

## **BOARD OF DIRECTORS**

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

Managing Director  
Whole-time Director  
Director  
Director

## **AUDITORS**

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

## **BANKERS**

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

State Bank of Hyderabad,  
Governorpet,  
VIJAYAWADA – 520002,  
Andhra Pradesh.

## **REGISTERED OFFICE & FACTORY**

### **INCAP LIMITED**

CIN : L32101AP1990PLC011311  
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 – 500 018,  
Telangana.

Tel : 91-866-2842479, 2842571, 2841147  
Fax : 91-866-2842572  
Email : [vjwincap@bsnl.co.in](mailto:vjwincap@bsnl.co.in)  
URL : [www.incaplimited.com](http://www.incaplimited.com)

Tel : 91-040-23818475, 476  
Fax : 91-040-23868024  
Email : [info@vccilindia.com](mailto:info@vccilindia.com)

# **INCAP LIMITED**

## **NOTICE**

Notice is hereby given that the **TWENTY FIFTH ANNUAL GENERAL MEETING** of **INCAP LIMITED** will be held on Saturday, the 26th September, 2015 at 12.00 Noon at the Registered Office of the Company at 1-58, Nidamanuru, Vijayawada – 521104, Andhra Pradesh to transact the following business:

### **ORDINARY BUSINESS :**

1. To receive, consider and adopt the Audited Accounts for the year ended 31<sup>st</sup> March, 2015 and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Smt. P.Himabindu (DIN : 06605646) who retires at this meeting and being eligible offers herself for re-appointment.
3. To declare dividend for the year 2014-2015.
4. To ratify the appointment of M/s. Purnachandra Rao & Co., Chartered Accountants, Guduwada (Firm Registration No. 002802S) as approved by Members at the Twenty Fourth Annual General Meeting as Statutory Auditors of the Company, to hold office until the conclusion of Twenty Six Annual General Meeting, and to fix their remuneration for the financial year ending 31<sup>st</sup> March, 2016.

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

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

VIJAYAWADA  
25<sup>th</sup> July, 2015

## **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 provisions 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 19<sup>th</sup> September, 2015 to 22<sup>nd</sup> September, 2015 (Both days inclusive) for the purpose of Annual General Body meeting for the year ended 31<sup>st</sup> March, 2015.
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 18<sup>th</sup> September, 2015.
6. The Notice of the AGM along with the Annual Report 2014-15 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.com](http://www.incaplimited.com). 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.

7. 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.

8. 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.

9. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified copy of the Board resolution authorising their representative to attend and vote on their behalf at the Meeting.

10. Members / proxies should bring the attendance slips duly filled in for attending the meeting.

11. Voting Through Electronic Means:-

i) In accordance with the 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 10th 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 fully paid equity share of the Company held by them as on the cutoff date September 18, 2015.

iii) The remote e-voting period begins on Wednesday, September 23, 2015 at 09:00 hours (IST) and ends at on Friday, September 25, 2015 at 17.00 hours (IST). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of September 18, 2015, may cast their vote electronically. The remote 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 remote 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

a. The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).

b. Click on Shareholders.

c. Now Enter your User ID

d. For CDSL: 16 digits beneficiary ID,

e. Members holding shares in Physical Form should enter Folio Number registered with the Company.

f. Next enter the Image Verification as displayed and Click on Login.

g. If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.

h. If you are a first time user follow the steps given below:

	For Members holding shares in Physical Form	For Members holding shares in Demat Form
PAN *	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)· - 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 selecting 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" your 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](http://www.evotingindia.com) and register themselves as Corporates.

A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto: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](mailto: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 issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto: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 witnesses 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 person authorised by him in writing who shall countersign the same.

(xiv) The results declared along with the Scrutinizer's Report shall be placed on the Company's website [www.incaplimited.com](http://www.incaplimited.com) and on the website of CDSL [www.evotingindia.com](http://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.

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

**C.BHAGAVANTHA RAO**  
MANAGING DIRECTOR

DIN : 00218713

VIJAYAWADA  
25<sup>th</sup> July, 2015

**DIRECTORS RETIRING BY ROTATION SEEKING RE-ELECTION AND APPOINTMENT OF  
DIRECTORS AT THIS ANNUAL GENERAL MEETING:**

Particulars	Smt. P.Himabindu (DIN : 06605646)
Date of Birth	24 <sup>th</sup> April, 1978
Appointed on	17/06/2013
Qualification	B.Tech.
Experience in specific functional areas	NIL
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	12.63% (6,48,399 Equity Shares)

**DIRECTORS' REPORT**

To  
The Members,  
**Incap Limited**

Your Directors have pleasure in presenting the Twenty Fifth Annual Report on the business and operations of the Company and the Audited Accounts for the year ended 31st March, 2015 together with Auditors' Report thereon.

**1. FINANCIAL RESULTS:**

The Financial Results for the year ended 31st March, 2015 are summarized below:

(Rs. In Lakhs)

<b>PARTICULARS</b>	<b>2014-2015</b>	<b>2013-2014</b>
Revenue from Operations	<b>4599.58</b>	4015.32
Other Income	<b>119.39</b>	44.12
Total Income	<b>4718.97</b>	4059.44
Total Expenditure	<b>4301.68</b>	3687.38
Profit before Interest, Depn. & Tax	<b>417.29</b>	372.06
Interest	<b>43.94</b>	51.45
Profit before Depn. & Tax	<b>373.35</b>	320.61
Depreciation	<b>56.23</b>	71.35
Goodwill written off	<b>19.99</b>	19.99
Profit before Tax	<b>297.13</b>	229.27
Add : Deferred Tax Liability (Net)	<b>-4.86</b>	12.43
Provision for Tax	<b>104.43</b>	88.52
Profit after Tax	<b>197.56</b>	153.18
Add : Brought forward from previous year	<b>129.68</b>	36.16
	<b>327.24</b>	189.34
Appropriations		
Provision for Dividend	<b>51.33</b>	51.33
Tax on Dividend	<b>10.45</b>	8.33
Surplus carried to Balance Sheet	<b>265.46</b>	129.68

**2. STATE OF COMPANY AFFAIRS:**

During the year 2014-2015 you company achieved a turnover of Rs.4599.98 Lakhs against Rs.4015.32 Lakhs for the year 2013-2014 your company made a net profit of Rs.197.56 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 31<sup>st</sup> March, 2015 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 MGT 9 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 associate 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 31<sup>st</sup> March, 2015. 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**

Smt. P.Himabindu having DIN: 06605646, retires by rotation at the ensuing Annual General Meeting, and being eligible offers herself 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 step to appoint Independent Directors before the closure of the current financial year.

**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 clause 49 of the Listing Agreement.

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, effective reviews, committee participation, governance reviews etc.

The performance of the committees was evaluated by the board after seeking inputs from the committee members on the basis of criteria such as Committee composition, process, dynamics, deliberation, strategic discussions, effective 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. TRANSFERTO RESERVES**

No amount was transferred to the reserves during the financial year ended 31<sup>st</sup> March, 2015.



**12. NUMBER OF MEETINGS OF THE BOARD:**

The Board of Directors met 4 (Four) times on 26th May, 2014, 31st July 2014, 31st October, 2014 and 31<sup>st</sup> January, 2015 dates during this financial year.

