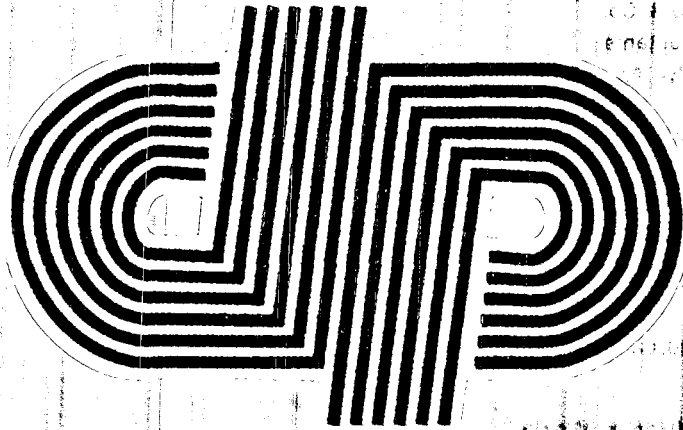


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2/20 Apple Records

2007-2008

**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

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



NOTICE:

Notice is hereby given that the 24th Annual General Meeting of Deccan Polypacks Limited will be held on Tuesday the 30th day of September 2008 at 11.00 AM at the Registered Office of the Company situated at Sy. 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, 2008, 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 D.V.R. Raju, 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.
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 25-09-2008 to 30-09-2008 (both days inclusive).

On behalf of the Board
for DECCAN POLYPACKS LIMITED

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.

Place: Hyderabad
Date : 28-06-2008

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 :

Sri 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. Sri D.V.R. Raju is a Contractor by Profession. Sri D.V.R. Raju is member of the Audit Committee, shareholders Grievance Committee and Share Transfer Committee of Directors of the Company.

Mr. NSB Reddy is BE
(Electronics & Telecommunications)

PGDPM

MAPP

LLB

MCSE

TTC

Ministry of Defence & Ministry of HRD, GOI

NIPM, Calcutta

Shania University

Jiwaji University

Microsoft

Technical Board of Education, AP.

He has worked in Indian Airforce for over two decades in various capacities.

Mr. NSB Reddy was appointed as Director at the Annual General meeting held in 2006.

Mr. NSB Reddy is member of Directors Audit Committee , Remuneration Committee and Shareholders Grievance Committee.

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

Place : Hyderabad
Date : 28-06-2008

D.R.S.P. Raju
Managing Director



DIRECTORS' REPORT

Your Directors have pleasure in presenting their 24th Annual Report together with the Audited Accounts and Cash Flow Statements for the year ended 31st March 2008.

The financial results for the year ended 31st March 2008 are summarized below.

	(Rs. in Lacs)	
	2007-2008	2006-2007
Income from operations	3435.91	3135.32
Gross Profit	218.81	170.97
Interest	121.75	80.23
Depreciation	26.71	28.21
Profit/(Loss) before taxation	70.35	62.53
Deferred Tax/(Liability)/Asset	(23.39)	(22.01)
Fringe Benefit Tax	(0.79)	(0.86)
Current tax	(7.16)	(6.99)
Net Profit/(Loss) After Taxation	39.00	32.67
Balance brought forward	22.75	(9.91)
Balance carried to		
Balance Sheet	61.76	22.75

Operations

During the year the company has recorded production of 3017 MTs (Previous year 2647 MTs) an increase of 12.2% and has achieved 98% of its installed and Licence Capacity.

There has been an impressive increase in sales turnover and gross profit, in comparison with the previous year. The company has recorded income from operations of Rs. 3435.91 lacs as against Rs. 3135.32 lacs in the previous year. The Company has exported 206 MTs of its products valued at 168.99 lakhs during the year under report as against 306 MTs valued 262.72 lakhs in the previous year. Due to increase in sales volume in the domestic market the export volume has declined. In domestic market, the off-take from cement/fertilizer industry has further increased due to increased demand in the domestic market. This has resulted in

substantial increase in capacity utilization, resulting in growth in net profit for the year. The company could bring down some of the expenses, due to sincere efforts put in by the staff.

The company has initiated steps to improve the margins by implementing cost control measures. The company is hopeful of achieving improved performance in the coming years.

Future Outlook

You are aware that the fortunes of the company are by and large linked to the performance and growth of the cement and fertilizer industries. Considering the new Government policies in the Centre and in State for development of infrastructure, and liberalization of economy in the coming months, especially for agriculture sector, the demand for bags should improve substantially. The economy is presently witnessing phenomenal growth in the construction industry and the demand for packing material is also growing. Your Company is exporting to USA, UK, Portugal, Malaysia, Sri Lanka, Zambia and UAE. The focus on export market will continue. Considering the present increased demand in the domestic market and other market conditions 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 :

- in the preparation of the 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.

Replies to Auditors Qualification

The company has covered its Gratuity liability with Life Insurance Corporation of India and contributions are charged to revenue. As regards auditors remark on actuarial valuations and disclosures, the company has initiated action with Life Insurance Corporation of India in respect of the information that is required to be disclosed under Accounting Standard - 15 and the company will comply with the disclosure requirements from financial year 2008-09 on wards.

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 D.V.R. Raju 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.

Compliance Certificate

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.

For and on behalf of the Board

G V S Raju
Director (Commercial)

D R S P Raju
Managing Director

Place : Hyderabad
Date : 28.06 2008



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	1,50,76,374	1,88,39,993
2. Foreign Exchange used for import of raw material	23,89,152	32,66,538

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

* Appointed as Director at the Annual General Meeting held on 28-09-2007.



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 2007 to 31st March 2008 the Board met five times on the following dates.

Sl.No.	Date	Board Strength	No. of Directors present
1.	25.06.2007	7	7
2.	25.07.2007	7	5
3.	28.09.2007	7	5
4.	30.10.2007	7	6
5.	28.01.2008	7	6



e) 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 31.3.2008	No. of Memberships in other Board Committees as on 31st March, 2008
Sri K Gopal'	5	5	Yes	Nil	Nil
Sri D V R Raju	5	4	No	Nil	Nil
Sri D R S P Raju	5	5	Yes	3	Nil
Sri G V S Raju	5	5	Yes	1	Nil
Sri N S B Reddy	5	4	Yes	Nil	Nil
Sri N V S Rao	5	5	Yes	Nil	Nil
Sri K Krishna Raju	5	1	No	Nil	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 Exchanges.

a: Audit Committee:

- i) The Audit Committee was reconstituted at Board Meeting held on 25.06.2007 consequent upon the appointment of Sri N V S Rao as Additional Director of the Company. 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
5. Sri K Krishna Raju - Member

*Appointed as Member of the Committee at the Board Meeting held on 25 - 06 - 2007.

During the year 1st April 2007 to 31st March 2008 the committee had four meetings.

Sl.No.	Date
1.	25-06-2007
2.	25-07-2007
3.	30-10-2007
4.	28-01-2008



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	4
Sri N S B Reddy	4	3
Sri N V S Rao	4	3
Sri K. Krishna Raju	4	1

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 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, reporting 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 time to time.

b) Share Transfer Committee :

The Committee comprises of the following members of the Board.

1. Sri D R S P Raju - Chairman
2. Sri D V R Raju - Member

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 16 times during the year ended 31st March 2008.

