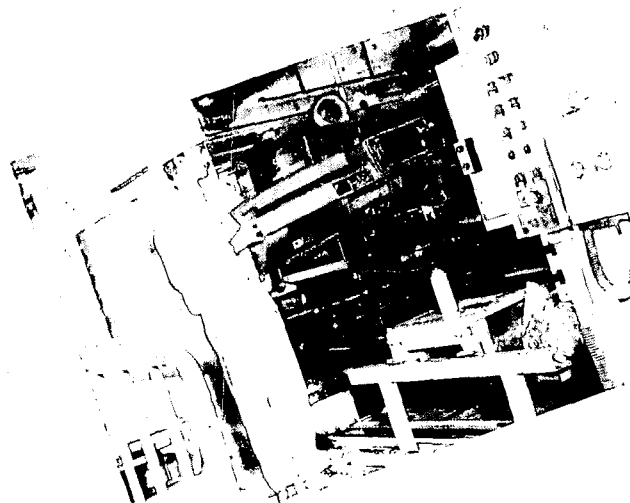


13th

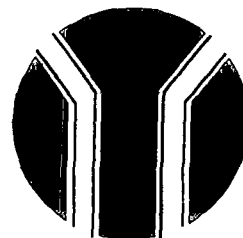
ANNUAL REPORT

1997 - 98



MD	✓		BKC	✓
CS	✓		DPY	NA
RO	✓		DIV	✓
TRA	✓		AC	✓
AGM	✓	✓	SHI	✓
YE	✓	✓		✓

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MACHINO PLASTICS LIMITED

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Machino Polymers Limited

(a subsidiary Co.)

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Corporate Information

Board of Directors

M. D. Jindal-Chairman

T. Kobayashi

G. C. Dwivedi

Harish C. Bhasin

Jagdish Kapur

R. L. Gaggar

S. K. Bhatnagar

Dr. Sanjiv Jindal - Managing Director

Secretary cum General Manager (F)

Surya Kant Agrawal

Bankers

The Bank of Tokyo-Mitsubishi Limited,
New Delhi

ICICI Banking Corporation Ltd.
Gurgaon

Auditors

Goel Garg & Co.
Chartered Accountants
New Delhi - 110 048

Registered Office

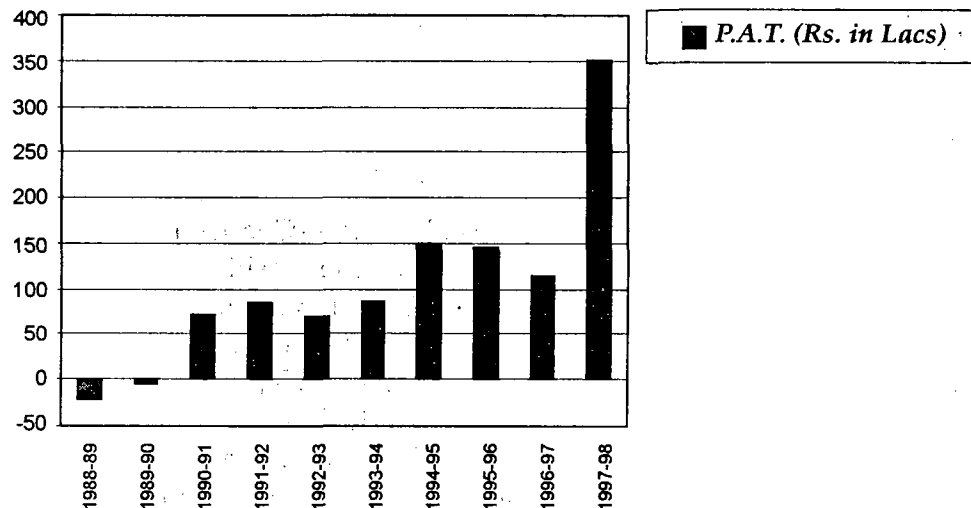
3, Maruti Joint Venture Complex
Gurgaon - 122 015 (Haryana)

