



SOLITAIRE MACHINE TOOLS LTD.

11th ANNUAL REPORT

2002 - 2003

BOARD OF DIRECTORS	Mr. P. J. SHETH (Executive Chairman) Mr. D. J. SHETH Mr. A. J. SHETH (Jt Managing Director) Mr. H. J. BADANI (Jt Managing Director) Mr. ROHIT CHOTHANI Ms. SHILPA TANEJA Mr. A. J. KOTHARI Dr. AMITA SANDIP SHAH Ms. SWATI BADANI (Alternate Director to Mr. D. J. Sheth)
AUDITORS	K. N. AJMERA & COMPANY CHARTERED ACCOUNTANTS
BANKER	STATE BANK OF INDIA, MANDVI MAIN BRANCH, BARODA – 390 017.
SOLICITORS	B. AMIN & COMPANY 42-43, ALI CHAMBERS, N. MASTER ROAD, FORT, MUMBAI – 400 023.
REGISTERED OFFICE	107, ARUN CHAMBERS, TARDEO ROAD, MUMBAI – 400 034.
PLANT	292, DHARAMSINH DESAI MARG CHHANI ROAD, BARODA – 390 002.
SHARE TRANSFER AGENT	INTIME SPECTRUM REGISTRY LIMITED, C-13, PANNALAL SILK MILL COMPOUND, L. B. S. MARG, BHANDUP (WEST) MUMBAI – 400 078.

NOTICE

NOTICE is hereby given that the Eleventh Annual General Meeting of the members of the **SOLITAIRE MACHINE TOOLS LIMITED** will be held on Saturday, 26th July, 2003 at 10:00 a.m. at Senate Room, Status Restaurant, 208, Regent Chambers, Nariman Point, Mumbai-400 021 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance sheet as on 31st March, 2003 and Profit and Loss Account for the year ended on that date and Directors' Report and Auditors' Report thereon.
2. To appoint a director in place of Mr. D. J. Sheth, who retires by rotation, and being eligible, offers himself for reappointment.
3. To appoint a director in place of Mr. Rohit Chothani, who retires by rotation, and being eligible, offers himself for reappointment.
4. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

5. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED THAT Dr. Amita Sandip Shah, who was appointed an additional Director of the Company and who holds office upto date of this Annual General Meeting pursuant to the provisions of section 260 of the Companies Act, 1956 and in respect of whom the Company has received notice in accordance with provisions of section 257 of the Companies Act, 1956 from a member of the Company proposing her candidature for appointment as Director of the Company be and is hereby appointed as Director of the Company liable to retire by rotation."

For **SOLITAIRE MACHINE TOOLS LIMITED**

Sd/-
P. J. Sheth
Executive Chairman

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

Place : Mumbai

Date : 26th April, 2003

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE SHOULD BE DULY COMPLETED, STAMPED AND SIGNED AND MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. Members are requested to communicate immediately change in their address, if any.
3. All communication in respect to the shares be addressed to share transfer agent "M/s. Intime Spectrum Registry Limited."
4. The Register of Members and Share transfer Books will remain closed from Saturday, the July 19, 2003 to Saturday, the July 26, 2003 (both days inclusive).
5. The Company has entered into agreement with both the depositories viz. National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL) for custody and dematerialisation of securities. Members having Physical holdings can avail the depository facilities by approaching any of the depository participants of NSDL or CDSL.
6. The Company shares are listed at Mumbai and Vadodara Stock Exchanges.
7. The Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect to the Special Business to be transacted at the meeting is annexed to this notice.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

Item No. 5

In a meeting of the Board of Directors held on 25th January, 2003, Dr. Amita Sandip Shah was appointed as Additional Director of the Company. Dr. Amita Sandip Shah, holds office upto the date of the forthcoming Annual General Meeting. A notice in writing along with a deposit of Rs. 500/- has been received from a shareholder of the Company under section 257 of the Companies Act, 1956, signifying his intention to propose Dr. Amita Sandip Shah as a candidature for the office of Director.

Dr. Amita Sandip Shah, 46 years old is Ph.D by qualification. She is having 20 years experience as Human Resource Consultant and Journalist. Her continuation on the Board will be a asset to the Company.

Your Directors recommend that Dr. Amita Sandip Shah be appointed as a Director of the Company.