Name of the Director	Number of meetings attended / total meeting held during the Financial Year 2014-2015
Sri C.Bhagavantha Rao	4 / 4
Sri P.Ram Rao	1 / 4
Smt. C.Neelima	4 / 4
Smt. P.Himabindu	3 / 4

**13. DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (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 31 March 2015, no complaints pertaining to sexual harassment was received by the Company.

**14. STATUTORY AUDITORS:**

The Company's Auditors, M/s. Purnachandra Rao & Co. was appointed as Statutory Auditors of your Company at the last Annual General Meeting held on 27th September, 2014 for a term of three consecutive years. As per the provisions of Section 139 of the Companies Act, 2013, the appointment of Auditors is required to be ratified by Members at every Annual General Meeting. They have confirmed their eligibility under Section 141 of the Companies Act, 2013 and the Rules framed thereunder for reappointment as Auditors of the Company.

The Report given by the Auditors on the financial statements of the Company is enclosed as **Annexure "B"** to this Report. There has been no qualification, reservation, adverse remark or disclaimer given by the Auditors in their Report.

**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 2014 2015. The Secretarial Audit Report (Form MR-3) is enclosed as **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 to a building 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 in the current financial year and 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 and 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 provisions 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 & 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 Clause 49 of the Listing Agreement, 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 Clause 49 of the Listing Agreement. 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 Clause 49 of the Listing Agreement is enclosed as **Annexure “E”** to this Report.

## **25. MANAGEMENT DISCUSSION ANALYSIS**

The management discussion and analysis on the operations of the Company as prescribed under clause 49 of the listing agreement is enclosed as **Annexure “F”** to this Report.

## **26. DISCLOSURES UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION & 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 31 March 2015, no complaints pertaining to sexual harassment was received by the Company.

## **27. 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 provisions of all applicable laws and that such systems were adequate and operating effectively.

## **28. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE OUTGO:**

### **a. Conservation of Energy:**

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

**c. Foreign exchange earning and outgo :**

Particulars	Current Year	Previous Year
a) Foreign exchange earning on Exports	NIL	NIL
b) Foreign exchange used on account of value of imports		
i) Raw material & Stores	1617.37	1499.49
ii) Capital Goods	27.35	-
iii) Foreign Travel	10.34	1.79

**29. SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS:**

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.

**30. RATIO OF REMUNERATION TO EACH DIRECTOR:**

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

( Rs. in Lakhs )

Name	Designation	Remuneration Paid		Increase in Remuneration from previous year	Ratio/Times per Median of Emp. Remuneration
		2014-15	2013-14		
Sri C.Bhagavantha Rao	Managing Director	12.00	8.43	3.58	15 times
Smt C.Neelima	Whole time Director	9.60	6.00	3.60	11 times

**31. QUALITY SYSTEM:**

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

**32. 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 2014-2015 has been paid.

**33. 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 a separate annexure forming part of this report. Further, pursuant to the proviso 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,

#### **34. ACKNOWLEDGEMENTS:**

Your Directors wish to express their grateful appreciation for the assistance and cooperation received from State Bank of India, State Bank of Hyderabad, Customers and Suppliers. Cordial relations prevailed during the year with all the employees. Your Directors wish to place on record their deep sense of appreciation of the valuable work done and co-operation extended by them at all levels.

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

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

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

VIJAYAWADA  
25<sup>th</sup> July, 2015

# INCAP LIMITED

## ANNEXURE – A

FORM NO. MGT 9

### EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.03.2015

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	:	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	42.36%
2.	Other - (Inland transportation and port clearance for power grid)	-	57.64%

#### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATES COMPANIES:

(All the business activities contributing 10% or more of the 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.	Nil	Nil	Nil



## IV. SHARE HOLDING PATTERN : (Equity share capital breakup as percentage of Total Equity )

### A .Category-wise shareholding :

Category of Shareholders	No. of shares held at the begining of the year(As on 31-03-2014)				No. of shares held at the end of the year(As on 31-03-2015)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	%of Total Shares	
<b>A.Promoter</b>									
1.Indian									
a. Individual/HUF	3082187	480010	3562197	69.40	3276353	480010	3756363	73.18	3.78
<b>Total Shareholding of Promoter (A)</b>	3082187	480010	3562197	69.40	3276353	480010	3756363	73.18	3.78
<b>B. Public Shareholding</b>									
1. Institutions									
a) Mutual Funds	100		100		100		100		
b) Banks/FI									
c) Central Govt.									
d) State Govt.(s)									
e) Venture Capital Funds									
f) Insurance Companies									
g) FIs									
h) Foreign Venture Capital Funds									
i) Others (Specify)									
<b>Sub-Total B(1)</b>	100	100			100		100		
2. Non-Institutions									
a) Bodies Corp.	116508	6000	122508	2.39	37967	6000	43967	0.86	-1.53
i) Indian									
ii) Overseas									
b) Individuals									
i) individual shareholders holding nominal share capital upto Rs.1 Lakh	716110	287730	1003840	19.55	627010	282730	909740	17.72	-1.83
ii) Individual shareholders holding nominal share capital in excess of Rs.1 Lakh	204313	49600	253913	4.95	215569	24600	240169	4.68	-0.27
c) Others (Specify)									
Non Resident Indian Overseas Corp. Bodies	178571		178571	3.48	178505		178505	3.48	-
Foreign Nationals									
Clearing Members	11971	-	11971	0.23	4256	-	4256	0.08	-0.15
Trusts	100	-	100		100	-	100		
Foreign Bodies DR									
<b>Sub Total (B) 2</b>	1227573	343330	1570903	30.60	1063407	313330	1376737	26.82	-3.78
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	1227573	343430	1571003	30.60	1063407	313430	1376837	26.82	-3.78
C. Shares held by Custodian for GDRs & ADRs									
<b>GRANDTOTAL (A+B+C)</b>	4309770	823430	5133200	100.00	4339760	793440	5133200	100.00	-

## B. Shareholding of promoters :

S.No.	Shareholder's Name	Shareholding at the being of 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/en-cumbered to total shares	No. of Shares	% of total shares of the company	% of shares pledged/en-cumbered to total shares	
1.	C.Bhagavantha Rao	907024	17.67	-	1023707	19.94	-	2.27
2.	C. Neelima	1158924	22.58	-	1211407	23.60	-	1.02
3.	P.Ram Rao	510933	9.95	-	510933	9.95	-	-
4.	P.Himabindu	648399	12.63	-	649399	12.63	-	-
5.	C. Lalitha Kumari	336907	6.56	-	361907	7.05	-	0.49
6.	VVV Satyanarayana	10	-	-	10	-	-	-
		3561297	69.40	-	3756363	73.18	-	3.78

## C) Change in promoters' Shareholding (please specify, if there is no change)

Particulars	Shareholding the being of the year		Cumulative Shareholding during the year	
	No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
At the beginning of the year	<b>REFER ANNEXURE - I</b>			
Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decreas (e.g.allotment/transfer/bonus/sweat equity etc)				
At the end of the year				

## D) Shareholding pattern of top ten Shareholders: (Other than Directors, Promoters and Holders of GDRs and ADRs)

Particulars	Shareholding the being of the year		Cumulative Shareholding during the year	
	No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
At the beginning of the year	<b>REFER ANNEXURE - II</b>			
Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decreas (e.g.allotment/transfer/bonus/sweat equity etc)				
At the end of the year				

