

SMT
SOLITAIRE
MACHINE
TOOLS LTD

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1998-99
Annual
Report

BOARD OF DIRECTORS

MR.P.J.SHETH
(EXECUTIVE CHAIRMAN)
MR.S.KRISHNAMURTHY
MR.D.J.SHETH
MR.NIRANJAN B.AMIN
MR.A.J.SHETH
(Managing Director)
MR.H.J.BADANI
(Managing Director)
MS.SWATI H. BADANI
MS.SHILPA TANEJA
MR.ROHIT CHOTHANI

AUDITORS

K.N. AJMERA & COMPANY
CHARTERED ACCOUNTANTS

BANKERS

STATE BANK OF INDIA
MANDVI MAIN BRANCH,
BARODA - 390017

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 SHARE SERVICES PVT LTD.,
260- A, SHANTI INDUSTRIAL ESTATE,
SAROJINI NAIDU ROAD,
MULUND (WEST),
MUMBAI-400 080.

NOTICE

NOTICE is hereby given that the Annual General Meeting of the members of the SOLITAIRE MACHINE TOOLS LIMITED will be held on Saturday, the 29th May, 1999 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, 1999 and Profit & 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. S. Krishnamurthy who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. Niranjan B. Amin 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 the next Annual General Meeting and to authorise the Board of Directors 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 Pursuant to section 198, 269, 309, 310 & other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII to the said Act as amended from time to time and subject to the approval of the Central Government, the consent of the Company be and is hereby accorded to the appointment of Mr. Ashok J. Sheth as Managing Director of the Company for the period of five years w.e.f. 1st January, 1999 upon and subject to the terms and conditions including the remuneration proposed to be paid and provided to him as contained in the agreement to be entered between the Company and Mr. Ashok J. Sheth, a draft whereof is placed before the meeting and for the purpose of identification is superscribed by the Chairman hereof.

RESOLVED FURTHER THAT in the event of loss, absence or inadequacy of profits in any financial year of the Company, the remuneration payable to Mr. Ashok J. Sheth shall be as specified.

RESOLVED FURTHER THAT the Board of Directors be and are hereby authorised to do all such acts, deeds, matters, and things as may be considered necessary, desirable or expedient for the purpose of giving effect to this Resolution"

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

"RESOLVED THAT Pursuant to section 198, 269, 309, 310 & other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII to the said Act as amended from time to time, the consent of the company be and is hereby accorded to the appointment of Mr. Hemendra J. Badani as Managing Director of the Company for the period of five years w.e.f. 1st January, 1999 upon and subject to the terms and conditions including the remuneration proposed to be paid and provided to him as contained in the agreement to be entered between the Company and Mr. Hemendra J. Badani, a draft whereof is placed before the meeting and for the purpose of identification is superscribed by the Chairman hereof.

RESOLVED FURTHER THAT in the event of loss, absence or inadequacy of profits in any financial year of the Company, the remuneration payable to Mr. Hemendra J. Badani shall be as specified.

DEMATERLISATION OF SECURITIES OPTIONS FOR INVESTORS

- (2) Notwithstanding anything contained in these Articles, the company shall be entitled to dematerialise its securities and to offer securities in a dematerialised form pursuant to the Depositories Act, 1996.

OPTION FOR INVESTORS

- (3) Every person subscribing to securities offered by the Company shall have the option to receive security certificates or to hold the securities with a depository. Such a person who is the beneficial owner of the securities can at any time opt out of a depository, if permitted by law, in respect of any security in the manner provided by the Depositories Act, 1996 and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required Certificates of Securities.

If a person opts to hold his security with a depository, the Company shall intimate such depository the details of allotment of the security, and on receipt of the information, the depository shall enter in its record the name of the allottee as the beneficial owner of the security.

SECURITIES IN DEPOSITORIES TO BE IN FUNGIBLE FORM

- 4) All securities held by a depository shall be dematerialised and be in fungible form. Nothing contained in sections 153, 153A, 153B, 187B, 187C, 372 and 372A of the Act shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners.

RIGHTS OF DEPOSITORIES AND BENEFICIAL OWNERS

- (5) (a) Notwithstanding anything to the contrary contained in the Act or these Articles, a depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of security on behalf of the beneficial owner.
- (b) Save as otherwise provided in (a) above, the depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.
- (c) Every person holding securities of the Company and who is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the Company. The beneficial owner of the securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by a depository.

SERVICE OF DOCUMENTS

- (6) Notwithstanding anything in the Act or these Articles to the contrary, where securities are held in a depository, the records of the beneficial ownership may be served by such depository on the Company by means of electronic mode or by delivery of floppies or discs.

TRANSFER OF SECURITIES

- (7) Nothing contained in section 108 of the Act or these Articles shall apply to a transfer of securities effected by a transferor and transferee both of whom are entered as beneficial owners in the records of a depository.

ALLOTMENT OF SECURITIES DEALT WITH BY A DEPOSITORY

- (8) Notwithstanding anything in the Act or these Articles, where securities are dealt with by a depository, the Company shall intimate the details thereof to the depository immediately on allotment of such securities.

DISTINCTIVE NUMBERS OF SECURITIES HELD IN A DEPOSITORY

- (9) Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held with a depository.

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.
2. Members are requested to communicate immediately change in their address, if any.
3. All communication in respect to the shares to be addressed to share transfer agent, "M/s. Intime Share Services Pvt. Ltd."
4. The Register of Members and Share Transfer Books will remain closed from Saturday, 15th May 1999 to Saturday 22nd May, 1999 (Both days inclusive).
5. Explanatory statement for Item No. 5,6, 7, 8 and 9 are enclosed herewith.

