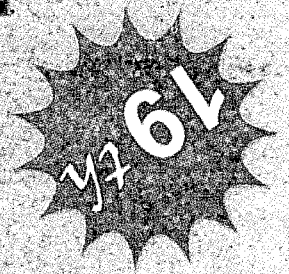


ISO 9001 : 2000 CERTIFIED COMPANY

INCAP LIMITED



INCAP



BOARD OF DIRECTORS

Sri M. Prabhakar Rao	Chairman
Sri C. Bhagavantha Rao	Managing Director
Sri P. K. Purushothaman	Technical Director
Sri P. Rajeswara Rao	APIDC Nominee
Sri P. Ram Rao	Director
Sri K. Ramakoteswara Rao	Director
Sri K. Srinivasa Rao	Director
Sri Ch. Appa Rao	Director

AUDITORS

M/s. PURNACHANDRA RAO & Co.,
Chartered Accountants
Sivalayam Street,
Gowrishankarapuram,
GUDIVADA - 521 301

BANKERS

State Bank of India,
Patamata,
VIJAYAWADA - 520 007.

State Bank of Hyderabad,
Governorpet,
VIJAYAWADA - 520 002.

REGISTERED OFFICE & FACTORY**INCAP LIMITED**

1-58, Nidamanur,
VIJAYAWADA - 521 104
Krishna District
Andhra Pradesh

Tel : 91 - 866 - 2842571, 2842479,
2841147.

Fax : 91 - 866 - 2842572

E-mail : vjwincap@bsnl.in

URL : www.incapltd.com

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

12-10-167, Bharat Nagar,
HYDERABAD - 500 018,
Phone : (040) 23818475, 476
Fax : (040) 23868024

NOTICE

Notice is hereby given that the **NINETEENTH ANNUAL GENERAL MEETING** of **INCAP LIMITED** will be held on Saturday, the 19th September, 2009 at 12-00 NOON at the Registered Office of the Company at 1-58, Nidamanur, Vijayawada-521104, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Account for the year ended 31-03-2009 and the Reports of the Directors and Auditors thereon.
2. To declare dividend for the year 2008-2009.
3. To appoint a Director in place of Sri K. Ramakoteswara Rao, who retires at this meeting and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Sri P. Ram Rao, who retires at this meeting and being eligible offers himself for re-appointment.
5. To consider, and if thought fit, to pass with or without modification, the following resolution as an ordinary resolution.

"RESOLVED that the Auditors, M/s.Purnachandra Rao & Co., Chartered Accountants, be and are hereby re-appointed as Auditors of the Company to hold office from conclusion of this meeting till the conclusion of next Annual General Meeting at such remuneration as may be determined by the Board".

SPECIAL BUSINESS:

6. To consider and if thought fit, to pass, with or without modification(s), the following Resolution

as an ORDINARY RESOLUTION :

"RESOLVED that pursuant to the provisions of sections 269, 309, 314 and other applicable provisions, if any, of the Companies Act, 1956, the company hereby approves re-appointment of Sri P.K. Purushothaman as a Whole-time-Director of the Company designated as "Technical Director" for a period of Two years from 12-09-2008 on terms and conditions including remuneration set out in the explanatory statement annexed to the notice entered into by the company with him, submitted to the meeting and the same is hereby approved by the Board of Directors in its meeting on 27th September, 2008.

7. "RESOLVED that the consent of the Board of Directors of the Company be and is hereby accorded to withdraw a sum of Rs. 4.50 Lakhs from the General Reserves created out of distributable profits of the Company as per the provisions of the Companies (Declaration of dividend out of Reserves) Rules, 1975 and the same be utilized for the payment of dividend to the Equity share holder of the company of the year 2008 - 2009.
8. To appoint Smt. C. Neelima, as Additional Director who holds office upto 19th September, 2009 and in respect of whom the company has received a notice in writing from a member proposing her name for appointment as director.

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND PROXY NEED NOT BE A MEMBER. PROXIES IN ORDER TO BE EFFECTIVE MUST REACH THE REGISTERED OFFICE OF THE COMPANY NOT

LESS THAN 48 HOURS BEFORE THE TIME FIXED FOR THE MEETING.

2. The Register of Members and Share Transfer Books of the Company will remain closed from 15-09-2009 to 19-09-2009 (both days inclusive) for the purpose of payment of dividend on the equity shares of the company for the year ended 31st March, 2009.
3. 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 19-09-2009.
4. Members, who hold share in dematerialized form, are requested to bring their client - ID and DPID Nos. for easier identification of attendance at the meeting.
5. A member desirous of getting any information on the accounts or operations of the company is requested to forward his/her queries to the company atleast seven working days prior to meeting, so that the required information can be made available at the meeting.
6. Members holding shares in physical form are requested to notify immediately any change in their address and Bank Particulars to the company or its Share Transfer Agents and in case their shares are held in dematerialized form, the information should be passed on directly to their respective Depository participants and not to the Company / Share Transfer Agents, without any delay.
7. Any request by Demat - holders for change of bank particulars, after despatch of dividend warrants should be accompanied by a copy of Client Master List showing the changed bank details.
8. In all correspondence with the company, members are requested to quote their account/ folio numbers and in case their shares are held the dematerialized form, they must quote their DP ID and Client ID Number.
9. 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 / shareholder that they should ensure that their DPs do not delay in sending the DRF and Share Certificates to the registrar after getting the DRN.
10. 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. The above information may be given to the Company's Registered office or it's Share Transfer Agents on or before 15-09-2009.
11. 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.

12. Members are requested to send all communications relating to Shares to the Company's transfer at the following address :

M/s. Venture Capital and Corporation Investments Private Limited,
12-10-167, Bharath Nagar, Hyderabad - 500 018
Ph : 040-23818475, 476, Fax : 040-23868024

13. Members/proxies are requested to deposit the enclosed attendance slip at the meeting.

14. Annual Listing fee has been paid to the following Exchange, where company's Securities are listed.

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

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 29th September, 2008 re-appointment of Sri P.K. Purushothaman as a Whole-Time-Director of the Company designated as "Technical Director" subject to approval of the share holder of the General Meeting. The terms and conditions on which Sri P.K. Purushothaman has been re-appointed as "Technical Director" of the company for a period of two years from 12-09-08 with Rs. 5000/- (Rupees Five thousand only) increase by every year. The following remuneration which shall be within the overall ceilings as specified in schedule XIII of the Company of Act. 1956.

1. The whole time Director shall, subject to the supervision and control of the Board of the Directors and/or Managing Director of the

company, manage the business and affairs of the company.

2. Period of Agreement : Two Years (with effect from 12-09-2008).

3. Remuneration Payable : With effect from 12-09-2008.

(a) Salary: Rs. 36,700 (Rupees Thirty Six thousand Seven hundred only) per month (including dearness and other allowances).

