

19th Annual Report

2002-2003

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MOLD-TEK
Technologies Limited

An
ISO-9002
Company

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. Mythraeyi, Non-Executive Director
Dr. K. Venkata Appa Rao, Non-Executive Director
C. Vasanth Kumar Roy, Non-Executive Director
Dr. M. Subhash Chandra Bose, Non-Executive Director

Statutory Auditors

Praturi & Sriram
 Chartered Accountants
 Flat No. 3, IIInd 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 2918
 Fax + 91(40) 2341 2950
 E-mail 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), Ranga Reddy Dist (A.P.)

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the 19th Annual General Meeting of the Members of **MOLD-TEK TECHNOLOGIES LIMITED**, will be held on Tuesday, the 30th September, 2003 at 10.30 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 31st March, 2003 and Profit and Loss Account for the period ended 31st March, 2003 along with Auditors' Report and Directors' Report thereon.
2. To appoint a Director in place of P. Venkateswara Rao who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of P. Shyam Sunder Rao who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint M/s.Praturi & Sriram, Chartered Accountants, 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

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

"RESOLVED THAT Dr. M. Subhash Chandra Bose, who was appointed as an Additional Director under Article 36(e) of the Articles of Association of the Company and who holds office upto the date of this Annual

General Meeting, be and is hereby appointed as a Director of the Company liable to retire by rotation".

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

"RESOLVED THAT C. Vasanth Kumar Roy, who was appointed as an Additional Director under Article 36(e) of the Articles of Association of the Company and who holds office upto the date of this Annual General Meeting, be and is hereby appointed as a Director of the Company 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 pursuant to the provisions of Sections 198, 269, 309, 310 and other enabling provisions of the Companies Act, 1956, and Schedule XIII of the Companies Act, 1956, J. Lakshmana Rao be and is hereby re-appointed as Managing Director of the Company for a period of 5 years with effect from 17th July, 2003 to 16th July, 2008 on such remuneration as approved by the Remuneration Committee as set out in the explanatory statement."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to take such steps expedient to give effect to this resolution."

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

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310 and other enabling provisions of the Companies Act, 1956, and Schedule XIII of the Companies Act, 1956, A. Subrahmanyam be and is hereby re-appointed as Executive Director of the Company for a period of 5 years with effect from 17th July, 2003 to 16th July, 2008 on such remuneration as approved by the Remuneration Committee as set out in the explanatory statement."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to take such steps expedient to give effect to this resolution."

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

"RESOLVED THAT subject to the provisions of the Companies Act, 1956, Securities Contracts (Regulation) Act, 1956, the Listing Agreements with the Stock Exchanges, the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 and all other applicable laws, rules, regulations and guidelines as may be applicable and modifications, if any,

made to the above from time to time and subject to such other authorities and such other approvals and sanctions as may be necessary, consent of the Members be and is hereby accorded to the Board of Directors of the Company (herein after referred to as the 'Board which expression shall be deemed to include a Committee of Directors duly authorised in this behalf) to get the Company's Equity Shares voluntarily delisted from the Hyderabad Stock Exchange Limited and the Calcutta Stock Exchange Association Limited."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds and things as may be necessary for the above purpose and to settle any questions, difficulties or doubt that may arise in this regard"

By Order of the Board
for **MOLD-TEK TECHNOLOGIES LIMITED**,



J. LAKSHMANA RAO
Managing Director

Place : Hyderabad

Dated : 31st July, 2003

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. The Register of Members and Share Transfer Books of the Company will remain closed from 26th September, 2003 to 30th September, 2003 (both days inclusive).
3. The Explanatory Statement relating to **Item Nos. 5 to 9** of the Special Business of the Meeting referred to above, is annexed to this Notice as required by Section 173(2) of the Companies Act, 1956.
4. Members are requested to bring the Annual Report with them to the Annual General Meeting. No copies of Annual Report will be distributed at the meeting.
5. 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).
6. Those members who have so far not encashed dividend warrants for the Financial Year 1995-96 and thereafter, may immediately approach the Company for replacement thereof, as the amount of dividend unclaimed for a period of 7 years shall be transferred to the Investor Education and Protection Fund (IEPF) as per provisions of Section 205C of the Companies Act, 1956.

