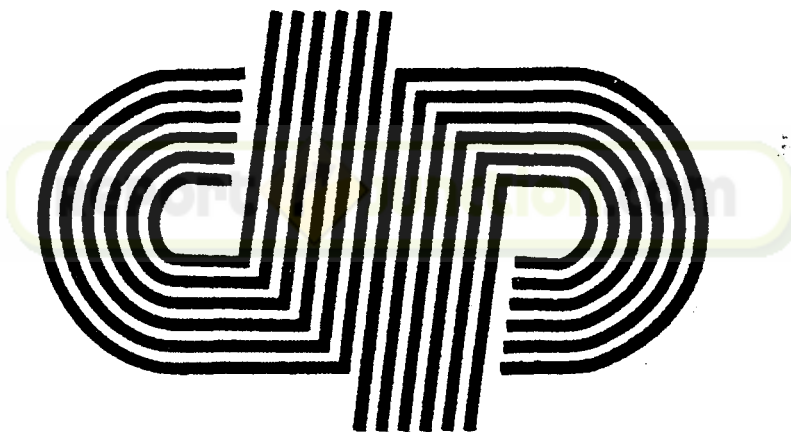


DECCAN POLYPACKS LIMITED



**25th Annual Report
2008-2009**



Board of Directors

Sri K Gopal
Sri D V R Raju
Shri D R S P Raju
Shri G V S Raju
Shri N V S Rao
Shri N S B Reddy
Shri Krishna Raju Kalidindi

Chairman

Managing Director
Director (Commercial)

Auditors

M Bhaskara Rao & Co.
Chartered Accountants
5th Floor, Kautilya Apartments
Somajiguda
Hyderabad - 500 082

Shareholders may also correspond to
Mr D V Prudvi Raju, General Manager
at the following email ID :
prudvi22@gmail.com

Bankers

State Bank of India
Industrial Finance Branch
Somajiguda
Hyderabad - 500 082

Registered Office & Works

Sy.No. 142/A, IDA Bollaram, Via Miyapur
Jinnaram Mandal, Narsapur Tq.
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, Panjagutta
Hyderabad - 500 034



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NOTICE:

Notice is hereby given that the 25th Annual General Meeting of Deccan Polypacks Limited will be held on Wednesday the 30th day of September 2009 at 11.00 AM at the Registered Office of the company situated at Sy. No : 142A, 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, 2009, Audited Balance Sheet and the Cash Flow Statement as at that date and the Reports of the Director's and Auditor's thereon.
2. To appoint a Director in the place of Sri K Gopal, Director who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in the place of Sri N V S Rao, 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 up to the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

5. 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 consent be and is hereby accorded to the re-appointment of Sri G V S Raju as Director (Commercial) for a period of Two Years with effect

from 01.10.2009 and payment of remuneration on the following terms and conditions.

I. Salary Rs 34,000 per month in the grade Rs. 34,000-3000-37,000.

II. Perquisites and allowances :

I. Housing

- a) The expenditure incurred by the company on hiring accommodation for the Director (Commercial) shall be subject to a ceiling of 60% salary over and above 10% payable by the Director (Commercial) himself.
- b) Where accommodation is provided in a company owned house, the Director (Commercial) shall pay to the company by way of rent 10% of the salary.
- c) Where the company does not provide accommodation to the Director (Commercial) 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 (Commercial).

II. Medical Reimbursement :

Expenses incurred for self and family subject to a ceiling of one month's salary per year or one months salary in a period of two years.

III. Leave Travel Concession :

For self and family once in year in accordance with rules specified by the company.

IV. Club Fess :

Fees of Clubs subject to a maximum of two clubs, 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 2,000.

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 Director (Commercial).

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.

"FURTHER RESOLVED THAT "where in a financial year the company has no profits or its profits are inadequate the company may pay to Sri G V S Raju, Director (Commercial) remuneration by way of salary, perquisites and allowances as mentioned hereinabove subject to the provisions of Schedule XIII, Section II, Part II of the

Companies Act, 1956."

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

"RESOLVED THAT pursuant to section 314 (1B) of the Companies Act, 1956, and subject to the approval of the Central Government, consent of the company be and is hereby accorded, to Mr D V Prudvi Raju, a relative of the Managing Director of the company, to hold an office of profit or place of profit as General Manager with effect from 01.02.2009 in the scale of Rs 10,800 – 1500 – 17,000 per month together with the usual allowances and benefits, amenities and facilities including staff superannuation fund, retiring gratuity and provident fund benefits as applicable to other employees occupying similar post or posts within the same salary scale or grade, with authority to the Board of Directors to sanction at their discretion increments within the grade as they may deem fit and proper and to sanction at their discretion and in due course. Mr D V Prudvi Raju's promotion to the next higher grade or grades together with the usual allowances and benefits as applicable to such grade or grades and to give increments within that grade or grades as they may deem fit and proper".