For **SOLITAIRE MACHINE TOOLS LIMITED**

Sd/-
P. J. Sheth
Executive Chairman

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

Place : Mumbai
Date : 26th April, 2003

DIRECTORS REPORT**TO THE MEMBERS:**

Your Directors have pleasure in presenting 11th Annual Report of your company together with the Audited statements or Accounts for the year ended 31st March, 2003.

FINANCIAL RESULTS:

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

	(Rs. in Lacs) Year Ended 31st March, 2003 (12 months)	(Rs. in Lacs) Year Ended 31st March, 2002 (12 months)
Sales	251.79	282.87
Other Income & Increase in stocks	32.18	15.24
Gross Profit Before Depreciation & Taxation	46.97	56.84
Less : Depreciation	28.80	28.15
: Taxation	5.50	3.70
: Deferred Tax	3.12	6.11
Add : Dividend Tax written Back	--	2.35
Add : Tax Provisions Written Back	2.80	--
Net Profit	12.35	21.23
Add : Profit brought Forward from Previous year	101.11	79.88
Balance in Profit & Loss Account	113.46	101.11
Less : Transferred to Capital Redemption Reserve	11.44	--
Balance Carried to Balance Sheet	102.02	101.11

OPERATIONS:

The growth of the industry during the year under review materialised only in the later half of the year and this influenced the results of the year under review.

There was also certain hesitation on the part of customers to pick up the finished machines at the end of year due to uncertainty over implementation of VAT.

The new product – No.1 size Centerless Grinding machine has been well received by the customers and orders for the same have been received for the current year. The rebuilding demand has also started picking up and presently there are orders for 6 machines to be rebuilt during the current year.

The company has also received orders for export to USA for the current year. As the members are aware, this was the main market for the company's product and had dried up due to 9/11 incident in USA.

The company has orders worth over Rs.3.00 crores in hand as on 01.04.2003 and the outlook for the current year should be optimistic.

DIRECTORS:

Dr. Amita Sandip Shah was appointed additional director of the company who shall hold office of director till the date of the forthcoming Annual General Meeting of the company.

Mr. D. J. Sheth and Mr. Rohit Chothani, Directors of the Company are liable to retire by rotation and being eligible, offers themselves for re-appointment.

SUBSIDIARY COMPANIES:

The Directors' Report, Auditors' Report and Audited Accounts for the year ended 31st March, 2003 of Eugene Marketing Limited and Shruichi Marketing Limited are appended to this Report.

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

The Directors state that-

- (i) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) the directors had selected such accounting policies and applied them consistently and made judgement 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 covered under this Report and of the profit of the Company for the year;
- (iii) the directors had taken proper and sufficient care of the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (iv) the directors had prepared the annual accounts on a going concern basis.

CORPORATE GOVERNANCE

Your company and its Board of Directors has complied with Corporate Governance to the extent set out in the enclosed report pursuant to Clause 49 of the Listing Agreement. Management Discussion and Analysis forms part of this report. Auditors Certificate for compliance of the conditions of Corporate Governance is also attached to the report.

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 cost 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 U.S.A.

c. FOREIGN EXCHANGE EARNING AND OUTGO

Foreign exchange earnings of the company during the year 2002-03 were Rs.0.51 Lacs (Previous Year Rs. 57.73 Lacs) while outgoings were Rs. 26.35 Lacs (Previous Year Rs. 11.82 Lacs).

DEMATERIALISATION OF SHARES

It is observed that 68.93% of the Company's shares have been dematerialised. Your director suggest that the balance share holders also take the advantage of dematerialisation of shares. A note on the subject is detailed herewith.

*Demat form of shares offer several advantages over physical form.

Demat form of shares helps you avoid several drawbacks of shares in physical form including that of fake share certificate.

You may open Demat account with a bank or a broking house; banks offer the facility to seamlessly operate your savings account along with your Demat account.

Demat charges are reasonable too; banks waive the account opening fee and charge about Rs.250 to Rs.300 as annual maintenance fee.

Converting physical shares to electronic form i.e. dematerialization has been one of the best moves in the stock markets. But this concept is yet not fully understood by a number of investors, and that possibly keeps them away from the stock market. Here's a guide for those who have not heard of Demat.

What is dematerialization?

