

## 23rd Annual Report 2007- 2008

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→ **MACHINO PLASTICS LIMITED**

**MACHINO PLASTICS LIMITED**

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# **MACHINO PLASTICS LIMITED**

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## Corporate Information

### Board of Directors

Chairman	M. D. Jindal
Director (Representative of Suzuki Motors Corporation, Japan)	H. Totsuka
Director (Representative of Maruti Suzuki India Ltd.)	A. K. Tomer
Director	Harbhajan Singh
Director	R. L. Gaggar
Director	S. Natarajan
Managing Director	Dr. Sanjiivv Jindall

### 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

### General Manager (F) Cum Company Secretary

Pradeep Jhalani

### Registered Office & Factory

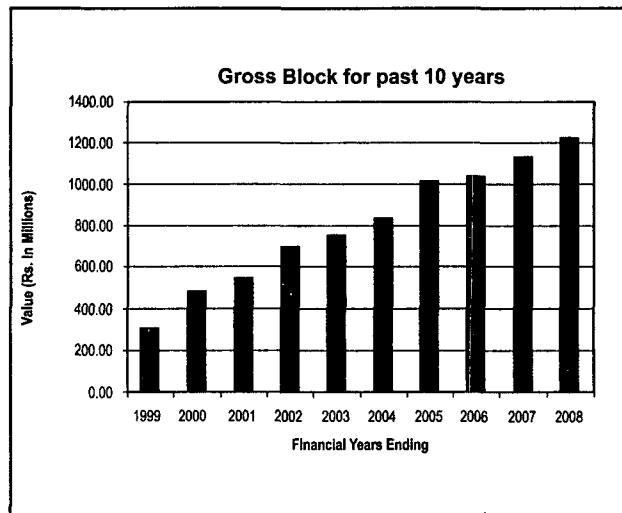
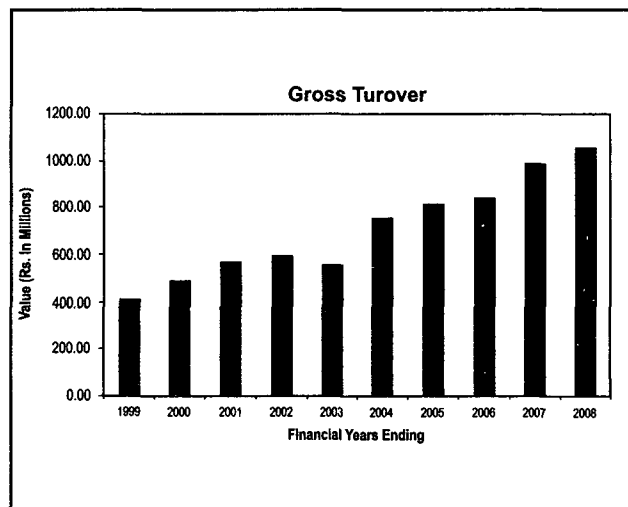
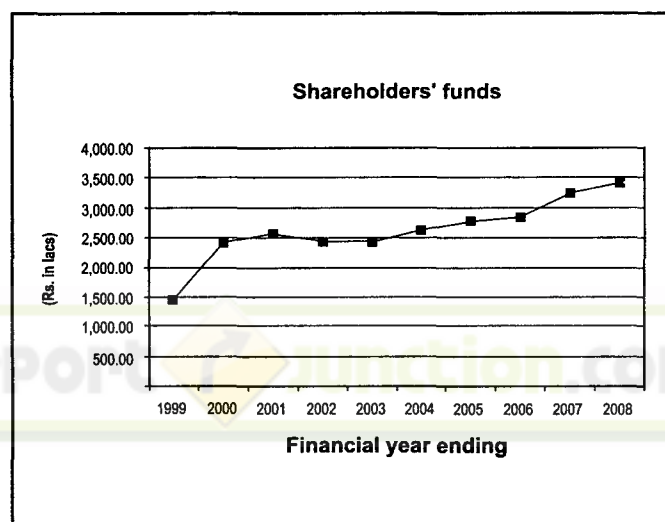
3, Maruti Joint Venture Complex  
Gurgaon - 122 015 (Haryana)  
Ph. : 0124-2341218, 2340806  
2346094, 2347601  
Fax : 0124-2340692  
E-mail : mpl@machino.com

