

SOLITAIRE MACHINE TOOLS LIMITED
REPORT
AND
STATEMENT OF ACCOUNTS
FOR THE YEAR ENDED
31ST MARCH, 2015

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BOARD OF DIRECTORS

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

CORPORATE MANAGEMENT

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 66602156

**PLANTS
PLANT I:**

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

PLANT II

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

WEBSITE

www.smtgrinders.com

AUDITORS

AJMERA AJMERA & ASSOCIATES
CHARTERED ACCOUNTANTS
MUMBAI

BANKER

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

DIRECTORS' REPORT

To the Members,

The Directors have pleasure in presenting before you the Twenty Third Annual Report of the Company together with the Audited Statements of Accounts for the year ended 31st March, 2015.

FINANCIAL RESULTS :

The performance during the period ended 31st March, 2015 has been as under:

(Rs. in Lacs)

Particulars	Year Ended 31st March, 2015	Year Ended 31st March, 2014	Year Ended 31st March, 2013	Year Ended 31st March, 2012	Year Ended 31st March, 2011
Sales (Net)	1079.42	923.08	1036.45	1407.65	954.97
Other Income	15.44	20.66	14.71	15.21	7.38
Increase/ (Decrease) in stocks	150.75	84.90	57.00	(32.02)	(45.51)
Profit Before Taxation	104.63	58.52	141.85	192.41	136.62
Less:					
Taxation	56.00	25.00	50.00	65.14	48.00
Fringe Benefit Tax	-	-	-	-	-
Add/Less: Deferred Tax	26.08	3.70	1.11	5.80	(6.63)
Net Profit after Tax	62.94	37.21	88.17	134.62	77.17
Add: Profit brought Forward from Previous Year	525.39	514.75	466.16	417.13	392.93
Profit available for appropriation	588.33	551.96	554.34	551.75	470.11
Proposed Dividend	34.06	22.71	34.07	68.13	45.42
Corporate Tax on Proposed Dividend	6.81	3.86	5.53	11.05	7.54
Transfer to General Reserve	0.00	0.00	0.00	6.41	-
Balance Carried to Balance Sheet	547.45	525.39	514.75	466.16	417.14

DIVIDEND:

Your Directors recommend dividend of Rs. 34,06,632/- per share (7.5%) on 4542176 equity shares of Rs. 10/- each for the year ended March 31, 2015 subject to members' approval.

OPERATIONS:

The operation for the year has shown growth after two years of decline in Sales and profits. The market has started slow recovery for Machine Tools industry. The acceptability of our quality and service was recognized in International market and it resulted in higher exports. Export constituted close to **45 %** of total sales of the year. During the year our Grinders were sold in Australia, New Zealand, China, Italy, UK and USA. This helped the company to show the growth and profitability for the year. There was some delay in taking delivery of the grinders ready with us by customers due to various reasons. This resulted in higher inventory. However, the delayed consignments are now cleared and would help improve results for the current financial year.

The total sales were up by about 17 % to Rs. 1079.42 Lacs against previous year's sales of Rs. 923.07 Lacs. The net profit also increased by about 69 % to Rs. 62.94 lacs against previous year's Rs. 37.20 lacs.

Your company has been able to remain Debt Free for the year. The borrowings from bank are in Cash Credit account. The company has earned more from Bank deposits than the interest paid to banks.

The New Year has started with good orders in hand and general optimism in the industry for higher growth in future. The expected growth in Infrastructure, Defense, Aerospace and Energy sector would help in having more disposable income in hands of working people. This normally results in higher sales in Automotive and Engineering industry. Similarly exports of automotive and other components has seen higher demand and resulted in higher exports in time to come. On Export Front also your Company has orders in hands from Brazil, Argentina, UK and USA. More orders are expected from other export markets. The Domestic Front is also looking up.

EEPC has recognized the Export efforts of Your Company and has awarded Star Performer for the Year 2012 -2013 for western region. The award was handed over by Gujarat Chief Minister, Mrs. Anandiben Patel to Mr. Harsh Badani in Ahmedabad.

The company has been able to reduce the input cost by about 1 % during the year inspite of higher cost in some area of procurement and higher cost of import due to depreciation of Rupee. The total cost was reduced by about 4 % by curtailing expenses. Further cuts in expenses are being planned to improve the working.

The Company had participated in IMTEX 2015 at Bangalore in January 2015. The Micro Centerless Grinder and Double Disk Grinder were launched at the exhibition. The response to new as well as existing product range was good. The first Micro Centerless grinder is being tooled up for a tiny medical implement component and is expected to be supplied to an Export Oriented customer. The company is developing another model for Engine valve industry and it expects to have orders for the same in current and future years. The continuous Development activity has helped Your Company to stay ahead of competition and compete with International manufacturers in Europe, USA, Japan etc.

The Company continued it's 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 hard to achieve these targets and work for better future. The Company thanks its Bankers and all other agencies for their continued support.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

As required under Clause 49 of the Listing Agreements with Stock Exchanges, 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 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.

LISTING WITH STOCK EXCHANGES:

The Company confirms that it has paid the Annual Listing Fees for the year 2015-16 to BSE where the Company's Shares are listed.

DEMATERIALIZATION OF SHARES:

84.94% of the company's paid up Equity Share Capital is in dematerialized form as on 31st March, 2015 and balance 15.06% is in physical form.

NUMBER OF BOARD MEETINGS HELD:

The Board of Directors duly met 4 times during the financial year from 1st April, 2014 to 31st March, 2015. The dates on which the meetings were held are as follows :

10th May, 2014, 2nd August, 2014, 1st November, 2014 and 31st January, 2015.

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, 2015, 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:

The Auditors, M/s. Ajmera Ajmera & Associates, Chartered Accountants, Mumbai retire 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 2014-2015 were Rs. 490.84 Lacs (Previous Year Rs. 292.89 Lacs) while outgoings were Rs. 0.74 Lacs (Previous Year Rs. 1.88 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 14-15	Remuneration paid FY 13-14	Increase in remuneration from previous year	Ratio/Times per Median of employee remuneration
1	Mr. Ashok Sheth	Chairman and Managing Director	Rs. 10,58,502/-	Rs. 10,35,000/-	Rs. 23,502/-	5.75
2	Mr. Hemendra Badani	Managing Director	Rs. 10,54,310/-	Rs. 9,52,000/-	Rs. 1,02,310/-	5.73
3	Mr. Harsh Badani	Whole Time Director	Rs. 7,10,265/-	Rs. 5,84,000/-	Rs. 1,26,265/-	3.86

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: 17/06/2015

ANNEXURE 'A' TO BOARD'S REPORT

SECRETARIAL AUDIT REPORT FORM NO. MR-3

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2015

[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, 2015, 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, 2015 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;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

(6) Employees Provident Fund and Miscellaneous Provisions Act, 1952

(7) Employees State Insurance Act, 1948

(8) Factories Act, 1948

(9) Income Tax Act, 1961 and Indirect Tax Laws

(10) Sales Tax

(11) Central Excise & Customs

(12) Service Tax

(13) Professional Tax

(14) Secretarial of Industrial Assistance (SIA)

(15) Equal Remuneration Act, 1976

(16) Industrial Dispute Act, 1947

(17) Minimum Wages Act, 1948

(18) Payment of Bonus Act, 1965

(19) Payment of Gratuity Act, 1972

(20) Payment of Wages Act, 1936

I have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India.

(ii) The Listing Agreements entered into by the Company with BSE Limited and Vadodara Stock Exchange.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observation:

1. *The Company has not appointed Company Secretary in full time employment and Chief Financial Officer as per Section 203 of the Companies Act, 2013.*