

**BOARD OF DIRECTORS**

Sri C. Bhagavantha Rao  
Sri P. Rajeswara Rao  
Sri P. Ram Rao  
Smt. C. Neelima

Managing Director  
APIDC Nominee Director  
Director  
Whole-time Director

**AUDITORS**

M/s.Purnachandra Rao & Co.,  
Chartered Accountants  
Sivalayam Street,  
Gowrisankarapuram,  
GUDIWADA- 521301

**BANKERS**

State Bank of India,  
Patamata,  
VIJAYAWADA – 520 007.  
  
State Bank of Hyderabad,  
Governorpet,  
VIJAYAWADA -520 002.

**REGISTERED OFFICE & FACTORY****INCAP LIMITED**

1-58, Nidamanuru  
VIJAYAWADA -521104.  
Krishna District.  
Andhra Pradesh.

**REGISTRARS & SHARE TRANSFER AGENTS  
(PHYSICAL & DEMANT)****M/s. VENTURE CAPITAL AND CORPORATE  
INVESTMENTS PRIVATE LIMITED**

12-10-167, Bharat Nagar,  
HYDERABAD – 500 018.

Tel. : 91-866-2842479, 2842571  
2841147  
Fax : 91-866-2842572  
Email : vjwincap@bsnl.in  
URL : www.incaplimited.com

Phone : (040) 23818475, 476  
Fax : (040) 23868024  
Email : info@vccilindia.com

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**INCAP LIMITED**

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**NOTICE**

Notice is hereby given that the **TWENTY SECOND GENERAL MEETING** of **INCAP LIMITED** will be held on Saturday, the 29th September, 2012 at 12.00 Noon at the Registered Office of the Company at 1-58, Nidamanur, Vijayawada-521104, to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Account for the year ended 31st March, 2012 and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Sri P.Ram Rao, who retires at this meeting and being eligible offers himself 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** the Statutory Auditors, M/s.Purnachandra Rao & Co., Chartered Accountants, be and are hereby re-appointed as Statutory Auditors of the Company to hold office from conclusion of this meeting till the conclusion of next Annual General Meeting at such remuneration as may be determined by the Board.”

**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND PROXY NEED NOT BE A MEMBER. PROXIES IN ORDER

TO BE EFFECTIVE MUST REACH THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME FIXED FOR THE MEETING.

2. The Register of Members and Share Transfer Books of the Company will remain closed from 25th September, 2012 to 29th September, 2012 (Both days inclusive) for the purpose of Annual General Body meeting for the year ended 31st March, 2012.
3. Members, who hold share in dematerialized form, are requested to bring their client – ID and DPID Nos. for easier identification of attendance at the meeting.
4. A member desirous of getting any information on the accounts or operations of the company is requested to forward his/her queries to the company at least seven working days prior to meeting, so that the required information can be made available at the meeting.
5. Members holding shares in physical form are requested to notify immediately any change in their address and Bank Particulars to the company or its Share Transfer Agents and in case their shares are held in dematerialized Form, the information should be passed on directly to their respective Depository participants and not to the Company / Share Transfer Agents, without any delay.
6. In all correspondence with the company, members are requested to quote their account / folio numbers and in case their shares are held the dematerialized form, they must quote their DP ID and Client ID Number.

7. Investors/Share holders are requested to kindly note that if physical documents viz. Demat Request Forms (DRF) and share Certificates etc., are not received from their DPs by the Registrar within a period of 15 days from the date of generation of the DRN for dematerialization, the DRN will be treated as rejected / cancelled. This step is being taken on the advice of National Securities Depository Limited (NSDL) so that no demat request remains pending beyond a period of 30 days. Upon rejection / cancellation of the DRN, a fresh DRF has to be forwarded along with the share certificates by the DPs to the Registrar. This note is only caution to investors / shareholders that they should ensure that their DPs do not delay in sending the DRF and Share Certificates to the registrar after getting the DRN.
8. Members holding share in physical form are requested to inform their Bank Account Number and Bank branch details to the Company to enable it to include these details in the dividend warrants and thus minimize the chances of loss of dividend warrants falling in wrong hands.
9. All documents referred to in the accompanying notice are open for inspection at the Registered Office of the Company on all working days, except Saturdays, between 11-00 A.M and 1-00 P.M. up to the date of Annual General Meeting.
10. Members are requested to send all communications relating to Shares to the Company's transfer at the following address :  
M/s. Venture Capital and Corporate Investments Private Limited, 12-10-167, Bharat Nagar, Hyderabad – 500018. Phone: (040) 23818475, 476 Fax: (040) 23868024
11. Members/proxies are requested to deposit the enclosed attendance slip at the meeting.
12. Annual Listing fee has been paid to the following Exchange, where company's Securities are listed.  
Bombay Stock Exchange,  
Phiroze Jeejeebhoy Towers,  
Dalal Street, MUMBAI – 400 001

By Order of the Board  
**For INCAP LIMITED**

VIJAYAWADA  
31<sup>st</sup> May, 2012

**C.BHAGAVANTHA RAO**  
MANAGING DIRECTOR

**DIRECTORS' REPORT**

To  
The Members,  
Incap Limited

Your Directors have pleasure in presenting the Twenty Second Annual Report on the business and operations of the Company and the Audited Accounts for the year ended 31st March, 2012 together with Auditors' Report thereon.

**FINANCIAL RESULTS:**

The Financial Results for the year ended 31st March, 2012 are summarized below:

(Rs. in Lakhs)

<b>PARTICULARS</b>	<b>2011-2012</b>	<b>2010-2011</b>
Sales	<b>1760.13</b>	1553.85
Other Income	<b>79.68</b>	53.22
Total Income	<b>1839.81</b>	1607.07
Total Expenditure	<b>1627.99</b>	1496.33
Profit before Interest, Depn. & Tax	<b>211.82</b>	110.74
Interest	<b>97.90</b>	82.16
Profit before Depn. & Tax	<b>113.92</b>	28.58
Depreciation	<b>71.91</b>	70.14
Goodwill written off	<b>19.99</b>	19.99
<b>Profit before Tax</b>	<b>22.02</b>	(61.55)
Add: Prior period Item - State subsidy	-	12.92
Add : Deferred Tax Liability (Net)	<b>12.55</b>	6.18
Provision for Tax	<b>19.50</b>	1.19
<b>Profit after Tax</b>	<b>15.07</b>	(43.64)
Add: Brought forward from previous year	<b>(43.10)</b>	0.54
	(28.03)	(43.10)
<b>Appropriations :</b>		
Surplus Carried to Balance Sheet	<b>(28.03)</b>	(43.10)

**COMPANY'S OPERATIONS:**

During the year your Company achieved a turnover of Rs.1760.13 Lakhs during the year 2011-2012 against Rs.1553.85 Lakhs for the year 2010-2011. Insulators order executed to the extent of Rs.432.57 Lakhs during the year 2011-2012 against Rs.82.80 lakhs for the year 2010-2011. Company executed work contracts of M/s. Power Grid Corporation, New Delhi to the tune of Rs.89.65 Lakhs during the financial year under review.

