

14<sup>th</sup> Annual Report  
2010-11



**MOLD-TEK**  
*Packaging Limited*

(formerly known as MOLD-TEK PLASTICS LIMITED)

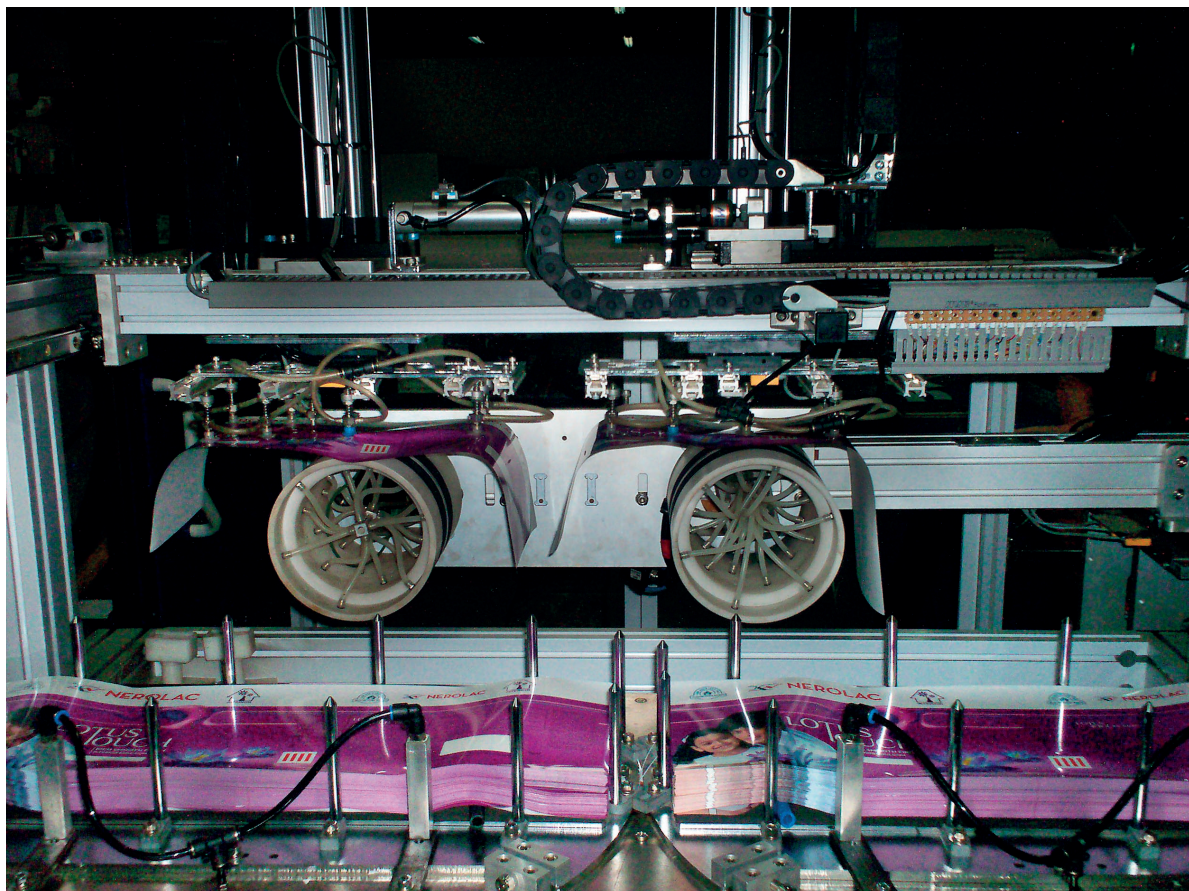
An ISO-9001:2008 Company

For innovative packaging solutions...



*In Pursuit of Perfection*





Newly installed robot to produce containers with world class decoration

## ANNUAL REPORT

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# Board of Directors

**J. Lakshmana Rao**, Chairman & Managing Director

**A. Subrahmanyam**, Deputy Managing Director

**P. Venkateswara Rao**, Deputy Managing Director

**J. Mytraeyi**, Non-Executive Director

**Dr. T. Venkateswara Rao**, Non-Executive Director

**Vasu Prakash Chitturi**, Non-Executive Director

**P. Shyam Sunder Rao**, Non-Executive Director

**Dr. N.V.N. Varma**, Non-Executive Director

## Statutory Auditors

Praturi & Sriram  
Chartered Accountants  
201, Sapthagiri Residency  
1-10-98/A, Chikoti Gardens  
Begumpet, Hyderabad - 500 016

## Internal Auditors

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

## Bankers

Citibank  
ICICI Bank Limited

## Legal Advisor

M. Radhakrishna Murthy, Advocate  
Vidya Nagar, Hyderabad

## Registered Office

Plot # 700, Road No. 36,  
Jubilee Hills, Hyderabad - 500 033  
Phone + 91 40 4030 0300/01/02/03/04  
Fax + 91 40 4030 0328  
E-mail [ir@moldtekindia.com](mailto:ir@moldtekindia.com)  
[finance@moldtekindia.com](mailto:finance@moldtekindia.com)

## Works

### Unit I

Annaram Village  
Near Air Force Academy  
Jinnaram Mandal  
Medak District,  
Andhra Pradesh

### Unit III

Plot No. 16-19,  
Bharat Industrial Estate,  
Bhimpore  
Daman - 396 210

### Unit V

S.No. 110/1A1, 110/1A2  
Street No. 1,  
Onnalvadi, Hosur,  
Krishnagiri District,  
Tamilnadu - 635 125

### Unit II

Survey No.164/Part,  
Dommarapochampally Village  
Qutubullapur Mandal  
Ranga Reddy District,  
Andhra Pradesh

### Unit IV

Survey No. 79,  
Alinagar, Jinnaram Mandal  
Medak District,  
Andhra Pradesh

### Unit VI

Survey No.586 to 589/Part,  
Dundigal Village, Near SGS  
Ashram, Quthbullapur Mandal,  
Ranga Reddy District,  
Andhra Pradesh



## Notice

NOTICE is hereby given that the 14th Annual General Meeting of the Members of Mold-Tek Packaging Limited (Formerly known as Mold-Tek Plastics Limited) will be held on **Monday the 19th day of September, 2011 at 11.00 a.m. at Swagath-De-Royal, #2-36, Kothaguda X Roads, Kondapur, Cyberabad, Hyderabad 500 081** to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as on 31st March, 2011, Profit and Loss Account and Cash Flow Statement for the year ended 31st March, 2011 and the Report of the Directors and Auditors thereon.
2. To declare Dividend on Equity Shares for the year ended 31st March, 2011.
3. To appoint a Director in place of Vasu Prakash Chitturi, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Dr. N. V. N. Varma, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Messrs. 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

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

"RESOLVED THAT in modification to the resolution passed by the Members of the Company at the 12th Annual General Meeting held on 24th September, 2009 and subject to the approval of Central Government, if required, and pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule

XIII of the said Act (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), consent of the Company be and is hereby accorded towards the re-appointment and increase in remuneration to A. Subrahmanyam, Deputy Managing Director of the Company, from ₹3,95,000 per month to ₹4,60,000 per month plus perquisites for the period from 1st April, 2011 to 31st March, 2014 in the following manner:

#### a. Salary:

The Company shall pay to A. Subrahmanyam in consideration of the performance of his duties a salary of ₹4,60,000 per month, in the scale of ₹4,60,000-65,000-5,90,000.

#### b. Perquisites & allowances:

In addition to the above salary, A. Subrahmanyam shall be entitled to perquisites and allowances like accommodation (furnished or otherwise) or house rent allowances in lieu thereof, reimbursement of expenses or allowance for gas, electricity, water, furnishing etc., medical reimbursement, leave travel allowances, club fee, stock options and such other perquisites and allowances under the Company's rules. The total cost of the aforesaid perquisites, allowances and other benefits (including rent/HRA) shall be restricted to 50% of the salary per month.

#### c. Commission:

In addition to the salary and perquisites as above, A. Subrahmanyam shall be entitled to commission at the rate of 1% of the net profits of the Company computed in the manner laid down under Section 309(5) of the Companies Act, 1956.

d. Other benefits:

In addition to the above salary and perquisites, A. Subrahmanyam shall be entitled to the following annual benefits which shall not be included in the computation of the ceiling of remuneration specified in paragraph (a) and (b) above:

- i. Provident and Superannuation Fund: The Company's 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. The said contribution will not be included in the computation of the ceiling on remuneration.
  - ii. Gratuity: Gratuity payable shall not exceed one half month's salary for each completed year of services and will not be included in the computation of the ceiling on remuneration.
  - iii. Leave encashment: Encashment of leave at the end of the tenure in accordance with the rules of the Company.
  - iv. Provision of car and telephone: A. Subrahmanyam 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 A. Subrahmanyam.
- e. A. Subrahmanyam shall be entitled to reimbursement of entertainment expenses, traveling, boarding and lodging expenses actually and properly incurred for the business of the Company.
- f. He will not be eligible for any sitting fees of the Company's Board/Committee Meetings.

g. Minimum remuneration:

Where in any financial year during the currency of the tenure of A. Subrahmanyam, the Company has no profits or its profits are inadequate, the Company shall pay to A. Subrahmanyam remuneration by way of salary and perquisites not exceeding the limits specified herein above.

"RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things as in its absolute discretion, it may consider necessary, expedient or desirable, and to settle any question, or doubt that may arise in relation thereto in order to give effect to the foregoing resolution, or as may be otherwise considered by it to be in the best interest of the Company.

"RESOLVED FURTHER that the Board of Directors be and is hereby authorized to alter and vary such revised terms and conditions in accordance with the laws from time to time in force and to alter and vary such terms and conditions as may be approved by the Central Government without being required to seek the further approval of Members within the limits as prescribed above and any action taken by the Board in this regard be and is hereby ratified and approved."

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

"RESOLVED THAT in modification to the resolution passed by the Members of the Company at the 12th Annual General Meeting held on 24th September, 2009 and subject to the approval of Central Government, if required, and pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions, if any of the Companies Act, 1956 read with Schedule XIII of the said Act (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), consent of the Company be and is hereby accorded towards the re-appointment and increase in

remuneration to P. Venkateswara Rao, Deputy Managing Director of the Company from ₹2,90,000 per month to ₹3,30,000 per month plus perquisites for the period from 1st April, 2012 to 31st March, 2015 in the following manner:

a. Salary:

The Company shall pay to P. Venkateswara Rao in consideration of the performance of his duties a salary of ₹3,30,000 per month, in the scale of ₹3,30,000-40,000-4,10,000.

b. Perquisites & allowances:

In addition to the above salary, P. Venkateswara Rao shall be entitled to perquisites and allowances like accommodation (furnished or otherwise) or house rent allowances in lieu thereof, reimbursement of expenses or allowance for gas, electricity, water, furnishing etc., medical reimbursement, leave travel allowances, club fee, stock options and such other perquisites and allowances under the Company's rules. The total cost of the aforesaid perquisites, allowances and other benefits (including rent/HRA) shall be restricted to 50% of the salary per month.

c. Commission:

In addition to the salary and perquisites as above, P. Venkateswara Rao shall be entitled to commission at the rate of 0.50% of the net profits of the Company computed in the manner laid down under Section 309(5) of the Companies Act, 1956.

d. Other benefits:

In addition to the above salary and perquisites, P. Venkateswara Rao shall be entitled to the following annual benefits which shall not be included in the computation of the ceiling of

remuneration specified in paragraph (a) and (b) above:

- i. **Provident and Superannuation Fund:** The Company's 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. The said contribution will not be included in the computation of the ceiling on remuneration.
- ii. **Gratuity:** Gratuity payable shall not exceed one half month's salary for each completed year of services and will not be included in the computation of the ceiling on remuneration.
- iii. **Leave encashment:** Encashment of leave at the end of the tenure in accordance with the rules of the Company.
- iv. **Provision of car and telephone:** P. Venkateswara Rao 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 P. Venkateswara Rao.
- e. P. Venkateswara Rao shall be entitled to reimbursement of entertainment expenses, traveling, boarding and lodging expenses actually and properly incurred for the business of the Company.
- f. He will not be eligible for any sitting fees of the Company's Board/Committee Meetings.
- g. **Minimum remuneration:**  
Where in any financial year during the currency of the tenure of P. Venkateswara Rao, the Company has no profits or its profits are inadequate, the Company shall

pay to P. Venkateswara Rao remuneration by way of salary and perquisites not exceeding the limits specified herein above.

"RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things as in its absolute discretion, it may consider necessary, expedient or desirable, and to settle any question, or doubt that may arise in relation thereto in order to give effect to the foregoing resolution, or as may be otherwise considered by it to be in the best interest of the Company.

"RESOLVED FURTHER that the Board of Directors be and is hereby authorized to alter and vary such revised terms and conditions in accordance with the laws from time to time in force and to alter and vary such terms and conditions as may be approved by the Central Government without being required to seek the further approval of Members within the limits as prescribed above and any action taken by the Board in this regard be and is hereby ratified and approved."

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

"RESOLVED THAT in modification to the resolution passed by the Members of the Company at the 11th Annual General Meeting held on 30th October, 2008 and subject to the approval of Central Government, if required, and pursuant to the provisions of Sections 316(2), 198, 269, 309 and other applicable provisions, if any of the Companies Act, 1956 read with Schedule XIII of the said Act (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), consent of the Company be and is hereby accorded towards the re-appointment of J. Lakshmana Rao, Managing Director of the Company at a remuneration of ₹4,80,000 per month plus perquisites for the period from 1st April, 2011 to 31st March, 2014 in the following manner to be drawn either from Mold-Tek Packaging

Limited or from Mold-Tek Technologies Limited or partly from Mold-Tek Packaging Limited and remaining from Mold-Tek Technologies Limited.

- a. Salary:

The Company shall pay to J. Lakshmana Rao, Managing Director in consideration of the performance of his duties a salary of ₹4,80,000 per month, in the scale of ₹4,80,000-70,000-6,20,000 to be drawn either from Mold-Tek Packaging Limited or from Mold-Tek Technologies Limited or partly from Mold-Tek Packaging Limited and remaining from Mold-Tek Technologies Limited.

- b. Perquisites & allowances:

In addition to the above salary, J. Lakshmana Rao shall be entitled to perquisites and allowances like accommodation (furnished or otherwise) or house rent allowances in lieu thereof, reimbursement of expenses or allowance for gas, electricity, water, furnishing etc., medical reimbursement, leave travel allowances, club fee, stock options and such other perquisites and allowances under the Company's rules. The total cost of the aforesaid perquisites, allowances and other benefits (including rent/HRA) shall be restricted to 50% of the salary per month.

- c. Commission:

In addition to the salary and perquisites as above, J. Lakshmana Rao shall be entitled to commission at the rate of 1.50% of the net profits of the Company computed in the manner laid down under Section 309(5) of the Companies Act, 1956.

- d. Other benefits:

In addition to the above salary and perquisites, J. Lakshmana Rao shall be entitled to the following annual benefits

which shall not be included in the computation of the ceiling of remuneration specified in paragraph (a) and (b) above.

- i. Provident and Superannuation Fund: The Company's 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. The said contribution will not be included in the computation of the ceiling on remuneration.
- ii. Gratuity: Gratuity payable shall not exceed one half month's salary for each completed year of services and will not be included in the computation of the ceiling on remuneration.
- iii. Leave encashment: Encashment of leave at the end of the tenure in accordance with the rules of the Company.
- iv. Provision of car and telephone: J. Lakshmana Rao 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 J. Lakshmana Rao.
- e. J. Lakshmana Rao shall be entitled to reimbursement of entertainment expenses, traveling, boarding and lodging expenses actually and properly incurred for the business of the Company.
- f. He will not be eligible for any sitting fees of the Company's Board/Committee Meetings.

g. Minimum remuneration:

Where in any financial year during the currency of the tenure of J. Lakshmana Rao, the Company has no profits or its profits are inadequate, the Company shall pay to J. Lakshmana Rao remuneration by way of salary and perquisites not exceeding the limits specified herein above. The above salary, perquisites & allowances, commission & other benefits shall be drawn either from Mold-Tek Packaging Limited or from Mold-Tek Technologies Limited or partly from Mold-Tek Packaging Limited and remaining from Mold-Tek Technologies Limited.