Share Transfer Agent

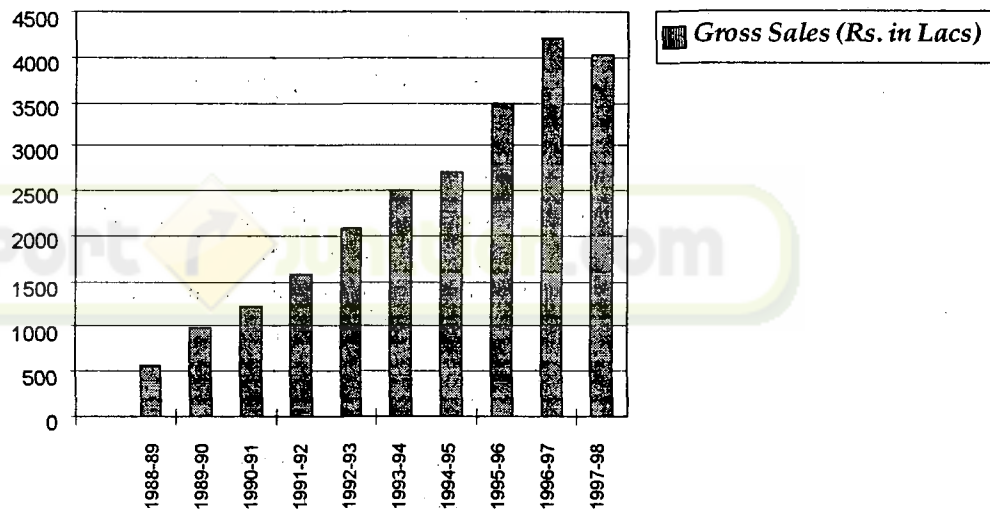
Shree Balajee Computer Services Pvt. Ltd.
"Balaji House", 28 B/4, Jia Sarai, Near IIT Gate,
Hauz Khas, New Delhi - 110016

MACHINO PLASTICS LIMITED

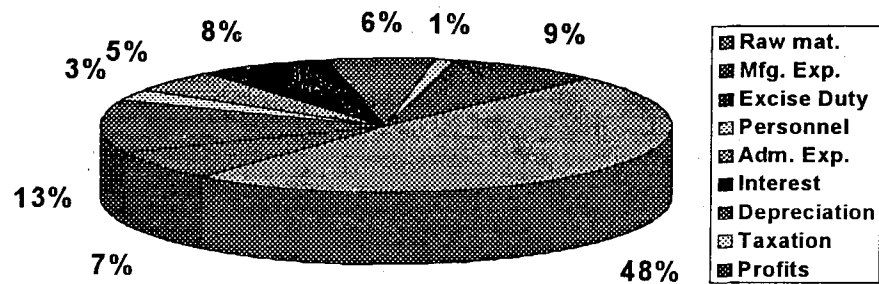
*Comparison of
Profit after Tax for
Last 10 Years*



*Comparison of
Gross Sales*



**Allocation of Revenue
1997-98**





Notice

Notice is hereby given that 13th Annual General Meeting of the company will be held on Friday, the 7th day of August, 1998 at 11.00 a.m. at Agrawal Sabhagar (Dharamshala), Agrasen Marg, Near Apna Bazar, Gurgaon - 122 001 to transact the following business :-

ORDINARY BUSINESS

1. To receive consider and adopt the Audited Balance Sheet as at 31st March, 1998 and Profit and Loss Account for the year ended on that date and report of Auditors and Directors thereon.
2. To declare 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. T. Kobayashi who retires by rotation and being eligible offers himself for reappointment.
5. To appoint the Auditors of the company and to fix their remuneration.