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	16	16
Sri. D R S P Raju	16	16

Number of shares pending for transfer: Nil



c) Shareholders Grievances Committee:

The Committee comprises of following members Sri D R S P Raju, Sri D V R Raju, Sri K Gopal and Sri N S B Reddy. 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, 2008.

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	7	7	Nil
2.	Miscellaneous and others change of address, old share certificates & mandate etc.	55	55	Nil

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, 2008.

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 K Krishna Raju	–	Member
d) Sri N V S Rao*	–	Member

*Appointed as Member of the Committee at the Board Meeting held on 25.06.2007.

During the year 1st April, 2007 to 31st March, 2008 the Committee met once on 25.06.2007. The details of attendance is as follows:-

Name of the Director	No of meetings held	No of meetings attended
Sri K Gopal	1	1
Sri N S B Reddy	1	1
Sri N V S Rao	1	–
Sri K Krishna Raju	1	1



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, 2007 to 31st March, 2008.

Executive Directors

Name	Salary	Per- quisites	Comm.	Date of appointment	Date of expiry
Sri D R S P Raju	6,00,000	3,60,000	—	01.10.2006	30.09.2011
Sri G V S Raju	2,97,000	1,78,200	—	01.10.2007	30.09.2009

Non-Executive Directors:

Name	Sitting Fees (Rs.)	No. of shares
Sri D V R Raju	10,000	1,17,600
Sri K Gopal	11,250	Nil
Sri N S B Reddy	8,750	Nil
Sri N V S Rao	10,000	Nil
Sri K Krishna Raju	2,500	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:

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

FINANCIAL YEAR	Date	Time	Place
2004-2005	21.07.2005	11.00 AM	Registered Office IDA Bollaram Sy.No : 142/A, Via Miyapur Jinnaram (M) Medak Dist.AP
2005-2006	29.09.2006	11.00 AM	Registered Office IDA Bollaram Sy.No : 142/A, Via Miyapur Jinnaram (M) Medak Dist.AP
2006-2007	28.09.2007	11.00 AM	Registered Office IDA Bollaram Sy. No. 142/A, Via Miyapur, Jinnaram (M) Medak Dist. AP

- All the resolutions as set out in the respective notices were passed by the shareholders.
- Special resolution for appointment of Director (Commercial) was passed at the Annual General Meeting held on 28.09.2007.
- No special resolutions were passed through postal ballot.

Disclosures:

The pecuniary disclosure with regard to interested Directors

- a) 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, 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.



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 are forwarded to Mumbai and Hyderabad Stock Exchanges 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 : 30th September, 2008
 - Time : 11.00 A.M
 - Venue : Sy.No.142/A IDA Bollaram Via
Miyapur Jinnaram Mandal Medak District AP



- b) Financial Calendar : 1st April 2007 to 31st March 2008
- c) Date of Book Closure : 25.09.08 to 30.09.08 (both days incl)
- d) Registered Office & works : Sy.No.142/A, IDA Bollaram, Via Miyapur
Jinnaram Mandal, Narsapur Taluk
Medak District AP.
- e) Listing on Stock Exchanges : The Stock Exchange, Mumbai
P J Towers Dalal Street
Mumbai - 400 001
The Hyderabad Stock Exchange Ltd
6-3-654, Adjacent to Erramanzil
Bus Stop, Somajiguda, Hyderabad - 500 082
- f) Code : BSE -531989
HSE- 298
- g) Market Price data : April 2007 to March 2008
on Bombay Stock Exchange

Month	High	Low	Month	High	Low
April	11.05	9.45	October	15.00	11.50
May	12.16	9.15	November	14.77	9.57
June	12.05	9.44	December	20.23	12.65
July	10.45	8.47	January	24.45	11.93
August	9.89	8.53	February	20.85	10.28
September	15.00	9.05	March	11.25	7.25



h) Share transfer System :

The company has appointed M/s Sathguru Management Consultants Pvt Ltd as the Registrar and Share Transfer Agents and the shareholders are requested to correspond with the Registrar and Share Transfer Agents at their address mentioned hereunder :

Sathguru Management Consultants (P) Ltd
Plot No. 15 Hindi Nagar Panjagutta
Hyderabad - 500 034 email. info@sathguru.com

i) Distribution of shareholding as on 31.03.2008

Sl. No.	Category	No.of shares held	Percentage of shareholding
1.	Promoters	1169691	55.30
2.	Mutual Funds	-	-
3.	Banks, Fin.Inst, Ins.Co, (central/state govt inst. Non Govt. Int. (IDBI)	-	-
4.	Private Corp. Bodies	59121	2.80
5.	NRI/OCBs	4231	0.20
6.	Indian Public	881957	41.70
Total:		2115000	100.00

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

k) Dematerialization of shares

As on 31.03.2008 the company has dematerialized 1106945 shares representing 52.33% of total paid up share capital.

National Securities Depositories Limited	-	956486 shares
Central Depository Services Limited	-	150459 shares

l) Address for correspondence

Shareholders are requested to correspond at the Registered Office of the Company at Sy. No : 142/A, IDA Bollaram, via Miyapur, Jinnaram Mandal, Narsapur Tq., Medak Dist. AP.



Management discussion and Analysis Report

Management Discussion and analysis report on the business of the company as applicable and to the extent relevant is given below :

Deccan Polypacks Limited (DPL) is engaged in the manufacture of HDPE/PP Woven sacks/fabric, film covers, HMHDPE/LDPE bags. The woven sacks is alternate packing medium in comparison with jute or paper bags. These bags are preferred by cement and fertilizer companies due to low cost, good external appearance, long shelf life, easy to handle, moisture resistance etc. The company markets its products in the domestic market directly to the end users without involvement of intermediaries. In addition the bags are used for packing of chemicals, composite manure, poultry and cattle feeds, rice and other food grains. DPL is also actively engaged in the exports sector. The input raw materials viz polypropylene and polyethylene are available indigenously as well as through imports. The prices of the raw materials are announced at the beginning of the month depending upon the international prevailing prices. These prices at times are also revised during the month by the suppliers. The company does not have control on the prices of the raw material. The raw material market is controlled by few players and the company is not in a position to pass on the increase in price of raw materials to the buyers.

Opportunities and Challenges

The woven sacks industry is highly competitive due to presence of many players. The growth and demand for packing is dependent on the growth of cement and fertilizer industries who account for major consumption of bags. Any major variation in the fortunes of these industries has direct impact on the prospects of the woven sack industry. There is tremendous potential for the woven sacks in the domestic as well as export market, however the contributions are very much dependent upon prices of raw materials which undergo revision frequently. Price of the raw material is major factor which decides the profitability and performance of the company. In addition, the costs of other inputs also influence the bottom line.

Segment wise performance

The Company is engaged in a single line of activity hence no disclosure of segment wise performance is made.

Risk and Concerns

Indian Economy is not insulated any more from the global economy. Any adverse factor in the international market also affects the domestic Indian market. Frequent changes in price of raw materials, highly competitive market leading to price war is building pressure on the existing thin margins in the woven sack industry.



Internal Control Systems & their Adequacy

The company has adequate internal control system and an external firm of Chartered Accountants have been appointed as the Internal Auditors and the Audit Committee reviews the Internal Auditor's Report and suggests remedial action where required.

