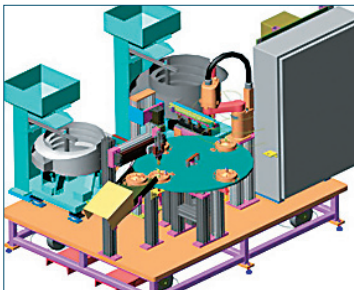
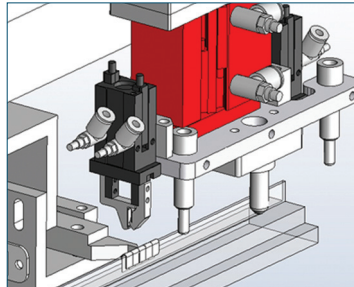


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competitive in their market place.  
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interaction and final checking, Mold-Tek is  
all set to offer our GLOBAL clients

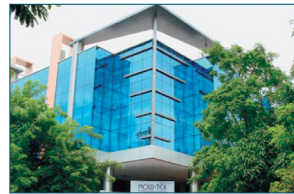
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CRD



RMM



MOLD-TEK, INDIA

## ANNUAL REPORT

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## Board of Directors

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

**J. Sudharani**, Wholetime Director

**A. Subrahmanyam**, Director - Technical

**P. Venkateswara Rao**, Director - Commercial

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

**Dr. K. Venkata Appa Rao**, Non-Executive Director

**C. Vasanth Kumar Roy**, Non-Executive Director

**M. Srinivas**, Non-Executive Director

**Dr. Surya Prakash Gulla**, Non-Executive Director

### 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)

### Statutory Auditors

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

### Susidiary Companies

#### **Crossroads Detailing, Inc.**

6319E, HWY 36, Avon,  
Indiana 46123, USA

#### **RMM Global, Inc.**

226 S, College Square,  
Bloomington,  
Indiana 47404, USA

### Internal Auditors

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

### Legal Advisor

M. Radhakrishna Murthy, Advocate  
Vidya Nagar, Hyderabad

## Notice

NOTICE is hereby given that the 26th Annual General Meeting of the Members of MOLD-TEK TECHNOLOGIES LIMITED will be held on Thursday, **30th day of September, 2010 at 10.30 a.m. at Swagath-De-Royal, No.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, 2010 and Profit and Loss Account for the period ended 31st March, 2010 and the Report of the Directors and Auditors' thereon.
2. To declare Dividend on Equity Shares for the year ended 31st March, 2010.
3. To appoint a Director in place of M. Srinivas, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of P. Shyam Sunder Rao, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Messrs. Praturi & Sriram (Firm Registration No.002739S), Chartered Accountants, Statutory Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorise the Board to fix their remuneration.

### SPECIAL BUSINESS

6. To consider and, if thought fit, to pass, with or without modifications, the following resolutions as an **Ordinary Resolution**:

"RESOLVED that Dr. Suryaprakash Gulla, retiring at this Annual General Meeting, having been appointed as an Additional Director, and being eligible, offers himself for the appointment and in respect of whom the Company has received notice in writing under Section 257 of the

Companies Act, 1956 from a Member proposing his candidature, be and is hereby appointed a Director of the Company liable to retire by rotation."

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

"RESOLVED that the resolution passed by the Members of the Company at the extraordinary general meeting held on 1st July, 2010 relating to issue of Convertible Warrants be and is hereby ratified by substituting the number of fully convertible warrants from 17,10,000 fully convertible warrants to 16,60,000 fully convertible warrants, wherever it appears in the resolution and its explanatory statement."

"RESOLVED FURTHER that for the purpose of giving effect to the above, the Board be and is hereby authorized to do all acts, deeds and things in this connection and/or incidental as the Board in its absolute discretion deem fit without being required to seek any further consent or approval of the Company."

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

"RESOLVED THAT in modification to the resolution passed by the members of the Company at the 25th Annual General Meeting held on 30th September, 2009 and subject to the approval of Central Government, if required, and pursuant to the provisions of Section 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 of remuneration to J. Lakshmana Rao, Chairman



& Managing Director of the Company from ₹4,10,000 per month to ₹4,80,000 per month plus perquisites for the period from 1st April, 2011 to 31st March, 2014 in the following manner and that he shall be holding office of the Chairman & Managing Director for the remaining period of his tenure:

i. Salary

The Company shall pay to J. Lakshmana Rao 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.

ii. 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.

iii. 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.

iv. 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 (1) and (2) above.

a. 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.

b. 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.

c. Leave encashment: Encashment of leave at the end of the tenure in accordance with the rules of the Company.

d. 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.

v. 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.

vi. He will not be eligible for any sitting Fees of the Company's Board/Committee Meetings.

vii. 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.

"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."

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



**J. LAKSHMANA RAO**

Hyderabad Chairman & Managing Director  
1st September, 2010

## 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 is annexed.
3. In terms of Articles of Association of the Company, M. Srinivas and P. Shyam Sunder Rao, 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 27th September, 2010 to 30th September, 2010 (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 24th September, 2010 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 Members can avail the facility of making nomination of their holdings. 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 Member and the joint-holder(s), if any. A minor can be a 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 Members may contact M/s. XL Softech Systems Limited, 3, Sagar Society, Road No. 2, 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 established under Section 205C of the said Act. Members who have not yet encashed the dividend warrant(s) for the year 2005-2006 to 2008-2009 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 Investor Education and Protection Fund as above, no claim shall lie with the Company in respect of such amount.

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## EXPLANATORY STATEMENT

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

### Item 6

The Board of Directors of the Company has appointed Dr. Suryaprakash Gulla, at its meeting held on 1st January 2010, as Additional Director under Section 260 of the Companies Act, 1956 read with Articles of Association of the Company. Dr. Suryaprakash Gulla holds office only till the date of the forthcoming Annual General Meeting.

Notice has been received from a Member as required under Section 257 of the Companies Act, 1956 proposing Dr. Suryaprakash Gulla as candidate for the office of Director.

Your Directors recommend the Resolution No.6 for your approval.

None of the Directors of the Company except Dr. Suryaprakash Gulla are deemed to be concerned or interested in the Resolution.

**Item 7**

The Members of the Company at the Extraordinary General Meeting of the Company held on 1st July 2010 have passed a Special Resolution authorizing issue of 17,10,000 (Seventeen Lakhs ten thousand only) 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 ₹69.40 per warrant [comprising nominal value of ₹10 and premium of ₹59.40 each]. However 50,000 Fully Convertible Warrants could not be allotted to

Usha Kumari as she was not eligible to subscribe to the offer in accordance with Chapter VII of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009. Hence, only 16,60,000 (Sixteen Lakhs sixty thousand only) Fully Convertible Warrants were allotted.

The consent of the Members is therefore being sought for ratification of the number of Fully Convertible Warrants to be Issued from 17,10,000 Fully Convertible Warrants to 16,60,000 Fully Convertible Warrants.

**Shareholding pattern before and after the preferential offer shall be as under:**

Category	Pre Issue		Post Issue after conversion of 6,55,000 Fully Convertible Warrants allotted on 1st January, 2010*		Post Issue after Conversion of Proposed Warrants*	
	No. of shares held	% of share holding	No. of shares held	% of share holding	No. of shares held	% of share holding
<b>Promoters</b>						
Indian	17,70,876	43.03	21,70,876	45.51	29,70,876	46.20
<b>Non-Promoters</b>						
a. Bodies Corporate	4,79,102	11.64	4,79,102	10.04	4,79,102	7.45
b. Individuals	16,05,434	39.01	18,60,434	39.00	27,20,434	42.31
c. NRI/OCB	1,73,455	4.22	1,73,455	3.64	1,73,455	2.70
d. Others (Clearing Members)	86,114	2.09	86,114	1.81	86,114	1.34
<b>TOTAL</b>	<b>41,14,981</b>	<b>100.00</b>	<b>47,69,981</b>	<b>100.00</b>	<b>64,29,981</b>	<b>100.00</b>

\*Assuming total conversion of warrants

Proposed offer includes 16,60,000 Fully Convertible Warrants (8,00,000 Fully Convertible Warrants to promoters/promoter group and 8,60,000 Fully Convertible Warrants to non-promoter group).

Your Directors recommend Resolution No.7 for your approval.

The Directors of the Company are deemed to be concerned and interested in the Resolution to the extent of number of equity shares held by them and their associates and/or to be allotted to them and to their associates out of the proposed allotment.





## Item 8

J. Lakshmana Rao was re-appointed as Chairman & Managing Director for a period of 5 years with effect from 1st April, 2006 and the Members of the Company approved his re-appointment at the 22nd Annual General Meeting held on 25th September, 2006. Remuneration of J. Lakshmana Rao was revised with effect from 1st April, 2009 subject to approval of the Central Government and the Members of the Company approved the revision in remuneration at the 25th Annual General Meeting held on 30th September, 2009. Further, the Central Government vide its letter dated 23rd August, 2010 approved the payment of remuneration to J. Lakshmana Rao for a period of 2 years with effect from 1st April, 2009 to 31st March, 2011. Hence, the Remuneration Committee at its meeting held on 1st September, 2010 reviewed the re-appointment and 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 the Members 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.

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

Name of the Director	J. Lakshmana Rao
Date of birth	19th April, 1959
Date of appointment	4th July, 1985
Relationship with other Directors	He is related to J. Sudharani and A. Subrahmanyam.
Expertise in specific functional area	Experience in industrial marketing and product launching and looks after the marketing and finance functions.
Qualification	B.Tech. (Civil) M.B.A.(IIM -B)
Names of companies in which holds the directorship	Mold-Tek Packaging Limited
Names of companies in which holds the membership of Committees of the Board	–
No of shares held in the Company as on 31st March, 2010	22,760

**Annexure referred to in the Explanatory Statement**

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

**I. GENERAL INFORMATION**

1. Nature of industry: Managing the operation of Information Technology services.
2. Year of commencement of commercial production: 1985.
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, 2010	Year ended 31st March, 2009	Year ended 31st March, 2008
Turnover	1585.61	1913.59	1784.59
Net Profit before interest, Depreciation & Tax	598.06	815.33	388.60
Net Profit as per Profit and Loss Account	179.53	437.76	231.59
Amount of dividend	61.72	71.80	71.80
Rate of dividend declared	15%	20%	20%

The Company, after rescheduling of its debts, has not defaulted 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, 2010 is ₹1581.96 lakhs.
6. Foreign investments or collaborations:

The Company has two 100% wholly owned foreign subsidiary companies in U.S.A. i.e. Crossroads Detailing Inc. and RMM Global Inc.

**II. INFORMATION ABOUT THE APPOINTEE****1. Background Details**

J. Lakshmana Rao, Chairman & Managing Director is 51 years of age, and has completed his Bachelor's degree in engineering from Sri Venkateshwara 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 which 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: ₹61,20,000 per annum.
3. Recognition or awards: Nil
4. Job Profile and his suitability: J. Lakshmana Rao looks after entire corporate affairs.
5. Remuneration proposed:

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

### III. Other Information

#### 1. Reasons for inadequate profits:

The current year operations are effected by severe recession in USA and Europe. Many construction projects were delayed and some abandoned resulting in drop in demand for our structural engineering services. The Company took suitable steps to widen its service offerings in other areas of engineering to mitigate the impact of recession. Sales for the year dropped 17% to ₹15.85 crore against ₹19.13 crore in the previous year, and Profit before Tax correspondingly reduced to ₹1.91 crore from ₹4.99 crore.

#### 2. Steps taken or proposed to be taken for improvement:

Your Company has widened the service offerings by entering into providing engineering services to oil and gas, transmission lines, sub-stations and material handling conveyors and galleries.

Plant engineering and piping also started contributing to the sales in the current year.

The Company has also got opportunities to work on storage tanks and miscellaneous structures for an American client. By opening an office in Europe, we are generating better traction from European clients. Overall, the recessionary trends also seem to be reversing, albeit slowly, which is improving the demand for our services.

The Company has doubled the sales team in USA and hence increased the sales geographically in USA. These initiatives are already showing good traction in demand and hence the Company is expected to register robust growth in the year 2010-11 and with increased contributions from the new segments future is expected to be much brighter.

#### 3. Expected increase in productivity and profits in measurable terms:

The Company has established its credentials in providing engineering services to clients in oil & gas, lighting, transmission of substation structures. These services have very good demand in India too. The Company also got an opportunity to work on storage tanks and miscellaneous structures. These new verticals will enhance better revenue growth in coming years. Your Company has also established a team for Indian major construction companies in engineering material handling systems.

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

**J. LAKSHMANA RAO**

Hyderabad Chairman & Managing Director  
1st September, 2010

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

<b>Name of the Director</b>	<b>M. Srinivas</b>	<b>P. Shyam Sunder Rao</b>	<b>Dr. Suryaprakash Gulla</b>
Date of birth	13th May, 1966	21st January, 1941	1st July, 1959
Date of appointment	27th August, 2008	21st April, 1998	1st January, 2010
Relationship with other Directors	Not applicable	Not applicable	Not applicable
Expertise in specific functional area	Production Management	Accounts	Cardiologist
Qualification	B.E. (Mech.)	B.Com, FCA, FCS	MD (AIIMS), D.M.
Names of companies in which holds the directorship	–	Mold-Tek Packaging Limited	–
Names of companies in which holds the membership of Committees of the Board	–	Mold-Tek Packaging Limited	–
No of shares held in the Company as on 31st March, 2010	29,297	980	980



## Compliance Certificate

Company Regn No : 01-005631  
Nominal Capital : ₹13,00,00,000  
Paid up Capital : ₹3,59,00,240

The Members,  
Mold-Tek Technologies Limited,  
Plot No.700, D.No.8-2-293/82/A/700,  
Road No.36, Jubilee Hills,  
Hyderabad-500 033.

I have examined the registers, records, books and papers of Mold-Tek Technologies Limited (the Company) as required to be maintained under the Companies Act, 1956 (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March 2010. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, its officers and agents, I certify that in respect of the aforesaid financial year:

1. the Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions and the rules made there under and all entries therein have been duly recorded;
2. the Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made there under;
3. the Company, being a public limited company, the restriction clauses as provided in Section 3(1)(iii) of the Companies Act, 1956 is not applicable;
4. the Board of Directors duly met 9 (Nine) times on 30th June 2009, 30th July 2009, 1st September 2009, 31st October 2009, 1st January 2010, 27th January 2010, 23rd February 2010, 25th March 2010 and 31st March 2010 in respect of which meetings proper notices were given

and the proceedings were properly recorded and signed including the circular resolutions passed in the Minutes Book maintained for the purpose;

5. the Company closed its Register of Members from 28th September 2009 to 30th September 2009 (both days inclusive) and necessary compliance of Section 154 of the Act has been made;
6. the Annual General Meeting for the financial year ended on 31st March, 2009 was held on 30th September, 2009 after giving due notice to the Members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose;
7. one extraordinary meeting was held during the financial year after giving due notice to the Members of the Company and the resolutions passed thereat were duly recorded in the Minutes Book maintained for the purpose;
8. the Company has not advanced loan to its Directors and/or persons or firms or companies referred in Section 295 of the Act;
9. the Company has duly complied with the provisions of Section 297 of the Act in respect of contracts specified in that section;
10. the Company has made necessary entries in the register maintained under Section 301 of the Act;
11. the Company has obtained necessary approvals from the Board of Directors, Members and previous approval of the Central Government pursuant to Section 314 of the Act wherever applicable;
12. the Board of Directors or duly constituted Committee of Directors has approved the issue of duplicate shares certificates;
13. the Company has -
  - i. delivered all the certificates on allotment of securities and on lodgments thereof for transfer/transmission or any other purpose in accordance with the provisions of the Act;

- ii. deposited the amount of dividend declared in a separate bank account on 1st October, 2009 which is within five days from the date of declaration of such dividend;
  - iii. paid/posted warrants for dividends to all the Members within a period of 30 (Thirty) days from the date of declaration and that all unclaimed/unpaid dividend has been transferred to Unpaid Dividend Account of the Company with HDFC Bank.
  - iv. transferred the amounts in unpaid dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for a period of seven years to Investor Education and Protection Fund;
  - v. duly complied with the requirements of Section 217 of the Act;
14. the Board of Directors of the Company is duly constituted and the appointment of directors, additional directors, alternate directors and the directors to fill casual vacancies have been duly made;
15. the appointment of Managing Director/ Wholetime Director has been made in compliance with the provisions of Section 269 read with Schedule XIII to the Act and approval of the Central Government has been obtained in respect of appointment of J. Lakshmana Rao, Managing Director and J. Sudharani, Wholetime Director, not being in terms of Schedule XIII. Further application has been made to the Central Government for appointment and payment of remuneration to A. Subrahmanyam, Wholetime Director and P. Venkateswara Rao, Wholetime Director. The Company is yet to receive the approval for the same.
16. the Company has not appointed any sole-selling agent during the financial year;
17. the Company has obtained all necessary approvals of the Central Government, Company Law Board, Regional Director, Registrar or such

other authorities as may be prescribed under the various provisions of the Act as detailed below:

Name of the Department	Date of Approval	Purpose
Government of India, Ministry of Corporate Affairs	23rd August, 2010	Payment of Remuneration to J. Lakshmana Rao
Government of India, Ministry of Corporate Affairs	23rd August, 2010	Payment of Remuneration to J. Sudharani

Further application has been made to the Central Government for appointment and payment of remuneration to A. Subrahmanyam, Wholetime Director and P. Venkateswara Rao, Wholetime Director. The Company is yet to receive the approval for the same.

