

WACHNO PLASTICS LIMITED

19th ANNUAL REPORT 2003 - 2004

MACHINO PLASTICS LIMITED

MACHINO PLASTICS LIMITED

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Corporate Information

Board of Directors

Chairman
Director
Director
Director
Director
Director
Managing Director

M. D. Jindal
Hiromitsu Totsuka
G. C. Dwivedi
H. C. Bhasin
Harbhajan Singh
R. L. Gaggar
Dr. Sanjiv Jindal

Bankers

State Bank of India,
Industrial Finance Branch, New Delhi.

The Bank of Tokyo-Mitsubishi Limited,
New Delhi

Auditors

Goel Garg & Co.
Chartered Accountants, G.K.-II
New Delhi - 110 048

Secretary cum General Manager (F)

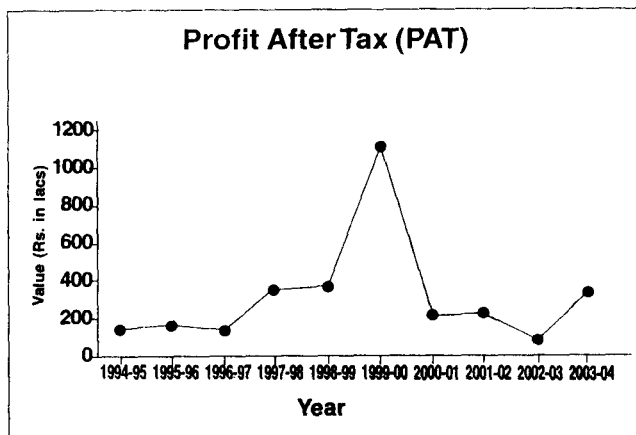
Surya Kant Agrawal

Registered Office & Factory

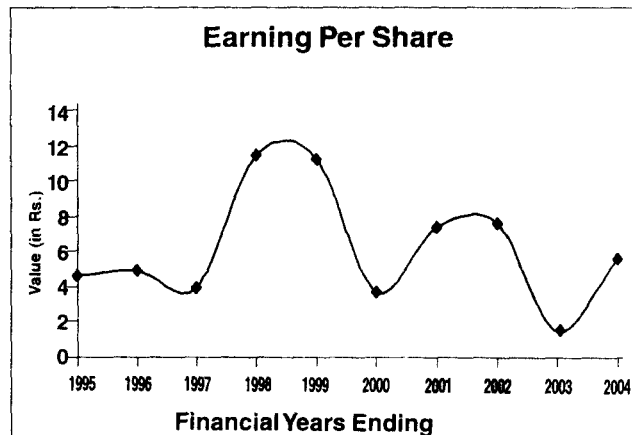
3, Maruti Joint Venture Complex
Gurgaon - 122 015 (Haryana)
Ph. : 0124-2341218, 2340806,
2346094, 2347601
Fax : 0124-2340692
email : mpl@machino.com

Share Transfer Agent (For Demat & Physical purpose)

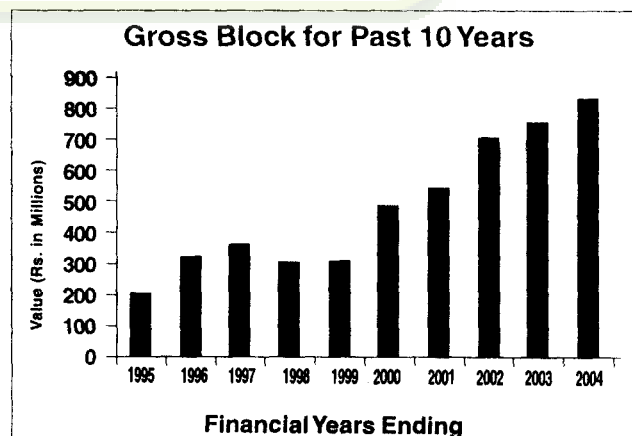
Alankit Assignments Limited
2E/8, Jhandewalan Extension,
New Delhi - 110 055.
Ph. : 51540060-64
email - alankit@alankit.com

MACHINO PLASTICS LIMITED**Performance Over Last Ten Years at Glance**

* In 1999-2000 PAT including gain of Rs. 872.47 lacs on disinvestment of shares in Machino Basell India Limited (earlier known as Machino Polymers Ltd.).