Discussion on financial performance with respect to operations

The gross sales and other income has increased to Rs 3435.91 Lacs as against Rs 3135.32 Lacs in the previous year. The operations of the Company has resulted in net profit of Rs 39.00 Lacs. as against net profit of Rs 32.67 Lacs. recorded in the previous year. The net profit has increased in comparison with the previous year due to improved realization on sales and reduction in expenses. With the combined efforts of management and staff the Company could bring down expenses in regard to administrative expenses. There has been no change in the paid up share capital during the year 2007-2008.

Material Development in Human Resources / Industrial Relations

Human resources is an invaluable asset. The Company has cordial relationship with the employees and staff.

Cautionary Statement

Statement in this " Management Discussion Analysis " may be considered to be " forward looking statements" within the meaning of applicable securities laws or regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include global and Indian demand-supply conditions, increased installed capacity, finished goods prices, raw materials availability and prices, cyclical demand and pricing in the Company's markets, changes in Government regulations, tax regimes, besides other factors, such as litigations and labour negotiations.

Declaration on Code of Conduct

This is to confirm that the Board has laid down the code of conduct for all the Directors and Senior Management personnel of the Company. It is further confirmed that all Directors and Senior Management personnel of the Company have affirmed compliance of the code of conduct of the Company for the financial year ended 31.03.2008, as envisaged in clause 49 of the listing agreement with Stock Exchanges.

Date : 28.06.2008
Place : Hyderabad

D R S PRAJU
MANAGING DIRECTOR



DECCAN
POLYPACKS
LIMITED

AUDITORS' CERTIFICATE

To,
The Members of
Deccan Polypacks Limited

We have examined the compliance of conditions of Corporate Governance by Deccan Polypacks Limited for the year ended March 31, 2008 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and based on our reliance upon the representations made by the Directors and the Management, we certify that the Company has complied in all material respects with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with the management has conducted the affairs of the Company.

**for M. BHASKARA RAO & CO.,
CHARTERED ACCOUNTANTS**

Plac : Hyderabad
Date : 28.06.2008

V Raghunandan
Partner
Membership No. 26255



FORM
(See Rule 3)
COMPLIANCE CERTIFICATE

Registration Number of the Company	:	L24134AP1984PLC005215
Authorized Capital	:	Rs 5,00,00,000/-
Paid-up Capital	:	Rs 2,11,50,000/-

To
The Members.
M/s. Deccan Polypacks Limited.

I have examined the registers, records, books and papers of M/s DECCAN POLYPACKS LIMITED (the Company) as required to be maintained under the Companies Act, 1956 (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the company for the financial year ended on 31st March 2008. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the company, its officers and agents, I certify that in respect of the aforesaid financial year.

1. The company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions and the rules made there under and all entries therein have been duly recorded;
2. The company has duly filed the forms and returns as stated in Annexure B' to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made there under.
3. The company being a Public Limited Company, comments are not required.
4. The Board of Directors duly met 5 (Five) times on 25.06.2007, 25.07.2007, 28.09.2007, 30.10.2007 and 28.01.2008 (dates) in respect of which meetings proper notices were given and proceedings were properly recorded and signed including the circular resolution passed in the Minutes Book maintained for the purpose.
5. The company has closed its Register of Members from 25.09.2007 to 28.09.2007 (both days inclusive) and necessary compliance of Section 154 of the Act has been made.
6. The Annual General Meeting for the financial year ended on 31.03.2007 was held on 28.09.2007 after giving due notice to the members of the company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No Extra-Ordinary Meeting was held during the Financial Year under review.
8. The company has not advanced any loans or given any guarantees or provided any securities to its Directors or persons or firms or companies referred to under Section 295 of the Act during the financial year.
9. The company has not entered into any contracts falling within the purview of Sec. 297 of the Act.



10. The company has not made necessary entries in the register maintained under Sec. 301 of the Act, as there is no contract or arrangement that needs to be entered into the register required to be maintained under the said section.
11. As there were no instances falling within the purview of Sec. 314 of the Act, the company has not obtained any approvals from the Board of Directors, Members and previous approval of the Central Government.
12. The Company has not issued duplicate share certificates during the financial year.
13. The Company has ;
 - i) delivered all the certificates on lodgment thereof for transfer/transmission of shares in accordance with the provisions of the Act.
 - ii) The company has not deposited any amount in a separate Bank Account as no dividend was declared during the financial year.
 - iii) The company was not required to post warrants to any member of the company as no dividend was declared during the financial year.
 - iv) The company was not required to transfer as no such amounts were held in unpaid dividend account and interest accrued thereon which have remained unclaimed or unpaid for a period of seven years to Investor Education and Protection Fund.
 - v) duly complied with the requirements of Section 217 of the Act.
14. The Board of Directors of the company is duly constituted. There was appointment of additional director, however there was no appointment of alternate directors and directors to fill casual vacancy during the financial year.
15. The appointment of Director (Commercial) has been made in compliance with the provisions of Section 269 read with Schedule-XIII to the Act.
16. The company has not appointed any sole selling agents during the financial year.
17. The company was not required to obtain approvals of the Central Government, Company Law Board, Regional Director, Registrar or such other authorities as may be prescribed under the various provisions of the Act during the financial year.
18. The Directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
19. The company has not issued any Shares, Debentures or other securities during the financial year.
20. The company has not bought back any shares during the financial year.
21. The company has not issued any preference shares/debentures and hence the question of redemption of preference shares debentures does not arise during the financial year under review.



22. There were no transactions necessitating the company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The company has not invited / accepted any deposits falling within the purview of Section 58A during the financial year ended 31.03.2008. The company has accepted unsecured loans from Directors and others which stood at Rs. 13,00,000/- and Rs. 19,48,605/- as on 31.03.2008.
24. The amounts borrowed by the company from directors, members, financial institutions, banks during the financial year are within the limits of the company.
25. The company has not made any loans or advances or given guarantees or provided securities to other bodies corporate during the year and consequently no entries have been made in the register kept for the purpose.
26. The company has not altered the provisions of the Memorandum with respect to situation of the Company's registered office from one State to another during the year under scrutiny.
27. The company has not altered the provisions of the Memorandum with respect to the objects of the Company during the year under scrutiny.
28. The company has not altered the Provisions of the Memorandum with respect to name of the company during the year under scrutiny.
29. The company has not altered the Memorandum of Association with respect to share capital of the company during the year under scrutiny.
30. As the company has not altered the Articles of Association the approval of members in general meeting is not necessary.
31. There was no prosecution initiated against or show cause notices received by the company and no fines or penalties or any other punishment was imposed on the company during the financial year, for offences under the Act.
32. The company has not received any money as its employees during the financial year.
33. The company does not have its own Provident Fund or a Provident Fund Trust for its employees pursuant to Section 418 of the Act.

