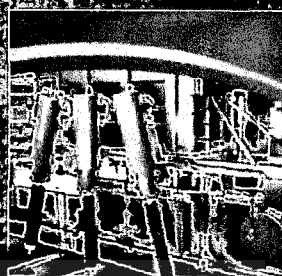
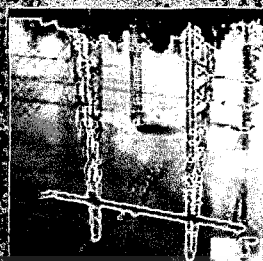


# ANNUAL REPORT

13th



One-Stop Technology

Innocorp Ltd



## BOARD OF DIRECTORS

Shri. Prasad Garapati	--	Chairman & Managing Director
Smt K.Saraswathi	--	Executive Director
Smt Lakshmi Garapati	--	Whole-Time Director
Shri.N.J Rao	--	Director
Shri.Venkat R Kanuri	--	Director (Expired during the Year.)
Shri Venkaiah Doniparthi	--	Director
Shri. MVS Birinchi	--	Additional Director

## AUDITORS

### M/s. BOPPUDI & ASSOCIATES

Chartered Accountants  
301, Sai Ram Suman Residency  
1-1-541, Gandhinagar  
HYDERABAD - 500 080

## INTERNAL AUDITORS

### M/s P. S. NAGARAJU & CO

Flat No.101, 2nd Floor, Megasri Classic,  
Sai Baba Temple Lane, Dwarkapuri Colony,  
Panjagutta, Hyderabad-500 082

## 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 :

Flat 102, 1<sup>st</sup> Floor,  
Badam Sohana Apts,  
Rajbhavan Road, Hyderabad.

## Share Transfer Agents

M/s. XL Softech Systems Ltd.  
3, Sagar Society, Road No.2,  
Banjara Hills, Hyderabad - 36.

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## INNOCORP LIMITED

**NOTICE**

Notice is hereby given that the 13th 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, 28TH SEPTEMBER 2007 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 31st March, 2007 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. K Saraswathi, 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 Sri MVS BIRINCHI 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 provision, if any, of the Companies Act, 1956 Sri MVS Birinchi, who was appointed as an Additional Director on 30th July, 2007 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 Mrs. LAKSHMI GARAPATI AS WHOLE TIME 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 Sections 198, 269 and 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act 1956 consent of members of the company be and is hereby accorded to appointment of Mrs. Lakshmi Garapati as Whole time director of the company for a tenure of 5 years with effect from 01-08-2006 at a remuneration of Rs. 20,000/- per month as approved by the Remuneration Committee of the company."

By order of the Board  
For INNOCORP LIMITED

**Prasad Garapati**  
Chairman & Managing Director

Place: Hyderabad  
Date: 30.08.2007

**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. An Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956 in respect of the Special Business is annexed hereto.
3. The Register of members and share transfer books of company shall remain closed from TUESDAY, 25TH SEPTEMBER TO FRIDAY, 28TH SEPTEMBER 2007 (both days inclusive).
4. Members are requested to notify any change in their addresses to the company immediately.
5. 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.
6. Members are requested to notify immediately any change of address to their Depository Participants (DPs) in respect of their holdings in electronic form and also in respect of their physical share folios, if any to M/s. XL Softech Systems Ltd. Unit: Innocorp Limited 3, Sagar Society, Road No.2, Banjara Hills, Hyderabad - 500034.

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**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 Sri MVS Birinchi as Additional Director of the company at their meeting held on 30th July, 2007 to broad base the board and he will hold office up to the date of this Annual General Meeting.

Due to his vast experience in power sector, the Board feels his appointment as a director of the company will immensely benefit the company. Further the company has received a notice in writing from a member along with the deposit of Rs.500/- under section 257 of the Companies Act, 1956.

Pursuant to provisions of Section 257 of the Companies Act, 1956 any appointment of director requires the approval of the members in their meeting, hence this resolution commended for your approval.

