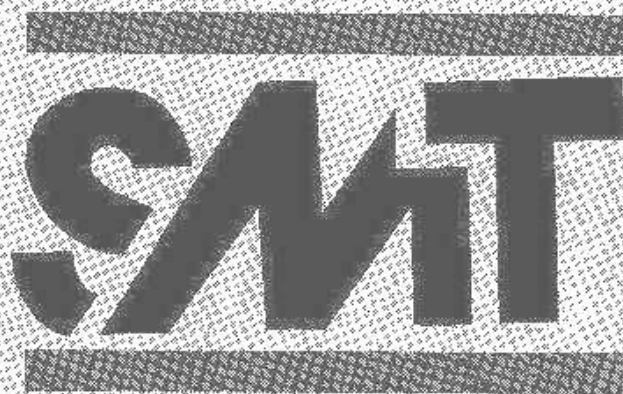


SOLITAIRE MACHINE TOOLS LTD.



**20th
Annual Report
2011-12**



Line of SMT-Bocca CNC Centerless Grinder Model R-50 for Lakshmi Machine Works, Coimbatore

Mr. P. J. Sheth
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

CORPORATE MANAGEMENT

Mr. Ashok J. Sheth
 Mr. H. J. Badani
 Mr. Harsh Badani
 Mr. N. M. B. Khan

REGISTERED & CORPORATE OFFICE

**PLANTS
 PLANT I:**

PLANT II

WEBSITE

AUDITORS

BANKER

SHARE TRANSFER AGENT

SECRETARIAL CONSULTANT

Chairman Emeritus

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

Chairman & Managing Director
 Vice Chairman & Managing Director
 Whole Time Director
 General Manager (Finance & Corporate Affairs)

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

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

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

www.smtgrinders.com

AJMERA AJMERA & ASSOCIATES
 CHARTERED ACCOUNTANTS,
 MUMBAI

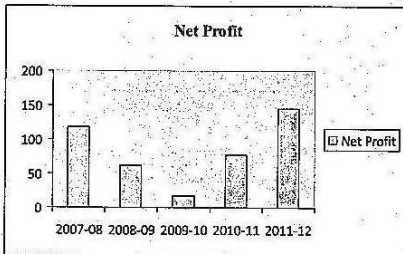
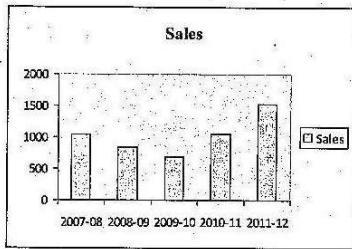
AXIS BANK LTD.
 VARDHMAN COMPLEX, OPP. G.E.B.
 RACE COURSE CIRCLE (NORTH),
 VADODARA-390 007

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

SACHIN CHHADAWA & ASSOCIATES,
 COMPANY SECRETARIES,
 MUMBAI

SOLITAIRE MACHINE TOOLS LTD.

KEY FINANCIAL INDICATORS FOR LAST FIVE YEARS					(Rs. in lacs)
YEAR	2007-08	2008-09	2009-10	2010-11	2011-12
Sales	1038.39	838.17	685.85	1060.94	1535.37
Raw material Cost	397.04	471.74	282.82	424.08	669.32
Payment to Employees & Directors	76.34	82.01	76.06	102.97	152.76
Manufacturing & other expenses	156.30	187.78	144.69	182.73	264.70
Depreciation	59.61	64.73	68.81	71.17	75.43
Net Profit	118.41	62.22	17.14	77.17	134.62



NOTICE

NOTICE is hereby given that the Twentieth Annual General Meeting of the Members of the Solitaire Machine Tools Limited will be held on Thursday, the 31st May, 2012 at 10.00 a. m. at Senate Banquet, 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, 2012 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 2011-12.
3. To appoint a director in place of Ms. Padmaja K. Mukundan, who retires by rotation, and being eligible, offers herself for reappointment.
4. To appoint a director in place of Ms. Shiipa Taneja, 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 SOLITAIRE MACHINE TOOLS LIMITED

Ashok J. Sheth
Chairman

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

Place: Vadodera.
Date: 28/04/2012.

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 Thursday, the 24th May, 2012 to Thursday, the 31st May, 2012 (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 20th Annual Report of your company together with the Audited Accounts for the year ended March 31, 2012.

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 Laacs)				
	Year Ended 31 st March, 2012	Year Ended 31 st March, 2011	Year Ended 31 st March, 2010	Year Ended 31 st March, 2009	Year Ended 31 st March, 2008
Sales (Net)	1407.65	954.97	626.41	757.05	883.48
Other Income	16.40	7.38	12.42	17.64	15.45
Increase/ (Decrease) in stocks	(32.02)	(45.51)	(38.02)	131.75	(25.49)
Cash Profit Before Depreciation and Taxation	278.58	210.59	97.24	163.25	242.92
Less: Depreciation	75.43	71.17	68.81	64.73	59.61
Taxation	65.00	48.02	6.50	30.00	57.00
Fringe Benefit Tax	-	-	-	2.00	1.62
Add/Less: Deferred Tax	5.80	(6.63)	4.83	3.59	6.59
Net Profit after Tax	134.62	77.17	17.14	62.22	118.41
Add: Profit brought Forward from Previous Year	417.13	392.93	375.79	313.56	245.01
Profit available for appropriation	551.75	470.11	392.93	375.79	363.42
Proposed Dividend	68.13	45.42	-	-	34.06
Corporate Tax on Proposed Dividend	11.05	7.54	-	-	5.79
Transfer to General Reserve	6.41	-	-	-	10.00
Balance Carried to Balance Sheet	466.16	417.13	392.93	375.79	313.56

DIVIDEND:

Your Director's recommends dividend of Rs.1.50 per share (15%) on 45,42,176 equity shares of Rs. 10/- each for the year ended March 31, 2012 subject to member's approval.

OPERATIONS:

The operation of the year has shown growth in terms of Sales and Net Profit. The Indian economy for Capital Goods has slowed down in recent months. However, your company did not have any serious impact on order execution or booking.

The total sales has grown by 45 % to Rs.1539.75 lacs from previous year of Rs.1064.94 lacs. The net profit has grown by over 74% from Rs.77.17 lacs to Rs. 134.62 lacs. Export Sales has grown from Rs.68 lacs to Rs.360 lacs.

The company has paid back all its Term Loan to the bank during the year. The company is now "Debt free".

The prospect for current financial year are bright with order booking for first six months at the time of beginning of the year. Your company is also making efforts to export machines to various countries.

During the year, the company developed Bocca R 50 CNC Centerless grinder. A Line of two grinders were supplied to Lakshmi Machine Works, Coimbatore. The machines were highly automated and developed with state of the art technology.

During the current year, the company will be exhibiting machines at IMTEX 2013 in Bangalore in the month of January. New products and attachments will be launched at IMTEX.

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 maintain the cost of manufacturing.

The company has adopted an Anganwadi school renovation as part of its social commitment to the community (Corporate Social Responsibility Initiative). The company expects to take up more such projects in current year.

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

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

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

DIRECTORS:

Ms. Padmaja K. Mukundan, Director and Ms. Shilpa Taneja, 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 2011-2012 were Rs. 359.64 Lacs (Previous Year Rs. 67.92 Lacs) while outgoings were Rs. 60.15 Lacs (Previous Year Rs. 0.16 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.

PERSÖNNEL & 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 transferred Rs. 67,769/- 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: Vadodara
Date: 28/4/2012

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 manufacturers shift 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 levels of operations, company will review the internal control system to match with the 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 estimates 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 law 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, change 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.

REPORT ON CORPORATE GOVERNANCE

Company's Philosophy on Corporate Governance:

Solitaire Machine Tools Limited believes that good Corporate Governance is essential to achieve long-term corporate goals, enhance shareholders' value and attain highest level of transparency. The Company is committed to achieve the highest standard of Corporate Governance, accountability and equity in all facets of its operations and in all interaction with stakeholders. The Company believes that all its operations and actions must serve the underlined goal of enhancing customers' satisfaction and shareholders' value over a sustained period of time.

I. Board of Directors:

A. The Board of Directors comprises three Executive Directors (two are Executive Directors and Managing Directors and one of the three is Executive Director and Whole Time Director) and five non-executive directors.

During the year, four Board Meetings were held on 14th May, 2011, 31st July, 2011, 31st October 2011 and 28th January, 2012.

B. The Composition of the Board of Directors, their attendance at the board meeting during the year and at the last Annual General Meeting along with number of other directorships, committee chairmanship / memberships is as follows:

Name of Directors	Category of Director-ship	No. of Board Meetings Attended	Attendance at last AGM held on 18.06.2011	No. of other Director-ship	Committee Membership/ Chairmanship	
					Member	Chairman
1. Mr. A. J. Sheth	Promoter, CMD and Executive	4	Yes	--	1	1
2. Mr. H. J. Badani	Promoter, MD and Executive	2	Yes	1	1	--
3. Ms. Shilpa Taneja	Promoter and Non-Executive	3	Yes	2	2	--
4. Mr. Harsh Badani	Promoter, WTD and Executive	1	Yes	1	--	--
5. Mr. A. J. Kothari	Independent	3	No	--	2	--
6. Dr. Amita S. Shah	Independent	1	Yes	--	1	--
7. Ms. Rashmi S. Desai	Independent	1	Yes	--	--	--
8. Ms. Padmaja K. Mukundan	Independent	1	No	--	2	2

CMD – Chairman & Managing Director, ED – Executive Director, WTD – Wholetime Director
 NED - Non-Executive Director, ID – Independent Director

Except sitting fees, no other remuneration is paid to Non-Executive Directors. Leave of absence is granted to the directors absent for meetings.