18. the Directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under;
19. the Company has not issued any equity shares during the financial year;
20. the Company has not bought back any shares during the financial year;
21. there was no redemption of preference shares/debentures during the financial year;
22. there were no transaction necessitating the Company to keep up in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares;
23. the Company has not invited/accepted any deposits including any unsecured loans falling within the purview of Section 58A during the financial year;
24. the amount borrowed by the Company from directors, members, public, financial institutions, banks and others during the financial year ending 31st March, 2010 is/are within the borrowing limits of the Company and that necessary resolutions as per Section 293(1)(d) of the Act have been passed in duly





- convened annual/extraordinary general meeting;
25. the Company has made loans and investments, or given guarantees or provided securities to other bodies corporate in compliance with the provisions of the Act and has made necessary entries in the register kept for the purpose;
  26. the Company has not altered the provisions of the Memorandum with respect to situation of the Company's registered office from one state to another during the year under scrutiny;
  27. the Company has not altered the provisions of the Memorandum with respect to objects of the Company during the year under scrutiny;
  28. the Company has not altered the provisions of the Memorandum with respect to name of the Company during the year under scrutiny;
  29. the Company has not altered the provisions of the Memorandum with respect to share capital of the Company during the year under scrutiny;
  30. the Company has not altered its Articles of Association during the year;
  31. there was no prosecution initiated against or show cause notices received by the Company and no fines and penalties or any other punishment was imposed on the Company during the financial year for offences under the Act;
  32. the Company has not received any money as security from its employees during the financial year;
  33. the Company has not constituted any provident fund and accordingly the provisions of the Section 418 of the Act are not applicable.

**Ashish Kumar Gaggar**  
Company Secretary in Practice  
ACS: 19525  
CP No.: 7321

Hyderabad  
1st September, 2010

## ANNEXURE - A

(forming part of the Compliance Certificate)

### STATUTORY REGISTERS/RETURNS AS MAINTAINED BY THE COMPANY:

1. Register of Charges under Section 143;
2. Register of Members under Section 150;
3. Copies of annual returns prepared under Sections 159 & 160;
4. Minutes book of meetings of Board of Directors under Section 193;
5. Minutes book of proceedings of General Meetings under Section 193;
6. Books of accounts and other records under Section 209;
7. Register of particulars contracts in which Directors are interested under Section 301;
8. Register of Managing Director and Directors under Section 303;
9. Register of Director's shareholding under Section 307;
10. Register of investment under Section 372A.

### OTHER REGISTERS

1. Register of Director's attendance;
2. Register of Shareholder's attendance;
3. Register of transfers.

Hyderabad  
1st September, 2010

**Ashish Kumar Gaggar**  
Company Secretary in Practice  
ACS: 19525  
CP No.: 7321


**ANNEXURE - B**

(forming part of Compliance Certificate )

**Forms and Returns as filed by the Company with the Registrar of Companies, Andhra Pradesh, Hyderabad, during the financial year ending on 31st March, 2010**

Form No./ Return	Filed under Section	Date of Filing	Whether filed within the prescribed time (Yes/No)	If delay in filing whether requisite fee paid (Yes/No)
Form 23AC and Form 23ACA	220	24th October, 2009	Yes	Not Applicable
Form 66	383A	24th October, 2009	Yes	Not Applicable
Form 20B	159	21st November, 2009	Yes	Not Applicable
Form 25A	269 & Schedule XIII	6th January, 2010	No	Yes
Form 25A	269 & Schedule XIII	6th January, 2010	No	Yes
Form 25A	269 & Schedule XIII	6th January, 2010	No	Yes
Form 25A	269 & Schedule XIII	6th January, 2010	No	Yes
Form 23	192	24th October, 2009	Yes	Not Applicable
Form 32	303(2)	6th January, 2010	Yes	Not Applicable
Form 32	303(2)	2nd November, 2009	No	Yes

Hyderabad  
1st September, 2010

  
**Ashish Kumar Gaggar**  
Company Secretary in Practice  
ACS: 19525  
CP No.: 7321



# Directors' Report

Dear Members,

Your Directors have pleasure in presenting the 26th Annual Report and the Audited Statement of Accounts for the year ended 31st March, 2010.

## Financial Results

The performance during the period ended 31st March 2010 has been as under:

₹ Lakhs

Particulars	Standalone Year ended 31st March		Consolidated Year ended 31st March	
	2010	2009	2010	2009
Sales	<b>1585.61</b>	1913.59	<b>1879.46</b>	2296.07
Other Income	<b>160.95</b>	43.43	<b>178.92</b>	58.70
Total Income	<b>1746.56</b>	1957.02	<b>2058.38</b>	2354.77
Profit before Interest, Depreciation & Tax	<b>598.06</b>	815.46	<b>460.98</b>	652.73
Interest	<b>200.32</b>	167.72	<b>200.32</b>	168.56
Depreciation & Preliminary Expenses written off	<b>205.86</b>	148.71	<b>208.62</b>	151.43
Profit before Tax	<b>191.88</b>	499.03	<b>52.04</b>	332.74
Provision for Deferred Tax	<b>12.35</b>	61.27	<b>15.83</b>	61.27
Profit after Tax	<b>179.53</b>	437.76	<b>36.21</b>	271.47
Profit brought forward from previous year	<b>818.06</b>	535.35	<b>778.40</b>	661.98
Profit available for appropriation	<b>997.59</b>	973.11	<b>814.61</b>	933.45
<b>Appropriation</b>				
Extraordinary Items	<b>(2.45)</b>	(6.33)	<b>(31.24)</b>	(6.33)
Transferred to General Reserve	<b>(26.56)</b>	(64.72)	<b>(26.56)</b>	(64.72)
Proposed dividend	<b>(61.72)</b>	(71.80)	<b>(61.72)</b>	(71.80)
Corporate dividend tax	<b>(10.49)</b>	(12.20)	<b>(10.49)</b>	(12.20)
Balance carried forward	<b>896.37</b>	818.06	<b>667.01</b>	778.40

## Review of Operations

The operations of the year under review were effected by severe recession in USA and Europe. Many construction projects were delayed and some abandoned resulting in drop in demand for your Company's structural engineering services. Your Company took suitable steps to widen its service offerings in other areas of engineering to mitigate the impact of recession. Sales for the year dropped 17% to ₹15.85 crore against ₹19.13 crore in the

previous year, and Profit before Tax correspondingly reduced to ₹1.91 crore from ₹4.99 crore.

## Future Outlook

Your Company has widened the service offerings by entering into providing engineering services to oil and gas, transmission lines, sub-stations and material handling conveyors and galleries. Plant engineering and piping also started contributing to the sales in the current year.

Your Company has also got opportunities to work on storage tanks and misc structures for an American client. By opening an office in Europe, your Company is generating better traction from European clients. Overall, the recessionary trends also seem to be reversing, albeit slowly, which is improving the demand for our services.

Your Company has doubled the sales team in USA and hence increased the sales geographically in USA. These initiatives are already showing good traction in demand and hence the Company is expected to register robust growth in the year 2010-11 and with increased contributions from the new segments future is expected to be much brighter.

### **Dividend**

Your Company recommends a dividend of ₹1.50 per Equity Share @ 15 % of the Equity Share Capital (Previous year ₹2 per Equity Share) for the financial year ended 31st March, 2010. The dividend will be paid to those Members whose names appear in the Register of Members as on 25th September 2010 (26th September 2010 being Sunday). In respect of shares held in dematerialized form, it will be paid to Members whose names are furnished by the depositories as beneficial owners as on that date. This will entail an outflow of ₹72.21 lakhs (inclusive of tax thereon).

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 objective to finance such plans through internal accruals to the maximum.

### **Transfer to Reserve**

In accordance with the provisions of the Companies Act, 1956 read with Companies (Transfer of Reserves) Rules, 1975, your Directors propose to transfer a sum of ₹26.56 lakhs to General Reserve out of the profits earned by your Company.

### **Allotment of Fully Convertible Warrants**

The Board of Directors at its meeting held on 1st January, 2010 allotted 6,55,000 Fully Convertible Warrant (Convertible into equal number of Equity Shares within a period of 18 months from the date of allotment of Warrants) at a price of ₹80 per warrant

[comprising nominal value of ₹10 and premium of ₹70 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.

The Board of Directors at its meeting held on 9th August, 2010 (after the Balance Sheet date) allotted 16,60,000 Fully Convertible Warrant (Convertible into equal number of Equity Shares within a period of 18 months from the date of allotment of Warrants) at a price of ₹69.40 per warrant [comprising nominal value of ₹10 and premium of ₹59.40 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.

### **Allotment of Equity Shares**

The Board of Directors at its meeting held on 8th April 2010 (after the Balance Sheet date) has allotted 5,24,957 Equity Shares of Rs10 each at a price of ₹75 [comprising nominal value of ₹10 and premium of ₹65 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.

### **Scheme of Arrangement**

In terms of Scheme of Arrangement, your Company is taking steps to complete the necessary action, process of creation of a trust and transfer of existing shares and accumulated dividends to it;

### **Consolidated Financial Statements**

In accordance with the Accounting Standards AS-21 on Consolidated Financial Statements, your Directors are pleased to provide the audited Consolidated Financial Statement as part of this Annual Report.

### **Subsidiaries**

Your Company has two wholly owned subsidiaries viz, Crossroads Detailing Inc., Indiana, USA and RMM Global Inc., Indiana, USA. A statement pursuant to Section 212 of the Companies Act, 1956 containing the details of the subsidiaries forms part of the Annual Report.



### **Fixed Deposits**

Your Company has not invited any deposits from the Public for the year under review within the meaning of Section 58A of the Companies Act, 1956 and the rules made 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 are being annexed as a part of the Annual Report of the Company.

The Company Secretaries of the Company have certified that conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement have been complied by your Company and their certificate is annexed to the Report on Corporate Governance.

### **CEO/CFO Certification**

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

### **Compliance Certificate**

In accordance with Section 383(A) of the Company's Act 1956 and (Compliance Certificate) Rules 2001, the Company has obtained a Certificate from a Secretary in whole time practice confirming that the Company has complied with all the provisions of the

company's Act 1956 and a copy of the certificate is attached to this report.

### **Directors**

In accordance with the Articles of Association of the Company, M. Srinivas and P. Shyam Sunder Rao retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

The Board of Directors at their meeting held on 1st September, 2009, subject to the approval of Members at General Meeting, have appointed A. Subrahmanyam as Director-Technical and P. Venkateswara Rao as Director - Commercial effective from 1st September, 2009.

During the year, Dr. Suryaprakash Gulla was appointed as Additional Director of the Company by the Board on 1st January, 2010 in terms of Section 260 of the Companies Act, 1956. He holds the office till the conclusion of the forthcoming Annual General Meeting of the Company. The Company has received notice in terms of Section 257 of the Companies Act, 1956 for appointment of Dr. Suryaprakash Gulla as Director liable to retire by rotation.

### **Risk Management**

All assets of the 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 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 the Section. Members are requested to re-appoint them and to authorize the Board to fix their remuneration.

**Directors' Responsibility Statement**

In compliance of Section 217 (2AA), your Directors confirm that:

- a. in the preparation of the accounts for the financial year ended 31st March, 2010 the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b. the Directors have selected such accounting policies and applied them consistently and made 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 or loss of the company for the year under review;
- c. the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. the Directors have prepared the accounts for the financial year ended 31st March, 2010 on a going concern basis.

**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 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



**J. LAKSHMANA RAO**

Chairman & Managing Director

Hyderabad  
1st September, 2010





## Annexure to the Directors' Report

### A. TECHNOLOGY ABSORPTION

#### Research and Development

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

₹ Lakhs

B. FOREIGN EXCHANGE EARNINGS AND OUTGO	2009-10	2008-09
FOB value of exports	1581.96	1912.62
Foreign exchange earnings	1384.01	1833.93
Foreign exchange outgo	115.30	177.96

### Information as per 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, 2010

Name	Age	Qualifications	Date of Employment	Designation	Gross Remuneration ₹ Lakhs	Experience	Last Employment held
J. Lakshmana Rao	51	B.Tech. (Civil), M.B.A. (IIM -B)	4-07-1985	Chairman & Managing Director	61.20	26	NA
J. Sudharani	44	B.Sc	1-10-2008	Wholetime Director	21.60	6	NA

For and on behalf of the Board of Directors

Hyderabad  
1st September, 2010

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

## Management Discussion and Analysis

### Industry structure & development

Continued recession in 2009-10 too affected Company's project flow. However the Company's expanded operations in to various new verticals of oil & gas, transmission lines, lighting of substation structures are showing increasing demand in last few months. Having established credentials and acquisition of two US based structural engineering KPOs augurs well for the Company's growth in near future. Company has entered in to the massive mechanical engineering services market and the prospects are showing significant improvement.

### Opportunities & threats

The Company has established its credentials in providing engineering services to clients in oil & gas, lighting, transmission of substation structures. These services are very good demand in India too. The Company also got an opportunity to work on storage tanks and miscellaneous structures. These new verticals will enhance revenue growth in coming years. The Company also established a team for Indian major construction companies in engineering material handling systems.

### Segment wise/product wise performance

The Company's business is providing only structural engineering services to various clients of PEB, conventional and rebar etc.

₹ Lakhs

Type of business	Sales
Fixed team billing	653.41
Conventional (High rise) billing	928.55
Others	3.65
Total	1585.61

### Outlook

With increased volume of work from new verticals, the Company hopes to show much better performance from the year 2010-11 onwards. With increased marketing efforts both in USA & Europe, the Company's order book has increased considerably. The Company has started recruiting new employees and hopes to add about 100 employees in the current year. Additionally, marketing executives are positioned in different states in USA to capture more clients.

### Risks and Concerns

Apart from normal risks as are applicable to an industrial undertaking, the company does not foresee any serious areas of concern. The Company is obtaining adequate insurance coverage for its assets at the plant and the field locations etc. Compliance of safety requirements and norms placed by different government agencies is a top priority of your management.



### **Internal control systems and their adequacy**

Computerization linking CRD's marketing and co-ordination activities with Indian operations has being established which is enabling better accountability, productivity and MIS to monitor operations, costs and take corrective actions.

Regular internal audits and checks are carried out to ensure that the responsibilities are executed effectively and the adequate systems are in place.

### **Discussion on financial performance with respect to operational performance**

The details of the financial performance of the Company are in the Balance Sheet, Profit and Loss Account and other financial statements appearing separately. Highlights for the year 2009-2010 are as under:

₹ Lakhs

Services sales	1585.61
Profit before interest, Depreciation & Tax	594.47

The Operational performance and prospects of the Company have been explained in the Directors' Report.

