



BOARD OF DIRECTORS

Sri.C.Bhagavantha Rao (DIN:00218713)
Smt. C.Neelima (DIN:02737481)
Sri.P.Ram Rao (DIN:00137511)
Smt. P.Himabindu (DIN:06605646)

Managing Director
Whole-time Director
Director
Director

AUDITORS

M/s.K.V.V. Prasad & Co.,
Chartered Accountants,
D.No.29-13-71, 2nd Floor
Kaleswara Rao Road
Suryaraopet,
Vijayawada -520002

BANKERS

State Bank of India,
Patamata SME Branch,
Vijayawada – 520007,
Andhra Pradesh.

REGISTERED OFFICE & FACTORY

INCAP LIMITED

CIN:L32101AP1990PLC011311

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

REGISTRARS & SHARE TRANSFER AGENTS (PHYSICAL & DEMAT)

M/s.Venture Capital & Corporate
Investments Private Limited,
12-10-167, Bharat Nagar,
HYDERABAD – 500018.
Telangana.

Tel : 91-866-2842479, 2571, 1147
Fax : 91-866-2842572
Email : investorsincap@gmail.com
URL : www.incaplimited.in

Tel : 91-40-23818475, 8476
Fax : 91-40-23868024
Email : info@vccilindia.com

**NOTICE**

Notice is hereby given that the **TWENTY EIGHTH ANNUAL GENERAL MEETING** of **M/s. INCAP LIMITED**

(CIN:L32101AP1990 PLC011311) will be held on Saturday, the 29th September, 2018 at 12.00 Noon at the Registered Office of the company at 1-58, Nidamanuru, Vijayawada – 521104, Krishna District, Andhra Pradesh to transact the following business :

ORDINARY BUSINESS:

1. To consider and adopt the Audited Financial Statements of the Company for the financial year ended 31st March, 2018 and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Sri P.Ram Rao (DIN:00137511) who retires at this meeting and being eligible offers himself for re-appointment.
3. To declare dividend for the year 2017-2018.

SPECIAL BUSINESS:

4. **Appointment of Statutory Auditor to fill casual vacancy:**

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 139(8) of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 and other applicable provisions, if any, (including any statutory modification(s), clarifications, exemptions or re-enactments

thereof for the time being in force) M/s. K. Anuradha & Associates, Chartered Accountants, (Firms Registration No. 017328S), be and are hereby appointed as Statutory Auditors of the Company to fill the casual vacancy caused by the resignation of M/s. K.V.V. Prasad & Co., Chartered Accountants, (Firm Registration No: 002758S).

“RESOLVED FURTHER that M/s. K. Anuradha & Associates, Chartered Accountants, (Firms Registration No. 017328S), be and are hereby appointed as Statutory Auditors of the Company to hold the office from 25th August, 2018, until the conclusion of this Annual General Meeting (28th) of the Company, at such remuneration plus applicable taxes, and out of pocket expenses, as may be determined and recommended by the Audit Committee in consultation with the Auditors and duly approved by the Managing Director of the Company.”

5. Appointment of Statutory Auditors:

To consider and if thought fit, to pass, with or without modification(s), the following Resolution as an Ordinary Resolution:

“RESOLVED that pursuant to Section 139 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 and other applicable provisions, if any, (including any statutory modification(s), clarifications, exemptions or re-enactments thereof for the time being in force) M/s. K. Anuradha & Associates, Chartered Accountants, (Firms Registration No. 017328S), be and are hereby appointed as Statutory Auditors of the Company to hold office for a period of three years, from the conclusion

of the 28th Annual General Meeting till the conclusion of the 31st Annual General Meeting of the Company, at such remuneration plus applicable taxes and out of pocket expenses, as may be determined and recommended by the Audit Committee in consultation with the Auditors and duly approved by the Managing Director of the Company.

For INCAP LIMITED

C.BHAGAVANTHA RAO
MANAGING DIRECTOR
DIN: 00218713

VIJAYAWADA
25th August, 2018



NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIM/HERSELF AND A PROXY NEED NOT BE A MEMBER.
2. The proxy form duly completed must reach the Registered Office of the Company not later than forty-eight hours before the time appointed for holding the meeting.
3. Pursuant to the provision of section 105 of the Companies Act, 2013, a person can act as a proxy on behalf of not more than fifty members and holding in aggregate not more than ten percent of the total share capital of the company. Members holding more than ten percent of the total share capital of the company may appoint a single person as proxy, who shall not act as a proxy for any other Member. Proxies submitted on behalf of limited companies, societies, etc., must be supported by an appropriate resolution/authority, as applicable.
4. The Register of Members and Share Transfer books of the company will remain closed from 22nd September, 2018 to 25th September, 2018 (Both days inclusive) for the purpose of Annual General Body meeting for the year ended 31st March, 2018.
5. The dividend if any declared at this meeting will be paid to those members, whose names appear in the Register of Members of the company as on 21stSeptember, 2018.
6. Unclaimed Dividend : Dividends unclaimed and unpaid over 7 years will be transferred to the investor Education and Protection Fund. Further, Shares of Such shareholders. who have not encashed any dividend warrant/ instrument during the last 7 years, will be transferred to the Investor Education and protection fund.
7. The Notice of the AGM along with the Annual Report 2017-2018 is being sent by electronic mode to those Members whose e-mail addresses are registered with the Company / Depositories, unless any Member has requested for a physical copy of the same. For members who have not registered their e-mail addresses, physical copies are being sent by the permitted mode. A copy of the notice of the AGM along with the Annual Report is also available for download on the website of the company www.incaplimited.in. To support the 'Green Initiative' Members who have not registered their e-mail addresses are requested to register the same with link in time/Depositories.
8. Relevant documents/agreements referred to in the accompanying Notice and the Explanatory Statement are open for inspection by the members at the Registered Office of the Company on all working days, except Saturdays, during the business hours upto the date of the meeting.
9. In case of Joint Holders attending the meeting, the member whose name appears as the first holder in the order of names as per Register of members will be entitled to vote.
10. Corporate members intending to send their authorized representative 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.
11. Members / proxies should bring the attendance slips duly filled in for attending the meeting.
12. Voting Through Electronic Means:-



- (i) In accordance with applicable provisions of the Listing Agreement and Companies Act, 2013, read with Companies (Management and Administration) Rules, 2014 (the Rules), the company is pleased to provide facility to its members, to cast their vote electronically for all the resolutions proposed at the 28th Annual General Meeting of the company the company has appointed Central Depository Services (India) Ltd. (CDSL) to provide e-voting facility to its members.
- (ii) The voting right of shareholders shall be in proportion to one vote per full paid equity share of the company held by them as on the cutoff date 21st September, 2018.
- (iii) The remote e-voting period beings on Wednesday, September 26, 2018 at 09:00 hours (IST) and ends at on Friday, September 28, 2018 at 17:00 hours (IST). During this period share holders' of the Company, holding share either in physical form or in dematerialized form, as on the cut-off date of September 21, 2018, may cast their vote electronically. The remove e-voting module shall be disabled by CDSL for voting thereafter.
- (iv) The facility for voting by ballot or polling paper shall also be made available at the meeting and Members of the Company as of cutoff date, attending the meeting who have not already cast their vote by remove e-voting shall be able to exercise their right at the meeting. The Members who have cast their vote by remote e-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again.
- (v) M/s. B.L.Chandrasekhar Sarma & Associates, Practicing Company Secretaries has been appointed by the Board of Directors of the company, as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- (vi) The procedure and instructions for e-voting are as under
- The shareholders should log on to the e-voting website www.evotingindia.com.
 - Click on Shareholders.
 - Now enter your User ID
 - For CDSL 16 digits beneficiary ID.
 - Members holding shares in physical form should enter Folio Number registered with the company.
 - Next enter the image verification as displayed and click on Login.
 - If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
 - If you are a first time user following the steps given below:
For Members holding share in Physical Form
For Members holding share sin Demat Form
PAN *Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical share holders)
 - Members who have not updated their PAN with the Company / Depository participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.
 - In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.



- DOB # Enter the date of birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
- Dividend Bank Details # Enter the Dividend bank details as recorded in your demat account bank or in the company records for the said demat account or folio.
- i. After entering these details appropriately, click on “SUBMIT” tab.
 - ii. Members holding shares in physical form will then directly reach the company selection screen. However, members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
 - iii. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
 - iv. Click on the EVSN for the relevant <INCAP LIMITED> to vote.
 - v. On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES / NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the resolution and option NO implies that you dissent to the resolution.
 - vi. Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire resolution details.
 - vii. After selection the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
 - viii. Once you “CONFIRM” you vote on the resolution, you will not be allowed to modify your vote.
 - ix. You can also take out print of the voting done by you by clicking on “Click here to print” option on the voting page.
 - x. If demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot password & enter the details as prompted by the system.
 - xi. Note for Non-Individual shareholders and custodians.
Non-individual shareholders (i.e. other than individuals, HUF, NRI etc.) and custodian are required to log on to www.evotingindia.com and register themselves as Corprates.
A scanned copy of the registration form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
After receiving the login details a compliance user should be created using the admin login and password. The compliance user would be able to link the account(s) for which they wish to vote on.
The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
A scanned copy of the Board resolution and power of attorney (POA) which they have issued in favour of the custodian, if any,



should be uploaded in PDF format in the system for the scrutinizer to verify the same.

- xii. In case you have any queries or issued regarding e-voting, you may refer the frequently asked questions (“FAQs”) and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com
- xiii. The Scrutinizer shall, immediately after the conclusion of voting at the general meeting, would count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witness not in the employment of the company and make, not later than three days of conclusion of the meeting, a consolidated scrutinizer’s report of the total votes cast in favour or against, if any to the chairman or a
- xiv. The results declared along with the scrutinizer’s report shall be placed on the company’s website www.incaplimited.ins and on the website of CDSL www.evotingindia.com. Immediately after the result is declared. The company shall simultaneously forward the results to BSE Limited (“BSE”) where the shares of the company are listed.

person authorized by him in writing who shall countersign the same.

By order of the Board
For INCAP LIMITED

C.BHAGAVANTHA RAO
MANAGING DIRECTOR
DIN: 00218713

VIJAYAWADA
26th May, 2018



Details of Directors seeking appointment/ re-appointment at the AGM
[Pursuant to Regulations 26(4) and 36(3) of the Listing Regulations
and Secretarial Standards - 2 on General Meetings

Particulars	P. Ram Rao
Director Identification Number (DIN)	00137511
Date of Birth	28-06-1948
Date of first appointment	16-12-1991
Qualification	B.E.(Hons)
Expertise in specific functional areas	Electrical, Electronic Industry and Administration
Terms and conditions of appointment/ re-appointment	Appointed as Non-Executive Director liable to retire by rotation
No. of Board Meetings attended during the year	3
Details of remuneration last drawn (2017-18)	Nil
No. of shares held in the Company: (a) Own (b) For other persons on a beneficial basis	510933 Equity Shares --
Directorships held in other public companies (excluding foreign and private companies)	- Nil -
Memberships/Chairmanships of Audit Committees and Investors' Grievance Committees across public companies	- Nil -
Shareholding	9.95% (5,10,933 Equity shares)



**EXPLANATORY STATEMENT FOR THE PROPOSED RESOLUTION
PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013**

Item No.4 &5:

M/s. K.V.V. Prasad & Co., Chartered Accountants, (Firm Registration No: 002758S), the previous Statutory Auditors has tendered their resignation mentioning pre – occupancy with other professional assignments, on 25th August, 2018. In order to fill up such casual vacancy, the Board has proposed to appoint M/s. K. Anuradha & Associates, Chartered Accountants, (Firms Registration No. 017328S), Chartered Accountants in their place. In pursuance to the provisions of Section 139(8) of the Companies Act, 2013, the company needs to approve the appointment of /s. K. Anuradha & Associates, Chartered Accountants, (Firms Registration No. 017328S), in the General Meeting of the Company within 3 (three) months from the date of appointment by the Board. Hence, the Board has proposed to seek the members in this annual general meeting.

Your directors recommend the resolution for approval of the shareholders by way of Ordinary Resolution.

None of the other Directors or Key Managerial Personnel of the Company and their respective relatives is, in any way, concerned or interested, financially or otherwise, in the proposed resolution.

