

## 16<sup>th</sup> Annual Report 1999-2000

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(Formerly MOLD-TEK PLASTICS LIMITED)

**An  
ISO-9002  
Company**

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	<b>Quality Policy</b> (Plastics Division)
	<p>We commit ourselves to ensure customer satisfaction, by providing innovative products and services that meet their needs and expectations, based on agreed specifications, through Excellence in Quality, Delivery and Service.</p> <p>This is achieved by continuously upgrading the product features, quality and manufacturing systems. "Excellence in Quality through team work" is the guiding principle in all our actions.</p>
	<b>Quality Objectives</b>
1	Quality comes first - To achieve customer satisfaction the Quality of our products and services must be our no. 1 priority.
2	Establish and maintain a Quality management system in conformance with international standards.
3	Provide training to employees in the identified areas based on organisational needs.
4	Continuous innovations in product features and manufacturing process to improve Quality and performance
5	Strict adherence to specifications during manufacture and despatch with emphasis on defect prevention.



## Board of Directors

**J. Lakshmana Rao**, Chairman cum Managing Director  
**A. Subrahmanyam**, Executive Director  
**P. Venkateswara Rao**, Director - Commercial  
**P. Shyam Sunder Rao**, Director - Finance & CFO  
**J. Mythraeyi**, Director

## Management Team

**J. Lakshmana Rao**, Managing Director  
**A. Subrahmanyam**, Executive Director  
**P. Shyam Sunder Rao**, Director - Finance  
**P. Venkateswara Rao**, Director - Commercial  
**P.S.S. Reddy**, President - I.T. Division  
**G.P. Kumar**, G.M. - Pet Division  
**M. Srinivas**, G.M. - Works  
**A. Seshu Kumari**, Finance Controller

**K. Srinivas**, A.G.M. - Q.A.S.  
**J. Williamson**, Sr. Manager - Logistics  
**I. Jagan Mohan Rao**, Sr. Manager - Production  
**V. Phanindranath**, Sr. Manager - Operations  
**U. Venu Srinivas**, Sr. Manager - Printing  
**T. Saibaba**, Plant Manager Unit II  
**P. Raj Kumar**, Manager - Marketing & Co-ordination  
**M. Rajeswara Rao**, Manager - Purchase & Commercial

Statutory Auditors  
**Praturi & Sriram**  
Chartered Accountants  
5-9-22/27, Flat No. 3,  
11nd Floor, Adarsh Nagar,  
Hyderabad - 500 063

Bankers  
**State Bank of India (IFB)**  
Hyderabad  
**State Bank of Hyderabad (IFB)**  
Hyderabad  
**IndusInd Bank Limited**  
Secunderabad

Internal Auditors  
**GMK Associates**  
Chartered Accountants  
607, Raghava Ratna Towers,  
Chirag-Ali Lane,  
Hyderabad - 500 001

Legal Advisor  
**M. Radhakrishna Murthy**  
Advocate  
Vidya Nagar,  
Hyderabad

Registered Office  
White House, 402/1, 4th Floor,  
6-3-1192/1/1, Kundanbagh, Begumpet,  
Hyderabad - 500 016  
Phone 040-657 6828, 341 2918  
Fax 040-341 3047  
E-mail [moldtek@hd2.dot.net.in](mailto:moldtek@hd2.dot.net.in)

### Works

**Unit I**  
Annaram Village, Near Air Force Academy,  
Jinnaram Mandal, Medak Dist. (A.P.)

**Unit II**  
Survey No. 164/Part Dommarapochampally (Village),  
Qutubullapur (Mandal), Rangareddy Dist. (A.P.)

**Unit III**  
D-61, Phase I, Road No. 15, I.D.A.,  
Jeedimetla, Hyderabad (A.P.)

**Unit IV** (Pet Division)  
Plot No. D-177, Phase II, I.D.A.,  
Jeedimetla, Hyderabad (A.P.)



## Committed to Corporate Governance

Mold-Tek is dedicated to personify the best in corporate governance, in all it does. The Company is clear of its objectives and work practices - everything will be done that will add value to the share owners. Indeed, there is an attempt to provide the best to all its stakeholders, whether the customers, employees or any one else who deals with the Company. In this endeavour, the Company has taken a few decisions/actions.

