

45th
ANNUAL REPORT

Report **2007-2008** on.com

WINDSOR

WINDSOR MACHINES LIMITED

WINDSOR**Board of Directors**

Mr. R. R. Nagrajan Executive Director
 Mr. P. C. Kundalia
 Mr. K. C. Gupte
 Mr. M. K. Arora
 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 5402 & 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

CONTENTS.....	Page
Notice	1
Directors' Report.....	7
Corporate Governance Report	13
Auditors' Certificate on Corporate Governance	23
Management Discussion & Analysis Report	24
Auditors' Report & Annexure	28
Balance Sheet	32
Profit & Loss Account	33
Cash Flow Statement	34
Schedules & Notes on Account	35

Annual Report 2007-2008**45th Annual General Meeting**

Date : 17th December, 2008

Day : Wednesday

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

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

Annual
 Report
 2007-2008

NOTICE

NOTICE is hereby given that the 45th 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 Wednesday the 17th December, 2008 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, 2008 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. K. C. Gupte 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 revision in salary of Mr. R. R. Nagrajan, Executive Director of the Company w.e.f. 1st July, 2008 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 authorized 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. P. C. Kundalia, who was appointed as an Additional Director of the Company by the Board of Directors at their meeting held on 28th January 2008, 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. P. C. Kundalia 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.”

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

“RESOLVED that in accordance with the provisions of section 293(1)(d) and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the provisions of the Memorandum of Association and Articles of Association of the Company, consent of the Company be and is hereby accorded to the Board of Directors (which term shall be deemed to include any Committee thereof for the time being exercising the powers conferred on the Board by this Resolution), to borrow any sum or sums of monies, from time to time, upon such terms and conditions as to interest, repayment, or otherwise and with or without security, as the Board of Directors may think fit for the purposes of the Company's business notwithstanding that the money or monies to be borrowed, together with the

Annual
Report
2007-2008

WINDSOR

monies already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate, for the time being, of the paid-up capital of the Company and its free reserves, provided however, the total amount so borrowed (apart from the temporary loans obtained from the Company's bankers in the ordinary course of business) shall not exceed Rupees Two Hundred Crores in excess of the paid up capital and free reserves for the time being of the Company."

By Order of the Board of Directors

Registered Office :
Plot E-6, U2 Road,
Wagle Industrial Estate,
Thane - 400 604
Dated : 24th October, 2008

R. R. Nagrajan
Executive Director

Annual
Report
2007-2008

Report  junction.com

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

At the Annual General Meeting held on 28th December, 2007, Mr. R. R. Nagrajan was re-appointed as Executive Director of the Company w.e.f. 3rd March, 2007, for a period of three years. His term of appointment expires on 2.3.2010. The Board of Directors in its meeting held on 21st August, 2008, has revised the salary of Mr. R. R. Nagrajan, Executive Director of the Company, w.e.f. 1st July, 2008, subject to the approval of the Members, on the following remuneration.

Salary: Rs.1,00,000/- per month in the scale of Rs.1,00,000/- – Rs.3,00,000/-

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.1,00,000/- 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;

Annual
Report
2007-2008

WINDSOR

- 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, the proposed remuneration shall not be reduced.

The terms of remuneration as revised under the Supplementary Agreement shall form part of the terms and conditions of the appointment and remuneration of the Executive Director as reflected in the Agreement and the terms of the Agreement shall stand modified to such extent. All other terms and conditions of the appointment and remuneration of the Executive Director shall remain unaltered.

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. P. C. Kundalia was appointed as an Additional Director of the Company with effect from 28th January, 2008, 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. Kundalia is 62 years. He has a Masters in English Literature from Harvard University. He is an industrialist having vast experience in business having promoted some companies internationally as well. With his appointment the Company would benefit through his extensive experience and expertise in business management.

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. P. C. Kundalia. 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. P. C. Kundalia.

WINDSOR**ITEM NO. 6**

At the Extra-ordinary General Meeting of the Company held on 24th February, 1995, the Members had approved borrowing limits of Rs.100 Crores. In view of the requirement of funds for business needs of the Company it is proposed to increase the limit to Rs. 200 Crores in excess of the paid-up capital and free reserves as set out in this resolution.

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

None of the Directors is concerned or interested in this resolution.

By Order of the Board of Directors

Registered Office :
Plot E-6, U2 Road,
Wagle Industrial Estate,
Thane - 400 604
Dated : 24th October, 2008

R. R. Nagrajan
Executive Director

NOTES

1. The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of the businesses under Item Nos. 5 and 6 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, is annexed here to.
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 Monday the 8th December, 2008 to Wednesday the 17th December, 2008 (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.