Perquisites :

(1) Housing :

1. In case no accommodation is provided by the Company Sri P.K. Purushothaman shall be entitled to House Rent allowance to the extent of 25% of the Salary.

2. Expenses pertaining to gas, electricity, water and other utilities will be borne/ reimbursed by the Company.

II. Medical Reimbursement :

Reimbursement of actual medical expenses incurred in India and including hospitalization, nursing home and surgical charges for himself and family as per company rules (i.e. two months salary over a period of Two years).

iii) Leave Travel concession :

Sri P.K. Purushothaman and his family once in a year incurred in accordance with the rules of the Company.

(iv) Contribution to Provident Fund, Super Annuation and Annuity fund :

The Companies contribution to provident fund and Superannuation or Annuity fund as per the rules of the Company applicable to Senior Executives.

(v) Gratuity :

As per the rules of the company applicable to Senior Executives.

(vi) Entitled to one months leave as per the rules of the company on full pay, for every 11 months of service.

Explanation : Perquisites shall be evaluated as per the Income tax rules, 1962 where applicable and in the absence of any such rules, perquisites shall be evaluated at cost.

AMENITIES :

- (i) Conveyance Facilities : Use of Company's car on Company's Business with driver. Use of car private purpose shall be billed by the company to Sri P.K. Purushothaman.
- (ii) Telephone: Free telephone at the residence for the use of company's business. Personal long distance call on telephone shall be billed by the company to Sri P.K. Purushothaman.
- (iii) Minimum Remuneration : In the event of loss or indecency 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.

The draft of the Agreement to be executed between Sri 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 company on any working day except holidays observed by the company during usual business hours and will also be available at the meeting.

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

Item No. 7 :

"RESOLVED FURTHER THAT the Board of Directors of the Company do hereby recommend divided @ 5% on the equity share capital of the Company for the year 2008-09 and the same shall be payable, subject to the approval of the members in the Annual General Meeting, to all the members whose names appear in the register of the members on the date of Annual General Meeting."

Item No. 8 :

Smt. C. Neelima has been appointed as a Additional Director by the Board of Directors on 25-07-2009 and she holds office upto the date of Annual General Meeting. The Company has received notice from the member of the company, proposing her candidature for the office of Director with prescribed fee. The Board recommends for her appointment. Sri C. Bhagavantha Rao, other than Smt. C. Neelima may be deemed to be concerned or interested in the Resolution.

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

**C.BHAGAVANTHA RAO
MANAGING DIRECTOR**

VIJAYAWADA
July 25, 2009

COMPLIANCE CERTIFICATE

Registration No : 01-011311

Paid up Capital : Rs. 4,65,32,000/-

To
The Members
Incap Limited
Vijayawada.

I have examined the registers, records, books and papers of M/s. Incap Limited as required to be maintained under the Companies Act, 1956 (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2009. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, its officers and agents, I certify that in respect of the aforesaid financial year :

1. The Company has kept and maintained all registers as stated in **Annexure 'A'** to this certificate, as per the provisions and the rules made thereunder and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in **Annexure 'B'** to this certificate with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made thereunder.
3. The Company, being a public limited Company, the comments that are required to be given for a private company are not given.
4. The Board of Directors duly met 4 (Four) times respectively on 28.06.2008, 27.09.2008, 27.12.2008 and 21.03.2009 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed including the circular resolutions passed in the Minutes Book maintained for the purpose.
5. The Company closed its Register of Members from 23rd September, 2008 to 27th September, 2008.
6. The Annual General Meeting for the financial year ended on 31st March, 2008 was held on 27.09.2008 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No Extra Ordinary General Meetings were held during the financial year.
8. The Company has not advanced any loans to its Directors or persons or firms or companies referred to under Section 295 of the Act.
9. The Company has not entered into any contracts falling with in the purview of Section 297 of the Act.

10. The Company has made necessary entries in the register maintained under Section 301 of the Act.
11. The provisions of Section 314 of the Act have not been attracted and therefore no approvals were required to be taken.
12. The Company has issued duplicate share certificates to one shareholder after complying with the applicable provisions of the Articles of Association and the Companies Act.
13. The Company:
 - (i) duly delivered all certificates on lodgment thereof for transfer
 - (ii) deposited the amount of dividend in a separate Bank Account which is within five days from the date of deposit.
 - (iii) paid / posted warrants for dividend to all the members within a period of thirty days from the date of declaration of dividend and that all the unclaimed / unpaid dividend has been transferred to an unpaid dividend account.
 - (iv) there were no amounts pending in unpaid dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for a period of seven years to Investor Education and Protection Fund.
 - (v) duly complied with the requirements of section 217 of the Act.
14. The Board of Directors of the Company is duly constituted and there was no appointment of additional directors, alternate directors and directors to fill casual vacancy during the financial year. However, during the year one of the directors of the company Sri Mupparaju Ramaiah expired on 26.01.2009 and therefore ceased to act as such. The form 32 for the said cessation stands filed till date.
15. At the AGM held on 27.09.2008, Sri P K Purushothaman and Sri C Bhagavantha Rao have been re-appointed as Technical Director and Managing Director respectively and the form 25C for the said re-appointment is yet to be filed with RoC.
16. The Company has not appointed any sole-selling agents during the financial year.
17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar of Companies and/or such authorities prescribed under various provisions of the Act during the financial year.
18. The directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.

19. The Company has not issued any shares, debentures or other securities during the financial year.
20. The Company has not bought back any shares during the financial year.
21. The Company has so far not issued any redeemable preference shares/debentures.
22. During the year under review, the Company has not declared any rights shares and bonus shares and hence the question of keeping in abeyance right to rights shares and bonus shares pending registration of transfer of shares does not arise.
23. The Company has not invited / accepted any deposits including any unsecured loans falling within the purview of Section 58A during the financial year.
24. The amount borrowed by the company from banks and others during the financial year ending 31st March, 2009 is within the borrowing limits of the company.
25. The investments made by the company are in compliance with the provisions of the Act and the necessary entries were made in the registers maintained for the purpose.
26. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's registered office from one state to another during the year under scrutiny.
27. The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the year under scrutiny.
28. The Company has not altered the provisions of the Memorandum with respect to name of the Company during the year under scrutiny.
29. The Company has not altered the provisions of the Memorandum with respect to share capital of the Company during the year under scrutiny.
30. The Company has not altered its Articles of Association during the financial year.
31. There was/were no prosecution initiated against or show cause notices received by the Company, and no fines or penalties or any other punishment was imposed on the Company during the financial year, for offences under the Act.
32. The Company has not received any money as security from its employees during the financial year.
33. The company has deposited both employee's and employer's contribution to Provident Fund with prescribed authorities pursuant to Section 418 of the Act.

