

DIRECTORS' REPORT

Your Directors have pleasure in presenting their 30th Annual Report together with the Audited Accounts and Cash Flow Statements for the year ended 31st March 2014.

The financial results for the year ended 31st March 2014 are summarized below.

Particulars	(Rs. in Lakhs)	
	2013-14	2012-13
Income from operations	2277.50	2760.87
Gross Profit	36.50	267.37
Interest	214.62	218.86
Depreciation	30.91	30.71
Profit/(Loss) before taxation	(-)209.04	17.80
Deferred Tax(Liability)/Asset	48.74	5.42
Current tax	-	(3.39)
Net Profit/(Loss)After Taxation	(-)160.29	19.83
Balance brought forward	180.85	161.02
Balance carried to		
Balance Sheet	20.56	180.85

Operations

The overall performance of the Company in terms of sales and turnover has been low in comparison with the previous year. During the year the under report the Company has incurred net loss of Rs 160.29 Lakhs in comparison with net profit of Rs.19.83 lakhs in the previous year. During the year the Company recorded lower production of 1562 MTs (previous year 2012-2013 - 2010 MTs). The Company has recorded low capacity utilization of 51% in comparison with 66 % achieved in the previous year.

Erratic fluctuations in raw material prices indigenous as well as imports have eroded profit margins of the Company, added to that frequent power cuts resulted in reduced the number of working days / production days. Secondly the input costs like power, labour and other inputs have increased, there has been no material improvement in the prices of finished goods which have remained almost at the same level hence the realization on sales had been low. Sluggish market condition prevailing in the cement industry wherein the capacity utilization have fallen below normal levels have affected volumes and thereby sales value for the Company have fallen drastically. All these factors

have resulted in Company incurring net loss. The Company 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 provided there is no disturbance on account of power supply and other factors.

Future Outlook

The Woven sacks industry's growth and progress much depends upon the Government Policies and focus of the Government. The growth and prospects of your Company depend upon the policy of the New Government formed in the New State of Telangana and in the Centre. Further the growth also depends on the focus of the New Government on the infrastructure and construction industry. These sectors have direct impact on the demand for woven sacks. Secondly the power situation will be the deciding factor for the growth. The raw material prices are expected to remain stable and continue at the same levels as previous year. 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 is mainly focusing on the domestic 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 2014-2015 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

The Board of Directors of the Company hereby declares and states 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 31.03.2014 and of the loss of the company for the period ended 31.03.2014.
- (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 D' 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 134(M) read with Companies (Accounts) Rules 2014 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.

Statutory Auditors

The Company, in terms of Section 139(1) and (2) of the Act 2013, is required to appoint statutory auditors for a term of five consecutive years i.e., till the conclusion of sixth annual general meeting and ratify their appointment, during the period, in every annual general meeting by an ordinary resolution.

The period for which any firm has held office as auditor prior to the commencement of the Act 2013 will be taken into account for calculating the period of five consecutive years, as per the fourth provision to section 139(2) of the Act 2013 read with Rule 6(3) of the Companies (Audit and Auditors) Rules, 2014.

M/s. M. Bhaskara Rao & Co., Chartered Accountants, Hyderabad, who were earlier appointed as statutory auditors of the Company, at the annual general meeting held on 27th September, 2013, are eligible to be appointed for the remaining period of three years out of the first term of five consecutive years in terms of the Act 2013.

The Company has obtained necessary certificate under Section 141 of the Act 2013 from the auditor conveying their eligibility for the above appointment. The audit committee and board reviewed their eligibility criteria, as laid down under Section 141 of the Act 2013 and recommended their appointment as auditors for the aforesaid period.

Directors

Pursuant to the Provisions of the Companies Act, 2013 Sri K Gopal Sri N S B Reddy and Sri N V S Rao, all being independent Directors 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 : 29.05.2014

Annexure -I

Disclosure of Particulars with respect to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and out go as required under Section 134(M) read with Companies (Accounts) Rules, 2014.

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 earning	-	-
2. Foreign Exchange used for import of raw material	-	-

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 (Six) Directors of whom three are executive, and three are non-executive Directors. Out of the three non-executive Directors two are Independent Directors and 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 R S P Raju	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

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

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

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 2013 to 31st March 2014 the Board met four times on the following dates.

