



**Jumbo Bag Ltd.**

**ISO 9001 & 14001**

**ANNUAL REPORT  
2011 - 2012**



**WE SHARE OUR JOY**



## CORPORATE INFORMATION

### BOARD OF DIRECTORS

SRI K.J.M. SHETTY  
SRI G. SUDHAKAR  
SRI G.P.N. GUPTA  
SRI G. RADHAKRISHNA  
SRI M. RAMA RAO  
SRI G. KRISHNAMURTHY  
SRI M.V. ANANTHAKRISHNA  
DR. GADDAM KUMAR REDDY  
SRI G.S. ANIL KUMAR  
SRI G.P. RAMRAJ

CHAIRMAN  
VICE CHAIRMAN\*  
MANAGING DIRECTOR  
DIRECTOR  
DIRECTOR  
DIRECTOR  
DIRECTOR  
DIRECTOR  
DIRECTOR-FINANCE  
DIRECTOR-MARKETING

\* has retired from Vice Chairmanship and Directorship W.E.F 22<sup>nd</sup> March 2012.

### COMPANY SECRETARY & COMPLIANCE OFFICER

Mr. JAYANTH VISWANATHAN

### STATUTORY AUDITORS

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

### PLANT LOCATION

No.75, Thatchur Kootu Road,  
Panjetty Village, Ponneri Taluk,  
Tiruvallur District - 601 204.

No.106, G.N.T. Road,  
Alinjivakkam P.O., Ponneri Taluk,  
Tiruvallur District - 600 067

### REGISTRARS AND SHARE TRANSFER AGENT

M/s. Cameo Corporate Services Ltd.,  
Subramaniam Building, No.1,  
Club House Road, Chennai-600 002  
PHONE: 044 – 28460390, FAX: 044 - 28460129

### LISTING:

The Bombay Stock Exchange Ltd  
The Madras Stock Exchange Ltd  
The National Stock Exchange Ltd\*

### REGISTERED OFFICE

"S.K.Enclave" No.4, (Old No.47)  
Nowroji Road, Chetpet,  
Chennai 600 031  
Phone: 26451722, 26461415, 26452325,  
Fax: 91-44-26451720,  
Website: [www.jumbobaglimited.com](http://www.jumbobaglimited.com)

### BANKERS

State Bank of India,  
State Bank of Hyderabad

\* UNDER MOU BETWEEN MADRAS STOCK EXCHANGE AND NATIONAL STOCK EXCHANGE, THE SHARES OF JUMBO BAG LIMITED ARE TRADED IN NSE PLATFORM.



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## NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the 22<sup>nd</sup> ANNUAL GENERAL MEETING of the members of JUMBO BAG LIMITED will be held at Sri Thyaga Brahma Gana Sabha, Sri P.Obul Reddy Hall, Vani Mahal, No. 103, G.N.Chetty Road, T.Nagar, Chennai – 600 017 at 10.30 A.M. on Monday, the 24<sup>th</sup> September, 2012 to transact the following:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as on 31<sup>st</sup> March, 2012 and the statement of Profit & Loss for the year ended on that date and the report of the Directors and Auditors thereon.
2. To appoint a Director in the place of Sri M.V. Ananthakrishna who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in the place of Sri M. Rama Rao, who retires by rotation and being eligible, offers himself for re-appointment.
4. 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, (Firm Registration No.004050S) 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 determined by the Board of Directors."

### SPECIAL BUSINESS:

5. To consider, and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** in supersession of the earlier resolution passed at the Eighth Annual General Meeting held on 26th September, 1998, the consent of the members be and is hereby accorded to the Board of Directors of the Company pursuant to Section 293(1)(d) of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and Article 133, 134 and 135 of the Articles of Association of the company for borrowing from time to time any sum of money including from Commercial Banks, Financial Institutions, Public Financial Institutions, Promoters, Foreign Financial Institutions or from any other person(s) or entities as term loans, through Commercial Papers, through debentures on private placement basis, whether within India and/or outside India, notwithstanding that the money/monies to be borrowed together with the monies already borrowed by the Company (apart from temporary loans obtained if any, from the Company's bankers in the ordinary course of business) may exceed the aggregate of the



paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose for the time being and from time to time provided that the total amount of monies so borrowed by the Board shall not exceed the sum of Rs.100 Crores (Rupees Hundred Crores Only)."

**"RESOLVED FURTHER THAT** the Board of Directors or any Committee thereof/person(s) authorised by the Board, be and is/are hereby authorised to do all such acts, deeds and things as may be necessary expedient and desirable for the purpose of giving effect to this resolution."