Place : Hyderabad
Date : 15-06-2008

For VBSS Prasad
Company Secretary

VBSS Prasad
Proprietor
C.P. No.: 4605



DECCAN
POLYPACKS
LIMITED

Annexure 'A' - COMPLINACE CERTIFICATE

Name of the Company : M/s. Deccan Polypacks Limited
Registration Number : L24134AP1984PLC005215
Authorised Capital : Rs 5,00,00,000/-
Registers as maintained by the Company :

Sl. No.	Section Number	Name of the Register
1.	108	Share Transfer Register
2.	143	Register of Charges
3.	150	Register of Members
4.	193	Minutes of meetings of Board of Directors
5.	193(1)	Minutes of General Meetings
6.	303	Register of Directors
7.	307	Register of Directors' shareholding
8.	301	Register of Contracts

Place : Hyderabad
Date : 15.06.2008

VBSS PRASAD
COMPANY SECRETARY
C.P.No. : 4605



DECCAN
POLYPACKS
LIMITED

Annexure 'B' – COMPLIANCE CERTIFICATE

Name of the Company : M/s. Deccan Polypacks Limited
Registration Number : L24134AO1984PLC005215
Authorized Capital : 5,00,00,000/-

Returns / Documents / Forms filed with the Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ended 31st March, 2008.

REGISTER OF COMPANIES

Sl.No	Form No	Description	Date of Filing	Whether filed within prescribed	If delay in filing whether requisite addl. Fee paid Yes/No
1.	23	Re-appointment of Sri GVS Raju as Director (Commercial)	08.11.2007	No	Yes
2.	23AC, 23ACA	Balance Sheet 2006-07 Profit and Loss Account	08.11.2007	No	Yes
3.	32	Appointing Sri NVS Rao as Addl. Director	03.05.2008	No	Yes
	32	Appointing Sri NVS Rao as Director	17.05.2008	No	Yes
	25C	Re-appointment of GVS Raju as Director (Commercial)	20.11.2007	Yes	No
4.	66	Compliance Certificate 2006-07	08.11.2007	No	Yes
5.	8	Modification of Charge in favour of SBI	22.03.2008	Yes	No
6.	20B	Annual Return 2006-07	08.11.2007	Yes	No

REGIONAL DIRECTOR : NIL
CENTRAL GOVERNMENT & OTHER AUTHORITIES : NIL

Place : Hyderabad
Date : 15.06.2008

VBSS PRASAD
COMPANY SECRETARY
C.P. No. : 4605



AUDITORS' REPORT

To
The Members of
DECCAN POLYPACKS LIMITED

We have audited the attached Balance Sheet of Deccan Polypacks Limited, as at 31st March, 2008, the Profit & Loss Account and Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order, 2003 as amended, issued by the Central Government in terms of sub-section (4A) of Section 227 of the Companies Act 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
2. Further to our comments in the Annexure referred to in paragraph (1) above, we report that:
 - a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account as required by law, have been kept by the Company so far as appears from our examination of those books;
 - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of

account;

- d) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement comply with the accounting standards referred to in Sub-section (3C) of Section 211 of Companies Act, 1956; except Accounting Standard - 15, Employee Benefits, where in the Company has not complied with the provisions relating to actuarial valuation and disclosures as contemplated by the standard.
- e) On the basis of written representations received from the Directors as on 31st March, 2008 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2008 from being appointed as Directors in terms of Clause (g) of Sub-section (1) of Section 274 of the Companies Act, 1956.
- f) In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and the Profit & Loss Account, and Cash Flow Statement read with notes thereon and the significant Accounting Policies give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
 - i). in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2008.
 - ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
 - iii) in the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

for **M. BHASKARA RAO & CO.,**
CHARTERED ACCOUNTANTS

Place : Hyderabad
Date : 28.06.2008

V RAGHUNANDAN
Partner

Membership No. 26255

**Annexure to the Auditors' Report
(Statement Referred To in Paragraph (1) Of Our Report Of Even Date)**

- i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
- (b) These fixed assets were physically verified by the Management during the year. We have been informed that no material discrepancies were noticed on such physical verification.
- (c) Substantial part of fixed assets have not been disposed off during the year, which will affect its status as going concern.
- ii) (a) The inventory has been physically verified during the year by the management at reasonable intervals. In our opinion the frequency of verification is reasonable.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
- (c) In our opinion and according to the information and explanations given to us and on the basis of our examination of the inventory records, the company is maintaining proper records. The discrepancies noticed on physical verification of inventory as compared to book records were not material in relation to the operations of the company and the same have been properly dealt within the books of account.
- iii) (a) The company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act 1956 and hence sub clause (b), (c), (d) of clause (iii) are not applicable.
- (b) The company has not taken any further loans, secured or unsecured from entities covered in register maintained under Section 301 of the Companies Act 1956. The maximum amount involved during the year in respect of loans taken in the previous years was Rs 32.49 lakhs.
- (c) The rate of interest and other terms and conditions of the said loans taken by the company are not prima facie prejudicial to the company.
- (d) Since the loans taken are repayable on demand, question of overdue amounts does not arise.
- iv) In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the company and nature of its business, with regard to the purchase of inventory and fixed assets and for the sale of goods and services. In our opinion according to the information and explanation given to us, there has been no continuing failure to correct major weaknesses in internal control system during the year.
- v) (a) In our opinion and according to the information and explanations given to us, and based on the representations by the



management, there are no transactions that needs to be entered into the register in pursuance of Section 301 of the Companies Act, 1956. Accordingly clause (v)(b) of this order is not applicable to the company for the current year.

vi) In our opinion and according to information and explanation given to us, the company has not accepted Deposits from public and as such the provisions of Section 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public are not applicable to the company.

vii) The Internal Audit of the Company has been conducted by a Firm of Chartered Accountants. The scope and coverage of Internal Audit needs to be enlarged and strengthened keeping in view the size of the company and nature of its business.

viii) In our opinion and as per the information and explanations given to us, and as informed by the company, the Central Government has not prescribed the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 for the products of the company.

ix) (a) According to the information and explanations given to us and according to the books and records as produced and examined by us, in our opinion, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income tax, Sales-tax, Wealth Tax, Service tax, Customs duty, Excise Duty, Cess and any other statutory dues as applicable, have been regularly deposited during the year with the appropriate authorities in India. There are no arrears of Statutory dues as at 31st March, 2008 which are outstanding for

a period more than 6 months from the date they became payable.

(b) According to the information and explanations given to us and the records of the company examined by us, there are no dues on account of Income-Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess as at 31st March, 2008 which have not been deposited on account of any dispute.

x) The company has no accumulated losses as on 31st March 2008. Further it has not incurred cash losses in the financial year under report and in the immediately preceding financial year.

xi) Based on our Audit procedures and as per the information and explanation given by the management, we are of the opinion that the company has not defaulted in repayment of dues to a financial institutions or bank or debenture holders during the financial year under report.

xii) The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

xiii) In our opinion, the company is not a Chit Fund / Nidhi / Mutual Benefit Fund / Society and hence commenting under this clause does not arise.

xiv) In our opinion and according to information and explanation given to us, the company does not deal or trade in shares, securities, debentures and other investments.

xv) In our opinion and according to the information and explanation given to us, the company has not given any guarantee for the loans taken by others from bank or financial institutions.



