

F O U R T E E N T H
A n n u a l
R e p o r t
2002-2003

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INNOVATIVE

TECH PACK LIMITED

BOARD OF DIRECTORS

Managing Director

Mr. K. Sayaji Rao

Director

Dr. P. A. Arimilli

AVM (Retd) R.K. Malhotra

Mr. V.K. Dhawan

Mr. Mahavir Singh
(Nominee of HSIDC)

Mr. S. S. Virdi
(Nominee of HFC)

Mr. G.S. Johar
(Executive Director)

COMPANY SECRETARY

Mr. Vigyan Deep Sharma

AUDITORS

Bhandari Gupta & Associates

202, Raj Tower 1, G-I

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. 33, Roz-ka-Meo Industrial Area
Sohna, Distt. Gurgaon
Haryana

INNOVATIVE TECH PACK LIMITED**NOTICE**

Notice is hereby given that the Fourteenth Annual General Meeting of the members of Innovative Tech Pack Ltd. will be held on Thursday, 25th September 2003 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 2003, 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 Mr. P.A. Arimilli who retires by rotation and offers himself for reappointment
3. To appoint Auditors to hold office from the conclusion of this Annual General Meeting and authorise Board of Directors to fix their remuneration

SPECIAL BUSINESS**1. ORDINARY RESOLUTION**

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

"RESOLVED THAT pursuant to section 257 and other applicable provisions, if any, of the Companies Act 1956, Mr. Vijay Kumar Dhawan, who holds the office of additional Director upto the date of Annual General Meeting and in respect of whom a notice has been received from a Member U/S 257 of the Companies Act, 1956, signifying his intention to appoint Mr. Vijay Kumar Dhawan as Director of the Company, be and is hereby appointed as a Director, liable to retire by rotation.

2. SPECIAL RESOLUTION

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

"RESOLVED THAT pursuant to section 314 and other applicable provisions of the Companies Act 1956, the consent of the company be and is hereby accorded to the appointment of Mrs. J. K. Johar as consultant and adviser for Public relation, and hold place of profit under company on a payment of remuneration of Rs.15,200 P.M. only."

3. To Consider and if thought fit to pass with or without modification the following resolution as special Resolution.

"RESOLVED THAT pursuant to the listing Agreement and SEBI (Delisting of Securities) guidelines-2003, approval of the Shareholders be and is hereby accorded to delist the Equity Shares listed at the Ahmedabad, Hyderabad, Calcutta and Delhi Stock Exchange."

By order of the Board
for INNOVATIVE TECH PACK LTD.

Place : New Delhi
Date : 08/05/2003

(VIGYAN DEEP SHARMA)
COMPANY SECRETARY

EXPLANATORY STATEMENT

1. Mr. Vijay kumar Dhawan is one of the distinguished finance professional having rich experience of Finance and banking. He has worked in IFCI for more than 17 years as a Chief general manager. He is well equipped with the latest and emerging financial policies and procedures including Merchant banking, financial restructuring, mergers & Acquisitions etc. Mr. Vijay Kumar Dhawan is liable to retire by rotation. Your Directors recommend the passing of the ordinary resolution for appointment of Mr. Vijay Kumar Dhawan as Director of the Company.

None of the Directors other than Mr. Vijay Kumar Dhawan, shall be deemed to be concerned or interested on this resolution.

2. Mrs. J.K. Johar, is a wife of Mr. G.S. Johar, whole time director of the Company. She is appointed as an adviser and consultant of the Company. She is a management graduate having specialisation in Public Relation. She has an experience of more than 25 years to her credit. She has been appointed as an Adviser for marketing policies at a consolidated remuneration of Rs.15,200.

None of the Directors other than Mr.G.S. Johar, shall be deemed to be concerned or interested in this resolution.

3. Members are aware that company is passing through a bad face of Financial Crunch. It is desired and felt that Company can not bear the cost of hefty and large listing fees of the various stock exchanges. It is therefore desired and decided that Company should be de-listed from the different Stock Exchanges. And thus Company is forced to get its shares de-listed from 4 Out of Five Stock Exchanges except the Stock-Exchange Mumbai, having the facility of nation wide Trading Terminals.

