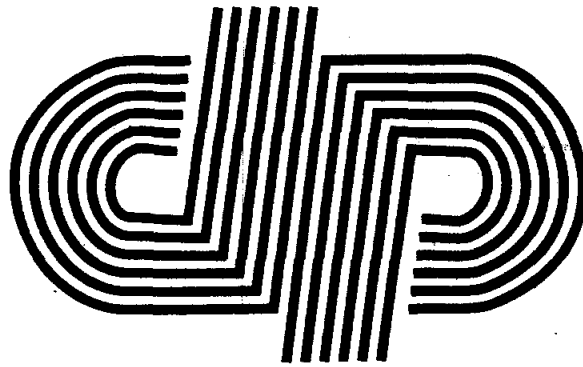


A Clear Vision
Relentless Efforts



**DECCAN
POLYPACKS
LIMITED**

Mfg. of HDPE/PP Woven Sacks

**18th Annual Report
2001-2002**



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Board of Directors

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

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

- 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 Send their demat request documents to the Corporate office of the Company



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NOTICE:

Notice is hereby given that the 18th Annual General Meeting of Deccan Polypacks Limited will be held on Friday the 27th day of September 2002 at 11.00 a.m at the registered office of the Company situated at S.No.142/A IDA Bollaram, via Miyapur, Narsapur Taluk, Jinnaram Mandal, Medak District to transact the following business.

ORDINARY BUSINESS

1. To receive consider and adopt the Audited Profit and Loss Account for the year ended at 31st March, 2002, the Audited Balance Sheet and the Cash Flow Statement as at that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in the place of Shri K.Krishna Raju, Director who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint M/s M.Bhaskara Rao & Co.Chartered Accountants as Statutory Auditors to hold office from the conclusion of this Annual General Meeting upto 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 K.Gopal who was appointed as additional Director of the Company by the Board of Directors and who ceases to hold the 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 liable to retirement by rotation."
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 as additional Director of the Company by the Board of Directors and who ceases to hold the 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 Sections 198,269,309,310,314 and all other applicable provisions of the Companies Act,1956 (including any statutory

modifications or enactment thereof for the time being in force) and subject to the limits specified in Schedule XIII of the said Act and the approval of Central Government if necessary, consent be and is hereby accorded to the appointment of Shri GVS Raju as Director (Commercial) for a period of three years with effect from 01.10.2001 and payment of remuneration on the following terms and conditions.

- I. Salary Rs.18000/- per month in the grade Rs.18000-1500-21000
- II. Perquisites and allowances:
 - I. Housing:
 - a. The expenditure incurred by the Company on hiring accommodation for the Director shall be subject to a ceiling of 60% of salary over and above 10% payable by the Director himself.
 - b. Where accommodation is provided in a Company owned house, the Director shall pay to the Company by way of rent 10% of the salary.
 - c. Where the Company does not provide accommodation to the 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 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 one club, admission and life membership fees not being allowed.
 - V. Personal Accident Insurance:
 For an amount the annual premium of which does not exceed Rs.2000/-

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.



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- 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 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 G V S Raju, Director (Commercial) remuneration by way of salary, perquisites and allowances as minimum remuneration as mentioned herein above."

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

"RESOLVED THAT pursuant to section 31 of the Companies Act, 1956 and other applicable provisions if any, approval of the members of the Company be and is hereby accorded for the amendment of the Articles of Association of the Company as follows:

Article : 12A Insertion of new Article 12 A for dematerialisation of Securities after Article 12 as follows:-

DEMATERIALISATION OF SECURITIES:

- 1) Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its existing securities and to offer securities in dematerialised form pursuant to the provisions of the Depositories Act, 1996 or otherwise.
- 2) Notwithstanding anything contained in these Articles, an issue of security by the Company also be in the dematerialised form and the Company shall intimate the details of allotment to the depository immediately on allotment of such securities. Investors in a new issue and the beneficial owners shall have the option to rematerialise the securities subsequent to the allotment or dematerialisation, as the case may be, in which event the Company shall issue to the investor/beneficiary the required certificates of securities subject to the provisions of applicable laws, rules, regulations and guidelines. The shares so rematerialised shall bear new distinctive numbers so as to identify them from the shares not dematerialised.
- 3) All securities held in the depository mode with a depository shall be dematerialised and shall be in fungible form. To

such securities held by a depository on behalf of a beneficial owner, nothing contained in Sections 153, 153A, 153B, 187B and 187C of the Act shall apply.

- 4) (i) Notwithstanding anything to the contrary contained in the Act or these Articles, a depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of securities on behalf of the beneficial owner.

(ii) Save as otherwise provided in (1) above, the depository as the registered owner of the securities shall not have other membership rights in respect of securities held by it.

(iii) Every person holding securities of the Company and whose name is entered as the beneficial owner in the register maintained by the depository shall be deemed to be a member of the Company. The beneficial owner of securities shall alone be entitled to all the rights and benefits and be subject to all the liabilities in respect of the securities held in the depository mode of which he is the beneficial owner.