## E) Shareholding of Directors and Key Managerial personnel :

Particulars	Shareholding the beginning of the year		Cumulative Shareholding during the year	
	No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
At the beginning of the year	<b>REFER ANNEXURE - III</b>			
Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g.allotment/transfer/bonus/sweat equity etc)				
At the end of the year				

## V. INDEBTEDNESS - Indebtedness of the company including interest outstanding/accrued but not due for payment.

	Secured loans excluding deposits	Unsecured Loans	Deposits	Total indebtedness
<b>Indebtedness at the beginning of the Financial Year</b>				
i) Principal Amount	41.34	-	-	41.34
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	41.34	-	-	41.34
<b>Change in indebtedness during the financial year</b>				
* Addition	438.31	-	-	438.31
* Reduction	-	-	-	-
<b>Net Change</b>	438.31	-	-	438.31
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	479.65	-	-	479.65
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	479.65	-	-	479.65

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

Particulars of Remuneration	C.Bhagavantha Rao Managing Director	C.Neelima W.T.D.	Total Amount
Gross Salary			
a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	8,57,400	5,40,000	13,97,400
b) Value of perquisites u/s 17(2) Income Tax Act, 1961	3,14,050	3,88,550	7,02,600
c) Profits in lieu of salary unders section 17(3) Income Tax Act, 1961	-	-	-
Stock Option	-	-	-
Sweat Equity	-	-	-
Commission - as % of profit - other, specify	-	-	-
Others, please specify	1,96,294	10,520	2,06,814
Total (A)	13,67,744	9,39,070	23,06,814
Ceiling as per the Act	As per Schedule V of the Act		

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

Particulars of Remuneration	P.Himabindu Director	P. Rama Rao Director	Total Amount
1. Independent Directors			
Fee for attending Board	-	-	-
Committee meetings	-	-	-
Commission	-	-	-
Others, please specify	-	-	-
Total (1)	-	-	-
2. Other Non-Executive Directors			
Fee for attending Board	2000	2000	4000
Committee meetings	-	-	-
Commission	-	-	-
Others, please specify	-	-	-
Total (2)	2000	2000	4000
Total B = (1+2)	2000	2000	4000
Overall Ceiling as per the Act			

## C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD:

Particulars of Remuneration	Key Managerial Personnel			Total
	CEO	CS	CFO	
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	-	-	-	-
Stock Option	-	-	-	-
Sweat Equity	-	-	-	-
Commission - as % of profit - other, specify	-	-	-	-
Others, please specify	-	-	-	-
Total	-	-	-	-

## VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES : NIL

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)
<b>A. COMPANY</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>B. DIRECTORS</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>C. OTHER OFFICER IN DEFAULT</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

## Change in promoters' Shareholding (Annexure - I)

S. No.	Date of Trans.	Nature of Trans.	Name of the Shareholder	Shareholding at the beginning of the year		Cummulative Shareholding during the year	
				No. of Shares	% of total outstanding share of the company	No. of Shares	% of total outstanding share of the company
1.	01.04.14	Op. Bal	C.Bhagavantha Rao	907024	17.67	907024	17.67
2.	06.06.14	Purchase		90464	1.76	997488	19.43
3.	30.06.14	Purchase		2980	0.06	1000468	19.49
4.	04.07.14	Purchase		2000	0.04	1002468	19.53
5.	11.07.14	Purchase		905	0.02	1003373	19.55
6.	18.07.14	Purchase		6250	0.12	1009623	19.67
7.	25.07.14	Purchase		2074	0.04	1011697	19.71
8.	01.08.14	Purchase		2667	0.05	1014364	19.76
9.	08.08.14	Purchase		3900	0.08	1018264	19.84
10.	15.08.14	Purchase		1900	0.04	1020164	19.87
11.	22.08.14	Purchase		300	0.01	1020464	19.88
12.	29.08.14	Purchase		118	-	1020582	19.88
13.	05.09.14	Purchase		115	-	1020697	19.88
14.	12.09.14	Purchase		2000	0.04	1022697	19.92
15.	19.09.14	Purchase		200	-	1022897	19.93
16.	30.09.14	Purchase		100	-	1022997	19.93
17.	03.10.14	Purchase		200	-	1023197	19.93
18.	10.10.14	Purchase		10	-	1023207	19.93
19.	09.01.15	Purchase		500	0.01	1023707	19.94
20.	31.03.15	Cl. Bal				1023707	19.94
1.	01.04.14	Op. Bal	C.Lalitha Kumari	336907	6.56	336907	6.56
2.	01.09.14	Purchase		25000	0.49	361907	7.05
3.	31.03.15	Cl. Bal				361907	7.05
1.	01.04.14	Op. Bal	C.Neelima	1158924	22.58	1158924	22.58
2.	19.12.14	Purchase		600	0.01	1159524	22.59
3.	31.12.14	Purchase		43783	0.85	1203307	23.44
4.	06.03.15	Purchase		8100	0.16	1211407	23.60
5.	31.03.15	Cl. Bal				1211407	23.60
1.	01.04.14	Op. Bal	P.Ram Rao	510933	9.95	510933	9.95
2.	31.03.15	Cl. Bal				510933	9.95
1.	01.04.14	Op. Bal	P.Himabindu	648399	12.63	648399	12.63
2.	31.03.15	Cl. Bal				648399	12.63
1.	01.04.14	Op. Bal	VVV	10	-	10	-
2.	31.03.15	Cl. Bal	Satyanarayana			10	-

## Shareholding Pattern of top ten shareholders - Annexure - II

S. No.	Date of Trans.	Nature of Trans.	Name of the Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of Shares	% of total outstanding share of the company	No. of Shares	% of total outstanding share of the company
1.	01.04.14	Op. Bal	Anil Gurmukh	167315	3.26	167315	3.26
2.	31.03.15	Cl. Bal	Bhagwani			167315	3.26
1.	01.04.14	Op. Bal	Rajeev Jawahar	0	0.00	0	0.00
2.	30.09.14	Purchase	Nidhi Jawahar	4639	0.09	4639	0.09
3.	03.10.14	Purchase		1201	0.02	5840	0.11
4.	10.10.14	Purchase		6003	0.12	11843	0.23
5.	17.10.14	Purchase		4660	0.09	16503	0.32
6.	31.10.14	Purchase		4156	0.08	20659	0.40
7.	14.11.14	Purchase		1800	0.04	22459	0.44
8.	21.11.14	Purchase		810	0.02	23269	0.45
9.	28.11.14	Purchase		2723	0.05	25992	0.51
10.	31.12.14	Purchase		1061	0.02	27053	0.53
11.	02.01.15	Purchase		119	-	27172	0.53
12.	23.01.15	Purchase		2731	0.05	29903	0.58
13.	30.01.15	Purchase		3337	0.07	33240	0.65
14.	27.02.15	Purchase		850	0.02	34090	0.66
15.	03.06.15	Purchase		3950	0.08	38040	0.74
16.	20.03.15	Purchase		116	-	38156	0.74
17.	27.03.15	Purchase		318	0.01	38474	0.75
18.	31.03.15	Purchase		745	0.01	39219	0.76
19.	31.03.15	Cl. Bal				39219	0.76
1.	01.04.14	Op. Bal	Yella Rohini	27778	0.54	27778	0.54
2.	31.03.15	Cl. Bal	Kumar			27778	0.54
1.	01.04.14	Op. Bal	Hema Sri	25000	0.49	25000	0.49
2.	31.03.15	Cl. Bal	Boddapati			25000	0.49
1.	01.04.14	Op. Bal	S.V.Rao	24600	0.48	24600	0.48
2.	31.03.15	Cl. Bal	S.S.Rao			24600	0.48
1.	01.04.14	Op. Bal	Ajayrai Madan	20000	0.39	20000	0.39
2.	31.03.15	Cl. Bal				20000	0.39