* In 2002-03 Company issued Bonus shares in the ratio of 1:1.





Notice

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 19th Annual General Meeting of the members of Machino Plastics Limited will be held on Friday, the 23rd July, 2004 at 11:00 a.m. at GIA House, I.D.C., Mehrauli Road, Gurgaon (Haryana) to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited balance sheet as at 31st March, 2004 and profit and loss account for the year ended on that date and report of auditors and directors thereon.
2. To declare dividend on equity shares for the year.
3. To appoint a director in place of Mr. Harbhajan Singh who retires by rotation and being eligible offers himself for reappointment.
4. To appoint a director in place of Mr. Harish C. Bhasin who retires by rotation and being eligible offers himself for reappointment.
5. To appoint the auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next annual general meeting of the company and to fix their remuneration.

SPECIAL BUSINESS

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

"RESOLVED AS SPECIAL RESOLUTION THAT pursuant to provisions of section 293 (1)(e) of the Companies Act, 1956 and other applicable provisions, if

any, the Board of Directors of the Company be and is hereby authorised to contribute in the financial year 2004-2005 to charitable & other funds or general charities or other purposes not directly relating to the business of the Company or the welfare of its employees to the extent of Rs. 25,00,000 over and above the limit of Rs. 15,00,000 or 5% of net profit as determined in accordance with the provisions of the Companies Act, 1956, whichever is higher as fixed in 15th Annual General Meeting held on 11th Aug, 2000."

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

"RESOLVED AS SPECIAL RESOLUTION THAT pursuant to provisions of section 309 (4) and any other applicable provisions of the Companies Act, 1956 and subject to such approval of the Central Government, as may be required, approval of the members be and is hereby accorded to pay commission to each Non-Executive Director of the Company not exceeding Rs. 50,000/- in each financial year subject to maximum of 1% of net profit to all of them together within the overall remuneration limit as per Section 198 of the Companies Act, 1956 w.e.f. 1st April, 2004 in addition to the sitting fee of Rs. 2000/- payable to each director for attending Board meeting, Audit Committee meeting & Shareholders Grievance Committee Meeting separately."

Regd. Office : By order of the Board of Directors
3, Maruti J. V. Complex,
Gurgaon - 122015 (Haryana)

Dated : 7th June, 2004

SURYA KANT AGRAWAL
COMPANY SECRETARY

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT PROXY TO ATTEND AND VOTE ON A POLL IN THE MEETING INSTEAD. THE PROXY NEED NOT BE A MEMBER.
THE INSTRUMENT APPOINTING A PROXY SHOULD BE DEPOSITED AT THE COMPANY'S REGISTERED OFFICE, NOT LESS THAN 48 HOURS BEFORE THE TIME FOR HOLDING THE AFORESAID MEETING.
2. All documents referred to, in the accompanying notice and explanatory statement, are open for inspection at the registered office of the company on all working days, during regular business hours and shall also be available at the meeting.
3. The register of members and share transfer books of the company will remain be closed from 21st July, 2004 to 23rd July, 2004 (both days inclusive). The dividend for financial year 2003-04 would be paid to the members on record date.
4. Members are requested to notify immediately any change in their address along with pincode numbers to the company or the share transfer agent of the Company (Alankit Assignments Limited, 2E/8, Jhandewalan Extension, New Delhi - 110055).
5. Individual shareholders can take the facility of nomination. For further detail in this regard shareholders may contact share transfer agent of the Company.
6. The shares of the Company are transacted in compulsory dematerialised form. Shareholders are requested to convert their shares in Demat form at earliest possible.
7. Members are requested to quote their account/ folio no. in all correspondence with the company.

MACHINO PLASTICS LIMITED

8. Members attending the annual general meeting are requested to bring along their copies of the annual report, as the same will not be distributed at the meeting.

EXPLANATORY STATEMENT TO ITEM NO. 6

Pursuant to Section 173(2) of the Companies Act, 1956.

