

SOLITAIRE MACHINE TOOLS LTD.



**19th
Annual Report
2010-11**

BOARD OF DIRECTORS

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

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

CORPORATE MANAGEMENT

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

Chairman & Managing Director
 Vice Chairman & Managing Director
 Whole Time Director
 Dy. General Manger (Finance & Corporate Affairs)

REGISTERED & CORPORATE OFFICE

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

PLANTS**PLANT I:**

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

PLANT II

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

WEBSITE

www.smtgrinders.com

AUDITORS

AJMERA AJMERA & ASSOCIATES
 CHARTERED ACCOUNTANTS
 MUMBAI

BANKER

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

SHARE TRANSFER AGENT

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

SECRETARIAL CONSULTANT

SACHIIN CHHADAWA
 PRACTICING COMPANY SECRETARY
 MUMBAI

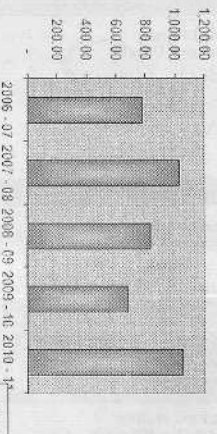
SOLITAIRE MACHINE TOOLS LTD.

KEY FINANCIAL INDICATORS FOR LAST FIVE YEARS

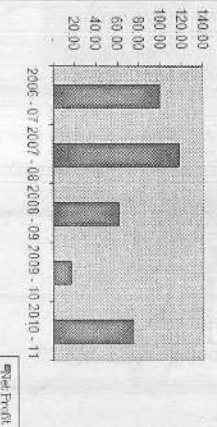
(Rs In lacs)

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

Sales



Net Profit



NOTICE

NOTICE is hereby given that the Nineteenth Annual General Meeting of the Members of the Solitaire Machine Tools Limited will be held on Saturday, the 18th June, 2011 at 4.00 pm at Senate Room, Status Restaurant, 208, Regent Chambers, Nariman Point, Mumbai- 400 021, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet as on March 31, 2011 and Profit and Loss Account for the year ended on that date and Directors' report and Auditors Report thereon.
2. To declare dividend for the financial year 2010-11.
3. To appoint a director in place of Dr. Amita Shah, who retires by rotation, and being eligible, offers herself for reappointment.
4. To appoint a director in place of Ms. Rashmi Desai, who retires by rotation, and being eligible, offers herself for reappointment.
5. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of next Annual General Meeting and to fix their remuneration.

For SOLITARE MACHINE TOOLS LIMITED

Ashok J. Sheth
Chairman

Regd. Office:

107, Arun Chambers
Tardeo Road, Mumbai-400 034

Place: Mumbai

Date: 14/05/2011

Notes:

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the company. Proxies in order to be effective should be duly completed, stamped and signed and must be deposited at the Registered office of the company not less than 48 hours before the commencement of the meeting.
2. Members are requested to advise immediately any change in their address to the Company's Registered Office or M/s Link Intime India Private Limited, Mumbai, quoting their registered folio number. Shareholders holding shares in dematerialized form shall address their communication to their respective depository participant only.
3. All communication in respect to the shares be addressed to share transfer agent "Link Intime India Private Limited" at C-13, Pannalal Silk Mills Compound, L B S Marg, Bhandup (West), Mumbai 400078.
4. The Register of Members and Share transfer Books will remain closed from Saturday, the 11th June, 2011 to Saturday, the 18th June, 2011 (both days inclusive).
5. Any queries regarding Accounts should be communicated in writing at the Registered office of the company at least seven days in advance before the date of Annual General meeting.
6. The Company's shares are listed at Mumbai and Vadodara Stock Exchanges.

Regd. Office:

107, Arun Chambers
Tardeo Road, Mumbai-400 034

Place: Mumbai

Date: 14/05/2011

DIRECTORS' REPORT

TO THE MEMBERS:

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

FINANCIAL RESULTS:

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

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

DIVIDEND:

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

OPERATIONS:

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

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

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

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

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

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

The company has been able to maintain the raw material and manufacturing cost at lower percentage of sales inspite of increase in raw material prices and all other expenses. The inventory management and cost rationalization has helped to main the cost of manufacturing.

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

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

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

DIRECTORS:

Dr. Amita S.Shah, Director and Ms. Rashmi Desai, Director of the company are liable to retire by rotation being eligible, offers themselves for re-appointment. The Board recommends their reappointment. The Board of Directors is duly constituted.

DIRECTORS RESPONSIBILITY STATEMENT AS REQUIRED UNDER SECTION 217(2AA) OF THE COMPANIES ACT, 1956:

The Directors state:

- i) That in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to the material departures.
- ii) That the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period.
- iii) That the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

That the directors have prepared the annual accounts on a going concern basis.

CORPORATE GOVERNANCE:

Report on Corporate Governance and Management Discussion and Analysis Reports along with Certificate of the Company Secretary in Practice pursuant to clause 49 of the Listing Agreement with the Stock

Exchanges has been included in the report. Your company has been practicing the principle of good Corporate Governance over the year. The Board of Directors supports the broad principles of Corporate Governance. In addition to the basic governance issues, the Board lays strong emphasis on transparency, accountability and integrity.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, AND FOREIGN EXCHANGE EARNING AND OUTGO:

a. CONSERVATION OF ENERGY:

The company's operations do not involve substantial consumption of power in comparison to costs of production. However, regulatory measures are there to ensure that the consumption of power is within the norms.

b. TECHNOLOGY ABSORPTION:

The company has fully absorbed the technical know-how received from USA and Italy.

c. FOREIGN EXCHANGE EARNING AND OUTGO:

Foreign exchange earnings of the company during the year 2010-2011 were Rs. 67.92 Lacs (Previous Year Rs. 59.93 Lacs) while outgoings were Rs. 0.16 Lacs (Previous Year Rs. 5.28 Lacs).

MANAGEMENT DISCUSSION AND ANALYSIS REPORTS:

The Management Discussion and Analysis on Company's Performance industry trends and other material changes with respect to company wherever applicable are annexed hereto and forms part of the report.

AUDITORS:

M/s Ajmera Ajmera & Associates, Chartered Accountants, Mumbai hold their office until the conclusion of the ensuing Annual General meeting and are eligible for reappointment. The members are requested to re-appoint them as Auditors of the Company till the conclusion of the next Annual General meeting.

COMPLIANCE CERTIFICATE:

The secretarial compliance certificate pursuant to the provision of Sec. 383A(1) of the Act, is obtained from Mr. Sachin Chhadawa, Practicing Company Secretary, Mumbai and is attached herewith for your kind perusal and forms part of this Director's Report.

