

DECCAN POLYPACKS LIMITED



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16th
Annual Report
1999-2000



DECCAN
POLYPACKS
LIMITED

Board of Directors

Shri M V S Raju (upto 30-10-99)

Executive Chairman

Shri M N Rao

Shri D V R Raju

Dr S R Moorthy

Shri D R S P Raju

Managing Director

Shri GVS Raju (w.e.f. 23-3-2000)

Director Commercial

Shri Krishna Raju Kalidindi (w.e.f. 22.4.2000)

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 16th Annual General Meeting of Deccan Polypacks Limited will be held on Wednesday 7th June, 2000 at 11.00 a.m. at the Registered Office of the Company 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, 2000, Audited Balance Sheet as at that date and reports of the Directors and Auditors thereon.
2. To appoint a Director in the place of Shri. D V R Raju 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.

Special Business:

4. To consider and if thought fit to pass with or without modification the following resolution as Ordinary Resolution.

"RESOLVED THAT Shri Krishna Raju Kalidindi who was appointed as additional Director of the Company by the Board of Directors and who ceases to hold office under section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing proposing his candidature for the office of Director, be and is hereby appointed Director of the Company."

5. To consider and if thought fit, to pass with or without modification the following resolution as Ordinary Resolution.

"RESOLVED THAT Shri. G V S Raju who was appointed an additional Director of the Company by the Board of Directors and who ceases to hold office under section 260 of the Companies Act, 1956, and in respect of whom the Company has received a notice in writing proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company".

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

"RESOLVED THAT pursuant to the provisions of section 198, 269, 309, 310, 314 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof for the time being in force) and subject to the limits specified in schedule XIII of the said Act, consent be and is hereby accorded to the appointment of Shri. G V S Raju as Director Commercial for a period of three years with effect from 23rd March, 2000 and payment of remuneration on the following terms and conditions:

I. Salary Rs.12000/- per month in the grade Rs.12000 -1000-15000.

II. Perquisites and allowances:

I. Housing:

- a. The expenditure incurred by the Company on hiring accommodation for the Director Commercial shall be subject to a ceiling of 60% of salary over and above 10% payable by the Director Commercial himself.
- b. Where accommodation in Company owned house is provided, the Director Commercial shall pay to the Company by way of rent 10% of the salary.
- c. Where the Company does not provide accommodation to the Director Commercial House Rent Allowance may be paid by the Company in accordance with (a) above.
- d. The expenditure incurred by the Company on gas, electricity, water and furnishing will be valued as per the Income Tax Rules, 1962. This will however, be subject to a ceiling of 10% of salary of the Director Commercial.

II. Medical Reimbursement:

Expenses incurred for self and family subject to a ceiling of one month's salary per year or three months salary in a period of three years.

III. Leave Travel concession:

For self and family once in year in accordance with rules specified by the Company.

IV. Club Fees:

Fees of Clubs subject to a maximum of two clubs, admission and life membership fees not being allowed.

V. Personal Accident Insurance:

For an amount the annual premium of which does not exceed Rs.2,000/-.

OTHER PERQUISITES:

- I. Company's contribution towards Provident Fund as per the rules of the Company.
- II. Company's contribution towards Pension/Superannuation Fund as per the rules of the Company. Such contribution together with the contribution to the Provident Fund shall not exceed the limits prescribed in the Income Tax Act, 1961.
- III. Gratuity-payable in accordance with an approved scheme and shall not exceed one half month's salary for each completed year of service. Contribution to Provident Fund and Superannuation Fund to the extent they are exempted under the Income Tax Act, 1961 and encashment of leave at the end of tenure will not be included in the computation of the ceiling on perquisites. Provision of car for use on Company's business and telephone at residence will not be considered as perquisites. All long distance personal calls shall be duly logged and paid for by the Commercial Director. Earned/Privilege Leave -On full pay and allowances as per rules of the Company. Leave accumulated but not



availed of during his tenure may be allowed to be encashed as per the rules of the Company".

"RESOLVED that where in a financial year the Company has no profits or its profits are inadequate the Company may pay to Shri. G V S Raju, Director Commercial remuneration by way of salary perquisites and allowances not exceeding the ceiling limits specified under Part - II Section II para (2) of Sch. XIII of the Companies Act, 1956 including any statutory modifications thereof for the time being in force.

"RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised to vary or increase the remuneration and perquisites including the monetary value thereof as specified above, to the extent the Board of Directors may consider appropriate, as may be permitted or authorised in accordance with any provision under the Companies Act, 1956 for the time being in force or any statutory modification or re-enactment thereof and/or in Rules or Regulations permitted thereunder."

