

21ST
ANNUAL REPORT
2014 – 2015

INNOCORP LIMITED

21st ANNUAL GENERAL MEETING

Wednesday 30th Day of September, 2015 AT 12:00 PM,
At Plot No. 41, Ida, Mallapur, Hyderabad. Telangana, India

Contents:	Page No.
◆ Corporate Information	2
◆ Notice	3
◆ Directors Report	7
◆ Corporate Governance Report	42
◆ Auditors Report	44
◆ Balance Sheet	48
◆ Profit & Loss Account	49
◆ Cash Flow Statement	50
◆ Notes	51
◆ Measurement and Disclosures as per Accounting Standards	61
◆ Attendance/Proxy	66

COMPANY INFORMATION**BOARD OF DIRECTORS**

1. Sri Prasad V S S Garapati	Chairman & Managing Director
2. Smt K. Saraswathi	Whole Time Director
3. Sri Sahu Garapati	Whole Time Director
4. Sri Venkaiah Doniparthi	Director
5. Sri Gopala Krishna Vajha	Director
6. Sri Cherukuri Subrahmanyam	Director

CFO

Sri Venu Garapati

STATUTORY AUDITORS

M/S. Ramasamy Koteswara Rao & Co.,
Plot No. 238/A, MLA's Colony
Road No. 12, Banajara Hills
Hyderabad-500034

REGISTERED OFFICE

Plot No: 41, IDA
Mallapur Hyderabad – 500 076, Telangana
CIN-L99999TG1994PLC018364
Email Id - info@innocorpltd.com

INTERNAL AUDITOR

M/S. SVP& Co
Chartered Accountants
Hyderabad

SHARE TRANSFER AGENTS

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

BANKERS

Andhra Bank
Mallapur, Hyderabad

LISTED AT:

BSE Limited

BOARD COMMITTEE

AUDIT COMMITTEE:	STAKEHOLDERS RELATIONSHIP COMMITTEE:	NOMINATION AND REMUNERATION COMMITTEE:
Gopala Krishna Vajha (Chairman) Venkaiah Doniparti Cherukuri Subrahmanyam	Gopala Krishna Vajha (Chairman) Venkaiah Doniparti Cherukuri Subrahmanyam	Gopala Krishna Vajha (Chairman) Venkaiah Doniparti Cherukuri Subrahmanyam

NOTICE

Notice is hereby given that the 21st 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, Telangana–500076, on Wednesday, **30th SEPTEMBER, 2015** at 12.00 P.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, 2015 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 Swaraswathi, who retires by rotation, being eligible offers herself for re-appointment
3. 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 139,141,142 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed there under, as amended from time to time, M/s. Ramasamy Koteswara Rao & Co., Chartered Accountants, Hyderabad (Registration No. 010396S) be and are hereby appointed as the Statutory Auditors of the Company to hold the office from the conclusion of this Meeting till the conclusion of the next Annual General Meeting on such remuneration as may be agreed upon by the Board of Directors and the Auditors, in addition to reimbursement of all out of pocket expenses in connection with the audit of the accounts of the Company for the financial year ending 31st March, 2016.”.

SPECIAL BUSINESS

4. **ADOPTION OF NEW SETS OF ARTICLES OF ASSOCIATION OF THE COMPANY CONTAINING REGULATIONS IN CONFORMITY WITH THE COMPANIES ACT, 2013:**

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 Section 14 and all other applicable provisions of the Companies Act, 2013 read with Companies (Incorporation) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the draft regulations contained in the Articles of Association be and are hereby approved and adopted in substitution, and to the entire exclusion of the regulations contained in the existing Articles of Association of the Company”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

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

Sd/-

**Mr. Prasad V S S Garapati
Chairman and Managing Director**

**Place: Hyderabad
Date: 12th August 2015**

NOTES:

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote on his / her behalf and the proxy need not be a member of the company. The instrument of Proxy, in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not later than 48 hours before the commencement of the meeting. A Proxy Form is annexed to this Report. Proxies submitted on behalf of limited companies, societies, etc., must be supported by an appropriate resolution / authority, as applicable.
2. Corporate Members intending to send their authorized representatives to attend the meeting are requested to send to the company a certified copy of the Board resolution authorizing their representative to attend and vote on their behalf at the meeting
3. The Register of members and share transfer books of Company shall remain closed from **THURSDAY 24th SEPTEMBER, 2015 TO WEDNESDAY 30th SEPTEMBER, 2015** (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.3, Sagar Society, Road No: 2 Banjara Hills, Hyderabad, Telengana – 500 034.
7. Voting through electronic means

In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their right to vote at the 21st Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Central Depository Service (India) Limited (CDSL):

Commencement of e - voting: From 09.00 A.M. on Sunday, 27th September, 2015 to 05.00 P.M. on Tuesday, 29th September, 2015

E-voting shall not be allowed beyond 05.00 P.M. on 29th September, 2015. During the e-voting period, shareholders of the Company, holding shares either in physical form, may cast their vote electronically.

