



SOLITAIRE MACHINE TOOLS LTD

2001 ~ 2002

A N N U A L R E P O R T

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 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 PRIVATE LIMITED, 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, 29th June, 2002 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, 2002 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. Hemendra J. Badani who retires by rotation, and being eligible, offers himself for reappointment.
3. To appoint a director in place of Mr. Ashok J. Sheth 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 with out modification, the following resolution as an ordinary resolution.

"RESOLVED THAT Mr. Anil J. Kothari, 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 being eligible for reappointment and in respect of whom the Company has received notice in accordance with provisions of section 257 of the Companies Act, 1956 from member of the Company proposing his candidature for appointment as Director of the Company be and is hereby appointed as Director of the Company liable to retire by rotation."

6. To consider and if thought fit, to pass with or with out modification, the following resolution as a special resolution:

"RESOLVED THAT pursuant to Section 31 and all applicable provisions of the Companies Act, 1956, the Articles of Association of the Company be and are hereby altered in the manner and to the extent as follows:-

i After Article 21, new Article 21A shall be inserted
'Subject to the provisions of section 77A, 77AA and 77B of the Companies Act, 1956 and all other applicable provisions of Securities and Exchange Board of India Act, 1992 and rules, regulations and guidelines there under, Company may acquire, purchase or buy-back its own shares or other specified securities out of its free reserve or securities premium accounts or the proceeds of any shares or other specified securities'

(2)

- ii After Article 107, new Article 107A shall be inserted

‘Notwithstanding anything contained in the Articles of Association of the Company, the Company shall pass a resolution by the members of the Company by means of postal ballots relating to such business as the Central Government may prescribe from time to time in this behalf and shall comply with the procedure for postal ballots or other methods prescribed under the Act and rules framed there under’.

7. To consider and if thought fit, to pass with or without modification, the following resolution as a special resolution.

“RESOLVED THAT pursuant to the provisions of section 77A, 77AA and 77B of the Companies Act, 1956 and Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 1998 (hereinafter referred to as “SEBI Regulations”) and other applicable laws and regulations, if any, the company do purchase/ buy-back out of free reserves or securities premium account or partly out of free reserves and partly out of securities premium account, or out of the proceeds of any shares or securities, provided that such buy-back shall not be made out of the proceeds of an earlier issue of the same kind of shares or same kind of other specified securities, upto 11,88,000 equity shares of the Company of the face value of Rs.10/- each, representing 25% of the total number of equity shares comprised in the paid-up share capital of the company from the holders of the equity shares or from the open market at such a price not exceeding Rs.8.00 per share so that aggregate value of buy back does not exceed Rs. 100.00 lacs

RESOLVED FURTHER THAT the Board of Directors of the Company hereby constitute and nominate a committee of personnel and such committee be and is hereby authorised.

- a) to determine and fix at the appropriate time, the price, not being a price higher than the maximum price specified hereinabove for the proposed buy-back of shares;
- b) to adopt any one of the methods of buy-back, referred to in sub-regulation (1) of regulation 4 of the SEBI regulations or any combination thereof namely;
 - (i) from the existing shareholders on a proportionate basis through the tender offer, or
 - (ii) from open market through-
 - (1) book-building process, or
 - (2) stock exchange;
- c) to complete the buy-back in one or more tranche/s, if so permissible under the SEBI regulations to such an extent as the Board of Directors and /or the Committee of personnel so appointed may deem fit within the overall value limit and price limit as specified.
- d) to take all appropriate steps under SEBI regulations and all other

(3)

applicable laws and regulations including appointments of merchant bankers and any other intermediaries, opening of an escrow and special bank accounts and finalizing public announcements and such other documents as may be relevant.

RESOLVED FURTHER THAT nothing contained herein shall confer any right on the part of any shareholder to offer, or any obligation on the part of the company or the board to purchase/buy-back any shares except as provided under the SEBI Regulations and in the manner and during the period prescribed therein”.

For **SOLITAIRE MACHINE TOOLS LIMITED**

Sd/-
P J Sheth
Executive Chairman

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

Place : Mumbai
Date : 4th May, 2002



Explanatory statement as required under Section 173(2) of the Companies Act, 1956.**Item No. 5**

Mr. Anil Kothari was appointed additional Director of the Company during the year. Pursuant to Section 260 of the Companies Act, 1956, he will hold the office of Additional Director upto the date of ensuing Annual General Meeting. Company has received a notice in writing from the member proposing the candidature of Mr. Anil Kothari for the office of Director of the Company under the provisions of Section 257 of the Companies Act, 1956.

Mr. Anil Kothari, aged 59 years, is an Engineering Graduate with 35years experience in industries. Mr. Anil Kothari retired as Vice President Kirloskar Copeland Limited and is presently a Technical Consultant to many industries. Keeping in view his expertise and knowledge, it will be in the interest of the Company that Mr. Anil Kothari is appointed as a Director of the Company.

Your Directors, therefore, recommend the resolution for your approval.

None of the Directors, other than Mr. Anil Kothari are, in any way, concerned or interested in this resolution.