7. To Consider and if thought fit to pass with or without modification following resolution as Special Resolution.

"RESOLVED THAT pursuant to Section 17 of the Companies Act, 1956 and all other applicable provisions if any and subject to approval of Registrar of Companies, AP, Bank and other Statutory authorities, clause III (c) of the Memorandum of Association pertaining to other objects be and is hereby amended by way of addition to the existing clauses, the following clauses as clause No.5 to 8.

5. To carry on the business in India and abroad of real estate, and to acquire land, building, estates etc., by purchase, lease or exchange, development, construction, building erection, or to demolish re-erect, alter, repair, re-model or otherwise deal in and make advances on the security of and deal in land, buildings, estates, hereditaments, roads, highways, docks, bridges, canals, dams, ports, reservoirs or any other structural or architectural work of any kind whatsoever and for such purpose to prepare estimate, designs, plans, specifications of models and to do such other or any act that may be requisite thereof, and to otherwise deal in offices, flats, houses, bungalows, chawls, factories, godowns, warehouses, shops, cinema theatres, and other conveniences of all kinds and properties of all kinds and description, and to act as town planners, surveyors, valuers, appraisers, decorators, furnishers, furniture makers, merchants, dealers in cement, steel, iron, fuel, coke, wood coal, timber and other building requisites and to manufacture requisites for above and pre-fabricated houses, apartments and structures etc.
6. To carry on the business in India and abroad as Producers, cultivators, processors, manufacturers, and to act as traders, representatives, agents, importers, exporters, of Fruit Plantations, Horticulture, Agriculture, Floriculture, Sericulture, Orchids, and develop estates, and to setup cold storage plants and engage as manufacturers, renters, proprietors, managers of

cold storage plants, cold storage machinery installation or any other type of plant, machinery or installations for cooling or freezing and takeup research and development activities, and enter into tieup arrangement, to seek and provide Technical knowhow, in the related fields.

7. To carry on the business of advertising publicity, commercial art, cinematograph films, TV Serial, media viz print, electronic etc and to build, develop, manage, control, maintain, studio, theatre, music hall for exhibiting, displaying cinema, films, talking and silent movies and to carry on the business of distributors, publishers, editors of news paper, magazines and to act as representatives in the field of media in India and abroad.
8. To engage in the business of research and development in the field of bio-technology, herbal plantations, extraction process for medicinal or cosmetic preparations required or used for buity and personal hygiene or in all allopathic, Unani, Homeopathic or nature cure methods or other systems of treatment in India and abroad.

"RESOLVED FURTHER THAT the consent of the Members of the Company be and is hereby accorded in terms of section 149(2A) of the Companies Act, 1956 for carrying on such activities mentioned in the above resolution upon the said resolution becoming effective and the Board of Directors be and is hereby authorised to undertake such activities at the appropriate time".

BY Order of the Board
for DECCAN POLYPACKS LIMITED

Place : Hyderabad
Date : 22nd April, 2000

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 - 500 082 by quoting their registered folio number.
4. The Register of members and share transfer books of the Company will remain closed from 6.6.2000 to 7.6.2000 (both days inclusive).
5. The explanatory statement pursuant to section 173(2) of the Companies Act, 1956 is annexed.



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Annexure

Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956 in respect of Special business.

Item No.4

Shri Krishna Raju Kalidindi was appointed as additional Director of the Company at the Board Meeting held on 22-4-2000. As per the provisions of section 260 of the Companies Act, 1956 Shri Krishna Raju Kalidindi holds office upto the Annual General Meeting. As required under section 257 of the Companies Act 1956 notice has been received from a member signifying intention to propose his appointment as Director alongwith requisite deposit. Shri Krishna Raju Kalidindi is B.E. in Electronics & Communication from Osmania University and M.S. Computer Engineering from Michigan State University, USA. He is founder and president of Agnitron Inc. a silicon valley based Company in USA engaged in development of hardware, software systems including chips and embedded software for Corporate and home networking market. Earlier he has worked in Intel a multinational computer Company for over a decade in various senior positions and has been instrumental in design and development of Intel's Microprocessor including Pentium, Pentium overdrive and Pentium II. He has been senior hardware systems architect for Intel's mobile PC platform. Shri Krishna Raju Kalidindi has rich experience and extensive exposure in Internet networking technologies. Considering the diversified activity of the Company into software development it will be proudent to avail the emmense experience of Shri Krishna Raju hence the Board recommends the resolution for approval. None of the Directors shall be deemed to be concerned or interested in the resolution.