Sl.No	Date	Board Strength	No. of Directors present
01	30.05.2013	6	6
02	14.08.2013	6	6
03	13.11.2013	6	5
04	14.02.2014	6	4

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 31.03.2014	No. of memberships in other Board committees as on 31.03.2014
Mr K Gopal	4	4	Yes	1	Nil
Mr D R S P Raju	4	4	Yes	5	Nil
Mr G V S Raju	4	4	Yes	1	Nil
Mr N S B Reddy	4	3	Yes	Nil	Nil
Mr N V S Rao	4	2	No	Nil	Nil
Mr D V Prudvi Raju	4	4	Yes	1	Nil

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 11.02.2013. The committee comprises of the following non-executive members of the Board.

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

During the year 1st April 2013 to 31st March 2014 the committee had four meetings.

Sl. No	Date
1	30.05.2013
2	14.08.2013
3	13.11.2013
4	14.02.2014

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

Name of the Director	No. of Meetings held	No. of meetings attended
Mr K Gopal	4	4
Mr N S B Reddy	4	3
Mr N V S Rao	4	2
Mr. D V Prudhvi 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 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.
- 4) Reviewing with the management, external and internal auditors, the adequacy of internal control system.
 - 5) Reviewing the adequacy of internal audit function, Structure, coverage and frequency of internal audit.
 - 6) Discussion with internal auditors on 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) Discussions 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 holder, shareholders (in case of non-payment of declared dividends) and creditors.
 - 11) Such other matters as may be entrusted to the committee from the time to time.

b) Share Transfer Committee :

The Committee comprises of the following members of the Board.

1. Mr D R S P Raju - Chairman
2. Mr D V Prudvi Raju - Member (wef 14.11.2012)

Terms of Reference :

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

Attendance of Directors in the Share Transfer Committee Meetings :

The Share Transfer Committee met 5 (Five) times during the year ended 31st March, 2014.

The attendance for the meetings are as stated below :

Name of the Director	No. of meetings held	No. of meetings attended
Mr D R S P Raju	05	05
Mr D V Prudvi Raju	05	05

Number of shares pending for transfer : Nil

c) Shareholders Grievances Committee :

The committee comprises of following members Sri D R S P Raju, Sri K Gopal, Chairman and Sri D V Prudvi Raju (w.e.f. 11.02.2013) . The terms of reference to the committee 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, 2014.

Sl.No.	Nature of Letter / Complaints	Recd.	Disposed	Pending
1	Non - receipt of share certificates after transfer/ exchange/sub-dividend/ consolidated/duplicate transfer and transmission	-	-	---
2.	Miscellaneous and others change of address, old share certificates and mandate etc.	---	---	---

All the complaints / letters received during the financial year were replied / resolved to the satisfaction of the shareholders and there are no complaints pending as on 31st March, 2014

d) Remuneration Committee :

The Remuneration Committee was re-constituted on 25.06.2007 comprising of following members all Independent Directors.

- a) Sri K Gopal - Chairman
- b) Sri N S B Reddy - Member
- c) Sri N V S Rao - Member

During the year 1st April 2013 to 31st March 2014, no meeting of the Directors Remuneration Committee was held.

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, 2013 to 31st March, 2014.

Executive Directors

Name	Salary	Perquisites	Commn.	Date of appointment	Date of expiry
Mr D R S P Raju	9,60,000	5,76,000	-	01.10.2011	2016
Mr G V S Raju	6,00,000	3,60,000	-	01.10.2011	2014
Sri D V Prudvi Raju	6,00,000	3,60,000	-	08.02.2012	2015

Non-Executive Directors:

Name	Sitting Fee (Rs.)	No. of shares
Mr K Gopal	10,000	Nil
Mr N S B Reddy	7500	Nil
Mr N V S Rao	5000	Nil

No remuneration is paid to the non-executive Directors except sitting fees.

IV. Subsidiary Company

There is no Subsidiary Company.

V. Code of Conduct

- The Company has evolved a code of conduct for the Directors and Senior Management Personnel of the Company which has been affirmed for adherence.
- Steps have been taken to post the same on the Company website.

