

SOLITAIRE MACHINE TOOLS LTD.

21st
Annual Report
2012-13

SOLITAIRE MACHINE TOOLS LIMITED

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

CONTENTS	
The Board of Directors	1
5 Year Financial Performance	2
Notice of AGM	3-4
Directors' Report	5-9
Management Discussion and Analysis	10-11
Report on Corporate Governance	12-18
Business Responsibility Report	19-20
Company Secretary Certificate on Corporate Governance	21
secretarial Auditor's Report	22-26
Auditors' Report	27-33
Balance Sheet	34
Statement of Profit & Loss Account	35
Cash Flow Statement	36
Significant Accounting Policies	37-47
Notes on Financial Statements	48-50
Statement Pursuant to Section 212	51
Attendance Slip and Proxy Form	52

Mr. P. J. Sheth

Chairman Emeritus

BOARD OF DIRECTORS

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

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

CORPORATE MANAGEMENT

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

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

REGISTERED & CORPORATE OFFICE

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

**PLANTS
PLANT I:**

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

PLANT II

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

WEBSITE

www.smtgrinders.com

AUDITORS

AJMERA AJMERA & ASSOCIATES
CHARTERED ACCOUNTANTS
MUMBAI

BANKER

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

SHARE TRANSFER AGENT

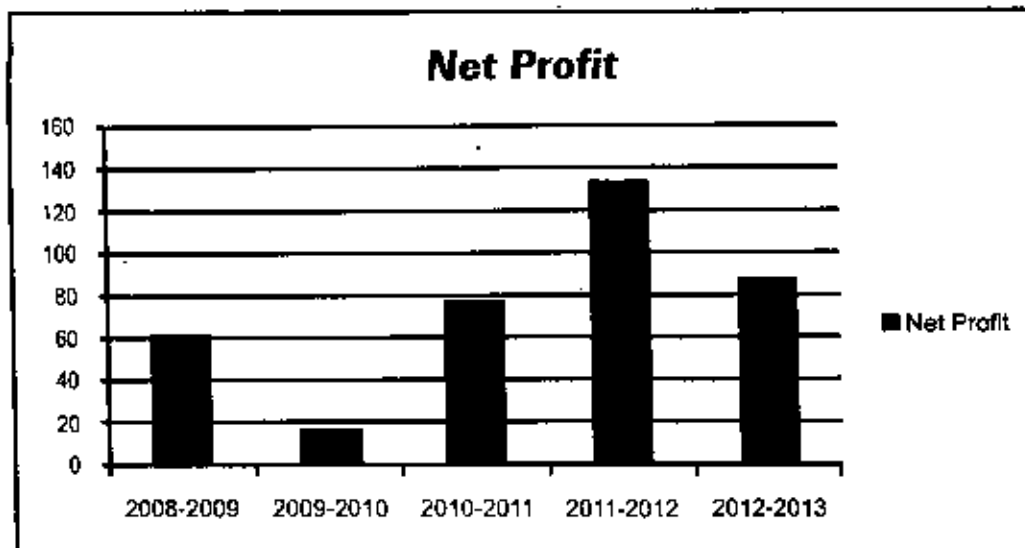
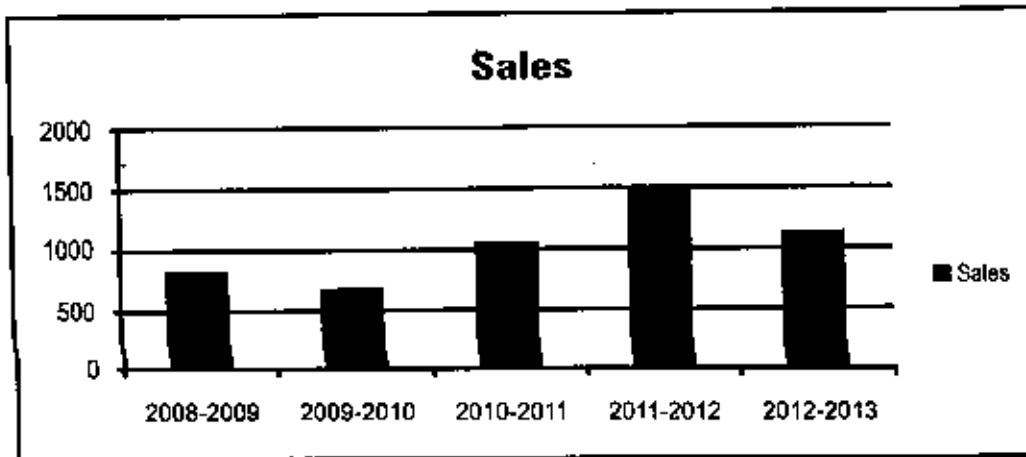
LINK INTIME INDIA PRIVATE LIMITED,
C-13, PANNALAL SILK MILLS COMPOUND,
L.B.S. MARG, BHANDUP (WEST)
MUMBAI-400 078

SECRETARIAL CONSULTANT

SACHIN CHHADAWA
PRACTICING COMPANY SECRETARY
MUMBAI

SOLITAIRE MACHINE TOOLS LTD.

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



NOTICE

NOTICE is hereby given that the Twenty First Annual General Meeting of the Members of the Solitaire Machine Tools Limited will be held on Saturday, the 22nd June, 2013 at 4.00 p.m. at Senate Room, Status Restaurant, 208, Regent Chambers, Nariman Point, Mumbai - 400 021, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet as on March 31, 2013 and Profit and Loss Account for the year ended on that date and Directors' report and Auditors Report thereon.
2. To declare dividend for the financial year 2012-13.
3. To appoint a director in place of Mr. Anil J. Kothari, who retires by rotation, and being eligible, offers herself for reappointment.
4. To appoint a director in place of Dr. Amita S. Shah, who retires by rotation, and being eligible, offers herself for reappointment.
5. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of next Annual General Meeting and to fix their remuneration.

