

S I X T E E N T H
*Annual
Report
2004-2005*

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INNOVATIVE
TECH PACK LIMITED

BOARD OF DIRECTORS**Managing Director**

Mr. K. Sayaji Rao

Director

AVM (Retd) R.K. Malhotra

Mr. V.K. Dhawan

Mr. S. S. Virdi

(Nominee of HFC)

Mr. Mahavir Singh

(Nominee of HSIDC)

COMPANY SECRETARY

Mr. Dhiroj K Barad

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. Mewat

Haryana.

CORPORATE OFFICE

1109-1110, Chiranjiv Tower

43, Nehru Place

New Delhi - 110 019.

FACTORIES

1. 51, Roz-Ka-Meo Industrial Area

Sohna, Distt. Mewat, Haryana

2. 33, Roz-ka-Meo Industrial Area

Sohna, Distt. Mewat

Haryana

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INNOVATIVE TECH PACK LIMITED**NOTICE**

Notice is hereby given that the Sixteenth Annual General Meeting of the members of Innovative Tech Pack Ltd. will be held at the Registered Office of the Company situated at 51, Roz Ka Meo, Industrial Area Sohna Distt: Mewat Haryana on Wednesday the 28th September 2005 at 10.15 A.M to transact the following business.

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Profit & Loss Account for the Year ended 31st March 2005, Balance Sheet as at 31st March 2005 and the Directors' Report and Auditor's Report thereon.
2. To appoint a Director in place of Mr.Vijay K.Dhawan, who retires by rotation and being eligible, offers himself for re-appointment.
3. To consider & if thought fit, to pass with or without modification, the following resolution as an ORDINARY RESOLUTION:
"RESOLVED THAT M/S Bhandari Gupta & Associates, Chartered Accountants, be & is hereby appointed as Auditors to hold office from the conclusion this meeting untill the conclusion of the next Annual General Meeting of the Company at remuneration to be decided by the Audit Committee of the Board from time to time."

SPECIAL BUSINESS

4. To consider & if thought fit, to pass with or without modification, the following resolution as an Special Resolution:
"RESOLVED THAT pursuant to the provisions of Sec.269 and other applicable provisions of the Companies Act, 1956 and Article 136 & other applicable provisions of the Article of Association of the Company and subject to such other approvals, as may be necessary, consent of the members of the Company be & is hereby accorded to the re-appointment of Mr. K. Sayaji Rao as Managing Director of the with effect from 01.08.2005 on such terms & conditions and such remuneration as stated in the extract disclosed to the members under Sec. 302 of the Companies Act, 1956."

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

(DHIROJ K BARAD)
COMPANY SECRETARY

Place : New Delhi
Date : 30/07/2005

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. Proxies in order to be effective, must be lodged with the company not later than 48 hours before the meeting.
3. The Register of Members and share transfer books shall remain closed from 21.09.2005 to 28.09.2005 (both days inclusive) for the purpose of Annual General Meeting.
4. Only bonafide members of the Company whose names appear on the Register of members/proxy holders, in possession of valid attendance slips duly filled and signed will be permitted to attend the meeting.
5. 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.
6. Disclosure as per Section 302 of the Companies Act, 1956 is at page 4 of this Annual Report.

Annexure A to the NOTICE**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.

Mr.Vijay K Dhawan was appointed as additional director with effect 27.03.2003 & thereafter he was appointed as Director at the Fourteenth Annual General Meeting held on 25.09.2003.

He is 58 years old & a Chartered Accountant by profession. He has 33 years of experience in various capacities in Government & Private Sector organisations. He served in IFCI from 1978 to 1995 & rose up to Chief General Manager (Merchant Banking Division). After retirement he has been engaged himself in Financial & Management Consultancy, Project Advisory Services, Debt-Equity Syndication, Corporate Restructuring & Income-tax & Company Law Advisor. He is serving as Director in H.L.Textiles Ltd.

Annexure B to the NOTICE**EXPLANATORY STATEMENT AS REQUIRED BY SECTION 173(2) OF THE COMPANIES ACT, 1956****ITEM NO. 4**

Mr. K. Sayaji Rao has been proposed to be re-appointed as Managing Director of the Company with effect from 01.08.2005 & the terms and conditions of the said Re-appointment have been determined by the Board of Directors vide their resolution passed on 30.07.2005 subject to the approval of the members of the Company & the Central Government.

The said terms & conditions of re-appointment as set out in the extract disclosed to the Members under section 302 of the Companies Act, 1956 was also approved by the Remuneration committee if meeting held on 30-07-2005. Thereafter, your Directors recommended this resolution for approval of Members of the Company.

Non of the Directors of the Company other than Mr.K.Sayaji Rao is interested or concerned in the resolution.

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

(DHIROJ K BARAD)
COMPANY SECRETARY

Place : New Delhi
Date : 30/07/2005

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

Dear Shareholders,

The Directors present the Annual Report together with the audited Balance Sheet and Profit & Loss Account of Innovative Tech Pack Ltd. for the year ended March 31, 2005.