"FURTHER RESOLVED THAT" that the remuneration payable to Mr D.V Prudvi Raju as aforesaid will be subject to such modification as the Central Government may suggest or require which the Directors are hereby authorized to accept on behalf of the company and which may be acceptable to Mr D V Prudvi Raju and are not less favourable to the Company."

On behalf of the Board
for DECCAN POLYPACKS LIMITED

Place : Hyderabad
Date : 30-06-2009

D.R.S.P. Raju
Managing Director



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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 Sy. No : 142A, IDA Bollaram, Via Miyapur, Jinnaram Mandal, Narsapur Tq., Medak Dist. 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 dematerialization of shares and all matters pertaining to shares to the Registrars and Transfer Agents M/s Sathguru Management Consultants Pvt. Ltd., Plot No : 15, Hindi Nagar, Panjagutta, Hyderabad 500 034.
4. The Register of members and share transfer books of the company will remain closed from 24.09.2009 to 30.09.2009 (both days inclusive)
5. The explanatory statement for special business mentioned in the notice is annexed as per the provisions of Section 173(2) of the Companies Act, 1956.

ANNEXURE:

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

ITEM NO.5

The existing term of Sri G V S Raju, as Director (Commercial) expires on 30.09.2009. The Board of Directors at their meeting held on 30.06.2009 have

re-appointed Sri G V S Raju as Director (Commercial) for a period of Two Years w.e.f. 01.10.2009. The Director's remuneration Committee at its meeting held on 30.06.2009 has passed resolution approving the remuneration payable to Sri G V S Raju Director (Commercial) as per the terms mentioned in the notice subject to the approval of the shareholders. Your Directors are of the view that the re-appointment of Sri G V S Raju as Director (Commercial) will be in the interest of the company and its members and accordingly commend the resolution for your approval. None of the Directors except Sri G V S Raju and Sri D R S P Raju (being relative of Sri G V S Raju) is concerned or interested in the said resolution. The explanation together with the accompanying notice may be treated as an abstract under section 302 of the Companies Act, 1956.

ITEM NO.6

Under sub-section (1B) of section 314 of the Companies Act, 1956, it is necessary to obtain the prior consent of the company by a special resolution and the approval of the Central Government for holding or continuing to hold office or place of profit under the company in any such office or place of profit carrying a total monthly remuneration of Rs 20,000 or more. Mr D V Prudvi Raju is a commerce graduate and has completed MBA (HR and Marketing) from IIPM (Indian Institute of Planning and Management), Hyderabad. Mr Prudvi Raju possesses good knowledge in HR and Marketing and possesses exceptional organizational skills. In order to strengthen the HR and Marketing Department, it is proposed to appoint him as General Manager in the grade of Rs.10,800 – 1500 – 17,000 per month. Since he is a son of the Managing Director and his total remuneration exceeds Rs 20,000 per



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month, the proposed special resolution is intended to obtain the consent of the company and approval of the Central Government to his holding or continuing to hold office or place of profit under the company. The resolution also seeks authority of the Board to sanction in due course promotion of Mr D V Prudvi Raju to the next higher grade together with the usual allowances and benefits.

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.

Sri K Gopal is in Arts Graduate from Osmania University and a certified Associate of the 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. Sri K Gopal was re-appointed as Director at the Annual General Meeting held on 29.09.2006

and was appointed as Chairman of the Company at the Board Meeting held on 28.01.2008. Sri K Gopal is Chairman of Audit Committee, Remuneration Committee and member of Shareholders Grievance Committee of Directors.

Sri N V S Rao is Post Graduate in Economics from Osmania University. He has worked in State Bank of India for over three decades. He has held senior positions during his tenure of service in the Bank. Sri N V S Rao was appointed as Director at the Annual General Meeting held on 28.09.2007. Mr N V S Rao is a member of Audit Committee and Remuneration Committee.

On behalf of the Board
for DECCAN POLYPACKS LIMITED

Place : Hyderabad
Date : 30-06-2009

D.R.S.P. Raju
Managing Director



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DIRECTORS' REPORT

Your Directors have pleasure in presenting their 25th Annual Report together with the Audited Accounts and Cash Flow Statements for the year ended 31st March 2009.

The financial results for the year ended 31st March 2009 are summarized below.

