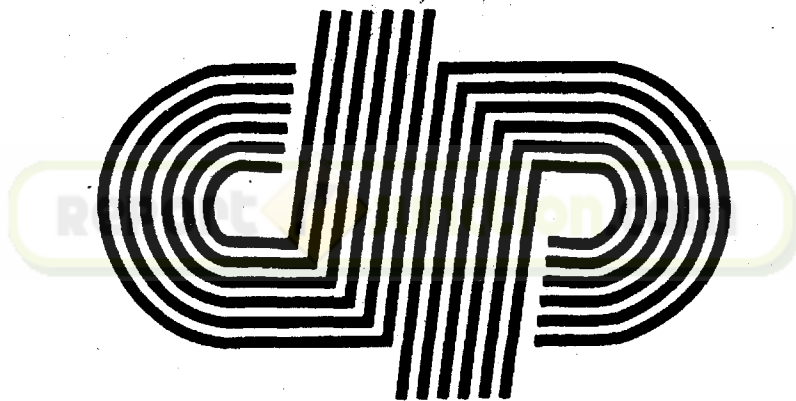


DECCAN POLYPACKS LIMITED



**19th Annual Report
2002-2003**



DECCAN
POLYPACKS
LIMITED

Board of Directors

Shri M N Rao

Shri D V R Raju

Shri K. Gopal

Shri Krishna Raju Kalidindi

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

Pin : 502 325

Registrar and Share Transfer Agents (R & STA)

Sathguru Management Consultants (P) Ltd

Plot No. 15, Hindi Nagar, Punjagutta

Hyderabad - 500 034

Report  junction.com



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NOTICE:

Notice is hereby given that the 19th Annual General Meeting of Deccan Polypacks Limited will be held on Monday the 29th day of September, 2003 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-502 325 A.P to transact the following business.

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Profit and Loss Account and the Cash Flow Statement for the year ended 31st March, 2003, the Audited Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.

2. To appoint a Director in the place of Shri D V R 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.

By order of the Board.
for **DECCAN POLYPACKS LIMITED**

Place : Hyderabad
Date : 30.06.2003

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 Narsapur Taluq Medak District - 502 325 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, requests for dematerialisation of shares and all matters pertaining to shares to the Registrars & Transfer Agents M/s Sathguru Management Consultants Pvt. Ltd, Plot No.15, Hindi Nagar, Punjagutta, Hyderabad - 500 034.
4. The register of members and share transfer books of the Company will remain closed from 25.09.2003 to 29.09.2003 (both days inclusive).

By order of the Board.
for **DECCAN POLYPACKS LIMITED**

Place : Hyderabad
Date : 30.06.2003

R S Deshmukh
Company Secretary

INFORMATION REQUIRED UNDER CLAUSE 49 OF LISTING AGREEMENT

As required under clause 49 of the listing agreement, the particulars of the Directors who are proposed to be appointed / re-appointed at this Annual General Meeting is given below :

Shri D.V.R. Raju is one of the promoter's and has been

associated with the Company since inception. He has been appointed Director on 10.06.1985. Shri D.V.R. Raju is a contractor by profession. Shri D.V.R. Raju is member of the Audit Committee, Shareholders Grievance Committee and Share Transfer Committee of Directors of the Company.



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DIRECTORS' REPORT

Your Directors have pleasure in presenting their Nineteenth Annual Report together with the Audited Accounts for the year ended 31st March 2003.

The financial results for the year ended 31st March 2003 is summarised below:

(Rs.in Lacs)

| | 2002-2003 | 2001-2002 |
|-----------------------------------|-----------|-----------|
| Income from operations | 1599.46 | 1584.15 |
| Gross profit | 68.66 | 48.88 |
| Interest | 56.48 | 72.58 |
| Depreciation | 24.44 | 23.67 |
| Preliminary expenses W.off | 6.26 | 6.26 |
| Profit/(Loss) before taxation | (18.51) | (53.63) |
| Less : prior period adjustment: | — | 15.77 |
| Deferred Tax Asset (Net) | 5.15 | 8.46 |
| Net Profit/(Loss) after taxation | (13.77) | (29.40) |
| Less : Cum.Net def. tax liability | — | (58.04) |
| Balance brought forward | (85.33) | 2.11 |
| Balance carried to balance sheet | (98.70) | (85.33) |

Operations:

During the year under report there has been improvement in the operations of the Company. The sales turnover, gross profit, has registered a marginal growth in comparison with the previous year. The interest burden has been reduced and even though the margins have been under pressure the company has been able to meet its financial obligations to the bank. The Company could restrict its loss to Rs.13.36 Lacs in comparison with Rs.29.41 Lacs loss recorded in the previous year. The Company has recorded income from operations of Rs.1599.46 lacs as against Rs.1584.15 lacs in previous year. The Company has achieved production of 2018 Mts.of HDPE/PP woven sacks/fabrics (P.Y.2086 Mts.) The major off-take of bags is by cement and fertiliser companies. During the year the off take of cement bags has been low due to general fall in volume of cement production. Secondly due to poor monsoon the off take of fertiliser bags has been also low. These factors affected the volume of production of bags hence there has been fall in production and lower capacity utilisation during the year under report. To mitigate the fall in offtake of bags by cement and fertiliser companies the company has

increased its exposure by increased supply of bags for packing of rice, compost manure seeds etc. The company has been able to almost retain the same level of exports in the year under report as compared to previous year inspite of severe competition and general fall in demand in the export market.

