

36th  
ANNUAL REPORT  
1998-99

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**DGP WINDSOR**

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**DGP WINDSOR INDIA LTD.**

**DBP WINDSOR**

"RESOLVED THAT pursuant to the provisions of section 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956, the approval of the Company be and is hereby accorded to the appointment of Mr. R.R. Nagrajan as Executive Director for a period of five years w.e.f. 3rd March, 1999 on the terms and conditions, including remuneration and perquisites as set out in the agreement to be entered into between the Company and Mr. R.R. Nagrajan, draft of which is placed before this meeting."

"FURTHER RESOLVED THAT the Board of Directors of the Company be and is 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 the resolution."

By Order of the Board of Directors

Registered Office :  
E-6, U2 Road  
Wagle Industrial Estate  
Thane - 400 604  
Dated : 28th October, 1999

**Dhanraj Kothari**  
Company Secretary

## NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. 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 later than 48 hours before the meeting.
3. **The Register of Members and Share Transfer Books of the Company will remain closed from Friday the 10th December, 1999 to Thursday the 16th December, 1999 (both days inclusive).**
4. Members having any questions on the statement of accounts and other details included in this annual report are advised to submit such queries in writing at the Registered Office of the Company so as to reach not later than 10th December, 1999.
5. The unclaimed dividends upto the Company's financial year 1993-94 have been transferred to the General Revenue Account of the Central Government. Shareholders who have not encashed their dividend warrants for the said periods are requested to claim the amount from the Registrar of Companies, Maharashtra, Mumbai.

As a result of the amendments introduced through sections 205 to 205C of the Companies Act, 1956 any money transferred to the unpaid dividend account which remains unpaid or unclaimed for a period of 7 years from the date of such transfer shall be transferred by the Company to a fund called "Investor Education and Protection Fund" to be set up by the Central Government. Accordingly, the unpaid/unclaimed dividends for the years 1994-95 onwards will become transferable at the end of seven years respectively, to the said Investor Education and Protection Fund and no claims shall lie against the fund or the Company in respect of individual amounts thereafter. Shareholders are therefore requested to check up and send their claims, if any, for the relevant years from 1994-95 onwards before the respective amounts become due for transfer to the above fund.

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**DBP WINDSOR****ANNEXURE TO NOTICE****EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.****ITEM NO. 5 :**

The Board of Directors in its meeting held on 27th January, 1999 has revised w.e.f 1st July, 1998 terms of remuneration of Mr. S. Aditya for the remaining tenure of his appointment upto 27th May, 2001 subject to approval of the members to be obtained at the next General meeting and subject to the approval of Central Government, if required in pursuance of the provisions of section 198, 269 and 309 read with Schedule XIII and all other applicable provisions of the Act. Mr. S. Aditya has since resigned from the post of Executive Director w.e.f. 28th February, 1999. The revised remuneration inter-alia contain the following terms and conditions :

**Salary** : Rs. 90,000 per month in the scale of Rs. 90,000 - Rs.1,40,000.

**Commission** : Such amount by way of commission, as may be determined by the Board for each financial year upto maximum 1% of the net profits of the Company computed in the manner laid down in Section 309(5) of the Companies Act, 1956.

**Perquisites** : Following perquisites in addition to salary, restricted to a maximum amount equivalent to annual salary. For the purpose of calculating the ceiling, the perquisites and allowances shall be evaluated as per Income-tax Rules, wherever applicable. In the absence of any such Rules, they shall be evaluated at actual cost.

- i) Housing : Furnished residential accommodation
- ii) Medical Reimbursement - reimbursement of actual expenses for self and family as per rules of the Company, not exceeding one month's salary per annum OR three months' salary over a period of three years.
- iii) Leave Travel Concession - For self and family once in a year as per rules of the Company.
- iv) Club fees - fees for a maximum of 2 clubs excluding admission and life membership fees.
- v) Personal Accident Insurance - as per Company policy.
- vi) Provident Fund : As per rules of the Company.
- vii) Superannuation Fund: As per rules of the Company.
- viii) Gratuity: As per rules of the Company.
- ix) Earned/Privilege leave : On full pay and allowance, one months leave for every completed year of service; Encashment of leave accumulated but not availed at the end of tenure of office, in accordance with the rules of the Company.