TABLE

Financial Year	Date of Declaration	Due Date for Transfer to IEPF
1995-1996	30th Sept. 1996	29th Sept. 2003
1996-1997	30th Sept. 1997	29th Sept. 2004
1997-1998	—	—
1998-1999	—	—
1999-2000	20th Nov. 2000	19th Nov. 2007

7. Members/Beneficial Owners are requested to advise immediately any change in their address to Registrar and Transfer Agent quoting their registered folio number/Client ID.
8. Please note gifts will not be distributed at the Annual General Meeting.
9. Members/Proxies are requested to bring duly filled attendance slip to the Meeting.

**EXPLANATORY STATEMENT
(PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956)**

Item No.5 & 6

Dr. M. Subhash Chandra Bose and C. Vasanth Kumar Roy were co-opted by the Board as Additional Directors during the year. In terms of the Articles No.36(e) of the Articles of Association of the Company, their term of office expires at the conclusion of the Annual General Meeting. Notices under Section 257 of the Companies Act, 1956 along with the requisite deposits have been received from the Members proposing their appointment as Director of the Company, whose period of office shall be liable to determination of retirement of Directors by rotation. Your Directors recommend the resolution No.5 and 6 for your approval.

Dr. M. Subhash Chandra Bose and C. Vasanth Kumar Roy are deemed to be interested in the resolutions.

Item No.7 & 8

J. Lakshmana Rao and A. Subrahmanyam were reappointed as Managing Director and Executive Director of the Company for a period of five years respectively, which term expired

on 16th July, 2003. J. Lakshmana Rao and A. Subrahmanyam, are the founder directors of the Company and are fairly conversant with all aspects of the management and the affairs of the Company. Their experience and qualifications qualify them for an extension of their terms of office as aforesaid.

Due to excellent services put in by them, the Board of Directors at their meeting held on 30th June, 2003 have reappointed them as Managing Director and Executive Director of the Company with effect from 17th July, 2003 respectively. The Remuneration Committee in its meeting held on 29th June, 2003 reviewed the remuneration payable to J. Lakshmana Rao and A. Subrahmanyam keeping in view the objectivity of remuneration package payable to Executives while striking a balance between the interest of the Company and the shareholders.

The details of remuneration of the above Directors, as approved by the Remuneration Committee and the Board of Directors, are detailed below:

Name of the Director	Designation	Salary (Per Month)
J. Lakshmana Rao	Managing Director	Rs.78,000
A. Subrahmanyam	Executive Director	Rs.65,000

Perquisites

In addition to salary as above, the Managing Director and Executive Director shall be entitled to perquisites as under:

CATEGORY 'A'

i. Housing

The Managing Director and Executive

Director shall be entitled to house rent allowance of Rs.22,000 and Rs.15,000 per month respectively.

If accommodation for the Managing Director and Executive Director is provided by the Company, the expenditure incurred by the Company on hiring accommodation will be subject to a

ceiling of 30% of the salary of the Managing Director and Executive Director. Expenditure on furniture, electricity, water, gas at actuals shall in addition be payable by the Company to the Managing Director and Executive Director.

ii. **Medical Reimbursement**

Expenses actually incurred for the Managing Director and Executive Director and their families shall be reimbursed subject to a ceiling of one month's salary in a year or three months' salary over a period of three years.

iii. **Leave Travel Concession**

For the Managing Director and Executive Director and their families once in a year incurred in accordance with any rule specified by the Company.

iv. **Club Fees**

Fees of clubs subject to a maximum of two clubs, provided no life membership or admission fee shall be paid.

v. **Personal Accident Insurance**

Premium not to exceed Rs.4,000 per annum.

