

# *INCAP*

12th  
ANNUAL REPORT  
2001 - 2002

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***INCAP LIMITED***

**BOARD OF DIRECTORS**

Sri U.V. Warlu

Sri C. Bhagavantha Rao

Sri K. Ramakoteswara Rao

Sri P. K. Purushothaman

Sri V. Raman Rao

Sri P. Ram Rao

Sri M. Prabhakar Rao

Sri K. Rambabu

Sri K. Srinivasa Rao

Sri M.N. Rao

Sri M. Ramalah

Chairman

Managing Director

Executive Director

Technical Director

Nominee of APIDC

Director

Director

Director

Director

Director

Director

**AUDITORS**

M/s. PURNACHANDRA RAO & Co.,  
Chartered Accountants,  
Sivalayam Street,  
Gowrishankarapuram,  
GUDIVADA.

**BANKERS :**

State Bank of India (Commercial Network  
Branch)  
Patamata,  
VIJAYAWADA - 520 007.

State Bank of Hyderabad  
Governorpet  
VIJAYAWADA - 520 002.

**REGISTERED OFFICE AND FACTORY :****INCAP LIMITED**

1-58, Nidamanur,

VIJAYAWADA - 521 104,

Krishna District,

Andhra Pradesh.

Tel : 91 - 866 - 842571, 842479, 841147

Fax : 91 - 866 - 842572

E-mail : vjwincap@sancharnet.in

URL : www.incapltd.com

**REGISTRARS &****SHARE TRANSFER AGENTS**

(PHYSICAL &amp; DEMAT)

M/s. VENTURE CAPITAL AND CORPORATE -  
INVESTMENTS LIMITED,

6-2-913/914, 3<sup>rd</sup> Floor,

Progressive Towers, Khairatabad,

HYDERABAD - 500 004.

Phone : (040) 3322264/4804

Fax : (040) 3324803

**INCAP LIMITED**

Registered office or its Share Transfer Agents on or before September 02, 2002.

12. In view of the changes made by the Finance Bill, 2002 tax will be deducted at source at applicable rates from the dividend paid by the Company exceeding Rs. 1000/- per Shareholder. Members, who are individual and resident in India are requested to submit their form 15G, on or before September 21, 2002, if they expect that their total income during the current financial year will be less than the minimum taxable amount for not deduction of tax at source.
13. All documents referred to in the accompanying notice are open for inspection at the Registered Office of the company on all working days, except Saturdays, between 11-00 A.M. and 1-00 P.M. up to the date of Annual General Meeting.
14. Members are requested to send all communications relating to shares to the Company's transfer agents at the following address :  
  
M/s. Venture Capital and Corporate -  
Investments Limited,  
6-2-913/914, 3<sup>rd</sup> Floor, Progressive Towers,  
Khairatabad, HYDERABAD - 500 004.  
Phone : (040) 3322264/4804 Fax : (040) 3324803
15. Members/proxies are requested to deposit the enclosed attendance slip at the meeting.
16. Annual Listing fee has been paid to each of the following Exchanges, where company's Securities are listed.

- 1) The Stock Exchange, Mumbai  
Phiroze Jeejeebhoy Towers,  
Dalal Street, MUMBAI - 400 001.

- 2) The Hyderabad Stock Exchange Limited,  
No. 3-6-275, Himayatnagar,  
HYDERABAD - 500 029.

**Explanatory Statement Under section 173 (2) of the Companies Act, 1956.**

**ITEM NO. 6.**

The Board of Directors of the Company at its meeting held on 26th March, 2002 re-appointed Mr. C. Bhagavantha Rao as a whole-time Director of the company designated as Managing Director for a Period of 3 years subject to approval the share holders in the General Meeting. Regarding Salary and other terms and conditions on which Mr. C. Bhagavantha Rao has been re-appointed as the Managing Director of the company shall remains unchanged.