Your Directors recommend the passing of the special resolution in this regard. None of the Directors shall be deemed to be concerned or interested in this resolution.

INNOVATIVE TECH PACK LIMITED**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. 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.
3. The Register of Members and share transfer books shall remain closed from 15.09.2003 to 20.09.2003 (both days inclusive) for the purpose of the Annual General Meeting.
4. Shareholders desiring any information with regard to Accounts are requested to write to the Company at least 10 days before the meeting so as to enable the management to keep the information ready.
5. Member/Proxies should bring the Attendance slip duly filed in the attending the Meeting.
6. Members who hold shares in dematerialised form are requested to write their Client ID and DP ID numbers and those who hold shares in physical form are requested to write their folio numbers in the attendance slip for attending the meeting.

By order of the Board
for INNOVATIVE TECH PACK LTD.

(VIQYAN DEEP SHARMA)
COMPANY SECRETARY

Place : New Delhi
Date : 08/05/2003

INFORMATION PURSUANT TO CLAUSE 49 VI (A) OF THE LISTING AGREEMENT

Brief particulars of Directors who are proposed to be appointed / re-appointed in the forthcoming AGM are given below.

1. Name : Mr. Vijay Kumar Dhawan
Age : 56 Years
Qualifications : B.Com, C.A.
Expertise : Mr. Vijay kumar Dhawan is one of the distinguished finance professional having rich experience of Finance and banking . He has worked in IFCI for more than 17 years as a Chief general manager. He is well equipped with the latest and emerging financial policies and procedures including Merchant banking, financial restructuring, mergers & Acquisitions etc.

Appointed as director, of the Company, Liable to retire by rotation.

Other Directorships:

Name of Company	Position Held
H.L. Textiles Ltd.	Director
U.G.Hotels Ltd.	Director

2. Name : Mr. P.A. Arimilli
Age : 64 Years
Other Directorships : NIL

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

The Directors have pleasure in presenting the 14th Annual Report, together with the accounts of the Company for the financial year ended on March 31, 2003.

FINANCIAL RESULTS:-

(Rs. in lacs)

	31.03.2003	31.03.2002
Sales	1096.66	1051.90
Other Income	7.35	.56
Expenses	1256.80	1291.56
Profit before Depn. & Tax	(159.79)	(239.10)
Depreciation	109.00	107.54
Profit/(Loss) before prior period adjustment and tax	(259.79)	(346.64)
prior period adjustment	1.45	.38
Profit (Loss) before tax	(261.24)	(347.02)
Tax	0.00	0.00
Net Profit (Loss)	(261.24)	(347.02)

OPERATIONS

During the Year under report, the Company has suffered a Net loss of Rs.261.24 Lacs and the accumulated loss stood at Rs 1320.53 Lacs as on 31st March 2003. This loss is attributed to lower capacity utilisation on account of stiff competition faced by the Company from unorganised Sector in the Pet Market, resulting in heavy price reduction and on the other hand change in demand pattern.

However Company has made efforts to cut down its net losses of the year. Against a loss of Rs. 347.02 lacs in the previous year 2001-02, the loss for the year 2002-03 is much lower i.e 261.24 lacs. Besides cutting down net loss, the operating performance has also improved considerably. The Company made operating profit of Rs. 118.86 lacs during the year 2002-03 as against the operating loss of Rs. 16.16 lacs during the year 2001-02. This has been made possible due to dedicated efforts of the employees and management, cost reduction, higher value addition in sales, change in product mix, strict cost control and better management in inventory.

We have been incurring Losses as the primary inputs like Raw material, Pet, Diesel etc. have been revised upwards, whereas our selling prices could not be raised due to fierce competition, in our industry. The demand / supply gap stands adversely. However, continuous efforts were made by the management to introduce new products, exploring new markets and increasing the revenue to the company.