- 5) Notwithstanding anything contained in the Act or these Articles of the Company, where securities are held in a depository mode, the records of the beneficial owner may be served by the depository on the Company by means of electronic mode or by delivery of floopies or discs.
- 6) Nothing contained in Section 108 of the Act or these Articles shall apply to transfer of securities effected by a transferor and transferee both of whom are entered as beneficial owner in the register maintained by the depository under the Depositories Act, 1996.
- 7) Nothing contained in the Act or these articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held in the depository mode.
- 8) The register and index of beneficial owners maintained by the depository under the Depositories Act 1996 shall be deemed to be the register and index of members and holders of securities for the purposes of these Articles and the Act.

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

Place: Hyderabad
Date: 14th June, 2002.

R S Deshmukh
Company Secretary



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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, Narsapur Taluq, Medak District AP. not less than 48 hours before the time for holding the meeting.
3. The members are requested to please forward all the 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 members who intend to hold shares in dematerialised form are requested to forward the share certificate along with the demat request form through their depository participant to the Company's corporate office at the address mentioned in the report.
5. The register of members and share transfer books of the Company will remain closed from 24.9.2002 to 27.9.2002 (both days inclusive)
6. 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.

Item no.4

Shri K Gopal was appointed as additional Director of the Company at the Board Meeting held on 30.10.2001. As per the provisions of section 260 of the Companies Act 1956, Shri K Gopal 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 his intention to propose his appointment as Director alongwith requisite deposit. Shri K Gopal is a Arts graduate from the Osmania University and Certificated Associate of the Indian Institute of Bankers, Mumbai. Shri Gopal has a experience of over three decades in the banking field. He has held senior positions in the State Bank of India in various departments in India. He has also been Manager (Joint Ventures) in the Singapore branch of SBI for a period of four years. He has also been the President of Pennar Group for a period of three years. Presently Shri Gopal has his own consultancy firm providing consultancy in the field of finance, and other related fields. Considering the rich experience of Shri Gopal, 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

Shri G V S Raju was appointed as additional Director of the Company w.e.f 01.10.2001 at the Board Meeting held on 30.10.2001. As per the provisions of section 260 of the Companies Act 1956 Shri G V S Raju 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 his intention to propose his appointment as Director along with requisite deposit. Shri G V S Raju has been associated with the Company since inception. He has been head of Commercial Department for over a decade and has held the position of Director (Commercial) in the past. The Board recommends the resolution for the approval of the members. None of the Directors except Shri DRSP Raju being relative shall be deemed to be concerned or interested in the said resolution.

Item No.6

The Board of Directors at their meeting held on 30.10.2001 has appointed Shri G V S Raju as Director (Commercial) of the company w.e.f 01.10.2001 to further strengthen the commercial department to gear up for the increased volume of business activities of the company in the domestic and exports. Members approval is being sought for the appointment and payment of remuneration to Shri G V S Raju as Director(Commercial) on the terms spelt out in the resolution. The Board recommends the resolution for the approval. None of the Directors except Shri D R S P Raju being a relative shall be deemed to be interested or concerned in the resolution. This explanation together with the accompanying notice may be treated as abstract and memorandum under section 302 of the Companies Act,1956

Item No.7

Sebi vide its circular to the Stock Exchanges has instructed the listed Companies to execute necessary agreements with the depositories to facilitate trading of their shares on the Stock Exchanges in compulsory rolling settlement wef 02.01.2002. In compliance of the notices received from the Stock Exchanges in this regard the Company has established connectivity by executing necessary agreements with the CDSL/NSDL and appointed M/s Sathguru Management Consultants (P) Limited as its Depository Transfer Agents. The Company's shares are now available for trading in dematerialised form. To facilitate compliance with the dematerialisation Regulations, Rules and Guidelines it has become necessary to amend provisions in the Articles of Association of the Company to accommodate the holding of shares in electronic mode. None of the Directors are interested or concerned 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 business hours upto the date of the meeting.

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

Place: Hyderabad
Date: 14th June, 2002.

R S Deshmukh
Company Secretary



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Directors' Report

Your Directors have pleasure in presenting their Eighteenth Annual Report together with the Audited Accounts for the year ended 31st March 2002.

The financial results for the year ended 31st March 2002 is summarised below.

