

SOLITAIRE MACHINE TOOLS LTD.

21st  
Annual Report  
2012-13

# **SOLITAIRE MACHINE TOOLS LIMITED**

## **REPORT AND STATEMENT OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2013**

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Mr. P. J. Sheth

Chairman Emeritus

**BOARD OF DIRECTORS**

Mr. Ashok J. Sheth  
Mr. H. J. Badani  
Mr. Harsh Badani  
Ms. Shilpa Taneja  
Mr. A. J. Kothari  
Dr. Amita 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  
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, VADODRA-390 002  
Tel: 0265 277 2415/ 277 3585  
Fax: 0265 277 1927  
Email: [sales@smtgrinders.com](mailto:sales@smtgrinders.com)

**PLANT II**

A-24/25, KRISHNA INDUSTRIAL ESTATE,  
GORWA, VADODRA-390 016  
Tel: 0265 2972877  
Email: [sales@smtgrinders.com](mailto:sales@smtgrinders.com)

**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**

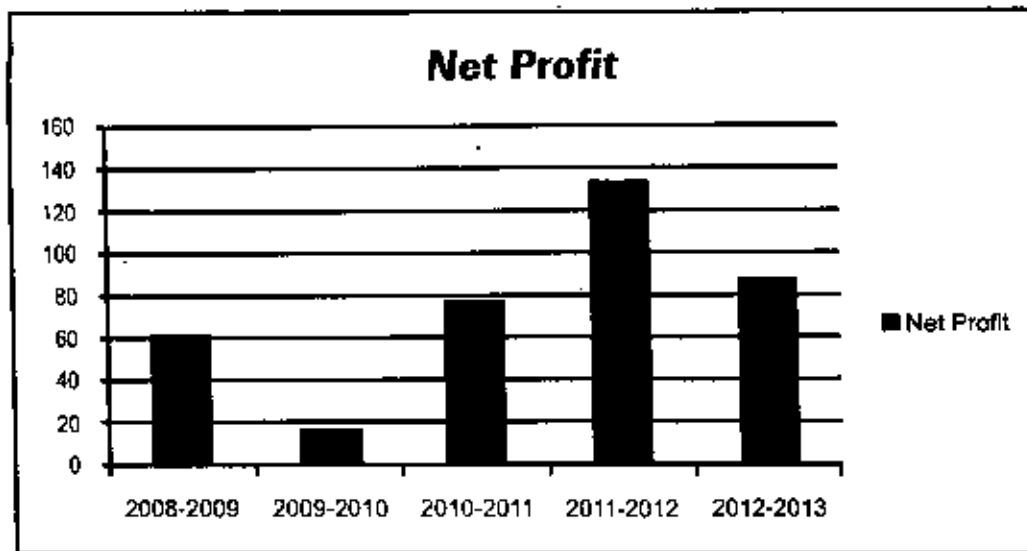
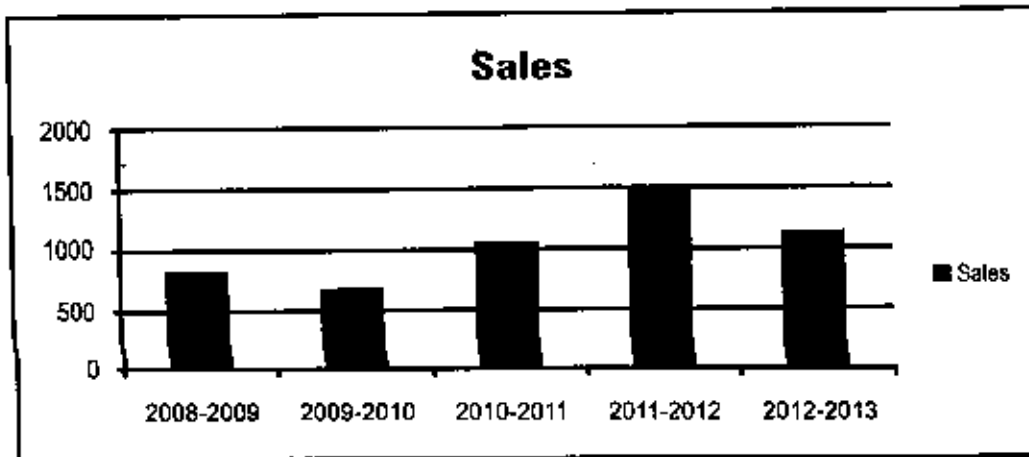
LINK INTIME INDIA PRIVATE LIMITED,  
C-13, PANNALAL SILK MILLS COMPOUND,  
L.B.S. MARG, BHANDUP (WEST)  
MUMBAI-400 078