For SOLITARE MACHINE TOOLS LIMITED

Ashok J Sheth
Chairman

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

Place: Mumbai
Date: 04/05/2013

Notes:

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the company. Proxies in order to be effective should be duly completed, stamped and signed and must be deposited at the Registered office of the company not less than 48 hours before the commencement of the meeting.
2. Members are requested to advise immediately any change in their address to the Company's Registered Office or M/s. Link Intime India Private Limited, Mumbai, quoting their registered folio number. Shareholders holding shares in dematerialized form shall address their communication to their respective depository participant only.
3. All communication in respect to the shares be addressed to share transfer agent "Link Intime India Private Limited" at C-13, Pannalal Silk Mills Compound, L. B S Marg, Bhandup (West), Mumbai 400078.
4. The Register of Members and Share transfer Books will remain closed from Saturday, the 15th June, 2013 to Saturday, the 22nd June, 2013 (both days inclusive).
5. Any queries regarding Accounts should be communicated in writing at the Registered office of the company at least seven days in advance before the date of Annual General meeting.
6. The Company's shares are listed at Mumbai and Vadodara Stock Exchanges.

DIRECTORS' REPORT**TO THE MEMBERS:**

Your Directors have pleasure in presenting 21st Annual Report of your company together with the Audited Accounts for the year ended March 31, 2013.

FINANCIAL RESULTS:

The financial results of the company for the year under review with comparison thereof with last four year's results are summarized below:

(Rs. in Lacs)

Particulars	Year Ended 31 st March, 2013	Year Ended 31 st March, 2012	Year Ended 31 st March, 2011	Year Ended 31 st March, 2010	Year Ended 31 st March, 2009
Sales (Net)	1036.45	1407.65	954.97	626.41	757.05
Other Income	14.71	15.21	7.38	12.42	17.64
Increase/ (Decrease) in stocks	57.00	(32.02)	(45.51)	(38.02)	131.75
Cash Profit Before Depreciation and Taxation	207.34	278.58	210.59	97.24	163.25
Less: Depreciation	65.49	75.43	71.17	68.81	64.73
Taxation	50.00	65.00	48.02	6.50	30.00
Fringe Benefit Tax	-	-	-	-	2.00
Add/Less: Deferred Tax	1.11	5.80	(6.63)	4.83	3.59
Net Profit after Tax	88.17	134.62	77.17	17.14	62.22
Add: Profit brought Forward from Previous Year	466.16	417.13	392.93	375.79	313.56
Profit available for appropriation	554.34	551.75	470.11	392.93	375.79
Proposed Dividend	34.07	68.13	45.42	-	-
Corporate Tax on Proposed Dividend	5.53	11.05	7.54	-	-
Transfer to General Reserve	0.00	6.41	-	-	-
Balance Carried to Balance Sheet	514.75	466.16	417.13	392.93	375.79

DIVIDEND:

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

OPERATIONS:

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

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

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

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

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

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

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

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

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

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

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

DIRECTORS:

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

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

The Directors state:

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

CORPORATE GOVERNANCE:

Report on Corporate Governance and Management Discussion and Analysis Reports along with Certificate of the Company Secretary in Practice pursuant to clause 49 of the Listing Agreement with the Stock Exchanges has been included in the report. Your company has been practicing the principle of good Corporate Governance over the year. The Board of Directors supports the broad principles of Corporate Governance. In addition to the basic governance issues, the Board lays strong emphasis on transparency, accountability and integrity.

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

a. CONSERVATION OF ENERGY:

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

b. TECHNOLOGY ABSORPTION:

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

c. FOREIGN EXCHANGE EARNING AND OUTGO:

Foreign exchange earnings of the company during the year 2012-2013 were Rs. 135.07 Lacs (Previous Year Rs. 359.64 Lacs) while outgoings were Rs. 3.59 Lacs (Previous Year Rs. 60.15 Lacs).

MANAGEMENT DISCUSSION AND ANALYSIS REPORTS:

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

AUDITORS:

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

COMPLIANCE CERTIFICATE:

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

COST AUDIT CERTIFICATE:

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

FIXED DEPOSIT:

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

PARTICULARS OF EMPLOYEES:

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

PERSONNEL & INDUSTRIAL RELATIONS:

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

INSURANCE:

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

INVESTOR EDUCATION AND PROTECTION FUND:

The Company has transferred Rs. 143,043/- 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

Place: Mumbai
Date: 04.05.2013

ASHOK J SHETH
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

1. Industry Structure and Development:

The Company is part of the industry broadly known as Capital Goods. The Capital Goods Industry consists of various products in different segments like Textiles Machinery, Chemicals Plants and Automobiles and ancillary manufacturing. The Company is part of Capital Goods Industry known as Machine Tools Industry catering to various segments as explained above. 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 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.

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 28th April, 2012, 28th July, 2012, 27th October, 2012 and 2nd February, 2013.

- 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 Meetings Attended	Attendance at last AGM held on 31.05.2012	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	1	1	-
3. Ms. Shilpa Taneja	Promoter and Non - Executive	2	Yes	2	2	-
4. Mr. Harsh Badani	Promoter, WTD and Executive	3	Yes	1	-	-
5. Mr. A. J. Kothari	Independent	4	No	-	2	-
6. Ms. Amita S. Shah	Independent	2	No	-	1	-
7. Ms. Rashmi Sameer Desai	Independent	2	No	-	-	-
8. Ms. Padmaja K. Mukundan	Independent	2	Yes	-	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:

Mr. Anil J. Kothari, Director and Dr. Armita S. Shah, Director of the Company retiring by rotation and proposed to be re-appointed at the ensuing Annual General.

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 28th April, 2012, 28th July, 2012, 27th October, 2012 and 2nd February, 2013.

The attendance record of Audit Committee members is given below:

Name of The Directors	No. of Meetings	
	Held	Attended
1. Mr. Anil Kothari	4	4
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:

- a. Overseeing the company's financial reporting process and disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.

- b. To recommend the appointment of statutory auditors and fixation of their fees.
- c. Review of Accounting and financial policies and practices.
- d. Review of Internal Control Systems.
- e. 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.
- f. 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.

III. Subsidiary Companies:

There are two subsidiary companies which are as follows:

1. Shruchi Manufacturing 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 the 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 2012-13, Remuneration Committee Meeting was held on 2nd February, 2013.