C. Appointment of Directors:

The brief particulars of the Directors of the Company retiring by rotation and proposed to be re-appointed at the ensuing Annual General Meeting are as under:

Ms. Padmaja K. Mukundan, Director and Ms. Shilpa Taneja, Director of the Company retiring by rotation and proposed to be re-appointed at the ensuing Annual General Meeting.

D. Code of Conduct:

The Company has laid down a code of conduct for all Board Members and senior management personnel of the company. The code of conduct is available on the website of the company at www.smtgrinders.com

II. Audit Committee:

Terms of Reference:

The Audit Committee comprises of three Non-Executive Directors under the Chairmanship of Ms. Padmaja Mukundan, the other members in the Committee being Ms. Shilpa Taneja and Mr. A. J. Kothari. All the members of the Audit Committee are financially literate.

During the year four Audit Committee Meetings were held on 13th May 2011, 29th July 2011, 30th October 2011 and 27th January, 2012.

The attendance record of Audit Committee members is given below:

Name of The Directors	No. of Meetings	
	Held	Attended
1. Ms. Padmaja Mukundan	4	4
2. Mr. A. J. Kothari	4	4
3. Ms. Shilpa Taneja	4	4

This Committee comprises of two independent Directors and one promoter.

The Audit Committee is responsible for:

- Overseeing the company's financial reporting process and disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- To recommend the appointment of statutory auditors and fixation of their fees.
- Review of Accounting and financial policies and practices.
- Review of Internal Control Systems.
- Reviewing with the Management, the Quarterly and Annual Financial Statements before submission to the Board, to discuss their findings, suggestions and other related matters and to give recommendations on any such matter connected herewith which will be binding on the Board.
- To review the Company's financial and risk management policies, particularly relating to foreign exchange exposure.
- The Audit Committee shall have authority to investigate into any matter in relation to the items specified in Section 292A or referred to it by the Board and for this purpose, shall have full access to information contained in the records of the company and external professional advice, if necessary.

III. Subsidiary Companies:

There are two subsidiary companies which are as follows:

- Shruchi Manufacturing Limited
- JBS Machinery Corporation

IV. Other Disclosures:

A. Disclosure of Related Party Transactions:

All related party transactions have been entered into in the ordinary course of business and were placed periodically before the Audit Committee and the Board. All transactions with the related parties or others were on an arm's length basis.

B. Disclosure of Accounting Treatment:

All Accounting Standards mandatorily required have been followed in preparation of financial statements and no deviation has been made in following the same.

C. Risk Management Framework:

The company has in place mechanisms to inform the Board Members about the Risk Assessment and Minimization procedures and periodical reviews to ensure that risk is controlled by the Executive Management through the means of a properly defined framework.

D. Proceeds from public issues, right issues, preferential issues, etc.:

No money has been raised from public issues, right issues, preferential issues, etc.

E. Remuneration Committee:

During the financial year 2011-12, Remuneration Committee Meeting was held on 31st October, 2011.

The Remuneration Committee comprises of three Non-Executive and Independent Directors under the Chairmanship of Ms. Padmaja Mukundan, the other members in the Committee being Dr. Anita Shah and Mr. A. J. Kothari.

F. Remuneration paid / payable to Managing Director for the year ended 31st March, 2012.

Managing / Executive / Whole-time Director	Salary (Rs.)	annual ex-gratia (performance linked incentive)	Commission (Rs.)	Perquisites (Rs.)	Retirement Benefits (Rs.)	Stock Option
Mr. Ashok Sheth	7.1 Lacs	3.5 Lacs	-	0.52	-	-
Mr. Hemendra Badani	7.1 Lacs	3.5 Lacs	-	0.92	-	-
Mr. Harsh Badani	3.8 Lacs	3.0 Lacs	-	0.08	-	-

G. Shareholders' / Investors' Grievance Committee:

The Company has Investors' Grievance Committee under the Chairmanship of Mr. Ashok J. Sheth.

This Committee comprises of:

1. Mr. Ashok Sheth
2. Ms. Shilpa Taneja
3. Mr. Hemendra Badani

Terms of Reference:

To look into all the complaints received from the shareholders regarding share transfers, non-receipt of Balance Sheet, dividend, etc.

Mr. N. M. B. Khan, Dy. General Manager – Finance and Corporate Affairs has been designated as a Compliance Officer.

As no grievances were received during the year, no meeting of the Investor's Grievance Committee was held during the year.

As on 31st March, 2012 there were no complaints / queries and pending replies. There are no share transfers pending for registration for more than 30 days as on the said date.

H. General Body Meetings:

Location and time for the last three Annual General Meetings:

Year	Location	Date	Time
2008 - 09	Senate Room, Status Restaurant, 208, Regent Chambers, Nariman Point, Mumbai - 400 021	27.06.2009	10.30 a.m.
2009 - 10	Gold Coin Restaurant, Ground Floor, Arun Chambers, Tardeo Road, Mumbai-400 034	26.06.2010	4.00 p.m.
2010 - 11	Senate Room, Status Restaurant, 208, Regent Chambers, Nariman Point, Mumbai - 400 021	18.06.2011	4.00 p.m.

I. Means of Communication:

Company is publishing quarterly un-audited financial results and notice advertisements in The Free Press Journal in English and Nav Shakti in Marathi, regularly. It is being uploaded on the company's web site.

J. General Shareholders Information:

i. AGM Date, Time and Venue	Thursday, the 31 st May, 2012 at 10.30 a. m. at Senate Room, Status Restaurant, 208, Regent Chambers, Nariman Point, Mumbai-400 021.		
ii. Financial Calendar 2012-13	Probable Dates: First quarterly results Before end of July, 2012 Audited Yearly Results Before mid May, 2013		
iii. Book Closure Date	24 th May, 2012 to 31 st May, 2012		
iv. Dividend Payment date	Before end of June, 2012		
v. Listing on Stock Exchange.	The Stock Exchange, Mumbai and The Vadodara Stock Exchange		
vi. Stock Code:	522752		
vii. Dematerialization ISIN No.	INE410A01013		
viii. Market Price Data High/ Low during each month of the Financial Year 2011-12 at BSE.	Months	High (Rs.)	Low (Rs.)
	April, 2011	14.80	10.90
	May, 2011	16.49	12.31
	June, 2011	16.00	12.50
	July, 2011	14.59	12.08
	Aug, 2011	15.30	11.36
	Sept, 2011	15.69	11.50
	Oct, 2011	18.75	13.11
	Nov, 2011	19.00	13.20
	Dec, 2011	17.65	11.80
	Jan, 2012	18.00	13.60
	Feb, 2012	17.40	14.40
	March, 2012	16.75	13.50

K. Share Transfer System:

Board of Directors has delegated the power to approve the share transfers to Registrar and Share transfer agent M/s. Link Intime India Private Limited having its office at L B S Marg, Bhandup (West), Mumbai – 400 078

L. Distribution of Shareholding as on 31st March, 2012.

No. of equity shares held	No. of Folios / Shareholders	No. of Shares held	% of Share holding
Upto 500	3589	688,140	15.15
501 to 1000	300	255,675	5.63
1001 to 2000	159	241,738	5.32
2001 to 3000	53	135,059	2.97
3001 to 4000	11	39,335	0.87
4001 to 5000	24	113,418	2.50
5001 to 10000	21	147,840	3.25
More than 10000	34	2,920,971	64.31
Total	4191	4,542,176	100

M. Shareholding Pattern as on 31st March, 2012.

Category	No. of Share held	% of Share holding
Promoters	1,996,762	43.96
Banks, Financial Institutions, Insurance Companies	43,900	0.97
Foreign Financial Institutions	0	0
Private Corporate Bodies	92,397	2.03
Indian Public	2,360,292	51.97
N. R. L.	13,222	0.29
G. D. R. / A. D. R.	0	0
Others	35,603	0.78
Total	4,542,176	100

N. Other Information:

Dematerialization of shareholding and equity	Nearly 83.13% of total equity share capital (3775836) Shares are held in dematerialized form with NSDL and CDSL as on 31 st March, 2012.
Registrars and Share Transfer Agents	Link Intime India Private Limited Pannalal Silk Mills Compound, L. B. S Marg, Bhandup (West), Mumbai – 400 078.
<u>For Dematerialization Shares</u>	Link Intime India Private Limited Pannalal Silk Mills Compound, L. B. S Marg, Bhandup (West), Mumbai – 400 078
<u>For Physical Shares:</u> In House arrangement.	
Plant Locations	1. Solitaire Machine Tools Limited, 292, Dharamsinh Desai Marg, Chhani Road, Vadodara – 390 002 2. Solitaire Machine Tools Limited, A 24/ 25, Krishna Industrial Estate, Gorwa, Vadodara – 390 016
Address for correspondence	Solitaire Machine Tools Limited 107, Arun Chambers, Tardeo Road, Mumbai – 400 032

