



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 22nd 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

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

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

BANKERS

State Bank of India,

State Bank of Hyderabad

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*

* 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 22nd 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 24th September, 2012 to transact the following:

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as on 31st 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. Ananthkrishna 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 18th September 2012 to 24th 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 3rd 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. Ananthkrishna | 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**

**JAYANTH VISWANATHAN
COMPANY SECRETARY**

Place : Chennai
Date : 07.08.2012



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 26th 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:

"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

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 31st 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.

Your company, in order to curb the power problem, has entered into a private power purchase agreement with a wind power generator under captive power generation scheme which will ensure optimum utilisation of the plants capacity.

Your company has in place, a detailed forex policy which will ensure to tackle risk factor in the volatile forex market situation.

REVIEW OF OPERATIONS:

The Company's top line in comparison to the previous year has reduced from Rs. 96.88 Crores to Rs. 83.34 crores. However it did not result in any reduction in the profitability of the company which stood at Rs. 68 Lakhs as against Rs. 64 Lakhs in the previous year. The reduced trading volume in raw material sale has attributed to the reduction in the top line; however the company's commission income as Del credere agent for IOCL has ensured that the profitability was sustained.

Your company's export for the year 2011-12 stands at Rs. 40 Crores in comparison to Rs. 35 Crores in the previous year an increase of 15%. The deficits and lower growth rates in other countries has not impacted your company due to its diverse customer base in various countries.

The domestic markets have also been encouraging, with an increase in turnover from Rs. 25 Crores in the previous year to Rs. 30 Crores in the year 2011-12, an increase of 20%.

SEGMENT WISE PERFORMANCE:**Manufacturing**

The manufacturing industry in India in general has been going through a difficult phase and the situation has been no different with your company. The major factors which hampered the performance of the company were fluctuating raw material and fuel prices, lack of power, non availability of skilled and semi skilled workers which had led to underutilization of the available capacity.

Trading

The two years into being appointed as the Del – Credere Associate cum Consignment Stockist (DCA/CS) of Indian Oil Corporation Limited for Tamil Nadu, Pondicherry and Kerala, the company has made good in-roads into the said industry. The company currently boasts a good customer base and is expecting to double its size in the coming years. The net income that was achieved through trading business as DCA/CS for IOCL was Rs. 30 Lakhs. Taking into consideration that it has been two years since commencement of manufacturing by IOCL in Paniput, we expect a stabilized production henceforth. Your Company with a stronger customer base coupled with full fledged flow of material from IOCL, expects to expand strongly in this segment.

FINANCIAL ANALYSIS:

Increase in finance cost to Rs. 95.08 Lakhs was due to increase in interest rates and additional packing credit utilisation. Forex loss of Rs. 87 Lakhs was due to unforeseen sudden heavy adverse exchange fluctuation.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

Your company believes in continuous improvement and constantly strives to optimize the control and monitoring systems. The Control and Monitoring Systems in place to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition, and all transactions are authorized, recorded and reported correctly. Periodic review of the Control Systems by the internal auditors M/s. A. Raghunathan & Co., Chartered Accountants, Chennai ensures their adequacy and effectiveness. All



short comings identified by the internal audit team are placed before the Audit committee and the Board and prompt corrective action is taken.

MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/INDUSTRIAL RELATIONS FRONT:

Relations between the Management and the Labor were cordial, throughout the year under review.

FIXED DEPOSITS:

The total amount of Fixed Deposits from the Public and Shareholders of the Company as at 31st March 2012 was Rs. 63,10,000/-. 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.

DIRECTORS:

Sri. M. Rama Rao and Sri. M.V. Ananthakrishna Directors of the Company retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

Sri. G. Sudhakar has resigned from the Vice Chairmanship and directorship of the company W.E.F 22.03.2012. The Board of Directors places on records their appreciation for the valuable services rendered by Sri. G. Sudhakar during his term as the chief mentor and Vice Chairman of the Company.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to Section 217 (2AA) of the Companies Act, 1956, the Directors hereby state:

- i. That in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii. That the directors had 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 profit or loss of the company for the year under review.
- iii. That the directors have 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 prepared the annual accounts for the financial year on a "going concern" basis.

STATUTORY AUDITORS:

The Board of Directors recommends the reappointment 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, M/s. M. Srinivasan & Associates are eligible for reappointment.

INDUSTRIAL RELATIONS:

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

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 Read with Companies (Particulars of Employees) Rules, 1975 as amended.

INFORMATION UNDER SECTION 217 (1) (E) OF THE COMPANIES ACT, 1956:

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 are given as Annexure I of this Report.

SOCIAL RESPONSIBILITY:

Your company continues to participate actively in the welfare of the community by conducting medical camps and eye camps and providing free cataract operations and distributing free spectacles in and around the villages in vicinity of the factory; supporting vocational training centers of Gorantla Ramalingaiah Vivekananda Vidhyalaya by providing stationary and infrastructure support. Your company is also promoting renewable energy by setting up micro bio gas plants to generate gas for cooking through kitchen waste and other such degradable wastes.

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 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 for the information of the members.

GREEN INITIATIVES IN CORPORATE GOVERNANCE

Ministry of Corporate Affairs has taken green initiative and has granted the Companies the option to send electronic copies of Annual Report, Notices to the shareholders at their E-Mail ID's. The Company has arranged to forward a soft copy to all the shareholders who have furnished their E-mail ID's to their respective DP's. Shareholders requiring hard copies of this annual report may write to the company requesting for the same.

CAUTIONARY STATEMENT:

Management Discussion and Analysis forming part of this Report is in compliance with Corporate Governance Standards incorporated in the listing agreement with Stock Exchanges and such statements may be "forward-looking" within the meaning of applicable securities laws and regulations. Actual results could differ 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 and the Government of Tamil Nadu, State Bank of India & State Bank of Hyderabad for their continued support during the year. Your Directors also wish to convey their thanks to the valued employees, customers and dealers for their continued patronage during the year.

For and on behalf of the Board

Place : Chennai
Date : 07.08.2012

K.J.M. SHETTY
Chairman



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.

FORM - A

CONSERVATION OF ENERGY

Jumbo Bag Limited is always looking for an opportunity to save the energy and every available opportunity is utilized:

The Company has, by replacing certain components such as tribulater unit drive, goddet roller drive, speed drive, been able to save cost on power.

| Sl. No. | Particulars | 2011-12 | 2010-11 |
|----------|--|-------------------|------------|
| A | Power and Fuel Consumption | | |
| 1 | Electricity | | |
| | (a) Purchased: | | |
| | Unit | 4,042,057 | 4,551,248 |
| | Total amount (in Rs.) | 22,534,352 | 24,818,350 |
| | Rate/unit (in Rs.) | 5.57 | 5.45 |
| | (b) Own generation: | | |
| | (i) Through diesel generator | | |
| | Unit | 885,666 | 603,523 |
| | Unit per liter of Diesel oil | 2.72 | 2.82 |
| | Cost/unit (in Rs.) | 15.88 | 13.73 |
| | Diesel (in liters) | 326,477 | 213,800 |
| | (c) Out side Power Purchased: | | |
| | Unit | 912,640 | 782,176 |
| | Rate/unit (in Rs.) | 6.26 | 7.55 |
| | Total amount (in Rs.) | 5,713,772 | 5,909,139 |
| | Note: DG units consumption increased due to TNEB-weekly off declaration for power and peak hour cut. | | |

FORM - B

RESEARCH AND DEVELOPMENT (R&D)

| S. No | Particulars | 2011-12 | 2010-11 |
|-------|---|----------------|---------|
| A | Expenditure on R & D: | (Rs. in Lakhs) | |
| B | Capital Expenditure | Nil | Nil |
| C | Revenue | Nil | Nil |
| | Total | Nil | Nil |
| D | Total R&D expenditure as a percentage of total turnover | Nil | Nil |

FOREIGN EXCHANGE EARNINGS AND OUTGO:

| S. No | Particulars | 2011-12 | 2010-11 |
|-------|--|-----------------|-----------------|
| A | Foreign Exchange outgo: | (Rs. in Lakhs) | |
| B | C.I.F. Value of imports | 2,180.34 | 1,931.18 |
| C | Travel | 49.67 | 32.53 |
| | Commission (paid for Previous years liability) | 13.07 | 13.52 |
| D | Testing Charges | 1.77 | 0.83 |
| | Total | 2,244.85 | 1,978.06 |
| | Foreign Exchange Earned: | | |
| | F.O.B. Value of Exports | 3,757.04 | 3,182.46 |

For and on behalf of the Board

Place : Chennai
Date : 07.08.2012

K.J.M. SHETTY
CHAIRMAN

REPORT ON CORPORATE GOVERNANCE FOR THE YEAR 2011-12

(PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT)

1. COMPANY'S PHILOSOPHY ON CORPORATE CODE OF GOVERNANCE:

A Company, apart from its financial strengths, is valued by its ethics, trust, accountability, transparency, fairness, integrity, discipline, professionalism and customer satisfaction. Corporate Governance is a combination of mandatory and non-mandatory disclosure compliances, as listed in Clause 49 of the Listing Agreement, which brings transparency leading to effective control and management in an organisation.

Corporate Governance practices emanates from a company's commitment to enhance its value. Your Company truly believes in Values and strives hard to be a highly Valued company. Your company's philosophy of corporate governance is to provide the highest level of assurance and satisfaction in relation to the internal working of the company to all its shareholders and stake holders.

2. BOARD OF DIRECTORS:

All the Directors in your company are eminently qualified and are committed to the highest personal and professional ethics and integrity in the interest of the shareholders.

Board Composition as on 31st March 2012:

The total members composing the Board is nine (9). Your company's Board has an appropriate mix of executive and non-executive Directors. In compliance with the listing agreement five out of the nine Directors are Independent Directors. Sri. K.J.M. Shetty, a retired IAS officer, an Independent Director is the Chairman of the Board. Sri. G.P.N. Gupta is the Managing Director of the Company. No Director is a member of more than ten committees nor is any Director a Chairman of more than five Companies/committees.

Board Meetings:

During the financial year, the Board met 5 times on the following dates:

28th May 2011, 2nd August 2011, 10th November 2011, 14th February 2012 and 22nd March 2012. Not more than four months have lapsed between any two meetings.

Attendance of each Director at the Board Meetings and Last AGM and details of other Directorship as on 31st March 2012:



| Name of the Directors | Category of Directorship | No. of shares held as on 31 st March 2012 | Attendance Particulars | | No. of other Directorship and Committee membership | |
|----------------------------------|--------------------------|--|------------------------|----------|--|---------------------------------|
| | | | Board Meetings | Last AGM | Other Directorships* | Other of Committee membership # |
| Sri K.J.M. Shetty, I.A.S.(Retd.) | Chairman (NEI) | Nil | 5 | Yes | 5 | 5 |
| Sri G. Sudhakar** | Vice Chairman(NE) | 48,900 | 5 | Yes | Nil | 1 |
| Sri G.P.N. Gupta | Managing Director (E) | 1,15,873 | 5 | Yes | 1 | 1 |
| Sri G. Radhakrishna | Director (NE) | 99,495 | 5 | Yes | 1 | 2 |
| Sri M. Rama Rao | Director (NEI) | Nil | 4 | Yes | 2 | Nil |
| Dr. Gaddam Kumar Reddy | Director (NEI) | 75,230 | Nil | No | Nil | Nil |
| Sri G. Krishnamurthy | Director (NEI) | Nil | 5 | Yes | Nil | 3 |
| Sri M.V. Ananthakrishna | Director (NEI) | Nil | 3 | Yes | 2 | 2 |
| Sri G.S. Anilkumar | Director-Finance (E) | 32,550 | 5 | Yes | Nil | Nil |
| Sri G.P. Ramraj | Director-Marketing (E) | 33,500 | 3 | Yes | Nil | Nil |

E-Executive, NE-Non Executive, NEI-Non Executive Independent

* Excludes Private Limited Companies

** Sri G. Sudhakar retired with effect from 22.03.2012

Audit Committee, Share holders/Investors Grievance Committee and Selection & Remuneration Committee are alone considered for this purpose.

3. INSIDER TRADING CODE OF CONDUCT

CODE OF CONDUCT:

The Securities and Exchange Board of India (Insider Trading Regulations) 1992 and amendments thereto, specifies for a mandatory Code for Corporate Disclosures for all Listed Companies. Based on the requirements under these regulations, Code of Conduct for prevention of Insider Trading and Code for Corporate Disclosures is in place for its Directors and Senior Management Employees.