**Order Book:**

Your company has new order in hand from Power Grid Corporation and expecting more orders from Power Grid and other power companies in the current year.

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**INCAP LIMITED**

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**DIVIDEND:**

As your company incurred loss during the financial year 2011-2012 due to setting of insulator division's loss against company's profits, in this background, your directors does not recommend any dividend for the Financial Year 2011-12.

**DEPOSITS:**

During the period under review, your company has not accepted/renewed any deposits within the meaning of section 58A of the Companies Act, 1956 and the rules made there under.

**INSURANCE:**

All the properties of your company including its buildings, Plant & Machinery and stocks have been adequately insured.

**QUALITY SYSTEM:**

Your Company's Certificate for quality system under ISO 9001: 2008 from ODC Standards Certification (India) Pvt. Ltd., Hyderabad continues to be valid.

**CORPORATE GOVERNANCE REPORT :**

Corporate Governance Report, along with the Auditors Compliance Certificate is attached to this report.

**DISCLOSURE AS PER LISTING AGREEMENT :****Clause 32 :**

The Cash Flow Statement in accordance with Accounting Standard and Cash Flow Statement (AS3) issued by ICAI is appended to this Annual Report.

**Clause 43 A :**

The Company's shares are listed on Bombay Stock Exchange, Mumbai (BSE), P.J.Towers, Dalal Street, Mumbai. The annual listing fee to BSE for the year 2011-2012 has been paid.

**DIRECTORS' RESPONSIBILITY STATEMENT:**

Your Directors, to the best of their knowledge and belief, state that the Company maintains proper accounting records which disclose with reasonable accuracy, the financial position of the Company.

Further your Directors state that these accounting records have formed the basis in the preparation of financial statements of the company in compliance with the provisions of the Companies Act, 1956, including any amendments thereto.

Your Directors also confirm compliance that the financial statements of the Company are prepared in

such manner to give a true and fair view of the state of affairs of the Company as at the end of 31<sup>st</sup> March, 2012 and of the profit of the Company for the year to that date.

Your Directors state that in preparing the aforesaid financial statements of the Company, appropriate accounting policies have been consistently applied and supported by reasonable and prudent judgments and estimates, whilst applicable accounting standards have been followed and that these financial statements have been prepared on going-concern basis.

Further, your Directors to the best of their knowledge and belief, state that appropriate internal control systems are in place which are reasonably expected to safeguard the assets of the Company and to prevent and detect fraud and irregularities.

**CONSERVATION OF ENERGY:**

The Company does not belong to the category of power intensive industries and hence consumption of power is not significant. However the management is aware of importance of conservation of energy and also reviews from time to time the measures taken/to be taken for reduction of consumption of energy. Your Company continues its efforts to conserve energy wherever practicable by economizing on the use of power through better utilization of equipment and proper production planning.

Form A is not applicable to the Company, as it does not fall under the list of Industries specified in the schedule attached to Rule 2.

**TECHNOLOGICAL ABSORPTION:**

No Foreign Technology is imported as such the question of the absorption of the same does not arise.

**FOREIGN EXCHANGE EARNINGS AND OUTGO:****(Rs. In Lakhs)**

	<b>Current Year</b>	<b>Previous Year</b>
a) Foreign Exchange earnings on exports	<b>NIL</b>	NIL
Foreign Exchange used on account of :		
(i) Value of imports of :		
Raw materials & Stores	<b>1291.16</b>	1096.14
(ii) Capital Goods	<b>1.00</b>	8.04
(iii) Foreign Travel	<b>2.46</b>	11.11

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**INCAP LIMITED**

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**AUDITORS :**

Your Company's Auditors M/s. Purnachandra Rao & Co., retire at the conclusion of the forthcoming Annual General Meeting and have signified their willingness to accept re-appointment and confirmed their eligibility under section 224(1-B) of the Companies Act, 1956.

**PARTICULARS OF EMPLOYEES:**

There are no employees who are in receipt of remuneration in excess of the rates / amounts specified under Section 217 (2A) of the Companies Act, 1956 read with the (particulars of Employees) Rules, 1975.

**INDUSTRIAL RELATIONS:**

Your Company has had harmonious industrial relations throughout the year under review at all levels of the organization, and would endeavour to maintain this cordial relationship.

**DIRECTORS:**

Sri.P.Ram Rao, Director of your company retires by rotation at the ensuing Annual General Meeting and being eligible offered himself for the re-appointment.

Smt. C. Neelima, Director, was appointed as a Whole-Time Director of the Company in the Board of Directors meeting of the Company held on 30<sup>th</sup> May, 2011.

**ACKNOWLEDGEMENTS:**

Your Directors wish to express their grateful appreciation for the assistance and cooperation received from APIDC, State Bank of India, State Bank of Hyderabad, Customers and Suppliers.

Cordial relations prevailed during the year with all the employees. Your Directors wish to place on record their deep sense of appreciation of the valuable work done and co-operation extended by them at all levels.

Your Directors also wish to express their gratitude to investors for the continued faith reposed by them in the Company.

By Order of the Board

**For INCAP LIMITED**

VIJAYAWADA  
31<sup>st</sup> May, 2012

**C.BHAGAVANTHA RAO**  
MANAGING DIRECTOR

**AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE**

To

The Members of INCAP LIMITED

We have examined the compliance of conditions of corporate governance by INCAP LIMITED, for the year ended on 31<sup>st</sup> March 2012, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchange(s).

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that no investor grievance(s) is/are pending for a period exceeding for one month against the Company as per the records maintained by the Shareholders / Investors Grievance committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **PURNACHANDRA RAO & CO.,**  
Chartered Accountants,  
Firm Regn. No.002802S

VIJAYAWADA  
31<sup>st</sup> May, 2012

**(CA. G.BABU SRIKAR )**  
**Partner**  
M. No.202335



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

Corporate Governance refers to the combination of voluntary practices and compliance's with laws and regulations leading to effective control and management of the organization. The fundamental objective of Incap's Corporate Governance is "enhancement of the long-term shareholder value at the same time protecting the interests of other shareholders." Corporate Governance brings into focus the fiduciary and trusteeship role of the Board to align and direct the action of the organization towards creating a wealth and shareholder value.

**2. BOARD OF DIRECTORS AND MEETING :****(i) Board of Directors:**

The present strength of the Board of Directors is 3 (Excluding APIDC Nominee) and is responsible for the Management of the Company's business. The functions, responsibility, role and accountability of the Board are well defined. The Board in addition to monitoring corporate performance also carries out functions such as approving the business plan, reviewing and approving the annual budgets and borrowing limits and ensures that your Company keeps shareholders informed about plans, strategies and performance. The detail report of the Company's performance is periodically placed before the Board. The Board consists of 2 Executive Directors and 1 Non-Executive and 1 Independent Director, whose details are as follows:

**1. Promoter/Executive Directors**

Sri C. Bhagavantha Rao	Managing Director
Smt. C. Neelima	Whole-time Director

**2. Promoter and Non-Executive Director**

Sri P. Ram Rao	Director
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**3. Non-Executive and Independent Director**

Sri P. Rajeswara Rao	Nominee Director
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**(ii) Board Meetings :**

During 2011-2012, the Board of Directors met 5 times on the following dates:

<b>Sl.No.</b>	<b>Date of Board Meeting</b>
1.	30.05.2011
2.	24.09.2011
3.	31.10.2011
4.	24.12.2011
5.	30.01.2012
6.	24.03.2012

(iii) The details of attendance of each Director at the Board Meetings, last Annual General Meeting and their composition, category and other Directorships as follows.