### **Human Resources**

The HRD department has been suitably enlarged to handle increasing number of skilled manpower in the KPO Division. Employee/employer relations were cordial throughout the year. Measures for safety of the employees, training and development continued to receive top priorities.

### **Cautionary Statement**

Certain statements in the Management Discussion and Analysis describing the company's views about the Industry, expectations/predictions, objectives etc., may be forward looking within the meaning of applicable laws and regulations. Actual results may differ materially from those expressed in the statement. Company's operations may inter-alia affect with the supply and demand situations, input prices and their availability, changes in government regulations, tax laws and other factors such as industrial relations and economic developments etc. Investors should bear the above in mind.

# 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 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 Technologies Limited therefore believes that Corporate Governance is not an end in itself but is a catalyst in the process of maximization of share holder 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 Technologies, 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.

### I. Board of Directors

Composition

Your Company's Board comprises of 9 (Nine) Directors comprising,

4 Executive Directors

5 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 9 times during the financial year 2009-10 on 30th June, 2009; 30th July, 2009; 1st September, 2009; 31st October, 2009; 1st January, 2010; 27th January, 2010; 23rd February, 2010; 25th March, 2010 and 31st March, 2010. 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 of the Director	Category	Number of Board Meetings attended	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	8	Yes	1	–	–	–
A. Subrahmanyam (Wholetime Director)	Executive Promoter Director	9	Yes	–	1	–	–
P. Venkateswara Rao (Wholetime Director)	Executive Promoter Director	9	Yes	–	1	–	–
J. Sudharani (Wholetime Director)	Executive Promoter Director	8	Yes	–	–	–	–
C. Vasant Kumar Roy	Non-Executive Independent Director	1	No	–	–	–	–
K. V. Appa Rao	Non-Executive Independent Director	6	No	–	–	–	–
P. Shyam Sunder Rao	Non-Executive Independent Director	4	No	–	1	1	–
M. Srinivas	Non-Executive Independent Director	8	Yes	–	–	–	–
Dr. Surya Prakash Gulla*	Non-Executive Independent Director	4	N.A.	–	–	–	–

\*Dr. Surya Prakash Gulla was appointed as an Additional Director with effect from 1st January, 2010.

- The directorships held by Directors mentioned above, 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 have 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 4 Non-Executive Directors and chaired by P. Shyam Sunder Rao. J. Lakshmana Rao, Managing Director, A. Subrahmanyam, Wholetime Director and P. Venkateswara Rao, Wholetime Director and representatives of Statutory Auditors are permanent invitees to the meetings. 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 2009-2010. The dates on which the said meetings were held are as follows: 30th June, 2009; 30th July, 2009; 1st September, 2009; 31st October, 2009 and 27th January, 2010.

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

Name	Designation	No. of Meetings attended
P. Shyam Sunder Rao	Chairman	4
Dr. K.V. Appa Rao	Member	3
M. Srinivas	Member	4
C. Vasanth Kumar Roy	Member	1

### Powers and Terms of Reference

The powers 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 includes review of remuneration policy to the Managing Director, Executive Director, other Wholetime Directors and also key managerial personnel. The Company, while deciding the remuneration package of the Managing Director, Wholetime Director and senior management takes into consideration the following items:

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

During the year, 2 Remuneration Committee meetings were held on 1st September, 2009 and 23rd February, 2010.

The Composition of Remuneration Committee and attendance at the meetings is as follows:

Name	Designation	No. of meetings attended
P. Shyam Sunder Rao	Chairman	1
K.V. Appa Rao	Member	2
M. Srinivas	Member	2
C. Vasanth Kumar Roy	Member	–





## Remuneration Policy

The Company pays remuneration to the Managing Director and Executive Director 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 each meeting of the Board, Audit Committee, Remuneration Committee and Shareholders/Investor Grievance Committee attended by them.

Details of the remuneration of Non-Executive Directors and Executive Directors for the year ended 31st March, 2010 are as follows:

₹ Lakhs

Name	Salary	Perquisites & Other benefits	Sitting Fees	Total
J. Lakshmana Rao	40.80	20.40	–	61.20
A. Subrahmanyam	–	–	–	–
P. Venkateswara Rao	–	–	–	–
J. Sudharani	18.00	3.60	–	21.60
C. Vasant Kumar Roy	–	–	–	–
K. V. Appa Rao	–	–	0.20	0.20
P. Shyam Sunder Rao	–	–	0.25	0.25
M. Srinivas	–	–	–	–
Dr. Suryaprakash Gulla	–	–	0.10	0.10

## Shareholders/Investors Grievance Committee

The composition of the Shareholders'/Investors' Grievance Committee as on 31st March, 2010 was as under:

Name of the Director	Designation
P. Shyam Sunder Rao	Member
K.V. Appa Rao	Member
M. Srinivas	Member

The Shareholders'/Investors' Grievance Committee met 4 times 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 2009-2010, 5 complaints were received and were resolved and no complaints were pending as on 31st March, 2010.

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 past 3 years were as follows:

Year	Location	Date	Time
2006-2007	Sri Sagi Ramakrishna Raju Community Hall, Madhura Nagar, E-Block, Hyderabad - 500038	26th September, 2007	10.30 a.m.
2007-2008	K.K. Function Hall, 7-1-37/A, Dharam Karam Road, Ameerpet, Hyderabad - 500016	29th September, 2008	10.30 a.m.
2008-2009	Swagath-De-Royal Hotel, No.2-36, Kothaguda X Roads, Kondapur, Cyberabad, Hyderabad-500081	30th September, 2009	10.30 a.m.
2009-2010	Swagath-De-Royal Hotel, No.2-36, Kothaguda X Roads, Kondapur, Cyberabad, Hyderabad-500081	25th March, 2010	10.30 a.m.
2010-2011	Swagath-De-Royal Hotel, No.2-36, Kothaguda X Roads, Kondapur, Cyberabad, Hyderabad-500081	1st July, 2010	11.00 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 and no resolution is proposed to be passed by way of postal ballot at 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 and 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 the 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

26th Annual General Meeting

Date and Time : 30th September, 2010 at 10.30 a.m.

Venue : Swagath-De-Royal Hotel, No. 2-36, Kothaguda X Roads, Cyberabad, Hyderabad - 500081.

## Financial Calendar (2010-2011)

The financial year of the company is 1st April to 31st March. For the year ending 31st March, 2011 quarterly un-audited/annual audited results shall be announced as follows:

Financial reporting for	Tentative Date
Unaudited results for the quarter ending: 30th June, 2010	On or before 15th August, 2010
30th September, 2010	On or before 15th November, 2010
31st December, 2010	On or before 15th February, 2011
Unaudited results for the year ended 31st March, 2011	On or before 15th May, 2011

Book Closure date : 27th September, 2010 to 30th September, 2010 (both days inclusive)

Registered Office : Plot No.700, Door No.8-2-293/82/A/700, Road No.36, Jubilee Hills, Hyderabad -500034

Listing of Equity Shares : Bombay Stock Exchange Limited, Mumbai (BSE)

Listing Fees : Listing fee has been paid to Mumbai Stock Exchange for the year 2010-2011

Stock Code : 526263

ISIN : INE835B01027

CIN Number : L25200AP1985PLC005631

## Market Price Data

The monthly high and low quotations and volume of shares traded on the Bombay Stock Exchange during 2009-10 were as follows:

Month	High ₹	Low ₹	No.of Shares Traded
2009 April	44.70	30.10	1,84,949
May	55.00	32.00	2,51,324
June	98.20	45.00	7,88,533
July	97.90	70.80	10,96,784
August	98.50	71.30	5,99,035
September	84.80	71.30	5,92,193
October	90.75	68.00	8,95,636
November	75.00	60.20	2,46,782
December	75.10	66.20	2,27,921
2010 January	89.00	70.00	8,25,715
February	84.50	64.00	2,66,605
March	72.95	56.10	2,36,611

**Registrar & Share Transfer Agents:****M/s XL Softech Systems Limited**

3, Sagar Socieity, 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, 2010**

Category	No.of Shares Held	Percentage of Share holding
Promoters	14,77,398	41.15
Private Corporate Bodies	5,03,865	14.04
Indian Public	15,53,060	43.26
NRIs/OCBs	41,445	1.15
Others	14,256	0.40
Total	35,90,024	100.00

**Distribution of shareholders as on 31st March, 2010**

Shareholding	Shareholders		Share Amount	
	Number	Percentage	₹	Percentage
Upto - 5000	7,019	94.20	46,95,200	13.08
5001 - 10000	184	2.47	13,91,710	3.88
10001 - 20000	94	1.26	13,68,900	3.81
20001 - 30000	32	0.43	8,07,460	2.25
30001 - 40000	17	0.23	5,80,670	1.62
40001 - 50000	17	0.23	7,76,040	2.16
50001 - 100000	29	0.39	22,34,320	6.22
100001 and above	59	0.79	2,40,45,940	66.98
Total	7,451	100.00	3,59,00,240	100.00

**Share Transfer System**

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

**Dematerialization of Shares**

34,44,548 Equity Shares of ₹10 each aggregating to 95.95% of the paid-up capital are being held with NSDL & CSDL in demat form & the rest 1,45,476 aggregating to 4.05% are in physical form as on 31st March, 2010.

The Company has not issued any ADRs/GDRs.



- **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 attached and forms part of the Report on Corporate Governance.

- **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 and the same is attached and forms part of the Annual Report.

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## **Certificate on Corporate Governance**

The Members  
Mold-Tek Technologies Limited

I have examined the compliance of conditions of Corporate Governance by Mold-Tek Technologies Limited for the year ended 31st March, 2010, 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 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  
ACS: 19525  
CP No.: 7321

Hyderabad  
1st September, 2010

## Declaration under Code of Conduct

As provided under Clause 49 of the Listing Agreement with the stock exchange, the Board Members and the senior management personnel have confirmed compliance with the Code of Conduct for the year ended 31st March, 2010.

Hyderabad  
1st September, 2010

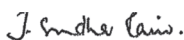
  
**J. LAKSHMANA RAO**  
Chairman & Managing Director

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

The Board of Directors  
Mold-Tek Technologies Limited

We certify that:

1. We have reviewed the financial statements, read with the cash flow statement of Mold-Tek Technologies Limited (the Company) for the year ended 31st March, 2010 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's Auditors and the Audit Committee 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. SUDHARANI**  
Chief Financial Officer  
1st September, 2010



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





# Auditors' Report

The Members

Mold-Tek Technologies Limited

We have audited the attached Balance Sheet of Mold-Tek Technologies Limited as at 31st March, 2010 and also the Profit and Loss Account 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 Account 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 2010, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2010 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, subject to:

*- the impact of non consideration of a suitable charge off of goodwill forming part of fixed assets (Refer Note 6 c);*

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, 2010;
- ii. in the case of Profit and Loss Account, of the profit of the Company for the period 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. 002739S

  
**K. SRIRAM**

Partner

Hyderabad  
1st September, 2010

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. The record does not include quantitative details and the situation/location of its depreciable assets. Non-depreciable assets are not recorded.
  - b. We are informed that no physical verification of fixed assets has been carried out by the management during the year ended 31st March, 2010.
  - c. During the year we are informed that the Company has not disposed off a substantial part of its fixed assets. It however sold a part of its office building and land thereto to Mold-tek Packaging Limited, after obtaining the necessary no objection clearances approvals from the bankers.
2. The Company has no inventories or stocks inviting comment on inventories. Work-in-process, being a portion of unbilled service works as at the balance sheet date, is suitably accounted.
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, except in respect of current account transactions with its associate/group company, Mold-tek Packaging Limited.
  - 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 and/or adjustment of the amounts due.
4.
  - a. In our opinion, and according to the information and explanations given to us, there exists 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 review 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 and 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, except instances of Income Tax Deducted at Source which has been deposited with the appropriate authorities 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, 2010 for a period of more than six months from date they become payable
10. In our opinion there are no accumulated losses of the company and therefore disclosure of the same is not applicable. The Company has not incurred cash losses during the financial year covered by our audit.
11. In our opinion and according to the information and explanations given to us, there are no dues payable to institutions/bank/others on the date of signing of this report.
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 explanation given to us and on an overall examination of the Balance Sheet of the Company, we report that during the year under review, long term funds from sale of fixed assets of ₹4.40 crore have been used for short term purposes.
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 money by public issue 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. 002739S

**K. SRIRAM**  
Partner  
Membership No. 37821

Hyderabad  
1st September, 2010

# Balance Sheet

AS AT 31st MARCH, 2010

₹'000

Schedule	As at 31st March, 2010	As at 31st March 2009
<b>SOURCES OF FUNDS</b>		
<b>Shareholders' Funds</b>		
Share Capital 1A	3,59,00	3,59,00
Share Application Money 1B	5,24,72	–
Reserves & Surplus 2	14,40,03	13,35,17
<b>Loan Funds</b>		
Secured Loans 3	13,07,11	17,27,24
Unsecured Loans 4	1,24,53	22,96
<b>TOTAL</b>	<b>37,55,39</b>	<b>34,44,37</b>
<b>APPLICATION OF FUNDS</b>		
Fixed Assets - Net Block 5A	26,78,97	30,60,69
Capital Work-in-Progress 5B	53,42	92,33
Investments 6	4,66,60	4,66,60
Current Assets, Loans and Advances		
Current Assets 7	8,25,48	5,81,50
Loans and Advances 8	1,44,99	1,34,72
Less: Current Liabilities and Provisions 9	(4,83,05) 4,87,42	(8,91,60) (1,75,38)
Miscellaneous & Deferred Expenditure to the extent not written off 10	68,98	13
<b>TOTAL</b>	<b>37,55,39</b>	<b>34,44,37</b>
Significant Accounting Policies and Notes to Accounts 18		

Per our Report of even date  
for **PRATURI & SRIRAM**  
Chartered Accountants  
Firm Registration No. 002739S



**K. SRIRAM**

Partner  
Membership No. 37821

Hyderabad,  
1st September, 2010

for and on behalf of the Board of Directors



**A. SUBRAHMANYAM**

Director-Technical



**J. LAKSHMANA RAO**

Chairman & Managing Director



# Profit and Loss Account

FOR THE YEAR ENDED 31st MARCH, 2010

₹'000

	Schedule	2009-2010	2008-2009
<b>INCOME</b>			
Sales			
Domestic Sales		3,65	95
Export Sales		15,81,96	19,12,64
Total Sales		15,85,61	19,13,59
Increase in Work-in-Process	12	1,60,39	8,92
Other Income	11	1,60,95	43,43
<b>TOTAL</b>		<b>19,06,95</b>	<b>19,65,94</b>
<b>EXPENDITURE</b>			
Employees Remuneration & Benefits	13	7,73,92	6,50,00
Selling & Distribution Expenses	14	13,63	20,53
Other Expenses	15	3,00,25	2,45,73
Interest and Financial Charges	16	2,00,32	1,67,72
Derivative Loss		1,36,92	1,09,96
Provision for bad debts & back charges		84,17	1,24,26
Preliminary & Deferred Expenses written off		12,28	13
Depreciation	5A	1,93,58	1,48,58
<b>TOTAL</b>		<b>17,15,07</b>	<b>14,66,91</b>
<b>PROFIT BEFORE PRIOR PERIOD ADJUSTMENTS &amp; TAX</b>			
		1,91,88	4,99,03
Provision for Taxation for the year	17	12,35	56,54
Provision for Fringe Benefit Tax		—	4,73
<b>PROFIT AFTER TAX</b>		<b>1,79,53</b>	<b>4,37,76</b>
Prior period adjustments		2,45	6,33
<b>NET PROFIT FOR THE YEAR</b>		<b>1,77,08</b>	<b>4,31,43</b>
Transferred to General Reserve		26,56	64,72
Proposed dividend		61,72	71,80
Corporate Dividend Tax on proposed dividend		10,49	12,20
Profit transferred to Balance Sheet		78,31	2,82,71
Significant Accounting Policies and Notes on Accounts	18		
Earning per Share - Basic (₹)		4.93	12.08
- Diluted (₹)		4.71	12.08

Per our Report of even date  
for **PRATURI & SRIRAM**  
Chartered Accountants  
Firm Registration No. 0027395