At the Annual General Meeting of the Company held on 11th Aug'2000, a resolution was passed by the shareholders authorising the Board of Directors of the Company to contribute to charitable & other funds or general charities or other purposes not directly relating to the Business of the Company or the welfare of its employees from time to time in each financial year to the extent of Rs. 15,00,000/- or 5% of its net profit, as determined in accordance with the provisions of Companies Act, 1956, whichever is greater.

In the financial year 2004-2005, the company intend to contribute Rs. 25,00,000/- to Maruti Centre for Excellence as Lifetime membership/admission fee which is eligible for income tax deductions as donation u/s 80G of the Income Tax Act, 1961. This donation is over and above the limit fixed as above.

Thus the consent of the members under section 293(1)(e) of the Companies Act, 1956 and other applicable provisions, if any, of the Companies Act, 1956 is sought to enable the Board of Directors to donate money in excess of the prescribed limit.

None of the directors of your Company is interested, either directly or indirectly, in the said resolution.

EXPLANATORY STATEMENT TO ITEM NO. 7

Pursuant to Section 173(2) of the Companies Act, 1956.

The Company is paying its non-executive directors by way of sitting fee and not in any other form. The non executive directors render services to the Company in the form of valuable advice and suggestions as and when required by the Company.

The consent of the members under section 309(4) of the Companies Act, 1956 and other applicable provisions, if any, of the Companies Act, 1956 is sought to enable the Company to pay for the valuable services of non executive directors of the Company by way of commission to each non executive director not exceeding Rs. 50,000/- in each financial year subject to maximum of 1% of net profit to all of the together within the overall remuneration limit as per section 198 of the Companies Act, 1956 w.e.f. 1st April, 2004. This commission is in addition to the sitting fee of Rs. 2000/- payable to each director for attending every board meeting, audit committee meeting and shareholder grievance committee meeting separately.

Non-executive directors of your Company are interested in the said resolution to the extent of commission receivable by them.

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Director's Report

The Members,

Your directors have pleasure in presenting the 19th annual report together with the audited statement of accounts for the financial year ended 31st March, 2004.

FINANCIAL PERFORMANCE :		
	(Rs. In Lacs)	(Rs. In Lacs)
	2003-2004	2002-2003
Income from Operation (net of excise)	6323.00	4652.95
Other Income	136.15	741.10
Profit (before interest, dep)	1533.32	1350.86
Interest	153.07	204.51
Depreciation	827.48	1043.90
Profit before tax	552.77	102.45
Provision for tax (after adjustment of deferred tax)	218.68	31.50
Profit after tax	334.09	70.95
Surplus as per last year	293.69	301.97
Amount available for appropriation	627.78	372.92
APPROPRIATION:		
Transfer to General Reserve	100.00	10.00
Interim Dividend /Proposed Dividend	122.74	61.37
Provision for tax on proposed dividend	15.73	7.86
Surplus carried to Balance Sheet	389.31	293.69
	627.78	372.92

OPERATION & FINANCIAL REVIEW

Car production by Maruti Udyog Limited has increased by 30%. Accordingly, the turnover of your Company also increased by 35.89% i.e. from Rs. 4652.95 lacs to Rs. 6323.00 lacs. This has contributed significantly to increase in profitability due to higher capacity and resource utilisation.

During the year under review your Company continued its efforts for cost reduction. The cost control measures taken by the company mainly related to reduction of in house and customer level rejections, re-cycle of rejected materials and ultimately reduction in raw material consumption.

DIVIDEND

Your Directors are pleased to recommend for your consideration and approval dividend @ 20% for the year 2003-2004. The dividend outgo would be Rs.122.74 lacs.

DIRECTORS' RESPONSIBILITY STATEMENT

In compliance with Section 217(2AA) of the Companies Act, 1956 as amended by the Companies Amendment Act, 2000,

the directors of your Company subject to notes appended to accounts and auditor's report, confirm:

- that in preparation of annual accounts for the financial year ended 31st March'2004, the applicable accounting standards had been followed and that there are no material departures.
- that such accounting policies have been selected and applied consistently and such judgements and estimates made are reasonable and prudent so as to give a true & fair view of the state of affairs of the Company at the end of the financial year 2003-2004 and of the profit of the Company for the year ended 31st March, 2004.
- that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- that the annual accounts have been prepared on a going concern basis.