FIXED DEPOSIT:

During the financial year under consideration, the Company had not accepted nor renewed any deposits from public within the meaning of Section 58-A of the Companies Act, 1956.

PARTICULARS OF EMPLOYEES:

None of the employees are drawing salary whose particulars are to be included in the Directors' Report as required u/s 217(2A) of the Companies Act, 1956.

PERSONNEL & INDUSTRIAL RELATIONS:

Relations with all employees were cordial and congenial atmosphere prevailed. Your Directors acknowledge the committed efforts of the employees at all levels and their satisfying contribution in management and company affairs.

INSURANCE:

Your Company continued to cover all assets mainly; plant & machinery, building, materials, furniture & fixtures, employees for the possible risks like fire, flood, public liability, break-down, terrorism, Earthquake and accidents.

INVESTOR EDUCATION AND PROTECTION FUND:

The Company has not required to transfer any amount to Investor Education and Protection Fund during the year under review.

ACKNOWLEDGEMENT:

Your Director's take this opportunity to thank the customers, shareholders, suppliers, bankers, financial institutions, and central and state government for their continued support to the company.

BY ORDER OF THE BOARD

ASHOK J. SHETH
Chairman

Place: Mumbai
Date: 14/05/2011

1. Industry Structure and Development:

The Company is part of the industry broadly known as Capital Goods. The Company is part of Capital Goods Industry Known as Machine Tools Industry catering to the various segments. Being part of Capital Goods Industry, fortunes of company is directly linked to the growth and progress of the industry to which it caters. The other relevant factors having bearing on the industry are government policies, import export policies, and incentive for investment available to the industries. The Centerless Grinders manufactured by the company are used in the industry like Automobile, Automobile Ancillaries, Textiles Machinery, Steel Industry, Bearing Industry, Precision Engineering Industry etc.

2. Opportunities and Threats:

The growth opportunity for the machine tools industry is in direct proportion to the industrial growth of other industries like Textile Industry, Automobile Industry, Steel Industry, Bearing Industry, etc. to which the Machine Tool Industry is supplementary Industry. During the last few years, the phenomenal growth in Automobiles Industry has largely contributed to the growth of machine tools industry and opportunity lies in the further growth anticipated in the Automobiles Industry as several multinational car manufacturer shifts their production base to India. Another potential growth opportunity lies in out sourcing of Automobile ancillary products from India, which has tremendous growth potential in the coming years.

3. Segment wise Performance:

Presently, company is dealing in single segment activity namely Machine Tools.

4. Outlook:

The long-term outlook for the industry is optimistic based upon the product innovation and cutting age technology for sustaining growth. The export market especially to U.S.A. will sustain and an additional avenue is opened for exports to Europe. The domestic demand is also growing in the current year. The growth in this sector is expected for another 3 to 5 years.

5. Internal Control Systems and Their Adequacy:

Considering the size and nature of the business, presently adequate internal control systems are in place. However, as and when company achieves further growth and higher level of operations, company will review the internal control system to match with changed requirement.

The company has proper and adequate system of internal controls to ensure that all assets are safeguarded and protected against unauthorized use or disposition and that transaction are authorized and recorded correctly.

The company has constituted Audit Committee consisting of non-executive and independent Directors to look into various aspects of Accounts. The company has a clearly defined organization structure in place.

6. The Financial and Operational Performance:

The financial statement is in confirmation with the provisions of the Companies Act, 1956 and applicable accounting standard recommended by the Institute of Chartered Accountants of India. The financial statement reflects the genuine desire for the transparency and best judgment for the 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 laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include raw material availability and prices, cyclical demand and pricing in the Company's principal markets, changes in Government regulations, tax regimes, economic developments and Industrial growth within India and the countries in which the Company conducts business and other incidental factors.

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 22nd May, 2010, 31st July, 2010, 30th October 2010 and 29th January, 2011.

- 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 Directorship	No. of Board Meeting Attended	Attendance at last AGM held on 26-06-2010	No. of other Directorship	Committee Membership / Chairmanship	
					Member	Chairman
1. Mr. Ashok J. Sheth	Promoter, CMD and Executive	4	Yes	-	1	1
2. Mr. H. J. Badani	Promoter, MD and Executive	4	Yes	2	1	-
3. Ms. Shiipa Taneja	Promoter and Non-Executive	3	Yes	1	2	-
4. Mr. Harsh Badani	Promoter, WTD and Executive	3	Yes	1	-	-
5. Mr. A. J. Kothari	Independent	4	Yes	1	2	-
6. Ms. Amita S. Shah	Independent	1	No	-	1	-
7. Ms. Rashmi S. Desai	Independent	4	No	-	-	-
8. Ms. Padmaja Mukundan	Independent	1	Yes	-	2	2

CMD – Chairman & Managing Director, ED – Executive Director, WTD – Wholtime 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:

Dr. Amita S.Shah, Director and Ms. Rashmi Desai, 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 K. 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 15th May 2010, 24th July 2010, 23rd October 2010 and 22nd January, 2011.

The attendance record of Audit Committee members is given below:

Name of The Director	No. of Meetings		Remarks
	Held	Attended	
1. Mr. A. J. Kothari	4	4	Reconstituted on 31-07-2008
2. Ms. Shilpa Taneja	4	4	
3. Ms. Padmaja Mukundan	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.

- g. 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.

II. Subsidiary Companies:

There are two subsidiary companies which are as follows:

1. Shruchi Marketing Limited
2. 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 2010-11, Remuneration Committee Meetings were held on 30th October, 2010 and 29th January, 2011.

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

F. Remuneration paid / payable to Managing Director for the year ended 31st March, 2011.

Managing/Executive / Whole-time Director	Salary (Rs.)	annual ex-gratia (performance linked incentive)	Commission (Rs)	Perquisites (Rs)	Retirement Benefits (Rs)	Stock Option
Mr. A. J. Sheth	6 Lacs	3 Lacs	-	-	-	-
Mr. H. J. Badani	6 Lacs	3 Lacs	-	-	-	-
Mr. Harsh Badani	3 Lacs	2.4 Lacs	-	-	-	-

G. Shareholders' / Investors' Grievance Committee:

The Company has reconstituted Investors' Grievance Committee on 30th January 2010 under the Chairmanship of Mr. Ashok J. Sheth due to resignation of Mr. P. J. Sheth from Board of Directors.