The price realisation on sales has shown improvement. However the increase has not been sufficient to absorb the increased cost of raw materials and other input costs. The Company has initiated steps to improve the margins by implementing cost control measures. The company is hopeful of an improved performance in the coming years.

Future Outlook:

You are aware that the fortunes of the company are linked to the performance and growth of the cement and fertiliser Industries. The present Government policies for the development of infrastructure, is expected to boost the demand for cement and thereby demand for bags in the future. The company has improved its volumes for manufacture of bags for packing of rice, compost manure etc and efforts are being made to further penetrate this segment of the market. The company has made a modest beginning in export of its products to Africa and Far East countries and efforts are being made to further improve the volumes during the current year. Considering the future plans of the Company your Directors are hopeful of improved performance during the current year ahead.

Corporate Governance:

The company has implemented the Corporate Governance code during the year under report. A detailed report is enclosed.

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 judgments and estimates that are reasonable and prudent so as to give a true and fair view of the



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state of affairs of the Company at the end of the financial year and of the loss 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 and forms part of the report.

Particulars of Employees:

There is no employee in the company coming under the provisions of section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules 1975 as amended.

Auditors:

M/s 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:

Pursuant to the provisions of Sections 255 and 256 of the Companies Act, 1956 Shri.D V R Raju Director of the company retires by rotation at the ensuing Annual General meeting and is eligible for re-appointment.

Acknowledgments:

The Board expresses its grateful thanks to the State Bank of India, State Bank of Hyderabad, Andhra Bank, various departments of the State and Central Government, customers, vendors and shareholders for their valuable support to 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 : 30.06.2003

ANNEXURE-I

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:

Conservation of energy continues to be accorded high priority. The company conducts in house study at regular intervals in respect of energy consumption and formulates operational systems to minimise power consumption.

B. Technology Absorption:

The Company has not obtained any imported technology. The Company has trained its personnel at the equipment suppliers works to absorb the technology.

C. Foreign Exchange Earnings and Outgo:

| | Current Year Rs. | Previous Year Rs. |
|---|---------------------|----------------------|
| 1. Foreign Exchange earned | 15377939 | 15042195 |
| 2. Foreign Exchange used for import of raw material | 3287225 | 810632 |

Form A
(see rule 2)

Form for Disclosure of Particulars with respect to Conservation of Energy.

Plastic industry is not covered under the list of industries required to furnish information in Form A hence information not disclosed.



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CORPORATE GOVERNANCE REPORT

I. The Corporate Governance Code:

The Company believes that the Corporate Governance provides a structure through which.

- * the goals of the Company are set, means for achieving and monitoring performance are determined.
- * long term value of the enterprise is maximised.
- * the business complies with legal and regulatory frame works.
- * fosters better value to shareholders, stakeholders and the society at large.

The Company has consistently practiced good corporate governance. The Company creates an environment for the efficient conduct of the business and to enable management to meet its obligations to all its stakeholders, including amongst others, shareholders, customers, employees and the community in which the Company operates.

II. Board of Directors ("Board")

The Board comprises of seven Directors of whom two are executive, and five are non executive Directors. The Chairman of the Board is a non-executive Director.

a) Composition of the Board:

| Name of the Director | Status |
|----------------------|--|
| Shri D R S P Raju | Managing Director & Executive |
| Shri D V R Raju | Promoter & Non Executive |
| Shri M N Rao | Independent & Non Executive |
| Shri K Gopal | Independent & Non Executive |
| Shri K Krishna Raju | Independent & Non Executive |
| Shri G V S Raju | Director (Commercial) & Executive |
| Dr S R Moorthy | Independent & Non Executive - resigned on 9.9.2002 |

b) Board Meetings:

The meetings of the Board of Directors are scheduled well in advance and are held at the Corporate Office of the Company at Hyderabad. The notice confirming the meeting and the detailed agenda is sent at least seven days in advance to all the Directors. Senior Management of the Company is invited to attend the Board meetings, to make presentations and provide clarifications as and when required. The Board meets at least once a quarter to review the quarterly performance and financial results.

c) Number of Board Meetings:

During the year from 1st April, 2002 to 31st March, 2003 the Board met four times on the following dates:

| Sl.No. | Date | Board Strength | No. of Directors present |
|--------|------------|----------------|--------------------------|
| 1. | 14.06.2002 | 7 | 5 |
| 2. | 20.07.2002 | 7 | 5 |
| 3. | 31.10.2002 | 6 | 5 |
| 4. | 18.01.2003 | 6 | 5 |



