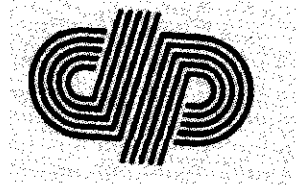


DECCAN POLYPACKS LIMITED



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15th Annual Report 1998-99





**DECCAN
POLYPACKS
LIMITED**

Board of Directors

Shri M V S Raju
Shri M N Rao
Shri D V R Raju
Dr S R Moorthy
Shri D R S P Raju

Executive Chairman

Managing Director

Company Secretary

Shri R S Deshmukh

Auditors

M Bhaskara Rao & Co.,
Chartered Accountants
5th Floor, Kautilya Apartments,
Somajiguda,
Hyderabad - 500 082.

Bankers

State Bank of India
Industrial Finance Branch
Somajiguda
Hyderabad - 500 082.

Corporate Office

'Deccan Chambers' 5th Floor,
6-3-666/B, Somajiguda,
Hyderabad - 500 082.

Registered Office & Works

S.No. 142/A, IDA Bollaram, Via Miyapur,
Jinnaram Mandal, Narsapur Tq.,
Medak District, Andhra Pradesh.

- Note :
1. Members are requested to notify immediately any change in their address to the Company's Corporate Office with their Ledger Folio No(s).
 2. Members are requested to consolidate the share holdings to facilitate better service to the Shareholders.



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Notice:

Notice is hereby given that the 15th Annual General Meeting of Deccan Polypacks Limited will be held on Thursday the 16th September, 1999 at 11.00 a.m. at the registered office of the Company situated at S.No.142/A, IDA Bollaram, Via Miyapur, Jinnaram Mandal, Narasapur Taluk Medak Dist A.P. to transact the following business.

Ordinary Business:

1. To receive consider and adopt the Audited Profit & Loss Account for the year ended 31st March 1999, Audited Balance Sheet as at that date and reports of the Directors and Auditors thereon.
2. To appoint a Director in the place of Dr. S R Moorthy who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors to hold office from the conclusion of this Annual General Meeting up to the conclusion of the next Annual General Meeting and to fix their remuneration.

BY Order of the Board
for **DECCAN POLYPACKS LIMITED**

Place : Hyderabad
Date : 31st May, 1999

R S Deshmukh
Company Secretary

Notes:

1. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a member of the Company.
2. Proxy in order to be effective must be deposited at the Company's Registered Office at S.No.142/A, IDA Bollaram, via Miyapur, Jinnaram Mandal, Narasapur Taluk, Medak dist. AP. not less than 48 hours before the time for holding the meeting.
3. The members are requested to please forward all correspondence relating to transfers, change of address and all matters pertaining to shares to the Corporate Office situated at "Deccan Chambers", 6-3-666/B, 5th floor, Somajiguda, Hyderabad - 500082 by quoting their registered folio number.
4. The Register of members and share transfer books of the Company will remain closed from 15.9.1999 to 16.9.1999 (both days inclusive).

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**DECCAN
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Directors' Report

Your Directors have pleasure in presenting their Fifteenth Annual Report together with the Audited Accounts for the year ended 31st March, 1999.

The Financial results for the year ended 31st March 1999 are summarised below.

	(Rs. in Lakhs)	
	<u>1998-99</u>	<u>1997-98</u>
Income from operations	671.77	693.31
Gross profit	38.58	40.51
Interest	98.29	73.05
Depreciation	26.43	22.62
Preliminary expenses written off	6.26	6.26
Profit/(Loss) for the year	(92.40)	(61.42)
Profit brought forward from previous year	-	40.12
Loss set off from general reserve	15.69	21.30
Balance carried to Balance sheet	(76.71)	-

Operations:

The year 1998-99 has witnessed a slowdown in Corporate performance in most of the sectors. This has resulted in a situation of excess supply. To bring the supply at par with the demand the Companies are forced to operate at reduced capacities thereby leading to under cutting of price and cut throat competition. These factors have affected the price realisation. The price realisation has been lower during the year under report building up severe pressure on the existing thin margins. In this scenario, your Company's performance has shown improvement in terms of capacity utilisation and volume by registering increase in production by 13% over the previous year. Your Company has exported 257.00 Mts of PP Woven Sacks/fabric during the year on third party basis registering an increase of 18% over the previous year. Your Company has taken remedial steps to address

the adverse market conditions suitably to improve its performance.

Performance::

In spite of increase in volume of production and sales during the year, the performance has been lower in comparison with the previous year. The low realisation on sales, cut throat competition, has severely affected the existing margins of the Company. Due to the low performance on account of adverse market conditions and decline in end product prices your board is unable to recommend dividend for the year under report.

