

INNOCORP LIMITED

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15th

Annual Report

2008 - 2009



15th Annual General Meeting

30th Day of September, 2009
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 V.S.S. Garapati | Chairman & Managing Director |
| Smt K.Saraswathi | Executive Director |
| Sri Sahu Garapati | Director (appointed on 01.11.2008) |
| Sri Venkaiah Doniparthi | Director |
| Sri Devineni Madhusudhan Rao | Director |
| Sri Cherukuri Subrahmanyam | Director (appointed on 31.10.2008) |
| Sri MVS Birinchi | Director (resigned on 21.10.2008) |
| Smt Lakshmi V.V.V. Garapati | Director (resigned on 25.03.2009) |

STATUTORY AUDITORS

M/s. J B R K & CO.

118, 5th Floor
Maruthi Complex
Near Yashoda Hospitals
Somajiguda, Hyderabad

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

SHARE TRANSFER AGENTS

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

NOTICE

Notice is hereby given that the 15th 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 **WEDNESDAY, 30TH SEPTEMBER 2009 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, 2009 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. Devineni Madhusudhan Rao 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 SRI SAHU GARAPATI 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 Sahu Garapati, who was appointed as an Additional Director on 1st November 2008 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 SRI CHERUKURI SUBRAHMANYAM 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 Cherukuri Subrahmanyam, who was appointed as an Additional Director on 31st October, 2008 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."

6. RE-APPOINTMENT OF SRI PRASAD V.S.S. GARAPATI AS CHAIRMAN & MANAGING DIRECTOR:

To consider and if thought fit, to pass, with or without modification(s), the following resolution as a "SPECIAL RESOLUTION":

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and 310 read with Schedule XIII of the Companies Act, 1956 and all other applicable provisions if any, of the

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Companies Act, 1956, consent of the members be and is hereby accorded for the appointment of Sri Prasad V.S.S. Garapati as Chairman & Managing Director of the Company for a period of 5 Years with effect from 01.05.2009 at a remuneration of Rs.50,000/- per month as approved by the remuneration committee, with liberty to the Board of Directors to alter and vary the terms and conditions and/or remuneration, subject to the same not exceeding the limits specified under Schedule XIII to the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof, be and is hereby approved .

"FURTHER RESOLVED THAT in the event of insufficient profits during any particular period the aforesaid remuneration shall be the minimum remuneration payable to Sri Prasad Garapati, pursuant to Section II of the Part II of Schedule XIII of the Companies Act, 1956.

"FURTHER RESOLVED THAT the duties of the Chairman & Managing Director shall be including but not limited to the overall supervision of the functioning of the company, handling day to day affairs of the Company, appointment and termination of services of employees, regularly reporting to the Board on the activities of the Company and to perform all other duties that the Board may delegate to the Managing Director from time to time."

7. RE APPOINTMENT OF SMT K.SARASWATHI AS WHOLE TIME DIRECTOR:

To consider and if thought fit to pass, with or without modification(s), the following resolution as a "SPECIAL RESOLUTION":

"RESOLVED THAT pursuant to the Provisions of Sections 198, 269, 309 and 310 read with Schedule XIII of the Companies Act, 1956 and all other applicable provisions if any, of the Companies Act, 1956, Consent of members be & here by accorded for the appointment of Smt K Saraswathi as Whole Time Director of the Company for a period of 5 Years with effect from 01.05.2009 at a remuneration of Rs.20,000/- per month as approved by the remuneration committee, with liberty to the Board of Directors to alter and vary the terms and conditions and/or remuneration, subject to the same not exceeding the limits specified under Schedule XIII to the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof, be and is hereby approved .

"FURTHER RESOLVED THAT in the event of insufficient profits during any particular period the aforesaid remuneration shall be the minimum remuneration payable to Smt K Saraswathi, pursuant to Section II of the Part II of Schedule XIII of the Companies Act, 1956

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

Place : Hyderabad
Date : 28.08.2009

Sd/-
PRASAD V S S 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 **MONDAY, 28TH SEPTEMBER 2009 TO WEDNESDAY, 30TH SEPTEMBER 2009** (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.

