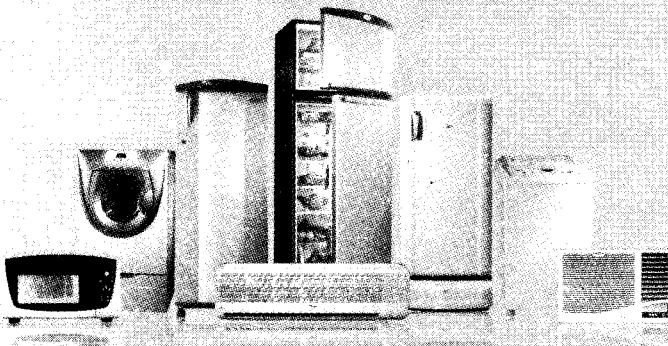




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Whirlpool of India Limited  
44th Annual Report



**DIRECTORS :**

MARK HU (Chairman)  
ARVIND UPPAL (Managing Director)  
ROBERT LAWRENCE MINK  
DINESH MITTAL  
S.J. SCARFF  
ANAND BHATIA

**COMPANY SECRETARY :**

DINESH MITTAL

**BANKERS :**

ABN Amro Bank N.V.  
Citibank  
Deutsche Bank  
HDFC Bank Ltd.  
Punjab National bank  
Standard Chartered Bank

**AUDITORS :**

S.R. Batliboi & Co.,  
Chartered Accountants.

**COST AUDITOR :**

Ashok K. Agarwal,  
Cost Accountant.

**STOCK EXCHANGE WHERE SHARES LISTED :**

The Stock Exchange, Mumbai

**REGISTERED OFFICE :**

Plot No. A-4 MIDC,  
Ranjangaon, Taluka Shirur,  
District Pune, Maharashtra - 419 204.

**CORPORATE OFFICE :**

A8, U.S.O. Road,  
Qutab Institutional Area,  
New Delhi - 110 067.

**WORKS :**

Faridabad  
Thirubhuvanai (Pondicherry)  
Ranjangaon (Pune)

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## NOTICE

**NOTICE IS HEREBY GIVEN THAT THE FORTY FOURTH ANNUAL GENERAL MEETING OF WHIRLPOOL OF INDIA LTD.** will be held at Hotel Le Meridien, RBM Road, Pune 411 001, on Friday, the 17<sup>th</sup> day of June, 2005 at 11.30 a.m. to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at 31<sup>st</sup> March, 2005, the Profit & Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Simon J Scarff, who retires by rotation and, being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. Anand Bhatia, who retires by rotation and, being eligible, offers himself for reappointment.
4. To appoint Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting on a remuneration to be fixed by the Board of Directors, in addition to the reimbursement of out of pocket expenses in connection with the audit of the Accounts of the Company for the year ending 31<sup>st</sup> March, 2006.

### SPECIAL BUSINESS

5. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:  
**RESOLVED THAT** Mr Arvind Uppal, be and is hereby appointed as a Director of the Company subject to retirement by rotation.

6. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

**RESOLVED THAT** pursuant to the provisions of section 198, 269, 309, 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby accords its approval and consent to the appointment of Mr Arvind Uppal as the Managing Director of the Company for a period of three years with effect from 16<sup>th</sup> February, 2005 upon the terms and conditions including remuneration as broadly given in the Explanatory Statement attached and as also set out in detail in the draft Agreement submitted to this meeting and for identification signed by a Director thereof, which Agreement is hereby specifically sanctioned with liberty to the Board of Directors to alter, vary and amend, to the extent the Board of directors may consider appropriate and as may be permitted in accordance with the provisions of the Companies Act, 1956 for the time being in force or any statutory modifications or re-enactments thereof and/or any Rules framed thereunder, the terms and conditions of the said appointment including remuneration and/or the agreement in such manner as may be agreed to between the Board of Directors and Mr Arvind Uppal.

**RESOLVED FURTHER** that the Board be and is hereby authorised to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required or considered incidental thereto to give effect to this resolution.

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

**RESOLVED THAT** Mr Dinesh Mittal, be and is hereby appointed as a Director of the Company subject to retirement by rotation.

8. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

**RESOLVED THAT** pursuant to the provisions of section 198, 269, 309, 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby accords its approval and consent to the appointment of Mr Dinesh Mittal as the Wholtime Director of the Company for a period of three years with effect from 27<sup>th</sup> April, 2005 upon the terms and conditions including remuneration as broadly given in the Explanatory Statement attached and as also set out in detail in the draft Agreement submitted to this meeting and for identification signed by a Director thereof, which Agreement is hereby specifically sanctioned with liberty to the Board of Directors to alter, vary and amend, to the extent the Board of directors may consider appropriate and as may be permitted in accordance with the provisions of the Companies Act, 1956 for the time being in force or any statutory modifications or re-enactments thereof and/or any Rules framed thereunder, the terms and conditions of the said appointment including remuneration and/or the agreement in such manner as may be agreed to between the Board of Directors and Mr Dinesh Mittal.

