

June 20, 2016

Mr. A. Y. Robert
Dy. Manager – DCS
The Stock Exchange, Mumbai
P. J. Towers, Dalal Street,
Fort, Mumbai-400001.

Dear Sir,

Subject: Submission of soft copy of Annual Report for the year ended 31st March, 2016 in PDF Form.


This has reference to the captioned subject.

Please find enclosed herewith soft copy of Annual Report in PDF form for the year ended 31st March, 2016.

Kindly take it on your records.

Thanking You,

Yours Faithfully,
For Solitaire Machine Tools Ltd.


N. M. B. Khan
Compliance Officer

CIN: L28932MH1967PLCO13747

SOLITAIRE MACHINE TOOLS LIMITED
REPORT
AND
STATEMENT OF ACCOUNTS
FOR THE YEAR ENDED
31ST MARCH, 2016

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BOARD OF DIRECTORS

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

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

CORPORATE MANAGEMENT

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

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

REGISTERED & CORPORATE OFFICE

Shop 3-A, Floor- Bas, Plot 731, Part 3, Arun Chamber,
Pandit Madan Mohan Malviya Marg, Tardeo, Mumbai -
400034. Tel: 022 66602156

PLANTS

PLANT I:

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

PLANT II

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

WEBSITE

www.smtgrinders.com

AUDITORS

AJMERA AJMERA & ASSOCIATES
CHARTERED ACCOUNTANTS
MUMBAI

BANKER

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

DIRECTORS' REPORT

To the Members,

The Directors have pleasure in presenting before you the Twenty Fourth Annual Report of the Company together with the Audited Statements of Accounts for the year ended 31st March, 2016.

FINANCIAL RESULTS :

The performance during the period ended 31st March, 2016 has been as under:

(Rs. in Lacs)

Particulars	Year Ended 31 st March, 2016	Year Ended 31 st March, 2015	Year Ended 31 st March, 2014	Year Ended 31 st March, 2013	Year Ended 31 st March, 2012
Sales (Net)	1565.50	1079.42	923.08	1036.45	1407.65
Other Income	26.80	15.44	20.66	14.71	15.21
(Increase)/ Decrease in stocks	179.04	(159.22)	(84.90)	(57.00)	32.02
Profit Before Taxation	169.54	104.63	58.52	141.85	192.41
Less:					
Taxation	66.50	56.00	25.00	50.00	65.14
Add/Less: Deferred Tax	6.43	26.08	3.70	1.11	5.80
Net Profit after Tax	108.88	62.94	37.21	88.17	134.62
Add: Profit brought Forward from Previous Year	547.45	525.39	514.75	466.16	417.13
Profit available for appropriation	656.33	588.33	551.96	554.34	551.75
Proposed Dividend	45.42	34.06	22.71	34.07	68.13
Corporate Tax on Proposed Dividend	9.08	6.81	3.86	5.53	11.05
Transfer to General Reserve	0.00	0.00	0.00	0.00	6.41
Balance Carried to Balance Sheet	601.82	547.45	525.39	514.75	466.16

DIVIDEND:

Your Directors recommend dividend of Rs. 4542176/- which would be 10% on 4542176 equity shares of Rs. 10/- each for the year ended March 31, 2016 subject to members' approval.

OPERATIONS:

The operation for the year has shown rapid growth after last year's moderate growth. The market recovered and demand shot up for the company. This was unusual as Machine Tool Industry recovery was slow. The company increased total sales by 45 % and the total share of Exports was close to 40 %. During the year machines were sold in Brazil, Argentina, UK, USA and Italy. The recognition in International market has helped Company gain required prestige for better future. The sales could have been better if several machines ready for delivery would have been picked up by the customers. However, the inventory was down from previous year and machines held are cleared in current financial year.

The Company recorded highest revenue of Rs. 1565.50 Lacs in the year. The total sales was up by 45 % against previous year. The Net Profit also increased by 73 % against previous year amounting to Rs. 108 Lacs. The EPS went up to Rs. 2.40 against previous year of Rs. 1.39.

Your Company has still remained DEBT FREE for the year. The Company invested Rs. 1.90 Crore (1.40 in fixed assets including 1.10 crore Capital work in progress and additional 0.5 Crore in Fixed Deposits) and all these investments were made from Internal Accruals. The Company has earned more interest from Banks from Fixed Deposits as against the interest paid to banks.

EEPC has once again recognized the Export Achievements of the Company and awarded Star Performer for year 2013-2014 for Western Region. The award was handed over by Central Railway Minister Shri Suresh Prabhu to Ms. Shilpa Taneja in Mumbai.

The Company has been able to contain the cost of all major cost constituent due to improved sales. The cost of material is down by about 9 %. The Employee cost has also been brought down by 3.7 %, and Other Expenses down by 8 %. Various cost cutting measures are taken and more would be taken to reduce the cost of operations.

During last year, our Gorwa plant had rented out the roof to an agency to install Solar Panel for Power generation. The company earned revenue of Rs. 1.66 lacs and was meeting Green Building norms.

The New Year started with good orders in hand and brighter future growth due to improved economic factors prevailing all around. The predicted good monsoon could lift domestic demand for vehicles, tractors and transport. This can lead to better demand for machines in coming months. On Export front, we have orders in hand from Australia, Turkey, Italy, UK and USA. More efforts are being made to improve further export sales and compete against the best manufacturers in the world. The domestic front is also looking up as quality standards are becoming more stringent and need for better machines is increasing.

The Company would be participating in IMTEX 2017 with some new innovations. The exhibition would take place in January 2017 in Bangalore.

The company continued its social responsibility as far as possible with it's own resources.

The company thanks its customers for continuous support and faith in meeting their requirements. The company's personnel have worked diligently to achieve better results and work towards brighter future. The company thanks its Bankers and all government agencies for their support.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

As required under Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Management Discussion and Analysis Report is enclosed as a part of this report.

CORPORATE GOVERNANCE AND SHAREHOLDERS INFORMATION:

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

LISTING WITH STOCK EXCHANGES:

The Company confirms that it has paid the Annual Listing Fees for the year 2016-17 to BSE where the Company's Shares are listed.

DEMATERIALISATION OF SHARES:

88.1% of the company's paid up Equity Share Capital is in dematerialized form as on 31st March, 2016 and balance 11.9% is in physical form.

NUMBER OF BOARD MEETINGS HELD:

The Board of Directors duly met 5 times during the financial year from 1st April, 2015 to 31st March, 2016. The dates on which the meetings were held are as follows :

9th May, 2015, 17th June, 2015, 20th July, 2015, 31st October, 2015 and 30th January, 2016.

DIRECTORS:

The Board of Directors are duly constituted. As per provisions of Companies Act, 2013 for retirement by rotation, all executive directors are now liable to retire by rotation.

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

DIRECTORS RESPONSIBILITY STATEMENT:

Pursuant to Section 134(5) of the Companies Act, 2013, Directors of your Company hereby state and confirm that:

- a) In the preparation of the annual accounts for the year ended 31st March, 2016, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b) They have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for the same period;

c) The directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

d) They have prepared the annual accounts on a going concern basis;

e) They have laid down internal financial controls in the company that are adequate and were operating effectively.

f) They have devised proper systems to ensure compliance with the provisions of all applicable laws and these are adequate and are operating effectively.

COMMENTS ON AUDIT OBSERVATIONS:

With respect to the Statutory Auditors' observations regarding dues of custom, please note that, the same have not been deposited by the company on account of dispute which is pending before Delhi High Court.

COMMENTS ON SECRETARIAL AUDITOR'S OBSERVATIONS:

There is no malafide intention on the part of company and delay if any, in the matter is inadvertently and caused due to oversight. The Company is in process of complying all the requirements of the Companies Act, 2013 and amended listing agreement.

AUDITORS:

Statutory Auditors:

Appointment of M/s. Ajmera Ajmera & Associates, Chartered Accountants, Mumbai as an Auditor is required to be ratified at this Annual General Meeting and being eligible, offer themselves for reappointment.

Secretarial Audit :

According to the provision of section 204 of the Companies Act, 2013 read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Secretarial Audit Report submitted by Company Secretary in Practice is enclosed as a part of this report Annexure-A.

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

a. CONSERVATION OF ENERGY:

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

b. TECHNOLOGY ABSORPTION:

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

c. FOREIGN EXCHANGE EARNING AND OUTGO:

Foreign exchange earnings of the company during the year 2015-2016 were Rs. 608.05 Lacs (Previous Year Rs. 490.84 Lacs) while outgoings were Rs. 2.82 Lacs (Previous Year Rs. 0.74 Lacs).

VIGIL MECHANISM:

In pursuant to the provisions of section 177(9) & (10) of the Companies Act, 2013, a Vigil Mechanism for directors and employees to report genuine concerns has been established. The Vigil Mechanism Policy has been uploaded on the website of the Company at www.smtgrinders.com under <http://www.smtgrinders.com/policies> link.

RELATED PARTY TRANSACTIONS:

Related party transactions that were entered during the financial year were on an arm's length basis and were in the ordinary course of business. There were no materially significant related party transactions with the Company's Promoters, Directors, Management or their relatives, which could have had a potential conflict with the interests of the Company. Transactions with related parties entered by the Company in the normal course of business are periodically placed before the Audit Committee for its omnibus approval and the particulars of contracts entered during the year as per Form AOC-2 is enclosed as Annexure-B.

The Board of Directors of the Company has, on the recommendation of the Audit Committee, adopted a policy to regulate transactions between the Company and its Related Parties, in compliance with the applicable provisions of the Companies Act 2013, the Rules there under and the Listing Agreement. This Policy was considered and approved by the Board has been uploaded on the website of the Company at www.smtgrinders.com under <http://www.smtgrinders.com/policies> link.

EXTRACT OF ANNUAL RETURN:

The details forming part of the extract of the Annual Return in Form MGT-9 is annexed herewith as Annexure-C.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS:

There are no Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 during the current Financial Year.

REMUNERATION RATIO OF THE DIRECTORS / KEY MANAGERIAL PERSONNEL (KMP) / EMPLOYEES:

The information required pursuant to Section 197 read with Rule 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Companies (Particulars of Employees) Rules, 1975, in respect of employees of the Company and Directors is furnished hereunder:

S. No.	Name	Designation	Remuneration paid FY 15-16	Remuneration paid FY 14-15	Increase in remuneration from previous year	Ratio/Times per Median of employee remuneration
1	Mr. Ashok Sheth	Chairman and Managing Director	Rs. 10,63,223/-	Rs. 10,58,502/-	Rs. 4,721/-	4.86
2	Mr. Hemendra Badani	Managing Director	Rs. 10,88,535/-	Rs. 10,54,310/-	Rs. 34,225/-	4.97
3	Mr. Harsh Badani	Whole Time Director	Rs. 8,64,101/-	Rs. 7,10,265/-	Rs. 1,53,836/-	3.95

DEVELOPMENT AND IMPLEMENTATION OF A RISK MANAGEMENT POLICY:

The Company has been addressing various risks impacting the Company and the policy of the Company on risk management is provided elsewhere in this Annual Report in Management Discussion and Analysis.

ACKNOWLEDGEMENT:

Directors take this opportunity to express their thanks to various departments of the Central and State Government, Bankers, Material Suppliers, Customers and Shareholders for their continued support and guidance. The Directors wish to place on record their appreciation for the dedicated efforts put in by Employees of the Company at all levels.

For and on behalf of Board of Directors

ASHOK J SHETH
Chairman and Managing Director
DIN: 00174006

Place: Mumbai
Date: May 21,2016

ANNEXURE 'A' TO BOARD'S REPORT

SECRETARIAL AUDIT REPORT FORM NO. MR-3

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2016

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Solitaire Machine Tools Limited

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Solitaire Machine Tools Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of Solitaire Machine Tools Limited's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended March 31, 2016, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2016 according to the provisions of:

- (1) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (2) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (3) The Depositories Act, 1996 and the Regulations and bye-laws framed thereunder;
- (4) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder;
- (5) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

(d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;

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

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

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

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

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

(7) Employees State Insurance Act, 1948

(8) Factories Act, 1948

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

(10) Sales Tax

(11) Central Excise & Customs

(12) Service Tax

(13) Professional Tax

(14) Secretarial of Industrial Assistance (SIA)

(15) Equal Remuneration Act, 1976

(16) Industrial Dispute Act, 1947

(17) Minimum Wages Act, 1948

(18) Payment of Bonus Act, 1965

(19) Payment of Gratuity Act, 1972

(20) Payment of Wages Act, 1936

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

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

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

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

1. *The Company has not appointed Company Secretary in full time employment as per Section 203 of the Companies Act, 2013.*
2. *Non Disclosure of notice of closure of register of members, details with respect to unpaid dividend for the year 2014-15, Audited Financial Statements of last 8 years, Quarterly unaudited Financial Results and Profile of Independent Directors.*
3. *Non Filing of Annual Return on Foreign Liabilities and Assets*

I further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period, there were no instances of:

- (i) Public / Rights / Preferential issue of shares / debentures / sweat equity.
- (ii) Redemption / buy-back of securities.
- (iii) Major decisions taken by the Members in pursuance to Section 180 of the Companies Act, 2013.
- (iv) Merger / amalgamation / reconstruction etc.
- (v) Foreign technical collaborations.

