

NOTICE:

Notice is hereby given that the 28th Annual General Meeting of Deccan Polypacks Limited will be held on Friday the 28th day of September, 2012 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, Andhra Pradesh 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, 2012, 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 N V S Rao, Director, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in the place of Sri N S B Reddy, 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 Ordinary Resolution:

RESOLVED THAT Sri D V Prudvi 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 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 consent be and is hereby accorded to the appointment of Sri D V Prudvi Raju, as Whole Time Director for a period of Three Years with effect from 08.02.2012 and payment of remuneration on the following terms and conditions.

- I. Salary Rs 50,000/- per month in the grade Rs 50,000–10,000 – 70,000

II. Perquisites and allowances :

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

II. Medical Reimbursement :

Expenses incurred for self and family subject to a ceiling of one month's salary per year.

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 2,000/-

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 Whole Time 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 en-cashed 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 D V Prudvi Raju, Whole Time Director 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".

On behalf of the Board.
for **DECCAN POLYPACKS LIMITED**

OTHER PERQUISITES:

I. Company's contribution towards Provident Fund as per the rules of the company.

Place : Hyderabad
Date:16.08.2012

D R S P Raju
Managing Director

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

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 Karvy Computershare Private Limited, Plot No :17 to 24, Vittal Rao Nagar, Near Image Hospital, Madhapur, Hyderabad – 500 081
4. The Register of members and share transfer books of the company will remain closed from 25.09.2012 to 28.09.2012 (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.

On behalf of the Board.
for **DECCAN POLYPACKS LIMITED**

Place : Hyderabad
Date: 16.08.2012

D R S P Raju
Managing Director

ANNEXURE :

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

ITEM No.5:

Sri D V Prudvi Raju was appointed as Additional Director at the Meeting of the Board of Directors held on 08.02.2012 under section 260 of the Companies Act, 1956 and holds office of the Director up to the ensuing Annual General Meeting. The company has received notice as required under Section 257 of the Companies Act, 1956 proposing the candidature of Sri D V Prudvi Raju as Director of the Company together with requisite deposit. The Board commends the resolution for the approval of the shareholders. None of the Directors except Sri D R S P Raju (being relative of Sri D V Prudvi Raju) are concerned or interested in the said resolution.

ITEM NO:6

Sri D V Prudvi Raju was appointed as Whole Time Director on payment of Remuneration subject to the approval of the shareholders at the said meeting of the Board of Directors held on 08.02.2012. The Remuneration Committee of the Directors at their Meeting held on 08.02.2012 has approved the remuneration payable to the Whole Time Director subject to the approval of the Shareholders. Sri D V Prudvi Raju is a Commerce Graduate with Masters Degree in Business Management from the India Institute of Planning and Management. Sri D V Prudvi Raju possesses good knowledge in HR and Marketing and possesses exceptional organizational skills. Earlier Sri D V Prudvi Raju has worked as General Manager and has made substantial contributions to the growth of the company.

Your Directors are of the view that appointment of Sri D V Prudvi Raju as Whole Time Director 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 D R S P Raju (being relative of Sri D V Prudvi Raju) are 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.

**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.

1. 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 is a member of Audit

Committee and Remuneration Committee of Directors

2. Sri N S B Reddy is an Engineering Graduate with additional qualifications which include an MBA degree and a law degree. He has worked in Indian Air Force for over two decades in various capacities.

Sri N S B Reddy is member of Audit Committee and Remuneration Committee of Directors

On behalf of the Board
for **DECCAN POLYPACKS LIMITED**

Place : Hyderabad
Date: 16.08.2012

D .R. S. P. RAJU
Managing Director

DIRECTORS' REPORT

Your Directors have pleasure in presenting their 28th Annual Report together with the Audited Accounts and Cash Flow Statements for the year ended 31st March 2012.

The financial results for the year ended 31st March 2012 are summarized below.

Particulars	(Rs. in Lakhs)	
	2011-12	2010-11
Income from operations	3208.05	3078.49
Gross Profit	264.96	156.74
Interest	200.48	101.49
Depreciation	30.20	30.09
Profit/(Loss) before taxation	34.28	25.15
Deferred Tax(Liability)/Asset	9.02	3.75
Current tax	(6.53)	(4.66)
Net Profit/(Loss)After Taxation	36.77	24.24
Balance brought forward	124.25	100.01
Balance carried to		
Balance Sheet	161.02	124.25

Operations

The overall performance of the company in terms of sales and turnover has marginally increased to Rs.3208.05 lakhs (previous year Rs.3078.49 Lakhs) in the year under report in comparison with the previous year. During the year the company has recorded production of 2638 MTs (previous year 2788 MTs). The production has been marginally lower in the year under report due to frequent power cuts leading to loss of production. This has also resulted in lower capacity utilization of 86.12% in comparison with the previous year 91.02%. The volume of export sales has been low compared to previous year.