VIJAYAWADA

July 25, 2009

K NARASIMHULU

Practicing Company Secretary

CP No.: 8225

ANNEXURE 'A'

Statutory Registers maintained by the Company :

Sl. No.	Registers	U/s.
1.	Register of Members	150
2.	Register of Charges	143
3.	Minutes of the Board and General Meetings	193
4.	Register of Contracts, Companies and Firms in which Directors, etc. are interested	301
5.	Register of Directors	303
6.	Register of Directors' Shareholding	307
7.	Investments Register	372A
8.	Register of Fixed Assets	
9.	Register of Share Transfers	
10.	Attendance Register of Board and General Meetings	

ANNEXURE 'B'Forms and Returns as filed by the Company with the Registrar of Companies, Andhra Pradesh, Hyderabad during the financial year ending 31st March, 2009 :

Sl No.	Form No. / Return	Filed under Section	For	Date of filing	Whether filed with in prescribed time (yes / no)	If delay in filing whether requisite additional fee paid (yes / no)
1.	Form 23B	224	Statutory Auditor's consent to act as such for the financial year 2008-09	25.11.2008	No	NA
2.	Form DIN3	266E	Intimating DIN of Directors to RoC	27.11.2008	Yes	NA
3.	Form 23AC & ACA	220	Balance Sheet	01.12.2008	No	Yes
4.	Form 20B	159	Annual Return	13. 12.2008	No	Yes

Forms and Returns filed by the company with Regional Director, Company Law Board and Central Government during the Financial Year ending 31st March, 2009 : Nil

VIJAYAWADA

July 25, 2009

K NARASIMHULU

Practicing Company Secretary

CP No.: 8225

DIRECTORS' REPORT**To the Shareholders,**

Your Directors have pleasure in presenting the Nineteenth Annual Report on the business and operations of the Company and the Audited Accounts for the year ended 31st March, 2009 together with Auditors' Report thereon.

FINANCIAL RESULTS :

The Financial Results for the year ended 31st March, 2009 are summarized below :

	2008-2009	2007-2008
	(Rs.In Lakhs)	
Sales	1156.47	1156.33
Other Income	45.97	52.28
Total Income	1202.44	1208.61
Total Expenditure	1069.15	1039.98
Profit before Interest, Depn. & Tax	133.29	168.63
Interest	36.05	28.48
Profit before Depn. & Tax	97.24	140.15
Depreciation	59.03	60.39
Profit before Tax	38.21	79.76
Provision for Tax	31.58	52.97
Deferred Tax Liability (Net)	16.46	27.75
Profit after Tax	23.09	54.54
Add : Transfer from General Reserve	4.50	--
Add: Brought forward from previous year	0.22	0.12
	27.81	54.66
Appropriations :		
Provision for Dividend	23.27	46.53
Tax on Dividend	3.95	7.91
Surplus Carried to Balance Sheet	0.59	0.22

DIVIDEND :

The Board of Directors recommend for your consideration a dividend on equity shares at 5% for the year ended 31st March, 2009. The Total amount of outgo on account of these will be Rs. 23.27 lakhs towards dividend and Rs. 3.95 lakhs towards tax on dividend.

OPERATIONS :

During the year, the performance of the company does not compare favourably with the performance of the previous year. We made a turnover of Rs. 1156.47 lakhs during the year 2008-2009 as against of Rs. 1156.33 lakhs for the year 2007-2008.

FUTURE OUTLOOK :

The electronic component industry is facing severe competition from importe as well as Indian

manufacturers. However, given the continued support, your company product enjoy support from the key customers and confident of doing higher turnover in the coming years. In addition to that, there is a steep fall in rupees value against dollar resulting in negative impact on bottom line.

DEPOSITS :

The company has not accepted any deposits from the public during the year under review.

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 9001:2000 from STQC Certification Services, New Delhi continues to be valid.

CORPORATE GOVERNANCE :

The Company has complied with all mandatory provisions of Corporate Governance as prescribed under Clause 49 of the Listing Agreement. A report on Corporate Governance, along with the certificate on its compliance from the Auditors forms part of this report.

DISCLOSURE AS PER LISTING AGREEMENT :

Clause 32 :

The Cash Flow Statement in accordance with Accounting Standard and Cash Flow Statement (As-3) issued by ICAI is appended to this annual Report.

Clause 43 A :

The Company's shares are listed on Bombay Stock Exchange, Mumbai (BSE), PJ Towers, Dalal Street, Fort, Mumbai. The annual listing fee to BSE for the year 2008-2009 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 31st March, 2009 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.

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	813.76	799.46
(ii) Capital Goods	Nil	Nil
(iii) Foreign Travel	Nil	Nil

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) 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. 24,00,000 or more per annum, or Rs. 2,00,000/- or more per month where employed for a part of the year.

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 :

In accordance with the provisions of Section 260 of the Companies Act, 1956, and the Articles of Association of the Company Smt. C. Neelima is appointed as Additional Director and hold office up to the date of this Annual General Meeting. Notice has been received from member proposing the person under section 257 of the Companies Act, 1956 for the appointment as Director of the Company liable to retire by rotation.

In accordance with the requirements of the Companies Act, 1957 and the Articles of Association

of the Company, Sri K. Ramakoteswara Rao and Sri P. Ram Rao will retire by rotation at the ensuing Annual General Meeting and, being eligible, offers themselves for re-appointment.

TRIBUTE TO SRI M. RAMAIAH :

Your Directors deeply mourn the sad demise on 26th January, 2009 of Sri M. Ramaiah, Director of our Company. Your directors place on record their appreciation of the valuable services rendered by Sri M. Ramaiah.

ACKNOWLEDGEMENTS :

Your Directors wish to express their grateful appreciation for the assistance and co-operation 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

M. PRABHAKAR RAO
CHAIRMAN

VIJAYAWADA
July 25, 2009

AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE**To**

The Members of INCAP LIMITED

We have examined the compliance of conditions of corporate governance by INCAP LIMITED, for the year ended on 31st March 2009, 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,

G.V.PURNACHANDRA RAO
Partner
M.No. 6768

VIJAYAWADA

July 25, 2009

CORPORATE GOVERNANCE**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 7 (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 ensure that your Company keeps shareholders informed about plans, strategies and performance. The detail report of the Company's performance are periodically placed before the Board. The Board consists of 2 Executive Directors and 5 non-Executive Independent Directors.