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

F. Remuneration paid / payable to Managing Director for the year ended 31st March, 2013.

Managing / Executive / Whole-time Director	Salary (Rs.)	Annual Ex-gratia (Performance linked incentive)	Commission (Rs)	Perquisites (Rs.)	Retirement Benefits (Rs.)	Stock Option
Mr. Ashok J Sheth	7.2 Lacs	1.75 Lacs	—	0.49	—	—
Mr. Hemendra Badani	7.2 Lacs	1.75 Lacs	—	0.99	—	—
Mr. Harsh Badani	4.2 Lacs	1.50 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:

Mr. Ashok J Sheth
 Ms Shilpa Taneja
 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, 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, 2013 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
2009-10	Senate Room, Status Restaurant, 208, Regent Chambers, Nariman Point, Mumbai - 400 021	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.
2011-12	Senate Room, Status Restaurant, 208, Regent Chambers, Nariman Point, Mumbai - 400 021	31.05.2012	10.00 a.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 updated on the company's website.

J. General Shareholders Information:

i. AGM Date, Time and Venue	Saturday the 22 nd June, 2013 at 4.00 p. m. at Senate Room, Status Restaurant, 208, Regent Chambers, Nariman Point, Mumbai - 400 021		
ii. Financial Calendar 2013-14	Probable Dates:		
First quarterly results	Before end of July, 2013		
Audited Yearly Results	Before mid May, 2014		
iii. Book Closure Date	15 th June, 2013 to 22 nd June, 2013		
iv. Dividend payment date	Within 30 days of AGM, if approved by shareholders of the Company		
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 2012-13 at BSE.	Months	High (Rs.)	Low (Rs.)
	April, 2012	18.45	14.75
	May, 2012	20.40	15.40
	June, 2012	17.15	15.85
	July, 2012	18.20	15.70
	Aug, 2012	18.25	15.80
	Sept, 2012	17.85	16.05
	Oct, 2012	19.90	16.75
	Nov, 2012	20.00	16.50
	Dec, 2012	18.35	17.00
	Jan, 2013	18.50	16.25
	Feb, 2013	17.70	15.10
	March, 2013	17.55	14.00

K. Share Transfer System:

Board of Directors delegated the power to approve 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, 2013.

No. of equity shares held	No. of Folios / Shareholders	No. of Shares held	% of Share holding
Upto 500	3582	684345	15.07
501 to 1000	325	276288	6.08
1001 to 2000	162	252138	5.55
2001 to 3000	53	134331	2.96
3001 to 4000	13	45825	1.01
4001 to 5000	20	94831	2.09
5001 to 10000	25	172823	3.80
More than 10000	38	2881595	63.44
Total	4218	4542176	100

M. Shareholding Pattern as on 31st March, 2013.

Category	No. of Share held	% of Share holding
Promoters	2,030,447	44.70
Banks, Financial Institutions, Insurance Companies,	43,900	0.97
Foreign Financial Institutions	Nil	Nil
Private Corporate Bodies	146,485	3.22
Indian Public	2,278,190	50.16
N. R. I.	11,172	0.25
G. D. R. / A. D. R.	Nil	Nil
Others	31,982	0.70
Total	4,542,176	100

N. Other Information:

Dematerialization of shareholding and equity	Nearly 83.36% of total equity share capital (37,86,236) Shares are held in dematerialized form with NSDL and CDSL as on 31 st March, 2013.
Registrars and Share Transfer Agents:	
<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.	Solitaire Machine Tools Limited 107, Arun Chambers, Tardeo Road, Mumbai – 400 032
Plant Locations	Solitaire Machine Tools Limited, 292, Dharamsinh Desai Marg, Chhani Road, Vadodara – 390 002. Solitaire Machine Tools Limited, A 24/ 25, Krishan Industrial Estate, Gorwa, Vadodara – 390 016.
Address for correspondence	Solitaire Machine Tools Limited 107, Arun Chambers, Tardeo Road, Mumbai – 400 034

Managing Director

Director

Manager Finance

Compliance Officer

Date: 04/05/2013

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, 2013 and Profit & Loss Account for the year ended as on that date along with all it's schedules, notes to the accounts and also the Cash Flow statements for the year ended 31st March, 2013 and based on our knowledge and information, confirm 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: 04/05/2013

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, 2013.

Date: 04/05/2013
Place: Mumbai

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 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, 2013, 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: 04/04/2013

Sachin Chhadawa
Practicing Company Secretary
FCS 5619 C P 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, 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, 2013. 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 is not required.
4. The Board of Directors duly met 4 (Four) times on 28th April, 2012, 28th July, 2012, 27th October, 2012 and 2nd February, 2013 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 24th May, 2012 to 31st May, 2012 (both days inclusive).
6. The annual general meeting for the financial year ended on 31st March, 2012 was held on 31st May, 2012 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 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. deposited the amount of dividend declared including interim dividend in a separate bank account on 6th June, 2012;
 - c. Paid / posted warrants for dividends to all the members within a period of 30 (Thirty) days from the date of declaration and that all unclaimed / unpaid dividend has been transferred to Unpaid Dividend Account of the Company with Axis Bank Limited;
 - d. 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.
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: 04/05/2013

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, 2013.

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 31.05.2012	Sec.159	23.07.2012	Yes	No
Form 66	Compliance Certificate for the year ended 31.03.2012	Sec. 383A	28.06.2012	Yes	No
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	24.09.2012	No	NA
Form 23AC / 23ACA (XBRL)	Balance Sheet and Profit & Loss Account for the financial year ended on 31.03.2012	Sec.220	23.12.2012	Yes	No
Form 51NV	Statement of unclaimed and unpaid amounts	Rule 3 of the IEPF (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012	26.02.2013	No	NA
Form 8	Modification of charge	Sec. 125	27.02.2013	Yes	No

B) Regional Director or any other authority: Nil

Independent Auditor's Report**To the Members of SOLITAIRE MACHINE TOOLS LIMITED.****REPORT ON THE FINANCIAL STATEMENTS**

We have audited the accompanying financial statements of SOLITAIRE MACHINE TOOLS LIMITED which comprise the Balance Sheet as at 31st March 2013 and the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the financial statements subject to note no. 37 and 38 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 Act 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 2013;
- (ii) in the case of the Statement of Profit and Loss Account, of the 'Profit' for the year ended on that date; and
- (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2003, as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, 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 purpose 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 those books;
 - c. the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956; to the extent applicable subject to following :

- i) note no. 31, regarding non disclosure of defined benefits as per Accounting Standard 15 (Revised),
 - ii) note no. 40, regarding non consolidation of accounts of subsidiary companies,
 - iii) accounting policy no. 1f (iii), accounting of leave encashment on cash basis,
- e. on the basis of written representations received from the directors as on 31st March 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.and,
- f. Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

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

K.N. AJMERA
PARTNER
MEMBERSHIP NO.: 010805

PLACE: MUMBAI
DATED: 04.05.2013

ANNEXURE TO THE AUDITORS' REPORT

Annexure referred to in paragraph 1 of the Auditors' Report to the Members of **SOLITAIRE MACHINE TOOLS LIMITED**, on the Accounts for the year ended 31st March, 2013.