This Committee comprises of:

1. Mr. Ashok J. Sheth
2. Ms. Shilpa Taneja
3. Mr. H.J. 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, 2011 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
2007-2008	Senate Room, Status Restaurant, 208 Regent Chambers, Nariman Point, Mumbai - 400 021.	14.06.2008	10.30 a.m.
2008-2009	Senate Room, Status Restaurant, 208 Regent Chambers, Nariman Point, Mumbai - 400 021.	27.06.2009	10.30 a.m.
2009-2010	Gold Coin Restaurant, Ground Floor, Arun Chambers, Tardeo Road, Mumbai - 400 034.	26.06.2010	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.

J. General Shareholders Information:

i. AGM Date, Time and Venue	Saturday, the 18th June, 2011 at 4.00 p. m. at Senate Room, Status Restaurant, 208, Regent Chambers, Narlman Point, Mumbai 400 021		
ii. Financial Calendar 2011-12 First quarterly results Audited Yearly Results	Probable Dates: Before end of July, 2011 Before end of May, 2012		
iii. Book Closure Date	11th June, 2011 to 18th June, 2011		
iv. Dividend payment date	Before end of June, 2011		
v. Listing on Stock Exchange.	The Stock Exchange, Mumbai and The Vadodara Stock Exchange		
vi. Stock Code:	522152		
vii. Dematerialization ISIN No.	INE410A01013		
viii. Market Price Data High/ Low during each month of the Financial Year 2010-11 at BSE.	Months	High (Rs.)	Low (Rs.)
	April, 2010	12.89	9.80
	May, 2010	13.58	10.00
	June, 2010	12.00	9.66
	July, 2010	12.14	10.11
	Aug, 2010	14.18	9.60
	Sept, 2010	13.70	10.91
	Oct, 2010	13.35	10.89
	Nov, 2010	14.93	9.26
	Dec, 2010	15.20	12.06
	Jan, 2011	15.49	11.36
	Feb, 2011	15.39	10.01
	March, 2011	12.00	10.16

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, 2011.

No. of equity shares held	No. of Folios / Shareholders	No. of Shares held	% of Share holding
Upto 500	3642	703897	85.35
501 to 1000	321	275339	7.52
1001 to 2000	155	237794	3.63
2001 to 3000	47	120426	1.10
3001 to 4000	16	56595	0.38
4001 to 5000	26	132399	0.66
5001 to 10000	28	198422	0.66
More than 10000	30	2817304	0.70
Total	4267	4542176	100

M. Shareholding Pattern as on 31st March 2011.

Category	No. of Shares held	% of Share holding
Promoters	19,87,810	43.76
Banks, Financial Institutions, Insurance Companies,	43,900	0.97
Foreign Financial Institutions	Nil	Nil
Private Corporate Bodies	1,43,266	3.15
Indian Public	23,14,585	50.95
N. R. I.	12,622	0.28
G. D. R. / A. D. R.	Nil	Nil
Others	39,993	0.89
Total	4,542,176	100

N. Other Information

Dematerialization of shareholding and equity	Nearly 82.83% of total equity share capital (37,62,336) Shares are held in dematerialized form with NSDL and CDSL as on 31st March, 2011.
Registrars and Share Transfer Agents For Dematerialization Shares For Physical Shares: In House arrangement.	Link Intime India Private Limited Pannalal Silk Mills Compound, L B S Marg, Bandrup (West), Mumbai - 400 078. Link Intime India Private Limited Pannalal Silk Mills Compound, L B S Marg, Bandrup (West), Mumbai - 400 078
Plant Locations	<ol style="list-style-type: none"> Solitaire Machine Tools Limited, 292, Dharamsinh Desai Marg, Chhani Road, Vadodara - 390 002 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

Manager Finance & Compliance Officer

Date : 14/05/2011

Place: Mumbai

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, 2011 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, 2011 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: 14/05/2011

Place: Mumbai

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, 2011.

Date: 14/05/2011
Place: Mumbai

Managing Director

SACHIN CHHADAWA
B.Sc, LL.B, FCS
Practicing Company Secretary

48, Ultimate Business Centre, 111-A, M. G. Road,
Opp. Mumbai University, Fort, Mumbai: 400 023
Tel: +91 22 22672626, 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

We have examined the compliance of conditions of Corporate Governance by Solitaire machine Tools Limited, for the year ended on 31st March, 2011, 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. Our 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 our opinion and to the best of our information and explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreements.

We 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.

Place: Mumbai
Date: 14/05/2011

Sachin Chhadawa
Practicing Company Secretary
FCS 5619 CP No 4617

SACHIN CHHADAWA

B.Sc., LL.B., FCS
Practicing Company Secretary

48, Ultimate Business Centre, 111-A, M. G. Road,
Opp. Mumbai University, Fort, Mumbai: 400 023
Tel: +91 22 22672626, 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, Aran 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, 2011. 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 22nd May, 2010, 31st July, 2010, 30th October, 2010 and 29th January, 2011 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 19th June, 2010 to 26th June, 2010 (both days inclusive).
6. The annual general meeting for the financial year ended on 31st March, 2010 was held on 26th June, 2010 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 not complied with the provisions of section 297 of the Act in respect of contracts specified in that section. However, the Company has filed Compounding Application for the same.
10. The company has made necessary entries in the register maintained under section 301 of the Act.
11. The company has obtained necessary approvals from the Board of directors and members pursuant to section 314 of the Act.
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 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.
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: Mumbai
Date: 14/05/2011

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, 2011.

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

Form/ Return.	Details for which from 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 26.06.2010	Sec.159	18.08.2010	Yes	No
Form 23AC and 23ACA	Balance sheet and Profit & Loss Account for the financial year ended on 31.03.2010	Sec.220	23.07.2010	Yes	No
Form 66	Compliance Certificate for the year ended 31.03.2010	Sec. 383A	23.07.2010	Yes	No
Form 23	Variation in terms of Appointment of Managing Directors	Sec. 192	22.11.2010	Yes	No
Form 32	Change in designation of director	Sec. 303 (2)	18.08.2010	No	Yes
Form 23	Appointment of directors holding an office or place of profit.	Sec. 192	23.07.2010	Yes	No
Form CLSS	Application for grant of immunity certificate under CLSS 2010	General Circular No. 1/2010	21.09.2010	Yes	N. A.
Form 61	Application for Compounding of offences	Sec. 621A	08.03.2011	N. A.	N. A.

B) Regional Director or any other authority:

Form/ Return.	Details for which from was filed	Under following provision	Date of filing/ Document date	Whether filed within prescribed time limit	Whether filed by paying delayed filing fees
Form 24A	Application for approval of related party contract	Sec. 297	08.03.2011	N. A.	N. A.

