

# INNOCORP LIMITED



12th Annual Report  
2005-2006

**BOARD OF DIRECTORS**

Shri.Prasad VSS Garapati	--	Chairman & Managing Director
Smt K.Saraswathi	--	Executive Director
Smt Lakshmi VVV Garapati	--	Director
Shri.Venkat R Kanuri	--	Director
Shri.N.J Rao	--	Director
Shri.Venkaiah Doniparthi	--	Director

**AUDITORS**

M/s. BOPPUDI & ASSOCIATES  
Chartered Accountants  
301, Sai Ram Suman Residency  
1-1-541, Gandhinagar  
HYDERABAD – 500 080

**BANKERS**

Punjab National Bank,  
Basheerbagh Branch,  
Basheerbagh,  
Hyderabad.

State Bank Of India,  
Commercial Branch,  
Secunderabad.

UCO Bank,  
Tolichowki,  
Hyderabad.

**REGISTERED OFFICE**

Plot No: 41, IDA Mallapur  
Hyderabad – 500 076

**CORPORATE OFFICE:**

Plot No. 70, Phase: III,  
Kamalapuri Colony,  
Hyderabad- 500 072.

**SHARE TRANSFER AGENTS**

M/s. XL Softech Systems Ltd.  
3, Sagar Society, Road No: 2  
Hyderabad – 500 034

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## INNOCORP LIMITED

### INNOCORP LIMITED

(formerly Innosoft Technologies Limited)

#### NOTICE

Notice is hereby given that the 12<sup>th</sup> Annual General Meeting of the Members of the Company will be held at the Registered Office of the Company at Plot No.41, IDA Mallapur, Hyderabad on Friday 19<sup>th</sup> May, 2006 at 11.00 A.M to transact the following business:

#### **ORDINARY BUSINESS:**

1. To receive, consider, approve and adopt the Audited Balance Sheet of the company as at 31<sup>st</sup> March, 2006 and the Profit and Loss account for the year ended on that date and the Report of Directors' and the Auditors thereon.
2. To appoint a Director in place of Smt Lakshmi VVV Garapati, who retires by rotation, being eligible offers herself for re-appointment".
3. To appoint M/s BOPPUDI & ASSOCIATES, Chartered Accountants, Hyderabad the retiring Auditors as Statutory Auditors to hold office from conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting on a remuneration as may be decided by the Board.

#### **SPECIAL BUSINESS:**

#### **4. APPOINTMENT OF VENKAT R KANURI AS DIRECTOR OF THE COMPANY:**

To consider and if thought fit, to pass with or without modification(s), the following resolution as an **ORDINARY RESOLUTION**:

"RESOLVED THAT pursuant to the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956 Sri Venkat R Kanuri, who was appointed as an Additional Director on 06<sup>th</sup> December, 2005 and who holds office as such up to the date of this Annual General Meeting and in respect of whom a notice under Section 257 of the Companies Act, 1956 has been received in writing proposing his candidature for the office of Director, be and is hereby appointed as Director of the company who is liable to retire by rotation."

#### **5. APPOINTMENT OF N. JAGANNATH RAO AS DIRECTOR OF THE COMPANY:**

To consider and if thought fit, to pass with or without modification(s), the following resolution as an **ORDINARY RESOLUTION**:

## INNOCORP LIMITED

"RESOLVED THAT pursuant to the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956 Sri N. J Rao, who was appointed as an Additional Director on 06<sup>th</sup> December, 2005 and who holds office as such up to the date of this Annual General Meeting and in respect of whom a notice under Section 257 of the Companies Act, 1956 has been received in writing proposing his candidature for the office of Director, be and is hereby appointed as Director of the company who is liable to retire by rotation."

By order of the Board  
For INNOCORP LIMITED

Sd/-  
PRASAD VSS GARAPATI  
Chairman & Managing Director

Place: Hyderabad  
Date: 21.04.2006

### NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote at the meeting instead of himself/ herself and the proxy need not be a member of the company. Proxies in order to be effective must be received at the Registered Office of the company not less than 48 hrs before the commencement of the meeting.
2. The Register of members and share transfer books of company shall remain closed from Saturday, 13<sup>th</sup> May, 2006 to Friday, 19<sup>th</sup> May, 2006 (in both days inclusive).
3. Members are requested to notify any change in their addresses to the company immediately.
4. Members desirous of obtaining any information on the Annual Accounts of the company are requested to write to the company at least 7 working days before the date of the meeting to enable the company for compilation of the required information
5. Members are requested to notify immediately any change of address to their Depository Participants (DPs) in respect of their holdings in electronic form and to M/s. XL Softech Systems Ltd., Unit: Innocorp Limited in the above address in respect of their physical share folios, if any.

