

**Jumbo Bag Ltd.**

NOTICE TO THE SHAREHOLDERS

NOTICE is hereby given that the 12TH ANNUAL GENERAL MEETING of the members of the Company will be held at Sathguru Gnanananda Hall, No.314, T.T.K.Road, Chennai - 600 018 on Thursday, the 26th day of September, 2002 at 10.30 a.m. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2002 and the Profit and Loss Account for the year ended on that date and the reports of the Directors and Auditors thereon.
2. To consider and appoint a Director in place of Sri B.Pratap Reddy, who retires by rotation and being eligible, offers himself for re-appointment.
3. To consider and appoint a Director in place of Dr. G.Govindaiah, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

5. To consider, and if thought fit, to pass, with or without modification, the following resolution as a SPECIAL RESOLUTION:
 "RESOLVED that pursuant to the provisions of Section 314 and other applicable provisions, if any, of the Companies Act, 1956 and subject to approval of the Central Government, if any required, consent of the Company be and is hereby accorded to Sri G.S.Anil Kumar, a relative(son) of Sri G. Sudhakar, Managing Director of the Company to hold an office or place of profit as Vice-President of the Company at an enhanced remuneration as detailed hereunder for a period of five years with effect from the 1st day of February, 2002:"
 - a) Basic Salary Rs.20,000/- per mensem in the time-scale of pay of Rs.20,000-1,500-24,500-2,500-29,500.
 - b) House Rent Allowance @50% of the Basic Salary.
 - c) Contribution to Provident and Superannuation Funds, Medical Reimbursement Benefit, Leave Travel Concession, Personal Accident Insurance Premium, club fees as per the rules of the company.
6. To consider and if thought fit, to pass, with or without modification, the following resolution as a SPECIAL RESOLUTION:
 "RESOLVED that pursuant to the provisions of Section 314 and other applicable provisions, if any, of the Companies Act, 1956 and subject to approval of the Central Government, if any required, consent of the Company be and is hereby accorded to Sri G.P.Ramraj, a relative(son) of Sri G.P.N.Gupta, Director-Finance of the Company to hold an office or place of profit as Vice-President of the Company at an enhanced remuneration as detailed hereunder for a period of five years with effect from the 1st day of February, 2002:"
 - a) Basic Salary Rs.20,000/- per mensem in the time-scale of pay of Rs.20,000-1,500-24,500-2,500-29,500.
 - b) House Rent Allowance @50% of the Basic Salary.
 - c) Contribution to Provident and Superannuation Funds, Medical Reimbursement Benefit, Leave Travel Concession, Personal Accident Insurance Premium, club fees as per the rules of the company.
7. To consider and if thought fit, to pass, with or without modification, the following resolution as a SPECIAL RESOLUTION:
 "RESOLVED THAT pursuant to Section 163 of the Companies Act, 1956, the Company hereby approves that the Register of members, Index of Members & all copies of all the Returns together with the copies of the certificates and documents



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required to be annexed thereto be kept at the office of the Registrar & Share Transfer Agents, viz. M/s. Cameo Corporate Services Limited situated at Subramanian Building, 1, Club House Road, Chennai - 600 002 instead of being kept at the Registered Office of the Company."

8. To consider and if thought fit, to pass, with or without modification, the following resolution as an ORDINARY RESOLUTION:

"RESOLVED THAT Sri N.D. Prabhu who was appointed as an Additional Director of the Company with effect from 31.10.2001 under Section 260 of the Companies Act, 1956, and whose term of office expires at the conclusion of the Annual General Meeting be and is hereby appointed as Director of the Company liable to retirement by rotation."

9. To consider and if thought fit, to pass, with or without modification, the following resolution as an ORDINARY RESOLUTION:

"RESOLVED THAT Sri K.J.M.Shetty who was appointed as an Additional Director of the Company with effect from 28.5.2002 under Section 260 of the Companies Act, 1956, and whose term of office expires at the conclusion of the Annual General Meeting be and is hereby appointed as Director of the Company liable to retirement by rotation."