"RESOLVED FURTHER that the Board of Directors of the Company be and are hereby authorized to do all such acts, deeds, matters and things as in its absolute discretion, it may consider necessary, expedient or desirable, and to settle any question, or doubt that may arise in relation thereto in order to give effect to the foregoing resolution, or as may be otherwise considered by it to be in the best interest of the Company.

"RESOLVED FURTHER that the Board of Directors be and are hereby authorized to alter and vary such revised terms and conditions in accordance with the laws from time to time in force and to alter and vary such terms and conditions as may be approved by the Central Government without being required to seek the further approval of Members within the limits as prescribed above and any action taken by the Board in this regard be and is hereby ratified and approved."

By Order of the Board  
for **MOLD-TEK PACKAGING LIMITED**



Hyderabad  
19th August, 2011 **J. LAKSHMANA RAO**  
Chairman & Managing Director



## NOTES

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND, AND, ON A POLL, TO VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY IN ORDER TO BE EFFECTIVE SHOULD BE DULY STAMPED, COMPLETED AND SIGNED AND MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME FOR HOLDING THE AFORESAID MEETING.**
2. The Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of items 6, 7 & 8 is annexed.
3. In terms of Articles of Association of the Company, Vasu Prakash Chitturi and Dr. N. V. N. Varma, Directors of the Company retire by rotation in the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. Information about such Directors as stipulated under Clause 49 of Listing Agreement is contained in the statement annexed hereto. The Board of Directors of the Company recommends the respective re-appointments of the aforesaid Directors.
4. Members/Proxies should bring the enclosed Attendance Slip duly filled in for attending the meeting along with the copy of the Annual Report. Corporate members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of Board Resolution authorizing their representatives to attend and vote on their behalf in the meeting.
5. Members who hold shares in dematerialized form are requested to write their Client ID and DP ID numbers and those who hold shares in physical form are requested to write their Folio Number(s) in the Attendance Slip for attending the meeting.
6. The Register of Members and Share Transfer Books of the Company will remain closed from 16th September, 2011 to 19th September, 2011 (both days inclusive), for the purpose of payment of dividend. The dividend declared at the Annual General Meeting will be paid to the Members whose names appear in the Register of Members of the Company at the end of the business hours on 15th September, 2011 and in respect of shares held in electronic form to those 'Deemed Members' whose names appear in the Statement of Beneficial Ownership furnished by National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL).
7. Members are requested to notify change of address, if any, with Pincode to the Company or to its Registrar and Share Transfer Agent quoting reference of their folio number and in case their shares are held in dematerialized form, this information should be passed on to their respective Depository Participants.
8. 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 at least 7 days in advance before the date of the Annual General Meeting, specifying the point(s).
9. Individual shareholders are encouraged to avail the facility of making nomination of their holding. The nominee shall be the person in whom all rights of transfer and/or amount payable in respect of shares shall vest in the event of the death of the shareholder and the joint-holder(s), if any. A minor can be nominee provided the name of the guardian is given in the nomination form. Non-individuals including society, trust, body corporate, partnership firm, karta of Hindu undivided family, holder of Power of Attorney cannot nominate. For further details in this regard shareholders may contact M/s. XL Softech Systems Limited, 3, Sagar Socety, Road No 2, Banjara Hills, Hyderabad - 500 034, the Registrar and Share Transfer Agent of the Company.
10. Securities and Exchange Board of India (SEBI) has issued a circular clarifying that it shall be mandatory for the transferee(s) to furnish copy of Permanent Account Number (PAN) card to

the Company/Registrar and Transfer Agent of the Company for registration of transfer of shares in the physical mode. Members may please take a note of the same.

11. Members are requested to note that as per Section 205A of the Companies Act, 1956 dividend not encashed or claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account, will be transferred to the Investor Education and Protection Fund (IEPF) established under Section 205C of the said Act. Members who have not yet encashed the dividend warrant(s) for the year 2005-2006 to 2009-2010 are requested to forward their

claims to the Company's Registrar and Share Transfer Agents. It may be noted that once the unclaimed dividend is transferred to the IEPF as above, no claim shall lie with the Company in respect of such amount.

12. The certificate from the Auditors of the Company certifying that the Company's Stock Option Schemes are being implemented in accordance with the SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999, as amended, and in accordance with the resolutions of the Members passed at the general meetings will be available for inspection by the Members at the AGM.

## EXPLANATORY STATEMENT

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

### Items 6 & 7

A. Subrahmanyam and P. Venkateswara Rao were appointed as Executive Director and Wholetime Director of the Company, respectively for a period of 5 years with effect from 27th August, 2008 and the Members of the Company approved their appointments at the 11th Annual General Meeting held on 30th October, 2008. The Members again at the 12th Annual General Meeting held on 24th September, 2009 have re-appointed A. Subrahmanyam and P. Venkateswara Rao, subject to approval of Central Government. Both of them were re-designated as Deputy Managing Directors.

The Central Government has vide its letter dated 23rd August, 2010 has approved the increase in remuneration of A. Subrahmanyam for a period of 2 years i.e. from 1st April, 2009 to 31st March, 2011. The Central Government has vide its letter dated 23rd August, 2010 has approved the increase in remuneration of P. Venkateswara Rao for a period of 3 years i.e. from 1st April, 2009 to 31st March, 2012.

Members may be aware that there has been substantial increase in overall growth and volume of business of the Company. In view of the increased volume of business, the duties and responsibilities of Deputy

Managing Directors have also increased manifold and therefore the Board at its Meeting held on 19th August, 2011 decided to compensate them adequately and increased their remuneration with effect from 1st April, 2011 & 1st April, 2012 respectively for A. Subrahmanyam and P. Venkateswara Rao on the terms and conditions set out in the resolutions.

The Remuneration Committee at its meeting held on 19th August, 2011 reviewed the re-appointment & remuneration payable to A. Subrahmanyam and P. Venkateswara Rao keeping in view the objectivity of remuneration package payable to executives while striking a balance between the interest of the Company and the shareholders.

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 and revised remuneration payable to the Deputy Managing Directors. Further, as the remuneration proposed exceeds the limits prescribed under Schedule XIII, approval of Central Government i.e. Ministry of Corporate Affairs is required. Hence, the Resolutions are placed before you for approval.

The General Information as required pursuant to Clause 1(B)(iv) of Section II of Part II of Schedule

XIII of the Companies Act, 1956 is contained in the statement annexed hereto.

The Explanatory Statement together with the accompanying notice should be treated as abstracts of the terms of agreement and memorandum of concern or interest under Section 302 of the Companies Act, 1956.

Your Directors recommend the Resolutions 6 & 7 for your approval.

None of the Directors, except A. Subrahmanyam and J. Lakshmana Rao shall be deemed to be interested in Resolution 6.

None of the Directors, except P. Venkateswara Rao, shall be deemed to be interested in Resolution 7.

#### **Item 8**

J. Lakshmana Rao was appointed as Managing Director of the Company for a period of 5 years with effect from 27th August, 2008 at a remuneration of 1.50% of commission on the annual profits of the Company and the Members of the Company approved his appointment at the 11th Annual General Meeting held on 30th October, 2008. J. Lakshmana Rao is also the Managing Director of Mold-Tek Technologies Limited.

The Central Government has vide its letter dated 5th October, 2010 has approved the appointment & remuneration of J. Lakshmana Rao for a period of 5 years i.e. from 27th August, 2008 to 26th August, 2013 at a total remuneration of 61.20 lakhs per annum to be drawn either from Mold-Tek Packaging Limited or from Mold-Tek Technologies Limited or partly from Mold-Tek Packaging Limited and remaining from Mold-Tek Technologies Limited for a period of 3 years with effect from 1st September, 2009 to 31st August, 2012.

Members may be aware that there has been substantial increase in overall growth and volume of business of the Company. In view of the increased volume of business, the duties and responsibilities of Managing Director has also increased manifold and therefore the Board at its Meeting held on 19th August, 2011 decided to compensate him adequately and increase his remuneration with effect from 1st April, 2011 on

the terms and conditions set out in the Resolution to be drawn either from Mold-Tek Packaging Limited or from Mold-Tek Technologies Limited or partly from Mold-Tek Packaging Limited and remaining from Mold-Tek Technologies Limited

The Remuneration Committee at its meeting held on 19th August, 2011 reviewed the re-appointment & remuneration payable to J. Lakshmana Rao keeping in view the objectivity of remuneration package payable to executives while striking a balance between the interest of the Company and the shareholders.

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 and revised remuneration payable to the Managing Director. Further as the remuneration proposed exceeds the limits prescribed under Schedule XIII, approval of Central Government i.e. Ministry of Corporate Affairs is required. Hence, the Resolution is placed before you for approval.

The General Information as required pursuant to Clause 1(B)(iv) of Section II of Part II of Schedule XIII of the Companies Act, 1956 is contained in the statement annexed hereto.

The Explanatory Statement together with the accompanying notice should be treated as abstracts of the terms of agreement and memorandum of concern or interest under Section 302 of the Companies Act, 1956.

Your Directors recommend the Resolution 8 for your approval.

None of the Directors, except J. Lakshmana Rao, J. Mytraeyi and A. Subrahmanyam, shall be deemed to be interested in the said Resolution.

By Order of the Board  
for **MOLD-TEK PACKAGING LIMITED**



Hyderabad  
19th August, 2011 Chairman & Managing Director

## Annexure

Additional Information on Directors seeking appointment/re-appointment in the Annual General Meeting [under Clause 49(IV)(G)(i) of the Listing Agreement]

Name of the Director	<b>J. Lakshmana Rao</b>	<b>A. Subrahmanyam</b>	<b>P. Venkateswara Rao</b>	<b>Vasu Prakash Chitturi</b>	<b>Dr. N. V. N. Varma</b>
Date of birth	19th April, 1959	8th July, 1954	18th January, 1957	31st July, 1971	5th May, 1961
Date of appointment	27th August, 2008	27th August, 2008	30th September, 1994	12th July, 2010	31st October, 2009
Relationship with other Directors	A. Subrahmanyam & J. Mytraeyi	J. Lakshmana Rao	Not applicable	Not applicable	Not applicable
Expertise in specific functional area	Specialisation in marketing and finance and has good industrial experience.	Expertise is in overseeing CNC programming, machine and mould manufacturing activities.	Materials Management	Educational Institution - Secretary and Correspondent	Cardiology
Qualification	B.Tech., M.B.A. (IIM-B)	B.E. Mechanical	PG in Materials Management	M.B.A.	M.S. M.Ch.
Names of companies in which holds directorship	Mold-Tek Technologies Limited	Mold-Tek Technologies Limited	Mold-Tek Technologies Limited	Sri Prakash Vidya Niketan Private Limited	Nil
Names of companies in which holds membership of Committees of the Board	Nil	Nil	Nil	Nil	Nil
No of shares held in the Company as on 31st March, 2011	3,91,476	3,74,562	67,948	Nil	Nil

## Annexure referred to in the Explanatory Statement

Statement containing the information as required per Notification No. G.S.R.36(E) dated 16th January, 2002 amending Schedule XIII to the Companies, Act, 1956 in respect of re-appointment/increase in remuneration of J. Lakshmana Rao, A. Subrahmanyam & P. Venkateswara Rao.

### I. GENERAL INFORMATION

1. Nature of industry: Manufacturing of plastic containers, pet bottles and blow molding.
2. Year of commencement of commercial production: 1997
3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus: Not applicable
4. Financial performance:

₹ Lakhs

	Year ended 31st March, 2011	Year ended 31st March, 2010	Year ended 31st March, 2009
Gross turnover	<b>16433.40</b>	13094.05	11279.44
Net profit before interest, depreciation & tax	<b>1937.18</b>	1676.65	1012.84
Net profit as per Profit and Loss Account	<b>809.76</b>	751.22	386.30
Amount of dividend	<b>438.39</b>	239.87	159.92
Rate of dividend declared	<b>50%</b>	30%	20%

The Company, after rescheduling of its debts, has not made any default in the repayment of its dues (including public deposits) or interest payments thereon.

5. Exports performance and net foreign exchange earnings for the year ended 31st March, 2011 is ₹276.73 lakhs.
6. Foreign investments or collaborations, if any: Nil

### II. INFORMATION ABOUT THE APPOINTEES

#### 1. Background Details:

**A. Subrahmanyam**, Deputy Managing Director is aged 57 years and has obtained his Bachelors Degree from Regional Engineering College, Suratkal in 1978. He worked in Nizam Sugar Limited and ACC Limited for a period of three years in the maintenance and workshop functions. He then joined a commercial tool room as its Works Manager and was responsible for manufacturing many precision tools including moulds. After three years in the tool room, he completed diploma course in mould design and manufacturing from Central Institute of Plastic Engineering & Technology (CIPET) Chennai.

He joined J. Lakshmana Rao in promoting Moldtek. As Deputy Managing Director, he looks after production, planning and control of manufacturing activities. He also oversees CNC programming and machine and mould manufacturing activities.



**P. Venkateswara Rao**, Deputy Managing Director is aged 54 years and has obtained post graduate in materials management. He has 21 years of industrial experience and has been associated with the Company since its inception (before demerger) and is conversant with all aspects of the management and the affairs of the Company.

**J. Lakshmana Rao**, Chairman & Managing Director is aged 52 years and has completed his Bachelor's degree in engineering from Sri Venkateswara University in 1980. He stood first in the University's order of merit in his batch. He obtained his post graduate diploma in management from the Indian Institute of Management (IIM), Bangalore in 1982 specializing in marketing and finance areas. He joined Nagarjuna Steels Limited and worked on new product development for one year. During this period, he gained experience in industrial marketing and product launch.

He promoted Mold-Tek in 1985-86 with an overall project cost of ₹55 lakhs. This Company under his leadership has grown over the period to become a leader in pail packaging industry in India. Mold-Tek made an IPO in 1993 and diversified into structural engineering KPO services.

## 2. Past Remuneration:

**A. Subrahmanyam:** ₹64.43 lakhs for the year ended 31st March, 2011.

**P. Venkateswara Rao:** Presently P Venkateswara Rao is entitled to a remuneration of ₹34,80,000 per annum plus perquisite @ of 50% of salary aggregating to ₹52,20,000 (for the period 1st April, 2011 to 31st March, 2012).

**J. Lakshmana Rao:** Presently J. Lakshmana Rao is entitled to a remuneration of ₹61,20,000 per annum to be drawn either from Mold-Tek Packaging Limited or from Mold-Tek Technologies Limited or partly from Mold-Tek Packaging Limited and remaining from Mold-Tek Technologies Limited.

## 3. Recognition or awards: Nil

## 4. Job Profile and his suitability

A. Subrahmanyam looks after production, planning and control of manufacturing activities. His expertise is in overseeing CNC programming and machine and mould manufacturing activities.

P. Venkateswara Rao looks after all commercial and marketing activities of Company. He is conversant with all aspects of the management and the affairs of the Company.

J. Lakshmana Rao looks after entire corporate affairs.

## 5. Remuneration proposed

It is proposed to pay a maximum remuneration to them on the terms and conditions detailed in the resolutions referred above.

## 6. Comparative remuneration profile with respect to industry, size of the company, profile of the position and person

Compared to the remuneration profile of position and person with respect to this industry and size, they are entitled to the proposed remuneration.

## 7. Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any

Except the remuneration drawn by them from the Company, they do not have any pecuniary relationship, directly or indirectly with the Company.