**K. SRIRAM**  
Partner  
Membership No. 37821  
Hyderabad,  
1st September, 2010

for and on behalf of the Board of Directors

**A. SUBRAHMANYAM**  
Director-Technical

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

# Cash Flow Statement

FOR THE YEAR ENDED 31st MARCH, 2010

₹'000

	2009-2010	2008-2009
<b>A. CASH FLOW FROM OPERATIONS</b>		
Net Profit as per Profit and Loss Account	<b>1,91,88</b>	4,99,02
Adjustment for		
Depreciation	<b>1,93,58</b>	1,48,58
Preliminary Expenses & Deferred Expenses	<b>(68,86)</b>	13
Interest Paid	<b>2,00,32</b>	1,67,72
Provision for Gratuity	<b>—</b>	4,75
	<b>3,25,04</b>	3,21,18
Operating profit before working capital changes	<b>5,16,92</b>	8,20,20
Adjustment for		
Trade and other receivables	<b>(92,77)</b>	5,85
Proposed trust	<b>—</b>	(10,79)
Work-In-Process	<b>(1,60,39)</b>	(8,92)
Trade Payables & Other Liabilities (Including Derivatives Loss)	<b>(4,08,54)</b>	83,36
Advances/Receivables	<b>(10,27)</b>	(1,25,78)
	<b>(6,71,97)</b>	(56,28)
Cash generated from operations	<b>(1,55,05)</b>	7,63,92
<b>B. CASH FLOW FROM INVESTMENT ACTIVITIES</b>		
Purchase of Fixed Assets	<b>(1,74,82)</b>	(16,47,57)
Sale of Fixed Assets	<b>3,62,96</b>	1,78
Investment in 100% WOU subsidiary (RMM)	<b>—</b>	(3,65)
Capital Work-in-Progress and pending capitalisation	<b>38,90</b>	4,12,05
	<b>2,27,04</b>	(12,37,40)
	<b>71,99</b>	(4,73,47)



₹'000

	2009-2010	2008-2009
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Share application money	5,24,72	-
Provision for taxation	(12,35)	(61,27)
Provision for Proposed Dividend	(61,72)	(71,80)
Additions/Repayment of Secured Loans	(4,20,14)	8,28,97
Unsecured Loans	1,01,57	(18,10)
Provision for Corporate Dividend Tax	(10,49)	(12,20)
Interest Paid	(2,00,32)	(1,67,72)
Prior period & extraordinary items	(2,45)	(6,33)
	<b>(81,18)</b>	<b>4,91,56</b>
<b>Net increase/(decrease) in cash &amp; cash equivalents</b>	<b>(9,19)</b>	<b>18,09</b>
<b>Opening balance of cash &amp; cash equivalents</b>	<b>18,50</b>	<b>41</b>
<b>Closing balance of cash &amp; cash equivalents</b>	<b>9,31</b>	<b>18,50</b>

Per our Report of even date  
for **PRATURI & SRIRAM**  
Chartered Accountants  
Firm Registration No. 002739S

**K. SRIRAM**  
Partner  
Membership No. 37821

Hyderabad,  
1st September, 2010

for and on behalf of the Board of Directors

**A. SUBRAHMANYAM**  
Director-Technical

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

## Schedules forming part of the Balance Sheet

	As at 31st March, 2010	₹'000 As at 31st March, 2009
<b>1A. SHARE CAPITAL</b>		
<b>Authorised</b>		
1,30,00,000 Equity Shares of ₹10 each	<u>13,00,00</u>	<u>13,00,00</u>
<b>Issued, Subscribed &amp; Paid-up</b>		
35,90,024 Equity Shares of ₹10 each	<u>3,59,00</u>	<u>3,59,00</u>
<b>TOTAL</b>	<u>3,59,00</u>	<u>3,59,00</u>
<b>1B. SHARE APPLICATION MONEY</b>		
6,55,000 Warrants of ₹10 (part paid 25%) (at a premium of ₹70)	<u>1,31,00</u>	—
5,24,957 shares of ₹10 each fully paid (including premium of ₹65)	<u>3,93,72</u>	—
<b>TOTAL</b>	<u>5,24,72</u>	<u>—</u>
<b>2. RESERVES &amp; SURPLUS</b>		
<b>Share Premium Account</b>	<u>3,70,08</u>	<u>3,70,08</u>
<b>General Reserve</b>		
Opening Balance	<u>1,47,02</u>	82,31
Add: Transfer from Profit and Loss Account	<u>26,56</u> <u>1,73,58</u>	<u>64,72</u> <u>1,47,03</u>
<b>Profit and Loss Account</b>		
Opening Balance	<u>8,18,06</u>	5,35,35
Additions during the year	<u>78,31</u> <u>8,96,37</u>	<u>2,82,71</u> <u>8,18,06</u>
<b>TOTAL</b>	<u>14,40,03</u>	<u>13,35,17</u>
<b>3. SECURED LOANS</b>		
Loans and Advances from Banks		
Cash Credit from ICICI Bank	<u>2,99,21</u>	<u>2,30,30</u>
Term Loans ICICI Bank	<u>10,07,90</u>	<u>14,96,94</u>
<b>TOTAL</b>	<u>13,07,11</u>	<u>17,27,24</u>
<b>4. UNSECURED LOANS</b>		
Hire Purchase Finance (including future interest liability)	<u>4,87</u>	<u>22,96</u>
Short Term Loan	<u>1,19,66</u>	—
<b>TOTAL</b>	<u>1,24,53</u>	<u>22,96</u>



₹'000

<b>5A. FIXED ASSETS</b>									
	<b>Gross Block</b>				<b>Depreciation</b>			<b>Net Block</b>	
	As at 1st April, 2009	Additions during the year	Deletions during the year	As at 31st March 2010	As at 1st April 2009	For the year	Deletions during the year	As at 31st March 2010	As at 31st March 2009
Goodwill	3,09,51	–	–	<b>3,09,51</b>	–	–	–	<b>3,09,51</b>	3,09,51
Land	8,91,56	–	1,82,42	<b>7,09,14</b>	–	–	–	<b>7,09,14</b>	8,91,56
Building	6,54,82	22,23	1,25,40	<b>5,51,65</b>	7,86	20,88	4,91	<b>23,83</b>	6,46,96
Electrical Installations	2,28,07	1,32	32,05	<b>1,97,34</b>	15,61	15,30	2,76	<b>28,15</b>	2,12,46
Office Equipments	1,50,96	48,54	–	<b>1,99,50</b>	18,55	12,74	–	<b>31,29</b>	1,32,40
Computers	7,75,47	69,88	18,00	<b>8,27,35</b>	1,80,91	1,23,95	7,85	<b>2,97,01</b>	5,94,56
Furniture & fixtures	2,24,43	32,84	22,50	<b>2,34,77</b>	9,49	14,02	1,89	<b>21,62</b>	2,14,94
Vehicles	70,43	–	–	<b>70,43</b>	12,13	6,69	–	<b>18,82</b>	58,30
<b>TOTAL</b>	<b>33,05,25</b>	<b>1,74,81</b>	<b>3,80,37</b>	<b>30,99,69</b>	<b>2,44,55</b>	<b>1,93,58</b>	<b>17,41</b>	<b>4,20,72</b>	<b>30,60,69</b>
Previous Year	17,22,39	16,47,57	64,71	<b>33,05,25</b>	1,58,90	1,48,58	62,92	<b>2,44,56</b>	<b>30,60,69</b>

**5B. CAPITAL WORK IN PROGRESS & EXPENSES PENDING ALLOCATION**

	As at 1st April, 2009	Additions during the year	Capitalised during the year	As at 31st March 2010
Capital Work-in-Progress	10,20	1,07,16	1,00,89	<b>16,47</b>
Capital Advances	82,13	–	45,18	<b>36,95</b>
<b>TOTAL</b>	<b>92,33</b>	<b>1,07,16</b>	<b>1,46,07</b>	<b>53,42</b>
Previous Year	5,04,38	3,04,64	7,16,69	<b>92,33</b>



	₹'000	
	As at 31st March 2010	As at 31st March 2009
<b>6. LONG TERM INVESTMENTS (Refer Note 7)</b>		
<b>Other Investments (unquoted) (at cost)</b>		
<b>Investments - Foreign</b>		
Crossroads Detailing Inc., USA	4,58,45	4,58,45
RMM Global Inc., USA	8,15	8,15
<b>TOTAL</b>	<b>4,66,60</b>	<b>4,66,60</b>
<b>7. CURRENT ASSETS</b>		
<b>Inventories</b>		
Work-in-Process	1,69,31	8,92
<b>Sundry Debtors (Refer Note 8a &amp; 8b)</b>		
Outstanding for more than 6 months		
Considered Good	2,67,74	-
Considered Doubtful	1,03,80	1,24,26
Other Debts - Considered Good	3,68,33	5,43,30
Less Provision for Doubtful Debts & back charges	1,03,80	1,24,26
	<b>6,36,07</b>	<b>5,43,30</b>
<b>Cash and Bank Balances</b>		
Cash in hand	14	5,70
With Scheduled Banks		
Current Accounts	24	10,64
Margin Money	5,24	-
Dividend Accounts	3,69	2,15
	<b>9,31</b>	<b>18,49</b>
<b>Other current assets</b>	<b>10,79</b>	<b>10,79</b>
37,520 Equity Shares of ₹10 each of Mold-Tek Technologies Ltd pending transfer to a proposed trust per Scheme of Arrangement approved by the Hon'ble High Court of Andhra Pradesh vide its order dated 25th July, 2008.		
<b>TOTAL</b>	<b>8,25,48</b>	<b>5,81,50</b>



	As at 31st March 2010		As at 31st March 2009	
<b>8. LOANS AND ADVANCES</b>				
Advances recoverable in cash or in kind or for value to be received, considered good				
Staff Advances	18,93		11,53	
Advances to Others	–		20	
Prepaid Expenses	1,45	20,38	2,24	13,97
Deposits/Balances with govt bodies		11,08		14,36
Other Deposits		92		23,21
Advance Tax, Tax deducted at source and income taxes		1,07,65		81,69
Deferred Interest on Hire Purchase Finance		4,96		1,49
TOTAL		1,44,99		1,34,72
<b>9. CURRENT LIABILITIES AND PROVISIONS</b>				
<b>Current Liabilities</b>				
Mold-tek Packaging Limited		35,42		2,86,36
Creditors for goods & expenses				
Creditors for Goods & Software Purchases	59,35		66,77	
Outstanding Expenses	1,96,43	2,55,78	3,29,39	3,96,16
Other Liabilities		45,36		2,84
<b>Provisions</b>				
Provision for Gratuity	29,01		44,25	
Proposed Dividend & Tax thereon	72,21		84,00	
Provision for Derivatives Loss	–		16,72	
Provision for Income Tax & FBT	45,27	1,46,49	61,27	2,06,24
TOTAL		4,83,05		8,91,60
<b>10. MISCELLANEOUS EXPENDITURE</b>				
Preliminary Expenses	13		26	
Less: Written off during the year	13	–	13	13
Deferred Revenue Expenditure				
Add: Current year	81,13		–	
Less: Written off during the year	12,15	68,98	–	–
TOTAL		68,98		13

## Schedules forming part of the Profit and Loss Account

₹'000

	2009-2010	2008-2009
<b>11. OTHER INCOME</b>		
Profit on Sale of Assets	1,09,63	10,30
Miscellaneous Income	1,84	13,13
Rental Income Received	49,48	20,00
TOTAL	<u>1,60,95</u>	<u>43,43</u>
<b>12. INCREASE IN WORK-IN-PROCESS</b>		
Opening Work-in-process	8,92	-
Closing Work-in-process	<u>1,69,31</u>	<u>8,92</u>
	1,60,39	8,92
TOTAL	<u>1,60,39</u>	<u>8,92</u>
<b>13. EMPLOYEES REMUNERATION &amp; BENEFITS</b>		
Salaries, Wages, Allowances & Bonus	6,46,71	5,55,07
Contribution to Provident Fund & ESIC	24,91	25,80
Welfare Expenses	19,50	27,83
Gratuity	-	4,75
Directors Remuneration & Perquisites	82,80	36,55
TOTAL	<u>7,73,92</u>	<u>6,50,00</u>
<b>14. SELLING &amp; DISTRIBUTION EXPENSES</b>		
Sales Promotion & Commission	12,00	16,05
Advertisement Expenses	1,63	4,48
TOTAL	<u>13,63</u>	<u>20,53</u>



		₹'000
	2009-2010	2008-2009
<b>15. OTHER EXPENSES</b>		
Rent	16,69	42,50
Rates & Taxes	21,64	1,19
Insurance	5,82	2,96
Communication Expenses	13,00	24,28
Power & Fuel	31,85	30,82
Travelling Expenses & Conveyance		
Foreign Travel	24,07	50,53
Travelling Expenses in India	21,53	23,66
Printing & Stationery	12,92	11,49
Repairs & Maintenance	51,48	22,78
Professional Charges	20,60	9,94
Bank Charges	24,71	24,93
Exchange Rate Fluctuation	43,52	(53,64)
General Expenses	12,42	54,29
TOTAL	3,00,25	2,45,73
<b>16. INTEREST AND FINANCIAL CHARGES</b>		
Interest on Term Loans	1,60,26	1,34,33
Interest on Working Capital	37,12	–
Interest charges on Other Loans	3,88	33,39
Interest received on Margin Money	(94)	–
TOTAL	2,00,32	1,67,72
<b>17. PROVISION FOR TAXATION</b>		
Provision for Income Tax	12,35	56,54
Provision for Fringe Benefit Tax	–	4,73
TOTAL	12,35	61,27

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

1. The financial statements are prepared on a going concern basis with historical costs, in accordance with Accounting Standards specified in sub-section 3(C) of Section 211 of the Companies Act 1956, to the extent applicable to the Company.
2. The Company generally recognizes income and expenditure on an accrual basis except those with significant uncertainties.
3. The preparation of financial statements requires the management to make estimates and assumptions considered in the reported amounts 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**

1. Fixed assets are stated at original cost including taxes, freight and other incidental expenses related to acquisition/installation and after adjustment of CENVAT benefits.
2. 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).
3. 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.
4. Goodwill on acquisitions is written off over a period of 5 years commencing from

the year in which the Company streamlines the acquired entity in tune with its presently existing operations.

**Depreciation**

Straight-line method of depreciation is adopted on all fixed assets on the basis of and at rates prescribed by Schedule XIV to the Companies Act, 1956 as amended from time to time.

**Investments**

Investments are carried in the books of accounts at cost of acquisition. Decline in market value if any, is considered in accordance with Accounting Standard 13.

**Interest and financial charges**

1. Documentation, commitment and service charges are charged off to the revenues of the Company during the period of incurrence.
2. 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 ownership rights of assets financed by hire purchase vest with the financing companies and on expiry of agreements will be transferred to the Company. The cash price of assets thus financed is capitalized and the principal amount along with future interest is reflected as unsecured loans. The corresponding amount of future interest is reflected as deferred interest under Loans and Advances.

**Revenue recognition**

Income from services is recognized when the same are fully rendered and billable. The Company adopts the percentage of completion basis for certain customers, and for certain customers on monthly fixed billing basis.

Work-in-process on incomplete service assignments and works are estimated based



on percentage of completion as at the end of the year.

Derivatives and unhedged foreign exchange exposures have been provided for in full based on the values applicable on either the closure of contractual obligations, or as at the year end.

### **Employee benefits**

#### **1. Gratuity**

Gratuity is provided in respect of employees on the basis of actuarial valuation as per Accounting Standard 15.

#### **2. 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.

#### **3. Liability for leave**

Liability for leave is treated as a short term liability and is accounted as and when earned by the employee.

### **Foreign currency transactions**

The foreign currency transactions are translated at the exchange rates prevailing on the date of transactions. Exchange gains or losses on transactions relating to fixed assets are capitalized as per the Accounting Standard 11, while in respect of others the impact is recognized in the Profit and Loss Account. Similar treatment is given to outstanding monetary transactions as at the Balance Sheet date.

### **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 and permanent difference between taxable and 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 based on principles of conservatism.

