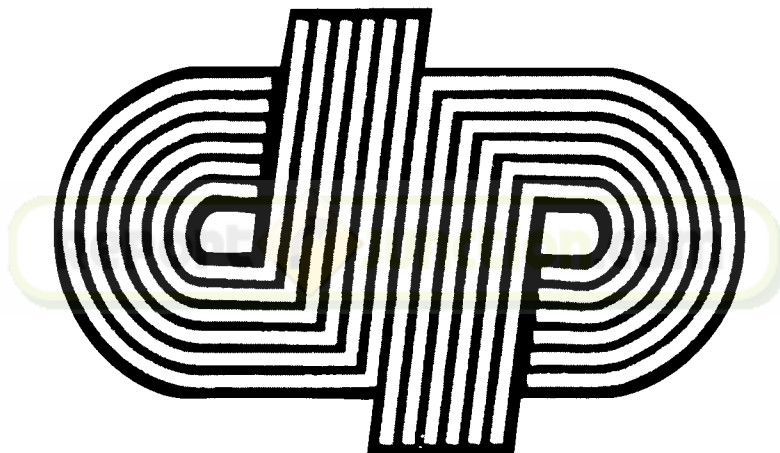


DECCAN POLYPACKS LIMITED



**21st Annual Report
2004-2005**



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 G V S 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,

Medak District, Andhra Pradesh

Pin : 502 325

Phone : 0091-8458-279498, 279577

Fax : 0091-8458-279322

E-mail : hyd2_dpl@sancharnet.in

Website : www.deccanpoly.com

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 21st Annual General Meeting of Deccan Polypacks Limited will be held on Thursday the 21st of July, 2005 at 11.00 a.m. at the registered office of the Company situated at S.No.142/A, IDA Bollaram, Via Miyapur, Jinnaram Mandal, 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 2005, Audited Balance Sheet as at that date and reports of the Directors and Auditors thereon
2. To appoint a Director in the place of Mr D V R Raju who retires by rotation and being eligible offers himself for re-appointment.

3. To appoint a Director in the place of Mr K Krishna Raju who retires by rotation and being eligible offers himself for reappointment.
4. 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.

On behalf of the Board,
for DECCAN POLYPACKS LIMITED

Place : Hyderabad
Date : 30.05.2005
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, 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 M/s

Sathguru Management Consultants Pvt Limited
Plot No.15 Hindi Nagar, Panjagutta Hyderabad.

4. The Register of members and share transfer books of the Company will remain closed from 19.07.2005 to 21.07.2005 (both days inclusive).

On behalf of the Board,
for DECCAN POLYPACKS LIMITED

Place : Hyderabad
Date : 30.05.2005
D R S P Raju
Managing Director

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 D.V.R.Raju is one of the promoter's and has been associated with the Company since inception. He was appointed Director on 10.06.1985. Shri D.V.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.

Shri K.Krishna Raju has done his Bachelors in Electronics & Communications 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 networking marketing. He has worked as senior hardware systems architect for Intel's mobile PC platform. Shri K.Krishna Raju has rich experience and extensive exposure in Internet networking technologies. Shri K.Krishna Raju is member of Directors Remuneration Committee.



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DIRECTORS' REPORT

Your Directors have pleasure in presenting their 21st Annual Report together with the Audited Accounts for the year ended 31st March 2005.

The financial results for the year ended 31st March 2005 is summarised below.

	(Rs.in Lacs)	
	2004-2005	2003-2004
Income from operations	1839.66	1535.33
Gross profit	102.39	61.60
Interest	40.47	51.66
Depreciation	24.73	24.52
Profit/(Loss) before taxation	37.19	(14.58)
Current Tax (-)	1.51	-
Deferred Tax Asset (Net)	1.37	5.23
Net Profit/(Loss) After Taxation	37.05	(9.35)
Balance brought forward	(108.05)	(98.70)
Balance carried to balance sheet	(71.00)	(108.05)

Operations:

During the year under report there has been substantial improvement in sales turnover and gross/net profit in comparison with the previous year. The company has recorded income from operations of Rs.1839.66 lacs as against Rs.1535.33 lacs in the previous year. During the year our exports have recorded a substantial growth in volume and value. Your Company exported a quantity of 670 MTs valued at Rs.459.71 lacs, earned foreign exchange of USD 10.56 lacs in comparison with previous year exports of 542 MTS valued at Rs. 292.41 lacs, earning of foreign exchange of USD 6.72 lacs, record on increase of 57% in USD. The Company has been able to record a steady growth in exports despite severe competition. The domestic market for cement/fertilisers packing has improved during the year, however there is no substantial improvement in realisation from the domestic market. The company has adopted the policy of taking orders with satisfactory realisation to enhance its profits.

With the combined efforts of management and staff, the company could bring down expenses in regard to power, interest, wages, etc. The company continued its focus on exports and alternative applications of packing material requirement, with high value added products and approached selective marketing. This has resulted in higher price realisation and sales has shown improvement. The increase in input costs especially raw materials have affected/strained the working capital requirements. The Company would have fared better in its operations, if adequate working capital limits were available in relation to the input costs.

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 the State for development of infrastructure, and further liberalisation of economy in the coming months, especially for agriculture sector, the demand for bags should improve substantially.