**RESOLVED FURTHER** that the Board be and is hereby authorised to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required or considered incidental thereto to give effect to this resolution.

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

**RESOLVED THAT** Mr. Mark Hu be and is hereby appointed a Director of the Company subject to retirement by rotation.

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

**RESOLVED THAT** Mr. Robert Mink be and is hereby appointed a Director of the Company subject to retirement by rotation.

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

**RESOLVED THAT** pursuant to Section 94 and other applicable provisions of the Companies Act, 1956 the Authorised Share Capital of the Company be and is hereby increased from Rs. 150 crores to Rs. 305 crores by creating 155000000 Redeemable Preference shares of Rs. 10/- each

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

**RESOLVED THAT** in Clause V of the Memorandum of Association of the company, the words and figures-

**Whirlpool of India Limited**

The Authorised Share Capital of the Company is Rs. 1500000000 (Rs. One hundred & fifty crore) divided into 150000000 equity shares of Rs. 10/- each be deleted and in their place the following words and figures be substituted:

The Authorised Share Capital of the Company is Rs. 3050000000 (Rs. Three hundred & five crore) divided into 150000000 equity shares of Rs. 10/- each and 155000000 Preference shares of Rs. 10/- each.

**RESOLVED FURTHER THAT** the remaining part of clause V would remain the same.

13. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution.

**RESOLVED THAT** pursuant to Section 31 and other applicable provisions of the Companies Act, 1956 the following alterations to the Articles of Association of the Company be and the same are hereby approved, namely, the Company's Articles of Association be and are hereby altered as follows:

- A. Article 5 be deleted and in its place the following be substituted.

*Shares*

The Authorised Share Capital of the Company is Rs. 3050000000 divided into 150000000 equity shares of Rs. 10/- each and 155000000 Redeemable Preference shares of Rs. 10/- each.

- B. In Article 45, the following sentence be deleted :

*The Company shall, immediately upon the receipt of an instrument of transfer or notification of the existence of a certified instrument of transfer, inform the shareholders of such fact stating that a transfer of the shares out of his name is proposed to be made.*

- C. Article 46 be deleted.

- D. Article 53, 54 and 55 relating to conversion of shares into stock be deleted.

- E. The words 'Registrar of Companies, Delhi', in Article 80 be substituted with the words 'Registrar of Companies, Pune'.

- F. The words 'state of Delhi' appearing in Article 177 be substituted with the words 'state of Maharashtra'.

- G. In Articles 151A & 159, for the words '42 days' the words '30 days' be substituted.

- H. The existing Article 159 (2) be deleted and in its place the following be substituted :

159 (2) Any money transferred to the unpaid dividend account of the company which remains unpaid or unclaimed for a period of seven years from the date of such transfer shall be transferred by the company to the Investor Protection Fund.

- I. The existing Article 159(3) be deleted.

- J. The Article 159 (4 ) be deleted and in its place the following should be substituted :

159(3) For the purposes of the aforesaid the Board of Directors shall duly comply with the provisions of 205A & 205C of the Act.

- K. After Article 39 the following shall be added :

*Expropriation of small holding :*

39A: The holders for the time being of nine tenths of the issued shares in the Company shall be entitled at any time to purchase ex-dividend all or any of the shares held by any other member of the Company at such price including premium as may be considered expedient by the Board; but not less than the average of weekly closing prices of Company's shares at the Mumbai Stock

Exchange for last 6 months; and upon the tender of that price by the holders of nine tenths of the issued shares to any other Member for the shares held by him that Member shall execute transfers of the shares to the Members by whom the tender is made or their nominees in such shares and proportions as they shall direct. If the Member to whom the tender is made neglects or refuses to accept the sum tendered or to execute transfers of the shares, the Company may on proof of his neglect or refusal accept and give a good discharge for the money tendered on behalf of the Member to whom the same shall have been tendered and register the Member by whom the tender was made or their nominees as owners of the said shares.

39B: Where a member to whom the tender is made refuses or neglects to accept the tender and/or to execute the transfer of shares as provided in article 39A, within fifteen days of the tender, then such member shall be deemed to have appointed the Company his/her/its duly constituted attorney to exercise any of his/her/its power, authority with respect to the subject matter of the share purchases including but not limited to, execution of share transfer deed/s, receiving and accepting tender and/or consideration, giving valid discharge for the consideration requesting for issue of duplicate share certificate or agreeing to cancellation of the existing share certificate(s) in respect of the subject shares. In that event, the Company shall be entitled at any time thereafter to execute the share transfer deed/s in respect of the subject shares and register such shares in the name/s of holders of nine tenths shares and/or their nominees, as the case may be.