Registered Office:
No.46, Halls Road,
Kilpauk,
Chennai-600 010.
Date : 22nd August, 2002

By Order of the Board
for **JUMBO BAG LIMITED**

R. DEENADAYALU
COMPANY SECRETARY

NOTES:

- The relative Explanatory Statement, pursuant to Section 173(2) of the Companies Act, 1956 in respect of Special Business set out under items 5,6,7,8 & 9 is annexed hereto.
- A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. THE PROXY FORM DULY STAMPED AND EXECUTED SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY ATLEAST 48 HOURS BEFORE THE TIME FOR THE COMMENCEMENT OF THE MEETING.
- Members/Proxies should bring the Attendance slip duly filled in for attending the meeting.
- Members are requested to bring their copy of the Annual Report. No additional copies will be provided at the venue.
- Members are requested to intimate to the Company, queries, if any, regarding the accounts/notice, atleast seven days before the meeting to enable the management to keep the required information readily available at the meeting.
- The Register of Members of the Company will remain closed from 24th September, 2002 to 26th September, 2002 (both days inclusive).
- Members who hold shares in Dematerialised form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the meeting.
- All documents referred to in the accompanying Notice and Explanatory Statement are open for inspection at the Registered Office of the Company during normal business hours on any working day.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.****Item No.5:**

Section 314 of the Companies Act, 1956, provides that no relatives, etc. of Directors should either hold or continue to hold any office or place of profit in the Company which carries total monthly remuneration of not less than twenty thousand rupees except with the prior consent of the Company by a Special Resolution and approval of the Central Government.

Sri G.S.Anilkumar, son of Sri G.Sudhakar, Managing Director is a member of the Institute of Chartered Accountants of India looking after the Finance and Accounts area of the Company and having very rich and successful career behind him and working in the Company since 1992. Your Directors are definite that re-appointment and revision in remuneration to Sri G.S.Anilkumar as detailed in the resolution for a period of 5 years with effect from 1.2.2002 be to the immense benefit of the Company. The Board has reserved its authority to grant increment in salary to Sri G.S.Anilkumar at its sole discretion within the scale mentioned in the resolution.

None of the Directors except Sri G.Sudhakar, Sri G.P.N.Gupta and Sri G.Radhakrishna are directly or indirectly concerned or interested in the aforesaid resolution.

The Directors commend the Special Resolution for approval of the members.

Item No.6:

Section 314 of the Companies Act, 1956, provides that no relatives, etc. of Directors should either hold or continue to hold any office or place of profit in the Company which carries total monthly remuneration of not less than twenty thousand rupees except with the prior consent of the Company by a Special Resolution and approval of the Central Government.

Sri G.P.Ramraj, son of Sri G.P.N.Gupta, Director-Finance is a Graduate with good experience in Marketing looking after the Marketing area of the Company and having very rich experience and successful career behind him and working in the Company since 1991. Your Directors are definite that re-appointment and revision in remuneration to Sri G.P.Ramraj as detailed in the resolution for a period of 5 years with effect from 1.2.2002 be to the immense benefit of the Company. The Board has reserved its authority to grant increment in salary to Sri G.P.Ramraj at its sole discretion within the scale mentioned in the resolution.

None of the Directors except Sri G.Sudhakar, Sri G.P.N.Gupta and Sri G.Radhakrishna are directly or indirectly concerned or interested in the aforesaid resolution.

The Directors commend the Special Resolution for approval of the members.

Item No.7:

As per the provisions of Section 163 of the Companies Act, 1956, certain documents such as Register and Index of Members and connected documents have to be kept at the Registered Office of the Company. However, these documents may be kept at any other place within the city, in which the Registered Office is situated, if, such other place has been approved for this purpose by a Special Resolution passed by the Company in General Meeting. Since the above said documents are to be kept at the new Registrar & Share Transfer Agent's Office, viz. M/s. Cameo Corporate Services Limited, Subramanian Building, 1, Club House Road, Chennai - 600 002, approval of the members is sought by Special Resolution as set out under item No.7 of the accompanying Notice.

None of the Directors of the Company is, in any way, concerned or interested in the Resolution.

Item No.8:

Sri N.D. Prabhu was appointed as an Additional Director of the Company with effect from 31.10.2001 as per Section 260 of the Companies Act, 1956. He vacates his office at this Annual General Meeting. The Company has received notice in writing from a member along with the prescribed deposit under Section 257 of the Companies Act, 1956 signifying his intention to propose the appointment of Sri N.D.Prabhu as a candidate for the office of the Director of the Company.