By order of the Board of Directors
SURYA KANT AGRAWAL

Place : New Delhi Company Secretary-cum-
Dated : 9th June, 1998 General Manager (F)

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 Transfer Books of the Company will remain closed from Tuesday, 4th August, 1998 to Friday, 7th August, 1998 (both days inclusive).
4. The dividend, as recommended by the Board, if declared at the meeting shall be paid to those members or to their mandatee(s), whose names appear on the Register of Members of the Company on Friday 7th August, 1998.
5. The dividend remaining undelivered or unpaid upto year ended 31st March, 1994 is transferred to the General Revenue Account of the Central Government. Shareholders who are entitled to the same may prefer an application to the Registrar of Companies, Delhi and Haryana, C.G.O. Complex, Lodhi Road, New Delhi for payment of dividend to them.
6. Members are requested to intimate to the Company changes, if any, in their Registered Addresses along with pincode numbers. They may also send afresh their bank account number and bank name for printing & dividend warrants.
7. 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.
8. The members wishing to raise any query on accounts or otherwise in the meeting may kindly inform the same to the registered office of the company at least 48 hours before the meeting so that it can be effectively replied in the meeting.

MACHINO PLASTICS LIMITED**Director's Report**

The Members,

Your Directors have pleasure in presenting the 13th Annual Report and Audited Accounts of the Company for the year ended 31st March, 1998.

FINANCIAL PERFORMANCE :

	Financial Results	
	1997-98	(Rs. In lacs) 1996-97
Income from Operation	3502.06	3583.60
Other Income	52.57	6.81
Profit(before interest & dep)	953.20	734.13
Interest	307.42	316.76
Depreciation	250.92	231.02
Prior Period Adjustment	0.84	1.81
Profit before tax	394.02	184.54
Provision for tax	42.00	42.00
Income Tax for earlier years	0.32	28.00
Profit after tax	351.70	114.54
Add Depr. Written back	-	-
Surplus as per last year	73.30	92.83
	<u>425.00</u>	<u>207.37</u>
Appropriation		
Transfer to General Reserve	250.00	.75.00
Proposed Dividend	61.37	53.70
Provision for tax on proposed dividend	6.13	5.37
Surplus carried to Balance Sheet	107.50	73.30
	<u>425.00</u>	<u>207.37</u>

Your directors are pleased to inform you that your Company has earned a profit after tax of Rs. 351.70 lacs recording an increase of 208%. The subsidiary company i.e. Machino Polymers Limited has also performed satisfactorily earning a marginal profit in the very first year of operation.

Members are aware that during the year Maruti Udyog Limited has introduced improved models of 800CC car and Esteem car. Your directors are pleased to inform that your Company has acquired new moulds for bumpers and instrument panels for these modified models.

SUBSIDIARY COMPANY

Pursuant to the scheme of arrangement under

section 391 and 394 of the companies act, 1956 sanctioned by the Hon'ble High Court for the states of Punjab and Haryana at Chandigarh, the compounding unit of Machino Plastics Limited from the commencement of business on the 1st day of April, 1997 is vested in the Machino Polymers Limited and accordingly all the assets and liabilities of the compounding unit of Machino Plastics Limited are incorporated in the books of Machino Polymers Limited.

The accounts of the Subsidiary Company i.e. Machino Polymers Limited are annexed alongwith a Statement pursuant to Section 212 of the Companies Act, 1956.



DIVIDEND

Your directors are pleased to recommend for your consideration and approval dividend @ 20% for the year 1997-98 against 17.5% paid in the last year.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company Mr. M. D. Jindal and Mr. T. Kobayashi retire by rotation and being eligible offer themselves for reappointment.

AUDITORS

M/s Goel Garg & Company, Chartered Accountants retire at the conclusion of ensuing Annual General Meeting and are eligible for reappointment.

AUDITORS' REPORT

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

PARTICULARS OF EMPLOYEES

As required by section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employee) Rules, 1975 a statement of information relating to employees forming part of this report is as set out in Annexure-II.

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. Step have been taken to identify the area where excess consumption of power is there and checks have been strengthened at these points.