- ◆ The Company believes that decisions need to be taken after requisite consultations and implemented with powers delegated to professionals competent to execute. There is both accountability and freedom to operate for the professionals in their specific areas of activity.
- ◆ Mold-Tek has a board consisting primarily of professionals who are technically qualified to direct, guide and supervise the functionally skilled and experienced staff.
- ◆ Operations are invested with utmost financial discipline. The Board will comply with all the guidelines of the code of Corporate Governance within the stipulated time.

***The Board and the management is aware and conscious of minority shareowner interest. Value creation for shareowners is the key to all of the Company's actions.***

***Indeed, there is an attempt to provide the best to all its stakeholders, whether the customers, employees or any one else who deals with the Company.***

- ◆ The Company is taking necessary action to introduce Employee Stock Option Programme. The employees actualise the objectives of the Company, and they need to be rewarded with stake in the company they have helped create. Efforts and achievements will be recognised and reciprocated.
- ◆ The Board and the management is aware and conscious of minority shareowner interest. Value creation for shareowners is the key to all of the Company's actions.

Mold-Tek is committed to the best practices that stakeholders desire, and this will remain the Company's credo.





## NOTICE

Notice is hereby given that the 16th Annual General Meeting of the Members of MOLD-TEK TECHNOLOGIES LIMITED, (formerly known as Mold-Tek Plastics Limited) will be held on 20th November, 2000 at 11.00 A.M at Hyderabad Gymkhana, Road No. 2, Banjara Hills, Hyderabad to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as on 30th June, 2000 and Profit and Loss Account for the year ended 30th June, 2000 along with Auditors' Report and Directors' Report thereon.
2. To declare Dividend for the year ended 30th June, 2000.
3. To appoint a Director in place of Shri A.Subrahmanyam who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Smt. J. Mythraeyi who retires by rotation and being eligible, offers herself for reappointment.
5. To appoint M/s.Praturi & Sriram, Chartered Accountants, Statutory Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorise the Board 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 THAT pursuant to the provisions of the Section 31 of the Companies Act, 1956 amendments, enactments and modification to be brought out to the provisions of the Companies Act, 1956 and other applicable statutes, Articles of Association of the Company be and is hereby altered by deleting the existing Article No.62 and by inserting of the undermentioned new Article as Article No.62 which reads as :

#### Article No. 62

The Managing Director shall not be liable to retirement by rotation.

7. **To consider and if thought fit, to pass, with or without modification(s) the following resolution as a Special Resolution :**

"RESOLVED THAT pursuant to the provisions of the Section 31 of the Companies Act, 1956 amendments, enactments and modification to be brought out to the provisions of the Companies Act, 1956 and other applicable statutes Articles of Association of the Company be and is hereby altered in the following manner :

1. that after the existing Article No.5, the following new Article No.5C with the heading as under be inserted :

### BUY BACK OF SHARES

1. Notwithstanding anything contained in the Act, but subject to the provisions of sub-section (2) of Section 77A and 77B, including any statutory modification(s) or re-enactment thereof for the time being in force, the Company may purchase its own shares or other specified securities (hereinafter referred to as "buy back") out of :

- i. its free reserves; or
- ii. the securities premium account; or
- iii. the proceeds of any shares or other specified securities.

Provided that no buy back of any kind of shares or other specified securities shall be made out of the proceeds of an earlier issue of the same kind of shares or same kind of other specified securities.

2. The Company shall not purchase its own shares or other specified securities under sub-clause (i) or this Article unless :

- a. a special resolution has been passed in General Meeting of the Company authorising the buy back;
- b. the buy back is less than twenty five percent of the total paid-up capital and free reserves of the Company.

Provided that the buy back of equity shares in any financial year shall not exceed twenty five percent, of its total paid-up capital in the financial year.

