



**STANPACKS (INDIA) LTD**

# Annual Report 2012–2013



**WE SHARE OUR JOY**

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## **IMPORTANT COMMUNICATION**

*The ministry of corporate affairs has taken a "Green initiative in the Corporate governance" by allowing paperless compliances by companies and has issued a circular clarifying that the companies would be in compliance with section 219(1) of companies act 1956, in case copy of notice calling annual general meeting, audited financial statements, director's report, Auditor's report etc is sent by electronic mail to its members. Hence, members who have not registered their e-mail address so far are requested to register their email addresses with the depository participants to enable the company to send the notice calling Annual General Meeting, audited financial statements, directors' report, Auditors's report etc., through email. Members who hold shares in physical form are requested to register their mail address with the Registrar and Share Transfer Agent viz. Cameo corporate Services Ltd, Chennai.*

## **CORPORATE INFORMATION**

### **BOARD OF DIRECTORS**

SRI G.P.N. GUPTA	– Chairman
SRI G. RADHAKRISHNA	– Managing Director
SRI S. RAMAKRISHNAN	– Director
SRI M.V. CHANDRASHEKAR	– Director
SRI M. RAVINDRA REDDY	– Director
SRI SANJAY RAMASWAMI	– Director
SRI G.S. SRIDHAR	– Director Operations
SRI G.V. GOPINATH	– Director Finance

### **STATUTORY AUDITORS**

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

### **COMPANY SECRETARY AND COMPLIANCE OFFICER**

Ms. C. RUBAVATHY

### **COST AUDITOR**

SRI RAJESH SAI IYER,  
No. 25/13, Madhuban,  
Ritherdon Road,  
Chennai–600 007

### **REGISTRARS AND SHARE TRANSFER AGENT**

Cameo Corporate Services Ltd.,  
'Subramaniam Building', No. 1,  
Club House Road, Mount Road,  
Chennai – 600 002.  
Phone: 044–28460390, Fax: 044-28460129

### **BANKERS**

The Karnataka Bank Ltd.  
State Bank of India

### **LISTING**

Madras Stock Exchange Ltd.  
BSE Ltd. (Bombay Stock Exchange Ltd.)

### **WORKS**

Sholiyapalayam Village,  
Sholavaram, Ponneri Taluk, Thiruvallur District  
Chennai – 600 067, Tamil Nadu.

### **REGISTERED OFFICE**

'S.K. ENCLAVE' New No. 4, (Old No. 47),  
Nowroji Road, Chetpet,  
Chennai – 600 031  
Phone: 044-26451722, 26461415, 26452325  
Fax: 91-44-26451720,  
E-Mail: info@blissgroup.com  
Website: www.blissgroup.com

### ***NOTICE TO THE SHAREHOLDERS***

**NOTICE** is hereby given that the 22<sup>nd</sup> ANNUAL GENERAL MEETING of the members of the Company will be held at 10.30 A.M. on Wednesday 25<sup>th</sup> September 2013 at Narada Gana Sabha Trust Mini Hall, No. 314, T.T.K. Road, Chennai– 600018 to transact the following business:

#### **ORDINARY BUSINESS:**

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31<sup>st</sup> March, 2013 and the Statement of Profit and Loss for the year ended on that date and the report of the Board of Directors and Auditor's thereon.
2. To appoint a Director in place of Sri G.P.N. Gupta who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Sri S.Ramakrishnan who retires by rotation and being eligible, offers himself for re-appointment.
4. To re-appoint the Auditors and to fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an ordinary resolution:

**"RESOLVED THAT** pursuant to the provision of section 224 of the Companies Act, 1956, M/s. M. Srinivasan & Associates, Chartered Accountants, (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 of the Company on such remuneration as shall be determined by the Board of Directors."

By Order of the Board  
For STANPACKS (INDIA) LIMITED

Place : Chennai  
Date : 12<sup>th</sup> August 2013

**C. RUBAVATHY**  
**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 NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
2. 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.
3. Members are requested to intimate the Company, queries, if any, regarding the accounts/notice, not less than seven days before the meeting to enable the management to keep the required information readily available at the meeting.
4. The Register of Members of the Company will remain closed from 18<sup>th</sup> September 2013 to 25<sup>th</sup> September 2013 (both days inclusive).
5. All documents referred to in the accompanying Notice are available for inspection at the registered office of the Company between working hours 11.00 A.M to 1.00 P.M. except on holidays.