### Share Transfer Agent (For Demat & Physical purpose)

Alankit Assignments Limited  
2E/21, Jhandewalan Extension  
New Delhi - 110 055  
Ph. : 011-42541234  
Fax : 011-23552001  
E-mail : alankit@alankit.com

## MACHINO PLASTICS LIMITED

## PERFORMANCE OVER LAST 10 YEARS AT A GLANCE





## Notice

Notice is hereby given that the 23rd Annual General Meeting of the members of M/s Machino Plastics Limited will be held on Friday the 18th July 2008 at 11.00 a.m at GIA House, I.D.C., Mehrauli Road, Gurgaon (Haryana), to transact the following business:

### ORDINARY BUSINESSES

1. To receive, consider and adopt the audited balance sheet as at 31st March, 2008 and profit and loss account for the year ended on that date and report of auditors and directors thereon.
2. To consider and declare dividend 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.

"RESOLVED THAT Mr. H. Totsuka who was appointed as an additional director of the company by the Board of directors on 20th July, 2007 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 ordinary resolution:

"RESOLVED THAT Mr. A K Tomer who was appointed as an additional director of the company by the Board of directors on 13th October, 2007 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".

By order of the  
Board of Directors

### SPECIAL BUSINESSES

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

Place : Gurgaon  
Dated : 17th April, 2008

**Pradeep Jhalani**  
General Manager  
Finance & 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 OF HIMSELF. 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. Corporate members intending to send their authorised representatives to attend the meeting

are requested to send a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the meeting.

3. Members who hold shares in dematerialised form are requested to write their Client ID and DP ID and those who hold shares in physical form are requested to write their Folio Number in the attendance slip for attending the meeting.
4. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
5. All documents referred to, in the accompanying notice and explanatory statement, are open for inspection at the registered office of the

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company on all working days, during regular business hours and shall also be available at the meeting.

6. The register of members and share transfer books of the company will remain closed from 16th July 2008 to 18th July 2008, both days inclusive for determining the names of Members eligible for dividend on Equity Shares, if declared at the Meeting.

The dividend on Equity Shares, if declared at the Meeting, will be paid on or after 18th July, 2008 to those Members whose names shall appear on the Company's Register of Members on 18th July, 2008, in respect of shares held in dematerialised form, the dividend will be paid to members whose names are furnished by National Securities Depository Limited and Central Depository Limited as beneficial owners as on that date.

7. In order to provide protection against fraudulent encashment of dividend warrants, Members who hold shares in physical form are requested to intimate the Company's Registrars and Transfer Agents, M/s Alankit Assignments Limited, under the signature of the Sole /first joint holder, the following information to be incorporated on dividend warrants:

(i) Name of the Sole/First joint holder and the Folio Number.

(ii) Particulars of Bank Account, viz:

Name of Bank

Name of the Branch

Complete address of the Bank with Pin Code Number

Account type, whether Savings Account (SA) or Current Account (CA)

Bank Account Number

8. Members who hold shares in dematerialised form may kindly note that their Bank Account details, as furnished by their Depositories to the Company, will be printed on their dividend warrants as per the applicable regulations of the Depositories and the Company will not entertain

any direct request from such Members for deletion of or change in such Bank Account details. Further, instructions, if any, already given by them in respect of shares held in physical form will not be automatically applicable to shares held in electronic form. **Members who wish to change such Bank Account details are therefore requested to advise their Depository Participants about such change with complete details of Bank Account.**

9. To avoid loss of dividend warrants in transit and undue delay in respect of receipt of dividend warrants, the Company has provided a facility to the Members for remittance of dividend through the Electronic Clearing System (ECS). The ECS facility is available at locations identified by Reserve Bank on India from time to time and covers most of the cities and towns. Members holding shares in physical form and desirous of availing this facility are requested to contact the Company's Registrars and Transfer Agent, M/s Alankit Assignments Limited.

