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21st Annual Report 2005 - 2006

MACHINO PLASTICS LIMITED

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Corporate Information

Board of Directors

Chairman	M. D. Jindal
Director	S. Takeuchi
Director	Dr. K. Kumar
Director	Harbhajan Singh
Director	R. L. Gaggar
Director	S. Natarajan
Managing Director	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-110048

Chief Financial Officer

Mukesh Goyal

Secretary Cum General Manager (F)

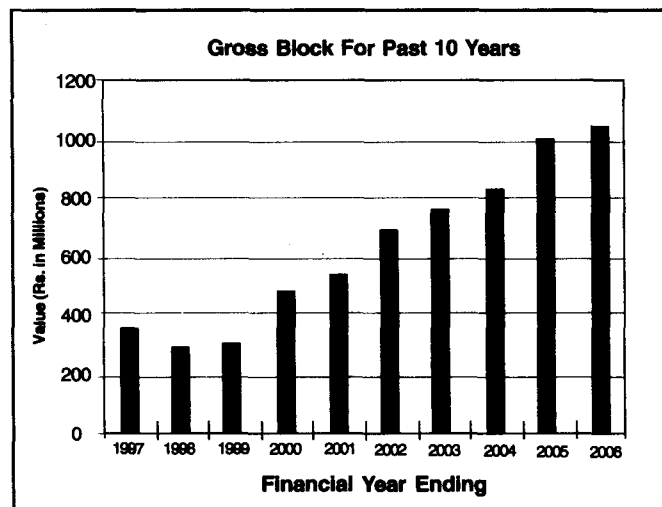
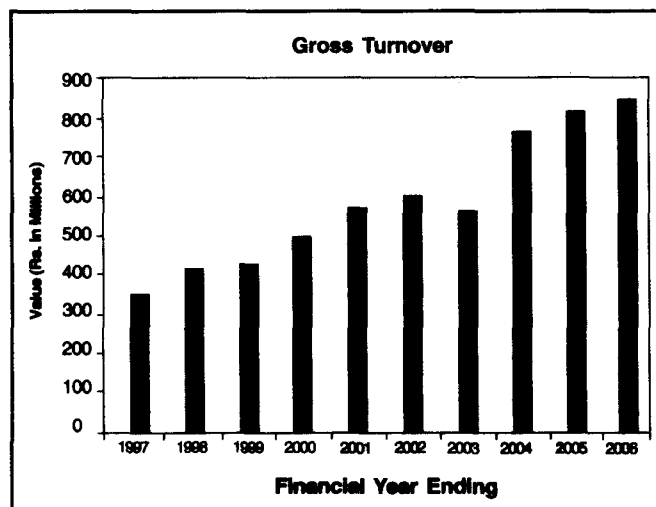
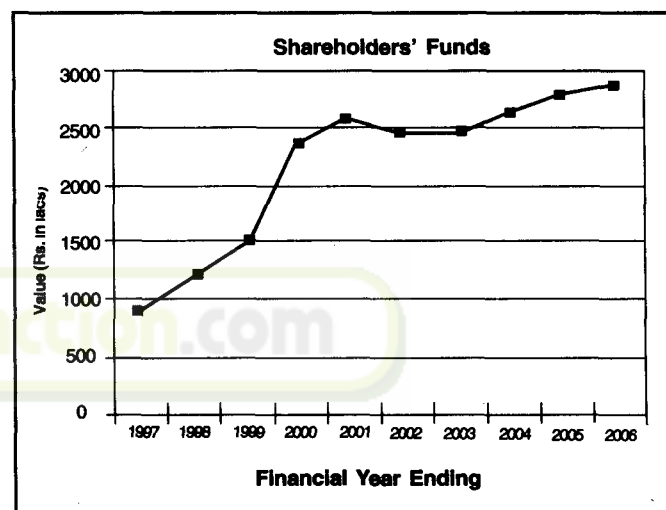
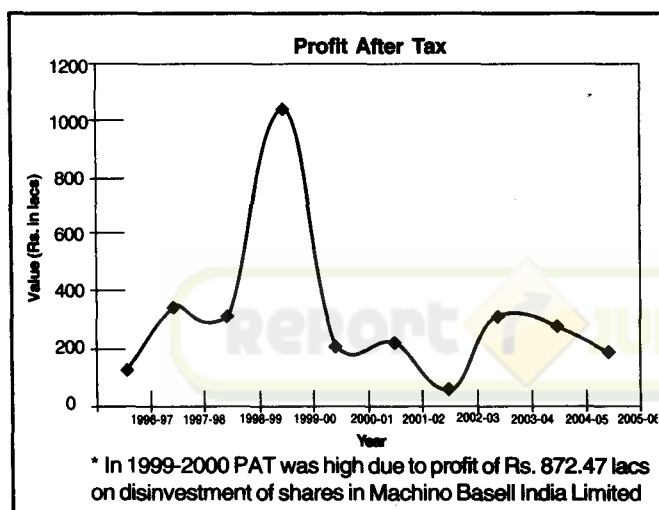
Surya Kant Agrawal