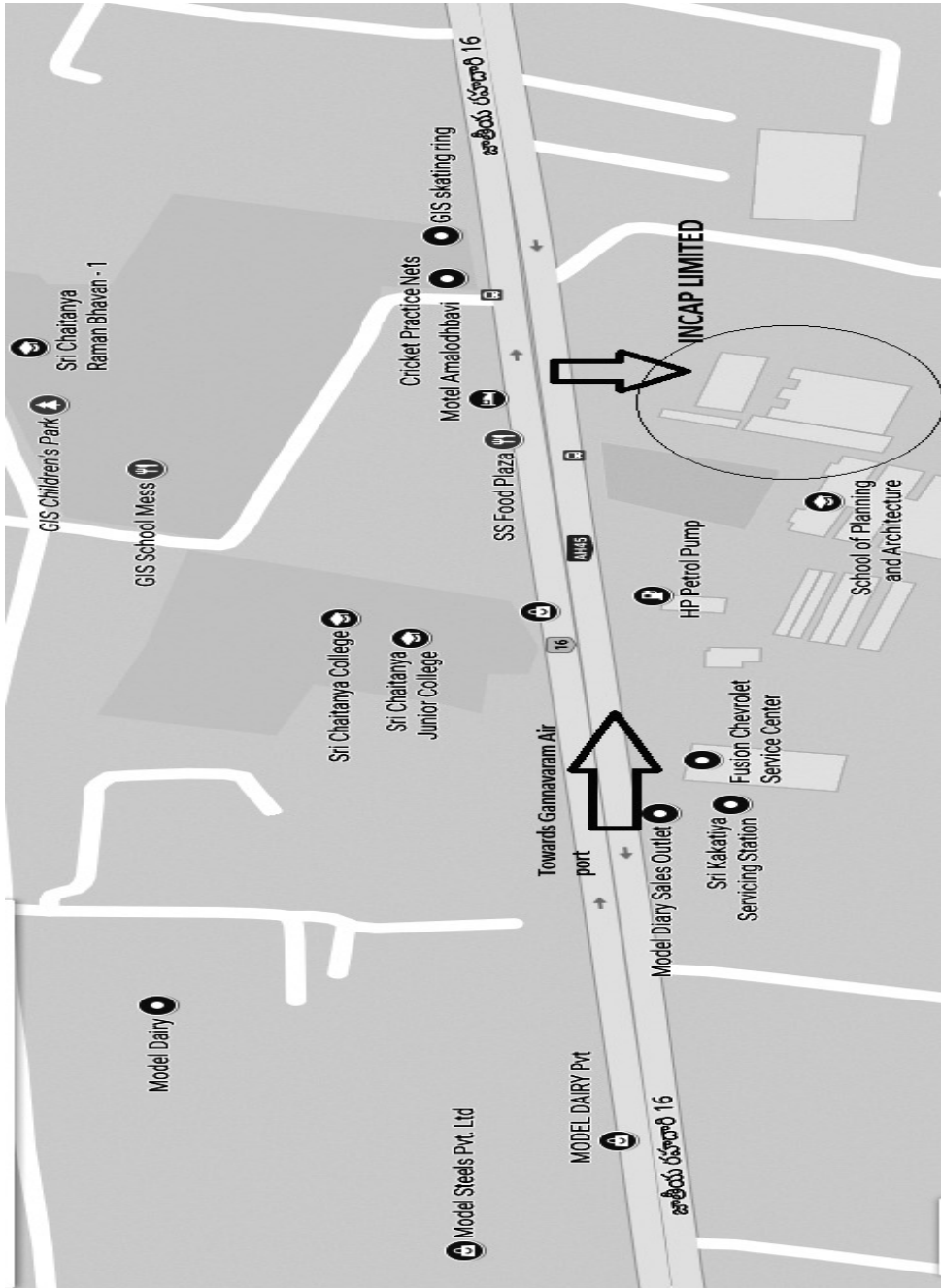
**By order of the Board
For INCAP LIMITED**

**C.BHAGAVANTHA RAO
MANAGING DIRECTOR
DIN: 00218713**

VIJAYAWADA
25th August, 2018



ROUTE MAP



**DIRECTORS' REPORT**

To
The Members,
Incap Limited
CIN:L32101AP1990PLC011311

Your Directors have pleasure in presenting the Twenty Eighth Annual Report on the business and operations of the company and the Audited Financial Accounts for the year ended 31st March, 2018 together with Auditors' Report thereon.

1. FINANCIAL RESULTS :

The financial results for the year ended 31st March, 2018 are summarized below:

PARTICULARS	2017 - 2018	2016 - 2017
Revenue from Operations	2836.79	2857.04
Other Income	105.09	38.29
Total Income	2941.88	2895.33
Total Expenditure	2502.17	2468.99
Profit before Interest, Depn. & Tax	439.71	426.34
Interest	13.43	41.44
Profit before Depn. & Tax	426.28	384.90
Depreciation	36.93	29.74
Profit before Tax	389.35	355.16
Add : Deferred Tax Liability (Net)	4.02	-7.47
Provision for Tax	108.50	111.98
Profit after Tax	284.87	235.71
Add : Brought forward from previous year	531.07	357.14
	815.94	592.85
Appropriations		
Provision for Dividend	51.33	51.33
Tax on Dividend	10.45	10.45
Surplus carried to Balance Sheet	754.16	531.07

2. STATE OF COMPANY AFFAIRS :

During the year 2017-2018 your company achieved a turnover or Rs.2836.79 Lakhs against Rs.2857.04 Lakhs for the year 2016-2017 your company made a net profit of Rs.284.87 Lakhs during the year.

3. EVENTS SUBSEQUENT TO THE DATE OF FINANCIAL STATEMENTS :

There are no material changes and commitments affecting financial position of the company between 31st March, 2018 and the date of Board's Report.

**4. EXTRACT OF ANNUAL RETURN :**

As required pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the companies (Management and Administration) Rules, 2014, an extract of annual return in MGT9 is enclosed as **Annexure “A”** to this report.

5. INFORMATION ABOUT THE FINANCIAL PERFORMANCE / FINANCIAL POSITION OF THE SUBSIDIARIES / ASSOCIATES / JV :

The company does not have any subsidiary, joint venture or associates company.

6. DIVIDEND :

The Board of Directors recommended for your consideration a dividend on equity share at 10% (Re.1.00 per equity share) for the year ended 31stMarch, 2018. The total amounts of outgo on account of these will Rs.51.33 Lakhs towards dividend and Rs.10.45 Lakhs towards tax on dividend.

7. DIRECTORS :

Sri.P.Ram Rao having DIN : 00137511, retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

Attention of the members is invited to the relevant items in the Notice of the Annual General meeting and the Explanatory statement thereto.

8. DECLARATION FROM INDEPENDENT DIRECTORS ON ANNUAL BASIS :

The company has not appointed Independent Directors and receiving declaration from Independent Directors won't arise. The company is taking necessary steps to appoint Independent Directors.

9. POLICY ON DIRECTORS APPOINTMENT AND REMUNERATION :

For the purpose of selection of any Director, the Nomination & Remuneration Committee identifies persons of integrity who possess relevant expertise, experience and leadership qualities required for the position and also takes into consideration recommendation, if any, received from any member of the Board. The committee also ensures that the incumbent fulfills such other criteria with regard to age and other qualifications as laid down under the Companies Act, 2013 or other applicable laws. The Board has, on the recommendation of the Nomination & Remuneration committee framed a policy for selection, appointment and remuneration of Directors & Senior Management.

10. EVALUATION OF PERFORMANCE OF THE BOARD, ITS COMMITTEES AND INDIVIDUAL DIRECTORS :

The Board of Directors have carried out an annual evaluation of its own performance, its various committees and individual directors pursuant to the provisions of the Act and the Corporate Governance requirements as prescribed under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations).

The performance of the Board was evaluated by the Board after seeking inputs from all the directors on the basis of various criteria such as Board composition, process, dynamics, quality of deliberations, strategic discussions, and effective reviews, committee participation, governance reviews etc.



The Board and the Nomination and Remuneration committee reviewed the performance of the individual directors on the basis of the criteria such as Transparency, Analytical Capabilities, Performance, Leadership, Ethics and ability to take balanced decisions regarding stakeholders.

11. TRANSFER TO RESERVES :

No amount was transferred to the reserves during the financial year ended 31st March, 2018.

12. NUMBER OF MEETINGS OF THE BOARD :

The Board of Directors met 4(Four) times on 29thMay, 2017, 27th July, 2017, 31stOctober, 2017 and 9th February, 2018 dates during the financial year.

Name of the Director	Number of meetings attended / total meeting held during the Financial Year 2017-2018
Sri C.Bhagavantha Rao	4 / 4
Sri P.Ram Rao	3 / 4
Smt. C.Neelima	4 / 4
Smt. P.Himabindu	3 / 4

13. DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORK PLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

Your company strongly believes in providing a safe and harassment free workplace for each and every individual working for the company through various interventions and practices. It is the continuous endeavor of the management of the company to create and provide an environment to all its employees that is free from discrimination and harassment including sexual harassment. During the year ended 31st March, 2018, no complaints pertaining to sexual harassment was received by the Company.

14. STATUTORY AUDITORS :

M/s. K.V.V. Prasad & Co., Chartered Accountants, (Firm Registration No: 002758S), previous Statutory Auditors, has submitted their resignation mentioning health issues and pre-occupations, Your Board of Directors propose to appoint M/s. K. Anuradha & Associates, Chartered Accountants, (Firms Registration No. 017328S) as statutory auditors of the Company for a period of 3 Years.

15. SECRETARIAL AUDITORS :

Pursuant to the provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors has appointed M/s.A.N.Sarma & Co., Company Secretaries for conducting secretarial audit of the Company for the financial year 2017-2018. The Secretarial Audit Report (Form MR-3) is enclosed **Annexure “C”** to this report. The remarks, qualification and reservation of Secretarial Auditor have been mentioned in the report and the reasons for not appointing Independent Directors and Company Secretary of the company is explained as follows.



- a. Company is engaged in a business where it finds difficult to find Independent Directors who can understand and provide value addition to the Company. And also, the company's registered office and factory is located in a rural area of new capital of Andhra Pradesh and it is finding difficult not only to appoint Independent directors and Company Secretary but also other resources.
- b. Company undertakes to appoint Independent Directors and Company Secretary of the Company to comply with all provisions of the Companies Act, 2013 and Listing Agreement.

16. LOANS, GUARANTEES & INVESTMENTS :

The Company has not given loans, guarantees, securities and made investments during the year under review, under the provisions of the Companies Act, 2013 as the rules framed thereunder.

17. RELATED PARTY TRANSACTIONS :

There are no related party transactions made by the company with its promoters, directors or the management, their relative conflicting with company's interest during the year under review, under the provision of the Companies Act, 2013 and the rules framed thereunder.

18. COMPOSITION OF AUDIT COMMITTEE :

The details pertaining to composition of Audit Committee are included in the Corporate Governance Report which forms a part of this report.

19. RISK MANAGEMENT POLICY :

The company has developed and implemented a risk management policy which identifies major risks which may threaten the existence of the company. The same has also been adopted by your Board and is also subject to its review from time to time.

20. INTERNAL FINANCIAL CONTROLS :

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. The scope and authority of the Internal Audit function is defined in the Internal Audit Manual. To maintain its objectivity and independence, the Internal Audit function reports to the Chairman of the Audit Committee of the Board and to the Managing Director.

The Internal Audit Department monitors and evaluates the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company.

Based on the report of internal audit function, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and recommendations along with corrective actions thereon are presented to the Audit Committee of the Board.

21. CORPORATE SOCIAL RESPONSIBILITY :

The provisions of Corporate Social Responsibility are not applicable to the Company under the provisions of the Companies Act, 2013

**22. PUBLIC DEPOSITS :**

The Company has not accepted any deposit from the Public during the year under review, under the provisions of the Companies Act, 2013 and the rules framed thereunder.

23. VIGIL MECHANISM :

Pursuant to the provisions of section 177(9) & (10) of the Companies Act, 2013 and as per the Securities and Exchange Board of India (Listing Obligations and Disclosure requirements) Regulations, 2015 (Listing Regulations), the Company has vigilance Mechanism comprising of Executive and Non Executive Promoter Directors.

24. CORPORATE GOVERNANCE REPORT :

Your company has taken adequate steps to adhere to all the stipulations laid down in Listing Regulations. Report on Corporate Governance is enclosed as **Annexure “D”** to this Report. Certificate from the Statutory Auditors of the company confirming the compliance with the conditions of Corporate Governance as stipulated under the Securities and Exchange Board of India (Listing Obligations and Disclosure requirements) Regulations, 2015 (‘ Listing Regulations) is enclosed as **Annexure “E”** to this report.

25. MANAGEMENT DISCUSSIONS ANALYSIS :

The management discussion and analysis on the operation of the Company as prescribed under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) is enclosed as **Annexure “F”** to this report.

26. DIRECTORS’ RESPONSIBILITY STATEMENT :

Pursuant to section 134 of the Act, the Directors, based on the representation received from the Directory hereby confirm that:-

- a) In the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures;
- b) They have, in the selection of the accounting policies, consulted the statutory auditors and have applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for that period;
- c) They have taken proper and sufficient care, to the best of their knowledge and ability, for the maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the company and for preventing and detecting fraud and other regulations.
- d) They have prepared the annual accounts on a going concern basis.
- e) The directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- f) The directors had devised proper systems to ensure compliance with the provision of all applicable laws and that such systems were adequate and operating effectively.


27. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE OUTGO :
a. Conversation of Energy :

(i)	The steps taken or impact on	The Company does not belong to the category conservation of energy 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.
(ii)	The steps taken by the company for utilizing alternate sources of energy	NIL
(iii)	The capital investment on energy conservation equipment's	NIL

b. Technology Absorption :

(i)	The efforts made towards technology absorption	Company is not based on any technology, hence technological absorption don't arise.
(ii)	The benefits derived like product improvement, cost reduction, product development or import substitution	NIL
(iii)	In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)	Company has not imported Foreign Technology
	(a)The details of technology imported	NIL
	(b) The year of import	NIL
	(c) whether the technology been fully absorbed	NIL
	(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof	NIL



(iv) The expenditure incurred on research and development	NIL
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c. Foreign exchange earnings and outgo :

(Rs. in Lakhs)

Particulars	Current Year	Previous Year
a) Foreign exchange earnings on Exports	NIL	NIL
b) Foreign exchange used on account of value of imports		
i) Raw Materials & Stores	1529.99	1302.45
ii) Capital Goods	6.83	24.88
iii) Foreign Travel	5.30	14.36

28. SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATIONS :

No significant and material orders passed by the regulators or Courts or Tribunals impacting the going concern status and the company's operations in future.