- xvi) The company has not obtained any term loans during the financial year. Further the term loans obtained in the earlier financial years have been applied for the purpose for which they were obtained.
- xvii) On the basis of an overall examination of the Balance Sheet of the Company, in our opinion and according to the information and explanations given to us, funds Rs. 73.60 lakhs (Previous year Rs. 146.86 lakhs) raised on short-term basis have been used for long-term purposes.
- xviii) The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956 during the year.
- xix) The company has not issued any debentures during the year and hence commenting under this clause does not arise.
- xx) The company has not raised any money by public issue during the year and hence commenting under this clause does not arise.
- xxi) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

for **M. BHASKARA RAO & CO.,**
CHARTERED ACCOUNTANTS

Place : Hyderabad
Date : 28.06.2008

V RAGHUNANDAN
Partner
Membership No. 26255



BALANCE SHEET AS AT 31ST MARCH, 2008

Particulars	Schedule	As at 31st March, 2008		As at 31st March, 2007	
		Rupees	Rupees	Rupees	Rupees
SOURCES OF FUNDS :					
SHAREHOLDERS' FUNDS					
Share Capital	I	21150000		21150000	
Reserves & Surplus	II	8469980		4569500	
			29619980		25719500
LOAN FUNDS					
Secured Loans	III	51675299		54985752	
Unsecured Loans	IV	18795738	70471037	14924895	69910647
DEFERRED TAX LIABILITY XI			7221828		4883017
Total			107312845		100513164
APPLICATION OF FUNDS :					
FIXED ASSETS	V				
Gross Block		64742379		64641689	
Less: Depreciation		37657807		35351014	
Net Block			27084572		29290675
CURRENT ASSETS, LOANS AND ADVANCES	VI				
A. Current Assets					
Inventories		73137999		43609272	
Sundry Debtors		67131533		77111130	
Cash & Bank balances		7347606		5544848	
Other Current Assets		59593		69512	
B. Loans and Advances		7240480		5924114	
		154917211		132258875	
Less: Current Liabilities and Provisions	VII				
Current Liabilities		74688938		61036386	
Net Current Assets			80228273		71222489
MISCELLANEOUS EXPENDITURE					
(To the extent not written off or adjusted)					
capital issue expenses					
Total			107312845		100513164
Notes to the Accounts	XI				

As per our Report attached

For **M.BHASKARA RAO & CO.,**
Chartered Accountants

V.RAGHUNANDAN
Partner

Place : Hyderabad
Date : 28.06.2008

For and on behalf of the Board

G V S RAJU
Director (Commercial)

D R S P RAJU
Managing Director



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

Particulars	Schedule	Year ended 31st March, 2008		Year ended 31st March, 2007	
		Rupees	Rupees	Rupees	Rupees
INCOME					
Sale of Product-Domestic		320479325		283741632	
Sale of Product-Export		16503255		20078683	
Processing Charges		0		125580	
Other Income	IX	6608517		9586457	
			343591097		313532352
EXPENDITURE					
Manufacturing, Administrative,					
Selling and other expenses	X	277920130		258389137	
Taxes and Duties		56620210		49481152	
Interest		12174527		8022847	
Stock Variation	VIII	(12829960)		(11435237)	
Depreciation	V	2671181	336556088	2821288	307279187
Profit/(Loss) for the year			7035008		6253165
Net Profit/(Loss) for the year			7035008		6253165
Current Tax (MAT)			(716440)		(698728)
Fringe Benefit Tax			(79277)		(86105)
Deferred tax Liability (-) / Asset			(2338811)		(2201530)
Net Profit/(Loss) (-) after taxation			3900480		3266803
Balance brought forward			2275401		(991402)
Balance Carried to balance sheet			6175881		2275401
Earnings per share - Basic			1.84		1.54
- Diluted			1.84		1.54
Notes to the Accounts	XI				

As per our Report attached

For **M.BHASKARA RAO & CO.,**
Chartered Accountants

For and on behalf of the Board

V.RAGHUNANDAN
Partner

G V S RAJU
Director (Commercial)

D R S P RAJU
Managing Director

Place : Hyderabad
Date : 28.06.2008



SCHEDULE I : SHARE CAPITAL

	As at 31st March, 2008	As at 31st March, 2007
	Rupees	Rupees
AUTHORISED		
50,00,000 Equity Shares of Rs.10/- each	<u>50000000</u>	<u>50000000</u>
ISSUED AND SUBSCRIBED		
21,15,000 Equity Shares of Rs. 10/- fully paid	<u>21150000</u>	<u>21150000</u>
TOTAL	<u>21150000</u>	<u>21150000</u>

SCHEDULE II : RESERVES AND SURPLUS

Capital Reserve		
As per Last Balance Sheet	1464100	1464100
SECURITIES PREMIUM	830000	830000
Profit and Loss Account		
Balance as per annexed Accounts	2275400	-991402
Add : Current year profit	<u>3900480</u>	<u>3266803</u>
	6175880	2275400
GENERAL RESERVE		
As per Last Balance Sheet	3700000	3700000
Less : Adjusted to Profit and Loss account	3700000	3700000
TOTAL	<u>8469980</u>	<u>4569500</u>

SCHEDULE III : SECURED LOANS

Working Capital Loans : State Bank of India		
- Cash Credit	51675299	54985752
TOTAL	<u>51675299</u>	<u>54985752</u>

SCHEDULE IV : UNSECURED LOANS

INTEREST FREE

Interest Free loans under Sales Tax		
Deferral Scheme of Govt. of Andhra Pradesh	15547133	11326290
- Directors	1300000	1300000
- Others	1948605	2298605
TOTAL	<u>18795738</u>	<u>14924895</u>

SCHEDULE V: FIXED ASSETS

(Figures in Rupees)

Description	GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK	
	As at 31.3.2007	Additions during the year	Deductions/ adjustments during the year	As at 31.3.2008	Upto 31.3.2007	For the Year	Deductions/ adjustments during the year	Upto 31.3.2008	As at 31.3.2008	As at 31.3.2007
Freehold Land	290357	-	-	290357	-	-	-	-	290357	290357
Buildings	7497949	-	-	7497949	2501052	231319	-	2732370	4765579	4996897
Plant & Machinery	52551063	848007	470938	52928132	30965837	2210471	27044	33203352	19724780	21585226
Other Equipments	206107	-	-	206107	116594	9429	-	126023	80084	89513
Furniture & Fixtures	350374	41004	-	391378	245536	18771	-1153	263154	128224	104838
Office Equipments	939348	12800	-	952148	672436	44211	-101447	615200	336948	266912
Vehicles	2806491	-	330183	2476308	849560	232003	-363854	717709	1758599	1956931
Total	64641689	901811	801121	64742379	35351014	2746203	-439410	37657807	27084572	29290675
Previous Year	60973404	3668284	-	64641689	32529726	2821288	-	35351014	29290675	28443679



SCHEDULE VI: CURRENT ASSETS, LOANS AND ADVANCES

	As at 31st March, 2008		As at 31st March, 2007	
	Rupees	Rupees	Rupees	Rupees
CURRENT ASSETS				
Interest Accrued on Deposits		59593		69512
Inventories				
Finished Goods	2017069		216695	
Work-in-Process	41887141		30857555	
Raw Materials	22363679		6125597	
Stores & Spares	6870118		6409432	
		73137999		43609272
Sundry Debtors				
(unsecured, considered good)				
Debts outstanding for a period exceeding 6 months	1778405		9753823	
Other debts	65353128		67357307	
		67131533		77111130
Cash and Bank balances				
Cash on hand	63186		82288	
Bank balances with Scheduled Banks in				
Current Account	332420		108560	
Deposit Account	6952000		5354000	
		7347606		5544848
		147676732		126334761
LOANS AND ADVANCES				
(unsecured, considered good)				
Advances recoverable in cash or in kind or for value to be received				
Advance Tax for MAT	675189		0	
Tax Deducted at Source	297027		158277	
Advances - Others	3335591		3054478	
Deposits - Government and Public Bodies	2239020		2259485	
- Excise Duty & VAT	693653		451874	
		7240480		5924114
Total		154917211		132258875



