

GOING BEYOND BOUNDARIES

Report  junction.com

GROWING BEYOND EXPECTATIONS

Annual Report 2005 - 2006



Jumbo Bag Ltd.

ISO 9001 : 2000

ISO 14001 : 2004

**BOARD OF DIRECTORS**

Sri N.D.Prabhu	Chairman
Sri G. Sudhakar	Vice Chairman - cum - Managing Director
Sri G.P.N. Gupta	Director-Finance
Sri G. Radhakrishna	Director
Dr.G. Govindaiah	Director
Sri B.Pratap Reddy, I.A.S.(Retd.)	Director (upto 14.09.2005)
Sri M. Rama Rao	Director
Sri G.V. Ramesh Babu (Alternate to Dr.G.Govindaiah)	Director
Sri K.J.M.Shetty, I.A.S.(Retd.)	Director
Sri Gaddam Kumar Reddy	Director
Sri U. Mahesh Rao	Director (upto 08.11.2005)

**COMPANY SECRETARY-CUM-
COMPLIANCE OFFICER**

R. Deenadayalu

AUDITORS

M/s.M.Srinivasan & Associates,
Chartered Accountants,
No.5, 9th Floor, B Wing, Parsn Manere,
602, Anna Salai, Chennai - 600 006.

BANKERS

State Bank Of India
State Bank of Hyderabad
Bharat Overseas Bank

SOLICITOR

Sri R. Sundarajan,
Advocate, Chennai.
Sri Walter J Solomon
Advocate, Chennai.

SHARES LISTED WITH

The Madras Stock Exchange Ltd.
The Stock Exchange, Mumbai

REGISTRARS AND SHARE TRANSFER AGENT

M/s. Cameo Corporate Services Ltd.,
Subramanian Building,
No.1, Club House Road, Chennai 600 002.
Phone: 28460390(5 Lines) Fax:28460129

Report

JUNCTION

REGISTERED OFFICE

No.46, Halls Road, Kilpauk,
Chennai - 600 010.
Phone: 26451722, 26461415, 26452325
Fax: 91-44-26451720
E-Mail: info@blissgroup.com
Website: <http://www.blissgroup.com>

WORKS

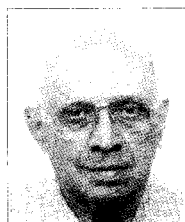
75 Thatchur Kootu Road,
Panjetty Village, Ponneri Taluk,
Thiruvallur District-601 204
Tamil Nadu.

106, G.N.T.Road,
Athipedu Village, Alinjivakkam P.O.,
Ponneri, Ponneri Taluk,
Thiruvallur District-600 067.

New No. F/172(Old No.4/95D),
Mela Arasadi Village, Ottapidaram Panchayat,
Tuticorin-628 401, Tamil Nadu.

CONTENTS**PAGE**

Chairman's Letter	1
Notice to Shareholders	2
Directors' Report	6
Management Discussion and Analysis	9
Corporate Governance Report	13
Auditor's Report	20
Balance Sheet	22
Profit and Loss Account	23
Schedules to Accounts	25
Notes on Accounts	30

**Jumbo Bag Ltd.****Annual Report 2005 - 2006****CHAIRMAN'S LETTER**

Esteemed Shareholders,

It is my pleasure to present your Company's Annual Report and financial statements for the year 2005-06. While the details are available in the Directors' Report and the Management Discussion and Analysis report, I would like to touch upon some of the key issues.

The year under review is in high gear towards globalisation and the momentum is manifest in the soaring index on the stock exchange. A flourishing economy, augmented by a rapid modernisation of the manufacturing sector and a solid surge in the service sector enabled the country to confidently settle for an amazing growth trajectory at about 10 percent of the GDP. The evolution of knowledge economy, the Look-East policy on economic cooperation and the flow of foreign direct investments are expected to be the contributory factors for sustaining the robust growth over a long period of time. The Agricultural production during 2005-06 recorded a growth of 2.3% due to satisfactory rainfall and moisture conditions during the year. Industrial Production registered strong growth. The manufacturing sector recorded a growth of 9.0 per cent in 2005-06. However, the manufacturing sector being the main stay is vulnerable to be upset by the challenges of Energy and Water.

I would like to account to you the progress made by your company in financial terms from the year 1996-2006.