29. RATIOS OF REMUNERATION TO EACH DIRECTOR :

Details / Disclosures of Ratio of Remuneration to each Director to the median employee's remuneration to this Annual Report :-

Name	Designation	Remuneration Paid		Increase in Remuneration from previous year	Ratio/Times per Median of Emp. Remuneration
		2017-18	2016-17		
Sri C.Bhagavantha Rao	Managing Director	24.00	14.00	Yes	28.33 Times
Smt C.Neelima	Whole time Director	16.00	9.60	Yes	21.25 Times

30. QUALITY SYSTEM :

Your company's certificate for quality systems under ISO 9001:2015 from APTS Quality Certification, Hyderabad continues to be valid.

31. 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 43A :**

The company's shares are listed on Bombay Stock Exchange Limited, Floor 25, P.J. Towers, Dalal Street, Mumbai – 400001. The annual listing fee to BSE Limited for the year 2017-2018 has been paid.

32. PARTICULARS OF EMPLOYEES :

Information as per section 197 (12) of the companies Act, 2013, read with rule 5 of the companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 is provided in separate annexure forming part of this report. Further, pursuant to the provision to section 136 (1) of the companies Act, 2013, the report and the accounts are being sent to the members excluding the aforesaid annexure. In terms of section 136 of the Act, the said annexure is open for inspection at the Registered Office of the company. Any shareholder interested in obtaining a copy of the same may write to the registered office address of the company.

There are no employees drawing remuneration as prescribed in companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

33. ACKNOWLEDGEMENTS :

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

VIJAYAWADA
26th May, 2018

By order of the Board
For INCAP LIMITED

C.BHAGAVANTHA RAO
MANAGING DIRECTOR
DIN: 00218713

**ANNEXURE – A****FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN**

As on financial year ended on 31.03.2018

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

I. REGISTRATION & OTHER DETAILS:

1	CIN	:	L32101AP1990PLC011311
2	Registration Date	:	21/05/1990
3	Name of the Company	:	INCAP LIMITED
4	Category/Sub-category of the Company	:	PUBLIC COMPANY
5	Address of the Registered office & contact details	:	1-58, Nidamanuru, Vijayawada - 521104. Email : investorsincap@gmail.com; Tel : 0866-2842479; 2842571
6	Whether listed company	:	Yes
7	Name, Address & contact details of the Registrar & Transfer Agent, if any.	:	M/s. Venture Capital & Corporate Investments Private Limited, 12-10-167, Bharat Nagar, Hyderabad - 500018 Email : info@vccilindia.com; Tel : 040-23818475; 23818476

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

(All the business activities contributing 10% or more of the total turnover of the company shall be stated)

S.No.	Name and description of the main products / services	NIC code of the Product/service	% to total turnover of company
1.	Aluminium Electrolytic Capacitors	26101	67.57%
2	Other - (Inland transportation and port clearance for power grid)	-	32.43%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATES COMPANIES:

SN	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares held	Applicable Section
1	NIL	NIL	NIL	NIL	NIL


IV. SHARE HOLDING PATTERN : (Equity share capital breakup as percentage of Total Equity)
(i) Category-wise shareholding :

Category of Shareholders	No. of shares held at the beginning of the year(As on 31-03-2017)				No. of shares held at the end of the year(As on 31-03-2018)				%Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	%of Total Shares	
A. Promoter									
1) Indian									
a) Individual/ HUF	32,82,491	4,80,000	37,62,491	73.30%	32,82,491	4,80,000	37,62,491	73.30%	-
b) Central Govt			-	0.00%					0.00%
c) State Govt(s)			-	0.00%					0.00%
d) Bodies Corp			-	0.00%					0.00%
e) Banks / FI			-	0.00%					0.00%
f) Any Other			-	0.00%					0.00%
Sub-total(A)(1):-	32,82,491	4,80,000	37,62,491	73.30%	32,82,491	4,80,000	37,62,491	73.30%	0.00%
2) Foreign									
a) NRI Individuals			-	0.00%					0.00%
b) Other-Individuals			-	0.00%					0.00%
c) Bodies Corp.			-	0.00%					0.00%
d) Any Other....			-	0.00%					0.00%
Sub-total(A)(2):-	-	-	-	0.00%					0.00%
Total (A)	32,82,491	4,80,000	37,62,491	73.30%	32,82,491	4,80,000	37,62,491	73.30%	0.00%
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	100		100	0.00%	100		100	0.00	0.00%
b) Banks / FI			-	0.00%					0.00%
c) Central Govt			-	0.00%					0.00%
d) State Govt(s)			-	0.00%					0.00%
e) Venture Capital Funds			-	0.00%					0.00%
f) Insurance Companies			-	0.00%					0.00%
g) FII's			-	0.00%					0.00%
h) Foreign Venture Capital Funds			-	0.00%					0.00%
i) Others (specify)			-	0.00%					0.00%
Sub-total (B)(1)	100	-	100	0.00%	100		100		0.00%
2. Non Institutions									
a) Bodies Corp.									
(i) Indian	39,519	6000	45,519	0.89%	41,613		41,613	0.81%	-8.58%
(ii) Overseas			0.00%						0.00%
b) Individuals									
(i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	7,58,509	2,73,940	10,32,449	20.11%	7,29,730	1,58,540	8,88,270	17.30%	-13.96%
(ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	68,828	24,600	93,428	1.82%	1,11,146	24,600	1,35,746	2.64%	45.29%
c) Other (specify)									
Non Resident Indians	1,91,382		1,91,382	3.73%	1,93,765		1,93,765	3.77%	1.25%
Overseas Corporate Bodies			-	0.00%					0.00%
Foreign Nationals			-	0.00%					0.00%
Clearing Members	7,731		7,731	0.15%	3,173		3,173	0.06%	257.26%



Category of Shareholders	No. of shares held at the beginning of the year(As on 31-03-2016)				No. of shares held at the end of the year(As on 31-03-2017)				%Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
Trusts	100		100	0.00%	100		100	0.00%	0.00%
IEPF	-		-	0.00%	1,07,942		1,07,942	2.10%	0.00%
Sub-total(B)(2)	10,66,069	3,04,540	13,70,609	26.70%	11,87,469	1,83,140	13,70,609	26.70%	0.00%
Total Public	10,66,169	3,04,540	13,70,709	26.70%	11,87,569	1,83,140	13,70,709	26.70%	0.00%
C. Shares held by Custodian for GDRs & ADRs				0.00%					0.00%
Grand Total (A+B+C)	43,48,660	7,84,540	51,33,200	100.00%	44,70,060	6,63,140	51,33,200	100.00%	0.00%

ii.) Shareholding of promoters :

S.No.	Shareholding at the beginning of the year % of Shares Pledged/ encumbered to total shares	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total shares of the company	% of shares pledged/ encumbered to total shares	No. of Shares	% of total shares of the company	% of shares pledged/ en-cumbered to total shares	
1.	Sri C.Bhagavantha Rao	10,23,707	19.94%	-	10,23,707	19.94%	-	0.00%
2.	Smt. C. Neelima	12,11,407	23.60%	-	12,11,407	23.60%	-	0.00%
3.	Sri P.Ram Rao	5,10,933	9.95%	-	5,10,933	9.95%	-	0.00%
4.	Smt. P.Himabindu	6,48,399	12.63%	-	6,48,399	12.63%	-	0.00%
5.	Smt. C. Lalitha Kumari	3,68,045	7.17%	-	3,68,045	7.17%	-	0.00%
	Total	37,62,491	73.30%		37,62,491	73.30%		0.00%

iii.) Change in promoters' Shareholding (please specify, if there is no change)

SN	Particulars	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of Shares	% of total shares	No. of Shares	% of total shares
	At The beginning of the year	01/04/2017		37,62,491	73.30%	37,62,491	73.30%
	Changes during year			-	-	-	-
	At the end of the year	31/03/2018		37,62,491	73.30%	37,62,491	73.30%

(iv) Shareholding Pattern of top ten Shareholders
(Other than Directors, Promoters and Holders of GDRs and ADRs):

SN	For each of the 10 shareholders	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of Shares	% of total shares	No. of Shares	% of total shares
1.	Name						
	At The beginning of the year				0.00%		0.00%
	Changes during year				0.00%		0.00%
	At the end of the year				0.00%		0.00%

**(V) Shareholding of Directors and Key Managerial Personnel:**

SN	Shareholding of each Directors and each Key Managerial Personnel	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of Shares	% of total shares	No. of Shares	% of total shares
1.	Name						
	At The beginning of the year	01/04/2017		37,62,491	73.30%	37,62,491	73.30%
	Changes during year			-	-	-	-
	At the end of the year	31/03/2018		37,62,491	73.30%	37,62,491	73.30%

(V) INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment.

(Rs. in Lakhs)

Particulars	Secured loans excluding depoits	Unsecured Loans	Deposits	Total indebtedness
Indebtedness at the beginning of the Financial Year				
i) Principal Amount	6.91			6.91
ii) Interest due but not paid				-
iii) Interest accrued but not due				-
Total (i+ii+iii)	6.91			6.91
Change in indebtedness during the financial year				
* Addition	21.91			21.91
* Reduction				
Net Change	21.91			21.91
Indebtedness at the end of the financial year				
i) Principal Amount	28.82			28.82
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)	28.82			28.82

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL****A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**

Sl.No.	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount (Rs/Lac)
		Name	C.Bhagavantha Rao	
	Designation	Managing Director	Whole time Directore	
1.	Gross Salary			
	a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	15,77,400.00	9,68,000.00	25,45,400.00
	b) Value of perquisites u/s 17(2) Income Tax Act, 1961	8,22,600.00	6,92,000.00	15,14,600.00
	c) Profits in lieu of salary unders section 17(3) Income Tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission - as % of profit - other, specify	-	-	-
5.	Others, please specify			
	Total (A)	24,00,000.00	16,60,000.00	40.60.000.00
	Ceiling as per the Act			

B. Remuneration to other Directors :

SN	Particulars of Remuneration	Name of Directors			Total Amount (Rs/Lac)
		P. Himabindu	P. Ram Rao		
1	Independent Directors				
	- Fee for attending Board Committee meetings				-
	- Commission				-
	- Others, please specify				-
	Total (1)	-	-	-	-
2	Other Non-Executive Directors				
	- Fee for attending Board Committee meetings	2,000.00	2,000.00		4,000.00
	- Commission				-
	- Others, please specify				-
	Total (2)	2,000.00	2,000.00	-	4,000.00
	Total B = (1+2)	2,000.00	2,000.00	-	4,000.00
	Total Managerial Remuneration				40,64,000.00
	Overall Ceiling as per the Act				


C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

S.No.	Particulars of Remuneration	Name of Key Managerial Personnel			Total Amount (Rs/Lac)
		Name			
	Designation	CEO	CFO	CS	
1.	Gross Salary				
	a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961				-
	b) Value of perquisites u/s 17(2) Income Tax Act, 1961				-
	c) Profits in lieu of salary unders section 17(3) Income Tax Act, 1961				-
2.	Stock Option				-
3.	Sweat Equity				-
4.	Commission				-
	- as % of profit				-
	- other, specify				-
5.	Others, please specify				-
6.	Total	-	-	-	-

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES :

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/ NGLT/ COURT)	Appeal made, if any (give Details)
A. COMPANY					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
B. DIRECTORS					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
C. Other Officer in Default					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

**ANNEXURE – B****INDEPENDENT AUDITOR'S REPORT**

To the Members of **INCAP Ltd, Nidamanuru**

Report on the Standalone Financial Statements

We have audited the accompanying standalone Ind AS financial statements of **INCAP Ltd.**, which comprise the Balance sheet as at 31st March, 2018, the Statement of Profit and Loss (including other comprehensive income), the statement of Cash Flows and the statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information (herein after referred to as "standalone Ind AS financial statements").

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind.AS financial statements that give a true and fair view of the financial position,, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (IND AS) prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued there under and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of standalone Ind. AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk



assessments, the auditor considers internal financial control relevant to the Company's preparation of standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31st March, 2018, and its financial performance including other comprehensive income, its cash flows and changes in equity for the year ended on that date.

Other Matter

The comparative financial information of the Company for the year ended 31st March, 2017 prepared in accordance with Ind AS included in these standalone Ind AS financial statements have been audited by the predecessor auditor. The report of the predecessor auditor on the comparative financial information expressed an unmodified opinion.

Our opinion on the standalone financial statements and our report on Other Legal and Regulatory Requirements below is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

- 1) As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
- 2) As required by Section 143(3) of the Companies Act, 2013 we report that:
 - a) We have sought and 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 it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and the changes in equity dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards (IND AS) prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued there under and other accounting principles generally accepted in India.