SCHEDULE VII : CURRENT LIABILITIES AND PROVISIONS

	As at 31st March, 2008		As at 31st March, 2007	
	Rupees	Rupees	Rupees	Rupees
CURRENT LIABILITIES				
Sundry Creditors for:				
Micro, Small and Medium Enterprises	-		-	
Others	69280111		56390687	
Other Liabilities	5408827		4645699	
TOTAL		74688938		61036386

SCHEDULE VIII : STOCK VARIATION

WORK-IN-PROCESS

Opening Stock	30857555		19190779	
Closing Stock	41887141		30857555	
		(11029586)		(11666776)

FINISHED GOODS

Opening Stock	216695		448234	
Closing Stock	2017069		216695	
		(1800374)		231539
TOTAL		(12829960)		(11435237)

SCHEDULE IX : OTHER INCOME

Interest on deposits (Tax deducted at source Rs.1,38,750/- (Previous year Rs.69,744/-)	463731		346469	
Duty Draw Back/Adv.Lic-Direct/Third party exports	2749172		2389422	
Miscellaneous Income	3395614		6850566	
TOTAL	6608517		9586457	



SCHEDULE X : MANUFACTURING, ADMINISTRATION, SELLING & OTHER EXPENSES

	Year ended 31st March, 2008		Year ended 31st March, 2007	
	Rupees	Rupees	Rupees	Rupees
Consumption of Raw Material		231585176		210835384
Consumption of Stores & Spares		3604081		4423520
Consumption of Calcium Carbonate		2389152		3266538
Power and Fuel		13273354		12169006
Other Manufacturing Expenses		3735244		5080486
Salaries & Wages				
Salaries, Wages & Benefits	9534092		9355102	
Contribution to Provident Fund and Others	1163890		1032278	
Staff welfare expenses	369756	11067738	320475	10707855
Repairs & Maintenance				
Plant & Machinery	793050		929508	
Vehicles	296616		243759	
Others	308753	1398419	476710	1649976
Administrative Expenses				
Travelling & Conveyance	68032		179909	
Directors Travelling & Conveyance	23435		419402	
Directors Sitting Fees	42500		42500	
Printing & Stationery	149420		104378	
Postage, Telegrams & Telephones	284045		326318	
Insurance	477041		491812	
Legal & Professional Charges	81083	1125556	273389	1837707
Auditors Remuneration :				
Audit Fee	25500		25500	
Tax matters	7500		7100	
Certified Fee	13500		15000	
Out of Pocket Expenses	3500	50000	3500	51400
Rent	120000		138903	
Security Service Charges	405089		365769	
Bank Charges & Commission	2525823		2313526	
Miscellaneous Expenses	1359644		1260973	
Rates & Taxes	449464	4860021	410595	4489766
Selling Expenses & Other Expenses				
Advertising & Publicity	33675		49185	
Freight & Handling (Outward)	2956907		3372282	
Agency Commission	79203		207672	
Foreign Exchange Fluctuation Expenses	799539		177695	
Cost of samples	-		2117	
Bad debts Written off	902553		-	
Other Expenses	59514		68849	
		4831390		3877800
Total		277920130		258389137



SCHEDULE XI : NOTES TO THE ACCOUNTS

1. Significant Accounting Policies :

- a) Accounting Convention : The financial statements have been prepared on the basis of going concern, under the historical cost convention. The company follows accrual system of accounting and recognises income and expenditure on accrual basis unless otherwise stated.
- b) Fixed Assets :
 - (i) Fixed Assets are stated at cost. Cost includes all costs incidental to acquisition, installation & commissioning of the assets until they are ready for intended use.
 - (ii) Fixed assets are assessed for any indication of, impairment at the end of each financial year. On such indication, the impairment loss, being the excess of carrying value over the recoverable value of the assets, is charged to Profit & Loss account, in the respective financial years. The impairment loss recognized in earlier years is reversed in cases where the recoverable value exceeds the carrying value, upon the reassessment in subsequent years.
- c) Depreciation : Depreciation on Fixed Assets is provided on straight line method in accordance with the provisions of Schedule XIV of the Companies Act, 1956 as amended from time to time.
- d) Foreign Currency Translation : Foreign currency transactions have been translated at the Exchange Rate Prevalent on the date of transaction. Gain/Loss arising out of fluctuation in the exchange rates on realization is treated as income/expenditure.
- e) Inventories : The method of valuation of inventories is as under :
 - (i) Raw Materials, Stores and Spares,
Work-in-process and Finished Goods : At lower of cost and net Realisable value.
Cost includes manufacturing expenses and factory overheads.
- “Cost for the purpose of valuation of raw materials (except additives valued at weighted average) is calculated on FIFO basis and for stores and spares and work-in-process on the basis of weighted average method”.
- f) Retirement Benefits : Provident Fund is administered through Regional Provident Fund Commissioner. Group-Gratuity Scheme is administered through a scheme with Life Insurance Corporation of India. The contributions to the above said funds are charged against revenue. Leave encashment payable at the time of retirement is charged to profit and loss account based on the assumption that such benefits are payable to all the employees at the end of the accounting year.
- g) Customs Duty Drawback, Export incentives, Insurance claims etc. are recognized only when it is reasonably certain that the ultimate collection will be made.



- h) Government Grants : Capital investment subsidy received by the Company is treated as Capital Reserve.
 - i) Borrowing costs : Borrowing costs are recognized as an expense in the period in which they are incurred. Borrowing cost incurred for acquiring, construction or production of assets are capitalized as part of the cost of such assets.
 - j) 1. Names of micro, small and medium Enterprises to whom the company owes any sum together with interest outstanding for more than 30 days - Nil.
2. The company has not received any intimation from 'Suppliers' regarding their status under the micro, small and medium enterprises development act, 2006. Hence it has not been possible to disclose amounts remain unpaid as at the year end together with interest paid/payable thereon as required under the said act.
 - k) Income taxes :
 - i) Deferred income tax is provided, using the liability method, on all timing differences at the balance sheet date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.
 - ii) Deferred tax assets and liabilities are measured using the tax Rates and tax laws that have been enacted at the balance sheet date.
 - l) Contingent Liabilities : Contingent Liabilities arising from claims, litigation, assessment, fines, penalties etc., are provided for when it is probable that a liability may be incurred and the amount can be reliably estimated.
2. **Contingent Liabilities not provided for :**
- a) Irrevocable Documentary Letters of Credit Rs. 28,18,502/- (Previous year Rs. 45,76,345/-)
 - b) Guarantees issued by banks Rs. 10,60,000/- (Previous year Rs. 10,60,000/-)

3. SECURED LOANS:

Working Capital :

The Working Capital limits from State Bank of India is secured by a first charge by way of hypothecation of stocks of raw materials, stock-in-process, finished goods, stores, spares and book-debts and first charge on Fixed Assets of the Company viz. Land, Buildings, Plant & Machinery and other Misc. assets and by personal guarantees of Promoter Directors Shri DVR Raju, Shri DRSP Raju, Shri D Rama Raju, Smt D Sakuntala, Smt D Subhadra and Smt Radha Mani.