Registered Office & Factory

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

Share Transfer Agent (For Demat & Physical purpose)

Alankit Assignments Limited
2E/21, Jhandewalan Extension
New Delhi - 110 055
Ph. : 011-51540060-64, 23541234
Fax : 011-23552001
E-mail : alankit@alankit.com

MACHINO PLASTICS LIMITED**PERFORMANCE OVER LAST 10 YEARS AT A GLANCE**



Notice

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 21st Annual General Meeting of the members of Machino Plastics Limited will be held on Monday the 17th July, 2006 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, 2006 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. S. Natarajan 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 an ordinary resolution:

"RESOLVED THAT Mr. S. Takeuchi who was appointed as an additional director of the company by the board of directors on 27th October 2005 under Section 260 of the Companies Act, 1956 and in respect of whom the company has received a notice under Section 257 of the Companies Act, 1956, be and is hereby appointed as a director of the company."

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 the provisions of section 198, 269, 309, 310, 316 & all other applicable provisions of the Companies Act, 1956 read with Schedule XIII of the Companies Act, 1956 and any other applicable provisions and subject to such approval of the Central Government as may be necessary, approval of members be and is hereby accorded to reappointment of Dr. Sanjiv Jindal, Managing Director of the Company for a period of three years, commencing from 1st April, 2006 as per terms and conditions mentioned herein below :

REMUNERATION :

- | | |
|--|-----------------------------|
| A). Basic Salary | : Rs. 2,80,000/- per month. |
| B). House Rent | : Rs. 20,000/- per month |
| Allowances/ Rent for unfurnished accommodation | |

Besides the above he shall be entitled for reimbursement of entertainment expenses, telephone expenses and car running and maintenance expenses required to be incurred in the course of legitimate business for the company. He shall also be entitled for earned/privilege leaves, provident fund, gratuity and other retirement benefits as per the rules of the company and as may be permitted in accordance with schedule XIII of The Companies Act.

Minimum Remuneration

The Managing Director shall be paid the aforesaid remuneration as minimum remuneration, even in the event of loss or inadequacy of profit, with suitable increase (s) as may be determined by the Board and as per the approval of Central Government as may be necessary.

Maximum Remuneration

The total remuneration drawn by the Managing Director from Machino Plastics Ltd. and Machino Basell India Ltd. put together shall not exceed the maximum limits specified above and as may be prescribed under provisions of section 198, 269, 309, 310, 316 & all other applicable provisions of the Companies Act, 1956 read with Schedule XIII of the Companies Act, 1956."