VI. Risk Management

The Company has initiated procedure for risk assessment and its minimization. The Company has identified the areas and steps have been taken to minimize risk wherever possible.

General Body Meetings :

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

FINANCIAL YEAR	Date	Time	Place
2010-2011	29.09.2011	11.00 AM	Registered Office : Sy No : 142A, IDA Bollaram (Village Road) , Via Miyapur, Jinnaram Mandal, Medak Dist. Telangana
2011-2012	28.09.2012	11.00 AM	Registered Office : Sy No : 142A, IDA Bollaram (Village Road) Via Miyapur, Jinnaram Mandal, Medak Dist. Telangana
2012-2013	27.09.2013	11.00AM	Registered Office : Sy No : 142A, IDA Bollaram (Village Road) Via Miyapur, Jinnaram Mandal, Medak Dist. Telangana

- All the resolutions as set out in the respective notices were passed by the shareholders.
- No special resolutions were passed through 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.

- b) Details of non-compliance by the company, penalties, structures 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.

- c) Whistle Blower Policy

The company has made known to all its employees about the policy. It is affirmed that no personnel has been denied access to the Audit Committee.

- d) The Managing Director has given a certificate to the Board as per Clause 49 of the Listing Agreement.

- e) Compliance of Non-Mandatory Clause

- i) Constituted a Remuneration Committee.

- ii) Board has noted the other non-mandatory requirements and is taking steps for its implementation.

Means of Communications

- a) Quarterly / half yearly financial results of the company is forwarded to Bombay Stock Exchange, Mumbai and published in Business Line and Andhra Prabha. Half Yearly report is not sent to each household of shareholders as the results are published in the newspapers.

- b) The results or official news were not displayed in any website.

- c) Company has not made any presentations to any institutional investors / analysts during the year.

- d) All terms required to be covered in the Management Discussions & Analysis have been included in the Directors Report to the members.

- e) Company e-mail id : hyd2_dpl@sancharnet.in

General Shareholders Information :

- a) Annual General Meeting

Date : 26th September 2014

Time : 11.00 AM

Venue : Sy.No: 142A, IDA Bollaram (Via) Miyapur, Jinnaram (M) Medak Dist. AP

- b) Financial Calendar : 1st April 2013 to 31st March 2014

- c) Date of Book Closure : 24.09.2014 to 26.09.2014

- d) Registered Office & Works : Sy No: 142A, IDA Bollaram (Via) Miyapur, Jinnaram (M) Medak Dist. Telangana

- e) Listing on Stock Exchanges : Bombay Stock Exchange Ltd P J Towers, Dalal Street, Fort, Mumbai

- f) Code : BSE-531989

g) Market Price Data
on Bombay Stock Exchange :

Month	High	Low	Month	High	Low
April 2013	12.60	9.91	October	-	-
May	17.58	13.23	November	9.99	9.99
June	-	-	December	9.90	9.50
July	-	-	January 2014	10.75	9.29
August	12.89	10.51	February	10.22	9.71
September	-	-	March	9.50	9.50

h) Share transfer System :

The company has appointed M/s Karvy Computershare Private Limited as the Registrar and Share Transfer Agents w.e. f 16.07.2011. The shareholders are requested to correspond with the Registrar and Share Transfer Agents at their address mentioned hereunder :

Karvy Computershare Private Limited
Plot No. 17 to 24, Vittal Rao Nagar
Near Image Hospital, Madhapur,
Hyderabad - 500081. Ph No. 040-44655208

i) Distribution of shareholding as on 31.03.2014

Sl. No	Category	No. of shares held	Percentage of Shareholding
1	Promoters	1169691	55.30
2	Mutual Funds	-	-
3	Banks, Fin. Inst. Co, (Central/State Govt. Inst. Non Govt Int. (IDBI)	-	-
4	Private Corp. Bodies	69669	3.29
5	NRI/OCBs	4774	0.23
6	Indian Public	870866	41.18
	Total	2115000	100.00

j) The Company has not issued any of the instruments like GDR's / ADR's / warrants or any convertible instruments.