

44th
ANNUAL REPORT
2006-2007

WINDSOR

WINDSOR MACHINES LIMITED

WINDSOR**Board of Directors**

Mr. R. R. Nagrajan Executive Director
 Mr. K. C. Gupte
 Mr. G. D. Medhe
 Mr. Alok M. Tibrewala
 Mr. M. K. Arora Additional Director

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

102/103, Dev Milan,
 L.B.S. Marg,
 Thane (W) - 400 604

Registrar & Transfer Agents

Intime Spectrum Registry Ltd.
 C-13, Pannalal Silk Mills Compound,
 L.B.S. Marg, Bhandup (W),
 Mumbai - 400 078.
 Tel. : 2596 3838
 Fax : 2596 2691

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Annual Report 2006-2007**44th Annual General Meeting**

Date : 28th December, 2007

Day : Friday

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.

NOTICE

NOTICE is hereby given that the 44th Annual General Meeting of the Members of WINDSOR MACHINES LIMITED will be held at the Thane Small Scale Industries Association, TSSIA House, Plot No. P-26, Wagle Industrial Estate, Thane - 400 604, on Friday the 28th December, 2007 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, 2007 and the Profit and Loss Account for the year ended on that date together with the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. G. D. Medhe who retires at this meeting, and being eligible, offers himself for re-appointment.
3. To appoint auditors to hold office from the conclusion of this meeting till the conclusion of the next Annual General Meeting and to authorise the Audit Committee of the Board to fix their remuneration.

SPECIAL BUSINESS:

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

"RESOLVED that pursuant to the provisions of Sections 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 re-appointment of Mr. R. R. Nagrajan as an Executive Director of the Company for a further period of three years w.e.f. 3.3.2007 on the terms and conditions including remuneration and perquisites as set out in the draft Agreement to be entered into between the Company and Mr. R. R. Nagrajan.

RESOLVED FURTHER 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.

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

"RESOLVED THAT Mr. M. K. Arora, who was appointed as an Additional Director of the Company by the Board of Directors at their meeting held on 29th September 2007, and who holds office upto the date of this Annual General Meeting of the Company and in respect of whom a notice under Section 257 of the Companies Act, 1956 has been received from a member signifying his intention to propose Mr. M. K. Arora as a candidate for the office of Director of the Company, be and is hereby appointed as a Director of the Company liable for retirement by rotation."

By Order of the Board of Directors

Registered Office :
Plot E-6, U2 Road,
Wagle Industrial Estate,
Thane - 400 604
Dated : 25th October, 2007

R. R. Nagrajan
Executive Director

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WINDSOR**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.****ITEM NO. 4**

Mr. R. R. Nagrajan was appointed as Executive Director of the Company w.e.f. 3rd March, 2004, for a period of three years. His term of appointment expired on 2.3.2007. The Board of Directors in its meeting held on 30th January, 2007, has re-appointed Mr. R. R. Nagrajan as Executive Director of the Company for a further period of three years w.e.f. 3.3.2007 subject to the approval of the Members. Mr. R. R. Nagrajan's re-appointment is on the following remuneration.

Salary : Rs. 60,000/- per month in the scale of Rs.60,000/- - Rs.1,00,000/-.

Increments within the salary scale will be decided by the Board of Directors from time to time as they may deem fit.

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. Housing – Furnished residential accommodation or House Rent Allowance of Rs.18,500/- per month.
- ii. Medical Reimbursement - Reimbursement of expenses at actuals for self and family, subject to maximum of Rs. 15,000/- per annum.
- iii. Leave Travel Concession - For self and family once in a year, expenses of which not exceeding Rs. 60,000/- per annum.
- iv. Gas, Electricity, Water at actuals.
- v. Club fees - Fees for a maximum of 2 clubs excluding admission and life membership fees.
- vi. Personal Accident Insurance - As per Company policy.
- vii. Provident Fund - As per rules of the Company.
- viii. Superannuation Fund - As per rules of the Company.
- ix. Gratuity - As per rules of the Company.
- x. Earned/Privilege leave - On full pay and allowances, as per rules of the Company, not exceeding 30 days for every completed year of service.
- xi. Encashment of leave accumulated but not availed at the end of tenure of office, in accordance with the rules of the company.
- xii. 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;

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- 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.

MEMORANDUM OF INTEREST

A draft copy of the Agreement to be executed by the Company with Mr. R.R. Nagrajan is open for inspection by the Members during the hours 10:00 a.m. to 12 noon on all working days of the Company at its Registered Office.

The Board of Directors recommend the resolution for your approval.

None of the Directors of the Company other than Mr. R. R. Nagrajan are in any way concerned or interested in the above resolution.