14. 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 81(1-A) and other applicable provisions of the Companies Act, 1956 (including any re-enactment thereof) and in accordance with the provisions of the Memorandum and Articles of Association of the Company, and subject to approvals, permissions and/or sanctions of any authorities as may be necessary and subject to such conditions and modifications as may be prescribed by any of them in granting such approvals, permissions and/or sanctions and agreed to by the Board of Directors of the Company (hereinafter referred to as 'the Board'), the consent of the Company be and is hereby accorded to the Board to issue, offer and allot not more than 15,50,00,000 (Fifteen Crore and Fifty Lac) Redeemable Preference shares of Rs.10/- each (hereinafter collectively referred to as 'Preference Shares') which term shall wherever the context so requires mean any part of them) inter alia on the following terms:

- (i) The Preference Shares shall be issued, offered and allotted to Whirlpool Corporation and/or its subsidiaries.
- (ii) The Preference Shares shall have a face value of Rs.10/- each.
- (iii) The Preference Shares shall (a) as respects dividend carry a preferential right to be paid a fixed rate of up to 10% on the paid up value of the Preference Shares, subject to income-tax rules as may be applicable; and (b) as respects capital carry, on a winding-up or repayment of capital, a preferential



- right to be repaid the amount of the capital paid up on the Preference Shares.
- (iv) The Preference Shares shall be issued as fully paid up, for cash at par.
  - (v) The Preference Shares shall rank pari passu with one another in all respects.
  - (vi) Dividend when declared on the Preference Shares shall be proportionate to the capital paid up thereon and to the period during which such capital is paid up.
  - (vii) The Preference Shares shall be cumulative.
  - (viii) The Preference Shares shall be redeemed at par at the end of twenty years from the date of allotment. However the Board of Directors, may, as and when they deem fit, redeem the Preference Shares any time before the end of twenty years after giving due notice to the shareholders holding such preference shares.
  - (ix) The Preference Shares to be issued and allotted shall be subject to the Memorandum and Articles of Association of the Company.
  - (x) The terms of issue of the Preference shares other than those specified above shall be such as the Board may in its absolute discretion decide."

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board be and is hereby authorised to make or accept any conditions, modifications, variations or alterations in respect of the terms of issue of the Preference Shares including revising/adjusting the total quantum, rate of dividend or price of the issue or any portion thereof as may be prescribed, required or stipulated by the concerned authorities in terms of their applicable regulations or guidelines or while granting any consents, sanctions or approvals, or which the Board may consider appropriate in the best interests of the Company, subject to dividend rate not exceeding 10%; and to finalise the detailed terms of the issue and to give such directions or instructions as they, from time to time, may think fit or proper (including directions for settling any question, doubt or difficulty which may arise in regard to the offer, issue and allotment) and to do all such acts, deeds, matters and things as the Board, in its absolute discretion, may consider necessary, expedient, usual or proper."

**RESOLVED FURTHER** - that the Chief Financial Officer, Mr. R.S. Narayan and Director & Company Secretary, Mr. Dinesh Mittal be and are hereby jointly & severally authorised to comply with the formalities relating to the issue of the Preference Shares including but not limited to making application to NSDL for obtaining the new ISIN for Preference shares and intimating the Stock Exchange for non listing of the said issue of Preference shares.

By Order of the Board of Directors

New Delhi Dinesh Mittal  
Date: 27<sup>th</sup> April, 2005 Director & Company Secretary

#### NOTES:

- a) The Explanatory statement pursuant to section 173 of the Companies Act, 1956 in respect of item nos. 5,6,7,8,9,10,11,12,13 & 14 is annexed herewith.

- b) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE AT THE MEETING INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
- c) The instrument appointing proxy to be valid shall be deposited with the Company at its registered office at least 48 hours before the time fixed for the meeting.
- d) Members/proxies should bring the attendance slip duly filled in for attending the meeting.
- e) Register of Members will remain closed from 10<sup>th</sup> June, 2005 to 17<sup>th</sup> June, 2005. (Both days inclusive).
- f) The Documents referred to in the accompanying notice are open for inspection at the registered office of the Company on all working days between 10.00 am to 12.00 noon up to the date of AGM and the same will also be available at the meeting.
- g) Shareholders are requested to address all correspondence relating to their shareholding to the Company's Registrars and Share Transfer Agents, Abhipra Capital Ltd. at the following address:-  
M/s Abhipra Capital Ltd.,  
BM-1, Dilkush Commercial Complex,  
GT Karnal Road, Azadpur,  
New Delhi 110 033  
Tele. No.52390909, Fax No.27215530  
Email: vmjoshi@abhipra.com
- h) The shareholders requiring information on accounts are requested to send their queries to the Company well in advance.

## ANNEXURE TO NOTICE

### Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956

As required by Section 173(2) of the Companies Act, 1956, the following Explanatory Statement sets out the material facts relating to the special business under item No. 5,6,7,8,9,10,11,12,13 & 14 of the accompanying Notice dated 27<sup>th</sup> April, 2005.