4. TRADING IN NSE PLATFORM:

With a Memorandum of Understanding between Madras Stock Exchange and National Stock Exchange your company's shares that are listed in Madras Stock Exchange are allowed to be traded in the National Stock Exchange platform.

National Stock Exchange had entered into a Memorandum of Understanding with Madras Stock Exchange where companies with good corporate governance are selected and their shareholders are given a platform to trade at the National level. Thus the company's shares can be traded in both National Stock Exchange and Bombay Stock Exchange.

5. AUDIT COMMITTEE:

As per Sec 292A of the Companies Act, 1956 read with Clause 41 and 49 of the Listing Agreement, the Company is required to have an Audit Committee. The scope of the Audit Committee is as mentioned in clause 49 (II) D of the listing agreement.

During the financial year, the Committee met 4 times on the following dates:

28th May 2011, 2nd August 2011, 10th November 2011 and 14th February 2012.

The Audit Committee's Chairman is Sri. K.J.M. Shetty and the members are Sri. G. Krishnamurthy, Sri. M.V. Ananthkrishna. Company Secretary is the Secretary to the Audit Committee.

Composition of the Audit Committee as on 31.03.2012, meetings held and attendance during the year:

| Particulars | Name of the Chairman/Member | No. of Meetings held | No. of Meetings attended |
|-------------|-----------------------------|----------------------|--------------------------|
| Chairman | Sri K.J.M.Shetty | 4 | 4 |
| Members | Sri G.Krishnamurthy | 4 | 4 |
| | Sri M.V.Ananthkrishna | 4 | 2 |

6. SELECTION & REMUNERATION COMMITTEE:

The scope of the committee is as below:

To deal with appointments, remuneration, promotion and other related aspects in respect of the Managing Director, Whole-time Director and other Senior Management staff members of the Company.

To review the remuneration policy of the company from time to time which is in consonance with the existing industry practice, i.e. directed towards rewarding performance, based on review of achievement on periodical basis.

Composition of the Selection & Remuneration Committee as on date, Meetings held and attendance during the year:

No meeting was conducted in the year.

The Selection & Remuneration Committee Chairman is Sri. K.J.M.Shetty, and the members are Sri. G.Krishnamurthy, Sri. M.V.Ananthkrishna. Company Secretary is the Secretary to the Remuneration Committee.

REMUNERATION PAID TO DIRECTORS FOR THE FINANCIAL YEAR 2011-2012:

a. Sri G.P.N. Gupta, Managing Director

| Fixed Components | 2011-2012 (Rs. in Lakhs) | 2010-2011 (Rs. in Lakhs) |
|--------------------------------|-----------------------------|-----------------------------|
| Salary/Allowances | 21.20 | 21.20 |
| Perquisites | 0.25 | 0.22 |
| Retirement Benefits | 1.80 | 1.80 |
| Variable Components-commission | Nil | Nil |
| Total | 23.25 | 23.22 |

b. Sri G.S. Anil Kumar, Director - Finance

| Fixed Components | 2011-2012 (Rs. in Lakhs) | 2010-2011 (Rs. in Lakhs) |
|--------------------------------|-----------------------------|-----------------------------|
| Salary/Allowances | 15.90 | 13.17 |
| Perquisites | Nil | Nil |
| Retirement Benefits | 1.35 | 1.13 |
| Variable Components-commission | Nil | Nil |
| Total | 17.25 | 14.30 |

**c. Sri G.P. Ramraj, Director - Marketing**

| Fixed Components | 2011-2012 (Rs. in Lakhs) | 2010-2011 (Rs. in Lakhs) |
|--------------------------------|-------------------------------------|-------------------------------------|
| Salary/Allowances | 15.90 | 13.17 |
| Perquisites | 0.26 | 0.28 |
| Retirement Benefits | 1.35 | 1.12 |
| Variable Components-commission | Nil | Nil |
| Total | 17.51 | 14.57 |

d. Sri G. Sudhakar, Vice Chairman & Chief Mentor

| Fixed Components | 2011-2012 (Rs. in Lakhs) | 2010-2011 (Rs. in Lakhs) |
|--------------------------------|-------------------------------------|-------------------------------------|
| Salary/Allowances | Nil | Nil |
| Perquisites | Nil | Nil |
| Retirement Benefits | Nil | Nil |
| Variable Components-commission | Nil | Nil |
| Retainer fees | 5.96* | 5.40 |
| Total | 5.96 | 5.40 |

(* Includes Service Tax as applicable for this year.)

There is no notice period and severance fee. The Company does not have a scheme for grant of Stock Option to the Directors. Sri. G. Sudhakar, Vice Chairman of the Company has resigned from vice chairmanship and directorship as on 22.03.2012.

Remuneration by way of Sitting fee of Rs.10,000/- is paid to the Independent and Non-Executive Directors for attending Board / Committee meetings. Apart from the sitting fees, travel, accommodation and out-of-pocket expenses incurred by them for attending the meetings are also reimbursed.

SITTING FEES DETAILS FOR THE YEAR 2011-12

| Name of the Directors | 2011-12 Amount (Rs.) |
|------------------------------|-----------------------------|
| Sri G.Radhakrishna | 50,000 |
| Sri K.J.M.Shetty | 90,000 |
| Sri M.Rama Rao | 40,000 |
| Sri G.Krishna Murthy | 90,000 |
| Dr. Gaddam Kumar Reddy | NIL |
| Sri G.Sudhakar | 1,80,000 |
| Sri M.V.Ananthakrishna | 50,000 |
| Total | 5,00,000 |

7. SHARE TRANSFER & INVESTORS GRIEVANCE COMMITTEE:

Sri. G. Sudhakar retired with effect from 22.03.2012 and the Share Transfer Committee was reconstituted during the Board Meeting held on 22.03.2012. Sri. G. Radhakrishna, Director as Chairman of the Committee and Sri. G.P.N. Gupta, Managing Director as member of the Committee. The role of the Committee is to approve and register transfer, transmission, transpositions, demat, remat and issue of duplicate share certificates of all classes of shares, to sub-divide, consolidate and issue share certificates on behalf of the Company, to affix or authorize fixation of the Common Seal of the Company to the Share Certificates.

The Investors Grievance Committee was reconstituted during the Board Meeting held on 22.03.2012. The Committee was reconstituted with Sri. G. Radhakrishna, Director as Chairman of the Committee, Sri. G. Krishnamurthy as member of the Committee and the Company Secretary as Secretary to the Committee. The scope of the Committee shall be to look into the redressal of Shareholder and investors complaints related to transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends etc.

8. COMPLIANCE OFFICER:

Mr. JAYANTH VISWANATHAN, Company Secretary is the Compliance Officer and his e-mail address is csjbl@blissgroup.com. The Company received no complaints during the year from its shareholders.

9. GENERAL SHAREHOLDERS INFORMATION:

AGM Date & Time and venue : 24th September 2012, 10 30 Hrs.
Sri Thyaga Brahma Gana Sabha, Sri P. Obul Reddy Hall,
Vani Mahal, No.103, G.N. Chetty Road,
T. Nagar, Chennai - 600 017.

Financial Calendar 2012-13 (Tentative Dates):

Unaudited results for the first quarter ending June 30, 2012 -- On 07th August, 2012

Unaudited results for the second quarter ending September 30, 2012 -- On or before 14th November, 2012

Unaudited results for the third quarter ending December 31, 2012 -- On or before 14th February, 2013

Audited results for the year ending March 31, 2013 -- On or before 30th May, 2013

Date of Book closure : 18th September, 2012 to 24th September, 2012

Listing on Stock Exchanges : Bombay Stock Exchange Ltd
Madras Stock Exchange Ltd
National Stock Exchange of India Ltd.,*

Stock Code : 516078

ISIN : INE699D01015

Registrar and Transfer Agents : M/s. Cameo Corporate Services Ltd.,
Subramaniam Building No. 1, Club House Road,
Mount Road, Chennai - 600 002.

Manufacturing Division : **Unit I**
No. 75, Thatchur Kootu Road, Panjetty Village,
Ponneri Taluk, Tiruvallur District - 601 204.

Unit II

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

Address for correspondence : "S.K. Enclave", New No. 4, (Old No. 47)
Nowroji Road, Chetpet, Chennai – 600 031.

* Under MOU between Madras Stock Exchange and National Stock Exchange, Jumbo Bag Limited Shares are traded in NSE platform.

**MARKET PRICE DATA****(HIGH AND LOW DURING EACH MONTH OF THE YEAR):**

| Month | High (Rs.) | Low (Rs.) |
|-------------|------------|-----------|
| April 2011 | 30.90 | 22.00 |
| May 2011 | 25.70 | 17.70 |
| June 2011 | 21.85 | 17.20 |
| July 2011 | 27.20 | 17.65 |
| August 2011 | 26.35 | 15.85 |
| Sep 2011 | 19.85 | 16.00 |
| Oct 2011 | 17.40 | 14.25 |
| Nov 2011 | 16.35 | 12.15 |
| Dec 2011 | 15.45 | 12.00 |
| Jan 2012 | 17.45 | 12.80 |
| Feb 2012 | 17.30 | 13.90 |
| Mar 2012 | 15.90 | 11.31 |

SHAREHOLDING PATTERN**(As on 30th April 2012)**

| Particulars | Percentage (%) |
|----------------|----------------|
| Public | 49.73 |
| Promoters | 39.15 |
| Body Corporate | 6.34 |
| Institutions | - |
| Others | 4.78 |
| Total | 100 |

DISTRIBUTION OF SHAREHOLDING (AS ON 30th JUNE 2012):

| No. of shares held | Folio | | Shares | |
|--------------------|-------------|------------|----------------|------------|
| | Number | % | Number | % |
| Up to - 500 | 7031 | 86.43 | 1230026 | 14.69 |
| 501 - 1000 | 546 | 6.71 | 453392 | 5.41 |
| 1001 - 2000 | 249 | 3.06 | 389211 | 4.65 |
| 2001 - 3000 | 85 | 1.04 | 221023 | 2.64 |
| 3001 - 4000 | 39 | 0.48 | 139754 | 1.68 |
| 4001 - 5000 | 37 | 0.45 | 171208 | 2.04 |
| 5001 - 10000 | 66 | 0.81 | 483324 | 5.77 |
| 10001 - 20000 | 35 | 0.43 | 464955 | 5.55 |
| 20001 - 50000 | 30 | 0.38 | 963071 | 11.50 |
| 50001 - 100000 | 12 | 0.15 | 829964 | 9.91 |
| 100001 & above | 5 | 0.06 | 3027772 | 36.16 |
| Total | 8135 | 100 | 8373700 | 100 |

The Company has entered into the necessary agreements with NSDL and CDSL for dematerialization of the shares held by investors. Shares held in NSDL and CDSL constitute 83% and physical form 17%.

GENERAL BODY MEETINGS:

| Year, Date & Time | Location | Whether Special Resolutions passed |
|---|---|---|
| 2008-09 23.09.2009 10.30 A.M. (AGM) | Sri Thyaga Brahma Gana Sabha, Sri Obul Reddy Hall, Vani Mahal, No.103, G.N.Chetty Road, T.Nagar, Chennai – 600 017 | No |
| 2009-10 31.08.2010 10.30 A.M (AGM) | Sri Thyaga Brahma Gana Sabha, Sri Obul Reddy Hall, Vani Mahal, No.103, G.N.Chetty Road, T.Nagar, Chennai – 600 017 | Yes |
| 2010-11 02.08.2011 10.30 A.M (AGM) | Sri Thyaga Brahma Gana Sabha, Sri Obul Reddy Hall, Vani Mahal, No.103, G.N.Chetty Road, T.Nagar, Chennai – 600 017 | Yes |

MEANS OF COMMUNICATION:

The half yearly/quarterly financial results are published in newspapers viz., "Business Standard", "The Financial Express" and "Malai Murasu" (Tamil). The half yearly/quarterly financial results are also displayed on the Company's website www.jumbobaglimited.com. The Company's website also displays several other details/information of interest to stakeholders.

CODE OF CONDUCT:

The Board of Directors has laid down a code of conduct for all Board Members and Senior Management of the Company. The same has been posted on the website of the Company. The Managing Director's declaration as required under Clause 49 (1) (D) of the listing agreement is given as Annexure II.

