

DECCAN POLYPACKS LIMITED



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17th
Annual Report
2000-2001



Board of Directors

Shri M N Rao
Shri D V R Raju
Dr S R Moorthy
Shri D R S P Raju
Shri GVS Raju .
Shri Krishna Raju Kalidindi

Managing Director
Director Commercial

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

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- 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.



Notice:

Notice is hereby given that the 17th Annual General Meeting of Deccan Polypacks Limited will be held on Wednesday the 5th September 2001 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 2001, 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. M N Rao who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors to hold office from the conclusion of the 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 Special Resolution.

"Resolved that subject to the provisions of Sections 198, 269, 309, 310, 311, Schedule XIII and all other applicable provisions of the Companies Act 1956 Shri DRSP Raju the Managing Director of the Company be and is hereby reappointed as Managing Director of the Company for a period of five years with effect from 01.10.2001 on the payment of remuneration as mentioned hereunder.

- I. Salary Rs.25000/- per month in the grade Rs.25000-2500-35000.

II. Perquisites and allowances:

I. Housing:

- a. The expenditure incurred by the Company on hiring accommodation for the Managing Director shall be subject to a ceiling of 60% of salary over and above 10% payable by the Managing Director himself.
- b. Where accommodation in Company owned house is provided, the Managing Director shall pay to the Company by way of rent 10% of the salary.

- c. Where the Company does not provide accommodation to the Managing Director 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 Managing Director.

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.4,000/-.

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 Managing Director.

- IV. 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. DRSP Raju, Managing Director remuneration by way of salary perquisites and allowances not exceeding the ceiling limits specified under Part - II Section II para (2) of Schedule 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 rules or regulations permitted thereunder.

BY Order of the Board
for DECCAN POLYPACKS LIMITED

Place : Hyderabad
Date : 23.04.2001

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 01.09.2001 to 05.09.2001 (both days inclusive).
5. The explanatory statement pursuant to section 173(2) of the Companies Act 1956 is annexed.

Annexure

Explanatory statement pursuant to section 173(2) of the Companies Act 1956 in respect of special business.

Shri DRSP Raju was re-appointed as Managing Director of the Company for a period of five years with effect from 01.10.1996 and his term expires on 30.09.2001. The members are aware that Shri DRSP Raju has been associated with the Company for the past 12 years. Under the able guidance and leadership of Shri DRSP Raju the company has made considerable progress. Taking into account his contributions to the company the board of Directors at their meeting held on 23.04.2001 has re-appointed Shri DRSP Raju as Managing Director and fixed his remuneration payable for a further period of five years with effect from 01.10.2001 subject to the approval of the members. This explanation together with the

accompanying notice may be treated as an abstract under section 302 of the Companies Act 1956.

Your Directors are of the view that the re-appointment of Shri. DRSP Raju will be in the interest of the Company and its shareholders and accordingly commend the resolution for your approval.

None of the directors except Shri. DRSP Raju and Shri. DVR Raju (being relative of Shri. DRSP Raju) is concerned or interested in the said special resolution.

BY Order of the Board
for DECCAN POLYPACKS LIMITED

Place : Hyderabad
Date : 23.04.2001

R S Deshmukh
Company Secretary



**DECCAN
POLYPACKS
LIMITED**

Directors' Report

Your Directors have pleasure in presenting their Seventeenth Annual Report together with the Audited Accounts for the year ended 31st March, 2001.

The Financial results for the year ended 31st March, 2001 are summarised below.

