

42nd
ANNUAL REPORT
2004-2005

WINDSOR

WINDSOR MACHINES LIMITED

WINDSOR**Board of Directors**

Mr. Bhupen C. Dalal

Mr. R. R. Nagrajan Executive Director

Mr. G. D. Medhe

Mr. Alok M. Tibrewala

Auditors

Haribhakti & Co.

Chartered Accountants

Bankers

Canara Bank

Corporation Bank

State Bank of India

Registered Office & Thane Factory

Plot E-6, U2 Road,

Wagle Industrial Estate,

Thane - 400 604

Vatva Factory

Plot 5403, Phase IV, GIDC, Vatva

Ahmedabad-382 445

Chhatral Factory

Plot No.6 & 7, GIDC Indl. Estate,

Chhatral Tal. Kalol, Dist. Mehsana,

Gujarat-382 729

Corporate Office

'C' Building, 1st Floor,

Shah Industrial Estate,

Saki Vihar Road,

Mumbai-400 072

Registrar & Transfer Agents

Intime Spectrum Registry Pvt. Ltd.

C-13, Pannalal Silk Mills Compound,

L.B.S. Marg, Bhandup (W),

Mumbai - 400 078.

| | |
|---|-------------|
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Annual Report 2004-2005**42nd Annual General Meeting**

Date : 22nd December, 2005

Day : Thursday

Time : 11.00 a.m.

Place : Thane Small Scale Industries Association, TSSIA House,
Plot No. P-26, Road No. 16-T,
Wagle Industrial Estate,
Thane - 400 604

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Members are requested to bring their copies of Annual Report to the Annual General Meeting.

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NOTICE

NOTICE is hereby given that the 42nd Annual General Meeting of the Members of WINDSOR MACHINES LIMITED will be held at Thane Small Scale Industries Association, TSSIA House, Plot No. P-26, Wagle Industrial Estate, Thane – 400 604, on Thursday the 22nd December, 2005 at 11:00 a.m. to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the audited Balance Sheet as at 30th June, 2005 and the Profit and Loss Account for the year ended on that date, the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. B. C. Dalal who retires at the meeting and being eligible offers himself for re-appointment.
3. To appoint auditors to hold office from the conclusion of the meeting till the conclusion of the next Annual General Meeting and to authorise the Board to fix their remuneration.

SPECIAL BUSINESS :

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

“RESOLVED that pursuant to Clause 49 of the Listing Agreement entered into with the various Stock Exchange(s), the Board of Directors of the Company be and are hereby authorised to fix and pay sitting fees for attending meetings of the Board of Directors and/or Committees thereof to the Non-Executive Directors (including independent Directors) within the limits prescribed by the Central Government under provisions of the Companies Act, 1956, (as modified or superceeded from time to time) and/or other applicable regulations, if any, as amended, from time to time”.

By Order of the Board of Directors

Registered Office :
E-6, U2 Road,
Wagle Industrial Estate,
Thane - 400 604
Dated : 28th September, 2005

R. R. Nagrajan
Executive Director

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ANNEXURE TO NOTICE

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

ITEM NO. 4 :

The Securities and Exchange Board of India has amended Clause 49 of the Listing Agreement which relates to the Corporate Governance requirements to be fulfilled by the listed Companies. All listed Companies have to comply with the revised Clause 49 of the Listing Agreement by 31st December, 2005. One of the requirements stipulated under the revised Clause 49 is that all the fees/commission/compensation payable to the Non-Executive Directors, including the Independent Directors, fixed by the Board of Directors, shall be approved by the Members in General Meeting.

At present the Company is paying Rs. 2,000/- (Rupees two thousand only) as sitting fees to all the Non-Executive Directors of the Company, for attending each meeting of the Board of Directors and the Committee(s) thereof.

According to Rule 10-B of the Companies (Central Government's) General Rules & Forms, 1956, the Company can pay a maximum sum of Rs. 20,000/- (Rupees Twenty Thousand only) by way of sitting fees to its Directors.

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The resolution is proposed to authorise the Board of Directors of the Company to fix and pay the sitting fees to the Non-Executive Directors of the Company within the limits prescribed under Rule 10-B, as amended from time to time.

All Directors of the Company, except the Executive Director may be regarded as concerned or interested in the resolution at the Item No. 4 to the extent it concerns payment of sitting fees to them.

By Order of the Board of Directors

Registered Office :
E-6, U2 Road,
Wagle Industrial Estate,
Thane - 400 604
Dated : 28th September, 2005

R. R. Nagrajan
Executive Director

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 SUCH 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 Wednesday the 14th December, 2005 to Thursday the 22nd December, 2005 (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 16th December, 2005.
5. Members are requested to notify immediately any change in address to the Registrars at the following address :

M/s. Intime Spectrum Registry Ltd. C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (W), Mumbai – 400 078.
6. 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.