## 6. RESUME OF DIRECTORS BEING RE-APPOINTED

As required under Clause 49 of the Listing Agreement a brief background, functional expertise of the Directors proposed for reappointment are furnished below:

### **SRI G.P.N. GUPTA**

Sri G.P.N Gupta, Chairman and non-executive Director of the company is a Commerce Graduate with over 40 Years of experience in the Packaging Industry. He has been associated with the company since his appointment as Director in the year 2010. He is currently the Managing Director of Jumbo Bag Limited. Sri G.P.N. Gupta was instrumental in bringing to our company enormous wealth of knowledge and experience in the areas like project planning, implementation of finance, costing and cost control measures etc., Sri G.P.N. Gupta is helpful on contemporary management programme, legal matters and Quality management systems. His support for the Company through some of its most challenging times is remarkable. By his rich and varied experience in the field of packaging industry our company will be immensely benefited by his presence in the Board. He is holding 1,89,800 shares in the company.

### **SRI S. RAMAKRISHNAN**

Sri S. Ramakrishnan is a Science Graduate. He has been serving as a Director of the Company since 2002. He is a member of Audit Committee and Selection and Remuneration Committee of the Company. He was a Director in M/s. Abbott Laboratories and a member of OPPI Marketing Committee, Professional Marketing Consultants, Alumni of Staff College, Hyderabad and past member of Indian Society of Training & Development. He is well versed in handling production and workforce problems and HRD needs. He is a Senior Marketing Consultant with an experience of over 42 years and extensively travelled in India and abroad. He is not holding any share in the Company. He is not a director in any other Company.

7. Shareholders are requested to check whether they have en-cashed Dividend Warrants for earlier year. If the Dividend Warrants are lost or not en-cashed, 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 dated	Date on which Unpaid amounts required to be paid to the Central Government	Shareholders should apply latest by
31.03.2006	5%	14.10.2006	27.10.2013	27.09.2013*

A sum of Rs. 2,41,231/- which was lying as balance under unpaid dividend account for the year ended 31<sup>st</sup> March 2005 was credited to the Investor Education and Protection fund on 11<sup>th</sup> October 2012 as required under Section 205A of the Companies Act, 1956.

\* Shareholders who have not collected their Dividend for the year ended 31<sup>st</sup> March 2006 are informed to collect the same before 27<sup>th</sup> September 2013 after which it will be credited to the Investor Education and Protection fund as required under section 205A of the Companies Act, 1956.

By Order of the Board  
For STANPACKS (INDIA) LIMITED

Place : Chennai  
Date : 12<sup>th</sup> August 2013

**C. RUBAVATHY**  
COMPANY SECRETARY

## **REPORT OF THE BOARD OF DIRECTORS AND MANAGEMENT DISCUSSION AND ANALYSIS**

### **FINANCIAL RESULTS**

The Company's financial results for the period under review are as follows:

(Rs. in Lakhs)

PARTICULARS	2012–13	2011–12
SALES AND OTHER INCOME	2,046.75	2,197.22
PROFIT BEFORE INTEREST, DEPRECIATION AND TAXES	47.76	307.19
INTEREST	224.27	215.55
DEPRECIATION	79.80	94.10
PROFIT BEFORE TAX	(257.77)	(4.09)
DEFERRED TAX	–	–
PROFIT / (LOSS) AFTER TAX	(257.77)	(4.09)
PROFIT/ (LOSS) OF EARLIER YEARS	(70.73)	(66.64)
PROFIT / LOSS	(328.50)	(70.73)

### **PERFORMANCE**

The company's gross revenue from operations stands at Rs. 2043.39 lakhs, during the previous year performance of the company was sluggish owing to increase in fixed cost incurred due to power shortage and dearth in labour. As progress is impossible without change, the Board of Directors resolved to consolidate the company's operations to one unit as a measure to curb the significant fixed cost which stood as the major cause of concern for under performance by the company. Despite the fact that the operations have been consolidated Stanpacks has given positive breakthrough by achieving 93% of the revenue generated during the previous year.

The overall losses of the company was due to re-organisation and disposal of unused machinery. The Company has recorded a net loss of Rs.257.77 lacs for the year and has incurred losses in the previous year also, resulting in erosion more than of 50% of Networth.. The Management is confident that the Company will be able to generate profits in future years and meet its financial obligation as they arise. The Company has restructured the entire operations by discontinuing business areas with very low operating margins, reducing the number of locations to reduce the fixed overhead.