Company's contribution to Provident Fund and superannuation 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.

For the purpose of Superannuation / Pension / Provident Fund / Gratuity/ Commission and Privilege leave the service of the Executive Director will be considered from the original date of his joining the services and termination/ renewal of service agreement will not be considered as a break of service.

- x) Car and Telephone: provision of car for use on Company's business and telephone at residence will not be considered as perquisites. However, personal long distance calls on telephone and use of car for private purpose shall be billed by the Company .
- xi) Sitting Fees : The Executive Director shall not be paid any sitting fees for attending the Board/Committee meetings.

- xii) General : The Executive Director shall be eligible for financial assistance for housing etc. as per the rules of the Company.

The Executive Director shall be subject to other service conditions, rules and regulations of the Company.

### **MINIMUM REMUNERATION**

In the event of absence or inadequacy of profits of the Company in any financial year, Mr. S. Aditya shall be entitled to receive such minimum remuneration as is permissible under section II of part II of Schedule XIII of the Companies Act, 1956.

The Board of Directors, recommend the resolution for your approval.

### **MEMORANDUM OF INTEREST**

None of the Directors of the Company, is concerned or interested in the aforesaid Agreement.

### **ITEM NO. 6 :**

Mr. R.R. Nagrajan was appointed as an Additional Director of the Company at the meeting of the Board of Directors of the Company held on 3rd March, 1999. He holds office only upto the date of this meeting and in respect of whom the Company has received notices under section 257 of the Companies Act, 1956 alongwith a deposit of Rs. 500/- for each notice, from certain shareholders intimating their intention to propose Mr. R.R. Nagrajan as candidate for the office of Director.

None of the Directors, other than Mr. R.R. Nagrajan, is concerned or interested in the aforesaid resolution.

### **ITEM NO. 7:**

The Board of Directors in its meeting held on 3rd March, 1999 has appointed Mr. R.R. Nagrajan as Executive Director for a period of 5 years subject to approval of the members. Mr. R.R. Nagrajan is 42 years of age and is a graduate Mechanical Engineer from IIT Madras and holds post graduate diploma in Management of IIM Calcutta. He has over 17 years of rich experience in the areas of manufacturing & materials, corporate planning, sales and General Management. Mr. R.R. Nagrajan's appointment is on the following remuneration :

**Salary :** Rs. 45,000/- per month.

**House Rent Allowance :** Rs. 18, 500/- per month.

**Educational Allowance :** Rs. 500/- per month.

**Special Allowance :** Rs. 15, 000/- per month.

**Commission :** such amount by way of commission, as may be determined by the Board for each financial year upto maximum 1% of the net profits of the Company computed in the manner laid down in section 309(5) of the Companies Act, 1956 and subject to the overall ceilings stipulated in sections 198 and 309 of the Act.

### **PERQUISITES :**

- i. Medical Reimbursement - Reimbursement of expenses at actuals for self and family, subject to maximum of Rs. 15,000/- per annum.
- ii. Leave Travel Concession - For self and family once in a year, expenses of which not exceeding Rs. 60,000/- per annum.
- iii. Gas, Electricity, Water at actuals.
- iv. Club fees - Fees for a maximum of 2 clubs excluding admission and life membership fees.
- v. Personal Accident Insurance - as per Company policy.

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- vi. Provident Fund - As per rules of the Company.
- vii. Superannuation Fund - As per rules of the Company.
- viii. Gratuity - As per rules of the Company.
- ix. Earned/Privilege leave - On full pay and allowances, as per rules of the Company, not exceeding 30 days for every completed year of service.
- x. Encashment of leave accumulated but not availed at the end of tenure of office, in accordance with the rules of the Company.
- xi. Car and telephone - provision of car for use on Company's business and telephone at residence. However, personal long distance calls on telephone and use of car for private purpose shall be billed by the Company and recovered.

