

ANNUAL REPORT 2006 - 2007



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**STANPACKS
(INDIA) LTD.**



**STANPACKS
(INDIA) LTD.**

BOARD OF DIRECTORS

SRI B. SURENDER	Chairman
DR. G.V. CHALAPATHI	Managing Director
SRI G. RADHAKRISHNA	Joint Managing Director
SRI G. MURALIDHAR	Director
SRI M. RAVINDRA REDDY	Director
SRI S. RAMAKRISHNAN	Director
SRI M.V. CHANDRASEKAR	Director
SRI M. RAJASEKARA SASTRY	Director

AUDITORS

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

BANKERS

The Karnataka Bank Ltd.

WORKS

Sholiyapalayam Village,
Sholavaram, Thiruvallur Dist.
Chennai-600 067, Tamil Nadu.

No.157/1, GNT Road, Chinnambedu PO.
Kavarapet, Thiruvallur Dist.
PIN 601 206, Tamil Nadu.

6-6, Asisted Pvt.Industrial Estate,
Nellore - 524 004. A.P.

No.330/B,331,331/B,331/1 & 334,
Shubharam Estate, Marasur Gate,
Anekal Road, Marasur,
Bangalore - 562 106.

COMPANY SECRETARY AND COMPLIANCE OFFICER

Sri N. Gopalsamy

SOLICITOR

Sri R.Sundarrajan, Advocate, Chennai.

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

REGISTRARS AND SHARE TRANSFER AGENT

M/s.Cameo Corporate Services Ltd.,
Subramaniam Building,
No.1, Club House Road, Chennai-600 002.

SHARES LISTED WITH

The Madras Stock Exchange Ltd.,
The Stock Exchange, Mumbai.

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NOTICE TO THE MEMBERS

NOTICE is hereby given that the 16TH ANNUAL GENERAL MEETING of the members of the Company will be held at 10.30 a.m. on Monday, the August 27th, 2007 at Sri P.Obul Reddy Hall, Vani Mahal, No.103, G.N.Chetty Road, T.Nagar, Chennai - 600 017 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March, 2007 and the Profit and Loss Account for the year ended on that date and the reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Sri B.Surender who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Sri M.V.Chandrasekar 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, 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.”

Registered Office:

No.46, Halls Road,
Kilpauk, Chennai - 600 010.
Date : June 28, 2007

By Order of the Board
for **STANPACKS (INDIA) LIMITED**
N. GOPALSAMY
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 FOR THE COMMENCEMENT OF THE MEETING.
2. Members / Proxies should bring the Attendance slip duly filled in for attending the meeting.
3. Members are requested to bring their copy of the Annual Report. No additional copies will be provided at the venue.
4. 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.



5. The Register of Members of the Company will remain closed from 22nd August, 2007 to 27th August, 2007 (both days inclusive).
6. 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.
7. As required under Clause 49 of the Listing Agreement a brief background of the Directors proposed for reappointment are furnished below:

Sri B.Surender has been serving as a Director of the Company since 2001. He is a Partner of a leading Firm of Chartered Accountants M/s.B.B.Naidu & Co., Chennai and has an experience of over 43 years. He is also a Director of M/s.Vibgyor Graphics & Research Centre Limited, M/s.Kudumba Vilakku Benefit Fund Limited, M/s.Reputech Systems Pvt.Limited and Alternate Director in M/s.Jumbo Bag Limited and M/s.Kautex Textron India Pvt.Limited. He is a member/Chairman of Audit Committee, Remuneration Committee and Shareholders/Investors Grievances Committee of the Company. He is a member of Share Transfer Committee of the Company. He is not holding any shares in the Company.

Sri M.V.Chandrasekar has been serving as Director of the Company since 1994. He is an Industrialist at Bangalore and has an experience of over 43 years. He is a member of Audit Committee and Remuneration Committee of the Company. He is holding 73,700 shares in the Company.

8. 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 Demand Draft in lieu of those Dividend Warrants before the last date indicated below.

Dividend for the year ended	Rate of Dividend	Dividend Warrant Date	Date on which unpaid amount is required to be paid to the Central Government	Shareholders should apply latest by
31.03.2005	5%	27.09.2005	11.10.2012	17.09.2012
31.03.2006	5%	14.10.2006	27.10.2013	03.10.2013

By Order of the Board
for **STANPACKS (INDIA) LIMITED**

Chennai
June 28, 2007

N. GOPALSAMY
COMPANY SECRETARY

DIRECTORS' REPORT

Dear Shareholders,

Your Directors are pleased to present the 16th Annual Report along with the Audited Accounts for the year ended March 31, 2007.