Name of the Director	Category	Attendance Particulars	
		Board Meetings	Last AGM
Sri C. Bhagavantha Rao	Non-Independent Executive	6	Yes
Sri P. Ram Rao	Non-Independent Non-Executive	2	Yes
Sri P. Rajeswara Rao	Independent Nominee	3	Yes
Smt. C. Neelima	Non-Independent Executive	5	Yes

**Notes**

1. Sri C. Bhagavantha Rao resigned as Director from the office of Neon Paints Private Limited on 18.05.2012.

**3. AUDIT COMMITTEE****3.1 Composition :**

The Audit Committee comprises of three directors as composition of the committee.

**3.2 Brief description of terms and reference :**

The terms of reference as per Clause 49 of the Listing Agreement are as follows:

- a) To review the results announcement and the report and accounts at the end of quarter, half year and the full year before submission of the Board, focusing particularly on.
  - i) Any changes in accounting policies and practices.
  - ii) Compliance with accepted accounting standards.
  - iii) Major Judgmental decisions etc.
- b) To consider appointment of Statutory Auditors, the Audit Fee, and any matter of resignation and dismissal.
- c) To discuss with the Statutory Auditors before the audit commences the nature and scope of the Audit.
- d) To review the effectiveness of the system of internal financial controls and discuss the same periodically with the statutory auditors.
- e) To discuss problems and reservations arising from the statutory audit and any matters the statutory auditor may wish to discuss.
- f) To consider other topics as may be delegated by the Board from time to time

**3.3 Meeting during the year :**

During the Financial year 2011-2012, the Audit Committee met four times on following dates with full strength:

1. 30<sup>th</sup> May, 2011
2. 30<sup>th</sup> July, 2011
3. 31<sup>st</sup> October, 2011
4. 30<sup>th</sup> January, 2012

**4. REMUNERATION OF DIRECTORS :**

The Company does not remunerate the Non-Executive Directors of the Company except for the payment of sitting fees for attending each Meeting of the Board of Committee thereof. Remuneration to Executive Directors is fixed by the Board and approved by shareholder at the Annual General Meeting. Particulars of their remuneration for the year ended 31<sup>st</sup> March 2012 are given below:

Name of the Director	Remuneration				
	Sitting Fee	Salary Rs.	Perquisites Rs.	Commission	Total Rs.
<b>Executive Directors :</b>					
Sri C. Bhagavantha Rao	Nil	600000	171000	Nil	771000
Smt C. Neelima	Nil	210000	140000	Nil	350000

<b>Non-Executive Directors :</b>					
Sri P. Ram Rao	4000	Nil	Nil	Nil	4000
Sri P. Rajeswara Rao	4000	Nil	Nil	Nil	4000
Smt.C. Neelima	2000	Nil	Nil	Nil	2000

**5. INVESTORS AND SHAREHOLDER'S GRIEVANCE COMMITTEE :**

Brief description of terms of reference :

To look into various affairs relating to the shareholders with regard to redressal of complaints in relation to transfer of shares, non-receipt of share certificate, balance sheets, dividends etc.

The Committee comprises of three directors as composition of the Committee.

**6. GENERAL BODY MEETINGS:**

Details of venue and time of last 3 Annual General Meetings are as under:

<b>Financial Year</b>	:	<b>2008-2009</b>
Venue	:	Registered Office, 1-58, Nidamanuru, Vijayawada-521 104.
Date	:	19-09-2009
Time	:	12-00 Noon

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**INCAP LIMITED**

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Financial Year : 2009-2010  
Venue : Registered Office, 1-58,  
Nidamanuru, Vijayawada-521 104.  
Date : 25-09-2010  
Time : 12-00 noon

**Financial Year** : **2010-2011**  
Venue : Registered Office, 1-58,  
Nidamanuru, Vijayawada-521 104.  
Date : 24-09-2011  
Time : 12-00 noon

No special resolutions were required to be put through postal ballot at the above meetings.

**7. DISCLOSURES:**

There are no related party transactions made by the Company with its promoters, directors or the management, their relative conflicting with company's interest.

No penalty or strictures have been imposed on the Company by Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets during the last three years.

**8. MEANS OF COMMUNICATION :**

The quarterly, half yearly and annual results of the Company in the prescribed proforma are published in the following News Papers.

1. Business Line (English)
2. Andhra Bhoomi (Regional Language)

There is no practice of sending half-yearly results to the household of shareholders.

**9. GENERAL SHAREHOLDERS INFORMATION :**

- i) Annual General Meeting : 29<sup>th</sup> September, 2012 Registered Office,  
Venue 1-58, Nidamanuru, Vijayawada– 521 104.
- ii) Financial Calendar : The Company follows April to March as its  
financial year. The results of every quarter are  
declared in the month following the quarter, as  
per the provisions of Listing Agreement.
- iii) Date of Book Closure : 25<sup>th</sup> September, 2012 to 29<sup>th</sup>  
September, 2012 (Both days inclusive)
- iv) Dividend Payment Date : As required under the Companies Act, 1956.

**INCAP LIMITED**

## v) Dividend History

Year	Total Amount of Dividend paid Rs.	Date of AGM in which dividend was declared	Date of payment	Unclaimed dividend as on 31.03.2012 Rs.
2003-2004	46,53,200/-	28.08.2004	15.09.2004	152675/-
2004-2005	46,53,200/-	27.08.2005	22.09.2005	165306/-
2005-2006	46,53,200/-	02.08.2006	21.08.2006	195097/-
2006-2007	46,53,200/-	25.08.2007	13.09.2007	197844/-
2007-2008	46,53,200/-	27.09.2008	16.10.2008	232316/-
2008-2009	23,26,600/-	19.09.2009	14.10.2009	145014/-
2009-2010	27,91,920/-	25.09.2010	18.10.2010	199146/-

vi) Listing on Stock Exchanges : Bombay Stock Exchange, Mumbai

vii) Company Stock Code : BSE – 517370

viii) Stock Market Data : The monthly high and low quotations of Company's shares at Bombay Stock Exchange (BSE) during the year under review are as under :

Month	High (Rs.)	Low (Rs.)
April 2011	13.80	11.10
May 2011	13.25	11.02
June 2011	13.99	10.66
July 2011	12.05	10.51
Aug 2011	12.00	10.00
Sept 2011	10.69	9.20
Oct 2011	11.05	9.21
Nov 2011	10.26	9.03
Dec 2011	9.95	8.01
Jan 2012	10.50	7.75
Feb 2012	9.94	8.40
Mar 2012	9.92	8.65

ix) Registrar and Share Transfer Agents : M/s. Venture Capital and Corporate Investments Private Limited, 12-10-167, Bharat Nagar, HYDERABAD – 500 018.

x) Share Transfer System : Transfer of Securities in physical form are registered and, duly transferred share certificates are dispatched within 30 days of receipt, provided the documents are in order. With regard to Shares in demat mode, the procedure is adopted as per the provisions of Depositories Act, 1996.