## 8. a. Reasons for inadequate profits - Not applicable

b. Steps taken or proposed to be taken for improvement - Not applicable

c. Expected increase in productivity and profits in measurable terms - Not applicable

# Directors' Report

Dear Members,

Your Directors have pleasure in presenting the 14th Annual Report and the Audited Statement of Accounts for the year ended 31st March, 2011.

## FINANCIAL RESULTS

The performance during the year ended 31st March, 2011 has been as under:

₹ Lakhs

Particulars	Year ended	
	March 31, 2011	March 31, 2010
Sales	16433.40	13094.05
Other Income	77.26	9.74
Total Income	16510.66	13103.79
Profit before Interest, Depreciation & Tax	1937.18	1676.65
Interest	291.14	176.75
Depreciation & Preliminary Expenses written off	437.96	379.48
Profit before Tax	1208.08	1120.42
Provision for Tax	398.32	369.20
Profit after Tax	809.76	751.22
Profit/(Loss) brought forward from previous year	154.81	(189.83)
Profit available for appropriation	964.57	561.39
<b>Appropriation</b>		
Extraordinary Items	9.45	15.60
Transferred to General Reserve	120.05	110.34
Proposed dividend	438.39	239.87
Corporate dividend tax	72.81	40.77
Balance carried forward	323.87	154.81

Your Company recorded 25.50% growth in gross turnover for the year at ₹16433.40 lakhs and 7.79% growth in profit after tax for the year at ₹809.75 lakhs. The net revenues grew by 23.62% in the year to ₹149.67crore from ₹121.07 crore in the previous year.

### Dividend

Your Directors have recommended a final dividend of ₹3 per equity share @ 30 % of the equity share capital in addition to interim dividend of ₹2 (20%) hitherto declared, making a total of ₹5 (50%) per equity share (previous year ₹3 per equity share @ 30%) for the financial year ended 31st March 2011. The final dividend, if approved, will be paid to those Members whose names appear in the Register of Members as on 15th September, 2011. In respect of shares held

in dematerialized form, it will be paid to Members whose name are furnished by National Securities Depository Limited and Central Depository Services (India) Limited as beneficial owners as on that date. This will entail an outflow of ₹511.20 lakhs (inclusive of dividend tax).

The dividend pay out for the year under review has been formulated keeping in view your Company's need for capital for its growth plans and the intent to finance such plans through internal accruals to the optimum.

Equity shares that may be allotted on conversion of fully convertible warrants before the Book Closure for payment of dividend will rank pari passu with the existing shares and be entitled to receive the dividend.

### Transfer to Reserve

In accordance with the provisions of the Companies Act, 1956 read with Companies (Transfer of Reserves) Rules, 1975, the Directors propose to transfer a sum of ₹120.05 lakhs to General Reserve out of the profits earned by the Company.

### Increase in Authorised Capital

Authorized capital stands increased from ₹10 crore to ₹13.5 crore, vide ordinary resolution passed at Extra Ordinary General Meeting of the Members held on 1st July, 2010 by the addition of 35,00,000 equity shares of ₹10 each (ranking pari passu with existing equity shares of the Company).

### Allotment of Fully Convertible Warrants

The Board of Directors at its meeting held on 6th August, 2011 allotted 22,40,000 Fully Convertible Warrants (Convertible into equal number of equity shares within a period of 18 months from the date of allotment of warrants) at a price of ₹45.80 per warrant [comprising nominal value of ₹10 and premium of ₹35.80 each and the issue price being not less than the price as arrived at, in accordance with the terms of Chapter VII of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009].

### Employees Stock Option Scheme

The Board of Directors at its meeting held on 4th June, 2010 has allotted 2,02,000 Options to the employees of the Company under the MTPL Employees Stock Option Scheme. The Options have been granted at an Exercise price of ₹26 per option.

The Company has in operation MTPL Employees Stock Option Scheme, 2009 for granting stock options to the employees of your company, in accordance with the Securities Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.

Disclosures pursuant to Para 12 of the Securities Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 are enclosed as Annexure - B to this report.

### Scheme of Arrangement

In terms of the Scheme of Arrangement, your Company is taking steps to complete the necessary actions:

- process of creation of a Trust and transfer of

the existing shares and accumulated dividends to it;

- Process of transfer/mutation of its corporate property.

### 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 there under.

### Internal Control Systems

Your Company has well established procedures for internal control across its various locations, commensurate with its size and operations. The organization is adequately staffed with qualified and experienced personnel for implementing and monitoring the internal control environment. The internal audit function is adequately resourced commensurate with the operations of the Company and reports to the Audit Committee of the Board.

### Corporate Governance

Your Company is committed to the tenets of good Corporate Governance and has taken adequate steps to ensure that the requirements of Corporate Governance as laid down in Clause 49 of the Listing Agreement are complied with.

A separate report on Corporate Governance and a Management Discussion and Analysis Report is being presented as part of the Annual Report.

A Company Secretary in Practice has certified that conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement have been complied by your Company and his certificate is annexed to the Report on Corporate Governance.

A declaration of Code of Conduct from J. Lakshmana Rao, Chairman and Managing Director forms part of the Corporate Governance Report.

### CEO/CFO certification

J. Lakshmana Rao, Chairman and Managing Director and A. Seshu Kumari, Chief Financial Officer of the Company have given a certificate to the Board as contemplated in Clause 49 of the Listing Agreement.

### Directors

In accordance with the Articles of Association of the Company Vasu Prakash Chitturi and Dr. N. V. N. Varma

retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. During the year, Vasu Prakash Chitturi was appointed as an Additional Director of the Company by the Board on 12th July, 2010 in terms of Section 260 of the Companies Act, 1956. The appointment of Vasu Prakash Chitturi was approved at the 13th Annual General Meeting held on 12th August, 2010.

M. Hyma resigned as Director with effect from 30th June, 2010. Your Directors place on record their appreciation of the valuable services and guidance provided by her as Director of the Company.

### **Directors Responsibility Statement**

In compliance of Section 217 (2AA), as incorporated by the Companies (Amendment) Act, 2001 in the Companies Act, 1956, your Directors confirm that:

- a. in the preparation of the accounts for the financial year ended 31st March, 2011, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b. they have selected such accounting policies and applied them consistently and made judgments and estimates that were 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 of the company for the year under review;
- c. they 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. they have prepared the accounts for the financial year ended 31st March, 2011 on a going concern basis.

### **Risk Management**

All assets of your Company and other potential risks have been adequately insured.

### **Auditors' Report**

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

### **Auditors**

The Company's Statutory Auditors M/s. Praturi & Sriram, Chartered Accountants, retire at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

As required under the provisions of Section 224 (1B) of the Companies Act, 1956, the Company has obtained a written certificate from M/s. Praturi & Sriram, Chartered Accountants, to the effect that their re-appointment, if made, would be within the limits prescribed under Section. Members are requested to re-appoint them and to authorize the Board to fix their remuneration.

### **Conservation of energy, foreign exchange etc.**

Information on conservation of energy, technology absorption, foreign exchange earnings and outgo required to be disclosed under Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 are provided in the Annexure forming part of this Report.

### **Employee Relations**

Your Directors are pleased to record their sincere appreciation of the contribution by the workmen and staff at all levels in the improved performance of the Company.

A statement showing the particulars of employees, pursuant to Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 is annexed and forms an integral part of this report.

### **Acknowledgements**

Your Directors wish to place on record their appreciation and gratitude for all the assistance and support received from Citibank and ICICI Bank Limited and officials of concerned government departments for their co-operation and continued support extended to the Company. They also thank the Members for the confidence they have reposed in the Company and its management.

For and on behalf of the Board of Directors



Hyderabad  
19th August, 2011

**J. LAKSHMANA RAO**  
Chairman & Managing Director

## Annexure to the Directors' Report

### A. Details of Conservation Of Energy

Power & fuel consumption

<b>Electricity</b>	<b>2010-11</b>	<b>2009-10</b>
a. Purchased unit (KWH) (Lakhs)	<b>91.63</b>	84.75
Total amount (₹ Lakhs)	<b>374.96</b>	318.46
Rate per unit (₹)	<b>4.09</b>	3.76
b. Own Generation		
Diesel generation unit (Lakhs)	<b>8.23</b>	9.46
Total amount (₹ Lakhs)	<b>82.12</b>	86.30
Rate per unit (₹)	<b>9.97</b>	9.12

### B. Technology Absorption

#### Research and Development

Specific areas in which R&D was carried out by the Company	<b>Nil</b>	Nil
Benefits derived as a result of the above	<b>Nil</b>	Nil
Future plan of action	Yet to be decided	
Expenditure on R&D	<b>Nil</b>	Nil

### C. Foreign Exchange Earnings and Outgo (₹ Lakhs)

Foreign exchange earnings	<b>281.33</b>	71.99
Foreign exchange outgo	<b>565.80</b>	93.48

**Information pursuant to Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31st March, 2011.**

Employed throughout the year and in receipt of remuneration aggregating ₹60,00,000 or more per annum

Name	Age	Qualifications	Date of Employment	Designation	Gross Remuneration ₹ Lakhs	Experience	Last Employment
A. Subrahmanyam	56	B.E.	1st April, 2007	Deputy Managing Director	74.06	27 years	Executive Director, Mold-Tek Technologies Limited

Includes arrears for earlier year.



## Annexure

### Disclosures pursuant to Para 12 of the Securities Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999

S.No.	Description	Year ended 31st March, 2011
1.	Options granted during the year	2,02,000
2.	Pricing formula	Exercise price for the purpose of the grant of options shall be the price as reduced by around 60% of the closing market price of the equity shares of the company available on the Bombay Stock Exchange on the date immediately preceding the Grant Date, subject to minimum of the face value of Equity Share. The Exercise Price shall be rounded off to the next rupee.
3.	Options Vested	Nil
4.	Options exercised	Nil
5.	The total number of shares arising as a result of exercise of option	Nil
6.	Options lapsed	Nil
7.	Variation of terms of options	Nil
8.	Amount realized by exercise of options (₹)	Nil
9.	Total number of options in force	2,02,000
10.	Employee wise details of options granted to a. Senior managerial personnel:	No. of options
	T. Saibaba	10,000
	Mohan Padmanabhan	9,000
	K.V. Ramani	15,000
	A. Venkatapathi Raju	6,000
	V. Poornachandra	6,000
	V. Kiran Kumar Raju	5,000
	M. Rajeshwar Rao	5,000
	B. Ganapathy	5,000
	B. Laxmi	6,000

	b. Junior management personnel/others c. any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year	1,35,000 options  Nil
11.	Diluted Earnings per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS) 20 'Earnings Per Share' (₹)	9.80
12.	i. Method of calculation of employee compensation cost	The Company has calculated the employee compensation cost using the fair value base
	ii. Difference between the employee compensation cost so computed at (i) above and the employee compensation cost that shall have been recognized had it used the fair value of the option	₹74.64 lakhs (increase) (₹19.32 lakhs for current year increase)
	iii. The impact of this difference on profits and on EPS of the Company	
	• Profit after Tax	₹829.07 lakhs
	• Less: Additional employee compensation cost based on fair value	₹19.32 lakhs
	• Adjusted PAT	₹809.75 lakhs
	• Adjusted EPS	₹9.80
13.	Weighted-average exercise price and fair value of Stock Options granted: • Stock Options granted on • Weighted average exercise (₹) • Weighted average fair value (₹) • Closing price on BSE on the date of grant of Option (₹)	4th June, 2010 26 26 62.95
14.	A description of the method and significant assumptions used during the year to estimate the fair values of options	As per pricing formula

# Management Discussion and Analysis

## Overview

The financial statements have been prepared in compliance with the requirements of the Companies Act, 1956 and Generally Accepted Accounting Principles (GAAP) in India. The management accepts responsibility for the integrity and objectivity of these financial statements as well as for various estimates and judgments used therein. These estimates and judgments relating to the financial statements have been made on a prudent and reasonable basis, in order that the statements reflect, in a true and fair manner, the state of affairs and profits for the year. This report may also contain certain statements that the Company believes are or may be considered to be 'forward looking statements' which are subject to certain risks and uncertainties.

## Economic background

The economy was on the path of recovery in 2010-11. As per the latest information of National Income for 2010-11 (at constant 2004-05 prices), released by the Central Statistical Organization, the growth of Gross Domestic Product (GDP) at factor cost is at 8.5% 2010-11, with agriculture & allied activities growing at 6.6%, industry at 7.9% and services at 9.4%. The corresponding growth in GDP in 2009-10 was 8%, with agriculture and allied sector, industry and services growing at 0.4%, 8.0% and 10.1%, respectively.

While growth appears to have been maintained, there are dark clouds which could subdue the outlook with high inflation, slow reformist movement, earnings slowdown, high fiscal deficit, volatile industrial growth, rising interest rates and global woes.

During 2010-11, as per the Index of Industrial Production (IIP), the industrial sector grew at 7.9% as compared to the same level of growth during the previous year. Out of the three broad sectors, the manufacturing sector has been the key driver of growth as in the mining and the electricity sectors the growths have been comparatively lower. During

2010-11, the manufacturing sector grew at 9.1% and the mining and electricity sectors grew at the rates of 7.7% and 4.7%, respectively against the corresponding figures of 8.9%, 8.7% and 5.7%, respectively.

The Government of India recently released its much awaited Economic Outlook for 2011-12 that pegs the India's GDP growth rate for 2011-12 at 8.2% as compared to 8.5% registered last year. Given the current adverse global circumstances and high inflation to boot, expected growth rate of 8.2% looks quite good.

## Plastic industry perspective

Plastics, one of the fastest growing industries in India, have a vital role to play. Indian plastics industry is expanding at a phenomenal pace. Major international companies from various sectors such as automobiles, electronics, paints, telecommunications, food processing, packing, healthcare etc. have set-up large manufacturing bases in India. Therefore, demand for plastics is rapidly increasing and soon India will emerge as one of the fastest growing markets in the world.

## Statistics of plastics industries in India:

### Current Status (2010-11)

- ✓ Major polymer producers in India. 17 of them with investment of ₹90,000 crore;
- ✓ Over 55,000 processing units in India;
- ✓ Annual turnover of the polymer industry ₹60,000 crore;
- ✓ Annual turnover of processing industry ₹72,000 crore;
- ✓ Capital asset base of processors ₹30,000 crore;
- ✓ Polymer produced approximately 7 million MT;
- ✓ Contribution to the exchequer (Government of India) ₹75,000 crore

- ✓ Employs directly & indirectly 4 million people;
- ✓ India ranks 8th in the world with per capita consumption of 8 kgs.;
- ✓ India ranks as the 3rd largest polymer producing country;
- ✓ With polymer demand in India expected to be double in next 3 years, India will emerge 3rd largest consumer of polymers after USA and China. This would require an investment of ₹25,000 crore;
- ✓ Breakup of the Indian plastics industry by function
  - Share of injection moulding: 70%
  - Extrusions: 23%
  - Blow moulding: 6%
  - Others: 1%

#### Vision 2015 - Indian plastic industry

- ✓ Consumption of polymers @15% CAGR : 18.9 million MT
- ✓ Turnover of plastics industries : ₹1,33,245 crore
- ✓ Additional employment generation : 7 Million
- ✓ Requirement of additional plastics processing machines : 68,113 Nos.
- ✓ Additional capital investment in machines : ₹45,000 crore

#### Company Perspective

During last two decades, your Company has emerged as a leader in the country for manufacturing and supply of high quality airtight and pilfer proof pails for the paint, lube, food, pharma and cosmetic industries in India. The Company has four manufacturing units in Hyderabad and one plant at Daman and another plant at Hosur catering to the demand across the Indian market. All the plants are ISO certified and are equipped with the best of the

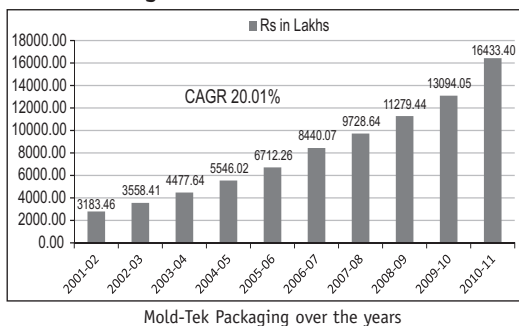
machines, moulds and decoration equipment to offer high quality pails to its MNC clients.