In simple words, dematerialization is converting your physical share certificate into electronic form with a share depository. This is done by opening an account with the depository, which is similar to a bank account. Just like in a bank account where cash deposited is credited to your account, in a depository account, shares deposited are converted from physical form to demat form and are credited to your account.

What are the advantages of Demat?

Demat offers a win-win situation for the investor: Look at some of gains:

- ^ Bad deliveries due to signature difference of the seller are avoided
- ^ Fake share certificates are avoided
- ^ The need to store the share certificates in safe custody is avoided
- ^ Transfer from the seller's account to the buyer's account takes place in two working days

How does one go about Demat?

Enumerated below is the process of dematerialising your physical shares:

^Open a Demat account with a Depository Participant (banks, broking houses or depositories are Depository Participants).

^While opening a demat account with banks, you may be required to open a savings account as well. This is to allow the bank to debit your account for charges due on your demat account.

^In addition to providing the necessary details of the holders you will be required to furnish photographs as well as a proof of residence and identity.

^Each demat account will have its own unique Client ID
^Once the demat accounts are opened, you will be furnished with Demat Request Forms (DRF). Each

share certificate to be dematerialised will have to be submitted along with a duly filled in DRF. In this form you will have to include the details of the shares that you hold such as folio number, certificate number, distinctive numbers and number of shares per certificate. This form will be required to be signed and submitted to the depository. You will be given an acknowledgement for the same.

^ If one of the holders is no longer alive then you will be required to submit a notarised copy of his death certificate with each DRF.

^Once the demat has taken place, the shares will reflect as 'Free Balance' in your demat account statement. You can now transact on them.

What kind of costs are involved in opening Demat Account?

^An account opening fee of around Rs.100 is payable to the Depository. This amount is usually waived by banks who act as Depositories.

^An annual account maintenance charge ranging from Rs.250 to Rs.300 is payable.

^Any purchase or sale that you make from you Demat account is at a cost. This cost is about 0.02% of the market value of the transaction or Rs.25 whichever is higher.

AUDITORS

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

FIXED DEPOSITS

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

PARTICULARS OF EMPLOYEES

There are no employees drawing remuneration exceeding the limits prescribed under Section 217(2A) of the Companies Act, 1956 read with Companies (particulars of employees) Rules, 1975 (as amended) and required to be annexed to this report.

PERSONNEL & INDUSTRIAL RELATIONS

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

INSURANCE

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

ACKNOWLEDGEMENT:

Your Directors' acknowledge the co-operation received from various Government agencies, Bank, Customers, Suppliers and Employees during the year.

BY ORDER OF THE BOARD

Place : Mumbai
Date : 26th April, 2003

P. J. SHETH
Executive Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

1. Industry Structure and Development:

The Company is part of the industry broadly known as Capital Goods. The Capital Goods Industry consists of various products in different segments like Textiles, Chemicals, Automobiles etc.. 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 centreless grinders manufactured by the company are used for industry like Automobiles, Ancillaries, Textiles Machinery, Bearings, Steel Bars etc.

2. Opportunities and Threats:

The growth opportunity for the machine tools industry is in direct proportion to the industrial growth of the country. During the last decade, the phenomenal growth in Automobiles Industry has largely contributed to the growth of machine tools industry and opportunity lies in the further growth expected in the Automobiles Industry as multinational car manufacturer shift their production base to India. Another potential growth opportunity lies in out sourcing of Automobile ancillary products from India which has tremendous growth potential in the coming years.

The major threats to the growth in India is basically from the slow down in the industrial production and supply from far Asian countries like China at below cost prices. However, the specialised nature of the product and quick after sales service requirement will counter the aforesaid threats to the large extent.

3. Segmentwise Performance:

Presently, company is dealing in single segment activity namely machine tools.

4. Outlook:

The long-term outlook for the industry is cautiously optimistic depending upon the product innovation and cutting age technology for sustaining growth. The export market especially to U.S.A. has growth potential upon revival of the economic activity in U.S.A.

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 unauthorised use or disposition and that transactions are authorised 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 clearly defined organisation structure in place.

6. The Financial and Operational Performance:

The financial statement are in confirmation with the provisions of the Companies Act, 1956 and applicable accounting standard recommended by the Institute of Chartered Accountants of India. The financial statement reflects the genuine desire for the transparency and best judgment for the estimates made on prudent and reasonable bases to correctly reflect the true and fair affairs of the company. The turnover and other income of the company during the year has marginally reduced to Rs. 283.97 lacs from Rs. 298.11 lacs during the previous year.

