

(Rs. In lacs)

Year	2006 - 07	2007 - 08	2008 - 09	2009 - 10	2010 - 11
Sales	793.10	1,038.39	838.17	685.85	1,060.94
Rawmaterial Cost	302.60	397.04	471.74	282.82	424.08
Payment to Employees & Directors	65.65	76.34	82.01	76.06	102.07
Manufacturing & Other Expenses	159.80	15.63	187.78	144.69	182.73
Depreciation	44.60	59.61	64.73	68.81	71.17
Net Profit	101.01	118.41	62.22	17.14	77.17



## NOTICE

NOTICE is hereby given that the Nineteenth Annual General Meeting of the Members of the Solitaire Machine Tools Limited will be held on Saturday, the 18th June, 2011 at 4.00 pm 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 March 31, 2011 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 2010-11.
3. To appoint a director in place of Dr. Amita Shah, who retires by rotation, and being eligible, offers herself for reappointment.
4. To appoint a director in place of Ms. 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 **SOLITARE MACHINE TOOLS LIMITED**

Ashok J. Sheth  
Chairman

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

Place: Mumbai  
Date: 14/05/2011

**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, L B S Marg, Bhandup (West), Mumbai 400078.
4. The Register of Members and Share transfer Books will remain closed from Saturday, the 11th June, 2011 to Saturday, the 18th June, 2011 (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.

**Regd. Office:**

107, Arun Chambers  
Tardeo Road, Mumbai-400 034

Place: Mumbai

Date: 14/05/2011

## **DIRECTORS' REPORT**

### **TO THE MEMBERS:**

Your Directors have pleasure in presenting 19th Annual Report of your company together with the Audited Accounts for the year ended March 31, 2011.

### **FINANCIAL RESULTS:**

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

<b>Particulars</b>	<b>(Rs. in Laes) Year Ended March 31, 2011</b>	<b>(Rs. in Laes) Year Ended March 31, 2010</b>
Sales (Net)	954.97	626.41
Other Income	7.37	12.42
Increase/(Decrease) in stocks	(45.50)	(38.02)
Cash Profit Before Depreciation & Taxation	210.59	97.24
Less : Depreciation	71.16	68.81
: Taxation	48.00	6.5
: Fringe Benefit Tax	-	-
Add/Less: Deferred Tax	(6.62)	4.83
Net Profit after Tax	77.17	17.14
Add: Profit brought Forward from Previous year	392.93	375.79
Profit available for appropriation	470.10	392.93
Proposed Dividend	45.42	-
Corporate Tax on Proposed Dividend	7.54	-
Transfer to General Reserve	-	-
Balance Carried to Balance Sheet	417.13	392.93

### **DIVIDEND:**

Your directors recommend dividend of Rs. 1/- per share (10 %) on 4542176 equity shares of Rs. 10/- each for the year ended March 31, 2011 subject to members' approval.

### **OPERATIONS:**

The operation for the current year has shown growth in terms of Sales & Net Profit. The Indian economy is growing at unprecedented level and same is being reflected in the performance of your company.

The total sale has grown by 54% to Rs.1060.94 lacs from previous year of Rs.685.80 lacs. The Net Profit has grown by over 300 % from Rs.17.14 lacs to Rs.75.17 lacs.

The prospects for current financial year are also bright with good order booking for the first 6 to 7 months at the beginning of the year. The company has been able to make breakthrough in exports by receiving orders

from Australia and Turkey besides regular orders from USA. Negotiations are also being made now to manufacture machines for Bocca & Malandrone Sunebo S.p.A for European market.

During the year company has now developed 5 Axis CNC Centerless Grinder and a line of 3 Grinders was supplied to Rane Engine Valve, Trichy. During the current year, similar lines of high quality grinders are being manufactured to meet customer's demand.

During the year company had exhibited several grinders at IMTEX 2011. The response was positive and new inquiries were generated and several orders have been received.

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 main the cost of manufacturing.

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

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

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

#### **DIRECTORS:**

Dr. Amita S.Shah, Director and Ms. 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 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 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.

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 2010-2011 were Rs. 67.92 Lacs (Previous Year Rs. 59.93 Lacs) while outgoings were Rs. 0.16 Lacs (Previous Year Rs. 5.28 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 not required to transfer any amount 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: Mumbai  
Date: 14/05/2011



## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **1. Industry Structure and Development:**

The Company is part of the industry broadly known as Capital Goods. The Company is part of Capital Goods Industry Known as Machine Tools Industry catering to the various segments. 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, Precision Engineering 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 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. The domestic demand is also growing in the current year. The growth in this sector is expected for another 3 to 5 years.

### **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 estimate 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.