- c. the ratio of the debt owed by the company is not more than twice the capital and its free reserves after such buy back or at such ratio as may be fixed by the Central Government from time to time in this regard;



Explanation : For the purpose of this Article, the expression "debt" includes all amounts of unsecured and secured debts.

- d. all the shares or other specified securities for buy back shall be fully paid-up;
- e. the buy back of shares or other specified securities shall be made in accordance with the guidelines issued by SEBI in this behalf".

**8. To consider and if thought fit, to pass with or without modifications, the following resolution as a Special Resolution :**

"RESOLVED THAT pursuant to the provisions of the Section 31 of the Companies Act, 1956 amendments, enactments and modification to be brought out to the provisions of the Companies Act, 1956 and other applicable statutes, Articles of Association of the Company be and is hereby altered by inserting the new Article No.17A, 17B and 17C after the existing Article No.17 with the heading in the following manner:

**NOMINATION**

- 17A. 1. Every holder of Shares of the Company may, at any time, nominate, in the prescribed manner, a person to whom his Shares of the Company shall vest in the event of his/her death.
2. Where the shares the Company are held by more than one person jointly, the joint holders may together nominate, in the prescribed manner, a person to whom all the rights in the Shares of the Company shall vest in the event of death of all the joint holders.
3. Where a nomination is made in the prescribed manner to confer on any person the right to vest the shares of the Company, the nominee shall, on the death of the shareholder of the Company or, as the case may be, on the death of the joint holders become entitled to all the rights in the Shares of the Company, all the joint holders, in relation to such shares of the Company to the exclusion of all other person, unless the nomination is varied or cancelled in the prescribed manner.
4. Where the nominee is a minor, it shall be lawful for the holder of the shares, to make the nomination to appoint in the prescribed manner any person to become entitled to shares of the Company, in the event of his/her death, during the minority.

- 17B. 1. A nominee, upon production of such evidence as may be required by the Board and subject as hereinafter provided, elect, either :

- a) to register himself/herself as holder of the share
- b) to make such transfer of the share as the deceased shareholder could have made.

2. If the nominee elects to be registered as holder of the share himself/herself, he/she shall deliver or send to the Company a notice in writing signed by him/her stating that he/she so elects and such notice shall be accompanied with the death certificate of the deceased shareholder.

3. A nominee shall be entitled to the same dividends and other advantages to which he/she would be entitled, if he/she were the registered holder of the share. Provided that he/she shall not, before being registered as a member, be entitled to exercise any right conferred by membership in relation to meetings of the Company.

Provided further that the Board may, at any time, give notice requiring the nominee to elect either to be registered himself/herself or to transfer the share and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the share until the requirements of the notice have been complied with.

**17C. DEMATERIALISATION OF SECURITIES**

**1. Definition**

For the purpose of this Article :-

"Beneficial Owner" means a person whose name is recorded in the Register maintained by a Depository under the Depositories Act, 1996.

"SEBI" means the Securities and Exchange Board of India.

"Depository" means a company formed and registered under the Act and which has been granted a certificate of registration by SEBI under the provisions of the Securities and Exchange Board of India Act, 1992.

"Security" means such security as may be specified by SEBI from time to time.

2. Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its securities and to offer securities in a dematerialised form pursuant to the provision of the Depositories Act, 1996 or otherwise.





3. Notwithstanding anything contained in these Articles, an issue of security by the Company also be in the dematerialised form and the Company shall intimate the details of allotment to the depository immediately on allotment of such securities.

Investors in a new issue and the beneficial owners shall have the option to rematerialise the securities subsequent to the allotment or dematerialisation, as the case may be, in which event the Company shall issue to the investor/beneficiary the required certificates of securities subject to the provisions of applicable laws, rules, regulations or guidelines. The Shares so rematerialised shall bear new distinctive numbers so as to identify them from the shares not dematerialised.