**INCAP LIMITED**

xi) Distribution of Shareholding :

Number of Shares held	Number of Shareholders	Percentage of Shareholders	Paid-up value of Shares held Rs.	Percentage of Total Paid-up Capital
Upto 5000	2799	86.17	4791550	9.33
5001 – 10000	223	6.87	1917610	3.74
10001 – 20000	106	3.26	1652730	3.22
20001 – 30000	32	0.99	843440	1.64
30001 – 40000	17	0.52	602080	1.17
40001 – 50000	22	0.68	1056250	2.06
50001 – 100000	21	0.65	1538330	3.00
100001 and above	28	0.86	38930010	75.84
TOTAL	3248	100.00	51332000	100.00

xii) Dematerialization of Shares & Liquidity : As on 31<sup>st</sup> March, 2012, 83.83% (43,03,160 Equity shares) of paid up capital have been dematerialised.

xiii) The company has issued and allotted underlying 480000 Equity shares of Rs. 10/- each on conversion of share warrants, during the year.

xiv) Plant Locations : 1-58, Nidamanuru, Vijayawada-521 104.  
N.H.5 Road, Krishna District, A.P.

xv) Address for Correspondence : All Share holders complaints/queries in respect of their shareholding may be addressed to :  
INCAP LIMITED, 1-58, Nidamanuru,  
Vijayawada – 521 104.  
Email : investorsincap@gmail.com  
Phone : 0866-2842479; 571  
Fax : 0866-2842572

For and on behalf of the Board

VIJAYAWADA  
31<sup>st</sup> May, 2012

**C.BHAGAVANTHA RAO**  
MANAGING DIRECTOR

**AUDITORS' REPORT****TO THE MEMBERS OF INCAP LIMITED**

1. We, M/s Purnachandra Rao & Co., Chartered Accountants, have audited the attached Balance Sheet of Incap Limited, as at March 31, 2012 the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
  - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b) In our opinion, proper books of account as required by law, have been kept by the Company, so far as appears from our examination of those books;
  - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
5. On the basis of written representations received from the directors, as on 31<sup>st</sup> March 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
6. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the significant accounting policies and notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - a) in the case of Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2012;
  - b) in the case of Profit and Loss Account, of the profit for the year ended on that date; and
  - c) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For **PURNACHANDRA RAO & CO.**,  
Chartered Accountants,  
Firm Regn. No.002802S

VIJAYAWADA  
31<sup>st</sup> May, 2012

**(CA. G. Babu Srikar)**  
Partner  
M. No.202335

**ANNEXURE TO AUDITORS' REPORT OF EVEN DATE**

Referred to in paragraph 3 of our report of even date to the members of Incap Limited on the Financial Statements for the year ended 31<sup>st</sup> March, 2012.

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets;
- (b) All the assets have been physically verified by the management during the year. There is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) In our opinion and according to the information and explanations given to us, no substantial parts of fixed assets have been disposed off by the Company during the year.
- ii. (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) The company is maintaining proper records of inventory the discrepancies noticed on verification between the physical stock and the book record were not material.
- iii. The Company has not either granted or taken any loans, Secured or unsecured to/from Companies, firms or other parties covered in the register maintained under section 301 of the Act.
- iv. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- v. According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 have been entered in the Register required to be maintained under that section.
- vi. The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
- vii. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- viii. The Central Government has not prescribed the maintenance of cost records for any of the products of the company under sector 209(1)(d) of the Companies Act, 1956.
- ix. (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Income Tax, Sales Tax, Customs Duty, Excise Duty, Service Tax, Cess and other material statutory dues applicable to it.
- (b) According to the information and explanation given to us, there are no dues of Sales tax, Service tax, Income tax, Customs duty and Excise duty which have not been deposited on account of any dispute.



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**INCAP LIMITED**

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- x. No accumulated losses are there at the end of the financial year 2011-12. The company has not incurred cash losses during the financial year covered by our audit and in the immediate preceding financial year.
- xi. In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to the financial institution, bank or debentures holders.
- xii. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. In our opinion, the company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) order, 2003 are not applicable to the company.
- xiv. In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the companies (Auditor's Report) order, 2003 are not applicable to the company.
- xv. The Company has not given guarantees for loans taken by others from banks and financial institutions during the year.
- xvi. In our opinion the term loans have been applied for the purpose for which they were raised.
- xvii. According to the information and explanation given to us and on an overall examination of the balance sheet of the company, we report that the no funds raised on short-term basis have been used for long-term investment.
- xviii. During the year the company has issued and allotted 4,80,000 Equity shares on preferential basis on conversion of share warrants at a price arrived at as per the procedure prescribed under SEBI Guidelines.
- xix. The Company has not issued debentures during the year. Hence Clause (xix) is not applicable
- xx. The Company has not raised any money by way of public issues during the year.
- xxi. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For **PURNACHANDRA RAO & CO.,**  
Chartered Accountants,  
Firm Regn. No.002802S

**(CA. G.BABU SRIKAR )**

Partner  
M. No.202335

VIJAYAWADA  
31<sup>st</sup> May, 2012

**INCAP LIMITED**  
**Balance Sheet as at 31st March, 2012**

Particulars	Note	31 <sup>st</sup> March, 2012 Rs.	31 <sup>st</sup> March, 2011 Rs.
<b>EQUITY AND LIABILITIES</b>			
<b>1. Shareholder's Fund</b>			
(a) Share Capital	2	51332000	46532000
(b) Reserves & Surplus	3	18368283	13897073
<b>2 Share Application Money pending allotment</b>	4	-	2800000
<b>3 Non Current Liabilities</b>			
(a) Long Term Borrowings	5	6412564	14501407
(b) Deferred Tax Liabilities (Net)	6	3913680	5168676
(c) Other Long term Liabilities	7	601766	755688
<b>4 Current Liabilities</b>			
(a) Short term Borrowings	8	55490564	43861236
(b) Trade Payables	9	7098320	7109452
(c) Other Current Liabilities	10	19678174	22931843
(d) Short Term Provisions	11	4963368	3051369
<b>TOTAL</b>		<b>167858719</b>	<b>160608744</b>
<b>ASSETS</b>			
<b>I Non Current Assets</b>			
Fixed Assets	12	42433880	49187565
(i) Tangible Assets		36436383	41190901
(ii) Intangible Assets		5997498	7996664
Long Term Loans and Advances	13	3000000	-
<b>2 Current Assets</b>			
Inventories	14	37476603	35915764
Trade Receivables	15	39043752	31938875
Cash and Cash equivalent	16	12456510	23316551
Short Term Loans & Advances	17	24695868	11305390
Other Current Assets	18	8752106	8944599
<b>TOTAL</b>		<b>167858719</b>	<b>160608744</b>