	1995-96	2005-06
Gross Income	377.61	3792.16
Profit Before Depreciation & Tax	6.81	301.67
Profit/(Loss) After Tax	(41.23)	95.90

Jumbo Bag Limited is 16 years young company. From its humble beginning as a company manufacturing jumbo bags using jute in 1984 to becoming one of World's leading providers of Flexible Intermediate Bulk containers(FIBC) using HDPE fabric. Along the way, we have created an enviable track record. Over a one decade period, our Revenues have grown up by 904%.

The performance of your company is commendable. The outlook is positive. Your company, by virtue of implementing innovative production techniques coupled with systematic expansion will definitely lead to healthy growth in all areas of its operations. Your company has produced 3982 Metric Tonnes of products during the year 2005-06 as against 3635 Metric Tonnes in the year 2004-05 representing an increase of 9.55%.

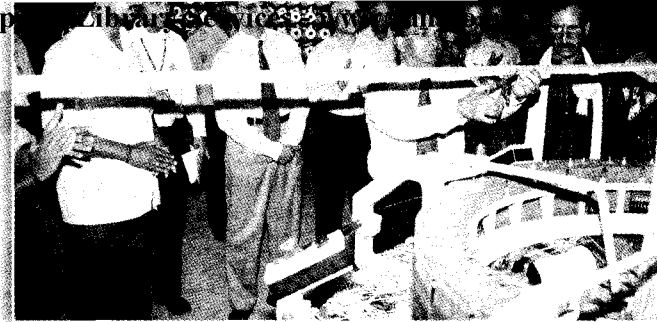
Your Board of Directors have recommended a dividend of 10% on the Equity Share capital of the company for the year 2005-06 maintaining the same percentage declared last year.

In the first three months of the current financial year i.e. April to June, 2006, while net sales of your company were at Rs. 1139.95 Lakhs as against Rs.870.05 Lakhs in the corresponding period of the previous year. Net profit after tax was at Rs.31.11 Lakhs(After providing Rs.6.02 Lakhs for Deferred Tax) compared to Rs.30.88 Lakhs(Deferred Tax Rs.1.93 Lakhs) in the corresponding period of the previous year. We expect significant volume growth in the current year as our expansion plans which are under final implementation stage and start commercial production soon.

In the coming years we shall relentlessly endeavour to work towards improving our processes, increasing productivity, reducing costs, innovating and providing best value to our customers and stakeholders. We are focussing on capacity building in all spheres and with greater vigour set to embark on the journey to realise our full growth potential.

I take this opportunity to thank and place on record our appreciation of the supportive and constantly encouraging role played by our valuable customers, Bankers and other stakeholders. We see the relationship getting stronger and we are examining new opportunities that are now available to us.

N.D. PRABHU
CHAIRMAN


Jumbo Bag Ltd.


Mr. Thomas, AGM SBI inaugurating the loom at Athipedu

NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the SIXTEENTH ANNUAL GENERAL MEETING of the members of the Company will be held at Sri Thyaga Brahma Gana Sabha, Vani Mahal, No.103, G.N.Chetty Road, T.Nagar, Chennai-600 017 at 10.30 a.m. on Monday, the 18th September, 2006 to transact the following:

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2006 and the Profit & Loss account for the year ended on that date and the report of the Directors and Auditors thereon.
2. To declare dividend.
3. To appoint a Director in the place of Sri M.Rama Rao who retires by rotation and who, being eligible, offers himself for re-appointment.
4. To appoint a Director in the place of Sri N.D.Prabhu who retires by rotation and who, being eligible, offers himself for re-appointment.
5. To appoint Auditors and fix their remuneration. The retiring Auditors Messrs.M. Srinivasan & Associates, Chartered Accountants are eligible for re-appointment. In this connection to consider and if thought fit, to pass, with or without modification(s), the following resolution as an ordinary resolution:

"Resolved that Messrs.M. Srinivasan & Associates, Chartered Accountants, be and are hereby appointed as the auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting on a remuneration to be determined by the Board of Directors."

SPECIAL BUSINESS

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 Sections 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.Anilkumar, 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 a revised remuneration as detailed hereunder for a period of two years with effect from 18-9-2006:

- a) Salary Rs.36,000 Per month.
- b) House Rent Allowance @ 60% 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.

- d) Use of company's vehicle and telephone at residence for Company's business.