DISCLOSURE:

There was no instance of non compliance by the Company on any matters relating to the capital markets; nor was there any penalty / strictures imposed by the stock exchanges or SEBI or any other statutory authority on such matters, during the last three years.

SELECTION AND REMUNERATION COMMITTEE:

Your Company has in place a Selection and Remuneration Committee. A detailed note on which is available supra in this section.

Although your Company does not have a formal whistle blower policy, no person has been denied access to the Audit Committee.

CEO/CFO CERTIFICATION:

The certificate as required under Clause 49 (V) of the Listing Agreement is given as Annexure III.

COMPLIANCE CERTIFICATE OF THE AUDITORS:

Certificate from the Auditors of the Company, M/s. M. SRINIVASAN & ASSOCIATES, Chartered Accountants confirming compliance with the conditions of Corporate Governance as stipulated under Clause 49 (VII) of the listing agreement is given as Annexure IV.

For and on behalf of the Board

**K.J.M. SHETTY
CHAIRMAN**

Place : Chennai
Date : 07.08.2012



ANNEXURE II

CERTIFICATION BY CEO AND CFO OF JUMBO BAG LTD

We, G.P.N. Gupta, Managing Director and G.S. Anil kumar, Director-Finance of Jumbo Bag Limited (the Company) to the best of our knowledge and belief certify that:

1. We have reviewed the Balance Sheet and Profit and Loss Account and all its Schedules and Notes on Accounts, as well as the Cash Flow Statement and Directors' Report.
 - a. Based on our knowledge and information, these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
 - b. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. We also certify, that based on our knowledge and belief, there are no transactions entered into by Jumbo Bag Limited, which are fraudulent, illegal or in violation of the Company's Code of Conduct.
3. We are responsible for establishing and maintaining internal controls and procedures for the Company pertaining to financial reporting, and have evaluated the effectiveness of these procedures in Jumbo Bag Limited. We have disclosed to the auditors and the Audit Committee, deficiencies, if any, in the design or operation of such internal controls, of which we are aware and the steps that we have taken or propose to take, to rectify these deficiencies.
4. We have disclosed, based on our most recent evaluation, wherever applicable, to the Company's auditors and the Audit Committee of the Company's Board of Directors:-
 - a. Significant changes in internal controls during the year;
 - b. Significant changes in accounting policies during the year and that the same have been disclosed in the Notes to the financial statements; and
 - c. Instances, if any, of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system.
5. We affirm that we have not denied any personnel, access to the Audit Committee of the Company (in respect of matters involving misconduct, if any).
6. We further declare that all Board members and Senior Management have affirmed compliance with the Code of Conduct for the current year.

Place : Chennai
Date : 07.08.2012

G.P.N. GUPTA
Managing Director

G.S. ANIL KUMAR
Director - Finance

ANNEXURE III

CERTIFICATE

TO THE MEMBERS OF JUMBO BAG LIMITED

We have examined the compliance of conditions of Corporate Governance by JUMBO BAG LIMITED for the year ended March 31, 2012 as stipulated in clause 49 of the Listing Agreement of the said company with stock exchanges.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that no investor grievance has been received against the Company, during the period under review, as per the records maintained by the Shareholders/Investors Grievances Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **M.SRINIVASAN & ASSOCIATES**
Chartered Accountants
FRN No. 004050S

Place : Chennai
Date : 29.05.2012

R.MOHAN
Partner
M. No. 22460

ANNEXURE IV

DECLARATION FOR CODE OF CONDUCT

I hereby affirm and state that

Pursuance to Clause 49 (I) (D) of the Listing Agreement with Stock Exchanges, a Code of Conduct for the Board Members and the Senior Management Personnel of the Company has been adopted.

The said Code of Conduct has been uploaded on the website of the Company.

All Board Members and Senior Management Personnel have affirmed compliance with the said Code of Conduct for the period ended 31st March 2012.

Place : Chennai
Date : 07.08.2012

G.P.N. GUPTA
Managing Director



AUDITOR'S REPORT

To the Members of Jumbo Bag Limited

1. We have audited the attached balance sheet of Jumbo Bag Limited ("the Company") as at 31st March 2012, the profit and loss account and also the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended, issued by the Ministry of Corporate Affairs in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to in para 3 above, we report that:

- a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- c. The Balance Sheet, Statement of Profit and Loss and cash flow statement dealt with by this report are in agreement with the books of account;
- d. In our opinion, the Balance Sheet, Statement of Profit and Loss and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
- e. On the basis of written representations received from the directors, as at 31st March 2012 and taken on record by the Board of Directors, we report that none of the directors are disqualified

as at 31st March 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956 on the said date;

- f. In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the statement of significant accounting policies and notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
- i. In the case of the balance sheet, of the state of affairs of the Company as at 31st March 2012;
- ii. In the case of the statement of profit and loss, of the profit of the Company for the year ended on that date; and
- iii. In the case of the cash flow statement, of the cash flows of the Company for the year ended on that date.

For **M.SRINIVASAN & ASSOCIATES**

Chartered Accountants

FRN No. 004050S

Place : Chennai
Date : 29.05.2012

R.MOHAN
Partner
M. No. 022460



ANNEXURE TO THE AUDITOR'S REPORT

Annexure referred to in paragraph 3 of our report of even date

- (i) a. In our opinion, the company has maintained proper records showing full Particulars including quantitative details and situation of fixed assets.
b. The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are annually verified. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
c. The company has not disposed off substantial part of its Fixed Assets during the year.
- (ii) a. In our opinion, inventories have been physically verified during the year by the management at reasonable intervals.
b. In our opinion, the procedures of physical verification of the inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
c. In our opinion and according to explanations given to us, the Company is maintaining proper records of its inventories. The discrepancies noticed on physical verification were not material and properly dealt with in the books of accounts.
- (iii) a. The company has not granted any loan, secured or unsecured, to companies, firms or other parties covered in the register under 301 Of the Act. However the company has taken loan from one party covered in the register maintained under sec 301 of the Companies Act 1956, aggregating to Rs. 164 Lakhs (Maximum balance outstanding during the year Rs. 164 Lakhs)
b. The rate of interest and other terms and conditions on which the loans have been taken by the company are not, prima facie, prejudicial to the interest of the company. The company has not granted any loans during the year.
c. In respect of such other loans given by the company, where stipulations have been made, they have generally repaid the principal amounts as stipulated and have been regular in payment of interest, wherever applicable.
d. In respect of such loans given by the company, there are no overdue amounts more than Rs. 100000.
- (iv) In our opinion, there is an adequate internal control procedure commensurate with the size of the company and the nature of its business for the purchase of inventory and fixed assets and for sale of goods and services. Further, on the basis of our examination of the books and records of the company, we have neither come across nor have been informed of any continuing failure to correct major weakness in the aforesaid internal control procedure.
- (v) a. The transactions made in pursuance of contracts or arrangements that need to be entered in the register maintained under section 301 of the Companies Act 1956 have been entered in the register.
b. In our opinion and according to information and explanations given to us, the transactions exceeding rupees five lakh each have been made at prices, which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) In our opinion, the company has complied with the provisions of section 58A and 58AA or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) rules, 1975 with regard to deposits accepted from public.
- (vii) The company has an internal audit system commensurate with its size and nature of business.

- (viii) The Central Government has not prescribed maintenance of cost records under section 209(1)(d) of the Companies Act 1956, for any of the products manufactured or services rendered by the company.
- (ix) a. According to the information and explanations given to us and on the basis of our examination of the records of the company, amounts deducted or accrued in the books of accounts in respect of undisputed statutory dues including Provident fund, Income tax, Sales Tax, Customs Duty, Service Tax and other material statutory dues have been generally regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of Investor Education and Protection Fund, Employees State Insurance, Excise Duty and Wealth Tax.
- b. According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Service Tax, Customs Duty, Sales Tax and other material statutory dues that were in arrears as at 31st of March 2012 for a period of more than six months from the date they become payable.
- c. Details of dues towards sales tax, income tax and excise duty that have not been deposited on account of dispute are as stated in Note 13 of Notes to the accounts forming part of the financial statements.
- (x) The company does not have any accumulated losses as at March 31, 2012 and has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
- (xi) In our opinion, the company has not defaulted in repayment of its dues to bank during the year.
- (xii) In our opinion the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The provisions of any special statute applicable to a chit fund, nidhi, mutual benefit fund / societies are not applicable to the company.
- (xiv) In our opinion, the company is not dealing or trading in shares, securities, debentures and other investments. Accordingly the provisions of clause 4 (xiv) of the companies (Auditors report) order 2003 are not applicable to the company.
- (xv) In our opinion, the company has not given any guarantee for the loans taken by others from banks or financial institutions.
- (xvi) In our opinion, the term loans availed by the company during the year were, prima facie, applied for the purpose for which they were obtained, other than temporary deployment pending application.
- (xvii) On an overall examination of the financial statements of the company, funds raised on short-term basis have, prima facie, not been used during the year for long-term investment and vice-versa.
- (xviii) The company has made preferential allotment of shares to parties and a company listed in the register maintained under Sec 301 of the Companies Act, 1956.
- (xix) Since the company has not issued any debentures, the provisions of clause 4(xix) of the Companies (Auditors report) order 2003 are not applicable to the company.
- (xx) The company has not raised any money by way of public issues during the year.
- (xxi) In our opinion, considering the size and nature of the company's operations, no fraud of material significance on or by the company has been noticed or reported during the year.

For **M.SRINIVASAN & ASSOCIATES**

Chartered Accountants

FRN No. 004050S

Place : Chennai
Date : 29.05.2012

R.MOHAN
Partner
M. No. 022460

**BALANCE SHEET AS AT 31ST MARCH 2012**

Amount Rs. in Lakhs

| Particulars | Note | 31 st March 2012 | 31 st March 2011 |
|--------------------------------|------|-----------------------------|-----------------------------|
| EQUITY AND LIABILITIES | | | |
| Shareholders' funds | | | |
| Share capital | 2.1 | 878.17 | 838.17 |
| Reserves and surplus | 2.2 | 1,096.27 | 964.12 |
| Non-Current Liabilities | | | |
| Long-term borrowings | 2.3 | 286.01 | 210.72 |
| Deferred tax liabilities (net) | 2.4 | 415.72 | 404.71 |
| Other long term liabilities | 2.5 | 50.01 | 53.28 |
| Long term provisions | 2.6 | 4.21 | 7.78 |
| Current liabilities | | | |
| Short-term borrowings | 2.7 | 3,723.70 | 3,317.72 |
| Trade payables | 2.8 | 887.96 | 477.94 |
| Other current liabilities | 2.9 | 250.09 | 236.56 |
| Short term provisions | 2.10 | 277.07 | 182.05 |
| Total | | 7,869.21 | 6,693.05 |
| ASSETS | | | |
| Non current assets | | | |
| Fixed assets | | | |
| - Tangible assets | 2.11 | 2,419.38 | 2,416.48 |
| - Capital work in progress | | 0.14 | - |
| Non Current investments | 2.12 | 2.27 | 2.27 |
| Long term loans and advances | 2.13 | 160.20 | 163.73 |
| Other non current assets | 2.14 | 17.81 | 8.71 |
| Current assets | | | |
| Inventories | 2.15 | 2,252.28 | 1,543.78 |
| Trade receivables | 2.16 | 2,461.02 | 2,008.87 |
| Cash and cash equivalents | 2.17 | 169.55 | 158.14 |
| Short term loan and advances | 2.18 | 380.93 | 366.88 |
| Other current assets | 2.19 | 5.63 | 24.19 |
| Total | | 7,869.21 | 6,693.05 |

Significant accounting policies Notes to accounts 1 to 23

The schedules referred to above form an integral part of these financial statements

As per our report of even dates

For and on behalf of the Board

For **M. SRINIVASAN & ASSOCIATES**

Chartered Accountants

FRN : 004050S

R. Mohan

Partner - Membership No. 022460

Place : Chennai

Date : 29.05.2012

G.P.N. GUPTA
Managing Director**G.S. ANIL KUMAR**
Director – Finance**JAYANTH VISWANATHAN**
Company Secretary