#### Item No. 5 & 6

The Board of Directors appointed Mr Arvind Uppal, as an additional Director with effect from 27<sup>th</sup> January, 2005. Pursuant to the provisions of Article 107 of the Articles of Association of the Company read with Section 260 of the Companies Act, 1956, Mr Arvind Uppal holds office up to the date of the ensuing Annual General Meeting.

The Company has received a notice in writing from a member under Section 257 of the Companies Act, 1956, signifying his intention to propose at this Annual General Meeting the appointment of Mr Arvind Uppal as a Director of the Company.

Mr. Arvind Uppal has been appointed as Managing Director of the Company w.e.f. 16<sup>th</sup> February, 2005.

Mr. Arvind Uppal holds a BTech. degree from IIT Delhi and is a post graduate in Management from the Faculty of Management Studies, Delhi. He has over 18 years of experience in business development, international marketing and general management. Prior to joining Whirlpool he was with Nestle in India & abroad.

The Board considers that it would be in the interest of the Company to appoint Mr Arvind Uppal as the Managing Director of the Company.

## Whirlpool of India Limited

The terms of his appointment are as under:

1. Period of Appointment : Three years, w.e.f. 16<sup>th</sup> February, 2005
2. Remuneration : The Board fixed no remuneration for Mr. Arvind Uppal at time of his initial appointment . However at its meeting held on 27<sup>th</sup> April, 2005 the Board fixed his remuneration payable w.e.f. 1<sup>st</sup> April, 2005 as under :  
**I Salary (Basic Annual) Rs. 4000000**

### II. Perquisites

- Company car with driver, and tele-fax at residence, both for official and personal use.
- Membership of one Club
- Reimbursement of Medical Expenses for self & family
- Life and Medical Insurance as per policy of the Company

### III. Retiral Benefits

- Contribution to Provident fund and Superannuation fund to the extent these, either singly or put together, are not taxable under the Income Tax Act, 1961
  - Gratuity payable at the rate of half a month's salary for each completed year of service.
  - Privilege leave as per Company Rules
3. Mr. Arvind Uppal shall have such powers, duties and responsibilities as may be determined by the Board of Directors of the Company from time to time.
  4. Mr. Arvind Uppal shall not at any time either during or after the termination of his employment disclose to any person, whomsoever, any information relating to the Company or its customers or any trade secrets of which he may become possessed of while acting as Managing Director unless such disclosure is in the interest of the Company.
  5. Mr. Arvind Uppal shall not at any time within two years after the termination of his employment either directly or indirectly carry on or be engaged, concerned or interested in the manufacture of White Goods except with the consent in writing of the Board of Directors of the Company.

No Director other than Mr. Arvind Uppal is in any way concerned or interested in the proposed Resolutions. The Directors recommend these resolutions for the approval of shareholders.

This explanation together with the accompanying Notice is, and should be treated as an abstract of the terms of appointment of Mr. Arvind Uppal pursuant to the provisions of section 302 of the Companies Act, 1956.

### Item No. 7 & 8

The Board of Directors appointed Mr Dinesh Mittal, as an additional Director with effect from 27<sup>th</sup> April, 2005. Pursuant to the provisions of Article 107 of the Articles of Association of the Company read with Section 260 of the Companies Act, 1956, Mr. Dinesh Mittal holds office up to the date of the ensuing Annual General Meeting.

The Company has received a notice in writing from a member under Section 257 of the Companies Act, 1956, signifying his intention to propose at this Annual General Meeting the appointment of Mr Dinesh Mittal as a Director of the Company.

Mr. Dinesh Mittal has also been appointed as Wholtime Director of the Company w.e.f. 27<sup>th</sup> April, 2005.

Mr. Dinesh Mittal is a member of Institute of Company Secretaries of India and holds a L.L.B. from Delhi University and L.L.M. from Queensland University Australia. He has around 20 years of experience in Corporate Taxes., Legal

and Secretarial matters. Prior to joining Whirlpool he was with Shriram Group.

The Board considers that it would be in the interest of the Company to appoint Mr Dinesh Mittal as the Wholtime Director of the Company.

The terms of his appointment are as under:

1. Period of Appointment : Three years, w.e.f. 27<sup>th</sup> April, 2005
2. Remuneration : The Board at its meeting held on 27<sup>th</sup> April, 2005 fixed his remuneration payable w.e.f. 27<sup>th</sup> April, 2005 as under :

### I Salary

Particulars	Annual Remuneration (Rs.)
Basic Salary	1380000
Allowances	500000
<b>Total Salary</b>	<b>1880000</b>

### II. Perquisites

- Company car with driver, and tele-fax at residence, both for official as personal use.
- Membership of one Club
- Reimbursement of Medical Expenses for self & family
- Life and Medical Insurance as per policy of the Company
- Leave Travel Facility
- Unfurnished accommodation or House Rent Allowance in lieu thereof restricted to 40% of Basic Salary
- PMP Bonus upto 35% of Basic Salary