4. The Govt. of Andhra Pradesh vide G.O.Nos 108 & 134 I&C (IP) Department, dated 20.06.1996 and 1.7.1996 has allowed the company to defer the sales tax payments for a period of Fourteen years from 1.7.1997 on expanded capacity (i.e beyond base production of 898.40 MTPA) subject to a maximum exemption of Rs. 3,79,55,720/-. "The Company has availed sales tax deferment Rs. 47,26,439/- during the year 2007-08 (Previous year Rs. 37,04,611/-) and such deferment is cumulatively Rs. 1,63,07,041/- for 2007-08 (upto previous year Rs. 1,15,80,602/-) as per VAT returns filed by Company".

5. Inventories : The valuation of finished goods excludes excise duty and education cess payable in respect of Manufactured goods lying in the factory as the same is accounted for on clearance of goods. Such Excise Duty as at 31.03.2008 estimated at Rs. 2,90,794/- (previous year Rs. 35.711/-) is not provided for and hence not included in the valuation of finished goods. This accounting treatment has no material impact on the operational results.

6. Particulars of remuneration to Managing Director, and Director-(Commercial) :

Particulars	Current Year (Rs.)		Previous Year (Rs.)	
	Managing Director	Director (Commercial)	Managing Director	Director (Commercial)
1. Salary	600000	297000	465000	234000
Perquisites	360000	178200	347500	179400
2. Provident & other funds	72000	35640	55800	28080
TOTAL	1032000	510840	868300	441480

7. Additional information pursuant to the provisions of paragraph 3, 4C and 4D of part II of Schedule VI of the Companies Act, 1956.

a) Details of Capacity and Production :

Particulars	Current Year		Previous Year	
	Licensed & * Installed Capacity Qty.(MTs)	Actual Production Qty. (MTs)	Licensed & * Installed Capacity Qty.(MTs)	Actual Production Qty. (MTs)
HDPE/PP Woven Fabric/Sacks	3063	3017	3063	2647
HMHDPE/LDPE Bags	180	-	180	40

* As Certified by the Management being a technical matter and relied upon by the auditors.

b) Turnover and Stocks :

Particulars	Current Year		Previous Year	
	Quantity	Value Rupees	Quantity	Value Rupees
Opening Stocks :				
HDPE/PP Woven Fabric/Sacks(Nos)	22000	147581	21122	134406
PP/HDPE Waste	-	-	-	-
HMHD/PP Woven Fabric/Sacks (Nos) Export	-	-	-	-
HMHD/LLDPE Bags(MTs)	0.03	25152	5.431	313828
Turnover :				
PE/PP-Sacks(Nos)	29742698	307903819	26055458	265264405
PE/PP-Fabric(Kgs)	97248	9430421	113031	12281727
PE/PP-Sacks-3rd party Exports(Nos)	12800	396208	928265	5735430



PE/PP-Fabric-3rd party export(Kgs)	-	-	4960	457953
PE/PP-Sacks-Direct export(Nos)	1869700	16503255	2626000	20078683
PE/PP-Tape/Fabric-Direct Export(Kgs)	-	-	-	-
PE/PP-Sacks-samples	-	-	-	2117
Processing Charges	-	-	-	125580
Closing Stocks :				
HDPE/PP Woven Fabric/Sacks(Nos) Cement	165510	1953600	22000	147581
HDPE/PP Woven Fabric/Sacks(Nos) Export	-	-	-	-
HMHD/LDPE Bags(MTs)	-	-	0.03	25152

c) Details of Raw Materials Consumed :

i) HDPE/PP (Kgs.)	2795625	178680433	2522043	159592883
ii) PP/LDPE LAM. Grade (Kgs.)	230925	16595194	246642	16599188
iii) HMHD/LLDPE Liner (Kgs.)	204200	13200478	142125	8675065
iv) HDPE/PP Fabric/Sacks (Kgs.)	3918	358275	22367	1775842
v) HDPE/PP Fabric/Sacks (Nos.)	159345	1030057	823088	4536024
vi) PP/HDPE Tape (Kgs.)	-	-	830	74699
vii) Master Batches (Kgs.)	48233	5503055	43725	5685669
viii) FMBA (Kgs.)	365811	12038153	270350	8711149
ix) PPMF Yarn (Kgs.)	10087	1094290	13165	1488639
x) Ink/Reducer (Kgs./Ltrs.)	37106	3085240	42195	3696226
Total		<u>231585176</u>		<u>210835384</u>

d) Value of Imports (CIF)

Raw Materials	-	-
Stores and other materials	2389152	3266538

e) Expenditure in Foreign Currency:

Travelling Expenses	-	68250
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f) Earnings in Foreign Currency :

FOB value of Exports	15076374	18839993
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g) Value of Imported, Indigenous Raw Materials, Components, Spare parts and other materials consumed :

	Current Year				Previous Year			
	Raw Materials		Spare Parts & other materials		Raw Materials		Spare parts & other materials	
	Value(Rs)	%	Value(Rs)	%	Value(Rs)	%	Value(Rs)	%
Imports	-	-	2389152	-	-	-	3266538	-
Indigenous	231899207	100	3604081	100	210835384	100	4423520	100
Total	231899207		5993233		210835384	100	7690058	100



h) Accounting Standard 18 - Related Parties:

i) List of related parties with whom transactions have taken place and relationships :

Sl. No.	Name of the related party	Relationship
1.	Shri D V R Raju	Key Management Personnel (KMP)
2.	Shri D R S P Raju	-do-
3.	Smt. D Subhadra	Relatives of Key Management Personnel (RKMP)
4.	M/s. Aashritha Creations Ltd	Others
5.	M/s. Kanhan Packages Pvt. Ltd.	Others

ii) Transactions during the year with related parties: (Rs.in lacs)

Sl. No.	Name of transaction	Current year			Previous year		
		KMP	RKMP	Others	KMP	RKMP	Others
1.	Rent	0.60	0.60	Nil	0.60	0.60	Nil
2.	Loans - Opening balance	15.00	Nil	20.99	15.00	Nil	20.99
	- Receipts	Nil	Nil	Nil	Nil	Nil	5.00
	- Paid	Nil	Nil	3.50	Nil	Nil	5.00
	- Closing balance	15.00	Nil	17.49	15.00	Nil	20.99

Remuneration paid to directors has been disclosed in note No.6.

i) Lease

a) The Company has acquired machinery on operating lease as on 28.03.2005 amounting to Rs. 45,00,000/-. Future obligations towards lease rentals under the lease agreement as on 31.03.2008 amount to Rs. 18,00,000/- as follows :

- within one year Rs. 9,00,000/-.