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The Directors commend the resolution set out in item No.8 of the Notice, for approval of the members.

Save and except Sri N.D.Prabhu, none of the Directors of the Company is, in any way, concerned or interested in the Resolution.

Item No.9:

Sri K.J.M. Shetty was appointed as an Additional Director of the Company with effect from 28.5.2002 as per Section 260 of the Companies Act, 1956. He vacates his office at this Annual General Meeting. The Company has received notice in writing from a member along with the prescribed deposit under Section 257 of the Companies Act, 1956 signifying his intention to propose the appointment of Sri K.J.M. Shetty as a candidate for the office of the Director of the Company.

The Directors commend the resolution set out in item No.9 of the Notice, for approval of the members.

Save and except Sri K.J.M. Shetty, none of the Directors of the Company is, in any way, concerned or interested in the Resolution.

ANNEXURE TO NOTICE

Pursuant to Clause 49 of the listing agreement with the Stock Exchange following information is furnished about the Directors proposed to be appointed/re-appointed:

Sri B.Pratap Reddy is a retired I.A.S. Officer with vast experience in Central, State Governments and Public Sector Undertakings. He was the Chairman of M/s.Coastal Papers Ltd., Andhra Pradesh. He is a professional Director.

Dr.G.Govindaiah is an N.R.I. and a Medical Practitioner in the United States of America. He has extensive experience in marketing also both in India and abroad.

Sri N.D.Prabhu was the retired Chairman of a Nationalised Bank stationed at Bangalore. He has rich experience in the finance field.

Sri K.J.M.Shetty is a retired I.A.S. Officer with rich experience in management & administration in both Central, State Governments and Public Sector undertakings.

Registered Office:
No.46, Halls Road,
Kilpauk,
Chennai-600 010.
Date : 22nd August, 2002

By Order of the Board
for **JUMBO BAG LIMITED**

R. DEENADAYALU
COMPANY SECRETARY

**Jumbo Bag Ltd.**

DIRECTORS' REPORT TO THE MEMBERS

Dear Shareholders,

Your Directors present the Twelfth Annual Report together with the Audited statement of Accounts of the Company for the year ended 31st March, 2002.

FINANCIAL RESULTS

(Rs.in lakhs)

	For the year ended 31st March, 2002	For the year ended 31st March, 2001
Operating Profit	169.80	142.87
Less : Depreciation	<u>75.14</u>	<u>65.08</u>
Profit before tax	94.66	77.79
Provision for tax		
a) Current Taxes	6.97	5.90
b) Deferred Taxes	<u>20.26</u>	<u>—</u>
Profit after tax	67.43	71.89
Add : Profit b/f from previous year	136.80	101.49
Add/(Less) : Prior period expenses	<u>4.29</u>	<u>(1.15)</u>
Total	231.52	172.23
APPROPRIATIONS		
Dividend for Preference Shares	14.75	11.28
Dividend Tax on Preference Shares	<u>—</u>	<u>1.15</u>
Surplus carried to Balance Sheet	216.77	159.80
	<u>231.52</u>	<u>172.23</u>

OPERATIONS

During the year 2001-2002 Company produced 2209.381 M.T. of products as against 1984.867 M.T. during the previous financial year and sold 2207.327 M.T. of products as against 1749.756 M.T. during the previous year, thus registering an increase of 11.31% in production and 26.15% in sales. Your Company has been consistently showing improved performance in Production, Turnover and Gross Profit. However, the net profit after tax has shown a drop this year as a result of provision for deferred taxes in accordance with AS22 issued by the Institute of Chartered Accountants of India.

ISO 9002 CERTIFICATION

The Company has been awarded ISO 9002 : 1994 Certification by Quality Registrar KPMG.

OUTLOOK

The current domestic and international economies are seeing signs of recovery and are headed out of recession. The company has also taken steps to reduce the finance and the manufacturing cost and also improve production and sales. These factors are expected to improve the Company's position in the market.

DIVIDEND

The Company has seen a satisfactory performance in the year 2001-02. However, as a measure of prudence and to conserve resources the Directors do not recommend dividend on Equity Shares. The dividend on Preference Shares has been recommended at the agreed rate.



