

## **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  
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**

Shop 3-A, Floor- Bas, Plot 731, Part 3, Arun Chamber,  
Pandit Madan Mohan Malviya Marg, Tardeo, Mumbai -  
400034. 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](mailto:sales@smtgrinders.com)

### **PLANT II**

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

## **WEBSITE**

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

## **AUDITORS**

AJAY SHOBHA & CO  
CHARTERED ACCOUNTANTS  
MUMBAI

## **BANKER**

YES BANK  
2ND FLOOR, CORNER SQUARE BUILDING,  
NEAR INOX, RACE COURSE, BARODA - 390007

## **SHARE TRANSFER AGENT**

LINK INTIME INDIA PRIVATE LIMITED,  
C-101, 247 PARK, LBS MARG, VIKHROLI (WEST),  
MUMBAI 400 083

## **SECRETARIAL CONSULTANT**

OKE THAKKAR & ASSOCIATES  
PRACTICING COMPANY SECRETARIES  
MUMBAI

## Directors Report

**To the Members,**

The Directors have pleasure in presenting before you the Twenty Sixth Annual Report of the Company together with the Audited Statements of Accounts for the year ended 31st March, 2018.

### FINANCIAL RESULTS :

The Standalone performance during the period ended 31st March, 2018 has been as under:

(Rs. in Lacs)

Particulars	Year Ended 31 <sup>st</sup> March, 2018	Year Ended 31 <sup>st</sup> March, 2017	Year Ended 31 <sup>st</sup> March, 2016	Year Ended 31 <sup>st</sup> March, 2015	Year Ended 31 <sup>st</sup> March, 2014
Sales (Net)	1652.56	1947.13	1565.50	1079.42	923.08
Other Income	41.56	31.51	26.80	15.44	20.66
(Increase)/ Decrease in stocks	(28.85)	(19.99)	179.04	(159.21)	84.90
Profit Before Taxation	248.45	305.95	169.54	104.63	58.52
Less:					
Taxation	82.00	100.00	66.50	56.00	25.00
Add/Less: Deferred Tax	(24.51)	14.40	6.43	26.08	3.70
Net Profit after Tax	190.97	191.54	108.87	62.94	37.21
Add: Profit brought Forward from Previous Year	742.12	617.83	549.83	513.46	515.83
Profit available for appropriation	933.09	809.37	658.70	576.40	553.04
Proposed Dividend	56.77	45.42	34.06	22.71	34.06
Corporate Tax on Proposed Dividend	11.56	9.08	6.81	3.86	5.52
Other Comprehensive Income	(1.64)	12.75	0.00	0.00	0.00
Transfer to General Reserve	0.00	0.00	0.00	0.00	0.00
Balance Carried to Balance Sheet	866.40	742.12	617.83	549.83	513.46

**DIVIDEND:**

Your Directors recommend dividend of Rs. 49,96,394/- which would be 11% on 4542176 equity shares of Rs. 10/- each for the year ended March 31, 2018 subject to members' approval.

**OPERATIONS:**

The operation for the year has shown decline in sales compared to previous year. The decline of 15 % was due to ready grinders not being picked up by our domestic customers for variety of reasons. Also the International sales reduced as there was quite a bit of uncertainty in USA and Europe due to political and economic reasons beyond the control of the Company.

On the Bright side, the Net profit after taxes increased from 1.78 Crore to 1.92 Crore. This was increase of nearly 8 %. Some of the major factors were improvement in efficiency of operation helping to reduce the cost of manufacturing. The savings of GST and Income tax were helpful to tide over increased cost due to Inflation, Employee cost and higher Depreciation. The EPS has gone up to 4.24 against 3.94 last year.

Your company has remained DEBT FREE and has been Debt Free since year 2011-2012. The Company invested Rs. 22 lacs in Capital Goods and Rs. 1.00 Crore in Mutual Funds investments during the year from its own internal accruals. The Company was able to manage funds requirements so that use of Cash Credit facility was maintained at minimum. Company has moved Banking operations to Yes Bank for better terms and interest rate.