MACHINO PLASTICS LIMITED**DIRECTORS**

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company, Mr. Harbhajan Singh & Mr. Harish C. Bhasin retire by rotation and being eligible offer themselves for reappointment.

AUDITORS

M/s Goel Garg & Company, Chartered Accountants, the statutory auditors of the company retires at the conclusion of ensuing annual general meeting of the company and being eligible, offer themselves for reappointment.

AUDITORS' REPORT

The observation of the auditors is self-explanatory and/or is suitably explained in the notes to the accounts.

CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, the Report on Corporate Governance and Management Analysis & Discussion Report have been included in this annual report as separate section (forming part of Directors' Report) along with the Auditors' Certificate.

DEPOSITS

Your Company has not accepted any deposit u/s 58A of the Companies Act, 1956 & rules made thereunder.

PARTICULARS OF EMPLOYEES

No employee of the Company has come under the limit as specified by section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employee) Rules, 1975 as amended by Companies (Particulars of Employees) Rules, 2002.

ADDITIONAL INFORMATION

Information pursuant to section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 is furnished hereunder:

A. CONSERVATION OF ENERGY

Your company has taken steps to conserve energy. Steps have been taken to identify areas of excess consumption of power and checks have been strengthened at these points. The major focus area is to plan production to reduce product changes to save energy. Besides this Company has taken steps to ensure optimum utilisation of production resources to ensure better energy efficiency. Company has installed 1000 kva DG Set to reduce cost of energy.

The data regarding energy consumed is given hereunder:

Power & Fuel Consumption

	2003-04	2002-03
1. Electricity		
1.1 Purchased Units	12,49,104	31,03,252
Total Cost (Rs. In lacs)	79.75	232.69
Rate per unit	6.38	7.50
1.2 Own Generation - D.G. Set		
Units generated	40,23,638	12,65,888
Fuel Cost (Rs. In lacs)	292.57	71.76
Fuel cost per unit	7.27	5.67
2. Coal	N.A.	N.A.
3. Furnace Oil	N.A.	N.A.
4. Other/ Internal generation	N.A.	N.A.

B. TECHNOLOGY ABSORPTION

A statement giving details of technology absorption in accordance with the above Rules is annexed hereto as Annexure I and forms part of the Report.

C. FOREIGN EXCHANGE EARNING & OUTGO

	Rs. In Lacs
Total foreign exchange earnings	NIL
Total foreign exchange outgo	51.11

D. ENVIRONMENT

The Company is not involved in any type of activity hazardous to environment and does not discharge any trade effluents (solid, liquid or gaseous) causing pollution. As an environment conscious responsible corporate citizen, your Company has implemented GSCM (Green Supply Chain Management) standards and obtained ISO14001 certification. The Company has also achieved ISO18001-OHSAS certification for occupational health and safety.

ACKNOWLEDGEMENTS

The directors acknowledge with gratitude the co-operation and assistance extended by Maruti Udyog Ltd., Suzuki Motor Corporation, Government of India, Government of Haryana and Company's bankers for their continued support and guidance. The directors also wish to place on record their appreciation for the valuable suggestions, co-operation and timely assistance received from Maruti Udyog Ltd. and Suzuki Motor Corporation, Japan. The directors also wish to place on record their sincere appreciation for the dedication and efforts shown by all employees of the Company and are thankful to the shareholders for their continued patronage, trust and confidence in the Company.

By order of the Board of Directors

Place : New Delhi
Dated : 7th June, 2004

M. D. JINDAL
CHAIRMAN

**ANNEXURE - I**

Form 'B'- Technology Absorption

1	Specific areas in which R&D carried out by the Company	Research & Development has been carried out continuously by the Company for product improvement & value engineering.								
2	Benefits derived as a result of above R&D	Cost controls								
3	Future plan of action	Developments of new materials, products and further improvement in the performance of existing products.								
4	Expenditure on R & D (Rs. In lacs)	<table><tr><td>a. Capital</td><td>Nil</td></tr><tr><td>b. Recurring</td><td>Nil</td></tr><tr><td>c. Total</td><td>Nil</td></tr><tr><td>d. Total R & D expenditure as % of total turnover-</td><td>Nil %</td></tr></table>	a. Capital	Nil	b. Recurring	Nil	c. Total	Nil	d. Total R & D expenditure as % of total turnover-	Nil %
a. Capital	Nil									
b. Recurring	Nil									
c. Total	Nil									
d. Total R & D expenditure as % of total turnover-	Nil %									



MACHINO PLASTICS LIMITED**MANAGEMENT ANALYSIS & DISCUSSION REPORT****Industry Structure & Development**

The year 2003-04 has proved to be a watershed for the domestic automobile industry in more ways than one. The milestones that were crossed during the year included the total sales of passenger vehicles (including exports) going past the one million units per annum threshold and the exports of cars and utility vehicles growing at a whopping 80 per cent.