MACHINO PLASTICS LIMITED

"RESOLVED FURTHER THAT in the event of any other relaxation by the Central Government in the guidelines or ceilings on managerial remuneration or otherwise, the Board of Directors of the Company be and is hereby authorised to increase the remuneration and/or perquisites to the Managing Director in its absolute discretion within such guidelines or ceilings and approval of the

Central Government, wherever necessary, and the consent of the Company as required under various applicable provisions of the Companies Act, 1956 as amended by the Companies Amendment Act, 2000 be and is hereby granted"

By order of the
Board of Directors

Place : Gurgaon **SURYA KANT AGRAWAL**
Dated : 18th May, 2006 **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 closed from 15th July 2006 to 17th July 2006, both days inclusive. The dividend for financial year 2005-06 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/21, 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 dematerialise form. Shareholders are requested to convert their shares in demat form at the earliest possible.
7. Members are requested to quote their demat account/ folio no. in all correspondence with the company.
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.

Mr. S. Takeuchi was appointed as an additional director of the company by the board on 27th October 2005. According to the provisions of Section 260 of the Companies Act, 1956, he holds the office uptill the date of ensuing annual general meeting.

The company has received a notice in writing from a member under Section 257 of the Companies Act, 1956, signifying his intention to propose the name of Mr. S. Takeuchi as a candidate for the office of director.

Mr. S. Takeuchi is the nominee director on the Board on behalf of Suzuki Motor Corporation. The board consider that the valuable and rich experience of Mr.



S. Takeuchi in the field of automobile engineering and his association as the non – executive director of the Company would be of immense benefit to the Company. The Board recommends the resolution for approval of the members.

None of the Directors except Mr. S. Takeuchi himself is interested in the resolution.

Explanatory Statement to Item No. 7

Pursuant to Section 173(2) of the Companies Act, 1956. Dr. Sanjiv Jindal was re-appointed as the Managing Director of the Company w.e.f. 1st April, 2001 for a period of five years. The re-appointment of Dr. Sanjiv Jindal was approved by the shareholders of the Company at 16th Annual General Meeting held on 26th July, 2001 and by the Central Government vide its approval letter no. 1/125/2001-CL.VII dated 17th July 2001. The tenure of his appointment has expired on 31st March, 2006. The Board in its meeting dated 29.04.2006 has re-appointed Dr. Sanjiv Jindal as the Managing Director of the company for a period of three years from 01.04.2006 at a remuneration to be recommended / fixed by Remuneration Committee. The Remuneration Committee in its meeting dated 16.05.2006 has fixed / recommended remuneration of Rs. 3 Lac per month as above being the sum total of remuneration drawn by him from one or more than one company in his capacity of Whole Time Director / Managing Director or Co – Managing Director. This

remuneration has also been approved by the Board by a resolution by circulation dated 17.05.2006.

Dr. Sanjiv Jindal is the promoter of the Company and has been associated with the Company right from its inception. He is driving force behind all business activities of the Company. His rich knowledge and vast experience in auto part Industry has helped the Company to achieve a consistent growth.

Dr. Sanjiv Jindal is Co-Managing Director of Machino-Basell India Limited, and his re-appointment as Managing Director of the Company will be helpful in co-ordinating and harmonising the business activities of two Companies. A unanimous resolution was passed, u/s 316(2) of the Companies Act, 1956 as amended by Companies Amendment Act, 2000, by the Board in its meeting held on 29th April, 2006 to reappoint Dr. Sanjiv Jindal as Managing Director of the Company.

Keeping in view the responsibilities and his contribution to the Company his reappointment is recommended at revised remuneration as per terms & conditions specified in the resolution w.e.f. 1st April, 2006.

Except Mr. M. D. Jindal who is related to Dr. Sanjiv Jindal and Dr. Sanjiv Jindal, himself, no other directors are interested in this resolution.

MACHINO PLASTICS LIMITED**STATEMENT GIVING INFORMATION REQUIRED UNDER PART II, SECTION II(C) TO THE SCHEDULE XIII OF THE COMPANIES ACT, 1956 FOR PAYMENT OF REMUNERATION TO DR. SANJIV JINDAL, MANAGING DIRECTOR****I. GENERAL INFORMATION :****1. Nature of Industry**

Your Company is engaged in the manufacture of large size injection moulded automotive components that is bumpers, instrument panels, grills as original equipments and for spare parts market for Maruti Udyog Limited. Company also manufactures chiller tray for Whirlpool & automotive parts for Eicher Motors Ltd. Share of non- automotive business is very small being below 5%.