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

Place : Hyderabad
Date : 28.08.2009

Sd/-
PRASAD V S S GARAPATI
Chairman & Managing Director

ADDITIONAL INFORMATION ON THE DIRECTORS SEEKING RE-APPOINTMENT ON RETIRING BY ROTATION AND NEWLY GETTING APPOINTED AT THE ENSUING ANNUAL GENEAL MEETING:**PRASAD V.S.S. GARAPATI**

Sri Prasad VSS Garapati aged about 52 years who is an M.Com graduate. He has got more than 25 years experience in this industry and allied lines. He is well traveled and is actively associated with NRIs' from USA and GULF countries. He is also the Chairman, Regional Sub Committee and Member, National Working Committee of ELECTRONICS AND COMPUTER SOFTWARE EXPORT PROMOTION COUNCIL. Being the Regional Chairman, Southern region, Electronics and Computers Software Export Promotion Council (ESC), Mr. Garapati is playing a major role in the promotion of software exports from India. He is a member of various social organizations and is well connected. His attitude in allowing a free hand to the managers has nurtured many a professional managers.

A proficient & powerful speaker and visionary, Sri. Prasad V.S.S. Garapati is never averse to take a calculated risk and ensure that the risk metamorphoses into a reward.

Once committed to a task, he makes it a passion to complete it at the earliest possible time with the least resources.

K. SARASWATHI

Smt K Saraswathi is a Graduate in Science. She has 20 years of work experience in Administration and production of home appliances and consumable durables. She looks after the day-to-day operations at the factory controlling the areas relating to production and distribution of goods.

D MADHUSUDHAN RAO

Sri D Madhusudhan Rao is a practiced C.A., having expertise in managing a Hi-Tech print industry for security, variable data, telephone scratch card printing and also developed new technologies for conducting examinations for various institutions successfully. He dose not hold any shares in the Company.

SAHU GARAPATI

Sri Sahu Garapati is an Engineering Graduate with M.B.A., in marketing & operations from S.P.Jain Institute of Management. He has emering new concepts in the marketing of products which helps the company to explore in new areas. He was earlier managing the company's operations in Dubai.

CHERUKURI SUBRAHMANYAM

Sri Cherukuri Subrahmanyam aged about 64 years is a Diploma Holder in Electrical. He was AE in APCPDCL and served more than 31 years in different categories in the same state government organization. He dose not hold any shares in the Company.

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

ITEM NO. 4

The members may note that Sri Sahu Garapati was inducted into the Board as Additional Director of the Company with effect from 1st November 2008 pursuant to the provisions of Section 260 of the Companies Act, 1956 read with Article 106 of Article of Association. The said Director holds the said office upto the ensuing Annual General Meeting.

The Company has received notice in writing from a member of the Company along with a deposit of Rs.500/- under Section 257 of the Companies Act, 1956 proposing the candidature of Sri Sahu Garapati for the Office of Director, whose period of office is determinable by retirement of Directors by rotation.

As per the provisions of Section 257 of the Act, any such proposal needs to be approved by the members in their General Meeting.

Hence, the Board recommends the respective resolution for your approval.

None of the Directors is interested, except Sri Sahu Garapati, Sri Prasad V.S.S. Garapati & Smt K Saraswathi is interested in this resolution.

ITEM NO. 5

The members may note that Sri Cherukuri Subrahmanyam was inducted into the Board as Additional Director of the Company with effect from 31st October, 2008 pursuant to the provisions of Section 260 of the Companies Act, 1956 read with Article 106 of Article of Association. The said Director holds the said office upto the ensuing Annual General Meeting.

The Company has received notice in writing from a member of the Company along with a deposit of Rs.500/- under Section 257 of the Companies Act, 1956 proposing the candidature of Sri Cherukuri Subrahmanyam for the Office of Director, whose period of office is determinable by retirement of Directors by rotation.

As per the provisions of Section 257 of the Act, any such proposal needs to be approved by the members in their General Meeting.

Hence, the Board recommends the respective resolution for your approval.

None of the Directors is interested, except Sri Cherukuri Subrahmanyam

ITEM NO. 6

Sri Prasad V.S.S. Garapati was appointed as Chairman & Managing Director of the Company since 1st May, 2004 and the term of office will expire on 30th April, 2009.