7. 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 Sections 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 a revised remuneration as detailed hereunder for a period of two years with effect from 18-9-2006:

- a) Salary Rs.36,000 Per month.
- b) House Rent Allowance @ 60% 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.
- d) Use of company's vehicle and telephone at residence for Company's business.

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

"RESOLVED THAT in pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956, existing Articles of Association of the Company be and is hereby altered as follows:

- i. After the existing Article 2(v) the following new Articles be added:

2(w) "Record" includes the records maintained in the form of books or stored in a computer or in such other form as may be determined by the regulations made by SEBI.

2(x) "Bye-Laws" mean bye-laws made by a depository under Section 26 of the Depositories Act, 1996.

2(y) "The Seal" means the Common Seal of the Company.

- ii. After the existing Articles 58(2) the following new Articles be added:

58(3) The holders of Stock may transfer the same or any part thereof in the same manner as, and subject to the same regulations under which, the shares from which the stock arose might before the conversion have been transferred or as near thereto as circumstances admit:



Provided the Board may, from time to time, fix the minimum amount to Stock transferable, so, however, that such minimum shall not exceed the nominal amount of the shares from which the stock arose.

The holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regard dividends voting and meeting of the Company, and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except participation in the dividends and profits of the Company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.

Such of the regulations of the Company (other than those relating to share warrants), as are applicable to paid-up shares shall apply to stock and the words 'share' and 'shareholders' in those regulations shall include 'stock' and 'stockholders' respectively.

Share warrants

58 (4) The Company may issue share warrant, subject to and in accordance with the Provisions of section 114 and 115 of the Act and accordingly the Board may in its discretion, with respect to any share which is fully paid up, on application in writing signed by the person registered as holder of the share and authenticated by such evidence (if any) as the Board may, from time to time, require as to the identity of the person signing the application and on receiving the certificate (if any) of the share; and the amount of the stamp duty on the warrant and such fee as the Board may, from time to time, require, issue a share warrant.

The bearer of a share warrant may at any time deposit the warrant at the office of the Company and so long as the warrant remains so deposited, the depositor shall have the same right of signing a requisition for calling a meeting of the Company and of attending and voting and exercising, the other privileges of a deposit, as if his name were inserted in the register of members as the holder of the shares included in the deposited warrant.

Not more than one person shall be recognized as depositor of the share warrant.

The company shall, on two days written notice, return the deposited share warrant to the depositor.

Subject as herein otherwise expressly provided, no person shall, as

bearer of a share warrant, sign a requisition for calling meeting of the company or attend or vote or exercise any other privilege of a member at a meeting of the Company or be entitled to receive any notice from the company.

The bearer of a share warrant shall be entitled in all other respects to the same privileges and advantages as if he was named in the register of member as the holder of the shares included in the warrant and he shall be deemed to be a member of the Company in respect thereof.

The Board may, from time to time make rules as to the terms on which (if it shall think fit) a new share warrant or coupon may be issued by way of renewal in case defacement, loss or destruction of the original.

Article 164 of the Articles of Association of the Company be amended as follows:

1. The words "Share Premium Account" wherever appearing under Article 164 of Articles of Association of the Company shall be substituted with the words "Securities Premium Account".

2. The following new proviso shall be added under Article 164 (a):

"Provided further that notwithstanding anything contained hereinabove, any amounts standing to the credit of the Securities Premium Account may also be utilised (other than for Capitalisation), in accordance with the provisions of the Act".

After the existing Article 174, the following new Article be added :

Accounts

174A. (1) The Board shall cause proper books of accounts to be maintained under Section 209 of the Act.

(2) The Board shall, from time to time, determine whether and to what extent and at what times and places and under what conditions or regulations, the accounts and books of the Company or any of them shall be open to the inspection of members not being Directors.

(3) Subject to provisions of Section 209A of the Act, no member (not being a director) shall have any right of inspection any account or book or document of the Company, except as conferred by law or authorised by the Board or by the company in General Meeting.

(4) Balance Sheet and Profit and Loss Account of the Company will be audited once in a year by a qualified auditor for Correctness as per provisions of the Act.