The Company is working in economizing the purchase cost of raw materials to sustain price realization so that there is no loss of margin on account of price fluctuations. The promoters have induced liquidity of rs.168.66 Lacs in the last 2-3 years and will infuse support further. Long term liquidity support will flow in to the company by sale of lands belonging to the company at Nellore which is not being used currently. This would clear all long term loans to the bank which will reduce the interest burden considerably. These initiatives will ensure that 2013-14 will result in consolidation for generating profits in the coming years.

### **DIVIDEND**

In view of the losses, current and accumulated, your Directors do not recommend dividend for the year 2012–2013.



**FIXED DEPOSITS**

The total amount of fixed deposits from public and shareholders of the company as at 31<sup>st</sup> March 2013 was Rs. 51.90 lakhs. There was no default in repayment of the deposits or interest on the due dates and there was no overdue/unclaimed deposit at the end of the year.

**DIRECTORS**

Sri G.P.N. Gupta and Sri S. Ramakrishnan, Directors retire by rotation at the Annual General Meeting and being eligible offer themselves for re-appointment.

**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.

**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 Annexure-I of this Report.

**CORPORATE GOVERNANCE**

The Company has complied with all mandatory provisions of Corporate Governance as prescribed under the Listing Agreement of the Stock Exchanges in which the Company is listed. In line with the requirements of Clause 49 of the listing agreement, a separate report on Corporate Governance, along with a certificate from the Statutory Auditors of the Company is annexed herewith to this report.

**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 along with proper explanation relating to material departures;
- 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;
- 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;
- Prepared the accounts for the Financial Year on a “going concern” basis.

**STATUTORY AUDITORS**

The Directors recommend the appointment of the Auditors of the Company to hold office from the conclusion of the 22<sup>nd</sup> Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration. The present Auditors M/s. M. Srinivasan & Associates whose tenure comes to an end at the ensuing Annual General Meeting are eligible for re-appointment.

**COST AUDITOR**

Sri Rajesh Sai Iyer, Cost and Management Accountant has been appointed as Cost Auditor to conduct cost audit pursuant to section 233B of The Companies Act, 1956 for the product covered under MCA Cost Audit Order(s) for the financial year 2013–2014 with the approval of Central Government.

**FORWARD LOOKING STATEMENTS**

Statements in this management discussion and analysis describing the Company's objectives, projections, estimates and expectations may be 'forward-looking' within the meaning of applicable laws and regulations. Actual results may differ substantially or materially from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting demand/supply and price conditions in the domestic and overseas markets in which the company operates, changes in the Government regulations, tax laws and other statutes and other incidental factors.

**ACKNOWLEDGEMENT**

Your Directors wish to place on record their gratitude to the Central Government, the Government of Tamil Nadu and Karnataka Bank Ltd., for their continued support during the year. Your Directors also wish to convey their thanks to the valued customers, employees, Auditors, customers, suppliers, dealers and all those associated with the company for their continued patronage during the year.

For and on behalf of the Board

Place : Chennai

Date : 12<sup>th</sup> August 2013

**G. Radhakrishna**

Managing Director

**G.V. Gopinath**

Director Finance

**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**

In Sewage Treatment Plant (STP) 10 HP air compressor was replaced with 1 HP compressor leading to a reduction in consumption from 8 units/hour to 0.8 units/hour.

Total energy consumption per unit of production as per Form-A:

**FORM-A**

Sl. No.	Particulars	Current Year 2012–13	Previous Year 2011–12
1	Electricity purchased from Electricity Boards		
	a. Total units purchased / consumed	6,37,542	17,57,209
	b. Total amount of Electricity bill (in Rs.)	48,10,726	1,08,46,426
	c. Rate per unit (in Rs.)	7.55	6.17
2	Own generation through Diesel generator		
	Diesel generator (in unit)	2,84,966	267,574
	Fuel (in ltrs.)	89,012	90,113
	Average unit generated per ltr.	3.2	2.97
	Rate per unit (in Rs.)	15.22	15.17



**B. TECHNOLOGY ABSORPTION**

Efforts made in technology absorption as per Form-B

**FORM-B****RESEARCH AND DEVELOPMENT (R&D)**

(Rs. in lakhs)

Expenditure on R&D	2012–2013	2011–2012
a) Capital Rs.	NIL	NIL
b) Revenue Rs.	NIL	1.83
c) Total Rs.	NIL	1.83
d) Total R & D expenditure as a percentage of total turnover	NIL	0.08%

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

(Rs. in lakhs)

Particulars	2012–13	2010–11
Foreign Exchange outgo		
Imports (CIF)	44.82	NIL
Travel	NIL	NIL
Foreign Exchange Earned:		
F.O.B. Value of Exports	120.76	142.77

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT****INDUSTRY STRUCTURE AND DEVELOPMENTS**

In the present economic scenario, Plastic products permeate the entire spectrum of daily use items and canvas almost every sphere of life. Packaging industry is growing very rapidly not only at its own but also because of growth of several industries which are using packing materials.