The Company has been a profit making and dividend paying Company. Especially in the recent years, the Company's operations are on significant growth track which can be seen from the last two years performance. In 2010-11, the turnover of the Company registered a 25.5% growth from ₹130.94 crore to ₹164.33 crore. Simultaneously, PAT of the Company has gone up from ₹7.51 crore to ₹8.10 crore registering a growth of 7.79%. The corresponding growth numbers for the financial year 2009-10 have been 16.09% [turnover] and 94.46% [PAT]. In the current year, the Company is expecting 35% growth in turnover and 60% growth in profits.

The demand from our major industrial sectors paints and lube is increasing, with increasing consumption of these products as economy and per-capital incomes are improving. Your Company which has earlier restricted mainly to paint and lube has now entered in food packaging through introduction of IML decorated containers that offer hygienic manufacturing with photographic decoration. Food packaging is likely to see phenomenal growth prospects as consumer demand for packaged foods is rising with awareness spreading rapidly about hygiene. The GDP is expected to grow at above 8% this year too, which augurs well for the packaging industry.

World class decoration and increased consumer awareness is making clients to look for reliable quality supplies like Mold-Tek which augur well for our future growth.

#### Revenue growth from 2001-02 to 2010-11



## Segment wise performance

₹ Lakhs

Name of the segment	2010-11	2009-10	Growth%
Lube & oils	<b>9785.65</b>	8152.25	20.04
Paints	<b>6176.89</b>	4469.95	38.19
Inks & chemicals	<b>122.45</b>	160.97	(23.93)
Blow moulding	<b>59.3</b>	51.59	14.94
Pet	<b>38.41</b>	52.48	(26.81)
Food	<b>217.88</b>	176.83	23.21
Others	<b>32.82</b>	29.98	9.47
<b>TOTAL</b>	<b>16433.4</b>	13094.05	25.50

## Future outlook

Your Company got an excellent response to the new IML decorated containers from both the existing clients in paint & lube industries and also from new clients in food industry. During the year, Mold-Tek has set up an in-house IML label manufacturing facility and established the process and input parameters to produce IML labels of world class quality. This will remove completely our dependence on imported labels at high costs and enable us to penetrate the Indian food packaging industry with a unique selling proposition.

During the last few months, the Company received orders from M/s. Amul, M/s. Vadilal for ice cream containers apart from active enquiries from many other ice cream & food product companies in India & the Middle East. During the current year, the Company will emerge as leaders in bringing the IML decoration to Indian packaging industry. In addition to developing in-house labels, the Company has developed in its sophisticated tool room in-house IML-Robots to cut down capital costs and enhance IML capacity rapidly. This should herald a new era of growth and profitability for Mold-Tek.

The construction of your Company's facility in Daman is progressing rapidly and is expected to go into production by December 2011. This will enhance the installed capacity by more than 40%.

With Indian consumption story improving, prospects of rapid growth in paint, lube & food sectors, Mold-Tek's prospect look brighter as it aims to emerge as leader in packaging for these industries.

## Risks and concerns

The Company lays emphasis on risk management and has an enterprise wide approach to risk management, which lays emphasis on identifying and managing key operational and strategic risks. Through this approach, the company strives to identify opportunities that enhance organizational values while managing or mitigating risks that can adversely impact its future performance.

The Company continues its initiatives aimed at assessment and avoidance of various risks affecting its business and towards cost control and efficiency across its businesses and functions, taking appropriate measures and reviewing them from time to time. The Company's current and fixed assets as well as products are adequately insured against various risks.

## Internal control systems and their adequacy

The Company maintains a system of well established policies and procedures for internal control of operations and activities, and these are continually reviewed for effectiveness. The internal control system is supported by qualified personnel and a continuous program of internal audit. The prime objective of such audits is to test the adequacy and effectiveness of all internal control systems laid down by the management and to suggest improvements.

We believe that the Company's overall system of internal control is adequate given the size and nature of operations and effective implementation of internal control self assessment procedures and ensure compliance to policies, plans and statutory requirements.

The Company encourages and recognizes improvements in work practices. The management duly considers and takes appropriate action on the recommendations made by the statutory auditors, and internal auditors.

## Human Resources

During the year under review, the company had under taken extensive steps in optimizing the manpower at the Annaram, Dommarapochampally, Daman, Alinagar, Hosur and Dundigal plants, corporate office and field locations. Human relations were cordial throughout the year. Measures for safety of the employees, training and development continued to receive top priorities.



# Report on Corporate Governance

## COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Corporate Governance encompasses laws, procedures, practices and implicit rules that determine a management's ability to take sound decision vis-à-vis all its stake holders - in particular, its shareholders, creditors, the state and the employees.

A Company which is proactively compliant with the law and which adds value to itself through Corporate Governance initiative would also command a higher value in the eyes of present and prospective shareholders.

Mold-Tek Packaging Limited therefore believes that Corporate Governance is not an end in itself but is a catalyst in the process of maximization of shareholder value. Therefore, shareholder value as an objective is woven into all aspects of Corporate Governance - the underlying philosophy, development of roles, creation of structures and continuous compliance with standard practices. For Mold-Tek Packaging Limited, however, good corporate governance has been a cornerstone of the entire management process, the emphasis being on professional management with a decision making model based on decentralisation, empowerment and meritocracy.

## BOARD OF DIRECTORS

### Composition

The Company's Board has 8 Directors comprising,

3 Executive Directors

1 Non-Executive Promoter Director

4 Independent Directors

The Composition of the Board is in conformity with Clause 49 of the Listing Agreement.

None of the Directors on the Board is a member of more than 10 committees or chairman of more than 5 committees across all the companies in which they are Directors.

### Board Meetings

The Board of Directors met 10 times during the financial year 2010-11 i.e. 27th April, 2010; 14th May, 2010; 4th June, 2010; 12th July, 2010; 20th July, 2010; 6th August, 2010; 27th October, 2010; 31st December, 2010; 21st January, 2011 and 2nd February, 2011. The maximum gap between any two meetings was less than 4 months as stipulated under Clause 49 of the Listing Agreement.

## Board Meetings/AGM - Attendance & Directorships/Committee Memberships

Name	Category	Number of Board Meetings attended during the year	Whether attended last AGM	No of directorships in other public companies		No of committee positions in other public companies	
				Chairman	Member	Chairman	Member
J. Lakshmana Rao (Chairman & Managing Director)	Executive & Promoter Director	9	Yes	1	–	–	–
A. Subrahmanyam (Deputy Managing Director)	Executive & Promoter Director	8	Yes	–	1	–	–
P. Venkateswara Rao (Deputy Managing Director)	Executive & Promoter Director	10	Yes	–	1	–	–
J. Mytraeyi	Non-Executive Promoter Director	9	Yes	–	–	–	–
T. Venkateswara Rao	Non-Executive Independent Director	3	No	–	–	–	–
M. Hyma <sup>1</sup>	Non-Executive Independent Director	–	Not Applicable	–	–	–	–
P. Shyam Sunder Rao	Non-Executive Independent Director	6	No	–	1	1	–
Dr. N. V. N. Varma	Non-Executive Independent Director	–	No	–	–	–	–
Vasu Prakash Chitturi <sup>2</sup>	Non-Executive Independent Director	2	No	–	–	–	–

<sup>1</sup> M. Hyma resigned with effect from 30th June, 2010

<sup>2</sup> Vasu Prakash Chitturi was appointed as an Additional Director with effect from 12th July, 2010

- The directorships held does not include private limited companies, unlimited Companies, foreign companies and companies under Section 25 of the Companies Act, 1956.
- In accordance with Clause 49, membership/chairmanship of only Audit Committee, Shareholders'/Investors' Grievance Committee and Remuneration Committee of all public limited companies has been considered.

## BOARD COMMITTEES

### AUDIT COMMITTEE

#### Overall Purpose/Objectives

The purpose of the Audit Committee is to assist the Board of Directors ('Board') in reviewing the financial information which will be provided to the shareholders and others, reviewing the systems of internal controls established in the Company, appointing, retaining and reviewing the performance of internal accountants/internal auditors and overseeing the Company's accounting and financial reporting process and the audit of the Company's financial statements.

#### Composition & Meeting

The Audit Committee comprises of 3 Non-Executive Directors and is chaired by P. Shyam Sunder Rao. J. Lakshmana Rao, Chairman & Managing Director, A Subrahmanyam, Deputy Managing Director and P. Venkateswara Rao, Deputy Managing Director and representatives of Statutory Auditors are permanent

invitees to the meeting. The composition of the Audit Committee meets the requirements of Section 292A of the Companies Act, 1956, and Clause 49 of the Listing Agreement.

5 meetings of the Audit Committee were held during the financial year 2010-11. The dates on which the said meetings were held are as follows: 27th April, 2010; 12th July, 2010; 20th July, 2010; 27th October, 2010 and 2nd February, 2011.

The composition of Audit Committee and particulars of attendance by the members of the Audit Committee are given below:

Name	Designation	No of Meetings attended during the year 2010-2011
P. Shyam Sunder Rao, Independent Non-Executive	Chairman	5
T. Venkateswara Rao, Independent Non-Executive	Member	2
Vasu Prakash Chitturi, Independent Non-Executive*	Member	2
M. Hyma, Independent Non-Executive*	Member	1

\* The Board of Directors at its meeting held on 12th July, 2010 reconstituted the Audit Committee by appointing Vasu Prakash Chitturi to fill the vacancy caused by resignation of M. Hyma

### **Powers and Terms of Reference**

The power and terms of reference of the Audit Committee are as mentioned in Clause 49 of the Listing Agreement with the Stock Exchange as amended from time to time read with Section 292A of the Companies Act, 1956.

### **REMUNERATION COMMITTEE**

The terms of reference to the Remuneration Committee would include review of remuneration policy to the Managing Director, Executive Director, other whole-time directors and also key managerial personnel. The Company, while deciding the remuneration package of the Managing Director, Whole-time Director and senior management, takes into consideration the following items:

- Job profile and special skill requirement;
- Prevailing compensation structure in companies of similar size in the industry;
- Remuneration package of comparable managerial talent in other industries.

The terms of reference of the Remuneration Committee also include recommending and administering the employee stock option schemes.

During the year, one Remuneration Committee meeting was held on 4th June, 2010.

The composition of Remuneration Committee and attendance at the meeting is as follows:

Name	Designation	Category	No of meetings held	No of meeting attended
P. Shyam Sunder Rao	Chairman	Non Executive Independent Director	1	1
T. Venkateswara Rao	Member	Non Executive Independent Director	1	–
Vasu Prakash Chitturi*	Member	Non Executive Independent Director	1	N.A.
M. Hyma*	Member	Non Executive Independent Director	1	1

\* The Board of Directors at its meeting held on 12th July, 2010 reconstituted the Remuneration Committee by appointing Vasu Prakash Chitturi to fill the vacancy caused by the resignation of M. Hyma.

## Remuneration Policy

The Company pays remuneration to the Managing Director and Deputy Managing Directors as per the individual agreements entered into with them. The Non-Executive Directors do not draw any remuneration from the Company except sitting fees for attending each meeting of the Board, Audit Committee, Remuneration Committee and Shareholders'/Investors' Grievance Committee attended by them.

Details of the remuneration of Non-Executive Directors and Executive Directors for the year ended 31st March, 2011 are as follows:

₹ Lakhs

Name	Salary	Perquisites & Other benefits	Sitting Fees	Total
J. Lakshmana Rao (Chairman & Managing Director)	–	–	–	–
A. Subrahmanyam (Deputy Managing Director)	47.40	17.03	–	64.43
P. Venkateswara Rao (Deputy Managing Director)	30.00	14.54	–	44.54
J. Mytraeyi	–	–	0.40	0.40
T. Venkateswara Rao	–	–	0.20	0.20
M. Hyma	–	–	–	–
P. Shyam Sunder Rao	–	–	0.45	0.45
Dr. N. V. N. Varma	–	–	–	–
Vasu Prakash Chitturi	–	–	0.10	0.10

Shareholding of the Directors of the Company as on 31st March, 2011

Name	No. of Shares	% of share capital
J. Lakshmana Rao	3,91,476	4.896
A. Subrahmanyam	3,74,562	4.684
P. Venkateswara Rao	67,948	0.850
J. Mytraeyi	63,555	0.795
T. Venkateswara Rao	72,203	0.900
P. Shyam Sunder Rao	–	–
Dr. N. V. N. Varma	–	–
Vasu Prakash Chitturi	–	–

The following are the Fully Convertible Warrants held by Non-Executive Directors as on 31st March, 2011:

Name	Quantity
J. Mytraeyi	Nil
T. Venkateswara Rao	25,000
P. Shyam Sunder Rao	Nil
Dr. N. V. N. Varma	Nil
Vasu Prakash Chitturi	Nil

**SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE**

The Composition of the Shareholders'/Investors' Grievance Committee as on 31st March, 2011 was as under:

Name	Designation	Category of Directorship
P. Shyam Sunder Rao	Member	Non-Executive Independent Director
T. Venkateswara Rao	Member	Non-Executive Independent Director
M. Hyma	Member	Non-Executive Independent Director

\* The Board of Directors at its meeting held on 12th July, 2010 reconstituted the Shareholders' /Investors' Grievance Committee by appointing Vasu Prakash Chitturi to fill the vacancy caused by resignation of M. Hyma.

The Shareholders'/Investors' Grievance Committee met 4 during the year.

The Shareholders'/Investor Grievance Committee oversees the redressal of complaints of investors such as transfer or credit of shares to demat accounts, non-receipt of dividend/ annual reports, etc. It also approves Share Transfer and Issue of Share Certificates. The status of complaint is also reported to the Board of Directors. During the year 2010-11, 18 complaints were received, and all 18 complaints were resolved and none were pending as on 31st March, 2011.

J. Lakshmana Rao, Chairman & Managing Director is the Compliance Officer of the Company.

**Details of Annual/Extraordinary General Meetings:**

Location and time of General meetings held in the past 3 years:

Year	Location	Date	Time
2008-09 (AGM)	K.K. Function Hall, 7-1-37/A, Dharam Karam Road, Ameerpet, Hyderabad-500 016	30th October, 2008	10.00 a.m.
2009-10 (AGM)	Swagath-De-Royal Hotel, No.2-36, Kothaguda 'X' Roads, Kondapur, Cyberabad, Hyderabad-500 081	24th September, 2009	10.30 a.m.
2009-10 (EGM)	Swagath-De-Royal Hotel, No.2-36, Kothaguda 'X' Roads, Kondapur, Cyberabad, Hyderabad-500 081	9th February, 2010	10.30 a.m.
2010-11 (EGM)	Swagath-De-Royal Hotel, No.2-36, Kothaguda 'X' Roads, Kondapur, Cyberabad, Hyderabad-500 081	1st July, 2010	10.30 a.m.
2010-11 (AGM)	Swagath-De-Royal Hotel, No.2-36, Kothaguda 'X' Roads, Kondapur, Cyberabad, Hyderabad-500 081	12th August, 2010	10.30 a.m.

The Company passed Special Resolutions as per the agenda given in the notice calling the General Meetings. No resolution was passed by way of postal ballot at the last AGM. No resolution is proposed to be passed by way of postal ballot in the ensuing Annual General Meeting.

## Disclosures

- a. *Disclosures on materially significant related party transactions i.e. transactions of the company of material nature, with its promoters, the Directors or the management, their subsidiaries or relatives etc., that may have potential conflict with the interests of the company at large.*

The necessary disclosures of related party transactions are provided in the Notes to the Accounts. None of the transactions with any of the related parties were in conflicts with the interest of the company.