### **Miscellaneous expenditure**

Amortized over a period of 5 years.

### **Impairment of assets**

Assets of the Company whose realizable value stands diminished vis-à-vis their carrying cost are normally provided for in accordance with Accounting Standard 28.

### **Earnings per Share**

The basic Earning per Share ("BEPS") is calculated by dividing the net profit or loss after tax and prior period adjustments for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The diluted Earning 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**

1. The previous year'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.

#### **2. Share capital**

As per the Scheme of Arrangement approved by the Hon'ble High Court of Andhra Pradesh vide its order dated 25th July, 2008, the entire share capital of the company was restructured into 30,90,024 equity shares of ₹10 each consequent to the demerger of the plastics division of the Company into a separate company, viz., Mold-Tek Plastics Limited (now, Mold-Tek Packaging Limited).

Separately 5,00,000 equity shares of ₹10 each were issued on 24th April, 2006 (referred to in Clause 19.3 of the Scheme

of Arrangement) at a premium of ₹38 per share on conversion of share warrants arising out of the preferential offer.

- a. During the year, the Company allotted 6,55,000 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 ₹80 per Warrant (comprising face value of ₹10 and premium of ₹70 each), the issue price being not less than the price as arrived at, in accordance with the terms of Chapter XIII of Securities And Exchange Board of India Regulations, 2000), vide Special Resolution passed at Annual General Meeting held on 30th day of September, 2009. The said warrants are allotted on 1st January, 2010.

The Company has received ₹131 lakhs being the 25% of the value of the said warrants which is reflected as share application monies. The balance amount is to be received within 18 months from the date of allotment of warrants.

- b. During the year, the Company issued the following equity shares at a price of ₹75 per share, with the issue price being arrived at in accordance with the regulations of the Securities & Exchange Board of India Limited, by way of a Special Resolution passed at the Extraordinary General meeting of the members held on 25th March, 2010:

i.	Mold-Tek Packaging Limited	3,80,000 shares
ii.	RMM Global, Inc.	1,31,624 shares
iii.	Technet Engineering Services	13,333 shares

The preferential issue to M/s. RMM Global, Inc. & M/s. Technet Engineering Services Private Limited were in terms of asset purchase agreements dated 12th February, 2009 respectively. The allotment of the said shares was completed on 8th April, 2010, and the said amounts grossing to ₹5,24,71,775 are reflected as share application monies.

### 3. Secured loans & Scheme of Arrangement

Pursuant to the scheme of arrangement approved by the Hon'ble High Court of the Andhra Pradesh vide its Order of 25th July, 2008 term loan availed by the combined company from ICICI Bank for corporate office building land (Mold-Tek Technologies Limited) and Daman Plant expansion (Mold-Tek Packaging Limited) is bifurcated in these financial statements in the ratio in which the facility was availed. Similarly, the cash credit/working capital facility is also bifurcated.

The ICICI Bank has accordingly accorded recognition to bifurcate the combined term loan and cash credit/working capital facility into the two separate Accounts for Mold-Tek Technologies Limited and Mold-Tek Packaging Limited, respectively vide their Credit Arrangement letter dated 30th March, 2009. The same was made effective 19th August, 2009, vide a suitable credit addendum letter.

Long Term loan and working capital facilities from the ICICI Bank is secured by hypothecation by way of first charge on the following assets of the-Company:

- a. Exclusive first charge 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.

- b. Exclusive first charge on the movable fixed assets of the Company.
- c. First charge by way of equitable mortgage of land measuring 988 sq. yards & buildings thereon in Municipal No.8-2-293/82/A/700 and 967 sq. yards & buildings thereon in Municipal No.8-2-293/82/A/700/1, in Survey No. 403/1(Old), 120(New) of Shaikpet Village and 102/1 of Hakeempet Village, Road No.36, Jubilee Hills, Hyderabad

belonging to the Company valued at ₹19,53 lakhs, as per valuation report dated 6th December, 2008.

- d. Personal guarantees of Directors namely J. Lakshmana Rao, A. Subrahmanyam, J. Mytreyi & P. Venkateswara Rao.
- e. Pursuant to the sanction of the Scheme of Arrangement, the transfer of licenses, marks and rights away from the company remains pending. Apart from the above, certain operational exceptions prevailing are considered for disclosure under the relevant heads and groupings in these notes.

#### 4. Foreign currency exposures

The amounts receivable in foreign currency as on 31st March, 2010 on account of export of goods:

Particulars	31st March, 2010		31st March, 2009	
	₹ Lakhs	Foreign currency	₹ Lakhs	Foreign currency
Debtors	<b>596.97</b>	<b>USD 13,29,701</b>	500.97	USD 9,89,269
	<b>13.39</b>	<b>EUR 22,120</b>	15.85	EUR 23,523
	–	–	4.86	CND 12,036
	<b>0.24</b>	<b>AED 1,927</b>		

The amounts payable in foreign currency as on 31 March, 2010 on account of the creditors and other payables:

Particulars	31st March, 2010		31st March, 2009	
	₹ Lakhs	Foreign currency	₹ Lakhs	Foreign currency
Other Payable	<b>21.46</b>	<b>USD 47,794</b>	171.47	USD 3,44,000
Creditors	<b>19.08</b>	<b>USD 42,500</b>	–	–

## 5. Derivatives & options

The Company has entered into the following derivative instruments:

- a. Foreign exchange exposure of the nature of a hedging contract by way of an option confirmation with ICICI bank vide OP 202804 to 921, and 203502 dated 31st October, 2007 with the following particulars:

Currency	Buy	Sell	Cross Currency	Period	Strike Price ₹
USD	1,00,000	2,00,000	INR	April 2008 to October 2008	43.00
USD	1,00,000	2,00,000	INR	November 2008 to October 2009	42.00
USD	1,00,000	2,00,000	INR	November 2009 to October 2010	41.00
USD	1,00,000	2,00,000	INR	November 2010 to October 2011	39.50
USD	1,00,000	2,00,000	INR	November 2011 to October 2012	39.00

The impact of the actual exposures to March 31, 2010 are separately quantified and suitably disclosed in the accounts.

## 6. Fixed assets

- a. During the year, the Company has sold undivided share of 400 sq. yards of land and ground floor portion of corporate office building at Plot No. 700 Jubilee Hills, along with furniture, fixtures and electrical installations for ₹ 4.40 crore at an overall profit of ₹1.09 crore to Mold-Tek Packaging Limited.
- b. Physical verification of fixed assets has not been conducted during the year under review by the Company.
- c. Goodwill of ₹3.09 crore arising from the acquisition of the assets and liabilities acquired from M/s. RMM Global Inc., USA and its subsidiary in India, M/s. Technet Engineering Services Private Limited, has been reflected under fixed assets.

The Company as per its stated policy considers that the acquisition is streamlined at the end of the financial year under review, and will amortise goodwill arising on acquisition over a period of 5 years commencing from the financial year 2010-11. Thus, no amount has been provided for towards the proportionate charging off of such goodwill in the books during the period under review.

## 7. Investments

- a. In accordance with Accounting Standard 13, investments are stated at cost of acquisition. The cost of investments is reflected as long term investments. And any diminution in value of the same is considered temporary by the Company. Consequently, no provision is made in the accounts.
- b. Investments include an amount of ₹4.58 crore in Crossroads Detailing Inc., and ₹8.15 lakhs in M/s. RMM Global Inc., both 100% American subsidiary companies.



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

- a. Sundry Debtors include an amount of ₹371.54 lakhs outstanding for more than 6 months, for reasons such as possible non recoveries and back charges, against which a cautionary provision is made for ₹103.80 lakhs. The Company has written off an amount of ₹105.27 lakhs towards bad debts and unrealizable amounts out of the existing provision, and necessary approvals for any possible write offs pertaining to foreign currency debts, in accordance with RBI stipulations are awaited and to be applied for.
- b. Sundry debtors also include dues from subsidiaries, M/s. Crossroads Detailing Inc., and M/s. RMM Global Inc., Indiana of ₹380.43 lakhs & ₹116.51 lakhs respectively. A review of the relevant subsidiary company accounts reveal that an amount of ₹276.63 lakhs has been realized by M/s. CRD Inc., and is utilized by them to meet its running expenditure without remittance to India. Necessary approvals pertaining to such utilization foreign currency, in accordance with RBI stipulations are awaited and to be applied for.
- c. Current assets include 37,520 shares of your Company, Mold-Tek Technologies Limited (being 28% of 1,34,000 equity shares originally held by M/s. Teckmen Tools Private Limited, prior to amalgamation of that company with Moldtek Technologies Limited,) held in accordance the scheme of arrangement, and pending the vesting of the same into a separate trust/trustee along with dividend for financial year 2007-08 & financial year 2008-09, in keeping with the approval of the Scheme of Arrangement approved by the Hon'ble High Court of Andhra Pradesh. The corresponding dividend amounts due for the year 2007-08 & 2008-09 is a total of ₹1,50,080 and an amount of ₹1,12,560 is proposed for the current financial year 2009-10.
- d. The Company opted for actuarial valuation and provided for gratuity as per the notified norms per Accounting Standard 15 (Revised).

## 9. Earnings per Share

Particulars	2009-10	2008-09
Profit available for equity shareholders ₹ '000	<b>1,77,08</b>	4,31,43
Weighted average no. of equity shares outstanding	<b>35,90,024</b>	35,90,024
Effect of potential equity shares (Nos.)	<b>1,68,342</b>	–
Weighted average number of equity shares	<b>37,58,366</b>	35,90,024
Earning per share - Face Value of ₹10		
- Basic (₹)	<b>4.93</b>	12.08
- Diluted (₹)	<b>4.71</b>	12.08

## 10. Earnings in foreign currency (on accrual basis)

Particulars	2009-10	2008-09
FOB value of export of services	<b>1581.96</b>	1912.64

## 11. Expenditure in foreign currency

Particulars	2009-10	2008-09
Travelling	<b>16.54</b>	50.53
Others	<b>46.41</b>	59.28

**12. Professional charges include payables to Statutory Auditors (Net of service tax)**

₹ Lakhs

Particulars	2009-10	2008-09
Statutory/Tax audit including arrears	2.75	1.25
Tax matters, appeals decided in the year	5.40	0.00
Total	8.15	1.25

**13. Managerial Remuneration**

Particulars of remuneration paid/payable to Directors in accordance with approval of the Central government

₹ Lakhs

Particulars	2009-10	2008-09
Salary and perquisites	82.99	36.69
Total	82.99	36.69

**Computation of Net Profit in accordance with Section 309(5) of the Companies Act, 1956 for the year ended 31st March, 2010**

₹

Profit before Taxation as per Profit and Loss Account		1,91,88,344
Add: Depreciation/Amortisation charged in the accounts	1,93,58,924	
Provision for doubtful debts & loss on derivatives of current year	84,16,525	
Directors remuneration including Director's Fees	82,80,000	3,60,55,449
		5,52,43,793
Less: Depreciation under Section 350 of the Companies Act, 1956	3,60,20,724	
Loss on derivatives provided previous year charged off	16,72,000	
Profit on sale of Assets	1,09,62,517	
Written off Bad debts	1,05,12,363	5,91,67,604
Profit available for managerial remuneration		(39,23,811)
Managerial remuneration not to exceed	10%	-



### Computation as per Schedule XIII to the Companies Act, 1956 in the case of inadequacy of profits

₹

Effective capital of the Company as on 31st March, 2009		
Share Capital		359,00,240
Share Premium Account		3,70,08,360
General Reserve		1,47,02,068
Long term loans (not due within 1 year) excluding working capital loan, OD etc.		10,07,90,191
Accumulated profits carried forward		8,18,06,473
Miscellaneous Expenses (Preliminary)		(13,000)
Provision for loss on derivatives		(16,72,000)
Effective capital		26,85,22,332
Less Investment		4,66,60,118
Net effective capital		22,18,62,214
Managerial remuneration payable per managerial person		30,00,000
No of managerial persons	2	
J. Lakshmana Rao, Chairman & Managing Director		
J. Sudharani, Wholetime Director		
Managerial remuneration overall entitled in case of inadequacy of profits		
J. Lakshmana Rao @ ₹2.50 lakhs per month	30,00,000	
J. Sudharani as per her terms of appointment	18,00,000	

#### 14. Related Party Disclosures

##### i. Related Parties and Nature of Relationship

- Crossroads Detailing Inc., USA - Subsidiary company
- RMM Global Inc., USA - Subsidiary company
- J. Rana Pratap - Management Trainee - Son of Chairman & Managing Director
- J. Sudharani, Wholetime Director, wife of Chairman & Managing Director

##### ii. Key Management Personnel

- J. Lakshmana Rao, Chairman & Managing Director
- J. Sudharani, Wholetime Director

##### iii. Associated Companies


Mold-tek Packaging Ltd (Comprising the plastic division demerged from your Company effective 1st April, 2007)

**Related Party Transactions**

₹ Lakhs

Particulars	Subsidiaries		Associate Companies		Key management personnel		Others	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
<b>Sales</b>								
Crossroads Detailing, Inc.	<b>429.37</b>	458.40	-	-	-	-	-	-
RMM Global Inc., USA	<b>447.06</b>	93.24	-	-	-	-	-	-
Mold-Tek Packaging Limited (Rent)	-	-	<b>32.97</b>	18.36	-	-	-	-
<b>Remuneration</b>								
J. Lakshmana Rao	-	-	-	-	<b>61.20</b>	29.95	-	-
J. Sudharani	-	-	-	-	<b>21.60</b>	6.60	-	-
<b>Dividend</b>								
J. Lakshmana Rao					<b>0.46</b>	3.03		
J. Sudharani					<b>13.49</b>	10.94		
<b>Other Transactions</b>								
Mold-Tek Packaging Limited	-	-	<b>(247.18)</b>	(378.16)	-	-	-	-
J. Rana Pratap	-	-	-	-	-	-	<b>2.76</b>	-
<b>Outstanding receivable as at 31st March, 2010</b>								
Crossroads Detailing, Inc.	<b>380.43</b>	306.38	-	-	-	-	-	-
RMM Global Inc., USA	<b>116.51</b>	50.35	-	-	-	-	-	-
<b>Other Payables</b>								
Mold-Tek Packaging Limited	-	-	<b>35.42</b>	286.36	-	-	-	-

Per our Report of even date  
for **PRATURI & SRIRAM**  
Chartered Accountants  
Firm Registration No. 0027395

  
**K. SRIRAM**  
Partner  
Membership No. 37821  
Hyderabad,  
1st September, 2010

For and on behalf of the board of Directors

  
**A. SUBRAHMANYAM**  
Director-Technical

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



## Balance Sheet Abstract and Company Business Profile

### I. Registration Details

Registration No. 

0	5	6	3	1
---	---	---	---	---

 State Code 

0	1
---	---

Corporate Identification No. 