- later than one year and not later than 5 years Rs. 9,00,000/-.

b) Lease rentals paid during the year Rs. 9,00,000/-.

c) General description of lease terms :

i) Lease rental are charged on the basis of agreed terms.

ii) Assets are taken on lease for a period of five years.



j) Earnings per share :

Particulars	Year ended 31.03.2008	Year ended 31.03.2007
a) Profit/(Loss) after tax	Rs. 3900480	Rs. 3266803
b) Weighted average No.of shares	2115000	2115000
c) Earnings per share - Basic	Rs. 1.84	Rs. 1.54
- Diluted	Rs. 1.84	Rs. 1.54

- k) (i) In accordance with accounting standard "ACCOUNTING FOR TAXES ON INCOME" issued by the Institute of Chartered Accountants of India, the Company has recognised an amount of Rs.23,38,811/- as a deferred tax liability on unabsorbed depreciation and difference between book and tax depreciation during the year.

(ii) Deferred Tax Asset/Liability :

	Deferred tax Asset/(Liability) as at 31.3.2007	For the year (Charge)/Credit	Deferred tax Asset/(Liability) as at 31.3.2008
Difference between Book & Tax Depreciation	(13859838)	391015	(13468823)
Brought forward unabsorbed Depreciation	8976821	(2729826)	6246995
TOTAL	(4883017)	(2338811)	(7221828)

8. Previous years figures have been regrouped wherever necessary to confirm with current year's clarification.

SIGNATURES TO SCHEDULES I TO XI

As per our Report attached to the Balance Sheet
For M.BHASKARA RAO & CO.,
CHARTERED ACCOUNTANTS

For and on behalf of the Board

VRAGHUNANDAN
Partner

DR S P RAJU
Managing Director

Place: Hyderabad.
Date : 28.06.2008

G V S RAJU
Director (Commercial)



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2008

	Year ended 31st March, 2008		Year ended 31st March, 2007	
	Rupees	Rupees	Rupees	Rupees
CASH FLOW FROM OPERATING ACTIVITIES:				
Net profit before tax and extraordinary items	7035008		6253166	
Adjustments for :				
Depreciation	2671181		2821288	
Interest income	(463731)		(346469)	
Interest expenses	12174527		8022847	
Current Tax	-		-	
(Profit)/Loss on sale of assets	52232		-	
Operating Profit before working capital changes	21469217		16750831	
Adjustments for :				
Trade and Other receivables	9979597		(30831702)	
Inventories	(29528727)		(7710454)	
Loans and Advances	(1316366)		10082711	
Trade Payables and Other Liabilities	13652552		1828856	
Provisions	2338811		2201530	
Interest Account	9919		(35701)	
Cash Credit Utilisation	(3310453)		19267316	
Cash Generated from operations.	13294550		11553388	
Interest paid	(12174527)		(8022847)	
Provision for taxation (MAT)	(716440)		(698728)	
Provision for deferred tax	(2338811)		(2201530)	
Fringe benefit tax	(79277)		(86105)	
Cash flow before extra-ordinary items	(2014505)		544178	
Net Cash flow from Operating Activities		(2014505)		544178
CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets	(901811)		(3668284)	
Sale of Fixed Assets	384500		-	
Interest received	463731		346469	
Net cash used in investing activities		(53580)		(3321815)
CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from Issue of Share Capital	-		-	
Proceeds from Long-term Borrowings	-		-	
Proceeds from Short-term Borrowings	3870843		3450299	
Net cash used in Financing Activities		3870843		3450299
NET INCREASE IN CASH AND CASH EQUIVALENTS		1802758		672662
OPENING BALANCE OF CASH AND CASH EQUIVALENTS		5544848		4872186
CLOSING BALANCE OF CASH AND CASH EQUIVALENTS		7347606		5544848

As per our Report of even date

For and on behalf of the Board

For **M.BHASKARA RAO & CO.,**

Chartered Accountants

V.RAGHUNANDAN

Partner

G V S RAJU
Director (Commercial)

D R S P RAJU
Managing Director

Place : Hyderabad

Date : 28-06-2008

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE AS AT 31.3.2008

I	Registration Details	Registration No. : 5215	State Code : 01
II	Capital raised during the year : (Amount in Rs. Thousands)	Public Issue : Nil	Rights Issue : Nil
		Bonus Issue : Nil	Private Placement/Others: Nil
III	Position of Mobilisation & Deployment of Funds : (Amount in Rs. Thousands)	Total Liabilities : 107313	Total Assets : 107313
		Source of Funds	
		Paid-up Capital : 21150	Reserves & Surplus : 8470
		Secured Loans : 51675	Unsecured Loans : 18796
		Application of Funds	
		Net Fixed Assets : 27085	Investments : Nil
		Net Current Assets : 73006	Misc. Expenditure : Nil
		IV	Performance of Company : (Amount in Rs. Thousands)
Profit/(Loss) Before Tax : 7035	Profit/(Loss) After Tax : 3900		
Earnings Per Share in Rs. : 1.84	Dividend Rate (%) : Nil		
V	Generic Names of two Principal Products of Company (As per monetary terms)	Item Code No. (ITC Code) : 392690 HDPE/PP Woven Sacks HMHD/LDPE Film Bags	



DECCAN POLYPACKS LIMITED

Regd. Office : Sy.No. 142/A, IDA Bollaram, Via Miyapur, Jinnaram Mandal,
Medak District, Andhra Pradesh – Pin 502 325.

PROXY FORM

I/We

(address)

being a member/members of Deccan Polypacks Limited, hereby appoint

..... (address)

as my/our proxy to vote for me/our behalf at the 24th Annual General Meeting of the Company to be held on Tuesday
the 30th September, 2008 at 11.00 A.M. and at any adjournment thereof.

Signed this day of 2008.

Regd. Folio No.

Signature

Affix
30 paise
Revenue
Stamp

Note : The proxy duly completed must be deposited at the Registered Office of the Company not less than 48 hours
before the time for holding the meeting. A proxy need not be a member.



DECCAN POLYPACKS LIMITED

Regd. Office : Sy.No. 142/A, IDA Bollaram, Via Miyapur, Jinnaram Mandal,
Medak District, Andhra Pradesh – Pin 502 325

ATTENDANCE SLIP

I hereby record my presence at the 24th Annual General Meeting of Deccan Polypacks Limited at Sy.No.142/A, IDA
Bollaram, Via Miyapur, Jinnaram Mandal, Narsapur Tq., Medak District, Andhra Pradesh on Tuesday the 30th September,
2008 at 11.00 A.M.

1. Full Name of the Member
2. Full Name of the Proxy*
3. Ledger Folio No.
4. No. of Shares held
5. Signature of the member/proxy attending #.....

* To be filled if the Proxy attends instead of the Member(s)

To be used only when Member, first named is not attending

Please give full name of the First holder

Note : 1. Members attending must fill in this attendance slip and hand it over at the entrance of the venue of the
meeting.

2. Members are requested to bring their copy of the Notice for reference at the meeting.

**BOOK POST
PRINTED MATTER**

To,



**DECCAN
POLYPACKS
LIMITED**

Registered Office & Works :
Sy.No.142/A, IDA Bollaram,
Via Miyapur, Jinnaram Mandal,
Medak District, A.P - 502 325.
Phone : 0091-8458-279498, 279577
Fax : 0091-8458-279322
E-mail : hyd2_dpl@sancharnet.in
Website : www.deccanpoly.com