

20th Annual Report
2004 - 2005

MACHINO PLASTICS LIMITED

MACHINO PLASTICS LIMITED

MACHINO PLASTIC LIMITED

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Corporate Information

Board of Directors

Chairman
Director
Director
Director
Director
Managing Director

M. D. Jindal
Hiromitsu Totsuka
Dr. K. Kumar
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-110048

Secretary Cum General Manager (F)

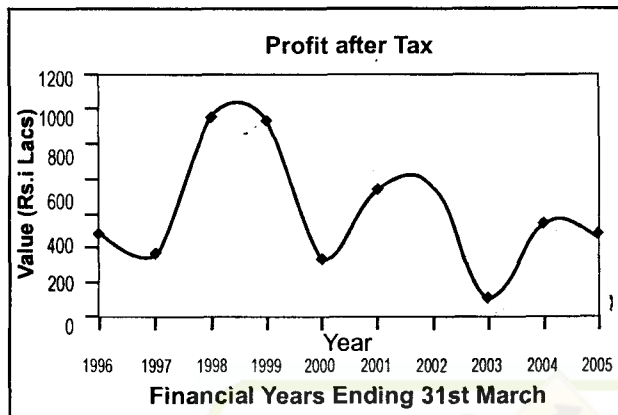
Surya Kant Agrawal

Registered Office & Factory

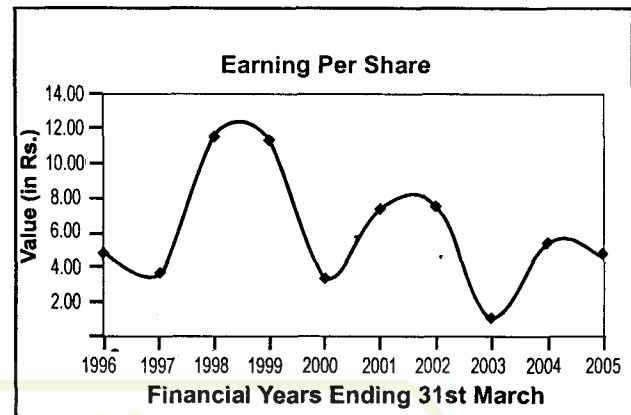
3, Maruti Joint Venture Complex
Gurgaon - 122 015 (Haryana)
Ph. : 0124-2341218, 2340806
2346094, 2347601
Fax : 0124-2340692
E-mail : mpl@machino.com

Share Transfer Agent (For Demat & Physical purpose)

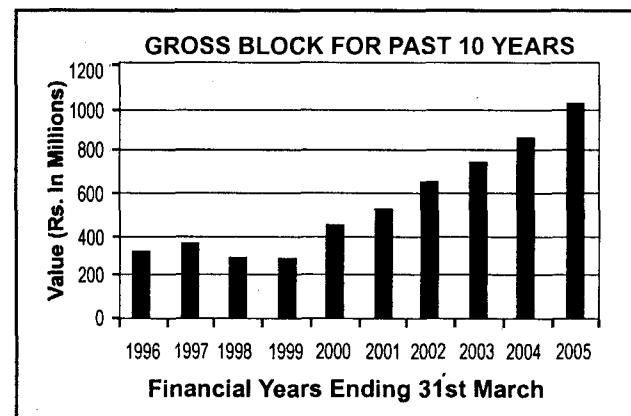
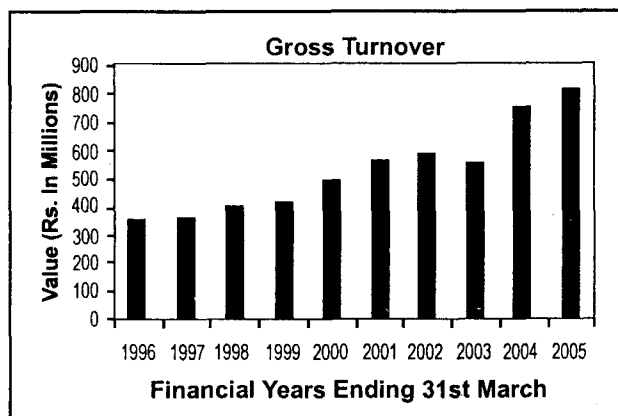
Alankit Assignments Limited
2E/21, Jhandewalan Extension
New Delhi - 110 055
Ph. : 51540060-04
E-mail: alankit@alankit.com

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

* In 1999-2000 PAT was high due to profit of Rs. 872.47 lacs on disinvestment of shares in Machino Basell India Limited



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





Notice

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 20th Annual General Meeting of the members of Machino Plastics Limited will be held on Friday, the 15th July, 2005 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, 2005 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. 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. Gaggur 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 Dr. K. Kumar who was appointed as an additional director of the company by the board of directors on 14th February 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 who will not be liable to retire by rotation."

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

"RESOLVED THAT Mr. S. Natarajan who was appointed as an additional director of the company by the board of directors on 31st May 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".

By order of the Board of Directors

SPECIAL BUSINESS

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

SURYA KANT AGRAWAL
COMPANY SECRETARY

Place : Gurgaon

Dated : 31st May, 2005

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 13th July, 2005 to 15th July, 2005, both days inclusive. The dividend for financial year 2004-05 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.