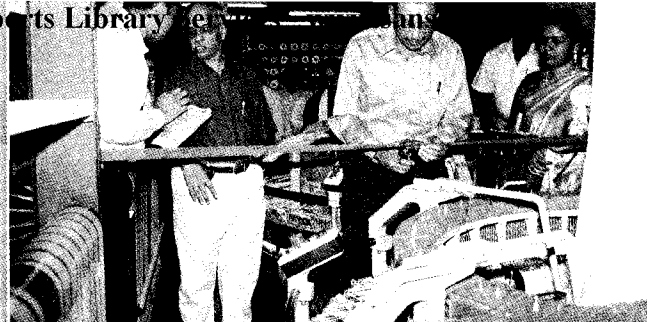
Registered Office:

No.46, Halls Road,
Kilpauk, Chennai - 600 010.

Chennai, 21st June, 2006.

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

R.DEENADAYALU
GENERAL MANAGER(LEGAL)-CUM-
COMPANY SECRETARY


Jumbo Bag Ltd.


Mr. B. Surender, Chairman, Stanpacks inaugurating the Loom at Athipedu

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 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.

2. Explanatory Statement as per the provisions of Section 173(2) of the Companies Act, 1956 in respect of the items of the Special Business as set out above is annexed.

3. Members/Proxies should bring the Attendance slip duly filled in for attending the meeting.

4. Members are requested to bring their copy of the Annual Report. No additional copies will be provided at the venue.

5. Members holding shares in Physical Form are requested to notify immediately to our Registrars and Share Transfer Agents, M/S.Cameo Corporate Services Ltd., No.1, Club House Road, Mount Road(Anna Salai), Chennai-600 002, Tamil Nadu, any change in their address, to ensure prompt receipt of the Dividend Warrants. Members holding shares in Electronic Form should inform change in address to their Depository Participants. The dividend, as recommended by the Board, if sanctioned, at this Annual General Meeting will be payable on or after 5th October, 2006 to those members whose names appeared in the Company's Register of Members as on 18th September, 2006. In respect of shares held in Electronic Form, the Dividend will be payable on the basis of beneficial ownership as per the details furnished by NSDL and CDSL for this purpose.

Members holding shares in Electronic Form may please note that their bank account details as furnished by their depositories to the company will be printed on the dividend warrants and the company will not entertain any direct request from such members for deletion/change in such bank details. **(Members who wish to change their Bank Account details are advised to intimate their depository participant (DPs) about such change with complete details of Bank Accounts.)**

6. Members are requested to intimate to the Company, queries, if any, regarding the accounts/notice, at least seven days before the meeting to enable the management to keep the required information readily available at the meeting.

7. The Register of Members and the Share Transfer Books of the Company will remain closed for the purpose of payment of Dividend from 13th September, 2006 to 18th September, 2006 (both days inclusive).

8. All documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company during working hours between 11.00 A.M. To 1.00 P.M. except on holidays.

9. Shareholders are requested to check whether they have encashed Dividend Warrants for earlier years. If the Dividend Warrants are lost or have become time-barred, please apply for Cheque/Demand Draft in lieu of those Dividend Warrants before the last dates indicated below. Shareholders are also requested to note that Dividend Warrants are valid for three months from the date of issue and the Banks are not allowing REVALIDATION. The Company has to incur Bank Charges for issue of Demand Draft after the date of expiry of the Dividend Warrants. Shareholders are therefore requested to encash the dividend warrant within three months from the date of issue.

Dividend for the year ended	Rate of Dividend	Dividend Warrant dated	Date on which unpaid amount is required to be paid to the Central Government	Shareholders should apply latest by
31.3.1998	12.00%	05.11.1998	30.11.2005	06.11.2005*
31.3.1999	12.50%	03.11.1999	02.12.2006	08.11.2006
31.3.2003	7.50%	20.10.2003	30.10.2010	06.10.2010
31.3.2004	8.00%	15.10.2004	28.10.2011	04.10.2011
31.3.2005	10.00%	01.10.2005	13.10.2012	29.09.2012

*A sum of Rs.91,680/- which was lying as balance under unpaid dividend Account for the year ended 31.3.1998 was credited to the Investor Education and Protection Fund on 14.11.2005 as required under Section 205A of the Companies Act, 1956.

10. RESUME OF THE DIRECTORS BEING REAPPOINTED

As required under Clause 49 of the Listing Agreement with the Stock Exchanges, a brief background, functional expertise of the directors proposed for appointment/re-appointment are furnished below along with the details of companies in which they are directors and the committees of which they are members:

Sri.M.Rama Rao, aged about 60 years is a Commerce Graduate with vast experience in business. He is the Managing Director of M/s.Surya Chandra Paper Mills Limited, Andhra Pradesh. He is a director of the company from 22.6.1992. He is not a member in any Committee. He is not holding any shares of the company.