The Company has mainly focused on the domestic market sales during the year hence recorded lower volumes of exports. The realization on sales during the year under report has marginally improved for woven sacks and fabric. The company has recorded net profit of Rs 36.77 lakhs as against Rs.24.24 lakhs in the previous year mainly due to increase in deferred

tax. 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 Economy is showing improvement especially in the infrastructure and construction activities. The Government is making efforts to boost the construction activity by taking up various infrastructure projects and announcing various schemes to provide for housing to the economically weaker sections. Such actions would boost the production of cement and its requirement for its packing. 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 company has drawn strategic plans to strike balance between the domestic and export market to ensure improvement in performance in future.

Disclosure as per Listing Agreement : Clause 43 :

The company's shares are listed on the Bombay Stock exchange Ltd., P J Towers, Dalal Street, Fort, Mumbai . It is further informed that the listing fees for the year 2012-2013 has been paid to the exchange.

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 :

- in the preparation of annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- 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 Crisil B / Stable/ Crisil A4 rating to the Company for the facilities availed from the Bank.

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

Your Directors regret to inform the demise of Sri D.V.R. Raju, Promoter and Director of the Company on 13.08.2012. The Directors place on record the contributions made by Sri D.V.R. Raju during his tenure as Director of the company. (Noted in the Board Meeting held on 16.08.2012)

Pursuant to the Provisions of Sections 255 and 256 of the Companies Act, 1956 Sri N.V.S. Rao and Sri N S B Reddy Directors of the company retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

Sri D V Prudvi Raju was appointed as Additional Director and Whole Time Director at the meeting of the Board of Directors held on 08.02.2012 subject to the approval of shareholders of the Company. The appointment of Sri D V Prudvi Raju as Director and Whole Time Director on payment of remuneration is proposed at the ensuing Annual General Meeting.

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 : 16.08.2012

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 in-house 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	28,36,412	62,98,912
2. Foreign Exchange used for import of raw material	29,32,069	1,69,46,399

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 three are executive, and four are non-executive Directors. Out of the four non-executive Directors three are Independent Directors and one is promoter Director. The Chairman of the Board is a Non-Executive Director.

a) Composition of the Board :

Name of the Director	Status
Sri K Gopal	Independent & Non-Executive - Chairman
*Sri D V R Raju	Promoter & Non Executive
Sri D R S PRAJU	Managing Director & Executive
Sri G V S Raju	Director (Commercial) & Executive
Sri D V Prudvi Raju	Whole Time Director & Executive
Sri N S B Reddy	Independent & Non Executive
Sri N V S Rao	Independent & Non Executive

* Sri D.V.R. Raju ceased to be a Director from 13.08.2012

b) **Disclosure of relationships between Directors Inter Se :**

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

* Ceased to be a Director from 13.08.2012

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) and agenda for which is circulated at least 7 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 2011 to 31st March 2012 the Board met five times on the following dates.

Sl.No	Date	Board Strength	No. of Directors present
01	27.05.2011	6	5
02	16.07.2011	6	3
03	13.08.2011	6	5
04	12.11.2011	6	6
05	08.02.2012	7	7

e) **Attendance of Directors**

Name of the Director	No. of Board Meetings held	No. of Board Meetings attended	Attendance at the last Annual General Meeting	No. of Directorships in other Board as on 31.03.2012	No. of memberships in other Board committees as on 31.03.2012
Sri K Gopal	5	5	Yes	Nil	Nil
* Sri D V R Raju	5	3	No	Nil	Nil
Sri D R S P Raju	5	5	Yes	4	Nil
Sri G V S Raju	5	4	Yes	Nil	Nil
Sri N S B Reddy	5	4	Yes	Nil	Nil
Sri N V S Rao	5	4	Yes	Nil	Nil
Sri D V Prudvi Raju	5	1	Yes	1	Nil

* Sri D.V.R. Raju ceased to be a Director from 13.08.2012

III. Committees of Directors :

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

a : Audit Committee

i) The Audit Committee was reconstituted at Board Meeting held on 25.06.2007. The committee comprises of the following non-executive members of the Board.

- | | | |
|---------------------|---|----------|
| 1. Sri K Gopal | - | Chairman |
| 2. * Sri D V R Raju | - | Member |
| 3. Sri N S B Reddy | - | Member |
| 4. Sri N V S Rao | - | Member |

* Sri D.V.R. Raju ceased to be a Director from 13.08.2012

During the year 1st April 2011 to 31st March 2012 the committee had four meetings.

Sl. No	Date
1	27.05.2011
2	13.08.2011
3	12.11.2011
4	08.02.2012

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 D V R Raju	4	3
Sri N S B Reddy	4	4
Sri N V S Rao	4	4

* Sri D.V.R. Raju ceased to be a Director from 13.08.2012

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 include 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 service.
- 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.