Explanation: For the purpose of Category 'A', family means the spouse, dependent children and dependent parents of the Managing Director and Executive Director.

Overall Limit: The monetary value of perquisites listed in 2A(i),(ii),(iii),(iv) and (v) above shall not exceed an amount equal to the 50% of the annual salary.

CATEGORY 'B'

i. **Provident and Superannuation Fund**

Contribution to the Provident Fund, Superannuation Fund or Annuity Fund

to the extent these either singly or put together are not taxable under the Income Tax Act. This will not be included in the computation of the ceiling on perquisites.

ii. **Gratuity**

Gratuity payable shall not exceed one half month's salary for each completed year of service.

CATEGORY 'C'

i. **Provision of Car and Telephone**

The Managing Director and Executive Director shall be entitled to a motor car for use on Company's business and telephone at residence. However use of car for private purpose and personal long distance calls on telephone shall be billed by the Company to the Managing Director and Executive Director.

OTHER BENEFITS

i. The Managing Director and Executive Director shall be entitled to reimbursement of entertainment expenses actually and properly incurred for the business of the Company.

ii. They will not be eligible for any sitting fees of the Company's Board/Committee Meetings.

As per the provisions of Sections 198, 269, 309 and Schedule XIII of the Companies Act, 1956 approval of the Members of the Company is required for re-appointment of Managing Director and Executive Director on the remunerations as set out in the resolutions. Hence the resolutions are placed before you for approval.

This along with resolution may be treated as abstract pursuant to Section 302 of the Companies Act, 1956.

J. Lakshmana Rao, A. Subrahmanyam and J. Mythraeyi shall be deemed to be interested in the said resolution.

Item No.9

Presently, the Company's equity shares are listed at the Hyderabad Stock exchange Limited (HSE), the Stock Exchange, Mumbai and the Calcutta Stock Exchange Association Limited.

With the extensive networking of the Stock Exchange, Mumbai to other cities as well, investors have access to online dealings in the Company's securities across the country.

Over the last few years the Equity Shares of the Company are not actively traded on Hyderabad and Calcutta Stock Exchanges and the volume traded have been negligible. During the last accounting period, there were no transactions at the Hyderabad Stock Exchange. Delisting of the equity shares from the Hyderabad and Calcutta Stock Exchange would result in administrative convenience and saving in costs on account of listing fees etc. As a part of its cost reduction measures, the Company proposes this enabling resolution, to voluntarily delist its equity shares from the Hyderabad Stock Exchange Limited and the Calcutta Stock Exchange Association Limited.

Pursuant to the Securities and Exchange Board of India (Delisting of Securities) Guidelines,

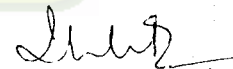
2003 the Company can delist from the other Stock Exchanges without giving any exit option to shareholders provided the shares continue to be listed with the Stock Exchange, Mumbai or National Stock Exchange. Since the Company's equity shares will continue to be listed at the Stock Exchange, Mumbai, it is proposed to delist the equity shares from the Hyderabad Stock Exchange Limited and the Calcutta Stock Exchange Association Limited.

In line with the SEBI guidelines, approval of Members is being sought by a Special Resolution for enabling voluntary de-listing of its equity shares from the said Stock Exchanges.

Your Directors recommend the resolution for your approval.

None of the Directors of the Company are in any way concerned or interested in the resolution.

By Order of the Board
for **MOLD-TEK TECHNOLOGIES LIMITED,**



J. LAKSHMANA RAO
Managing Director

Place : Hyderabad

Dated : 31st July, 2003

DIRECTORS' REPORT

Your Directors have pleasure in presenting the 19th Annual Report along with the Audited Accounts of the Company for the period ended 31st March, 2003.