Sri N.D.Prabhu, aged 74 years is a Commerce Graduate with CAIB(London) FIIB. He is the retired Chairman of a Nationalised Bank with rich experience in finance field. He is a director of the company from 31.10.2001. He is the Chairman of the Audit Committee of the Company. At present he is on the Boards of Messrs.Brescon Corporate Advisors Ltd., Yokogawa Ltd., Bal Pharma Ltd., Novastar Capital Trustee Services Pvt.Ltd., Aqua Control Valves Pvt.Ltd., Self Growth Nidhi Ltd., Bigtech Pvt.Ltd. He is a member & Chairman of the Audit Committees of the following Companies: Messrs.Brescon Corporate Advisors Ltd., Yokogawa Ltd., Bal Pharma Ltd. He is a member of the Shareholders/Investors Grievances Committee of Messrs. Brescon Corporate Advisors Ltd., and Bal Pharma Ltd. He is not holding any shares of the Company.



EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No.6.

Section 314 of the Companies Act, 1956 provides that no relative etc. of Director 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 Special Resolution and approval of the Central Government where the total monthly remuneration exceeds Rupees Fifty Thousand. Sri G.S.Anilkumar son of Sri G.Sudhakar, Managing Director is working in the company for more than 14 years. He is a Fellow Member of the Institute of Chartered Accountants of India with vast experience in finance and Accounts. His present term expires on 1.2.2007 as per the approval accorded by the shareholders in the Annual General Meeting held on 26.9.2002.

His deep and dedicated involvement in the Finance and Accounts activities of the company are very crucial to the growth of the company. The company has achieved new heights in all areas. Considering his achievements for the benefit of the company, the Board considered it is necessary to re-appoint him with revised remuneration with effect from the date of Annual General Meeting viz.18.9.2006 for two years.

The Selection/Remuneration Committee has recommended the re-appointment with revised remuneration.

None of the Directors except Sri G.Sudhakar, Managing Director, Sri G.P.N.Gupta, Director-Finance and Sri G.Radhakrishna, Director is directly or indirectly concerned or interested in the proposed resolution.

The Board recommends the said resolution for approval of the shareholders as a Special Resolution.

Item No.7

Section 314 of the Companies Act, 1956 provides that no relative etc. of Director 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 Special Resolution and approval of the Central Government where the total monthly remuneration

exceeds Rupees Fifty Thousand. Sri G.P.Ramraj son of Sri G.P.N.Gupta, Director-Finance is working in the company since 1991. He is a Graduate with vast experience in Management and Marketing. He is looking after National and International marketing activities of the company. His rich experience and successful career behind him has yielded a good growth path to the company. His present term expires on 1.2.2007 as per the approval accorded by the shareholders in the Annual General Meeting held on 26.9.2002. Considering his achievements for the benefit of the company, the Board considered it is necessary to re-appoint him with revised remuneration with effect from the date of Annual General Meeting viz. 18.9.2006 for two years.

The Selection/Remuneration Committee has recommended the re-appointment with revised remuneration.

None of the Directors except Sri G.Sudhakar, Managing Director, Sri G.P.N.Gupta, Director-Finance and Sri G.Radhakrishna, Director is directly or indirectly concerned or interested in the proposed resolution.

The Board recommends the said resolution for approval of the shareholders as a Special Resolution.

Item No.8:

Consequent to the developments in the Securities market and Corporate Laws, the Articles of Association of the Company need to be amended as proposed in the resolution.

Hence, the proposed resolution is recommended to be passed as a Special Resolution.

None of the Directors is concerned or interested in the said resolution.

A copy of the Articles of Association of the Company together with the proposed alterations is open for inspection by the members at the registered office of the Company during normal business hours on any working day.

Registered Office:
No.46, Halls Road,
Kilpauk, Chennai - 600 010.

Chennai, 21st June, 2006.

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

R.DEENADAYALU
GENERAL MANAGER(LEGAL)
-CUM- COMPANY SECRETARY



Health Camp conducted at Kaniambakkam village

REPORT OF THE DIRECTORS

Your Directors have pleasure in presenting their Report and the Audited Accounts of the Company for the year ended 31st March, 2006.