10. All unclaimed dividend declared up to the financial year ended March 31, 2000 have been transferred to the General Revenue Account of the Central Government as required under the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978. Members who have not so far claimed or collected their dividend declared up to the aforesaid financial year are requested to claim such dividends from the Registrar of Companies, NCT of Delhi & Haryana, 4th Floor, IFCI Tower, Nehru Place, New Delhi-110019.

Dividend for the financial year ended March 31, 2001 and thereafter, which remain unpaid or unclaimed for a period of 7 years from the date they became due for payment will be transferred by the Company to Investor Education and Protection Fund. Members who have not so far encashed dividend warrant(s) for the aforesaid years are requested to seek issue of duplicate warrant(s) by writing to the Company/ Registrar immediately.

11. Members are requested to notify immediately any change in their address along with pin code



numbers to the company or the share transfer agent of the company (Alankit Assignments Limited, 2E/21, Jhandewalan Extension, New Delhi – 110055).

12. Individual shareholders can take the facility of nomination. For further detail in this regard shareholders may contact share transfer agent of the company.
13. 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.
14. Members are requested to quote their demat account/ folio no. in all correspondence with the company.
15. 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. H. Totsuka was appointed as an additional director of the company by the Board of Directors of the company on 20th July, 2007. According to the provisions of the 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. H. Totsuka as a candidate for the office of director.

Mr. H. Totsuka is the nominee director on the Board on behalf of Suzuki Motor Corporation. The Board consider that the valuable rich experience of Mr. H. Totsuka in the field of automobile assembly/production 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. H. Totsuka himself is interested in the resolution.

#### **Explanatory Statement to Item No. 7**

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

Mr. A K Tomer was appointed as an additional director of the company by the Board of Directors of the company on 13th October, 2007. According to the provisions of the 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. A K Tomer as a candidate for the office of director.

Mr. A K Tomer is the nominee director on the Board on behalf of Maruti Suzuki India Limited. Mr. Tomer is having over 27 years of vast and varied experience in field of quality assurance. The Board consider that the valuable and rich experience of Mr. A K Tomer will benefit the company. The Board recommends the resolution for approval of the members.

None of the Directors except Mr. A K Tomer himself is interested in the resolution.

**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 & 7)**

<b>Director</b>	<b>Brief Resume</b>	<b>Hold Directorship in</b>	<b>Membership in Committees</b>	<b>Shares held</b>
Sh. Harbhajan Singh	Mr. Harbhajan Singh has a rich experience of 47 years in the field of finance and administration; he had been on various respectable positions of Public Sector Institutions. 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, and also was Chairman & Managing Director of Allahabad Bank from 1994 to 2000.	Indus Valley Partners (India) Pvt. Ltd Geo Steel LLC. Machino Polymers Ltd. Indus Valley I.T. Parks (Pvt.) Ltd. AI champdani Industries Ltd. Indus Business Consultants (Pvt.) Ltd.	Machino Polymers Ltd. AI champdani Industries 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.	Indian Polyfins Ltd. Gallium Industries Ltd. Mark Exhaust Systems Ltd. SPM Autocomp Systems (P) Ltd. Vanaz Engineers Ltd.	Mark Exhaust Systems Ltd.	620
Sh. H. Totsuka	Mr. H. Totsuka is a Graduate from Shimada Gakuen Senior High School. He joined Suzuki Motor Co., Ltd. in 1967. In 1991 he was appointed as Manager of Welding section of Iwata Plant and in 2000 posted to Maruti Suzuki India Ltd. (MSIL). In 2003 he was appointed as plant Manager of MSIL and from 2004 he is member of Project Team for New Companies in India.	-NIL-	-NIL-	-NIL-
Sh. A K Tomer	Mr. A K Tomer is a B Tech. Mechanical Engineer He is having over 27 years of vast and varied Experience in field of Quality Assurance in automotive Industry.	-NIL-	-NIL-	-NIL-





## Directors' Report

The Members,

Your directors have pleasure in presenting the 23rd Annual Report together with the audited statement of accounts for the financial year ended 31st March, 2008.