# INCAP LIMITED

S. No.	Date of Trans.	Nature of Trans.	Name of the Shareholder	Shareholding at the beginning of the year		Cummulative Shareholding during the year	
				No. of Shares	% of total outstanding share of the company	No. of Shares	% of total outstanding share of the company
1.	01.04.14	Op. Bal	Sangeetha S	5700	0.11	5700	0.11
2.	12.05.14	Purchase		56	-	5756	0.11
3.	12.12.14	Purchase		3044	0.06	8800	0.17
4.	19.12.14	Purchase		2700	0.05	11500	0.22
5.	31.12.14	Purchase		2700	0.05	14200	0.28
6.	23.01.15	Purchase		2130	0.04	16330	0.32
7.	06.02.15	Purchase		100	-	16430	0.32
7.	27.02.15	Purchase		1449	0.03	17879	0.35
8.	31.03.15	Cl. Bal			17879	0.35	
1.	01.04.14	Op. Bal	Ch. Sirisha	17629	0.34	17629	0.34
2.	31.03.15	Cl. Bal				17629	0.34
1.	01.04.14	Op. Bal	Ajay Narendra Shah	16000	0.31	16000	0.31
2.	31.03.15	Cl. Bal				16000	0.31
1.	01.04.14	Op. Bal	Kranthi Narra	15500	0.30	15500	0.30
2.	31.03.15	Cl. Bal				15500	0.30



# INCAP LIMITED

## Shareholding of Directors Key Managerial Personnel - Annexure - III

S. No.	Date of Trans.	Nature of Trans.	Name of the Shareholder	Shareholding at the beginning of the year		Cummulative Shareholding during the year	
				No. of Shares	% of total outstanding share of the company	No. of Shares	% of total outstanding share of the company
1.	01.04.14	Op. Bal	C.Bhagavantha	907024	17.67	907024	17.67
2.	06.06.14	Purchase	Rao	90464	1.76	997488	19.43
3.	30.06.14	Purchase		2980	0.06	1000468	19.49
4.	04.07.14	Purchase		2000	0.04	1002468	19.53
5.	11.07.14	Purchase		905	0.02	1003373	19.55
6.	18.07.14	Purchase		6250	0.12	1009623	19.67
7.	25.07.14	Purchase		2074	0.04	1011697	19.71
8.	01.08.14	Purchase		2667	0.05	1014364	19.76
9.	08.08.14	Purchase		3900	0.08	1018264	19.84
10.	15.08.14	Purchase		1900	0.04	1020164	19.87
11.	22.08.14	Purchase		300	0.01	1020464	19.88
12.	29.08.14	Purchase		118	-	1020582	19.88
13.	05.09.14	Purchase		115	-	1020697	19.88
14.	12.09.14	Purchase		2000	0.04	1022697	19.92
15.	19.09.14	Purchase		200	-	1022897	19.93
16.	30.09.14	Purchase		100	-	1022997	19.93
17.	03.10.14	Purchase		200	-	1023197	19.93
18.	10.10.14	Purchase		10	-	1023207	19.93
19.	09.01.15	Purchase		500	0.01	1023707	19.94
20.	31.03.15	Cl. Bal				1023707	19.94
1.	01.04.14	Op. Bal	C.Lalitha Kumari	336907	6.56	336907	6.56
2.	01.09.14	Purchase		25000	0.49	361907	7.05
3.	31.03.15	Cl. Bal				361907	7.05
1.	01.04.14	Op. Bal	C.Neelima	1158924	22.58	1158924	22.58
2.	19.12.14	Purchase		600	0.01	1159524	22.59
3.	31.12.14	Purchase		43783	0.85	1203307	23.44
4.	06.03.15	Purchase		8100	0.16	1211407	23.60
5.	31.03.15	Cl. Bal				1211407	23.60
1.	01.04.14	Op. Bal	P.Ram Rao	510933	9.95	510933	9.95
2.	31.03.15	Cl. Bal				510933	9.95
1.	01.04.14	Op. Bal	P.Himabindu	648399	12.63	648399	12.63
2.	31.03.15	Cl. Bal				648399	12.63

**INDEPENDENT AUDITORS' REPORT****To Members of INCAP LIMITED****REPORT ON THE STANDALONE FINANCIAL STATEMENTS**

We have audited the accompanying standalone financial statements of Incap Limited, which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss, and the Cash Flow Statement for the year ended on that date, and a summary of the significant accounting policies and other explanatory information.

**MANAGEMENT'S RESPONSIBILITY FOR THE STANDALONE FINANCIAL STATEMENTS**

The Company's Board of Directors is responsible for the matters stated in sub-section 5 of Section 134 of the Companies Act, 2013 with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies(Accounts) Rules, 2014. This responsibility also includes 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 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 the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**AUDITORS' RESPONSIBILITY**

Our responsibility is to express an opinion on these standalone 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 sub-section 10 of Section 143 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the 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 the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. 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 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 financial statements.

## **OPINION**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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, of the state of affairs of the Company as at March 31, 2015, and its profit and its cash flows for the year ended on that date.

## **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

1. As required by the Companies (Auditor's Report) Order, 2015 ('the Order'), issued by the Central Government of India in exercise of powers conferred by sub-section 11 of section 143 of the Act, we enclose in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by sub-section 3 of Section 143 of the Act, 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, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of the written representations received from the Directors as on March 31, 2015 taken on record by the Board of Directors, none of the Directors are disqualified as on March 31, 2015 from being appointed as a Director in terms of sub-section 2 of Section 164 of the Act.
  - (f) 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 financial statements in accordance with the generally accepted accounting practice – also refer Note 31(iv)(a)(i) to the financial statements.
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For **PUERNACHANDRA RAO & CO.,**

Chartered Accountants,  
Firm Regn. No.002802S

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

Proprietor  
M. No.202335

VIJAYAWADA  
25<sup>th</sup> July, 2015

**ANNEXURE TO AUDITORS REPORT OF EVEN DATE**

Referred to in paragraph 3 of our report of even date to the members of Incap Limited on the Financial Statements for the year ended 31st March, 2015.

- i. (a) The Company has maintained proper records showing full particulars, including Quantitative details and situation of its fixed assets;  
  
(b) All the assets have been physically verified by the management during the year. There is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.  
  
(c) In our opinion and according to the information and explanations given to us, no substantial parts of fixed assets have been disposed off by the Company during the year.
- ii. (a) The Inventory has been physically verified during the year by the management. In our opinion the frequency of verification is reasonable.  
  
(b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.  
  