### III. Retiral Benefits

- Contribution to Provident fund and Superannuation fund to the extent these, either singly or put together, are not taxable under the Income Tax Act, 1961
  - Gratuity payable at the rate of half a month's salary for each completed year of service.
  - Privilege leave as per Company Rules
3. Mr. Dinesh Mittal shall have such powers, duties and responsibilities as may be determined by the Board of Directors of the Company from time to time.
  4. Mr. Dinesh Mittal shall not at any time either during or after the termination of his employment disclose to any person, whomsoever, any information relating to the Company or its customers or any trade secrets of which he may become possessed of while acting as Wholtime Director unless such disclosure is in the interest of the Company.
  5. Mr. Dinesh Mittal shall not at any time within two years after the termination of his employment either directly or indirectly carry on or be engaged, concerned or interested in the manufacture of White Goods except with the consent in writing of the Board of Directors of the Company.

No Director other than Mr. Dinesh Mittal is in any way concerned or interested in the proposed Resolutions.

The Directors recommend these resolutions for the approval of shareholders.

This explanation together with the accompanying Notice is, and should be treated as an abstract of the terms of appointment of Mr. Dinesh Mittal pursuant to the provisions of section 302 of the Companies Act, 1956.

### Item No. 9

The Board of Directors appointed Mr Mark Hu as an additional Director with effect from 27<sup>th</sup> April, 2005. Pursuant to the provisions of Article 107 of the Articles of Association of the Company read with Section 260 of the Companies Act, 1956, Mr Mark Hu holds office up to the date of the ensuing Annual General Meeting.

The Company has received a notice in writing from a member under Section 257 of the Companies Act, 1956, signifying his intention to propose at this Annual General Meeting the appointment of Mr Mark Hu as a Director of the Company.

No Director other than Mr. Mark Hu is in any way concerned or interested in the proposed Resolution.

The Directors recommend this resolution for the approval of shareholders.

Mr. Mark Hu, Executive Vice President, Asia is an MBA from Cornell University, USA. He has 25 years of work experience gained from general management and business development assignments in the US, Europe and Asia. Prior to Whirlpool he worked with Philips, Asia and S C Johnson Wax, USA.

#### **Item No. 10**

The Board of Directors appointed Mr Robert Mink as an additional Director with effect from 27<sup>th</sup> April, 2005. Pursuant to the provisions of Article 107 of the Articles of Association of the Company read with Section 260 of the Companies Act, 1956, Mr Robert Mink holds office up to the date of the ensuing Annual General Meeting.

The Company has received a notice in writing from a member under Section 257 of the Companies Act, 1956, signifying his intention to propose at this Annual General Meeting the appointment of Mr Robert Mink as a Director of the Company.

No Director other than Mr. Robert Mink is in any way concerned or interested in the proposed Resolution.

The Directors recommend this resolution for the approval of shareholders.

Mr. Robert Mink is Vice President, incharge of legal matters of Whirlpool Corporation, USA (the parent company). Mr. Mink has been associated with Indian business since inception and was director on your company's Board from 1995 till 2004, when he resigned due to personal reason. He has now consented to rejoin the Board of the Company.

#### **Item No. 11 12 & 14**

The Company is proposing to issue further capital to the extent of Rs. 155,00,00,000 by way of 15,50,00,000 Preference shares of Rs. 10 each. Consequently the paid up capital of the Company will exceed the present Authorised Capital of the Company. Accordingly the Authorised Capital of the Company is proposed to be increased from Rs. 150 crores to 305 crores.

The Whirlpool Corporation and/or its subsidiaries propose to invest a sum of Rs. 1550000000 in the capital of the Company by subscribing to the preference shares, as indicated in the Resolution at item no. 14.

SBI PLR is currently at 10.5% and given the financials of the company on stand alone basis, the rate of interest likely to be charged on long term borrowings would be around 200 basis points above the SBI PLR. Accordingly the terms on which funding is being offered by the parent company are more attractive as compared to the terms offered by banks. Another option of issuing the preference shares on rights basis cannot be considered because it is a time consuming process than preferential issue and the funds are needed to be infused at the earliest.

Since Preference shares are non-convertible and non-participating, the allottees cannot convert them into fresh equity and consequently there will be no dilution in the

holding of the existing holders of equity capital. Further the holders of the Preference shares will not participate in the profits of the Company once they have been paid their fixed returns; thus preserving such profits for the owners of equity capital of the Company.

Further, the coupon of 10% is even more beneficial to the Company considering the fact that holders of Preference shares have to wait for profits to be made before they can receive returns unlike lenders who would be paid interest even if the Company was not performing well.

The proposed issue of preference shares will also be subject to other regulations, approvals and compliances as may be applicable in law.

The proceeds of the Preference Shares would go to reduce the Company's borrowings as well as its interest burden, fund the losses incurred by the Company in the recent past and it will also improve its capital ratios.