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

Item No. 5 :

Mr. Ashok J. Sheth is a qualified Mechanical Engineer settled in U.S.A. for last 30 years having extensive exposure in the machine tools industry.

Mr. Ashok J. Sheth has agreed to take up responsibilities for managing company's plant at Vadodara and Board of Directors have appointed Mr. Ashok J. Sheth as Managing Director. Appointment of Mr. Ashok J. Sheth as Managing Director will be valuable for company's further growth and expansion. Your Directors recommend passing of this resolution.

The terms of appointment and remuneration payable to Mr. Ashok J. Sheth as Managing Director is as follows :

- (i) **Salary** : Scale of Rs. 10000 - 25000 per month ; with authority to the Board of directors to fix salary within scales from time to time. The annual increment will be merit based and takes into account the performance of the Company.
- (ii) **Perquisites and allowances** :
 - (a) In addition to the salary payable, the appointee shall be entitled to perquisites and allowances like accommodation (furnished or otherwise) or house rent allowance in lieu thereof; house maintenance allowance together with reimbursement of expenses or allowances for utilities such as gas, electricity, water, furnishings, repairs, society charges, property tax; medical reimbursement, medical/ accident insurance, leave travel concession for himself and his family; club fees and other perquisites and allowances in accordance with the Rules of the Company or as may be agreed to by the Board of Directors and the appointee; such perquisites and allowances will be subject to a maximum of twice the annual salary of the appointee.
 - (b) For the purposes of calculating the above ceiling, perquisites and allowances shall be evaluated as per Income-tax Rules, wherever applicable. In the absence of any such Rules, perquisites and allowances shall be evaluated at actual cost.

Provision for the use of Company's car for official duties and telephone at residence shall not be included in the computation of perquisites and allowance for the purpose of calculating the said ceiling.
 - (c) Company's contribution to Provident Fund and Superannuation Fund or Annuity Fund, to the extent these either singly or together are not taxable under the Income tax Act, gratuity payable as per the rules of the Company and encashment of leave at the end of the tenure shall not be included in the computation of limits for the remuneration or perquisites aforesaid.

- (c) Company's contribution to Provident Fund and Superannuation Fund or Annuity Fund, to the extent these either singly or together are not taxable under the Income tax Act, gratuity payable as per the rules of the Company and encashment of leave at the end of the tenure shall not be included in the computation of limits for the remuneration or perquisites aforesaid.

(iii) **Minimum Remuneration :**

Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of the tenure of the appointee, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary and perquisites and allowance as specified above.

- (iv) The terms and conditions of the said appointments and/or agreements may be altered and varied from time to time by the board as it may, in its discretion, deem fit within the maximum amount payable to the appointee in accordance with Schedule XIII to the Act or any amendments made hereafter in this regard.
- (v) The agreement may be terminated by either party giving the other party six months notice, or the Company paying six months' salary in lieu of the notice.
- (vi) If at any time the appointee ceases to be a Director of the Company for any cause whatsoever, he shall cease to be the Managing Director of the Company.
- (vii) The appointee shall not be entitled to supplement his earnings under this Agreement with any buying or selling commission. He shall not also become interested or otherwise concerned directly or through his wife and/or minor children in any selling agency of the Company, without the prior approval of the Central Government.

Mrs. Swati H. Badani is related to Mr. Hemendra Badani and both are to be regarded concerned or interested in the passing of this resolution. No other Director is concerned or interested in the resolution.

The terms of remuneration as set-out hereinabove may be regarded as an abstract of the terms of the contract and memorandum of concern or interest for the purpose of section 302 of the Companies Act 1956.

Item No. 7

Mr. Prafull J. Sheth was appointed as Managing Director for five years on 1st July, 1996. Board of Directors decided to re-designate Mr. P.J. Sheth as Executive Chairman with marginal increase in the remuneration for the remaining tenure of his appointment as Executive Chairman in the Company.

The Terms of appointment and remuneration payable to Mr. Prafull J. Sheth as Executive Chairman is as follows :

- (i) **Salary :** Scale of Rs. 10000 - 30000 per month; with authority to the Board of directors to fix salary within scales from time to time. The annual increment will be merit based and takes into account the performance of the Company.
- (ii) **Perquisites and allowances :**
- (a) In addition to the salary payable, the appointee shall be entitled to perquisites and allowances like accommodation (furnished or otherwise) or house rent allowance in lieu thereof; house maintenance allowance together with reimbursement of expenses or allowances for utilities such as gas, electricity, water, furnishings, repairs, society charges, property tax; medical reimbursement, medical/accident Insurance, leave travel concession for himself and his family; club fees and other perquisites and allowances in accordance with the rules of the Company or as may be agreed to by the Board of Directors and appointee; such perquisites and allowances will be subject to a maximum of twice the annual salary of the appointee.
- (b) For the purposes of calculating the above ceiling, perquisites and allowances shall be evaluated as per Income-tax Rules, wherever applicable. In the absence of any such Rules, perquisites and allowances shall be evaluated at actual cost.

Therefore addition of new Article 66A is necessary for Dematerialisation of Securities in the Articles of Association of the Company providing for issue, holding, transfer, transmission and dealing in scripless Shares and other securities as also Certificates thereof as set out in the Resolution so as to bring them in line with the relevant provisions of the Depositories Act.

A copy of the existing Memorandum and Articles of Association of the company together with the proposed alterations are available for inspection of the Members at the Registered office of the company on all working days during business hours i.e. from 3.00 p.m. to 5.00 p.m. except on Saturdays, Sunday and Public Holidays upto the date of the above Annual General Meeting.

None of the Directors of the Company are concerned or interested in the Resolution.

Place : Mumbai
Date : 15th April, 1999

By order of the Board

P.J. Sheth,
Executive Chairman.

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

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