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) In our opinion and according to the information and explanations given to us, the Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
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. We have broadly reviewed the books of accounts maintained by the company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts and records have been and maintained. However, we have not made a detailed examination of the records with a view to determine whether they are accurate and complete.
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 2013 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 custom and ESIC demands 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
Central Excise Act, 1944	DGFT	2,300,000	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 not availed any term loan during the year.
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.

K.N. AJMERA
PARTNER
MEMBERSHIP NO. 010805

PLACE: MUMBAI
DATED: 04.05.2013

SOLITAIRE MACHINE TOOLS LIMITED

Balance Sheet As At 31st March, 2013

(Amounts in Rs.)

Particulars	Notes No	As at 31st March, 2013	As at 31st March, 2012
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	2	45,421,760	45,421,760
(b) Reserves and Surplus	3	58,094,302	53,235,712
(2) Non-Current Liabilities			
(a) Long-Term Borrowings	4	-	226,286
(b) Deferred Tax Liabilities (Net)	5	9,553,095	9,664,041
(3) Current Liabilities			
(a) Short-Term Borrowings	6	4,159,121	1,749,984
(b) Trade Payables	7	9,890,297	8,675,360
(c) Other Current Liabilities	8	9,386,432	28,872,168
(d) Short-Term Provisions	9	3,959,273	7,918,717
Total		140,464,279	155,764,028
II. ASSETS			
(1) Non-current assets			
(a) Fixed Assets			
(i) Tangible Assets	10	76,616,606	80,402,277
(ii) Capital Work-in-Progress		-	1,708,648
(b) Non-current Investments	11	76,616,606	82,110,925
(c) Long term Loans and Advances	12	5,375,542	5,375,542
(d) Other non-current assets	13	5,290,465	6,196,879
		409,215	612,115
(2) Current assets			
(a) Current Investments	14	-	-
(b) Inventories	15	8,805	8,805
(c) Trade Receivables	16	27,199,643	18,653,960
(d) Cash and Cash Equivalents	17	10,177,319	15,206,822
(e) Short-term Loans and Advances	18	13,512,451	25,293,349
		1,874,233	2,305,631
Total		140,464,279	155,764,028
Significant Accounting Policies and Notes on Accounts		1 to 41	
AS PER OUR REPORT OF EVEN DATE ATTACHED For AJMERA AJMERA & ASSOCIATES FIRM REGISTRATION NO.123989W CHARTERED ACCOUNTANTS.		For AND ON BEHALF OF THE BOARD ASHOK J. SHETH CMD ANIL J. KOTHARI DIRECTOR	
K.N. AJMERA PARTNER MEMBERSHIP NO. : 010805			
PLACE : MUMBAI DATE : 04.05.2013			

SOLITAIRE MACHINE TOOLS LIMITED

Statement of Profit and Loss for the year ended 31st March, 2013

(Amounts in Rs.)

Particulars	Notes No	For the year ended 31st March 2013	For the year ended 31st March 2012
I. Revenue from Operations	19	103,645,842	140,765,880
II. Other Income	20	1,471,155	1,521,523
III. Total Revenue (I + II)		105,116,997	142,287,403
IV. Expenses:			
Cost of Materials Consumed	21	49,249,274	66,932,068
Purchases of Stock-in-Trade		-	233,465
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	22	(5,700,400)	3,201,786
Employee benefit expense	23	17,699,590	15,276,856
Financial Costs	24	568,595	1,322,434
Depreciation	10	6,548,760	7,543,394
Other Expenses	25	22,566,132	27,514,963
Total Expenses		90,931,951	122,024,966
V. Profit before extraordinary items and tax (III-IV)		14,185,046	20,262,437
VI. Extraordinary Items	26	-	1,021,483
VII. Profit before tax (V - VI)		14,185,046	19,240,954
VI. Tax expense:			
(1) Current Tax		5,000,000	6,514,000
(2) Income Tax for Prior Years		478,126	(155,536)
(3) Deferred Tax		(110,946)	(579,551)
		5,367,180	5,778,913
VII. Profit/(Loss) for the period (V - VI)		8,817,867	13,462,041
VIII. Earning per equity share:			
Equity share of par value of Rs. 10/- each			
Before Extra Ordinary Item			
(1) Basic		1.94	3.19
(2) Diluted		1.94	3.19
After Extra Ordinary Item			
(1) Basic		1.94	2.96
(2) Diluted		1.94	2.96

Significant Accounting Policies and Notes on Accounts

1 to 41

AS PER OUR REPORT OF EVEN DATE ATTACHED

For AND ON BEHALF OF THE BOARD

For AJMERA AJMERA & ASSOCIATES

FIRM REGISTRATION NO 12989W

ASHOK J. SHETH CMD

CHARTERED ACCOUNTANTS.