The domestic and exports sales trend during the just-ended fiscal are both key indicators about the increasing maturity of the Indian automobile industry and are also representative of its growing importance in the global automotive map.

The performance of the year 2003-04 shows encouraging results for all segments of the automobile industry. India has entered the elite club of countries with one million plus passenger vehicles this year. The exact sales number (including exports) stood at 1.03 million. Overall automobile industry export growth in 2003-04 has been 56% over last year. In value terms exports have crossed USD 1 billion. This is for the first time that exports have crossed the USD 1 billion mark.

Your company is engaged in the manufacture of large size injection moulded automotive components i.e. bumpers, instrument panels, grills as original equipments and for spare parts market for Maruti Udyog Limited. Also we are manufacturing other components like Washing Machine Tub for Samsung, A.C. parts for Sanden Vikas India Ltd, Chiller Tray for Whirlpool & doing job work of Meter Housing for HPL Socomec Pvt. Ltd and A.C.Duct for Paradise Plastics Enterprise Ltd. Maruti Udyog Limited is still the major customer of your company.

The auto ancillary industry plays a critical role in the automobile sector. Manufacturing vehicles involves assembling a large number of components out-sourced from small scale manufacturers. Nearly 805 of the components are out-sourced by passenger vehicle manufacturers worldwide.

Your company could be classified as the automotive components manufacturer. It has 10 Nos. injection moulding machines, sizes ranging from 275 Ton to 2500 Ton clamping force. Most of the companies doing injection moulding are not limited to automotive components unlike your Company.

Opportunities & Threats

The main customer of the Company is Maruti Udyog Limited (MUL) and growth of the Company depends mainly on the

growth of MUL. The dependence on MUL to such major extent whereas is a negative point, is also an opportunity. MUL has closed the financial year 2003-04 with an annual sale of 472122 units, the highest ever since the company began operations 20 years ago setting direction for higher resource utilization & addition of capacities.

This annual sale figure includes exports of 51175 units, the highest ever since Maruti began exporting cars in 1988. Maruti's annual sale in 2003-04 represents a growth of 30 per cent over 2002-03.

The year also saw Maruti make major strides towards its goal of becoming Suzuki Motor Corporation's R & D hub for Asia outside Japan. It introduced upgraded versions of "Wagon R" and "Zen", the latter completely designed and styled inhouse. India's most popular car, Maruti 800, strengthened its leadership with a 17 per cent growth.

During the year, Maruti consolidated its leadership in the A 2 (premium compact) segment, with Alto growing by over 130 per cent and finishing as the country's fastest growing A2 Segment model for the year. With the launch of Grand Vitara XL-7 during the year, Maruti marked its entry into the top-end Luxury SUV segment of the Indian car market. Maruti business helped your company to grow in a substantial manner.

Your Company has ten injection moulding machines with large capital investments. The machines are versatile to process virtually all types of polymers and can make not only automotive but also other plastic goods by changing moulds. Thus, your company has immense capacity to keep pace with the growing requirement of Maruti Udyog Limited as well as has the possibilities for other business besides automotive business.

Risks & Concerns

The automotive industry performance is closely linked to industrial growth. It is hoped that industrial growth would be around 7% during the year 2003-04 as against around 6.5% last year. Agriculture output during the year 2003-04 increased by over 10% as compared to (-)3.2% in the previous year. The outlook for the year 2004-05 is promising and it is expected that the current growth rates of GDP and industrial output will be sustainable, which would ensure robust growth in the automotive sector.

During 2003-04 the automobile industry registered a growth of around 16.5 per cent in sales and 24 per cent in value as per Society of Indian Automobile manufacturers estimates