

22nd Annual Report
2006 - 2007



MACHINO PLASTICS LIMITED

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
S. Takeuchi
Dr. K. Kumar
Harbhajan Singh
R. L. Gaggar
S. Natarajan
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,
New Delhi

Chief Financial Officer

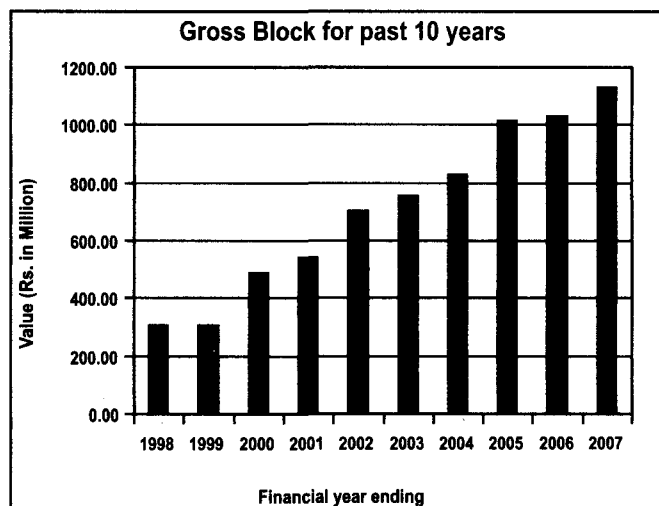
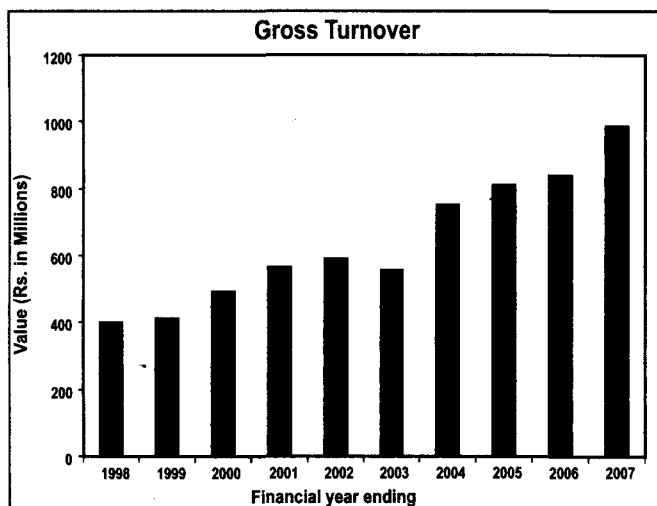
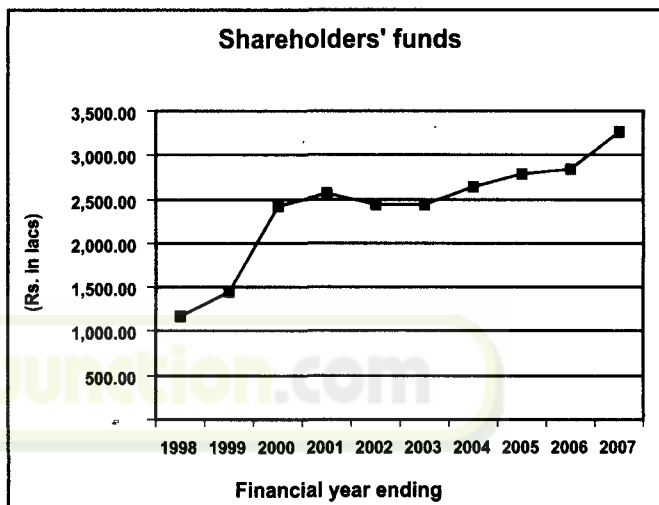
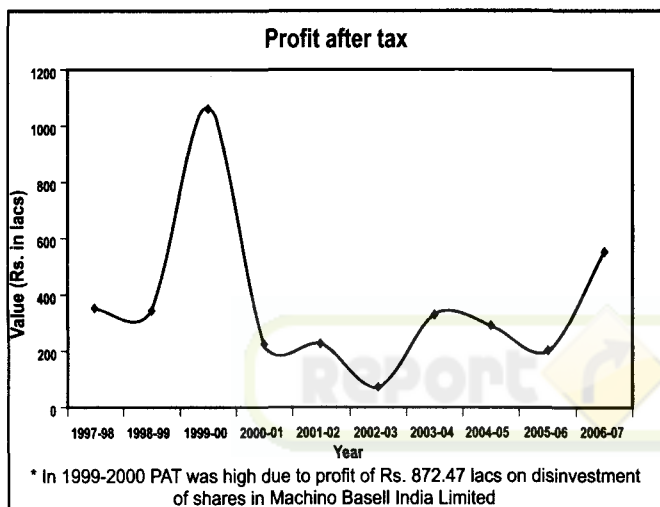
Mukesh Goyal