In order to issue preference shares to Whirlpool Corporation or its subsidiaries, it is proposed to:

- (i) alter the authorised share capital of the Company by issuing of preference share capital as, set out in the resolution at item no. 11.
- (ii) Make consequential alterations to the Capital Clause of the Memorandum of Association as set out in the resolution at item No. 12; and
- (iii) Make consequential alterations in the Articles of Association as set out in the resolution at item no. 13.

The Directors recommend these resolutions for the approval of shareholders.

None of the Directors is concerned or interested in the said resolutions.

#### **Item No. 13**

Some of the articles need to be altered either due to amendments of legal provisions or on account of considerations of redundancy as under:

Articles 45 & 46 : The shares of the Company are compulsorily traded in the demat mode. In view of this, necessary alteration and/or deletion have been proposed in Articles 45 & 46.

Articles 53,54 & 55 : These articles are proposed to be deleted as Stocks do not have the essential features of the listed securities and in the opinion of the Company these articles are redundant for the listed securities.

Articles 151A & 159 : These articles are being changed pursuant to amendments to section 205 of the Companies Act, 1956.

Article 39A & 39B : It is proposed to empower the Board to facilitate the promoters/ majority owners of the company (holding not less than 90% of the capital) to acquire the shareholding of small shareholders for appropriate consideration in the best interest of the small shareholders. Accordingly new Articles 39A & 39B containing the detailed provisions/process thereto are proposed to be incorporated.

Directors recommend the resolution for the approval of shareholders.

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

Articles of Association of the Company referred to in the resolution at item 11 together with the proposed alteration are available for inspection at the registered office of the Company on all working days between 10.00 am to 12.00 noon.

**Whirlpool of India Limited****ANNEXURE FORMING PART TO THE EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION II (C)(IV) OF PART II OF SCHEDULE XIII****I. GENERAL INFORMATION:** (As required under Part II (C)(IV) of part II of Schedule XIII in respect of - Mr. Arvind Uppal and Mr. Dinesh Mittal)

1. Nature of Industry
  - Manufacture of Consumer Durables -Refrigerator, Washing Machine, Air Conditioner and Microwave oven
2. Date of Commencement of Commercial Production
  - 1964
3. In case of new Company, expected date of commencement of activity as per project approved by the financial institutions appearing in the prospectus
  - Not applicable
4. Financial performance based on given indicators :
  - Refer Annual Report for the year ended March 31,2005.
5. Export Performance and net foreign exchange earnings
  - Refer Annual Report for the year ended March 31,2005
6. Foreign Investment or collaborators, if any
  - Whirlpool Corporation through its subsidiaries is holding 82.33% equity shares in the Company.

**II. INFORMATION ABOUT THE APPOINTEE****Mr. Arvind Uppal, Managing Director**

1. Background Details
  - As given in the Explanatory Statement under Item No. 5 & 6
2. Past Remuneration
  - US \$350000
3. Recognition and awards
  - Nil
4. Job Profile and his suitability
  - As given in the Explanatory Statement under Item No. 5 & 6
5. Remuneration proposed
  - Refer notice dated April 27,2005 calling Forty Fourth AGM of the Company
6. Comparative remuneration Profile with respect to Industry, Size of the Company, Profile of the position and person (in case of expatriates, the relevant details would be w.r.t. the country of origin:
  - The remuneration profile proposed is comparable with respect to the industry, size of the Company and profile of the position subject to ceiling as per Schedule XIII.
7. Pecuniary relationship, directly or indirectly with the Company, or relationship with the managerial personnel, if any
  - Mr. Arvind Uppal is not related to any Director or any employee of the Company.

**Mr. Dinesh Mittal, Wholetime Director**

1. Background Details
  - As given in the Explanatory Statement under Item No. 7 & 8
2. Past Remuneration
  - Rs. 1788240 (as per Form 16)
3. Recognition and awards
  - Nil
4. Job Profile and his suitability

- As given in the Explanatory Statement under Item No. 7 & 8
5. Remuneration proposed
    - Refer notice dated April 27,2005 calling Forty Fourth AGM of the Company
  6. Comparative remuneration Profile with respect to Industry, Size of the Company, Profile of the position and person (in case of expatriates, the relevant details would be w.r.t. the country of origin:
    - The remuneration profile proposed is comparable with respect to the industry, size of the Company and profile of the position subject to ceiling as per Schedule XIII.
  7. Pecuniary relationship, directly or indirectly with the Company, or relationship with the managerial personnel, if any
    - Mr. Dinesh Mittal is not related to any Director or any employee of the Company.