A. FINANCIAL RESULTS

(Rs.in Lakhs)

	Current Year ended 31st March, 2006	Previous Year ended 31st March, 2005
Income		
Sales and other Income	3792.16	3460.88
Profit		
Profit before depreciation	301.66	262.03
Less: Depreciation	117.48	95.84
Less: Miscellaneous Expenditure written off	6.69	6.39
Profit before tax	177.49	159.80
Less: Provision for Taxation	29.85	27.53
Deferred Taxation Provision	45.06	16.05
Fringe Benefit Tax	6.68	--
Profit after tax	95.90	116.22
Add/(Less): Prior period adjustments	(0.75)	(0.36)
Add: Profit b/f from previous year	53.68	2.36
Profit available for appropriation	148.83	118.22
Appropriation		
Proposed Dividend on Equity Shares	57.24	57.24
Tax on Dividend	8.03	7.30
Balance retained in the Profit & Loss Account	83.56	53.68

Net sales for the year 2005 - 06 grew by 8.90%. Profit before tax (PBT) for the year as a percentage of net sales was at 4.76% in 2005-06 as against 4.67% in 2004 - 05. Profit after tax as a percentage of net sales was 2.57% in 2005-06 as compared to 3.39% in 2004 - 05. The decline in PAT as a percentage of net sales is due to higher provision for deferred taxes and Fringe benefit Tax.

Your company has commenced production with new tape plant and looms at additional floor space constructed at its Athipedu works in February 2006. The capacity will be on full stream in the FY 2006-07.

B. DIVIDEND

The Board of Directors recommended a dividend of Re.1/- per equity share maintaining the previous year's dividend level of Re.1/- per equity share.

DEBONDING : Your company was set up as a 100% EOU and commenced production in the year 1995. As per the conditions in SIA approval and as per the policy in force from time to time, your company has met the policy requirements in terms of value addition, export obligation and net foreign exchange in all the years since inception. Your company has therefore been permitted to be debonded from 100% EOU status in December 2005.

C. SUBSIDIARY COMPANIES

Your company has no subsidiary company.

D. FIXED DEPOSITS

The total amount of Fixed Deposits from the Public and Shareholders of the Company as at 31st March, 2006 was Rs. 133.34 Lakhs.

There was no default in repayment of deposits or interest thereon on the due dates and there was no overdue/unclaimed deposit at the end of the year.

E. DIRECTORS

Sri M.Rama Rao, Director of the Company retires by rotation at the forthcoming Annual General Meeting and being eligible, offer himself for re-appointment.

Sri N.D.Prabhu, Director of the Company retires by rotation at the forthcoming Annual General Meeting and being eligible, offer himself for re-appointment.

Sri U.Mahesh Rao, Director resigned with effect from 8.11.2005. The Board places on record its appreciation of his contribution to the Company.

F. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2AA) of the Companies Act, 1956 the Directors hereby confirm that they have:

- Followed the applicable Accounting Standards in the preparation of the annual accounts;
- Selected such accounting policies and applied them consistently and made judgements and estimates that were 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 profits of the company for the year under review;


Jumbo Bag Ltd.


Mr. Sathish Kumar, G.V., Head-HR Gifting a Sapling on the occasion of Mrs. Manjula's (Employee) son's Birthday. An initiative of Project "GROW GREEN BELT".

(iii) 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 detecting fraud and irregularities;

(iv) Prepared the accounts for the financial year on a "going concern" basis.

G. PARTICULARS OF EMPLOYEES

None of the employees of the Company were in receipt of remuneration which in the aggregate exceeded the limits fixed under sub-section (2A) of Section 217 of the Companies Act, 1956 as amended by the Companies (Amendment) Act, 1988.

H. ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE

Information 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 regarding conservation of energy, technology absorption and foreign exchange earnings and outgo has been set out in the Annexure-I to this Report.

I. AUDITORS AND AUDIT REPORT

The Board of Directors recommend the appointment of the Auditors of the Company to hold office from the conclusion of the ensuing Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration. The present Auditors, Messrs.M. Srinivasan & Associates are eligible for reappointment.

J. AUDIT COMMITTEE

The company set up an audit committee and the scope of activities of the committee comply with the requirements of the revised clause 49 of the Listing agreement with the Stock Exchanges.

The constitution, powers and the role of the audit committee is set out as part of the Report on corporate governance.