2. Date or expected date of commencement of commercial production

The Company is already in production for almost twenty years.

3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus.

The Company is already into production.

4. Financial performance based on given indicators

	(Rs. in lacs)	
	2005-2006	2004-2005
Income from Operation (net of excise)	7183.42	6865.04
Profit before tax	303.00	459.23
Dividend	20%	20%

5. Export performance and net foreign exchange collaborations.

None

6. Foreign investments or collaborators, if any.

Company is having financial collaboration with M/s. Suzuki Motor Corporation, Japan, who holds 15.35% of total equity of the Company.

II. INFORMATION ABOUT THE APPOINTEE i.e., DR. SANJIV JINDAL**1. Background details :**

Dr. Sanjiv Jindal, Managing Director aged 49 years has completed his Ph.D from Pacific Western University, U. S. A. and MBA Programme in International Management from IMI, India in Delhi and B. Com (Hon's) from St. Xavier's College, Calcutta. He has rich experience in the field of plastic moulding and marketing and is associated with the company since beginning.

2. Past Remuneration

The total remuneration paid to Dr. Sanjiv Jindal from 1st April 2005 to 31st March 2006 was Rs. 15.56 Lacs. Besides this he has drawn a remuneration of Rs. 18 Lacs as Co – Managing Director in Machino Basell India Ltd.

3. Recognition and awards

During his tenure the company has been awarded for "*sincere efforts & superior performance in the field of Kaizen & MPS*" by Maruti Udyog Ltd. in 2006 and was awarded in 2004 for "*Outstanding Contribution to New Products*" and in 2005 "*Outstanding Contribution to Supply Chain Management*" by Eicher Motors Ltd.

4. Job profile and his suitability

The Job profile of the Managing Director of the Company includes overall supervision and control of the Company's activities and managing all matters relating to planning, production, finance, administration and such other duties as assigned by the Board of Directors.

5. Remuneration proposed

As per resolution no. 7 to the notice of A.G.M., but not exceeding Rs. 3 Lacs p.m. in all from one or more companies put together.

6. Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin).



The remuneration proposed to be paid to the Managing Director is comparable to other joint venture companies of Maruti Udyog Ltd.

7. Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any.

Except for the remuneration as Managing Director and his shareholding, the appointee is also director and substantial shareholder of M/s. Sansar India Private Limited, a spare part supplier to the company. Approval under section 297 of the Companies Act is obtained by the company in relation to arrangement with Sansar India Private Limited and his wife Mrs. Sarita Jindal is an employee of the company at a remuneration of Rs. 40,000/- p.m.. Company has taken on lease a house belonging to his mother Mrs. Kamla Jindal. Company is buying raw material from M/s. Machino Basell India Ltd. where he is Co-Managing Director. Other details are provided in the Corporate Governance report forming part of annual report.

The appointee is related to Mr. M.D. Jindal, Chairman of the Company, who is his father.

III. OTHER INFORMATION

1. Reason for loss or inadequate profits

There is a decline in profits due to increase in depreciation on new machine, one time employees separation cost.

2. Steps taken or proposed to be taken for improvement.

Company is making efforts for cost reduction and on increasing non-maruti business.

IV. DISCLOSURES :

1. The Shareholders of the Company shall be informed of the remuneration package of the managerial person.

The details of remuneration package of Dr. Sanjiv Jindal, Managing Director forms part of accompanying notice.

2. The following disclosures shall be mentioned in the Board of Directors Report under the heading "Corporate Governance", attached to the annual report :-

- (i). All elements of the remuneration package such as salary, benefits and perquisites etc. of all the directors

Necessary particulars of remuneration under required heads and sitting fees of all Directors are given in Corporate Governance Report, forming part of the Director's report of the year 2005-2006.

