

14th
Annual Report
2007 - 2008

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INNOCORP LIMITED

INNOCORP LIMITED

14th Annual Report

14th Annual General Meeting

30th Day of September, 2008

at 11.00 a.m.

Plot No.41, IDA Mallapur, Hyderabad

Andhra Pradesh, INDIA

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CORPORATE INFORMATION

Board of Directors

Sri Prasad Garapati
Smt K.Saraswathi
Smt Lakshmi Garapati
Sri Venkaiah Doniparthi
Sri MVS Birinchi
Sri N.J Rao
Sri Devineni Madhusudhan Rao

Chairman & Managing Director
Executive Director
Whole-Time Director
Director
Director
Director (Expired during the year)
Director (Appointed w.e.f : 5/11/2007)

STATUTORY AUDITORS**M/s. J B R K & CO.**

Chartered Accountants
118, 5th Floor,
Maruthi Complex
Near Yashoda Hospitals
Somajiguda, Hyderabad-500 082.

INTERNAL AUDITORS**M/s P. S. NAGARAJU & CO**

Chartered Accountants
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 No.102, Badam Sohana Apartments,
Raj Bhavan Road, Somajiguda,
Hyderabad- 500 082

SHARE TRANSFER AGENTS

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

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NOTICE

NOTICE is hereby given that the 14th 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 **TUESDAY, 30TH SEPTEMBER, 2008 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, 2008 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 Sri. Venkaiah Doniparthi who retires by rotation, being eligible offers himself for re-appointment.
3. To appoint M/s. J B R K & CO., 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 SHRI DEVINENI MADHUSUDHAN 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**:

"RESOLVED THAT pursuant to the provisions of Section 257 and all other applicable provision, if any, of the Companies Act, 1956 Sri Devineni Madhusudhan Rao, who was appointed as an Additional Director on 5th November 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."

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

Place : Hyderabad
Date : 01.09.2008

Sd/-
PRASAD GARAPATI
Chairman & Managing Director

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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 **FRIDAY, 26TH SEPTEMBER 2008 TO TUESDAY, 30TH SEPTEMBER 2008** (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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EXPLANATORY STATEMENT

(Pursuant to Section 173(2) of The Companies Act, 1956)

ITEM NO. 4

The Board of Directors of the Company appointed Shri Devineni Madhusudhan Rao as Additional Director of the Company at their meeting held on 5th November, 2007 to broad base the board and he will hold office up to the date of this Annual General Meeting.

Consideration his rich professional experience as Chartered Accountant in the field of Finance, the Board feels his appointment as a director of the company will immensely benefit the Company.

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 is interested in this resolution.

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

Place : Hyderabad
Date : 01-09-2008

Sd/-
PRASAD GARAPATI
Chairman & Managing Director

INNOCORP LIMITED

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DIRECTORS' REPORT

To

The Members,

Your Directors have pleasure in presenting the 14th Annual Report together with the Audited Accounts of the Company for the year ended 31st March 2008.

(Rs. in lacs)

Particulars	31.03.2008	31.03.2007
Sales (Plastic & Cable)	1755.04	2485.18
Contract/Other Income	278.58	439.81
TOTAL INCOME	2033.62	2924.99
Less Exercise Duty	48.18	-
Income after Exercise Duty	1985.44	2924.99
Expenditure before financial charges and depreciation	1746.09	2684.98
Profit/ (Loss) before depreciation, interest and Financial Charges	239.35	240.01
Depreciation	41.32	51.67
Financial Charges	182.36	152.13
Profit Before Tax	15.67	36.21
Fringe Benefit Tax	1.25	1.54
Prior period items	0.16	15.42
Provision for tax	4.38	4.06
Deferred Tax	(4.18)	13.11
NET PROFIT / (LOSS)	14.04	2.08
Balance carried to balance sheet	336.94	322.89

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 customers. 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.

SUBSIDIARY DETAILS:

Innosoft Technologies Inc., USA a wholly owned subsidiary of the Company made a turnover of Nil for the year ended 31st December 2007. The financial report of Innosoft Technologies Inc., forms part of this Annual Report.

Inno Projects Private Limited another wholly owned subsidiary of the Company has made a turnover of Rs. NIL and Loss of Rs.13667.00 for the year ended 31st March 2008.

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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 N J Rao Director of the Company has passed away. Your Board recalls the services rendered to the Company and pray for the peace of the departed soul. Further Sri Venkaiah Doniparthi retires by rotation at the ensuing annual general meeting and being eligible offer himself for re-appointment and Sri Devineni Madhusudhan Rao who was Co-opted as an additional director w.e.f. 05.11.2007, further a special notice is received under section 257 of the Companies Act, 1956 for the appointment of Sri Devineni Madhusudhan Rao as director on the Board of the Company

AUDITORS:

M/s.JBRK & CO., 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.

During the Financial Year M/s JBRK & Co, Chartered Accountant was appointed in place of M/s. BOPPUDI & ASSOCIATES who have resigned.

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 Statement of particulars of the conservation of energy, technology absorption and foreign exchange earnings and outgoings is given as required under the Companies (Disclosure of Particular in the Report of the Board of Directors) Rules, 1988, is enclosed as **Annexure-A**

MANAGEMENT DISCUSSION & ANALYSIS

Pursuant to the provision of clause 49 of the Listing Agreement, a report on management Discussion & Analysis is set out as an **Annexure- B**

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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, 2008, 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, 2008 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.

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.

HUMAN RESOURCE VALUATION:

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

ACKNOWLEDGEMENTS:

Your 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
For **INNOCORP LIMITED**

Place : Hyderabad
Date : 01.09.2008

Sd/-
PRASAD GARAPATI
Chairman & Managing Director

ANNEXURE A
CONSERVATION OF ENERGY, RESEARCH AND DEVELOPMENT, TECHNOLOGY
ABSORPTION AND FOREIGN EXCHANGE EARNINGS/OUTGO

Particulars pursuant to Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988

CONSERVATION OF ENERGY

Energy conservation measures taken : Proper control points are set up at all levels to identify the wastage in power & fuel consumption and to take/initiate corrective steps.

Additional investments and proposals, if, any, being implemented for reduction of : conservation of energy NIL

Impact of the clause (1) and (2) above the reduction of energy consumption and consequent impact on the production of goods : N.A

TECHNOLOGY ABSORPTION

Research and Development (R&D)

- | | |
|---|-----|
| 1. Specific areas in which R&D carried out by the Company | NIL |
| 2. Benefits derived as a result of the above R&D | NIL |
| 3. Future plans of action | |
| 4. Expenditure on R&D | |

Capital	NIL
Recurring	NIL
Total	NIL
Total R&D Expenditure as % of total turnover	NIL

Technology Absorption, Adaptation and Innovation

- | | |
|---|-----|
| 1. Efforts made towards technology absorption adaptation and innovation | NIL |
| 2. Benefits derived as a result of above efforts | NIL |
| 3. Information about imported technology | |
| Technology imported : | NIL |
| Year of Import : | |

Whether Technology fully absorbed :
 If not fully absorbed, areas and reasons
 for future plans actions :