Promoter / Executive Directors

Sri C. Bhagavantha Rao
Sri P. K. Purushothaman

Managing Director
Technical Director

Non-Executive and Independent Directors

Sri M. Prabhakar Rao
Sri P. Ram Rao
Sri K. Ramakoteswara Rao
Sri K. Srinivasa Rao
Sri Ch. Appa Rao

(ii) Board Meetings :

During 2008-2009, the Board of Directors met 4 times on the following dates :

Sl.No.	Date of Board Meeting
1.	28-06-2008
2.	27-09-2008
3.	27-12-2008
4.	21-03-2009

(iii) The details of Attendance of each Director at the Board Meeting, Last Annual General Meeting are as follows :

Name of the Director	Attendance Particulars	
	Board Meeting	Last AGM
Sri M. Prabhakar Rao	1	NO
Sri C. Bhagavantha Rao	4	YES
Sri K. Ramakoteswara Rao	1	NO
Sri P. K. Purushothaman	4	YES
Sri P. Ram Rao	1	NO
Sri K. Srinivasa Rao	3	YES
Sri Ch. Appa Rao	--	NO
Sri P. Rajeswara Rao	4	YES

3. AUDIT COMMITTEE :

The Audit Committee consisting of 4 Non-Executive independent Directors with Sri K.Srinivasa Rao, as Chairman, and Sri Ch. Appara Rao, Sri P. RamRao & Sri K. Ramakoteswara Rao as other member was formed with the role and responsibilities as per Clause 49 of the Listing Agreement. The Audit Committee met Four times during the year 2008-2009. While Sri K. Srinivasa Rao, Sri K. Ramkoteswara Rao attended all meetings, Sri P. Ram Rao and Sri Ch. Appa Rao attended for one meeting during the year.

4. REMUNERATION OF DIRECTORS :

Since the Company does not have remuneration committee (Constitution of which is a non-mandatory re-enhancement), the details pertaining to the same is not provided.

The Company does not remunerate the Non-Executive Directors of the Company except for the payment of sitting fees for attending each Meeting of the Board of Committee thereof. Remuneration to Executive Directors is fixed by the Board and approved by shareholder at the Annual General Meeting. Particulars of their remuneration for the year ended 31st March 2009 are given below:

Name of the Director	Remuneration				
	Sitting Fees	Salary	Perquisites	Commission	Total
Executive Director :					
Sri C. Bhagavantha Rao	Nil	580000	159000	Nil	739000
Sri P. K.Purushothaman	Nil	425400	106350	Nil	531750
Non-Executive Directors :					
Sri M. Prabhakar Rao	2000	Nil	Nil	Nil	2000
Sri K. Ramakoteswara Rao	2000	Nil	Nil	Nil	2000
Sri P. Ram Rao	2000	Nil	Nil	Nil	2000
Sri K. Srinivasa Rao	6000	Nil	Nil	Nil	6000
Sri P. Rajeswara Rao	8000	Nil	Nil	Nil	8000
Sri Ch. Appa Rao	Nil	Nil	Nil	Nil	Nil

5. SHAREHOLDER'S GRIEVANCE COMMITTEE :

The Board constituted Shareholders Grievance committee consisting of 4 Directors with Sri C.Bhagavantha Rao as Chairman, Sri K.Ramakoteswara Rao, Sri P.K.Purushothaman and Sri K.Srinivas Rao as members to deal with complaints regarding transfer / transmission of shares, non-receipt of certificates, dividend, annual reports and such other matters.

During the year the Company has received eight complaints and all have been resolved and no-complaint was pending as at 31-03-2009.

6. GENERAL BODY MEETINGS :

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

Financial Year	:	2005-2006
Venue	:	Registered Office, 1-58, Nidamanur, Vijayawada-521 104.
Date	:	02-08-2006
Time	:	11-00 A.M.

Financial Year : **2006-2007**
Venue : Registered Office, 1-58, Nidamanur, Vijayawada-521 104.
Date : 25-08-2007
Time : 12-00 Noon

Financial Year : **2007-2008**
Venue : Registered Office, 1-58, Nidamanur, Vijayawada-521 104.
Date : 27-09-2008
Time : 12-00 noon

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

7. DISCLOSURE :

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

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

8. MEANS OF COMMUNICATION :

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

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

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

9. GENERAL SHARE HOLDER INFORMATION :

- i) Annual General Meeting : Dt. 19-09-2009
Venue : Registered Office, 1-58, Nidamanur, Vijayawada-521 104.
- ii) Financial Calendar : The Company follows April to March as its financial year. The results of every quarter are declared in the month following the quarter, as per the provision of Listing Agreement.
- iii) Date of Book Closure : 15th September, 2009 to 19th September, 2009 (Both days inclusive)
- iv) Dividend Payment date : As required under the Companies Act, 1956.

V) Dividend History

Year	Total Amount of Dividend paid Rs.	Date of AGM in which Dividend was Declared	Date of payment	Unclaimed dividend as on 31-03-2008 Rs.
2001-2002	46,53,200	21.09.2002	19.10.2002	171101/-
2002-2003	46,53,200	23.08.2003	15.09.2003	148420/-
2003-2004	46,53,200	28.08.2004	15.09.2004	153351/-
2004-2005	46,53,200	27.08.2005	22.09.2005	164866/-
2005-2006	46,53,200	02.08.2006	21.08.2006	193457/-
2006-2007	46,53,200	25.08.2007	13.09.2007	197644/-
2007-2008	46,53,200	27.09.2008	16.10.2008	243566/-

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

vii) Company Stock Code : BSE - 517370

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

Month	High (Rs.)	Low (Rs.)
April - 2008	15.84	13.45
May - 2008	18.98	14.23
June - 2008	16.20	11.61
July - 2008	17.91	11.20
Aug - 2008	17.00	13.50
Sept - 2008	16.50	9.76
Oct - 2008	12.99	9.99
Nov - 2008	12.74	9.00
Dec - 2008	12.75	8.09
Jan - 2009	13.33	10.46
Feb - 2009	11.90	10.80
Mar - 2009	11.99	9.60

ix) Register and Share Transfer Agents : M/s. Venture Capital and Corporate Investments Pvt. Limited, 12-10-167, Bharat Nagar, Hyderabad - 500 018.

x) Share Transfer System : Transfer of Securities in physical form are registered and, duly transferred share certificates are despatched within 30 days of receipt, provided the documents are in order.

With regards to Shares in demat mode, the procedure is adopted as per the provisions of Depositories Act, 1996.

xi) Distribution of Shareholding :

Number of Shares held	Number of Shareholders	Percentage of Shareholders	Paid-up value of Shares held (Rs.)	Percentage to Total Paid-up Capital
Upto 5000	2961	86.30	5152280	11.07
5001 - 10000	252	7.34	2161590	4.65
10001-20000	91	2.65	1465780	3.15
20001-30000	26	0.76	682200	1.47
30001-40000	25	0.73	901210	1.94
40001-50000	19	0.55	905790	1.95
50001-100000	17	0.50	1241970	2.67
100001 and above	40	1.17	34021180	73.11
TOTAL	3431	100.00	46532000	100.00

xii) Dematerialisation of Shares

& Liquidity : As on 31st March, 2009, 90.61% (42,16,670 Equity shares) of paid up capital have been dematerialised

xiii) The company has not issued any GDRs / ADRs/ Warrants or any convertible instruments.