For **PURNACHANDRA RAO & CO.**,  
Chartered Accountants,  
Firm Regn. No.002802S

**(CA. G.BABU SRIKAR )**

Partner  
M. No.202335

VIJAYAWADA  
31<sup>st</sup> May, 2012

For and on behalf of the Board

**C.Bhagavantha Rao**  
Managing Director

**C. Neelima**  
Director

**INCAP LIMITED**  
**Profit and Loss Statement for the year ended 31st March, 2012**

Particulars	Note	31 <sup>st</sup> March, 2012 Rs.	31 <sup>st</sup> March, 2011 Rs.
Revenue from Operation	19	176012526	155385292
Other Income	20	7968454	5321936
<b>Total Revenue</b>		<b>183980980</b>	<b>160707228</b>
<b>Expenses:</b>			
Cost of materials consumed	21	127333441	108726180
Changes in inventories	22	1735077	480657
Employee benefits expenses	23	12208060	13397878
Finance cost	24	9789562	8216207
Depreciation and Amortisation Expenses	12	7191599	7013784
Other Expenses	25	23521229	29027488
<b>Total Expenses</b>		<b>181778968</b>	<b>166862194</b>
<b>Profit Before exceptional and extraordinary items and Tax</b>		<b>2202012</b>	<b>(6154967)</b>
Exceptional items (Net)		-	1292131
<b>Profit Before Tax</b>		<b>2202012</b>	<b>(4862835)</b>
Tax Expenses			
(1) Current Tax		1949790	119280
(2) Deferred Tax		(1254996)	618427
<b>Profit (Loss) for the period from continuing operations</b>		<b>1507218</b>	<b>(4363688)</b>
<b>Profit / (Loss) for the period</b>		<b>1507218</b>	<b>(4363688)</b>
Earnings per Equity Share:			
(1) Basic		0.29	(0.94)
(2) Diluted		0.29	(0.94)
Significant accounting policies	1		

For **PURNACHANDRA RAO & CO.,**Chartered Accountants,  
Firm Regn. No.002802S**(CA. G.BABU SRIKAR )**Partner  
M. No.202335VIJAYAWADA  
31<sup>st</sup> May, 2012

For and on behalf of the Board

**C.Bhagavantha Rao**  
Managing Director**C.Neelima**  
Director

**INCAP LIMITED**  
1-58 Nidamanuru, Vijayawada - 521 104  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31-03-2012**

PARTICULARS	For the year ending	
	31st March, 2012 Rs.	31st March, 2011 Rs.
<b>A CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net Profit Before Tax and Extrordinary items	1507218	(4363688)
Adjustments		
Depreciation	7191599	7013784
Goodwill Written Off	1999166	1999166
Deferred Tax Liability	(1254996)	618427
Loss on sale of Assets	309380	158869
Interest Paid on Loans	9789562	8216207
Interest Received	(3693642)	(3615508)
Amounts withdrawn from reserves	(76008)	1292131
Profit on sale of Assets	(198714)	-
<b>Operating Profit Before Working Capital Changes</b>	<b>15573565</b>	<b>11,319,388</b>
Adjustments for Working Capital Changes:		
Decrease/(Increase) in Inventories	(1560839)	(6797652)
Decrease/(Increase)in Trade Receivables	(7104877)	(5692068)
Decrease/(Increase) in Loans and Advances	(16390477)	11533751
Decrease/(Increase)in Other Current Assets	192493	(7732320)
Increase /(Decrease) in Current Liabilities	(2625487)	(5991523)
<b>ADJUSTMENTS IN WORKING CAPITAL</b>	<b>(27489187)</b>	<b>(14679812)</b>
Cash Generated from Operations	(11915622)	(3360424)
Income Tax Paid/Provided	(1949790)	(119280)
Net Cash From Operations (A)	(9965832)	(3241144)
<b>B CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Purchase of Fixed assets	(2977808)	(20451224)
Sale of Fixed Assets	430061	1130500

**INCAP LIMITED**

PARTICULARS	For the year ending	
	31st March, 2012 Rs.	31st March, 2011 Rs.
Investment Sold during the year	-	5576360
Interest Received	3693642	3615508
<b>Net Cash Used In Investing Activities : (B)</b>	<b>1145895</b>	<b>(10128856)</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Availment of Long Term Borrowings	-	10388397
Repayment of Long Term Borrowings	(5479500)	(4256888)
Availment of Short Term Borrowings	8188957	13594604
Interest Paid on Borrowings	(9789562)	(8216207)
Increase in Share Application Money	5040000	2800000
<b>Net Cash Used in Financing Activities (C)</b>	<b>(2040105)</b>	<b>14309906</b>
<b>D NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(10860042)</b>	939,906
Cash and Cash Equivalents at the beginning of the period	23316551	22,376,645
Cash and Cash Equivalents at the end of the period	12456510	23,316,551
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(10860042)</b>	<b>939,906</b>
Cash on hand	51852	19376
Balances held with banks	12404658	23297175
<b>Cash and cash equivalents as restated</b>	<b>12456510</b>	<b>23316551</b>

This is the Cash Flow Statement referred to in our report of even date

For **PURNACHANDRA RAO & CO.,**  
Chartered Accountants,  
Firm Regn. No.002802S

**(CA. G.BABU SRIKAR )**  
Partner  
M. No.202335

For and on behalf of the Board

**C.Bhagavantha Rao**  
Managing Director

**C.Neelima**  
Director

VIJAYAWADA  
31<sup>st</sup> May, 2012

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**INCAP LIMITED**

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**Note – 1 : ACCOUNTING POLICES AND NOTES ON ACCOUNTS :****A) SIGNIFICANT ACCOUNTING POLICIES****1. GENERAL :**

The Financial Statements have been prepared under the historical cost convention in accordance with the generally accepted accounting principles and the provisions of the Companies Act, 1956 as consistently adopted by the Company. The accounting policies not specifically referred to otherwise are consistent and in consonance with generally accepted accounting principles.

**2. FIXED ASSETS :**

Fixed Assets are stated at cost of acquisition inclusive of freight, taxes and other incidental expenses.

**3. DEPRECIATION :**

Depreciation on fixed assets is provided on straight line method at the rates specified in schedule XIV to the Companies Act, 1956.

**4. IMPAIRMENT :**

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

**5. INVESTMENTS :**

Current investments are carried at lower of cost or market value. The determination of the carrying costs of such investments is done on the basis of specific identification.

**6. SALES:**

Sales are inclusive of Excise Duty, Educational Cess, S.H. Education Cess and net of returns.

**7. INVENTORIES :**

Raw materials and Work-in-progress are valued at cost.

Finished Goods are valued at cost or net realizable value whichever is less.

Consumables are valued at cost.

**8. EXCISE DUTY/CUSTOMS DUTY :**

In compliance with the requirements of Accounting standard – 2, 'Valuation of Inventories', the company has provided excise duty/custom duty liability on stocks lying in bond as on the Balance Sheet date and included the same in valuation of such stocks. There is no impact on the profit for the year.