L	2	5	2	0	0	A	P	1	9	8	5	P	L	C	0	0	5	6	3	1
---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---

Balance Sheet Date 

3	1		0	3		2	0	1	0
---	---	--	---	---	--	---	---	---	---

### 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 

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

 Total Assets 

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

#### Sources of Funds

Paid-up Capital 

		8	8	3	7	2
--	--	---	---	---	---	---

 Reserves & Surplus 

	1	4	4	0	0	3
--	---	---	---	---	---	---

 Secured Loans 

	1	3	0	7	1	1
--	---	---	---	---	---	---

 Unsecured Loans 

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

#### Application of Funds

Net Fixed Assets 

	2	7	3	2	3	9
--	---	---	---	---	---	---

 Investments 

		4	6	6	6	0
--	--	---	---	---	---	---

 Net Current Assets 

		4	8	7	4	2
--	--	---	---	---	---	---

 Miscellaneous Expenditure 

			6	8	9	8
--	--	--	---	---	---	---

#### Accumulated Losses

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

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

Turnover & Other Income 

	1	9	0	6	9	5
--	---	---	---	---	---	---

 Total Expenditure 

	1	7	1	5	0	7
--	---	---	---	---	---	---

 Profit Before Tax 

		1	9	1	8	8
--	--	---	---	---	---	---

 Profit After Tax 

		1	7	9	5	3
--	--	---	---	---	---	---

Earnings per Share (₹) 

			4	.	9	3
--	--	--	---	---	---	---

 Dividend Rate (%) 

					1	5
--	--	--	--	--	---	---

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

The Company provides structural engineering services to clients

Item code No.	Product Description
	NA

**Statement pursuant to Section 212 of the Companies Act, 1956 relating to the Company's interest in subsidiary companies for the financial year 2009-10**

<b>Name of the subsidiary</b>	Crossroads Detailing Inc., USA	RMM Global Inc., USA
<b>Date from which became subsidiary</b>	9th April, 2007	1st January, 2009
<b>No. of shares held/face value (USD)</b>	84,441	1,000
<b>Extent of interest of holding company</b>	100%	100%

The following are the financial summaries of the subsidiary companies accounts as at 31st March 2010 not dealt with in the holding company's accounts:

₹ Lakhs

	Crossroads Detailing Inc., USA	RMM Global Inc., USA
Share Capital	33.79	0.51
Reserves	(201.45)	4.46
Secured & Unsecured Loans	5.79	–
Current Liabilities	390.21	148.85
Fixed Assets	20.39	–
Current Assets	207.95	153.82
Turnover	665.27	526.95
Profit before Tax	(145.57)	5.73
Taxation	–	3.48
Profit after Tax	(145.57)	2.25
Extraordinary & Prior period adjustments	28.79	–
Net Profit	(174.36)	2.25

for and on behalf of the Board of Directors



**A. SUBRAHMANYAM**  
Director-Technical



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

Hyderabad  
1st September, 2010





# RMM Global Inc, USA

## BALANCE SHEET AS AT 31ST MARCH, 2010

	31st March, 2010		31st March, 2009	
	USD	₹'000	USD	₹'000
<b>ASSETS</b>				
Current Assets				
Checking/Savings Corporate Checking	4,63,57	20,81	2,22,16	11,25
Current Assets Others				
Work-in-Process	7,86,39	37,14	–	–
Accounts Receivable	21,35,41	95,87	17,54,70	88,86
<b>TOTAL ASSETS</b>	<b>33,85,37</b>	<b>1,53,82</b>	<b>19,76,86</b>	<b>1,00,11</b>
<b>LIABILITIES &amp; EQUITY</b>				
Liabilities				
Current Liabilities				
Accounts Payable	7,20,50	32,35	10,70,50	54,21
Other Liabilities				
Related Party Due	25,95,06	1,16,51	8,84,19	44,78
<b>Total Liabilities</b>	<b>33,15,56</b>	<b>1,48,85</b>	<b>19,54,69</b>	<b>98,99</b>
Equity				
Equity	10,00	51	10,00	51
Retained Earnings	12,17	56	–	–
Transfer in from Profit and Loss				
Appropriation Account	–	5	–	–
Foreign Currency Translation Reserve	–	1,59	–	–
Current year earnings	47,64	2,25	12,17	62
<b>Total Equity</b>	<b>69,81</b>	<b>4,97</b>	<b>22,17</b>	<b>112</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>33,85,37</b>	<b>1,53,82</b>	<b>19,76,86</b>	<b>1,00,11</b>

**RMM Global Inc, USA****PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010**

	31st March, 2010		31st March, 2009	
	USD	₹'000	USD	₹'000
<b>Ordinary Income/Expense</b>				
Income				
Detailing	1,11,48,93	5,26,52	26,02,75	1,20,66
Other Income	9,25	44	–	–
Total Income	1,11,58,18	5,26,95	26,02,75	1,20,66
Cost of Goods Sold	96,02,83	4,53,50	18,87,87	87,52
Gross Profit	15,55,35	73,45	7,14,88	33,14
Work-in-process	(7,86,39)	(37,14)	–	–
Expense				
Bank Service Charges	1,02	5	2,18	10
Insurance	1,31,68	6,22	49,64	2,30
Office Supplies	26,76	1,26	2,46	11
Payroll Expenses	12,49,82	59,02	5,36,66	24,88
Payroll Taxes	3,38,28	15,98	–	–
Travel & Entertainment	93,38	4,41	62,60	2,90
Rent	1,23,42	5,83	30,85	1,43
Communication Expenses	56,14	2,65	14,32	66
Professional Fees	75,00	3,54	–	–
Staff Welfare Expenses	10,65	50	–	–
Repairs & maintenance	5,45	26	–	–
Selling Expenses	1,06,10	5,01	–	–
Taxes	73,74	3,48	–	–
Adjustment of fluctuation in consolidation	–	–	–	(5)
Equipment & Service Account	2,66	13	3,99	19
Total Expense	15,07,71	71,20	7,02,71	32,53
Net Income	47,64	2,25	12,17	62



## **RMM Global Inc. Auditors' Report**

The Shareholders,  
RMM Global, INC, Indiana.

We have compiled the accompanying Balance Sheet of RMM Global, Inc., (the "Company") (a Corporation) as of March 31, 2010, and the related statement of income and retained earnings for the year then ended, in accordance with statements on standards for accounting and review services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

Management has elected to omit substantially all of the disclosures and statement of cash flows required by generally accepted accounting principles. If the omitted disclosures and statement of cash flows were included with the financial statements, they might influence the User's conclusions about the Company's financial position, results of operations and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

**Bober, Markey, Fedorovich & Company**  
Certified Public Accountants

Indiana  
September 1, 2010

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## **Crossroads Detailing, Inc. Auditors' Report**

The Shareholders,  
Crossroads Detailing, Inc.

We have compiled the accompanying statement of assets, liabilities and equity modified cash basis of crossroads Detailing, Inc., as of March 31, 2010, and the related statements of revenue and expenses - modified cash basis and retained earnings - modified cash basis for the twelve months then ended, in accordance with statements on standards for accounting and review services issued by the American Institute of Certified Public Accountants. The statements have been prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express opinion or any other form of assurance on them.

Management has elected to omit substantially all of the disclosures ordinarily included in financial statements prepared on the modified cash basis of accounting. If the omitted disclosures were included with the financial statements, they might influence the User's conclusions about the Company's assets, liabilities, equity, revenues & expenses. Accordingly, these financial statements are not designed for those who are not informed about such matters.

**Miller & Stewart LLC**  
Certified Public Accountants

Indiana  
August 27, 2010

Crossroads Detailing, Inc.  
6319e, US HWY 36,  
Avon,  
Indiana-46123.

**Crossroads Detailing Inc, USA****BALANCE SHEET AS AT 31ST MARCH, 2010**

	<b>31st March, 2010</b>		<b>31st March, 2009</b>	
	<b>USD</b>	<b>₹'000</b>	<b>USD</b>	<b>₹'000</b>
<b>ASSETS</b>				
Current Assets				
Checking/Savings				
Corporate Checking	<b>19,33</b>	<b>87</b>	2,21,30	11,21
Bank Error	<b>-</b>	<b>-</b>	(1)	-
Savings	<b>-</b>	<b>-</b>	45,81	2,33
Total Checking/Savings	<b>19,33</b>	<b>87</b>	2,67,10	13,53
Work-in-process	<b>46,13</b>	<b>2,18</b>	3,28,40	15,22
Accounts Receivable				
Accounts Receivable	<b>53,81,66</b>	<b>2,41,61</b>	49,67,30	2,51,54
Less: Provision for Bad Debts	<b>8,34,29</b>	<b>37,46</b>	-	-
Total Accounts Receivable	<b>45,47,37</b>	<b>2,04,15</b>	49,67,30	2,51,54
Total Current Assets	<b>46,12,83</b>	<b>2,07,20</b>	55,62,80	2,80,30
Fixed Assets				
Accumalated Depreciation	<b>(22,75,85)</b>	<b>(91,87)</b>	(22,17,28)	-89,11
Building, Equipment & Software	<b>27,82,09</b>	<b>1,11,34</b>	27,82,09	1,11,34
Land	<b>23,00</b>	<b>92</b>	23,00	92
Total Fixed Assets	<b>5,29,24</b>	<b>20,39</b>	5,87,81	23,15
Other Assets				
Ohio Gas Deposit	<b>16,74</b>	<b>75</b>	16,74	85
<b>TOTAL ASSETS</b>	<b>51,58,81</b>	<b>2,28,34</b>	61,67,35	3,04,30
<b>LIABILITIES &amp; EQUITY</b>				
Current Liabilities				
Other Payables	<b>2,17,98</b>	<b>9,79</b>	-	-
Accounts Payable	<b>93,86,79</b>	<b>4,21,42</b>	59,78,50	3,02,75
Less: Back Charges	<b>9,13,06</b>	<b>40,99</b>	-	-
Total Current Liabilities	<b>86,91,71</b>	<b>3,90,21</b>	59,78,50	3,02,75
Long Term Liabilities				
Building Loan	<b>1,28,96</b>	<b>5,79</b>	1,58,61	8,03
Total Long Term Liabilities	<b>1,28,96</b>	<b>5,79</b>	1,58,61	8,03
Total Liabilities	<b>88,20,68</b>	<b>3,96,00</b>	61,37,11	3,10,78
Equity				
Opening Balance Equity	<b>8,44,41</b>	<b>33,79</b>	8,44,41	33,79
Retained Earnings	<b>(8,14,17)</b>	<b>(57,81)</b>	31,64,27	1,26,63
Transfer in from Profit and Loss				
Appropriation Account	<b>-</b>	<b>17,53</b>	-	-
Foreign Currency Translation Reserve	<b>-</b>	<b>13,19</b>	-	-
Profit and Loss current year	<b>(36,92,11)</b>	<b>(1,74,36)</b>	(39,78,44)	(1,66,91)
Total Equity	<b>(36,61,87)</b>	<b>(1,67,67)</b>	30,24	(6,49)
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>51,58,81</b>	<b>2,28,34</b>	61,67,35	3,04,30

# Crossroads Detailing Inc, USA

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010



	31st March, 2010		31st March, 2009	
	USD	₹'000	USD	₹'000
<b>Ordinary Income/Expense</b>				
Income				
Consulting Income	8,06,60	38,09	-	-
Detailing	1,28,99,96	6,09,21	1,59,21,60	7,38,13
Less: Back Charges	1,38,08	6,52	24,51,87	1,13,67
Negotiated cost	11,74	55	41,30	1,91
Provision for Back Charges	8,26,16	39,02	-	-
Total Income	1,27,30,58	6,01,21	1,34,28,43	6,22,54
Cost of Goods Sold				
Cost of Goods Sold - MTTL	90,39,78	4,26,91	83,86,24	3,88,79
Less: Back Charges	9,13,06	43,12	-	-
Opening Work-in-Process	3,28,40	15,51	-	-
Closing Work in Process	46,13	2,18	1,03,03	4,78
Total Cost of Goods Sold	84,08,99	3,97,12	82,83,21	3,84,01
Gross Profit	43,21,59	2,04,09	51,45,22	2,38,53
Expense				
Selling Expenses	29,00	1,37	69,40	3,22
Automobile Expenses	-	-	11,68	54
Bank Service Charges	8,60	41	4,25	20
Contract Labor	3,49,30	16,50	4,61,75	21,41
Depreciation Expenses	58,57	2,77	58,57	2,72
Insurance				
Health Insurance	4,48,99	21,20	5,18,36	24,03
Insurance - Other	33,12	1,56	29,07	1,35
Total Insurance	4,82,11	22,77	5,47,43	25,38
Interest Expense				
Loan Interest	-	-	18,20	84
Total Loan Interest	-	-	18,20	84
Miscellaneous	21,69	1,02	3,99	19
Office Supplies	37,24	1,76	43,66	2,02
Payroll Expenses	65,32,37	3,08,50	77,33,59	3,58,53
Postage and Delivery	1,83	9	4,24	20
Professional Fees				
Accounting	52,35	2,47	33,11	1,53
Legal Fees	45,64	2,16	87,93	4,08
Professional Fees - Other	3,40	16	3,40	16
Total Professional Fees	1,01,39	4,79	1,24,44	5,77

(Contd.)

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010 (Contd.)**

	31st March, 2010		31st March, 2009	
	USD	₹'000	USD	₹'000
Repairs				
Building Repairs	<b>6,10</b>	<b>29</b>	13,38	62
Equipment Repairs	<b>1,25</b>	<b>6</b>	10,02	46
Total Repairs	<b>7,35</b>	<b>35</b>	23,40	1,08
Software	–	–	1,44,11	6,68
Taxes - Property	<b>23,66</b>	<b>1,12</b>	19,24	89
Telephone	<b>43,17</b>	<b>2,04</b>	50,19	2,33
Utilities				
Garbage	–	–	3,21	15
Gas and Electric	<b>67,70</b>	<b>3,20</b>	1,02,96	4,77
Internet	<b>3,40</b>	<b>16</b>	29	1
Water	<b>17,32</b>	<b>82</b>	28,30	1,31
Total Utilities	<b>88,42</b>	<b>4,18</b>	1,34,76	6,25
Total Expense	<b>77,84,69</b>	<b>3,67,64</b>	94,52,90	4,38,24
Net Ordinary Income	<b>(34,63,10)</b>	<b>(1,63,55)</b>	(43,07,68)	(1,99,70)
Other Income				
Adjustment of Exchange rate fluctuation	–	–	–	17,53
Interest Income	–	–	21	1
Other Income	<b>3,80,60</b>	<b>17,97</b>	3,29,04	15,25
Total Other Income	<b>3,80,60</b>	<b>17,97</b>	3,29,25	32,79
Prior Period Adjustments	<b>6,09,60</b>	<b>28,79</b>	–	–
Net Income	<b>(36,92,11)</b>	<b>(1,74,36)</b>	(39,78,44)	(1,66,91)



## Auditors' Report on Consolidated Accounts

The Board of Directors  
Mold-Tek Technologies Limited

1. We have audited the attached Consolidated Balance Sheet of MOLD-TEK TECHNOLOGIES LIMITED, 'the Company' and its subsidiaries, together referred to as 'the Group,' as at March 31, 2010, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statements of the Group for the year ended on the date, annexed thereto. These financial statements are the responsibility of the company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the 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 examine, 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 financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of the subsidiaries, M/s. Crossroads Detailing Inc. and M/s. RMM Global Inc. for the year ended on 31 March 2010. These financial statements and other financial information have been compiled by external auditors whose reports have been furnished to us, and our opinion, in

so far as it relates to the amounts included in respect of these subsidiaries is based solely on the report of such external auditors.

4. We report that the Consolidated Financial Statements have been prepared by the company's management in accordance with the requirements of Accounting Standard 21 - Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India, and notified by the Companies (Accounting Standards) Rules, 2006.
5. Based on our audit and on consideration of the reports of the other auditors on separate financial statements and on the financial information of the components, in our opinion and to the best of our information and according to the explanations given to us the attached Consolidated Financial Statements, give a true and fair view in conformity with the accounting principles generally accepted in India:
  - a. In the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2010
  - b. In the case of the Consolidated Profit and Loss Account, of the profit of the Group for the year ended 31st March, 2010; and
  - c. In the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended 31st March, 2010.