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- 23541234, 42541234
Fax : 011- 42541967
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 22nd Annual General Meeting of the members of Machino Plastics Limited will be held on Thursday the 05th July, 2007 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, 2007 and profit and loss account for the year ended on that date and report of auditors and directors thereon.
2. To consider and declare interim dividend as final dividend for the year.
3. To appoint a director in place of Mr. M. D. Jindal who retires by rotation and being eligible offers himself for reappointment.
4. To appoint a director in place of Mr. R. L. Gaggar 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 provision 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.1,00,000/- 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, 2006 in addition to the sitting fee of Rs. 5000/- payable to each director for attending Board meeting, Audit Committee meeting & Shareholders Grievance Committee Meeting separately.

By order of the
Board of Directors

Place : Gurgaon
Dated : 18th April, 2007

SANJIV JINDAL
MANAGING DIRECTOR

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 03rd July 2007 to 5th July 2007, both days inclusive.
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.

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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.

The Company is paying its non-executive directors by way of sitting fee and commission of Rs. 50,000/- each in a financial year. 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.1,00,000/- 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, 2006. This commission is in addition to the sitting fee of Rs.5,000/- 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.

Information to Shareholders in pursuance of Clause 49 (IV) (G) of Listing Agreement with reference to appointment / reappointment of Directors (item no. 3-4)

Director	Brief Resume	Hold Directorship In	Membership In Committees	Shares held
M.D. Jindal	Graduate in Economics & engineer with specialization in automobile industry from England. He has rich experience in the field of plastic moulding and marketing and is associated with the company since its inception.	Machino Basell India Ltd. Machino Techno Sales Ltd. Machino Finance Pvt. Ltd. Machino Transport Pvt. Ltd. Rajiv Export Industries Pvt. Ltd. Machino Animation Pvt. Ltd. Machino Motors Pvt. Ltd.	None	27.50% 50.25% 55.08% 58.33% 10.90% 12.66% 30.89%
R. L. Gaggar	Very senior and leading solicitor & advocate of Calcutta High Court, practicing since last 35 years.	Somani Ceramics Limited Sarda Plywood Industries Ltd. TIL Limited Peria Karmalal Tea & Produce Co. Ltd. Paharpur Cooling Towers Ltd. International Combustion India Ltd. Subhas Projects & Marketing Ltd. Sumedha Fiscal Services Ltd. Shree Cement Ltd. Financial & Management Services Ltd. Machino Basell India Ltd. Eastern Silk Industries Ltd.	TIL Limited Somani Ceramics Limited Shree Cement Ltd. Paharpur Cooling Towers Ltd. Sarda Plywood Industries Ltd	None



Directors' Report

The Members,

Your directors have pleasure in presenting the 22nd Annual Report together with the audited statement of accounts for the financial year ended 31st March, 2007.

FINANCIAL PERFORMANCE :	(Rs. In Lacs) 2006-2007	(Rs. in Lacs) 2005-2006
Income from Operation (net of excise)	8280.76	7183.43
Other Income	350.08	64.75
Profit (before interest, dep)	1870.11	1558.37
Interest	148.19	159.22
Depreciation	967.06	1096.15
Profit before tax	754.86	303.00
Provision for tax (after adjustment of deferred tax)	204.71	99.51
Profit after tax	550.15	203.49
Surplus as per last year	528.78	490.24
Amount available for appropriation	1078.93	693.73
APPROPRIATION:		
Transfer to General Reserve	50.00	25.00
Interim Dividend /Proposed Dividend	122.74	122.74
Provision for tax on proposed dividend	17.21	17.21
Surplus carried to Balance Sheet	888.98	528.78
	1078.93	693.73

OPERATION & FINANCIAL REVIEW

The growth of automobile sector in India has been showing upward move in past few years. As per Economic Survey 2006-07 the Industry has been growing at a faster rate since last four years. Recent budget announcements to reduce excise duty on small car segment will help in further growth. Maruti further consolidated its position as market leader and its car sales during the year have increased by 20.60% in domestic market. Accordingly, the turnover of your Company increased by 15.27% i.e. from Rs. 7183.43 Lacs to Rs. 8280.76. There is a increase in profits due to capital gain on sale of moulds of Swift model to Maruti of Rs. 80.08 lakhs and receipt of dividend on preference shares for the period 01.04.2001 to 31.01.2007 from Machino Basell India Ltd. of Rs. 2.28 lakhs.

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, reduction in production cycle time, re-cycle of rejected materials and ultimately reduction in raw material consumption. As a result of company's effort on cost and quality fronts Maruti Udyog Ltd. awarded your company "MPS 2005-06 certificate."