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, 2011 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.7 of schedule 'XVII', 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. 6, regarding non disclosure of defined benefits as per Accounting Standard 15 (Revised), note no. 13, 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, 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2011 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. 10 and 11 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:

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 Saturday the 18th day of June, 2011 at 4.00
p. m. and at any adjournment thereof.

Signed this..... day of..... 2011

Folio No. / Client ID

No. of Shares held

Affix
₹ 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 Room, Status
Restaurant, 208, Regent Chambers, Narimani Point, Mumbai - 400 021. at 4.00 p.m. on Saturday,
the 18th June 2011

Signature of Member

Note: 1. Please complete this and hand it over at the entrance of the hall.

Date: 14-05-2011

Dear Shareholder,

Subject: Green Initiative in Corporate Governance

The Ministry of Corporate Affairs (MCA) has taken a "Green Initiative in Corporate Governance" by allowing paperless compliances by Companies through electronic mode. In accordance with the recent Circular Nos. 17/2011 and 18/2011, dated April 21 and 29, 2011 issued by the Ministry, Companies can now send various official documents to their shareholders electronically.

Your Company recognizes the spirit of this circular and supports this initiative in implementing an environmentally sustainable way of communication and governance.

Accordingly, it is proposed to send all documents and communications in future such as, Annual Report which will include Notice convening the Annual General Meeting, Audited Financial Statements, Directors' Report, Auditors' Report, etc. and other notices and documents, to the shareholders in electronic form to their e-mail addresses.

You are requested to register / update your e-mail address with company through letter or mail to be sent at sales@smtgrinders.com. Going forward, the shareholder communications are proposed to be sent in electronic form to such registered email addresses of the members.

Physical copies of these reports and documents will be available at the Registered Office in Mumbai for inspection during office hours.

If you prefer to receive the above mentioned documents in paper or physical form, you are requested register your request with the Company on or before 30th June, 2011.

We thank you for co-operating with us in implementing this environmentally sustainable way of paperless form of communication.

Yours Truly,
For Solitaire Machine Tools Limited

NMB Khan
Compliance Officer

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

Name of the Subsidiary	Shruchi Marketing Limited
1. The financial year of the subsidiary Company	31st March, 2011
2. Share of the Subsidiary Companies held by Solitaire Machine Tools Ltd. on the above date. a. Number of Equity Shares b. Extent of holding in Equity Shares	15900 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 31st March, 2011 b. Not dealt with in the account of Solitaire Machine Tools Ltd. for the year Ended 31st March, 2011	Nil Rs. 1,41,421.07
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 31st March, 2010 b. Not dealt with in the account of Solitaire Machine Tools Ltd. For the year Ended 31st March, 2010	Nil (Rs. 19,852.71)

PLACE : Mumbai
DATED : 14-05-2011

For and on behalf of the board

Ashok J Sheth
Anil J Kothari
Shilpa M Taneja
Padmaja Mukundan

CMD
Director
Director
Director

SOLITAIRE MACHINE TOOLS LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2011

	2010-2011	2009-2010
A CASH FLOW FROM OPERATION ACTIVITIES		
Net Profit as per Profit & Loss Account	7,717,076	1,714,353
Adjustment for Depreciation	7,116,583	6,880,527
Dividend Received	(32,038)	(92,908)
Tax Provision for Taxation & Deferred Tax	5,947,777	779,612
Interest Received	(385,716)	(505,181)
Interest and financial Charges	2,011,983	3,608,346
Loss on Sale of Assets	-	73,926
Loss on Sale of Investment	-	28,206
Profit on Sale of Investment	(555)	-
Operating Profit Before Working capital Changes	<u>22,375,109</u>	<u>12,486,881</u>
Adjustment For:		
Trade & other Receivable	6216,432	1,218,841
Inventories	4,099,672	12,362,146
Direct Taxes paid (Net of Refund)	(3,869,839)	(2,439,575)
Trade Payables	17,897,191	(13,416,745)
Net Cash Flow From Operating Activities	<u>46,718,565</u>	<u>10,211,548</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets(Including WIP)	(6,267,485)	(1,126,343)
Capital Work in progres	(1,380,418)	-
Sale of Fixed Assets	-	134,400
Purchase of Investments	(1,100,000)	(1,100,000)
Sale of Investments	1,100,555	1,071,794
Interest Received	385,716	505,181
Dividend Received	32,039	92,908
Net Cash used in Investing Activities	<u>(7,229,593)</u>	<u>(422,060)</u>
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds From Borrowing (Net of Repayment	(21,050,594)	(9,133,271)
Interest and Financial Charges paid	(2,011,983)	(3,608,346)
Net Cash used in Financing Activities	<u>(23,062,577)</u>	<u>(12,741,617)</u>
Net Increase in Cash & cash Equivalents	16,426,395	(2,952,129)
Opening Balance of Cash & Cash Equivalents	4,854,003	7,806,132
Closing Balance of Cash & Cash Equivalents	<u>21,280,398</u>	<u>4,854,003</u>

- 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 ATTACHED
REPORT OF EVEN DATE

For and on behalf of the board

For **AJMERA AJMERA & ASSOCIATES**
FIRM REGISTRATION No. 123989W
CHARTERED ACCOUNTANTS

Ashok J Sheth
Anil J Kolhari
Shilpa M Tancja
Padmaja Mukundan

CMD
Director
Director
Director

(K. N. AJMERA)
PARTNER
Membership No. 10805

PLACE : Mumbai
DATED : 14-05-2011

- 16). 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.
- 17). Balance Sheet abstract and Company's general business profile as required in Part IV of Schedule VI of the Companies Act, 1956 is appended herein below;
- 18). Bankers of the Company M/s Axis Bank Ltd. has appointed Mr. Prakash Bhavsar, Govt Approved Valuer towards valuation of Land & Building of the Company. The Valuation of Land & Building as per his Report is as on 15/02/2011 **Rs. 11,38,00,000/-**

I. Registration Details

Registration No. 13747
 State Code: 11
 Balance Sheet Date: 31.03.2011

II. Capital raised during the

(Amount in Rs. Thousands)

Public Issue NIL
 Bonus Issue NIL
 Rights Issue NIL
 Private Placement NIL

III. Position of Mobilisation and Deployment of funds

(Amount in Rs. Thousands)

Total Liabilities 110,630
 Total Assets 110,630

Sources of Funds

Paid up Capital 45,422
 Reserve & Surplus 47,692
 Deferred Tax 10,244
 Secured Loans 7,272
 Unsecured Loans -

Total 110,630

Application of Funds

Net Fixed Assets 85,311
 Investment 6,484
 Net Current Assets 18,835

Total 110,630

IV. Performance of Company

(Amount in Rs. Thousands)