	2001-2002	(Rs.in Lacs) 2000-2001
Income from operations	1584.15	1426.55
Gross profit	48.89	173.75
Interest	72.58	85.60
Depreciation	23.67	26.74
Preliminary expenses W.off	6.26	6.26
Profit/(Loss) before taxation	(53.63)	55.15
Less: prior period adjustment	15.77	-
Provision for Current tax(MAT)	-	1.35
Deferred tax	8.45	-
Profit/(Loss) after taxation	(29.41)	53.80
Less : Cum.Net Def.Tax	(58.04)	-
Add profit/(loss) brought forward from previous year	-	(51.69)
Profit/(Loss) set off against General Reserve	2.11	2.11
Balance carried to Balance Sheet	(85.33)	—

Operations:

The operations of your company during the year under report have shown marginal improvement in terms of volume and value. The Company has recorded production of 2086 Mts. of HDPE/PP woven sacks/fabrics (P.Y.1879 Mts.) During the year the company has added three looms and one secondhand tape plant at a capital cost of Rs.36.22 Lacs. This has increased the installed capacity to 3063 Mts p.a. However the added capacity was available for only part of the year. Due to sluggish off take of bags by the Cement and Fertilizer Companies the capacity utilisation has remained unchanged at 78% as compared to the previous year. Your company has shown significant improvement in the field of exports. Your company has exported a total quantity of 418 Mts of woven sacks/fabrics as against 357 Mts in the previous year, registering a growth of around 18%. There has been a marginal improvement in the volume of business in the domestic market. You are aware that the fortunes of your Company are linked to the performance and growth of the Cement and Fertilizer Industries. During the year there was low offtake of bags by Cement Companies due to reduction in production capacities by some of the Cement Companies. This has also affected the capacity utilisation of the Company. Eventhough there has been increase in the volumes, the price realisation has been low. The increase in the cost of raw materials and other input costs have further burdened the existing thin margins of the Company. The increase in input costs, low realisation on

selling price, severe competition has resulted in net loss from the operations of the Company. The Company has initiated steps to improve margins by implementing cost control measures. The company is hopeful of improved performance in future.

Future Outlook:

With the addition of capacity and an expected turnaround in the economy your Company has planned to increase the volumes in the domestic market to counter the severe competition. The company proposes to take up manufacture of bags used for packing of food grains, pulses, manure etc., in addition to cement and fertilizer. The packing requirement of the Fertiliser and Cement Companies is bound to increase with new plants being setup and expansion of existing capacities hence the demand for bags. The Company has initiated steps for reduction in costs and implement cost control measures. The performance in the months of April and May of the current year has been encouraging. Considering the future plans of the Company your Directors are hopeful of improved performance during the year ahead.

Disclosure as per Listing Agreement:

Clause 32:

The cash flow statement prepared in accordance with accounting standard (AS-3) issued by the ICAI is appended to this Annual Report.

Clause 43:

The Company's shares are listed on The Hyderabad Stock Exchange Limited, 3-6-275, Himayatnagar, Hyderabad and The Stock Exchange, Mumbai, P J Towers, Dalal Street, Fort Mumbai. It is further informed that the listing fees for the year 2002-03 has been paid to these exchanges.

Clause 49:

The company has initiated steps for the implementation of the Corporate Governance code in compliance of the listing Agreement during the current financial year as per the schedule mentioned in the subject clause of listing Agreement.

Directors Responsibility Statement:

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

- That in the preparation of the annual accounts the applicable accounting standards have been followed along with proper explanation relating to material departures.
- 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 loss of the Company for that period.
- 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.
- That the Directors have prepared the annual accounts on a going concern basis.



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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 the 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 the Companies (Particulars of Employees) Rules 2002 hence particulars not appended.

Auditors :

Messrs M.Bhaskara Rao & Co, Chartered Accountants, the Statutory Auditors of the Company retire at the conclusion of the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

Directors:

Shri K. Krishna Raju Director of the Company retires by rotation at the ensuing Annual General Meeting and being eligible offer himself for re-appointment. The Board of Directors at their meeting held on 30.10.2001 appointed Shri K Gopal and Shri G V S Raju as additional Directors of the Company. Shri G V S Raju has been designated as Director (Commercial) in the wholetime employment of the Company. The resolutions seeking the appointment of Shri K Gopal as Director liable to retirement by rotation and appointment of Shri G V S Raju as Director (Commercial) in the wholetime employment of the Company on payment of remuneration is being placed for the approval of the members at the ensuing Annual General Meeting.

Employees :

The relationship with the employees and the workmen continue to be cordial.

Acknowledgements:

Your Directors express their thanks to State Bank of India, State Bank of Hyderabad, Andhra Bank, APCPDCL 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 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 : 14th June, 2002.

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 suppliers works to absorb the technology.

C. Foreign Exchange Earnings and Outgo:

	Current Year Rs.	Previous Year Rs.
1. Foreign Exchange earned	15042195	5746893
2. Foreign Exchange used for import of raw material	810632	978029

Form A
(See Rule 2)

Form of 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)Lacs	28.41	23.02
Total amount (Rs.Lacs)	117.21	97.78
Rate per unit	4.13	4.25
b) Own Generation		
Through Diesel Generator		
Unit (KWH) - Lacs	1.99	1.60
Total amount (Rs.Lacs)	15.55	8.51
Rate per unit	7.81	5.32
Fuel Consumption - Not Applicable		

B. Consumption per unit of Production

Electricity		
(KWH/Tonne)	1418	1218