Managing Director

Managing Director

Manager Finance & Compliance Officer

Date: 28/4/2012

Place: Vadodara:

V. CEO/ CFO Certificate:

To the Board of Directors of Solitaire Machine Tools Limited,
 We, Ashok J. Sheth, Managing Director and N M B. Khan, Manager Finance of Solitaire
 Machine Tools Limited, to the best of our knowledge and belief, hereby certify that:

- (A) We have reviewed the Balance sheet as at 31st March, 2012 and Profit & Loss Account for the year ended as on that date along with all its schedules, notes to the accounts and also the Cash Flow statements for the year ended 31st March, 2012 and based on our knowledge and information, confirms that:
- i) these statements do not contain any materially untrue statement or omit any material fact or contain any statement that may be misleading,
 - ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (B) Based on our knowledge and information, there are no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the company's code of conduct.
- (C) We along with Company's other certifying officers, accept responsibility for establishing and maintaining internal controls and that we have:
- i) evaluated the effectiveness of internal control system of the company, and
 - ii) disclosed to the Auditors and the Audit Committee, deficiencies, in the design or operations of internal controls, if any, of which we are aware and steps taken or proposed to be taken for rectifying these deficiencies.
- (D) We, along with Company's other certifying officers, have indicated to the Auditors and the Audit Committee:
- i) significant changes in the internal control during the year,
 - ii) significant changes in the accounting policies during the year and that the same have been disclosed in the notes to the financial statements, and
 - iii) instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Managing Director

Manager Finance

Date: 28/4/2012
 Place: Vadodara

**DECLARATION ON COMPLIANCE OF THE COMPANY'S CODE OF
 CONDUCT**

To,

Solitaire Machine Tools Limited,
 Mumbai.

The Company has framed a specific Code of Conduct for the members of the Board of Directors and the Senior Management Personnel of the Company pursuant to Clause 49 of the Listing Agreement with Stock Exchanges to further strengthen corporate governance practice in the Company.

All the members of the Board and Senior Management Personnel of the Company have affirmed due observance of the said Code of Conduct in so far as it is applicable to them and there is no non compliance thereof during the year ended 31st March, 2012.

Date: 28/4/2012
 Place: Vadodara

Managing Director

SACHIN CHHADAWA 48, Ultimate Business Centre, 111-A, M. G. Road,
B.Sc, LL.B, FCS Opp. Mumbai University, Fort, Mumbai: 400 023
Practicing Company Secretary Tel: +91 22 22572626, Cell: + 91 9920618833.
Email: sachin@sachinfcs.com

**CERTIFICATE FROM PRACTICING COMPANY SECRETARY
REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE
GOVERNANCE**

To The Shareholders of Solitaire Machine Tools Limited

I have examined the compliance of conditions of Corporate Governance by Solitaire Machine Tools Limited, for the year ended on 31st March, 2012, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the management. My examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of our information and explanations given to me, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreements.

I further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Sachin Chhadawa
Practicing Company Secretary
FCS 5619 CP No 4617

Place: 28/4/2012
Date: Vadodara

SACHIN CHHADAWA 48, Ultimate Business Centre, 111-A, M. G. Road,
B.Sc, LL.B, FCS Opp. Mumbai University, Fort, Mumbai: 400 023
Practicing Company Secretary Tel: +91 22 22572626, Cell: + 91 9920618833.
Email: sachin@sachinfcs.com

CIN: L28932MH1967PLC013747

Authorised Capital : Rs. 5,50,00,000/-

Paid-up Capital : Rs. 4,54,21,760/-

COMPLIANCE CERTIFICATE
[Pursuant to Sec.383A(1) of the Companies Act, 1956]

The Members,
SOLITAIRE MACHINE TOOLS LIMITED,
107, Arun Chambers, Tardeo Road,
Mumbai - 400 032

I have examined the registers, records, books and papers of SOLITAIRE MACHINE TOOLS LIMITED (the Company) as required to be maintained under the Companies Act, 1956 (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2012. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, the officers and the agents, I certify that in respect of the aforesaid financial year:

1. The company has kept and maintained all the registers as stated in Annexure 'A' to this certificate as per the provisions of the Act and the rules made there under and all the entries therein have been recorded.
2. The company has filed the forms and returns as stated in Annexure 'B' to this certificate with the Registrar of Companies, Regional Director, Central Government, Company Law Board and other authorities with the time prescribed under the Act and the rules made there under.
3. The company, being a public limited company, comments are not required.
4. The Board of Directors duly met 4 (Four) times on 14th May, 2011, 31st July, 2011, 31st October, 2011 and 28th January, 2012 in respect of which meetings the proceedings were properly recorded & signed including the circular resolutions passed in the Minutes Book maintained for the purpose.
5. The company closed its Register of Members from 11th June, 2011 to 18th June, 2011 (both days inclusive).
6. The annual general meeting for the financial year ended on 31st March, 2011 was held on 18th June, 2011 after giving due notice to the members of the company & the resolutions passed there at were duly recorded in the minutes book maintained for the purpose.
7. No Extra Ordinary General Meetings was held during the financial year.
8. The company has not advanced any loans to its directors or persons or firms or companies referred to under section 295 of the Act.

9. The company has duly complied with the provisions of section 297 of the Act in respect of contracts specified in that section.
10. The company has made necessary entries in the register maintained under section 301 of the Act.
11. As there were no instances falling within the purview of section 314 of the Act, the company was not required to obtain any approvals from the Board of directors, members or Central Government.
12. The Company was not required to issue a duplicate share certificate during the year under scrutiny.
13. The company has:
 - a. Delivered all the certificates on lodgement thereof for transfer / transmission or any other purpose in accordance with the provisions of the Act;
 - b. not deposited any amount in a separate Bank Account as no dividend was declared during the financial year;
 - c. not required to post warrants to any member of the company as no dividend was declared during the financial year;
 - d. has not transferred the amounts in unpaid dividend account which have remained unclaimed or unpaid for a period of seven years to Investor Education and Protection Fund;
 - e. duly complied with the requirements of Section 217 of the Act.
14. The Board of Directors of the Company is duly constituted.
15. The company has not appointed Managing Director or Whole-time Director for the financial year under the report.
16. The company has not appointed any sole selling agent for the financial year under the report.
17. There were no matters requiring approvals of the Central Government, Company Law Board, Regional Directors, Registrar and such other authorities as may be prescribed under the various provisions of the Act, for the financial year under the report.
18. The directors have disclosed their interest in other firms / companies to the Board of Directors pursuant to the provisions of the Act to the extent and wherever applicable.
19. The company has not issued equity shares during the financial year and complied with the provisions of the Act.
20. The company has not bought back any shares during the financial year under report.
21. The company has not issued any preference shares during the financial year under report.
22. There were no instances in the company requiring to keep in abeyance rights to dividends, right shares and bonus shares pending registration of transfer of shares in compliance with the provisions of the Act.

23. The company has not accepted any deposits under Section 58A of the Companies Act, 1956.
24. The borrowings made by the company during the financial year under report do not attract the provisions of Sec. 293(1) (d) of the Act.
25. The company has made loans and investments or given guarantees or provided securities to other bodies corporate in compliance with the provisions of the Act.
26. The company has not altered the provisions of Memorandum with respect to the situation of the company's registered office from one state to another during the year.
27. The company has not altered the provisions of Memorandum with respect to the objects of the company during the year.
28. The company has not altered the provisions of Memorandum with respect to the name of the company during the year and complied with the provisions of the Act.
29. The company has not altered the provisions of Memorandum with respect to the capital of the company during the year.
30. The company has not altered its Articles of Association in the year under the report.
31. Based on the representations made by the Directors, the company has not received any prosecution notice or show cause notices for the alleged offences under the Act. However, the company has paid necessary fees towards compounding of offences under section 297 of the Act.
32. The company has not received any security from its employees during the year under certification.
33. The Company has duly deposited both the employee's & employer's contribution to Provident Fund with the prescribed authorities pursuant to Section 418 of the Act.

Place: Vadodara
Date: 28/04/2012

Sachin Chhadawa
Practicing Company Secretary
FCS 5619 C P No 4617

Encl: Annexures "A" & "B"

ANNEXURE "A"

Following Registers are maintained by the company: -

1. Register of Members u/s 150.
2. Register of Directors, Managing Director etc. u/s 303.
3. Register of Director's shareholding u/s 307.
4. Register of disclosure of interest u/s 301.
5. Register of charges u/s 143.
6. Register of share transfer.
7. Register of Balance sheet.
8. Books of Accounts: As regards compliance of Section 209, 210 and 211 of the Act is concerned while giving this certificate, I have relied on the report of the Statutory Auditors of the company.