<b>FINANCIAL PERFORMANCE :</b>	<b>(Rs. In Lacs) 2007-2008</b>	<b>(Rs. In Lacs) 2006-2007</b>
Income from Operation (net of excise)	8780.12	8280.76
Other Income	361.41	350.08
Profit (before interest, dep)	1679.59	1870.11
Interest	175.02	148.19
Depreciation	1019.41	967.06
Profit before tax	485.16	754.86
Provision for tax (after adjustment of deferred tax)	171.55	204.72
Profit after tax	313.61	550.14
Surplus as per last year	888.98	528.78
Amount available for appropriation	<b>1202.59</b>	<b>1078.92</b>
<b>APPROPRIATION:</b>		
Transfer to General Reserve	30.00	50.00
Interim Dividend /Proposed Dividend	122.74	122.74
Provision for tax on proposed dividend	20.86	17.21
Surplus carried to Balance Sheet	<b>1028.99</b>	<b>888.98</b>

### OPERATION & FINANCIAL REVIEW

Since the auto component industry tracks the auto industry, the bright future of the latter augurs well for the former. As per the automotive mission plan 2016, auto industry plans to achieve a domestic turnover of US\$ 145 billion by 2016 and employ more than 25 million people. Hence, it is only natural to expect the auto ancillary industry to grow at a similar rate if not more.

The initiatives taken by Government in fiscal budget 2008 to reduce the excise duty on certain segments will boost automobile sector. Maruti, the major customer of the company has further consolidated its position as market leader with launch of new models.

The turnover of your Company has increased by 6% i.e. from Rs. 8280.95 Lacs to Rs. 8780.12 lacs. However due to pressure on operating margin the profit has reduced.

Rising cost of overhead is hurting the profitability of the company. Further, with the auto companies themselves engaging in fierce competition, there is pressure on auto component players to further reduce prices and thus operating margins etc.

### DIVIDEND

Your Directors have recommended a dividend @ 20% ie Rs. 2/- per equity share of Rs. 10/- each (last year Rs. 2/- per equity share) for the year 2007-08. The dividend along with tax thereon will cost Rs. 143.59 lacs. The dividend will be paid to members whose names appear in the Register of Members as on 18th July, 2008 in respect of share held in dematerialised form, it will be paid to members whose names are furnished by National Securities Depository Limited and Central Depository Services (India) Limited as beneficial owners as on that date.

**MACHINO PLASTICS LIMITED**

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**EXPANSION PROJECT**

The company is putting up a new state of art plant at Manesar for catering to increased requirement of Maruti and other automobile players at a cost of Rs. 21 Crore approx. The company has already purchased land and construction work is going in full swing. The facility will be ready for production by Sept'2008.

**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'2008, the applicable accounting standards read with requirements set out under Schedule VI to the Companies Act, 1956, have been followed and there are no material departures from the same.
- 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 as at 31.03.2008 and of the profit of the Company for the year ended 31st March, 2008.
- 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.
- 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. Harbhajan Singh and Mr S Natarajan retire by rotation and being eligible offer themselves for reappointment.

During the year Maruti Suzuki India Ltd. nominated Mr A K Tomar in place of Dr Krishan Kumar and Suzuki Motor Corporation nominated Mr. H Totsuka in place of Mr H Takeuchi as its representative.

**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 auditors in their report has pointed out that foreign currency exchange differences on borrowing for acquisition of fixed assets has been charged to the carrying cost of fixed assets instead of charging it to the profit and loss account as prescribed by accounting standard AS-11, had the above been considered the net profit after tax for the year would have been lower by Rs. 77.71 lacs.

The Directors are of the opinion that loss being notional and temporary need not be provided for.

**CORPORATE GOVERNANCE**

The Company is committed to maintain the highest standard of Corporate Governance. The Directors adhere to the requirements set out by the Securities and Exchange Board of India's Corporate Governance practices and have implemented all the stipulations prescribed. The Company has implemented several best corporate governance practices as prevalent globally.

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**

Details of employees of the Company 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 is annexed hereto as Annexure-I and form part of the report.