EEPC has for Fourth year in row recognized the Export Achievement and awarded Star Performer for the year 2015-2016. The award was received by Ms. Shilpa Taneja on Company's behalf in Mumbai.

The maximum use of Solar Power has been helping keeping Energy cost down during the year by about 7 %. Further efforts are being made to reduce this cost in spite of higher cost levied by Electricity Board. In effort to make Green Company, all LCD lights are being replaced by LED lights for savings of Energy.

The year started with fairly healthy order book and several major orders are under negotiation. The Export orders are also being received. The Company is in process of development of another model of CNC Centerless grinder to fill up the range of grinders desired by the customers in India. This grinder Model 3-300 will be able to meet requirement of automotive ancillary industry like Shock Absorber, Engine Valves, Bearings etc. and would compete against imports from Europe and Taiwan. The grinder has been designed in-house and is now being manufactured for Launch in September. We have already seen good interest by User Industry Leaders in this grinder.

We would be participating in IMTEX 2019 in January 2019 at Bangalore. We would display several grinders and Automation systems. The AeroDef group of IMTMA has been working towards identifying machines required for this emerging industry of Aerospace and Defense. This would be the major development in Machine Tools Field in next 5 to 10 years.

Our US Associates has agreed to display photos and video movies of our entire range of grinders at IMTS 2018 during September in Chicago. This is the largest Machine Tool Exhibition in the world. We hope to gain some more customers in new territories. In last IMTS 2016, customers from 77 countries had visited. One of our representative would also be present at IMTS.

During the year, Company worked with a major Bearing manufacturer to Remanufacture and CNC Retrofit six grinders and project has been completed successfully ( Photo on front cover ). More orders are expected during current year. The Company is currently working with companies based in France, Germany, Japan and USA for their plants in India. Their faith in procuring machines from SMT brings sense of Pride as well as it shows that Your Company truly believes in Make In India.

The Company continues with Cultural and Social development of Employees and society. The Company had arranged Children Drawing Competition, Rangoli Competition, Dusserah Pooja, Children Education Fund, Employees Health Checkup and several other activities ( Several photos on back inside cover page ).The In – House training of Plant Employees and Up gradation of Engineering & designing skills have remained focus during the year and would continue. The Company's employees have worked in Harmony as a team and continue to work for better future.

The Company thanks all its Customers for continued support and faith in meeting their requirements. The Company has been able to add several new customers during the year and their support in coming years would be helpful. The Company thanks its Bankers, Vendors, and Government Agencies for their continued 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 2018-19 to BSE where the Company's Shares are listed.

#### **DEMATERIALISATION OF SHARES:**

88.63% of the company's paid up Equity Share Capital is in dematerialized form as on 31st March, 2018 and balance 11.37% is in physical form.

#### **NUMBER OF BOARD MEETINGS HELD:**

The Board of Directors duly met 8 times during the financial year from 1st April, 2017 to 31st March, 2018. The dates on which the meetings were held are as follows :

13th May, 2017, 8th June, 2017, 22nd June, 2017, 14th August, 2017, 12th September, 2017, 28th October, 2017, 3rd February, 2018 and 31st March, 2018.

**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, 2017, 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:**

M/s. Ajay Shobha & Co. (Firm Registration No.: 317031E), Chartered Accountants, Mumbai were appointed as Statutory Auditors for financial year 2017-18 to 2021-22. Their continuance of appointment and payment of remuneration are to be confirmed and approved in the ensuing Annual General Meeting. The Company has received a certificate from the above Auditors to the effect that if they are reappointed, it would be in accordance with the provisions of Section 141 of the Companies Act, 2013.