**III OTHER INFORMATION**

1. Reason for loss or inadequate profits
  - Commodity price increase coupled with fierce competition limiting the scope for increasing the price of the products have resulted in losses during the year. Further during the year Company has adopted a new trade management strategy which has also resulted in one time hit and consequent losses during the year. The benefit of this new strategy will start accruing from 2005 and onwards.
2. Steps taken or proposed to be taken for improvement
  - The Company has put in place a new management team under the leadership of new Managing Director. Further the recapitalisation of business will reduce the borrowing cost going forward.
3. Expected increase in productivity and profits in measurable terms
  - The Company is going through a major restructuring process which will have a negative impact in the short term, but will be beneficial in the long run by driving down the cost structure. The Agreement entered into with the Employee Unions in FRO will be most cost effective in the long run and the results of 2005-06 will record significant improvement.

**IV DISCLOSURES**

1. The shareholders of the Company shall be informed of the remuneration package of the managerial person
  - Refer notice dated April 27,2005 calling Forty Fourth AGM of the Company
2. The following disclosures shall be mentioned in the Board of Directors' report under the heading 'corporate governance' if any, attached to the Annual Report.
  - (i) all elements of remuneration package such as salary, benefits, bonuses, stock options etc. of all directors
  - (ii) Details of fixed component and performance linked incentives along with performance criteria
  - (iii) Service contracts, notice period, severance fees
  - (iv) Stock options details, if any, and whether the same have been issued at a discount as well as the period which has accrued and over which exercisable
- The necessary disclosures with regard to the above shall be made in the next Board of Directors' Report, subsequent to the approval of the shareholders.



## CORPORATE GOVERNANCE

### 1. THE COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

Good corporate governance is an integral part of Whirlpool, in its pursuit of excellence, growth and value creation with a clear focus on its employees, consumers, shareholders and the community at large – its stakeholders. The spirit of corporate governance has always existed in your Company and has influenced its decisions and policies, even when the guidelines were not mandatory. Good corporate governance has now become a way of life. The Company's core values are based on integrity, respect for law and compliance thereof, emphasis on product quality and a caring spirit. Whirlpool believes that good governance brings about sustained corporate growth and long-term benefits for its stakeholders.

Whirlpool believes in implementing the philosophy of corporate governance in letter and in spirit.

### 2. BOARD OF DIRECTORS

#### Composition

The Board of Directors of the Company comprises of Executive, Non-Executive and Independent Directors. In all there are 5 Directors including 2 Independent Directors. As on March 31, 2005, the composition of the Board of Directors of the Company meets the stipulated requirements of clause 49 of the Listing Agreements of the Stock Exchanges. Memberships of the Directors on other boards/ committees are given here under:

Name	Category	No. of other Directorships and Committee Memberships / Chairmanships		
		Other Directorships	Committee Memberships	Committee Chairmanship
Mr. Dalton Nigel Garrick D'Silva	Non-Executive Director & Chairman	-	-	-
Mr. Arvind Uppal	Managing Director	-	-	-
Mr. S.S. Raman	Executive Director	-	-	-
Mr. S.J. Scarff	Non-Executive and Independent Director	2	2	-
Mr. Anand Bhatia	Non-Executive and Independent Director	4	-	-

#### Note:

Mr. Anand Bhatia is the Chairman of Audit Committee, Remuneration Committee and Investor Grievance Committee of the Company.

Mr. S.S. Raman is the Chairman of New Share Certificate Committee of the Company.

#### Meetings & Attendance

During the year ended March 31, 2005 six meetings of the Board of Directors were held on the following dates:

(i) April 27, 2004 (ii) May 21, 2004 (iii) July 16, 2004 (iv) October 27, 2004 (v) December 9, 2004 (vi) January 27, 2005

The Annual General Meeting (AGM) was held on July 16, 2004.

The Attendance of the Directors in the Board Meetings and at the AGM held during the year is given as under:

Name of the Directors	Category	No. of Board Meetings Attended	Whether Attended the AGM
Mr. Dalton Nigel Garrick D'Silva*	Non-Executive Director and Chairman (From April 1, 2004 to July 16, 2004 and February 16, 2005 to March 31, 2005)	5	Yes
Mr. Arvind Uppal**	Managing Director	1	No
Mr. Raj Jain***	Managing Director	3	Yes
Mr. Robert Lawrence Mink****	Non-Executive Director	2	Yes
Mr. S.S. Raman*****	Executive Director	6	Yes
Mr. S.J. Scarff*****	Non-Executive and Independent Director	6	Yes
Mr. Anand Bhatia	Non-Executive and Independent Director	6	Yes

\* 3 meetings attended in person and 2 meetings attended on telecon.

\*\* Appointed as an Additional Director on January 27, 2005 and Managing Director w.e.f. February 16, 2005

\*\*\* Ceased to be Director and consequently Managing Director w.e.f. July 16, 2004.

\*\*\*\* Ceased to be Director on July 16, 2004.

\*\*\*\*\* 5 meetings attended in person and 1 meeting attended on telecon.

\*\*\*\*\* 5 meetings attended in person and 1 meeting attended on telecon.

