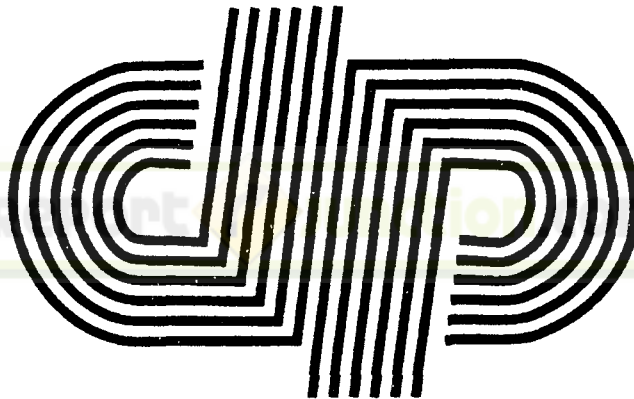


# DECCAN POLYPACKS LIMITED



## 20th Annual Report 2003-2004

For DECCAN POLYPACKS LTD.

*Dr. Ramanaiah Jain*

(DRSP RAJU)

Managing Director



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### 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)

### 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

Report  junction.com

### 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



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## NOTICE:

Notice is hereby given that the 20th Annual General Meeting of Deccan Polypacks Limited will be held on Wednesday the 29th September, 2004 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 31st March, 2004, 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. M N Rao, Director who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in the place of Shri. K Gopal, Director who retires by rotation and being eligible offers himself for re-appointment.
4. 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.
5. To consider and if thought fit to pass with or without modification the following 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 consent be and is hereby accorded to the re-appointment of Shri GVS Raju as Director (Commercial) for a period of three years with effect from 01.10.2004 and payment of remuneration on

the following terms and conditions.

- I. Salary Rs.19500/- per month in the grade Rs.19500-1500-22500

- 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.



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#### 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.
- 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.

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 hereinabove as per the provisions of schedule XIII, section II, part II of the Companies Act, 1956.

On behalf of the Board.  
for DECCAN POLYPACKS LIMITED

Place : Hyderabad  
Date : 09.06.2004

**D R S P Raju**  
Managing Director

#### 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, 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 24.9.2004 to 29.9.2004 (both days inclusive)
5. The explanatory statement for special business mentioned in the notice is annexed as per the provisions of section 173 of the Companies Act, 1956.

On behalf of the Board.  
for DECCAN POLYPACKS LIMITED

Place : Hyderabad  
Date : 09.06.2004

**D R S P Raju**  
Managing Director



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## ANNEXURE:

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

The existing term of Shri. G V S Raju, Director (Commercial) expires on 30.9.04. The Board of Directors at their meeting held on 31.5.04 have re-appointed Shri. G V S Raju as Director (Commercial). The Director's remuneration Committee at its meeting held on 9.6.04 has fixed remuneration payable to Shri. G V S Raju, Director (Commercial). The existing remuneration payable to Director (Commercial) will continue without any change. Shri. G V S Raju is a Commerce graduate with Post Graduation in Computer Applications and multimedia. He has been associated with the

Company since inception and has handled the marketing and Commercial activities. Considering his rich experience the Director's Commend his appointment and payment of remuneration as stipulated in the Resolution to Shri. G V S Raju, Director (Commercial). The reasons for inadequacy of profits and the steps initiated by the Company for revival are mentioned in detail in the Director's Report. None of the Director's except Shri. D R S P Raju being relative shall be deemed to be concerned or interested 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.

## 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 at this Annual General Meeting is given below.

Shri. M N Rao has been associated with the Company and is a member of the Board since inception. Shri. M N Rao is an Engineer by profession and has held senior positions in IDBI for over three decades. Shri. M N Rao has got vast experience in Project Financing. Shri. M N Rao has been providing advise to the Company on many financial and banking aspects. Shri. M N Rao retires by rotation at the ensuing AGM and being eligible offers himself for re-appointment.

Shri. M N Rao is a member of the Board of many of the Companies in the Private Sector.

Shri. M N Rao is member of Audit Committee and Remuneration Committee.

Shri. K Gopal is an Arts Graduate from Osmania University and a certified Associate of Indian Institute of Bankers, Mumbai. He has worked in State Bank of India in various departments in India and abroad and has rich experience of over 3 decades. Shri. K. Gopal was appointed as Director on 27.9.2002. Shri. K Gopal is member of Audit Committee, Shareholders Grievances Committee and Remuneration Committee.