**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 2017-2018 were Rs. 234.01 Lacs (Previous Year Rs. 667.10 Lacs) while outgoings were Nil (Previous Year Rs. 32.35 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](http://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](http://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 17-18	Remuneration paid FY 16-17	Increase in remuneration from previous year	Ratio/Times per Median of employee remuneration
1	Mr. Ashok Sheth	Chairman and Managing Director	Rs. 15,86,460/-	Rs. 13,24,014/-	Rs. 2,62,446/-	5.98
2	Mr. Hemendra Badani	Managing Director	Rs. 16,09,722/-	Rs. 13,77,097/-	Rs. 2,32,625/-	6.07
3	Mr. Harsh Badani	Whole Time Director	Rs. 13,46,573/-	Rs. 11,20,000/-	Rs. 2,26,573/-	5.07

**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.

**PARTICULARS OF EMPLOYEES**

Details of employees which are covered under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is as follows:

**A. Top ten employees in terms of remuneration:**

Name of Employee	Date of Commencement	Date of resignation	Total Remuneration paid	Qualification and experience	Designation / nature of Duties	Age	Last employment held by employee	Relation with Director
Ashok Sheth	10/09/1987	-	Rs.1586460	B.S- Mechanical Engineering USA with 49 Years of experience	Chairman & MD	70	N.A	Himself
Hemendra Badani	10/09/1987	-	Rs.1609722	B Com Graduate with 44 years of	Vice Chairman and MD	65	N.A	Himself

				experience				
Harsh Badani	31/01/2015	-	Rs.1346573	B.E-Mechanical and MBA with 10 years of experience	WTD	33	N.A	Himself
N M B Khan	15/06/1992	-	Rs.716826	Commerce Graduate with 34 years of experience	Compliance Officer	55	KR Kanakiya & Co.	N.A.
M I Gohil	01/04/2001	-	Rs.536486	ITI with 27 years of experience	Assembly Manager	54	N.A.	N.A.
M.A Bidiwala	09/11/1991	-	Rs.533904	DME with 26 years of experience	QC and Development Manager	46	N.A.	N.A.
Atul Modi	01/11/1996	-	Rs.433219	M.Com with 21 years of experience	Purchase Officer	50	Geeta Valves	N.A.
V. S. Uttekar	01/09//1991	-	Rs.366494	ITI with 26 years of experience	Sr Assembly Operator	50	N.A.	N.A.
V. D Parmar	01/09/1991	-	Rs.401652	ITI with 26 years of experience	Sr Machine shop	50	N.A	N.A.
I. A. Patel	01/02/1996	-	Rs.387845	ITI with 21 years of experience	Sr Marking and Scheduler	50	N.A	N.A

B. Employed throughout the year under review & were in receipt of remuneration in aggregate of not less than Rs. 1,02,00,000/- p. a. or Rs. 8,50,000/- per month if employed for part of the year: N. A.

C. Person who are getting more remuneration than MD, WTD or manager and hold 2% or more equity shares together with spouse and dependent children: N. A.

## INTERNAL FINANCIAL CONTROLS

Your Company has adopted the policies and procedures for ensuring the orderly and efficient conduct of its business including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information.

## POLICY ON PREVENTION, PROHIBITION AND REDRESSAL OF SEXUAL HARASSMENT AT WORKPLACE

The Company has zero tolerance for sexual harassment at workplace, and has adopted a policy against sexual harassment at the workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules there under. The Policy aims to provide protection to employees at the workplace and prevent and redress complaints of sexual harassment and for matters connected or incidental thereto, with the objective of providing a safe working environment, where employees feel secure. The Company has not received any complaint of sexual harassment during the financial year 2017-18.



## **DETAILS OF FRAUDS REPORTED BY THE AUDITORS**

No frauds have been reported by the auditors under sub-section 12 of section 143 of the companies Act, 2013.

## **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: Vadodara  
Date: 19/05/2018

## **ANNEXURE 'A' TO BOARD'S REPORT**

### **SECRETARIAL AUDIT REPORT FORM NO. MR-3**

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2018

[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

We 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 us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our 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, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended March 31, 2018, 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.

We 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, 2018 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; (Applicable only to the extent of Foreign Direct Investment and Overseas Direct Investment)
- (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, 2015;