By order of the Board
For Machino Plastics Ltd.

Company Secretary
(Surya Kant Agrawal)
18th May' 2006

MACHINO PLASTICS LIMITED**Information to Shareholders in pursuance of Clause 49 (IV) (G) of Listing Agreement with reference to appointment / reappointment of Directors (item no. 3,4 & 6)**

Director	Brief Resume	Hold Directorship in	Membership in Committees	No. of Shares held
Dr. Sanjiv Jindal	Dr. Sanjiv Jindal, Managing Director aged 49 years, has completed his Doctorate (Ph.D) from Pacific Western University, U.S.A. in Marketing and MBA in Marketing from International Management Institute, Delhi and is a commerce graduate from St. Xavier's College, Calcutta. He has rich experience in the field of plastic moulding and marketing and is associated with the company since its inception.	<ul style="list-style-type: none"> - Sansar India Private Limited - Machino Basell India Ltd. - - Machino Techno Sales Pvt. Ltd. - Machino Transport Sales Pvt. Ltd. - Machino Finance Pvt. Ltd. 	None	559202
Sh. Harbhajan Singh	Mr. Harbhajan Singh has rich experience of 45 years in the field of finance and administration, he had been on various respectable positions of Public Sector and private sector banks. He served on various posts of Punjab & Sindh Bank since 1961 and as General Manager with Punjab & Sindh Bank from 1983 to 1988. Served also as an Executive Director on the Board of UCO Bank and Punjab National Bank. He was Chairman & Managing Director of Allahabad Bank from 01-12-1994 to 31-03-2000. He was member of Insurance Regulatory & Development Authority (I. R. D. A.) till 31-03-2002.	<ul style="list-style-type: none"> - Indus Valley Partners (India) Pvt. Ltd - Bholanath International Ltd. - A 1 Champadany Industries Ltd. - Creditcapital Investment Trust Co Ltd. - Indus Valley I.T. Parks (Pvt.) Ltd. 	<ul style="list-style-type: none"> - A 1 Champadany Industries Ltd. - Bholanath International Ltd. 	- Nil -
Sh. S.Natarajan	Officer in I.A.A.S., since 1959, in Indian Civil Accounts Services during 1977-78 and in Public Sector of Govt. of India since 1978 to 1991, Was Whole time Director on the Board of Maruti Udyog Ltd., between 1984 to 1991. have more than 40 years of experience in the field of finance and management in various reputed public and private sector companies.	<ul style="list-style-type: none"> - Indian Polyfins Ltd. - Gallium Industries Ltd. - Mark Exhaust Systems Ltd. - SPM Autocomp Systems (Pvt.) Ltd. - Vanaz Engineers Ltd. 	<ul style="list-style-type: none"> - Indian Polyfins Ltd. - Gallium Industries Ltd. - Mark Exhaust Systems Ltd. 	620
Sh. S. Takeuchi	Mr. Shinichi Takeuchi, aged 58 years, is a joint Managing Director of Maruti Udyog Limited. He is a graduate from the Department of Technology, Shizuoka University, Japan. He possesses over 35 years of experience in Production Engineering in the Automobile Industry. After joining Suzuki in 1970, he was elevated as Deputy General Manager in the Production and Engineering division in 1995 before being transferred to the Kosai plant in 1997 as General Manager. He was nominated as Plant Manager of the Kosai plant in 2001. He joined MUL as Director (Production) with effect from 27th September, 2001 and with effect from 19th April, 2003, he was elevated as Joint Managing Director in charge of Production, Production Engineering, Supply Chain and Engineering. He is responsible for the production activities of MUL and is also the 'Occupier' of the MUL's factory under the Factories Act, 1948.	<ul style="list-style-type: none"> - Maruti Udyog Limited - Subros Limited - Sona Koyo Steering Systems Limited 	<ul style="list-style-type: none"> - - - 	- Nil -