Following books are maintained by the company: -

1. Board Meeting Minutes Book.
2. General Meeting Minutes Book.
3. Audit Committee Minutes Book
4. Remuneration Committee Minutes Book

ANNEXURE "B"

Forms and returns to be filed by the company with the Registrar of Companies, Regional Directors, Central Government or other authorities during the financial year ending on 31st March, 2012.

A] Forms filed with the Registrar of Companies, Mumbai.

Form / Return.	Details for which form was filed.	Under following provision.	Date of filing/ Document date	Whether filed within prescribed time limit.	Whether filed by paying delayed filing fees.
Form 20B	In respect of AGM held on 18.06.2011	Sec.159	16.08.2011	Yes	No
Form 23AC and 23ACA	Balance sheet and Profit & Loss Account for the financial year ended on 31.03.2011	Sec.220	12.11.2011	Yes	No
Form 66	Compliance Certificate for the year ended 31.03.2011	Sec. 383A	17.07.2011	Yes	No
Form 8	Modification of charge	Sec. 125	11.04.2011	Yes	No
Form 8	Modification of charge	Sec. 125	11.04.2011	Yes	No
Form 8	Modification of charge	Sec. 125	26.05.2011	Yes	No
Form 8	Modification of charge	Sec. 125	26.05.2011	Yes	No
Form 23	Registration of resolutions	Sec. 192	08.02.2012	No	Yes
Form 23	Registration of resolutions	Sec. 192	18.05.2011	No	Yes
Form 11NV	Statement of amounts credited to investor education and Protection fund	Rule 3 of Investor Education and Protection Fund (Awareness and Protection of investors) Rules, 2001	26.12.2011	No	N.A.

B] Regional Director or any other authority: Nil

AUDITOR'S REPORT**REPORT TO THE MEMBERS OF
SOLITAIRE MACHINE TOOLS LIMITED.**

We have audited the attached Balance Sheet of SOLITAIRE MACHINE TOOLS LIMITED as at 31st March, 2012 and also the Profit and Loss Account for the year ended on that date annexed thereto and cash flow statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies' (Auditor's Report) Order 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, and on the basis of such checks as considered appropriate and according to the information and explanations given to us during the course of audit, we enclose in the Annexure hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that:

- a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of such books.
- c. The Balance Sheet and Profit and Loss Account and the cash flow statement dealt with by this report are in agreement with the books of account of the Company.

- d. With reference to note no. 229 of notes on accounts our verification of related party disclosures as required under Accounting Standard 18- related party disclosures has been based on the information made available to us by the company. Subject to that in our opinion, the Profit and Loss Account and Balance Sheet and cash flow statement comply with the mandatory accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956, subject to note no. 231, regarding non disclosure of defined benefits as per Accounting Standard 15 (Revised), note no. 240, regarding non consolidation of accounts of subsidiary companies, and accounting on cash basis of leave encashment and bonus as given in f) (iii) and (iv) of accounting policy, to the extent applicable.
- e. On the basis of written representations received from the directors, as on 31st March, 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- f. In our opinion and to the best of our information and according to the explanations given to us, the said Accounts subject to note no. 237 and 238 regarding non disclosure of indebtedness to small and medium enterprises under Micro Small and Medium Enterprises Development Act, 2006, read with notes and significant Accounting Policies thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view, in conformity with the accounting principles generally accepted in India:
 - i. In the case of the Balance Sheet, of the State of affairs of the Company as at 31st March, 2012;
 - ii. In the case of the Profit and Loss Account, of the 'Profit' for the year ended on that date; and
 - iii. In the case of cash flow statement, of the cash flows for the year ended on that date.

For AJMERA AJMERA & ASSOCIATES
FIRM REGISTRATION NO.123989W
CHARTERED ACCOUNTANTS.

(SANDEEP AJMERA)
PARTNER
Membership No. 45277

PLACE: VADODARA
DATED: 28-4-2012

ANNEXURE TO THE AUDITORS' REPORT

Annexure referred to in paragraph 3 of the Auditors' Report to the Members of SOLITAIRE MACHINE TOOLS LIMITED, on the Accounts for the year ended 31st March, 2012.

As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 and according to the information and explanations given to us during the course of the audit and on the basis of such checks as were considered appropriate, we report that:

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.
(b) As per the information and explanations given to us physical verification of fixed assets has been carried out once during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification is reasonable, having regard to the size of the company and nature of its business.
(c) The Company has not disposed of any substantial part of fixed assets during the year.
2. (a) As per the information furnished, the inventories have been physically verified during the year by the management.
(b) In our opinion and according to the information and explanations given to us, procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
(c) The Company is maintaining proper records of inventory. As informed, the discrepancies noticed on physical verification between the physical stocks and book records were not material.
3. The Company has not granted or taken any loan secured or unsecured to/from any company or other parties covered in the register maintained under Section 301 of the Companies Act 1956. Hence provisions of paragraph 4 (iii) (a) to (g) of the order are not applicable to the company.
4. In our opinion and according to the information and explanations given to us, there are generally adequate internal control systems commensurate with the size of the company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control systems.
5. (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements that need to be entered into the register maintained under section 301 of the Act have been so entered.

- (b) In our opinion and according to the information and explanations given to us, there are no transactions made in pursuance of contracts or arrangements entered into the register maintained under Section 301 of the Companies Act, 1956, exceeding the value of Rs. Five Lakhs in respect of any party during the year.
6. In our opinion and according to the information and explanations given to us, the Company has not accepted deposits from the public as per directives issued by the Reserve Bank of India and the provisions of Section 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under. No order has been passed by the National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal.
 7. In our opinion, the Company has an internal audit system commensurate with the size of the company and the nature of its business.
 8. As informed to us the Central Government has not prescribed the maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956.
 9. (a) According to the information and explanations given to us and the records examined by us, the company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees state insurance, income-tax, sales-tax, wealth-tax, service tax, custom duty, excise duty, cess and other statutory dues wherever applicable.
(b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess were in arrears as at 31st March 2012 for a period of more than six months from the date they became payable.
(c) According to the information and explanations given to us, the following dues of Income Tax and custom penalty have not been deposited by the company on account of dispute:

Name of the Statute	Nature of the Dues	Amount Rs. (Net of Payment)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax Penalty	800000.00	A.Y. 2006-07	Commissioner of Income tax (Appeals)
Income Tax Act, 1961	Income Tax Penalty	15000.00	A.Y. 2007-08	Commissioner of Income tax (Appeals)
Central Excise Act, 1944	DGFT	2,300,000.00	1999-2000	Writ No. 1957 of 2000 before Delhi High Court

10. The company has no accumulated losses at the end of the financial year and the Company has not incurred any cash losses in the current and immediately preceding financial year.
11. On the basis of our examination and according to the information and explanations given to us, the company has not defaulted in repayment of the dues to a bank with respect to its borrowings. The company has not borrowed any loans from financial institutions and debenture holders.
12. Based on our examination of the records and the information and explanations given to us, the company has not granted any loans and/or advances on the basis of security by way of pledge of shares, debentures and other securities accordingly, the provisions of paragraph 4 (xii) of the said order are not applicable.
13. In our opinion and according to the information and explanations given to us, the company is not a chit fund or a nidhi/ mutual benefit fund/societies accordingly, the provisions of paragraph 4 (xiii) of the said order are not applicable.
14. In our opinion, regarding investments in shares and securities dealt with by the company during the year proper records have been maintained of the transactions and contracts and timely entries have been made therein and such securities and shares are held by the company in its own name.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks and financial institutions.
16. According to the information and explanations given to us, the company has applied the term loans for the purpose for which the loans were obtained.
17. In our opinion and according to information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that, the Company has not used the funds borrowed on short term basis during the year for the long term investments.
18. In our opinion and according to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956.
19. According to the information and explanations given to us, during the period covered by our audit report, the company has not issued debentures and accordingly provisions of paragraph 4 (xix) of the said order, are not applicable.

20. The Company has not made any public issues during the year and accordingly provisions of paragraph 4 (xx) of the said order, are not applicable.
21. To the best of our knowledge and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For AJMERA AJMERA AND ASSOCIATES
FIRM REGISTRATION NO.123989W
CHARTERED ACCOUNTANTS.

