# 18th Annual Report

2001-2002



MOLD-TEK Technologies Limited

An ISO-9002 Company

CONTENTS



**Quality Policy**

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.

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.

**Quality Objectives**

**Quality** comes first - to achieve customer satisfaction the Quality of our products and services must be our No.1 priority.

**Establish** and maintain a Quality management system in conformance with international standards.

**Provide** training to employees in the identified areas based on organisational needs.

**Continuous** innovations in product features and manufacturing process to improve Quality and performance.

**Strict** adherence to specifications during manufacture and despatch with emphasis on defect prevention.

## Board of Directors

J. Lakshmana Rao, Chairman & Managing Director
A. Subrahmanyam, Executive Director
P. Venkateswara Rao, Director - Commercial
P. Shyam Sunder Rao, Director - Finance & CFO
J. Mythreyi, Director
K. Venkata Appa Rao, Director

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

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

**Bankers**
State Bank of India (Industrial Finance Branch)
State Bank of Hyderabad (Industrial Finance Branch)

**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 : +91(40) 5557 6828, 2341 2978
Fax : +91(40) 2341 2950
E mail : midilak@hd2.dot.vsnl.in

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

**Unit II**
Survey No.184/Part Dommarapochampally (Village)
Qutubullapur (Mandal), Ranga Reddy Dist (A.P.)

## NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the 18th Annual General Meeting of the Members of MOLD TEK TECHNOLOGIES LIMITED will be held on 30th December 2002, at 9.30 A.M. at K.K. Function Hall, 7-1-37/A, Dharam Karam Road, Ameerpet, Hyderabad - 500 016, to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet as on 30th June, 2002 and Profit & Loss Account for the year ended 30th June, 2002 along with Auditors' Report and Directors' Report thereon.
2. To appoint a Director in place of Smt J. Mythraeyi who retires by rotation and being eligible, offers herself for re-appointment.
3. To appoint a Director in place of Shri A. Subramanyam who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint M/s. Pattun & Sriram, Chartered Accountants, the 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.

By Order of the Board
for Mold-Tek Technologies Limited

(J. LAKSHMANA RAO)
Chairman & Managing Director

Place : Hyderabad
Dated : 28th November, 2002

**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 27th December to 30th December, 2002 (both days inclusive).
3. Members are requested to bring Annual Report with them for the Annual General Meeting. No copies of Annual Report will be distributed at the meeting as a measure of economy.
4. 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).
5. Please note that, no gifts will be distributed at the Annual General Meeting.

# DIRECTORS' REPORT

Your Directors have pleasure in presenting the Eighteenth Annual Report along with the Audited Accounts of the Company for the year ended 30th June, 2002.

**FINANCIAL RESULTS**

The performance during the year has been as under Rs. in Lakhs

| | 30.06.2002 | 30.06.2001 |
|---|---|---|
| Sales | 3799.49 | 4505.13 |
| Other Income | 11.20 | 9.00 |
| Total Income | 3810.69 | 4514.13 |
| Profit before Interest, Depreciation & Tax | 123.27 | 545.59 |
| Interest | 245.80 | 314.89 |
| Depreciation & Preliminary Expenses written off | 259.96 | 210.56 |
| Profit / Loss before Tax | (382.49) | 20.14 |
| Provision for Tax | – | – |
| Provision for Deferred Tax | 11.83 | – |
| Profit / Loss after Tax | (350.86) | 20.14 |
| Profit / Loss brought forward From previous year | (40.48) | 185.64 |
| Profit available for Appropriation | (391.34) | 205.78 |
| **Appropriations** | | |
| Proposed Dividend | – | – |
| General Reserve | – | – |
| Dividend Tax | – | – |
| Debenture Redemption Reserve | – | – |
| Extraordinary Items | (3.91) | 246.26 |
| Balance Carried forward | (395.25) | (40.48) |
| | (395.25) | 205.78 |

**CURRENT YEAR OPERATIONS**

During the year under review, your Company's performance was adversely affected due to severe competition, shrinking demand and various other factors. Increase in local competition and lower price realisation resulted in the turnover being lower by about 16% and the net profits steeply down from Rs.20.14 lakhs to a loss of Rs.350 lakhs. The Company's product range is mainly limited to packaging for paint and lube industries. As expected in last year, increased competition in these areas from local suppliers has affected the volumes and income.

However the IT division started commercial production from January 2002 and during Jan - June 2002 achieved a turnover of Rs. 42.88 lakhs.

**FUTURE OUTLOOK**

The efforts to enlarge product range are underway. As the moulds have to be developed or procured, lead time are longer and effects of new product range will be felt only from third quarter of the current year. Steep drop in demand due to local suppliers and lower realisation will continue to haunt during the current year as well. However from Feb/March 2003, the new product range will stabilise and yield revenues.