Consequent upon the amendment of Section 205A and the introduction of 205C by the Companies (Amendment) Act, 1999 the amount for the subsequent years remaining unpaid or unclaimed for a period of seven years from the date of transfer to the Unpaid Dividend Account of the company shall be transferred to the Investor Education and Protection Fund (the Fund) set up by the Government of India and no payments shall be made in respect of any such claims by the Fund. Members who have not yet encashed their dividend warrants for the years 1997-98 onwards are requested to make their claims to the Company accordingly, without any delay. It may be noted that the unclaimed dividend for the financial year 1997-98 is due for transfer to the Fund on 3.1.2006.

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WINDSOR**DETAILS OF DIRECTORS SEEKING APPOINTMENT**

(In Pursuance of Clause 49 of The Listing Agreement)

| | |
|---|---|
| Name of Director | Mr. Bhupen C. Dalal |
| Date of Birth | 18.11.1941 |
| Date of appointment | 20.12.2002 |
| Qualifications | B.Com. |
| Experience in special functional areas | Well versed in the field of finance and has undertaken Mergers and Acquisitions. |
| Chairman/Director of other companies | Blow Plast Limited Nildeep Investment Co. Pvt. Ltd. |
| Chairman/Member of Committees of the Board of Companies of which he or she is a Director. | Windsor Machines Ltd., - Committee - Member - Investors' Grievances & Share Transfer Committee - Member - Audit Committee - Member - Remuneration Committee - Member Blow Plast Ltd., - Audit Committee - Chairman - Remuneration Committee - Chairman |

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DIRECTORS' REPORT

Dear Members,

Your Directors present the 42nd Annual Report of your Company and the audited accounts for the year ended 30th June, 2005.

1. PERFORMANCE OF THE COMPANY

1.1 RESULTS

(Rs. In lacs)

| FINANCIAL HIGHLIGHTS | Year ended 30.06.2005 | Year ended 30.06.2004 |
|---|--------------------------|--------------------------|
| Sales, Income from operations and other income net of excise. | 10947.72 | 8228.68 |
| Profit / (Loss) before Interest & Depreciation | 152.40 | (505.27) |
| Less : Interest | 1821.07 | 1574.17 |
| Less : Depreciation | 311.92 | 673.39 |
| (Loss) before Extra Ordinary items and tax | (1980.59) | (2752.83) |
| Extra Ordinary Items (net) | 46.75 | — |
| (Loss) before Tax | (1933.84) | (2752.83) |
| Less : Provision for Taxation | 0.50 | 0.50 |
| (Loss) after Tax | (1934.34) | (2753.33) |
| Add/(Less) : Prior year's adjustments (net) | 2.80 | 19.87 |
| | (1931.54) | (2733.46) |
| Add : i Balance brought forward from previous year | (7424.02) | (4690.56) |
| Balance carried to Balance Sheet | (9355.56) | (7424.02) |

1.2 DIVIDEND :

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

2. OPERATIONS :

The investment climate in the country has marginally improved during the year, as compared to the previous year. However, on account of severe competition, the selling price continued to be under pressure. Despite this your company has achieved a turnover growth of 28% over the last year, by increasing volumes. The increase in the input cost of materials namely steel has put tremendous pressure on the contributions of your company. The company has been able to continue its control on the employee cost and administrative cost. The gross profit before interest and depreciation improved to Rs. 152.40 lacs in the current year from a gross loss of Rs. 505.27 lacs.

Detailed analysis of the operations of the Company are available in the 'Management Discussion and Analysis' forming part of the Annual Report. The operations of the Thane unit of the company continue to be closed.

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3. DOMESTIC SALES & EXPORT BUSINESS :

The turnover of the injection moulding machinery business has picked up during the current year by over 60% in relation to the previous year despite the tight working capital position. The turnover growth in the injection moulding machinery came from the new machine range known as 'Sprint' and also from the toggle machines which has garnered market share from its competitors. This trend is expected to continue in the injection moulding machine. Export business in the current year has also shown an impressive increase of 46% over the previous year due to focused marketing of our new range of machines. The customers' faith in the quality and efficiency of the machines manufactured by your company continue to grow and the order book continues to be healthy. The export market which had been depressed have shown revival and economic growth, which is an important factor for the Company.

4. REGISTRATION WITH BIFR :

As the accumulated losses at the end of the financial year ended 30th June, 2005 continue to exceed the entire net worth, your company is a sick industrial company as per provisions of section 3(1)(o) of the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA). A reference has been made and the company is registered with the Board of Industrial and Financial Reconstruction (BIFR) as provided under the said Act.