- b. *Details of non-compliance by the company, penalties, strictures imposed on the company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.*

No non-compliance by the company was observed during the last three years nor any penalties, strictures imposed on the company by stock exchange or SEBI or any statutory authority, on any matter related to capital markets.

- c. *Details of Compliance with Mandatory requirements and adoption of the non-mandatory requirements of Clause 49.*

The Company is complying with all the mandatory requirements of Corporate Governance and also is also making attempts to comply with non-mandatory requirements of that clause.

- d. *Disclosure on Accounting Standard.*

The Company has followed the accounting standards issued by the Institute of Chartered Accountants of India, to the extent applicable, in the preparation of the financial statements

- e. *Disclosure of Risk Management*

The Company has laid down procedures to inform Board Members about the risk assessment and minimization procedures. These procedures are periodically reviewed to ensure that executive management control risks through means of a properly defined framework

## Management Discussion and Analysis

A separate report on Management Discussion and Analysis is attached as part of the Annual Report.

## Means of Communication

Financial results are published by the Company in the prescribed format in Business Standard and Andhra Prabha newspapers within 48 hours of approval by the Board.

## GENERAL SHAREHOLDER INFORMATION

### 14th Annual General Meeting

Date and Time: 19th September, 2011 at 11.00 a.m.

Venue : Swagath-De- Royal Hotel, No.2-36, Kothaguda X Roads, Kondapur, Cyberabad, Hyderabad 500 081.

### Financial Calendar (2011-12)

The financial year of the Company is 1st April to 31st March. For the year ending 31st March, 2012 quarterly unaudited/annual audited results shall be announced as follows:

Financial reporting for	Proposed Date (Tentative)
Unaudited results for the quarter ending: 30th June, 2011	On or before 15th August, 2011
30th September, 2011	On or before 15th November, 2011
31st December, 2011	On or before 15th February, 2012
Unaudited results for the year ended 31st March, 2012	On or before 15th May, 2012



Book Closure date : 16th September, 2011 to 19th September, 2011 (both days inclusive)  
 Registered Office : Plot No.700, Door No.8-2-293/82/A/700, Road No.36,  
 Jubilee Hills, Hyderabad - 500 034, Andhra Pradesh  
 Listing of Equity Shares : Bombay Stock Exchange Limited, Mumbai (BSE)  
 Listing Fees : Listing fee has been paid to Bombay Stock Exchange Limited for the year 2011-12  
 Stock Code : 533080  
 ISIN : INE893J01011  
 CIN Number : L21022AP1997PLC026542

### MARKET PRICE DATA

#### The monthly high and low quotations and volume of shares traded on BSE

Month		Bombay Stock Exchange Limited		
		High ₹	Low ₹	Volume of shares
2010	April	55.00	38.80	10,60,047
	May	55.40	40.50	8,90,317
	June	67.80	52.00	30,83,992
	July	75.30	56.70	23,99,767
	August	77.00	62.00	13,85,426
	September	74.75	62.00	14,54,855
	October	75.50	62.00	10,19,527
	November	65.35	56.05	3,88,543
	December	66.00	50.00	3,06,372
2011	January	64.70	52.90	5,95,605
	February	61.60	48.00	3,69,270
	March	58.10	47.05	2,48,431

#### Investors' Correspondence/Registrar & Share Transfer Agents:

##### M/s. XL Softech Systems Limited

3, Sagar Socceity, Road No 2, Hyderabad - 500 034

Tel : + 91 40 2354 5913/14/15

Fax : + 91 40 2355 3214

Email: xlsoft@hd1.vsnl.net.in

xlfield@rediffmail.com

#### Shareholding pattern as on 31st March, 2011

Category	No. of Shares Held	Percentage of Shareholding
Promoters	34,35,001	42.96
Banks, Financial Institutions, Insurance Companies	1,40,367	1.76
Private Bodies Corporate	5,35,362	6.70
Indian Public	36,29,219	45.39
NRIs/OCBs	91,752	1.15
Clearing Members	1,64,075	2.05
<b>TOTAL</b>	<b>79,95,776</b>	<b>100.00</b>

## Distribution of shareholders as on 31st March, 2011

Shareholding ₹	Shareholders		Share value	
	Number	Percentage	₹	Percentage
Upto - 5,000	6,611	86.67	81,76,500	10.23
5,001 - 10,000	444	5.82	33,43,870	4.18
10,001 - 20,000	232	3.04	34,84,890	4.36
20,001 - 30,000	98	1.28	24,99,240	3.13
30,001 - 40,000	64	0.84	22,98,940	2.88
40,001 - 50,000	17	0.22	8,14,320	1.02
50,001 - 1,00,000	71	0.93	51,82,090	6.48
1,00,001 and above	91	1.19	5,41,57,910	67.73
<b>TOTAL</b>	<b>7,628</b>	<b>100.00</b>	<b>7,99,57,760</b>	<b>100.00</b>

### Share Transfer System

Share transfers are registered and returned within a period of 15 days from the date of receipt, if the document is in order in all respects.

### Dematerialization of Shares

As on 31st March, 2011, 76,25,438 Equity Shares of ₹10 each aggregating to 95.37% of the paid up capital are being held with NSDL & CSDL in demat form & the rest 3,70,338 Equity Shares aggregating to 4.63% are in physical form.

ADR/GDR holding is Nil

- Code of Conduct for the Board & senior management personnel**

The Board of Directors has laid down a code of conduct for all Board Members and senior managerial personnel of the company. All the Directors and senior management personnel have affirmed compliance with the code of conduct. A declaration to this effect duly signed by Managing Director of the Company is reproduced below:

### Declaration under Code of Conduct

As provided under Clause 49 of the listing Agreement with the stock exchanges, the Board Members and the senior management personnel have confirmed compliance with the Code of Conduct for the year ended 31st March, 2011.

Hyderabad  
19th August, 2011



**J. LAKSHMANA RAO**  
Chairman & Managing Director

- CEO/CFO Certification**

The Managing Director and Chief Financial Officer of your Company have issued necessary certificate pursuant to the provisions of Clause 49 of the Listing Agreement as follows:

## Chief Executive Officer (CEO) and Chief Financial Officer (CFO) Certification

The Board of Directors  
Mold-Tek Packaging Limited

We certify that:

1. We have reviewed the financial statements, read with the cash flow statement of Mold-Tek Packaging Limited (the Company) for the year ended 31st March, 2011 and to the best of our knowledge and belief:
  - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading
  - ii. these statements and other financial information included in this report present a true and fair view of Company's affair and are in compliance with existing accounting standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct;
3. We are responsible for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting;
4. We have disclosed to the Company' Auditors and the Audit Committee of the Company's Board of Directors all significant deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps taken or proposed to be taken to rectify the deficiencies.
5. We have indicated to the Auditors and the Audit Committee:
  - a. significant changes in the Company's internal control over financial reporting during the year.
  - b. significant changes in accounting policies during the year, if any, and that the same have been disclosed in the notes to the financial statements
  - c. instances of significant fraud of which we have become aware and involvement therein if any of management or other employees having a significant role in the Company's internal control system over financial reporting



**J. LAKSHMANA RAO**  
Chairman & Managing Director



**A. SESHU KUMARI**  
Chief Financial Officer

Hyderabad  
19th August, 2011

## Certificate on Corporate Governance

The Members  
Mold-Tek Packaging Limited

I have examined the compliance of conditions of Corporate Governance by Mold-Tek Packaging Limited for the year ended 31st March, 2011, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges in India. The compliance of conditions of Corporate Governance is the responsibility of the management. My examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company. In my opinion and to the best of my information and according to the explanations given to me, I certify that the Company has generally

complied with the conditions of Corporate Governance as stipulated in the above-referred Listing Agreement. I am informed that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Company.

I further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.



**Ashish Kumar Gaggar**  
Company Secretary in Practice

Hyderabad  
19th August, 2011

ACS: 19525  
CP No.: 7321

# Auditors' Report

The Members

M/s. Mold-Tek Packaging Limited

We have audited the attached Balance Sheet of Mold-Tek Packaging Limited as at 31st March, 2011, and also the Profit and Loss Account and Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management and our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India, in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable.
2. Further to our comments in the annexure referred to above, we report 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 accounts, as required by law, have been kept by the company so far as appears from our examination of those books;
  - c. The Balance Sheet, Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of accounts;

- d. In our opinion, these financial statements have been prepared in compliance with the applicable accounting standards referred to in sub-clause (3C) of Section 211 of the Companies Act, 1956;
- e. On the basis of written representations received from the directors as on 31st March, 2011, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of clause (g) of sub section (1) of Section 274 of the Companies Act, 1956; and
- f. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - i. In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011;
  - ii. In the case of Profit and Loss Account, of the profit of the Company for the year ended on that date; and
  - iii. In case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For **PRATURI & SRIRAM**  
Chartered Accountants  
(Firm Registration No. 0027395)

  
**K. SRIRAM**  
Partner

Hyderabad  
30th May, 2011

Membership No. 37821

## Annexure to Auditors' Report

(Referred to in paragraph 1 of our report of even date attached)

1. In respect of its fixed assets:
  - a. The Company maintains a soft copy record of its depreciable assets, reflecting a year-wise classification of assets of such category. Non-depreciable assets are not recorded.
  - b. No physical verification of fixed assets has been carried out by the management during the year ended 31st March, 2011.
  - c. During the year, we are informed, that the Company has not disposed off a substantial part of its fixed assets. However, assets not put to use and/or unutilized for commercial purposes due to either obsolescence or having outlived productive value have been written down suitably in accordance with stated accounting policy on impairment.
2. In respect of its inventory
  - a. As per the explanations given to us, physical verification of raw materials, stocks in process, finished goods and other items of consumables inventory has been conducted by the management during the period at regular intervals. In our opinion, the frequency of such physical verification is reasonable.
  - b. The procedures for physical verification of inventory followed by the management, in our considered opinion, have scope for ongoing and further improvement. Most of the procedures followed, are prima facie reasonable in relation to the size of the Company and the nature of the business at present.
  - c. The Company maintains excise related records for its raw materials and finished goods, which are reasonably properly maintained. For its semi finished (in-process) stocks, the records can be improved/bettered with respect to receipts, issues, & balances being maintained in a chronological sequence, recording of movement & custody of such stocks as well as consumables inventory. We recommend the maintenance of a priced stores ledger, and a formal procedure for reconciliation of factory & accounts related inventory records.
3.
  - a. The Company has not granted/taken any loans, secured or unsecured to/from the companies, firms of other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
  - b. In respect of the debit balances and advances in the nature of loans, including amounts due on current accounts, no stipulations have been made as to repayments, and management expresses confidence in recovering the amounts due.
4.
  - a. In our opinion, and according to the information and explanations given to us, there exist adequate internal control procedures commensurate with the size of the Company, and the nature of its business for the purchase of inventory & fixed assets and for the sale of goods and services.
  - b. Certain areas/procedures and control weaknesses identified during the course of internal/statutory audit and other reviews need to be considered for improvement and up-gradation to better levels.
  - c. While we have not observed any continuing failure of intent to correct identified weaknesses in internal controls during the course of our audit, observations made need to be comprehensively addressed and rectified.
5.
  - a. According to the information and explanations provided by the management, the transactions that need to be entered in the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
  - b. In our opinion and according to the explanations given to us, there are transactions made in pursuance of

- contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of Rupees five lakhs in respect of any party during the year, at prices which are prima facie reasonable having regard to prevailing market prices.
6. In our opinion and explanations given to us, the Company has not invited or accepted any deposits from the public attracting the provisions of Sections 58A and 58AA of the Companies Act, 1956 and the rules framed there under. No order has been passed by the Company Law Board regarding compliance of above said provisions.
  7. The Company presently has an internal audit conducted by an external agency, which needs to be reviewed for its depth & scope so as to make it commensurate with the size of the Company & the nature of its business.
  8. We are informed that the Central Government has not prescribed maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 for any products of the Company.
  9.
    - a. According to the records of the Company furnished to us, the Company is regular in depositing undisputed statutory dues including, provident fund, employees state insurance, income tax, sales tax, customs duty, excise duty, cess and other material statutory dues with delays of nominal nature.
    - b. According to the information and explanations given by the management, there are no undisputed amounts payable in respect of income tax, sales tax, wealth tax, customs duty and excise duty and cess which were in arrears as at 31st March, 2011 for a period of more than six months from date they become payable.
  10. The Company has no accumulated losses at the end of the financial year under review. The Company has not incurred cash losses during the financial year covered by our audit, and also in the previous financial year.
  11. In our opinion and according to the information and explanations given to us, there are no defaults on dues payable to institutions/bank/ others on the date of the Balance Sheet.
  12. We are informed that the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
  13. In our opinion, the Company is not a chit or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
  14. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
  15. We are informed that the Company has not given any guarantees for loans taken by others from banks or financial institutions.
  16. In our opinion, the term-loans availed have generally been applied for the purpose for which they were raised.
  17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that during the report under review, short term funds, (inclusive of cash generated from operations) of ₹5.72 crore have been used for long term purpose.
  18. According to information and explanations given to us, during the period covered by our audit report, the Company has not issued debentures.
  19. According to information and explanations given to us, the Company has not raised monies by means of a public issue during the year. A preferential offer of 22,40,000 convertible share warrants (convertible into equity shares of ₹10 each at a premium of ₹35.8 per share) was made on preferential basis during the year.
  20. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For **PRATURI & SRIRAM**  
Chartered Accountants  
(Firm Registration No. 0027395)

**K. SRIRAM**

Partner

Membership No. 37821

Hyderabad  
30th May, 2011



# Balance Sheet

AS AT 31st MARCH, 2011

₹'000

Schedule	As at 31st March, 2011	As at 31st March, 2010
<b>I. SOURCES OF FUNDS</b>		
SHAREHOLDERS' FUNDS		
Capital 1A	7,99,58	7,99,58
Warrants Application Money 1B	3,80,48	1,24,00
Reserves & Surplus 2	20,91,87	17,83,44
LOAN FUNDS		
Secured Loans 3	29,26,30	18,02,15
Unsecured Loans 4	12,35,67	12,74,48
<b>TOTAL</b>	<b>74,33,90</b>	<b>57,83,65</b>
<b>II. APPLICATION OF FUNDS</b>		
Fixed Assets - Net Block 5A	36,44,14	29,39,08
Capital Work-in-Progress 5B	3,75,62	2,51,67
Investment 6	3,06,67	10,97
Current Assets, Loans and Advances		
Current Assets 7	40,60,16	31,86,32
Loans and Advances 8	13,56,40	10,69,73
Less: Current Liabilities & Provisions 9	(23,18,99) 30,97,57	(16,86,84) 25,69,21
Miscellaneous Expenditure to the extent not written off 10	9,90	12,72
<b>TOTAL</b>	<b>74,33,90</b>	<b>57,83,65</b>
Significant Accounting Policies and Notes to Accounts 19		