FINANCIAL RESULTS

The performance during the period ended 31st March, 2003 has been as under:

	31.03.2003	30.06.2002
Sales	2647.14	3799.49
Other Income	9.12	11.20
Total Income	2656.26	3810.69
Profit before Interest, Depreciation & Tax	6.25	123.27
Interest	161.77	245.80
Depreciation & Preliminary Expenses written off	160.42	239.96
Profit/(Loss) before Tax	(315.94)	(362.49)
Provision for Deferred Tax	66.74	11.63
Profit/(Loss) after Tax	(249.20)	(350.86)
Profit/(Loss) brought forward from previous year	(436.40)	(40.48)
Profit/(Loss) available for Appropriation	(685.60)	(391.34)
Appropriation		
Investment Allowance Reserve	14.25	—
Extraordinary Items	(16.12)	(3.91)
Deferred Tax Liability	—	(41.15)
Balance Carried forward	(687.47)	(436.40)

FINANCIAL YEAR

The financial year of the Company is changed to 1st April to 31st March. The audited accounts of the Company are prepared for a period of 9 months i.e. from 1st July, 2002 to 31st March, 2003.

REVIEW OF OPERATIONS

This period (9 months ending 31st March, 2003), your Company could not enhance the sales as the new product development could not be completed as envisaged. However the good news is that the Company has successfully established the process and moulds for manufacture of inmould spouts for the first time in the country and also incorporated the same in our new range of **Ultimo** pails.

Primarily samples of **Ultimo** pails were developed in February, 2003 and the product has been fully established by the end of March, 2003. Hence this could not contribute for the growth of sales during the period under review.

Effective turnover of Rs.2596.83 lakhs for nine months is about 5.5% less than comparative figures of last year. This has resulted in a net loss of Rs.249.21 lakhs against Rs.350.86 lakhs last year.

Slow down in the US economy has resulted in stagnation in IT division operations also. However, the Company has recorded a turnover of Rs.50.31 lakhs during the nine months period.

Future Outlook

As envisaged last year, the new **Ultimo** range of pails have been developed and the products have withstood the performance tests as per the requirements of lube and paint industries. This is very good news for the Company as it will enable the Company to get back the lost business and also offer competitive prices to the PSUs, MNCs to get higher volume of business.

Apart from improvement in sales, higher productivity of these moulds will also improve efficiencies and contribute to cost reduction.

Plastic Division

Ultimo pails have been introduced from March, 2003 and the response from PSUs, and other reputed clients is very positive.

35 litre pails have been introduced during the current year and many chemical and bulk drug companies are showing interest in adopting the same.

Production of pet pesticide bottles has also been stabilized during the year 2003 - 2004.

We hope this year we will establish clients for blow and pet bottles which will add reasonable sales from the year 2004 - 2005.

IT Division

Due to severe slow down in the construction industry in USA, there are lot of problems and hence outsourcing of engineering jobs has come down considerably.

However our IT team has acquired skills at par with the American engineers and are able to execute on the complex (Highest complexity in USA) jobs with minimum errors.

Once conditions revive in USA, we will be able to acquire more clients which will improve our revenues.

DIRECTORS

P. Venkateswara Rao and P. Shyam Sunder Rao, Directors of the Company will retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

J. Lakshmana Rao and A. Subrahmanyam were reappointed as Managing Director and Executive Director respectively in the Board Meeting held on 30th June, 2003 for a further period of 5 years with effect from 17th July, 2003.

During the year Dr. M. Subhash Chandra Bose and C. Vasanth Kumar Roy were appointed by the Board as Additional Directors of the Company in terms of Section 260 of the Companies Act, 1956. They hold office till the conclusion of the forthcoming Annual General Meeting of the Company. The Company has received notices in terms of Section 257 of the Companies Act, 1956 for appointment of Dr. M. Subhash Chandra Bose and C. Vasanth Kumar Roy as Directors liable to retire by rotation.

FIXED DEPOSITS

Your Company has not invited any deposits from the public for 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.Praturi & 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.