Place Mumbai
Date: : May 21,2016

Sachin Chhadawa
Practicing Company Secretary
FCS 5619 C P No 4617

ANNEXURE 'B' TO BOARD'S REPORT

FORM AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arm's length transaction under third proviso is given below :

1. Details of contracts or arrangements or transactions not at Arm's length basis :

Sr. No.	Particulars	Details
1.	Name (s) of the related party & nature of relationship	Nil
2.	Nature of contracts/arrangements/transaction	Nil
3.	Duration of the contracts/arrangements /transaction	Nil
4.	Salient terms of the contracts or arrangements or transaction including the value, if any	Nil
5.	Justification for entering into such contracts or arrangements or transactions	Nil
6.	Date of approval by the Board	Nil
7.	Amount paid as advances, if any	Nil
8.	Date on which the special resolution was passed in General meeting as required	Nil

2. Details of contracts or arrangements or transactions at Arm's length basis:

Sr. No.	Particulars	Details	
1.	Name (s) of the related party	Shruchi Manufacturing Limited	Adventure Advertising Private Limited
2.	Nature of Relation ship	Subsidiary Company	Associate Company
3.	Nature of contracts / arrangements /transaction	Transaction on Assignment basis	Transaction on Assignment basis
4.	Duration of the contracts/ arrangements / transaction	N. A.	N. A.
5.	Salient terms of the contracts or arrangements or transaction	Receiving Professional & Technical services.	Receiving services of advertisement printing work
6.	Justification for entering into such contracts or arrangements or transactions	Approved by Board of Directors	Approved by Board of Directors
7.	Date of approval by the Board	10th May, 2014	10th May, 2014
8.	Amount incurred during the year	Rs. 75,000/-	Rs. 45,069 /-

Sr. No.	Particulars	Details	
1.	Name (s) of the related party	Ashok Sheth	Hemendra Badani
2.	Nature of Relation ship	Chairman and Managing Director	Vice Chairman and Managing Director
3.	Nature of contracts / arrangements /transaction	Remuneration	Remuneration
4.	Duration of the contracts/ arrangements / transaction	5 years	5 years
5.	Salient terms of the contracts or arrangements or transaction	Receipt of Remuneration to act as Chairman and Managing Director	Receipt of Remuneration to act as Chairman and Managing Director
6.	Justification for entering into such contracts or arrangements or transactions	Approved by Board of Directors	Approved by Board of Directors
7.	Date of approval by the Board	31.01.2015	31.01.2015
8.	Amount incurred during the year	Rs. 10,03,223/-	Rs. 10,28,535 /-

Sr. No.	Particulars	Details	
1.	Name (s) of the related party	Harsh Badani	Jyoti Sheth
2.	Nature of Relation ship	Whole Time Director	Relative of Director
3.	Nature of contracts / arrangements /transaction	Remuneration	Rent Agreement
4.	Duration of the contracts/ arrangements / transaction	5 years	NA
5.	Salient terms of the contracts or arrangements or transaction	Receipt of Remuneration to act as Whole Time Director	Payment of rent
6.	Justification for entering into such contracts or arrangements or transactions	Approved by Board of Directors	Approved by Board of Directors
7.	Date of approval by the Board	31.01.2015	10th May, 2014
8.	Amount incurred during the year	Rs. 8,14,101/-	Rs. 2,50,000/-

For and on behalf of Board of Directors

ASHOK J SHETH
Chairman and Managing Director
DIN: 00174006

Place: Mumbai
Date: May 21, 2016

ANNEXURE 'C' TO BOARD'S REPORT

Form No. MGT-9
EXTRACT OF ANNUAL RETURN
as on the financial year ended on 31.03.2016

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

1. CIN: L28932MH1967PLC013747
2. Registration Date: 24/05/1967
3. Name of the Company: SOLITAIRE MACHINE TOOLS LIMITED
4. Category / Sub-Category of the Company: Company Limited by shares
5. Address of the Registered office and contact details: Shop 3-A, Floor- Bas, Plot 731, Part 3, Arun Chamber, Pandit Madan Mohan Malviya Marg, Tardeo, Mumbai - 400034, Tel: 022 66602156
6. Whether listed company: Yes
7. Name, Address and Contact details of Registrar and Transfer Agent, if any:
Link Intime India Private Limited, L. B. S. Marg, Bhandup (West), Mumbai – 400 078

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY –

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1.	Cincinnati-20M Centreless Grinders & Loose Spares	28221	98.32

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% of shares held	Applicable Section
1.	Shruchi Manufacturing Limited Shop 3-A, Floor-Bas, Plot 731, Part 3, Arun Chamber, Pandit Madan Mohan Malviya Marg, Tardeo, Mumbai - 400034	U29253MH1991PLC060001	Subsidiary	100	2 (87)

2.	JBS Machinery Corporation 2508, Dunham Woods Ct., St. Charles IL 60174, USA	-	Subsidiary	100	2 (87)
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IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity) –

i) Category-wise Share Holding –

Sr No	Category of Shareholders	Shareholding at the beginning of the year - 2015				Shareholding at the end of the year - 2016				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(A)	Shareholding of Promoter and Promoter Group									
[1]	Indian									
(a)	Individuals / Hindu Undivided Family	1879177	17800	1896977	41.76	1892272	0	1892272	41.66	-0.10
(b)	Central Government / State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Financial Institutions / Banks	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Any Other (Specify)									
	Bodies Corporate	0	135000	135000	2.97	135000	0	135000	2.97	0.00
	Sub Total (A)(1)	1879177	152800	2031977	44.74	2027272	0	2027272	44.63	-0.10
[2]	Foreign									
(a)	Individuals (Non-Resident Individuals / Foreign Individuals)	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Government	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Institutions	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Foreign Portfolio Investor	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Any Other (Specify)									
	Sub Total (A)(2)	0	0	0	0.00	0	0	0	0.00	0.00

	Total Shareholding of Promoter and Promoter Group(A)=(A)(1)+(A)(2)	1879177	152800	2031977	44.74	2027272	0	2027272	44.63	-0.10
(B)	Public Shareholding									
[1]	Institutions									
(a)	Mutual Funds / UTI	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Alternate Investment Funds	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Foreign Portfolio Investor	0	0	0	0.00	0	0	0	0.00	0.00
(f)	Financial Institutions / Banks	0	0	0	0.00	0	0	0	0.00	0.00
(g)	Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
(h)	Provident Funds/ Pension Funds	0	0	0	0.00	0	0	0	0.00	0.00
(i)	Any Other (Specify)									
	Sub Total (B)(1)	0	0	0	0.00	0	0	0	0.00	0.00
[2]	Central Government/ State Government(s)/ President of India									
	Sub Total (B)(2)	0	0	0	0.00	0	0	0	0.00	0.00
[3]	Non-Institutions									
(a)	Individuals									
(i)	Individual shareholders holding nominal share capital upto Rs. 1 lakh.	1010008	512891	1522899	33.53	995855	509491	1505346	33.14	-0.39
(ii)	Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	837570	0	837570	18.44	781911	12800	794711	17.50	-0.94
(b)	NBFCs registered with RBI	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Employee Trusts	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Overseas Depositories(holding DRs) (balancing figure)	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Any Other (Specify)									

	Trusts	100	0	100	0.00	100	0	100	0.00	0.00
	Hindu Undivided Family	19728	0	19728	0.43	127625	0	127625	2.81	2.38
	Non Resident Indians (Non Repat)	11900	0	11900	0.26	4061	0	4061	0.09	-0.17
	Non Resident Indians (Repat)	10772	0	10772	0.24	20216	0	20216	0.45	0.21
	Independent Director	2900	0	2900	0.06	2900	0	2900	0.06	0.00
	Clearing Member	5085	0	5085	0.11	4156	0	4156	0.09	-0.02
	Bodies Corporate	80845	18400	99245	2.18	37389	18400	55789	1.23	-0.96
	Sub Total (B)(3)	1978908	531291	2510199	55.26	1974213	540691	2514904	55.37	0.10
	Total Public Shareholding(B)= (B)(1)+(B)(2)+(B)(3)	1978908	531291	2510199	55.26	1974213	540691	2514904	55.37	0.10
	Total (A)+(B)	3858085	684091	4542176	100.00	4001485	540691	4542176	100.00	0.00
(C)	Non Promoter - Non Public									
[1]	Custodian/DR Holder	0	0	0	0.00	0	0	0	0.00	0.00
[2]	Employee Benefit Trust (under SEBI (Share based Employee Benefit) Regulations, 2014)	0	0	0	0.00	0	0	0	0.00	0.00
	Total (A)+(B)+(C)	3858085	684091	4542176	100.00	4001485	540691	4542176	100.00	0.00

ii) Shareholding of Promoters –

Sl No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	% change in share holding during the year
1.	Bharati Sheth	400400	8.81	0	400900	8.83	0	0.12
2.	Ashok Sheth	606125	13.34	0	701975	15.45	0	15.81

3.	Shruchi Manufacturing Limited	135000	2.97	0	135000	2.97	0	-
4.	Harsh Badani	717643	15.80	0	719793	15.85	0	0.3
5.	Swati Badani	56854	1.25	0	56854	1.25	0	-
6.	Shilpa Taneja	4700	0.10	0	4700	0.10	0	-
7.	Hemendra Badani	2100	0.05	0	2100	0.05	0	-
8.	Vora Shraddha Suneel	2000	0.04	0	2000	0.04	0	-
9.	Sandipbhai Shah	1300	0.03	0	1300	0.03	0	-
10.	Jeni Isak Rangwala	950	0.02	0	950	0.02	0	-
11.	Ashok Bavishi	500	0.01	0	500	0.01	0	-
12.	Gita Amin	500	0.01	0	500	0.01	0	-
13.	Sudhir Mehta	500	0.01	0	500	0.01	0	-
14.	Praful Vora	200	0.00	0	200	0.00	0	-
	Total	2031977	44.74	0	2027272	44.63	0	0.23

iii) *Change in Promoters' Shareholding (please specify, if there is no change) –*

Sr No.	Name & Type of Transaction	Shareholding at the beginning of the year - 2015		Transactions during the year		Cumulative Shareholding at the end of the year - 2016	
		NO.OF SHARES HELD	% OF TOTAL SHARES OF THE COMPANY	DATE OF TRANSACTION	NO. OF SHARES	NO OF SHARES HELD	% OF TOTAL SHARES OF THE COMPANY
1	HARSH HEMENDRA BADANI	717643	15.7995			717643	15.7995
	Market Purchase			28 Aug 2015	500	718143	15.8105
	Market Purchase			11 Sep 2015	500	718643	15.8216
	Market Purchase			06 Nov 2015	500	719143	15.8326

	Market Purchase			13 Nov 2015	300	719443	15.8392
	Market Sell			04 Dec 2015	-500	718943	15.8282
	Market Purchase			05 Feb 2016	500	719443	15.8392
	Market Purchase			12 Feb 2016	350	719793	15.8469
	AT THE END OF THE YEAR					719793	15.8469
2	ASHOK JIVARAJBHAI SHETH	606125	13.3444			606125	13.3444
	Market Purchase			29 May 2015	84350	690475	15.2014
	Market Purchase			20 Nov 2015	11500	701975	15.4546
	AT THE END OF THE YEAR					701975	15.4546
3	BHARATI ASHOK SHETH	400400	8.8152			400400	8.8152
	Market Purchase			24 Apr 2015	100	400500	8.8174
	Market Purchase			01 May 2015	50	400550	8.8185
	Market Purchase			08 May 2015	50	400600	8.8196
	Market Purchase			15 May 2015	50	400650	8.8207
	Market Purchase			22 May 2015	25	400675	8.8212
	Market Purchase			07 Aug 2015	50	400725	8.8223
	Market Purchase			14 Aug 2015	50	400775	8.8234
	Market Purchase			09 Oct 2015	75	400850	8.8251
	Market Purchase			06 Nov 2015	50	400900	8.8262
	AT THE END OF THE YEAR					400900	8.8262
5	SWATI HEMENDRA BADANI	56854	1.2517			56854	1.2517
	AT THE END OF THE YEAR					56854	1.2517
6	GEETA M PAI	12800	0.2818			12800	0.2818
	AT THE END OF THE YEAR					12800	0.2818
7	MANJUNATH V PAI	5000	0.1101			5000	0.1101
	AT THE END OF THE YEAR					5000	0.1101
8	SHILPA TANEJA	4700	0.1035			4700	0.1035
	AT THE END OF THE YEAR					4700	0.1035
9	HEMENDRA JAYANT BADANI	2100	0.0462			2100	0.0462
	AT THE END OF THE YEAR					2100	0.0462
10	VORA SHRADDHA	2000	0.044			2000	0.044

	SUNEEL						
	AT THE END OF THE YEAR					2000	0.044
11	SANDIPBHAI MANUBHAI SHAH	1300	0.0286			1300	0.0286
	AT THE END OF THE YEAR					1300	0.0286
12	JENI ISAK RANGWALA	950	0.0209			950	0.0209
	AT THE END OF THE YEAR					950	0.0209
13	GITA AMIN	500	0.011			500	0.011
	AT THE END OF THE YEAR					500	0.011
14	ASHOK RASIKLAL BAVISHI	500	0.011			500	0.011
	AT THE END OF THE YEAR					500	0.011
15	SUDHIR RAMANLAL MEHTA	500	0.011			500	0.011
	AT THE END OF THE YEAR					500	0.011
16	PRAFUL MAGANLAL VORA	200	0.0044			200	0.0044
	AT THE END OF THE YEAR					200	0.0044
17	SHRUCHI MANUFACTURING LTD	135500	2.9832			135500	2.9832
	Market Sell			17 Apr 2015	-500	135000	2.9721
	AT THE END OF THE YEAR					135000	2.9721
18	DINESH J. SHETH	85405	1.8803			85405	1.8803
	Market Sell			08 May 2015	-52	85353	1.8791
	Market Sell			15 May 2015	-1003	84350	1.857
	Market Sell			29 May 2015	-84350	0	0
	AT THE END OF THE YEAR					0	0

iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr No.	Name & Type of Transaction	Shareholding at the beginning of the year - 2015		Transactions during the year		Cumulative Shareholding at the end of the year - 2016	
		NO.OF SHARES HELD	% OF TOTAL SHARES OF THE COMPANY	DATE OF TRANSACTION	NO. OF SHARES	NO OF SHARES HELD	% OF TOTAL SHARES OF THE COMPANY
1	ADITYA PANKAJ SHAH	69752	1.5357			69752	1.5357
	Market Purchase			17 Apr 2015	5050	74802	1.6468
	Market Purchase			26 Jun 2015	1393	76195	1.6775

	Market Purchase			14 Aug 2015	15	76210	1.6778
	Market Purchase			18 Sep 2015	2324	78534	1.729
	Market Purchase			09 Oct 2015	3482	82016	1.8057
	Market Purchase			23 Oct 2015	700	82716	1.8211
	Market Purchase			30 Oct 2015	500	83216	1.8321
	Market Purchase			20 Nov 2015	1013	84229	1.8544
	Market Purchase			27 Nov 2015	2000	86229	1.8984
	Market Purchase			26 Feb 2016	400	86629	1.9072
	Market Purchase			18 Mar 2016	4035	90664	1.996
	AT THE END OF THE YEAR					90664	1.996
2	HANSA ARVINDBHAI PATADIA	92965	2.0467			92965	2.0467
	Market Sell			11 Dec 2015	-7693	85272	1.8773
	Market Purchase			12 Feb 2016	2389	87661	1.9299
	AT THE END OF THE YEAR					87661	1.9299
3	AJAY ANANTRAI PATADIA	93491	2.0583			93491	2.0583
	Market Sell			11 Dec 2015	-6000	87491	1.9262
	AT THE END OF THE YEAR					87491	1.9262
4	MANISH ANANTRAI PATADIA	83337	1.8347			83337	1.8347
	Market Sell			03 Apr 2015	-100	83237	1.8325
	Market Sell			11 Dec 2015	-6000	77237	1.7004
	AT THE END OF THE YEAR					77237	1.7004
5	SNEHALATHA SINGHI	69072	1.5207			69072	1.5207
	Market Sell			17 Jul 2015	-8707	60365	1.329
	AT THE END OF THE YEAR					60365	1.329
6	SANGITA NIHIR THAKKAR	0	0			0	0
	Market Purchase			20 Nov 2015	5000	5000	0.1101
	Market Purchase			27 Nov 2015	14971	19971	0.4397
	Market Purchase			11 Dec 2015	31374	51345	1.1304
	Market Purchase			18 Dec 2015	99	51444	1.1326
	Market Purchase			22 Jan 2016	333	51777	1.1399
	Market Purchase			04 Mar 2016	90	51867	1.1419
	AT THE END OF THE YEAR					51867	1.1419
7	VIMAL GORDHANDAS MODI	47373	1.043			47373	1.043
	AT THE END OF THE YEAR					47373	1.043
8	ASHOK MAGANLAL SHAH	44053	0.9699			44053	0.9699

