

F I F T E E N T H

*Annual
Report
2003-2004*

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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)

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, Chitranjali 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 Fifteenth Annual General Meeting of the members of Innovative Tech Pack Ltd. will be held on Friday, 24th September 2004 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 2004, 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 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

By order of the Board
for **INNOVATIVE TECH PACK LTD.**

Place : New Delhi
Date : 28/07/2004

(VIGYAN DEEP SHARMA)
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. 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 16.09.2004 to 22.09.2004 (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 filled for attending the Meeting alongwith their copy of annual report.
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.**

Place : New Delhi
Date : 28/07/2004

(VIGYAN DEEP SHARMA)
COMPANY SECRETARY

INFORMATION REQUIRED TO BE FURNISHED UNDER THE LISTING AGREEMENT

Brief particulars of Directors who are proposed to be appointed / re-appointed in the forthcoming Annual General Meeting :-

Name	:	Air Vice Marshal (Retd.) R.K. Malhotra
Date of Birth	:	23/01/1941
Age	:	63 years
Qualifications	:	Qualified from National Defence Academy and M.Sc. in Military studies.
Other Directorships	:	NIL

DIRECTOR'S REPORT

The Directors have pleasure in presenting the 15th Annual Report, together with the accounts of the Company for the financial year ended on March 31, 2004.

FINANCIAL RESULTS:-

(Rs. in lacs)

	31.03.2004	31.03.2003
Sales	1187.94	1098.66
Other Income/Increase & Decrease in stock	3.18	9.37
Expenses	1408.68	1258.82
Profit/(Loss) before Depn. & Tax	(217.56)	(150.79)
Depreciation	114.13	109.01
Profit/(Loss) before prior period adjustments	(331.69)	(259.80)
Prior Period Adjustments	0.01	1.44
Excess Provision for previous year written back	263.38	0
Tax	0	0
Net Profit (Loss)	(68.32)	(261.24)

OPERATIONS

During the Year under report, the Company has suffered a Net loss of Rs. 68.32 Lacs and the accumulated loss stood at Rs.1388.86 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 lower price realization.

The Company has made every effort by cutting costs to cut down its net losses of the year from a loss of Rs. 261.24 lacs in the previous year 2002-03, the loss for the year 2003-04 is much lower i.e. 68.32 lacs.

Your company was successful in producing and supplying 1,65,56,945 bottles and 56,87,624 Jars in the financial year ending 2004 as Compared to 99,40,556 bottles and 64,38,281 Jars in the year ending 2003. This could happen only due to continuous efforts made by your company by diversifying into the specialized field of pharmaceutical and health care products.

We have been incurring Losses as the primary inputs like Master batch, Raw material, 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. Continuous efforts were made by the management to introduce new products, exploring new markets and increasing the revenue to the company.

Considering the requirements of the customers and our commitment to grow and expand, we have taken two Nessei ASB 250, machines on lease. This will help in increasing our production capacity and we would be able to focus our sales more on Pharma and Healthcare products.

The Board of Directors of your company after carefully considering the overall financial scenario and future business opportunities and investment required, is not in a position to recommend any dividend for the financial year under review.

LISTING REQUIREMENTS

The Company's Shares are listed in New Delhi, Mumbai, Hyderabad and Calcutta Stock Exchanges. Company has applied for delisting of shares from Delhi, Hyderabad and Calcutta Stock Exchanges. Necessary Formalities has already been completed. Approval of Stock Exchanges is still awaited. 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. Company has made the proposal for the repayment of Bank loan. Management is confident that the bank will approve Company's proposal. This will help the company in restructuring the loan amount and rescheduling the payment schedule.

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

Company had filed third reference to the BIFR in the year 2003. Date of first hearing is still awaited.

Company is filing fourth reference with BIFR in the year 2004.

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

As members are aware that PNB had filed a suit in DRT for recovery of their dues. The company is contesting the same. Management has requested the Bank that in case proposal for the repayment of Bank loan is approved by Bank, the case pending with DRT should be withdrawn. The management of your company is hopeful that Bank will consider our request positively.

FUTURE OUTLOOK

Innovative Tech Pack Limited remains committed to its business in PET JARS and BOTTLES. Company's commitment to the market has already been established and it plans to bring new, different and innovative products.

Your Company currently caters to the requirements of liquor, confectionery, water, soft drinks and assorted water i.e. soda industries. The company is planning to diversify its products to cater to the pharmaceutical, health and home care products in view of the sudden demand and preference from this industry. To cater to the above, management felt necessary to increase the production capacities of the company. However, due to financial constraints, new capacities cannot be added and hence the Company has exercised its option to opt two machines on lease. This will help the company in increasing its production capacity to cater to the above industry, which will increase bottom line of the company.