**ITEM No. 7**

The Board of Directors of the Company at its meeting held on 29th Decemeber, 2001 re-appointed Mr. P.K. Purushothaman as a whole-Time Director of the Company designated as Technical Director, subject to approval of the share holders of the General Meeting. The terms and conditions on which Mr. P.K. Purushothaman has been re-appointed as the Technical Director of the company shall contain the following remuneration which shall be within the overall ceilings as specified in schedule XIII of the Companies Act. 1956

1. The whole-time Director shall, subject to the supervision and control of the Board of Directors and/or Managing Director of the Company, manage the business and affairs of the company.
2. PRIOD OF THE AGREEMENT :  
Three years with effect from 12-9-2001
3. REMUNERATION PAYABLE :  
(with effect from 12-9-2001)

SANSKO	INCAP
<p>a) Salary : Rs. 21,500 (Rupees Twenty One Thousand and Five Hundered only) per month. (including Dearness and other allowances)</p> <p>4. PERQUISITES :</p> <p>I) HOUSING :</p> <ol style="list-style-type: none"> <li>1. In case no accomodation is provided by the company Mr. P.K. Purushothaman shall be entitled to House rent allowance to the extent of 25% of the salary.</li> <li>2. Expenses pertaining to gas, electricity, water and other utilities will be borne / reimbursed by the Company.</li> </ol> <p>II) MEDICAL REIMBURSEMENT :</p> <p>Reimbursement of actual medical expenses incurred in India and including hospitalisation, nursing home and surgical charges for himself and family as per company rules (ie. one month salary in a year or 3 months salary over a period of 3 years.</p> <p>III) LEAVE TRAVEL CONCESSION :</p> <p>Mr. P.K. Purushothaman and his family once in a year incurred in accordance with the rules of the Company.</p> <p>IV) CONTRIBUTION TO PROVIDENT FUND, SUPER ANNUATION AND ANNUITY FUND :</p> <p>The Companies contribution to Provident Fund and Superannuation or Annuity Fund as per the rules of the company applicable to Senior Executives.</p> <p>V) GRATUITY :</p> <p>As per the rules of the company applicable to Senior Executives.</p>	<p>VI) LEAVE :</p> <p>Entitled to one month's leave as per the rules of the company on full pay, for every 11 months of service.</p> <p>EXPLANATION :</p> <p>Perquisites shall be evaluated as per the Incometax rules, 1962 wherever applicable and in the absence of any such rules, perquisites shall be evaluated at cost.</p> <p>AMENITIES :</p> <p>I) CONVEYANCE FACILITIES :</p> <p>Use of Company's car on Company's Business with Driver. Use of car private purpose shall be billed by the company to Mr. P.K. Purushothaman.</p> <p>II) TELEPHONE :</p> <p>Free telephone facility at the residence for the use of the company's business. Personal long distance calls on telephone shall be billed by the company to Mr. P.K. Purushothaman.</p> <p>III) MINIMUM REMUNERATION :</p> <p>In the event of loss or inadequacy of profits in any financial year during the current tenure of service of the Technical Director, the payment of salary, perquisites and other allowances shall be governed by the limits prescribed under section 11 of the part II of Schedule XIII of the companies Act, 1956 including any statutory modification or re-enactment thereof as may for the time being in force.</p> <p>The draft of the Agreement to be executed between Mr. P.K. Purushothaman and the company as approved by the Board of Directors is available for inspection by the members at the registered Office of the</p>

**INCAP LIMITED**

company on any working day except holidays observed by the company during usual business hours and will also be available at the meeting.

Mr. P.K. Purushothaman may be deemed to be concerned or interested in the resolution in his re-appointment. No other Director of the company is interested in this resolution.

**By Order of the Board**

**C.BHAGAVANTHA RAO**

**MANAGING DIRECTOR**

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**INCAP LIMITED**

## DIRECTORS' REPORT

### To the Shareholders,

Your Directors have pleasure in presenting the Twelfth Annual Report on the business and operations of the Company and the Audited Accounts for the year ended 31st March, 2002 together with Auditors' Report thereon.

### FINANCIAL RESULTS :

The Financial Results for the year ended 31st March, 2002 are summarised below :

	2001 - 2002	2000 - 2001
	(Rs. in lacs)	
Sales	1150.88	1044.37
Other Income	3.12	9.31
Total Income	1154.00	1053.68
Total Expenditure	1001.41	866.60
Profit before Interest, Depn. & Tax	152.59	187.08
Interest	39.58	57.80
Profit before depn. & Tax	113.01	129.28
Depreciation	54.61	54.54
Miscellaneous Expenses written Off	4.58	4.58
Profit Before Tax	53.82	70.16
Provision for Taxation	3.76	5.95
Profit After Tax	50.06	64.21
Add : Brought Forward from the Previous Year	2.65	13.44
	<b>52.71</b>	<b>77.65</b>
<b>Appropriations :</b>		
Provision for Dividend	49.11	—
Transferred to General Reserve	—	75.00
Income Tax Prov. relating to previous years	3.48	—
Surplus Carried to Balance Sheet	0.12	2.65
Equity Share Capital	491.14	491.14
Earning Per Share (Rs.)	1.02	1.31
Book Value	16.89	16.85
Net worth	829.63	827.59