7. Human Resource Development:

The Company believes that the main strength of the its organisation 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 within India and the countries in which the Company conducts business and other incidental factors.

CORPORATE GOVERNANCE REPORT

The Detailed report on Corporate Governance as per the format prescribed by SEBI and incorporated in Clause 49 of the Listing Agreement is set out below:

1. Company's Philosophy on Code of Governance:

The Company believes in adopting the Corporate Governance practices and protecting the rights and interests of stakeholders. In our view, the transparency and accountability in the functioning of the company and the conduct of its business internally and externally, including its interaction with employees, shareholders, creditors, consumers and institutional and other lenders places due emphasis on regular compliance.

2. Board of Directors:

The present strength of Board of Directors is 8 (Eight), whose composition and category is given below:

- ❖ Three - Promoter, Executive Directors
- ❖ Four - Independent Directors
- ❖ One - Promoter, Non-Executive Directors

(A) THE CONSTITUTION OF THE BOARD AS ON MARCH 31, 2003

The Composition of the Board of Directors and also the number of other Board of Directors or Board Committees of which they are member/Chairperson are below :

Directors	Category	No. of other Directorship		No. of other Committee positions	
		Public	Private	Member	Chairman
Mr. P. J. Sheth	Executive Chairman	2	1	--	--
Mr. D. J. Sheth	Promotor Non-Executive	--	--	--	--
Mr. A. J. Sheth	Promotor Executive	--	--	--	--
Mr. H. J. Badani	Promotor Executive	--	2	--	--
Mr. Rohit Chothani	Independent	--	6	--	--
Ms. Shilpa Taneja	Independent	2	1	--	--
Mr. A. J. Kothari	Independent	1	--	--	--
Ms. Amita S. Shah	Independent	-	--	--	--
Ms. Swati Badani	Alternate to D. J. Sheth	2	--	--	--

(B) BOARD PROCEDURE

Agenda is sent to each Director in advance of Board and Committee meetings. To enable the Board discharge its responsibilities effectively, the Executive Chairman briefs the Board at every meeting on the overall performance of the Company, followed by discussion by the Directors. The Board also reviews :

- Strategy and business plans
- Operations and capital expenditures
- Finance and Banking operations
- Adoption of quarterly / half yearly / annual results
- Compliance with statutory / regulatory requirements and review of major legal issues.
- Significant labour issues

(C) ATTENDANCE OF EACH DIRECTOR AT THE BOARD MEETINGS AND THE LAST ANNUAL GENERAL MEETING:

During the year ended March 31, 2003, Five Board Meetings were held on May 4, 2002, July 31, 2002, October 19, 2002, October 30, 2002 and January 25, 2003.

Name of the Director	No. of Board Meeting Attended	Attendance At last AGM Held on 29th June, 2002	Remarks
Mr. P. J. Sheth	5	Yes	--
Mr. Dinesh J. Sheth	--	No	--
Mr. Ashok J. Sheth	3	No	--
Mr. H. J. Badani	1	No	--
Mr. Rohit Chothani	3	Yes	--
Ms. Shilpa Taneja	5	Yes	--
Mr. A. J. Kothari	4	Yes	--
Ms. Swati Badani	1	Yes	Alternative to Dinesh Sheth
Ms. Amita S. Shah	--	No	Appointed on 25.01.2003

(D) DIRECTORS SEEKING APPOINTMENT / RE-APPOINTMENT

The brief particulars of the Directors of the company, being re-appointed as Directors retiring by rotation and new appointment of director at the ensuing Annual General Meeting are as under:

- (i) Mr. Dinesh J. Sheth retires by rotation at the ensuing Annual General Meeting and, being eligible offers himself for reappointment.

Mr. Dinesh J. Sheth, 60 years old is B.S. (Mech. Engg.) U.S.A. by qualification. He is having 35 years of experience in Machine Tools and related fields in India & U.S.A. His continuation on the Board will be an asset to the Company.

- (ii) Mr. Rohit Chothani retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for reappointment.

Mr. Rohit Chothani, 49 years old is B.Com by qualification. He is having 15 years of experience as share broker operating at Bombay Stock Exchange as well as National Stock Exchange. His continuation on the Board will be an asset to the Company.