ANIL J. KOTHARI DIRECTOR

K.N. AJMERA

PARTNER

MEMBERSHIP NO. : 010805

PLACE: MUMBAI

DATE : 04.05.2013

SOLITAIRE MACHINE TOOLS LIMITED		
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013		
	2012-2013 Rs.	2011-2012 Rs.
A CASH FLOW FROM OPERATION ACTIVITIES		
Net Profit as per Profit & Loss Account	8,817,867	13,462,041
Adjustment for Depreciation	6,548,760	7,543,394
Income tax provision for earlier year	-	-
Dividend Received	(45,663)	(7,188)
Tax Provision for Taxation & Deferred Tax	5,367,180	5,778,913
Interest Received	(1,336,438)	(1,303,432)
Interest and financial Charges	435,541	1,136,885
Loss on Sale of Assets	(34,152)	107,465
Profit on Sale of Investment	-	(5,940)
Operating Profit Before Working capital Changes	19,753,094	26,712,138
Adjustment For:		
Trade & other Receivable	6,879,701	(11,248,347)
Inventories	(8,545,683)	8,346,122
Direct Taxes paid (Net of Refund)	(5,787,614)	(7,378,879)
Trade Payables	(12,977,002)	541,231
Net Cash Flow from Operating Activities	(5,677,504)	16,972,266
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets (including WIP)	(1,090,289)	(4,190,892)
Capital Work in progress	-	(328,230)
Sale of Fixed Assets	70,000	68,000
Purchase of Investments	-	-
Sale of Investments	-	1,105,940
Interest Received	1,336,438	1,303,432
Dividend Received	45,663	7,188
Net Cash used in Investing Activities	361,812	(2,034,562)
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds From Borrowing (Net of Repayment)	1,889,053	(4,775,648)
Dividend Paid	(6,813,264)	(4,257,766)
Dividend Tax	(1,105,453)	(754,455)
Interest and Financial Charges paid	(435,541)	(1,136,884)
Net Cash used in Financing Activities	(6,465,205)	(10,924,753)
Net Increase in Cash & cash Equivalents	(11,780,897)	4,012,950
Opening Balance of Cash & Cash Equivalents	25,293,348	21,280,398
Closing Balance of Cash & Cash Equivalents	13,512,451	25,293,348

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.123989W
CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF THE BOARD

Ashok J Sheth CMD

Anil J Kothari Director

K.N. AJMERA
PARTNER
MEMBERSHIP NO.010805

Place : Mumbai
Dated : 04-05-2013

SOLITAIRE MACHINE TOOLS LIMITED**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013****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 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
- iv). Semi Finished Goods - Lower of the Cost or net realisable value, calculated on percentage of work exerted 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.

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 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.

SOLITAIRE MACHINE TOOLS LIMITED**NOTES ON ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2013**

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

2. SHARE HOLDERS FUND - SHARE CAPITAL

(Amounts in Rs.)

Sr. No.	Particulars	As at 31.03.2013	As at 31.03.2012
1	AUTHORIZED		
	Equity shares, 10/- par value 55,00,000 (55,00,000) equity shares	55,000,000	55,000,000
		55,000,000	55,000,000
2	ISSUED		
	Equity shares, 10/- par value 50,39,750 (50,39,750) equity Shares	50,397,500	50,397,500
		50,397,500	50,397,500
3	SUBSCRIBED & PAID UP CAPITAL		
	Equity shares, 10/- par value 45,42,176 (45,42,176) Equity Shares fully paid-up	45,421,760	45,421,760
		45,421,760	45,421,760
	Total	45,421,760	45,421,760

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 04-5-2013 proposed a dividend of Rs.0.75 per equity share. The proposal is subject to the approval of share holders at their Annual General Meeting to be held on . The total dividend appropriation for the year ended 31st March, 2013 amounted to Rs. 3,959,273/-including corporate dividend tax of Rs. 552,641/-

During the year ended March 31, 2012 the amount per share dividend recognised as distributions to equity share holders was Rs. 1.50. The total dividend appropriation for the year ended March 31, 2012 amounted to Rs.7,918,717/- including corporate dividend tax of Rs.1,105,453/-.

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 reconciliation of number of shares outstanding and the amount of share capital as at 31st March 2013 and 31st March 2012 is set out below:

Sr. No.	Particulars	Equity Shares		Equity Shares	
		Number	Rs.	Number	Rs.
		31/03/2013		31/03/2012	
1	Shares outstanding at the beginning of the year	4,542,176	45,421,760	4,542,176	45,421,760
2	Shares Issued during the year	-	-	-	-
3	Shares bought back during the year	-	-	-	-
4	Shares outstanding at the end of the year	4,542,176	45,421,760	4,542,176	45,421,760

Shares in the company held by each shareholder holding more than 5 percent shares (Equity shares in nos of Rs.10/- each)

Sr. No	Name of Shareholder	As at 31 March 2013		As at 31 March 2012	
		No. of Shares held	% of Holding	No. of Shares held	% of Holding
1	Prafull Jivrajbhai Sheth / Jyoti Prafull Sheth	985,930	21.71	981,830	21.62
2	Bharati Ashok Sheth	390,692	8.60	377,858	8.32
3	Ashok Jivarajbhai Sheth	336,660	7.85	356,660	7.85
	TOTAL	1,733,282	38.16	1,716,348	37.79

3. SHAREHOLDER FUNDS-RESERVE & SURPLUS

Sr. No	Particulars	As at 31.03.2013		As at 31.03.2012	
1	CAPITAL RESERVE - OPENING BALANCE				
	Opening Balance		2,078,470		2,078,470
2	GENERAL RESERVE				
	Opening Balance	4,541,050		3,900,000	
	Add: Transferred from Surplus		4,541,050	641,050	4,541,050
3	SURPLUS				
	Opening Balance	46,616,188		41,713,917	
	Add: Net profit after tax transferred	8,817,867		13,462,042	
	Amount available for appropriation		55,434,055		55,175,959
	Appropriations:				
	Dividend	3,406,632		6,813,264	
	Dividend Tax	552,641		1,105,453	
	Amount transferred to general reserve		3,959,273	641,050	8,559,767
	Surplus- Closing Balance		51,474,782		46,616,192
	Total		58,094,302		53,235,712

4. NON CURRENT LIABILITIES-LONG TERM BORROWINGS

Sr. No	Particulars	As at 31.03.2013		As at 31.03.2012	
A	Secured				
1	LONG-TERM BORROWINGS				
	Car Loan				
	i) Secured by Hypothecation of Vehicle				
	ii) Repayable within 31 equal monthly installment of Rs. 46860/- along with interest from the date of loan viz.and carries interest @ 8.26% p.a				226,286
	Total				226,286

5. NON CURRENT LIABILITIES - DEFERRED TAX LIABILITIES (NET)

Sr. No	Particulars		As at 31.03.2013		As at 31.03.2012
1	Opening		9,664,041		10,243,592
2	For the year (Difference between book & I.T Depreciation)		(110,946)	9,553,095	(579,551)
	Total			9,553,095	9,664,041