**9. FOREIGN CURRENCY TRANSACTIONS :**

All foreign currency transactions are accounted for at the rates prevailing on the dates of the transactions.

**10. EMPLOYEE'S RETIREMENT BENEFITS :**

Payment for gratuity liability is made on the basis of premium actuarially assessed and intimated by the Life insurance Corporation of India, in terms of the policy taken out with them.

Payment for leave encashment is charged to profit and loss account on the basis of actual workings.

**11. TAXES ON INCOME:**

Tax on income for the current period is determined on the basis of taxable income and tax credits computed in accordance with the provisions on the Income Tax Act 1961, and based on expected outcome of assessments / appeals.

Deferred tax is recognized on timing differences between the accounting income and the taxable income for the year and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

**NOTES FORMING PART OF ACCOUNTS :****1. Contingent liabilities :**

(Rs. in Lakhs)

Particulars	2011-12	2010-11
Letter of Credit	58.89	135.27
Bank Guarantees	385.73	426.81
Corporate Guarantee	-	-
Total	444.62	562.08

- Secured Loans :** Working capital facilities from banks are secured by hypothecation of stocks of raw materials, semi finished goods, finished goods, stores and spares and book debts and first charge on Fixed Assets of the Company in favour of State Bank of India, Patamata Branch, Vijayawada and State Bank of Hyderabad, Governorpet Branch, Vijayawada on pari passu basis.
- Current Assets and Current Liabilities :** Sundry Debtors, Loans and Advances and Sundry Creditors balances are subject to confirmation by the parties. Fixed Deposits with Banks to the extent of Rs.16.22 Lakhs are pledged with bankers towards margin money for Letters of Credit and Rs.50.00 Lakhs are pledged with bankser towards margin for Bank Guarantees.
- No amount is due to any small-scale industry in excess of Rs. 1,00,000 or more than 30 days.
- Provision is made for regular Income Tax as per the provisions of Income Tax Act, 1961.

**INCAP LIMITED****Deferred Tax :**

Deferred Tax is computed on the timing differences as per Accounting Standard 22 issued by the ICAI.

Description	Opening Balance 01-04-2011	Provided during the year	Reversed during the year	Closing balance 31.03.2012
	Rs.	Rs.	Rs.	Rs.
Deferred Tax Liability : Depreciation	5168676	-	1254996	3913680
Total (a)	5168676	-	1254996	3913680
Deferred Tax Asset : Investment	-	-	-	-
Total (b)	-	-	-	-
Net Deferred Tax Liability(a-b)	5168676	-	1254996	3913680

The major and only component of Deferred Tax liability is the difference between Depreciation charges in books & Depreciation claimed as per Income Tax Act, 1961

6. **Segment Reporting** : The Company is primarily engaged in the business of manufacturing both AC and DC volts Aluminium Electrolytic Capacitors. Since the nature of the activities is governed by the same nature of risks, these are grouped as single segment.
7. In the absence of any claim under interest on delayed payments to Small Scale and Ancillary Industries Undertaking Act, 1993 the Company did not make any provisions for such payment.
8. **Excise Duty** : Provision has been made for the excise duty payable on finished goods not cleared from the factory amounting to Rs. 8.91 Lakhs. CENVAT credit has been taken to the extent utilised for clearance of finished goods.
9. Gratuity has been funded through the scheme administered by Life Insurance Corporation of India.
10. There is no impairment of assets.
11. Related Party Transactions

SI.No	Name	Relation	Nature of Transaction	Year	Amount Rs.
1	C.Bhagavantha Rao	Managing Director	Remuneration & Perks	2011-12	771000
2	C.Neelima	Whole-time Director	Remuneration & Perks	2011-12	350000



**NOTES FORMING PART OF THE ACCOUNTS**

	31 <sup>st</sup> March, 2012 Rs.	31 <sup>st</sup> March, 2011 Rs.
<b>Note - 2 : Share Capital</b>		
Authorised Capital		
60,00,000 Equity Share of Rs. 10/- each	<b>60000000</b>	60000000
Issued Capital		
60,00,000 Equity Share of Rs. 10/- each	<b>60000000</b>	52000000
Subscribed Capital		
57,29,600 Equity Share of Rs. 10/- each	<b>56496000</b>	51696000
Paid-up Capital		
51,33,200 Equity Share of Rs. 10/- each	<b>51332000</b>	46532000

2.1 Preferential Share Warrant of 4,80,000 share amount converted in to Share Capital.

Application sent to Stock Exchange for listing the Shares under process.

**Details of Shareholders holding more than 5% share in the Company**

Name of the Share holder	%	Shares	%	Shares
C.Neelima	<b>15.09</b>	<b>774544</b>	14.35	667877
C.Bhagavantha Rao	<b>13.91</b>	<b>714229</b>	12.45	579105
P.Himabindu	<b>12.63</b>	<b>648399</b>	11.64	541733
P.Ramrao	<b>9.95</b>	<b>510933</b>	9.83	457600
C.Lalitha Kumari	<b>6.56</b>	<b>336907</b>	4.95	230240
APIDC Limited	<b>5.32</b>	<b>273280</b>	5.87	273280

**NOTES FORMING PART OF THE ACCOUNTS**

	31 <sup>st</sup> March, 2012	31 <sup>st</sup> March, 2011
	Rs.	Rs.
<b>Note - 3 : Reserves &amp; Surplus</b>		
Capital Reserve	3382000	2582000
State Subsidy		
Opening Balance	194065	270073
Less : Current year Transfer	76008	76008
Closing Balance	118057	194065
General Reserve	15431042	15431042
Profit & Loss Appropriation A/c		
Opening Balance	(4310034)	53654
Add : Profit / (Loss) during the year	1507218	(4363688)
Closing Balance	(2802816)	(4310034)
Share Premium Account	2240000	-
	<b>18368283</b>	<b>13897073</b>

3.1 State subsidy amount current year transferred to Other Income Rs. 76,608/-

3.2 Preferential Share Warrants forfeited amount of Rs. 800000/- added to Capital Reserve and Share Premium of Rs. 224000/- transfer to Share premium account.