We are facing stiff competition from the unorganised Sector in PET industry. These unorganised units being small scale in nature are excise free and have low overheads, which results in stiff competition and lowering of prices.

Our primary customers Coca Cola, Pepsi Foods India Limited as a part of their global strategy have set up in house blow moulding machines of very large capacities. This came to us as a rude shock as we have made sufficient investment for producing two stage blow moulding containers for the soft drink Industry. However, both our prime customers Coca Cola and Pepsi did buy from us though very small quantity.

LISTING REQUIREMENTS

The Company's Shares are listed in New Delhi, Mumbai, Hyderabad, Calcutta and Ahmedabad Stock Exchanges. However Company is planning to delist the shares from Delhi, Hyderabad, Calcutta and Ahmedabad Stock exchanges. Necessary Formalities will be completed during and after this annual general meeting. As per clause 32 of the Listing Agreement, Cash Flow statement is appended with Annual Accounts of the Company.

REFERENCE TO BIFR

This is to inform the members of the company that company had made reference to BIFR under section 15 (1) of SICA in year 2001, Board for Industrial and financial restructuring had appointed Punjab National Bank as Operating Agency and ordered Special Investigatory Audit (SIA) on the Company. SIA had already submitted its report to the BIFR. Hearing after submission of report is still awaited.

Company had also made second reference in the year 2002. Date of First hearing is awaited.

Considering the accounts and Loss during the year 2002-03, Board of Directors had decided to file the Third reference to the BIFR. Date of first hearing is still awaited.

INNOVATIVE TECH PACK LIMITED**PNB CASE AT DRT**

The members are hereby informed that PNB has filed a suit in DRT for recovery of their dues. The company is contesting the same.

FUTURE OUTLOOK

Innovative Tech pack Limited remains committed to its business in PET JARS BOTTLES and CAPS. Your Company is one of its major production and sourcing base for PET JARS, BOTTLES and CAPS. Company's commitment to the market has already been established and it plans to bring new and different products.

Being a company engaged in packaging business, your Company's fortune is closely and totally linked with the consuming Industries. It mainly caters to the packaging requirements of liquor industry, confectionery industry, and soft drinks industry. The business in the Liquor industry has shown reasonable growth, mainly due to approval of PET packaging by the Canteen Stores Department of the Army. This has certainly given a boost to the liquor packing in the PET bottles. The growth in the soft drink sector, mainly with two Multinational Companies i.e. PepsiCo Holding India Ltd. and Coca Cola has also been phenomenal. The consumption of Pet Bottles in this Industry has been almost doubling every year during the last 4-5 years. In spite of both the Multinational Companies having installed in-house capacities, the need for soft drinks bottles in PET has been overshooting their installed capacity which your company has not missed to cater to during the season, although in modest quantities.

In confectionery industry, Our major customer has shown excellent growth resulting in increased consumption of Jars, which has given a boost to sale of Jars of your Company.

The Outlook in the above industries looks positive and Your Company is prepared to take the advantage of the growing demand in these industries. Last but not least, Your Company has also finalised its plans to expand into health care and Pharma bottles which seems to be very encouraging and we are making sustained efforts to introduce our new products where higher value addition can be achieved.

DIRECTORS' RESPONSIBILITY STATEMENT

It is hereby declared:-

- 1) that in preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departure.
- 2) that the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of state of affairs of the company at the end of the financial year and of the profit or loss of the Company for that period.
- 3) that the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this act for safeguarding the assets of the company and preventing and detecting fraud and other irregularities.
- 4) that the directors had prepared the annual accounts on a going concern basis.

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.

DIRECTORS

Mr. Vijay Kumar Dhawan has been appointed as Additional Director of the Company in accordance with the provisions Section 260 of the Companies Act 1956.

Dr. P.A. Arimilli is liable to retire by rotation and being eligible offers himself for re-appointment.

AUDITORS AND THEIR OBSERVATIONS

M/s Bhandari Gupta & Associates, Chartered Accountants, New Delhi, hold office until the conclusion of the forthcoming Annual General Meeting and being eligible offer themselves for reappointment. The Company has received Certificate from them u/s 224 (IB) 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.