Per our Report of even date  
for **PRATURI & SRIRAM**  
Chartered Accountants

for and on behalf of the Board of Directors

**K. SRIRAM**

Partner

Membership No. 37821

Firm Registration No. 002739S

Hyderabad, 30th May, 2011



**J. LAKSHMANA RAO**

Chairman & Managing Director



**A. SUBRAHMANYAM**

Deputy Managing Director

# Profit and Loss Account

FOR THE YEAR ENDED 31st MARCH, 2011

₹'000

Schedule	2010-2011	2009-2010
<b>INCOME</b>		
Sales		
Domestic Sales	1,61,56,67	1,29,98,66
Less: Excise Duty	14,66,43	9,86,95
Export Sales	2,76,73	95,39
Other Income	77,26	9,74
<b>TOTAL</b>	<b>1,50,44,23</b>	<b>1,21,16,84</b>
<b>EXPENDITURE</b>		
Cost of goods sold	1,03,06,90	82,78,21
Employees Remuneration & Benefits	11,16,85	8,49,89
Selling & Distribution Expenses	11,72,50	8,88,01
Other Expenses	5,10,80	4,24,10
Interest & Financial Charges	2,91,14	1,76,75
Preliminary & Deferred Expenses written off	5,10	4,64
Depreciation	4,32,86	3,74,84
<b>TOTAL</b>	<b>1,38,36,15</b>	<b>1,09,96,44</b>
<b>Profit before Prior Period Adjustments &amp; Tax</b>	<b>12,08,08</b>	<b>11,20,40</b>
Provision for Tax	3,98,32	3,69,20
<b>Profit after Tax</b>	<b>8,09,76</b>	<b>7,51,20</b>
Prior Period Adjustments	9,45	15,58
<b>Net Profit for the year</b>	<b>8,00,31</b>	<b>7,35,62</b>
Transferred to General Reserve	1,20,05	1,10,34
Proposed dividend for the year	4,38,39	2,39,87
Provision for Corporate Dividend Tax	72,81	40,77
<b>Profit transferred to Balance Sheet</b>	<b>1,69,06</b>	<b>3,44,64</b>
Earning per Share - Basic (₹)	10.01	9.20
Earning per Share - Diluted (₹)	7.49	9.11
Significant Accounting Policies and Notes on Accounts	19	

Per our Report of even date  
for **PRATURI & SRIRAM**  
Chartered Accountants

for and on behalf of the Board of Directors

**K. SRIRAM**

Partner

Membership No. 37821

Firm Registration No. 002739S

Hyderabad, 30th May, 2011



**J. LAKSHMANA RAO**

Chairman & Managing Director



**A. SUBRAHMANYAM**

Deputy Managing Director

# Cash Flow Statement

FOR THE YEAR ENDED 31st MARCH, 2011

₹'000

	2010-2011	2009-2010
<b>A. CASH FLOW FROM OPERATIONS</b>		
Net Profit as per Profit and Loss Account	12,08,08	11,20,40
Adjustment for:		
Depreciation	4,32,86	3,74,84
Preliminary Expenses & Deferred Expenses	2,82	3,99
Profit on sale of assets/investments	—	—
Interest Paid	2,91,14	1,76,75
Provision for gratuity	—	—
	<u>7,26,82</u>	<u>5,55,58</u>
Operating profit before working capital changes	19,34,90	16,75,98
Adjustment for:		
Trade and other receivables	(2,20,86)	(6,32,45)
Inventories	(6,50,33)	(1,78,02)
Trade Payables & Other Liabilities	63,215	7,57,05
Advances/Receivables	(2,86,67)	(1,60,95)
	<u>(5,25,71)</u>	<u>(2,14,37)</u>
Cash generated from operations	14,09,19	14,61,61
<b>B. CASH FLOW FROM INVESTMENT ACTIVITIES</b>		
Purchase of Fixed Assets	(12,40,48)	(8,73,39)
Sale of Fixed Assets	1,02,56	11,17
Sale/Transfer of investments	(2,95,70)	(5,80)
Capital Work-in-Progress and pending capitalisation	(1,23,95)	(1,60,520)
	<u>(15,57,57)</u>	<u>(10,28,52)</u>
	(1,48,38)	4,33,09

₹'000

	2010-2011	2009-2010
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Warrents Application Money	2,56,48	1,24,00
Employee Stock Expenses Outstanding	19,32	-
Provision for taxation	(3,98,32)	(3,69,20)
Provision for Proposed Dividend	(4,38,39)	(2,39,87)
Additions/Repayment of Secured Loans	11,24,15	12,10
Unsecured Loans	(38,81)	1,16,20
Provision for corporate Dividend Tax	(72,81)	(40,77)
Interest Paid	(2,91,14)	(1,76,75)
Prior period & Extraordinary Items	(9,45)	1,51,03
<b>Net Increase/(Decrease) in cash &amp; cash equivalents</b>		(15,58)
	2,65	(58987)
<b>D. Opening balance of cash &amp; cash equivalents</b>	13,15	(1,56,78)
<b>E. Closing balance of cash &amp; cash equivalents</b>	15,80	1,69,93

Per our Report of even date  
for **PRATURI & SRIRAM**  
Chartered Accountants



**K. SRIRAM**  
Partner  
Membership No. 37821  
Firm Registration No. 002739S  
Hyderabad, 30th May, 2011

for and on behalf of the Board of Directors



**J. LAKSHMANA RAO**  
Chairman & Managing Director



**A. SUBRAHMANYAM**  
Deputy Managing Director

## Schedules forming part of the Balance Sheet

	As at 31st March, 2011	₹'000 As at 31st March, 2010
<b>1A. SHARE CAPITAL</b>		
<b>Authorised</b>		
1,35,00,000 (Previous year 1,00,00,000) Equity Shares of ₹10 each	<u>13,50,00</u>	<u>10,00,00</u>
<b>Issued, Subscribed &amp; Paid-up</b>		
79,95,776 equity shares held fully paid up	<u>7,99,58</u>	<u>7,99,58</u>
<b>TOTAL</b>	<u>7,99,58</u>	<u>7,99,58</u>
<b>1B. WARRANTS APPLICATION MONEY</b>		
Being 25% of 12,40,000 Warrants of ₹10 (at a premium of ₹30)	<u>1,24,00</u>	<u>1,24,00</u>
Being 25% of 22,40,000 Warrants of ₹10 (at a premium of ₹35.80)	<u>2,56,48</u>	<u>-</u>
<b>TOTAL</b>	<u>3,80,48</u>	<u>1,24,00</u>
<b>2. RESERVES &amp; SURPLUS</b>		
Capital Reserve	<u>13,06</u>	<u>13,06</u>
Securities Premium	<u>12,03,30</u>	<u>12,03,30</u>
General Reserve		
Opening Balance	<u>4,12,27</u>	<u>3,01,93</u>
Add: Transfer from Profit for the year	<u>1,20,05</u> <u>5,32,32</u>	<u>1,10,34</u> <u>4,12,27</u>
Employee Stock Option Scheme		
Employee Stock Option Scheme Outstanding	<u>74,64</u>	<u>-</u>
Less: Deferred Employee Compensation Expenses	<u>55,32</u> <u>19,32</u>	<u>-</u> <u>-</u>
Profit and Loss Account		
Opening Balance	<u>1,54,81</u>	<u>(1,89,83)</u>
Add: Profit for the year	<u>1,69,06</u> <u>3,23,87</u>	<u>3,44,64</u> <u>1,54,81</u>
<b>TOTAL</b>	<u>20,91,87</u>	<u>17,83,44</u>
<b>3. SECURED LOANS</b>		
<b>Banks and Financial Institutions</b>		
Cash Credit from		
ICICI Bank Limited	<u>6,65,94</u>	<u>16,01,55</u>
Citibank	<u>17,10,81</u>	<u>-</u>
Term Loans		
ICICI Bank Limited	<u>5,49,55</u>	<u>2,00,60</u>
<b>TOTAL</b>	<u>29,26,30</u>	<u>18,02,15</u>
<b>4. UNSECURED LOANS</b>		
Sales Tax Collections Deferred	<u>11,33,92</u>	<u>11,78,60</u>
Hire Purchase Finance (including future interest liability)	<u>97,30</u>	<u>4,86</u>
ICICI Bank Limited - Temporary overdraft	<u>-</u>	<u>86,57</u>
Unsecured Loans from promoters & their relatives	<u>4,45</u>	<u>4,45</u>
<b>TOTAL</b>	<u>12,35,67</u>	<u>12,74,48</u>

<b>5A. FIXED ASSETS</b>									
	<b>Gross Block</b>			<b>Depreciation</b>			<b>Net Block</b>		
	As on 1st April, 2010	Additions during the year	Deletions/ Adjust- ments	As on 31st March, 2011	As on 1st April, 2010	For the year	Deletions during the year	As on 31st March, 2011	As on 31st March, 2010
<b>TANGIBLE ASSETS</b>									
Land	3,79,74	2,05,48	42,54	<b>5,42,68</b>	-	-	-	<b>5,42,68</b>	3,79,74
Building	8,19,63	13,98	11,58	<b>8,22,03</b>	1,79,39	28,25	4,44	<b>6,18,83</b>	6,40,24
Leasehold Improvements	-	27,95	-	<b>27,95</b>	-	1,18	-	<b>26,77</b>	-
Plant and Machinery	29,65,13	7,35,85	2,66,88	<b>34,34,10</b>	15,12,34	2,78,46	2,16,45	<b>18,59,75</b>	14,52,79
Moulds	5,62,49	94,39	-	<b>6,56,88</b>	2,93,37	92,43	-	<b>3,85,80</b>	2,69,12
Electrical Installations	1,56,41	20,64	-	<b>1,77,05</b>	69,14	15,50	-	<b>84,64</b>	87,27
Works Equipments & Instruments	29,62	19	-	<b>29,81</b>	8,67	2,90	-	<b>11,57</b>	20,95
Office Equipments	8,72	6,06	-	<b>14,78</b>	1,99	1,23	-	<b>3,22</b>	6,73
Computers	11,67	2,14	-	<b>13,81</b>	3,33	1,99	-	<b>5,32</b>	8,34
Furniture & fixtures	44,07	1,72	-	<b>45,79</b>	10,36	2,68	-	<b>13,04</b>	33,71
Vehicles	52,70	1,29,77	4,46	<b>1,78,01</b>	17,97	7,03	2,01	<b>22,99</b>	34,73
<b>INTANGIBLE ASSETS</b>									
Software	6,76	2,31	-	<b>9,07</b>	1,30	1,21	-	<b>2,51</b>	5,46
<b>TOTAL</b>	<b>50,36,94</b>	<b>12,40,48</b>	<b>3,25,46</b>	<b>59,51,96</b>	<b>20,97,86</b>	<b>4,32,86</b>	<b>2,22,90</b>	<b>23,07,82</b>	<b>29,39,08</b>
Previous year	42,28,25	8,73,39	64,70	<b>50,36,94</b>	17,76,55	3,74,84	53,53	<b>20,97,86</b>	

**5B. CAPITAL WORK-IN-PROGRESS**

Particulars	As on 1st April, 2010	Additions during the year	Adjust- ments	Capitalised during the year	As on 31st March, 2011
CWIP - Unit 1, 2, 4 & 6	<b>80,69</b>	8,56,89	1,74,43	5,88,10	<b>1,75,05</b>
CWIP - Hosur	<b>24,21</b>	89,04	-	1,13,25	-
Capital Advances	<b>1,25,77</b>	1,29,76	-	2,55,53	-
CWIP - Daman	-	89,56	-	89,56	-
CWIP - Daman (New)	<b>21,00</b>	3,73,62	-	1,94,05	<b>2,00,57</b>
<b>TOTAL</b>	<b>2,51,67</b>	<b>15,38,87</b>	<b>1,74,43</b>	<b>12,40,49</b>	<b>3,75,62</b>
Previous year	<b>91,15</b>	6,00,47	14,44	4,25,51	



	₹'000	
	As at 31st March, 2011	As at 31st March, 2010
<b>6. INVESTMENTS</b>		
Long Term Investments (quoted) (at cost)		
18,933 Equity Shares of Moldtek Technologies Limited	15,21	15,21
3,80,000 Equity Shares of Moldtek Technologies Limited	2,85,00	-
9,000 Equity Shares of Moldtek Technologies Limited	6,46	-
Provision for diminution in value	-	(4,24)
<b>TOTAL</b>	<b>3,06,67</b>	<b>10,97</b>
<b>7. CURRENT ASSETS</b>		
<b>Inventories</b>		
Raw Materials	5,91,07	2,89,12
Finished Goods	4,23,32	3,32,62
Work-in-Process	6,07,82	3,96,25
Packing Material & Consumable Stores	1,55,91	1,09,80
	<b>17,78,12</b>	<b>11,27,79</b>
<b>Sundry Debtors</b>		
Outstanding for more than 6 months		
Considered Good	31,12	12,84
Considered Doubtful	7,65	14,13
Other Debts - Considered Good	22,07,37	20,04,79
Less Provision for Doubtful Debts	(7,65)	(14,13)
	<b>22,38,49</b>	<b>20,17,63</b>
<b>Cash and Bank Balances</b>		
Cash in hand	91	3,43
With Scheduled Banks		
Current & Dividend Accounts	9,31	5,61
Fixed Deposit Accounts	5,58	4,11
Proposed Trust for investment in earstwhile Teckmen	27,75	27,75
<b>TOTAL</b>	<b>40,60,16</b>	<b>31,86,32</b>

	As at 31st March, 2011		As at 31st March, 2010	
<b>8. LOANS AND ADVANCES</b>				
Advances recoverable in cash or in kind or for value to be received, considered good				
Staff Advances	21,97		17,40	
Advances to Suppliers & others	1,07,55		96,95	
Prepaid Expenses	17,09		7,37	
Mold-Tek Technologies Limited	16	1,46,77	39,18	1,60,90
Deposits/Balances with excise authorities		91,01		35,30
Other Deposits		1,28,83		1,03,38
Advance tax, tax deducted at source and income taxes		9,78,57		4,84,70
Deferred interest on Hire Purchase Finance		11,22		45
Share Application Money (3,80,000 Equity Shares @ ₹75 of M/s. Mold-Tek Technologies Limited)		-		2,85,00
<b>TOTAL</b>		<b>13,56,40</b>		<b>10,69,73</b>
<b>9. CURRENT LIABILITIES AND PROVISIONS</b>				
<b>Current Liabilities</b>				
Creditors for goods & expenses				
Creditors for Goods	3,24,01		4,15,19	
Creditors for Expenses	1,89,96		1,30,17	
Creditors for Capital Goods	29,13	5,43,10	26,24	5,71,60
Other Liabilities				
Other Liabilities	41,33		44,97	
Outstanding Expenses	1,64,46		1,39,38	
Unpaid Dividend	23,85		19,05	
Dividend Transfer to Trust	6,75	2,36,39	3,86	2,07,26
Duties & Taxes		26,64		42,95
Advances from customers		6,38		20,39
Provisions				
Provision for Gratuity	74,23		34,64	
Proposed Dividend & Tax thereon	5,11,20		2,80,64	
Provision for Income Tax	9,21,05	15,06,48	5,29,36	8,44,64
<b>TOTAL</b>		<b>23,18,99</b>		<b>16,86,84</b>
<b>10. MISCELLANEOUS EXPENDITURE</b>				
Preliminary expenses	12,72		16,72	
Add: Additions	2,28		64	
Less: Written off during the year	5,10	9,90	4,64	12,72
<b>TOTAL</b>		<b>9,90</b>		<b>12,72</b>

## Schedules forming part of the Profit and Loss Account

₹'000

	2010-2011	2009-2010
<b>11. OTHER INCOME</b>		
Sale of Scrap & Others	3,90	6,49
Rent Received	1,32	1,32
Dividend Received	5,99	38
Profit on sale of Assets/Investments	55,32	5,79
Interest Received on Deposits	6,49	-
Provision for diminution in value of current investments	4,24	(4,24)
<b>TOTAL</b>	<b>77,26</b>	<b>9,74</b>
<b>12. COST OF GOODS SOLD</b>		
Raw Materials & Components		
Raw Material:		
Opening Stocks	2,89,12	2,01,83
Add: Purchases	88,75,08	67,21,57
Less: Closing Stocks	5,91,07	2,89,12
Mould Making/Purchase Cost	8,01	7,95
Power & Fuel	4,48,37	3,96,99
Others	12,58,50	10,57,41
	<b>1,02,88,01</b>	<b>80,96,63</b>
Consumables & Spares	44,04	37,88
Packing Materials	2,77,12	2,32,93
Increase/Decrease in Stocks		
Opening Stock		
Finished Goods	3,32,62	2,88,98
Work-in-process	3,96,25	3,50,66
	<b>7,28,87</b>	<b>6,39,64</b>
Closing Stock		
Finished Goods	4,23,32	3,32,62
Work-in-process	6,07,82	3,96,25
	<b>10,31,14</b>	<b>7,28,87</b>
<b>TOTAL</b>	<b>1,03,06,90</b>	<b>82,78,21</b>
<b>13. EMPLOYEE REMUNERATION &amp; BENEFITS</b>		
Salaries, Wages, Allowances & Bonus	8,79,82	6,69,68
Contribution to Provident Fund & ESIC	35,10	24,14
Welfare Expenses	52,03	46,26
Gratuity	40,92	65
Directors' Remuneration & Perquisites	1,08,98	1,09,16
<b>TOTAL</b>	<b>11,16,85</b>	<b>8,49,89</b>