## INNOCORP LIMITED

### EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

#### Item No 4

The Board of Directors of the Company appointed Mr. Venkat R Kanuri as Additional Director of the Company and his term of office expires on the date of ensuring Annual General Meeting

Due to his rich experience, the Board feels that he may be appointed as a director liable to retire by rotation. Further the Company has received a notice in writing from a member along with the deposit of Rs.500/-under of Section 257 of the Companies Act, 1956. Since, the appointment of a director under Section 257 of the Companies Act, 1956 requires the approval of the members in their meeting, the Board commends this resolution for your approval.

None of the Directors except Mr. Venkat R Kanuri is interested in this resolution.

#### Item No 5

The Board of Directors of the Company appointed Mr. N.J Rao as Additional Director of the Company and his term of office expires on the date of ensuring Annual General Meeting

Due to his rich experience, the Board feels that he may be appointed as a director liable to retire by rotation. Further the Company has received a notice in writing from a member along with the deposit of Rs.500/-under of Section 257 of the Companies Act, 1956. Since, the appointment of a director under Section 257 of the Companies Act, 1956 requires the approval of the members in their meeting, the Board commends this resolution for your approval.

None of the Directors except Mr. N.J Rao is interested in this resolution.

By order of the Board  
For INNOCORP LIMITED

Sd/-

PRASAD VSS GARAPATI  
Chairman & Managing Director

Place: Hyderabad  
Date: 21.04.2006

**INNOCORP LIMITED****ADDITIONAL INFORMATION ON THE DIRECTORS RETIRING BY ROTATION AND SEEKING RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING (PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT)****LAKSHMI VVV GARPATI**

Ms. Lakshmi VVV Garapati is a graduate in Arts from Osmania University and having more than 15 years of experience in administration. Your Directors believe that her vast experience in administration will benefit the Company.

**VENKAT R KANURI**

Mr. Venkat R Kanuri is a double postgraduate in management from USA and is having more than three decades of experience in financial management of various limited companies at top management positions. Your Directors believe that his in-depth perspective of the changing financial needs of a corporate and ability to address them with most appropriate and cost effective solutions will be of great advantage to your Company.

**N J RAO**

Mr. N J Rao is a world-renowned expert in Quality Management Systems, HR practices and Management Teaching. He is an Electrical Engineering Graduate from USA with work experience in GE(USA). In his four decades of working he has held various positions before retiring as the CEO of Shriram Group at Hyderabad. His services would be invaluable in achieving the world-class standards in Quality and Deliverables by the Company in the near future. As your Directors recognize imperative to benchmark itself against the best in the class, special emphasis is being given for Quality Management, Waste Elimination and Process Control. Your board of Directors are confident that Mr. N.J Rao will have impart a special flavour to our efforts in this direction.

**INNOCORP LIMITED****DIRECTORS' REPORT:**

To

The Members

Your Directors have pleasure in presenting the 12<sup>th</sup> Annual Report together with the Audited Accounts of the Company for the year ended 31<sup>st</sup> March 2006.

**FINANCIAL HIGHLIGHTS:**

PARTICULARS	(Rs. in lacs)	
	YEAR ENDED 31.03.2006	YEAR ENDED 31.03.2005
Sales (Plastic & Cable)	1490.95	350.83
Contract / Other Income	1415.00	219.33
Total Income	2905.95	570.16
Total Expenditure	2633.97	529.30
Profit/ (Loss) before depreciation, interest and, tax and exceptional items	402.83	123.47
Depreciation	51.12	42.85
Interest	66.61	26.47
Exceptional Items (Amortization of Misc. Exps )	13.11	13.30
<b>Net Profit after tax adjustments</b>	<b>289.37</b>	<b>39.61</b>
Balance carried to balance sheet	320.82	31.44

**OPERATIONS:**

Your Directors have pleasure to inform that during the year, your Company has achieved a record level of turnover of Rs. Rs. 29.06 Crores as against Rs. 5.3 Crores in the previous year, which shows a phenomenon growth of 409% with improved volume of business and margins your company has posted a growth of 630% in net profit of Rs. 2.89 Crores as against Rs. 32 Lakhs in its previous year. For the period EPS was at Rs. 3.64.

Your Company has been successful in increasing its order book position for all its divisions and present order booking, including orders expected shortly is approximately Rs. 60 Crores for all of its divisions. Your Company would continue its thrust in the Power Infrastructure and contracting areas.

Your Company currently operates in three divisions i.e Power Infrastructure Division, Contract manufacturing Division, and IT enabled Solutions Division.

## INNOCORP LIMITED

### **Power Infrastructure Division:**

On account of availing the emerging opportunities in the Power sector, your Company has started to undertake turnkey projects to cater the needs of the sector and commencing contract manufacturing of high technology plastic molded products in addition to being involved in manufacturing of power cables.

Your Company, in the field of power management provides one-touch access with wide ranging products, systems and solutions in the field of protection, control, and automation coupled with constant technological innovation, customer focus and integrated approach. Your company provides solutions across power generation, transmission, distribution and industrial application segments.

The total turnover for the Power Infrastructure Division was at Rs. 24 Crores in 2005-06 and contributing to approximately 85% of the Company's revenues. The Division hopes to maintain the growth momentum in the current year also.