Item No.5 and 6:

Shri. G V S Raju was appointed additional Director of the Company and designated Director Commercial in the whole-time employment of the Company on payment of remuneration as spelt out in the resolution at the Board meeting of the Company held on 23rd March, 2000 subject to the approval of Members. According to the provisions of Section 260 of the Act,

he holds office of the Director only upto the date of the ensuring Annual General Meeting. As required by section 257 of the Companies Act, 1956 notice has been received from a member signifying intention to propose his appointment as Director alongwith requisite deposit. Shri. G V S Raju has been working in the Company for past 14 years and has been heading the Commercial department and is well acquainted with Computers and Software programmes. Members approval is being sought for the appointment and payment of remuneration of Shri. G V S Raju as Director Commercial on the terms speltout in the resolution. Considering the diversification plans into Software development and Information Technology the Board consider it desirable that the Company should continue to avail itself of his services and hence commends the resolution for approval. None of the Directors except Shri. D R S P Raju being relative shall be deemed to be interested or concerned in the resolution.

Item No.7

It is proposed to alter the other objects clause of the Memorandum of Association of the Company by adding activities pertaining to Real Estate, Cold Storage, Plantation Bio-Technology and Media. In accordance with the provisions of section 17 alteration of other objects requires consent of the members by way of Special Resolution. Consent of members is also sought in term of section 149 (2A) of the Act, to commence the activities mentioned in the amended other objects clause. The Directors recommended the resolution for your approval. None of the Directors are concerned or interested in the resolution. Copy of the Memorandum and Articles of Association of the Company is available for inspection at the Registered Office of the Company on all working days during the business hours of the Company upto the date of the meeting.

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

Place : Hyderabad
Date : 22nd April, 2000

R S Deshmukh
Company Secretary



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Directors' Report

Your Directors have pleasure in presenting their Sixteenth Annual Report together with the Audited Accounts for the year ended 31st March, 2000.

The Financial results for the year ended 31st March, 2000 are summarised below.

	(Rs. in Lakhs)	
	1999-2000	1998-99
Income from operations	1170.31	671.77
Gross profit	75.60	38.58
Interest	37.15	98.29
Depreciation	26.51	26.43
Preliminary expenses written off	6.26	6.26
Profit/ (Loss) before taxation	5.68	(92.40)
Provision for taxation	0.66	—
Profit / (Loss) after taxation	5.02	(92.40)
Add Profit/ (loss) brought forward from previous year	(76.71)	(21.31)
Loss set off against General Reserve/ Investment Allowance.	20.00	37.00
Balance carried to Balance sheet	(51.69)	(76.71)

Operations:

During the year 1999-2000, there has been quantum increase in operation of the Company in terms of volume of Production, capacity utilisation, and sales. Your Company recorded Production of 1612 MTs of PP Woven Fabric/Sacks (Previous Year 1073 MTs), Capacity utilisation 67% (Previous Year 45%) during the year. Your Company has exported a quantity of 368 MTs of PP Woven Fabric/sacks on third Party basis as against 257 MTs in the previous year registering an increase of 43%.

Performance:

The performance of your Company has shown significant improvement during the year. The increased operations have enabled the Company to counter the severe competition, fluctuation in prices of raw materials. However the realisation on sales continued to be low due to market constraints as prices of end product remained constant with no significant price

adjustment for spurt in the cost of raw materials and other inputs. The demand for woven sacks is directly dependent upon the fortunes of Cement Industry. The cement industry is passing through a recessionary phase for past two years, it is only during the last quarter the cement market has started showing improvement, so also their packing requirements. With the Government's commitment for development of Infrastructure Industry and treating it in the priority sector as such, the growth prospects for the cement industry so also for the packing industry look bright. During the year the Company has repaid the entire high interest (20.5% p.a) bearing Term loan of IDBI by availing Term loan bearing lower interest (14.53% p.a) from State Bank of India and from the proceeds of the preferential issue of shares approved by the shareholders at the Extra Ordinary General Meeting of the Company held on 23.3.2000. This will ensure substantial reduction in interest burden of the Company in future. Your Company under the diversification plan has commenced its operations of Software Development and recorded maiden export turnover of Rs.1.30 lacs during the year and has obtained registration with the Software Technology Park, Hyderabad.

Future Out Look:

Your Company has drawn concrete plans to further improve its volume of existing business and take up manufacture of bags suitable for rice and other food grains, fertilizers in addition to existing supply of bags for cement Companies. Your Company has earmarked exports as thrust area and steps have been initiated to further improve the volume on the export front. The Company proposes to diversify into the field of bio-technology, plantations for Medicinal use and human consumption, cold storages, Real estate and Media, in future and hence it is proposed to amend the other objects clause of the Memorandum of Association. In the field of Information Technology and Software development, your Company has drawn plans to develop and install necessary infrastructure in a phased manner to facilitate overall improvement in the performance of the Company in future. Your Directors have initiated the steps for cost reduction wherever possible to improve the overall margins. Considering