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH 2012

Amount Rs. in Lakhs

| Particulars | Note | 31 st March 2012 | 31 st March 2011 |
|--|------|-----------------------------|-----------------------------|
| Revenue from operations | | | |
| Sale of manufactured products (Net) | 2.20 | 7,422.04 | 7,547.66 |
| Sale of trading products (Net) | 2.21 | 360.72 | 1,370.19 |
| Sale of services | 2.22 | 359.42 | 604.90 |
| Other operating revenues | 2.23 | 160.72 | 131.21 |
| Total revenue from operations | | 8,302.90 | 9,653.96 |
| Other income | 2.24 | 27.14 | 54.46 |
| Total Revenue | | 8,330.04 | 9,708.42 |
| Expenses | | | |
| Cost of materials consumed | 2.25 | 5318.17 | 5918.29 |
| Purchases of stock-in trade (Traded goods) | 2.26 | 330.88 | 1250.09 |
| Change in inventory of finished goods, work-in-progress and stock-in trade | 2.27 | (618.48) | (217.60) |
| Employee benefits expense | 2.28 | 628.62 | 550.07 |
| Finance costs | 2.29 | 398.13 | 303.05 |
| Depreciation and amortisation expense | 2.11 | 193.26 | 187.93 |
| Other expenses | 2.30 | 1,987.20 | 1,626.34 |
| Total expenses | | 8,237.78 | 9,618.17 |
| Profit / (Loss) before exceptional and extraordinary items and tax | | 92.26 | 90.25 |
| Prior period items net | 2.31 | 4.72 | 3.40 |
| Profit / (Loss) before tax | | 96.98 | 93.65 |
| Tax Expenses | | | |
| 1. Current tax / Minimum Alternative Tax | | 17.82 | 15.89 |
| 2. Deferred tax (charge) / credit | | 11.01 | 13.38 |
| Profit / (Loss) for the period | | 68.15 | 64.38 |
| Earning per equity share | | | |
| Basic & Diluted | | 0.83 | 0.81 |
| Number of shares used in computing earnings per share | | | |
| Basic | | 81,70,421 | 79,73,700 |

Significant accounting policies Notes to accounts 1 to 23

The schedules referred to above form an integral part of these financial statements

As per our report of even dates

For and on behalf of the Board

For **M. SRINIVASAN & ASSOCIATES**

Chartered Accountants

FRN : 004050S

R. Mohan

Partner - Membership No. 022460

Place : Chennai

Date : 29.05.2012

G.P.N. GUPTA
Managing Director

G.S. ANIL KUMAR
Director – Finance

JAYANTH VISWANATHAN
Company Secretary

**CASH FLOW STATEMENT**

(Pursuant to clause 32 of the Listing Agreement)

(Amount Rs. in Lakhs)

| Particulars | 2011 - 2012 | | 2010 - 2011 | |
|---|-------------|-----------------|-------------|-----------------|
| A Cash Flow from Operating Activities : | | | | |
| Profit before tax | | 92.26 | | 90.25 |
| Adjustments for : | | | | |
| Prior period adjustments - Profit / (Loss) | 4.72 | | 3.40 | |
| Depreciation | 193.26 | | 187.93 | |
| (Profit) / Loss on sale of asset | (1.41) | | 1.30 | |
| | | 196.57 | | 192.63 |
| Operating profit before working capital | | 288.83 | | 282.88 |
| Adjustments for Changes in | | | | |
| Trade payables - Increase / (Decrease) | 410.02 | | (86.35) | |
| Long term provisions- Increase / (Decrease) | (3.57) | | - | |
| Short term provisions - Increase / (Decrease) | 95.02 | | 72.00 | |
| Other current liabilities- Increase / (Decrease) | 66.22 | | (13.59) | |
| Other long term liabilities - Increase / (Decrease) | (3.27) | | 1.89 | |
| Trade receivables - (increase) / Decrease | (452.15) | | (886.37) | |
| Inventories - (increase) / Decrease | (708.50) | | (77.51) | |
| Long term Loans and advances - (Increase) / Decrease | 3.53 | | - | |
| Short term loans and advances - (increase) / Decrease | (14.05) | | (204.57) | |
| Other current assets - (increase) / Decrease | 18.56 | | 2.46 | |
| Other non current assets - (increase) / Decrease | (9.10) | | 1.86 | |
| | | (597.29) | | (1,190.18) |
| Cash generated from operations | | (308.46) | | (907.30) |
| Income taxes paid (Net of refunds) | | (17.82) | | (15.89) |
| Net Cash from Operating activities | | (326.28) | | (923.19) |
| B Cash Flow from Investing Activities : | | | | |
| Purchase of fixed assets / WIP | (194.89) | | (98.59) | |
| Proceeds from sale of fixed assets | | - | | - |
| Purchase of Investments | | - | | - |
| Sale of investments | | - | | - |
| | | (194.89) | | (98.59) |
| Net cash used in Investing Activities | | (194.89) | | (98.59) |

CASH FLOW STATEMENT (CONTD.)

(Pursuant to clause 32 of the Listing Agreement)

(Amount Rs. in Lakhs)

| Particulars | 2011 - 2012 | | 2010 - 2011 | |
|---|--------------------|----------------|--------------------|-----------------|
| C Cash Flow from Financing Activities : | | | | |
| Proceeds from issuance of Share Capital | 40.00 | | | |
| Proceeds from Share premium | 64.00 | | | |
| Proceeds / (Repayment) of Long Term borrowings | 58.53 | | (197.25) | |
| Borrowings for working capital purposes | 421.23 | | 1,183.52 | |
| Finance / Lease Liabilities - Increase / (Decrease) | (51.18) | | 111.59 | |
| Investment in Subsidiaries | | - | | - |
| Dividend paid (Including Tax on dividend) | | - | | - |
| Net cash used in Financing Activities | | 532.58 | | 1,097.86 |
| D Net Increase in Cash and Cash Equivalents (A+B+C) | | 11.41 | | 76.08 |
| Opening Balance Cash and Cash equivalents | | 158.14 | | 82.06 |
| Closing Balance Cash and Cash equivalents | | 169.55 | | 158.14 |
| E Net (Increase) / Decrease in Cash and Cash Equivalents | | (11.41) | | (76.08) |

As per our report of even dates

For and on behalf of the Board

For **M. SRINIVASAN & ASSOCIATES**

Chartered Accountants

FRN : 004050S

R. Mohan

Partner - Membership No. 022460

Place : Chennai

Date : 29.05.2012

G.P.N. GUPTA

Managing Director

G.S. ANIL KUMAR

Director – Finance

JAYANTH VISWANATHAN

Company Secretary



SCHEDULES FORMING PART OF ACCOUNTS

SCHEDULE 1.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements.

The financial statements have been prepared on accrual basis under the historical cost convention and in accordance with generally accepted accounting principles in Indian and materially comply with the Mandatory Accounting Standards notified by the Central Government of India under the Companies (Accounting Standards) Rules, 2006 and with the relevant provisions of the Companies Act, 1956.

1.2 Use of estimates

The preparation of financial statements in conformity with Indian Generally Accepted Accounting Policies (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure relating to contingent liabilities as at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

1.3 Fixed assets and depreciation

Fixed assets are carried at cost of acquisition less accumulated depreciation. The cost of fixed assets includes freight, duties, taxes and other incidental expenses relating to acquisition. Where fixed assets have been acquired from a country outside India, the cost of these fixed assets also includes exchange differences (favorable and unfavorable) arising in respect of foreign currency loans on other liabilities incurred specifically for the purpose of their acquisition. Borrowing costs related to the acquisition or construction of the qualifying fixed assets for the period up to the completion of their acquisition or constructions are capitalized.

Depreciation is provided on the Straight Line Method from the day in which the asset is put to use. The rates of depreciation prescribed in Schedule XIV to the Companies Act, 1956 are considered as the minimum rates. If the management's estimate of the useful life of a fixed asset at the time of acquisition of the asset or of the remaining useful life on a subsequent review is shorter than that envisaged in the aforesaid schedule, depreciation is provided at a higher rate based on the management's estimate of the useful life or remaining useful life. Pursuant to this policy, depreciation on assets has been provided at the rates based on the estimated useful lives of fixed assets

Depreciation on fixed Assets sold or scrapped during the year is provided up to the date in which such assets are sold or scrapped. Depreciation on additions to Fixed Assets is calculated on prorata basis from the date of addition.

Assets individually costing Rs 5,000 or less are depreciated at the rate of 100%.

Depreciation is charged on a proportionate basis for all assets purchased and sold during the year.

1.4 Impairment of assets

In accordance with Accounting Standard 28 (AS 28) on Impairment of assets, where there is an indication of Impairment of the Company's assets, the carrying amount of the Company's assets are reviewed at each balance sheet date to determine. Whether there is any impairment on the assets based on internal/external factors. Any impairment loss, if any, is recognized In the profit & loss statement, wherever the carrying amount of an asset exceeds its estimated recoverable amount which is estimated at the higher of its net selling price and its value in use. In assessing the value in use, the estimated future cash flows are discounted to the present value at the weighted average

cost of capital. After impairment, depreciation is provided on the revised carrying amount of the assets over its remaining useful life. Previously recognized impairment loss is further provided or reversed depending on changes in circumstances.

1.5 Revenue recognition

Revenue from sale of manufactured goods, including scrap, is recognized on transfer of all significant risks and rewards of ownership to the buyer which is generally on dispatch of goods.

Domestic sales inclusive of sales tax, Excise duty, net of sales returns and quantity discounts on accrual basis.

Export sales are accounted on the basis of dates of invoicing from the factory.

Job work and other service revenues is recognized as when services are rendered.

Income from Investments/other income is recognized on accrual basis.

Interest on deployment of surplus funds is recognized using the time proportionate method based on underlying interest rates.

1.6 Inventories

Inventories are carried at the lower of cost and net realizable value. The comparison of cost and net realizable value is made on an item-by-item basis. Cost comprises purchase price and all incidental expenses incurred in bringing the inventory to its present location and condition.

The method of determination of cost is as follows:

- Spares and Consumables are valued at cost.
- Raw-Materials & Intermediates are valued at weighted cost – (net of MODVAT)
- Work-in-Process is valued at material cost plus direct Manufacturing Expenses.
- Finished Goods are valued at the lower of cost or net Realisable value. Cost includes cost of conversion and other expenses incurred in bringing the goods to their location and condition inclusive of Excise Duty.
- Saleable / disposable stock of scrap is valued at estimated realizable value. Provision for inventory obsolescence is assessed annually and is provided as and when considered necessary.

1.7 Foreign exchange transactions

Foreign currency transactions are recorded at the rates of exchange prevailing on the dates of the respective transaction. Exchange differences arising on foreign exchange transactions settled during the year are recognized in the profit and loss statement of the year, except that exchange differences related to acquisition of fixed assets from a country outside India are adjusted in the carrying amount of the related fixed assets.

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the closing exchange rates on that date; the resultant exchange differences are recognized in the profit and loss statement except those related to acquisition of fixed assets from a country outside India which are adjusted in the carrying amount of the related fixed assets.

Net exchange fluctuation gain is accounted as other income and loss is accounted as other expenses.

1.8 Provisions and contingent liabilities

The Company recognizes a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.



Provisions for onerous contracts, i.e. contracts where the expected unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognized when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event, based on a reliable estimate of such obligation.

1.9 Income taxes

Income-tax expense comprises current tax (i.e. amount of tax for the period determined in accordance with the income-tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the year) provided in the books of accounts.