**SECRETARIAL CONSULTANT**

SACHIN CHHADAWA  
PRACTICING COMPANY SECRETARY  
MUMBAI

# SOLITAIRE MACHINE TOOLS LTD.

| KEY FINANCIAL INDICATORS FOR LAST FIVE YEARS |         |         |         |         | (Rs.in lacs) |
|--|---------|---------|---------|---------|--------------|
| YEAR   | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13      |
| Sales  | 838.17  | 685.85  | 1060.94 | 1511.65 | 1137.00      |
| Raw material Cost                            | 471.74  | 282.82  | 424.08  | 669.32  | 492.49       |
| Payment to Employees & Directors             | 82.01   | 76.06   | 102.07  | 152.76  | 176.99       |
| Manufacturing & other expenses               | 187.78  | 144.69  | 182.73  | 298.57  | 231.34       |
| Depreciation                                 | 64.73   | 68.81   | 71.17   | 75.43   | 65.48        |
| Net Profit                                   | 62.22   | 17.14   | 77.17   | 134.62  | 88.17        |



**NOTICE**

NOTICE is hereby given that the Twenty First Annual General Meeting of the Members of the Solitaire Machine Tools Limited will be held on Saturday, the 22<sup>nd</sup> June, 2013 at 4.00 p.m. 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, 2013 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 2012-13.
3. To appoint a director in place of Mr. Anil J. Kothari, who retires by rotation, and being eligible, offers herself for reappointment.
4. To appoint a director in place of Dr. Amita S. Shah, 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: 04/05/2013

**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 15<sup>th</sup> June, 2013 to Saturday, the 22<sup>nd</sup> June, 2013 (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 21<sup>st</sup> Annual Report of your company together with the Audited Accounts for the year ended March 31, 2013.

### 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:

| Particulars                                    | (Rs. in Lacs)                           |   |   |   |   |
|--|---|---|---|---|---|
|  | 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 | Year Ended 31 <sup>st</sup> March, 2009 |
| Sales (Net)                                    | 1036.45                                 | 1407.65                                 | 954.97                                  | 626.41                                  | 757.05                                  |
| Other Income                                   | 14.71                                   | 15.21                                   | 7.38                                    | 12.42                                   | 17.64                                   |
| Increase/ (Decrease) in stocks                 | 57.00                                   | (32.02)                                 | (45.51)                                 | (38.02)                                 | 131.75                                  |
| Cash Profit Before Depreciation and Taxation   | 207.34                                  | 278.58                                  | 210.59                                  | 97.24                                   | 163.25                                  |
| Less: Depreciation                             | 65.49                                   | 75.43                                   | 71.17                                   | 68.81                                   | 64.73                                   |
| Taxation                                       | 50.00                                   | 65.00                                   | 48.02                                   | 6.50                                    | 30.00                                   |
| Fringe Benefit Tax                             | -                                       | -                                       | -                                       | -                                       | 2.00                                    |
| Add/Less: Deferred Tax                         | 1.11                                    | 5.80                                    | (6.63)                                  | 4.83                                    | 3.59                                    |
| Net Profit after Tax                           | 88.17                                   | 134.62                                  | 77.17                                   | 17.14                                   | 62.22                                   |
| Add: Profit brought Forward from Previous Year | 466.16                                  | 417.13                                  | 392.93                                  | 375.79                                  | 313.56                                  |
| Profit available for appropriation             | 554.34                                  | 551.75                                  | 470.11                                  | 392.93                                  | 375.79                                  |
| Proposed Dividend                              | 34.07                                   | 68.13                                   | 45.42                                   | -                                       | -                                       |
| Corporate Tax on Proposed Dividend             | 5.53                                    | 11.05                                   | 7.54                                    | -                                       | -                                       |
| Transfer to General Reserve                    | 0.00                                    | 6.41                                    | -                                       | -                                       | -                                       |
| Balance Carried to Balance Sheet               | 514.75                                  | 466.16                                  | 417.13                                  | 392.93                                  | 375.79                                  |