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	1139.54

ACKNOWLEDGEMENTS

The Directors acknowledge with gratitude the cooperation and assistance extended by Maruti Udyog Ltd., Government of India, Government of Haryana, Financial Institutions and Company's Bankers for their continues support and guidance. The directors also wish to place on record their appreciation for the valuable suggestions, cooperations and timely assistance received from Maruti and Suzuki Motor Corporation, Japan. The directors also wish to place on record their sincere appreciation of the services rendered by all employees of the Company and are thankful to the Shareholders for their continued patronage.

For and on behalf of the Board of Directors

Place : New Delhi
Dated : 9th June, 1998

M. D. JINDAL
(Chairman)

ANNEXURE -I (Form 'B'- Technology Absorption)

1. Future plan of action:

Developments of new materials, products and further improvement in the performance of existing products.

2. Expenditure on R & D :

(Rs. In lacs)

a. Capital	Nil
b. Recurring	Nil
c. Total	Nil
d. Total R & D expenditure as % of total turnover-Nil %	

ANNEXURE - II

Statement of particulars of employee under Section 217(2A) of Companies Act, 1956 forming part of this report of Directors for the year ended 31st March, 1998

Name	Designation	Remune- ration	Qualifi- cation	Exper- ience	Date of commencement	Age	Last Employment
Dr. Sanjiv Jindal	Managing Director	Rs. 866560/- p.a.	B. Com, MBA, Ph.D.	22 years	Since Incorporation	41 years	-

MACHINO PLASTICS LIMITED**Auditor's Report****TO THE MEMBERS OF MACHINO PLASTICS LIMITED**

We have audited the attached Balance Sheet of Machino Plastics Limited as at 31st March, 1998 and the relative Profit and Loss Account for the year ended on that date and report that:

1. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Company Law Board in terms of section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraph 4 and 5 of the said Order, on the basis of such checks as we considered appropriate and according to the information and explanations given to us.
2. Further to our comments in the annexure referred to in paragraph 1 above, we state that:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books;
 - c) the balance sheet and profit and loss account referred to in this report are in agreement with the books of account;
 - d) in our opinion and to the best of our information and according to the explanations given to us, the accounts, read with the significant accounting policies and notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view:
 - i) in case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 1998, and
 - ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date.

For GOEL GARG & CO.

Chartered Accountants

Place : New Delhi
Dated : 9th June, 1998

J. L. GARG
Partner

ANNEXURE

Annexure to the Auditors' Report referred to in paragraph 1 of our report of even date.

1. The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets. The fixed assets have been physically verified by the management during the year. We are informed that no material discrepancies have been noted by the management on such verification.
2. None of the fixed assets have been revalued during the year.
3. The stock of finished goods, stores, spare parts and raw materials have been physically verified during the year by the management. In our opinion, the frequency of such verification is reasonable.
4. In our opinion and according to the information and explanations given to us, the procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
5. The discrepancies noticed on physical verification of stocks as compared to the book records, were not material and have been properly dealt with in the books of account.
6. In our opinion and on the basis of our examination of the stock records, the valuation is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the previous year.
7. The Company has not taken any loans, secured or unsecured from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956, or from companies under the same management within the meaning of Section 370(1B) of the Companies Act, 1956, where the rate of interest and other terms and conditions are, in our opinion, prima facie prejudicial to the interest of the Company.
8. In our opinion, the rate of interest and other terms and conditions on which unsecured loans or advances in the nature of loans have been



given by the company, to companies, firms or other parties listed in the register maintained under section 301 of the companies Act, 1956 or as defined under section 370 (1B) of the Companies Act, 1956 are prime facie not prejudicial to the interest of the Company.