	Market Purchase			18 Mar 2016	1345	45398	0.9995
	Market Sell			25 Mar 2016	-1500	43898	0.9665
	AT THE END OF THE YEAR					43898	0.9665
9	PARAG SHAMJI VED	44955	0.9897			44955	0.9897
	Market Sell			07 Aug 2015	-2486	42469	0.935
	AT THE END OF THE YEAR					42469	0.935
10	SAKARBEN MAGANLAL SHAH	21070	0.4639			21070	0.4639
	Market Sell			03 Apr 2015	-18	21052	0.4635
	Market Purchase			17 Apr 2015	3000	24052	0.5295
	Market Purchase			24 Apr 2015	471	24523	0.5399
	Market Sell			15 May 2015	-9179	15344	0.3378
	Market Purchase			05 Jun 2015	18	15362	0.3382
	Market Purchase			12 Jun 2015	4518	19880	0.4377
	Market Sell			19 Jun 2015	-18	19862	0.4373
	Market Sell			26 Jun 2015	1750	21612	0.4758
	Market Sell			10 Jul 2015	-5000	16612	0.3657
	Market Purchase			18 Mar 2016	3000	19594	0.4314
	Market Purchase			25 Mar 2016	3050	22644	0.4985
	Transfer			31 Mar 2016	-900	21744	0.4787
	AT THE END OF THE YEAR					21744	0.4791
11	CAMEL FOODS PVT LTD.	38636	0.8506			38636	0.8506
	Market Purchase			03 Jul 2015	2000	40636	0.8946
	Market Sell			17 Jul 2015	-836	39800	0.8762
	Market Sell			24 Jul 2015	-1851	37949	0.8355
	Market Sell			31 Jul 2015	-2000	35949	0.7914
	Market Sell			07 Aug 2015	-5125	30824	0.6786
	Market Sell			14 Aug 2015	-6855	23969	0.5277
	Market Sell			21 Aug 2015	-5775	18194	0.4006
	Market Sell			28 Aug 2015	-573	17621	0.3879
	Market Sell			06 Nov 2015	-9500	8121	0.1788
	Market Sell			13 Nov 2015	-4691	3430	0.0755
	Market Sell			20 Nov 2015	-2925	505	0.0111
	Market Sell			27 Nov 2015	-505	0	0
	AT THE END OF THE YEAR					0	0

v) Shareholding of Directors and Key Managerial Personnel:

Sr No.		Shareholding at the beginning of the year - 2015	Transactions during the year	Cumulative Shareholding at the end of the year - 2016
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	Name & Type of Transaction	NO.OF SHARES HELD	% OF TOTAL SHARES OF THE COMPANY	DATE OF TRANSACTION	NO. OF SHARES	NO OF SHARES HELD	% OF TOTAL SHARES OF THE COMPANY
1	HARSH HEMENDRA BADANI	717643	15.7995			717643	15.7995
	Market Purchase			28 Aug 2015	500	718143	15.8105
	Market Purchase			11 Sep 2015	500	718643	15.8216
	Market Purchase			06 Nov 2015	500	719143	15.8326
	Market Purchase			13 Nov 2015	300	719443	15.8392
	Market Sell			04 Dec 2015	-500	718943	15.8282
	Market Purchase			05 Feb 2016	500	719443	15.8392
	Market Purchase			12 Feb 2016	350	719793	15.8469
	AT THE END OF THE YEAR					719793	15.8469
2	ASHOK JIVARAJBHAI SHETH	606125	13.3444			606125	13.3444
	Market Purchase			29 May 2015	84350	690475	15.2014
	Market Purchase			20 Nov 2015	11500	701975	15.4546
	AT THE END OF THE YEAR					701975	15.4546
3	SHILPA TANEJA	4700	0.1035			4700	0.1035
	AT THE END OF THE YEAR					4700	0.1035
4	HEMENDRA JAYANT BADANI	2100	0.0462			2100	0.0462
	AT THE END OF THE YEAR					2100	0.0462
5	AMITA SANDIP SHAH	2900	0.0638			2900	0.0638
	AT THE END OF THE YEAR					2900	0.0638

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment –

(Rs. in Lacs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				

iv) Cash Credit A/c	108.46	-	-	108.46
Total (i+ii+iii+iv)	108.46	-	-	108.46
Change in Indebtedness during the financial year				
□ Addition				
□ Reduction	100.13	-	-	100.13
Net Change	100.13	-	-	100.13
Indebtedness at the end of the financial year				
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
iv) Cash Credit A/c	8.33	-	-	8.33
Total (i+ii+iii+iv)	8.33	-	-	8.33

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL –

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(In Rs.)

Sl. no.	Particulars of Remuneration	Name of MD/WTD/ Manager			Total Amount
		Ashok Sheth	Hemendra Badani	Harsh Badani	
1.	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	7,20,000	7,20,000	4,95,000	19,35,000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	83,223	1,08,535	14,101	2,05,859
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission	-	-	-	-

	- as % of profit - others, specify...				
5.	Others, please specify (Incentive & Bonus)	2,60,000	2,60,000	2,50,000	7,70,000
	Total (A)	10,63,223	10,88,535	7,59,101	29,10,859
	Ceiling as per the Act	10% of Net Profit of the Company or as per Schedule V			

B. Remuneration to other directors:

(In Rs.)

Sl. no.	Particulars of Remuneration	Name of Directors			Total Amount
	1. Independent Directors	Mr. Anil Kothari	Mrs. Rashmi Desai	Mrs. Padmaja Mukundan	
	<input type="checkbox"/> Fee for attending board / committee meetings	6,000	2,000	6,000	14,000
	<input type="checkbox"/> Commission	-	-	-	-
	<input type="checkbox"/> Others, please specify	5,530	4,964	-	10,494
	Total (1)	11,530	6,964	6,000	24,494
	2. Other Non-Executive Directors	Dr. Amita Shah	Mrs. Shilpa Taneja	-	
	<input type="checkbox"/> Fee for attending board/ committee meetings	2,000	6,000		8,000
	<input type="checkbox"/> Commission	-	-		-
	<input type="checkbox"/> Others, please specify	-	-		-
	Total (2)	2,000	6,000		8,000
	Total (B)=(1+2)				32,494
	Total Managerial Remuneration				29,43,353
	Overall Ceiling as per the Act	11% of Net Profit of the Company or as per Schedule V			

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD
- **Not Applicable**

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: Not Applicable

For and on behalf of Board of Directors

ASHOK J SHETH
Chairman and Managing Director
DIN: 00174006

Place: Mumbai
Date: May 21, 2016

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, Engineering Industries 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 Machinery 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., China, etc. will sustain and an additional avenue is opened for exports to Europe, South America, Asia & others. The domestic demand will also grow 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, 2013 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, five Board Meetings were held on 9th May, 2015, 17th June, 2015, 20th July, 2015, 31st October, 2015 and 30th January, 2016.

- 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 20.07.2015	No. of other Directorship	Committee Membership/ Chairmanship	
					Member	Chairman
1. Mr. A. J. Sheth	Promoter, CMD and Executive	5	Yes	--	1	-
2. Mr. H. J. Badani	Promoter, MD and Executive	5	Yes	1	1	-
3. Ms. Shilpa Taneja	Promoter and Non - Executive	3	Yes	2	1	1
4. Mr. Harsh Badani	Promoter, WTD and Executive	3	Yes	1	-	-
5. Dr. Amita S. Shah	Independent	3	Yes	--	1	-
6. Mr. A. J. Kothari	Independent	3	Yes	--	2	-
7. Ms. Rashmi S Desai	Independent	2	Yes	--	-	-
8. Mrs. Padmaja K. Mukundan	Independent	3	Yes	--	-	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. Harsh Badani, Whole Time Director and Mr. Hemendra Badani, Managing 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 Mrs. Padmaja Mukundan, the other members in the Committee being Mrs. Shilpa Taneja and Mr. Anil Kothari. All the members of the Audit Committee are financially literate.

During the year four Audit Committee Meetings were held on 9th May 2015, 20th July, 2015, 31st October, 2015 and 30th January, 2016.

The attendance record of Audit Committee members is given below:

Name of The Directors	No. of Meetings	
	Held	Attended
1. Mrs. Padmaja Mukundan	4	4
2. Mr. Anil Kothari	4	4
3. Mrs. Shilpa Taneja	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.

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 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. Nomination and Remuneration Committee:

During the financial year 2015-16, Nomination and Remuneration Committee Meeting was not held.

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

F. Remuneration paid / payable to Managing Director for the year ended 31st March, 2016.

Managing /Executive/Whole-time Director	Salary (Rs.)	Annual Exgratia(performance linked incentive)	Bonus (Rs.)	Perquisites (Rs.)	Retirement Benefits (Rs.)	Stock Option
Mr Ashok J Sheth	7.2 Lacs	2.00 Lacs	0.60 Lacs	0.83 Lacs	-	-

Mr Hemendra Badani	7.2 Lacs	2.00 Lacs	0.60 Lacs	1.09 Lacs	-	-
Harsh Badani	6.00 Lacs	2.00 Lacs	0.50 Lacs	0.14 Lacs	-	-

G. Stakeholders Relationship Committee:

The Company has reconstituted Stakeholders Relationship Committee on 31st January 2015 under the Chairmanship of Ms. Shilpa Taneja.

This Committee comprises of:

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

Terms of Reference:

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

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

As no grievances were received during the year, no meeting of the Stakeholders Relationship Committee was held during the year.

As on 31st March, 2016 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
2012 - 13	Senate Room, Status Restaurant, 208, Regent Chambers, Nariman Point, Mumbai – 400 021	22.06.2013	4.00 p.m.
2013 - 14	Gold Coins, 6, Arun Chambers, Next to A. C. Market, Tardeo Road, Mumbai 400 034	30.06.2014	9.30 a. m.
2014 - 15	Gold Coins, 6, Arun Chambers, Next to A. C. Market, Tardeo Road, Mumbai 400 034	20.07.2015	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	Monday, the 4th July, 2016 at 10.00 a. m. at Gold Coins, 6, Arun Chambers, Next to A. C. Market, Tardeo Road, Mumbai 400 034		
ii. Financial Calendar 2016-17 First quarterly results Audited Yearly Results	Probable Dates: Before end of July, 2016 Before mid of May, 2017		
iii. Book Closure Date	28th June, 2016 to 4th July, 2016		
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 2015-16 at BSE.	Months	High (Rs.)	Low (Rs.)
	April, 2015	15.60	12.65
	May, 2015	18.35	13.43
	June, 2015	15.41	13.02
	July, 2015	18.85	13.51
	Aug, 2015	20.30	16.15
	Sept, 2015	17.95	14.25
	Oct, 2015	17.85	14.75
	Nov, 2015	20.90	16.15
	Dec, 2015	24.95	20.65
	Jan, 2016	24.40	17.50
	Feb, 2016	22.25	16.80
March, 2016	21.45	16.00	

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, 2016.

No. of equity shares held	No. of Folios / Shareholders	No. of Shares held	% of Share holding
Upto 500	3491	668051	14.71
501 to 1000	329	280646	6.18
1001 to 2000	151	232298	5.11
2001 to 3000	61	156064	3.44
3001 to 4000	21	76155	1.68
4001 to 5000	19	90784	2.00
5001 to 10000	24	170995	3.76
More than 10000	31	2867183	63.12
Total	4127	4,542,176	100

M. Shareholding Pattern as on 31st March, 2016.

Category	No. of Share held	% of Share holding
Promoters	2027272	44.63
Banks, Financial Institutions, Insurance Companies, Mutual Funds	0	0
Foreign Financial Institutions	0	0
Private Corporate Bodies	55789	1.23
Indian Public	2300057	50.64
N. R. I.	24277	0.54
G. D. R. / A. D. R.	0	0
Others	134781	2.96
Total	4,542,176	100

N. Other Information:

Dematerialization of shareholding and equity	Nearly 88.1% of total equity share capital (4001485) Shares are held in dematerialized form with NSDL and CDSL as on 31 st March, 2016.
Registrars and Share Transfer Agents	Link Intime India Private Limited Pannalal Silk Mills Compound, L B S Marg, Bhandup (West), Mumbai – 400 078.
<u>For Dematerialization Shares</u>	Link Intime India Private Limited Pannalal Silk Mills Compound, L B S Marg, Bhandup (West), Mumbai – 400 078

<u>For Physical Shares:</u> In House arrangement.	Solitaire Machine Tools Ltd Shop 3-A, Floor- Bas, Plot 731, Part 3, Arun Chamber, Pandit Madan Mohan Malviya Marg, Tardeo, Mumbai - 400034
Plant Locations	1. Solitaire Machine Tools Limited, 292, Dharamsinh Desai Marg, Chhani Road, Vadodara – 390 002 2. Solitaire Machine Tools Limited, A 24/ 25, Krishan Industrial Estate, Gorwa, Vadodara – 390 016
Address for correspondence	Solitaire Machine Tools Limited Shop 3-A, Floor- Bas, Plot 731, Part 3, Arun Chamber, Pandit Madan Mohan Malviya Marg, Tardeo, Mumbai - 400034

Ashok J Sheth
Managing Director
DIN: 00174006

Hemendra J Badani
Managing Director
DIN: 00143330

N. M. B. Khan
Manager Finance & Compliance Officer

Date: May 21, 2016
Place: Mumbai

V. CEO/ CFO Certificate:

To the Board of Directors of Solitaire Machine Tools Limited,

We, A 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, 2016 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, 2016 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.

Ashok J Sheth
Managing Director
DIN: 00174006

N. M. B. Khan
Manager Finance & Compliance Officer

Date: May 21, 2016
Place: Mumbai

DECLARATION ON COMPLIANCE OF THE COMPANY'S CODE OF CONDUCT

To,

M/s 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 Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 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, 2016.