#### CODE OF CONDUCT

The Company has laid down Code of Conduct for all the employees including Board Members and Senior Management personnel of the Company. All the Board Members and Senior Management personnel have affirmed compliance with the code of conduct. The code of conduct has also been posted on the website of the Company.

**3. COMMITTEES OF THE BOARD****(i) Audit Committee**

The functioning and terms of reference of the Audit Committee including the role, powers and duties, quorum for meeting and frequency of meetings, have been devised keeping in view the requirements of section 292 A of the Companies Act, 1956 and the Listing Agreement with the Stock Exchange, Mumbai.

The Company has a multi disciplinary Internal Audit Team which submits its report directly to the Audit Committee on a quarterly basis. The Chairman of the Audit Committee attended the last Annual General Meeting held on July 16, 2004 to answer shareholders queries.

The Audit Committee:

- (i) is responsible for effective supervision of the financial reporting process, ensuring financial, accounting and operating controls and ensuring compliance with established policies and procedures
- (ii) determines adequacy of internal controls and ensures its effectiveness
- (iii) reviews the financial results for each quarter/ period before being placed to the Board of Directors for approval
- (iv) provides an open avenue of communication between the internal audit team, the statutory auditors and the Board of Directors composition and attendance.

**Composition and Attendance**

During the year ended March 31, 2005, four meetings of the Audit Committee were held on the following dates:

(i) April 27, 2004 (ii) July 16, 2004 (iii) October 27, 2004 and (iv) January 27, 2005

Name of the Directors	No. of Meetings Attended
Mr. Anand Bhatia, Chairman	4
Mr. Dalton Nigel Garrick D'Silva, Member *	4
Mr. S.J. Scarff, Member	4

\* 2 meetings attended in person and 2 meetings attended on telecon.

The Chief Financial Officer and the partner of S. R. Batliboi & Co., the Statutory Auditors are permanent invitees to the audit committee meetings. It has been the practice of the Audit Committee to extend invitation to the Managing Director, Executive Directors, Internal Auditors and Cost Auditors to attend the meetings whenever required.

Mr. Dinesh Mittal, Company Secretary acts as the Secretary of the Committee.

Mr. Dalton Nigel Garrick D'Silva, member of the Audit Committee has financial and accounting knowledge.

**(ii) Directors Remuneration Committee**

Terms of Reference of the Directors Remuneration Committee are as per the guidelines set out in the listing agreement with the Stock Exchange, Mumbai that inter alia include determination of the Company's policy on specific remuneration packages for Directors.

**Composition and Attendance**

During the year ended March 31, 2005, one meeting of

the Directors Remuneration Committee was held on December 9, 2004.

Name of the Directors	No. of Meetings Attended
Mr. Anand Bhatia, Chairman	1
Mr. S S Raman, Member	1
Mr. S.J. Scarff, Member	1

**Remuneration policy**

No remuneration is payable by the Company to its Executive Directors as their services have been lent by Whirlpool Corporation, US to the Company on non charge basis. However, Directors are entitled to claim reimbursement from the Company of all out of pocket expenses on account of travelling, business entertainment, communication etc. incurred by them in the course of their official duties.

In addition to the remuneration specified above, the Directors are also entitled to be repaid all travelling and other expenses incurred by them in connection with their attending meetings of the Board of Directors or of Committees thereof or which they may otherwise incur in the performance of their duties as Directors. The Company pays sitting fee upto Rs. 5,000 to its Non-Executive Directors (external) only for attending every meeting of the Board of Directors or Committees thereof.

**(iii) Investors Grievance Committee**

Terms of Reference of the Investors Grievance Committee are as per the guidelines set out in the listing agreements with the Stock Exchanges and the relevant clauses of the Articles of Association of the Company that inter alia include looking into the Investors complaints on transfer of shares, non receipt of Balance Sheet, non receipt of declared dividends and interest on debentures etc. and redressal thereof.

**Composition and Attendance**

During the year ended March 31, 2005, six meetings of the Investors Grievance Committee were held on the following dates:

(i) April 27, 2004 (ii) May 21, 2004 (iii) July 16, 2004 (iv) October 27, 2004 (v) December 9, 2004 (vi) January 27, 2005.

Name of the Directors	No. of Meetings Attended
Mr. Anand Bhatia, Chairman	6
Mr. Dalton Nigel Garrick D'Silva, Member *	5
Mr. Raj Jain, Member **	3
Mr. S.S. Raman, Member ***	6

\* 3 meetings attended in person and 2 meetings attended on telecon.

\*\* Ceased to be Director and consequently Managing Director w.e.f. July 16, 2004.

\*\*\* 5 meetings attended in person and 1 meeting attended on telecon.

The Company attends to the investor's grievances/ correspondence expeditiously except in the cases that are constrained by disputes or legal impediments.

- a. No. of shareholders complaints received during the year 19
- b. No. of complaints not resolved to the satisfaction of the shareholders Nil