2.1 SHARE CAPITAL

Amount Rs. in Lakhs

| Particulars | As at 31 st March 2012 | As at 31 st March 2011 |
|---|--------------------------------------|--------------------------------------|
| Authorised | | |
| Equity shares | | |
| 1,40,00,000 (previous year 1,40,00,000), Rs.10 par value | 1,400.00 | 1,400.00 |
| Preference shares | | |
| 6,00,000 (previous year. 6,00,000) cumulative, redeemable preference shares of Rs 100 par value | 600.00 | 600.00 |
| | 2,000.00 | 2,000.00 |
| Issued | | |
| Equity shares | | |
| 83,73,700 (previous year 79,73,700), Rs. 10 par value | 837.37 | 797.37 |
| | 837.37 | 797.37 |
| Subscribed and fully Paid up | | |
| Equity shares | | |
| 83,73,700 (previous year 79,73,700), Rs.10 fully paid up | 837.37 | 797.37 |
| | 837.37 | 797.37 |
| Forfeited shares | | |
| 4,08,000 (previous year 4,08,000) equity shares of Rs 10 par value | 40.80 | 40.80 |

Share Capital clause

Clause (a) (b) (c) - The Authorised capital comprises of equity shares and non convertible redeemable preference shares. The Issued and Fully Paid Up capital comprises of Equity Shares having a par value of Rs. 10 each.

| Particulars | As at 31 st March 2012 | As at 31 st March 2011 |
|---|--------------------------------------|--------------------------------------|
| Authorised: | | |
| (i) 1,40,00,000 Equity shares of Rs. 10 Each (March 31, 2011 1,40,00,000 Equity shares of Rs. 10 Each) | 1,400.00 | 1,400.00 |
| (ii) 6,00,000 Non- Convertible Redeemable cumulative preference shares of Rs. 100 Each | 600.00 | 600.00 |
| | 2,000.00 | 2,000.00 |
| Issued, Subscribed and Fully Paid Up | | |
| 83,73,700 Equity Shares of Rs. 10 Each | 837.37 | 797.37 |
| (83,73,700 Equity Shares of Rs. 10 Each) | 837.37 | 797.37 |

Clause (d) - Reconciliation of Number of Shares

| Particulars | 31 st March 2012 | | 31 st March 2011 | |
|-------------------------|-----------------------------|-----------------------|-----------------------------|-----------------------|
| | Number of Shares | Amount (Rs. in Lakhs) | Number of Shares | Amount (Rs. in Lakhs) |
| Equity Shares | | | | |
| Opening Balance | 79,73,700 | 797.37 | 79,73,700 | 797.37 |
| Changes during the year | 4,00,000 | 40.00 | - | - |
| Closing Balance | 83,73,700 | 837.37 | 79,73,700 | 797.37 |

Clause (e) - Rights preferences and restrictions attached to shares:

Equity Shares:

The Company has one class of equity shares having a par value of Rs.10 each. Each Share holder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing annual general meeting.

Clause (f) - Shares held by Holding company and its subsidiaries: Not Applicable.

Clause (g) - Details of Shares held by shareholders holding more than 5% of the aggregate shares in the Company:

| Particulars | As at 31 st March 2012 | As at 31 st March 2011 |
|---|-----------------------------------|-----------------------------------|
| EQUITY SHARES: | | |
| M/s. Balaji Trading Enterprises Private Limited (in nos.) | 26,32,200 | 22,32,200 |
| % of holding | 31.43 | 27.99 |

Clause (h) - Shares reserved for issue under options and contracts/commitments for the sale of shares/ disinvestment, including the terms and amounts. – Not applicable.

Clause (i) - Shares allotted in the preceding five years without payment being received in cash: Not applicable.

Clause (j) - Terms of any securities convertible into issued along with the earliest date of conversion in descending order starting from the farthest such date – Not applicable

Clause (k) - Calls unpaid - Not applicable.

The reconciliation of the number of equity shares outstanding is set out below;

| Particulars | As at 31 st March 2012 | As at 31 st March 2011 |
|---|-----------------------------------|-----------------------------------|
| | Number | Number |
| Shares outstanding at the beginning of the year | 79,73,700 | 79,73,700 |
| Shares Issued during the year | 400,000 | - |
| Shares bought back during the year | - | - |
| Shares outstanding at the end of the year | 83,73,700 | 79,73,700 |



2.2 Reserve and Surplus

Amount Rs. in Lakhs

| Particulars | As at 31 st March 2012 | As at 31 st March 2011 |
|--|--------------------------------------|--------------------------------------|
| Capital Reserves | | |
| Opening Balance | 196.33 | 196.33 |
| Add: Amount transferred from statement of profit and loss | - | - |
| Less: Amount utilized | - | - |
| Closing Balance | 196.33 | 196.33 |
| Capital Redemption Reserve | | |
| Opening Balance | 86.75 | 86.75 |
| Add: Amount Transferred | - | - |
| Less: Amount utilised | - | - |
| Closing Balance | 86.75 | 86.75 |
| Securities Premium Account | | |
| Opening Balance | 230.45 | 230.45 |
| Add: Amount Transferred | 64.00 | - |
| Less: Amount utilised | - | - |
| Closing Balance | 294.45 | 230.45 |
| General Reserve | | |
| Opening Balance | 20.00 | 20.00 |
| Add: Amount Transferred | - | - |
| Less: Amount utilised | - | - |
| Closing Balance | 20.00 | 20.00 |
| Surplus / (deficit) balance in the statement of profit and loss | | |
| Opening Balance | 430.59 | 366.21 |
| Add: Profit/ (Loss) for the year | 68.15 | 64.38 |
| Less: Amount utilised | - | - |
| Transfer to capital reserves, Capital redemption reserve and other reserves | - | - |
| Closing Balance | 498.74 | 430.59 |
| Total | 1,096.27 | 964.12 |
| 2.3 Long term borrowings | | |
| Secured- Considered good | | |
| Term loans (from banks) | | |
| State Bank of India / Indian Overseas Bank (secured by fixed assets of the Company on pari passu charge with State Bank of India and guaranteed by directors in their personnel capacity) | 181.20 | 72.63 |
| Long term maturities of finance lease obligations (Secured by motor Vehicle under Hypothecation, repayment tenure of 36 months ending January 2014) | 0.76 | 3.54 |
| | 181.96 | 76.17 |
| Unsecured - considered good | | |
| Public Deposits Repayable on maturity depending on the period of deposit more than 1 year | 51.80 | 34.55 |
| Loans and advances from related parties from Group Company - Balaji Trading Enterprises Private Limited | 52.25 | 100.00 |
| | 104.05 | 134.55 |
| Total | 286.01 | 210.72 |

2.4 Deferred tax liabilities (Net)

Amount Rs. in Lakhs

| Particulars | As at 31 st March 2012 | As at 31 st March 2011 |
|--|--------------------------------------|--------------------------------------|
| As per last Balance Sheet | 404.71 | 391.33 |
| Add : Deferred tax liability for the year (Net) | 11.01 | 13.38 |
| Closing Balance | 415.72 | 404.71 |

Note

| | 01.04.2011 (x) | 2011-2012 (y) | 31.03.2012 (x+y) |
|---|-------------------|------------------|---------------------|
| Deferred Tax Liability (Net) : | | | |
| Deferred Tax Liability as on 01.04.2011 | 404.71 | | |
| i) Difference between book and Tax Depreciation | | 13.53 | |
| Total Deferred Tax Liability (A) | | 13.53 | |
| Deferred Tax Assets | | | |
| i) Provision for Gratuity | | 2.57 | |
| ii) Provision for Leave Encashment | | -0.05 | |
| Total Deferred Tax Assets (B) | | 2.52 | |
| Total | 404.71 | 11.01 | 415.72 |

2.5 Other long term liabilities

| Particulars | As at 31 st March 2012 | As at 31 st March 2011 |
|---------------------------------------|--------------------------------------|--------------------------------------|
| Trade Payables | | |
| - others creditors | 40.04 | 44.89 |
| Others | | |
| Payables for purchase of fixed assets | 2.11 | - |
| Security Deposit | 7.86 | 8.39 |
| | 50.01 | 53.28 |

2.6 Long term provisions

| Particulars | As at 31 st March 2012 | As at 31 st March 2011 |
|--|--------------------------------------|--------------------------------------|
| Others | | |
| Provision for pending sales tax forms and other sales tax disputes | 1.01 | 7.78 |
| Others provision of expenses | 3.20 | - |
| Total | 4.21 | 7.78 |



2.7 Short term borrowings

Amount Rs. in Lakhs

| Particulars | As at 31 st March 2012 | As at 31 st March 2011 |
|---|--------------------------------------|--------------------------------------|
| Secured - Considered Good | | |
| Loans repayable on demand | | |
| Cash credit (from banks) | | |
| - State Bank of India (Includes Rs. 236.30 as buyers credit on short term repayable within one year). (Secured by pari passu first charge on the entire current assets Viz, Raw Materials, Stock in Progress, Finished Goods, Receivables, spares, consumables and other current assets of the Company with State Bank of India and also guaranteed by the Directors in their personnel capacity) | 2,670.81 | 2,343.78 |
| - State Bank of Hyderabad (Includes Rs. 220.27 as buyers credit on short term repayable within one year). (Secured by pari passu first charge on the entire current assets Viz, Raw Materials, Stock in Progress, Finished Goods, Receivables, spares, consumables and other current assets of the Company with State Bank of Hyderabad and also guaranteed by the Directors in their personnel capacity) | 1,041.59 | 947.39 |
| | 3,712.40 | 3,291.17 |
| Unsecured | | |
| Deposits | | |
| Public Deposits | | |
| Repayable on maturity depending on the period of deposit less than 1 year | 11.30 | 26.55 |
| | 11.30 | 26.55 |
| | 3,723.70 | 3,317.72 |

Note

- i) Working capital facilities of Rs. 3712.40 Lakhs (previous year Rs. 3291.17 Lakhs) with State Bank of India and State bank of Hyderabad are secured by way of first pari passu charge on the current assets of the Company situated in the Company premises or in transit.

Amount Rs. in Lakhs

| Nature of Working capital facility | As on 31.3.2012 | | As on 31.3.2011 | |
|------------------------------------|---------------------|-------------------------|---------------------|-------------------------|
| | State Bank of India | State Bank of Hyderabad | State Bank of India | State Bank of Hyderabad |
| Cash Credit | 414.10 | 521.94 | 462.61 | 437.09 |
| EPC/PCFC | 457.65 | 241.47 | 453.72 | 265.94 |
| Standby credit | 87.35 | - | - | - |
| IOCL-DCA | 628.69 | - | 492.00 | - |
| IOCL-CS | 222.53 | - | 127.20 | - |
| Bills discounting | 624.19 | 21.91 | 341.80 | 105.54 |
| Buyers Credit | 236.30 | 220.27 | 466.45 | 83.10 |
| ILC | - | 36.00 | - | 55.72 |
| Total | 2670.81 | 1041.59 | 2343.78 | 947.39 |

2.8 Trade payables

Amount Rs. in Lakhs

| Particulars | As at 31st March 2012 | As at 31st March 2011 |
|--------------------------------------|---|---|
| Trade Payables | | |
| - due to micro and small enterprises | - | - |
| - others creditors | 887.96 | 477.94 |
| | 887.96 | 477.94 |

2.9 Other current liabilities

| Particulars | As at 31st March 2012 | As at 31st March 2011 |
|--|---|---|
| Current maturities of long-term debt (secured by fixed assets of the Company on pari passu charge with State Bank of Hyderabad and Guaranteed by directors in their personnel capacity) | 96.36 | 146.40 |
| Current maturities of finance lease obligations (Secured by motor Vehicle under Hypothecation, Repayment tenure of 36 months ending January 2014) | 3.15 | 5.80 |
| Other payables | | |
| Sales Tax Payable | 19.33 | - |
| TDS payable | 6.33 | 4.99 |
| Service Tax payable | 10.60 | 6.69 |
| TCS payable | 0.05 | 0.01 |
| Profession tax payable | - | 1.00 |
| Sundry creditors for purchase of Fixed Assets | 15.86 | 6.30 |
| Employee related | 0.98 | 1.74 |
| Unclaimed dividends | 19.05 | 22.40 |
| Payable for job work, goods and services | 78.38 | 41.23 |
| | 250.09 | 236.56 |

Note for 2.3 and 2.9

| Nature of Facility | As at 31st March 2012 | As at 31st March 2011 |
|------------------------------|---|---|
| Medium Term Loan (with SBI) | 277.56 | 202.97 |
| Medium Term Loan (with SBH) | - | 5.62 |
| Medium Term Loan (with IOB) | - | 10.44 |

Terms Loan (Including Medium Term and Corporate Loans) and working capital facilities from State Bank of India and State Bank of Hyderabad are secured by pari passu charges on the fixed assets and current assets of the company and also secured by personal guarantees of directors Sri. G. Sudhakar, Sri. G.P.N. Gupta, Sri. G. Radhakrishna, further secured by personal guarantees of Sri. G.V. Gopinath and Sri. G.V. Balaji.