We are glad to inform that the company has established itself in the international market and is exporting to USA, UK, Portugal, Malaysia, Sri Lanka, Zambia and UAE. During the year the company could add to its list three more new international customers in Ghana, UAE and Poland. The company has focussed to improve the volumes with the existing customers and target new customers for the year 2005-06 by offering new products like Jumbo bags, Builder bags, Laminated Wide Width Fabric, Tarpaulins, Sand bags etc which has huge potential with higher value additions. The company has submitted various samples of the above products and is expecting firm orders from the above sector. Due to lifting of quota system in USA, opportunities for Indian exports to US markets has opened-up on a big scale. On the domestic front due to implementation of VAT from 1st April'05, the demand for packing material for cement,



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fertilisers, chemicals and food grains will tremendously increase within the State. The end customer will be benefited, if the packing material is procured from the local industry to enable them claim the input credits. The impact of VAT implementation is already visible in the domestic market. Considering the above favourable factors for the year 2005-06, your Company is hopeful of improved performance during the coming years.

Corporate Governance:

The company has implemented the Corporate Governance code. 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:

- (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 judgments 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.
- (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 & Shri. K. Krishna Raju Directors of the company retire by rotation at the ensuing Annual General meeting and are eligible for re-appointment.

Compliance Certificate:

Compliance Certificate in terms of Section 383A of the Companies Act, 1956 is attached and forms part of the report.

Acknowledgments:

The Board expresses its grateful thanks to The State Bank of India, State Bank of Hyderabad, various departments of the State and Central Government, Customers, Vendors, Shareholders, Employees and Staff for their valuable support to the company.

For and on behalf of the Board

G V S Raju
Director (Commercial)

DR S P Raju
Managing Director

Place : Hyderabad
Date : 30.05.2005



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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	3,41,47,790	2,43,01,846
2. Foreign Exchange used for import of raw material	8,07,984	12,92,209

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.

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



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b) Board Meetings:

The meetings of the Board of Directors are scheduled well in advance. 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, 2004 to 31st March, 2005 the Board met six times on the following dates:

Sl.No.	Date	Board Strength	No. of Directors present
1.	31.05.2004	6	5
2.	09.06.2004	6	5
3.	28.07.2004	6	4
4.	30.10.2004	6	5
5.	29.11.2004	6	4
6.	29.01.2005	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 31.3.2005	No. of Memberships in other Board Committees as on 31st March, 2005
Mr. D V R Raju	6	6	YES	NIL	NIL
Mr. M N Rao	6	5	NO	7	7(3)
Mr. D R S P Raju	6	6	YES	1	NIL
Mr. K Gopal	6	5	YES	NIL	NIL
Mr. G V S Raju	6	6	YES	1	NIL
Mr. K Krishna Raju	6	-	YES	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, 2004 to 31st March, 2005 the Committee had four 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	4	4
Sri. M N Rao	4	4
Sri. D V R Raju	4	4

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.
- 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.



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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

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 17 times during the year ended 31st March, 2005. 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	17	17
Sri. D R S P Raju	17	17

iv) Number of shares pending for transfer: Nil

c) Shareholders Grievances Committee:

The Committee was constituted on 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, 2005:

Sl.No.	Nature of letter / complaints	Recd.	Disposed	Pending
1.	Non receipt of share certificates after transfer/ exchange/sub-dividend/ consolidated/duplicate	134	134	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, 2005.

d) Remuneration Committee:

The Committee was formed on 14th June, 2003 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 others matters as may be entrusted from time to time.

Details of remuneration paid to the Directors during the Financial Year from 1st April, 2004 to 31st March, 2005.



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Executive Directors

Name	Salary	Perquisites	Comm.	Date of appoint	Date of expiry
Sri.D R S P Raju	330000	364017	—	1.10.01	30.9.06
Sri. G V S Raju	234000	168480	—	1.10.04	30.9.07

Non-Executive Directors:

Name	Sitting Fees
Sri. M N Rao	Rs. 10,000/-
Sri. K Gopal	Rs. 10,000/-
Sri. D V R Raju	Rs. 8,750/-

General Body Meetings:

- a) The last three Annual General Meetings of the company were held as under:

FINANCIAL YEAR	Date	Time	Place
2001-2002	27.09.2002	11.00 a.m	Registered office IDA Bollaram, S.No.142/a, Via Miyapur, Jinnaram (M), Medak Dist., A.P.
2002-2003	29.09.2003	11.00 a.m	Registered office IDA Bollaram, S.No.142/a, Via Miyapur, Jinnaram (M), Medak Dist., A.P.
2003-2004	29.09.2004	11.00 a.m	Registered office IDA Bollaram, S.No.142/a, Via Miyapur, Jinnaram (M), Medak Dist., A.P.

All the resolutions as set out in the respective notices were passed by the shareholders. No special resolutions were required to be put through the postal ballot.

Disclosures:

The pecuniary disclosure with regard to interested Directors

- Disclosures on materially significant related party transactions of the company of material nature with the promoters, the Directors or the management, their subsidiaries or relatives etc., that may have potential conflict with the interest of the company at large. None of the transactions with any of the related parties were in conflict with interests of the company.
- Details of non - compliance by the company, penalties, strictures imposed on the company by the stock exchange or SEBI or any statutory authority on any matter related to capital markets during the last three years.

There were no instances of non compliance of any matter related to capital market during the last three years.