(SANDEEP AJMERA)
PARTNER
Membership No. 48277

PLACE: VADODARA
DATED: 28-4-2012

SOLITAIRE MACHINE TOOLS LIMITED
BALANCE SHEET AS AT 31ST MARCH, 2012

	Note No.	Figures as at the end of current reporting period Rs.	Figures as at the end of previous reporting period Rs.
I EQUITY AND LIABILITIES			
1. SHARE HOLDER'S FUNDS			
a) Share Capital	2.1	45,421,750.00	45,421,760.00
b) Reserves & Surplus	2.2	53,235,712.00	47,692,387.00
		<u>98,657,462.00</u>	<u>93,114,147.00</u>
2. NON-CURRENT LIABILITIES			
(a) Long-term borrowings	2.3	226,286.00	7,272,002.00
(b) Deferred Tax Liabilities (Net)	2.4	9,664,041.00	10,243,592.00
3. CURRENT LIABILITIES			
(a) Short-term borrowings	2.5	1,749,584.00	10,772,894.00
(b) Trade payables	2.6	5,675,360.00	25,713,319.00
(c) Other current liabilities	2.7	28,872,168.00	13,746,631.00
(d) Short-term provisions	2.8	19,235,517.00	
		<u>167,080,628.00</u>	<u>160,862,585.00</u>
TOTAL			
II ASSETS			
I. NON-CURRENT ASSETS			
(a) Fixed assets	2.9	80,402,277.00	82,866,576.00
(i) Tangible assets	2.9		1,063,668.00
(ii) Intangible assets		1,708,648.00	1,380,418.00
(iii) Capital work-in-progress	2.10	5,375,542.00	5,375,542.00
(b) Non-current investments	2.11	17,513,479.00	11,805,164.00
(c) Long-term loans and advances	2.12	612,115.00	609,215.00
(d) Other non-current assets			
II. CURRENT ASSETS			
(a) Current investments	2.13	8,805.00	1,108,805.00
(b) Inventories	2.14	18,653,960.00	27,000,082.00
(c) Trade receivables	2.15	15,206,822.00	7,328,781.00
(d) Cash and cash equivalents	2.16	25,299,349.00	21,280,398.00
(e) Short-term loans and advances	2.17	2,306,631.00	1,045,936.00
		<u>167,080,628.00</u>	<u>160,862,585.00</u>
TOTAL			

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES
ON ACCOUNTS**

IN TERMS OF OUR ATTACHED
REPORT OF EVEN DATE

For AJMERA AJMERA & ASSOCIATES
FIRM REGISTRATION NO.123989W
CHARTERED ACCOUNTANTS

(SANDEEP AJMERA)
PARTNER
Membership No. 048277

PLACE : VADODARA
DATED : 28-04-2012

For and on behalf of the board

Ashok J Sheth CMD
Hemendra J Badani VCMD
Harsh H Badani Whole Time Director
Anil J Kothari Director
Shilpa M Taneja Director
Padmaja K Mukundani Director

SOLITAIRE MACHINE TOOLS LIMITED
STATEMENT OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2012

Particulars	Note No.	Figures for the current reporting period Rs.	Figures for the previous reporting period Rs.
I Revenue from operations	2.18	140,765,880.00	95,497,456.00
II Other income	2.19	1,521,523.00	737,528.00
III Total Revenue (I+II)		<u>142,287,403.00</u>	<u>96,235,084.00</u>
IV Expenses:			
Cost of materials consumed	2.20	66,932,068.00	42,407,714.00
Purchases of Stock-in-Trade		233,465.00	
Changes in inventories of work-in-progress	2.21	3,201,786.00	4,550,757.00
Employee benefits expense	2.22	15,276,856.00	10,267,348.00
Finance costs	2.23	1,322,434.00	2,131,433.00
Depreciation and amortization expense	2.9	7,543,394.00	7,116,583.00
Other expenses	2.24	27,514,965.00	15,820,496.00
Total expenses		<u>122,024,865.00</u>	<u>82,294,331.00</u>
V Profit before extraordinary items and tax (III-IV)		20,262,438.00	13,940,753.00
VI Extraordinary Items	2.25	1,021,483.00	278,500.00
VII Profit before tax (V- VI)		<u>19,240,955.00</u>	<u>13,662,253.00</u>
VIII Tax expense:	2.26		
(1) Current tax		6,514,000.00	4,800,000.00
(2) Short/(Excess) Provision of Tax relating to earlier years		(155,536.00)	482,594.00
(3) Deferred tax		(579,551.00)	662,613.00
		<u>5,778,913.00</u>	<u>5,945,177.00</u>
IX Profit (Loss) for the period (VII + VIII)		<u>13,462,042.00</u>	<u>7,717,076.00</u>
XVI Earnings per equity share:			
Equity share of par value of Rs. 10/- each			
Before Extra Ordinary Item			
(1) Basic		3.19	1.76
(2) Diluted		3.19	1.76
After Extra Ordinary Item			
(1) Basic		2.96	1.70
(2) Diluted		2.96	1.70
Number of shares used in computing earning per share			
(1) Basic		4542176	4542176
(2) Diluted		4542176	4542176

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES
ON ACCOUNTS**

IN TERMS OF OUR ATTACHED
REPORT OF EVEN DATE

For AJMERA AJMERA & ASSOCIATES
FIRM REGISTRATION NO.123989W
CHARTERED ACCOUNTANTS

(SANDEEP AJMERA)
PARTNER
Membership No. 048277

PLACE : VADODARA
DATED : 28-04-2012

For and on behalf of the board

Ashok J Sheth CMD
Hemendra J Badani VCMD
Harsh H Badani Whole Time Director
Anil J Kothari Director
Shilpa M Taneja Director
Padmaja K Mukundani Director

SOLITAIRE MACHINE TOOLS LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

1. SIGNIFICANT ACCOUNTING POLICIES:a). System of Accounting:

- i). The Company follows the mercantile system of accounting and recognises income and expenditure on accrual basis unless otherwise stated hereinafter.
- ii). The accounts are prepared under historical cost convention, as a going concern and generally in accordance with applicable accounting standards.

iii). Use of Estimates:

The preparation of the financial statements in conformity with generally accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities on the date of financial statements and the reported amount of revenue and expenses during the reporting period. Actual results could differ from these estimates. Any revision to accounting estimates is recognised in the period in which such revisions are made.

b). Fixed Assets and Depreciation:

- i). Fixed Assets are stated at their cost of acquisition less Depreciation. Additions to Fixed Assets are net of Modvat Credit.
- ii). Depreciation on Fixed Assets is provided on Straight Line Method in accordance with Schedule XIV of the Companies Act, 1956.

iii). Intangible Assets:

Technical Know Fee:

Intangible Assets are stated at cost of acquisition less accumulated amortization. Technical know how is amortized over a period of Five Years in equal instalments.

iv). Investments:

Long Term Investments are stated at cost. Current Investments are carried at the lower of cost and quoted/fair value. Provision for diminution in the value of long term investments is made only if such a decline is other than temporary in the opinion of management.

d). Valuation of Inventories:

- | | |
|---------------------------------------|---|
| i). Raw Materials - Components | - Lower of the Cost or net realisable value |
| ii). Stores & Spares | - Lower of the Cost or net realisable value |
| iii). Cutting Tools and Holding Tools | - Lower of the Cost or net realisable value |
| iv). Semi Finished Goods | - Lower of the Cost or net realisable value, calculated on percentage of work executed on contracted price. |
| v). Finished Goods | - Lower of the Cost or net realisable |

e). Foreign Exchange Transactions:

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of transactions. Monetary items are translated at the year end rate. The differences between the rate prevailing on the date of transaction and on the date of settlement and also on translation at the end of the year are recognised as income or expenses, as the case may be for the year except in the case of Long Term Liabilities, where they relate to acquisition of fixed assets, in which case they are adjusted to the carrying cost of such assets.

f). Treatment of Retirement Benefits:

- i). The Company's contribution to recognised provident fund, and Employees' state Insurance Scheme are defined contribution plans are charged to the Profit and Loss Account when incurred.
- ii). The Company's employees are covered under the Employees Group Gratuity Cum Life Assurance Scheme of Life Insurance Corporation of India which is a defined benefit scheme. The Company account for gratuity liability equivalent to the premium amount payable to Life Insurance Corporation of India every year, which
- iii). Leave Encashment is accounted on cash basis.
- iv). Bonus is accounted for on cash basis.

g). Revenue Recognition:

- a). Revenue is recognised on transfer of significant risk and reward in respect of ownership.
- b). Gross sales is inclusive of sales tax, excise duty and service income and are net of incentives discounts and rebates.
- c). Set-off Claims and other claims, are accounted for as and when admitted by the appropriate authorities.
- d). Exchange Fluctuation and accrued interest on L. C. Margin and Bank Guarantee Margin are accounted on cash basis.
- e). Dividend income is recognised in the year when the right to receive payment is established.

h). Purchases are accounted for net of modvat credit.i). Excise Duty:

Excise Duty inspect of finished goods lying in factory premises are provided for and included in the valuation of inventory.

j). Taxation:

- i). Provision for current income tax is determined on the basis of the amount of tax payable on taxable income for the year.
- ii). Deferred tax is recognised, subject to the consideration of prudence in respect of deferred tax assets, on timing differences, being the difference between taxable incomes and accounting income that originate in one year and are capable of reversal in one or more subsequent years.

k). Contingent Liabilities, Provisions & Contingent Assets:

- i). Contingent liabilities are not recognised and are disclosed in notes.
- ii). Provisions involving substantial degree of estimation in measurement are recognized when the present obligation resulting from past events gives rise to probability of outflow of resources embodying economic benefits on settlement.
- iii). Provisions are reviewed at each Balance sheet date and adjusted to reflect the current best estimates.
- iv). Contingent assets are neither recognised nor disclosed in financial statements.

l). Impairment of Assets:

The carrying amount of assets is reviewed at each balance sheet date to determine whether there is any indication of impairment of the carrying amount of the Company's assets. If any indication exists, the recoverable amount of such assets is estimated. An impairment loss is recognised wherever the carrying amount of the assets exceeds its recoverable amount.

m). Borrowing Costs:

Borrowing costs that are attributable to the acquisition of qualifying assets are capitalised as a part of the cost of such assets till such period the assets are ready for use. All other borrowing costs are charged to revenue.