- e) On the basis of written representations received from the directors as on 31st March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in “Annexure B”, and
- g) With respect to the other matters to be included in the Auditor’s report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements - Refer Note 31 to the standalone Ind AS financial statements;
 - ii. The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses; and
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

VIJAYAWADA
26th May, 2018

For K.V.V.PRASAD & Co.,
Chartered Accountants
Firm Registration No. 002758S

(K.V.V.PRASAD)
PROPRIETOR
(ICAI Membership. No. 026708)

**ANNEXURE – ‘I’****ANNEXURE - A TO THE INDEPENDENT AUDITOR’S REPORT**

The Annexure referred to in Paragraph 1 under the heading of “Report on other Legal and Regulatory Requirements” of our report of even date, to the members of INCAP LIMITED, NIDAMANURU for the year ended 31st March 2018. We report that:

- (i). (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The Fixed Assets are physically verified by the management according to a phased program designed to cover all the items over a period of three years 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 physical verification.
- (c) According to the information and explanations furnished to us, the title deeds of immovable properties are held in the name of the company.
- (ii). According to the information and explanation given to us, the inventory has been physically verified by the management at reasonable intervals and the discrepancies noticed during such physical verification of inventories as compared to books have been properly dealt with in the books of account.
- (iii). The company has not granted any loans, secured or unsecured to companies, firms and other parties covered in the register maintained under section 189 of the Companies Act 2013.
- (iv). The Company has granted an amount of Rs 6,90,000 as advance to its Director Ms. C. Neelima during the year and the same has been recovered before 31st March’2018, which is not in compliance with the provisions of section 185 of the Companies Act 2013.
- (v). During the year under report the company has temporarily advanced an amount of Rs. 14.14 crores to 11 parties and the same were recovered during the year, which is not in compliance with the provisions of Section 186 of the Companies Act, 2013. Out of the above loans Rs.4.43 crores are interest free loans.
- (vi). The Company has not accepted any deposits from the public within the meaning of sections 73 to 76 and other applicable provisions of the Companies Act, 2013 and Companies (Acceptance of Deposits) Rules, 2014 with regard to the deposits accepted from the public.
- (vii). We have broadly reviewed the books of account and records maintained by the company pursuant to the Rules made by the Central Government for the maintenance of Cost Records under section 148 (1) of the Companies Act, 2013 relating to the manufacture of Aluminium Electrolytic Capacitors and Silicon Rubber Insulators and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. However we have not made a detailed examination of the same.
- (viii).(a) According to the information and explanations given to us and on the basis of our examination of the records of the company, in our opinion, the company is regular in depositing



with the appropriate authorities, the undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and other material statutory dues applicable to it.

- (b) According to the information and explanations given to us, there were no amounts of Sales Tax, Customs Duty, Excise Duty, Cess, Income Tax, Service Tax that have been disputed by the company, and hence, were not remitted to the concerned authorities at the date of the balance sheet under report, except the following

SL No.	Name of the Statute	Period	Amount (Rs.)	Remarks
1	Service Tax - The Finance Act 1994	2012-13 and 2013-14	Demand Rs. 149.58 Penalty Rs. 159.05	Pending CESTAT, Regional Bench, Hyderabad

- (ix). According to the records of the company examined by us, and the information and explanations given to us, there were no defaults in repayment of loans or borrowings to banks and Government during the year under report.
- (x). The company did not raise any money by way of initial public offer or further public offer (including debt instruments) except term loans from banks during the year under report and the same were applied for the purposes for which those were raised.
- (xi). During the course of our examination of the books and records of the company, carried out in accordance with the Generally Accepted Audited Practices in India, and according to the information and explanations given to us, we have neither come across any instances of material fraud by the company or any fraud on the company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the management.
- (xii). According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act.
- (xiii). In our opinion and according to the information and explanations furnished to us, the company is not a Nidhi and hence, the requirement of clause 3(xii) of the Order is not applicable to the company during the year under report.
- (xiv). According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the standalone Ind AS financial statements as required by the applicable accounting standards.



- (xv). According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xvi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him under the provisions of Section 192 of Companies Act, 2013. Therefore the provisions of clause 3(xv) of the Order are not applicable.
- (xvii) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

VIJAYAWADA
26th May, 2018

For K.V.V.PRASAD & Co.,
Chartered Accountants
Firm Registration No. 002758S

(K.V.V.PRASAD)
PROPRIETOR
(ICAI Membership. No. 026708)

**ANNEXURE II****ANNEXURE - B TO THE INDEPENDENT AUDITORS' REPORT****Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of INCAP LIMITED ("the Company") as of 31 March 2018 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For K.V.V.PRASAD & Co.,
Chartered Accountants
Firm Registration No. 002758S

(K.V.V.PRASAD)
PROPRIETOR
(ICAI Membership. No. 026708)

VIJAYAWADA
26th May, 2018

INCAP LIMITED

1-58, Nidamanuru, Vijayawada - 521104.

Balance Sheet as at 31st March, 2018

Amount in Rs

	Particulars	Note No.	31st March 2018	31st March 2017	1st April 2016
	Assets				
(1)	Non Current Assets				
	(a) Property, Plant and Machinery	2	4,47,36,826	4,27,63,166	5,49,06,361
	(b) Financial Assets				
	(1) Loans	3	79,38,475	72,48,126	43,15,871
	(c) Other Non Current Assets	4	52,46,574	56,92,858	56,08,447
(2)	Current Assets				
	(a) Inventories	5	2,64,39,438	3,01,70,078	4,61,49,240
	(b) Financial Assets				
	(i) Trade Receivables	6	6,25,21,809	6,25,96,777	8,77,23,622
	(ii) Cash and Cash Equivalents	7	7,50,33,452	4,29,12,877	13,42,524
	(c) Other Current Assets	8	19,53,581	8,68,506	12,13,980
	TOTAL ASSETS		22,38,70,155	19,22,52,388	20,12,60,044
	EQUITY AND LIABILITIES				
	Equity				
	(a) Equity Share Capital	9	5,13,32,000	5,13,32,000	5,13,32,000
	(b) Other Equity	10	9,64,68,992	7,41,60,299	5,67,67,126
	TOTAL EQUITY		14,78,00,992	12,54,92,299	10,80,99,126
	LIABILITIES				
(1)	Non-Current Liabilities				
	(a) Financial Liabilities				
	(i) Borrowings	11	28,82,099	5,11,850	1,43,07,989
	(b) Deferred Tax Liabilities (Net)	12	28,77,431	32,79,456	25,32,918
	Total Non Current Liabilities		57,59,530	37,91,306	1,68,40,907
(2)	Current Liabilities				
	(a) Financial Liabilities				
	(i) Borrowings	13	12,28,086	10,37,359	9,86,210
	(ii) Trade Payable	14	5,35,98,418	4,46,40,707	5,82,93,126
	(b) Other Current Liabilities	15	1,33,45,071	1,48,78,999	1,59,00,786
	(c) Provisions	16	3,19,543	3,47,398	3,53,575
	(d) Current Tax Liabilities (Net)	17	18,18,515	20,64,320	7,86,315
	Total Current Liabilities		7,03,09,633	6,29,68,783	7,63,20,012
	TOTAL EQUITY AND LIABILITIES		22,38,70,155	19,22,52,387	20,12,60,044

Summary of Significant Accounting Policies

1

For and on behalf of the Board

For **K.V.V.PRASAD & CO.,**
CHARTERED ACCOUNTANTS,
 Firm Regn.No.002758S

C.BHAGAVANTHA RAO
MANAGING DIRECTOR

VIJAYAWADA
 26th May, 2018

(CA. K.V.V.PRASAD)
 Proprietor
 M. No.026708

Ms.C.Neelima
 Director

**INCAP LIMITED****PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED ON 31ST MARCH, 2018**

	Particulars	Note No.	31st March 2018	31st March 2017
I	Sales	18	28,36,78,805	28,57,03,969
	Revenue from operations		28,36,78,805	28,57,03,969
II	Other Income	19	1,05,09,361	38,29,037
III	Total Income (I+II)		29,41,88,166	28,95,33,005
IV	Expenses			
	Cost of Material Consumed	20	14,30,40,204	14,04,67,960
	Changes in inventories of finished goods, Stock-in-trade and Work-in-Progress	21	79,68,644	1,34,98,233
	Employee Benefit Expenses	22	1,72,90,930	1,54,01,326
	Finance Costs	23	13,42,640	41,44,414
	Depreciation and Amortizational Expense	24	36,92,744	29,74,117
	Other Expenses	25	8,19,18,205	7,75,31,486
	Total Expenses (IV)		25,52,53,367	25,40,17,536
V	Profit/(Loss) before exceptional items and Tax (I-IV)		3,89,34,799	3,55,15,470
VI	Exceptional Items		-	-
VII	Profit/(Loss) before Tax (V-VI)		3,89,34,799	3,55,15,470
VIII	Tax Expense			
	(1) Current Tax	26	1,08,49,932	1,11,97,559
	(2) Deferred Tax		(4,02,025)	7,46,538
IX	Profit/(Loss) for the period from Continuing Operations (VII-VIII)		2,84,86,892	2,35,71,373
X	Profit/(Loss) for the Discontinued Operations		-	-
XI	Tax Expense of Discontinued Operations		-	-
XII	Profit/(Loss) for the Discontinued Operations after Tax (X-XI)		-	-
XIII	Profit/(Loss) for the period (IX+XII)		2,84,86,892	2,35,71,373
XIV	Earnings per equity share (for continuing operation)			
	(1) Basis		5.55	4.59
	(2) Diluted		5.55	4.59

Summary of Significant Accounting Policies

1

For and on behalf of the Board

For **K.V.V.PRASAD & CO.,**
CHARTERED ACCOUNTANTS,
 Firm Regn. No.002758S

C.BHAGAVANTHA RAO
MANAGING DIRECTOR

VIJAYAWADA
 26th May, 2018

(CA. K.V.V.PRASAD)
 Proprietor
 M. No.026708

Ms.C.Neelima
 Director



INCAP LIMITED
1-58 Nidamanuru, Vijayawada - 521 104
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2018

PARTICULARS	For the year ending	
	31st March, 2018 Rs.	31st March, 2017 Rs.
A CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit After Tax and Extraordinary items	2,84,86,892	2,35,71,373
Adjustments :-		
Tax expenses	1,04,47,907	1,19,44,097
Depreciation and Amortisation	36,92,744	29,74,117
(Profit)/Loss on sale of Property, Plant and Equipment	39,473	(9,81,635)
Finance costs	13,42,640	41,44,414
Interest Received	(66,29,386)	(24,57,653)
Unrealised foreign exchange (gain) / loss	(22,09,720)	-
Operating Profit Before Working Capital Changes	3,51,70,550	3,91,94,713
Adjustments for Working Capital Changes:		
Decrease/(Increase) in Inventories	37,30,640	1,59,79,161
Decrease/(Increase) in Trade Receivables	74,968	2,51,26,845
Decrease/(Increase) in Loans and Advances	(6,90,349)	(29,32,255)
Decrease/(Increase) in Other Non-Current Assets	4,46,284	(84,411)
Decrease/(Increase) in Other Current Assets	(10,85,074)	3,45,474
Increase /(Decrease) in Trade payables	1,11,67,431	(1,36,52,419)
Increase /(Decrease) in Provisions (Current)	(27,855)	(6,177)
Increase /(Decrease) in Current Liabilities	(15,33,928)	(10,21,787)
ADJUSTMENTS IN WORKING CAPITAL	1,20,82,117	2,37,54,431
Cash Generated from Operations	4,72,52,665	6,29,49,144
Income Tax Paid/Provided	(1,10,95,737)	(99,19,554)
Net Cash From Operating Activities {A}	3,61,56,928	5,30,29,590
B CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed assets	(57,39,503)	(38,92,922)
Sale of Fixed Assets	33,625	1,40,43,635



PARTICULARS	For the year ending	
	31st March, 2018 Rs.	31st March, 2017 Rs.
Interese Received	66,29,386	24,57,653
Net Cash Used In Investing Activities : {B}	9,23,508	1,26,08,366
C CASH FLOW FROM FINANCING ACTIVITIES:		
Increase in Share Capital	-	-
Availment / (Repayment) of Borrowings	25,60,977	(1,37,44,990)
Proposed Dividend	(51,33,200)	(51,33,200)
Tax on Dividend	(10,44,999)	(10,44,999)
Interest paid on Borrowings	(13,42,640)	(41,44,414)
Net Cash Used in Financing Activities {C}	(49,59,862)	(2,40,67,603)
D NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	3,21,20,574	4,15,70,353
Cash and Cash Equivalents at the beginning of the period	4,29,12,877	13,42,524
Cash and Cash Equivalents at the end of the period	7,50,33,452	4,29,12,877
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	3,21,20,575	4,15,70,353
Cash on hand	17,453	88,781
Balances held with banks	7,50,15,999	4,28,24,096
Cash and cash equivalents as restated	7,50,33,452	4,29,12,877

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

For and on behalf of the Board

For **K.V.V.PRASAD & CO.**,
CHARTERED ACCOUNTANTS,
Firm Regn. No.002758S

C.BHAGAVANTHA RAO
MANAGING DIRECTOR

VIJAYAWADA
26th May, 2018

(CA. K.V.V.PRASAD)
Proprietor
M. No.026708

Ms.C.Neelima
Director



Statement of Changes in Equity for the year ended 31st March 2018

A. Equity share capital

Particulars	No of Shares	Amount (Rs.)
Balance as at 1st April, 2016	6000000	60,000,000
Changes in equity share capital during 2016-17	-	-
Balance as at 31st March, 2017	6000000	60,000,000
Changes in equity share capital during 2017-18	-	-
Balance as at 31st March, 2018	6000000	60,000,000