CORPORATE GOVERNANCE

Your company has implemented the corporate Governance practices set out by Securities & Exchange board of India and Clause 49 of Listing agreement. A separate report on Corporate governance along with Auditor's Certificate on its Compliance by the Company is included as a part of Annual Report.

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

AVM (Retd.) R.K. Malhotra is liable to retire by rotation and being eligible offers himself for re-appointment. Brief resume of Director i.e. AVM (Retd.) R.K. Malhotra, seeking re-appointment at this Annual General Meeting, is given as annexure to the notice convening the 15th Annual General Meeting elsewhere in Annual report.

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.

PERSONNEL

In accordance with the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (particulars of Employees) Rules 1975, no employee is eligible to be included in the list as desired in the above mentioned section and rules. Your Directors wish to place on record their sincere appreciation for the devoted services of all employees of the company.

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 2004.

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. 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. However Company has incurred by Rs. 1,14,079 towards foreign traveling for Business Promotions.

On Behalf of the Board

Date: 28/07/2004
Place: New Delhi

K. SAYAJI RAO
Managing Director

V.K. DHAWAN
Director

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

1. INDUSTRY STRUCTURE AND DEVELOPMENT

The company is into the business of Manufacturing of Pet Bottles, Jars and Caps. This business have a host of players in India both in organized and un-organised sector. Performance of PET Industry has suffered substantially and is trying to recover. Despite many adversities, the industry is trying to regain its original strength and growth. Industry is also making its efforts to explore various new vistas.

Your company with its state-of-the-art manufacturing facilities and expertise to manufacture different products of various sizes, weights and specifications as per the requirements of the customers is well placed to exploit the spurt in demand. During the year under review the company has successfully taken two machines on lease so as to cater the varied needs of the customers. This activity has contributed to the overall turnover of the company.

2. OPPORTUNITIES AND THREATS

The Indian economy is on an upswing. The company with a well set infrastructure facilities and a decade long experience in PET industry is poised to reap the benefits of economy.

Further the company's ability to develop and supply quality products as per the requirements and specifications of the customers has been well appreciated in the market and it has put in some better position vis-a-vis its competitor to further improve its performance.

Your company 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.

Growth potential is substantial but due to financial constraints, Company is not able to recover due to capacity constraints. To increase our production capacity we have taken two Nessei ASB 250 Machines on Lease. This will help in widening our production base and will increase our capacity with same overheads. The company is exploring various business opportunities in Pharmaceutical, personal and home care segment and company was successful in exploiting some of the business opportunities.

3. SEGMENT WISE AND PRODUCT WISE PERFORMANCE

Company is engaged in the manufacture of pet bottles for servicing confectionery industry, alcoholic beverages industry, juice-based industry etc. The strategy for growth, the company embarked on last year was to "increase market share in present customer industries". Leveraging on our knowledge of the industry and its packaging requirements, excellent contact with customers, established brand image as trust worthy supplier of quality goods, the company concentrate its marketing effort on industries. The company is successful in making entry into many new customers while getting increased patronage from the existing clients.

During the last year, company's business of liquor bottles increased by 22% compared to the previous year. Company's major customer in confectionery industry continued to show healthy growth. The Company was able to get its share of the growth and increased its sales to this industry by 12.8%. A notable increase was achieved in the sale to juice based drinks where company's business grew by 43% compared to the previous year.

4. FUTURE OUTLOOK

Having achieved optimum share of the business from existing clients/industries, the strategy the company has embarked on for future growth is "diversification of product mix". The company has identified pharmaceutical industry and cosmetic industry as the vehicles to lead us to a healthy future growth.

Pharmaceutical industry in Western and Southern India, dominated by MNCs and large companies have seen the benefits of pet bottles and have been converting their packing from glass to pet bottles over the last few year. However, pharma industry in Northern India consisting mostly of small and medium companies have been more conservative and continue to use glass bottles for packing the liquid preparations. Your company find that this offers a great potential to the pet bottle industry waiting to be explored. Your company has started working closely with a number of pharmaceutical companies in North and providing them all technical inputs to facilitate their conversion of packing from glass to pet bottles. This conversion to pet bottle is about to gather momentum and will provide the company sustained business in future.

Your company has also made foray in cosmetic industry recently. A beginning has been made by bagging orders for Dabur Amla Hair oil bottles from Dabur and Keo Karpin bottles from Deys Medical. Initial samples of these bottles have been approved and your company propose to take commercial production of these bottles shortly.

Cosmetic and Hair Oil industry is showing a very healthy growth and is poised for continued growth. Management of your company is sure that entry into this segment will lead the company to expand its production base and better realization.

All these factors are expected to have a positive impact on the performance 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.

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