**PLASTIC DIVISION**

We have entered Pharma Pet bottles segment and moulds are in final trials. Your Company also entered consumer products and established about 200 retail dealers to enhance sales. We target to reach 500 dealers by March 2003. Blow moulding operations also restarted with orders from M/s Himalaya Drug Company and new clients are also being pursued. The product range widening has started and the benefits will be fully felt from April 2003. Your Company has for the first time in India introduced "IN MOULD SPOUT" for pails which make our pails completely tamper proof. We branded this registered design as "ULTIMO" pails. With this innovative feature we hope to recapture some of the lost market share in pails by January 2003. New pails of higher capacity are under development and we hope to introduce them from January 2003.

**INFORMATION TECHNOLOGY DIVISION**

The silver lining is the improved activities in our IT division. During the first quarter of this year i.e. July 2002 to Sep 2002 we achieved a sales turnover of Rs.38.50 lakhs in the IT Division. So far our company provided about 8000 tones of CAD Structural Engineering Services to a couple of US clients. With this experience your Company is planning to expand its client base by direct marketing efforts. In IT division we are also trying to capture BPO assignments that will add to the revenue without major investments.

**DIRECTORS**

Shri A.Subrahmanyam, Director of the Company will retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

Smt. J.Mythreyi, Director of the Company will retire by rotation at the ensuing Annual General Meeting and being eligible, offers herself for re-appointment.

**FIXED DEPOSITS**

Your Company has not invited any deposits from the public during the year under review within the meaning of Section 58A of the Companies Act, 1956 and the rules made thereunder.

**INSURANCE**

The properties and assets of your Company are adequately insured.

**AUDITORS' OBSERVATIONS**

The observations of the auditors are explained, wherever necessary, in appropriate notes to the accounts.

**AUDITORS**

M/s. Prafuri & Sriram, Chartered Accountants, Auditors of the Company retire at the Annual General Meeting and are eligible for re-appointment. The Members are requested to consider reappointing them as statutory auditors and to authorise the Board to fix their remuneration.

**ISO 9002 CERTIFICATION**

Your Company continues to hold ISO 9002 certification by meeting all the requirements of certification from time to time.

**CORPORATE GOVERNANCE**

As the shareholders may be aware, the Securities and Exchange Board of India (SEBI) has formulated a code of Corporate Governance to be implemented by listed companies. Pursuant to this, The Hyderabad Stock Exchange Limited, Hyderabad where the shares of your Company are listed has introduced a new clause 49 in the listing Agreement providing the compliance with the code. In the case of your Company, the code would be required to be implemented by 31st March, 2003.

**Company's Philosophy on Corporate Governance**

The Company's philosophy of Corporate Governance aims at assisting the management of the Company in the efficient conduct of its business and in meeting its responsibilities to all the stake holders. It is towards this end that efforts are being made to maintain high standards of disclosure to the shareholders and internal compliance guidelines for better Corporate Governance.

The Company is in the process of progressively implementing the various compliance requirements of the code.

**DIRECTORS' RESPONSIBILITY STATEMENT AS REQUIRED UNDER SECTION 217(2AA) OF THE COMPANIES ACT, 1956**

In compliance of Section 217 (2AA), as incorporated by the Companies (Amendment) Act, 2000, in the Companies Act, 1956, your Directors confirm that:

a) in the preparation of the accounts for the financial year ended 30th June, 2002 the applicable accounting standards have been followed along with proper explanation relating to material departures;

b) the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review

c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) the Directors have prepared the accounts for the financial year ended 30th June, 2002 on a going concern basis.

**LISTING INFORMATION**

The Equity Shares of your Company are listed at the Hyderabad Stock Exchange Limited, The Stock Exchange, Mumbai and Calcutta Stock Exchange Association Limited. The Company has paid the annual listing fees to each of these exchange for the financial year 2002-2003.

**DISCLOSURES**

The information as required under the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988, forming part of this report, is annexed.
Information on Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and out goings, required to be disclosed under Section 217(1)(e) is provided as an Annexure to this Report.

None of the employees including the Directors are drawing Rs 2 lakhs and above per month or Rs 24 lakhs and above in aggregate per annum, the limit prescribed under Section 217(2A) of the Companies Act, 1956. Hence the information as required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 does not arise.

**ACKNOWLEDGEMENTS**

Your Directors wish to place on record their appreciation and gratitude for all the assistance and support received from the State Bank of India (Industrial Finance Branch), State Bank of Hyderabad (Industrial Finance Branch), Financial Institutions viz., IDBI, IFCI and officials of concerned government departments, for their co-operation and continued support extended to the Company.