For **PRATURI & SRIRAM**  
Chartered Accountants  
Firm Registration No. 002739S

**K. SRIRAM**

Partner

Membership No. 37821

Hyderabad  
1st September, 2010


# Consolidated Balance Sheet

AS AT 31st MARCH, 2010

₹ '000

Schedule	As at 31st March 2010	As at 31st March 2009
<b>SOURCES OF FUNDS</b>		
<b>Shareholders' Funds</b>		
Share Capital 1	3,59,00	3,59,00
Share Application Money 1A	5,24,72	
Reserves & Surplus 2	12,43,03	12,95,50
<b>Loan Funds</b>		
Secured Loans 3	13,12,90	17,35,28
Unsecured Loans 4	1,24,53	22,96
<b>TOTAL</b>	<b>35,64,18</b>	<b>34,12,74</b>
<b>APPLICATION OF FUNDS</b>		
Goodwill on Consolidation	4,32,30	4,32,30
Fixed Assets - Net Block 5A	26,99,36	30,83,84
Capital Work-in-Progress 5B	53,42	92,33
Current Assets, Loans and Advances		
Current Assets 6	6,73,85	5,96,66
Loans and Advances 7	1,45,74	1,35,57
Less: Current Liabilities and Provisions 8	(5,09,47) 3,10,12	(9,28,09) (1,95,86)
Miscellaneous & Deferred Expenditure to the extent not written off 9	68,98	13
<b>TOTAL</b>	<b>35,64,18</b>	<b>34,12,74</b>
Significant Accounting Policies and Notes to Accounts 17		

Per our Report of even date  
for **PRATURI & SRIRAM**  
Chartered Accountants  
Firm Registration No. 002739S

  
**K. SRIRAM**  
Partner  
Membership No. 37821

Hyderabad,  
1st September, 2010

for and on behalf of the Board of Directors

  
**A. SUBRAHMANYAM**  
Director-Technical

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





# Consolidated Profit and Loss Account

FOR THE YEAR ENDED 31st MARCH, 2010

₹'000

	Schedule	2009-2010	2008-2009
<b>INCOME</b>			
Sales			
Services Sales		27,56,22	27,71,43
Less: Cost of Goods Sold		8,80,41	4,76,31
Domestic Sales		3,65	95
Net Sales		18,79,46	22,96,07
Other Income	10	1,78,92	58,70
Increase in Work-in-Process	11	1,84,19	13,70
<b>TOTAL</b>		<b>22,42,57</b>	<b>23,68,47</b>
<b>EXPENDITURE</b>			
Employees Remuneration & Benefits	12	11,73,91	10,54,81
Selling & Distribution Expenses	13	20,01	23,75
Other Expenses	14	3,63,61	2,87,38
Interest & Financial Charges	15	2,00,32	1,68,56
Derivative Loss		1,36,92	1,09,96
Provision for bad debts & back charges		87,14	2,39,84
Preliminary & Deferred Expenses written off		12,28	13
Depreciation	5A	1,96,34	1,51,30
<b>TOTAL</b>		<b>21,90,53</b>	<b>20,35,73</b>
<b>PROFIT BEFORE PRIOR PERIOD ADJUSTMENTS AND TAX</b>		<b>52,04</b>	<b>3,32,74</b>
Provision for Taxation for the year	16	15,83	56,54
Provision for FBT		-	4,73
<b>PROFIT AFTER TAX</b>		<b>36,21</b>	<b>271,47</b>
Prior period adjustments		31,24	6,33
<b>NET PROFIT FOR THE YEAR</b>		<b>4,97</b>	<b>2,65,14</b>
Transferred to General Reserve		26,56	64,72
Proposed dividend		61,72	71,80
Provision for Corporate Dividend Tax		10,49	12,20
Profit transferred to Balance Sheet		(93,81)	116,42
Significant Accounting Policies and Notes on Accounts	17		
Earning Per Share - Basic (₹)		0.14	7.38
- Diluted (₹)		0.13	7.38

Per our Report of even date

for **PRATURI & SRIRAM**

Chartered Accountants

Firm Registration No. 002739S

**K. SRIRAM**

Partner

Membership No. 37821

Hyderabad,

1st September, 2010

for and on behalf of the Board of Directors

**A. SUBRAHMANYAM**

Director-Technical

**J. LAKSHMANA RAO**

Chairman & Managing Director

# Consolidated Cash Flow Statement

FOR THE YEAR ENDED 31st MARCH, 2010

₹'000

	2009-2010	2008-2009
<b>A. CASH FLOW FROM OPERATIONS</b>		
Net Profit as per Profit and Loss Account	52,04	3,32,74
Adjustment for		
Depreciation	1,96,34	1,51,30
Preliminary Expenses & Deferred Expenses	(68,85)	13
Interest Paid	2,00,32	1,68,56
Provision for Gratuity	— 3,27,81	4,75 3,24,74
Operating Profit Before working capital changes	3,79,85	6,57,48
Adjustment for		
Trade and other receivables	95,00	1,23,74
Proposed trust	—	(10,79)
Work-in-process	(1,84,48)	(15,13)
Trade Payables & Other Liabilities (Including Derivatives Loss)	(4,18,60)	1,18,83
Advances/Receivables	(10,18) (5,18,26)	(1,25,95) 90,70
Cash generated from operations	(1,38,41)	7,48,18
<b>B. CASH FLOW FROM INVESTMENT ACTIVITIES</b>		
Purchase of Fixed Assets	(1,74,81)	(16,47,57)
Sale of Fixed Assets	3,62,96	1,78
Investment in 100% Wholly Owned Subsidiary (RMM)	—	4,50
Capital Work-in-Progress and pending capitalisation	38,90 2,27,05	4,12,05 (12,29,24)
	88,64	(4,81,06)



₹'000

	2009-2010	2008-2009
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Share application money	5,24,72	-
Provision for taxation	(15,83)	(61,27)
Provision for Proposed Dividend	(61,72)	(71,80)
Additions/Repayment of Secured Loans	(4,22,38)	8,30,09
Unsecured Loans	1,01,57	(18,10)
Investments written off	-	(7,65)
Provision for Corporate Dividend Tax	(10,49)	(12,20)
Interest Paid	(2,00,32)	(1,68,56)
Foreign Currency Translation Reserve	14,78	
Prior period & Extraordinary Items	(31,24) (1,00,92)	(6,33) 4,84,17
<b>Net increase/(decrease) in cash &amp; cash equivalents</b>	<b>(12,28)</b>	<b>3,11</b>
<b>Opening balance of cash &amp; cash equivalents</b>	<b>43,27</b>	<b>40,16</b>
<b>Closing balance of cash &amp; cash equivalents</b>	<b>30,99</b>	<b>43,27</b>

Per our Report of even date  
for **PRATURI & SRIRAM**  
Chartered Accountants  
Firm Registration No. 002739S

**K. SRIRAM**  
Partner  
Membership No. 37821

Hyderabad,  
1st September, 2010

for and on behalf of the Board of Directors

**A. SUBRAHMANYAM**  
Director-Technical

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

## Schedules forming part of the Consolidated Balance Sheet

	As at 31st March 2010		As at 31st March 2009	
				₹'000
<b>1A. SHARE CAPITAL</b>				
<b>Authorised</b>				
1,30,00,000 Equity Shares of ₹10 each	13,00,00		13,00,00	
<b>Issued, Subscribed &amp; Paid-up</b>				
35,90,024 Equity Shares of ₹10 each	3,59,00		3,59,00	
<b>TOTAL</b>	<b>3,59,00</b>		<b>3,59,00</b>	
<b>1B. SHARE APPLICATION MONEY</b>				
6,55,000 Warrants of ₹10 (part paid 25%) (at a premium of ₹70)	1,31,00		-	
5,24,957 shares of ₹10 each fully paid (including premium of ₹65)	3,93,72		-	
<b>TOTAL</b>	<b>5,24,72</b>		<b>-</b>	
<b>2. RESERVES &amp; SURPLUS</b>				
<b>Share Premium</b>	3,70,08		3,70,08	
<b>General Reserve</b>				
Opening Balance	1,47,02		82,30	
Add: Transfer from Profit and Loss Account	26,56	1,73,58	64,72	1,47,02
<b>Profit and Loss Account</b>				
Opening Balance	7,78,40		6,61,98	
Less: Transfer to Foreign Currency Translation Reserve	(17,58)		-	
Additions/(Deletions) during the year	(93,81)	6,67,01	1,16,42	7,78,40
<b>Foreign Currency Translation Reserve</b>				
Transfer from Profit and Loss Account	17,58		-	
Additions during the year	14,78	32,36	-	-
<b>TOTAL</b>	<b>12,43,03</b>		<b>12,95,50</b>	



		₹'000
	As at 31st March 2010	As at 31st March 2009
<b>3. SECURED LOANS</b>		
Loans and Advances from Banks		
Cash Credit from ICICI Bank	2,99,21	2,30,31
Term Loans		
ICICI Bank	10,07,90	14,96,94
Building Loan	5,79	8,03
- Relating to Crossroads Detailing Inc, (USA Company, suitably translated)		
TOTAL	<u>13,12,90</u>	<u>17,35,28</u>
<b>4. UNSECURED LOANS</b>		
Hire Purchase Finance	4,87	22,96
(including future interest liability)		
Short Term Loan	1,19,66	-
TOTAL	<u>1,24,53</u>	<u>22,96</u>

₹'000

<b>5A. FIXED ASSETS</b>									
	<b>Gross Block</b>				<b>Depreciation</b>			<b>Net Block</b>	
	As at 1st April, 2009	Additions during the year	Adjustments/ Deletions during the year	As at 31st March 2010	As at 1st April 2009	For the year	Adjustments/ Deletions during the year	As at 31st March 2010	As at 31st March 2009
Goodwill	3,09,51	-	-	<b>3,09,51</b>	-	-	-	<b>3,09,51</b>	3,09,51
Land	8,92,48	-	1,82,42	<b>7,10,06</b>	-	-	-	<b>7,10,06</b>	8,92,48
Building	6,54,82	22,23	1,25,40	<b>5,51,65</b>	7,86	20,88	4,91	<b>23,83</b>	6,46,96
Electrical Installations	2,28,07	1,32	32,05	<b>1,97,34</b>	15,61	15,30	2,76	<b>28,15</b>	2,12,46
Office Equipments	1,50,96	48,54	-	<b>1,99,50</b>	18,55	12,74	-	<b>31,29</b>	1,32,40
Computers	7,75,47	69,88	18,00	<b>8,27,35</b>	1,80,91	1,23,95	7,85	<b>2,97,01</b>	5,94,56
Furniture & fixtures	2,24,43	32,84	22,50	<b>2,34,77</b>	9,49	14,02	1,89	<b>21,62</b>	2,14,94
Vehicles	70,43	-	-	<b>70,43</b>	12,13	6,69	-	<b>18,82</b>	58,30
Building & Equipment	1,11,34	-	-	<b>1,11,34</b>	89,11	2,77	-	<b>91,88</b>	22,23
<b>TOTAL</b>	<b>34,17,51</b>	<b>1,74,81</b>	<b>3,80,37</b>	<b>32,11,96</b>	<b>3,33,66</b>	<b>1,96,34</b>	<b>17,41</b>	<b>5,12,59</b>	<b>30,83,84</b>
Previous Year	18,34,65	16,47,57	64,71	<b>34,17,51</b>	2,45,29	1,51,30	62,93	<b>3,33,67</b>	

**5B. CAPITAL WORK IN PROGRESS & EXPENSES PENDING ALLOCATION**

	As at 1st April, 2009	Additions during the year	Capitalised during the year	As at 31st March 2010
Capital Work-in-Progress	10,20	1,07,16	1,00,89	<b>16,47</b>
Capital Advances	82,13	-	45,18	<b>36,95</b>
<b>TOTAL</b>	<b>92,33</b>	<b>1,07,16</b>	<b>1,46,07</b>	<b>53,42</b>
Previous Year	5,04,38	3,04,64	7,16,69	<b>92,33</b>



	As at		As at	
	31st March 2010		31st March 2009	
<b>6. CURRENT ASSETS</b>				
<b>Inventories</b>				
Work-in-Process		2,08,63		24,15
<b>Sundry Debtors</b>				
Outstanding for more than 6 months				
Considered Good	1,65,52		–	
Considered Doubtful	1,09,80		38,56	
Other Debts - Considered Good	2,57,93		5,18,45	
Less Provision for Doubtful Debts	1,09,80	4,23,45	38,56	5,18,45
<b>Cash and Bank Balances</b>				
Cash in hand	14		5,70	
With Scheduled Banks				
Current Accounts	21,92		35,42	
Margin Money	5,23			
Dividend Accounts	3,69	30,98	2,15	43,27
<b>Other Current Assets</b>		10,79		10,79
37,520 Equity Shares of ₹10 each held in Mold-tek Technologies Limited pending transfer to a proposed trust per Scheme of Arrangement approved by the Hon'ble High Court of Andhra Pradesh vide its order dated 25th July, 2008.				
<b>TOTAL</b>		<b>6,73,85</b>		<b>5,96,66</b>
<b>7. LOANS AND ADVANCES</b>				
Advances recoverable in cash or in kind or for value to be received, considered good				
Staff Advances	18,93		11,53	
Advances to Others	–		20	
Prepaid Expenses	1,45	20,38	2,24	13,97
Deposits/Balances with government bodies		11,08		14,36
Other Deposits		1,67		24,06
Advance Tax, Tax deducted at source and income taxes		1,07,65		81,69
Deferred interest on hire purchase finance		4,96		1,49
<b>TOTAL</b>		<b>1,45,74</b>		<b>1,35,57</b>

	As at		As at	
	31st March, 2010		31st March, 2009	
<b>8. CURRENT LIABILITIES AND PROVISIONS</b>				
<b>Current Liabilities</b>				
Mold-tek Plastics Limited		35,42		2,86,36
Creditors for goods & expenses				
Creditors for Goods & Software Licenses	59,20		66,77	
Outstanding Expenses	2,23,00	2,82,20	3,65,88	4,32,65
Other Liabilities		45,36		2,84
<b>Provisions</b>				
Provision for Gratuity	29,01		44,25	
Proposed Dividend & Tax thereon	72,21		84,00	
Opening Provision for Loss on Derivatives	—		16,72	
Less: Written off in the year	—		—	
Add: Provision for the current year	—		—	
Provision for Income Tax	45,27	1,46,49	61,27	2,06,24
<b>TOTAL</b>		<b>5,09,47</b>		<b>9,28,09</b>
<b>9. MISCELLANEOUS EXPENDITURE</b>				
Preliminary Expenses	13		26	
Less: Written off during the year	13	—	13	13
Deferred Revenue Expenditure				
Add: Current year	81,13		—	
Less: Written off during the year	12,15	68,98	—	—
<b>TOTAL</b>		<b>68,98</b>		<b>13</b>





## Schedules forming part of the Consolidated Profit and Loss Account

₹'000

	2009-2010	2008-2009
<b>10. OTHER INCOME</b>		
Other Income		
Profit on Sale of Assets	1,09,63	10,30
Miscellaneous Income	19,81	35,26
Rent from Mold-tek Packaging Limited	49,48	13,14
<b>TOTAL</b>	<b>1,78,92</b>	<b>58,70</b>
<b>11. INCREASE IN WORK-IN-PROCESS</b>		
Opening Work-in-process	24,43	10,45
Closing Work-in-process	2,08,62	24,15
<b>TOTAL</b>	<b>1,84,19</b>	<b>13,70</b>
<b>12. EMPLOYEES REMUNERATION &amp; BENEFITS</b>		
Salaries, Wages, Allowances & Bonus	10,14,23	9,38,47
Contribution to Provident Fund & ESIC	40,88	25,80
Welfare Expenses	19,50	27,83
Gratuity	–	4,75
Directors' Remuneration & Perquisites	82,80	36,55
Contract Labour	16,50	21,41
<b>TOTAL</b>	<b>11,73,91</b>	<b>10,54,81</b>
<b>13. SELLING &amp; DISTRIBUTION EXPENSES</b>		
Sales Promotion & Commission	18,38	16,05
Advertisement Expenses	1,63	7,70
<b>TOTAL</b>	<b>20,01</b>	<b>23,75</b>

		₹'000
	2009-2010	2008-2009
<b>14. OTHER EXPENSES</b>		
Rent	22,52	43,93
Rates & Taxes	22,76	2,08
Insurance	34,80	30,64
Communication Expenses	17,94	27,28
Power & Fuel	35,04	35,59
Travelling Expenses & Conveyance		
Foreign Travel	24,07	43,73
Travelling Expenses in India	25,94	33,36
Printing & Stationery	14,31	13,70
Repairs & Maintenance	52,09	31,09
Professional charges	28,93	15,71
Bank Charges	25,17	25,23
Exchange Rate Fluctuation	43,52	(71,21)
General Expenses	16,52	56,25
TOTAL	3,63,61	2,87,38
<b>15. INTEREST &amp; FINANCIAL CHARGES</b>		
Interest on Term Loans	16025	1,34,32
Interest on Working Capital	3712	30,36
Interest charges on Other Loans	389	3,88
Interest received on Margin Money	(94)	–
TOTAL	20032	1,68,56
<b>16. PROVISION FOR TAXATION</b>		
Provision for Income Tax	15,83	56,54
Provision for Fringe Benefit Tax	–	4,73
TOTAL	15,83	61,27



## 17. SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS

### SIGNIFICANT ACCOUNTING POLICIES

#### Method of accounting

- a. The Consolidated Financial Statements relate to Mold-Tek Technologies Limited and its subsidiaries. The Consolidated Financial Statements have been prepared in accordance with Accounting Standard 21 (AS21) 'Consolidated Financial Statements,' on a going concern basis with historical cost convention, in accordance with accounting principles generally accepted in India and as per 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 to make estimates and assumptions considered in the reported amounts 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.
- d. All intercompany transactions, balances and unrealized surpluses and deficits on transactions between group companies are eliminated.