B. Other Equity

Particulars	Reserves and Surplus				Other Comprehensive Income		Total
	Capital Reserve	Share Premium	Other Reserves (General reserve)	Retained Earnings	Equity instruments through Other Comprehensive Income	Actuarial Gains/losses reserve	
Balance at the beginning of reporting period - 01-04-2016	3,382,000	2,240,000	15,431,042	35,714,084			56,767,126
Profit for the period	-	-	-	23,571,372			23,571,372
Other Comprehensive Income	-	-	-	-			-
Total Comprehensive Income for the year	-	-	-	23,571,372			23,571,372
Transfer from/to General Reserve	-	-	-	-			-
Final Dividends	-	-	-	(5,133,200)			(5,133,200)
Dividend Distribution tax	-	-	-	(1,044,999)			(1,044,999)
Balance at the end of reporting period - 31-03- 2017	3,382,000		15,431,042	53,107,257			74,160,299
Profit for the period	-	-	-	28,486,892			28,486,892
Other Comprehensive Income	-	-	-	-			-
Total Comprehensive Income for the year	-	-	-	28,486,892			28,486,892
Transfer from/to General Reserve	-	-	-	-			-
Final Dividends	-	-	-	(5,133,200)			(5,133,200)
Dividend Distribution tax	-	-	-	(1,044,999)			(1,044,999)
Balance at the end of reporting period - 31-03-2018	3,382,000		15,431,042	75,415,950			96,468,992



Financial Instruments

a) Management of market risk

i) Commercial risk, ii) Fair value risk, iii) Interest rate risk, iii) Foreign exchange risk

The above risks may affect income and expenses, or the value of its financial instruments of the Company. The objective of the Management of the Company for market risk is to maintain this risk within acceptable parameters, while optimising returns. The Company exposure to, and the Management of, these risks is explained below:

Commercial risk

Sale price risk

Particulars	Impact on profit			
	2017-18		2016-17	
	increase by 5%	decrease by 5%	increase by 5%	decrease by 5%
Product name				
Capacitors	9,292,998	-9,292,998	8,478,152	-8,478,152
Diodes	2,223	2,223	1,836	-1,836
Other Operating Income	4,599,802	-4,599,802	4,742,435	-4,742,435

Raw material price risk

Particulars	Impact on profit			
	2017-18		2016-17	
	increase by 5%	decrease by 5%	increase by 5%	decrease by 5%
Product name				
Semi Finished Capacitors	(5,574,769)	5,574,769	-5,387,378	5387378
Anode Foil	(678,899)	678,899	-710,366	710366
Cathode Foil	(99,932)	99,932	-103,845	103845
Tissue Paper	(120,867)	120,867	-118,170	118170
Others	(677,543)	677,543	-703,638	703638

Foreign exchange risk

* Foreign exchange risks arises from future commercial import transactions and recognised financial liabilities denominated in currency that is not the functional currency (INR) of the Company.

* The company has exposure arising out of import transactions other than functional risks.

* Tabular form showing foreign exchange risk exposure item wise (if any)

* The company has exposure arising out of export and import transactions other than functional risks.

Particulars	As at 31.03.2018	As at 31.03.2017
Financial liabilities		
Trade payables	30,954,180	21,998,100

Sensitivity analysis

Particulars	Impact in Profit and loss statement			
	2017-18		2016-17	
	Increase by Rs.1	Decrease by Rs.1	Increase by Rs.1	Decrease by Rs.1
Liabilities				
USD sensitivity	475,706	475,706	318,813	318,813
Total	475,706	475,706	318,813	318,813

Loan Details:

Particulars	Purchase of BMW Car	Purchase of Creta car	Purchase of Innova car
Loan Amount Sanctioned :	Rs 33.50 Lakhs	Rs 12.96 Lakhs	Rs 22.72 Lakhs
Terms and Conditions :			
Repayment commencing from	February'2014	December '2017	April'2018
Repayable No. of Instalments	60	60	60
EMI	71,590.00	26,527.00	46,723.00
Rate of Interest	10.25%	8.40%	8.60%
Balance Outstanding as on 31.03.2018	617,630	1,222,355	2,270,200



1. Company overview and significant accounting policies

1.1. Company overview

The INCAP Limited (“the company”) a public limited company incorporated and domiciled in India and has its registered office at Vijayawada. The securities of the company were listed in Bombay Stock Exchange Limited.

The Company is engaged in the business of manufacture and sale of aluminium electrolytic capacitors. The financial statements for the year ended March 31, 2018 were approved by the Board of Directors and authorize for issue on 26th May,2018.

1.2. Basis for preparation of financial statements

These financial statements are prepared in accordance with Indian Accounting Standards (IND AS) notified under section 133 of the Companies Act, 2013 (the Act) read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 and guidelines issued by the Securities and Exchange Board of India (SEBI).

Up to the year ended March 31, 2017, the Company prepared its financial statements in accordance with the requirements of previous GAAP, which includes Standards notified under the Companies (Accounting Standards) Rules, 2006, Companies (Accounting Standards) Amendment Rules, 2016 and the relevant provisions of Companies Act,2013. These are the Company’s first Ind AS financial statements. The date of transition to Ind AS is April 1, 2016. The company has adopted all the Ind AS standards and the adoption was carried out in accordance with Ind AS 101 ‘First time adoption of Indian Accounting Standards’. The transition was carried out from Indian Accounting principles generally accepted in India, as prescribed under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP. Reconciliations and descriptions of the effect of the transition has been summarized.

The financial statement has been prepared on the historical cost convention under accrual basis of accounting Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

I. USE OF ESTIMATES

The preparation of financial statements in conformity with the IND AS requires management to make certain estimates and assumptions that affect the amounts reported in the financial statements and notes thereto. The management believes that these estimates and assumptions are reasonable and prudent. However, actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in the current and future period. The application of Accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in these financial statements have been disclosed below.

- Defined benefit obligation.
- Estimation of useful life of Property, Plant and Equipment.
- Estimation and evaluation of provisions and contingencies relating to tax litigations.



II. REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable and net of returns, trade allowances rebates and amounts collected on behalf of third parties. It includes Excise Duty but excludes Value Added Tax, Sales Tax, Service tax and Goods and Services Tax (GST).

- a) Sales and service earnings are inclusive of excise duty, service tax, freight, insurance etc. recovered thereon.
- b) Other Income: Revenue in respect of other income are recognised when there is a reasonable certainty as to its realisation.

III. BORROWING COST

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of that asset. Qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use. Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing cost eligible for capitalization. Borrowing costs also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

Borrowing costs also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

All other borrowing costs are charged to revenue in the period in which they are incurred.

IV. EMPLOYEE BENEFITS

Employee benefits include provident fund, employee state insurance scheme, and gratuity fund.

a) **Defined Contribution Plans:**

The Company's contribution to provident fund and employee state insurance scheme are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

b) **Defined Benefit Plans:**

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period.

Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- Net interest expense or income and
- Re-measurement.



c) Provident fund and Employees' state insurance scheme:

Eligible employees of the INCAP Limited receive benefits from a provident fund and employees' state insurance scheme which is a defined benefit plan. Both the eligible employee and the company make monthly contributions to the provident fund and employees' state insurance equal to a specified percentage of the covered employee's salary.

V. PROPERTY, PLANT AND EQUIPMENT

TANGIBLE FIXED ASSETS

- a) Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. The cost of property, plant and equipment comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and borrowings costs attributable to acquisition of qualifying property, plant and equipment up to the date the asset is ready for its intended use and initial estimate of cost of decommissioning, dismantling and removing the item & restoring the site on which it is located. Freehold land is not depreciated.
- b) Construction Period Expenses on Projects: All identifiable revenue expenses including interest on term loans incurred in respect of various projects/ expansions are allocated to capital cost of respective assets/ capital work in progress.
- c) An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.
- d) Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives.
- e) The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.
- f) Fixed assets retired from active use and held for disposal are stated at the lower of their net book value and net realisable value and are disclosed separately under "Other Current Assets".
- g) Tangible assets not ready for the intended use on the date of Balance Sheet are disclosed as "Capital work-in-progress". Advances given towards acquisition / construction of fixed assets outstanding at each Balance Sheet date are disclosed as Capital Advances under "Other Non-Current Assets".

DEPRECIATION

Depreciation is provided in accordance with the useful life as prescribed under Part C of Schedule II to the Companies Act, 2013 as follows:-

In respect of all the assets, the company is following straight line method of depreciation.



VI. IMPAIRMENT

a. Non-financial assets i.e. Property, plant & equipment:

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount in the statement of Profit and loss. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. An impairment loss is reversed in the Statement of Profit and loss if there has been a change in the estimates used to determine the recoverable amount. Non-Financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of the each reporting period.

VII. FINANCIAL INSTRUMENTS

a. **Initial Recognition:**

The company recognises financial assets and financial liabilities when it becomes a party to the contractual provisions of the instruments. All financial assets and liabilities are recognised at fair value on initial recognition, except for trade receivables which are directly measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and liabilities that are not at fair value through profit or loss, are added to the fair value on initial recognition.

b. **Subsequent Recognition:**

Financial assets carried at amortized cost

A financial asset is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows, and the contractual terms of the financial asset gives rise on specified dates to cash flow that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial asset and contractual terms of the financial asset give rise on specified dates to cash flows that solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through profit or loss

A financial asset which is not classified in any of the above categories is subsequently fair valued through profit or loss.

Financial liabilities:

Financial liabilities are subsequently carried at amortised cost using the effective interest method, except for contingent consideration recognised in a business combination which is subsequently measured at fair value through profit and loss. For trade and other payables measuring within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

De-recognition of financial assets and liabilities:

Financial assets:



A financial asset shall be derecognised when, and only when

- the contractual rights to the cash flows from the financial asset expire, or
- it transfer the financial asset and the transfer qualifies for de-recognition.

On de-recognition of a financial asset in it's entirely, the difference between the carrying amount and the consideration received shall be recognised in profit or loss.

Financial Liabilities:

A financial liability shall be derecognised when, and only when, obligation specified in the contract is discharged or cancelled or expires. The difference between the carrying amount of a financial liability extinguished or transferred and consideration paid should be recognised in profit or loss.

VIII. INVENTORIES

Inventories are valued at the lower of cost and estimated net realisable value (net of allowances) after providing for obsolescence and other losses, where considered necessary. The cost comprises cost of purchase, cost of conversion and other costs including appropriate production overheads in the case of finished goods and work-in-progress, incurred in bringing such inventories to their present location and condition. Trade discounts or rebates are deducted in determining the costs of purchase. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. The cost (net of taxes subsequently recoverable from tax authorities) of raw materials, stores & spares and traded goods is determined on first in first out method.

IX. CURRENT AND NON-CURRENT CLASSIFICATION

The Company presents assets and liabilities in the balance sheet based on current / non-current classification. Cash or cash equivalent is treated as current, unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. In respect of other assets, it is treated as current when it is: expected to be realized or intended to be sold or consumed in the normal operating cycle held primarily for the purpose of trading and

- expected to be realized within twelve months after the reporting period.
- a) All other assets are classified as non-current.
- b) A liability is treated as current when:
- it is expected to be settled in the normal operating cycle it is held primarily for the purpose of trading
 - it is due to be settled within twelve months after the reporting period, or
 - there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.
- c) All other liabilities are classified as non-current.
- d) Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

**X. CASH AND CASH EQUIVALENTS**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with financial institutions/banks, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

XI. CASH FLOW STATEMENT

Cash flows are reported using the indirect method, whereby the profit for the period is adjusted for the effects of transactions of non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the company are segregated.

XII. FOREIGN EXCHANGE TRANSACTIONS

Functional Currency of the company is Indian Rupee. These financial statements are presented in Indian Rupees.

Transactions and translations:

Transactions in foreign currency are initially accounted at the exchange rate prevailing on the date of the transaction and adjusted appropriately with the difference in the rate of exchange arising on actual receipt/payment during the year in determining net profit for the period.

- Foreign currency denominated monetary assets/ liabilities- are translated into the relevant functional currency at exchange rates in effect at the balance sheet date. The gains or losses resulting from such translations are included in net profit in the statement of profit and loss.
- Foreign currency denominated non-monetary assets/ non-liabilities are translated at the exchange rate prevalent at the date of the transaction.
- Exchange differences arising on settlement of transactions and translation of monetary items are recognised as income or expense in the year in which they arise.

XIII. TAXES ON INCOME

Tax expense comprises of current and deferred taxes. The income tax expense (income) for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

- a) The current income tax is the amount of income taxes payable in respect of the taxable profit (tax loss) for a period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities
- b) Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.



However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

XIV. EARNING PER SHARE

The company's Basic EPS is calculated by dividing profit or loss from continuing operations attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the period as per IND AS-33, Earnings per Share.

The diluted EPS of an entity is calculated on the same basis as basic EPS, after adjusting for the effects of dilutive potential ordinary shares unless the effect of the potential dilutive equity shares is anti-dilutive.

XV. PROVISIONS/ CONTINGENT LIABILITIES AND ASSETS

Provision:

A provision is recorded when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reasonably estimated. The estimated liability for product warranties is recorded when products are sold based on technical evaluation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. Provisions are discounted when time value of money is material. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expenses.

Contingent liabilities:

Wherever there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or a present obligation that arises from past events but is not recognized because (a)



it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or (b) the amount of the obligation cannot be measured with sufficient reliability. Show cause notices are not considered as Contingent Liabilities unless converted into demand.

Contingent assets:

Wherever there is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. A contingent asset is disclosed when the inflow of economic benefit is probable.

XVIII) SEGMENT REPORTING:

The Company is primarily engaged in the business of manufacturing aluminium electrolytic capacitors. Since, the nature of the activities is governed by the same nature of risks, these are grouped as single segment.