ITEM NO. 5

Mr. M. K. Arora was appointed as an Additional Director of the Company with effect from 29th September, 2007, and accordingly, in terms of the provisions of the Articles of Association and Section 260 of the Companies Act, 1956, holds office only upto the date of the forthcoming Annual General Meeting.

Mr. Arora is a qualified Company Secretary and Law Graduate from Mumbai University. Mr. Arora has vast experience in Legal and Corporate matters and his appointment would benefit the Company through his extensive knowledge of close to three decades.

Your Directors recommend the resolution set out in the Notice for your approval.

Notice pursuant to Section 257 of the Companies Act, 1956, has been received from a Member, signifying his intention to propose the appointment of Mr. M. K. Arora. This may also be treated as individual notice to the Members of his candidature, pursuant to Section 257 (1A) of the Companies Act, 1956.

None of the Directors are concerned or interested in the proposal except Mr. M. K. Arora.

By Order of the Board of Directors

Registered Office :
Plot E-6, U2 Road,
Wagle Industrial Estate,
Thane - 400 604
Dated : 25th October, 2007

R. R. Nagrajan
Executive Director

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WINDSOR**NOTES**

1. The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of the businesses under Item Nos. 4 and 5 of the accompanying Notice and the details in respect of the Directors proposed to be re-appointed at the Annual General Meeting to be provided under Clause 49 of the Listing Agreement with Stock Exchange(s) where the shares of the Company are listed.
2. 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.
3. 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.
4. **Pursuant to Section 154 of the Companies Act, 1956, the Register of Members and Share Transfer Books of the Company will remain closed from Wednesday the 19th December, 2007 to Friday the 28th December, 2007 (both days inclusive).**
5. Members desirous of obtaining any information in respect of Accounts and operations of the Company are requested to write to the Company at least one week before the meeting, to enable the Company to make available the required information at the meeting.
6. 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.
7. Consequent upon the amendment of Section 205A and the insertion of 205C by the Companies (Amendment) Act, 1999 the amount 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 can be made in respect of any such claims by the Fund.
8. As an austerity measure, copies of Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring their own copies to the Meeting.

**Details of Directors Seeking Appointment
(In Pursuance of Clause 49 of The Listing Agreement)**

Name of Director	Mr. G. D. Medhe	Mr. M. K. Arora
Date of Birth	13.5.1956	21.9.1943
Date of appointment	20.12.2002	29.09.2007
Qualifications	Diplomaholder in Plastics Engineering	M.Com L.L.B. ACS, AICWA
Experience in special functional areas	Has experience in Design and Manufacture of moulds for injection moulding machines and production of injection moulded goods.	Has vast experience in all facets of legal and corporate matters.
Chairman/Director of other companies	Nil	<ul style="list-style-type: none"> – Alcon Finance & Invest. Ltd. – Vubhuti Investments Co. Ltd. – DGP Capital Mgmt. Ltd. – DGP Enterprises Pvt. Ltd. – Priya Ltd. – Smart Manager Media Pvt. Ltd. – Trimurti Glass Containers Ltd. – Aristocrat Luggage Ltd.
Chairman/Member of Committees of the Board of Companies of which he or she is a Director.	Windsor Machines Ltd. <ul style="list-style-type: none"> – Investors' Grievances & Share Transfer Committee - Member – Audit Committee - Member – Remuneration Committee - Member 	Aristocrat Luggage Ltd. <ul style="list-style-type: none"> – Audit Committee - Chairman – Priya Ltd. – Audit Committee - Member
No. of Shares of the Company.	Nil	Nil

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DIRECTORS' REPORT

Dear Members,

Your Directors present the 44th Annual Report together with the audited accounts of the Company for the financial year ended 30th June, 2007.

1. PERFORMANCE OF THE COMPANY

1.1 RESULTS

	(Rs. In lacs)	
FINANCIAL HIGHLIGHTS	Year ended 30.06.2007	Year ended 30.06.2006
Sales, Income from operations and other income net of excise.	11619.28	10280.38
Profit / (Loss) before Interest & Depreciation	106.14	273.01
Less : Interest	682.73	674.50
Less : Depreciation	210.10	222.56
(Loss) before Extra Ordinary items and tax	(786.69)	(624.05)
Extra Ordinary Items (net)	(2419.81)	(2033.27)
(Loss) before Tax	(3206.05)	(2657.32)
Less : Provision for Taxation	0.50	0.50
Fringe benefit tax	14.52	27.15
(Loss) after Tax	(3221.52)	(2684.97)
Add/(Less) : Prior year's adjustments (net)	37.15	65.01
	(3184.37)	(2619.96)
Add: i Balance brought forward from previous year	(11975.52)	(9355.56)
Balance carried to Balance Sheet	(15159.89)	(11975.52)

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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 investment climate in the country continued to remain optimistic during the year. Your Company has been able to realize marginally better prices on its machines in the current year. Your Company has in the current year sold 335 machines to achieve a turnover of Rs.113.77 crores as compared to 318 machines in the previous year to achieve a turnover of Rs.100.01 crores. Despite this your company is facing tremendous pressure on the contributions due to increase in the input cost of materials. Your company has been able to continue its control on administrative costs, while the employer cost has increased due to market condition. The profit before interest and depreciation improved to Rs. 106.14 lacs in the current year as against Rs. 273.01 lacs in the previous year.