Turnover / Other Income 91,684
 Total Expenditure 78,019
 Profit / Loss Before Tax 13,665
 Profit / Loss After Tax 7,717
 Earning Per Share (Rs.) 1.70
 Dividend Rate % 10%

V. Generic Names of Principal

Products/Service of Company
 (as per monetary terms)
 Item Code No. (ITC Code)
 Product Description

84602930
 Centreless Grinder
 and Loose Spares

SIGNATURE TO SCHEDULE I TO XVII
 IN TERMS OF OUR ATTACHED
 REPORT OF EVEN DATE

For and on behalf of the board

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

Ashok J Sheth
 Anil J Kothari
 Shilpa M Taneja
 Padmaja Mukundan

CMD
 Director
 Director
 Director

(K. N. AJMERA)
 PARTNER

Membership No. 10805

PLACE: Mumbai
 DATED: 14-05-2011

15). Additional information pursuant to the provisions of paragraphs 3, 4(C) and 4(D) of Part II of the Schedule VI of the companies Act, 1956:

a) Capacity and Production:

Class of Goods	Unit	Licensed Capacity	Installed Capacity	Actual Production	
				Year Ended 31.03.2011	Year Ended 31.03.2010
Centreless Grinder		125 Machines Per Annum	56	37	24

b). Turnover

Class of Goods	Unit	Qty Nos	31.03.2011 Amount Rs.	Qty Nos	31.03.2010 Amount Rs.
Centreless Grinder Including Loose Spares		37	101,335,906	24	67,697,181
Other Services			5,241,981		888,046
			<u>106,577,887</u>		<u>68,585,227</u>

c). Closing Stock Nil Nil Nil Nil

d). Opening Stock Nil Nil Nil Nil

e). Raw Material Consumed Nos. 131,603 42,407,714 109,793 28,281,686

f). Break-up for Imported and Indigenous Raw Materials Consumed

	31.03.2011 Amount Rs.	% of total Consumption	31.03.2010 Amount Rs.	% of total Consumption
Imported	4,897,229	12	3,738,678	13
Indigenous	37,510,485	88	24,543,008	87
	<u>42,407,714</u>	<u>100</u>	<u>28,281,686</u>	<u>100</u>

	Rs. 31.03.2011	Rs. 31.03.2010
g). C.I.F. Value of Imports		
Components & Others	4,929,564	1,864,331
h). Earning in Foreign Exchange F.O.B Value of Exports	6,792,450	5,992,700
i). Expenditure in Foreign Currency : Travelling Expenses Professional Charges	15,815 -	- 528,239

8). **Balance due from Subsidiary Companies.**

Name	Balance As on 1.4.2011	Balance As on 1.4.2010	Maximum balance during the year Rs
	Rs	Rs	
Shruchi Marketing Limited	342,990	736,590	786,590

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

10). 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.

11). The company has not received any intimation from "suppliers" regarding their status under the Micro Small and Medium Enterprises Development Act; 2006 and, hence, disclosure, if any relating the amounts un paid as at 31st March,2011 together with interest paid and payable are required under the said Act have not been given.

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

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

14). **Managerial Remuneration:**

	2010-11	2009-10
Salary	2,460,420	1,250,000
P.F.	36,000	
Perquisites	187,167	
Sitting Fees	22,000	12,000

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 : Shruchi Marketing Limited
JBS Machinery Corporation
- 2). Associates : Adventure Advertising private Limited
Metal Perforation Private Limited.
- 3). Key Management Personnel : Shri A.J. Sheth - Chairman & Managing Director
Shri H.J. Badani - Vice Chairman & Managing Director
Shri Harsh Badani - Whole Time Director
- 4). Relatives of Key Management Personnel and Associates : Smt. Jyoti P. Sheth - Wife of Chairman Emeritus
- 5). Chairman Emeritus : Shri P. J. Sheth

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

S.N	Nature of Transaction	Subsidiaries	Associates	Key Management Personnel	Relatives	Total
1).	Receiving of Services	504,000 (300,000)	105,199 (37,945)	-	-	609,199 (337,945)
2).	Managerial Remuneration	-	-	2,683,587 (1,250,000)	(195,000)	2,683,587 (1,445,000)
3).	Rent paid	-	-	-	540,000 (480,000)	540,000 (480,000)
4).	Rent received	-	270,000	-	-	270,000
5).	Sale of Assets	-	(36,900)	-	-	(36,900)
6).	Short Term Finances received and re-paid	-	(2,000,000)	-	-	(2,000,000)
7).	Loans Received Back	393,600 (147,400)	-	-	-	393,600 (147,400)
8).	Office Deposit Recd back	-	-	-	333,990 (960,788)	333,990 (960,788)
9).	Advances Given	(24,100)	-	-	-	(24,100)
10).	Outstanding balances as at 31.03.2011 :					
	i). Loan Out Standing	342,990 (736,590)	-	-	-	342,990 (736,590)
	ii). Advances Outstanding	44,100 (44,100)	-	-	-	44,100 (44,100)
	iii). Investments	5,375,542 (5,375,542)	-	-	-	5,375,542 (5,375,542)
	iv). Security Deposit	-	-	-	2,850,000 (3,183,990)	2,850,000 (3,183,990)
	v). Other Liabilities	-	27,000	807,000	-	834,000

* Figures in Brackets are of previous year.

B. Other Notes:

- 1). Company is contingently liable in respect of:
 - a). Penalty Levied by DGFT of Rs. 23 Lacs (Net of advance) (Previous year- Rs.23 lacs) and contested in appeal, vide WP No.1957 of 2000 pending at Delhi High Court.
 - b). Income Tax Demand under dispute and contested under appeal:
 A.Y.2006-07 Rs.215,571/- (Previous year Rs.215,571)
 A.Y.2007-08 Rs. 192,840/- (Previous Year Rs. 192,480) c
 - c). Bank Guarantees issued Rs. 1,51,62,226
- 2). There is a dispute regarding demand raised by Excise and Custom Department (CEGAT) of Rs. 354,036 (Previous year Rs. 3,54,036/-) which is being contested on Order No. D/827/97 of Rs.354,036 dt. 14.08.1997. Amount has been paid against thereof as advance under protest.
- 3) The Company has no reportable segment. Accordingly, pursuant to Accounting Standard (AS-17) on segment reporting issued by the institute of Chartered Accountant of India, segmental information is not required to be provided.