Item No. 6

The Companies (Amendment) Act, 2000 have introduced new provisions regarding buy back of shares and postal ballots requiring alteration in the Articles of Association of the Company as follows:

- (i) Section 77A of the Companies Act, 1956 requires buy back of shares to be authorised by the Articles of Association of the Company. As Company is planning to buy-back its own shares, it is necessary to alter/amend Article of Association of Company to have Authority to buy-back its own shares.
- (ii) In accordance with the provisions of Section 192A of the Companies Act, 1956, certain business/resolutions related to such business as Central Government may notify from time to time are to be conducted/pass only by postal ballot instead of transacting the business in the General Meeting. The Articles of Association are to be amended to insert new Article authorising Company to pass the resolution by postal ballot.

Your Directors, recommend the resolution for your approval

None of the Directors are concerned or interested in passing of this resolution.

Item No. 7

The Companies (Amendment) Act, 2000 have permitted Companies to buy-back its own shares, subject to the condition prescribed under the Act. In case of listed Company like ours, the Securities and Exchanged Board of India (SEBI) has prescribed guidelines under SEBI (Buy Back of Securities) Regulations, 1998 for Companies to buy-back its shares. The one of the requirement is to provide

information in the explanatory statement in accordance with Schedule I attached to SEBI (Buy Back of Securities) Regulations, 1998, which are as follows:

1. The Board of Directors of the Company in its meeting held on 4th May, 2002 has approved the proposal for Buy-back of its own fully paid up equity shares of Rs.10 each.
2. The buy-back of equity shares is proposed to maximize returns to investors, enhance overall shareholder value and further improve financial ratios
3. The Company proposed to buy-back its shares from open market through stock exchanges. However, the Board of Directors is also authorised to implement buy-back through any other method as permitted or any combination thereof.
4. The maximum amount proposed to be utilized for the buy-back of shares shall not exceed Rs.100.00 Lacs. The above buy-back amount will be financed out of Company's free reserve and/or out of the securities premium account. The funds for buy-back will be available from current surpluses and out of internal accruals of the Company. The limit of Rs. 100.00 lacs is the overall value limit upto which the Company may buy back its own shares. However, Board of Directors and /or Committee of personnel appointed in this regards shall determine the time, the price and the amount upto which the said buy back can be undertaken.
5. The equity shares of the Company are frequently traded on The Stock Exchange, Mumbai (BSE). The average of high and low of closing prices of the equity shares on BSE during the 26 weeks period prior to the date of the Board Resolution dated 04.05.2002 is Rs. 3.14. The Board of directors of the Company have proposed the maximum price of Rs.8.00 per share upto which shares may be bought back by the Company. However the same will be decided by Board of Directors in the best interest of the Company.
6. The Board of Directors of your Company have proposed to buy-back upto 11,88,000 equity shares of the face value of Rs.10/- each representing 25% percentage of total paid-up equity shares of the Company. However, the extent of such buy back shall be determined by the Board of Directors and /or Committee of personnel appointed and authorised for the said purpose.
7. (a) The aggregate shareholding of the promoters of the Company and or person who are in control of the Company as on the date of notice convening the Annual General Meeting is 17,53,341 equity shares of Rs.10/- each aggregating 36.91% of the issued and paid up capital of of the Company.
- (b) Aggregate number of equity shares purchased or sold by person including persons mentioned in (a) above during a period of six months preceding the date of the Board Meeting at which the buy back was approved from date till date of notice convening the Annual General Meeting are as follow;

Name of Promoters/ Person acting in concert	No. of Equity Shares	Nature of Transaction
Mrs. J. P. Sheth	17585	Purchased
Mr. P. J. Sheth	10400	Purchased

- (c) The maximum and minimum price at which purchases and sales referred to in (b) above were made along with the relevant dates.

Particulars	Amt. In Rs.	Date of Transaction
Maximum Price	5.00	27.03.2002
Minimum Price	2.20	12.02.2002

- (d) The holding of promoters and/or persons in control of the Company as mentioned at (a) above will be 49.22% of post buy back equity capital after completion of said buy back to the maximum permissible extent of 25%.
8. The promoters, and/or person in control, of the Company and/or their associates, and/or persons acting in concert with them, will not offer their shares to the Company under the proposed buy back of share by the Company.
9. The Company confirm that there are no defaults subsisting in repayment of deposits, redemption of debentures or preference shares or repayment of term loans to any financial institutions or banks.
10. The Board of Directors of the Company confirms that it has made the necessary and full inquiry into the affairs and prospects of the Company and the Board of Directors have formed the opinion that:
- Immediately following the date on which the general meeting is convened, there will be no grounds on which the Company could be found unable to pay its debts;
 - As regards its prospects of the year immediately following the date of the general meeting, having regard to their intention with respect to the management of the Company's business during the year and to the amount and character of the financial resources which will in the view of the Board of Directors be available to the Company during that year, the Company will be able to meet its liabilities as and when they fall due and will not be rendered insolvent within a period of one year from the date of this Annual General Meeting.
 - In forming their opinion for the above purposes, the Board of Directors have taken into account the liabilities, as if the Company were being wound up under the provisions of the Companies, Act. 1956 (including prospective and contingent liabilities)
11. As per the provisions of the Act, the special resolution passed by the shareholders approving the share Buy-back will be valid for a maximum period of twelve months from the date of passing of the special resolution (or such extended period as may be permitted under the Act or the Regulations or by the appropriate authorities).