**Registered Office:**

"S.K.Enclave" No.4, (Old No.47)

Nowroji Road, Chetpet,

Chennai 600 031

Date : 07.08.2012

**By Order of the Board  
For Jumbo Bag Limited**

**JAYANTH VISWANATHAN  
COMPANY SECRETARY**

**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 OF THE COMMENCEMENT OF THE MEETING.**
2. Explanatory Statement as per the provisions of Section 173(2) of the Companies Act, 1956 read with Article 69 of the Articles of Association 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. Members are requested to bring their copy of the Annual Report. No additional copies will be provided at the venue.
4. The Ministry of Corporate Affairs has taken a Green Initiative, which permits the company to send Annual Report, Notice via. E-mail to all the shareholders. Your Company has for the financial year ended 31.03.2012 sent the notice and the Annual Report to those Shareholders whose E-mail ID was available. It is requested that all the shareholders update/ Furnish their E-Mail ID with their respective DP's which will enable the company to implement the Green Initiative and make such correspondences vide E-Mail in future.
5. 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.
6. The Registrar of Members of the Company will remain closed from 18<sup>th</sup> September 2012 to 24<sup>th</sup> September 2012 (both days inclusive).
7. 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 public holidays.
8. Shareholders are requested to check, whether they have en-cashed dividend warrants for earlier years.

If the dividend warrants are not encashed, please apply for cheque/demand draft in lieu of those dividend warrants before the last dates as indicated in the table:

Dividend for the year ended	Rate of Dividend (%)	Dividend warrant dated	Date on which Unpaid amount is required to be transferred to Investor Education Protection Fund	Shareholders should apply latest by
31.03.2005	10.00	01.10.2005	17.10.2012	03.10.2012*
31.03.2006	10.00	05.10.2006	22.10.2013	08.10.2013
31.03.2007	10.00	10.10.2007	28.10.2014	15.10.2014
31.03.2008	5.00	08.10.2008	27.10.2015	13.10.2015
31.03.2009	6.00	12.10.2009	27.10.2016	17.10.2016

A sum of Rs. 3,31,557 which was lying as balance under unpaid dividend account for the year ended 31.03.2004 was credited to the Investors Education Protection Fund on 16.11.2011 as required under section 205A of the Companies Act, 1956.

\* Shareholders who have not collected their Dividend for the year ended 31.03.2005 are informed to collect the same before 3<sup>rd</sup> October 2012 after which it will be credited to the Investor Education and Protection fund as required under section 205A of the Companies Act, 1956.

#### **9. RESUME OF THE DIRECTORS BEING RE-APPOINTED**

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

Name	Holdings and Experience	Other Companies in which interested as Director or member of Committee
Sri M.V. Ananthakrishna	MBA from The University of Michigan, Ann Arbor, USA (1983) & BE in ECE from University of Madras, Chennai (1980). He is an Executive Director of M K Raju Consultants Pvt. Ltd., a 36 years old leading Consultancy Organization implementing projects leading to large financial savings in a wide range of small, medium and large Industries.	M K Raju Consultants Private Limited, Chennai VBC Industries Limited, Hyderabad VBC Ferro Alloys Limited, Hyderabad. Andhra Chamber of Commerce, Chennai Madras Chamber of Commerce, Chennai
Sri M. Rama Rao	An industrialist with 35 years of experience in the field of packaging, he has been guiding the Company since its incorporation. He is currently the Managing Director of Surya Chandra Paper Mills Limited.	Surya Chandra Paper Mills Limited Stilbene Biopharma Limited

Note : The above mentioned Directors hold NIL shares of the Company.

**By Order of the Board  
For Jumbo Bag Limited**

Place : Chennai  
Date : 07.08.2012

**JAYANTH VISWANATHAN  
COMPANY SECRETARY**



## **ANNEXURE TO NOTICE**

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

#### **Item No.5**

The present limit of Rs. 50 Crores was sanctioned to the Board under Section 293(1)(d) of the Companies Act, 1956, at the members meeting held on 26<sup>th</sup> September, 1998 in view of expanding business of the company, it is proposed to increase the present borrowing limit of Rs. 50 Crores to Rs. 100 Crores for which the approval of the members is necessary in terms of section 293(1)(d) of the Companies Act, 1956.

None of the Directors of the Company is in any way concerned or interested in the resolution. The Directors recommend the resolution for approval.

#### **Registered Office:**

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Nowroji Road, Chetpet,  
Chennai 600 031  
Date : 07.08.2012

By Order of the Board  
**For Jumbo Bag Limited**

**JAYANTH VISWANATHAN**  
**COMPANY SECRETARY**



## DIRECTORS' REPORT AND MANAGEMENT DISCUSSION ANALYSIS REPORT

### To the Members,

The Directors submit the Annual Report of the Company together with the Audited Financials Statement of accounts for the Financial Year ended 31.03.2012.