1.3 FIRST - TIME ADOPTION OF IND-AS

These standalone financial statements of The KCP Limited for the year ended 31st March 2018 have been prepared in accordance with Ind AS. For the purposes of transition to Ind As, the company has followed the guidance prescribed in Ind As 101-First Time adoption of Indian Accounting Standard, with April 1, 2016 as the transition date and IGAAP as the previous GAAP.

The transition to Ind As has resulted in changes in presentation of the financial statements, disclosures in the notes thereto and accounting policies and principles. The accounting policies set out in Note I have been applied in preparing standalone financial statements for the year ended March 31, 2018 and the comparative information. An explanation of how the transition from previous GAAP to Ind AS has affected the Company's Balance Sheets, Statements of Profit and Loss, is set out in note 1.5 and Exemptions on first time adoption of Ind AS availed in accordance with Ind AS 101 have been set out in note 1.4.

1.4. EXEMPTION AVAILED FIRST TIME ADOPTION OF IND A 101

a. Deemed Cost :

For transition to Ind AS, the company has elected to continue with the carrying value of all its. property, plant and equipment, Investment property and intangible assets are recognised as of April 1, 2016 (Transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date, as there is no change in its functional currency.

b. Fair value measurement of financial or financial liabilities at Initial recognition

Company has applied the requirements in Ind AS 109 prospectively to transactions entered into on or after the date of transition to Ind AS.



Schedules Forming Integral Part of the Balance Sheet
Note : 2 Property, Plant and Machinery as at 31st March '2018

Particulars	Gross Block			Accumulated Depreciation			Net Block			
	Opening	Addition	Deduction	Closing	Opening	Addition	Deduction	Closing	WDV as on 31-03-2018	WDV as on 31-03-2017
(a) Trangible Assets										
Land	39,23,300	-	-	39,23,300	-	-	-	-	39,23,300	39,23,300
Road and Culverts	13,97,283	-	-	13,97,283	7,65,936	79,667	-	8,45,603	5,51,680	6,31,347
Building	2,31,73,753	-	-	2,31,73,753	90,88,302	2,71,111	-	93,59,413	1,38,14,340	1,40,85,451
Plant and Mechinery	9,47,18,039	10,99,260	-	9,58,17,299	8,61,35,367	3,91,551	-	8,65,26,918	92,90,381	85,82,672
Electrical Installation	76,90,458	-	-	76,90,458	48,49,434	3,51,922	-	52,01,356	24,89,102	28,41,024
Lab Equipment	22,49,097	-	-	22,49,097	14,21,247	1,23,488	-	15,44,736	7,04,361	8,27,850
Office Equipment	22,14,586	1,68,541	89,960	22,93,167	12,47,510	1,12,092	48,528	13,11,075	9,82,092	9,67,076
Furnitures & Fixtures	57,45,500	2,55,360	-	60,00,860	17,75,064	5,06,485	-	22,81,549	37,19,311	39,70,436
Vehicles	91,67,505	41,79,562	56,272	1,32,90,795	29,49,491	12,16,179	24,606	41,41,064	91,49,731	62,18,014
Data Processing Equipment	31,40,295	36,780	-	31,77,075	30,08,184	56,363	-	30,64,547	1,12,528	1,32,111
Goodwill	99,95,830	-	-	99,95,830	99,95,830	-	-	99,95,830	-	-
Computer Software	20,00,000	-	-	20,00,000	14,16,115	5,83,885	-	20,00,000	-	5,83,885
Total	16,54,15,646	57,39,503	1,46,232	17,10,08,917	12,26,52,480	36,92,743	73,134	12,62,72,091	4,47,36,826	4,27,63,165
Previolus Year	18,24,03,788	38,92,922	2,08,81,064	16,54,15,646	12,74,97,247	29,74,117	78,19,064	12,26,52,480	4,27,63,166	5,49,06,361

**Note : 3 Loans (Non-Current)**

Particulars	As at 31 st March 2018	As at 31 st March 2017
Loans	79,38,475	72,48,126
	79,38,475	72,48,126

Note : 4 Other Non current Assets

Particulars	As at 31 st March 2018	As at 31 st March 2017
IDBI Bank Dividend Accounts	9,53,605	9,19,182
Margin Money Deposit	6,21,114	5,34,245
Stores and Spares	57,592	98,472
Service Tax Receivable	11,93,373	11,93,373
TDS Receivable	24,20,890	24,20,890
MODVAT on Raw Materials	-	2,96,907
other Capital Goods	-	2,29,789
	52,46,574	56,92,858

Note : 5 Inventories

Particulars	As at 31 st March 2018	As at 31 st March 2017
Raw Materials	1,27,39,189	85,01,186
Finished Good	1,15,02,497	1,85,92,534
Work in Progress	21,97,752	30,76,358
	2,64,39,438	3,01,70,078

The cost of inventories is recognised as an expense during the year in respect of continuing operation was Rs. 15,15,14,748 for year ended 31-03-2018 (Rs. 15,45,42,031 for the year ended 31-03-2017)

The mode of valuation of Inventories has been stated in accounting Policy VIII of Note 1.2.

Note : 6 Trade Receivables

Particulars	As at 31 st March 2018	As at 31 st March 2017
Trade Receivables	4,91,42,186	5,50,98,974
Advances to suppliers	1,33,79,623	74,97,803
	6,25,21,809	6,25,96,777

Note : 7 Cash and Cash Equivalents

Particulars	As at 31 st March 2018	As at 31 st March 2017
Cash on hand	17,453	88,781
Term Deposits	2,75,00,000	3,72,00,000
Other Deposits	9,40,900	9,40,900
Bank OD (Debit Balance)	4,65,58,335	42,25,090
Bank Accounts	16,764	4,58,106
	7,50,33,452	4,29,12,877

**Note : 8 Other Current Assets**

Particulars	As at 31 st March 2018	As at 31 st March 2017
Customs Duty (Diodes)	-	11,448
Others	17,44,506	7,75,978
Advances (Receivables)	2,09,075	81,080
	19,53,581	8,68,506

Note : 9 Equity Share Capital

Particulars	As at 31 st March 2018	As at 31 st March 2017
Authorised Capital		
60,00,000 Equity Shares of Rs.10/-each	6,00,00,000	6,00,00,000
Issued Capital		
60,00,000 Equity Shares of Rs.10/-each	6,00,00,000	6,00,00,000
Subscribed Capital		
54,49,600 Equity Shares of Rs.10/-each	5,64,96,000	5,64,96,000
Paid up Capital		
Equity Shares Capital	5,13,32,000	5,13,32,000
	5,13,32,000	5,13,32,000

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

Name of the Shareholder	%	Shares	%	Shares
Sri C. Bhagavantha Rao	19.94	1023707	19.94	1023707
Smt. C. Neelima	23.60	1211407	23.60	1211407
Smt. P. Himabindu	12.63	648399	12.63	648399
Sri P. Ram Rao	09.95	510933	09.95	510933
Smt. C.Lalitha Kumari	07.17	368045	07.17	368045

Note : 10 Other Equity

Particulars	As at 31 st March 2018	As at 31 st March 2017
Capital Reserve	33,82,000	33,82,000
General Reserve	1,54,31,042	1,54,31,042
Share Premium	22,40,000	22,40,000
Surplus in Profit & Loss Account		
Balance brought forward from Previous year	5,31,07,257	3,57,14,084
Add. Profit for the period	2,84,86,892	2,35,71,372
	8,15,94,149	5,92,85,456
Less: Proposed Dividend	51,33,200	51,33,200
Tax on Dividend	10,44,999	10,44,999
	7,54,15,950	5,31,07,257
	9,64,68,992	7,41,60,299

Note : 11 Borrowings (Non-Current)

Particulars	As at 31 st March 2018	As at 31 st March 2017
Vehicle Loan from Banks	28,82,099	5,11,850
	28,82,099	5,11,850

**Note : 12 Deferred Tax Liabilities**

Particulars	As at 31 st March 2018	As at 31 st March 2017
Fixed assets: Difference between tax depreciation and depreciation/ amortisation charged for the financial reporting	28,77,431	32,79,456
	28,77,431	32,79,456

Note : 13 Borrowings (Current)

Particulars	As at 31 st March 2018	As at 31 st March 2017
Current Maturities of long term liabilities	12,28,086	10,37,359
	12,28,086	10,37,359

Note : 14 Trade payables

Particulars	As at 31 st March 2018	As at 31 st March 2017
Trade Payables	5,31,53,621	4,42,75,470
Advances from Customers	4,44,797	3,65,237
	5,35,98,418	4,46,40,707

Note : 15 Other Current Liabilities

Particulars	As at 31 st March 2018	As at 31 st March 2017
Liabilities for Expenses	1,33,45,071	1,48,78,999
	1,33,45,071	1,48,78,999

Note : 16 Provisions

Particulars	As at 31 st March 2018	As at 31 st March 2017
VAT /GST Payble	1,71,356	30,924
CST Payble	-	3,16,474
Income Tax payable (A.Y.2018-19)	1,48,187	-
	3,19,543	3,47,398

Note : 17 Current Tax Liabilities

Particulars	As at 31 st March 2018	As at 31 st March 2017
Advance tax Advance payment of Direct Taxes / TDS Credit	90,31,417	91,33,239
Provision for Tax Provision for Income tax	1,08,49,932	1,11,97,559
Total	18,18,515	20,64,320

**Note : 18 Revenue from Operations**

Particulars	31 st March 2018	31 st March 2017
Sale of Products	18,58,59,951	16,95,63,044
Excise Duty & Cess Collections	57,78,363	2,12,55,496
	19,16,38,314	19,08,18,540
Traded Goods	44,450	36,720
Other Operating Income	9,19,96,041	9,48,48,709
Total	28,36,78,805	28,57,03,969

Note : 19 Other Income

Particulars	31 st March 2018	31 st March 2017
Interest Income	66,29,386	24,57,653
Profit on Sale of Assets	-	9,81,635
Scrap Sales	20,773	3,71,561
Other Receipts	16,49,482	18,188
Exchange Variance	22,09,720	-
Total In	1,05,09,361	38,29,037

Note : 20 Cost of Material Consumed

Particulars	31 st March 2018	31 st March 2017
Opening Stock	83,98,539	1,08,93,822
Add. Purchases	14,51,06,488	13,79,72,677
	15,35,05,027	14,88,66,499
Less : Closing Stock	1,04,64,823	83,98,539
Raw Material Consumed	14,30,40,204	14,04,67,960

Details of Raw Material consumed

Particulars	31 st March 2018	31 st March 2017
Simi finished capacitors	11,14,95,376	10,77,47,565
Anode Foil	1,35,77,989	1,42,07,328
Cathode Foil	19,98,640	20,76,894
Tissue Paper	24,17,344	23,63,403
Others	1,35,50,855	1,40,72,770
Total	14,30,40,204	14,04,67,960

**Note : 21 Change in Inventories**

Particulars	31 st March 2018	31 st March 2017
Opening Stock		
Stock-in-Trade	84,112	1,29,782
Finished Goods	1,85,08,422	2,31,96,030
Work-in-Progress	30,76,359	1,18,41,314
	2,16,68,893	3,51,67,126
Closing Stock		
Stock-in-Trade	32,076	84,112
Finished Goods	1,14,70,421	1,85,08,422
Work-in-Progress	21,97,752	30,76,359
	1,37,00,249	2,16,68,893
Total	79,68,644	1,34,98,233

Note : 22 Employment Benefit Expenses

Particulars	31 st March 2018	31 st March 2017
Salaries	1,30,23,956	1,16,67,221
Bonus, PF & ESIC	22,60,528	19,25,680
Exgratia	14,35,465	11,95,042
Workmen & Staff Welfare Expenses	5,70,981	6,13,383
Total	1,72,90,930	1,54,01,326

Note : 23 Financial Cost

Particulars	31 st March 2018	31 st March 2017
Interest Expenses	13,42,640	41,44,414
Total	13,42,640	41,44,414

Note : 24 Depreciation & Amortised Cost

Particulars	31 st March 2018	31 st March 2017
Depreciation	36,92,744	29,74,117
Total	36,92,744	29,74,117

**Note : 25 Other Administrative Expenses**

Particulars	31 st March 2018	31 st March 2017
Bank Charges	1,23,707	2,69,034
Insurance	6,77,792	7,75,766
Power and Fuel	30,57,343	27,68,556
Repairs and Maintenance	9,17,069	12,94,945
Freight Inward	57,907	1,73,605
Taxes & Licences	19,86,592	44,34,111
Rent	12,93,000	9,62,500
Telephone and Telex Charges	5,15,259	4,82,075
Directors Remuneration	40,60,000	27,79,706
Auditors Fees	50,000	34,155
Directors Sitting Fees	4,000	6,000
Directors Travelling Expenses	2,94,204	1,28,329
Travelling Expenses	53,44,423	82,51,119
Donations	9,85,960	35,000
Vehicle Maintenance	12,09,255	14,43,537
Advertisement Charges	1,05,132	1,13,410
Business Promotion Expenses	5,63,333	7,70,313
Commission on Sales	8,70,818	7,09,483
Consumption of packing material	14,89,446	13,01,782
Freight Outward	23,73,106	21,42,862
Other Selling Expenses	1,42,607	6,52,278
Contract Work Expenses	4,72,70,599	4,36,10,811
Other Expenses	85,26,653	43,92,109
Total	8,19,18,205	7,75,31,486