MACHINO PLASTICS LIMITED

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.

Dr. K. Kumar who was appointed as an additional director of the company by the board of directors on 14th February 2005. According to the provisions of Section 260 of the Companies Act 1956, he holds the office upto 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 Dr. K. Kumar as a candidate for the office of Director.

Dr. K. Kumar is the nominee director on the board on behalf of Maruti Udyog Ltd. The board consider that the valuable and rich experience of Dr. K. Kumar 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. Accordingly the Board recommends the resolution for approval of the members.

None of the Directors except Dr. K.Kumar himself is interested in the resolution.

Explanatory Statement to Item No. 7

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

Mr. S. Natarajan aged 72 years was appointed as an additional director of the company by the board of directors on 31st May 2005. According to the provisions of section 260 of the companies act 1956, he holds the office upto the date of ensuing annual general meeting.

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

Mr. S. Natarajan, is former Finance Director of Maruti Udyog Ltd. he have more than 40 years of experience in the field of finance and management invarious reputed public and private sector companies. The directors consider that contribution of Mr. S. Natarajan as an independent director will be of great help to strengthen the financial and management decisions of the company. Accordingly the board recommends the resolution for approval of the members.

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



Directors' Report

The Members,

Your directors have pleasure in presenting the 20th Annual Report together with the audited statement of accounts for the financial year ended 31st March, 2005.

FINANCIAL PERFORMANCE :		
	(Rs. In Lacs) 2004-2005	(Rs. in Lacs) 2003-2004
Income from Operation (net of excise)	6865.04	6323.00
Other Income	83.13	136.15
Profit (before interest, dep)	1408.75	1533.32
Interest	132.45	153.07
Depreciation	817.07	827.48
Profit before tax	459.23	552.77
Provision for tax (after adjustment of deferred tax)	168.04	218.68
Profit after tax	291.19	334.09
Surplus as per last year	389.31	293.69
Amount available for appropriation	680.50	627.78
APPROPRIATION :		
Transfer to General Reserve	50.00	100.00
Proposed Dividend	122.74	122.74
Provision for tax on proposed dividend	17.52	15.73
Surplus carried to Balance Sheet	490.24	389.31
	680.50	627.78

OPERATION & FINANCIAL REVIEW

The automobile sector growth was in line with expectation. During the year car production by Maruti Udyog Limited has increased by 13.6%. Accordingly, the turnover of your company increased by 8.57% i.e. from Rs. 6323.00 lacs to Rs. 6865.04 lacs after accounting for reduction in prices. There has been a slight fall in profits before interest and depreciation due to increase in raw material, administrative and repair costs.

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. rated your company amongst top ten vendors.

During the year the company purchased and installed new injection moulding machine of 3150 tons, keeping in view the launch of new Model-K by Maruti Udyog Ltd., for which moulds have also been acquired by your company.

MACHINO PLASTICS LIMITED

Your company since 1995 holds 10% stake, i.e. 12,50,000 equity shares of Rs. 10/- each in Caparo Maruti Ltd. The investee company has annulled the allotment of shares ab-initio in its Board meeting held on 20.10.2004. Your company has filed an application to Company Law Board for rectification of register of members under section 111 of the Companies Act 1956. Besides this company has filed an appeal to Honble High Court of Delhi under section 10F of the Companies Act against the CLB's order on an application filed earlier by the company under section 397 & 398 of the Companies Act.

Your company also holds 50% stake in Machino Basell India Ltd., (refer Note 16 to accounts) In view of duality of control in the management, it has been agreed that one of the partners will make an exit. In the process Basell will make an offer to sell, stating the price to Machino Group, which will have first right to buy. In case Machino Group does not accept Basell's offer to sell, then Basell will buy Machino Group stake at stated price.

DIVIDEND

Your directors are pleased to recommend for your consideration and approval dividend @ 20 % for the year 2004-2005. The dividend outgo would be Rs. 122.74 Lacs

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 2005, 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 2004-2005 and of the profit of the company for the year ended 31st March, 2005.

- 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.

Mr. G.C. Dwivedi, Nominee Director of Maruti Udyog Ltd. resigned from the Board consequent upon change in nomination by Maruti Udyog Ltd., w.e.f. 4th February 2005. Dr. K. Kumar was appointed as nominee director of Maruti Udyog Ltd. Your directors place on record the deep appreciation of the valuable contribution made by Sh. G.C. Dwivedi during his long tenure.

Mr. H.C. Bhashin, Director and Chairman of audit committee and shareholders grievance committee resigned w.e.f., 30.03.2005. Your directors wish to place deep appreciation of the valuable contribution made by him during his long tenure with the company.

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

	2004-05	2003-04
1 Electricity		
1.1 Purchased Units	54,61,295	12,49,104
Total Cost (Rs. In lacs)	261.26	79.75
Rate per unit	4.78	6.38
1.2 Own Generation – D.G. Set		
Units generated	86,336	40,23,638
Fuel cost (Rs. in Lacs)	5.54	292.57
Fuel cost per unit	6.41	7.27
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	151.88

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

MACHINO PLASTICS LIMITED**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

Place : Gurgaon

Date : 26th April, 2005

M.D.JINDAL
(CHAIRMAN)

ANNEXURE - I**Form 'B'-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 %									