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d) Attendance of Directors:

| Name of the Director | No. of Board Meetings held | No. of Board Meetings attended | Attendance at the last Annual General Meetings | No. of Directorships in other Board as on 31.3.2003 | No. of Memberships in other Board Committees as on 31st March, 2003 |
|----------------------|----------------------------|--------------------------------|--|---|---|
| Mr. D V R Raju | 4 | 4 | YES | NIL | NIL |
| Mr. M N Rao | 4 | 4 | NO | 7 | 8(3) |
| Mr. D R S P Raju | 4 | 4 | YES | 1 | NIL |
| Mr. K Gopal | 4 | 4 | YES | NIL | NIL |
| Mr. G V S Raju | 4 | 4 | YES | 1 | NIL |
| Mr. K-Krishna Raju | 4 | — | — | NIL | NIL |
| Dr. S R Moorthy | 4 | — | — | — | — |

Figure in brackets indicate Chairmanship

III. Committees of Directors:

The Board has constituted Committees which comply with the requirements of Clause 49 of the Listing Agreement with the Stock Exchanges.

a: Audit Committee:

- i) The Audit committee was constituted at Board Meeting held on 14.06.2002. The Committee comprises of the following non-executive members of the Board.

1. Sri. K Gopal — Chairman
2. Sri. M N Rao — Member
3. Sri. D V R Raju — Member

During the year 1st April, 2002 to 31st March, 2003 the Committee has met once on 28.10.2002.

- ii) Attendance of the Directors in the Audit Committee Meeting:

| Name of the Director | No. of Meetings held | No. of Meetings attended |
|----------------------|----------------------|--------------------------|
| Sri. K Gopal | 1 | 1 |
| Sri. M N Rao | 1 | 1 |
| Sri. D V R Raju | 1 | 1 |

- iii) Terms of reference:

The Audit Committee has powers to investigate any activity within its terms of reference, seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if it considers necessary. The terms of reference of the Audit Committee also includes the following:



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- 1) Overseeing of the Company's financial reporting process and the disclosure of the financial information to ensure that the financial statements are correct, sufficient and credible.
 - 2) Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.
 - 3) Reviewing with management the annual financial statements before submission to the Board, focusing primarily on:
 - a) Any changes in accounting policies and practices.
 - b) Major accounting entries based on exercise of judgment to management.
 - c) Qualifications in draft audit report.
 - d) Significant adjustments arising out of audit.
 - e) The going concern assumption.
 - f) Compliance with accounting standards.
 - g) Compliance with stock exchanges and legal requirement concerning financial statements.
 - h) Any related party transactions.
 - 4) Reviewing with the management, external and internal auditors, the adequacy of internal control system.
 - 5) Reviewing the adequacy of internal audit function, reporting structure coverage and frequency of internal audit.
 - 6) Discussion with internal auditors any significant findings and follow up thereon.
 - 7) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
 - 8) Discussion with external auditors before the audit commences, nature and scope of audit as well as post audit discussion to ascertain any area of concern.
 - 9) Reviewing the Company's financial and risk management policies.
 - 10) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
 - 11) Such other matters as may be entrusted to the Committee from time to time.
- b) Share Transfer Committee:
- This Committee comprises the following members of the Board.
1. Sri, D V R Raju
 2. Sri. D R S P Raju
- Mr. R S Deshmukh, Company Secretary is the Compliance Officer.



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Terms of Reference:

The Share Transfer Committee ratifies transfer of shares, deals with split and consolidation of shares, issuance of duplicate shares etc.,

i) Attendance of Directors in the Share Transfer Committee Meetings:

The Share Transfer Committee met 23 times during the year ended 31st March, 2003. The attendance for the meetings are as stated below.

| Name of the Director | No. of Meetings held | No. of Meetings attended |
|----------------------|----------------------|--------------------------|
| Sri. D V R Raju | 23 | 23 |
| Sri. D R S P Raju | 23 | 23 |

iv) Number of shares pending for transfer : Nil

c) Shareholders Grievances Committee:

The Committee was constituted 14th June, 2002 comprising of following members Sri. D R S P Raju, Sri. D V R Raju & Sri. K Gopal. The terms of reference to the Committee is to look into investor complaints such as non-receipt of balance sheet, transfer of shares, non-receipt of declared dividend etc.

Details of Investors letters/complaints received during the year ended 31st March, 2003:

| Sl.No. | Nature of letter/ Complaints | Recd. | Disposed | Pending |
|--------|---|-------|----------|---------|
| 1. | Non receipt of share certificates after transfer/ exchange/sub-dividend/ consolidated/duplicate | 5 | 5 | Nil |

All the complaints/letters received during the financial year were replied/resolved to the satisfaction of the Shareholders and there are Nil complaints pending as on 31st March, 2003.

d) Remuneration Committee:

The Committee was formed on 14th June, 2002 comprising of all independent, non-executive members of the board.

1. Sri. K Gopal
2. Sri. M N Rao
3. Sri. K Krishna Raju

Terms of Reference:

To fix the remuneration payable to Managerial Personnel and such other matters as may be entrusted from time to time.

Details of remuneration paid to the Directors during the Financial Year from 1st April, 2002 to 31st March, 2003.