Date: May 21, 2016
Place: Mumbai

Ashok J Sheth
Managing Director
DIN: 00174006

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

I have examined the compliance of conditions of Corporate Governance by Solitaire Machine Tools Limited, for the year ended on 31st March, 2016, as stipulated in Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

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

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

Place: Mumbai
Date: May 21, 2016

Sachin Chhadawa
Practicing Company Secretary
FCS 5619 C P No 4617

INDEPENDENT AUDITORS' REPORT

**TO THE MEMBERS OF
SOLITAIRE MACHINE TOOLS LIMITED**

Report on the Financial Statements

We have audited the accompanying standalone financial statements of **SOLITAIRE MACHINE TOOLS LIMITED**, which comprise the Balance Sheet as at 31st March 2016, the Statement of Profit and Loss, Cash Flow Statement for the year ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 with respect to the preparation of these standalone 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 principles generally accepted in India, including the Accounting Standards referred under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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 have taken into account the provisions of the Act, the accounting and auditing standards and Matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. 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 financial control relevant to the Company's preparation of the financial statements that give true and fair view 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 Company's Directors, 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 qualified audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements, 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;

- a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2016
- b) In the case of the Statement of Profit and Loss, of the '**Profit**' for the year ended on that date; and
- c) 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, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 'A' a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.

2. As required by section 143(3) of the Act, we report that:
 - a) We have sought and 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 those books.
 - c) the Balance Sheet, the 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 aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e) On the basis of written representations received from the directors as on 31st March, 2016, taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016, from being appointed as a director in terms of Section 164(2) of the Act.
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to over separate report in ' Annexure B'; and
 - g) With respect to the other matters included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 in our opinion and to our best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note.26 to the financial statements.

- ii. The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses.
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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

K.N. AJMERA
PARTNER
MEMBERSHIP NO. 010805

PLACE: MUMBAI
DATED: 21-05-2016

Annexure 'A' to the Independent Auditors' Report

The Annexure referred to in our Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31st March 2016, 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 title deeds of immovable properties are held in the name of the company.
2. (a) As per the information furnished, the inventories have been physically verified at reasonable intervals by the management and there is no material discrepancies were noticed.
3. The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability partnerships or other parties covered in the Register maintained under section 189 of the Act. Accordingly, the provisions of clause 3 (iii) (a) to (c) of the Order are not applicable to the Company and hence not commented upon.
4. In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 in respect of loans, investments, guarantees, and security.
5. In our opinion and according to the information and explanations given to us the Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.
6. As informed to us, the maintenance of Cost Records has not been specified by the Central Government under sub-section (1) of Section 148 of the Act, in respect of the activities carried on by the company.
7. (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, employees state insurance, income-tax, sales-tax, service tax, duty of customs, duty excise , value added tax, 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 2016 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 demands have not been deposited by the company on account of dispute:

Name of the Statute	Nature of the Dues	Amount ` (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

8. 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.
9. Based upon the audit procedures performed and the information and explanations given by the management, the company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans. Accordingly, the provisions of clause 3 (ix) of the Order are not applicable to the Company and hence not commented upon.
- 10 Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the company by its officers or employees has been noticed or reported during the year.
- 11 Based upon the audit procedures performed and the information and explanations given by the management, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act;
- 12 In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 4 (xii) of the Order are not applicable to the Company.
- 13 In our opinion, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.

- 14 Based upon the audit procedures performed and the information and explanations given by the management, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3 (xiv) of the Order are not applicable to the Company and hence not commented upon.
- 15 Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company and hence not commented upon.
- 16 In our opinion, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company and hence not commented upon.

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

K.N. AJMERA
PARTNER
MEMBERSHIP NO. 010805

PLACE: MUMBAI
DATED: 21-05-2016

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF SOLITAIRE MACHINE TOOLS LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Solitaire Machine Tools Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on, the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For AJMERA AJMERA AND ASSOCIATES

FIRM REGISTRATION NO.123989W

CHARTERED ACCOUNTANTS

K.N. AJMERA

PARTNER

MEMBERSHIP NO. 010805

PLACE: MUMBAI

DATED: 21-05-2016

SOLITAIRE MACHINE TOOLS LIMITED
Balance Sheet As At 31st March, 2016

(Amounts in ₹)

Particulars	Notes No	As at 31st March, 2016	As at 31st March, 2015
<u>I. EQUITY AND LIABILITIES</u>			
(1) Shareholder's Funds			
(a) Share Capital	2	4,54,21,760	4,54,21,760
(b) Reserves and Surplus	3	6,36,24,920	5,81,87,729
		10,90,46,680	10,36,09,489
(2) Non-Current Liabilities			
(a) Deferred Tax Liabilities (Net)	4	59,32,335	65,75,642
		59,32,335	65,75,642
(3) Current Liabilities			
(a) Short-Term Borrowings	5	8,07,743	1,08,46,257
(b) Trade Payables	6	1,11,38,381	1,06,04,686
(c) Other Current Liabilities	7	2,56,63,931	2,87,88,193
(d) Short-Term Provisions	8	80,11,151	81,39,654
		4,56,21,206	5,83,78,790
Total		16,06,00,222	16,85,63,921
<u>II. ASSETS</u>			
(1) Non-current assets			
(a) Fixed Assets	9		
(i) Tangible Assets		5,92,84,425	6,37,39,365
(ii) Capital Work-in-Progress		1,09,90,526	0
		7,02,74,951	6,37,39,365
(b) Non-current Investments	10	53,75,542	53,75,542
(c) Long term Loans and Advances	11	35,78,764	59,32,502
(d) Other non-current assets	12	3,59,036	3,59,036
		7,95,88,293	7,54,06,445
(2) Current assets			
(a) Current Investments	13	8,805	8,805
(b) Inventories	14	3,39,49,577	5,76,94,513
(c) Trade Receivables	15	2,04,23,968	1,50,75,462
(d) Cash and Cash Equivalents	16	2,27,90,269	1,68,42,018
(e) Short-term Loans and Advances	17	38,39,309	35,36,677
		8,10,11,928	9,31,57,475
Total		16,06,00,221	16,85,63,920
Significant Accounting Policies and Notes on Accounts	1 to 39		
AS PER OUR REPORT OF EVEN DATE ATTACHED For AJMERA AJMERA AND ASSOCIATES FIRM REGISTRATION NO.123989W CHARTERED ACCOUNTANTS			FOR AND ON BEHALF OF THE BOARD
(K.N. AJMERA) PARTNER MEMBERSHIP NO.010805		(ASHOK JIVRAJBHAI SHETH) MANAGING DIRECTOR DIN NO. 00174006	
		(HEMANDRA JAYANTILAL BADANI) MANAGING DIRECTOR DIN NO. 00143330	
PLACE : Mumbai DATE : 21/05/2016			

SOLITAIRE MACHINE TOOLS LIMITED
Statement of Profit and Loss for the period ended 31st March, 2016

(Amounts in ₹)

Particulars	Notes No	For the period ended 31st March, 2016	For the period ended 31st March, 2015
I. Revenue from Operations	18	15,65,49,721	10,79,42,430
II. Other Income	19	26,79,817	15,43,811
III. Total Revenue (I +II)		15,92,29,538	10,94,86,241
IV. Expenses:			
Cost of Materials Consumed	20	6,95,70,223	5,80,58,343
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	21	1,79,03,482	-1,59,21,520
Employee benefit expense	22	1,90,11,849	1,70,79,062
Financial Costs	23	6,69,008	11,51,160
Depreciation	9	73,49,540	1,00,61,542
Other Expenses	24	2,77,06,787	2,78,33,246
Total Expenses		14,22,10,889	9,82,61,833
V. Profit before extraordinary items and tax (III-IV)		1,70,18,649	1,12,24,408
VI. Extraordinary Items	25	64,155	7,61,264
VII .Profit before tax (V- VI)		1,69,54,494	1,04,63,144
VIII. Tax expense:			
(1) Current Tax		66,50,000	56,00,000
(2) Excess provision of Income Tax relating to earlier years W/B		60,265	11,77,055
(3) Deferred Tax		(6,43,307)	(26,08,348)
		60,66,958	41,68,707
IX. Profit/(Loss) for the period (V - VI)		1,08,87,536	62,94,437
X. Earning per equity share:			
Equity share of par value of ₹ 10/- each			
Before Extra Ordinary Item			
(1) Basic		2.41	1.55
(2) Diluted		2.41	1.55
After Extra Ordinary Item			
(1) Basic		2.40	1.39
(2) Diluted		2.40	1.39

Significant Accounting Polices and Notes on Accounts

1 to 39

AS PER OUR REPORT OF EVEN DATE ATTACHED
For AJMERA AJMERA AND ASSOCIATES
FIRM REGISTRATION NO.123989W
CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF THE BOARD

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

(ASHOK JIVRAJBHAI SHETH)
MANAGING DIRECTOR
DIN NO. 00174006

(HEMANDRA JAYANTILAL BADANI)
MANAGING DIRECTOR
DIN NO. 00143330

PLACE : Mumbai
DATE : 21/05/2016

SOLITAIRE MACHINE TOOLS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2016

	2015-2016	2014-2015
(Amount in ₹)		
A CASH FLOW FROM OPERATION ACTIVITIES		
Net Profit as per Profit & Loss Account	1,08,86,786	62,94,438
Adjustment for Depreciation	73,49,540	1,00,61,542
Tax Provision for Taxation & Deferred Tax	60,66,958	41,68,707
Interest Received	(14,27,300)	(15,87,514)
Interest and financial Charges	1,68,834	9,77,679
Loss/(Profit) on Sale of Assets	(2,00,000)	-
Operating Profit Before Working capital Changes	2,28,44,818	1,99,14,851
Adjustment For:		
Trade & other Receivable	(32,97,400)	(17,99,867)
Inventories	2,37,45,686	(1,66,63,427)
Direct Taxes paid (Net of Refund)	(76,22,192)	(40,45,672)
Trade Payables	(31,69,731)	6,58,401
Net Cash Flow From Operating Activities	3,25,01,181	(19,35,714)
 B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(28,94,599)	(13,59,303)
Sale of Fixed Assets	2,00,000	
Capital Work in progress	(1,09,90,526)	-
Interest Received	14,27,300	15,87,514
Net Cash used in Investing Activities	(1,22,57,825)	2,28,211
 C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds From Borrowing (Net of Repayment)	(1,00,38,514)	(17,66,806)
Dividend Paid	(34,06,632)	(22,71,088)
Dividend Tax	(6,81,125)	(3,85,972)
Interest and Financial Charges paid	(1,68,834)	(9,77,679)
Net Cash used in Financing Activities	(1,42,95,105)	(54,01,545)
Net Increase in Cash & cash Equivalents	59,48,251	(71,09,048)
Opening Balance of Cash & Cash Equivalents	1,68,42,018	2,39,51,066
Closing Balance of Cash & Cash Equivalents	2,27,90,269	1,68,42,018

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

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

PLACE : MUMBAI
DATED : 21-05-2016

For and on behalf of the board

(ASHOK JIVRAJBHAI SHETH)
MANAGING DIRECTOR
DIN NO.00174006

(HEMANDRA JAYANTILAL BADANI)
MANAGING DIRECTOR
DIN NO.00143330

SOLITAIRE MACHINE TOOLS LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

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 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.

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.

NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2016

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

2. SHARE HOLDERS FUND - SHARE CAPITAL

(Amounts in ₹)

Sr. No	Particulars	As at 31.03.2016	As at 31.03.2015
1	AUTHORIZED		
	Equity shares, 10/- par value 55,00,000 (55,00,000) equity shares	5,50,00,000	5,50,00,000
		5,50,00,000	5,50,00,000
2	ISSUED		
	Equity shares, 10/- par value 50,39,750 (50,39,750) equity Shares	5,03,97,500	5,03,97,500
		5,03,97,500	5,03,97,500
3	SUBSCRIBED & PAID UP CAPITAL		
	Equity shares, 10/- par value 45,42,176 (45,42,176) Equity Shares fully paid-up	4,54,21,760	4,54,21,760
	Total	4,54,21,760	4,54,21,760

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 21.05.2016 proposed a dividend of ₹ 1/- per equity share. The proposal is subject to the approval of share holders at their Annual General Meeting to be held on 4th July, 2016. The total dividend appropriation for the year ended 31.03.2016 amounted to ₹ 54,50,344 /-including corporate dividend tax of ₹9,08,168/-

During the year ended 31/03/2015 the amount per share dividend recognised as distributions to equity share holders was ₹ .075. The total dividend appropriation for the year ended 31/03/2015 amounted to ₹ 40,87,757/-including corporate dividend tax of ₹ 6,81,125/-.

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 2016 and 31st March 2015 is set out below:

Sr. No	Particulars	Equity Shares		Equity Shares	
		Number	₹	Number	₹
		31-03-2016		31-03-2015	
1	Shares outstanding at the beginning of the year	45,42,176	4,54,21,760	45,42,176	4,54,21,760
2	Shares Issued during the year	-	-	-	-
3	Shares bought back during the year	-	-	-	-
4	Shares outstanding at the end of the year	45,42,176	4,54,21,760	45,42,176	4,54,21,760

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

Sr. No	Name of Shareholder	As at 31st March 2016		As at 31st March, 2015	
		No. of Shares held	% of Holding	No. of Shares held	% of Holding
1	Harsh H Badani	7,19,793	15.85	7,17,643	15.80
2	Ashok Jivarajbhai Sheth	7,01,975	15.45	6,06,125	13.34
3	Bharati Ashok Sheth	4,00,900	8.83	4,00,400	8.82
	TOTAL	18,22,668	40.13	17,24,168	37.96

3. SHAREHOLDER FUNDS-RESERVE & SURPLUS

Sr. No	Particulars	As at 31st March 2016		As at 31st March 2015	
1	CAPITAL RESERVE				
	Opening Balance		20,78,470		20,78,470
2	GENERAL RESERVE				
	Opening Balance	13,63,943		45,41,050	
	Less : Difference of reassessment of Useful Life of Fixed Assets as per Schedule II.	-	13,63,943	31,77,107	13,63,943
3	SURPLUS				
	Opening Balance	5,47,45,316		5,25,38,635	
	Add: Net profit after tax transferred	1,08,87,536		62,94,438	
	Amount available for appropriation		6,56,32,851		5,88,33,073
	Appropriations:				
	Dividend		45,42,176		34,06,632
	Dividend Tax		9,08,168		6,81,125
			54,50,344		40,87,757
	Surplus- Closing Balance		6,01,82,507		5,47,45,316
	Total		6,36,24,920		5,81,87,729

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

Sr. No	Particulars	As at 31st March 2016		As at 31st March 2015	
1	Opening	65,75,642		91,83,990	
2	For the year	-6,43,307	59,32,335	-26,08,348	65,75,642
	(Difference between book & I.T Depreciation)	59,32,335			
	Total		59,32,335		65,75,642