**2.10 Short term provisions****Amount Rs. in Lakhs**

| Particulars | As at 31st March 2012 | As at 31st March 2011 |
|--|---|---|
| Provision for employee benefits | | |
| Salary & Reimbursements | 37.27 | 34.17 |
| Contribution to PF | 2.97 | 2.55 |
| Gratuity | 24.51 | 16.22 |
| Compensated absences | 3.71 | 5.52 |
| Superannuation | 0.61 | - |
| Leave travel & Medical expenses-Directors | 9.73 | 7.93 |
| Others | | |
| Provision for taxation(Net) | 0.15 | 21.22 |
| Provision for Electricity Charges | 7.74 | 3.96 |
| Provision for Freight & Clearing | 30.72 | 15.74 |
| Provision for Excise duty on Finished Goods | 48.08 | - |
| Provision - Interest on deposits accrued not due | 3.24 | 2.16 |
| Provision for Commission on sales | 49.77 | 51.90 |
| Provision for Job work charges | 0.95 | - |
| Provision for Expenses | 57.62 | 20.68 |
| | 277.07 | 182.05 |

Note: Provision for Excise duty on finished goods as on 31.3.2011 shown as nil, since the same adjusted in the closing stock

| 2.11 - Fixed assets | Gross Block | | | | | | Depreciation | | | Net Block | |
|---|----------------------------------|---------------|--------------|-----------------------------------|----------------------------------|----------------------------------|-------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| | As at 1 st April 2011 | Additions | Disposals | As at 31 st March 2012 | As at 1 st April 2011 | Depreciation charge for the year | Deductions/ Other adjustments | As at 31 st March 2012 | As at 31 st March 2011 | As at 31 st March 2012 | As at 31 st March 2011 |
| Fixed Assets | | | | | | | | | | | |
| Tangible Assets | | | | | | | | | | | |
| Land | | | | | | | | | | | |
| Owned | 92.87 | - | 18.59 | 74.28 | - | - | - | - | - | 74.28 | 92.87 |
| Buildings | | | | | | | | | | | |
| Owned | 969.47 | 44.80 | - | 1,014.27 | 310.20 | 33.11 | - | 343.31 | - | 670.96 | 659.27 |
| Plant and Equipment | | | | | | | | | | | |
| Owned | 2,407.33 | 158.35 | - | 2,565.68 | 989.99 | 130.83 | (0.63) | 1,120.19 | - | 1,445.50 | 1,417.34 |
| Furniture and Fixtures | | | | | | | | | | | |
| Owned | 84.99 | 1.95 | - | 86.94 | 40.44 | 4.81 | - | 45.25 | - | 41.69 | 44.55 |
| Vehicles | | | | | | | | | | | |
| Owned | 39.36 | - | - | 39.36 | 13.55 | 3.69 | - | 17.24 | - | 22.12 | 25.81 |
| Assets under lease | | | | | | | | | | | |
| Owned | 14.40 | - | - | 14.40 | 1.44 | 1.37 | - | 2.81 | - | 11.59 | 12.96 |
| Office equipment | | | | | | | | | | | |
| Owned | 130.19 | 9.36 | - | 139.55 | 92.31 | 8.99 | - | 101.30 | - | 38.25 | 37.88 |
| Electrical & Electronic equipments | | | | | | | | | | | |
| Owned | 234.86 | 0.28 | - | 235.14 | 109.06 | 11.09 | - | 120.15 | - | 114.99 | 125.80 |
| | 3,973.47 | 214.74 | 18.59 | 4,169.62 | 1,556.99 | 193.89 | (0.63) | 1,750.25 | | 2,419.38 | 2,416.48 |

Disclosure pursuant to Note no.I (iv) and J (iii) of Part I of Schedule VI to the Companies Act, 1956- Nil



Amount Rs. in Lakhs

| Particulars | As at 31st March 2012 | As at 31st March 2011 |
|--|---|---|
| 2.12 Non Current investments | | |
| Investment in Equity instruments - Unquoted - at cost in Jumbo Bag LLC | 2.27 | 2.27 |
| | 2.27 | 2.27 |
| 2.13 Long term loans and advances | | |
| Other loans and advances | | |
| Unsecured, considered good | | |
| Earnest Money Deposit | 0.12 | 0.12 |
| Advance Tax on FBT | 0.92 | 0.92 |
| Cenvat receivable/deposit | 9.00 | 13.00 |
| Electricity & other deposits | 60.28 | 55.30 |
| Rental deposits | 89.66 | 93.20 |
| Telephone deposits | 0.22 | 0.23 |
| Sales Tax Deposit | - | 0.96 |
| | 160.20 | 163.73 |
| 2.14: Other non current assets | | |
| Long term trade receivables (Including trade receivables on deferred credit terms) | | |
| Unsecured, considered good | 17.81 | 8.71 |
| | 17.81 | 8.71 |
| 2.15: Inventories (Valued at lower of cost or Net Realisable value, except Goods-in transit) | | |
| Raw Materials and components | 280.78 | 200.85 |
| Goods-in transit | 440.41 | 22.41 |
| | 721.19 | 223.26 |
| Work-in-progress | 1025.15 | 1142.11 |
| Finished goods* | 437.11 | 123.34 |
| Scrap | 3.87 | 0.20 |
| Stores and spares | 64.96 | 54.87 |
| * includes Excise duty on FG stock of Rs. 48.08 Lakhs | | |
| | 2,252.28 | 1,543.78 |
| 2.16: Trade receivables | | |
| Debts outstanding for period exceeding six months | | |
| Unsecured, considered good | 72.88 | 51.26 |
| | 72.88 | 51.26 |
| Debts outstanding for period within six months | | |
| Unsecured, considered good | 2,388.14 | 1,957.61 |
| | 2,461.02 | 2,008.87 |
| Trade Receivable stated above include debts due by the group under the same management break-up of which includes : | | |
| Stanpacks (India) Ltd., | 84.77 | 18.08 |
| JBL Saks (P) Ltd., | 37.82 | - |
| Jumbo Bag LLC | 551.47 | - |
| | 674.06 | 18.08 |

2.17: Cash and cash equivalents

Amount Rs. in Lakhs

| Particulars | As at 31 st March 2012 | As at 31 st March 2011 |
|---|--------------------------------------|--------------------------------------|
| Cash on hand | 12.90 | 5.49 |
| Balance with banks | 1.20 | 2.28 |
| Other Bank balances | | |
| Earmarked Balances | 19.05 | 22.40 |
| Margin money | 126.40 | 117.97 |
| Bank deposits with more than 12 months maturity | 10.00 | 10.00 |
| | 169.55 | 158.14 |

2.18: Short term loan and advances

| Particulars | As at 31 st March 2012 | As at 31 st March 2011 |
|---|--------------------------------------|--------------------------------------|
| Others | | |
| Cenvat receivable | 60.73 | 56.37 |
| VAT receivable | 0.40 | 15.97 |
| Service tax receivable | 14.05 | 31.15 |
| TCS receivable | 0.64 | 0.60 |
| Interest receivable on bank deposits | 25.70 | 35.90 |
| Prepaid expenses | 19.68 | 37.01 |
| MEPZ towards ECGC premium | 0.91 | - |
| Rebate Claim & Duty Drawback receivable * | 122.65 | 132.10 |
| Focus products scheme | 112.11 | 40.08 |
| Staff advance ** | 24.06 | 17.70 |
| | 380.93 | 366.88 |

* Excludes an amount of Rs. 30.86 Lakhs regrouped as per revised schedule VI

** Includes an amount recoverable of Rs. 8 Lakhs from G.V. Ramana

Note

A sum of Rs. 8.00 Lakhs is shown as short term loans and advances, out of Rs. 12 Lakhs misappropriated by an employee during 1998-1999. (included under Loans and Advances in the previous year). This amount of Rs. 8.00 Lakhs has been recovered from the said employee subsequent to the balance sheet date, by way of out of court settlement. The balance of Rs. 4.00 Lakhs has been written off in the books during the financial year 2011-12, included under other expenses being irrecoverable advances.

2.19: Other current assets

| Particulars | As at 31 st March 2012 | As at 31 st March 2011 |
|---------------------------|--------------------------------------|--------------------------------------|
| Claims receivables - TUFF | 5.63 | 24.19 |
| | 5.63 | 24.19 |



Amount Rs. in Lakhs

| Particulars | For the year ended 31st March 2012 | For the year ended 31st March 2011 |
|--|--|--|
| 2.20: Sale of Manufactured Products | | |
| Sales - Exports | 3930.33 | 3355.86 |
| Sales - Domestic | 3491.71 | 4191.80 |
| Sub Total | 7422.04 | 7547.66 |
| Add: Excise Duty | 417.81 | 459.26 |
| Add: Sales tax | 46.25 | 54.77 |
| Gross Turnover | 7886.10 | 8061.69 |
| Less: Excise duty | 417.81 | 459.26 |
| Less: Sales tax | 46.25 | 54.77 |
| Sale of Manufactured products (Net) | 7422.04 | 7547.66 |
| 2.21: Sale of Trading Products | | |
| Sale of Trading Products | 360.72 | 1370.19 |
| Add: Excise Duty | 35.45 | 123.93 |
| Add: Sales tax | 17.01 | 54.29 |
| Gross Turnover | 413.18 | 1548.41 |
| Less: Excise duty | 35.45 | 123.93 |
| Less: Sales tax | 17.01 | 54.29 |
| Sale of trading products (Net) | 360.72 | 1370.19 |
| 2.22: Sale of services | | |
| Income from Job work charges | 292.29 | 589.60 |
| Commission on sales | 43.52 | 14.60 |
| Early payment incentive | 23.61 | 0.70 |
| | 359.42 | 604.90 |
| 2.23: Other operating revenues | | |
| Sale of scrap arising from manufacturing process (net) | 71.74 | 82.51 |
| Focus Product Scheme | 75.14 | 40.08 |
| Interest Income (IOCL operations) | 13.84 | 8.62 |
| | 160.72 | 131.21 |
| 2.24: Other income | | |
| TUFF Interest received | 1.15 | 6.83 |
| Interest Income (bank FD+others) | 12.92 | 9.49 |
| Exchange gain (net) | - | 23.57 |
| Profit on sale of fixed assets | 1.41 | - |
| Insurance claim received | - | 1.06 |
| Excise duty drawback | 7.87 | 10.99 |
| Liabilities / Assets no longer required written back | 1.67 | - |
| Miscellaneous Income | 2.12 | 2.52 |
| | 27.14 | 54.46 |

| 2.25: Cost of material consumed | | Amount Rs in Lakhs |
|---|--|--|
| Particulars | For the year ended 31st March 2012 | For the year ended 31st March 2011 |
| Raw materials and packing materials consumed* | | |
| Opening stock | 178.44 | 254.01 |
| Add: Purchases | 5420.51 | 5842.72 |
| Less: Closing stock | 280.78 | 178.44 |
| (* the consumption disclosed is based on the derived figures rather than actual records of issue) | | |
| | 5318.17 | 5918.29 |
| 2.26: Purchases of stock in trade | | |
| Purchase of traded goods | 330.88 | 1250.09 |
| | 330.88 | 1250.09 |
| 2.27: Change in inventory of finished goods, work-in-progress and stock in trade | | |
| Opening stock | | |
| Finished goods | 123.34 | 128.66 |
| Work-in-progress | 1142.11 | 939.97 |
| Goods in transit | 22.41 | - |
| Scrap | 0.20 | 1.83 |
| Less: Closing stock | | |
| Finished goods | 437.11 | 123.34 |
| Work-in-progress | 1025.15 | 1142.11 |
| Goods in transit | 440.41 | 22.41 |
| Scrap | 3.87 | 0.20 |
| | (618.48) | (217.60) |
| 2.28: Employee benefits expense | | |
| Salaries & wages | 404.95 | 351.79 |
| Bonus and Exgratia | 18.72 | 16.39 |
| Contribution to provident fund and other funds- | 16.58 | 12.52 |
| Contribution to Gratuity fund. | 8.28 | 13.44 |
| Workmen and staff welfare expenses | 122.08 | 103.85 |
| Directors remuneration | 58.01 | 52.08 |
| | 628.62 | 550.07 |
| Details of Directors Remuneration | | |
| Profit and loss statement includes payment/provision on account of remuneration to managerial personnel given as under: | | |
| Details of Directors Remuneration | 2011-12 | 2010-11 |
| Salary and Allowances | 53.00 | 47.54 |
| Perquisites | 0.51 | 0.50 |
| Contribution to Superannuation Fund | 4.50 | 4.05 |
| The computation of profit under section 349 of the Companies Act, 1956 is not considered necessary as the managerial remuneration that is paid is minimum remuneration based on the effective capital of the company as prescribed under Schedule XIII of the said Act. | | |
| 2.29: Finance Cost | | |
| Medium Term Loan | 43.32 | 42.34 |
| Cash Credit | 173.16 | 140.03 |
| Buyers credit | 11.16 | 9.05 |
| Packing Credit | 76.71 | 48.12 |
| Bills Discounting (FUBD) | 65.96 | 39.18 |
| Others (banks) | 4.76 | 6.23 |
| Interest paid on Hire Purchase | 0.43 | 0.99 |
| Public deposits | 7.32 | 6.02 |
| Others (interest on unsecured loan) | 15.31 | 11.09 |
| | 398.13 | 303.05 |



