

T E N T H

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**INNOVATIVE**

TECH PACK LIMITED

**INNOVATIVE TECH PACK LIMITED****BOARD OF DIRECTORS****Chairman**

Mr. P.S. Ramamohan Rao

**Managing Director**

Mr. K. Sayaji Rao

**Director**

Dr. P. A. Arimilli

AVM (Retd) R.K. Maihotra

Mr. Raj Kumar Gupta

(Nominee of HSIDC)

Mr. S. S. Virdi

(Nominee of HFC)

**JOINT GENERAL MANAGER (Admn.)****COMPANY SECRETARY**

Mr. Amrit Jiwan

**AUDITORS**

Jari Gupta &amp; Associates

E-2, Raj Tower 1, G-1

Alaknanda Community Centre

New Delhi-110 019.

**BANKERS**

Punjab National Bank

Nehru Place

New Delhi - 110 019.

**REGISTERED OFFICE**

51, Roz-Ka-Meo Industrial Area

Sohna, Distt. Gurgaon

Haryana.

**CORPORATE OFFICE**

1109-1110, Chiranjiv Tower

43, Nehru Place

New Delhi - 110 019.

**FACTORIES**

1. 51, Roz-Ka-Meo Industrial Area

Sohna, Distt. Gurgaon, Haryana

2. Plot No. 55, Silvassa Ind. Co. Op. Society

Amli in Everest Industrial Estate

Gala No. 1 &amp; 2 Union Territory of

Dadra &amp; Nagar Haveli

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**INNOVATIVE TECH PACK LIMITED****NOTICE**

Notice is hereby given that the Tenth Annual General Meeting of the members of Innovative Tech Pack Ltd. will be held on Thursday, the 30th September 1999 at 11.00 A.M. at 51, Roz Ka Meo Industrial Area, Sohna, Distt. Gurgaon, Haryana to transact the following business.

**ORDINARY BUSINESS**

1. To receive consider and adopt the Balance sheet as at 31st March, 1999, Profit & Loss Account of the company for the year ended on that date and report of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of AVM (Retd.) R.K. Malhotra, who retires by rotation and being eligible offer himself for reappointment.
3. To appoint Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting and authorise Board of Directors to fix their remuneration.

**SPECIAL BUSINESS**

4. To consider and if thought fit to pass the following resolution with or without modification as a special resolution.

"Resolved that pursuant to the provisions of section 314 and other applicable provisions if any of the Companies Act, 1956, Sh. P.S. Ramamohan Rao, Chairman of the Company be and is hereby appointed as consultant to the Company w.e.f. 01.04.99 and will receive an Honorarium of Rs. 5,000/- per month from the Company with effect from 01.04.99."

Place : New Delhi

Date : 22.07.99

By order of the Board

**AMRIT JIWAN**  
**ASST. GENERAL MANAGER (ADMN.)**  
**CUM COMPANY SECRETARY**

**NOTES**

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member. Proxy in order to be effective must be deposited at the company's Registered office not less than 48 hrs. before the meeting.
2. The explanatory statement setting out material facts, in respect of the business under item no. 4 is annexed hereto.
3. All documents referred to in the accompanying notice are open for inspection at the Registered office of the Company during office hours on all working days between 11:00 A.M to 1.00 P.M. upto the date of Annual General Meeting.
4. The Register of Members and share transfer books shall remain closed from 06.09.99 to 11.09.99 (both days inclusive) for the purpose of the Annual General Meeting.

**ANNEXURE TO NOTICE**

Explanatory statement pursuant to section 173 (2) of the Companies Act 1956.

**ITEM NO. 4**

Sh. P.S. Ramamohan Rao (Director General of Police (Retd.) Andhra Pradesh) is on the Board of several reputed companies and he has a very good & vast experience of management and his services as a consultant to the company are very useful and of immense value to the company.

Board of Directors of the Company has recommended his appointment as consultant to the Company on an honararium of Rs. 5,000/- per month.

None of the Directors of the company is concerned or interested in this resolution except Sh. P.S. Ramamohan Rao in so far as he seeks the appointment as consultant by the resolution.