SOLITAIRE MACHINE TOOLS LIMITED**2 NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012**

The previous period figures have been regrouped/reclassified, wherever necessary to conform to the current presentation.

2.1 SHARE CAPITAL

Particulars	as at 31-03-2012	as at 31-03-2011
Authorized		
Equity shares, 10/- par value 55,00,000 (55,00,000) equity shares	55,000,000.00	55,000,000.00
Issued		
Equity shares, 10/- par value 50,39,750 (50,39,750) equity Shares	50,397,500.00	50,397,500.00
Subscribed and Paid-Up		
Equity shares, 10/- par value 45,42,176 (45,42,176) Equity Shares fully paid-up	45,421,760.00	45,421,760.00
	45,421,760.00	45,421,760.00

(1) Refer to note 2.32 for details of basic and diluted shares

The Company has only one class of shares referred to as equity shares having a par value of '10/-'. Each holder of equity shares is entitled to one vote per share.

The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

The Board of Directors, in their meeting on 28-4-2012 proposed a dividend of Rs. 1.50 per equity share. The proposal is subject to the approval of share holders at their Annual General Meeting to be held on 31-5-12. The total dividend appropriation for the year ended 31st March, 2012 amounted to Rs.79,18,717/- including corporate dividend tax of Rs.11,05,453/-.

During the year ended March 31, 2011 the amount per share dividend recognised as distributions to equity share holders was Rs. 1.00. The total dividend appropriation for the year ended March 31, 2011 amounted to Rs. 52,96,631/- including corporate dividend tax of Rs.7,54,453/-.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the company, after distribution of all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

The details of shareholder holding more than 5% shares as at March 31, 2012 is set out below :

Name of the shareholder	31/03/2012	31/03/2011
	Number of Shares	Number of Shares
1 Prafull Jivrajbhai Sheth / Jyoti Prafull Sheth	981830	974410
2 Bharati Ashok Sheth	377858	376236
3 Ashok Jivrajbhai Sheth	356660	356660

The reconciliation of the number of shares outstanding as at March 31, 2012 and March 31, 2011 is set out below:

Particulars	As at 31.03.2012 No. of Shares	As at 31.03.2011 No. of Shares
Number of shares at the beginning	4542176 Rs. 45421760	4542176 Rs. 45421760
Number of shares at the end	4542176 Rs. 45421760	4542176 Rs. 45421760
2.2 RESERVES AND SURPLUS		
Particulars		
Capital reserve - Opening balance	2,078,470.00	2,078,470.00
General reserve - Opening balance	3,900,000.00	3,900,000.00
Add: Transferred from Surplus	641,050.00	-
	4,541,050.00	3,900,000.00
Surplus-Opening Balance	41,713,917.00	39,293,472.00
Add: Net profit after tax transferred	13,462,042.00	7,717,076.00
Amount available for appropriation	58,175,959.00	47,010,548.00
Appropriations:		
Dividend	6,813,264.00	4,542,176.00
Dividend Tax	1,105,453.00	754,453.00
Amount transferred to general reserve	641,050.00	-
Surplus- Closing Balance	46,616,192.00	41,713,917.00
TOTAL	53,235,712.00	47,692,387.00
2.3 LONG-TERM BORROWINGS		
Term Loans:		
From Axis Bank Ltd. Baroda		6,046,630.00
i) loans are Secured Against Immovable and movable properties of the Company including Plant & Machineries, stocks of all kinds, shares, Book debts		
ii) Loans are further guaranteed by some directors.		
From ICICI Bank Ltd. Bombay		1,225,372.00
Car Loan		
i) Secured by Hypothecation of Vehicle	226,286.00	
ii) Repayable within 31 equal monthly instalment of Rs. 46860/- along with interest from the date of loan viz. and carries interest @ 8.25% p.a		
	226,286.00	7,272,002.00

2.10 NON CURRENT INVESTMENTS:

Long Term Investment- at cost Trade (un-quoted)		
INVESTMENTS IN SUBSIDIARY COMPANIES:		
1) SHREKCHI MANUFACTURING LTD. 15900 Equity Shares of Rs. 100/- each fully paid up.	1,590,000.00	1,590,000.00
2) JRS MACHINERY CORPORATION 1000, Equity shares of \$ 1 each, fully paid up	3,785,542.00	3,785,542.00
	<u>5,375,542.00</u>	<u>5,375,542.00</u>

2.11 LONG TERM LOANS AND ADVANCES:

Un-secured, considered good Capital Advances Other Loans and advances:		
Loan to Subsidiary Company	2,192,747.00	342,990.00
Advance Income Taxes	11,437,287.00	7,834,683.00
Loans and advances to Employees	505,831.00	197,877.00
Electricity and Other Deposits	577,614.00	577,614.00
Rental Deposits	2,800,000.00	2,850,000.00
	<u>17,513,479.00</u>	<u>11,803,164.00</u>

2.12 OTHER NON CURRENT ASSETS:

Advances to Gratuity Trust	5,000.00	5,000.00
Advance to DGFT	200,000.00	200,000.00
Duty recoverable under protest	354,036.00	394,036.00
Vat Claim in process	53,079.00	50,179.00
	<u>612,115.00</u>	<u>609,215.00</u>

2.13 CURRENT INVESTMENTS

at the lower of the cost and fair value		
Non Trade -Quoted		
50 Equity Shares of Batliboi Ltd. of Rs. 5/- each fully paid-up.	1,465.00	1,465.00
10 Equity Shares ABC Bearing Ltd of Rs. 10/- each fully paid-up	7,040.00	7,040.00
Shares of N.M. Bank of Rs.100/- each Investment in Mutual Fund	300.00	300.00
110000 Units of AXIS Income Saver		1,100,000.00
	<u>8,505.00</u>	<u>1,108,805.00</u>
Aggregate amount of quoted Investment (Market Value Rs.1843/-) (as on 31.03.2011 Rs.11,02,688/-)	8,505.00	8,505.00

2.14 INVENTORIES:

(Valued at Lower of the cost or net realisable value and Semi Finished Goods valued on percentage of work executed on contracted price)

Raw Materials - Components	12,133,981.00	16,312,694.00
Semi Finished Goods	4,435,899.00	6,362,103.00
Rebuilding in Process	1,175,713.00	2,391,564.00
Spares in Process	57,852.00	97,583.00
Cutting Tools	607,158.00	1,403,111.00
Holding Tools	263,337.00	374,002.00
Oil & Fuel	-	59,025.00
	<u>18,653,960.00</u>	<u>27,000,082.00</u>

2.15 TRADE RECEIVABLE

Debts outstanding for a period exceeding six months un-secured -considered good	330,350.00	4,450,724.00
Other Debts-Un-secured	14,876,472.00	2,878,057.00
	<u>15,206,822.00</u>	<u>7,328,781.00</u>

2.16 CASH AND CASH EQUIVALENTS

Cash on Hand	505.00	1,130.00
Balances with Bank In current and Deposit Account	25,292,844.00	21,279,268.00

Cash and cash equivalents as of 31.03.2011 and 31-03.2012 include restricted Bank Balances. Restrictions are primarily on account of cash and bank balances held as margin money deposited against guarantees and unclaimed dividends The Deposits maintained by the company with Bank comprises of time deposit which can be withdrawn by the company at any point of time without prior notice or penalty or penalty on principle.