2.30: Other expense

Amount Rs. in Lakhs

| Particulars | For the year ended 31 st March 2012 | For the year ended 31 st March 2011 |
|--|---|---|
| Consumption of stores, loose tools and spare parts | 128.03 | 109.70 |
| Power and fuel | 423.21 | 388.80 |
| Rent | 92.93 | 89.09 |
| Repairs and maintenance: | | |
| - buildings | 9.40 | 7.94 |
| - plant and machinery | 18.48 | 23.13 |
| - others | 28.49 | 24.60 |
| Rates and taxes, excluding, taxes on income | 10.28 | 9.16 |
| Watch & Ward | 28.71 | 21.81 |
| Insurance | 12.47 | 10.05 |
| Job work charges paid | 426.52 | 317.97 |
| Traveling and conveyance (Domestic) | 29.01 | 29.33 |
| Traveling and conveyance (Foreign) | 49.67 | 32.53 |
| Communication | 9.83 | 9.66 |
| Legal and professional fees | 53.98 | 26.83 |
| Auditor's remuneration* | 2.72 | 2.38 |
| Internal Audit fees | 1.52 | 1.20 |
| Brokerage & Commission on purchases | - | 1.39 |
| Freight outward | 267.06 | 251.97 |
| ECCG premium paid | 9.18 | 7.65 |
| Sales rebate and discount allowed | 0.03 | 12.69 |
| Marketing and administration expenses | 34.84 | 19.80 |
| Sales promotion | 10.06 | 5.22 |
| Foreign exchange loss | 87.25 | - |
| Sales commission | 91.82 | 96.58 |
| Bank charges | 70.50 | 86.02 |
| Loss on sale of fixed assets (net) | - | 1.30 |
| Bad debts written off | 4.98 | 3.87 |
| Advances written off | 4.36 | - |
| Training and seminar expenses | 0.56 | 0.31 |
| Books and periodicals | 0.40 | 0.36 |
| Advertisements | 2.11 | 2.17 |
| Management meeting expenses | 1.60 | 1.37 |
| Printing and stationery | 8.93 | 8.09 |
| Membership and subscriptions | 2.11 | 3.11 |
| Sitting Fees | 5.00 | 7.10 |
| Office Maintenance | 10.67 | 12.86 |
| Excise duty on finished goods at stock valued | 48.08 | - |
| Listing & Filing fees | 2.16 | 0.19 |
| Donations | 0.22 | 0.10 |
| Miscellaneous expenses | 0.03 | 0.01 |
| | 1987.20 | 1626.34 |
| * Auditor's Remuneration | | |
| i) Statutory Audit Fee | 1.80 | 1.80 |
| ii) Tax Audit Fee | 0.35 | 0.35 |
| iii) Certification Fees & other services | 0.57 | 0.23 |
| 2.31 Prior period items | | |
| Prior period items - net | 4.72 | 3.40 |

3. Earnings per share

The basic and diluted earnings per share are computed by dividing the net profit attributable to equity shareholders for the year by the weighted average number of equity shares outstanding during the year. The Company did not have any potentially dilutive equity shares outstanding during the year.

4. Investments

Long term investments are valued at cost less provision for diminution in value other than temporary, if any.

5. Employee Benefits

i Short Term - Short term employee benefits are recognized as an expense as per the Company's Scheme based on expected obligations.

ii. Post Retirement.

Post retirement benefits comprise of provident fund, superannuation and gratuity which are accounted for as follows:

a) Provident fund

This is a defined contribution plan. Contributions in respect of staff and workers are remitted to provident fund authorities in accordance with the relevant statute and are charged to profit and loss statement as and when due. The Company has no further obligations for future provident fund benefits in respect of these employees other than its annual contributions.

b) Superannuation

This is a defined contribution plan. The Company makes contribution as per the scheme to superannuation Fund administered by Life Insurance Corporation of India. The Company has no further obligation of future superannuation benefits other than its annual contributions and recognizes such contributions as expense as and when due.

c) Gratuity

This is a defined benefit plan. Provision for gratuity is made based on actuarial valuation using projected unit credit method. Actuarial gains and losses, comprising of experience adjustments and the effects of changes in actuarial assumptions, are recognized immediately in the profit and loss statement as income or expense

6. Deferred Tax Liability

Deferred Tax resulting from timing difference between book and Tax profit is accounted for under liability method, at the current rate of tax, to the extent, the timing differences are expected to crystallize. The deferred tax charge or credit is recognized using prevailing enacted or substantively enacted tax rate. Where there is unabsorbed depreciation or carried forward losses, deferred tax



assets are recognized only if there is virtual certainty of realization of such assets. Deferred tax liabilities/assets are reviewed at each balance sheet date based on the law in force and shown net of assets/liabilities in the books.

7. Leases:

Leases are classified as finance or operating leases depending upon the terms of the lease agreements. Assets held under finance leases are recognized as assets of the Company on the date of acquisition and depreciated over their estimated useful life or period of lease. Initial direct costs under the financial lease are included as a part of the amount recognized as asset under the finance lease.

Rentals payable under operating leases are treated as revenue expenses as and when incurred with reference to terms of agreement.

8. Custom duty

Custom duty is accounted as and when paid and on actuals.

9. Borrowing Costs

As per the Accounting Standard 16 (AS 16) , borrowing costs that are directly attributable to the cost of acquisition, construction, production of a qualifying asset are capitalized as a part of cost of such asset till the asset is installed/ put to use. Cost that are not directly attributable to the qualifying the asset are determined by applying a weighted average rate and are capitalized as a part of the cost of asset of such qualifying asset till the time asset is ready to use / installed.

10. Dues to Micro, Small and Medium Enterprises:

The management has written to vendors requesting them to inform whether they would fall under the preview of Micro, Small and Medium Enterprises Act, 2001. Based on disclosure received, amount payable to such enterprises as at 31st March 2012 is Nil. The above information has been determined to the extent such parties have been identified on the basis of information available with the Company which has been relied upon by the auditors.

11. Earnings per share

| EARNINGS PER SHARE | 2011-12 | 2010-11 |
|---|----------------|----------------|
| Profit available for equity share holder (Rs. in Lakhs) | 68.15 | 64.38 |
| Number of Equity shares (Basic and diluted) | 81,70,421 | 79,73,700 |
| Earnings per Share (in Rs.) | 0.83 | 0.81 |
| Cash Earnings per Share (in Rs.) | 3.20 | 3.16 |

12. Unhedged foreign Currency Exposure

| Sl. No. | Particulars | Currency | Foreign Currency | 31st march 2012 | 31st march 2011 |
|----------------|--|-----------------|-------------------------|-----------------------------------|------------------------------------|
| 1 | Forward Contract pending as on 31.03.2012 (with State Bank of India) | US \$ | US \$ 13,70,784 | INR 701.25 Lakhs | US \$ 2,89,100 INR 129.26 Lakhs |

13. Particulars of demands by Income Tax, Sales Tax, Excise In Dispute and their status is as under:-

| Sl. No. | Description | Demand (including penalty) Rs. in Lakhs | Amount not provided | Present status |
|----------------|---|--|----------------------------|---|
| 1.1 | Whether Value Of Deemed Export Shall Be Considered For Arriving At DTA Sale Eligibility (Difference Of Duty For Disallowed Deemed Export Portion) | 12.69 | 12.69 | Appeal No:1130/03 Appeal filed with Supreme Court during last week of June, 2011. (Appeal Admitted) |
| 1.2 | Advance Release Order (ARO) - non-payment of CVD | 26.55 | 26.55 | Matter remanded to original authority (commissioner), by CESTAT |
| 1.3 | CENVAT CREDIT of Service Tax Disallowed | 0.95 | 0.95 | Appeal pending with CESTAT, Chennai. |
| 1.4 | Service Tax on Technical Know How Fee | 3.71 | 3.71 | Appeal filed with Commissioner(Appeals). |
| 1.5 | Cenvat Credit Of Service Tax On Out Door Catering Services | 0.40 | 0.40 | Appeal filed with The Commissioner(Appeal) |
| 1.6 | Cenvat Credit Of Service Tax On Out Door Catering Services | 0.64 | 0.64 | Appeal filed with The Commissioner(Appeal) |
| 1.7 | Cenvat Credit Of Service Tax On Out Door Catering Services | 0.91 | 0.91 | Appeal filed with The Commissioner(Appeal) |
| 1.8 | Third Party Export On Payment Of Duty Refund Sanctioned & Duty Demanded | 2.77 | 2.77 | Appeal filed in the High Court at Chennai on 6/7/2011 |
| | TOTAL | 48.62 | 48.62 | |

| Sl No. | Description | Assessment Year | Demand (including Penalty Rs. in Lakhs) | Present Status |
|---------------|---|------------------------|--|--|
| 2.1 | Penalty levied u/s 271(1) | 2004-2005 | 0.67 | Appeal made with CIT |
| 2.2 | Penalty levied u/s 271(1) | 2005-2006 | 6.92 | Have requested the Assistant Commissioner of IT to adjust the penalty against amount to be received on account of refund due from IT dept. on block assessment |
| 2.3 | Demand and penalty levied | 2006-2007 | 6.91 | Appeal made with CIT |
| 2.4 | Penalty levied u/s 271(1) | 2007-2008 | 35.97 | Appeal made with CIT |
| 2.5 | Notice u/s 148 Scrutiny / C C IV (2)/11-12 dt. 01.08.2011 | 2005-2006 | 39.85 | Appeal made with CIT |
| 2.6 | Notice u/s 148 Scrutiny / C C IV (2)/11-12 dt. 01.08.2011 | 2006-2007 | 16.24 | Appeal made with CIT |
| | TOTAL | | 106.56 | |

14. Leases

Operating leases

The company is obligated under cancellable operating leases for Jumbo Bag Ltd, Athipedu factory rent which are renewable at the options of both the lessor and the lessee. The expense under the contacted lease amounts to Rs. 79.73/-Lakhs (previous year Rs. 78.05 Lakhs) is recognized in the profit & loss statement.



DISCLOSURE UNDER AS-15

15. Defined Contribution Plans:-

- (a) Contribution to Provident Fund : Rs. 16.58 Lakhs
- (b) Contribution to Superannuation Fund : Rs. 4.50 Lakhs

Defined Benefit Plans:-

Gratuity:-

The Gratuity liability is covered by a Master Policy taken out with LIC of India under the Cash Accumulation scheme. The company during the year has done actuarial valuation as on 31.03.2012 and the estimated liability amounted to Rs. 24.51 Lakhs which is debited to P & L statement.

Retirement Benefits:

Disclosure as required by Accounting Standard (AS) – 15 (Revised 2005) "Employee Benefits" issued by the Institute of Chartered Accountants of India are given below:

- a) The amounts recognized in the statement of Profit and loss statement are as follows:

| SI No. | Particulars | 2011-12 (Rs. in Lakhs) | 2010-11 (Rs. in Lakhs) |
|--------|---|---------------------------|---------------------------|
| (i) | Present value of obligation at the beginning of the year | 42.91 | 33.31 |
| | Interest Cost | 3.43 | 2.66 |
| | Current Service Cost | 4.94 | 3.88 |
| | Benefits paid | (1.91) | (4.48) |
| | Actuarial (gain) / loss on obligation | 2.86 | 7.54 |
| | Present Value of obligation at the end of the year | 52.23 | 42.91 |
| (ii) | Fair value of planned assets at the beginning of the year | 27.49 | 24.08 |
| | Expected return on plan assets | 2.15 | 2.32 |
| | Contribution | 0 | 5.56 |
| | Benefits paid | (1.91) | (4.48) |
| | Actuarial gain / (loss) on plan assets | NIL | NIL |
| | Fair value of plan assets at the end of the year | 27.73 | 27.48 |
| (iii) | Amounts recognized in the balance sheet | | |
| | Present Value of obligation as at the end of the year | 52.24 | 42.91 |
| | Fair Value of plan at the end of the year | 27.73 | 27.49 |
| | Funded status of the plan – (asset) / liability | (24.51) | (15.42) |
| | Net Assets / (liability) recognized in Balance Sheet | 24.51 | 15.42 |
| (iv) | Amounts recognized in the statement of Profit and Loss | | |
| | Current Service Cost | 4.94 | 3.88 |
| | Interest Cost | 3.43 | 2.66 |
| | Expected return on plan assets | (2.15) | (2.32) |
| | Net Actuarial (gain) / loss recognized in the year | 2.85 | 7.54 |
| | Expenses recognized in the statement of profit and loss | 9.08 | 11.76 |
| | Principal actuarial assumptions | | |
| | Discount Rate | 8% | 8% |
| | Salary Escalation | 5% | 5% |
| | Expected Return on plan assets | 8% | 8% |

The estimates of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

16. Segmental Reporting

Information given in accordance with the requirement of Accounting Standard 17, on Segment Reporting.