- (iii) Dr. Amita Sandip Shah was appointed additional director by the Board upto ensuing Annual General Meeting. Now she is being considered for appointment by the shareholders as director of the Company.

Dr. Amita Sandip Shah, 46 years old is Ph.D by qualification. She is having 20 years of experience as Human Resource Consultant and Journalist. Her continuation on the Board will be an asset to the Company.

3. Committees of the Board :

The Board of Directors has Constituted Four committees of the Board – (i) The Audit Committee (ii) Remuneration Committee (iii) The Share Transfer and Investors Grievance Redressal Committee and (iv) Buy-Back of shares Committee :

(i) **Audit Committee :**

BROAD TERMS OF REFERENCE

The audit committee shall have powers, which include the following :

- to investigate any activity within its terms of reference;
- to seek information from any employee;
- to obtain outside legal or other professional advice;
- to secure attendance of outsiders with relevant expertise if it considers necessary.

The role of the audit committee includes the following :

- Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.
- Reviewing with management the annual financial statements before submission to the board, focusing primarily on:
 - a. Any changes in accounting policies and practices.
 - b. Major accounting entries based on exercise of judgment by management.
 - c. Qualifications in draft audit report.
 - d. Significant adjustments arising out of audit.
 - e. The going concern assumption.
 - f. Compliance with Accounting Standards
 - g. Compliance with stock exchange and legal requirements concerning financial statements.
 - h. Any related party transactions i.e. transactions of the company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of company at large.
- Reviewing with the management, external and internal auditors, and the adequacy of internal control systems.
- Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- Discussion with internal auditors any significant findings and follow up thereon.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- Discussions with external auditors before the audits commence, nature and scope of audit as well as have post-audit discussion to ascertain any area of concern.
- Reviewing the company's financial and risk management policies.
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.

COMPOSITION

The Audit Committee constituted on 25th January, 2002 with 2 (two) Independent Directors and 1 (one) Non-Executive Director. Mr. Anil Kothari is appointed Chairman of the Audit Committee. The members of the committee have requisite experience in corporate management, finance, Accounts and corporate laws.

The constitution of the present Audit Committee is as follows:

1.	Mr. Anil Kothari	-	Chairman
2.	Ms. Swati Badani	-	Member
3.	Ms. Shilpa Taneja	-	Member

During the year ended 31st March, 2003 three Audit Committee Meetings were held on May 3, 2002, October 29, 2002 and January 23, 2003.

	Name of Directors		No. of Meetings attended
1.	Mr. Anil Kothari	-	3
2.	Ms. Swati Badani	-	3
3.	Ms. Shilpa Taneja	-	3

(ii) Remuneration Committee :**BRIEF DESCRIPTION OF TERMS OF REFERENCE**

- To review, assess and recommend the appointment of Managing / wholetime directors.
- To periodically review the remuneration package of Managing / wholetime directors and next level and recommend suitable revision to the Board.
- To seek financial position of the Company
- Trends in the Industry.
- Interest of the company and shareholders.

COMPOSITION

The Board of Directors at their meeting held on 25th January, 2003 has constituted Remuneration Committee as recommended under Non-mandatory Clause on corporate Governance in the Listing Agreement. The Remuneration Committee comprises of 3 (three) Independent Directors. Ms. Shilpa Taneja, is appointed Chairperson of the Committee.

The Board of Directors decides the remuneration payable to the Managing / whole-time Directors. The break up of the remuneration paid to Managing Director and the Whole-time Directors are as follow :

SR. No.	Name of Directors	Salary	Sitting Fees	Total
1.	P. J. Sheth	180,000/-	--	180,000/-
2.	A. J. Sheth	162,000/-	--	162,000/-
3.	H. J. Badani	162,000/-	--	162,000/-

The constitution of the present Remuneration Committee is as follows :

1.	Ms. Shilpa Taneja	-	Chairperson
2.	Mr. Anil Kothari	-	Member
3.	Mr. Rohit Chothani	-	Member

(iii) Investors' and shareholders Grievance & Share Transfer Committee:**BRIEF DESCRIPTION OF TERMS OF REFERENCE**

- Transfers of shares
- Non-receipt of Balance sheet
- Non-receipt of declared dividends
- Any other complaint forwarded by the Board of directors

COMPOSITION

The Company has an "Investors and Shareholders Grievance Committee" of the Board, constituted on 25th January, 2002 to look into various issue relating to investors grievances including non-receipt of declared dividend, Annual Reports transfer / transmissions of shares, issue of duplicate share certificates etc. Subsequently, the share transfer committee, already in existence for approving transfer of shares was merged with the investors and shareholders grievances committee. The Committee comprises of 3 (three) Directors of which one is Executive Director and other two are non - executive Directors. Ms. Shilpa Taneja is appointed Chairperson of the Committee.