6. CURRENT LIABILITIES - SHORT TERM BORROWINGS

Sr. No	Particulars		As at 31.03.2013		As at 31.03.2012
	SECURED				
1	<u>From Axis Bank Ltd. Paroda</u>				
a)	Cash Credit (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)		4,159,121		
b)	Foreign Bills Purchase (The above loans are Secured Against Immoveable and movable properties of the Company including Plant & Machineries, stocks of all kinds, shares, Book debts and further by personal guarantee of some Directors.)				1,749,984
	Total		4,159,121		1,749,984

7. CURRENT LIABILITIES - TRADES PAYABLE

Sr. No	Particulars		As at 31.03.2013		As at 31.03.2012
1	Trade Payables		9,890,297		8,675,360
	Total		9,890,297		8,675,360

8. CURRENT LIABILITIES - OTHER CURRENT LIABILITIES

Sr. No	Particulars		As at 31.03.2013		As at 31.03.2012
1	Current maturity of Long Term Debt		220,286		520,084
2	Advances from Customers		4,193,175		21,425,267
3	Un-paid Dividends		1,386,802		1,039,969
4	Provision for Expenses		2,943,355		4,174,900
5	Withholding and other Taxes payable		296,914		1,711,948
6	Excise Duty Payable on Finished Goods		339,900		
	Total		9,386,432		28,872,168

9. CURRENT LIABILITIES - SHORT TERM PROVISIONS

Sr. No	Particulars		As at 31.03.2013		As at 31.03.2012
1	Proposed Dividend		3,406,632		6,813,264
2	Provision for tax on Dividend		552,641		1,105,453
	Total		3,959,273		7,918,717

SOLITAIRE MACHINE TOOLS LIMITED

10. FIXED ASSETS

Particulars	ORIGINAL COST				DEPRECIATION AND AMORTIZATION				NET BLOCK VALUE	
	As at 01.04.2012 Rs.	Additions/ Adjustments during the period Rs.	Deductions Retirement during the period Rs.	As at 31.03.2013 Rs.	As at 01.04.2012 Rs.	For the Period Rs.	Deductions/ Adjustments during the period Rs.	As at 31.03.2013 Rs.	As at 31.03.2012 Rs.	As at 31.03.2013 Rs.
<u>Tangible Assets:</u>										
Land	5,302,195	-	-	5,302,195	-	-	-	-	-	5,302,195
Building	34,798,457	570,433	-	35,368,890	8,035,527	1,178,037	-	9,233,564	26,135,326	26,742,930
Office Premises	1,400,833	-	-	1,400,833	367,713	22,834	-	390,547	1,010,286	1,033,120
Plant & Machinery	73,314,512	1,870,558	-	75,185,070	39,623,264	3,558,776	-	43,182,040	32,003,030	33,691,248
Electric Installation	2,402,245	8,780	-	2,411,025	707,403	114,346	-	821,749	1,589,276	1,694,842
Furniture & Fixtures	11,552,111	216,321	-	11,768,432	5,752,995	734,756	-	6,487,751	5,280,681	5,799,116
Vehicles	9,133,320	-	716,952	8,416,368	4,032,359	799,555	681,104	4,150,810	4,265,558	5,100,961
Office Equipments	2,071,583	54,990	-	2,126,573	1,157,934	99,877	-	1,257,811	868,762	913,649
Computer	223,452	77,855	-	301,307	99,236	40,579	-	139,815	161,492	124,216
Total	140,198,708	2,796,937	716,952	142,280,693	59,796,431	6,548,760	681,104	65,664,087	76,616,606	80,402,277
Previous Year Rupees	141,851,153	4,190,892	525,080	145,517,045	57,920,909	7,543,394	349,535	65,114,768	80,402,277	80,402,277

11. NON CURRENT ASSETS -NON-CURRENT INVESTMENTS

Sr. No	Particulars	AS AT 31.03.2013	AS AT 31.03.2012
	LONG TERM INVESTMENT- AT COST TRADE (UN-QUOTED) INVESTMENTS IN SUBSIDIARY COMPANIES :		
1	SHRUCHI MANUFACTURING LTD. 15900 Equity Shares of Rs. 100/- each fully paid up.	1,590,000	1,590,000
2	JBS MACHINERY CORPORATION 1000, Equity shares of \$ 1 each, fully paid up	3,785,542	3,785,542
	Total	5,375,542	5,375,542
	Un-quoted Investments	5,375,542	5,375,542

12. NON CURRENT ASSETS -LONG TERM LOANS AND ADVANCES

Sr. No	Particulars	AS AT 31.03.2013	AS AT 31.03.2012
	UNSECURED, CONSIDERED GOOD: CAPITAL ADVANCES, OTHER LOANS AND ADVANCES:		
1	Loan to Subsidiary Company	2,163,447	2,192,747
2	Advance Income Taxes (Net of Provision)	430,173	120,687
3	Loans and advances to Employees	637,285	505,831
4	Electricity and other Deposits	469,314	577,614
5	Rental Deposits	1,590,246	2,800,000
	Total	5,290,465	6,196,879

13. NON CURRENT ASSETS - OTHER, NON CURRENT ASSETS

Sr. No	Particulars	AS AT 31.03.2013	AS AT 31.03.2012
	UNSECURED, CONSIDERED GOOD:		
1	Advances to Gratuity Trust	5,000	5,000
2	Advance to DGFT	-	200,000
3	Duty recoverable under protest	354,036	354,036
4	Vat Claim in process	50,179	53,079
	Total	409,215	612,115

14. CURRENT ASSETS - CURRENT INVESTMENTS

Sr. No	Particulars	AS AT 31.03.2013	AS AT 31.03.2012
	AT THE LOWER OF THE COST AND FAIR VALUE NON TRADE -QUOTED		
1	50 Equity Shares of Batliboi Ltd. of Rs. 5/- each fully paid-up.	1,465	1,465
2	10 Equity Shares ABC Bearing Ltd. of Rs. 10/- each fully paid-up	7,040	7,040
3	Shares of N.M. Bank of Rs.100/- each	300	300
	Total	8,805	8,805

Quoted Investments (At Cost)