**INCAP LIMITED****DIVIDEND :**

The Board of directors felt it desirable to declare the dividend at 10% on paid up capital, in view of the adequate profits available. The members are therefore requested to approve the declaration of dividend at the rate of Rs. 1/- per equity share of Rs. 10/- for the year 2001 - 2002. The recommendation of dividend, if approved, will be paid to eligible shareholders registered in the books of the Company as on 14-9-2002.

**OPERATIONS :**

The turnover for the year 2001 - 2002 is recorded at Rs. 1150.88 lacs compared to Rs. 1044.37 lacs for the year 2000 - 2001. This shows an increase of 10.20% over the 2000-2001 turnover. The net profit for 2001 - 2002 is at Rs. 50.06 lacs

**FUTURE OUT LOOK :**

The Consumer Electronic Industry, on which the Electrolytic Capacitors Industry is largely dependant, is facing severe competition from imports and also from Indian manufacturers. In spite of severe competition your Directors are confident of achieving better performance during the current year keeping in view of our product mix change taking care of large diameter capacitors requirement and also special capacitors requirement in Automobile, Energy Meter and Telecommunication segments.

**FINANCE :**

During the year, the Company repaid the Term Loan availed from SBI and SBH. The Company wishes to thank State Bank of India and State

Bank of Hyderabad for providing adequate working capital facilities for its smooth operations. The Company has been regularly meeting on due dates, all its financial commitments.

**INSURANCE :**

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

**QUALITY SYSTEM :**

Your Company's Certificate for quality system under ISO 9002 from STQC Certification Services, New Delhi Continues to be valid.

**CORPORATE GOVERNANCE :**

All the steps are being taken by the Company to implement Corporate Governance in a perfect way from the year 2003 as applicable by the company as per the listing agreement.

**DIRECTORS :**

In accordance with the requirements of the Companies Act, 1956 and the Articles of Association of the Company, Mr. K. Rambabu and Mr. M.N.Rao will retire by rotation at the ensuing Annual General Meeting and, being eligible, offers themselves for re-appointment.

**DIRECTORS' RESPONSIBILITY STATEMENT :**

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

Further your Directors state that these accounting records have formed the basis in the preparation of financial statements of the

**INCAP LIMITED**

company in compliance with the provisions of the Companies Act, 1956, including any amendments thereto.

Your Directors also confirm compliance that the financial statements of the Company are prepared in such manner to give a true and fair view of the state of affairs of the Company as at the end of 31st March, 2002 and of the profit of the Company for the year to that date.

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

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

**CONSERVATION OF ENERGY :**

The Company does not belong to the category of power intensive industries and hence

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

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

**TECHNOLOGICAL ABSORPTION :**

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

**AUDITORS :**

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

**PARTICULARS OF EMPLOYEES :**

As required by the provisions of Section 217(2A)

**FOREIGN EXCHANGE EARNINGS AND OUTGO :**

(Rs. in lacs)

	Current Year	Previous Year
a) Foreign Exchange earnings on exports	Nil	Nil
Foreign Exchange used on account of :		
(i) Value of imports of :		
Raw materials & Stores	500.41	526.35
(ii) Capital Goods	Nil	Nil
(iii) Foreign Travel	Nil	Nil



**INCAP LIMITED**

of the Companies Act, 1956 read with the Companies (particulars of employees) Rules, 1975, as amended, your Directors report that no employee was in receipt of remuneration of Rs. 12.00 lakhs or more per annum, or Rs.1,00,000/- or more per month where employed for a part of the year.

**ACKNOWLEDGEMENTS :**

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

Cordial relations prevailed during the year with all the employees. Your Directors wish to place on record their deep sense of appreciation of

the valuable work done and cooperation extended by them at all levels.

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

**BY ORDER OF THE BOARD**

**U.V. WARLU  
CHAIRMAN**

HYDERABAD,  
28<sup>th</sup> June, 2002.

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