	<u>25,293,349.00</u>	<u>21,280,398.00</u>
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The details of balances as on Balance Sheet date with Banks are as follows in current account:

AXIS (CURRENT NO.013010200019390)	11,981,340.00	4,126,521.00
1 D B I Bank Limited	28,609.00	91,906.00
SBI Chennai Current Account	12,587.00	143,904.00
AXIS BANK (Mumbai/A/C)	25,000.00	(30,848.00)
	<u>12,047,536.00</u>	<u>4,27,483.00</u>

in Un-paid Dividend Account:

UTI Bank Dividend A/c (2005 - 06)	166,267.00	166,779.00
UTI Bank Dividend A/c (2006 - 07)	183,099.00	183,931.00
UTI Bank Dividend A/c (2007 - 08)	212,362.00	215,638.00
Vijaya Bank Dividend (2003-04)	357,149.00	67,768.00
UTI Bank Dividend A/c (2004 - 05)	121,093.00	121,243.00
	<u>1,039,970.00</u>	<u>755,559.00</u>

in Fixed Deposit Account:

	12,205,338.00	16,252,226.00
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2.17 SHORT TERM LOANS AND ADVANCES:

Un-secured, considered good		
Interest accrued on PDR	1,119,059.00	99,670.00
Balances with Excise authorities	528,335.00	431,407.00
For supply of goods and rendering services	557,556.00	410,908.00
Advances to Employees		6,026.00
Prepaid Expenses	100,481.00	97,925.00
	<u>2,305,631.00</u>	<u>1,045,936.00</u>

2.18 REVENUE FORM OPERATIONS:

Revenue from Sale of Products	146,679,694.00	99,214,140.00
Revenue from Sale of Services	4,252,632.00	4,756,572.00
Other Operating Revenue-Scrap Sales	232,560.00	143,910.00
	<u>151,164,886.00</u>	<u>104,114,622.00</u>
Less: Excise Duty	10,399,006.00	8,618,566.00
	<u>140,765,880.00</u>	<u>95,497,056.00</u>

2.19 OTHER INCOME:

Interest received on Deposits with Bank (TDS Rs.1,50,364/- P.Y Rs.41,295/-)	1,303,432.00	385,716.00
Dividend received on investment in mutual fund	7,188.00	32,039.00
Net gain on sale of Investment	5,940.00	555.00
Rent Income	150,000.00	270,000.00
Sales Commission		33,196.00
Foreign Exchange Fluctuation	11,213.00	
Other Income	43,750.00	16,122.00
	<u>1,521,523.00</u>	<u>737,628.00</u>

2.20 COST OF MATERIALS CONSUMED:

Components:		
Opening Stock	16,312,694.00	16,050,564.00
Purchases	62,753,355.00	42,669,844.00
	<u>79,066,049.00</u>	<u>58,720,408.00</u>
Less : Closing Stock	12,133,981.00	15,312,694.00
Raw Material Consumed	<u>66,932,068.00</u>	<u>42,407,714.00</u>

2.21 CHANGES IN INVENTORIES OF WORK IN PROCESS

Closing Inventories:		
Semi-Finished Goods	4,435,899.00	6,362,103.00
Rebuilding in process	1,175,713.00	2,391,564.00
Spares in process	37,852.00	97,983.00
	<u>5,649,464.00</u>	<u>8,851,250.00</u>
Opening Inventories:		
Semi-Finished Goods	6,362,103.00	12,667,965.00
Rebuilding in process	2,391,564.00	720,000.00
Spares in process	97,983.00	14,042.00
	<u>8,851,250.00</u>	<u>13,402,007.00</u>
Changes in Work in Process	<u>(3,201,786.00)</u>	<u>(4,550,757.00)</u>

2.22 EMPLOYEE BENEFITS EXPENSE:

Salaries and Wages	11,359,316.00	7,401,875.00
Cost of Technical Contracts	2,536,833.00	1,772,579.00
Contribution to Provident Fund and Other Funds	995,103.00	677,641.00
Staff welfare Expenses	425,604.00	415,253.00
	<u>15,276,856.00</u>	<u>10,267,348.00</u>

Note:

Salaries and wages include Directors' remuneration Rs.3405503 (P.YRs.26,47,587/-)
Contribution to P.F. include Rs. 1,37,868/- (P.Y Rs. 100,000/-) to Gratuity Fund.

2.23 FINANCE COSTS:

Interest to Bank	1,136,885.00	2,011,983.00
Other Borrowing cost-processing Fee	185,549.00	119,450.00
	<u>1,322,434.00</u>	<u>2,131,433.00</u>

2.24 OTHER EXPENSES:

Consumption of Stores and spares	3,193,849.00	1,313,796.00
Power and fuel	1,642,514.00	1,494,331.00
Rent	684,000.00	598,000.00
Repair to Building	351,325.00	66,000.00
Repairs to Machinery	922,305.00	907,271.00
Insurance	232,425.00	228,266.00
Rates and Taxes	654,678.00	218,917.00
Bank Charges	425,620.00	357,770.00
Auditor's Remuneration:		
- Statutory Audit Fee	110,300.00	110,300.00
Labour Charges	1,602,858.00	1,139,415.00
Travelling Expenses	1,455,813.00	1,027,831.00
Postage and Courier	168,835.00	153,083.00
Printing and Stationery	140,451.00	149,054.00
Telephone & Mobile	221,944.00	156,751.00
Legal & Professional Charges	1,088,760.00	854,557.00
Vehicle Expenses	518,560.00	398,290.00
Annual General Meeting Expenses	174,839.00	112,597.00
Others Repairs	116,172.00	138,966.00
Security Charges	326,721.00	285,170.00
Advertisement	1,130,644.00	105,661.00
Export Expenses	221,520.00	83,697.00
Sales Expenses	2,574,635.00	1,919,527.00
Sales Commission	5,115,345.00	2,345,042.00
Packing Expenses	405,238.00	384,528.00
Registrar's Fees	136,928.00	134,877.00
Donation	26,500.00	100,500.00
Loss on foreign currency transactions and translation		80,445.00
Loss on Sale of Fixed Assets	107,465.00	
Bad Debts	2,485,583.00	
Miscellaneous Expenses	1,295,135.00	945,854.00
	<u>27,514,962.00</u>	<u>15,820,495.00</u>

2.25 Extra-ordinary item includes prior years gratuity contribution to LIC Group Gratuity Scheme Rs. 8,36,724/- prior years listing fees to Baroda Elock Exchange Rs.34,759/-penalty towards compounding u/s 297 Rs.1,50,000/-

2.26 TAX EXPENSES:

Current Tax:		
Income Tax	6,514,000.00	4,800,000.00
Short provision of Income Tax relating to earlier years	(155,536.00)	432,564.00
Deferred Taxes	(579,851.00)	662,613.00
	<u>5,778,913.00</u>	<u>5,945,177.00</u>

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

2.27 Company is contingently liable in respect of:

- a) Penalty Levied by DCIT of Rs. 22 Lacs (Net of advance) (Previous year- Rs.23 lacs) and contested in appeal, vide WP No.1387 of 2000 pending at Delhi High Court.
- b) Income Tax Demanded under dispute and contested under appeal:
 A.Y.2005-07 Rs.181/- (Previous year Rs.2,15,717)
 A.Y.2006-07 -Penalty Rs.50000/- (Previous year Nil)
 A.Y.2007-08 Rs. Nil/- (Previous Year Rs. 1,52,480)
 A.Y.2008-08 -Penalty Rs. Nil/- (Previous Year Rs. Nil)
- c) Bank Guarantees issued Rs.3,15,000/- (P.Y. Rs.1,51,62,226)

2.28 Break-up for Imported and Indigenous Raw Materials Continued.

	31.03.2011		31.03.2011	
	Amount	% of total	Amount	% of total
	Rs.	Consumption	Rs.	Consumption
Imported	8,336,952.00	12.00	4,897,229.00	12.00
Indigenous	58,998,116.00	88.00	37,510,685.00	88.00
	66,932,968.00	100.00	42,407,914.00	100.00

	Rs.	Rs.
	31.03.2012	31.03.2011
a) C.I.F. Value of Imports	7,141,763.00	4,950,364.00
Components & Others	1,480,877.00	
Capital Goods		
c) Entitled to Foreign Exchange		
F.O.B Value of Exports	33,963,636.00	6,792,420.00
b) Expenditure in Foreign Currency:		
Travelling Expenses	161,448.00	15,815.00
Commission	5,222,629.00	
Royalty	63,188.00	

2.29 Related Party Disclosures have been set out as below. The related parties, as defined by Accounting Standard 18 related party disclosure, issued by Institute of Chartered Accountants of India, in respect of which the disclosures have been made, have been identified on the basis of information available with the company:

a) Names of Related Parties and description of Relationship:

- 1) Subsidiaries : Shruichi Manufacturing Limited
JBS Machinery Corporation
- 2) Associates : Adventure Advertising Private Limited
Metal Perforation Private Limited.
- 3) Key Management Personnel : Mr. A. J. Sheth - Chairman & Managing Director
Mr. H. J. Budani - Vice Chairman & Managing Director
Mr. Parsh Sadani - Whole Time Director
- 4) Relatives of Key Management Personnel and Associates : Smt. Jyoti P. Sheth - Wife of Chairman Emeritus
- 5) Chairman Emeritus : Mr. P. J. Sheth

b) Disclosure of Transactions with Related Parties as required by Accounting Standard 18:

Sl. No.	Name of Transactions	Subsidiaries	Associates	Key Management Personnel	Relatives	Total
1)	Receiving of Services	300,000.00 (204,000.00)	46,783.00 (115,195.00)	-	-	548,789.00 (329,199.00)
2)	Managerial Remuneration	-	-	3,405,503.00 (2,683,587.00)	-	3,405,503.00 (2,683,587.00)
3)	Rent paid	-	-	-	600,000.00	600,000.00
4)	Rent Received	-	150,000.00 (220,000.00)	-	-	150,000.00 (220,000.00)
5)	Loans Given	2,600,000.00	-	-	-	2,600,000.00
6)	Loans Received Back	(207,460.00)	-	-	-	(207,460.00)
7)	Office Deposit Recd back	-	-	-	50,000.00 (333,990.00)	50,000.00 (333,990.00)
8)	Outstanding balances as at 31.03.2012:					
	i) Loan Out Standing	2,342,990.00 (542,990.00)	-	-	-	2,342,990.00 (542,990.00)
	ii) Advances Outstanding	44,100.00 (64,100.00)	-	-	-	44,100.00 (64,100.00)
	iii) Investments	5,275,542.00	-	-	-	5,275,542.00
	iv) Security Deposit	(3,375,542.00)	-	-	2,800,000.00	(575,542.00)
	v) Other Liabilities	190,243.00	25,200.00 (27,000.00)	548,000.00 (607,000.00)	(2,850,000.00)	1,816,446.00 (634,000.00)

* Figures in Brackets are of previous year.