5. CURRENT LIABILITIES -SHORT TERM BORROWINGS

Sr. No	Particulars		As at 31st March 2016		As at 31st March 2015
1	SECURED From Axis Bank Ltd. Baroda 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)		8,07,743		1,08,46,257
	Total		8,07,743		1,08,46,257

6. CURRENT LIABILITIES -TRADES PAYABLE

Sr. No	Particulars		As at 31st March 2016		As at 31st March 2015
1	Trade Payables		1,11,38,381		1,06,04,686
	Total		1,11,38,381		1,06,04,686

7. CURRENT LIABILITIES - OTHER CURRENT LIABILITIES

Sr. No	Particulars		As at 31st March 2016		As at 31st March 2015
1	Advances from Customers		1,92,61,619		2,30,14,095
2	Un-paid Dividends		14,44,425		14,18,542
3	Provision for Expenses		27,24,855		36,12,811
4	Withholding and other Taxes payable		15,01,783		11,495
5	Excise duty payable on Finished goods		7,31,250		7,31,250
	Total		2,56,63,931		2,87,88,193

8. CURRENT LIABILITIES -SHORT TERM PROVISIONS

Sr. No	Particulars		As at 31st March 2016		As at 31st March 2015
1	Provision for Employee Benefits Gratuity		2,67,108		8,46,272
2	Provision for Taxation		22,93,699		32,05,625
3	Proposed Dividend		45,42,176		34,06,632
4	Provision for tax on Dividend		9,08,168		6,81,125
	Total		80,11,151		81,39,654

SOLITAIRE MACHINE TOOLS LIMITED

9. FIXED ASSETS

Particulars	ORIGINAL COST			DEPRECIATION AND AMORTIZATION				NET BLOCK VALUE	
	As at 01.04.2015 Rs.	Additions/ Adjustments during the period Rs.	Deductions/ Retirement during the period Rs.	As at 31.03.2016 Rs.	As at 01.04.2015 Rs.	For the Period Rs.	Deductions/ Adjustments during the period Rs.	As at 31.03.2016 Rs.	As at 31.03.2015 Rs.
<u>Tangible Assets:</u>									
Land	5,302,195	-	-	5,302,195	-	-	-	5,302,195	5,302,195
Building	35,566,918	131,095	-	35,698,013	11,712,960	1,214,030	-	22,771,023	23,853,958
Office Premises	1,400,833	-	-	1,400,833	498,681	85,303	-	816,849	902,152
Plant & Machinery	81,332,765	924,460	-	82,257,225	53,404,079	4,137,925	-	24,715,221	27,928,686
Electric Installation	2,411,025	-	-	2,411,025	1,823,358	245,713	-	341,954	587,667
Furniture & Fixtures	11,826,844	298,994	-	12,125,838	9,533,762	630,845	-	1,961,231	2,293,082
Vehicles	8,907,539	1,278,060	-	10,185,599	6,107,293	959,721	-	3,118,585	2,800,246
Office Equipments	2,126,573	233,640	-	2,360,213	2,089,393	50,673	-	220,147	37,180
Computer	355,964	28,350	-	384,314	321,764	25,330	-	37,220	34,200
Total	149,230,656	2,894,599	-	152,125,255	85,491,290	7,349,540	-	59,284,425	63,739,366
Previous Year Rupees	143,480,271	5,750,385	-	149,230,656	72,252,641	10,061,542	3,177,107	63,739,365	85,491,289

10. NON CURRENT ASSETS -NON-CURRENT INVESTMENTS

Sr. No	Particulars	AS AT 31.03.2016	AS AT 31.03.2015
	LONG TERM INVESTMENT- AT COST TRADE (UN-QUOTED) INVESTMENTS IN SUBSIDIARY COMPANIES :		
1	SHRUCHI MANUFACTURING LTD. 15900 Equity Shares of ` 100/- each fully paid up.	15,90,000	15,90,000
2	JBS MACHINERY CORPORATION 1000, Equity shares of \$ 1 each, fully paid up	37,85,542	37,85,542
	Total	53,75,542	53,75,542
	Un-quoted Investments	53,75,542	53,75,542

11. NON CURRENT ASSETS -LONG TERM LOANS AND ADVANCES

Sr. No	Particulars	AS AT 31.03.2016	AS AT 31.03.2015
	UNSECURED, CONSIDERED GOOD : CAPITAL ADVANCES, OTHER LOANS AND ADVANCES:		
1	Loan to Subsidiary Company	18,99,859	39,29,447
2	Loans and advances to Employees	3,20,310	3,85,413
3	Deposits	4,69,314	5,39,314
4	Rental Deposits	8,89,281	10,78,328
	Total	35,78,764	59,32,502

12. NON CURRENT ASSETS - OTHER NON CURRENT ASSETS

Sr. No	Particulars	AS AT 31.03.2016	AS AT 31.03.2015
	(UNSECURED CONSIDERED GOOD)		
1	Advances to Gratuity Trust	5,000	5,000
2	Duty recoverable under protest	3,54,036	3,54,036
	Total	3,59,036	3,59,036

13. CURRENT ASSETS - CURRENT INVESTMENTS

Sr. No	Particulars	AS AT 31.03.2016	AS AT 31.03.2015
	VALUED AT 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	2,025	1,283

14. CURRENT ASSETS -INVENTORIES

Sr. No	Particulars	AS AT 31.03.2016	AS AT 31.03.2015
	(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	1,58,13,327	2,10,72,084
2	Semi Finished Goods	1,11,23,927	2,91,54,511
3	Rebuilding in Process	1,34,779	9,392
4	Spares in Process	18,142	16,427
5	Cutting Tools	1,76,544	7,56,377
6	Holding Tools	1,01,609	1,04,472
7	Finished Grinders	65,81,250	65,81,250
	Total	3,39,49,577	5,76,94,513

15. CURRENT ASSETS-TRADE RECEIVABLES

Sr. No	Particulars	AS AT 31.03.2016	AS AT 31.03.2015
	UN-SECURED -CONSIDERED GOOD		
1	Debts outstanding for a period exceeding six months	10,98,989	24,63,545
2	Other Debts-Un-secured	1,93,24,979	1,26,11,916
	Total	2,04,23,968	1,50,75,461

16. CURRENT ASSETS -CASH & CASH EQUIVALENT

Sr. No	Particulars	AS AT 31.03.2016	AS AT 31.03.2015
1	Cash-in-Hand		
	Cash Balance	1,607	3,427
	Sub Total (A)	1,607	3,427
2	Bank Balance		
	on current accounts	17,16,213	15,95,342
	Sub Total (B)	17,16,213	15,95,342
3	Other Bank Balances:		
	Fixed Deposit With Bank	2,10,72,450	1,52,43,250
	Sub Total (C)	2,10,72,450	1,52,43,250
	Total [A + B + C]	2,27,90,269	1,68,42,018

17. CURRENT ASSETS -SHORT TERMS LOANS AND ADVANCES

Sr. No	Particulars	AS AT 31.03.2016	AS AT 31.03.2015
	UNSECURED, CONSIDERED GOOD :		
1	Interest accrued on FDR	5,56,922	7,15,574
2	Balances with Excise, Sales Tax & Service Tax	22,07,159	23,25,337
3	For Supply of Goods and Rendering Services	9,53,585	3,17,890
4	Prepaid Expenses	1,21,643	1,77,876
	Total	38,39,309	35,36,677

18. REVENUE FROM OPERATIONS

Sr. No	Particulars		AS AT 31.03.2016	AS AT 31.03.2015
1	Sale of Products		15,72,22,496	11,01,09,820
	Less: Excise duty		1,10,29,501	59,98,524
			14,61,92,995	10,41,11,296
2	Revenue from Sale of Services		1,02,00,197	36,39,398
3	Other Operating Revenue-Scrap Sales		1,56,529	1,91,736
	Total		15,65,49,721	10,79,42,430

19. OTHER INCOME

Sr. No	Particulars		AS AT 31.03.2016	AS AT 31.03.2015
1	Interest received on Deposits		14,27,300	15,87,514
2	Dividend		20	20
3	Rent received		1,68,017	-
4	Miscellaneous Income		1,34,000	-
5	Sundry credit balance W/Back		7,50,480	-
6	Foreign Exchange Fluctuation		-	(43,723)
7	Profit on Sale of Fixed Assets		2,00,000	-
	Total		26,79,817	15,43,811

20. COST OF MATERIAL CONSUMED

Sr. No	Particulars		AS AT 31.03.2016	AS AT 31.03.2015
	COMPONENTS:			
1	Opening Stock		2,10,72,084	1,96,05,410
2	Add : Purchases		6,43,11,466	5,95,25,017
			8,53,83,550	7,91,30,427
3	Less Closing Stock		1,58,13,327	2,10,72,084
	Total		6,95,70,223	5,80,58,343

21. CHANGE IN INVENTORIES

Sr. No	Particulars		AS AT 31.03.2016	AS AT 31.03.2015
1	<u>Closing Stock</u>			
	Finished Goods		65,81,250	65,81,250
	Semi-Finished Goods		1,11,23,927	2,91,54,511
	Rebuilding in process		1,34,779	9,392
	Spares in process		18,142	16,427
			1,78,58,098	3,57,61,580
2	<u>Less : Opening Stock</u>			
	Finished Goods		65,81,250	-
	Semi-Finished Goods		2,91,54,511	1,96,61,716
	Rebuilding in process		9,392	7,933
	Spares in process		16,427	170410
			3,57,61,580	1,98,40,059
	Total		(1,79,03,482)	1,59,21,521

22. EMPLOYMENT BENEFIT EXPENSES

Sr. No	Particulars		AS AT 31.03.2016	AS AT 31.03.2015
1	Salaries and Wages		1,70,23,530	1,44,78,363
2	Contribution to Provident Fund and Other Funds		15,64,251	21,48,812
3	Staff welfare expenses		4,24,068	4,51,887
	Total		1,90,11,849	1,70,79,062

Note:

(Salaries and wages included Director's Remuneration ₹ 28,45,859/- P.Y. ₹ 28,23,077/- Contribution to P.F. ₹ 72,000/- P.Y. 59,400/-)

23. FINANCIAL COST

Sr. No	Particulars		AS AT 31.03.2016	AS AT 31.03.2015
A	INTEREST EXPENSES:			
1	Interest to Bank		5,00,174	9,77,679
B.	OTHER BORROWING COST:			
1	Processing Fee		1,68,834	1,73,481
	Total		6,69,008	11,51,160

24. OTHER EXPENSES

Sr. No	Particulars		AS AT 31.03.2016	AS AT 31.03.2015
1	Consumption of Stores and spares		4,310,970	3,878,083
2	Power and fuel		2,138,892	1,990,649
3	Labour Contract Charges		3,502,954	4,411,737
4	Rent		290,775	600,000
5	Repair to Building		67,500	253,780
6	Repairs to Machinery		1,472,071	783,881
7	Insurance		331,074	301,032
8	Rent, Rates and Taxes		534,159	595,176
9	Bank Charges		237,517	102,579
10	Auditor's Remuneration:			
	Statutory Audit Fee	100000		114,000
	Tax Audit Fee	50000	150,000	57,000
11	Labour Charges		2,718,937	2,392,963
12	Travelling Expenses		1,859,127	1,470,166
13	Postage and Courier		148,889	140,183
14	Printing and Stationery		164,894	163,849
15	Telephone & Mobile		243,370	224,635
16	Legal & Professional Charges		1,308,565	1,539,735
17	Vehicle Expenses		445,740	478,722
18	Annual General Meeting Expenses		336,611	233,416
19	Others Repairs		354,835	315,141
20	Security Charges		469,240	452,042
21	Advertisement		1,498,881	2,102,552
22	Export Expenses		178,136	186,394
23	Late Delivery Charges		664,000	-
24	Sales Expenses		387,385	1,758,159
25	Sales Commission		1,369,872	926,446
26	Packing Expenses		623,063	605,903
27	Registrar's Fees		143,431	137,920
28	Donation		6,101	-
29	Miscellaneous Expenses		959,332	719,816
30	Listing Fees		224,720	112,360
31	Computer Expenses		50,551	53,678
32	Foreign Exchange Fluctuation		515,196	-
33	Excise Duty on Finished Goods		-	731,250
	Total (A+B)		27,706,787	27,833,246

Note:

Excise Duty shown under expenditure represents aggregate of excise duty borne by the company and difference between on opening and closing stock of finished goods.

25 EXTRAORDINARY ITEMS

Extra Ordinary item includes prior year expenses amounting to Rs.64,155/- (P.Y Rs. 7,61,264/-)

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

26 Company is contingently liable in respect of:

- a). Penalty Levied by DGFT of ₹.23 Lacs (Net of advance) (Previous year- ₹.23 Lacs) and contested in appeal, vide WP No.1957 of 2000 pending at Delhi High Court.
- b). Bank Guarantees Current year ₹ 82,92,000/- (P.Y ₹ Nil)
- c). There is a dispute regarding demand raised by Excise and Custom Department (CEGAT) of ₹. 3,54,036/- (Previous year ₹.3,54,036/-) which is being contested on Order No. D/827/97 of ₹.3,54,036/- dt. 14.08.1997. Amount has been paid against thereof as advance under protest and reflected under Non-Current Assets.

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

	31.03.2016 Amount	% of total Consumption	31.03.2015 Amount	% of total Consumption
Imported	90,70,321	13.038	72,91,947	12.00
Indigenous	6,04,99,902	86.96	5,11,00,448	88.00
	6,95,70,223	100.00	5,83,92,395	100.00

b). C.I.F. Value of Imports

Components & Others
Capital Goods

31.03.2016

79,34,329
62,81,597

31.03.2015

63,17,004
-

c). Earning in Foreign Exchange

F.O.B Value of Exports

6,08,05,181

4,90,83,877

d). Expenditure in Foreign Currency :

Travelling Expenses

2,81,758

74,136

28 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

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	75,000 (6,00,000)	45,069 (84,235)	- -	- -	1,20,069 (6,84,235)
2)	Managerial Remuneration & Perques	-	-	28,45,859 (28,23,077)	(1,20,967)	28,45,859 (29,44,044)
3).	Rent paid	-	-	-	2,50,000 (6,00,000)	2,50,000 (6,00,000)
4).	Loan Given	7,500	-	-	-	7,500
5).	Loans Received Back	20,37,088	-	-	-	20,37,088
6).	Office Deposit Recd back	-	-	-	2,25,000 (2,91,672)	2,25,000 (2,91,672)
7).	Office Deposit Given	-	-	-	35,953 -	35,953 -
8).	Outstanding balances as At 31.03.2016 :					
	i) Loan Out Standing	18,99,859 (39,29,447)	- -	- -	- -	18,99,859 (39,29,447)
	ii) Investments	53,75,542 (53,75,542)	- -	- -	- -	53,75,542 (53,75,542)
	iii) Security Deposit	-	-	-	8,89,281 (10,78,328)	8,89,281 (10,78,328)
	iv) Other Liabilities	-	-	5,81,500 (4,00,000)	- -	5,81,500 (7,99,990)

* Figures in Brackets are of previous year.