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.

WINDSOR**3. DOMESTIC SALES & EXPORT BUSINESS :**

The Extrusion machinery business of your Company has continued its growth trend in the current year also. The turnover of the extrusion machinery business has grown by over 10% in relation to the previous year. The injection moulding machinery business of your company has also picked up during the current year despite the working capital crunch being faced by the business. The increase in the turnover of more than 18% in the current year has been on account of the focused vendor management programme which has helped in slightly easing the pressure on the tight working capital and also through enhanced customer satisfaction. The market has well accepted the new range of machines from the injection moulding machinery business of your company on account of its efficiency and product quality. However, the important thing is that contribution margins continue to be under strain due to the rising prices of inputs especially steel and steel based components. The turnover in the injection moulding machinery business is expected to increase in the current year as the company is focusing on higher penetration in the market and enhancing customer satisfaction. Export turnover in the current year has increased by more than 22% in comparison to the previous year, primarily due to focused marketing of the new range of machines which are gaining customers confidence in respect of quality and efficiency. However, with the appreciation of the Rupee against the US Dollar your Company feels that it may affect the export turnover in the short term.

4. BUSINESS OUTLOOK :

The CDR cell through its Empowered Group had approved a debt-restructuring scheme for the Company. Under the scheme the Company was granted certain reliefs and interests benefits. However, your Company has not been in a position to fully service the lenders and also repay as per the terms of the sanctioned scheme due to rising costs of raw material and associated financial constraints.

The Company also being a Sick Industrial Company had made a reference to the Board of Industrial and Financial Reconstruction (BIFR) and has been declared sick as per the provisions of the Sick Industrial Companies (Special Provisions) Act, 1985. The Company envisages that in view of the declaration of sickness, a rehabilitation proposal under the aegis of the BIFR will be available to the Company.

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, 2007 the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- 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, 2007 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. DEPOSITORY :

As the members are aware, your company's shares are tradable compulsorily in electronic form and your company has established connectivity with both the depositories i.e. National Securities Depository Ltd. (NSDL) and Central Depository Services Ltd., (CDSL). In view of the numerous advantages offered by the Depository system, members are requested to avail of the facility of dematerialisation of the company's shares on either of the Depositories as aforesaid.

9. ENVIRONMENT PROTECTION :

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

10. PERSONNEL :

The Company's personnel strength has reduced from 611 to 576 without hampering operational efficiency.

11. DIRECTORS :

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

Mr. M. K. Arora has been appointed as an Additional Director w.e.f 29th September, 2007. He will hold office till the date of the ensuing Annual General Meeting. Notices in writing under section 257 of the Companies Act, 1956 have been received from a member of the company proposing his candidature.

12. AUDITORS :

The Auditors M/s. Haribhakti & Co., Chartered Accountants, Statutory Auditors of your Company, hold office until the conclusion of the ensuing Annual General Meeting and being eligible have expressed their willingness to continue, if so appointed.

13. AUDITORS' REMARKS :

The Notes to the Accounts and the remarks referred to in the Auditors' Report are self-explanatory and therefore does not call for any further comments.

14. 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 Rs.24,00,000/- p.a. or more during the year and hence the particulars as required under section 217(2A) of the Companies Act, 1956, have not been furnished.
- c. During the year under review the Company credited the unclaimed deposits of Rs. 15000/- to the Investor Education and Protection Fund (IEPF) pursuant to the provisions of the IEPF (Awareness and Protection of Investor) Rules, 2001.

15. REGISTRATION WITH BIFR :

As the accumulated losses at the end of the financial year ended 30th June, 2007 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 had been made and the company is declared sick by the Board of Industrial and Financial Reconstruction (BIFR) under the said Act.

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16. ACKNOWLEDGEMENT :

Your Directors record their gratitude to the Financial Institutions and to Banks, CDR Cell, 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 dedicated services of the employees of the Company.

For and on behalf of the Board of Directors

Place : Mumbai
Dated : 25th October, 2007

K. C. GUPTA
Director

R. R. NAGRAJAN
Executive Director

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