	(Rs. in Lakhs)	
	2000-2001	1999-2000
Income from operations	1426.55	1170.31
Gross profit	173.75	75.60
Interest	85.60	37.15
Depreciation	26.74	26.51
Preliminary expenses written off	6.26	6.26
Profit before taxation	55.15	5.68
Provision for taxation	1.35	0.66
Profit after taxation	53.80	5.02
Add Profit / (loss) brought forward from previous year	(51.69)	(76.71)
Profit set off against General Reserve	2.11	20.00
Balance carried to Balance sheet	—	(51.69)

Operations:

The operations of your Company during the year under report have further improved in terms of volume of sales, production and capacity utilisation in comparison with the previous year. Your Company recorded Production of 1879 MTs of PP Woven Fabric/Sacks (P.Y.1612 Mts), Capacity utilisation 79% (P.Y.67%) during the year. Your Company has exported a total quantity of 357 Mts of PP Woven Fabric/sacks on third Party basis as well as direct exports. During the year the company commenced manufacture and supply of bags for fertiliser Companies.

Performance:

The performance of your Company during the year has been very encouraging. The increased operations have enabled the Company to counter the severe competition, fluctuation in prices of raw materials. The increased volumes have enabled the company to meet its obligations towards the lending Bank. The fortunes of your Company are dependent upon the demand and growth rate of the cement and fertiliser industries. The cement industry has seen good growth in terms of profits during the third quarter of the year under report leading to increased demand for its packing material. During the year the Company has made a modest beginning in the direct export front. Considering the current trend the Company is hopeful of increase in the volume of direct exports in future. 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.

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, in addition to existing supply of bags to fertiliser and cement Companies. Your Company has earmarked exports as thrust area and steps have been initiated to further improve the volume on the export front. Your Directors have initiated the steps for cost reduction wherever possible to improve the overall margins. Considering the future plans of the company your Directors are hopeful of improved performance during the current year.

Disclosure as per Listing Agreement.

Clause 32:

The cash flow statement in accordance with Accounting standard on Cash Flow statement (AS-3) issued by ICAI is appended to this Annual Report.

Clause 43:

The Company share are listed on The Hyderabad Stock Exchange Limited, 3-6-275, Himayat Nagar and The Stock Exchange, Mumbai P J Towers, Dalal Street,



Fort, Mumbai It is further informed that the annual listing fees to both the Stock Exchanges for the year 2001-2002 has been paid.

Directors Responsibility Statement

In terms of the provisions of Section 217(2AA) of the Companies Act 1956 it is stated that :

- (a) That in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- (b) That the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period.
- (c) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (d) That the Directors have prepared the annual accounts on a going concern basis.

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:

The Board of Directors at their meeting held on 23.04.2001 have re appointed Shri. DRSP Raju as Managing Director for further period of five years with effect from 01.10.2001 on payment of remuneration as mentioned in the resolution. The resolution seeking the approval of the shareholders for the re-appointment of Shri. DRSP Raju as Managing Director and payment of remuneration to him is being placed at the ensuing Annual General Meeting. Pursuant to Article 124 of the Articles of Association of the Company, Shri. M N Rao Director retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

ACKNOWLEDGMENTS:

Your Directors wish to express their thanks to the State Bank of India, APTRANSCO, 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 and shareholders of the Company.

For and on behalf of the Board

G V S Raju
Director-Commercial

D R S P Raju
Managing Director

Place : Hyderabad
Date : 23.04.2001



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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.

C. Foreign Exchange Earnings and Outgo

	Current Year Rs.	Previous Year Rs.
1. Foreign Exchange earned	5746893	130310
2. Foreign Exchange used for import of raw materials	978029	5839900

Form A

(See Rule 2)

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

A. Power and Fuel Consumption Electricity

	Current Year Rs.	Previous Year Rs.
a) Purchased:		
Unit (KWH)		
Lakhs	— 23.02	19.10
Total amount (Rs. Lakhs)	— 97.78	77.05
Rate for Unit (Rs.)	— 4.25	4.03
b) Own generation:		
Through Diesel Generator		
Unit (KWH) - Lakhs	1.60	1.25
Total amount (Rs. Lakhs)	8.51	6.87
Rate per Unit (Rs.)	5.32	5.48
Fuel consumption - not applicable		
B. Consumption per unit of production		
Electricity (KWH/Tonne)	— 1218	1258