None of the Directors are interested in this resolution.

**ITEM NO.5**

The Board of Directors of the Company at their meeting held on 24 July, 2006 appointed, subject to confirmation of members, Mr. Lakshmi Garapati as Whole time director to look after account and finance activities of the company with effect from 1st August, 2006 at remuneration of Rs. 20000/- per month.

Pursuant to provisions of Section 198, 269, 309 read with Schedule XIII of the Companies Act, 1956 any payment of remuneration to directors requires the approval of the members in their meeting, hence this resolution commended for your approval.

None of the Directors are interested in this resolution.

By order of the Board  
For **INNOCORP LIMITED**

Place: Hyderabad  
Date: 30.08.2007

**PRASAD GARAPATI**  
Chairman & Managing Director

**DIRECTORS' REPORT**

To  
The Members

Your Directors have pleasure in presenting the 13th Annual Report together with the Audited Accounts of the Company for the year ended 31st March 2007.

**FINANCIAL HIGHLIGHTS**

PARTICULARS	(Rs. in lacs)	
	YEAR ENDED 31.03.2007	YEAR ENDED 31.03.2006
Sales	2485.18	1490.95
Contract/Other Income	439.81	1415.00
TOTAL INCOME	2924.99	2905.95
TOTAL EXPENDITURE	2888.78	2633.97
Profit/ (Loss) before depreciation, interest and exceptional items	240.01	402.83
Depreciation	51.67	51.12
Interest	152.13	66.61
Exceptional Items (Price escalation invoice returned)	136.04	-
Fringe Benefit Tax	1.55	-
Prior period items	15.42	14.12
Provision for tax	4.06	36.85
Transitional Deferred Tax	(13.11)	55.65
NET PROFIT / (LOSS)	2.08	289.37
Balance carried to balance sheet	322.89	320.82

Your directors would like to bring to your kind notice that even though there has been good growth in plastic division there was a significant fall in turnover from the project division. As a precautionary measure your directors have made a provision for the price escalation claims which has not yet been accepted by the customer. The increase in the financial expenses has been due to the extended period of credit to our customers. Your directors are hopeful of good performance and profitability in future years.

**INNOCORP LIMITED****SUBSIDIARY DETAILS:**

Innosoft Technologies Inc., USA a wholly owned subsidiary of the company made a turnover of USD 18459.40 and Profit of USD 5811.24 for the year ended 31st December 2006. The financial report of Innosoft Technologies Inc., forms part of this Annual Report.

Garapati Tele-Films Private Limited (GTPL), another wholly owned subsidiary of the company has made a turnover of Rs. NIL and Loss of Rs.26389.00 for the year ended 31st March 2007.

Board of Directors of GTPL have changed the line of activity to infrastructure sector and changed the name to INNO PROJECTS PRIVATE LIMITED. Company proposes to take up infrastructure Projects through this subsidiary to use it as special purpose vehicle sourcing infrastructure projects and effective execution of the same. Financial reports of this subsidiary forms part of this Annual Report.

**DIVIDEND:**

Your company has recorded a nominal profit this year and hence your Directors do not recommend any dividend for the financial year.

**DIRECTORS:**

During the year Sri. Venkat R Kanuri, Director of the company has passed away. Your Board recalls the yeomen service rendered to the company and prays for the peace of the departed soul.

Further Smt. K Saraswathi retires by rotation at the ensuing annual general meeting and being eligible offer himself for re-appointment and Company is receipt of special notice under Section 257 of the Companies Act, 1956 for appointment of Mr. MVS Birinchi as director on the Board of the Company.

**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.

**AUDITOR'S OBSERVATIONS AND COMMENTS:**

Regarding the Auditors observations and comments in their report for the FY 2006-2007, they are self-explanatory and the company is making efforts to comply 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.10.21 Lakhs towards income from I.T. Enabled Services. The corresponding Foreign Exchange outgo during the year was Rs.4.00 lakhs resulting in a net foreign exchange inflow of Rs.6.21 lakhs 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.