K. CORPORATE GOVERNANCE

The Company has complied with all mandatory provisions of Corporate Governance as prescribed under the Listing Agreement of the Stock

Exchanges with which the Company is registered. The Management Discussion and Analysis Report are produced as part of the Annual Report. A Certificate from the Auditors M/s.M.Srinivasan & Associates regarding Compliance of conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement is annexed to the Directors Report.

L. SOCIAL RESPONSIBILITY:

Your company cares for the environment and firmly believes that each one of them have the responsibility to make the world better place to live in for the future generations. How better can it be made than by encouraging kids to plant trees. Your company delivers a plant along with the birthday gift to children of the employees. (Please see picture)

Your company is also supporting certain social initiatives by assisting in the training needs at a vocational training centre established nearby. Your company has also organised health camps for the benefit of the local people, at Gorantla Ramalingaiah Vivekananda Vidyalaya School.

Your company believes in contributing back to the society where it has grown and will enlarge its initiatives in the coming years.

M. INDUSTRIAL RELATIONS

Industrial relations continued to be cordial. The Directors place on record their deep appreciation of the sincere and dedicated teamwork by all employees at all levels to meet the quality, cost and delivery requirements of the customers.

N. ACKNOWLEDGEMENT

Your Directors wish to place on record their gratitude to the Central Government and the Government of Tamil Nadu, State Bank of India, State Bank of Hyderabad and Bharat Overseas Bank for their continued support during the year. Your Directors also wish to convey their thanks to the valued customers and dealers for their continued patronage during the year.

For and on behalf of the Board

Chennai
June 21, 2006.

N.D. PRABHU
CHAIRMAN

**Jumbo Bag Ltd.****Annual Report 2005 - 2006****FORM - B****ANNEXURE - I**

INFORMATION UNDER 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.

A. CONSERVATION OF ENERGY**A) Measures taken for conservation of energy:**

Energy Savings through use of Electronic Choke instead of conventional choke - 7130 units

Energy savings through Cyclic Load Energy Saver for VAM cooling tower - 2880 units

Energy savings through Inverter winder instead of D.C Drive - 1000 units

Energy Savings through Inverter drives for looms - 31111 units

b) Additional investments and proposals, if any: Nil.

c) Impact of the above measures on consumption of energy:

The measures taken during the year are estimated to save annually 42,121 units of power.

d) Total energy consumption and energy consumption per unit of production as per Form - A:**FORM - A**

	Current Year 2005-2006	Previous Year 2004-2005
1. Electricity purchased from Tamilnadu Electricity Board.		
a. Total units purchased consumed	40,81,499	35,25,497
b. Total amount of Electricity bill	Rs. 1,82,55,380	Rs. 1,60,48,213
c. Rate per unit (In Rs.)	4.47	4.55

1. Electricity purchased from Tamilnadu

Electricity Board.

a. Total units purchased consumed	40,81,499	35,25,497
b. Total amount of Electricity bill	Rs. 1,82,55,380	Rs. 1,60,48,213
c. Rate per unit (In Rs.)	4.47	4.55

2. Own generation through Diesel generator

Diesel generator (in unit)	4,18,320	93,695
Fuel (in liters)	1,40,808	30,690
Average unit generated per liter	2.56	3.05
Rate per unit (In Rs.)	13.64	8.68

B. TECHNOLOGY ABSORPTION

Efforts made in technology absorption as per Form - B:

RESEARCH AND DEVELOPMENT (R&D)**1. Specific areas in which R&D carried out by the Company**

The company has been making developments constantly to meet the constantly changing needs of the customers both in terms of product performance and also in terms of price in a competitive environment.

2. Benefits derived

Company has been able to retain and also to increase the customer base as a result of the above.

3. Future plan of action

a. Clean room facility being set up to meet needs of customers packing high end chemicals.

b. Dissipative bag to meet certain hazardous products.

c. Development of new products in allied lines to improve the versatility.

2005-2006	2004-2005
Expenditure on R & D	Rs. 53.75 Lakhs
	Rs. 2.93 Lakhs

Rs. 53.75 Lakhs

Rs. 2.93 Lakhs

Expenditure on R & D

C. FOREIGN EXCHANGE**EARNINGS AND OUTGO**

Foreign Exchange earned --	Rs. 941.15 Lakhs	Rs. 999.51 Lakhs
Foreign Exchange Outgo --	Rs. 189.54 Lakhs	Rs. 577.21 Lakhs

For and on behalf of the Board

Chennai
June 21, 2006.

N.D. PRABHU
CHAIRMAN.