Particulars	(Rs. in Lacs)	
	2008-2009	2007-2008
Income from operations	3330.25	3435.91
Gross Profit	198.81	218.81
Interest	136.74	121.75
Depreciation	28.27	26.71
Profit/(Loss) before taxation	33.80	70.35
Deferred Tax(Liability)/Asset	(3.38)	(23.39)
Fringe Benefit Tax	(0.66)	(0.79)
Current tax	(3.41)	(7.16)
Net Profit/(Loss) After Taxation	26.35	39.00
Balance brought forward	24.76	14.25
Balance carried to		
Balance Sheet	51.11	24.76

Operations

The overall performance of the company in terms of productions, sales, exports has been low in comparison with the previous year. During the year the company has recorded production of 2482 MTs (Previous year 3017 MTs), The Company has recorded capacity utilization of 81.03% as against 98.49% recorded in the previous year.

The current recession has affected the company's overall performance resulting in reduction in sales, gross profit during the year under report in comparison with the previous year. The company has recorded income from operations of Rs 3330.25 lacs as against Rs 3435.91 lacs in the previous year. The company exported 163 MTs of its products valued at 150.04 lakhs during the year under report as against 206 MTs

valued 168.99 lakhs in the previous year. The sales in the domestic market as well as export has reduced during the year under report. This is mainly due to slow down in the construction and infrastructure activities and general recession in the economy. In view, of these factors the company has recorded net profit of Rs 26.35 lakhs as against Rs.39.00 lakhs in the previous year. The Company has continued its efforts to reduce costs wherever possible to improve its overall performance. The company is hopeful of achieving improved performance in the coming years.

Future Outlook

The recessionary trend in the present economic situation especially in the construction and infrastructure activity has severely affected the demand for company's products. The company mainly caters to the packing requirements of the Cement and Fertilizer industries whose growth has been affected due to present recessionary market conditions. The Government is making efforts to stabilize the economy by reducing interest rates, ensuring stability in stock markets announcing certain other measures to improve the demand position, however it would take some more time to see the results of the efforts put in by the Government. Similar is the situation in the export market. The economies in the Europe, America have been facing similar trends due to which the orders for exports have declined. The company has drawn strategic plans to strike balance between the domestic and export market to ensure improvement in performance in future.

Corporate Governance

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



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Directors Responsibility Statement

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

- (a) in the preparation of annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- (b) 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 profit of the company for that period.
- (c) 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) the Directors have prepared the annual accounts on a going concern basis.

CRISIL RATING:

Your company has been accredited with SME-2 rating by CRISIL. This Rating denotes High Level of credit worthiness.

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 this

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 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 Sri K Gopal and Sri N V S Rao Directors of the company retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

Secretarial Compliance Certificate

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

Acknowledgements

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 and shareholders for their valuable support to the company, staff and employees.

For and on behalf of the Board

G V S Raju
Director (Commercial)

D R S P Raju
Managing Director

Place : Hyderabad
Date : 30.06.2009



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Annexure-I

Disclosure of particulars with respect to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and out go 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 inhouse study at regular intervals in respect of energy consumption and formulates operational systems to minimize 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	1,46,00,000	1,50,76,374
2. Foreign Exchange used for import of raw material	45,36,891	23,89,152

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 is implementing the Corporate Governance Code as per the guidelines issued by the Stock Exchange. 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, 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. Out of the five non-executive Directors four are Independent Directors. The Chairman of the Board is a Non-Executive Director.

a) Composition of the Board:

Name of the Director	Status
Shri K Gopal	Independent & Non Executive - Chairman
Shri D V R Raju	Promoter & Non Executive
Shri D R S P Raju	Managing Director & Executive
Shri G V S Raju	Director (Commercial) & Executive
Shri N S B Reddy	Independent & Non Executive
Shri N V S Rao	Independent & Non Executive
Shri K Krishna Raju	Independent & Non Executive



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b) Disclosure of relationships between Directors Inter se:

Sl.No.	Name of the Director	Nature of relationship to (Name of the Director)
1.	Shri D V R Raju	Father (Sri D R S P Raju)
2.	Shri D R S P Raju	Son (Sri D V R Raju)
3.	Shri K Gopal	Nil
4.	Shri N S B Reddy	Nil
5.	Shri G V S Raju	Sister's Husband (D R S P Raju)
6.	Shri N V S Rao	Nil
7.	Shri K Krishna Raju	Nil

c) Board Meetings:

The meetings of the Board of Directors are held at the City Office / Registered Office of the Company at Hyderabad / Bollaram (factory site) agenda for which is circulated at least seven days in advance. 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.

d) Number of Board Meetings

During the year from 1st April 2008 to 31st March 2009 the Board met five times on the following dates.

Sl.No.	Date	Board Strength	No. of Directors present
1.	28.06.2008	7	6
2.	31.07.2008	7	5
3.	30.10.2008	7	6
4.	27.01.2009	7	6