8,805

8,805

Market Value of Quoted Investments

1,176

1,843

15. CURRENT ASSETS -INVENTORIES

Sr. No	Particulars	AS AT 31.03.2013	AS AT 31.03.2012
	(Valued at Lower of the cost or net realisable value and Semi Finished Goods valued on percentage of work executed on contracted price)		
1	Raw Materials - Components	15,347,216	12,133,981
2	Semi Finished Goods	4,839,065	4,435,899
3	Rebuilding in Process	3,349,094	1,175,713
4	Spares in Process	71,805	37,852
5	Cutting Tools	397,023	607,158
6	Holding Tools	105,540	263,357
7	Finished Grinders	3,089,900	-
	Total	27,199,643	18,653,960

16. CURRENT ASSETS-TRADE RECEIVABLES

Sr. No	Particulars	AS AT 31.03.2013	AS AT 31.03.2012
	Un-Secured -considered good		
1	Debts outstanding for a period exceeding six months	3,616,711	330,350
2	Other Debts-Un-secured	6,560,608	14,876,472
	Total	10,177,319	15,206,822

17. CURRENT ASSETS -CASH & CASH EQUIVALENT

Sr. No	Particulars	AS AT 31.03.2013	AS AT 31.03.2012
1	Cash-in-Hand		
	Cash Balance	583	505
	Sub Total (A)	583	505
2	Bank Balance		
	on current accounts	1,435,200	13,087,506
	Sub Total (B)	1,435,200	13,087,506
3	Other Bank Balances		
	Fixed Deposit With Bank	12,076,668	12,205,338
	Sub Total (C)	12,076,668	12,205,338
	Total [A + B + C]	13,512,451	25,293,349

18. CURRENT ASSETS -SHORT TERMS LOANS AND ADVANCES

Sr. No	Particulars	AS AT 31.03.2013	AS AT 31.03.2012
	Unsecured, Considered Good :		
1	Interest accrued on FDR	1,177,212	1,119,059
2	Balances with Excise authorities	524,810	528,535
3	For Supply of Goods and Rendering Services	18,745	557,556
4	Prepaid Expenses	153,466	100,481
	Total	1,874,233	2,305,631

19. REVENUE FROM OPERATIONS

Sr. No	Particulars	AS AT 31.03.2013	AS AT 31.03.2012
1	Sale of Products Less: Excise duty	108,125,193 10,054,619	146,679,694 10,399,006
		98,070,574	136,280,688
2	Revenue from Sale of Services	5,381,228	4,252,632
3	Other Operating Revenue-Scrap Sales	194,040	232,560
	Total	103,645,842	140,765,880

20. OTHER INCOME

Sr. No	Particulars	AS AT 31.03.2013	AS AT 31.03.2012
1	Interest received on Deposits with Bank (TDS Rs.133,599/- P.Y Rs.130,364/-)	1,336,438	1,303,432
2	Dividend received on investment in mutual fund	45,663	7,188
3	Net gain on sale of Investment	-	5,940
4	Rent Income	-	150,000
5	Interest on Income Tax	54,902	-
6	Foreign Exchange Fluctuation	-	11,213
7	Other Income	-	43,750
8	Profit on Sale of Motor Car	34,152	-
	Total	1,471,155	1,521,523

21. COST OF MATERIAL CONSUMED

Sr. No	Particulars	AS AT 31.03.2013	AS AT 31.03.2012
	COMPONENTS:		
1	Opening Stock	12,133,981	16,312,694
2	Add: Purchases	52,462,509	62,753,355
		64,596,490	79,066,049
3	Less Closing Stock	15,347,216	12,133,981
	Total	49,249,274	66,932,068

22. CHANGE IN INVENTORIES

Sr. No	Particulars	AS AT 31.03.2013	AS AT 31.03.2012
1	Closing Stock		
	Finished Goods	3,089,900	
	Semi-Finished Goods	4,839,065	4,435,899
	Rebuilding in process	3,349,094	1,175,713
	Spares in process	71,805	37,852
		11,349,864	5,649,464
2	Less : Opening Stock		
	Semi-Finished Goods	4,435,899	6,362,103
	Rebuilding in process	1,175,713	2,391,564
	Spares in process	37,852	97,583
	Shed	5,649,464	8,851,250
	Total	5,700,400	(3,201,786)

23. EMPLOYMENT BENEFIT EXPENSES

Sr. No	Particulars	AS AT 31.03.2013	AS AT 31.03.2012
1	Salaries and Wages	12,823,945	11,359,316
2	Cost of Technical Contracts	3,211,175	2,536,833
3	Contribution to Provident Fund and Other Funds	1,237,013	955,103
4	Staff Welfare Expenses	427,457	425,604
	Total	17,699,590	15,276,856

Note:

Salaries and wages include Directors' remuneration Rs.4,073,000/-
(P.Y. Rs.3,405,503/-) Contribution to P.F. 50,400/- (P.Y Rs.137,868/-)

24. FINANCIAL COST

Sr. No	Particulars	AS AT 31.03.2013	AS AT 31.03.2012
A	INTEREST EXPENSES:		
✓ 1	Interest to Bank	435,541	1,136,885
B	OTHER BORROWING COST:		
✓ 1	Processing Fee	133,054	185,549
	Total	568,595	1,322,434

25. OTHER EXPENSES

Sr. No	Particulars	AS AT 31.03.2013	AS AT 31.03.2012
1	Consumption of Stores and Spares	2,472,062	3,193,849
2	Power and Fuel	1,791,803	1,642,514
3	Rent	684,000	684,000
4	Repair to Building	291,938	351,325
5	Repairs to Machinery	606,509	922,305
6	Insurance	237,228	232,425
7	Rates and Taxes	417,515	634,678
8	Bank Charges	150,756	425,620
9	Auditor's Remuneration:		
	Statutory Audit Fee	168,540	110,300
10	Labour Charges	1,425,732	1,602,858
11	Travelling Expenses	2,248,810	1,455,813
12	Postage and Courier	187,980	168,835
13	Printing and Stationery	328,451	140,451
14	Telephone & Mobile	196,778	221,944
15	Legal & Professional Charges	922,568	1,088,760
16	Vehicle Expenses	515,075	518,560
17	Annual General Meeting Expenses	187,059	174,839
18	Others Repairs	365,810	116,172
19	Security Charges	337,762	326,721
20	Advertisement	1,383,394	1,130,644
21	Export Expenses	27,521	221,520
22	Sales Expenses	619,099	2,574,635
23	Sales Commission	2,439,623	5,115,345
24	Packing Expenses	372,200	408,238
25	Registrar's Fees	141,798	136,928
26	Donation	50,500	26,500
27	Exhibition Expenses	677,154	-
28	Loss on Sale of Fixed Assets	-	107,465
29	Bad Debts	-	2,486,583
30	Miscellaneous Expenses	1,389,215	1,295,135
31	Computer Software	557,079	-
32	Foreign Exchange Fluctuation	832,272	-
33	Excise on Finished Goods	339,900	-
34	Old Advances Written-Off	200,000	-
	Total (A+B)	22,566,132	27,514,963