Your Directors take this opportunity to express their appreciation for the sincere and dedicated service of the employees of the Company at all levels and also thank the Members for the confidence they have reposed in your Company and its Management.

For and on behalf of the
Board of Directors

(J. LAKSHMANA RAO)
Chairman & Managing Director

Place : Hyderabad
Date : 21st November, 2002

## ANNEXURE TO THE DIRECTORS' REPORT

### A. DETAILS OF CONSERVATION OF ENERGY

1 Power & Fuel Consumption

| ELECTRICITY | | 2001-2002 | 2000-2001 |
|---|---|---|---|
| a) | Purchased Units (KWH) - Lakhs | 46.20 | 52.09 |
| | Total amount Rs. in Lakhs | 196.75 | 227.44 |
| | Rate per Unit Rs. | 4.25 | 4.37 |
| b) | Own Generation | | |
| | Diesel Generation Unit - Lakhs | 2.30 | 3.67 |
| | Rs. in Lakhs | 10.47 | 16.32 |
| | Rate per Unit Rs. | 4.55 | 4.45 |

### B. TECHNOLOGY ABSORPTION

**Research and Development**

| | |
|---|---|
| Specific areas in which R & D was carried out by the Company | NIL |
| Benefits derived as a result of the above | NA |
| Future plan of action | Yet to be decided |
| Expenditure on R & D | NIL |



### C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Rs. in Lakhs

| | 2001-2002 | 2000-2001 |
|---|---|---|
| FOB Value of exports | | |
| Plastic Containers | 51.92 | 72.23 |
| - F.I. Division | | |
| Foreign Exchange earnings | 51.92 | 72.23 |
| Foreign Exchange outgo | 100.03 | 139.45 |

## SHAREHOLDERS INFORMATION

**Annual General Meeting**
Date: 30th December, 2002
Time: 9.30 A.M.
Venue: K.K. Function Hall, # 7-1-27/A, Dharam Karan Road, Ameerpet, Hyderabad - 500 016

Financial Calendar: 1st July to 30th June
Date of Book Closure: 27th to 30th December, 2002

**Listing on Stock Exchanges**
The Hyderabad Stock Exchange Limited
The Stock Exchange, Mumbai
The Calcutta Stock Exchange Association Ltd

**Registrar & Transfer Agents**
M/s. Sindhu Corporate Services P Ltd
13A, (New No. 490) East Marredpally,
Secunderabad - 500 026
Ph: 2773 3470 / 2773 3479

**Name of the Depositories**
National Securities Depository Ltd
Central Depository Services (I) Ltd

**International Securities Identification Number (ISIN)**
INE232D01019

**Dematerialisation of Shares**
Compulsory Demat w.e.f. 25th September, 2000. The Company has entered into an agreement with NSDL and CDSL to demat the shares of the Company.

**MARKET PRICE DATA**

| Month | The Hyderabad Exchange | | The Stock Exchange, Mumbai | |
|---|---|---|---|---|
| | High (Rs.) | Low (Rs.) | High (Rs.) | Low (Rs.) |
| July '01 | 6.50 | 6.50 | 8.50 | 6.55 |
| Aug '01 | - | - | 7.50 | 5.20 |
| Sept '01 | - | - | 6.40 | 3.35 |
| Oct '01 | 4.00 | 4.00 | 6.50 | 4.15 |
| Nov '01 | 4.75 | 4.75 | 6.25 | 4.25 |
| Dec '01 | | - | 7.05 | 4.80 |
| Jan '02 | - | - | 6.65 | 4.40 |
| Feb '02 | | - | 5.50 | 4.00 |
| Mar '02 | - | - | 5.40 | 4.50 |
| Apr '02 | - | - | 5.55 | 4.15 |
| May '02 | - | - | 5.30 | 4.25 |
| June '02 | - | - | 6.00 | 4.70 |



**ADDRESS FOR CORRESPONDENCE**

| Share Holders Correspondence for | Address to |
|---|---|
| Transfer/Dematerialisation/Consolidation/Split of shares, Issue of Duplicate Share Certificate, Non-receipt of dividend, change of address in case of holders of physical shares and any other query relating to the shares of the Company. In case of holders of shares in Demat form Change of Address/Bank Mandate Details and proof of Demat Account | M/s. Sindhu Corporate Service P Ltd., 13A, (New No. 490) East Marredpally, Secunderabad - 500 026 |
| Query on Annual Report | Secretarial Department Mold Tek Technologies Ltd White House, #601 4th Floor, 6-3-1192/1/1, Kundanbagh, Begumpet Hyderabad - 500 016 |