12. In accordance with the regulatory provisions, the shares bought back by the Company will compulsorily be cancelled.
13. The Company's total debt equity ratio, after the share Buy-back, will be well below the maximum limit of 2:1 specified in law.
14. In accordance with the provisions of the Act, the Company will not be entitled to make a fresh offering of equity shares, of this class, for a period of Six months from the date of completion of this share Buy-back programme except in cases/circumstances referred to in sub Section (8) of Section 77A of the Act.
15. The text of the Report dated 4th May 2002 received from M/s. K. N. Ajmera & Company, Chartered Accountants and Statutory Auditors of the Company addressed to the Board of Directors of the Company is reproduced below:

In connection with the proposal of the Company to buy back its shares, duly approved by the Board of Directors of the Company at their meeting held on 04.05.2002 and subject to approval in Annual General Meeting and in pursuance of provisions of section 77A and 77B of the Companies Act 1956 and the Securities & Exchange Board of India (Buy Back of Securities) Regulations 1998, we state that:

- i) We have enquired into the Company's state of affairs as at 31st March, 2002.
 - ii) The amount of permissible capital payment for the Equity Shares to be bought back, as determined and approved by the Board of Directors, is in our view properly determined in accordance with sec. 77A(2)(c) of the Companies Act, 1956.
 - iii) The Board of Directors in their meeting held on 4th May, 2002 have formed their opinion, as specified in clause (x) of Schedule I of Securities and Exchange Board of India (Buy-back of Securities) Regulations, 1998, on reasonable grounds and that the Company will not, having regard to its state of affairs, be rendered insolvent within a period of 1 year from the date of proposed Annual General Meeting of the members of the Company proposed to be held on 29th June 2002.
 - iv) The proposed buy back of Equity Shares of the Company is subject to the Company passing necessary resolution in the Annual General Meeting regarding alterations to the Memorandum & Articles of Association of the Company and proposed buy back of Equity Shares in terms of the Companies Act, 1956 and subsequent amendment thereto and/or any other rules and regulations prescribed and enforce for the time being.
16. All the material documents referred to in the Explanatory Statement such as Memorandum and Article of Association, relevant Board resolution for Buy-back of shares and the Auditor's Report on their enquiry into the state of affairs of the Company, will be made available for inspection at the Registered Office of the Company on all working days, except Saturdays and holidays, between 11:00 a.m. and 1:00 p.m. upto the date of Annual General Meeting.
 17. As the proposal for Buy-back of Equity Shares will be in the interests of the Company, the Directors recommend the passing of the resolution as set out in the notice.

18. None of the Directors of the Company are in anyway, concerned or interested in the resolution save and except to the extent that, in like manner as for all other shareholders, their percentage holding in the post Buy-back equity share capital will proportionately stand enhanced as a result of the share Buy-Back.

NOTICE PURSUANT TO SECTION 192A(2) OF THE COMPANIES ACT, 1956

According to Section 77A of the Companies Act, 1956, buy back of shares by the Company requires the approval of the shareholders by way a special resolution. The Company propose to buy back its own shares to the extent and at the maximum price as mentioned in the special resolution under item no. 7 in the notice. Similarly, detailed and specific disclosures setting out all material facts as required under Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998 are provided in the explanatory statement appended to notice.

As per Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001, the consent of the shareholders for the above purpose is required to be obtained by means of postal ballot. Accordingly said draft special Resolution under item No. 7 and the Explanatory statement with reference thereto are being sent to you along with a Postal Ballot Form for your consideration and doing the needful. The Company has appointed Mrs. Meenakshi Bhandari, Chartered Accountant as Scrutinizer for conducting the postal ballot process in a fair and transparent manner.

You are requested to carefully read the instructions printed in the postal Ballot Form and return the form duly completed, in the attached self addressed postage pre-paid envelope as to reach the scrutinizer on or before 26th June 2002. The Scrutinizer will submit his report to the Chairman after completion of the Scrutiny and the results of the postal ballot will be announced by the Chairman on 29th June, 2002 at the Registered office of the Company at 107, Arun Chambers, Tardeo Road, Mumbai – 400 034.

NOTES

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of self 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 be addressed to share transfer agent, M/s. Intime Spectrum Registry Limited".
4. The Register of Members and Share Transfer Book will remain closed from Wednesday the 26th June, 2002 to Saturday the 29th June, 2002 (Both days inclusive)

For **SOLITAIRE MACHINE TOOLS LIMITED**

Sd/-

P. J. Sheth

Executive Chairman

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

Place : Mumbai

Date : 4th May, 2002