





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

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

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

**C.BHAGAVANTHA RAO**  
MANAGING DIRECTOR

**DIRECTORS' REPORT**

To  
The Members,  
Incap Limited

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

**FINANCIAL RESULTS:**

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

(Rs. in Lakhs)

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

**COMPANY'S OPERATIONS:**

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

**Order Book:**

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

**DIVIDEND:**

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

**DEPOSITS:**

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

**INSURANCE:**

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

**QUALITY SYSTEM:**

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

**CORPORATE GOVERNANCE REPORT :**

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

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

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

**Clause 43 A :**

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

**DIRECTORS' RESPONSIBILITY STATEMENT:**

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

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

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

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

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

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

**CONSERVATION OF ENERGY:**

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

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

**TECHNOLOGICAL ABSORPTION:**

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

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

	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	1291.16	1096.14
(ii) Capital Goods	1.00	8.04
(iii) Foreign Travel	2.46	11.11

---

---

**INCAP LIMITED**

---

---

**AUDITORS :**

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

**PARTICULARS OF EMPLOYEES:**

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

**INDUSTRIAL RELATIONS:**

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

**DIRECTORS:**

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

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

**ACKNOWLEDGEMENTS:**

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

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

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

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

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

**C.BHAGAVANTHA RAO**  
MANAGING DIRECTOR

**AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE**

To

The Members of INCAP LIMITED

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

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

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

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

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

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

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

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



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

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

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

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

**1. Promoter/Executive Directors**

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

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

Sri P. Ram Rao	Director
----------------	----------

**3. Non-Executive and Independent Director**

Sri P. Rajeswara Rao	Nominee Director
----------------------	------------------

**(ii) Board Meetings :**

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

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

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

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

**Notes**

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

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

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

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

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

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

**3.3 Meeting during the year :**

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

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