### Financial Results:

(Rs. in Lakhs)

PARTICULARS	2011-12	2010-11
SALES AND OTHER INCOME	8334	9712
PROFIT BEFORE INTEREST, DEPRECIATION & TAXES	688	584
INTEREST	398	303
DEPRECIATION	193	188
PROFIT BEFORE TAX	97	93
TAX	29	29
PROFIT AFTER TAX	68	64
PROFIT OF EARLIER YEARS	430	366
PROFIT AVAILABLE FOR APPROPRIATION	498	430

### BUSINESS PERFORMANCE

The consolidated revenue of Jumbo Bag Limited stands at Rs. 83.34 Crores for the financial year ended 31<sup>st</sup> March 2012 as compared to the revenue of Rs 97.12 Crores for previous year resulting in reduction by 14%. The Profit Before Tax (PBT) was Rs. 96.98 Lakhs for the current year registering an increase of 3.56% from the previous year. The Profit After Tax (PAT) was Rs. 68.15 Lakhs for the current year as against Rs. 64.38 for the previous year.

### DIVIDEND:

Considering the low profitability of the company during the year, the Board is not recommending any dividend for the year 2011-12.

### EQUITY SHARE CAPITAL:

During the financial year 2011-12, the company had allotted 4 lakh Equity Shares of Rs. 10 each (at a premium of Rs. 16.00 per share) through preferential allotment to M/s. Balaji Trading Enterprises Private Limited, a promoter group company, which was approved by the Shareholder in the Annual General Meeting, held on August 02, 2011.

### MANAGEMENT DISCUSSION AND ANALYSIS:

#### WORLD ECONOMY:

At the beginning of the year, worldwide recovery appeared fairly certain, with economic growth for 2011-12 projected by the International Monetary Fund (IMF) at 4.3% - 4.5%. However, the middle of the year saw uncertainties in the future economic outlook, due to the United States, Japan and European countries experiencing slow and decelerating growth with persistent high unemployment and continued financial vulnerability, as growth figures of many economies had to be adjusted downwards with European economies bearing the maximum brunt.

#### INDIAN ECONOMY:

The Indian economy was expected to grow at the rate of 8.2% at the beginning of the year. However due to the combination of worsening international conditions, particularly the crisis in the Eurozone and the difficult domestic political situation seem to have combined to slow the growth during the year 2011-12 as compared to 2010-11 bringing down the growth rate to 6.5%, a 9 year low (source: Review of



Economy by Economic Advisory Council to the Prime Minister, India). The Indian manufacturing industry contributing around 15% to the overall GDP, registered a growth rate of mere 3.9% during the year 2011-12 in comparison to 7.9% during the year 2010-11. The high interest rate regime and inflation has also hampered the growth to a larger extent.

### **OVERALL INDUSTRY OUTLOOK AND FIBC MARKET OUTLOOK:**

The \$500 billion global packaging industry is multi-technology, multi product and multi process industry. World demand of Bulk Packaging is expected to grow at 5.8% p.a to \$58 billion. Your company is focused on the \$5 Billion FIBC segment. The company has a market share of about 7% of domestic demand (Source: Crisil). The FIBC industry is set to grow at about 5% globally and around 13-15% per annum domestically over the next four years basically on account of growing demand for FIBC in end-use industry and the growing awareness in the Pharmaceutical and food industries. Output of the Indian FIBC industry is 2,00,000 MT per year or about 100 million FIBC bags per year (source: IFIBCA). The Indian FIBC industry is growing rapidly, and is presently estimated to have overtaken Turkey as the world's second largest producer next to China. The Indian woven sack industry has registered an annual compounded growth rate of 15% or more over the last decade.

### **SWOT ANALYSIS:**

#### **STRENGTHS AND OPPORTUNITIES**

FIBC industry was dominated by Turkey and China manufacturers. However the current Euro Zone recession has been a blessing in disguise for the Asian manufacturers since the cost of manufacturing FIBCs has increased in Turkey. The Increasing demand and lower manufacturing cost in comparison to other nations has yielded growth prospects to south Asian countries.

Your Company's major strengths have been catering to the end-user industry with most of the clients being from end-user industry. Your company has been focusing on increasing the value added bags which have higher margin in comparison to the usual circular bags. The Clean Room bags used by Pharmaceutical and food industry have shown positive growth signs; the company is expecting to increase its base in these industries in the coming years.

The FIBC usage in India has grown multi fold in the recent years with mineral and petrochemical industries being majority users. In the recent year the mineral industries usage has overridden the usage by petrochemical industry in India. Majority of the company's domestic sales has been contributed by mineral industry. Carbon industry has also been a value added industry for the company.

#### **WEAKNESSES AND THREATS**

Fluctuating prices of raw materials – The main raw material used in the manufacture of FIBC is polypropylene, which is a crude derivative, and subject to price fluctuations.

Under utilization of available capacity- Your Company is having a healthy order book, it is however not able to utilize the capacity to the fullest due to lack of power and shortage in man power.

Labour shortage - Manufacturing of FIBC bags are labour-intensive activity.

Volatile Forex Markets is a hindrance which may have financial impact with regards to imports and exports of the company.

### **STRATEGIES:**

The Company, instead of bringing manpower to the plant's location had taken a strategic decision to shift part of its manufacturing process to an area where manpower availability is in abundance. This has yielded good results during the pilot testing and the company is expecting good returns from the same in the coming years.