(c) The company is maintaining proper records of inventory the discrepancies notice on verification between the physical stock and the book record were not material.
- iii. The Company 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. In view of above, clauses iii (a), iii (b) are not applicable.
- iv. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- v. The company has not accepted any deposits from the public within the meaning of Sections 73 to 76 of the Act and the rules framed there under.
- vi. We have broadly reviewed the books of account maintained by the company pursuant to the rules made by the Central Government for the maintenance of Cost records under section 148 of the Companies Act, 2013, related to the manufacture of Aluminium Electrolytic Capacitors and Silicon Rubber Insulators and are of the opinion that prima

facie, the prescribed accounts and record have been made and maintained. We have not, however, made a detailed examination of the same.

- vii. (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Income Tax, Sales Tax, Customs Duty, Excise Duty, Service Tax, Cess and other material statutory dues applicable to it.
- (b) According to the information and explanation given to us, there are no dues of Sales Tax, Service Tax, Income Tax, Customs duty and Excise duty which have not been deposited on account of any dispute.
- (c) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
- viii. No accumulated losses are there at the end of the financial year 2013-2014. The company has not incurred cash losses during the financial year covered by our audit and in the immediate preceding financial year.
- ix. In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to the financial institution, bank or debentures holders.
- x. The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xi. The company has not given guarantee for loans taken by others from banks and financial institutions during the year.
- xii. In our opinion the term loans have been applied for the purpose for which they were raised.
- xiii. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

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

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

VIJAYAWADA  
25<sup>th</sup> July, 2015

**INCAP LIMITED****BALANCE SHEET AS AT 31st MARCH, 2015**

Particulars	Note No.	31st March, 2015		31st March, 2014	
<b>I. EQUITY AND LIABILITIES</b>					
<b>1. Shareholder's Funds</b>					
(a) Share Capital	2	51332000		51332000	
(b) Reserves & Surplus	3	47599279	98931279	34020947	85352947
<b>2. Share Application Money pending allotment</b>					
<b>3. Non Current Liabilities</b>					
(a) Long Term Borrowings	4	-		13065275	
(b) Deferred Tax Liabilities (Net)	5	1936338		1450059	
(c) Other Long Term Liabilities	6	2605146		3755199	
(d) Long - Term Provisions		-	4541484	-	18270533
<b>4. Current Liabilities</b>					
(a) Short-term Borrowings	7	45359381		379283	
(b) Trade Payables	8	21252719		13814841	
(c) Other Current Liabilities	9	163278231		126194259	
(d) Short - Term Provisions	10	17109995	247000326	24887568	165275951
<b>Total Equity &amp; Liabilities</b>			<b>350473089</b>		<b>268899431</b>
<b>II. ASSETS</b>					
<b>1. Non Current Assets</b>					
(a) Fixed Assets	11				
(i) Tangible Assets		50867520		42918636	
(ii) Intangible Assets		1646667		1999166	
(iii) Capital Work-in-Progress					
(iv) Intangible Assets under Development					
(b) Non-Current Investments					
(c) Deferred Tax Assets (Net)					
(d) Long term Loans and advances					
(e) Other Non-Current Assets			52514187		44917802
<b>2. Current Assets</b>					
(a) Current Investments					
(b) Inventories	12	61159006		38650527	
(c) Trade receivables	13	128912269		95020910	
(d) Cash and Cash Equivalents	14	33599552		36110320	
(e) Short-term loans and advances	15	53296061		30443186	
(f) Other Current assets	16	20992014	297958902	23756686	223981629
<b>Total Assets</b>			<b>350473089</b>		<b>268899431</b>
Note to Accounts	1				

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

For and on behalf of the Board

**C.BHAGAVANTHA RAO**  
MANAGING DIRECTOR

VIJAYAWADA  
25<sup>th</sup> July, 2015

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

**C.Neelima**  
Director

**INCAP LIMITED****PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED ON 31ST MARCH, 2015**

Sl. No	Particulars	Sch. No.	31 <sup>st</sup> March, 2015 Rs.	31 <sup>st</sup> March, 2014 Rs.
I	Revenue from operations	17	459958307	401531708
II	Other income	18	11938643	4411966
III	<b>III. Total Revenue (I+II)</b>		<b>471896950</b>	<b>405943674</b>
IV	Expenses :			
	Cost of materials consumed	19	167787444	140327617
	Changes in inventories of finished goods, work-in- Progress and Stock-in-Trade	20	973755	
			-22383010	2939866
	Employee Benefit Expenses	21	15712911	13352341
	Financial Costs	22	4394393	5144916
	Depreciation and Amortization Expenses	23	5623251	9134265
	Other Expenses	24	269102340	217998253
	<b>Total Expenses (IV)</b>		<b>441211084</b>	<b>383017526</b>
V	Profit before exceptional and extraordinary items and tax (III - IV)		30685866	22926148
VI	Exceptional items		-	-
VII	Prifit before extraordinary items and tax (V-VI)		30685866	22926148
VIII	Extraordinary items		-	-
IX	Profit before tax (VII-VIII)		30685866	22926148
X	Tax expense :			
	(1) Current tax		10443056	8852093
	(2) Deferred tax		486279	-1243421
XI	Profit (Loss) from the period from continuing operations (IX-X)		19756531	15317476
XII	Profit/(Loss) from discontinuing operations		-	-
XIII	Tax expense of discounting operations		-	-
XIV	Profit/(Loss) from Discontinuing operations (XII-XIII)		-	-
XV	Profit /(Loss) for the period (XI+XIV)		19756531	15317476
XVI	Earning per equity share :			
	(1) Basic		3.85	2.98
	(2) Diluted		3.85	2.98
	(3) Book Value		19.33	16.52

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

For and on behalf of the Board

**C.BHAGAVANTHA RAO**  
MANAGING DIRECTOR

VIJAYAWADA  
25<sup>th</sup> July, 2015

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

**C.Neelima**  
Director

**INCAP LIMITED**

1-58 Nidamanuru, Vijayawada - 521 104

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2015**

PARTICULARS	For the year ending	
	31st March, 2015 Rs.	31st March, 2014 Rs.
<b>A CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net Profit After Tax and Extraordinary items	19756531	15317476
<b>Adjustments :-</b>		
Depreciation	3624085	7135099
Goodwill Written Off	1999166	1999166
Deferred Tax Liability	486279	(1243421)
Loss on sale of Assets	15129	197777
Interest Paid on Loans	4394393	5144916
Interest Received	(10713028)	(4063599)
Amounts withdrawn from reserves	-	(42049)
Profit on sale of Assets	-	(119200)
<b>Operating Profit Before Working Capital Changes</b>	<b>19562555</b>	<b>24326165</b>
<u>Adjustments for Working Capital Changes:</u>		
Decrease/(Increase) in Inventories	(22508479)	218290
Decrease/(Increase) in Trade Receivables	(33891359)	6273911
Decrease/(Increase) in Loans and Advances	(22852875)	(1615236)
Decrease/(Increase) in Other Current Assets	2764672	(9361365)
Increase /(Decrease) in Trade payables	7437878	(23224378)
Increase /(Decrease) in Current Liabilities	18752052	90950826
<b>ADJUSTMENTS IN WORKING CAPITAL</b>	<b>(50298111)</b>	<b>63242048</b>
Cash Generated from Operations	(30735556)	87568213
Income Tax Paid/Provided	10443056	(8852093)
Net Cash From Operating Activities {A}	<b>(20292500)</b>	<b>96420306</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Purchase of Fixed assets	(13248737)	(20456227)
Sale of Fixed Assets	13973	285200