INNOVATIVE TECH PACK LIMITED**FIXED DEPOSITS**

Your Company has not accepted any Fixed Deposits from the Public during the year under review.

ACKNOWLEDGMENTS

Your Directors wish to place on record their sincere appreciation for the continued and whole hearted support and cooperation received from Haryana State Industrial Development Corporation Ltd., Haryana Financial Corporation, Government of Haryana, Company's vendors, customers, shareholders and Bankers M/s Punjab National Bank and the States 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' Report for the year ended 31st March 2003.

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 of 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 thereby saved precious foreign exchange.

b) TECHNOLOGY ABSORPTION

The technology imported from Japanese and French Collaborators has been well absorbed by the Company and is 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.

On Behalf of the Board

Date: 08/05/2003
Place: New Delhi

K. SAYAJI RAO
Managing Director

G.S. JOHAR
Executive Director

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

1. INDUSTRY STRUCTURE AND DEVELOPMENT

PET Industry is passing through an UN-precedented recession. Infrastructure cost and handling has become the most important business problem, to be tackled during the current phase of volatile and delicate situation in PET industry. That means more pressure, higher stakes and greatest need to control cost by all means to help fast recovery of the Industry.

Whole of the PET Industry is incurring losses and there is a great impact of slow down of economy.

So far as Innovative Tech Pack Ltd. is concerned, performance of the Company suffered substantially and is trying to recover. Despite the many adversities, the Company had taken strategic measures to sustain a steady growth. The company looks forward to achieve better performance in the coming years.

2. OPPORTUNITIES AND THREATS

Growth potential is substantial but market trend being volatile all over India, the recovery process of PET Industry still remains illusive. However ITPL is well on the way to build a sound foundation for growth through strategic changes in its organisational infrastructure. To take care of new opportunities in the market, the Company has laid major emphasis in developing markets.

Company has also diversified into the pharmaceutical sector and is planning to take care and cater to the need of pharmaceutical companies.

3. SEGMENT WISE AND PRODUCT WISE PERFORMANCE

Company is into the segment of PET Bottles, Jars and caps.. Company has geared up to sustain the growth and achieve the new heights through strategic planning, cost effective measure and greater involvement with new business opportunities, in the field of pharmaceuticals and beverages.

4. OUTLOOK

The outlook of the future looks quite hopeful with new business opportunities unfolding in various markets and segments, for which ITPL is confident to achieve better market share even after the current sluggish PET Market. ITPL has stepped into the production of Pharma Bottles and is trying to develop the market. Company is planning to increase the production by developing new customers in different parts of Country. Company has already initiated efforts to capture Pharma market in Mumbai, which will help in increasing the sales of the Company.

5. RISKS AND CONCERNS

The company has taken adequate preventive and precautionary measures to overcome all negative factors responsible for down trend to ensure steady growth.

6. INTERNAL CONTROL SYSTEM AND ADEQUACY

As part of its major thrust to implement Corporate Governance in the Organisation, the Company has already constituted Committees like Audit Committee, Share Transfer Committee, Investor Grievance Committee, and Remuneration Committee. The Company hopes that with more transparency through effective working of these committees, the overall performance of the Company will be enhanced to maintain a fair growth during the next fiscal. Internal Control systems have been tightened. Co-ordination between various departments has been in process for implementation of proper Internal controls with an eye on cost effective measure throughout the organisation.

7. DISCUSSION ON FINANCIAL PERFORMANCE

As already detailed in financial highlights the revenue generation of the Company has been increased as compared to the earlier years. This could become possible due to the dedicated efforts of the management and Full commitment of employees towards their duties, resulting in continuous cost cutting exercise carried out by the Company.

8. MATERIAL DEVELOPMENT IN HUMAN RESOURCE/ INDUSTRIAL RELATION

With the commencement of corporate governance, the Company has implemented various measures to provide more scope for development of human resources, thereby allowing the employees better opportunities to achieve higher performance and efficiency in their respective assignments.