26 Extra-ordinary item includes prior years gratuity contribution to LIC Group Gratuity Scheme Rs.Nil (P.Y. Rs.836,724/-) prior years listing fees to Baroda Etock Exchange Nil (P.Y.Rs.34759/-) penalty towards compounding u/s 297 Rs.Nil (P.Y.Rs.150,000/-)

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013

27 Company is contingently liable in respect of:

- a). Penalty Levied by DGFT of Rs. 23 Lacs (Net of advance) (P.Y. 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 -Penalty Rs.800,000/- (P.Y. Rs. 800,000)
- c). Bank Guarantees issued Rs.910,200/- (P.Y Rs.3,615,000)
- d). ESIC Demand under dispute Rs.525,694/- (P.Y. Rs. NIL)

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

	31.03.2013		31.03.2012	
	Amount Ra.	% of total Consumption	Amount Ra.	% of total Consumption
Imported	7,791,272	16.00	8,336,952	12.00
Indigenous	41,458,002	84.00	58,595,116	88.00
	49,249,274	100.00	66,932,068	100.00

	Ra. 31.03.2013	Ra. 31.03.2012
b). C.I.F. Value of Imports		
Components & Others	7,477,924	7,141,763
Capital Goods	-	1,480,877
c). Earning in Foreign Exchange F.O.B Value of Exports	13,507,233	35,963,636
d). Expenditure in Foreign Currency :		
Travelling Expenses	358,826	161,448
Commission	-	5,222,629
Royalty	-	631,188

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 : Shruchi 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. Badani - Vice Chairman & Managing Director
Mr. Harsh Badani - 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:

S.N	Nature of Transaction	Subsidiaries	Associates	Key Management Personnel	Relatives	Total
1).	Receiving of Services	300,000 (300,000)	60,838 (48,789)	- -	- -	360,838 (348,789)
2)	Managerial Remuneration (inclusive of perques and reimbursement to Chairman Emeritus)	-	-	4,073,000 (3,405,503)	-	4,073,000 (3,405,503)
3).	Rent paid	-	-	-	600,000 (600,000)	600,000 (600,000)
4).	Rent Received	-	(150,000)	-	-	(150,000)
5).	Loan Given	2,120,457 (2,000,000)	-	-	-	2,120,457 (2,000,000)
6).	Loans Received Back	2,300,000 (393,600)	-	-	-	2,300,000 (393,600)
7).	Office Deposit Recd back	-	-	-	1,209,754 (50,000)	1,209,754 (50,000)
8).	Advance Received	44,100	-	-	-	44,100
9).	Outstanding balances as at 31.03.2013 :					
	i) Loan Out Standing	2,163,447 (2,342,990)	-	-	-	2,163,447 (2,342,990)
	ii) Advances Outstanding	(44,100)	-	-	-	(44,100)
	iii) Investments	5,375,542 (5,375,542)	-	-	-	5,375,542 (5,375,542)
	iv) Security Deposit	-	-	-	1,509,246 (2,800,000)	1,509,246 (2,800,000)
	v) Other Liabilities	- (150,243)	42,488 (25,203)	485,000 (841,000)	-	527,488 (1,016,446)

* Figures in Brackets are of previous year.

30 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.

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

32 Earning per share:

	2012-2013	2011-2012
(i). Net Profit after tax available for Equity Shareholders (in Rs.)	8,817,867	13,462,041
(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.) after Extra Ordinary items	1.94	2.96

33 Deferred Tax Liability

	AS ON 31.03.2013	AS ON 31.03.2012
Opening Balance	9,664,041	10,243,892
Difference between book and Tax Depreciation	(110,946)	(579,851)
Deferred Tax Liability	9,553,095	9,664,041

34 There is a dispute regarding demand raised by Excise and Custom Department (CEGAT) of Rs. 354,036.00 (P. Y. Rs. 354,036/ which is being contested on Order No. D/827/97 of Rs.354,036.00 dt. 14.08.1997. Amount has been paid against thereof as advance under protest.

35 Balance due from Subsidiary Companies.

Name	Balance As on 1.4.2013 Rs	Balance As on 1.4.2012 Rs	Maximum balance during the year Rs
Shruchi Manufacturing Limited	2,163,447	2,192,747	4,713,447

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

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.

38 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,2012 together with interest paid and payable are required under the said Act have not been given.

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

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

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 to 41

IN TERMS OF OUR ATTACHED
REPORT OF EVEN DATE

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

FOR AND ON BEHALF OF THE BOARD

ASHOK J. SHETH CMD
ANIL J. KOTHARI DIRECTOR

(K.N. AJMERA)
PARTNER
MEMBERSHIP NO. 010805

PLACE: MUMBAI
DATED: 04-05-2013

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

<u>Name of the Subsidiary</u>	<u>Shruchl Marketing Limited</u>
1. The financial year of the subsidiary Company	31 st March, 2013
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 Solitare Macine Tools Ltd. for the year Ended 31 st March, 2013	Nil
b. Not dealt with in the account of Solitaire Machine Tools Ltd. for the year Ended 31 st March, 2013	Rs. 9,122.00
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, 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

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Place: Mumbai
Date: 04.05.2013,

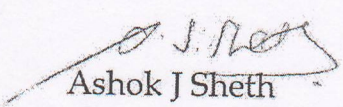
Ashok J Sheth
Anil J Kothari

Mg. Director
Director

FORM A

1	Name of the Company	Solitaire Machine Tools Ltd
2	Annual Financial statements for the year ended	31 st March 2013
3	Type of Audit observation	Un-qualified
4	Frequency of observation	Not Applicable

For Solitaire Machine Tools Ltd.


Ashok J Sheth

Chairman and Managing Director