**INCAP LIMITED**

PARTICULARS	For the year ending	
	31st March, 2015 Rs.	31st March, 2014 Rs.
Interest Received	10713028	4063599
<b>Net Cash Used In Investing Activities : {B}</b>	<b>(2521736)</b>	<b>(16107428)</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Increase in Share Capital		
Availment of Long Term Borrowings	(1038762)	1918641
Repayment of Long Term Borrowings	(13065275)	(1004725)
Availment of Short Term Borrowings	44980098	(44289107)
Proposed Dividend	(6178199)	(5965933)
Interest paid on Borrowings	(4394393)	(5144916)
<b>Net Cash Used in Financing Activities {C}</b>	<b>20303469</b>	<b>(54486040)</b>
<b>D NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(2510767)</b>	<b>25826838</b>
Cash and Cash Equivalents at the beginning of the period	36110320	10283482
Cash and Cash Equivalents at the end of the period	33599552	36110320
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(2510768)</b>	<b>25826838</b>
Cash on hand	18888	10443
Balances held with banks	33580664	36099877
<b>Cash and cash equivalents as restated</b>	<b>33599552</b>	<b>36110320</b>

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

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

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

For and on behalf of the Board

**C.BHAGAVANTHA RAO**  
MANAGING DIRECTOR

VIJAYAWADA  
25<sup>th</sup> July, 2015

**C.Neelima**  
Director

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

The Financial statements have been prepared under the historical cost convention in accordance with the generally accepted accounting principles and the provisions of the Companies Act, 2013 as consistently adopted by the Company. The accounting policies not specifically referred to otherwise are consistent and in consonance with generally accepted accounting principles.

**2. FIXED ASSETS:**

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

**3. DEPRECIATION:**

Depreciation on fixed assets is provided on straight line method at the rates specified in schedule XIV to the Companies Act, 2013.

**4. IMPAIRMENT:**

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

**5. INVESTMENTS:**

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

**6. SALES:**

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

**7. INVENTORIES:**

Raw materials and Work-in-progress are value at cost. Finished Goods are valued at cost or net realizable value whichever is less. Consumables are valued at cost.

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

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

**9. FOREIGN CURRENCY TRANSACTIONS :**

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

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

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

**11. TAXES ON INCOME :**

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

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

**NOTES FORMING PART OF ACCOUNTS :**

## 1. Contingent Liabilities :

Particulars	2014-2015	2013-2014
Letter of Credit	15.14	-
Bank Guarantees	262.86	287.84
Total	278.00	287.84

2. Secured Loans : Working capital facilities from banks are secured by hypothecation of stocks of raw materials, semi finished goods, finished goods, stores and spares and book debts and first charge on Fixed Assets of the company in favour of State Bank of India, Patamata Branch, Vijayawada and State Bank of Hyderabad, Governorpet Branch, Vijayawada on pari passu basis.

3. Current Assets and Current Liabilities : Sundry Debtors, Loan and Advances and Sundry Creditors balance are subject to confirmation by the parties. Fixed Deposits with Banks to the extent of Rs.12.46 Lakhs are pledged with bankers towards margin money for Letters of Credit and Rs.52.49 Lakhs are pledged with banker towards margin for Bank Guarantees.

4. No amount is due to any small-scale industry in excess of Rs.1,00,000 or more than 30 days.

5. Provision is made for regular Income tax as per provisions of Income Tax Act, 1961.

## Deferred Tax:

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

Description	Opening Balance 01.04.2014	Provided during the Year	Reversed during the year	Closing Balance 31.03.2015
Deferred Tax Liability:				
Depreciation	1450059	486279	Nil	1936338
Total (a)	1450059	486279	Nil	1936338
Deferred Tax Asset:				
Investment	Nil	Nil	Nil	Nil
Total (b)	Nil	Nil	Nil	Nil
Net Deferred Tax (a-b)	1450059	486279	Nil	1936338

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

6. Segment Reporting: The Company is primarily engaged in the business of manufacturing both AC and DC volts Aluminium Electrolytic Capacitors. Since the nature of the activities is governed by the same nature of risks, these are grouped as single segment.

7. In the absence of any claim under interest on delayed payments to Small Scale and Ancillary Industries Undertaking Act, 1993 the Company did not make any provisions for such payment.

8. Excise Duty: Provision has been made for the excise duty payable on finished goods not cleared from the factory amounting to Rs.10.26 Lakhs. CENVAT credit has been taken to the extent utilized for clearance of finished goods.

9. Gratuity has been funded through the scheme administered by Life Insurance Corporation of India.

10. There is no impairment of assets.

11. Related party transactions:

S.No.	Name	Relation	Nature of Transaction	Year	Amount Rs.
1.	C.Bhagavantha Rao	Managing Director	Remuneration & Perks	2014-15	1171450
2.	C.Neelima	Whole-time Director	Remuneration & Perks	2014-15	928550

**INCAP LIMITED****NOTES FORMING PART OF ACCOUNTS****Note : 2 Share Capital**

(Amount in Rs.)

Particulars	2014-2015	2013-2014
<b><u>AUTHORISED CAPITAL</u></b>		
60,00,000 Equity Shares of Rs. 10/- each	60000000	60000000
	60000000	60000000
<b><u>ISSUED CAPITAL</u></b>		
60,00,000 Equity Shares of Rs. 10/- each	60000000	60000000
	60000000	60000000
<b><u>SUBSCRIBED CAPITAL</u></b>		
56,49,600 Equity Shares of Rs. 10/- each	56496000	56496000
	56496000	56496000
<b><u>PAID UP CAPITAL</u></b>		
51,33,200 Equity Shares of Rs. 10/- each	51332000	51332000
Total	51332000	51332000

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

Name of the Shareholder	%	Shares	%	Shares
Sri C. Bhagavantha Rao	19.94	1023707	17.67	907024
Smt. C. Neelima	23.60	1211407	22.58	1158924
Smt. P. Himabindu	12.63	648399	12.63	648399
Sri P. Ram Rao	09.95	510933	09.95	510933
Smt. C.Latitha Kumari	07.56	361907	06.56	336907

**Note : 3 Reserve & Surplus**

Name of the Shareholder	2014-2015	2013-2014
Capital Reseve	3382000	3382000
General Reserve	15431042	15431042
Share Premium	2240000	2240000
Surplus (Profit & Loss Account)		
Balance brought forward from previous year	12967905	3616362
Add: Profit for the period	19756531	15317476
	32724436	18933838
Less : Proposed Dividend	5133200	5133200
Tax on Dividend	1044999	832733
Carry forward to next year	26546237	12967905
Total	47599279	34020947

# INCAP LIMITED

## Note : 4 Long Term Borrowings

(Amount in Rs.)

Particulars	2014-2015	2013-2014
Term Loan		
Loans & Advances From Related Parties	-	13065275
Total	-	13065275

## Note : 5 Deferred Tax Liabilities (Net)

Particulars	2014-2015	2013-2014
Deferred Tax Liability	1936338	1450059
Total	1936338	1450059

## Note : 6 Other Long Term Liabilities

Particulars	2014-2015	2013-2014
Vehicle Loan from State Bank of India	2605146	3755199
Total	2605146	3755199

## Note : 7 Short Term Borrowings

Particulars	2014-2015	2013-2014
Loan Repayable on Demand		
- State Bank of India	40507046	-
- State Bank of Hyderabad	4852335	379283
Total	45359381	379283

7.1. Working capital from banks is secured by hypothecation of movable assets including inventories and assignment of receivables, personal guarantees of directors and fixed assets of the company.