Future Outlook:

During the current year, your Company proposes to manufacture bags suitable for packing of Rice and other food grains and Fertilizers in addition to the existing supply of bags to cement Companies. The Company has also earmarked exports as thrust area and hopes to improve the volume on the export front. Your Directors have initiated the process of cost reduction where-ever possible to improve the margins. Considering these factors and initiatives taken your Directors are hopeful of improved performance during the current year.

Disclosure as per the listing Agreement:

Clause 32:

The Cash Flow Statement in the format as prescribed by SEBI is appended to this Annual Report. The impact of the Y2K issues on the operations is not expected to be significant. The Company has been using software for maintaining its financial, secretarial and other administrative records. The Company has initiated steps to upgrade the existing operating systems to make it Y2K compliant and it is expected to complete the upgradation process by November, 1999. The Board has approved an expenditure of Rs.4.00 lacs to address the cost of Y2K issues. Contingency plans have been developed to ensure smooth operations and transition through adequate backup/manual operations in case of any eventuality.

Clause 43:

The Company shares are listed on the The Hyderabad Stock Exchange Ltd, 3-6-275 Himayatnagar



Hyderabad and The Stock Exchange, Mumbai Phiroze Jeejibhoy Towers, Dalal Street, Fort Mumbai. It is further informed that the Company has paid the Annual Listing Fees to both the Stock Exchanges for the year 1999-2000.

Energy, Technology and Foreign Exchange:

Additional information on Conservation of Energy, Technology Absorption and Foreign Exchange earnings and outgo as required to be disclosed in terms of Section 217(1)(e) of the Companies Act, 1956 as amended by the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules 1988 is annexed hereto forming part of this report.

Particulars of Employees:

None of the employees of the Company are in receipt of remuneration requiring disclosure pursuant to section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended by Companies (Particulars of Employees) Rules 1999 hence particulars not appended.

Auditors:

The Statutory Auditors, M/s M Bhaskara Rao & Co., Chartered Accountants Hyderabad retire at the

conclusion of the ensuing Annual General Meeting, and being eligible are recommended for re-appointment.

Directors:

Pursuant to Article 124 of the Articles of Association of the Company, Dr. S R Moorthy Director retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

Acknowledgements

Your Directors wish to express their thanks to the State Bank of India, Industrial Development Bank of India, Transmission Corporation of Andhra Pradesh Ltd, State Bank of Hyderabad, Andhra Bank and the various departments of the State and Central Government for their co-operation, assistance and support in the operations of the Company. Your Directors wish to place on record their deep appreciation of the services rendered and the co-operation extended by all the employees.

For and on behalf of the Board

Place : Hyderabad
Date : 31st May, 1999

M V S Raju
Executive Chairman

Annexure to Directors' Report

Disclosure of particulars with respect to Conservation of Energy, Technology Absorption and Foreign Exchange earnings and outgo as required under Companies (Disclosure of Particulars in the Board of Directors Report) Rules, 1988.

A. Conservation of Energy

In view of the Company's size and nature of industry there is little scope for adopting energy conservation measures. However, the Company has conducted in house study in respect of energy consumption and formulated the operational systems to minimise power consumption.

B. Technology Absorption:

The Company has not obtained any imported technology. The Company has trained its personnel in the Equipment supplier's works to absorb the technology.



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C. Foreign Exchange Earnings and Outgo	<u>Current Year</u>	<u>Previous Year</u>
	Rs.	Rs.
1. Foreign Exchange earned	Nil	Nil
2. Foreign Exchange used for import of raw materials.	4812088	7839038

Form A

(See Rule2)

Form for disclosure of particulars with respect to conservation of energy.

A. Power and Fuel Consumption Electricity	<u>Current Year</u>	<u>Previous Year</u>
a) Purchased:		
Unit (KWH) - Lakhs	15.09	7.90
Total amount (Rs.laksh)	56.44	29.30
Rate for Unit(Rs.)	3.74	3.71
b) Own generation: Through Diesel Generator		
Unit (KWH) - Lakhs	1.51	4.51
Total amount (Rs.Lakhs)	6.52	15.91
Rate per Unit (Rs.)	4.32	3.53

Fuel consumption - not applicable

B. Consumption per unit of production

Electricity (KWH/Tonne)	1546	1585 #
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(#) (Indicates net consumption per unit of production. The power consumption of 54175 units during lock-out period has not been included since there was no production).