5. DIRECTORS' RESPONSIBILITY STATEMENT :

Pursuant to the requirements under Section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed :

- i. that in the preparation of the annual accounts for the financial year ended 30th June, 2005 the applicable accounting standards have been followed along with proper explanation relating to material departures.
- ii. that the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for that year under review.
- iii. that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv. that the Directors have prepared the accounts for the financial year ending 30th June, 2005 on a 'going concern' basis.

6. CORPORATE GOVERNANCE :

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, Management Discussion and Analysis, Corporate Governance Report and Auditors' Certificate regarding compliance of conditions of Corporate Governance, are made a part of the Annual Report.

7. INSURANCE :

All the assets of your Company including Buildings, machineries, fixtures, other fixed assets, stocks - raw materials, WIP, finished goods, etc. have been adequately insured.

8. ENVIRONMENT PROTECTION :

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

9. PERSONNEL :

The Company has restructured the personnel resulting in reducing the strength from 669 to 621 without hampering operational efficiency.

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WINDSOR**10. DIRECTORS :**

As per the provisions of the Companies Act, 1956 Mr. B. C. Dalal is liable to retire by rotation and offers himself for re-appointment at the ensuing Annual General Meeting.

11. AUDITORS :

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

12. AUDITORS' REMARKS :

As regards the observations made by the auditors the explanations given in Notes to the Accounts are self explanatory and need no further comments except in case of item (ix) (a) of the annexure to the Auditors' Report in respect of which your Company is making arrangements for the necessary payments.

13. 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 Company has no employee drawing remuneration in excess of the limits prescribed under section 217(2A) of the Companies Act, 1956 and accordingly no particulars are required to be furnished in this regard.
- c. The company has not received instructions from 4 depositors for repayment of deposits amounting to Rs.30,000/- as at 30th June, 2005.

14. BUSINESS OUTLOOK :

The Company being a Sick Industrial Company has made a reference to the Board of Industrial and Financial Reconstruction (BIFR). The company envisages that in view of the reference made to the BIFR, a rehabilitation proposal under the aegis of the BIFR will be discussed and certain relief in terms of lower interest cost, restructuring of debts etc. will be available to the company. The company expects to have a better outlook once the rehabilitation package is approved.

15. ACKNOWLEDGEMENT :

Your Directors record their gratitude to the Financial Institutions and to Banks, Government departments, Vendors, 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 September, 2005

B. C. Dalal
Director

R. R. Nagrajan
Executive Director

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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) Most of the machines made by us currently are with Variable Pump, resulting into reduction of Power Consumption at customers' end.

B. TECHNOLOGY ABSORPTION :

1. The company has approval from the Department of Scientific and Industrial Research for its R & D units at its factories in Vatva, Chhatral and Thane. During the year the specific activities of interest are :

a) INJECTION MOULDING MACHINE DIVISION :

- 1) Completed design and development of SPRINT 650T and SPRINT 350T Hydro mechanical machines.
- 2) Design of SPRINT 850T Hydro mechanical machine.

b) EXTRUSION & BLOW MOULDING DIVISIONS :

- 1) Mini Monolayer Film Plant Model : KWAT 750/40G.
- 2) Co-Extrusion PE Pipe Plant
- 3) 550 KG/Hr RPVC Pipe Plant
- 4) Three Layer Blown Film Plant of 2.2 Mtr with 550 KG/Hr O/P.
- 5) Pipe Plant for hotwater application with PP-R material.

2. R & D activity for the future includes :

a) INJECTION MOULDING DIVISION :

- 1) Design and Development of SPRINT 1100T Hydro-mechanical machine.
- 2) Development of SPRINT-850T Hydro-mechanical machine.
- 3) Design and development of high end toggle type machines – 180T, 100T, 350T.

b) EXTRUSION & BLOW MOULDING DIVISIONS :

- 1) 1800 mm Three layer Blown Film Line with Oscillating Nip and 400 Kg/Hr production.
- 2) 700 Kgs/Hr RPVC Pipe Plant.
- 3) 5 Layer Blown Film Line for manufacturing of Barrier Films for packaging.
- 4) Tie barless Blow Moulding machine model DG1000/H2

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WINDSOR**3. Expenditure On R & D**

Rs. in lacs

| | 2004-2005 | 2003-2004 |
|--------------------------|-----------|-----------|
| a. Capital Expenditure | — | — |
| b. Recurring Expenditure | 61.54 | 45.35 |
| c. Total | 61.54 | 45.35 |

Total R & D Expenditure works out to 0.61% (previous year 0.55%) of the turnover (Net of Excise Duty) of the company.

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.

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