## Note : 8 Trades Payable

Particulars	2014-2015	2013-2014
Trade payables	21252719	13814841
Total	21252719	13814841

## Note : 9 Other Current Liabilities

Particulars	2014-2015	2013-2014
Current Maturities of Long Term Liabilities	1157503	1046212
Creditors for Expenses	161287834	124375942
Unpaid Dividends	832894	772105
Total	163278231	126194259

**Note : 10 Short Term Provisions**

Particulars	2014-2015	2013-2014
Provision for Employees Benefit :		
Bonus payable	488737	492,413
Provision for Taxation	10443059	18,429,222
Provision for Dividend	5133200	5,133,200
Provision for Tax on Dividend	1044999	832,733
<b>Total</b>	<b>17109995</b>	<b>24,887,568</b>

**Note : 12 Inventories**

Particulars	2014-2015	2013-2014
Raw Material	17846760	17638753
Work-in-Progress	18620301	9342831
Finished Goods	23398307	10988889
Stock - in- Trade	696122	-
Spares	442048	606729
Stores	155468	73325
<b>Total</b>	<b>61159006</b>	<b>38650527</b>

**Note : 13 Trade Recievables**

Particulars	2014-2015	2013-2014
<u>Outstanding for more than six months</u>		
a) Secured, Considered Good :	689531	560357
b) Unsecured, Considered Good :	-	-
c) Doubtful	-	-
others		
a) Secured, Considered Good :	-	-
b) Unsecured, Considered Good :	128222738	94460533
c) Doubtful	-	-
<b>Total</b>	<b>128912269</b>	<b>95020910</b>

Note : 11 Fixed Assets :-

(Amount in Rs.)

S.No.	Particulars	Gross Block				Accumulated Depreciation				Net Block	
		Opening	Addition	Deduction	Closing	Opening	Addition	Deduction	Closing	WDV as on 31-03-2015	WDV as on 31-03-2014
I	Trangible Assets										
1.	Land	16985300	-	-	16985300	-	-	-	-	16985300	16985300
2.	Road and Culverts	610435	786848	-	1397283	210283	406292	-	616575	780708	400152
3.	Building	14488017	6346666	-	20834683	8421795	138782	-	8560577	12274106	6066222
4.	Plant and Equipment	107413114	2795114	-	110208228	100044689	409926	-	100454615	9753613	7368425
5.	Electrical Installation	6262211	847983	-	7110194	3807835	358168	-	4166003	2944191	2454376
6.	Lab Equipment	2041867	-	-	2041867	1094801	110446	-	1205247	836620	947066
7.	Office Equipment	1565992	107728	-	1673720	945891	125502	-	1071393	602327	620101
8.	Furnitures & Fixtures	1509213	136948	-	1646161	1255418	48579	-	1303997	342164	253795
9.	Vehicles	8265228	65500	45000	8285728	1173915	1078479	15898	2236496	6049232	7091313
10.	Data Processing Equipment	2590510	161950	-	2752460	1858623	594578	-	2453201	299259	731887
	Sub Total (A-)	<b>161731887</b>	<b>11248737</b>	<b>45000</b>	<b>172935624</b>	<b>118813250</b>	<b>3270752</b>	<b>15898</b>	<b>122068104</b>	<b>50867520</b>	<b>42918637</b>
II	Intangible Assets										
	Goodwill on Amalgamation	9995830	-	-	9995830	7996664	1999166	-	9995830	-	1999166
	Computer Software	-	2000000	-	2000000	-	353333	-	353333	1646667	-
	Sub Total (B-)	<b>9995830</b>	<b>2000000</b>	<b>-</b>	<b>11995830</b>	<b>7996664</b>	<b>2352499</b>	<b>-</b>	<b>10349163</b>	<b>1646667</b>	<b>1999166</b>
	Total [A+B] (Current Year)	<b>171727717</b>	<b>13248737</b>	<b>45000</b>	<b>184931454</b>	<b>126809914</b>	<b>5623251</b>	<b>15898</b>	<b>132417267</b>	<b>52514187</b>	<b>44917803</b>
	(Previous Year)	154294453	20456227	3022963	171727717	120334836	9134265	2659186	126809915	44917802	33959617



**INCAP LIMITED****Note : 14 Cash & Cash Equivalent**

(Amount in Rs.)

Particulars	2014-2015	2013-2014
<b>Cash-in-Hand</b>		
Cash Balance	18888	10443
Sub Total (A)	18888	10443
<b>Bank Balance</b>		
Balances with Scheduled banks	2086319	1549028
Sub Total (B)	2086319	1549028
<b>Term Deposit at Scheduled Banks</b>		
Term Deposit at Scheduled Banks	25000000	25009246
Sub Total (C)	25000000	25009246
<b>Margin Money Deposit</b>		
Margin Money Deposit	6494345	9541603
Sub Total (D)	6494345	9541603
<b>Total (A+B+C+D)</b>	<b>33599552</b>	<b>36110320</b>

**Note : 15 Short Terms Loans and Advances**

Particulars	2014-2015	2013-2014
Loans & Advances from related parties		
a) Secured, Considered Good :		
others	36804863	-
b) Unsecured, Considered Good :		
other	11184628	28342811
c) Doubful		
Advance Recoverable in cash in kind for value to be considered good		
Advance to suppliers	5306570	2100375
<b>Total</b>	<b>53296061</b>	<b>30443186</b>

**Note : 16 Other Current Assets**

Particulars	2014-2015	2013-2014
Advance Income Tax/Refund Due	12446849	18399206
Balance With Revenue Authorities	6120633	2782844
Prepaid Expenses	977722	836247
Interest accrued but not due	61732	358285
Deposits	1067900	1310325
others	317178	69799
<b>Total</b>	<b>20992014</b>	<b>23756686</b>

**INCAP LIMITED****Note : 17 Revenue from Operations**

(Amount in Rs.)

Particulars	2014-2015	2013-2014
Sale of Products	175872042	165821609
Excise Duty & Cess Collections	18965585	20134368
	194837627	185955977
Traded Goods	301164	-
Other Operating Income	264819516	215575731
<b>Total</b>	<b>459958307</b>	<b>401531708</b>

**Note : 18 Other Income**

Particulars	2014-2015	2013-2014
Interest Income	10713028	4063599
Other Receipts	1225615	348367
<b>Total</b>	<b>11938643</b>	<b>4411966</b>

**Note : 19 Cost of Material Consumed**

Particulars	2014-2015	2013-2014
Opening Stock	17638753	19904412
Add : purchases	167995451	138061958
	185634204	157966370
Less : Closing Stock	17846760	17638753
<b>Raw Material Consumed</b>	<b>167787444</b>	<b>140327617</b>

**Note : 20 Change in Inventories**

Particulars	2014-2015	2013-2014
Opening Stock		
Stock -in-Trade	-	-
Finished Goods	10988889	9918166
Work-in-Progress	9342831	7473688
	20331720	17391854
Closing Stock		
Stock -in-Trade	696122	
Finished Goods	23398307	10988889
Work -in-progress	18620301	9342831
	42714730	20331720
<b>Total</b>	<b>- 22383010</b>	<b>- 2939866</b>