4). Earning per share:

	2010-2011	2009-2010
(i). Net Profit after tax available for Equity Shareholders (In Rs.)	7,717,076	1,714,353
(ii). Weighted average of number of equity shares outstanding during the year	4,542,176	4,542,176
(iii). Basic and Diluted Earnings per equity share of Rs. 10 each (in Rs.)	1.70	0.38

5). Deferred Tax Liability:	AS ON 31.03.2011	AS ON 31.03.2010
Opening Balance	9,580,979	10,063,893
Difference between book and	662,613	(482,914)
Tax Depreciation		
Deferred Tax Liability	<u>10,243,592</u>	<u>9,580,979</u>

- 6). 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.
- 7). Related Party Disclosures have been set out as below. The related parties, as defined by Accounting Standard 18 related party disclosure, issued by Institute

h). Purchases are accounted for net of modvat credit.

i). Excise Duty:

Excise Duty in respect 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.

- 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 is based on actuarial valuation.
- 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.

SOLITAIRE MACHINE TOOLS LIMITED

SCHEDULE - 'XVII'

NOTES ON ACCOUNT ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

A 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 those 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 installments.

c). 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

SOLITAIRE MACHINE TOOLS LIMITED

	YEAR ENDED 31.03.2011 Rs.	YEAR ENDED 31.03.2010 Rs.
SCHEDULE 'XV'		
PAYMENTS TO AND PROVISIONS FOR EMPLOYEES		
Salary, Wages, Bonus and allowances		
Directors Remuneration	6,526,867	5,584,958
Contribution to Provident and Other Funds	2,647,587	1,250,000
Staff Welfare	577,641	494,620
Gratuity	415,253	176,625
	100,000	100,000
	10,267,348	7,606,203
SCHEDULE 'XVI'		
MANUFACTURING AND OTHER EXPENSES		
Labour Charges		
Power Charge	1,139,415	556,468
Stores Consumed	1,484,331	1,565,424
Oil & Fuel	1,036,512	585,346
Travelling Expenses	277,284	311,783
- Directors		
- Others	579,720	
	448,111	
Postage and Courier	1,027,831	692,055
Printing and Stationery	153,083	102,029
Computer Expenses	169,054	92,549
Conveyance	86,143	84,197
Telephone & Mobile	89,412	62,801
Legal & Professional Charges	156,751	304,645
Membership & Subscription	854,557	1,354,159
Vehicle Expenses	70,468	54,984
Rent	398,290	328,921
Rates and taxes	598,000	500,000
Annual General Meeting Expenses	216,317	206,543
Sitting Fees	112,597	90,438
Director Meeting Expenses	22,000	12,000
Miscellaneous Expenses	7,590	5,166
Repairs and Maintenance :	656,054	683,555
Machinery Repair		
Building	907,271	
Others	68,000	
	138,966	
Insurance Charges	1,112,237	806,476
Security Charges	228,266	185,559
Audit Fees	285,170	200,577
Advertisement	110,300	110,300
Packing Expenses	105,661	38,753
Export Expenses	384,528	204,216
ECGC Premium	83,697	44,333
Bank Charges	-	14,218
Processing Fees	357,770	66,726
Bank Interest :	119,450	259,248
On Fixed period Loan		
Others	1,082,233	
	929,750	
Sales Expenses	2,011,983	3,608,346
Sales Commission	1,919,527	587,965
Registrar's Fees	2,345,042	501,168
Listing Fees	134,877	134,793
Donation	14,187	11,130
Loss on Sale of Investments	100,500	-
Loss on Sale of Fixed Assets	-	28,206
Foreign Exchange Fluctuation	-	73,926
	80,445	-
	17,949,329	14,469,003

SOLITAIRE MACHINE TOOLS LIMITED
SCHEDULES ANNEXED TO AND FORMING PART OF THE
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2011

	YEAR ENDED 31.03.2011 Rs.	YEAR ENDED 31.03.2010 Rs.
SCHEDULE 'XI'		
SALES		
Local Sales	94,386,111	61,436,595
Export Sales	6,804,022	6,172,884
Scrap Sales	145,777	87,702
	<u>101,335,910</u>	<u>67,697,181</u>
Less : Excise Duty	(8,618,966)	(4,732,986)
Less : Sales Tax	(1,975,993)	(1,210,409)
Less : TCS	(1,867)	(1,112)
	<u>90,739,084</u>	<u>61,752,674</u>
Service Charges	5,241,978	976,030
Less : Service Tax	(483,606)	(87,984)
	<u>4,758,372</u>	<u>888,046</u>
	<u><u>95,497,456</u></u>	<u><u>62,640,720</u></u>
SCHEDULE 'XII'		
OTHER INCOME		
Interest (TDS Rs.41,295/- P.Y. Rs.52,191/-)	385,716	505,181
Dividend	32,039	92,908
Sales Commission	33,196	-
Misc. Income	16,122	177,583
Foreign Exchange Fluctuation	-	466,619
Rent Income (TDS Rs.27,000/- P.Y. NIL)	270,000	-
Profit on Sale of Investments	555	-
	<u>737,628</u>	<u>1,242,291</u>
SCHEDULE 'XIII'		
INCREASE/DECREASE IN STOCK		
Closing Stock		12,667,965
- Semi-Finished Goods	6,362,103	720,000
- Rebuilding in process	2,391,564	-
- Spares in Process	97,583	-
	<u>8,851,250</u>	<u>13,387,965</u>
Opening Stock		10,636,410
- Semi-Finished Goods	12,667,965	167,624
- Stock in trade	-	6,385,869
- Rebuilding in process	720,000	-
- Spares in Process	14,042	-
	<u>13,402,007</u>	<u>17,189,903</u>
Increase / Decrease in Stocks	<u>(4,550,757)</u>	<u>(3,801,938)</u>
SCHEDULE 'XIV'		
RAW MATERIAL CONSUMPTION		
Opening Stock	16,050,564	24,571,756
Purchases	42,669,844	19,760,493
	<u>58,720,408</u>	<u>44,332,249</u>
Less : Closing Stock	16,312,694	16,050,564
	<u>42,407,714</u>	<u>28,281,685</u>