**Note - 4 : Share Application Money pending allotment**

Preferential Share allotment Money	-	2800000
	-	2800000

**Note - 5 : Long Term Borrowings:**

Term Loans		
- From State Bank of India	6412564	8068564
Deferred Payment liabilities	-	6432843
	<b>6412564</b>	<b>14501407</b>

**Note - 6 : Deferred Tax Liabilities (Net)**

Deferred Tax Liability	3913680	5168676
	<b>3913680</b>	<b>5168676</b>

**NOTES FORMING PART OF THE ACCOUNTS**

	31 <sup>st</sup> March, 2012 Rs.	31 <sup>st</sup> March, 2011 Rs.
<b>Note - 7 : Other Long Term Liabilities:</b>		
Vehicle Loan from State Bank of India	601766	755688
	<b>601766</b>	755688
<b>Note - 8 : Short Term Borrowings:</b>		
Loans Repayable on demand from Banks		
State Bank of India	37489748	31906786
State Bank of Hyderabad	14560446	11954450
Sales Tax Deferrment from Govt. of A.P.	3440370	-
	<b>55490564</b>	<b>43861236</b>
<p>8.1 Working Capital from banks is secured by hypothecation of movable assets including inventories and assignment of receivables, personal guarantees of Directors of the Company and Fixed assets of the Company.</p>		
<b>Note - 9 : Trade Payables</b>		
Trade Payables	7098320	7109452
	<b>7098320</b>	7109452
<b>Note - 10 : Other Current Liabilities:</b>		
Current Maturities of Long Term Liabilities	1932000	2609105
Advance from Customers	9628052	13626206
Creditors for Expenses	6830724	4812892
Creditors for Capital Goods	-	594792
Unpaid Dividends	1287398	1288848
	<b>19678174</b>	<b>22931843</b>
<b>Note -11 : Short Term Provisions:</b>		
Provision for employee Benefits	386884	424675
Provision for Taxes	4576484	2626694
	<b>4963368</b>	<b>3051369</b>

**Note - 12 : FIXED ASSETS**

PARTICULARS	Gross BLOCK			DEPRECIATION			NET BLOCK			
	COST AS AT 01.04.2011	ADDITIONS	DEDUCTIONS	COST AS AT 31.03.2012	UP TO 01.04.2011	FOR THE PERIOD	DEDUCTIONS	UP TO 31.03.2012	AS AT 31.03.2011	AS AT 31.03.2012
<b>(a) Tangible Assets</b>										
Factory Land	1261943	-	-	1261943	-	-	-	-	1261943	1261943
Land*	-	2661357	-	2661357	-	-	-	-	-	2661357
Buildings	14454418	33600	-	14488018	6,969049	484946	-	7453995	7485369	7034023
Plant & Machinery	109913574	-	722,470	109191104	85899861	5815685	708673	90996873	24023713	18194231
Furniture & Fixtures	1483992	-	-	1483992	971781	94194	-	1065975	512211	418017
Vehicles	2903696	45000	-	2948696	933997	210836	-	1144833	1969699	1803863
Office Equipment	1333282	-	-	1333282	743705	63505	-	807210	589577	526072
Data Processing Equipment	1802024	38000	-	1840024	1597943	55366	-	1653309	204081	186715
Roads & Culverts	610435	-	-	610435	180406	9977	-	190383	430029	420052
Lab Equipment	1973050	-	-	1973050	752624	151005	-	903629	1220426	1069421
Electrical Installation	6465241	199851	584000	6081092	2,971388	306085	57070	3220403	3493853	2860689
<b>Total (a)</b>	<b>142201655</b>	<b>2977808</b>	<b>1306470</b>	<b>143872993</b>	<b>101010754</b>	<b>7191599</b>	<b>765743</b>	<b>107436610</b>	<b>41190901</b>	<b>36436383</b>
<b>(b) Intangible Assets</b>										
Goodwill	7996664	-	1999166	5997498	-	-	-	-	7996664	5997498
<b>Total (b)</b>	<b>7996664</b>	<b>-</b>	<b>1999166</b>	<b>5997498</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7996664</b>	<b>5997498</b>
<b>Grand Total</b>	<b>150198319</b>	<b>2977808</b>	<b>3305636</b>	<b>149870491</b>	<b>101010754</b>	<b>7191599</b>	<b>765743</b>	<b>107436610</b>	<b>49187565</b>	<b>42433880</b>
Previous Year	138176861	5451224	1426430	142201655	94116230	7013781	119257	101010754	27949994	41190901

\*12.1 In the year 2011-2012 company have purchased the land at Hyderabad for Rs.26.61,357/-

**NOTES FORMING PART OF THE ACCOUNTS**

	31 <sup>st</sup> March, 2012 Rs.	31 <sup>st</sup> March, 2011 Rs.
<b>Note - 13 : Long Term Loans Advances</b>		
Advance to Others	3000000	-
	<b>3000000</b>	-
<b>Note - 14 : Inventories:</b>		
(Valued at lower of cost and net realizable value)		
Raw materials	21736436	18370701
Work-in-progress	5467081	4268746
Finished goods	8102150	11035562
Stores and spares	2170936	2240755
	<b>37476603</b>	<b>35915764</b>
<b>Note - 15 : Trade Receivables:</b>		
Secured Receivables		
Trade Receivables exceeding six months	560357	628579
Other Trade Receivables	38483395	31310296
	<b>39043752</b>	<b>31938875</b>
<b>Note - 16 : Cash &amp; Cash Equivalents:</b>		
Balance with banks	1622658	1565747
Cash on hand	51852	19376
Term Deposit at Scheduled Banks	4160000	11977627
Margin Money Deposits	6622000	9753801
	<b>12456510</b>	<b>23316551</b>
<b>Note - 17 : Short Term Loans &amp; Advance:</b>		
Advance for Purchases	15854862	10669696
Advance to Others	8841006	635694
	<b>24695868</b>	<b>11305390</b>
<b>Note - 18 : Other Current Assets:</b>		
TDS / Income Tax	3595417	2833506
Balance with Govt. Departments	823181	2610780
Interst accrued but not paid	684258	1322289
Prepaid Expenses	2548950	910224
Deposits	1100300	1267800
	<b>8752106</b>	<b>8944599</b>

**NOTES FORMING PART OF THE ACCOUNTS**

	31 <sup>st</sup> March, 2012	31 <sup>st</sup> March, 2011
	Rs.	Rs.
<b>Note - 19 : Revenue from operations:</b>		
Sale of Products	167047526	155385292
Other operating Revenues	8965000	-
	<b>176012526</b>	<b>155385292</b>
<b>Note - 20 : Other Income:</b>		
Interest Income	3693642	3615508
Other non operating Incomes	4274812	1706428
	<b>7968454</b>	<b>5321936</b>
<b>Note - 21 : Cost of Materials Consumed:</b>		
Opening Stock	18370701	20501376
Add: Purchases	130699176	106595505
	<b>149069877</b>	127096881
Closing Stock	21736436	18370701
	<b>127333441</b>	<b>108726180</b>
<b>Note - 22 : Changes in inventories of FG,WIP</b>		
<b>Opening Stocks :</b>		
Finished Stocks	11035562	13739181
Work in progress	4268746	2045784
Total (A)	<b>15304308</b>	15784965
<b>Closing Stocks :</b>		
Finished Stocks	8102150	11035562
Work in progress	5467081	4268746
Total (B)	<b>13569231</b>	15304308
Decrease in Stock (A-B)	<b>1735077</b>	<b>480657</b>
<b>Note - 23 : Employee Costs</b>		
Salaries	9959108	11032196
Bonus, PF, LTA and ESI	1595353	1591248
Ex-Gratia	425076	456356
Leave Salary	-	30000
Workmen & Staff Welfare Expenses	228523	288078
	<b>12208060</b>	<b>13397878</b>