### **Contract manufacturing Division:**

Your Company's Contract manufacturing division is engaged in manufacturing of high end Plastic Molded Products, polymer insulators for power distribution and other consumer durables. This division manufactures for multinational & domestic companies on contract basis. The total turnover was at Rs. 4.5 Crores and Your Company expects to bag orders worth Rs. 6 Crores for the fiscal 2006-07.

### **IT enabled Solutions Division:**

Your Company has been started to address the needs of Power Sector particularly in automating processes and delivering productivity improvements. There is an exciting opportunity round the corner for your company, as it has become necessary for Power Utilities to acquire a high level of process automation to manage its distribution network and to utilize it to its optimum capacity. Your Company's mission to become a PowERP to compile Line management, Load distribution & quality engineering on real time basis and providing the entire commercial data for the utility managers on line. This PowERP gives an exciting window of growth to Innocorp. Your Company has a Wholly Owned Subsidiary in USA i.e. Innosoft Inc., The division is in the process of negotiating with various parties in India and abroad for enhancing its business presence.



## INNOCORP LIMITED

### **SUBSIDIARY DETAILS:**

Innosoft Technologies Ind., USA a wholly owned subsidiary of the company during the year made a turnover of USD 17790 and Profit of USD 8570 for the year ended 31<sup>st</sup> December 2005. The results of Innosoft Technologies Inc., are annexed to this report.

Garapati Tele-Films Private Limited a wholly owned subsidiary of the company incurred Loss of Rs 3.08 Lakhs for the year ended 31<sup>st</sup> March 2006. The results of Garapati Tele-Films Private Limited are annexed to this report.

### **DIVIDEND:**

Even though your company has recorded an impressive growth on the profit front and the shareholders deserve to be rewarded with a Dividend, your Directors decided to skip the declaration of dividend for the year under review in order to conserve the resources to meet the huge financial demands arising as a result of phenomenal growth of your company. Your directors are of the considered opinion that this conservative financial management policy will augur good for your Company in creating a solid footing.

### **CHANGE OF NAME OF COMPANY:**

In pursuance to resolution passed by the members at Extra-ordinary General Meeting Held on 21<sup>st</sup> February, 2006 for Change of Name of the Company from INNOSOFT TECHNOLOGIES LIMITED to INNOCORP LIMITED, company has made application for change of name to the Registrar of Companies, Andhra Pradesh and same was approved w.e.f 16<sup>th</sup> March, 2006.

### **DIRECTORS:**

During the year Sri. Siva Ram Prasad.Ch, Smt. Purna Chalasani and Smt. Savitri Devi resigned as directors of the company. Board took on record its appreciation for the Services rendered by them as directors of the company.

Further Smt. Lakshmi VVV Garapati retire by rotation at the ensuing annual general meeting and being eligible for re-appointment expressed her willingness to continue as director on re-appointment.

Further in order to broad base the board, board of director co-opted Sri Venkat R Kanuri and Sri N.J Rao, Additional directors on the board of the company who will hold office up to the date of ensuing annual general meeting and their appointment is proposed to be regularised at this meeting.

### **AUDITORS:**

M/s. BOPPUDI & ASSOCIATES, Chartered Accountants, Statutory Auditors of the company retire at the conclusion of the ensuing Annual General Meeting and being eligible offers themselves for re-appointment. The company has received a certificate from the Auditors to the effect that their appointment, if made will be in accordance with the provisions of Section 224(1B) of the Companies Act, 1956. The Board recommends their appointment.

**INNOCORP LIMITED****AUDITOR'S OBSERVATIONS AND COMMENTS:**

Regarding the Auditors observations and comments in their report for the FY 2005-2006, they are self-explanatory and the company is making efforts to comply with the same.

**PARTICULARS OF EMPLOYEES:**

During the year under review, none of the employees were in receipt of remuneration in excess of the limits prescribed under the Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

**EMPLOYEE RELATIONS:**

The relationship with the employees continues to be cordial. The Directors would like to place on record their appreciation of the services rendered by all the employees of the Company.

**INFORMATION REQUIRED 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.****a) Conservation of Energy:**

Proper Control points are set up at all levels to identify the wastage in Power & Fuel consumption and to take/initiate corrective steps.

**b) Research and Development and Technology Absorption:**

- I) Our Research & Development cell has been making continuous efforts to ensure the best quality standards.
- II) No technology either indigenous or Foreign is involved.

**c) Foreign Exchange Earnings and Outgo:**

During the year under review your Company has earned Foreign Exchange to the extent of Rs. 17.18 lacs towards income from I.T. Enabled Services. The corresponding Foreign Exchange outgo during the year was Rs.18.43 lacs resulting in a net foreign exchange outgo of Rs. 1.25 lacs for the year.

**DEPOSITS:**

During the year under review, the company has not accepted deposits attracting the provisions of section 58A of the Companies Act 1956.