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

xv) Address for Correspondence : All Shareholders complaints / queries in respect of their shareholding may be addressed to :
INCAP LIMITED, 1-58, Nidamanur, Vijayawada-521 104.
E-mail : investorsincap@gmail.com
Ph : 0866 - 2842479, 571
Fax : 0866 - 2842572

For and on behalf of the Board

C. BHAGAVANTHA RAO
Managing Director

VIJAYAWADA
July 25, 2009

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

1. We have audited the attached Balance Sheet of INCAP LIMITED as at 31st March, 2009 the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the companies (Auditor's Report) order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraph 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion, proper books of accounts as required by law have been kept by the company so far as appears from our examination of those books;
 - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
5. On the basis of written representations received from the directors, as on 31st March 2009, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
6. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the significant accounting policies and notes thereon give the information required by the Companies act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
 - a) In the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2009;
 - b) In the case of Profit and Loss Account, of the profit for the year ended on that date; and
 - c) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For PURNACHANDRA RAO & CO.,
Chartered Accountants

G.V.PURNACHANDRA RAO
Partner
M. No. 6768

VIJAYAWADA
July 25, 2009

ANNEXURE TO AUDITOR'S REPORT

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, 2009.

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

- x. The Company has not accumulated losses as at 31st March, 2009 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
- xi. In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- xii. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. In our opinion, the company is not a chitfund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) order, 2003 are not applicable to the company.
- xiv. In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the companies (Auditor's Report) order, 2003 are not applicable to the company.
- xv. In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
- xvi. The company has not raised any new term loans during the year and there are no term loans outstanding at the beginning of the year.
- xvii. According to the information and explanation given to us and on an overall examination of the balance sheet of the company, we report that the no funds raised on short-term basis have been used for long-term investment.
- xviii. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
- xix. The Company has not issued debentures during the year.
- xx. The Company has not raised any money by way of public issues during the year.
- xxi. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For **G.V. PURNACHANDRA RAO & CO.,**
Chartered Accountants,

(G.V. PURNACHANDRA RAO)

Partner

M.No. 6768

VIJAYAWADA

July 25, 2009

BALANCE SHEET AS AT 31st MARCH, 2009

Particulars	Sche- dules	As at 31st March, 2009 Rs.	As at 31st March, 2008 Rs.
SOURCES OF FUNDS			
SHARE HOLDERS' FUNDS			
a) Share capital	1	46532000	46532000
b) Reserves and surplus	2	19572265	19985026
LOAN FUNDS			
a) Secured Loans	3	12137919	26242096
b) Unsecured Loans	4	14040570	16441309
DEFERRED TAX LIABILITY (Net)	5	5620841	7266614
TOTAL		97903595	116467045
APPLICATION OF FUNDS			
FIXED ASSETS			
a) Gross Block		119021758	118350141
b) Less : Depreciation		87306566	81403216
c) Net Block	6	31715192	36946925
INVESTMENTS	7	8644989	8061631
CURRENT ASSETS, LOANS & ADVANCES			
a) Inventories	8	40581848	38550302
b) Sundry Debtors	9	22637246	19875249
c) Cash & Bank Balances	10	5164192	34953021
d) Other Current Assets	11	1238838	1558350
e) Loans and Advances	12	14504675	8328579
		84126799	103265501
Less : CURRENT LIABILITIES & PROVISIONS			
a) Current Liabilities	13	11277650	16937952
b) Provisions	14	15305735	14869060
NET CURRENT ASSETS		57543414	71458489
TOTAL		97903595	116467045

Note : The schedules, Accounting Policies and notes on Accounts form an integral part of the Balance Sheet.
As per our report of even date attached

For **PURNACHANDRA RAO & CO.,**
Chartered Accountants

For and on behalf of the Board

G.V. PURNACHANDRA RAO
Partner

M. PRABHAKAR RAO
Chairman

C. BHAGAVANTHA RAO
Managing Director

VIJAYAWADA
July 25, 2009

PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED 31st MARCH, 2008

Particulars	Sche- dules	As at 31st March, 2009 Rs.	As at 31st March, 2008 Rs.
INCOME			
Sales	15	115647019	115632823
Other Income	16	4597550	5227657
Increase(+)/Decrease (-) in stocks	17	-3584122	3125544
TOTAL (A)		116660447	123986024
EXPENDITURE			
Raw Material Consumed	18	77689581	80425629
Stores and spares consumed	19	1713748	1022453
Payments and Benefits to Employees	20	9074843	8199611
Mfg., Selling, Admn. and other expenses	21	12872263	12158034
Central Excise Duty		62831	2346309
Interest	22	3605268	2847885
Loss on Revaluation of Investments		1916643	2938369
Loss on sale of Asset		-	32591
Depreciation		5903350	6038553
TOTAL (B)		112838527	116009434
Profit Before Taxation (A-B)		3821920	7976590
Less : Provision for taxation		3081553	5224700
Less : Provision for Fringe Benefit Tax		77012	72762
Add : Deferred Tax Liability (Net)		1645773	2774549
Net Profit for the year		2309128	5453677
Amount Transfer form General Reserve		450000	-
Balance brought forward from previous Year.		21984	12086
Amount available for appropriation		2781112	5465763
APPROPRIATIONS			
Proposed Dividend		2326600	4653200
Tax on Dividend		395289	790579
Surplus Carried to Balance Sheet		59223	21984
		2781112	5465763

Note : The schedules, Accounting Policies and notes on Accounts form an integral part of the Balance Sheet.
As per our report of even date attached

For and on behalf of the Board

For **PURNACHANDRA RAO & CO.,**
Chartered Accountants

G.V. PURNACHANDRA RAO

Partner

M. PRABHAKAR RAO

Chairman

C. BHAGAVANTHA RAO

Managing Director

VIJAYAWADA
July 25, 2009

SCHEDULES FORMING PART OF THE BALANCE SHEET

Particulars	As at 31st March, 2009 Rs.	As at 31st March, 2008 Rs.
SCHEDULE - 1		
SHARE CAPITAL		
AUTHORISED CAPITAL	60000000	60000000
60,00,000 Equity shares of Rs. 10/- each		
ISSUED CAPITAL	52000000	52000000
52,00,000 Equity shares of Rs. 10/- each		
SUBSCRIBED CAPITAL	51696000	51696000
51,69,600 Equity shares of Rs. 10/- each		
PAID-UP CAPITAL	46532000	46532000
46,53,200 Equity shares of Rs. 10/- each		
SCHEDULE - 2		
RESERVES & SURPLUS		
State Subsidy	1500000	1500000
General Reserve	15881042	
Less : Trf. to P&L Appropriation A/C	<u>450000</u>	15881042
Capital Reserve	2582000	2582000
Surplus in P&L Account	59223	21984
	19572265	19985026
SCHEDULE - 3		
SECURED LOANS		
Working Capital Facilities		
State Bank of India	3547304	12163449
State Bank of Hyderabad	8590615	14078647
	12137919	26242096
SCHEDULE - 4		
UNSECURED LOANS		
Sales Tax deferment Loan from Govt of A.P	13884576	16222826
Sales tax collection & payable	155994	218483
	14040570	16441309
SCHEDULE - 5		
DEFERRED TAX		
Opening Balance	7266614	10041163
Less : Deferred Tax Liability	1645773	2774549
	5620841	7266614