The login ID and password for e-voting along with process, manner and instructions for e-voting is being attached in the Annual Report.

The Company has appointed Mr. Yellareddy Vootkuri, Practicing Chartered Accountant, Hyderabad as Scrutinizer for conducting the e-voting process for the Annual General Meeting in a fair and transparent manner.

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

**Sd/-
Mr. Prasad V S S Garapati
Chairman and Managing Director**

**Place: Hyderabad
Date: 12th August 2015**

EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013**Item no. 4**

The Articles of Association (“AOA”) of the Company as presently in force are based on the Companies Act, 1956 and several regulations in the existing AOA contain references to specific sections of the Companies Act, 1956 and some regulations in the existing AOA are no longer in conformity with the present Companies Act, 2013.

With the coming into force of the Companies Act, 2013, several regulations of the existing AOA of the Company require alteration or deletions in several articles. Given this position, it is considered expedient to wholly replace the existing AOA by a new set of Articles. The new AOA to be substituted in place of the existing AOA are based on Table ‘F’ of the Companies Act, 2013 which sets out the model articles of association for a company limited by shares.

The proposed new draft AOA is being uploaded on the Company’s website for perusal by the shareholders.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 4.

Your Directors recommend the Resolution for your approval as Special Resolution.

By order of the Board
For INNOCORP LIMITED

Place: Hyderabad
Date: 12th August 2015

Sd/-
Mr. Prasad V S S Garapati
Chairman and Managing Director

Information in respect of directors seeking appointment/re-appointment as required under clause 49 VIII (E)(1) of the listing agreement

Name of the Directors	K. SWARASWATHI
Date of first appointment	21-09-1994
Date of birth/age	22-04-1955
Expertise in specific functional areas	PRODUCTION
Educational qualification	B Sc.
Chairman/member of the committees of board of Directors of the company	NIL
List of Directorships, Committee Chairmanship, Membership held in other companies as on	INNOVATIONS SHOWROOMS PVT LIMITED INNOVATIONS PAYMENTS SERVICES LIMITED
No of shares held in the Company	100

DIRECTORS' REPORT

To
The Members

Your Directors have pleasure in presenting the 21st Annual Report together with the Audited Accounts of the Company for the year ended 31st March 2015.

FINANCIAL HIGHLIGHTS**(Rs. in lacs)**

PARTICULARS	YEAR ENDED 31.03.2015	YEAR ENDED 31.03.2014
Sales (Excl. Duties and Taxes)	1099.27	1173.82
Other Income	7.43	7.20
TOTAL INCOME	1106.70	1181.02
TOTAL EXPENDITURE	1404.00	1014.66
Profit/ (Loss) before depreciation & Financial Charges	-297.30	166.36
Depreciation	144.58	76.11
Financial Charges	63.01	67.09
Profit Before Tax	-504.90	23.16
Prior period items	8.48	(22.07)
Provision for tax	236.10	4.52
Deferred Tax	0	-
NET PROFIT / (LOSS)	-277.35	5.61

OPERATIONS:

Your Board would like to bring to your notice that the Company has witnessed significant fall in production due to reduction in orders from Tupperware and profitability during the financial year under review when compared to the last year.

In spite of recessionary conditions of market and increasing competition, during the financial year under review, your Company has achieved total net of sales of Rs. 1099.27 lakh when compared to last year sales of Rs. 1173.82 lakh and recorded net loss of Rs. 277.35 lakh for the financial year 2014-15 when compared to net profit of Rs. 5.61 lakh during the previous year. The company made a provision for bad & doubtful debts relating to erstwhile cable & projects division receivables to the extent of Rs.251.96 lakh and goodwill of Rs.10.50 Lakh written off and debited to profit & loss account. This causes a current year loss of Rs.277.35 Lakh when compared to Net profit of Rs.5.61 lakh during the previous year.

DIVIDEND:

During the Financial Year 2014-15, Your Company has incurred loss; hence your Directors do not recommend any dividend for the Financial Year 2014-15.

DIRECTORS

In accordance with the provisions of Companies Act, 2013 and the Articles of Association of the Company, Smt K Saraswati, Director of the Company will retire by rotation at the ensuing Annual General Meeting and, being eligible, offers herself for re-appointment.

The Company has received declarations from all the Independent Directors of the Company confirming that they continue to meet with the criteria of independence as prescribed under sub-

section (6) of Section 149 of the Companies Act, 2013 and under Clause 49 of the Listing Agreement with the Stock Exchanges.

For Directors seeking appointment/re-appointment in the forthcoming Annual General Meeting of the Company; the particulars as required to be disclosed in accordance with Clause 49 (Corporate Governance) of Listing Agreement, forms part of Corporate Governance Report.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Your Company has not given any Loans or Guarantees nor has it made any Investments covered under the provisions of Section 186 of the Companies Act, 2013.