		₹'000
	2010-2011	2009-2010
<b>14. SELLING &amp; DISTRIBUTION EXPENSES</b>		
Carriage Outwards	6,97,25	5,34,98
Sales Promotion & Commission	1,36,53	92,68
Advertisement Expenses	2,10	3,40
Sales Tax	3,36,62	2,56,95
<b>TOTAL</b>	<b>11,72,50</b>	<b>8,88,01</b>
<b>15. OTHER EXPENSES</b>		
Rent	36,95	69,48
Rates & Taxes	25,80	10,67
Insurance	12,07	12,48
Communication Expenses	28,76	26,73
Power & Fuel	9,37	8,14
Travelling expenses & Conveyance		
Foreign Travel	11,50	8,44
Travelling and conveyance - others	53,15	43,91
Printing & Stationery	19,92	52,35
Repairs & Maintenance		16,82
Buildings	7,03	1,33
Machinery	97,09	78,00
Others	96,44	89,34
Professional charges (including Auditors' Remuneration)	19,67	26,17
Bank Charges	24,48	10,43
Loss on Sale of Assets	31,69	5,68
Exchange rate fluctuation	19,02	6,30
General Expenses	17,86	10,18
<b>TOTAL</b>	<b>5,10,80</b>	<b>4,24,10</b>
<b>16. INTEREST &amp; FINANCIAL CHARGES</b>		
Interest on Term Loans	69,28	33,25
Interest on Working Capital	2,16,05	1,96,72
Interest charges on Other Loans	5,81	1,01
	2,91,14	2,30,98
Less: Interest earned/Received	-	54,23
<b>TOTAL</b>	<b>2,91,14</b>	<b>1,76,75</b>
<b>17. PROVISION FOR TAXATION</b>		
Provision for Income Tax	3,98,32	3,69,20
<b>TOTAL</b>	<b>3,98,32</b>	<b>3,69,20</b>
<b>18. EXTRAORDINARY ITEMS &amp; PRIOR PERIOD ADJUSTMENTS</b>		
Earlier year's Income Tax	-	(5,47)
Previous year Expenses	9,45	21,05
<b>TOTAL</b>	<b>9,45</b>	<b>15,58</b>

**19. SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS****SIGNIFICANT ACCOUNTING POLICIES****Method of accounting**

- a. The financial statements are prepared on a going concern basis with historical costs, in accordance with the Accounting Standards specified in sub-section (3C) of Section 211 of the Companies Act 1956, to the extent applicable to the Company.
- b. The Company generally recognizes income and expenditure on an accrual basis except those with significant uncertainties.
- c. The preparation of financial statements requires the management of the Company to make estimates and assumptions considered in the reported amount of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates.

**Fixed assets**

- a. Fixed assets are stated at original cost including taxes, freight and other incidental expenses related to acquisition/installation and after adjustment of CENVAT benefits. Interest/financing costs on borrowed funds attributable to assets are treated in

accordance with Accounting Standard 16 issued by the Institute of Chartered Accountants of India (ICAI).

- b. Expenditure not specifically identified to any asset and incurred in respect of fixed assets not commissioned is carried forward as expenditure pending allocation and forms part of capital work-in-progress.

**Depreciation**

Straight-line method of depreciation is adopted on the basis of and at rates prescribed by Schedule XIV to the Companies Act, 1956 except for leasehold buildings, wherein depreciation is provided on the basis of estimated useful life.

Residual values of assets depreciated on straight line basis to the extent of assets not in use, and/or discarded having outlived their utility are charged off during the year.

**Impairment of assets**

In the opinion of the management there are no assets of the Company carried in the financial statements whose value in use stands diminished vis-à-vis their carrying cost, and hence no provision is considered necessary.

**Investments**

Long term investments are carried in the books of accounts at cost of acquisition. Current investments are carried in the books of accounts at the lower of cost and fair value. Decline in market value of long term and current investments, if any are considered in accordance with Accounting Standard 13.

**Inventories:** Inventories are valued as follows:

Raw Material	At lower of applicable weighted average of landed cost net of CENVAT benefits, or market value.
Finished Goods	At lower of applicable weighted average cost (including conversion and packing costs) or market value.
Work-in-Process	At applicable weighted average cost including conversion costs to the stage of manufacture.
Returned Goods	At applicable raw material cost net of estimated reprocessing cost.
Moulds	At cost including conversion costs after providing for appropriate wear & tear.
Consumables, Packing & Bought outs	At cost.

Cost - includes material cost, labour, factory overheads and depreciation and excludes interest on borrowings.

## Interest and financial charges

- a. Documentation, commitment and service charges are spread over the tenure of the finance facility.
- b. Interest on hire purchase finance is charged to Profit and Loss Account on diminishing balance method as per the guidance note of the Institute of Chartered Accountants of India (ICAI).

## Loans under deferred credit/hire purchase

The hypothecation rights of assets financed by hire purchase vest with the financing companies and on expiry of agreements will be cancelled in favour of the Company. The cash price of assets thus financed is capitalized and the principal amount along with future interest is reflected in unsecured loans. The corresponding amount of future interest is reflected as deferred interest under Loans and Advances.

## Revenue recognition

Turnover includes excise duties, sales tax/VAT collections, and freight recoveries; and is net of sales returns. Excise duties are separately reflected in the Profit and Loss Account.

## Employee benefits

### a. Gratuity

Gratuity provided in respect of employees on the basis of actuarial valuation as per Accounting Standard 15, is estimated during the year in accordance with the provisions of the Payment of Gratuity Act, 1972.

### b. Provident Fund

Eligible employees of the company receive provident fund benefits, a defined contribution plan. Contributions of the company as employer are expensed as incurred/accrued.

### c. Liability for leave encashment

Liability for leave is treated as a short term liability and accounted on actual disbursement.

### d. Employee share based payments

Measurement and disclosure of the employee share-based payment plans is

done in accordance with Securities Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the guidance note on 'Accounting for Employee Share Based Payments', issued by the Institute of Chartered Accountants of India (ICAI). The excess of market value of the stock on the date of grant over the exercise price of the option is recognized as deferred employee stock compensation and is charged to Profit and Loss Account on straight-line method over the vesting period of the options. The unamortized portion of cost is shown under stock options outstanding.

## Foreign currency transactions

Transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction. Exchange gains or losses on conclusion of transaction within the accounting year relating to fixed assets are capitalized while in respect of others the impact is recognized in the Profit and Loss Account. Outstanding monetary transactions denominated in foreign currencies are restated at year end rates.

## Taxes on income

Provision for current tax is made in accordance with the provisions of the Income-tax Act, 1961. Deferred tax provisioning on account of timing difference between taxable & accounting income, is made in accordance with Accounting Standard 22 issued by the Institute of Chartered Accountants of India. Deferred tax asset is not recognized in the books.

## Miscellaneous Expenditure

Preliminary expenses are amortized over a period of 5 years.

## Leases

Assets taken on lease where the Company acquires substantially the entire risks and rewards incidental to ownership are classified as finance leases. The amount recorded is the lesser of the present value of the minimum lease rental and other incidental expenses during the lease term or the asset's fair value. The rental obligations, net of interest charges,

are reflected in Loans and Advances. Leases that do not transfer substantially all of the risks and rewards of ownership are classified as operating leases and recorded as expenses as and when payments are made over the lease term.

### Earnings per Share

The basic earnings per share ('BEPS') is calculated by dividing the net profit or loss

for the year attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the year. The diluted Earnings per share ('DEPS') is calculated after adjusting the weighted average number of equity shares to give effect to the potential equity shares on the fully convertible warrants outstanding.

## NOTES TO THE BALANCE SHEET & PROFIT AND LOSS ACCOUNT

- The previous period's figures have been reworked, regrouped, rearranged and reclassified wherever necessary. Accordingly, amounts and other disclosures for the preceding year are included as an integral part of the current year financial statements and are to be read in relation to the amounts and other disclosures relating to the current year.

- Share capital**

Authorized capital is increased from ₹10 crore to ₹13.5 crore, vide ordinary resolution passed at Extraordinary General Meeting of the Members held on 1st July, 2010 by the addition of 35,00,000 equity shares of ₹10 each (ranking *pari passu* with existing equity shares of the Company).

- Warrants application money**

During the period the Company allotted 22,40,000 Fully Convertible Warrants (Convertible into equal number of equity shares within a period of 18 months from the date of allotment of warrants) at a price of ₹45.80 per Warrant (comprising nominal value of ₹10 and premium of ₹35.80 each, the issue price being not less than the price as arrived at, in accordance with the terms of Chapter VII of

Securities and Exchange Board of India Regulations, 2009), vide special resolution passed at Extra-Ordinary General Meeting of the members held on 1st day of July, 2010. The said warrants were allotted on 6th August, 2010.

The company received ₹256.48 lakhs being 25% of the issue price of the warrants in advance, and the balance amounts are to be received within 18 months from the date of allotment of warrants.

- Employee Stock Option Scheme**

In respect of 2,02,000 Options granted to employees on 4th June, 2010 under the Employees Stock Option Scheme, in accordance with the guidelines issued by Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, at ₹26 per option, the Discount value (₹36.95) of Option is accounted as Deferred Employee Compensation, amortised on a straight line basis over the vesting period. Consequently, an amount of ₹19.32 lakhs has been amortised for the current year. The Scheme vesting schedule is as follows:

### Category - A

#### Vesting Schedule

Year	Date of vesting	Date of expiration	Percentage of Options subject to grant that shall vest (%)	No. of Options
Year 1	03-06-2011	02-06-2013	50	42,500
Year 2	03-06-2012	02-06-2014	25	21,250
Year 3	03-06-2013	02-06-2015	25	21,250
TOTAL				85,000



### Category - B

#### Vesting Schedule

Year	Date of vesting	Date of expiration	Percentage of Options subject to grant that shall vest (%)	No. of Options
Year 1	03-06-2011	02-06-2013	25	15,500
Year 2	03-06-2012	02-06-2014	35	21,700
Year 3	03-06-2013	02-06-2015	40	24,800
TOTAL				62,000

### Category - C

#### Vesting Schedule

Year	Date of vesting	Date of expiration	Percentage of Options subject to grant that shall vest (%)	No. of Options
Year 1	03-06-2012	02-06-2014	30	16,500
Year 2	03-06-2013	02-06-2015	30	16,500
Year 3	03-06-2014	02-06-2016	40	22,000
TOTAL				55,000

## 5. Secured loans

During the year under review, the Company entered in to multiple banking by availing fund based working capital requirements from Citibank while earlier all fund and non-fund based facilities were availed only from ICICI Bank Limited. The Company, during the year under review, has been sanctioned/availed working capital facility of ₹20 crore from Citibank and ₹8 crore from ICICI Bank Limited (making a total of ₹28 crore), against ₹17 crore from ICICI Bank Limited in the previous financial year. All other non-fund based facilities are availed from ICICI Bank Limited.

In addition to the existing long term loan from ICICI Bank Limited, the Company, during the year under review, has been sanctioned long term loan of ₹5 crore from ICICI Bank Limited for the purpose of expansion (Machinery & other operational equipment) at all units. Out of the fresh sanction, the Company has availed ₹4.76 crore repayable in 18 quarterly installments starting from March 2011. The total outstanding including the fresh borrowing stands at ₹5.49 crore.

**Long term loan and working capital facilities from the banks are secured by hypothecation**

#### by way of first & second charge on the following assets of the Company:

- First *pari passu* charge to both banks by way of hypothecation of the borrower's entire current assets which *inter-alia* include stocks of raw material, work in process, finished goods, consumable stores & spares and such other movables including book debts, outstanding monies, receivables both present and future of such form satisfactory to the bank.
- Movable fixed assets of the Company have been hypothecated as and by way of first charge in favour of ICICI Bank Limited and second charge in favour of Citibank (Funded out of ICICI term loans).
- First *pari passu* charge to both banks by way of equitable mortgage on the following immovable assets of the Company:
  - First charge by way of equitable mortgage of land measuring 6.5125 acres and building in Survey No 54, 55/A, 70, 71 & 72 of Annaram Village Near Air Force Academy, Jinnaram Mandal, Medak District, Andhra Pradesh belonging to the Company.

2. First charge by way of equitable mortgage of land measuring 6,413 sq. yards & building in Survey No. 164 part, Dammarapochampally Village, Qutubullapur, Ranga Reddy District, Andhra Pradesh belonging to the Company.
3. First charge by way of equitable mortgage of land measuring 1,066.63 sq. yards & buildings in Plot No. D-177 phase III, IDA, Jeedimetla, Qutballapur Mandal, Ranga Reddy District, Andhra Pradesh belonging to the Company.
- d. Exclusive first charge to ICICI Bank Limited by way of equitable mortgage on the following immovable assets of the Company:
  1. Exclusive charge by way of equitable mortgage of ground floor, cellar area of building bearing Municipal No. 8-2-293/82/A/700 & 700/1 on Plot No. 700 forming part of Survey No. 120 (New) of Shaikpet Village and Survey No. 102/1 of Hakimpet Village admeasuring 3,653 sq. ft. of the office space presently occupied by the vendee 50% or 930 sq. ft. of reception area of 1,860 sq. ft. all in relevance to the Ground Floor 400 sq. yards out of 1,955 sq. yards situated within the approved layout of the Jubilee Hills Co-operative House Building Limited at Road No. 36 Jubilee hills, belonging to the Company.
  2. Exclusive charge on land measuring 2,512 sq. mtrs & building in Survey No. 342/3, Plot No. 18, 19, 16 & 17 of Bhimpore Village & Panchayat, Nani Daman, Daman Taluk & District, belonging to the Company.
- e. Personal guarantees of J. Lakshmana Rao, A. Subrahmanyam, P. Venkateswara Rao and J. Mytreyi, Directors of the Company.

## 6. Unsecured loans

The Government of Andhra Pradesh has extended to the Company, the incentive of sales tax deferral scheme pursuant to which the sales

tax attributable to the sales effected out of production is deferred (interest-free) for a period of 14 years. The Company has availed this scheme for production of its 2nd expansion at Annaram unit and production from Dommarapochampally unit. The sales tax payment deferred in each year is repayable after the expiry of the deferment period. The Company has completed its 14 years period for its Annaram unit and on commencement of repayment during the period has paid 1st installment amounting of ₹44.69 lakhs. Repayments for deferment availed on Dommarapochampally unit will commence from 1st April, 2014. The total sales tax deferral amounts as on 31st March, 2011 stands at ₹1133.92 lakhs.

## 7. Fixed assets

During the year, the Company has acquired 2.62 acres of land on coastal highway in Daman at a cost of ₹1.94 crore for construction of a modern plant, which is expected to go into production early next year.

The Company added new machinery to the tune of ₹7.37 crore for its modernization at Annaram unit for IML containers, new facilities for IML label at Dundigal, Andhra Pradesh and for new pail production facility at Hosur. This capital expenditure will also facilitate expansion in pail production capacity at all existing units.

During the year, the Company has sold land with constructed building at IDA, Jeedimetla for ₹1.05 crore at an overall profit of ₹55.32 lakhs.

All residual values of assets not in use and/or having outlived their utility have been charged off as per AS 28 concerning impairment of assets.

A physical verification of fixed assets is not conducted during the year under review by the Company.