FINANCIAL RESULTS:-

	<i>(Rs. in lacs)</i>	
	31.03.2005	31.03.2004
Net Sales (Less excise duty)	1170.29	1010.82
Other Income	34.17	3.18
Expenses	1610.10	1231.56
Profit/(Loss) before Depn. & Tax	(387.89)	(217.56)
Depreciation	119.55	114.13
Profit/(Loss) before prior period adjustments and tax	(507.44)	(331.69)
Prior Period Adjustments	Nil	0.01
Excess Provision for previous year written back	Nil	263.38
Profit/(Loss) before Tax	(507.44)	(68.32)
Tax	Nil	0.00
Net Profit (Loss)	(507.44)	(68.32)

BUSINESS PERFORMANCE

The PET market during the year 2004-05 has witnessed a reasonable growth even though the competition intensified both in terms of product launch in new packaging application as also in pricing. Other than water & soft drinks, the demand for PET bottles & jars was on the rise with many edible items increasingly switching over to PET.

The market share of your company in this moderate growth PET market has been on the rise. The performance of your company was in line with the expectation. Net Sales of the company grew by 16% from RS.1010.82 lakhs in 2003.04 to RS.1170.29 lakhs in 2004-05. Your Company's strategy of keeping the production flexible among various products improved the sales revenue. However, the Company has suffered a Net loss of Rs.507.44 Lakhs and the accumulated loss stood at Rs 1896.29 lakhs as on 31st March 2005. This loss is attributed to stiff competition faced by the Company from unorganized sector in the Pet Market, resulting in lower price realization. Moreover, the price of the raw material & other consumable particularly Diesel has been increased manifold with no increase in sale price. However, sustained efforts have been made for revival as well as entry into sectors where higher value addition can be achieved.

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

REFERENCE TO BIFR

This is to inform the members of the company that company had held reference to BIFR under section 15 (1) of SICA in year 2001, Board for Industrial and Financial Reconstruction 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 on the aforesaid reference has already been made though no final order has so far been made thereat.

Company had also made second reference to BIFR 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 had filed fourth reference to the BIFR in the year 2004. Date of first hearing is still awaited.

The Board of Directors of your Company has already resolved to file the fifth reference under due discharge of statutory obligation on the basis of the accounts as approved by the members of the company for the Year ended 31.03.2005.

CORPORATE GOVERNANCE

Your company believes that the essence of Corporate Governance lies in the phrase "YOUR COMPANY". It is your company because it belongs to you- Shareholders. The Directors are your trustees. They are managing the business on your behalf with the sole purpose of taking it forward. Your company is committed to the standards of Good Corporate Governance. A report on Corporate Governance along with Auditors Certificate on its compliance has been included separately in the Annual Report.

INNOVATIVE TECH PACK LIMITED**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 judgements 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.

MATERIAL CHANGES & COMMITMENT

Your company has received a notice under section 13(4) of the Securitisation Act from one of its Banker, the Punjab National Bank. The bank intends to take possession of some of the mortgaged assets charged to it. As the company is a sick company & the same bank has already initiated action in DRT, the aforesaid notice is not maintainable as opined by legal consultants. Your management is contesting against the action taken by the Bank & hope that the matter to be resolved soon.

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 is liable to retire by rotation and being eligible offers himself for re-appointment. Brief resume of Director i.e Mr. Vijay Kumar Dhawan, seeking re-appointment at this Annual General Meeting given as annexure A to the notice convening the 16th Annual General Meeting elsewhere in Annual report.

AUDITORS AND THEIR OBSERVATIONS

M/s Bhandari Gupta & Associates, Chartered Accountants, New Delhi, retire at the conclusion of the ensuing Annual General Meeting and are being eligible offers themselves for reappointment. The Company has received Certificate from them u/s 224 (1B) of the Companies Act, 1956 & the Audit Committee recommends their re-appointment as Auditors for a further period of one year. 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 thank the Company's Customers, Shareholders, Suppliers, Bankers, Financial Institutions and Central & State Governments for their consistent support to the Company. The Directors also sincerely acknowledge the significant contributions made by all the employees for their dedicated services to the Company.

On behalf of the Board

Date: 28/07/2005
Place: New Delhi

K. SAYAJI RAO
Chairman & Managing Director

INNOVATIVE TECH PACK LIMITED**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 2005.

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 leakage 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 Rs.3, 50,484.00 towards foreign travelling for Business Promotions.

On behalf of the Board

Date: 28/07/2005

Place: New Delhi

K. SAYAJI RAO

Chairman & Managing Director

DISCLOSURE AS PER SECTION 302 OF THE COMPANIES ACT, 1956

Abstract of the terms and conditions of the re-appointment of Mr.K.Sayaji.Rao as Managing Director.

A) REMUNERATION

- 1) Salary RS.60000.00/- per month.
- 2) Medical Reimbursement for self & family to a maximum of RS.60000.00/- per annum.
- 3) Leave Travel Allowance for self and family once in a year subject to a maximum of RS.60000.00/- per annum.
- 4) Insurance Expenses for self and family once in a year subject to a maximum of RS.24000.00 per annum."