Annual
Report
2007-2008

WINDSOR

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

Name of Director	Mr. P. C. Kundalia	Mr. K. C. Gupte
Date of Birth	27.6.1946	30.09.1951
Date of appointment	28.01.2008	28.07.2006
Qualifications	M.A. in English Literature from Harvard University.	B.Com., AICWA, DMA
Experience in special functional areas	He is an industrialist having vast experience in business having promoted some companies internationally as well and has extensive experience and expertise in business management.	General corporate management particularly in finance.
Chairman/Director of other companies	<ul style="list-style-type: none"> - Maitry Exports Pvt. Ltd. - Edumatrix Services (I) Pvt. Ltd. - Empower Energy Pvt. Ltd. - Universal Insurance Brokers Services Pvt. Ltd. - Renaissance Equipments Pvt. Ltd. - NRI Tax Services.Com India Pvt. Ltd. - Maitry & Maitry 	<ul style="list-style-type: none"> - Alcon Finance & Investments Ltd. - DGP Enterprises Pvt. Ltd. - DGP Securities Ltd. - Kiddy Plast Ltd. - Kemp & Co. 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"> - Audit Committee - Member - Remuneration Committee - Member 	DGP Securities Ltd. <ul style="list-style-type: none"> - Investor Grievance Committee - Member Windsor Machines Ltd. <ul style="list-style-type: none"> - Audit Committee - Chairman - Remuneration Committee - Member
No. of Shares of the Company.	Nil	500

*Annual
Report
2007-2008*

WINDSOR

DIRECTORS' REPORT

Dear Members,

Your Directors present the 45th Annual Report together with the audited accounts of the Company for the financial year ended 30th June, 2008.

1. PERFORMANCE OF THE COMPANY

1.1 RESULTS

	(Rs. In lacs)	
FINANCIAL HIGHLIGHTS	Year ended 30.06.2008	Year ended 30.06.2007
Sales, Income from operations and other income net of excise.	11424.89	11619.28
Profit / (Loss) before Interest & Depreciation	699.27	106.14
Less : Interest	658.68	682.73
Less : Depreciation	214.45	210.10
(Loss) before Extra Ordinary items and tax	(173.86)	(786.69)
Extra Ordinary Items (net)	(35.81)	(2419.81)
(Loss) before Tax	(209.67)	(3206.50)
Less : Provision for Taxation	0.50	0.50
Fringe benefit tax	15.38	14.52
(Loss) after Tax	(225.55)	(3221.52)
Add/(Less) : Prior year's adjustments (net)	(82.62)	37.15
	(308.17)	(3184.37)
Add : Balance brought forward from previous year	(15159.89)	(11975.52)
Balance carried to Balance Sheet	(15468.06)	(15159.89)

1.2 DIVIDEND :

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

2. OPERATIONS :

Your company has in the current year sold 315 machines to achieve the turnover of Rs. 108.67 crores as compared to 335 machines in the previous year to achieve a turnover of Rs. 113.77 crores. Contribution levels have been under pressure due to substantial increase in the input cost of materials, particularly steel. Your company has been able to continue its control on administrative costs, while the employee cost has increased due to market condition. The profit before interest and depreciation has improved to Rs. 699.27 lacs in the current year as against Rs. 106.14 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 remain closed.

3. DOMESTIC SALES & EXPORT BUSINESS :

The exports during the year have been affected due to the appreciation of the Rupee against the US Dollar. Consequently, exports turnover has fallen by around 25 % in relation

Annual
Report
2007-2008

WINDSOR

to previous year. The domestic turnover of the extrusion machinery business has grown by around 1% in relation to the previous year. The injection moulding machinery domestic business of your company has also picked up during the current year despite the working capital crunch being faced by the business. The domestic turnover of the injection moulding machinery business has grown by more than 10% in relation to the previous year. The increase in the domestic turnover of more than 4% in the current year has been supported by 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.

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 interest 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. Subsequently following arrangements have been made:

- i. ICICI Bank Ltd by letter dated October 09, 2006 has assigned its financial assistance in the company to Asset Reconstruction Company (India) Ltd. (ARCIL), a Securitisation and Reconstruction Company registered with the Reserve Bank of India, pursuant to section 3 of the Securitisation and Reconstruction of Finance Assets and Enforcement of Security Interest Act, 2002. During the year ARCIL has agreed to restructure the debt which shall be effective from the date of passing of order by High Court / BIFR/ CDR only; *inter alia*, and in the event of default in repayment obligations to ARCIL, the same shall be withdrawn with retrospective effect and original liabilities shall stand reinstated.
- ii. Rupee term loan from Bank of India amounting to Rs. 1,814.52 lacs included in Other Loans (Schedule "C") has been paid off by M/s. Renaissance Equipments Pvt. Ltd. during the year. The bank has assigned whole of the debts due and payable by the company to Renaissance Equipments Pvt. Ltd. together with all its rights, title and interest in the loan agreements and the full benefits of the covenants, rights and powers contained in the said loan agreement. Consequently, the said loan shall rank *pari passu* with the charges created in favour of financial institution for their financial assistance under the Rupee term loan.
- iii. During the year State Bank of India has vide letter dated June 26, 2008 accepted offer of the company for One-time settlement (OTS) and has stipulated to pay required amount within 6 months; failing which the offer of OTS will be treated as cancelled.
- iv. Out of remaining banks, Corporation Bank has intimated their willingness to restructure their dues with certain stipulations.

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, 2008 the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;