SOLITAIRE MACHINE TOOLS LIMITED

	AS 31.03.2011 Rs.	AT 31.03.2010 Rs.
SCHEDULE 'VIII'		
CASH AND BANK BALANCES		
CASH IN HAND	1,130	1,011
BANK BALANCES WITH SCHEDULED BANKS:		
a) In current account	5,027,042	581,492
b) In Fixed Deposits	16,252,226	4,271,500
	21,280,398	4,854,003
SCHEDULE 'IX'		
LOANS AND ADVANCES		
(Unsecured, considered good)		
Interest Accrued on FDR	79,280	68,534
Loans to Subsidiary Company - Shruchi Marketing Ltd.	342,990	736,590
Advance recoverable in cash or in kind or for value to be received	1,485,529	1,004,981
Advance Income Tax & T.D.S	7,834,683	10,509,408
Balance with Excise Authorities	288,220	235,887
Deposits with Govt. and Semi Govt. Dept.	577,614	592,914
Office Premises Deposit	2,850,000	3,183,990
	13,458,316	16,332,304
SCHEDULE 'X'		
CURRENT LIABILITIES AND PROVISIONS		
a) CURRENT LIABILITIES		
Trade Creditors	10,772,894	7,419,095
Advance against orders	23,510,190	10,034,330
Other Liabilities	1,417,699	348,590
Unclaimed Dividends	782,830	784,405
	36,483,613	18,586,420
b) PROVISIONS		
Provision for Taxation	8,450,000	9,350,000
Provision for Fringe Benefit Tax	-	362,000
Provision for Wealth Tax	2,600	-
Proposed Dividend	4,542,176	-
Provision for Corporate Tax on Proposed Dividend	754,455	-
	50,232,844	28,298,420

SOLITAIRE MACHINE TOOLS LIMITED

AS 31.03.2011 Rs.	AT 31.03.2010 Rs.	AS 31.03.2011 Rs.	AT 31.03.2010 Rs.
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SCHEDULE 'V'

INVESTMENTS: (LONG TERM) (AT COST) (UNQUOTED)

Investments in subsidiary companies :

1)	Shruchi Marketing Ltd. 15900 Equity Shares of Rs. 100/- each fully paid up.	1,590,000		
2)	JBS MACHINERY CORPORATION 1000, Equity shares of \$ 1 each, fully paid up	3,785,542	5,375,542	5,375,542
3)	Shares of N. M. Bank of Rs.100/- each		300	300
QUOTED INVESTMENTS:				
4)	50 Equity Shares of Batliboi Ltd.of Rs. 5/- each fully paid-up.		1,465	1,465
5)	10 Equity Shares ABC Bearing Ltd.of Rs. 10/- each fully paid-up		7,040	7,040

IN UNITS OF MUTUAL FUNDS:

51106.46 Units of Birla Sunlife M.F (Monthly Income Plan)		600,000
38370.63 Units of UTI (Monthly income Plan)		500,000
110000 Units of AXIS Income Saver	1,100,000	-
	6,484,347	6,484,347

Aggregate of Investments:	As At 31-03-2011		As At 31-03-2010	
	Book Value Rs.	Market Value Rs	Book Value Rs.	Market Value Rs.
Quoted Investments	1,108,505	1,123,221	1,108,505	1,102,699
Unquoted Investments	5,375,842	-	5,375,842	-

Note : Paid-up cost of investment in JBS Machinery Corporation, a subsidiary company is equivalent to USD 81,715.45 (Previous year-USD 81,715.45)

AS AT 31-03-2011 Rs.	AS AT 31-03 2010 Rs.
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SCHEDULE 'VI'

INVENTORIES

(As taken, valued and Certified by the Management)

Cutting Tools	1,403,111	1,279,421
Oil & Fuel	59,025	18,081
Holding Tools	374,002	349,681
Raw Materials - Components	16,312,694	16,050,564
Rebuilding in Process	2,391,564	720,000
Semi Finished Goods	6,362,103	12,667,965
Spares in Process	97,583	14,042
	27,000,082	31,099,754

SCHEDULE 'VII'

SUNDRY DEBTORS

(Un-secured, Considered Exceeding Six months Others

	4,450,724	1,331,549
	2,878,056	12,014,399
	7,328,780	13,345,948

SOLITAIRE MACHINE TOOLS LIMITED
SCHEDULE IV
SCHEDULE OF FIXED ASSETS

ASSET	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	COST AS AT 01.04.2010	ADDITIONS	DELETIONS	COST AS AT 31.03.2011	UP TO 31.03.2010	FOR THE Period	DELETIONS	UP TO 31.03.2011	AS AT 31.03.2011	AS AT 31.03.2010
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Land	5,242,005	-	-	5,242,005	-	-	-	-	5,242,005	5,242,005
Building	33,859,463	764,084	-	34,603,547	5,253,615	1,140,695	-	6,894,310	27,709,237	28,085,848
Plant & Machinery	70,141,548	1,268,583	-	71,410,131	32,825,525	3,340,545	-	36,166,070	35,244,061	37,316,023
Vehicles	5,918,703	2,734,617	-	8,653,320	2,791,234	694,662	-	3,487,896	5,165,424	3,125,469
Office Premises	1,400,833	-	-	1,400,833	1,322,045	22,834	-	344,879	1,055,954	1,078,788
Office Equipments	2,064,694	-	-	2,064,694	961,610	98,073	-	1,089,683	1,005,011	1,101,084
Furniture & Fixtures	9,412,913	1,424,026	-	10,836,939	4,412,926	634,638	-	5,047,564	5,789,375	4,999,987
Electric Installation	2,131,845	4,000	-	2,135,845	499,194	101,426	-	600,620	1,535,225	1,632,651
Computer	113,327	72,175	-	185,502	45,175	20,043	-	65,218	120,284	68,152
Technical Knowhow	5,318,337	-	-	5,318,337	3,191,002	1,065,667	-	4,254,669	1,063,668	2,127,335
Total Rupees	135,583,668	6,267,485	-	141,851,153	50,804,326	7,116,583	-	57,920,909	83,930,244	84,779,342
Previous Year Rupees	134,191,292	1,964,039	571,663	135,583,668	44,287,137	6,890,527	363,337	50,804,327	84,779,342	

SOLITAIRE MACHINE TOOLS LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011

	AS 31.03.2011 Rs.	AT 31.03.2010 Rs.	AS 31.03.2011 Rs.	AT 31.03.2010 Rs.
SCHEDULE - 'I'				
SHARE CAPITAL				
AUTHORISED				
Divided into 5500000 Equity shares of Rs. 10/- each	55,000,000	55,000,000		
ISSUED CAPITAL				
Divided into 5039750 Equity Shares of Rs. 10/- each	50,397,500	50,397,500		
SUBSCRIBED AND PAID-UP				
Divided into 4542176 Equity Shares of Rs. 10/- each fully Paid Up.	45,421,760	45,421,760		
	<u>45,421,760</u>	<u>45,421,760</u>		
SCHEDULE - 'II'				
RESERVES AND SURPLUS				
Capital Redemption Reserve	2,078,470	2,078,470		
General Reserve:				
Opening Balance	3,900,000	3,900,000		
Surplus as per Profit & Loss Account	41,713,917	39,293,472		
	<u>47,692,387</u>	<u>45,271,942</u>		
SCHEDULE 'III'				
SECURED LOANS				
1) FROM AXIS BANK LTD. (BARODA)				
Term Loan	6,046,630	14,200,698		
Cash Credit facility		14,121,898		
(The above loans are Secured Against Immovable and movable properties of the Company including Plant & Machineries, stocks of all kinds, shares, Book debts and further by personal guarantee of some Directors.)				
	1,225,372			
Car Loan				
(From ICICI Bank secured against Hypothecation of Vehicle)				
	<u>7,272,002</u>	<u>28,322,596</u>		