S.N	Nature of Transaction	Name of the Related Party	Current Year ₹	Previous Year ₹
1)	Receiving of Services			
	Subsidiaries	Shruchi Manufacturing Limited	75,000	6,00,000
	Associates	Adventure Advertising Private Limited	45,069	89,235
2)	Managerial Remuneration			
	Key Management Personnel	A.J. Sheth H.J. Badani P.J. Sheth Harash Badani	10,03,223 10,28,535 - 8,14,101	1058502.12 1054310 0 710265
			28,45,859	28,23,077
	Relatives	Jyoti P Sheth	-	1,20,967
3)	Rent Paid			
	Relatives	Jyoti P Sheth	2,50,000	6,00,000
4)	Loan Given			
	Subsidiaries	Shruchi Manufacturing Limited	7,500.00	-
5)	Loans Received Back			
	Subsidiaries	Shruchi Manufacturing Limited	20,37,088	-
6)	Office Deposit Recd back			
	Relatives	Jyoti P Sheth	2,25,000	2,91,672

7)	Outstanding balances as at 31.03.2016 :			
	i) Loan Out Standing			
	Subsidiaries	Shruchi Manufacturing Limited	18,99,859	39,29,447
	ii) Investments			
	Subsidiaries	Shruchi Manufacturing Limited	53,75,542	53,75,542
	iii) Security Deposit			
	Relatives	Jyoti P Sheth	8,89,281	10,78,328
	iv) Other Liabilities			
	Subsidiaries	Shruchi Manufacturing Limited	-	2,64,500
	Associates	Adventure Advertising Private Limited	-	1,35,490
	Key Management Personnel	A.J. Sheth	2,15,000	1,65,000
		H.J. Badani	2,15,000	1,65,000
		Harash Badani	2,01,500	1,51,500
			6,31,500	4,81,500

29 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.

30 Earning per share:

	<u>2015-2016</u>	<u>2014-2015</u>
(i). Net Profit after tax available for Equity Shareholders (in ₹.)	1,08,87,536	62,94,437
(ii). Weighted average of number of equity shares outstanding during the year	45,42,176	45,42,176
(iii). Basic and Diluted Earnings per equity share of ₹. 10 each (in ₹.)		
Before Extraordinary Items	2.41	1.55
After Extraordinary Items	2.40	1.39

31 Deferred Tax Liability

	<u>AS ON 31.03.2016</u>	<u>AS ON 31.03.2015</u>
Opening Balance	65,75,642	91,83,990
Difference between book and Tax Depreciation	(6,43,307)	(26,08,348)
Deferred Tax Liability	<u><u>59,32,335</u></u>	<u><u>65,75,642</u></u>

32 Balance due from Subsidiary Company.

Name	Balance As on 1.4.2016 ₹	Balance As on 1.4.2015 ₹	Maximum balance during the year ₹
Shruchi Manufacturing Limited	18,99,859	39,29,447	39,29,447

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

34 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.

35 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, 2015 together with interest paid and payable are required under the said Act have not been given.

36 A. Gratuity

The company's obligations towards the gratuity Fund is a Defined Benefit Plan. Every employee who has completed a continuous period of five years or more of services gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with Life Insurance Corporation of India in form of a qualifying insurance policy.

The Following tables summarize the components of net benefit expense recognised in the Statement of Profit and Loss and the fund status and amounts recognised in the Balance sheet.

PARTICULARS	2015-2016	2014-2015
Statement of Profit & Loss		
Net employee benefit expense recognised in the employee cost		
Current Service cost	2,20,607	2,12,836
Interest cost on benefit obligation	1,86,159	2,35,072
Expected return on plan assets	(1,64,565)	(1,44,859)
Net actuarial (gain) /loss recognized in the year	(4,234)	(4,98,730)
Expenses Deducted from the fund	28,109	-
Net Benefit expense	2,66,076	(1,95,681)
Balance sheet		
Benefit Asset/(Liability)		
Present value of defined benefit obligation	28,78,262	24,96,607
Fair Value of Plan Assets	26,11,154	19,09,134
Plan Asset/Liability :	(2,67,108)	(5,87,473)
Net Asset/Liability		
Non Current	(25,514)	(3,75,349)
Current	(2,41,594)	(2,12,484)

Changes In the present value of the defined benefit obligation are as follows :

PARTICULARS	2015-2016	2014-2015
Opening Defined benefit obligation	24,96,966	26,79,840
Current service cost	2,20,607	2,12,836
Interest Cost	1,86,159	2,35,072
Prior Year Charge	-	-
Benefits paid	(33,663)	(1,44,411)
Actuarial (gain) / Losses on obligations	8,193	(4,86,730)
Closing Defined benefit obligation :	28,78,262	24,96,607
Changes in the fair value of Plan assets are as follows :		
Opening fair value of plan assets	19,09,134	16,94,437
Contributions by employer	5,86,800	2,01,890
Expected return	1,64,565	1,44,859
Benefits paid	(33,663)	(1,44,411)
Actuarial gains / (losses)	12,427	12,359
Expenses Deducted from the fund	(28,109)	-
Closing Fair value of Plan Assets	26,11,154	19,09,134

The Principal Assumptions used in determining gratuity and for the Company's plans are shown below :

PARTICULARS	2015-16	2014-15
Discount rate	7.80%	7.70%
Future salary Increase	5%	5%
Expected rate of return on assets	7.80%	8.50%
Employer Turn over		

The estimates of future salary increases , considered in actuarial variation , take account of inflation, seniority promotion and other relevant factors ,such as supply and demand in the employment market.

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

Amounts for the current year are as follows :

PARTICULARS	2015-16	2014-15
Defined benefit Obligations	28,78,262	24,96,607
Plan assets	26,11,154	19,09,134
Surplus / (Deficits)	(2,67,108)	(5,87,473)
Prior Year Charge	-	-
Experience adjustments on plan Liabilities	30,401	(7,54,101)
Experience adjustments on plan Assets	(12,427)	(12,359)

B. Compensated Absences

The key assumptions used in computation of provision for long term compensated absences are as given below :

Discount rate (% p.a)	7.80%	7.70%
Future Salary Increase (% p.a)	5.00%	5.00%
Mortality rate	Indian Assured Lives Mortality (2006-08)	
Attrition (% p.a)	2% to 8%	2% to 8%

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

38 Corporate Social Responsibility (CSR)
The provisions of Section 135 of the Companies Act,2013 regarding Corporate Social Responsibility activity is not applicable to the company.

39 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 39

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

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

(ASHOK JIVRAJBHAI SHETH)
MANAGING DIRECTOR
DIN NO.00174006

PLACE : MUMBAI
DATED : 21/05/2016

(HEMANDRA JAYANTILAL BADANI)
MANAGING DIRECTOR
DIN NO.00143330

INDEPENDENT AUDITOR'S REPORT

**TO
THE MEMBERS OF
SOLITAIRE MACHINE TOOLS LIMITED**

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of SOLITAIRE MACHINE TOOLS LIMITED (hereinafter referred to as "the Holding Company") and its subsidiary (the Holding Company and its subsidiary together referred to as "the Group"), comprising of the Consolidated Balance Sheet as at 31st March, 2016, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Holding Company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us, is sufficient and appropriate to provide a basis for our qualified audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements 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, of the consolidated state of affairs of the Group, as at 31st March, 2016, and their consolidated profit/loss and their consolidated cash flows for the year ended on that date.

Other Matters

We did not audit the financial statements / financial information of subsidiary JBS Machinery Corporation whose financial statements / financial information reflect total assets of Rs.42.71 Lacs as at 31stMarch, 2016, total revenues of Rs. NIL lacs and net cash flows amounting to Rs. Nil for the year ended on that date, as considered in the consolidated financial statements. These financial statements / financial information are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary and our report in terms of sub-sections (3) and (11) of Section 143 of the Act in so far as it relates to the aforesaid subsidiary, is based solely on such unaudited financial statements / financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements / financial information are not material to the Group.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the financial statements / financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, based on the comments in the auditors' reports of the Holding company, subsidiary companies, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report, to the extent applicable, that:
 - a. We have sought and, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
 - b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.
 - c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

- d. In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e. On the basis of the written representations received from the directors of the Holding Company, its subsidiary Company as on 31st March, 2016 taken on record by the Board of Directors of the Holding Company, its Subsidiary Company incorporated in India, none of the directors of the Group's companies, incorporated in India is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- f. With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to over separate report in ' Annexure A'; and
- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us
 - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group Refer Note.27 to the consolidated financial statements.
 - ii. The Group does not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, and its subsidiary company, incorporated in India.

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

K.N. AJMERA
PARTNER
MEMBERSHIP NO. 010805

PLACE: MUMBAI
DATED: 21.05.2016

ANNEXURE TO AUDITORS REPORT:

(Referred in paragraph 1 under the heading 'Report on Other Legal and Regulatory Requirements' of our report of even date on the financial statements for the year ended March 31, 2016 of the Group)

In case of Holding Company as per clause 7 (c) of the order According to the information and explanations given to us, the following dues of custom demands have not been deposited by the company on account of dispute:

Name of the Statute	Nature of the Dues	Amount ` (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

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

K.N. AJMERA
PARTNER
MEMBERSHIP NO. 010805

PLACE: MUMBAI
DATED: 21-05-2016

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF SOLITAIRE MACHINE TOOLS LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2016, We have audited the internal financial controls over financial reporting of *Solitaire Machine Tools* Limited (hereinafter referred to as "the Holding Company") and its subsidiary companies, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the of the Holding company, its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness

exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Holding Company and its subsidiary companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to JBS MACHINERY CORPORATION a subsidiary company, incorporated out side India, is not examined by us as no corresponding reports of the auditors of such company are available and solely based on Management Representation Letter and information provided.

For AJMERA AJMERA AND ASSOCIATES

FIRM REGISTRATION NO.123989W

CHARTERED ACCOUNTANTS

K.N. AJMERA

PARTNER

MEMBERSHIP NO. 010805

PLACE: MUMBAI

DATED: 21-05-2016

(Amounts in ₹)

Particulars	Notes No	As at 31st March, 2016	As at 31st March, 2015
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	2	4,40,71,760	4,40,71,760
(b) Reserves and Surplus	3	6,35,13,731	5,84,60,300
		10,75,85,491	10,25,32,060
(2) Non-Current Liabilities			
(a) Deferred Tax Liabilities (Net)	4	61,88,916	67,87,990
(b) Non-Other Current Liabilities	5	18,90,000	18,90,000
		80,78,916	86,77,990
(3) Current Liabilities			
(a) Short-Term Borrowings	6	8,07,743	1,08,46,257
(b) Trade Payables	7	1,11,38,381	1,06,04,686
(c) Other Current Liabilities	8	2,56,75,381	2,85,35,293
(d) Short-Term Provisions	9	78,76,151	80,38,404
		4,54,97,656	5,80,24,640
Total		16,11,62,064	16,92,34,691
II. ASSETS			
(1) Non-current assets			
(a) Fixed Assets	10		
(i) Tangible Assets		6,24,73,523	6,86,00,803
(ii) Intangible Assets		45,18,641	44,70,772
(ii) Capital Work-in-Progress		1,09,90,526	-
		7,79,82,690	7,30,71,575
(b) Non-current Investments	11	9,040	5,09,040
(c) Long term Loans and Advances	12	17,46,405	20,63,055
(d) Other non-current assets	13	3,59,036	3,59,036
		8,00,97,171	7,60,02,706
(2) Current assets			
(a) Current Investments	14	8,805	8,805
(b) Inventories	15	3,39,49,577	5,76,94,513
(c) Trade Receivables	16	2,04,23,968	1,50,75,462
(d) Cash and Cash Equivalents	17	2,28,43,231	1,69,16,527
(e) Short-term Loans and Advances	18	38,39,309	35,36,677
		8,10,64,890	9,32,31,984
Total		16,11,62,061	16,92,34,691

Significant Accounting Policies and Notes on Accounts

1 to 39

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

K.N. AJMERA
PARTNER
MEMBERSHIP NO. : 010805

(ASHOK JIVRAJBHAI SHETH)
MANAGING DIRECTOR
DIN NO. 00174006

(HEMANDRA JAYANTILAL BADANI)
MANAGING DIRECTOR
DIN NO. 00143330

PLACE : MUMBAI
DATE : 21/05/2016

Particulars	Notes No	For the period ended 31st March, 2016	For the period ended 31st March, 2015
I. Revenue from Operations	19	15,65,49,721	10,79,42,430
II. Other Income	20	26,80,087	16,15,153
III. Total Revenue (I +II)		15,92,29,808	10,95,57,583
IV. Expenses:			
Cost of Materials Consumed	21	6,95,70,223	5,80,58,343
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	22	1,79,03,482	-1,59,21,521
Employee benefit expense	23	1,90,50,194	1,75,14,403
Financial Costs	24	6,69,008	11,51,160
Depreciation	10	78,49,096	1,05,80,453
Other Expenses	25	2,79,16,359	2,78,79,895
Total Expenses		14,29,58,362	9,92,62,733
V. Profit before extraordinary items and tax (III-IV)		1,62,71,446	1,02,94,850
VI. Extraordinary Items	26	64,155	7,61,264
VII .Profit before tax (V- VI)		1,62,07,291	95,33,586
VIII. Tax expense:			
(1) Current Tax		66,50,000	56,00,000
(2) Short provision of Income Tax relating to earlier years		60,265	10,88,499
(3) Deferred Tax		-5,99,074	-25,47,321
		61,11,191	41,41,178
IX. Profit/(Loss) for the period (V - VI)		1,00,96,100	53,92,408
X. Earning per equity share:			
Equity share of par value of Rs. 10/- each			
Before Extra Ordinary Item			
(1) Basic		2.31	1.53
(2) Diluted		2.31	1.53
After Extra Ordinary Item			
(1) Basic		2.29	1.36
(2) Diluted		2.29	1.36

Significant Accounting Polices and Notes on Accounts

1 to 39

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

K.N. AJMERA
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(ASHOK JIVRAJBHAI SHETH)
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(HEMANDRA JAYANTILAL BADANI)
MANAGING DIRECTOR
DIN NO. 00143330

PLACE : MUMBAI
DATE : 21/05/2016

SOLITAIRE MACHINE TOOLS LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2016

(Amount in ₹)