Company's business segments are as under:

Manufacturing:

Manufacture of Flexible intermediate bulk container packaging material used for industrial purposes.

Trading:

Trading of Polypropylene granules which are used in the manufacture of plastics.

Segment Accounting Policies:

- Segment accounting disclosures are in line with accounting policies of the Company.
- Segment Revenue includes Sales and other income directly identifiable with / allocable to the segment.
- Expenses that are directly identifiable with allocable to segments are considered for determining the Segment Result.
- Major portion of segment liabilities and Assets relates to manufacturing segment
- The company has no Secondary Reportable Segment.

Segment-wise Reporting as per the format under clause 41 of the Listing agreement

| Particulars | Year to Date figures for current period ended 31.03.2012 Rs. in Lakhs | Year to Date figures for Previous period ended 31.03.2011 Rs. in Lakhs |
|---|--|---|
| 1. Segment Revenue | | |
| (Net Sales / Income from each segment should be disclosed under this head) | | |
| (a) Segment A - Manufacturing Business | 7974.04 | 8341.63 |
| (b) Segment B - Trading Business | 360.72 | 1370.19 |
| (c) Unallocated | - | - |
| Total | 8334.76 | 9711.82 |
| Less: Inter Segment Revenue | - | - |
| Net Sales / Income from Operations | 8334.76 | 9711.82 |
| 2. Segment Results - Profit (+) / Loss (-) before tax and interest from each segment | | |
| (a) Segment A - Manufacturing Business | 417.32 | 318.17 |
| (b) Segment B - Trading business | 77.79 | 78.53 |
| (c) Unallocated | - | - |
| Total | 495.11 | 396.70 |
| Less: (i) Interest | 398.13 | 303.05 |
| (ii) Other Un-allocable Expenditures Net off | | |
| (iii) Unallocable Income | - | - |
| Total Profit before tax | 96.98 | 93.65 |



Segment-wise Reporting as per the format under clause 41 of the Listing agreement

| Particulars | Year to Date figures for current period ended 31.03.2012 Rs. in Lakhs | Year to Date figures for Previous period ended 31.03.2011 Rs. in Lakhs |
|-----------------|--|---|
| | 3. Capital Employed | |
| (a) Segment A | 1,974.44 | 1,802.29 |
| (b) Segment B | - | - |
| (c) Unallocated | - | - |
| Total | 1,974.44 | 1,802.29 |

17. RELATED PARTIES with whom transactions have taken place during the year.

Disclosures under Accounting Standard -18:-

Rs. in Lakhs

| Sl. No. | Name of the Party | Nature of Relationship | Nature of Transaction | Transactions during the Year | | Closing Balance as on Cr / (Dr) | |
|---------|--------------------------------------|--------------------------------------|---------------------------|------------------------------|---------------|---------------------------------|-----------|
| | | | | 2011-12 | 2010-11 | 31.3.2012 | 31.3.2011 |
| 1 | Stanpacks (India) Limited | Associate Company | Job Work Charges Paid | 22.43 | 18.24 | | |
| | | | Purchase of goods | 61.20 | 30.60 | -83.70 | -18.07 |
| | | | Sale of Goods | 68.59 | 49.61 | | |
| | | | Interest Received | 11.63 | 1.71 | | |
| 2 | JBL Saks (P) Ltd | Associate Company | Sale of Goods | 39.17 | 8.75 | -37.82 | 0.06 |
| | | | Job Work Charges Received | 2.81 | 2.94 | | |
| | | | Interest Received | 2.83 | 0.37 | | |
| 3 | Jumbo Bag LLC | Associate Company | Sale | 941.29 | 28.42 | -551.47 | 2.33 |
| 4 | G. Sudhakar | Key Management Personnel | Retainer Fees | 5.95 | 5.40 | | |
| | | | Rent | 1.90 | 1.68 | | |
| 5 | G.P.N. Gupta | Key Management Personnel | Remuneration | 23.25 | 23.22 | | |
| 6 | G.S. Anil kumar | Key Management Personnel | Salary | 17.25 | 14.29 | | |
| 7 | G.P. Ramraj | Key Management Personnel | Salary | 17.51 | 14.57 | | |
| 8 | G. Sangeetha | Relative of Key Management Personnel | Rent | 3.69 | 3.38 | | |
| 9 | G.R. Latha Rani | Relative of Key Management Personnel | Rent | 6.27 | 1.04 | | |
| 10 | Balaji Trading Enterprises Pvt. Ltd. | Associate Company | Loan Received | 51.00 | - | - | |
| | | | Interest Paid | 14.35 | | 52.25 | |
| | | | TOTAL | 1291.12 | 204.22 | | |

18. Contingent Liabilities

| Contingent Liabilities not provided for | As at 31st March, 2012 (Rs. in Lakhs) | As at 31st March, 2011 (Rs. in Lakhs) |
|---|---|---|
| a. In respect of guarantees given by the Company | 505.62 | 405.62 |
| b. Letter of credit for purchase of raw-materials | 108.37 | 194.75 |
| c. Claims not acknowledged as debts | Nil | Nil |
| d. Estimated amount of contracts remaining to be executed on Capital accounts, not provided for | 75.60 | 465.00 |
| e. Disputed amount of Central Excise | 277.20 | 50.69 |
| f. Disputed amount on Income Tax | 106.56 | 33.64 |
| g. Disputed TDS | 5.99 | 5.14 |

No provision has been made in the accounts in respect of disputed amount of sales tax as the company has contested the case and is hopeful of getting the verdict in its favor. Certain claims/show cause notices disputed have neither been considered as contingent liability nor acknowledged as claim, based on the opinion obtained, since the possibility of loss is remote.

19. Expenditure in Foreign Exchange

| Expenditures in Foreign Currency | 2011-12 Rs. in Lakhs | 2010-11 Rs. in Lakhs |
|---|---------------------------------|---------------------------------|
| i) CIF value of Imports | 2180.34 | 1931.18 |
| ii) Travel | 49.67 | 32.53 |
| iii) Commission (paid for previous years liability) | 13.07 | 13.52 |
| iv) Others (Testing Charges) | 1.77 | 0.83 |

20. Foreign Exchange Earnings

| Earnings in Foreign Currency | 2011-12 Rs. in Lakhs | 2010-11 Rs. in Lakhs |
|-------------------------------------|---------------------------------|---------------------------------|
| i) FOB Value of Exports | 3757.04 | 3182.46 |

21. Balances of sundry debtors, creditors, advances & deposits received/paid are as per the books of accounts. Letters have been sent seeking confirmation of balances and replies from most of the cases are awaited. Adjustments, if any, will be made in the books of accounts on receipt of such confirmations.

22. Capacity and Production during the year 2011 – 2012

| Capacity & Production | 2011-12 | 2010-11 |
|---|----------------|----------------|
| Class of Goods : Intermediate Flexible Containers, Fabric, Components of Jumbo Bags, Liner & Small Bags | | |
| Licensed Capacity (in MT) | 8,870.000 | 8,870.000 |
| Installed Capacity (in MT) | 6,070.000 | 6,070.000 |
| Actual Production (in MT) | 4432.278 | 4894.795 |



The Installed capacity is technically evaluated as certified by the management and accepted by auditors (per year on a continuous shift basis)

| Description | 2011-12 | | 2010-11 | |
|--|------------------|----------------|------------------|----------------|
| | Quantity in MT | Rs. in Lakhs | Quantity in MT | Rs. in Lakhs |
| a. Poly Propylene Granules | 1,960.603 | 1399.62 | 2,434.965 | 1527.07 |
| b. Others | 2,282.603 | 3271.67 | 4,484.950 | 3802.01 |
| Total | 4,243.206 | 4671.29 | 6,919.915 | 5329.08 |
| ii) Consumption of Imported & Indigenous Raw Material, Stores and Spares Parts and the percentage of each to the Consumption:- | % of Consumption | Total Value | % of Consumption | Total Value |
| a. Raw Material | | | | |
| Import | 46.10% | 2153.60 | 42.36% | 1930.61 |
| Indigenous | 53.90% | 2517.69 | 57.64% | 3398.49 |
| Total | 100.00% | 4671.29 | 100.00% | 5329.10 |
| b. Stores and Spares | | | | |
| Import | 6.28% | 8.04 | 6.28% | 11.61 |
| Indigenous | 93.72% | 119.98 | 93.72% | 98.09 |
| Total | 100.00% | 128.02 | 100.00% | 109.70 |

| | 2011-12 | | 2010-11 | |
|---|--------------------------------|----------------------|--------------------------------|----------------------|
| | Qty in MTS | Value (Rs. in Lakhs) | Qty in MTS | Value (Rs. in Lakhs) |
| P. P. Bags, Fabric, Components of Jumbo Bags & Small Bags | 4785.5666 | 6913.27 | 5183.66 | 5984.16 |
| | Closing Stock as on 31.03.2012 | | Closing Stock as on 31.03.2011 | |
| | Qty in MTS | (Rs. in Lakhs) | Qty in MTS | (Rs. in Lakhs) |
| Finished Goods (Inclusive of Excise Duty) | 254.17 | 437.11 | 86.10 | 123.34 |

The relevant information regarding Turnover, Production, Opening Stock and Closing Stock are given only in aggregate and no detailed breakup thereof is given as the items are too numerous to be conveniently grouped.

23. PREVIOUS YEAR FIGURES

Till the year ended 31st March 2011, the company was using pre-revised Schedule VI to the Companies Act 1956, for preparation and presentation of financial statements. During the year ended 31st March 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the Company. The company has reclassified previous year figures to conform to this year's classification. It significantly impacts presentation and disclosures made in the financial statements, particularly presentation of Balance Sheet.

As per our report of even dates
For **M. SRINIVASAN & ASSOCIATES**
Chartered Accountants
FRN : 004050S

For and on behalf of the Board

R. Mohan
Partner - Membership No. 022460
Place : Chennai
Date : 29.05.2012

G.P.N. GUPTA
Managing Director

G.S. ANIL KUMAR
Director – Finance

JAYANTH VISWANATHAN
Company Secretary



JUMBO BAG LTD.

Regd. Office : S.K. Enclave, No. 4, (Old No. 47), Nowroji Road, Chetpet, Chennai - 600 031

ATTENDANCE SLIP

To be handed over at the Meeting Hall

Regd.Folio No..... D.P.Id*.....

No.of Shares held.....Clint ID*.....

Sri/Mrs./Miss.....

I Certify that I am a registered shareholder/proxy for the registered shareholder of the Company. I hereby record my presence at the **22nd ANNUAL GENERAL MEETING** of the Company 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 24th September, 2012.

.....
Member's/Proxy's Name (IN BLOCK LETTERS)

.....
Member's/Proxy's Signature



JUMBO BAG LTD

Regd. Office : S.K. Enclave, No. 4, (Old No. 47), Nowroji Road, Chetpet, Chennai - 600 031

PROXY FORM

Regd.Folio No.....D.P.Id*.....

No.of shares heldClient Id*.....

I/We.....son of/wife of/ Daughter of.....
being a member/members of Jumbo Bag Limited hereby appoint Sri/Smt..... son of/wife of/
Daughter of..... or failing him son of/wife of/ Daughter of.....
as my/our proxy to vote for me/us on my/our behalf at the **22nd ANNUAL GENERAL MEETING** of the
Company to be held on Monday the 24th September, 2012 at 10.30 A.M. or any adjournment thereof.

Signed this day of 2012.

Affix
Rs.1
Revenue
Stamp

Notes : Proxies, in order to be effective must be received by the Company not less than 48 Hours before the time for holding the meeting.

Please be informed that no gifts or Compliments will be given at the time of Annual General Meeting.

* Applicable only for investors holding shares in electronic form.

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Jumbo Bag Ltd.

ISO 9001 & 14001

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