Place : New Delhi

Date : 22.07.99

By order of the Board

**AMRIT JIWAN**  
**ASST. GENERAL MANAGER (ADMN.)**  
**CUM COMPANY SECRETARY**

**INNOVATIVE TECH PACK LIMITED****DIRECTOR'S REPORT**

1. Your Directors present to you the 10th Annual Report of your Company alongwith the Audited Statements of Accounts for the year ended 31.03.99.
2. i) Financial Results and performance overview : Your Company suffered a loss of Rs. 81.20 lacs for the year 1998-99 as against a profit of Rs. 66.80 lacs in the previous year 1997-98.  
ii) A summary of the financial results is given below :

	(Rs. in lacs)	
	31.03.99	31.03.98
Sales	2257.35	2046.54
Expenses	2216.45	1882.42
Profit before Depn. & Tax	40.90	164.12
Depreciation	110.08	88.19
Profit/(Loss) before prior period adjustment and tax	(69.18)	75.93
Prior period adjustment	12.02	1.29
Profit/(Loss) before tax	(81.20)	74.64
Tax	Nil	7.84
Net Profit/(Loss)	(81.20)	66.80

3. The reasons for the loss are as follows:

**Withdrawal of Dual Clearance System of excise:**

- i) Earlier to 2nd June 1998, the Company could sell its product from the same premises to customers whose end product was excisable and therefore, afforded them the Modvat facility and to others whose products were not excisable and therefore attracted a nil excise duty as against 25% on modvat items. When the Union budget 1998-99 withdrew this dual clearance facility, your company was faced with the dilemma of either absorbing the difference in the two new rates of excise duty i.e. (5% on non excisable products & 25% on excisable products) or losing the customers to competitors who were catering only to the non-excisable sector. Representations by the industry for the restoration of the old facility did not succeed. Out of the company's total sales during 1998-99, 47% was made to non-excisable parties. As a result, the Company was required to pay excise duty amounting to Rs. 322.16 lacs in 1998-99 as against Rs. 160.04 lacs in the previous year, though the sales turnover was only marginally better, but the excess payment of Rs. 162.12 lacs wiped out the margin and took the Company into red.
- ii) Reduction in prices: owing to the stiff competition from the unorganized sector operating with Chinese machines imported at comparatively low capital cost, your Company was forced to reduce prices of bottles and jars catering mineral water and edible oil segments by 15 to 20%. This had further cut in to the profitability of the company's operations.

The losses on account of these two factors were roughly as follows:

- i) Due to absorption of excise duty because of withdrawal of dual clearance system Rs. 85 lacs
- ii) Due to reduction in conversion cost Rs. 70 lacs  
Total effect on profitability Rs. 155 lacs
- iii) While the margins on existing operations were thus badly eroded, demand for the products of the capital intensive Sidel machines which could have yielded good margin did not pick up as per expectations to match the capacity available. On the other hand, the shifting of a few important customers from PET packing to other cheaper modes compounded the problem of capacity utilization. However, efforts have been made with reasonable success to persuade these customers to return to PET packing.

**4. PROSPECTS AND PLANS FOR THE FUTURE:**

- (i) **Dual Clearance System:** As the ban on dual clearance system continues, your Company has finalized plans to move out a part of the production activities from the present premises, which will henceforth be manufacturing only those items with the lesser excise duty of 8%. Arrangements have been made in a second premises to produce items which attract modvatable excise duty @ 24%. This will save your Company, a substantial amount on payment of excise duty.
- (ii) **Prices:** In spite of severe competition, your Company has approached all its customers, strongly recommending an upward revision, in view of the increase in the raw-material costs and other operational costs. The Company has started achieving some measure of success in this regard.
- (iii) **Sales:** Apart from the success achieved in persuading customers who drifted away from PET packing to return, your Company has also developed moulds in-house to cater to new requirements of existing and new customers.