**DIRECTORS RESPONSIBILITY STATEMENT PURSUANT TO SECTION 217 (2 AA) OF THE COMPANIES ACT:**

The Directors of your Company hereby report:

- (i) that in the preparation of Annual Accounts for the year ended 31st March, 2007, the applicable accounting standards have been followed along with the proper explanation relating to material departures;
- (ii) that the directors have 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 the state of affairs of the company at the end of the financial year ended 31st March, 2007 and of the profit and loss of the company for that period;
- (iii) 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 for preventing and detecting fraud and other irregularities;
- (iv) that the directors have prepared the annual accounts on a going concern basis.



**INNOCORP LIMITED**

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**CORPORATE GOVERNANCE:**

The company apart from complying with the Clause 49 of the listing agreement entered with the stock exchanges, is also benchmarking against well-established corporate governance practices from time to time. The corporate governance section includes the certificate from the statutory auditors of the company for compliance with the clause 49 of the listing agreement with the stock exchanges.

Keeping in mind the emerging pivotal role of the independent Directors in bringing about good governance, the company continues its efforts to make better use of their services by providing them regular updates on the industry and business, inviting them for participation in the senior middle level management.

**HUMAN RESOURCE:**

Your company recognizes that the human resources are the most crucial factor for achieving sustained growth over the years. The management considers it highly motivated and passion driven work force as its partner in the growth of the company.

**ACKNOWLEDGEMENTS:**

Yours Directors acknowledge with gratitude and wish to place on record their sincere thanks and appreciation for the co-operation received by the company from various Departments of Central/ State Government, Banks for their continued co-operation and the support extended during the year. Your Directors also wish to acknowledge the continued support and confidence reposed in the management by the Shareholders.

**For and On behalf of the Board of Directors**

Place: Hyderabad

Date: 30.08.2007

**PRASAD GARAPATI**  
**Chairman & Managing Director**

## CORPORATE GOVERNANCE REPORT

**1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE:**

The Company's philosophy of Corporate Governance is to maximize the shareholder value by adopting the principles of good corporate governance in line with the provisions stipulated in the listing agreement. Accordingly, timely and accurate disclosure of information regarding the financial situation, performance, ownership, and governance of the company, is an important part of Corporate Governance. Consequently, the organization is able to enhance the trust and confidence of the stakeholders.

**2. BOARD OF DIRECTORS:****" Composition of Board of Directors**

At present, the strength of the Board is Six Directors. The Board comprises of 3 Executive and 3 Non-Executive Independent Directors.

**" Board meeting and attendance**

Six Board Meetings were held during the financial year and the gap between two board meetings did not exceed four months.

The dates on which meeting were held are as follows:

21.04.2006    24.07.2006    30.09.2006    16.10.2006    21.12.2006    29.01.2007

The constitution of the Board is given below:

S. No	Director	Category	Attendance at AGM held on 19.05.2006	Attendance in Board Meeting		Other Boards		
				Held	Attended	Director ship	Committee chairman	Committee membership
1	Prasad Garapati	Chairman & Managing Director	Yes	6	5	1	Nil	Nil
2	K. Saraswathi	Promoter Executive Director	Yes	6	6	1	Nil	Nil
3	Lakshmi Garapati **	Promoter Executive Director	Yes	6	5	1	Nil	Nil
4	Venkaiah Doniparthi	Independent	No	6	4	Nil	Nil	Nil
5	Venkat R Kanuri *	Independent	-	1	1	—	—	—
6	N J Rao	Independent	-	6	3	2	—	—
7	MVS Birinchi#	Independent	-	-	-	—	—	—

\* Expired during the year.

\*\* Appointed as Whole-Time Director w.e.f 01.08.2006

# Appointed as Additional Directors of the Company w.e.f 30.07.2007