The aggregate monetary value of the above perquisites shall not exceed annual salary. For the purpose of such limits following perquisites shall not be included :

- i. Company's contribution to Provident Fund, Superannuation Fund, gratuity or annuity fund to the extent these either singly or put together are not taxable under the Income-tax Act;
- ii. Gratuity payable at the rate not exceeding half a month's salary for each completed year of service;
- iii. Encashment of leave at the end of tenure;
- iv. Use of car on Company's business and telephone at residence including payment of local calls and long distance official calls;

The perquisites shall be valued as per Income-tax rules where applicable and in the absence of any rule shall be valued at actual cost.

**Sitting Fees :** The Executive Director shall not be paid any sitting fees for attending the Board/Committee meetings.

**General :** The Executive Director shall be eligible for financial assistance for housing etc. as per the rules of the Company.

The Executive Director shall be subject to other service conditions, rules and regulations of the Company.

**Minimum Remuneration :**

In the event of absence or inadequacy of profits of the Company in any financial year, Mr. R. R. Nagrajan shall be entitled to receive such minimum remuneration as is permissible under section II of part II of Schedule XIII of the Companies Act, 1956.

**Inspection by members**

Draft of the proposed Agreement is open for inspection by the Members during the normal working hours of the Company at its Registered office.

**Memorandum of interest**

None of the Directors of the Company, other than Mr. R.R. Nagrajan is concerned or interested in the aforesaid Agreement.

The Board of Directors, recommend the resolution for your approval.

By Order of the Board of Directors

Registered Office :  
E-6, U2 Road  
Wagle Industrial Estate  
Thane - 400 604  
Dated : 28th October, 1999

**Dhanraj Kothari**  
Company Secretary

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# DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the 36th Annual Report of your Company and the audited accounts for the year ended 30th June, 1999.

## 1. PERFORMANCE OF THE COMPANY :

### 1.1 RESULTS

(Rs. In lacs)

Sales, Income from operations and other income	11,523.31	14,512.62
Gross Profit/(Loss) before Depreciation	(1696.49)	670.48
Less : Depreciation	372.86	397.60
Profit/(Loss) before Tax	(2069.35)	272.88
Less : Provision for Taxation	1.00	30.00
Profit/(Loss) after Tax	(2070.35)	242.88
Add/(Less): Prior year's adjustments (net)	(5.65)	( 6.64)
	(2076.00)	236.24
Add : i Transfer from Property Revaluation Reserve	1.48	1.48
ii Transfer from Investment Allowance Reserve	—	—
iii Transfer from General Reserve	—	—
iv Balance brought forward from previous year	99.98	5.66
Amount available for appropriations	(1974.54)	243.38
<b>Appropriations:</b>		
a. Transfer to Debenture Redemption Reserve	—	—
b. Transfer to General Reserve	—	—
c. Proposed Dividend	—	130.36
d. Additional tax on proposed Dividend	—	13.04
e. General reserve adjusted as per contra	(1974.54)	—
f. Balance carried to Balance Sheet	—	99.98
	(1974.54)	243.38

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### 1.2 DIVIDEND

In view of the losses, your Directors do not recommend payment of any dividend for the year.

## 2. OPERATIONS :

The overall slow down in the country's investment climate affected the sales turnover adversely. Coupled with slowdown, the severe competition in the market both from domestic and imported equipment manufacturers resulted in substantial price drop. Due to the above reason the turnover dropped by 20%, compared to the previous year.



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The effect was particularly severe in the second half of the year, which contributed only 40% of the annual sales which is normally expected to be 55 - 60% of annual sales. Consequently your Company has incurred a loss of Rs. 20.70 Cr. after Tax in its' operations during the year. Steps have been taken to strengthen the Senior Management of the organisation. At the functional level, reorganization has been carried out to achieve better integrated manufacturing & supply chain management system, improvement in business development and customer interface activities as well as better management of product development programmes. These efforts are expected to result in improvements during the current & coming years.