INCAP LIMITED

SCHEDULE - 6 : FIXED ASSETS										
PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Cost as at 1-4-2008	Additions	Deductions	Cost as at 31-3-2009	Up to 31-3-2008	Deductions	For The Period	Up to 31-3-2009	As at 31-3-2009	As at 31-3-2008
Land	1275747	-	-	1275747	-	-	-	-	1275747	1275747
Data Processing Equipment	1468162	85200	-	1553362	1468162	-	13811	1481973	71389	-
Office Equipment	992948	89960	19500	1063408	570178	-	50512	620690	442718	422770
Furniture & Fixtures	930229	-	-	930229	727154	-	58883	786037	144192	203075
Electrical Installation	3773732	332420	-	4106152	2210039	-	195042	2405081	1701071	1563693
Buildings	11509807	-	-	11509807	5815767	-	384428	6200195	5309612	5694040
Plant & Machinery	95037955	183537	-	95221492	69534500	-	5027695	74562195	20659297	25503455
Roads & Culverts	610435	-	-	610435	150555	-	9950	160505	449930	459880
Lab Equipment	1356697	-	-	1356697	495054	-	64443	559497	797200	861643
Vehicles	1394429	-	-	1394429	431807	-	98586	530393	864036	962622
	118350141	691117	19500	119021758	81403216	-	5903350	87306566	31715192	36946925
Previous Year	116176297	2375099	201255	118350141	75364663	-	6038553	81403216	36946925	40811634

SCHEDULES FORMING PART OF THE BALANCE SHEET

Particulars	As at 31st March, 2009 Rs.	As at 31st March, 2008 Rs.
SCHEDULE - 7		
INVESTMENTS		
CURRENT INVESTMENTS MUTUAL FUNDS - QUOTED		
Reliance Liquid Fund - Treasury - Retail Growth	735264	3420390
DSPML Floating Rate Fund	364814	1798441
Kotak 30 Growth	1544911	2842800
Umamaheswari Electrical Components Pvt.	6000000	
Carrying Value of Investments	8644989	8061631
SCHEDULE - 8 :		
INVENTORIES		
(As valued & certified by the Management)		
Finished Goods	10491909	12970399
General Stores	194030	371419
Imported Spares	1423241	1661517
Indigenous Spares	829480	817588
Raw Materials	26657376	20637935
Work-in-progress	985812	2091444
	40581848	38550302
SCHEDULE - 9		
SUNDRY DEBTORS		
(Unsecured & Considered good)		
Outstanding for more than six months	396575	469530
Other Debts	22240671	19405719
	22637246	19875249
SCHEDULE - 10		
CASH AND BANK BALANCES		
Cash on Hand	21441	13068
Margin Money Deposits	3816099	3800000
Term Deposit with Banks	-	30000000
Current Accounts	1326652	1139953
	5164192	34953021

SCHEDULES FORMING PART OF THE BALANCE SHEET

Particulars	As at 31st March, 2009 Rs.	As at 31st March, 2008 Rs.
SCHEDULE - 11		
OTHER CURRENT ASSETS		
Deposit for electricity	768100	768100
Deposit for others	11600	11600
Deposit for telephones	30200	30200
Interest accrued but not due	39260	363210
Prepaid expenses	389678	385240
	1238838	1558350
SCHEDULE - 12		
LOANS AND ADVANCES		
(Unsecured & Considered good)		
Advances recoverable in cash or kind or for value to be received.		
Advances for purchases	528483	427
Other advances	1789119	47557
TDS / Income Tax Paid	12187073	8280595
	14504675	8328579
SCHEDULE - 13		
CURRENT LIABILITIES		
Liabilities for purchases	5279516	10442877
Liabilities for expenses	5450791	5987045
Liabilities for capital goods	547343	508030
	11277650	16937952
SCHEDULE - 14		
PROVISIONS		
Provision for Taxation	12434072	9352519
Provision for Fringe Benefit Tax	149774	72762
Proposed Dividend	2326600	4653200
Provision for Dividend Tax	395289	790579
	15305735	14869060

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

Particulars	As at 31st March, 2009 Rs.	As at 31st March, 2008 Rs.
SCHEDULE - 15		
SALES		
(a) Domestic Sales	102783399	99866146
(b) Excise Duty Collections	12863620	15766677
	115647019	115632823
SCHEDULE - 16		
OTHER INCOME		
Interest received	4038649	4443566
Other Income	558901	784091
	4597550	5227657
SCHEDULE - 17		
INCREASE (+) / DECREASE (-) IN STOCKS		
Closing Stocks :		
Finished Goods	10491909	12970399
Work-in-Progress	985812	2091444
	11477721	15061843
Opening Stocks :		
Finished Goods	12970399	10091068
Work-in-Progress	2091444	1845231
	-3584122	3125544
SCHEDULE - 18		
RAW MATERIAL CONSUMED		
Opening stock	20637935	28452285
Add : Purchases	83709022	72611279
	104346957	101063564
Less : Closing Stock	26657376	20637935
	77689581	80425629
SCHEDULE - 19		
STORES & SPARES CONSUMED		
Spares Consumed	1050574	446055
Stores Consumed	663174	576398
	1713748	1022453
SCHEDULE - 20		
PAYMENTS & BENEFITS TO EMPLOYEES		
Bonus	406417	405967
Contribution to Provident Fund	681454	647287
Ex-gratia	271329	156777
Employees State Insurance (ESI)	302437	199476
Medical Allowances (Staff)	-	70080
Stipend	32499	-
Salaries	7120196	6482829
L.T.A.	80000	49979
Workmen & Staff Welfare Expenses	180511	187216
	9074843	8199611

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

Particulars	As at 31st March, 2009 Rs.	As at 31st March, 2008 Rs.
SCHEDULE - 21		
MFG., SELLING, ADMN., & OTHER EXP.		
(A) MANUFACTURING EXPENSES		
Electricity Charges	3127830	3263851
Repair & Rework Charges	186424	116700
Repairs to A.C.Plant	195967	63966
Repairs to Electrical Equipment	89184	58317
Repairs to Lab Equipment	40131	52427
Repairs to Machinery	1048327	733763
Repairs to Utilities	230089	134455
	4917952	4423479
(B) SELLING EXPENSES		
Advertisement Charges	48935	59506
Business Promotion Expenses	63910	67355
Commission on Sales	370419	450944
Consumption of Packing Material	522783	688738
Freight outwards	921733	843784
Discount & Rate Difference on Sales	190146	245430
	2117926	2355757
(C) ADMINISTRATIVE & OTHER EXP.		
Administrative Charges	62755	59585
Auditors Remuneration	32759	33371
Bank Charges	967984	626263
Books & Periodicals	7570	5912
C&F Charges-Others	27202	22794
Certification Charges	32415	73832
Computer Expenses	44631	31846
Conveyance	109449	89236
Demat Expenses	33708	33708
Directors Allowances	327270	265126
Dividend Expenses	31208	37316
Donations	36616	21500
EDLI Payment	720	-
Electronic Connectivity Charges	11146	11303