Note : 26 Current Tax

Particulars	31 st March 2018	31 st March 2017
Current Tax	1,08,49,932	1,11,97,559
Add: Excess / Short Provision earlier year	-	-
Less : MAT Credit Entitlement	-	-
Total	1,08,49,932	1,11,97,559



ANNEXURE - C

Form No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2018

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies
(Appointment and Remuneration Personnel) Rules, 2014]

To,
The Members
INCAP LIMITED

Reg. Office:

1-58, Nidamanuru, Vijayawada
Krishna, Andhra Pradesh – 521104.
CIN: L32101AP1990PLC011311

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. **INCAP LIMITED** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the **audit period commencing from 01st April, 2017 and ending on 31st March, 2018** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained for the period ended on **31st March, 2018** according to the provisions of:

- (i) The Companies Act, 2013 (**the Act**) and the Rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 (**'SCRA'**) and the Rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (**'SEBI Act'**) to the extent applicable to the Company :-
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;



- c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 - **Not applicable as the Company has not issued any new Securities during the period under review.**
- d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 - **Not applicable as the Company has not issued any new Securities to its Employees during the period under review.**
- e) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client – **Not Applicable as the Company is not registered as Registrar to Issue and Share Transfer Agent during the Period under review.**
- f) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 - **Not applicable as the Company has not delisted/propose to delist its equity shares from stock exchange during the period under review.**
- g) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 - **Not applicable as the Company has not bought back/propose to buyback any of its securities during the period under review.**
- h) The Company has identified the following laws as specifically applicable to the Company:
 - 1. The Hazardous wastes(Management and Handling) Rules 1969
 - 2. The Factories Act, 1956
 - 3. The Legal Metrology Act, 2009

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India (ICS) - ICSI.
- (ii) The Listing Agreements entered into by the Company with the Bombay Stock Exchange of India Limited.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 etc. mentioned above subject to the following observations:

- 1. The Company has not appointed Company Secretary as per the Provisions of Section 203 of the Companies Act, 2013. However, the company has availed the services of practicing company secretaries wherever applicable and complied with the provisions of the companies act and its rules, regulations to ensure that the filings with MCA and other statutory authorities are up to date.
- 2. The Company has an Audit Committee; however the composition of the committee consists of promoter directors only. The company submitted that the company's registered office and works being carried out from a rural area, it is finding it difficult to appoint independent directors who are generally located in large cities. However, the company undertakes to appoint the independent directors.
- 3. The Company has Remuneration Committee, the composition of which consists of promoter directors only due to absence of independent directors on Board. However there is no case where the remuneration has to be fixed by the remuneration committee during the financial year.



4. The Company has constituted Vigil Mechanism and such other committees as per the Provisions of the Companies Act, 2013 subject to limitations stated above.

I further report that:

1. The Board of Directors of the Company is constituted with Executive Directors and Non-Executive Directors.
2. According to Sub Regulation (2) of Regulation 15 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 the compliance with the corporate governance provisions as specified in regulations 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 and para C, D and E of Schedule V shall not apply to the Companies with Companies having paid up equity share capital not exceeding Rs.10 Crore and Net Worth not exceeding Rs.25 Crore, as on the last day of the previous financial year.
3. There are no changes in the composition of the Board of Directors during the period under review.
4. Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
5. Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

I further report that:

- a. There are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.
- b. As informed, the Company has responded to Notices for demands, claims, penalties etc. levied by the statutory/regulatory authorities and initiated actions for corrective measures, wherever necessary.

I further report that during the audit period, there are no specific events/actions having a major bearing on the Company's affairs in pursuance of the laws, rules, regulations, guidelines, standards, etc, referred to above.

For **AN Sarma & Co.,**
Practicing Company Secretaries

AN Sarma
(Partner)
C. P. No.: 7812

Hyderabad
26 May, 2018

**ANNEXURE**

To
The Members of
M/s.Inap Limited
Vijayawada

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on the random test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the Management. Our examination was limited to the verification of procedures on random test basis
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For *AN Sarma & Co.*,
Practicing Company Secretaries

AN Sarma
(Partner)
C. P. No.: 7812

Hyderabad
26 May, 2018

**ANNEXURE – D****CORPORATE GOVERNANCE REPORT****COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE:**

Corporate Governance refers to the combination of voluntary practices and compliance's with law and regulators 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 shareholder". 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.

1. BOARD OF DIRECTORS :**i) Composition:**

The present strength of the Board Directors is 4 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 2 Non-Executive Directors whose details are as follows:

a. Promoter / Executive Directors:

Sri C.BhagavanthaRao

Managing Director

SmtC.Neelima

Whole-time Director

b. Promoter / Non-Executive Directors:

Sri P.RamRao

Director

Smt. P.Himabindu

Director

i) Board Meetings and Attendance at Board Meetings :

a) During 2017-2018, the Board of Directors met 4 times on the following dates:

The relevant details are as under:

S.No.	Date	Board Strength	No. of Directors Present
1	29 th May, 2017	4	4
2	27 th July, 2017	4	3
3	31 th October, 2017	4	3
4	09 st January, 2018	4	4



The company places before the Board all those details as required under to the listing regulation. The dates for the board meetings are fixed after taking into account the convenience of all the directors and sufficient notice is given to them. The company has video conferencing facilities to enable director's participation at board meetings. Detailed agenda notes are sent to the directors. All the information required for decision making are incorporated in the agenda. Those that cannot be included in the agenda are tabled at the meeting. The chairman and the managing director appraise the Board on the overall performance of the company at every board meeting. Legal issues, write-offs, provisions, purchase and disposal of capital assets are all brought to the notice of the Board. The Board reviews performance, approves capital expenditures, sets the strategy the company should follow and ensures financial stability. The Board takes on record the actions taken by the company on all its decisions periodically.

The Board also takes on record the declaration made by the company secretary, chairman and managing director and the chief financial officer regarding compliances of all laws on a quarterly basis.

- b) 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 Meeting	Last AGM
Sri C.Bhagavantha Rao	Non-Independent Executive	4	Yes
Sri P.Ram Rao	Non-Independent Non-Executive	3	Yes
Smt. C.Neelim	Non-Independent Executive	4	Yes
Smt. P.Himabindu	Non-Independent Non-Executive	3	Yes

2. AUDIT COMMITTEE:

2.1 Brief description of terms and reference :

The terms of reference as per clause 49 of the Listing regulation 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, 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.
- g) The audit committee comprised of the following directors for the year ended 31st March 2016:

Name of the Director	Category
Sri C.BhagavanthaRao	Non-Independent Executive
Sri P.RamRao	Non-Independent Non-Executive
Smt. C.Neelima	Non-Independent Executive

* The company undertakes to appoint the independent directors before the closure of the current financial year.

Meeting during the year:

During the financial year 2017-2018, the Audit Committee met 4 times on following dates with full strength:

1. 29th May, 2017
2. 27th July, 2017
3. 31st October, 2017
4. 09st February, 2018

3. NOMINATION AND REMUNERATION COMMITTEE

(I) Brief description of terms of reference is for:

- (a) appointment of the directors, and key managerial personnel of the Company; and
- (b) fixation of the remuneration of the directors, key managerial personnel and other employees of the Company.

(II) *Composition of committee and attendance of members*

S.No.	Name of the Director and Position	Meeting / Attendance			
		29.05.2017	27.07.2017	31.10.2017	09.02.2018
1.	Sri C.Bhagavantha Rao, Chairman	Y	Y	Y	Y
2.	Smt. C.Neelima, Member	Y	Y	Y	Y
3.	Sri P.Ram Rao, Member	Y	Y	N	Y
4.	Smt. P.Himabindu, Member	Y	N	Y	Y

This committee recommends the appointment/reappointment of executive directors and the appointments of employees from the level of vice-president and above along with the remuneration to be paid to them. The remuneration is fixed keeping in mind the persons track record, his/her potential individual performance, the market trends and scales prevailing in the similar industry. The Remuneration Committee



comprises of non-executive and independent directors. Mr.C.BhagavanthaRao, is the chairman of the committee. Mrs.C.Neelima and Mr.P.RamRao and Mrs.P.Himabindu are the other members. The Mrs.P.Himabindu is the secretary to the committee. During the financial year 2017-2018 the committee met on 31.01.2017.

4. 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 certificates, balance sheets, dividends etc.

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

Mr. C. BhagavanthaRao, is the chairman of the committee. Mrs.C.Neelima and Mr. P.Ram Rao are the other members.

The committee decided that a share transfer committee be constituted with Mr. Mrs.C.Neelima, Whole time Director and Mr.C.BhagavanthaRao, Managing Director as members to approve share transfer, transmissions, issue of duplicate share certificates, rematerialisation of shares etc. The actions of share transfer committee will be ratified in Stakeholders' Relationship Committee at its subsequent meeting.

5. MEETING OF INDEPENDENT DIRECTORS :

No meeting of Independent Directors held during year. Since, Independent Director/s was not appointed. *The company undertakes to appoint the independent directors before the closure of the current financial year.

6. 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 of Executive Directors is fixed by the Board and approved by shareholder at the Annual General Meeting. Particulars of their remuneration for the year ended 31st March, 2018 are given below:

Name of the Director	Remuneration				
	Sitting Fee	Salary	Perquisites	Commission	Total Rs.
Executive Director					
Sri.C.Bhagavantha Rao	Nil	1577400	9680000	Nil	2400000
Smt. C.Neelima	Nil	822600	692000	Nil	1514600
Non-Executive Directors:					
Sri P.Ram Rao	2000	Nil	Nil	Nil	2000
Smt. P.Himabindu	4000	Nil	Nil	Nil	4000

**1. ANNUAL GENERAL MEETINGS AND EXTRAORDINARY GENERAL MEETING:**

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

Financial Year	:	2014-2015
Venue	:	Registered Office, 1-58, Nidamanuru, Vijayawada – 521104.
Date	:	26-09-2015
Time	:	12.00 Noon
Financial Year	:	2015-2016
Venue	:	Registered Office, 1-58, Nidamanuru, Vijayawada – 521104.
Date	:	24-09-2016
Time	:	12.00 Noon
Financial Year	:	2016-2017
Venue	:	Registered Office, 1-58, Nidamanuru, Vijayawada – 521104.
Date	:	23-09-2017
Time	:	12.00 Noon

8. SUBSIDIARY COMPANIES

The company does not have any Subsidiary Company.

9. A) RISK MANAGEMENT

Periodic assessments to identify the risk areas are carried out and management is briefed on the risks in advance to enable the company to control risk through a properly defined plan. The risks are classified as financial risks, operational risks and market risks. The risks are taken into account while preparing the annual business plan for the year. The Board is also periodically informed of the business risks and the actions taken to manage them. The Company has formulated a policy for Risk management with the following objectives:

- Provide an overview of the principles of risk management
- Explain approach adopted by the Company for risk management
- Define the organizational structure for effective risk management
- Develop a “risk” culture that encourages all employees to identify risks and associated opportunities and to respond to them with effective actions.
- Identify, assess and manage existing and new risks in a planned and coordinated manner with minimum disruption and cost, to protect and preserve Company’s human, physical and financial assets.

B) RISK MANAGEMENT COMMITTEE:



The company has constituted a Risk Management company with the following directors:

- A. Mr.C.BhagavanthaRao
- B. Mrs.C.Neelima
- C. Mr.P.RamRao and
- D. Mrs.P.Himabindu

10. WHISTLE BLOWER POLICY

The company has an established mechanism for Directors / Employees to report concerns about unethical behaviour, actual or suspected fraud, or violation of the code of conduct or ethics policy. It also provides for adequate safeguards against victimization of directors/ employees who avail of the mechanism. The company affirms that no personnel has been denied access to the audit committee. The Company has formulated a Policy of Vigil Mechanism and has established a mechanism that any personnel may raise Reportable Matters within 60 days after becoming aware of the same. All suspected violations and Reportable Matters are reported to the Chairman of the Audit Committee. The key directions/actions will be informed to the Managing Director of the Company.

11. DISCLOSURES:

RELATED PARTY TRANSACTION:

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 imported on the company by stock exchange or SEBI or any statutory authority on any matter related to capital markets during the last three years.

12. ACCOUNTING TREATMENT:

Disclosure required in case of difference in the treatment from that of annual accounts, the applicable accounting standards have been followed and that there are no material departures.

13. COMPLIANCES:

There have been no instances of non-compliance by the company on any matters related to the capital markets, nor have any penalty/strictures been imposed on the company by the Stock Exchanges or SEBI or any other statutory authority on such matters.

14. 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 Lines (English)
- 2. Andhra Bhoomi (Regional Language)

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



15 CODE OF CONDUCT FOR THE BOARD OF DIRECTORS AND THE SENIOR MANAGEMENT

I. Preface:

Over the years, the Company has been conducting its business with very high ethical and moral standards. This has resulted in gaining reputation as a professionally managed company by all its members. As the Company grows and expands its wings globally, it is extremely important to continue to exhibit high levels of ethical standards and professional behavior in everything that the Company does.

This Model Code of Conduct for Directors & Senior Management personnel is a guide to help Senior Management team & Directors on the Board of Incap. Though it summarizes many of the laws that Incap, as a Company is required to follow, it also goes beyond the legal minimums by describing the ethical values we share at Incap.

The rules and principles set forth in this Code are general in nature and the compliance with the Code shall be ensured read with other applicable policies and procedures of the Company. The Directors and Senior Management personnel may contact the Compliance Officer for assistance in interpreting the requirement of this Code.