4. All securities held in the depository mode with depository shall be dematerialised and be in fungible form. To such securities held by a depository on behalf of beneficial owner, nothing contained in Securities 153, 153A, 153B, 187B and 187C of the Act shall apply.
5. a. Notwithstanding anything to the contrary contained in the Act or these Articles, a depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of securities on behalf of the beneficial owner.
- b. Save as otherwise provided in (a) above, the depository as the registered owner of the securities shall not have other membership rights in respect of the securities held by it.
- c. Every person holding securities of the Company and whose name is entered as the beneficial owner in the register maintained by a depository shall be deemed to be a member of the Company. The beneficial owner of securities shall alone be entitled to all the rights and benefits and be subject to all the liabilities in respect of the securities held in the depository mode of which he is the beneficial owner.
6. Notwithstanding anything contained in the Act or these Articles to the contrary, where securities are held in depository mode, the records of the beneficial owner may be served by a depository on the Company by means of electronic mode or by delivery of floppies or discs.
7. Nothing contained in Section 108 of the Act or these Articles shall apply to transfer of securities effected by a transferor and transferee both of whom are entered as beneficial owners in the Register maintained by a depository under the Depositories Act, 1996.

8. Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the numbers for securities issued by the Company shall apply to securities held in the depository mode.

9. The Register and Index of beneficial owners maintained by a depository under the Depositories Act, 1996 shall be deemed to be the Register and Index of members and holders of securities for the purposes of these Articles and the Act."

**[9.] To consider and if thought fit to pass with or without modification(s), the following resolution as a Special Resolution:**

"RESOLVED THAT pursuant to the provisions of Sections 80, 80(1A) of the Companies Act, 1956 and other applicable provisions, if any, of the Companies Act, 1956, (including any Statutory modification(s) or enhancements and modifications thereof) and as per the relevant rules and regulations prescribed by Securities and Exchange Board of India and as per relevant regulations in the Memorandum of Association and Articles of Association of the Company and also subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be considered necessary by the Board of Directors of the Company, the consent of the Company be and is hereby accorded to the Board to offer and issue 20,00,000 equity shares of the face value of Rs.10 each, of an aggregate nominal value of Rs.2,00,00,000 (Rupees two crores) at such price, terms and conditions as prescribed by the Securities and Exchange Board of India, to such persons, Bodies Corporate, Financial Institutions, Banks, Foreign Investors, Mutual Funds, Trusts, Employees and others, whether shareholders of the Company or not.

"RESOLVED FURTHER that the Board of Directors be and is hereby authorised to decide the timing and price at or during which the said equity shares are to be issued and the persons, Bodies Corporate, Financial Institutions, Banks, Foreign Institutional Investors, Foreign Companies/firms, Mutual Funds, Trusts and others whether shareholders of the Company or not to whom such allotment to be made and the manner in which the equity capital to be raised"





10. To consider and if thought fit to pass with or without modification(s), the following resolution as a Special Resolution.

**ALLOTMENT OF SHARES FOR CONSIDERATION OTHER THAN CASH TO M/S. AMERICAN CONSULTING CORPORATION, CHICAGO, U.S.A.**

"RESOLVED THAT pursuant to the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 and subject to entering into definitive agreements by the Company and subject to the consent of all concerned authorities and subject to such conditions and modifications as may be prescribed or imposed while granting such consent or approvals, consent of the Company be and is hereby accorded to the Board, for acquisition/merger of M/s. American Consulting Corporation, U.S.A. on the following terms and conditions."

**Authorisation**

The Board is authorised to create, offer, issue and allot to the shareholders of M/s. American Consulting Corporation, Chicago, U.S.A., Equity Shares of the Company of the face value of Rs. 10 each not exceeding 3 lakhs (3,00,000) equity shares valued Rs.37per share as consideration other than cash for acquiring/merging the American Consulting Corporation.

**Consideration in Cash**

In addition to the equity shares as mentioned supra, a cash payment of USD 200,000 payable in two instalments - 50% immediately after the statutory approvals and the balance after six months of the first payment.

**Lock-in-period**

The equity shares proposed to be allotted to the non-resident promoters of M/s. American Consulting Corporation shall be subject to lock in period of one year from the date of allotment of shares. However, the interse transfers among the promoters is permissible.