SOLITAIRE MACHINE TOOLS LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	SCHEDULE	YEAR ENDED 31-03-2011 Rs.	YEAR ENDED 31-03-2010 Rs.
INCOME			
Sales & Services Income	'XI'	106,094,282	68,585,227
Less : Excise Duty		(8,618,966)	(4,732,986)
Less : Sales Tax		(1,977,860)	(1,211,521)
		<u>95,497,456</u>	<u>62,640,720</u>
Other Income	'XII'	737,628	1,242,291
Increase / (Decrease) in Stocks	'XIII'	(4,550,757)	(3,801,938)
		<u>91,684,327</u>	<u>60,081,073</u>
EXPENDITURE			
Raw Material Consumed	'XIV'	42,407,714	28,281,685
Payment to and Provisions for Employees	'XV'	10,267,348	7,606,203
Manufacturing and Other Expenses	'XVI'	17,949,329	14,469,003
		<u>70,624,391</u>	<u>50,356,891</u>
Cash Profit before Depreciation & Taxation		21,059,936	9,724,182
Less : Depreciation		7,116,583	6,880,527
		<u>13,943,353</u>	<u>2,843,655</u>
Less: Prior period Expenses		278,500	349,689
		<u>13,664,853</u>	<u>2,493,966</u>
Less : Provision for Taxation		(4,800,000)	(650,000)
Less : Provision for Wealth Tax		(2,600)	-
Add /Less : Deferred Tax		(662,613)	482,914
Profit after Depreciation & Taxation		<u>8,199,640</u>	<u>2,326,880</u>
Add/Less : Income Tax for earlier years		(482,564)	(612,527)
Net Profit		<u>7,717,076</u>	<u>1,714,353</u>
Add: Profit Brought Forward from Previous year		39,293,472	37,579,119
Profit available for Appropriation		<u>47,010,548</u>	<u>39,293,472</u>
Less : Proposed Dividend		4,542,176.00	-
Corporate Tax on Proposed Dividend		754,455.00	-
Balance Carried to Balance Sheet		<u>41,713,917.00</u>	<u>39,293,472.00</u>
Basic and Diluted Earnings (in Rs.)			
Per equity share of Rs. 10/- each.		1.70	0.38

NOTES ON ACCOUNTS

'XVII'

IN TERMS OF OUR ATTACHED
REPORT OF EVEN DATE

For and on behalf of the board

For **AJMERA AJMERA & ASSOCIATES**
FIRM REGISTRATION No. 123989W
CHARTERED ACCOUNTANTS

Ashok J Sheth
Anil J Kothari
Shilpa M Taneja
Padmaja Mukundan

CMD
Director
Director
Director

(K. N. AJMERA)
PARTNER
Membership No. 10805

PLACE : Mumbai
DATED : 14-05-2011

SOLITAIRE MACHINE TOOLS LIMITED
BALANCE SHEET AS AT 31ST MARCH 2011

	SCHEDULE	AS	AT
		31.03.2011	31.03.2010
		Rs.	Rs.
I. SOURCES OF FUNDS			
1. SHARE HOLDER'S FUNDS			
a). Share Capital	"I"	45,421,760	45,421,760
b). Reserves & Surplus	"II"	47,692,387	45,271,942
		<u>93,114,147</u>	<u>90,693,702</u>
		10,243,592	9,580,979
2. DEFERRED TAX LIABILITY			
3. LOAN FUNDS			
Secured Loans	"III"	7,272,002	28,322,596
		<u>110,629,741</u>	<u>128,597,277</u>
Total (1 to 3)			
II. APPLICATION OF FUNDS			
1. FIXED ASSETS			
a). Gross Block	"IV"	141,851,153	135,583,668
b). Less : Depreciation		57,920,909	50,804,327
c). Net Block		<u>83,930,244</u>	<u>84,779,341</u>
		1,380,418	-
2. CAPITAL WORK IN PROCESS			
	"V"	6,484,347	6,484,347
3. INVESTMENTS			
4. CURRENT ASSETS, LOANS AND ADVANCES			
a). Inventories	"VI"	27,000,082	31,099,754
b). Sundry Debtors	"VII"	7,328,780	13,345,948
c). Cash and Bank Balances	"VIII"	21,280,398	4,854,003
d). Loans and Advances	"IX"	13,458,316	16,332,304
		<u>69,067,576</u>	<u>65,632,009</u>
		50,232,844	28,298,420
Less : Current Liabilities and Provisions	"X"	<u>50,232,844</u>	<u>28,298,420</u>
		18,834,732	37,333,589
Net Current Assets		<u>110,629,741</u>	<u>128,597,277</u>
Total (1 to 4)			

Notes on Accounts

"XVII"

IN TERMS OF OUR ATTACHED
REPORT OF EVEN DATE

For and on behalf of the board

For **AJMERA AJMERA & ASSOCIATES**
FIRM REGISTRATION No. 123989W
CHARTERED ACCOUNTANTS

Ashok J Sheth
Anil J Kothari
Shilpa M Taneja
Padmaja Mukundan

CMD
Director
Director
Director

(K. N. AJMERA)
PARTNER
Membership No. 10805

PLACE : Mumbai
DATED : 14-05-2011

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 & ASSOCIATES
FIRM REGISTRATION NO.123989W
CHARTERED ACCOUNTANTS.

(K. N. AJMERA)
PARTNER
Membership No. 10805

PLACE: MUMBAI
DATED: 14-05-2011

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 2011 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 Status	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	215,571.00	A.Y. 2006-07	Commissioner of Income tax (Appeals)
Income Tax Act, 1961	Income Tax	192,840.00	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.

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, 2011.

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.

- i. In the case of the Balance Sheet, of the State of affairs of the Company as at 31st March, 2011 ;
- 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.

(K. N. AJMERA)
PARTNER
Membership No. 10805

PLACE: MUMBAI
DATED: 14-05-2011

SMT UNIT-1



SMT UNIT-2



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L.B.S. Marg, Bhandup (West), Mumbai - 400 078.