2.30 The Company has no reportable segment. Accordingly, pursuant to Accounting Standard (AS-17) on segment reporting, issued by the Institute of Chartered Accountants of India, segmental information is not required to be provided.

2.31 The company has not reported liabilities of Gratuity which is a defined benefit plan in accordance with Accounting Standard 15 issued by Institute of Chartered Accountants of India as it is covered under Group Gratuity Scheme of Life Insurance Corp. of India.

2.32 Earnings per share:

	2011-2012	2010-2011
(a) Net Profit after tax available for Equity Shareholders (in Rs.)	13,462,042.00	7,717,076.00
(b) Weighted average of number of equity shares outstanding during the year	4,542,176.00	4,542,176.00
(c) Basic and Diluted Earnings per equity share of Rs. 10 each (in Rs.)	2.96	1.70

2.33 Deferred Tax Liability

	AS ON 31.03.2012	AS ON 31.03.2011
Opening Balance	10,243,592.00	9,980,976.00
Difference between book and Tax Depreciation	(879,551.00)	662,613.00
Deferred Tax Liability	9,364,041.00	10,643,589.00

2.34 There is a dispute regarding demand raised by Excise and Custom Department (CEGD) of Rs. 3,54,036.00 (Previous year Rs. 9,54,036/-) which is being contested on Order No. D/CEGD/97 of Rs.3,54,036.00 dt. 14.08.1997. Amount has been paid against them as advance under protest.

2.36 Balance due from Subsidiary Companies.

Name	Balance As on 1.4.2012 Rs.	Balance As on 1.4.2011 Rs.	Minimum balance during the year Rs.
Sirochi Manufacturing Limited	2,192,747.00	342,990.00	2,388,090.00

2.36 Sundry Creditors, Sundry Debtors, Loans and Advances are subject to confirmation.

2.37 The Company has no information as to whether any of its suppliers constitute small-scale industrial undertakings and therefore, the amount due to such suppliers has not been identified.

2.38 The company has not received any intimation from its suppliers regarding their status under the Micro Small and Medium Enterprises Development Act, 2006 and, hence, disclosure, if any relating to the amounts or paid as at 31st March, 2012 together with interest paid and payable are required under the said Act have not been given.

2.39 There are no amounts due and outstanding, to be credited to Investor Education and Protection Fund.

2.40 The Accounts of Subsidiary Companies have not been consolidated in the Financial Statements of the Company, as the amounts involved are not material.

2.41 Previous Year's figures have been regrouped / re-arranged wherever deemed necessary so as to make them comparable and figures are stated to the nearest rupee.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS 1 & 2

IN TERMS OF OUR ATTACHED REPORT OF EVEN DATE

For AJMERA AJMERA & ASSOCIATES
FIRM REGISTRATION NO.123895W
CHARTERED ACCOUNTANTS

(SANDEEP AJMERA)
PARTNER
Membership No. 04277

PLACE: VADODARA
DATE: 28-04-2012

For and on behalf of the board

Ashok J Sheh CMD
Honendra J Badani VCMD
Harsh H Badani Whole Time Director
Anil J Kothari Director
Shilpa M Tanuja Director
Padmaja K Mukundan Director

SOLITAIRE MACHINE TOOLS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

	2011-2012 Rs.	2010-2011 Rs.
A CASH FLOW FROM OPERATION ACTIVITIES		
Net Profit as per Profit & Loss Account	13,462,962	7,717,076
Adjustment for Depreciation	7,543,394	7,116,583
Dividend Received	(7,189)	(32,039)
Tax Provision for Taxation & Deferred Tax	5,779,913	5,947,777
Interest Received	(1,303,432)	(385,716)
Interest and Financial Charges	1,136,885	2,011,583
Loss on Sale of Assets	107,465	
Loss on Sale of Investment		
Profit on Sale of Investment	(5,940)	(555)
Operating Profit Before Working capital Changes	26,712,139	22,375,109
Adjustment For:		
Trade & other Receivable	(11,248,347)	6,216,432
Inventories	8,346,122	4,099,672
Direct Taxes paid (Net of Refund)	(7,378,879)	(3,869,839)
Trade Payables	541,231	17,897,191
Net Cash Flow from Operating Activities	16,972,266	46,718,565

B CASH FLOW FROM INVESTING ACTIVITIES

Purchase of Fixed Assets (Including WIP)	(4,190,892)	(6,267,485)
Capital Work in progress	(325,230)	(1,380,418)
Sale of Fixed Assets	88,000	
Purchase of Investments		(1,100,000)
Sale of Investments	1,105,940	1,100,555
Interest Received	1,303,432	385,716
Dividend Received	7,188	32,039
Net Cash used in Investing Activities	(2,034,562)	(7,229,593)

C CASH FLOW FROM FINANCING ACTIVITIES

Proceeds from Borrowing (Net of Repayment)	(4,775,648)	(21,050,594)
Dividend Paid	(4,237,756)	
Dividend Tax	(754,453)	
Interest and Financial Charges paid	(1,136,885)	(2,911,983)
Net Cash used in Financing Activities	(10,924,732)	(23,962,577)
Net Increase in Cash & cash Equivalents	4,012,951	16,426,385
Opening Balance of Cash & Cash Equivalents	21,280,398	4,854,003
Closing Balance of Cash & Cash Equivalents	25,293,349	21,280,388

Notes: 1. The above Cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard 3 on 'Cash Flow Statement' issued by the Institute of Chartered Accountants of India.

2. Figures of the previous year have been regrouped/ reclassified, wherever necessary.

In terms of our report of even date
For AJMERA AJMERA AND ASSOCIATES
FIRM REGISTRATION NO.123895W
CHARTERED ACCOUNTANTS

For and on behalf of the board

For and on behalf of the board

(SANDEEP AJMERA)
PARTNER
MEMBERSHIP NO. 48277

Ashok J Sheh CMD
Honendra J Badani VCMD
Harsh H Badani Whole Time Director
Anil J Kothari Director
Shilpa M Tanuja Director
Padmaja K Mukundan Director

PLACE: VADODARA
Dated: 28-5-2012

**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES
ACT, 1956 RELATING TO THE SUBSIDIARY COMPANY**

Name of the Subsidiary	Shruchi Manufacturing Limited
1. The financial year of the subsidiary Company	31 st March, 2012
2. Share of the Subsidiary Companies held by Solitaire Machine Tools Ltd. on the above date.	
a. Number of Equity Shares	15900
b. Extent of holding in Equity Shares	100%
3. The net aggregate of profit/(loss) of the Subsidiary Company for the Financial year, so far they concern The members of Solitaire Machine Tools Ltd. were:	
a. Dealt with in the Account of Solitaire Machine Tools Ltd. for the year Ended 31 st March, 2012	Nil
b. Not dealt with in the account of Solitaire Machine Tools Ltd. for the year Ended 31 st March, 2012	Rs. 1,84,046.55
4. The net aggregate of profit/(loss) of the Subsidiary Company for the Previous Financial year, so far they concern the members of Solitaire Machine Tools Ltd. were:	
a. Dealt with in the Account of Solitaire Machine Tools Ltd. For the year Ended 31 st March, 2011	Nil
b. Not dealt with in the account of Solitaire Machine Tools Ltd. For the year Ended 31 st March, 2011	Rs. 1,41,421.07

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Place: Vadodara
Date: 28-4-2012

Ashok J. Sheth CMD
H. J. Badani VCMD

Form of Proxy

Solitaire Machine Tools Limited
107, Arun Chambers, Tardeo Road, Mumbai - 400 034

I/We of
in the district of being a member/members of the above-named Company
hereby appoint
of in the district of or failing him
of in the district
of as my/our proxy to vote for me/us, on my/our behalf at the Annual
General Meeting of the company to be held on the Thursday the 31st day of May, 2012 at 10.00
a. m. and at any adjournment thereof.

Signed this day of 2012

Folio No. / Client ID

No. of Shares held

Affix Re. one
Revenue
Stamp

Signature

ATTENDANCE SLIP

Name of the Member:

Folio No. / Client ID:

I hereby record my presence at the Annual General Meeting held at Senate Banquet,
Status Restaurant, 208, Regent Chambers, Nariman Point, Mumbai - 400021 at 10.00
a. m. on Thursday, the 31st May, 2012.

Signature of Member



Children at Aangan Wadi



Aangan Wadi Complex