**Ranking of shares**

The shares proposed to be issued to the non-resident promoters of M/s. American Consulting Corporation shall rank pari passu with the existing Equity Shares of the Company.

"FURTHER RESOLVED that the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, and things as may be deemed expedient and necessary to give effect to this resolution"

By Order of the Board  
for MOLD-TEK TECHNOLOGIES LIMITED

Hyderabad  
21st October, 2000

**J. LAKSHMANA RAO**  
Managing Director

**NOTES :**

1. A member entitled to attend and vote is entitled to appoint a proxy to attend, and, on a poll, to vote instead of him/herself and such proxy need not be a member. The instrument appointing a proxy should, however, be deposited at the Registered Office of the Company not less than 48 hours before the meeting.
2. Register of Members and Share Transfer Books of the Company will remain closed from 16th November, 2000 to 20th November, 2000 (both days inclusive).
3. Members are requested to notify promptly any change in their addresses and to furnish dividend mandates, if any, to reach the Registered Office of the Company before 20th November, 2000.
4. Members are requested to bring the Annual Report with them to the Meeting. No copies of Annual Report will be distributed at the Meeting.
5. The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of special business set out above is annexed hereto.
6. Members intending to seek clarifications at the Annual General Meeting concerning the accounts and any aspect of operations of the Company are requested to send their questions in writing to the Secretarial Department so as to reach the Company atleast 7 days in advance before the date of the Annual General Meeting, specifying the point(s).







## EXPLANATORY STATEMENT

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

### Item No. 6

The existing Article No.62 provides that Managing Director and Whole-time Directors of the Company shall not be liable to retire by rotation. Since the majority of directors on the Board are Whole-time Directors, the Board felt that in order to comply with the provisions of Section 255 of the Act, the Article 62 should be amended to provide that the office of the Whole-time Director of the Company be liable to determination by retirement by rotation. The amendment of Articles of Association requires members approval by way of Special Resolution. Hence the resolution is placed before you for approval.

None of the Directors of the Company are concerned or interested in above resolution except as shareholders in general.

### Item No. 7

The provisions relating to restrictions on companies for purchase of its own shares have been amended vide the Companies (Amendment) Ordinance, 1999. In order to bring the provisions of the Articles of Association in consonance with the latest provisions of the Companies Act, 1956 it is proposed to suitably amend the Articles of the Company as set out in the resolution.

In terms of Section 31 of the Companies Act, 1956, the special resolution for amending the provisions of the Articles is placed before the shareholders for approval. Hence your Directors recommend these resolutions for your approval.

None of the Directors of the Company are concerned or interested in above resolution except as shareholders in general.

### Item No. 8

The Companies (Amendment) Act, 1999 has introduced the facility of nomination to the shareholders and debentureholders of the Company.

Also consequent upon the setting up of the Depository System and the introduction of the Depositories Act, 1996 there have been significant amendments in the provisions of the Companies Act, 1956 relating to issue, holding, transfer and dealing in shares and other securities as also the issue of certificates thereof in dematerialised form.

It is, therefore, proposed to suitably amend the Articles as set out in the resolution in order to ensure that the provisions of the Articles of Association are in consonance with the provisions of the Companies Act, 1956 and Depositories Act, 1996 to enable the dematerialisation of securities issued by the Company under the Depository System.

The above Special Resolution is for approval by the members in terms of Section 31 of the Companies Act, 1956. Hence your Directors recommend the resolution for your approval.

None of the Directors of the Company are concerned or interested in above resolution except as shareholders in general.

### Item No. 9

The Company proposes to privately place equity shares by way of preferential allotment as stated in the resolution to fund the future expansion activities and to enhance the operations of the Software Division.

In terms of the amendment of Clause V of the Memorandum of Association of the Company, the Company has to take powers to issue 20,00,000 equity shares of Rs.10 each. The shares shall be issued at such price, to such persons, on such terms and conditions as prescribed by SEBI from time to time.