**3. DOMESTIC SALES**

Due to adverse market demand situation and lower price realization, your Company's sales dropped by 10%. Particularly the sales were affected by low investments in the automobiles, cement, fertilizers & white goods sectors while packaging, pipe - applications and furniture industries displayed good off-take. Your Company has embarked on product development of models which will enable the customers to get better value for rupee invested, resulting in increased market share.

**4. EXPORT BUSINESS**

The growth in exports of your Company's products was over 40% per annum in the previous two years. However, in this year exports dropped to Rs. 22.76 crores mainly due to poor demand conditions in Africa & S.E. Asia. Your Company executed prestigious orders in developed markets such as supplying of a sophisticated extruder to France as well as shipment of blow moulding machinery to the U.S. market. Enhancing of the product features and covering new growing markets has been undertaken to provide impetus to exports in the current year.

**5. BUSINESS OUTLOOK**

With the installation of the new Government and continued implementation of the reform programme, the investment climate in the country is looking up. Sectors such as the automobile industry, white goods and consumer electronics are leading the recovery scenario along with packaging and retail goods. However, the rapid increases in polymer prices are acting as a dampener to investment decisions.

Your Company has embarked on an ambitious programme of upgrading the range of its product to keep up with latest technological trends as well as for improving focus on specific market segments. In injection moulding machines division, the SUMO series of machines is being introduced next year. Exports are looking up in the Middle East, W. Africa, CIS and the American continent.

Your Company has taken up measures to reduce overhead costs and also improve the turnover of inventory. With this emphasis on cost - reduction and reducing through-put time along with improvement in product range the performance of the Company is expected to show up turn in the next year.

**6. AUDITORS' REPORT**

In respect of the Auditors' Report, points 2e & 2f, the relevant explanations have been set out in the Notes to the Accounts (Refer Schedule 'V') points 9 and 6, respectively.

**7. ENVIRONMENT PROTECTION**

The Company has been complying with the requirements of the Pollution Control regulations in the state of Gujarat and Maharashtra.

**8. PERSONNEL**

Industrial relations at all levels were satisfactory and cordial during the year under review.

**9. DIRECTORS**

Mr. S. Aditya, Mr. Sanjeev Aga (alternate to Dr. (Mrs.) Gita D. Piramal), Mr. B.K. Khare and Mr. G.L. Mirchandani have resigned from the Board of Directors. The Directors place on record their appreciation of the valuable services rendered by them during their tenure.

Mr. D.L. Shah and Mr. Dilip G. Piramal retire by rotation and being eligible offer themselves for re-appointment.

**10. AUDITORS**

The Auditors M/s Suresh Surana & Associates and M/s Haribhakti & Co. retire at the ensuing Annual General Meeting and express their willingness to continue, if so appointed.

**11. STATUTORY DISCLOSURES**

- a. Particulars to be disclosed as per the provisions of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are given in the Annexure, which forms part of the report.
- b. The information required under the provisions of section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 as amended, the names and other particulars of the employees are set out in the Annexure to the Directors' Report. However, as per the provisions of section 219(1)(b)(iv) of the Companies Act, 1956, the Report and the accounts is being sent to all shareholders of the Company excluding the aforesaid information. Any shareholder interested in obtaining such particulars may write to the Company Secretary at the Registered Office of the Company.
- c. The unsecured deposits from the public at the end of the year amounted to Rs. 27.93 lacs and 46 such deposits amounting to Rs.3.16 lacs remain unclaimed on the due dates at the end of the year.

**12. ACKNOWLEDGEMENT**

Your Directors record their gratitude to the Financial Institutions, Banks, Government departments, Vendors and Customers for their assistance and co-operation during the year.

Your Directors also wish to place on record their appreciation of the services of the employees of the Company.