#### 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 if any. 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. Straight line method of depreciation is adopted on all fixed assets on the basis of and at rates prescribed by Schedule XIV to the Companies Act, 1956 as amended from time to time.
- c. Expenditure not specifically related to any asset and incurred in respect of fixed assets not commissioned is carried forward as an expenditure pending allocation and forms part of Capital work-in-progress.

#### Investments

Investments are carried in the books of accounts at cost of acquisition. Decline in market value if any, is considered in accordance with Accounting Standard 13.

The difference between the costs of investment in the subsidiaries over the company's portion of equity of the subsidiary is recognized in the financial statements as Goodwill or Capital Reserve.

The financial statements of the subsidiaries are drawn up to 31st March, 2010.

#### Interest and financial charges

- a. Documentation, commitment and service charges are charged to the revenue of the Company during the period in which it is incurred.
- 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 ownership rights of assets financed by hire purchase vest with the financing companies and on expiry of agreements will be transferred to the Company. The cash price of assets thus financed is capitalized and the principal amount along with future interest is reflected as unsecured loans. The corresponding amount of future interest is reflected as deferred interest under Loans and Advances.

#### **Revenue recognition**

Income from services is recognized when the same are fully rendered and billable. The company adopts the percentage of completion basis for certain customers, and for certain customers on monthly fixed billing basis.

Work in process on incomplete service assignments and works are estimated based on percentage of completion as at the end of the year.

Derivatives and unhedged foreign exchange exposures have been provided for in full based on the values applicable on either the closure of contractual obligations, or as at the year end.

#### **Employee Benefits**

Liability for employees benefits which are due as per the terms of the employment are recorded in accordance with the Accounting Standard 15 (Revised).

In respect of overseas subsidiaries, contributions payable under employee social security schemes which are defined contribution schemes, are charged to the profit and loss account.

#### **Foreign currency transactions**

Foreign currency transactions are translated at

the exchange rates prevailing on the date of transactions. 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. Similar treatment is given to outstanding monetary transactions as at the Balance Sheet date.

The financial statements of the subsidiary are considered using the following conversion rates into Indian rupees:

- a. All assets and liabilities are converted into Indian rupees at the closing rates.
- b. All revenue and expenditure items are converted into Indian rupees using the average rate for the period of consolidation.
- c. Contingent liabilities are converted into Indian rupees using the closing rates.
- d. In accordance with Accounting Standard 11, a suitable foreign currency translation reserve has been created in the books as stipulated in the said standard and appears in the books at ₹32.36 lakhs. The operations of the subsidiaries of the parent company have been considered as non-integral operations.

#### **Taxes on income**

Current tax expense is calculated in accordance with the applicable tax laws of the respective country for the subsidiaries.

Provision for current tax is made in accordance with the provisions of the Income Tax Act, 1961. Deferred tax provisioning on account of timing and permanent 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 based on principles of conservatism.



### **Miscellaneous expenditure**

Amortized over a period of 5 years.

### **Impairment of assets**

Assets of the Company whose realizable value stands diminished vis-à-vis their carrying cost are normally provided for in accordance with Accounting Standard 28.

### **Earnings per Share**

The basic Earning per Share ("BEPS") is calculated by dividing the net profit or loss after tax and prior period adjustments for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The diluted Earning 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**

### **1. Principles of consolidation**

- a. The Consolidated Financial Statements relate to Mold-Tek Technologies Limited, the parent company, (hereafter referred to as 'the Company') and its subsidiaries, Crossroads Detailing Inc, and RMM Global Inc., both of which are US based companies.
- b. The consolidated statements are prepared on the following basis:
  - The financial statements of the Company and its subsidiary companies have been combined on a line-by-line basis by adding together the book values of the items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in

unrealized profits or losses as per Accounting Standard 21, Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India.

- All assets and liabilities are converted at the exchange rate prevailing on the balance sheet date. Revenue items are converted at the average rate prevailing during the year. The financial statements of the subsidiaries used in the consolidation are drawn up to the same reporting date as that of the Company, 31st March 2010.
  - The excess of cost to the Company of its investments in the subsidiary companies over the equity is recognized in the Consolidated Financial Statements as Goodwill.
  - There is no minority interest in the consolidated subsidiary as both the subsidiaries are fully owned by the Company.
2. The subsidiaries considered in the preparation of Consolidated Financial Statements along with the parent company, Mold-Tek Technologies Limited, are Crossroads Detailing Inc. and RMM Global Inc., both incorporated in USA respectively. The parent company's ownership interest in both of them is 100% as on 31st March, 2010.
- ### **3. Share Capital**
- i. As per the Scheme of Arrangement approved by the Hon'ble High Court of Andhra Pradesh vide its order dated 25th July, 2008 the entire share capital of the Company was restructured into 30,90,024 equity

shares of ₹10 each consequent to the demerger of the plastics division of the Company into a separate company, viz., Mold-tek Plastics Limited (now, Mold-tek Packaging Limited).

Separately 5,00,000 equity shares of ₹10 each were issued on 24th April, 2006 (referred to in Clause 19.3 of the Scheme of Arrangement) at a premium of ₹38 per share on conversion of share warrants arising out of the preferential offer.

During the year, the Company allotted 6,55,000 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 ₹80 per Warrant (comprising face value of ₹10 and premium of ₹70 each), the issue price being not less than the price as arrived at, in accordance with the terms of Chapter XIII of Securities and Exchange Board of India Regulations, 2000), vide Special Resolution passed at Annual General Meeting held on 30th September, 2009. The said warrants were allotted on 1st January, 2010.

The Company has received ₹131 lakhs being the 25% of the value of the said warrants which is reflected as share application monies. The balance amount is to be received within 18 months from the date of allotment of warrants.

- ii. During the year, the Company issued the following equity shares at a price of ₹75 per share, with the issue price being arrived at in accordance with the regulations of the Securities and Exchange Board of India Limited, by

way of a Special Resolution passed at the Extraordinary General meeting of the members of the parent company held on 25th March, 2010:

a. Mold-Tek Packaging Limited	3,80,000 shares
b. RMM Global, Inc.	1,31,624 shares
c. Technet Engineering Services	13,333 shares

The preferential issue to M/s. RMM Global Inc & M/s. Technet Engineering Services Private Limited were in terms of asset purchase agreements dated 12th February, 2009 respectively. The allotment of the said shares was completed on 8th April, 2010, and the said amounts grossing to ₹5,24,71,775 are reflected as share application monies.

#### 4. Secured Loans & Scheme of Arrangement

Pursuant to the Scheme of Arrangement approved by the Hon'ble High Court of the Andhra Pradesh vide its Order of 25th July, 2008 term loan availed by the combined company from ICICI Bank for corporate office building land (Mold-Tek Technologies Limited) and Daman Plant expansion (Mold-Tek Packaging Limited) is bifurcated in these financial statements in the ratio in which the facility was availed. Similarly, the cash credit/working capital facility is also bifurcated.

ICICI Bank has accordingly accorded recognition to bifurcate the combined term loan and cash credit/working capital facility into the two separate accounts for Mold-Tek Technologies Limited and Mold-Tek Packaging Limited respectively vide their Credit Arrangement letter dated 30th March, 2009. The same was made effective 19th August, 2009 vide a suitable credit addendum letter.



**Long term loan and working capital facilities from the ICICI Bank is secured by hypothecation by way of first charge on the following assets of the Company:**

- a. Exclusive first charge 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 and spares and such other movables including book debts, outstanding monies, receivables both present and future of such form satisfactory to the bank.
- b. Exclusive first charge on the movable fixed assets of the Company
- c. First charge by way of equitable mortgage of land measuring 988 sq. yards & buildings thereon in Municipal No.8-2-293/82/A/700 and 967 sq. yards & buildings thereon in Municipal No.8-2-293/82/A/700/1, in Survey No. 403/1 (Old), 120 (New) of Shaikpet Village and 102/1 of Hakeempet Village, Road No.36, Jubilee Hills, Hyderabad belonging to the Company valued at ₹1953 lakhs, as per valuation report dated 6th December, 2008.
- d. Personal guarantees of Directors namely J. Lakshmana Rao, A. Subrahmanyam, J. Mytreyi and P. Venkateswara Rao.
- e. The loan outstanding in Crossroads Detailing Inc. is towards mortgage of its office premises.
- f. Pursuant to the sanction of the Scheme of Arrangement, the transfer of licenses, marks and rights away from the Company remains pending. Apart from the above, certain operational exceptions prevailing are considered for disclosure under the relevant heads and groupings in these notes.

## 5. Derivatives & options

The Company has entered into the following derivative instruments:

- a. Foreign exchange exposure of the nature of a hedging contract by way of an option confirmation with ICICI bank vide OP 202804 to 921, & 203502 dated 31st October, 2007 with the following particulars:

Currency	Buy	Sell	Cross Currency	Period	Strike Price ₹
USD	1,00,000	2,00,000	INR	April 2008 to October 2008	43.00
USD	1,00,000	2,00,000	INR	November 2008 to October 2009	42.00
USD	1,00,000	2,00,000	INR	November 2009 to October 2010	41.00
USD	1,00,000	2,00,000	INR	November 2010 to October 2011	39.50
USD	1,00,000	2,00,000	INR	November 2011 to October 2012	39.00

The impact of the actual exposures to 31st March, 2010 are separately quantified and suitably disclosed in the accounts.

## 6. Fixed assets

- a. During the year the company has sold undivided share of 400 sq. yards of land and ground floor portion of corporate office building at Plot No. 700, Jubilee Hills, along with furniture, fixtures and electrical installations for ₹4.40 crore at an overall profit of ₹1.09 crore to Mold-Tek Packaging Limited.
- b. Physical verification of fixed assets has not been conducted during the year under review by the Company.
- c. Goodwill of ₹3.09 crore arising from the acquisition of the assets and liabilities acquired from M/s. RMM Global, Inc., USA and its subsidiary in India, M/s. Technet Engineering Services Private Limited, has been reflected under fixed assets.

The Company as per its stated policy considers that the acquisition is streamlined at the end of the financial year under review, and will amortise goodwill arising on acquisition over a period of 5 years commencing from the financial year 2010-11. Thus, no amount has been provided for towards the proportionate charging off of such goodwill in the books during the period under review.

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

- a. Sundry Debtors include an amount of ₹275.32 lakhs outstanding for more than 6 months, for reasons such as possible non-recoveries and back charges, against which a cautionary provision is 109.80 lakhs. Necessary approvals for any possible write offs pertaining to foreign currency debts, in accordance with RBI stipulations are awaited and to be applied for.
- b. Sundry debtors exclude dues from subsidiaries, Crossroads Detailing Inc., and RMM Global Inc., USA of ₹380.43 lakhs & ₹116.51 lakhs respectively. As between the two subsidiaries in the USA, RMM Global, Inc. owes \$ 35,000 to Crossroads Detailing Inc., which is eliminated in consolidation. Review of the relevant subsidiary company accounts reveals that an amount of ₹276.63 lakhs has been realized by M/s. CRD Inc., and is utilized by them to meet its running expenditure without remittance to the parent in India. Necessary approvals pertaining to such utilization foreign currency, in accordance with RBI stipulations are awaited and to be applied for.
- c. Current Assets include 37,520 shares of your Company, Mold-tek Technologies Limited (being 28% of 1,34,000 equity shares originally held by M/s. Teckmen Tools Private Limited, prior to amalgamation of that company with Mold-tek Technologies Limited) held in accordance the Scheme of Arrangement, and pending the vesting of the same into a separate trust/





trustee along with dividend for financial year 2007-08 and financial year 2008-09, in keeping with the approval of the Scheme of Arrangement approved by the Hon'ble High Court of Andhra Pradesh. The corresponding dividend amounts due for the year 2007-08 & 2008-09 is ₹1,50,080 and an amount of ₹1,12,560 is proposed for the current financial year 2009-10.

- d. The Company opted for actuarial valuation and provided for gratuity as per the notified norms per Accounting Standard 15 (Revised).

## 8. Earnings per Share

Particulars	2009-10	2008-09
Profit available for equity shareholders ₹ '000	<b>4,97</b>	2,65,14
Weighted average No. of equity shares outstanding	<b>35,90,024</b>	35,90,024
Effect of potential equity shares (Nos.)	<b>1,68,342</b>	–
Weighted average number of equity shares	<b>37,58,366</b>	35,90,024
Earning per share - Face Value of ₹10		
- Basic (₹)	<b>0.14</b>	7.38
- Diluted (₹)	<b>0.13</b>	7.38

## 9. Related Party Disclosures

### i. Related Parties and Nature of Relationship

- Crossroads Detailing Inc., USA - Subsidiary company
- RMM Global Inc., USA - Subsidiary company
- J. Rana Pratap - Son of Chairman & Managing Director

### ii. Key Management Personnel

- J. Lakshmana Rao, Chairman & Managing Director
- J. Sudharani, Wholetime Director

### iii. Associated Companies

Mold-Tek Plastics Limited (Comprising, inter alia, the plastics division demerged from your Company effective 1st April, 2007)

**Related Party Transactions**

Particulars	Subsidiaries		Associate Companies		Key Management Personnel		Others	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
<b>Sales</b>								
Crossroads Detailing, Inc.	<b>429.37</b>	458.40	-	-	-	-	-	-
RMM Global Inc., USA	<b>447.06</b>	93.24	-	-	-	-	-	-
Mold-Tek Packaging Limited (Rent)	-	-	<b>32.97</b>	18.36	-	-	-	-
<b>Remuneration</b>								
J. Lakshmana Rao	-	-	-	-	<b>61.20</b>	29.95	-	-
J. Sudharani	-	-	-	-	<b>21.60</b>	6.60	-	-
<b>Dividend</b>								
J. Lakshmana Rao					<b>0.46</b>	3.03		
J. Sudharani					<b>13.49</b>	10.94		
<b>Other Transactions</b>								
Mold-Tek Packaging Limited	-	-	<b>(247.18)</b>	(378.16)	-	-	-	-
J. Rana Pratap	-	-	-	-	-	-	<b>2.76</b>	-
<b>Outstanding receivable as at 31st March, 2010</b>								
Crossroads Detailing, Inc.	<b>380.43</b>	306.38	-	-	-	-	-	-
RMM Global Inc., USA	<b>116.51</b>	50.35	-	-	-	-	-	-
<b>Other Payables</b>								
Mold-Tek Packaging Limited	-	-	<b>35.42</b>	286.36	-	-	-	-

Per our Report of even date  
for **PRATURI & SRIRAM**  
Chartered Accountants  
Firm Registration No. 002739S



**K. SRIRAM**  
Partner  
Membership No. 37821

Hyderabad,  
1st September, 2010

For and on behalf of the board of Directors



**A. SUBRAHMANYAM**  
Director-Technical



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

**ADMISSION SLIP****MOLD-TEK*****Technologies 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 Twenty Sixth ANNUAL GENERAL MEETING of the Company on 30th day of September, 2010 at 10.30 a.m. at Swagath-De-Royal Hotel, No. 2-36, Kothaguda X Roads, 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*****Technologies 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 TECHNOLOGIES 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 10.30 a.m. on Thursday, 30th September, 2010 or at any adjournment thereof.

AS WITNESS my hand/our hands this \_\_\_\_\_ day of 2010 \_\_\_\_\_.

**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

Signed by the said



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