As the issue of the said equity shares will be to the persons other than shareholders, approval of the shareholders by a Special Resolution is required pursuant to the provisions of Section 81 (1A) of the Companies Act, 1956.

Your Directors recommend the resolution for approval.

None of the Directors are concerned or interested in the above resolution.

### Item No.10

The Company is proposing to acquire M/s. American Consulting Corporation, Chicago, U.S.A. who are engaged in Information Technology business for the last 4 years in onsite consultancy and product development. The Company has obtained the Due Diligence Report and Valuation Report from CPA from Chicago, U.S.A. According to the CPA the valuation of the American Consulting Corporation is working out to USD 642,000. The Company has also got its shares valuation done by its Auditors, M/s. Praturi & Sriram, Chartered Accountants, Hyderabad as on 21st October, 2000. Based on these valuations, the consideration agreed to be paid by the Company should not exceed Rs.205 lakhs. The consideration being paid is USD 2,00,000 at Rs.46.50 per USD in cash and 3,00,000 equity shares of Mold-Tek Technologies Limited at Rs.37 per share which works out to about Rs.204 lacs.

The valuation of shares of Mold-Tek Technologies Limited as per the SEBI guidelines works out to Rs.30.70 per share. However, the management negotiated with the promoters of ACC to value the share at Rs.37 per share. The above resolution is for the approval of the members. The Board of Directors recommend the resolution for your approval.

None of the Directors of the Company are concerned or interested in above resolution except as shareholders in general.

By Order of the Board  
for MOLD-TEK TECHNOLOGIES LIMITED

Hyderabad  
21st October, 2000

**J. LAKSHMANA RAO**  
Managing Director





## DIRECTORS' REPORT



Your Directors have pleasure in presenting the Sixteenth Annual Report along with the Audited Statement of Accounts of the Company for the year ended 30th June, 2000

### FINANCIAL RESULTS

The performance during the year has been as under.

Rs. in Lakhs

	30.06.2000	30.06.1999
<b>Sales</b>	<b>5156.49</b>	4236.40
Other Income	10.50	5.19
Total Income	5166.99	4241.59
Profit before Interest, Depreciation & Tax	739.41	578.93
Interest	334.68	361.91
Depreciation	196.27	153.92
Profit before Tax	208.46	63.10
Provision for Taxation	7.50	—
<b>Profit after Tax</b>	<b>200.96</b>	63.10
Profit brought forward from previous year	118.23	115.13
Profit available for appropriation	319.19	178.23
<b>Appropriations</b>		
Proposed Dividend	78.65	—
Dividend Tax	18.87	—
General Reserve	10.00	—
Debenture Redemption Reserve	5.47	60.00
Extraordinary Items	20.55	—
Balance Carried forward	185.65	118.23
	<b>319.19</b>	<b>178.23</b>

### CURRENT YEAR OPERATIONS

During the Current year, your Company has achieved a sales growth of 22% and the net profit soared by 220% from Rs. 63 lakhs to Rs. 201 lakhs. During the year, your Company consolidated its operations and quality systems and is recommended for ISO 9002 certification from M/s.BVQI, London. This is a prestigious recognition. Mold-Tek is the first company in India in the field of pail packaging and first in Andhra Pradesh as a plastic processing unit to have been granted this distinction. This recognition will go a long way in enhancing your Company's stature in international markets to enhance exports. Exports are Rs.52.42 lakhs in the year under consideration and may rise more rapidly from the year 2001.

During 2000-2001, your Company has introduced 1 & 4 litre straight wall containers for emulsions paints and is also expanding its range in lube packs segment. Your Company adopted stringent cost saving methods to counter the effects of rising crude oil prices and subsequent rise in polymer prices.

During the year 2000, your company firmly established its plans to enter in to Information Technology business. To reflect the same, the Company's name has been changed to Mold-Tek Technologies Limited and obtained a fresh Certificate of Incorporation from Registrar of Companies. Your Company's IT division has been registered with the Software Technology Park of India, Hyderabad before 31st March, 2000 and obtained exemption from payment of Income Tax for a period of 10 years. Your Company is in final stages of