B) PERQUISITES

- 1) Free use of company's car and driver for Company's business.
- 2) Free use of telephone at residence for Company's business.
- 3) Membership fee reimbursement for three credit cards for Company's business.
- 4) Membership fee reimbursement for two clubs for Company's business."

C) OTHER TERMS & CONDITION

- 1) The terms of appointment is 3 years with effect from 01.08.05.
- 2) No sitting fees shall be paid for attending the meetings of the Board of Directors or committees thereof.

Mr. K.S. Rao is concerned & interested in this resolution. No other Directors are concerned & interested in this resolution.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

1. INDUSTRIAL SCENARIO

The Indian Plastic industry has taken great strides in its quest for success. The industry itself is growing at a fast pace & the per capita consumption of plastic in the country has increased manifold. India is expected to be the Third largest consumer of plastic after US & China by 2010. PET one among the major plastics that has grown fast world wide for packaging. The demand for PET bottles has been increased from 40KT in 2003 to 100KT in 2004. However, the PET industry is highly fragmented with a host of small & medium sized units. Most of them in unorganized sector are able to influence the price & demand-supply situation. The situation has further worsened by the large companies setting up in-house facility to cater their needs. In the face of increasing competition & fight for securing a place in the market, manufacturing units are compelled to improve the technology, upgrade the economies of scale as well as scope. Despite many adversities, the Industry is growing by making efforts to explore various new vistas.

2. FUTURE OUTLOOK

The rise of PET use has almost been unprecedented. The public really developed a taste for plastic. The PET is undebatably the coming day's shooting star in the packaging market. One segment after another gave in to its charms. With carbonated drinks, water, liquor already under its belt, PET is now moving into dairy & infroads have also been made into juices. The development of PET packaging has reached the fine-tuning stage. And the improvement starts with raw material production. New range of raw material from new technology is now going to be available that will deliver twin benefits of shorter moulding cycle times & lower energy consumption in the production of bottle.

Another focus is on the technological developments of moulding machines. High-energy costs necessitated the use of machines that can produce maximum number of bottles at once. Your company is very much concerned with these issues including optimizing the production process not sacrificing the quality to ensure its successful existence. With this end in view your company has taken another improved machine on lease resulting in less energy consumption & high quality produce.

3. OPPORTUNITIES AND CHALLENGES

The Indian PET industry continues to be plagued by the lack of "Level Playing Field" in every activity right from availability of raw material at reasonable prices, pricing of energy, to the economies of scale. Your company with a well-set infrastructure facilities and more than a decade long experience in PET industry is poised to move against all odds. 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 better facilities vis-a vis its competitor to further improve its performance. The company is exploring various business opportunities in confectionery, personal and home care segment and company was successful in exploiting some of the business opportunities.

The challenge, however, before your company in this highly competitive market is to offer an increased and increasing choice of high quality products at the lowest cost, to enjoy economies of scale with the economies of scope resulting from the increased manufacturing flexibility.

4. STRATEGY

Your company's strategy has been to restructure the company thoroughly to impart to it the ability to meet adverse conditions and evolve as a competitive low cost producer. The following five-point strategy evolved has been adopted to meet the challenges & achieve its objectives:

- Focussed Cost Reduction
- Technology Upgradation
- Redesigning The Financial Structure
- Getting Customer Centric
- Adequate Vendor Management.

5. INTERNAL CONTROL

Your company has laid down internal control procedure to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition and transactions are authorized, recorded and reported correctly. An internal audit is conducted to complement the internal control system. The internal control system is devised to ensure that the financial and other records are reliable for preparing financial statements and other data and for maintaining accountability of assets. Audit Reports are placed before the Audit Committee of the Board for consideration & discussion. Issues raised therein are being suitably acted upon and followed up.

6. 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.

7. PEOPLE ISSUES

The issues of the people engaged in your company are of prime concern to the management. It is true that people resources themselves can have a vital influence on organizational objectives. Your company realizes that its people will drive growth.

Training: our HR strategies focussed attention on evolving and implementing need-based training programs. In-house training programs were conducted in the year 2004-05 covering various areas of productive management & quality management.

Performance Appraisal plays a significant part as a tool and technique of management development and growth. Your company has evolved a periodic performance appraisal system which has paved the way for betterment/improvement of performance of its employees in organizational goal. Individual's responsibility, accountability, objectives & targets defined. Employees performance are measured against these targets for control purpose & finalising the incremental policy.

Labour Productivity optimization is yet another focus your company has been giving attention to. Discussions were held with labourers on various issues such as optimising machine utilization, system improvement, zero breakdown, zero accident, zero defects etc. to increase the productivity.

Industrial Relation was harmonious and cordial during the year 2004-05. During the year, your company created a participative atmosphere of redressing the grievances of the employees which has yielded a peaceful & conducive working environment.

Health & Safety issues of the employee were given due consideration. Various schemes like mediclaim, personal accident policy etc. are in vogue stands testimony of the care & concern shown by the company on its employees. Your company has implemented safety measures, accident reporting systems including statutory reporting systems.