**NOTES FORMING PART OF THE ACCOUNTS**

	31 <sup>st</sup> March, 2012	31 <sup>st</sup> March, 2011
	Rs.	Rs.
<b>Note - 24 : Finance Cost:</b>		
Interest Expenses	9789562	8216207
	<b>9789562</b>	<b>8216207</b>
<b>Note - 25 : Other Expenses:</b>		
Bank Charges	1568042	3331450
Insurance	773792	608209
Power and Fuel	3144249	3670684
Repairs & Maintainance	1051215	1165552
Freight Inward / Outward	218450	121243
Taxes & Licenses	1735712	3714236
Rent	557979	1076248
Telephone & Telex Charges	334098	433293
Auditors Fees	33371	32759
Directors Remuneration	1245961	1133529
Directors Sitting Fees	10000	12000
Directors Travelling Expenses	227656	73079
Travelling Expenses	1278634	1956166
Donations	84001	2014000
Vehicle Maintainance	572233	456261
Stores & Spares Consumed	1268493	1598606
Goodwill Written Off	1999166	1999166
Advertisement Charges	47947	113147
Business Promotion Expenses	971241	217110
Commission on Sales	198571	314191
Consumption of Packing Material	770408	863975
Freight Outwards	1351988	1363884
Other Selling Expenses	101856	728155
Other Expenses	3976166	2030546
	<b>23521229</b>	<b>29027489</b>

**INCAP LIMITED**

Additional Information as required under part II of schedule VI to the Companies Act, 1956.

Particulars	2011-2012		2010-2011	
	Qty in Lakhs	Rs. in Lakhs	Qty in Lakhs	Rs. in Lakhs
Licensed Capacity :				
i) Aluminium Electrolytic Capacitor (in Pcs) (As per Industrial Entrepreneurs Memorandum)	2000.00		2000.00	
ii) Installed Capacity : Aluminium Electrolytic Capacitors (in pcs) (As Certified by Management)	1000.00		1000.00	
iii) Actual Production (inclusive of imported Semi-finished capacitors) Aluminium Electrolytic Capacitors	1165.49		1273.18	
iv) Opening Stock of Finished Goods	145.21	87.77	116.02	72.87
v) Closing Stock of Finished Goods	81.83	81.02	145.21	87.77
vi) Opening Stock of Semi-Finished Goods (As it is in various stages of production it can not be quantified)		42.69		9.12
vii) Closing Stock of Semi-Finished Goods (As it is in various stages of production it can not be quantified)		54.69		42.69
viii) Turnover	1228.87	1670.48	1243.99	1471.05
ix) Consumption of Raw materials				
Aluminum Foils(Sq. Mt)	1.288	401.66	1.812	550.31
Semi finished Capacitors (Kpcs)	0.72	128.87	-	-
Lead Tabs (Kpcs)	0.98	117.12	1.182	140.20
Semi finished Insulators		359.64	-	-
Others		266.04		366.77
Total		1273.33		1057.28



**INCAP LIMITED**

Particulars	2011-2012		2010-2011	
	%	Value (Rs. In lakhs)	%	Value (Rs. In lakhs)
x) Value of imported and Indigenous raw materials, spare parts and components consumed:				
Raw Materials				
Imported	<b>97.37</b>	<b>1290.98</b>	95.90	798.27
Indigenous	<b>2.63</b>	<b>34.91</b>	4.10	34.11
Total	<b>100.00</b>	<b>1325.89</b>	100.00	832.38
Stores and Spares				
Imported	<b>34.54</b>	<b>4.38</b>	50.25	7.92
Indigenous	<b>65.46</b>	<b>8.30</b>	49.75	7.84
Total	<b>100.00</b>	<b>12.68</b>	100.00	15.76
xi) Value of imports calculated on CIF basis on account of:				
A. Raw materials		<b>1290.98</b>		798.27
B. Capital Goods		<b>1.00</b>		8.04
C. Consumables		<b>Nil</b>		Nil
xii) Earnings in Foreign Currency:				
A. Export of Goods		<b>Nil</b>		Nil
B. Others		<b>Nil</b>		13.43
xiii) Expenditure in Foreign currency on account of:				
A. Foreign Travel		<b>2.46</b>		11.11
B. Others		<b>Nil</b>		Nil

xiv) Auditors Remuneration : (Includes Service Tax, where applicable)	<b>2011-2012 Rs.</b>	2010-2011 <b>Rs.</b>
Audit Fee	<b>18900</b>	18900
Taxation Matters	<b>14471</b>	13859

**xv) Particulars of Managerial Remuneration is as under:**

<b>S. No.</b>	<b>Name and designation of the managerial Personnel</b>	<b>Year</b>	<b>Salary Rs.</b>	<b>Perquisites Rs.</b>	<b>Total Rs.</b>
1.	Sri C.Bhagavantha Rao Managing Director	2011-12	600000	171000	771000
		2010-11	600000	171000	771000
2.	Smt. C.Neelima Whole-time Director	2011-12	210000	140000	350000
		2010-11	--	--	--

The above remuneration is paid as per the terms of appointment approved by the Board / Shareholders read with the provisions of the Companies Act, 1956.

For **PURNACHANDRA RAO & CO.,**  
Chartered Accountants,  
Firm Regn. No.002802S

**(CA. G.BABU SRIKAR )**  
Partner  
M. No.202335

VIJAYAWADA  
31<sup>st</sup> May, 2012

For and on behalf of the Board

**C.Bhagavantha Rao**  
Managing Director

**C.Neelima**  
Director

INCAP LIMITED  
Regd.Office : 1-58, Nidamanur,  
VIJAYAWADA –521 104  
**PROXY FORM**

I / We .....of ..... being a member / members of INCAP LIMITED, hereby appoint ..... of .....or failing him.....of.....or failing him.....of.....as my/our Proxy to attend and vote for me/us and on my/our behalf at the 22<sup>nd</sup> ANNUAL GENERAL MEETING of the said Company to be held at Incap Limited, 1-58, Nidamanur, Vijayawada – 521 104 on 29<sup>th</sup> September, 2012 and at any adjourned meeting thereof.

Signed this.....day of .....Two Thousand Eleven.  
Signature(s) of the Shareholder(s)

Affix  
Revenue  
Stamp

Folio No ..... No. Of Shares ..... Distinctive Nos.....

- Note :
1. This form must be deposited at the Registered Office of the Company not later than 48 hours before the time for holding the meeting.
  2. A Proxy need not be a member

INCAP LIMITED  
Regd.Office : 1-58, Nidamanur,  
VIJAYAWADA –521 104  
**ADMISSION SLIP**

Regd.Folio No ..... No. Of Shares .....

I certify that I am registered shareholder/Proxy for the registered shareholder of the Company. I hereby record my presence of the 22<sup>nd</sup> ANNUAL GENERAL MEETING of the Company to be held on 29<sup>th</sup> Sepetember, 2012 at Incap Limited, 1-58, Nidamanur, Vijayawada – 521 104.

Name of the Proxy (if any)  
In BLOCK LETTERS

Signature of Proxy

Signature of Member

Note : Please fill this admission slip and hand it over at the entrance of the hall. Those who come to attend the meeting are requested to bring the copies of Annual Report also with them.

**KEPT BLANK**