The Board of Directors of the Company adopted this Code of Conduct and Ethics as a testimony of its commitment to adhere to the standards of loyalty, honesty, integrity and the avoidance of conflicts of interest. This code is a capsule of the moral, legal and professional obligations of the Directors and all executives. The Specific provisions of law or rules or regulations or contract shall prevail over the general obligations.

This model code of conduct shall be reviewed by the Board from time to time so as to keep in pace with the regulatory environment and any amendments to this Code, shall be approved by the Board of Director.

11. Applicability:

The Directors both executive and non executive, are obliged to carry out their duties in an honest, fair, diligent and ethical manner, within the scope of the authority conferred upon them and in accordance with the laws, rules, regulations, agreements, guidelines, standards and internal policies and procedures. The Board of Directors of the Company is entrusted with the fiduciary responsibility of oversight of the affairs of the Company. As Directors of the Company, they have a duty to make decisions and implement policies in the best interest of the Company and its members.

The Code of Conduct is applicable to:

The Directors, both executive and non-executive Directors. Senior Management team comprising members of Management one level below the Executive Directors, including all functional heads.

III. Honest & Ethical Conduct:

The Directors & Senior Management personnel are required to act in accordance with the highest standards of personal and professional integrity, honestly, ethical and legal conduct, when acting on behalf of the Company or in connection with the Company's business or operations and at social events.



An honest conduct is considered as such when a conduct is free from fraud or deception. We consider ethical conduct to be conduct conforming to the accepted professional standards of conduct and include ethical handling of actual or apparent conflicts of interest between personal and professional relationships.

The Directors and the Senior Management personnel shall

Act honestly, fairly, ethically, with integrity and loyalty and conduct themselves in a professional, courteous and respectful manner;

Act in the best interest of the Company and in a manner to enhance and maintain the reputation of the Company, and fulfill their fiduciary duties to the members of the Company;

Act in good faith, with responsibility, due care, competence, diligence and independence;

Treat their colleagues and other associates of the Company with dignity and shall not harass any of them in any manner.

IV. Code of Interest:

General Guidance

The Directors and Senior Management personnel are expected to avoid and disclose any activity or association that creates or appears to create a conflict between the personal interests and the Company's business interests. A Conflict of interest exists where the interests or benefits of one person or entity conflict with the interest or benefits of the Company. Relationships with prospective or existing suppliers, contractors, customers, competitors or regulators must not affect the independent and sound judgment on behalf of the Company. General guidelines to better understand several of the most common examples of situations that may cause a conflict of interest are listed below. Directors and the senior management personnel are required to disclose to the Board any situation that may be, or appear to be, a conflict of interest. When in doubt, Disclose.

a. Outside Employment:

Executive Directors and Senior Management personnel shall not work for or receive payments for services from any competitor, customer, distributor or supplier of Incap without approval of the Board. Any outside activity must be strictly separated from Incap employment and should not harm job performance at Incap. The Executive Directors and the Senior Management personnel shall devote themselves exclusively to the business of the Company and shall not accept any other work or assignment (part time or otherwise).

b. Board Memberships:

Serving on the Board of Directors or a similar body of any other company or organization other than this company or government agency requires the advance approval of the Board of Directors, Acceptance of Directorship on the Boards of other Companies, which compete, with the Company amounts to conflict of interest and hence should not be accepted. Helping the community by serving on Boards of nonprofit or welfare organizations is encouraged, and does not require prior approval.

**c. Family Members and Close Personal Relationships:**

Directors and Senior Management personnel shall not use personal influence to make the Company do business with a company/ institution which do not belong to the same group in which his or her relatives are interested. As a general rule, Directors and Senior Management personnel shall avoid conducting Company's business with a relative or with an entity in which a relative is associated in any significant role. In case of conflicts, be it a Director or Senior Management cadre, disclosure shall be made to the Board of Directors and a prior approval shall be obtained.

d. Gifts (Gifts are not always physical objects they might also be services, favors or other items of value)

The Directors and Senior Management personnel shall not accept lavish gifts or gratuities or any offer, payment, promise to pay, or authorization to pay any money, or anything of value that could be interpreted to adversely affect business decisions or likely to compromise their personal or professional integrity. Gift items of nominal value, such as small promotional items bearing another company's name, business meals, gifts received because of personal relationships and not because of official position, mementos received because of attending a widely held gatherings as panelist/ speaker and other customary gifts are allowed. Gifts on behalf of the Company – Some business situations call for giving gifts. These gifts shall be legal and reasonable. Directors and Senior Management personnel shall not pay bribes. It is understood that gift-giving practices vary among cultures and countries. Directors and Senior Management personnel shall not provide any gift if law or the policy of the recipient's organization prohibits it. For example, the associates of many government entities around the world are prohibited from accepting gifts.

e. Investments:

Directors and Senior Management personnel may not allow their investments to influence, or appear to influence, their independent judgment on behalf of the Company. This could happen in many ways, but it is most likely to create the appearance of a conflict of interest if a Director or Senior Manager has a significant investment in a competitor, supplier, customer, or distributor and his decisions may have a business impact on this outside party. The Directors and Senior Management personnel shall seek prior consent of the Board before making any investments more than 5% of the paid up capital of the other entity.

f. Diversion of Business:

Directors and Senior Management personnel shall not divert business opportunities of the Company, by exploiting for their own personal gain, business opportunities that are discovered through the use of corporate propriety information or position. However the Directors and Senior Management personnel can pursue such business opportunities once they are fully disclosed to the company and the company declined to pursue such opportunities.

g. Use of Company's Assets:

The Assets of the Company shall be used for legitimate business purposes and shall not be used for personal purposes. Incidental personal use, if reasonable, does not amount to violation of the code.



h. Others:

It would be impracticable to attempt to list all possible conflict of interest's situations and it is possible that other such situations, which are not enumerated above, may arise

10. DECLARATION BY CHAIRMAN AND MANAGING DIRECTOR ON CODE OF CONDUCT UNDER THE SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 (LISTING REGULATIONS)

To

The Members

I, hereby declare that to the best of my knowledge and information, all the Board Members and Senior Management Personnel have affirmed compliance with the code of conduct for the year ended March 31, 2018.

For and on behalf of the Board

VIJAYAWADA

26 May, 2018

C.BHAGAVANTHA RAO
MANAGING DIRECTOR
DIN: 00218713

**CEO / CFO CERTIFICATION**

To
The Board of Directors
Incap Limited

I had reviewed the financial statements, read with the cash flow statement of Incap Limited for the year ended 31st March, 2018 and that to the best of our knowledge and belief, we state that:

- a) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
- b) These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- a) There are, to the best of their knowledge and belief, no transaction entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- b) They accept responsibility for establishing and maintaining internal controls for financial reporting and that they have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and they have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.
- c) They have indicated to the auditors and the audit committee:-
 - i. Significant changes, if any, in the accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - ii. Instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

For **INCAP LIMITED**

VIJAYAWADA
26 May, 2018

C.BHAGAVANTHA RAO
MANGING DIRECTOR
DIN: 00218713

**ANNEXURE – E****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 31st March, 2018 as stipulated in the Securities and Exchange Board of India (Listing Obligations and Disclosure requirements) Regulations, 2015 (‘ Listing Regulations) 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 Regulations.

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 to affairs of the company.

For **K.V.V.PRASAD & CO.,**
Chartered Accountants,
Firm Regn. No.002758S

(**CA. K.V.V.PRASAD**)
Proprietor
M.No.026708

VIJAYAWADA
26 May, 2018

**ANNEXURE – F****MANAGEMENT DISCUSSION AND ANALYSIS**

The Management Discussion and Analysis presented in this Annual Report focuses on the theme of 'Faster, Higher and Stronger' which was the Company-wide initiative to continue on the path of profitable growth. The company has got the profit before tax Rs. 2.85 Crores during the year. The organization structure, various strategies followed and processes implemented, along with excellent team-work, a strong management and leadership has enabled the Company to move forward on the path of profitable growth.

Overall Business Review

Incap Limited is a 25-year-old focused Company, with interests in the Manufacturing and Production of Capacitors and Insulators. The costs of inputs in key raw materials continued to escalate, thereby affecting the material costs adversely. The industry witnessed intense competition for market share and significant pressures on margins and profits. The Company continued its focus on enhancing revenue growth. Various actions in terms of cost reduction, value engineering, competitive sourcing and improving credit discipline have been undertaken. There has been a significant progress in the Industry.

Industry structure and developments:

In India the demand for Electrolytic Capacitor is around 4 to 5 billion capacitors (approx) in all segments.

The total production in India for this component is negligible, since the market is either in the hands of Chinese or Japanese due to mass scale and quality product of Japanese. The output in the Indian Industry would be hardly 150 m pcs per annum.

The cost factor is also a major constraint in determining the sale since we are banking for all raw materials sources either from China or Japan and our raw materials are totally imported since there is hardly any supplier big enough to support even a small rubber bung in India. Backward Integration is negligible.

There is a hope that the Indian Industry has an upper hand to manufacture and support the local Industry and that too in segments like LED since this is going to have a market for the next, one decade is the analyst view further the cost of all things in China and Japan is likely to be high even the Labor. So India could be their next destination.

Anyhow progress and growth would be not less than 10% since there is umpteen area of vacuum by which we can improve our sale.

The competition like any other Industry we will face tough times on pricing from the Chinese but everything can be overcome with quality and faster delivery. Presently anyhow Chinese and Japanese have the maximum share in the Electrolytic Capacitor market.

Opportunities and threats:

We have been focusing on the Business to Business oriented businesses. After having established ourselves amongst the top few companies in the entire market Endeavour to establish ourselves with more growth and performance.



Due to the strong linkage of the manufacturing industry to the economy, such an event would adversely impact growth in the short term for the Company.

Competition: Competition whether domestic is always a challenge and transforming challenges into opportunities has been a practice at Incap.

Cost of Raw material: Aluminum Foil, Aluminum Cans, Lead Tabs, Electrolyte being a major raw material to our business, its cost may affect our contribution margins. Company had adopted various measures to minimize the effect of escalating prices of raw material.

The new initiatives will bring new challenges in near future. We believe that we have sufficient management bandwidth to pass through these cycles with past experiences.

Outlook:

Domestic economic indicators are expected to improve, led by positive prospects in Government Spending and several government schemes. Indian economic activity is expected to improve modestly, driven by global economic revival and moderation in inflation. Upside pressures on inflation and consumption, hinge on the vagaries of the monsoon and the pace of revival of the investment climate will determine to a very large extent India's economic performance, going forward.

Manufacturing and Government spending are expected to grow, its' an opportunity for the Industry, in general and for your Company, in particular.

Risks and areas of concern:

Taking risk is an inherent part of entrepreneurial behavior. A structured risk management process encourages management to take risks in controlled manner. In order to provide a comprehensive view of business activities, risks are identified in a structured way combining elements of a top-down and bottom-up approach. Risks are reported on a regular basis as part of the "Business Performance Management" process. All relevant risks and opportunities are prioritized in terms of impact and likelihood, considering quantitative and/ or qualitative aspects. The bottom-up identification and prioritization process is supported by conducting workshops with the respective management at Factory and Corporate function level. This top-down approach ensure that potential risks and opportunities are discussed on management level and are included in the subsequent reporting process, if found to be applicable.

Company has a structured risk management process to address different risk categories:
Strategic, Operational, Compliance and Financial risks

Strategic Risks: As Company's business is completely domestic; its business environment is influenced by economic conditions. Factors like fluctuation of energy & raw material price, intellectual property rights, product awareness & brand recognition etc. are part of its strategic risk management. Product creation process and/ or increased speed in innovation to market is important for profitable and growth ambitions.

Operational Risks: Ensuring timely delivery of new solutions and products at lower cost and upgrading of customer service levels to create sustainable competitive advantage and effective supply chain management is very much required amongst other things, to enhance time to market & product quality.



Compliance Risks: Company's presence exposes the Company to regional and local regulatory laws, rules and regulations, which may interfere with the realization of business opportunities operates. Strengthening internal control, corporate governance & IT systems play vital role in mitigation of compliance risks.

Financial Risks: Corporate control, together with respective functional management, performs an assessment of Financial Reporting risk at appropriate interval or at least annually. Risk Mitigation to mitigate the aforesaid risks have been identified and addressed under the supervision of a team of Senior management.

The Company is in process of reviewing existing policies & procedures and developing/ documentation of Standard Operating Procedures (SOP) for all requisite processes. This will facilitate better control, uniformity & efficiency across various processes of the organization.

Internal control systems and their adequacy:

The Company believes that good corporate governance is the adoption of best business practices which ensure that the Company operates not only within the regulatory framework but is also guided by ethics and a strong belief in the tradition of trust.

The following committees are in place to ensure effective corporate governance:

- i. Board of Directors
- ii. Audit Committee
- iii. Remuneration Committee
- iv. Shareholders Grievance Committee

Material developments in Human Resources/ Industrial Relations front, including number of people employed

The Company believes that its human resource has played the most important role in enabling the Company to embark upon a more prosperous future. The Company has invested on its human resource by providing appropriate training and developmental inputs along with career progress opportunities to deserving employees.

The Company's focus on having good people related processes in terms of recruitment, training, performance appraisal and performance rewards have been well received by all the employees.

Cautionary Statement:

Statements in the Management Discussion and Analysis, describing the Company's strategies on business, projections and estimates, are forward-looking statements. The actual results may vary from those expressed or implied, depending upon economic conditions, Government policies, regulations, tax laws and other incidental factors.