	<u>2015-2016</u>	<u>2014-2015</u>
A CASH FLOW FROM OPERATION ACTIVITIES		
Net Profit as per Profit & Loss Account	1,00,96,100	60,59,908
Adjustment for Depreciation	78,49,096	1,05,12,181
Dividend Received	-	(67,500)
Tax Provision for Taxation & Deferred Tax	61,11,191	41,41,178
Interest Received	(14,27,570)	(15,87,514)
Interest and financial Charges	6,69,008	9,77,679
Loss/ (Profit) on Sale of Investment	2,50,000	
Loss/ (Profit) on Sale of Assets	(2,00,000)	-
Operating Profit Before Working capital Changes	<u>2,33,47,825</u>	<u>2,00,35,932</u>
Adjustment For:		
Trade & other Receivable	(53,26,988)	(17,99,867)
Inventories	2,37,44,936	(1,66,63,427)
Direct Taxes paid (Net of Refund)	(76,29,693)	(40,01,777)
Trade Payables	(29,05,381)	1,95,108
Net Cash Flow From Operating Activities	<u><u>3,12,30,700</u></u>	<u><u>(22,34,031)</u></u>
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(28,94,599)	(13,59,303)
Sale of Fixed Assets	15,97,588	-
Sale of Investment	2,50,000	-
Capital Work in progress	(1,09,90,526)	-
Movement of Loans	-	7,000
Interest Received	14,27,570	15,87,514
Dividend Received	-	67,500
Net Cash used in Investing Activities	<u><u>(1,06,09,967)</u></u>	<u><u>3,02,711</u></u>
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds From Borrowing (Net of Repayment)	(1,00,38,514)	(15,76,806)
Dividend Paid	(33,05,382)	(22,71,088)
Dividend Tax	(6,81,125)	(3,85,972)
Interest and Financial Charges paid	(6,69,008)	(9,77,679)
Net Cash used in Financing Activities	<u><u>(1,46,94,029)</u></u>	<u><u>(52,11,545)</u></u>
Net Increase in Cash & cash Equivalents	59,26,704	(71,42,865)
Opening Balance of Cash & Cash Equivalents	1,69,16,527	2,40,59,392
Closing Balance of Cash & Cash Equivalents	2,28,43,231	1,69,16,527

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

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

For and on behalf of the board

(ASHOK JIVRAJBHAI SHETH)
MANAGING DIRECTOR
DIN NO.00174006

(HEMANDRA JAYANTILAL BADANI)
MANAGING DIRECTOR
DIN NO.00143330

PLACE : MUMBAI
DATED : 21-05-2016

SOLITAIRE MACHINE TOOLS LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

1 Principles of Consolidation

The consolidated financial statements relate to Solitaire Machine Tools Limited and its subsidiaries, which together constitute the Group. The consolidated financial statements have been prepared on the following basis:

- i) The financial statements of the subsidiary companies used in the consolidation are drawn upto the same reporting date as that of the Company i.e., 31 March, 2016.
- ii) The financial statements of the Company and its subsidiary companies are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealized profits or losses in accordance with Accounting Standard (AS- 21) "Consolidated Financial Statements".
- iii) The difference between the cost of investment in the subsidiaries and the share of net assets at the time of acquisition of shares in the subsidiaries is identified in the financial statements as Goodwill or Capital Reserve as the case may be.

2 The list of the subsidiaries of the Company which are included in the consolidation and the Group's holding therein are as under:

	Name of Subsidiaries	Country of Incorporation	Percentage Holding Share
1	Shruchi Manufacturing Limited	India	100.00%
2	JBS Machinery Corporation	USA	100.00%

1 SIGNIFICANT ACCOUNTING POLICIES ON CONSOLIDATED ACCOUNTS:

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 II of the Companies Act, 2013.
- iii). Intangible Assets:
Technical Know Fee:
Intangible Assets are stated at cost of acquisition less accumulated amortization.

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 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.

- 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.

NOTES ON CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2016

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

2. SHARE HOLDERS FUND - SHARE CAPITAL

(Amounts in ₹)

Sr. No	Particulars	As at 31.03.2016	As at 31.03.2015
1	AUTHORIZED Equity shares, 10/- par value 55,00,000 (55,00,000) equity shares	5,50,00,000	5,50,00,000
		5,50,00,000	5,50,00,000
2	ISSUED Equity shares, 10/- par value 49,04,750 (49,04,750) equity Shares	4,90,47,500	4,90,47,500
		4,90,47,500	4,90,47,500
3	SUBSCRIBED & PAID UP CAPITAL Equity shares, 10/- par value 44,07,176 (44,07,176) Equity Shares fully paid-up	4,40,71,760	4,40,71,760
	Total	4,40,71,760	4,40,71,760

The Company has only one class of shares referred to as equity shares having a par value of Rs.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 21-05-2016 proposed a dividend of ₹ 1/- per equity share. The proposal is subject to the approval of share holders at their Annual General Meeting to be held on 4th July, 2016. The total dividend appropriation for the year ended 31st March, 2016 amounted to ₹ 53,15,344 /- including corporate dividend tax of Rs. 9,08,168/-

During the year ended 31/03/2015 the amount per share dividend recognised as distributions to equity share holders was Rs.0.75. The total dividend appropriation for the year ended 31/03/2015 amounted to Rs.39,86,507/-including corporate dividend tax of Rs.6,81,125/-.

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, 2016 and 31st March, 2015 is set out below:

Sr. No	Particulars	Equity Shares		Equity Shares	
		Number	₹	Number	₹
		31-03-2016		31-03-2015	
1	Shares outstanding at the beginning of the year	44,07,176	4,40,71,760	44,07,176	4,40,71,760
2	Shares Issued during the year	-	-	-	-
3	Shares bought back during the year	-	-	-	-
4	Shares outstanding at the end of the year	44,07,176	4,40,71,760	44,07,176	4,40,71,760

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 31st March 2016		As at 31st March, 2015	
		No. of Shares held	% of Holding	No. of Shares held	% of Holding
1	Harsh H Badani	7,19,793	15.85	7,17,643	15.80
2	Ashok Jivarajbhai Sheth	7,01,975	15.45	6,06,125	13.34
3	Bharati Ashok Sheth	4,00,900	8.83	4,00,400	8.82
	TOTAL	18,22,668	40.13	17,24,168	37.96

3. SHAREHOLDER FUNDS-RESERVE & SURPLUS

Sr. No	Particulars	As at 31st March 2016		As at 31st March 2015	
1	Capital reserve - Opening balance				
	Opening Balance		34,80,267		34,80,267
2	Exchange Fluctuation Reserve		14,91,349		12,97,166
2	General Reserve				
	Opening Balance	13,63,943		45,41,050	
	Less : Depreciation of reassessment of Useful Life of Fixed Assets as per Schedule II.	-	13,63,943	31,77,107	13,63,943
3	Surplus				
	Opening Balance	5,23,18,924		5,03,13,023	
	Add: Net profit after tax transferred	1,01,74,592		59,92,408	
	Amount available for appropriation		6,24,93,517		5,63,05,431
	Appropriations:				
	Dividend	44,07,176		33,05,382	
	Dividend Tax	9,08,168	53,15,344	6,81,125	39,86,507
	Surplus- Closing Balance		5,71,78,173		5,23,18,924
	Total		6,35,13,731		5,84,60,300

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

Sr. No	Particulars	As at 31st March 2016		As at 31st March 2015	
1	Opening	67,87,990		93,35,311	
2	For the year	(5,99,074)	61,88,916	(25,47,321)	67,87,990
	(Difference between book & I.T Depreciation)				
	Total		61,88,916		67,87,990

5. NON CURRENT LIABILITIES - OTHER CURRENT LIABILITY

Sr. No	Particulars	As at 31st March 2016		As at 31st March 2015	
1	Other Payables		18,90,000		18,90,000
	Total		18,90,000		18,90,000

6. CURRENT LIABILITIES -SHORT TERM BORROWINGS

Sr. No	Particulars	As at 31st March 2016		As at 31st March 2015	
1	Secured From Axis Bank Ltd. Baroda 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)		8,07,743		1,08,46,257
	Total		8,07,743		1,08,46,257

7. CURRENT LIABILITIES -TRADES PAYABLE

Sr. No	Particulars	As at 31st March 2016		As at 31st March 2015	
1	Trade Payables		1,11,38,381		1,06,04,686
	Total		1,11,38,381		1,06,04,686

8. CURRENT LIABILITIES - OTHER CURRENT LIABILITIES

Sr. No	Particulars	As at 31st March 2016		As at 31st March 2015	
1	Advances from Customers		1,92,61,619		2,30,14,095
2	Un-paid Dividends		14,44,425		14,18,542
3	Provision for Expenses		27,36,305		33,59,711
4	Withholding and other Taxes payable		15,01,783		11,695
5	Excise duty payable on Finished goods		7,31,250		7,31,250
	Total		2,56,75,381		2,85,35,293

9. CURRENT LIABILITIES -SHORT TERM PROVISIONS

Sr. No	Particulars	As at 31st March 2016		As at 31st March 2015	
1	Provision for Employee Benefits Gratuity		2,67,108		8,46,272
2	Provision for Taxation		22,93,699		32,05,625
3	Proposed Dividend		44,07,176		33,05,382
4	Provision for tax on Dividend		9,08,168		6,81,125
	Total		78,76,151		80,38,404

SOLITAIRE MACHINE TOOLS LIMITED

10. FIXED ASSETS

S.R No	Particulars	ORIGINAL COST					DEPRECIATION AND AMORTIZATION					NET BLOCK VALUE	
		As at 01.04.2015	Additions/ Adjustments during the period	Deductions Retirement during the period	Currency Translation Adjustments	As at 31.03.2016	As at 01.04.2015	For the Period	Deductions/ Adjustments during the period (refer note below)	Currency Translation Adjustments	As at 31.03.2016	As at 31.03.2016	As at 31.03.2015
		₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
I	Tangible Assets:												
1	Land	66,99,783		13,97,588		53,02,195	-	-		-			66,99,783
2	Building	3,55,66,918	1,31,095	-		3,56,98,013	12,14,030	-		1,29,26,990			2,27,71,023
3	Office Premises	14,00,833	-	-		14,00,833	85,303	-		5,83,984			8,16,849
4	Plant & Machinery	8,13,32,765	9,24,460	-		8,22,57,225	41,37,925	-		5,75,42,004			2,47,15,221
5	Electric Installation	24,11,025		-		24,11,025	2,45,713	-		20,69,071			3,41,954
6	Furniture & Fixtures	1,18,26,844	2,98,994	-		1,21,25,838	6,30,845	-		1,01,64,607			19,61,231
7	Vehicles	89,07,539	12,78,060	-		1,01,85,599	9,59,721	-		70,67,014			28,00,246
8	Office Equipments	21,26,573	2,33,640	-		23,60,213	50,673	-		21,40,066			37,180
9	Computer	3,83,844	28,350	-		4,12,194	25,609	-		3,74,974			34,479
10	Drawings and Pattern	38,97,377	-	-		38,97,377	2,74,473	-		7,08,280			34,63,570
	Total I	15,45,53,502	28,94,599	13,97,588		15,60,50,513	76,24,292			9,35,76,990			6,24,73,523
II	INTANGIBLE ASSETS												
1	Technical Know	1,86,93,000	-	-		1,86,93,000	2,24,804	-		1,56,28,588			42,23,412
2	Goodwill	2,47,359	-	-		2,47,359	-	-		-			2,47,359
	TOTAL II	1,89,40,359				2,01,47,229	2,24,804			1,56,28,588			45,18,641
	TOTAL I + II	17,34,93,861	28,94,599	13,97,588		17,61,97,742	78,49,096			10,92,05,578			7,30,71,574
	PREVIOUS YEAR	16,70,32,476	57,50,385			17,34,93,861	1,05,80,453	31,77,106		10,04,22,286			7,30,71,575

Note : Includes ₹ -Nil/- (P.Y.31,77,107) on account of adjustment due to transitional provision of Schedule II of the Companies Act, 2013 as on 01-04-2014

11. NON CURRENT ASSETS -NON-CURRENT INVESTMENTS

Sr. No	Particulars	AS AT 31.03.2016	AS AT 31.03.2015
	LONG TERM INVESTMENT- AT COST TRADE (UN-QUOTED)		
1	<u>NON-TRADE - QUOTED</u> 100 Equity Shares of Kirloskar Ferrous Ltd of ₹. 10/- each fully paid up. Market Value ₹ 4,500/- (Previous Year: ₹.2,645 /-)	9,040	9,040
2	<u>UNQUOTED</u> 50,000 Equity Shares of ₹ 10/- each fully paid up of Spanol Chemical Private Limited	-	5,00,000
	Total	9,040	5,09,040
	Un-quoted Investments	-	5,00,000

12. NON CURRENT ASSETS -LONG TERM LOANS AND ADVANCES

Sr. No	Particulars	AS AT 31.03.2016	AS AT 31.03.2015
	Unsecured, Considered Good :		
	Capital Advances, Other Loans and advances:		
1	Advance Income Tax/TDS (Net of Provision)	67,500	60,000
2	Loans and advances to Employees	3,20,310	3,85,413
3	Deposits	4,69,314	5,39,314
4	Rental Deposits:refer note no. 28(3) of related party	8,89,281	10,78,328
	Total	17,46,405	20,63,055

13. NON CURRENT ASSETS - OTHER NON CURRENT ASSETS

Sr. No	Particulars	AS AT 31.03.2016	AS AT 31.03.2015
	(Unsecured Considered good)		
1	Advances to Gratuity Trust	5,000	5,000
2	Duty recoverable under protest	3,54,036	3,54,036
	Total	3,59,036	3,59,036

14. CURRENT ASSETS - CURRENT INVESTMENTS

Sr. No	Particulars	AS AT 31.03.2016	AS AT 31.03.2015
VALUED AT 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	2,025	1,283

15. CURRENT ASSETS -INVENTORIES

Sr. No	Particulars	AS AT 31.03.2016	AS AT 31.03.2015
(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	1,58,13,327	2,10,72,084
2	Semi Finished Goods	1,11,23,927	2,91,54,511
3	Rebuilding in Process	1,34,779	9,392
4	Spares in Process	18,142	16,427
5	Cutting Tools	1,76,544	7,56,377
6	Holding Tools	1,01,609	1,04,472
7	Finished Grinders	65,81,250	65,81,250
Total		3,39,49,577	5,76,94,513

16. CURRENT ASSETS-TRADE RECEIVABLES

Sr. No	Particulars	AS AT 31.03.2016	AS AT 31.03.2015
Un-Secured -considered good			
1	Debts outstanding for a period exceeding six months	10,98,989	24,63,545
2	Other Debts-Un-secured	1,93,24,979	1,26,11,916
Total		2,04,23,968	1,50,75,462