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## DIRECTORS' REPORT

Your Directors have pleasure in presenting their Twentieth Annual Report together with the Audited Accounts for the year ended 31st March 2004.

The financial results for the year ended 31st March 2004 is summarised below.

	(Rs.in Lacs)	
	2003-2004	2002-2003
Income from operations	1535.33	1637.16
Gross profit	61.60	68.66
Interest	51.66	56.48
Depreciation	24.52	24.44
Preliminary expenses W.off	-	6.26
Profit/(Loss) before taxation	(14.58)	(18.52)
Deferred Tax Asset (Net)	5.23	5.15
Net Profit/(Loss) After Taxation	(9.35)	(13.77)
Balance brought forward	(98.70)	(85.33)
Balance carried to balance sheet	(108.05)	(98.70)

### Operations:

During the year under report there has been decline in sales turnover and gross profit, in comparison with the previous year. The Company has recorded income from operations of Rs.1535.33 lacs as against Rs.1637.16 lacs in the previous year. However the company has recorded substantial increase in export sales. The company has exported 542 MTs of its products during the year under report as against 380 MTs in the previous year, an increase of 40% in percentage terms. The Company has been able to record a steady growth in exports despite severe competition. In domestic market, the off-take from cement/fertiliser industry is low due to drought and low volume of cement production in the state. This has resulted in low capacity utilisation, consequent lower realisation on selling prices and a net loss for the year. With the combined efforts of management and staff, the company could bring down expenses in regard to power, interest and administrative expenses. The company could restrict its loss to Rs.9.35 lacs against Rs.13.37 lacs recorded in the previous year. The Company has achieved production of 1819 MTs of HDPE/PP Woven sacks/Fabric (Pre. Year 2018 MTs).

To mitigate the fall in off-take of bags by the cement/fertiliser companies the company has increased its focus on exports and alternative applications of packing material. The company focussed on value added products and

approached selective marketing. This has resulted in higher price realisation and sales has shown improvement, however the increase has not been sufficient to absorb the increased costs of inputs, raw material costs etc due to rise in international oil prices. The increased cost of raw material has strained the working capital requirements by way of increase in interest 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 Industry. Considering the new Government policies at Centre and in state for development of infrastructure, and liberalisation of economy in the coming months, especially for agriculture sector, the demand for bags should improve substantially. On domestic front, in the month of April'04 Government of India relaxed Jute Mandatory Order, facilitating Rice & Sugar Packing in PP Woven Sacks. This relaxation would lead to a quantum jump in demand for our product. Your company is well established in international market and is exporting to USA, UK, Portugal, Malaysia, Sri Lanka, Zambia & UAE. Your Company is exploring the possibilities for exports to Europe seriously on lifting of Anti Dumping Duty in European Union. USA market is going to be one of largest market for our product once the textile quota is removed from 1.1.2005. Considering all the above facts your Directors are hopeful of improved performance during the 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 state



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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. M N Rao & Shri. K Gopal Directors of the company retire by rotation at the ensuing Annual General meeting and are eligible for re-appointment. The re-appointment and payment of remuneration to Shri. G V S Raju, Director (Commercial) is put up for approval of the members.

#### 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)  
Place : Hyderabad  
Date : 09.06.2004

**D R S P Raju**  
Managing Director

## 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 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	24301846	15377939
2. Foreign Exchange used for import of raw material	1292209	3287925

#### 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 six Directors of whom two are executive, and four 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

#### 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 staff 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 in a quarter to review the quarterly performance and financial results.





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**c) Number of Board Meetings:**

During the year from 1st April, 2003 to 31st March, 2004 the Board met five times on the following dates:

Sl.No.	Date	Board Strength	No. of Directors present
1.	29.05.2003	6	4
2.	30.06.2003	6	5
3.	29.07.2003	6	4
4.	28.10.2003	6	4
5.	28.01.2004	6	5

**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 31.3.2004	No. of Memberships in other Board Committees as on 31st March, 2004
Mr. D V R Raju	5	4	YES	NIL	NIL
Mr. M N Rao	5	5	NO	7	8(3)
Mr. D R S P Raju	5	5	YES	1	NIL
Mr. K Gopal	5	3	YES	NIL	NIL
Mr. G V S Raju	5	5	YES	1	NIL
Mr. K Krishna Raju	5	—	—	NIL	NIL

Figure in bracket 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



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During the year 1st April, 2003 to 31st March, 2004 the Committee had three Meetings.

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	3	3
Sri. M N Rao	3	3
Sri. D V R Raju	3	2

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:

- 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.