The constitution of the present Committee is as follows :

1)	Ms. Shilpa Taneja	-	Chairperson
2)	Mr. P. J. Sheth	-	Member
3)	Ms. Swati Badani	-	Member
4)	Mr. A. J. Sheth	-	Member

The Company's shares are compulsory traded in the dematerialized form in all the Stock Exchanges. Mr. N. M. B. Khan, Manager Accounts, has been appointed as the Compliance Officer as required by the Listing Agreement.

All the complaints received are replied to the satisfaction of the shareholders. There are no pending complaints requiring intervention of the committee.

(iv) **Buy - Back of shares Committee:**

TERMS OF REFERENCE

-- Cancellations and Extinguishments of Equity Shares bought back by the Company.

COMPOSITION

The Board of Directors at their meeting held on 30th October, 2002 has constituted Buy-Back of shares Committee to scrutinize, finalize and approve from time to time the numbers of equity shares bought back by the company for the purpose of cancellation and extinguishments in accordance with the provisions of section 77A, 77AA and 77AB and SEBI (Buy-back of Securities) Regulations, 1998".

The Committee comprises of 2 (two) Directors of which one is Executive Director and other is Independent Director. Mr. P. J. Sheth, is appointed Chairman of the Committee.

The constitution of the present Committee is as follows :

- | | | | |
|----|-------------------|---|----------|
| 1) | Mr. P. J. Sheth | - | Chairman |
| 2) | Ms. Shilpa Taneja | - | Member |

4. **General Meetings:**

Location and time, where last three Annual General Meetings were held is given below :

Financial Year	Date	Location of the Meeting	Time
2001-2002	29.06.2002	Senate Room, Status Restaurant, 208, Regent Chambers, Nariman Point, Mumbai – 400 021	10.00 A.M.
2000-2001	30.06.2001	Senate Room, Status Restaurant, 208, Regent Chambers, Nariman Point, Mumbai – 400 021	10.00 A.M.
1999-2000	08.07.2000	Senate Room, Status Restaurant, 208, Regent Chambers, Nariman Point, Mumbai – 400 021	10.00 A.M.

In accordance with the provisions of section 77A of the Companies Act, 1956, Special resolution for Buy-Back of shares of the company was passed by Postal Ballots details of which are as follows:

Shareholding Pattern:

- | | | | |
|-----|---|---|--|
| (a) | Total Nos. of valid Ballot Papers received by the Company | : | 416 Nos. of Ballot Papers representing 21,08,649 Equity Shares of the Company |
| (b) | Total Nos. of votes received in favour of the Resolution | : | 395 Nos. of Ballot Papers representing 19,65,749 Equity Shares of the Company. |
| (c) | Total Nos. of votes received against the Resolution | : | 21 Nos. of Ballot Papers representing 1.42,900 Equity Shares of the company. |

5. **Disclosures**

- There has been NIL non-compliance Penalties / Strictures imposed on the company by the Stock Exchanges or SEBI or any other statutory authority, on any matter related to capital markets, during the last three years.
- There are no materially significant related party transaction with the promoters, directors or the subsidiaries or relatives other than disclosed in the Notes to the Accounts.

6. **Means of Communication**

The Board of Directors of the Company approves and takes on record the un audited financial results in the format prescribed by the Stock Exchange, Mumbai, within one month of close of quarter / half year and announces forthwith results to all stock exchanges where the shares of the Company are listed. Further, the quarter/half yearly results in the prescribed format are published in the Free Press Journal and Navshakti.

7. **General Shareholders information**

- Registered Office : 107-Arun Chambers
Tardeo Road,
Mumbai – 400 034.
- Annual General Meeting : Date and time : July 26, 2003 at 10.00 a.m.
Venue : Senate Room, Status Restaurant, 208, Regent Chambers, Nariman Point, Mumbai – 400 021