17. CURRENT ASSETS -CASH & CASH EQUIVALENT

Sr. No	Particulars	AS AT 31.03.2016	AS AT 31.03.2015
1	Cash-in-Hand Cash Balance	1,607	3,445
	Sub Total (A)	1,607	3,445
2	Bank Balance on current accounts	17,69,175	16,69,833
	Sub Total (B)	17,69,175	16,69,833
3	Other Bank Balances: Fixed Deposit With Bank	2,10,72,450	1,52,43,250
	Sub Total (C)	2,10,72,450	1,52,43,250
Total [A + B + C]		2,28,43,231	1,69,16,527

18. CURRENT ASSETS -SHORT TERMS LOANS AND ADVANCES

Sr. No	Particulars	AS AT 31.03.2016	AS AT 31.03.2015
Unsecured, Considered Good :			
1	Interest accrued on FDR	5,56,922	7,15,574
2	Balances with Excise, Sales Tax & Service Tax	22,07,159	23,25,337
3	For Supply of Goods and Rendering Services	9,53,585	3,17,890
4	Prepaid Expenses	1,21,643	1,77,876
Total		38,39,309	35,36,677

19. REVENUE FROM OPERATIONS

Sr. No	Particulars		AS AT 31.03.2016	AS AT 31.03.2015
1	Sale of Products		15,72,22,496	11,01,09,820
	Less: Excise duty		1,10,29,501	59,98,524
			14,61,92,995	10,41,11,296
2	Revenue from Sale of Services		1,02,00,197	36,39,398
3	Other Operating Revenue-Scrap Sales		1,56,529	1,91,736
	Total		15,65,49,721	10,79,42,430

20. OTHER INCOME

Sr. No	Particulars		AS AT 31.03.2016	AS AT 31.03.2015
1	Interest received on Deposits		14,27,570	15,87,584
2	Dividend		20	20
3	Rent received		1,68,017	-
4	Miscellaneous Income		1,34,000	3,000
5	Sundry credit balance W/Back		7,50,480	-
6	Foreign Exchange Fluctuation		-	24,549
7	Profit on Sale of Fixed Assets		2,00,000	-
	Total		26,80,087	16,15,153

21. COST OF MATERIAL CONSUMED

Sr. No	Particulars		AS AT 31.03.2016	AS AT 31.03.2015
	COMPONENTS:			
1	Opening Stock		2,10,72,084	1,96,05,410
2	Add : Purchases		6,43,11,466	5,95,25,017
			8,53,83,550	7,91,30,427
3	Less Closing Stock		1,58,13,327	2,10,72,084
			-	
	Total		6,95,70,223	5,80,58,343

22. CHANGE IN INVENTORIES

Sr. No	Particulars		AS AT 31.03.2016	AS AT 31.03.2015
1	<u>Closing Stock</u>			
	Finished Goods		65,81,250	65,81,250
	Semi-Finished Goods		1,11,23,927	2,91,54,511
	Rebuilding in process		1,34,779	9,392
	Spares in process		18,142	16,427
			1,78,58,098	3,57,61,580
2	<u>Less : Opening Stock</u>			
	Finished Goods		65,81,250	-
	Semi-Finished Goods		2,91,54,511	1,96,61,716
	Rebuilding in process		9,392	7,933
	Spares in process		16,427	1,70,410
			3,57,61,580	1,98,40,059
	Total		(1,79,03,482)	1,59,21,521

23. EMPLOYMENT BENEFIT EXPENSES

Sr. No	Particulars		AS AT 31.03.2016	AS AT 31.03.2015
1	Salaries and Wages		1,70,61,875	1,49,13,704
2	Contribution to Provident Fund and Other Funds		15,64,251	21,48,812
3	Staff welfare expenses		4,24,068	4,51,887
	Total		1,90,50,194	1,75,14,403

Note:

(Salaries and wages included Director's remuneration ₹ 28,45,859/- P.Y. ₹ 28,23,077/- Contribution to P.F. ₹ 72,000/- P.Y. 59,400/-)

24. FINANCIAL COST

Sr. No	Particulars		AS AT 31.03.2016	AS AT 31.03.2015
A	INTEREST EXPENSES:			
1	Interest to Bank		5,00,174	9,77,679
B.	OTHER BORROWING COST:			
1	Processing Fee		1,68,834	1,73,481
	Total		6,69,008	11,51,160

25. OTHER EXPENSES

Sr. No	Particulars		AS AT 31.03.2016	AS AT 31.03.2015
1	Consumption of Stores and spares		43,10,970	38,78,083
2	Power and fuel		21,38,892	19,90,649
3	Labour Contract Charges		35,02,954	44,11,737
4	Rent		2,90,775	6,00,000
5	Repair to Building		67,500	2,53,780
6	Repairs to Machinery		14,72,071	7,83,881
7	Insurance		3,31,074	3,01,032
8	Rent, Rates and Taxes		5,34,159	5,95,176
9	Bank Charges		2,38,478	1,02,972
10	Auditor's Remuneration:			
	Statutory Audit Fee	1,00,000		1,14,000
	Tax Audit Fee	50,000	1,61,450	68,400
11	Labour Charges		27,18,937	23,92,963
12	Travelling Expenses		18,59,127	14,70,166
13	Postage and Courier		1,48,889	1,40,183
14	Printing and Stationery		1,64,894	1,63,849
15	Telephone & Mobile		2,43,370	2,25,005
16	Legal & Professional Charges		13,18,565	9,40,735
17	Vehicle Expenses		4,45,740	4,78,722
18	Annual General Meeting Expenses		3,36,611	2,33,416
19	Others Repairs		3,54,835	3,15,141
20	Security Charges		4,69,240	4,52,042
21	Advertisement		14,98,881	21,02,552
22	Export Expenses		1,78,136	1,86,394
23	Late Delivery Charges		6,64,000	-
24	Sales Expenses		3,87,385	17,58,159
25	Sales Commission		12,94,872	9,26,446
26	Packing Expenses		6,23,063	6,05,903
27	Registrar's Fees		1,43,431	1,37,920
28	Donation		6,101	-
29	Miscellaneous Expenses		9,71,493	7,53,302
30	Listing Fees		2,24,720	1,12,360
31	Computer Expenses		50,551	53,678
32	Foreign Exchange Fluctuation		4,36,703	-
33	Excise Duty on Finished Goods		-	7,31,250
34	Loss on sale of Investment		2,50,000	-
	Total (A+B)		2,79,16,359	2,78,79,895

Note:

Excise Duty shown under expenditure represents aggregate of excise duty borne by the company and difference between excise duty on opening and closing of Finished goods.

26 EXTRAORDINARY ITEMS

Extra Ordinary item includes prior year expenses amounting to Rs.64,155/- (P.Y Rs. 7,61,264/-)

27 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). Bank Guarantees Current year Rs.82,92,000/- (P.Y Rs. NIL)
- c). There is a dispute regarding demand raised by Excise and Custom Department (CEGAT) of 3,54,036/- (Previous year ₹3,54,036/-) which is being contested on Order No. D/827/97 of ₹.3,54,036/- dt. 14.08.1997. Amount has been paid against thereof as advance under protest and reflected under Non-Current Assets.

28 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). Associates : Adventure Advertising Private Limited
Metal Perforation Private Limited.
- 2). Key Management Personnel : Mr. A.J. Sheth - Chairman & Managing Director
Mr. H.J. Badani - Vice Chairman & Managing Director
Mr. Harsh Badani - Whole Time Director
- 3). Relatives of Key Management Personnel and Associates : Smt. Jyoti P. Sheth - Wife of Chairman Emeritus

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

S.N	Nature of Transaction	Associates	Key Management Personnel	Relatives	Total
1).	Receiving of Services	45,069 (89,235)	- -	- -	45,069 (89,235)
2)	Managerial Remuneration & Perques	-	28,45,859 (28,23,077)	(1,20,967)	28,45,859 (29,44,044)
3).	Rent paid	-	-	2,50,000 (6,00,000)	2,50,000 (6,00,000)
4).	Office Deposit Recd back	-	-	2,25,000 (2,91,672)	2,25,000 (2,91,672)
5).	Office Deposit Given	-	-	35,953	35,953
6).	Outstanding balances as At 31.03.2016 :				
	i) Loan Out Standing	-	-	-	-
	iii) Security Deposit	-	-	8,89,281 (10,78,328)	8,89,281 (10,78,328)
	iv) Other Liabilities	-	5,81,500 (4,00,000)	-	5,81,500 (5,35,490)
		(1,35,490)	(4,00,000)	-	(5,35,490)

* Figures in Brackets are of previous year.

S.N	Nature of Transaction	Name of the Related Party	Current Year ₹	Previous Year ₹
1)	Receiving of Services		-	-
	Associates	Adventure Advertising Private Limited	45,069	89,235
2)	Managerial Remuneration			
	Key Management Personnel	A.J. Sheth H.J. Badani P.J.Sheth Harash Badani	10,03,223 10,28,535 - 8,14,101	1058502.12 1054310 - 710265
			28,45,859	28,23,077
	Relatives	Jyoti P Sheth	-	1,20,967
3)	Rent Paid			
	Relatives	Jyoti P Sheth	2,50,000	6,00,000
4)	Office Deposit Recd back			
	Relatives	Jyoti P Sheth	2,25,000	2,91,672
5)	Office Deposit Given			
	Relatives	Jyoti P Sheth	35,953	-
6)	Outstanding balances as at 31.03.2016 :			
	i) Security Deposit			
	Relatives	Jyoti P Sheth	8,89,281	10,78,328
	ii) Other Liabilities			
	Associates	Adventure Advertising Private Limited	-	1,35,490
	Key Management Personnel	A.J. Sheth H.J. Badani Harash Badani	2,15,000 2,15,000 2,01,500	1,65,000 1,65,000 1,51,500
			6,31,500	4,81,500

29 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.

30 Earning per share:

		2015-2016	2014-2015
(i).	Net Profit after tax available for Equity Shareholders (in ₹.)	1,01,60,255	61,53,672
(ii).	Weighted average of number of equity shares outstanding during the year	44,07,176	44,07,176
(iii).	Basic and Diluted Earnings per equity share of ₹. 10 each (in ₹.)		
	Before Extraordinary Items	2.31	1.40
	After Extraordinary Items	2.29	1.36

31 Deferred Tax Liability**AS ON 31.03.2016 AS ON 31.03.2015**

Opening Balance	67,87,990	93,35,311
Difference between book and Tax Depreciation	(5,99,074)	(25,47,321)
Deferred Tax Liability	61,88,916	67,87,990

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

33 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.

34 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 unpaid as at 31st March, 2015 together with interest paid and payable are required under the said Act have not been given.

35 A. Gratuity

The company's obligations towards the gratuity Fund is a Defined Benefit Plan. Every employee who has completed a continuous period of five years or more of services gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with Life Insurance Corporation of India in form of a qualifying insurance policy.

The Following tables summarize the components of net benefit expense recognised in the Statement of Profit and Loss and the fund status and amounts recognised in the Balance sheet.

PARTICULARS	2015-2016	2014-2015
Statement of Profit & Loss		
Net employee benefit expense recognised in the employee cost		
Current Service cost	2,20,607	2,12,836
Interest cost on benefit obligation	1,86,159	2,35,072
Expected return on plan assets	(1,64,565)	(1,44,859)
Net actuarial (gain) /loss recognized in the year	(4,234)	(4,98,730)
Expenses Deducted from the fund	28,109	-
Net Benefit expense	2,66,076	(1,95,681)
Balance sheet		
Benefit Asset/(Liability)		
Present value of defined benefit obligation	28,78,262	24,96,607
Fair Value of Plan Assets	26,11,154	19,09,134
Plan Asset/Liability :	(2,67,108)	(5,87,473)
Net Asset/Liability		
Non Current	(25,514)	(3,75,349)
Current	(2,41,594)	(2,12,484)

Changes In the present value of the defined benefit obligation are as follows :

PARTICULARS	2015-2016	2014-2015
Opening Defined benefit obligation	24,96,966	26,79,840
Current service cost	2,20,607	2,12,836
Interest Cost	1,86,159	2,35,072
Prior Year Charge	-	-
Benefits paid	(33,663)	(1,44,411)
Actuarial (gain) / Losses on obligations	8,193	(4,86,730)
Closing Defined benefit obligation :	28,78,262	24,96,607
Changes in the fair value of Plan assets are as follows :		
Opening fair value of plan assets	19,09,134	16,94,437
Contributions by employer	5,86,800	2,01,890
Expected return	1,64,565	1,44,859
Benefits paid	(33,663)	(1,44,411)
Actuarial gains /(losses)	12,427	12,359
Expenses Deducted from the fund	(28,109)	-
Closing Fair value of Plan Assets	26,11,154	19,09,134

The Principal Assumptions used in determining gratuity and for the Company's plans are shown below :

PARTICULARS	2015-16	2014-15
Discount rate	7.80%	7.70%
Future salary Increase	5%	5%
Expected rate of return on assets	7.80%	8.50%
Employer Turn over		

The estimates of future salary increases , considered in actuarial variation , take account of inflation, seniority promotion and other relevant factors ,such as supply and demand in the employment market.

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

Amounts for the current year are as follows :

PARTICULARS	2015-16	2014-15
Defined benefit Obligations	28,78,262	24,96,607
Plan assets	26,11,154	19,09,134
Surplus / (Deficits)	(2,67,108)	(5,87,473)
Prior Year Charge	-	-
Experience adjustments on plan Liabilities	30,401	(7,54,101)
Experience adjustments on plan Assets	(12,427)	(12,359)

B. Compensated Absences

The key assumptions used in computation of provision for long term compensated absences are as given below :

Discount rate (% p.a)	7.80%	7.70%
Future Salary Increase (% p.a)	5.00%	5.00%
Mortality rate	Indian Assured Lives Mortality (2006-08)	
Attrition (% p.a)	2% to 8%	2% to 8%

36	Name of the Enterprise	Net Assets i.e total assets minus total liabilities		Share in profit or loss	
		As % of consolidated net assets	Amount in Rupees	As % of consolidated profit or loss	Amount in Rupees
	Parent				
	Solitaire Machine Tools Ltd.	95.19	10,74,68,984	106.68	1,09,62,536
	Subsidiaries				
	Indian				
	Shruchi Manufacturing Ltd	1.03	11,60,568	(5.26)	(5,40,382)
	Foreign				
	JBS Machinery Corporation	3.78	42,71,283	(0.01)	(1,46,311)

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

38 Corporate Social Responsibility (CSR)

The provisions of Section 135 of the Companies Act,2013 regarding Corporate Social Responsibility activity is not applicable to the company.

39 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 39

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

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

(ASHOK JIVRAJBHAI SHETH)
MANAGING DIRECTOR
DIN NO.00174006

(HEMANDRA JAYANTILAL BADANI)
MANAGING DIRECTOR
DIN NO.00143330

PLACE : MUMBAI
DATED : 21/05/2016