For and on behalf of the Board of Directors

Mumbai  
Dated: 28th October, 1999

**Dilip G. Piramal**  
Chairman

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**DBP WINDSOR****ANNEXURE TO THE DIRECTORS' REPORT**

PARTICULARS REQUIRED TO BE DISCLOSED AS PER THE PROVISIONS OF THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.

**A. CONSERVATION OF ENERGY****Measures taken :**

- (1) Implementing electrical layout changes in Thane Works to reduce wasteful consumption of power.
- (2) Incorporation of energy saver in products offered to instances and on retrofit basis to help reduce power consumption of customers by 15 - 20%.
- (3) Introduction of more efficient plate type heat exchangers in place of conventional shell & tube coolers in products manufactured.
- (4) Introduction of closed tank machines with modified hydraulic circuit to reduce power consumption.

**B. TECHNOLOGY ABSORPTION**

1. The Company has 3 R & D units at its factories in Thane, Vatva & Chhatral. They are approved by Department of Scientific and Industrial Research. During the year the specific activities of interest are;
  - a) Absorption of toggle machine manufacturing capability from M/s. Sumitomo Heavy Industries, Japan.
  - b) Development of injection moulding machines for PET preform manufacture and polycarbonate applications.
  - c) Development of rigid PVC sheet line for special packaging applications.
  - d) Oscillating haul-off and IBC system for blown film lines.
  - e) High output blow moulding machines of 30 ltr capacity.
  - f) High output pipe extrusion plant for ribbed applications.
2. R & D activity for the future includes :
  - a) Developing of SUMO toggle series offering superior price to performance ratio.
  - b) Optimizing injection moulding machine models for specific applications like furniture, crates etc.
  - c) Improved outputs on sheet extrusion lines.
  - d) PET packaging application products.
  - e) Improved controls on blow moulding machines.
  - f) Hydromechanical design for higher tonnage injection moulding machines.
3. Expenditure on R & D

	Rs. in lacs	Rs. in lacs
a. Capital Expenditure	—	(0.10)
b. Recurring Expenditure	105.24	(102.21)
c. Total	105.24	(102.31)

Total R & D Expenditure works out to 1.03% (0.77%) of the total turnover (Net of Excise Duty) of the Company. Previous year's figures are given in brackets.

**C. FOREIGN EXCHANGE EARNED AND USED**

Details of foreign exchange earning and expenditure of the Company have been given in Notes to the Accounts, (refer Schedule 'V') points 14 & 15.

**DGP WINDSOR**

# AUDITORS' REPORT

To,  
The Members of  
DGP WINDSOR INDIA LIMITED

We have audited the attached balance sheet of **DGP WINDSOR INDIA LIMITED**, as at 30th June 1999 and the profit and loss account of the Company for the year ended on that date, annexed thereto, and report as under :

1. As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, and on the basis of such checks as we considered appropriate, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the annexure referred to in paragraph 1 above
  - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b. In our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of the books and proper returns adequate for the purposes of our audit have been received from branches not visited by us.
  - c. The balance sheet and profit and loss account dealt with by this report are in agreement with the books of account and returns;
  - d. In our opinion, the profit and loss account and balance sheet comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 to the extent they are applicable to the Company.
  - e. In our opinion and to the best of our information and according to the explanations given to us the said accounts give the information required by the Companies Act, 1956 in the manner so required except that as explained in note no. 9 details of dues to Small Scale Industrial Undertaking creditors are not available.
  - f. Attention is invited to note no. 6 regarding long outstanding debtors and our reliance on management's assessment about recoverability of the same. Subject to this observation and read with other notes thereon in Schedule 'V', the said accounts give a true and fair view :
    - i. in the case of the balance sheet, of the state of affairs of the Company as at 30th June, 1999 and
    - ii. in the case of profit and loss account, of the loss of the Company for the year ended on that date.

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For **SURESH SURANA & ASSOCIATES**  
Chartered Accountants

For **HARIBHAKTI & CO.**  
Chartered Accountants

Suresh Surana  
Proprietor

Chetan Desai  
Partner

Mumbai, Dated : 28th October, 1999