**5. ENERGY CONSERVATION, TECHNOLOGY ABSORPTION, AND FOREIGN EXCHANGE EARNINGS AND OUT GO**

As required by Companies (Disclosures of particulars in the Report of Board of Directors Rules 1988), the relevant data pertaining to conservation of energy, technology absorption; foreign exchange earnings and outgo are given in Annexure A to this report.

**6. DIRECTORS**

Mr. C.S. Rao, Director of your Company resigned from the Board. During the year, Haryana State Industrial Development Corporation had withdrawn the nomination of Mr. Manoj Paul Singh. Your Directors place on record valuable guidance provided by them during their tenures as Directors. AVM (Rtd.) R.K. Malhotra will retire by rotation at the forth-coming Annual General Meeting and being eligible, offers himself for reappointment.

**7. AUDITORS AND THEIR OBSERVATIONS**

M/s. Bhandari Gupta & Associates, Chartered Accountants, New Delhi, hold office until the conclusion of the forthcoming Annual

**INNOVATIVE TECH PACK LIMITED**

General Meeting and being eligible offer themselves for reappointment. The Company has received Certificate from them U/s 224 (l) (b) of the Companies Act, 1956.

The observations in the Auditors' report are clarified wherever necessary in the notes attached to the accounts at the appropriate place.

**8. HUMAN RESOURCES**

The new system of performance appraisal, introduced during the previous year has so far been working well. It will need some more time to review its results.

**9. ACKNOWLEDGEMENTS**

Your Directors wish to place on record their deep appreciation of the continued support and cooperation received from Haryana State Industrial Development Corporation Ltd., Haryana Financial Corporation, Government of Haryana, Company's Bankers M/s. Punjab National Bank and the State and Central Governments. The Board also records its warm appreciation for the dedicated services rendered by the employees of the Company.

**ANNEXURE 'A' TO DIRECTORS REPORTS**

Particulars as required under Companies (Disclosure of particulars in the report of Board of Directors) Rules 1988 and forming part of Directors Reports for the year ended 31st March 1999.

**1. CONSERVATION OF ENERGY**

In all the divisions of the Company there is a conscious and concerted drive towards conservation of energy in all its forms. Installation of forced air draft system, replacement of worn-out wires, control of idle running of engines and plugging of leakages were some of the measures taken to conserve energy during the year. Besides the measures already taken, efforts are continuing to examine and implement fresh proposals for further conservation of energy. Positive impact of measures already taken has been felt on the cost of production. Form A requiring disclosure of particulars with respect to conservation of energy is not applicable in the case of our industry/Company.

**2. RESEARCH & DEVELOPMENT AND TECHNOLOGY ABSORPTION****a) RESEARCH & DEVELOPMENT**

The Company has indigenously developed moulds and thereby saved precious foreign exchange.

**b) TECHNOLOGY ABSORPTION**

The technologies imported from Japanese and French Collaborators have been well absorbed by the Company and are being updated on a regular basis by keeping abreast of the latest developments in the field.

**3. FOREIGN EXCHANGE EARNINGS AND OUTGO**

The Company has not earned any income in foreign exchange during the year under report.

The expenditure incurred by Company in foreign exchange is as follows:

On Raw Material (Preforms)	92,94,843.05
On Capital Goods & Moulds	4,50,000.00
On Directors Travelling	3,16,448.68
On Repair & Maintenance	13,89,241.50

**ANNEXURE B TO DIRECTORS REPORTS**

Statement of particulars of employees pursuant to Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of employees) Rules 1975, as amended from time to time and forming part of the Directors report for the year ended 31st March 1999.

Sl. No.	Name of employee	Qualification	Designation	Date of joining	Gross Remuneration Rs.	Age	Past employment
1.	K.S. Rao	MBA	M.D.	1.08.90	6,15,000	39	Nil
2.	V. Deshpande	B.Com(H) BGL	V.P.	5.5.98	1,85,121	46	23 yr

1. Remuneration includes Basic salary, HRA, Medical reimbursement, Leave Travel Assistance.
2. The conditions of employment are contractual.

On Behalf of the Board  
P.S. RAMAMOHAN RAO  
CHAIRMAN