Your company since 1995 hold 10%, i.e.12,50,000 equity shares of Rs. 10/- each in Caparo Maruti Limited. The investee company has annulled the allotment of shares ab-iniduo in its Board meeting held on 20.10.2004. Company filed a petition to Honble company law board, which dismissed the petition and gave company an option to sell shares to majority shareholders after valuation on the basis of balance

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sheet of 31 March, 2002 of the investee company to make an exit. Company filed an appeal in the Hon'ble Delhi High Court which dismissing company's appeal upheld company law board order thereafter SLPs were preferred against the orders of the Hon'ble High Court of Delhi before the Hon'ble Supreme court of India by both the parties.

DIVIDEND

Your directors have paid out an interim dividend @20% amounting to Rs.1,22,73,600/- for the year 2006-07. The directors do not recommend any final dividend.

DIRECTORS' RESPONSIBILITY STATEMENT

In compliance of 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'2007, 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 2006-2007 and of the profit of the company for the year ended 31st March, 2007.
- 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.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the company Mr. M. D. Jindal & Mr. R. L. Gaggar retire by rotation and being eligible offer themselves for reappointment.

AUDITORS

M/s Goel Garg & Company, Chartered Accountants, the statutory auditors of the company retire 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. Beside this company has taken steps to ensure optimum utilisation of production resources to ensure better energy efficiency.

The data regarding energy consumed is given hereunder:

**Power & Fuel Consumption**

	2006-07	2005-06
1. Electricity		
1.1 Purchased Units	71,40,854	64,94,516
Total Cost (Rs. In lacs)	453.23	324.50
Rate per unit	6.35	5.00
1.2 Own Generation – D.G. Set		
Units generated	N.A.	N.A.
Fuel Cost (Rs. In lacs)	N.A.	N.A.
Fuel cost per unit	N.A.	N.A.
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	6.36
Total foreign exchange outgo	1523.14

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 is ISO14001 certificate holder. The Company has also achieved ISO18001-OHSAS certification for occupational health and safety.

ACKNOWLEDGEMENTS

Your Directors take this opportunity to gratefully acknowledge 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 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.

For and on behalf of the Board of Directors

D. ENVIRONMENT

The Company is not involved in any type of activity hazardous to environment and does not discharge any

Place : Gurgaon

Date : 18th April'2007

M.D.JINDAL
(CHAIRMAN)

ANNEXURE - I**Form 'B'- Technology Absorption**

Annexure D - Technology Absorption										
1.	Specific areas in which R&D carried out by the company	None.								
2.	Benefits derived as a result of above R&D	N.A.								
3.	Future plan of action	None								
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									

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Management Analysis & Discussion Report

Industry Structure & Development

Your Company is engaged in the manufacturing 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 manufacture Chiller Tray for Whirlpool & automotive parts for Eicher Motors Ltd. Share of non – automotive business is very small being below 5%.

Your company can be classified as the automotive components manufacturer in view of the application of products made. From manufacturing process involved it may be classified as a plastic part manufacturer. Company has 11 Nos. injection moulding machines, sizes ranging from 275 Ton to 3150 Ton clamping force. Most of the companies doing injection moulding are not limited to automotive components like 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.

MUL further consolidated its position as the car market leader and has closed the financial year 2006-07 with sale of 674924 units, the highest ever since the company began operations. The sale figure includes exports of 39295 units. Maruti's sale in 2006-07 represents a growth of 20.6 per cent over 2005-06. During the year, Maruti consolidated its leadership in the A 2 (premium compact) segment.

Your company has grown significantly with Maruti Udyog Ltd. It works round the clock in three shifts ensuring optimum utilisation of resources thereby reducing per unit cost of production. This helps company to face competition successfully. Your Company has manufacturing capability of making bumpers and instrument panels for seven lac cars that Maruti can make at its existing plant.

Your company is positively looking forward to expand its operation to non- maruti business and exports.

The eleven injection moulding machines that your company has, entail large capital investment. 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 capability to keep pace with the growing requirement of Maruti Udyog Limited as well as it has the possibilities for other business besides automotive business.

Segment-wise or Product wise Performance

Currently your company is engaged only in one type of product and involve one type of process, it may be called automotive component sector or plastic processor.

Outlook

The Company has challenges ahead in future for top line growth. The Company has been rated amongst top ten vendors by Maruti Udyog Ltd. Your company has been chosen for supply of bumpers and dash board for model - R and model - N. Your company will install a new injection moulding machine of 2500 Ton clamping force in 2007-08 to fulfil the growing demand of customers.

Risks & Concerns

Your company's growth can be linked to growth in automotive industry. The automotive industry performance is closely linked to industrial growth. The Eleventh plan (2007-2012) target of 10% annual industrial growth will help the automotive industry in further growth. The outlook for the year 2006-07 is promising and with announcement of excise duty cuts and growing demand of low cost cars in developing countries there is expectation of more export of cars in coming year.