## 8. Investments

The Company at the beginning of the year had 18,933 equity shares of Mold-Tek Technologies Ltd (MTTL) carried at a value of ₹15,21,424 stated as long term investments. During the year, the Company has purchased from open market 9,000 equity shares of MTTL at a cost of ₹6,45,079 and was allotted 3,80,000 equity shares of MTTL by way of the preferential offer

on 8th April, 2010 at a cost of ₹2,85,00,000. All these shares are classified as 'Long term Investments' as distinguished from current investments.

## 9. Current Assets, Loans & Advances; and Current Liabilities & Provisions

- Inventory quantities & values as at the Balance Sheet date are as certified by the management.
- Sundry Debtors, Sundry Creditors for goods and capital advances, deposits, staff advances and bank balances pertaining to dividend accounts, are subject to confirmation and reconciliation. Advances include an amount of ₹10.82 lakhs over due on account for advances for purchases/expenses not provided for, as the management expresses confidence in recovery of the same.
- Sundry Debtors include an amount of ₹38.77 lakhs outstanding for more than 6 months against which a provision for ₹7.65 lakhs exists. However, the management expresses confidence in the recovery of the balance over dues.

- The Company opted for actuarial valuation and provided for gratuity as per the notified norms per Accounting Standard 15 (Revised). However, leave encashment not separately provided for in terms of stated accounting policy.
- Balances with banks include ₹21.06 lakhs comprising various unpaid dividend accounts, against which corresponding liability is ₹23.85 lakhs includes FCD & share application refunds due. FCD application money of ₹41,000 & share application money of ₹2,34,158 pending for more than 7 years remains yet to be transferred to the Investor Education and Protection Fund.
- Current assets include 96,480 shares of Mold-Tek Plastics Limited, vested in your Company in accordance with the scheme of arrangement approved by the Andhra Pradesh High Court, are pending transfer into a separate trust/trustee along with dividend for financial years 2007-08, 2008-09 & 2009-10. The total dividend pending transfer amounts to ₹6,75,360 & additionally proposed dividend for the current year 2010-11 is ₹4,82,400.

## 10. Foreign Currency Exposures

The amounts receivable in foreign currency as on 31st March, 2011 on account of export of goods:

Particulars	31st March, 2011		31st March, 2010	
	₹ Lakhs	Foreign currency	₹ Lakhs	Foreign currency
Debtors	54.90 3.31	AED 4,52,225 USD 7420	40.82 0.21	AED 3,33,956 USD 465

Amounts payable in foreign currency on account of the following:

Particulars	31st March, 2011		31st March, 2010	
	₹ Lakhs	Foreign currency	₹ Lakhs	Foreign currency
Creditors	—	—	17.52	AED 1,43,325

## 11. Contingent liabilities

- Bank guarantees

The Company has provided bank guarantees to the tune of ₹ 40.01 lakhs against bid security and performance guarantee.

- No contingent liability is considered towards rebates availed on power bills in earlier years and short payments arising as a consequence thereof.

**12. Earnings per Share**

Particulars	2010-11	2009-10
Profit available for equity share holders ₹	<b>800,30,204</b>	751,20,168
No. of equity shares outstanding for EPS - Basic	<b>79,95,776</b>	79,95,776
Weighted average no. of potential equity shares, warrants and ESOPs outstanding	<b>28,60,493</b>	74,740
Total number of equity shares for EPS - Diluted	<b>108,56,269</b>	80,70,516
Earning per Share - Face Value of ₹10		
- Basic ₹	<b>10.01</b>	9.39
- Diluted ₹	<b>7.37</b>	9.31

**13. Additional information pursuant to the provisions of paragraph 3, 4C and 4D of Part II of Schedule VI to the Companies Act****a. Capacities and Production**

The unit is allowed to operate without license. The plant and machinery can be used for manufacturing a diverse range of plastic products. The installed capacity of the Company as certified by the management is as follows:

MT

Particulars	2010-11	2009-10
Licensed Capacity	<b>NA</b>	NA
Installed Capacity - Unit at Annaram	<b>5,344</b>	3,408
- Unit at Dommarapochampally	<b>2,760</b>	2,760
- Unit at Daman	<b>5,718</b>	5,320
- Unit at Ali Nagar	<b>880</b>	880
- Unit at Hosur	<b>298</b>	—
Total installed capacity	<b>15,000</b>	12,368

**b. Production, Sales and Stocks (Qty. in Nos.)**

Plastic Components	Opening Stock 01.04.10	Production including reprocessing	Closing Stock <b>31.03.11</b>	Sales
Pails	6,95,571	2,76,82,318	<b>9,54,596</b>	2,74,23,293
Caps	6,77,341	2,76,50,950	<b>8,83,593</b>	2,74,44,698
Pet	1,16,582	11,97,020	<b>1,44,319</b>	11,69,283
Others	28,068	1,87,383	<b>16,261</b>	1,99,190

**c. Consumption of materials**

Particulars	2010-11		2009-10	
	Kgs	₹ Lakhs	Kgs	₹ Lakhs
PPCP/PP	98,12,410	76,13.76	86,60,419	57,48.90
LDPE/LLDPE	10,49,431	7,66.07	9,60,344	6,84.53
HDPE	2,06,275	1,40.58	2,39,940	1,60.58
PET chips	–	–	12,175	6.18
LG Hips & Engage	35,716	52.73	25,831	34.09
Mould material		8.01		7.95
Packing materials		2,77.12		2,32.93
Others		13,02.55		10,95.29
<b>TOTAL</b>	<b>111,03,832</b>	<b>1,01,60.82</b>	<b>98,98,709</b>	<b>79,70.45</b>

**d. Percentage of consumption of directly imported/indigenously obtained raw materials, stores and spares & components**

Particulars	2010-11		2009-10	
	₹ Lakhs	%	₹ Lakhs	%
Raw Materials - imported	3,34.26	3.90	63.15	1.14
indigenous	82,38.88	96.10	54,56.60	98.86
<b>TOTAL</b>	<b>85,73.14</b>	<b>100.00</b>	<b>66,34.28</b>	<b>100.00</b>
Others - imported	–	–	–	–
indigenous	15,87.68	100.00	13,36.17	100.00
<b>TOTAL</b>	<b>15,87.68</b>	<b>100.00</b>	<b>13,36.17</b>	<b>100.00</b>

**e. CIF value of imports**

₹ Lakhs

Particulars	2010-11	2009-10
Raw Materials	3,34.26	22.44
Capital Goods	2,14.61	–
Others	–	4.57
<b>TOTAL</b>	<b>5,48.87</b>	<b>27.01</b>

**f. Earnings in foreign currency (on accrual basis)**

Particulars	2010-11	2009-10
FOB Value of Exports	2,76.73	95.39

**g. Expenditure in foreign currency**

Particulars	2010-2011	2009-2010
Travelling	16.93	3.43

**14. Professional charges include payable to Statutory Auditors**

Particulars	2010-11	2009-10
Statutory/Tax audit	2.75	2.75
Certification/others	3.34	11.41
<b>TOTAL</b>	<b>6.09</b>	<b>14.16</b>

**15. Managerial remuneration**

Particulars of remuneration paid/payable to Directors

₹ Lakhs

Particulars	2010-11	2009-10
Salary and allowances <sup>1</sup>	<b>111.78</b>	72.12
Medical reimbursement	<b>1.32</b>	0.14
Electricity & water	<b>2.23</b>	1.59
Other perquisites	<b>8.57</b>	8.41
Commission	—	33.20
Sitting fees	<b>1.20</b>	0.65
<b>TOTAL</b>	<b>125.10</b>	115.46
Provident Fund	<b>0.18</b>	0.18

<sup>1</sup> includes a sum of ₹16.13 lakhs capitalized during the year on assets.<sup>1</sup> includes a sum of ₹14.93 lakhs previous year arrears.**16. Operating Leases**

The Company has entered into operating lease agreements for factory building at Hosur (Tamil Nadu) & Dundigal (Andhra Pradesh). The maximum obligations on non-cancelable operating leases payable as per the rentals as stated in the respective agreements for tenor and minimum lease rentals are as follows:

Particulars	2010-11	2009-10
Lease expense for the year	<b>8.60</b>	2.25
Minimum lease payments:		
Not later than one year	—	—
Later than one year but not later than five years	<b>21.72</b>	—
Later than five years	<b>290.52</b>	295.92

- 17.** In accordance with the requirements for disclosure of amounts due to the SSI units, the Company has not compiled the list of sundry creditors who would satisfy this criterion since no information was received by the Company. In view of this, the information relating to payments overdue to SSI units cannot be computed.

**18. Related Party Disclosures****i. Related Parties and Nature of Relationship**

- |                                      |                      |
|--------------------------------------|----------------------|
| a. Mold-Tek Technologies Limited     | Associate            |
| b. Friends Packaging Private Limited | Relative of Director |
| c. Tarus Industries                  | Relative of Director |

**ii. Key Management Personnel**

- J. Lakshmana Rao, Chairman & Managing Director
- A. Subrahmanyam, Deputy Managing Director
- P. Venkateswara Rao, Deputy Managing Director

**iii. Relatives of Key Management Personnel**

- A. Seshu Kumari, Finance Controller

**iv. Related Party Transactions**

₹ Lakhs

Particulars	Related Party		Relative of Key Management Personnel		Key Management Personnel	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
<b>Purchases</b>						
Friends Packaging Private Limited	<b>1,20.91</b>	81.78				
Tarus Industries	<b>55.02</b>	39.86				
Mold-Tek Technologies Limited (Rent)	<b>-</b>	47.09				
<b>Remuneration</b>						
A. Subrahmanyam					<b>74.06</b>	60.64
P. Venkateswara Rao					<b>49.84</b>	38.22
J. Lakshmana Rao					<b>-</b>	16.60
<b>Dividend</b>						
J. Lakshmana Rao					<b>11.74</b>	7.83
A. Subrahmanyam					<b>11.23</b>	7.49
P. Venkateswara Rao					<b>2.03</b>	1.39
A. Seshu Kumari			<b>12.55</b>	8.47		
<b>Salaries &amp; Rent</b>						
A. Seshu Kumari			<b>12.00</b>	6.00		
<b>Personal guarantee given to bank</b>						
J. Lakshmana Rao					<b>2,60.00</b>	2,60.00
A. Subrahmanyam					<b>1,72.00</b>	1,72.00
P. Venkateswara Rao					<b>50.00</b>	50.00
<b>Shares allotted on preferential basis</b>						
J. Lakshmana Rao				1,48.00		
A. Subrahmanyam				96.00		
<b>Other transactions</b>						
Mold-Tek Technologies Limited	<b>(39.02)</b>	7,36.00				
<b>Outstanding payable as at 31st March, 2011</b>						
Friends Packaging Private Limited	<b>10.80</b>	11.19				
Tarus Industries	<b>1.37</b>	0.88				
<b>Other Receivables</b>						
Mold-Tek Technologies Limited	<b>0.16</b>	39.18				

Remuneration paid to Key Management Personnel includes arrears for earlier year.

 Per our Report of even date  
for **PRATURI & SRIRAM**  
Chartered Accountants

**K. SRIRAM**

Partner

Membership No. 37821


Firm Registration No. 002739S

Hyderabad, 30th May, 2011

for and on behalf of the Board of Directors


**J. LAKSHMANA RAO**

Chairman &amp; Managing Director


**A. SUBRAHMANYAM**

Deputy Managing Director

## Balance Sheet Abstract and Company Business Profile

### I. Registration Details

Registration No

2	6	5	4	2
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State Code

0	1
---	---

Corporate Identification No.

L	2	1	0	2	2	A	P	1	9	9	7	P	L	C	0	2	6	5	4	2
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Balance Sheet Date

3	1
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0	3
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2	0	1	1
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### II. Capital raised during the year (₹ in Thousands)

Public Issue

	N	I	L		
--	---	---	---	--	--

Rights Issue

	N	I	L		
--	---	---	---	--	--

Bonus Issue

	N	I	L		
--	---	---	---	--	--

Private Placement

	N	I	L		
--	---	---	---	--	--

### III. Position of Mobilisation and Deployment of Funds (₹ in Thousands)

Total Liabilities

7	4	3	3	9	0
---	---	---	---	---	---

Total Assets

7	4	3	3	9	0
---	---	---	---	---	---

#### Sources of Funds

Paid-up Capital

1	1	8	0	0	6
---	---	---	---	---	---

Reserves &amp; Surplus

2	0	9	1	8	7
---	---	---	---	---	---

Secured Loans

2	9	2	6	3	0
---	---	---	---	---	---

Unsecured Loans

1	2	3	5	6	7
---	---	---	---	---	---

#### Application of Funds

Net Fixed Assets

4	0	1	9	7	6
---	---	---	---	---	---

Investments

	3	0	6	6	7
--	---	---	---	---	---

Net Current Assets

3	0	9	7	5	7
---	---	---	---	---	---

Miscellaneous Expenditure

			9	9	0
--	--	--	---	---	---

Accumulated Losses

			N	I	L
--	--	--	---	---	---

### IV. Performance of Company (₹ in Thousands)

Turnover &amp; Other Income

1	5	0	4	4	2	3
---	---	---	---	---	---	---

Total Expenditure

1	3	8	3	6	1	5
---	---	---	---	---	---	---

Profit Before Tax

1	2	0	8	0	8
---	---	---	---	---	---

Profit After Tax

	8	0	9	7	6
--	---	---	---	---	---

Earnings per Share (₹)

	1	0	.	0	1
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(Basic)

Dividend Rate (%)

				5	0
--	--	--	--	---	---

### Generic Names of three principal products of the Company (As per monetary terms)

The Company produces various plastic packing containers

Item code No.	Product Description
39239000.10	Other plastic articles for conveyance and packaging of goods of a kind, classified as consumer goods





## ADMISSION SLIP

**MOLD-TEK***Packaging Limited*

Registered Office: Plot # 700, Road No. 36, Jubilee Hills, Hyderabad - 500 033

Name &amp; Address of Member

Folio No.

DP ID No.

Client ID No.



I certify that I am a registered shareholder/proxy for the registered shareholder of the Company and hold \_\_\_\_\_ Shares.

I hereby record my presence at the 14th ANNUAL GENERAL MEETING of the Company on 19th day of September, 2011 at 11.00 a.m. at Swagath-De-Royal Hotel, No.2-36, Kothaguda X Roads, Kondapur, Cyberabad, Hyderabad-500 081.

Please indicate whether Member/Proxy.

\_\_\_\_\_  
Member's/Proxy's Signature

Note: Shareholder/Proxy holder must bring the Admission Slip to the meeting and hand over at the entrance duly signed.



## PROXY FORM

**MOLD-TEK***Packaging Limited*

Registered Office: Plot # 700, Road No. 36, Jubilee Hills, Hyderabad - 500 033

Folio No.

DP ID No.

Client ID No.



I/We \_\_\_\_\_

of \_\_\_\_\_ in the district of \_\_\_\_\_

a Member/Members of **MOLD-TEK PACKAGING LIMITED** hereby appoint \_\_\_\_\_

of \_\_\_\_\_ in the district of \_\_\_\_\_ or failing him

of \_\_\_\_\_ in the district of \_\_\_\_\_

my/our Proxy to attend and vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at 11.00 a.m. on Monday, 19th September, 2011 or at any adjournment thereof.

AS WITNESS my hand/our hands this \_\_\_\_\_ day of 2011 \_\_\_\_\_.

**NOTE**

*A proxy need not be a member. This form must be deposited at the Registered Office of the Company not less than 48 hours before the beginning of the Meeting.*

Affix  
15 P.  
Revenue  
Stamp

NO GIFTS WILL BE DISTRIBUTED AT THE MEETING.

Signed by the said







A few of our IML products

Book-Post

*If undelivered, please return to*



Plot # 700, Road No. 36,  
Jubilee Hills, Hyderabad - 500 033  
Phone : +91 40 4030 0300/01/02/03/04 Fax : +91 40 4030 0328