9. The employees to whom loans or advances in the nature of loans have been given by the company are repaying the principal amounts as stipulated or as rescheduled and are also regular in the payment of interest wherever applicable.
10. In our opinion and according to the information and explanations given to us there are adequate internal control procedures commensurate with the size of the company and the nature of its business for the purchase of stores, raw materials including components, plant & machinery, equipment and other assets, and for the sale of goods.
11. In our opinion and according to the information and explanations given to us, the transactions for the sale of goods made in pursuance of contracts or arrangements entered in the register maintained under section 301 and aggregating during the year to Rs.50,000 or more in respect of each party, have been made at prices, mutually agreed upon. In view of the restrictive covenant attached to the contract or arrangement, that the company cannot sell its products in the open market, the reasonableness of the prices charged vis-a-vis market prices prevailing in the market cannot be commented upon. Transaction for purchase of goods and materials or services made in pursuance of contracts or arrangements required to be entered in the Register maintained under Section 301 and aggregating during the year to Rs. 50,000 or more in respect of each party have been made at prices which are reasonable having regard to prevailing market prices for such goods, materials or services.
12. According to the information and explanations given to us, the company has a regular procedure for the determination of unserviceable or damaged stores, raw materials and finished goods. Adequate provision has been made in the

accounts for the loss arising on the items so determined.

13. The company has not accepted any deposits from the public.
14. In our opinion, the Company maintains reasonable records for the sale of and disposal of realisable scrap. We are informed that the Company's operations do not generate any by product.
15. In our opinion, the Company has an adequate internal audit system commensurate with its size and the nature of its business.
16. We are informed that maintenance of cost records has not been prescribed by the Central Government under section 209(1) (d) of the Companies Act 1956 for any of the products of the Company.
17. According to the records of the Company, Provident Fund and Employees' State Insurance dues have been generally deposited in time during the year with the appropriate authorities.
18. According to information and explanations given to us there were no undisputed amounts in respect of income tax, wealth tax, sales tax, custom duty and excise duty outstanding as at 31st March, 1998 for a period of more than six months from the date they became payable.
19. According to the information and explanation given to us and on the basis of books and records of the company examined by us, no personal expenses have been charged to revenue account other than those payable under contractual obligations or in accordance with generally accepted business practice.
20. The Company is not a sick industrial company within the meaning of clause (o) of sub-section (1) of section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.

For GOEL GARG & CO.
Chartered Accountants

Place : New Delhi
Dated : 9th June, 1998

J. L. GARG
Partner

MACHINO PLASTICS LIMITED**Balance Sheet**

Balance Sheet As At 31st March, 1998

	Schedule	As at 31.03.98 (Rupees)	As at 31.03.97 (Rupees)
SOURCES OF FUNDS			
Shareholder's funds			
Share capital	1	30,684,000	30,684,000
Reserves and surplus	2	85,762,813	57,342,753
Loan funds			
Secured loans	3	205,151,190	209,782,035
Unsecured loans	4	-	41,294,136
		<u>205,151,190</u>	<u>251,076,171</u>
TOTAL		<u>321,598,003</u>	<u>339,102,924</u>
APPLICATION OF FUNDS			
Fixed assets			
Gross block	5	305,772,418	362,362,540
Less: Depreciation		<u>131,536,761</u>	<u>113,661,509</u>
Net block		174,235,657	248,701,031
Investments	6	52,500,000	12,500,000
Current assets, loans and advances			
Inventories	7	45,414,508	72,114,204
Debtors		36,085,554	8,802,558
Cash and bank balances		1,687,810	2,254,906
Loans and advances		85,353,090	33,295,824
		<u>168,540,962</u>	<u>116,467,492</u>
Less :			
Current liabilities and provisions			
Current liabilities	8	54,920,124	37,509,640
Provisions		<u>18,758,492</u>	<u>22,214,682</u>
Net current assets		94,862,346	56,743,170
Miscellaneous expenditure	9	-	21,158,723
TOTAL		<u>321,598,003</u>	<u>339,102,924</u>

Significant accounting policies,
notes and additional information 16

Schedule 1 to 16 form an integral part of accounts

As per our report of even date
For GOEL GARG & CO.,
Chartered Accountants**J. L. Garg**
Partner**Surya Kant Agrawal**
General Manager (F) &
Company Secretary**Dr. Sanjiv Jindal**
Managing Director**M. D. Jindal** - Chairman
S. K. Bhatnagar - Director
Harish C. Bhasin - Director
R. L. Gaggar - DirectorPlace : New Delhi
Dated : 9th June, 1998