A. FINANCIAL RESULTS

(Rs.in Lakhs)

	2006-2007	2005-2006
INCOME		
Sales and Other Income	2948.40	2379.28
PROFIT		
Profit before Depreciation	107.60	144.68
Less: Depreciation	99.05	74.87
Less: Prior period adjustments	(0.01)	(0.61)
Profit Before Tax	8.56	70.42
Less: Provision for Taxation	3.64	9.48
Deferred Taxation Provision	2.56	23.97
Profit After Tax	2.36	36.97
Add: Profit b/f from previous year	36.24	34.41
Profit available for appropriation	<u>38.60</u>	<u>71.38</u>
APPROPRIATION		
Dividend on Equity Shares	-	30.48
Tax on Dividend	-	4.27
Tax on dividend for earlier year	-	0.39
Balance retained in the Profit and Loss Account	<u>38.60</u>	<u>36.24</u>

PERFORMANCE

The turnover during the year 2006-07 increased by 23.92%. The Profit Before Tax during the year was Rs.8.56 Lakhs as against Rs.70.42 Lakhs in the previous year. The depreciation for the year was Rs.99.05 Lakhs as against Rs.74.87 Lakhs in the previous year.

B. DIVIDEND

Due to inadequacy of profit the Board of Directors have decided not to recommend any dividend for the year 2006-07.

C. SUBSIDIARY COMPANIES

Your company has no subsidiary company.

D. FIXED DEPOSITS

Your company has accepted deposit from the Public. The total amount of Fixed Deposit outstanding as at the 31st March, 2007 was Rs.23.23 Lakhs (Previous year: Rs.39.24 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.



**STANPACKS
(INDIA) LTD.**

E. DIRECTORS

Sri B.Surender and Sri M.V.Chandrasekar, directors retire by rotation and being eligible offer themselves for re-appointment.

F. DIRECTORS' RESPONSIBILITY STATEMENT

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

- i) Followed the applicable accounting Standards in the preparation of the annual accounts;
- ii) Selected such accounting policies and applied them consistently and made judgments 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;
- 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

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

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 is given in the Annexure I forming part of this report.

I. AUDITORS

Your company's auditors M/s.M.Srinivasan & Associates retire at the ensuing Annual General Meeting and are eligible for re-appointment. The declaration under section 224 (1)(B) of the Companies Act, 1956 has been received from them.

J. AUDIT COMMITTEE

Your Directors have constituted the Audit Committee of the Board of Directors in line with the Clause 49 of the listing agreement and the provisions of the Companies Act, 1956. The Audit Committee consists of the following Directors:

1. Sri B.Surender, 2. Sri M.Rajasekara Sastry and 3. Sri M.V.Chandrasekar.

Sri B.Surender is the Chairman of the Audit Committee. The Audit Committee met five times during the year.

K. CORPORATE GOVERNANCE

The Company has been scrupulously following the directions of the regulatory authorities in areas relating to observance of transparency and disclosure norms. The Company has always been proactive in adopting good Corporate Governance practices. The Board of Directors recognize its accountability to all the stakeholders of the Company.

SEBI revised the Clause 49 of the Listing Agreement that deals with the Corporate Governance and made the same applicable from January 1, 2006. The Company has implemented the revised provisions of Clause 49. The Board adopted a Code of Conduct and made it applicable to all the members of the Board and to all Senior Management Personnel. The Company has also posted the Code of Conduct on its website.

Pursuant to Clause 49 of the Listing Agreement, a Management Discussion and analysis report and a Report on Corporate Governance are incorporated as part of Annual Report. A compliance certificate by the auditors regarding conditions under clause 49 of the Listing Agreement is also attached to the Annual Report. The 15th Annual General Meeting was held on September 28, 2006.

L. INDUSTRIAL RELATIONS

Industrial relations continued to be cordial throughout the year at all locations. Your Directors place on record their deep sense of appreciation of the valuable contribution of the members of the executives, staff and workers at all levels for the progress of the company during the year.

M. ACKNOWLEDGEMENT

Your Directors would like to express their grateful appreciation for the continued cooperation, support and patronage received from the Government of India, Government of Tamil Nadu, Bankers, Securities and Exchange Board of India (SEBI), Stock Exchanges, Suppliers, Customers and Shareholders.

For and on behalf of the Board

Chennai
June 28, 2007

B.SURENDER
CHAIRMAN

ANNEXURE TO REPORT OF THE DIRECTORS

FORM - A

ANNEXURE - I

Form of disclosure of particulars with respect to Conservation of Energy.