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FIXED DEPOSITS

The Company has not accepted any fixed deposit during the year within the meaning of Section 58A of the Companies Act, 1956, read with Companies (Acceptance of Deposits) Rules, 1975.

DEMATERIALISATION OF SHARES OF THE COMPANY:

Trading in equity shares of your Company has been made compulsory for all shareholders in the dematerialisation form with effect from June, 2001 in terms of the notification issued by the Securities & Exchange Board of India (SEBI). Your Company has achieved level of dematerialisation with over 4.28% of the total number of shares being held in the electronic mode with both the depositories namely NSDL & CDSL.

CORPORATE GOVERNANCE:

The provisions of Clause 49 of the listing agreement on Corporate Governance are applicable to your Company from this financial year 2002-03. Your Company will be implementing these requirements so as to ensure full compliance by 31st March, 2003.

DIRECTORS

Your Directors have appointed Sri N.D. Prabhu, retired Chairman of a Nationalised Bank and Sri K.J.M.Shetty, retired I.A.S. Officer as Additional Directors on the Board. In terms of Section 260 of the Companies Act, 1956, Sri N.D. Prabhu and Sri K.J.M.Shetty would hold office upto the date of the ensuing Annual General Meeting of the Company. Notice in writing has been received by the Company from members under the provisions of Section 257 of the Companies Act, 1956, signifying their intention to propose Sri N.D. Prabhu and Sri K.J.M.Shetty as candidates for the office of the Directors.

Under the provisions of the Articles of Association of the Company, your Directors viz. Sri B. Pratap Reddy and Dr. G. Govindaiah retire by rotation at the forthcoming Annual General Meeting. Both of them being eligible, offer themselves for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT:

Your Directors confirm:

- i) that in the preparation of the annual accounts, the applicable accounting standards have been followed and no material departures have been made from the same;
- ii) that the Directors have selected such accounting policies and applied them consistently and made judgements 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 ended 31st March, 2002 and of the profit of the Company for that year;
- iii) that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- iv) that the Directors have prepared the annual accounts on a going concern basis.

AUDITORS

M/s. M. Srinivasan & Associates, Chartered Accountants, Chennai, the Auditors retire at the conclusion of this Annual General Meeting are eligible for re-appointment.

AUDIT COMMITTEE

As required under the provisions of Section 292A of the Companies Act, 1956, the Company has constituted an Audit Committee.

PARTICULARS OF EMPLOYEES

There is no case for report under Section 217(2A) of the Companies Act, 1956.

**Jumbo Bag Ltd.****INDUSTRIAL RELATIONS**

Industrial relations continue to be cordial during the year except with a brief strike by workmen in July/August, 2001 which was resolved amicably and normalcy restored.

LISTING:

The securities of your Company are listed at Mumbai and Madras Stock Exchanges.

ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE

The information required to be given under these heads in accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of particulars in the Report of Board of Directors) rules, 1988 has been set out in the Annexure to this report.

APPRECIATION

The Directors thank the Company's bankers and the Financial Institutions for their help and co-operation extended throughout the year. The Directors also acknowledge with much gratitude, the continued trust and confidence reposed by the shareholders of the Company. The Directors also note with satisfaction the good work turned out by the employees which has resulted in getting ISO 9002 Certification. They have always been a big strength to the management.

By Order of the Board

Place : Chennai

Date : 22nd August, 2002.

G. SUDHAKAR

Vice Chairman-cum-Managing Director

ANNEXURE TO THE DIRECTORS' REPORT**A. CONSERVATION OF ENERGY**

Company's operations are power intensive and energy conservation measures are being taken within our plants as an ongoing exercise.

B. TECHNOLOGY ABSORPTION**FORM-B****RESEARCH AND DEVELOPMENT**

No Research and Development was carried out during the year.

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:**1. Efforts made**

- a. Technology improvement in production of hygiene bags.
- b. Developing new product of Anti Static bags. Agreement has been signed for Technology transfer to manufacture Novastat Fabric with M/S. Intertape Polymer Group of United States to make anti-static bags.

2. Benefits

New markets opened up for Company's products.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Earnings - Rs.10,26,08,870

Outgo - Rs. 5,19,16,692

By Order of the Board

Place : Chennai

Date : 22nd August, 2002.

G. SUDHAKAR

Vice Chairman-cum-Managing Director