**Note : 21 Employment Benefit Expenses**

Particulars	2014-2015	2013-2014
Salaries	10493452	9679973
Bonus, PF & ESIC	1724705	1660468
Exgratia	866976	83954
Directors Remuneration	2306,814	1625211
Workmen & Staff Welfare Expenses	320964	302735
<b>Total</b>	<b>15712911</b>	<b>13352341</b>

**Note : 22 Financial Cost**

Particulars	2014-2015	2013-2014
Interest Expenses	4394393	5144916
Total	4394393	5144916

**Note : 23 Depreciation & Amortised Cost**

Particulars	2014-2015	2013-2014
Depreciation	3624085	7135099
Goodwill Written off	1999166	1999166
Total	5623251	9134265

**Note : 24 Other Administrative Expenses**

Particulars	2014-2015	2013-2014
Bank Charges	1603691	2344219
Insurance	730671	1150922
Power and Fuel	2976911	3397532
Repairs and Maintenance	1941258	2238881
Freight Inward	87013	129886
Taxes & Licences	1141713	1353918
Rent	940114	843189
Telephone and Telex Charges	545345	504066
Auditors Fees	33371	33371
Directors Sitting Fees	3620	7200
Directors Travelling Expenses	193746	305067
Travelling Expenses	5097262	4400631
Donations	1611000	1001000
Vehicle Maintenance	1157503	1075460
Stores and Spares Consumed	472643	874027
Advertisement Charges	84510	94928
Business Promotion Expenses	1238910	1042261
Commission on Sales	702547	601372
Consumption of packing material	1464445	1262228
Freight Outward	1992514	1819671
Other Selling Expenses	72697	1015967
Contract Work Expenses	240956761	189002351
Other Expenses	4054095	3500106
Total	269102340	217998253

## ANNEXURE – C

Form No. MR-3  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED MARCH 31, 2015**

*[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 01<sup>st</sup> April, 2014 and ending on 31<sup>st</sup> March, 2015**, 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 **31<sup>st</sup> March, 2015** 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 has issued Secretarial Standards which were recommendatory in nature, with reference to the Companies Act, 1956. Nevertheless, the management had decided to continuing compliance of them.
- (ii) The Listing Agreements entered into by the Company with the Bombay Stock Exchange Limited. During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, Listing Agreements 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 and Clause 47 of the Listing Agreement, 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 before the closure of the current financial year.*
  - 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 and applicable clauses of the Listing Agreement 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. *The revised Clause 49 of the Listing Agreement issued by SEBI dated September 15, 2014 had exempted 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,

**(A.N. SARMA)**

Partner

C.P. No.7812

HYDERABAD

25<sup>th</sup> July, 2015

**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.Bhagavantha Rao

Managing Director

Smt C.Neelima

Whole-time Director

**b. Promoter / Non-Executive Directors:**

Sri P.Ram Rao

Director

Smt. P.Himabindu

Director

**ii) Board Meetings and Attendance at Board Meetings :**

a) During 2014-2015, 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	26th May, 2014	4	4
2	31st July, 2014	4	3
3	31st October, 2014	4	3
4	31st January, 2015	4	3

The company places before the Board all those details as required under to the listing agreement. 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 allows 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	1	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 Agreement are as follows:

- a) To review the results announcement and the report and accounts at the end of quarter, half year and the full year before submission of the Board, focusing particularly on.
  - i) Any changes in accounting policies and practices.
  - ii) Compliance with accepted accounting standards.
  - iii) Major judgmental decisions etc.
- b) To consider appointment of Statutory Auditors, the Audit Fee, and any matter of resignation and dismissal.
- c) To discuss with the Statutory Auditors, 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 2015:



Name of the Director	Category
Sri C.Bhagavantha Rao	Non-Independent Executive
Sri P.Ram Rao	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 2014-2015, the Audit Committee met 4 times on following dates with full strength:

1. 26<sup>th</sup> May, 2014; 2. 31<sup>st</sup> July, 2014; 3. 31<sup>st</sup> October, 2014; 4. 31<sup>st</sup> January, 2015

#### **1. 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			
		26.05.2014	31.07.2014	31.10.2014	31.01.2015
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	N	N	N	Y
4.	Smt. P.Himabindu, Member	Y	Y	Y	N

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. Sri C.Bhagavantha Rao, is the chairman of the committee. Smt.C.Neelima and Sri P.Ram Rao and Smt. P.Himabindu are the other members. Smt. P.Himabindu is the secretary to the committee.

#### **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.

Sri C.Bhagavantha Rao, is the chairman of the committee. Smt.C.Neelima and Sri P.Ram Rao are the other members.

The committee decided that a share transfer committee be constituted with Smt. C.Neelima, Whole time Director and Sri C.Bhagavantha Rao, 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 31<sup>st</sup> March, 2015 are given below:

Name of the Director	Remuneration				
	Sitting Fee	Salary	Perquisites	Commission	Total Rs.
<b>Executive Director :</b>					
Sri.C.Bhagavantha Rao	Nil	857400	314050	Nil	1171450
Smt. C.Neelima	Nil	540000	388550	Nil	928550
<b>Non-Executive Directors:</b>					
Sri P.Ram Rao	2000	Nil	Nil	Nil	2000
Smt. P.Himabindu	6000	Nil	Nil	Nil	6000

#### 7. ANNUAL GENERAL MEETINGS AND EXTRAORDINARY GENERAL MEETING:

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

Financial Year	:	2011-2012
Venue	:	Registered Office, 1-58, Nidamanuru, Vijayawada – 521104.
Date	:	29-09-2012
Time	:	12.00 Noon
Financial Year	:	2012-2013
Venue	:	Registered Office, 1-58, Nidamanuru, Vijayawada – 521104.
Date	:	28-09-2013
Time	:	12.00 Noon

Financial Year	:	2013-2014
Venue	:	Registered Office, 1-58, Nidamanuru, Vijayawada – 521104.
Date	:	27-09-2014
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. Sri C.Bhagavantha Rao
- B. Smt. C.Neelima
- C. Sri P.Ram Rao and
- D. Smt. 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.

## **II . 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 non profit 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 CLAUSE 49 OF THE LISTING AGREEMENT**

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, 2015.

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

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

VIJAYAWADA  
25<sup>th</sup> July, 2015

**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 31<sup>st</sup> March, 2015 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.
- c) 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.
- d) 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.
- e) 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.

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

VIJAYAWADA  
25<sup>th</sup> July, 2015

**C.BHAGAVANTHA RAO**  
MANAGING 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 31<sup>st</sup> March, 2015 as stipulated in clause 49 of the Listing Agreement of the said company with stock exchange(s).

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

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

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

VIJAYAWADA  
25<sup>th</sup> July, 2015

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

**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 registered a strong revenue growth of Rs.5.84 Crores while reaching a turnover of Rs 45.99 Crores and has achieved a Profit before Tax of Rs.3.07 Crores. 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 and raw material price, intellectual property rights, product awareness and 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 and 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 and 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 and procedures and developing/ documentation of Standard Operating Procedures (SOP) for all requisite processes. This will facilitate better control, uniformity and 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.