### DIVIDEND:

Your Directors recommend dividend of Rs. 0.75/- per share (7.50%) on 45,42,176 equity shares of Rs. 10/- each for the year ended March 31, 2013 subject to members' approval.

### OPERATIONS:

The operation for the year has shown decline in sales and profit. The Capital Goods industry has slowed down substantially in past year due to slow down in Infrastructure projects and Automotive industry. Machine Tools are heavily dependent on Automotive industry and India had seen first time decline in vehicle production in almost a decade.

The total net sales has declined by about 26 % to Rs. 1036.45 Lacs against previous year Rs. 1407.65 Lacs. The net profit has also declined by about 34 % from Rs. 134.62 Lacs to Rs. 88.17 Lacs. The decline was principally due to the fact that some of the customers did not pick up their ordered machines in time.

In spite all this downturn in the year, your company has still remained Debt Free except small loans in Cash Credit account.

The prospect for current financial year has been steadily improving. We have about six months orders in hand. Our sales of machines to USA will grow from 13 grinders in last financial year to over 20 grinders in current financial year. We have also started small parts exports to U.K. and it is slowly growing. Efforts are continuing to explore markets, in Argentina, Brazil, Malaysia, Turkey and New Zealand. The inquiry for machines has grown in last 3 months and it gives us hope that there will be upturn in coming few months.

During the last year, the company entered in to Technical Know how agreement with an Italian company, Laboratorio Eccellenza Italiana for development of CNC Double Disk Grinder. A conceptual photo is on last inner page of this report. Double disk grinders are used in mass production of components like Bearings, Piston Pins, Connecting rods, U J Cross, Engine valves and variety of automotive and engineering components. The development work is in progress and first grinder is expected to be ready for trials in September 2013.

The slowdown in work was also used by our Engineering colleagues to start development activity for other grinders to augment our capability to serve wider industry group and also use available manufacturing capacity to meet future demand from all sectors. A MICRO Centerless grinder is being developed to grind components used in Medical Implement field and this requirement is currently being met by imports from Europe and USA.

One of the major Automotive industry segment being served by the company is Engine Valve and practically entire grinding operation in this manufacturing are being met by Solitaire. One of the operation of grinding was not feasible with Centerless grinding. The new process and grinder is being developed to meet with this requirement.

The company has been able to maintain the raw material and manufacturing cost in line of the sales. The inventory has grown due to non-shipment of the machines to customers.

The company in the year distributed funds to Employees children's education as part of our Corporate Social Responsibility.

The company thanks its customers for continuous support and help to improve quality, service and capability to do better for the future.

The company's personnel have worked with zeal to meet the growing expectations of customers. The company thanks its bankers for continued support during the year.

#### **DIRECTORS:**

Mr. Anil J. Kothari, Director and Dr. Amita S. Shah, 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.

**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 2012-2013 were Rs. 135.07 Lacs (Previous Year Rs. 359.64 Lacs) while outgoings were Rs. 3.59 Lacs (Previous Year Rs. 60.15 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.

## **COST AUDIT CERTIFICATE:**

The cost audit certificate pursuant to the provision of Sec 209 (1) (d) of the Companies Act, 1956. is obtained from Mr H R Kapadia, a practicing Cost Accountant, Vadodara.

## **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.