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The Board of Director of the Company ('the Board') at its meeting held on 30th April, 2009 has, subject to the approval of Members, re-appointed Sri Prasad V.S.S. Garapati for a further period of 5 years from the expiry of their respective term, on the remuneration of Rs. 50,000/- per month with liberty to the Board of Directors to alter and vary the terms and conditions and/or remuneration, subject to the same not exceeding the limits specified under Schedule XIII to the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof, be and is hereby approved .

The present proposal is to seek the members' approval for the reappointment of and remuneration payable to Sri Prasad V.S.S. Garapati as Chairman & managing Director in terms of applicable provisions of the Companies Act, 1956.

Hence the resolution is proposed for your approval

None of the Directors is interested, except Sri Sahu Garapati, Sri Prasad V.S.S. Garapati & Smt K Saraswathi.

ITEM NO. 7

Smt K Saraswathi was appointed as Executive Director of the Company since 1st May, 2004 and the term of office will expire on 30th April, 2009.

The Board of Director of the Company ('the Board') at its meeting held on 30th April, 2009 has, subject to the approval of Members, re-appointed Smt K Saraswathi as Executive Director for a further period of 5 years from the expiry of their respective term, on the remuneration of Rs. 20,000/- per month with liberty to the Board of Directors to alter and vary the terms and conditions and/or remuneration, subject to the same not exceeding the limits specified under Schedule XIII to the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof, be and is hereby approved .

The present proposal is to seek the members' approval for the reappointment of and remuneration payable to Smt K Saraswathi as Executive Director in terms of applicable provisions of the Companies Act, 1956.

None of the Directors is interested, except Sri Sahu Garapati, Sri Prasad V.S.S. Garapati & Smt K Saraswathi is interested in this resolution.

Hence the resolution is proposed for your approval

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

Place : Hyderabad
Date : 28.08.2009

Sd/-
PRASAD V S S GARAPATI
Chairman & Managing Director

INNOCORP LIMITED

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DIRECTORS' REPORT

To
The Members,

Your Directors have pleasure in presenting the 15th Annual Report together with the Audited Accounts of the Company for the year ended 31st March 2009.

(Rs. in lacs)

| Particulars | 31.03.2009 | 31.03.2008 |
|--|------------------|----------------|
| Sales (Plastic & Cable) | 1277.38 | 1755.04 |
| Contract/Other Income | 253.76 | 278.58 |
| TOTAL INCOME | 1531.14 | 2033.62 |
| Less Excise Duty | 237.61 | 48.18 |
| TOTAL EXPENDITURE | 2105.55 | 1746.09 |
| Profit/ (Loss) before depreciation & Financial Charges | (812.02) | 239.35 |
| Depreciation | 48.34 | 41.32 |
| Financial Charges | 154.30 | 182.36 |
| Profit Before Tax | (1014.66) | 15.67 |
| Fringe Benefit Tax | 1.40 | 1.25 |
| Prior period items | 46.58 | 0.16 |
| Provision for tax | -- | 4.38 |
| Deferred Tax | -- | (4.18) |
| NET PROFIT / (LOSS) | (1062.64) | 14.04 |
| Balance carried to balance sheet | | 336.94 |

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 overall turnover of the Company and incurred overall net loss. Your Directors would like to state that the cable division was adversely affected as Wet Lease Agreement entered with M/s Gem Cables and Conductors Limited was terminated. Further Huge amount of Debtors and advances were treated as irrevocable and converted into bad debts. Your Directors are hopeful of good performance and profitability in future years.

SUBSIDIARY DETAILS:

The Board of Directors in their meeting held on 2nd December, 2008 has divested the investments made in the Subsidiary Companies in Innosoft Technologies Inc., and Inno Projects Private Limited

DIVIDEND:

During the Financial Year 2008-09, Your Company has recorded a Net Loss; hence your Directors do not recommend any dividend for the Financial Year 2008-09.

DEPOSITS:

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

DIRECTORS:

Sri Devineni Madhusudhan Rao retires at the ensuing Annual General Meeting and being eligible, offers himself for reappointment.