FIXED DEPOSITS

The Company has neither accepted nor renewed any deposits falling within the provisions of Section 73 and 76 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014 from the its member and public during the Financial Year.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to Section 134 (5) of the Companies Act, 2013, your Directors confirm that to the best of their knowledge and belief and according to the information and explanation obtained by them,

- i. In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii. Such accounting policies as mentioned in the notes to the financial statements have been selected and applied consistently and judgments and estimates that are reasonable and prudent made so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 2014-15 and of the profit or loss of the Company for that period;
- iii. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. The annual accounts for the year 2014-15 have been prepared on a going concern basis.
- v. Those proper internal financial controls were in place and that the financial controls were adequate and were operating effectively.
- vi. That system to ensure compliance with the provisions of all applicable laws was in place and was adequate and operating effectively.

VIGIL MECHANISM / WHISTLE BLOWER POLICY

Pursuant to the provisions of section 177 (9) and read with all other applicable provisions of the Companies Act, 2013 and the Companies (meetings of board and its powers) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, The Company has a Whistle Blower Policy framed to deal with instance of fraud and mismanagement, if any in the Group. The details of the Policy are explained in the Corporate Governance Report and also posted on the website of the Company.

AUDITORS:

Pursuant to the provisions of Section 139(2) of the Companies Act, 2013, the Statutory Auditor M/s. Ramsamy Koteswara Rao & Co, Chartered Accountants, Hyderabad, as the Statutory Auditors of the Company to hold office from conclusion of this Annual General Meeting till the next Annual General Meeting subject to the ratification of shareholders at every Annual General Meeting.

The Notes on Financial Statements referred to in the Auditors' Report are self-explanatory and do not call for any further comments. There are no qualifications in the report of the statutory auditors for the year 2014-15.

INTERNAL AUDITOR:

The Board of Directors based on the recommendation of the Audit Committee has re-appointed M/s. SVP& Co Chartered Accountants, Hyderabad, as the Internal Auditors of your Company. The Internal Auditors are submitting their reports on quarterly basis.

BOARD MEETINGS

During the year under review, six board meetings were held on 01.05.2014, 30.05.2014, 13.08.2014, 30.09.2014, 13.11.2014, and 12.02.2015. The maximum time-gap between any two consecutive meetings was within the period prescribed under the Companies Act, 2013.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

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 Particulars 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**

SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed K Malleswari a practicing Company Secretary in Practice to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is annexed herewith as **ANNEXURE C** to this report.

EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in **Form MGT - 9** is annexed herewith as **ANNEXURE D** to this report.

CORPORATE GOVERNANCE:

The Company has been making every endeavor to bring more transparency in the conduct of business. As per the requirements of Listing Agreement with the Stock Exchanges, a compliance report on corporate Governance for the year 2014-15 and a certificate from the Auditors of the Company are furnished as a part of this Annual Report **ANNEXURE E**.

PARTICULARS OF EMPLOYEES:

The information required pursuant to Section 197 read with Rule 5 (1) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company is herewith annexed as **Annexure F** to this report and Rule 5 (2) Of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, No employee of your company is in receipt of remuneration exceeding Rs.5, 00,000/- per month or Rs. 60, 00,000/- per annum during the Financial Year.

RELATED PARTY TRANSACTIONS

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

All related party transactions are placed before the Audit Committee as also the Board for approval. Prior omnibus approval of the Audit Committee is obtained as per Clause 49 of the Listing Agreement for the transactions which are of a foreseen and repetitive nature. The Company has developed a Policy on Related Party Transactions for the purpose of identification and monitoring of such transactions.

The Policy on Related Party Transactions as approved by the Board is uploaded on the website of the Company. The particulars of contracts or arrangements with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 is referred in Notes to Accounts.

HUMAN RESOURCES

Your Company considers its Human Resources as the key to achieve its objectives. Keeping this in view, your Company takes utmost care to attract and retain quality employees. The employees are sufficiently empowered and such work environment propels them to achieve higher levels of performance. The unflinching commitment of the employees is the driving force behind the Company's vision. Your Company appreciates the spirit of its dedicated employees.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

There are no significant material orders passed by the Regulators / Courts which would impact the going concern status of the Company and its future operations.

ACKNOWLEDGEMENTS:

Your Directors place on record their appreciation and gratitude for the continuous support and assistance extended by all the Statutory Authorities. The Board also extends its heartfelt gratitude to the Creditors and Shareholders for the confidence reposed by them in the Company. Your Directors also place on record their sincere appreciation for the continued contributions made by the employees at all levels.

By order of the Board
For INNOCORP LIMITED

Date: 12th August 2015
Place: Hyderabad

Sd/-
Mr. Prasad V S S Garapati
Chairman and Managing Director