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

Particulars	As at 31st March, 2008 Rs.	As at 31st March, 2007 Rs.
Filing & Registration fee	4578	2560
Freight Inward	92924	70918
General Expenses	1290	1493
General Maintenance	316408	361419
Insurance	576685	581439
Legal Fees	6575	-
Listing Fees	11084	10000
Office Expenses	33300	22523
Perks & Allowances to MD	159000	135000
Perks & Allowances to TD	106350	83980
Postage & Telegram charges	150713	149687
Printing & Stationery	184519	250977
Professional Charges	32303	34865
R&D Expenses	4049	21708
Remuneration to MD	580000	540000
Remuneration to TD	425400	374400
Rent	147280	88685
Subscription & Membership Fees	45299	39470
Taxes & Licenses	300737	355615
Telephone & Fax Charges	266280	293675
Travelling expenses	387204	402994
Vehicle Maintenance - Cars	251676	223765
Vehicle Maintenance - Scooters	27298	21563
	5836385	5378798
SCHEDULE - 22		
INTEREST :		
On Working Capital Loan	3605268	2847885
	3605268	2847885

A) SIGNIFICANT ACCOUNTING POLICIES**1. GENERAL :**

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

2. FIXED ASSETS :

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

3. DEPRECIATION :

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

4. 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.

5. SALES :

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

6. INVENTORIES :

- i) Raw materials and Work-in-progress are valued at cost.
- ii) Finished Goods are valued at cost or net realisable value whichever is less.
- iii) Consumables are valued at cost.

7. EXCISE DUTY/CUSTOMS DUTY :

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

8. FOREIGN CURRENCY TRANSACTIONS :

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

9. EMPLOYEE'S RETIREMENT BENEFITS :

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

10. TAXES ON INCOME :

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

Deferred tax is recognised 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.

B) NOTES FORMING PART OF ACCOUNTS :

2008-2009 2007-2008
(Rs. In Lacs)

1. Contingent liability not provided for in respect of
- | | | |
|----------------------|-------|-------|
| a) Letters of Credit | 70.13 | 97.98 |
| b) Bank Guarantees | NIL | NIL |
2. 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. Depreciation on fixed assets was provided for in the books on straight line method.
4. Current Assets and Current Liabilities : Sundry Debtors, Loans and Advances and Sundry Creditors balances are subject to confirmation by the parties. Fixed Deposits with Banks to the extent of Rs. 38.16 lakhs are pledged with bankers towards margin money for Letters of Credit.
5. No amount is due to any small-scale industry in excess of Rs. 1,00,000 or more than 30 days.
6. Provision is made for regular Income Tax as per the provisions of Income Tax Act, 1961.
7. Deferred Tax :

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

- i) The company has taken credit of Rs. 16,45,773/- towards adjustment of Deferred Tax liability for the current year. The details are as here under :

Description	Opening Balance 01-04-2008	Provided during the year	Reversed during the year	Closing balance 31-03-2009
	Rs.	Rs.	Rs.	Rs.
(a) Dererred Tax Liability Fixed Assets Difference	8265366	--	2052282	6213084
Total	8265366	--	2052282	6213084
(b) Defereed Tax Asset :				
Investment	998752	--	406509	592243
Total (b)	998752	--	406509	592243
Net Deferred Tax Liability (a-b)	7266614	--	1645773	5620841

- ii) The major and only component of Deferred Tax liability is the difference between Book Value of Depreciable Assets as per books of account and Written Down Value for tax purposes.
8. 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.
9. 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.
10. Dividends : Provision is made in the Accounts for the Dividend and Dividend Tax payable by the Company as recommended by the Board of Directors, pending approval of the Shareholders at the Annual General meeting.
11. Provision has been made for the excise duty payable on finished goods not cleared from the factory amounting to **Rs. 7.99 Lacs.**
12. Gratuity has been funded through the scheme administered by Life Insurance Corporation of India.
13. Additional Information as required under part II of schedule VI to the Companies Act, 1956. /

2008-2009 2007-2008
(Qty & Rs. In Lacs)

i) Licensed Capacity :			
Aluminium Electrolytic Capacitors	(in pcs)	200	200
(As per Industrial Entrepreneurs Memorandum)		Millions	Millions
ii) Installed Capacity :			
Aluminium Electrolytic Capacitors	(in pcs)	100	100
(As Certified by Management)		Millions	Millions
iii) Actual Production			
Aluminium Electrolytic Capacitors	(Qty)	879.25	986.10
iv) Opening Stock of Finished Goods			
Aluminium Electrolytic Capacitors	(Qty)	216.28	207.94
	(Value)	129.70	100.91

v) Closing Stock of Finished Goods			
Aluminium Electrolytic Capacitors	(Qty)	158.82	216.28
	(Value)	104.92	129.70
vi) Opening Stock of Semi-Finished Goods			
Aluminium Electrolytic Capacitors	(Value)	20.91	18.45
(As it is in various stages of production it can not be quantified)			
vii) Closing Stock of Semi-Finished Goods			
Aluminium Electrolytic Capacitors	(Value)	9.86	20.91
(As it is in various stages of production it can not be quantified)			

viii) Turnover:

Class of Goods	2008-2009		2007-2008	
	Qty (Nos) (In Lacs)	Value (Rs. in Lacs)	Qty (Nos) (In Lacs)	Value (Rs. in Lacs)
Aluminium Electrolytic Capacitors	936.71	1156.47	977.76	1156.33

ix) Consumption of Raw Materials:

Class of Goods	2008-2009		2007-2008	
	Qty (Lacs)	Value (Rs. in Lacs)	Qty (Lacs)	Value (Rs. in Lacs)
Aluminium Foils (Sq. Mt)	1.806	388.53	1.883	393.47
Lead Tabs (Kpcs)	1.618	96.10	1.784	103.31
Others		292.27		307.48
Total:		776.90		804.26

x) Value of imported and Indigenous raw materials, spare parts and components consumed:

Raw Materials	%	Value (Rs. In lacs)	%	Value (Rs. In lacs)
Imported	94.99	738.04	93.73	753.87
Indigenous	5.01	38.86	6.27	50.39
Total	100.00	776.90	100.00	804.26
Stores and Spares				
Imported	61.32	10.51	43.64	4.46
Indigenous	38.68	6.63	56.36	5.76
Total	100.00	17.14	100.00	10.22

xi) Value of imports calculated on CIF basis on account of:

A.Raw materials	813.76	799.46
B.Capital Goods	Nil	Nil
C.Consumables	Nil	Nil

xii) Earnings in Foreign Currency:

A.Export of Goods	Nil	Nil
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xiii) Expenditure in Foreign currency on account of:

A. Foreign Travel	Nil	Nil
B. Others	Nil	Nil

xiv) Auditors Remuneration :

(Includes Service Tax, where applicable)

	2008-2009	2007-2008
Audit Fee	18,900	18,900
Taxation Matters	13,859	14,471

xv) Particulars of Managerial Remuneration is as under :

S. No.	Name and designation of the Managerial Personnel	Salary Rs.	Prerequisites Rs.	Total Rs.
1.	Sri C.Bhagavantha Rao Managing Director	580000 (540000)	159000 (135000)	739000 (675000)
2.	Sri P.K.Purushothaman Technical Director	425400 (374400)	106350 (83980)	531750 (458380)

Notes:

Figures in brackets relate to previous year

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

14. Previous years figures have been regrouped, wherever necessary to conform to current year's classification.

15. All the figures have been rounded off to the nearest Rupee.

Signatures to schedule 1 to 22

As per our report attached to the balance sheet.

For PURNACHANDRA RAO & CO.,

For and on behalf of the Board

Chartered Accountants

G.V.PURNACHANDRA RAO

M. PRABHAKAR RAO

C.BHAGAVANTHA RAO

Partner

Chairman

Managing Director

VIJAYAWADA
July 25, 2009

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2009

(In Rupees)

	2008-2009	2007-2008
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit before tax and extra - ordinary items	3821920	7976590
ADJUSTMENTS FOR :		
Depreciation	5903350	6038553
Loss on sale of Asset	-	32591
Loss on Revaluation of Investment	1916642	2938369
Interest Paid	3605268	2847885
Profit on sale of Asset	-	-51836
Profit on Sale of Investments	-	-105671
Interest earned	-4597550	-5070150
Operating profit before working capital changes	10649630	14606331
CHANGES IN WORKING CAPITAL		
Increase / Decrease in Inventories	-2031546	4698142
Increase / Decrease in Sundry Debtors	-2761997	5020562
Increase / Decrease in Other Current Assets	319512	-55603
Increase / Decrease in Loans and Advances	-6176096	-2387775
Increase / Decrease in Current Liabilities	-7945516	10261479
Cash Generated from operations	-7946013	32143136
Interest Paid	-3605268	-2847885
Direct Taxes Paid	-3158565	-5297462
Cash generated from Operations	-14709846	23997789
Cash flow before extra-ordinary items		
Extra-ordinary items :		
Income Tax Provision for earlier years	-	-
Net Cash Flow from Operating activities (I)	-14709846	23997789
B. CASH FLOW FROM INVESTING ACTIVITIES :		
INFLOW / (OUTFLOW)		
Interest earned	4597550	5070150
Profit on sale of Asset	-	51836
Loss sale on Asset	-	-32591
Profit on Sale of Investments	-	105671
Purchase of Investments	-6000000	-13000000
Sale of Investments	3500000	2000000
Purchase of Fixed Assets	-671617	-2173844
Net cash flow from Investing Activities (II)	1425933	-7978778

(In Rupees)

	2008-2009	2007-2008
C. CASH FLOW FROM FINANCING ACTIVITIES : INFLOW / (OUTFLOW)		
Dividend & Dividend Tax	-	-5443779
Increase / Decrease of Long Term Liabilities	-	-
Increase / Decrease of Sales Tax Deferment	-2400739	-1807296
Increase / Decrease of Cash Credit Utilisation	-14104177	11399825
Net Cash Flow from Financing Activities (III)	-16504916	4148750
NET INCREASE / (DECREASE) IN (I+II+III) CASH & CASH EQUIVALENTS	-29788829	20167761
Cash & Cash equivalents as at the commencement of the year	34953021	14785260
Cash & Cash equivalents as at the closing of the year	5164192	34953021

For and on behalf of the Board

M. PRABHAKAR RAO
Chairman

C. BHAGAVANTHA RAO
Managing Director

VIJAYAWADA
July 25, 2009

AUDITORS CERTIFICATE

We have examined the above Cash Flow Statement of INCAP LIMITED, for the year ended 31st March, 2009. The statement has been prepared by the Company in accordance with the requirements of Clause 32 of Listing Agreement and is based on and in agreement with the corresponding Profit and Loss Account and Balance Sheet of Company covered by report to the members of the Company.

For **PURNACHANDRA RAO & CO.,**
Chartered Accountants

VIJAYAWADA
July 25, 2009

G.V. PURNACHANDRA RAO
Partner
M.No. 6768

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**1. REGISTRATION DETAILS**Registration No.: State Code Balance Sheet Date **2. CAPITAL RAISED DURING THE YEAR (Rs.)**

Public Issue

Rights Issue

Bonus Issue

Private Placement

3. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Rs.)

Total Liabilities

Total Assets

SOURCES OF FUNDS

Paid-up Capital

Reserves & Surplus

Secured Loans

Unsecured Loans / Others

APPLICATION OF FUNDS

Net Fixed Assets

Investments

Net Current Assets

Misc. Expenditure

Accumulated Losses

4. PERFORMANCE OF COMPANY (Rs.)

Turnover

Total Expenditure

+ - Profit/Loss Before Tax

+ - Profit/Loss after Tax

 PLEASE TICK APPROPRIATE BOX + FOR PROFIT, - FOR LOSS

Earning per Share in Rs.

Dividend Rate %

5. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS / SERVICES OF COMPANY

Item Code No:

Product Description

By order of the Board

C. BHAGAVANTHA RAO
Managing Director

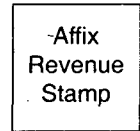
INCAP LIMITED

**Regd. Office : 1-58, Nidamanur,
VIJAYAWADA -521 104**

PROXY FORM

I / We * of being a member / members of INCAP LIMITED, hereby appoint of or failing him of or failing him of as my/our Proxy to attend and vote for me/us and on my/our behalf at the 19th ANNUAL GENERAL MEETING of the said Company to be held at at Incap Limited, 1-58, Nidamanur, Vijayawada - 521 104 on and at any adjourned meeting thereof.

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



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

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

INCAP LIMITED

**Regd. Office : 1-58, Nidamanur,
VIJAYAWADA -521 104**

ADMISSION SLIP

Regd. Folio No

No. Of Shares

I certify that I am registered shareholder/Proxy for the registered shareholder of the Company. I hereby record my presence of the 19th ANNUAL GENERAL MEETING of the Company to be held on 2009 at at Incap Limited, 1-58, Nidamanur, Vijayawada - 521 104.

Name of the Proxy (if any)
In BLOCK LETTERS

Signature of Proxy

Signature of Member

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

PRINTED MATTER
BOOK - POST

If undelivered, please return to :

INCAP LIMITED

1-58, Nidamanuru,
Vijayawada - 521 104.

Phone : 0866 - 2842479