1. Electricity purchased from Electricity Boards.

	Current Year 2006-2007	Previous Year 2005-2006
a. Total units purchased consumed	3653684	2576139
b. Total amount of Electricity bill	Rs.1,66,23,060	Rs.1,17,66,400
c. Rate per unit (In Rs.)	4.55	4.57
2. Own generation through Diesel generator		
Diesel generator (In Units)	159124	687681
Fuel (in liters)	48498	201730
Average unit generated per liter	3.28	3.40
Rate per unit (In Rs.)	10.63	8.86

A) Conservation of Energy

a. Energy Conservation Measures taken.

1. In Tape Plant -1, by changing DC motor blower connections(3 Nos.) there is a energy savings to the tune of Rs.3,465/-p.a.
2. Automatic Power Factor Control Panel installed to maintain the power factor with respect to the load variation thereby reducing the Electricity bill amount.

b. Proposed areas of Energy Conservation.

For 50 HP Air Compressor, AC Drive will be introduced to save energy.

FORM - B

Disclosure of particulars with respect to Research and Development absorption, as required under the Companies Act (Disclosure of particulars in the report of Board of Directors) Rules, 1988 and forming part of the report of the Board of Directors for the year ended March 31, 2007.

RESEARCH AND DEVELOPMENT (R&D)

1. Special areas in which R&D was carried out by the Company: - NIL
2. Benefits derived as a result of the above R&D : - NIL
3. Future plan of action: Proposals are under consideration to establish a separate R&D Department

	2006-07	2005-06
4. a) Expenditure on R&D:	Rs.2,17,223	Rs.2,03,986
b) Total R&D expenditure as a percentage of total turnover	0.07%	0.09%

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

- Efforts made : Better Outlook development made for PP Bags/Fabric and Agronit Bags.
- Benefits : Developed new markets and sales improvements.

FOREIGN EXCHANGE EARNINGS AND OUTGO

	2006-07	2005-06 (Rs.in Lakhs)
Foreign Exchange earned	35.96	39.85
Foreign Exchange outgo	71.09	141.44

For and on behalf of the Board

Chennai
June 28, 2007

B.SURENDER
CHAIRMAN

Annexure to Report of the Directors (Contd...)

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

1. FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

During the year, your company continued its growth. The turnover of the company for the year under review was Rs.2942.70 Lakhs as compared to Rs.2367.77 Lakhs in the previous year. The profit before depreciation is at Rs.107.60 Lakhs as against Rs.144.69 Lakhs in 2005-06 and the depreciation is at Rs.99.05 Lakhs as against Rs.74.87 Lakhs in the previous year. The profit before tax is at Rs.8.56 Lakhs as against Rs.70.42 Lakhs in the previous year.

2. SECTOR AND INDUSTRY-WISE DEVELOPMENTS

a) Growth of Industry:

Growth in Polymer production has been without exception in all polymers such as PP, PE, PVC, etc. The growth is also spread across sectors such as Blown Films, Injection Moulding, Woven Bags, etc. The woven sack industry is seeing consistent growth over the last few years.

b) Growth of customers and products:

Your company is known for the quality of its products and service. The company also offer door delivery to the customers. This would help improve customer retention and growth.

3. OUTLOOK

According to the statistics published by Plexconcil, the growth in the woven sacks/fabric/bags segment in 2005-06 over 2004-05 has been an impressive 46%. The growth target set for the year 2006-07 was 30% and is expected to have been achieved. Similar growth rate is expected in the current year as well.

4.(a) OPPORTUNITIES AND THREATS

(a) Opportunities:

Discussed elsewhere.

(b) Threats

1. Number of new players are emerging in the field.
2. Players from other low cost countries are emerging in the field.
3. Decreasing margins.

(b) RISKS AND CONCERNS

The company is exposed to various business risks from time to time.

Woven Sacks Industry is becoming more competitive. The company will tackle this risk by enhanced scale of operations to bring about economy. Customers are sensitive to quality, price and delivery. The company is striving to overcome this type of risk by improving the quality of the products and services. The company is also facing the risk of employee attrition. To overcome this risk, the company is focusing on training and making the organization system driven.

5. INTERNAL CONTROL SYSTEMS

Your Company has a proper and adequate system of internal controls to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition, and that transactions are authorised, recorded and reported correctly. The internal control is supplemented by documented policies, guidelines and procedures and an extensive programme of internal and external audit and periodic review by management. The system is designed to ensure that financial and other records are reliable for preparing financial information and other data and for maintaining accountability for assets.

6. HUMAN RESOURCES

Industrial Relation at all locations were cordial throughout the year.

For and on behalf of the Board

Chennai
June 28, 2007.

B.SURENDER
CHAIRMAN