Consolidation of operations has crippled the wastages owing to sale of ineffective and obsolete machineries. The power scenario in Tamil Nadu is still creating impacts on operations, additional cost incurred for alternate power supply is also significant. The high flux in raw material prices and demand was further alarming for ensuring the operational profit. Subsequently, the company is looking for potential places where the procurement of raw material can be put on track, and benefit in smoothening the fund flows.

**OPPORTUNITIES AND THREATS****Opportunity/Strengths**

The Indian packaging industry is growing at a fast pace of 11% annually and is estimated to cross the 95,000 crore mark by 2015. The current value of the industry rests at 63,000 crore. The packaging industry has organized to medium to large players as well as unorganized local players. The growth indicator for the Indian packaging industry is the food & beverage and pharmaceutical packaging sectors. The next three to four years will witness the growth of the food processing industry in double fold, which will consequently lead to a huge demand for packaging material. (Source: slideshare.com)

Our Company's products has perpetual market existence, this symbolizes enormous opportunity to expand its market portfolio since there is wide area to play. Presently, fixed expenses have reduced considerably, machineries has been restructured in a way to increase the efficiency and to curb the fixed expenses which had absorbed the operating profit of the company. Stanpacks is very particular about customer satisfaction and ensures best quality product matching to their quality specifications and requirements which is potency in this growing scenario.

### Threats/ Weaknesses

The industry is very dynamic, at the same time very fragmented. Unorganized sector is still a very large part of the market, the Company faces stiff competition from domestic manufacturers. Increased competitions leads to reduced realizations, decreased sales, lower profit margin and thus adversely affects the business and financial conditions of the Company, balancing between price and quality is yet another challenge where Company is planning to mitigate by focusing on better efficiency, improved productivity, introducing innovative products and proximity to customers etc.

### RISKS AND CONCERNS

The Company has identified potential risks such as business portfolio risk, financial risk, legal & statutory risk and internal process risk and has put in place appropriate measures for their mitigation.

Another major factor for reduced performance was high interest cost. The company is focusing on reducing financial leverage and finance costs through enhancing capital productivity and improving cash generation.

### OUTLOOK

According to Indian Institute of Packaging the sales turnover of Indian packaging industry is likely to touch USD 43.7 billion by 2016. This symbolizes the perpetual existence of market for the packaging industry. The packaging industry is growing at 12 per cent per annum in India as against the global growth rate of 5 per cent. There are roughly 22,000 packaging companies in the country from raw material manufacturers to machinery suppliers to ancillary material and nearly 85 percent of them are MSMEs (Source: PTI Jan 22, 2013).

The company is looking at processing orders in bulk quantity to ensure cost at minimum by ensuring sustained efforts by the company which will result in increased orders. The operational performance is satisfactory since the company is able to achieve 75% –80% capacity utilization from 50%–55%. The company is striving to achieve 85% to 90% of capacity before 2<sup>nd</sup> quarter of 2013–2014. The company is confident as the quality of product (PP/PP kraft) are well established in the market.

### INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has adequate internal control systems to monitor internal business process, financial reporting and compliance with applicable laws. The Company periodically reviews the adequacy and effectiveness of the control systems. The Company has adopted various control and monitoring mechanisms, which are audited by an independent Internal Auditor.

The internal control is designed to ensure that financial and other records are reliable for preparing financial information and other data, and for maintaining accountability of assets. Internal Audit is conducted by M/s. J.V. Ramanujam & Co, Chartered Accountants, Chennai; the Internal Auditors of the Company and the report of the Internal Auditors are placed before the Audit Committee. The Audit Committee also evaluates the adequacy and effectiveness of the internal control systems and monitors the action taken pursuant to audit observations. All the shortcomings in the regular activities are brought to the notice of the Committee and the Board based on which corrective actions are taken.

### HUMAN CAPITAL

Employer – employee relations continued to remain cordial during the year. Training and development of employees continue to be an area of prime importance. The devotion and commitment of our employees has enabled the Company to fulfill its targets and deadlines in time.

For and on behalf of the Board

Place : Chennai  
Date : 12<sup>th</sup> August 2013

**G. Radhakrishna**  
Managing Director

**G.V. Gopinath**  
Director Finance