

## **BOARD OF DIRECTORS**

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

Executive Chairman  
Managing Director  
Director  
Director

## **AUDITORS**

M/s.K.Anuradha & Associates,  
Chartered Accountants,  
D.No.3-29-21, 4th Floor,  
Prahas Mansion,  
Park Lane, Krishna Nagar,  
GUNTUR – 522006,  
Andhra Pradesh.

## **BANKERS**

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

## **REGISTERED OFFICE & FACTORY**

### **INCAP LIMITED**

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

## **REGISTRARS & SHARE TRANSFER AGENTS (PHYSICAL & DEMAT):**

### **M/s. VENTURE CAPITAL & CORPORATE INVESTMENTS PRIVATE LIMITED**

12-10-167, Bharat Nagar,  
HYDERABAD – 500 018,  
Telangana.

Tel : 91-866-2842479, 2842571, 2841147  
Fax : 91-866-2842572  
Email : investorsincap@gmail.com  
URL : www.incaplimited.in

Tel : 91-40-23818475, 476  
Fax : 91-40-23868024  
Email : info@vccilindia.com

## NOTICE

Notice is hereby given that the **THIRTIETH ANNUAL GENERAL MEETING** of **INCAP LIMITED**(CIN: L32101AP1990PLC011311) will be held on Saturday, the 26<sup>th</sup> September, 2020 at 12.00 Noon at the Registered Office of the company at 1-58, Nidamanuru, Vijayawada – 521104, Krishna District, Andhra Pradesh to transact the following business :

### ORDINARY BUSINESS:

1. To consider and adopt the Audited Financial Statements of the Company for the financial year ended 31<sup>st</sup> March, 2020 and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Smt P. Ram Rao (DIN: 00137511) who retires at this meeting and being eligible offers himself for re-appointment.

### SPECIAL BUSINESS:

#### **3. Appointment of Sri C.Neelima (DIN : 02737481) as Managing Director of the Company.**

*To consider and approve the following resolution with or without modification, as a Special Resolution:*

**“RESOLVED THAT** pursuant to the provisions of sections 196, 197, 198, 203 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification or re-enactment thereof) read with Schedule - V of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 [including any statutory modification(s) or re-enactment(s) thereof for the time being in force] and subject to the approval of the Central Government, and the Securities and Exchange Board of India (Listing

Obligations and Disclosure Requirements) Regulations, 2015, if necessary, and such other approvals, permissions and sanctions, as may be required and subject to such conditions and modifications, as may be prescribed or imposed by any of the authorities while granting such approvals, permissions and sanctions, on recommendation of the Nomination and remuneration committee, consent of the members be and is hereby accorded to the appointment of Smt. Neelima Challagulla, (DIN : 02737481 as Managing Director of the Company for a period of 3 (Three) years with effect from 01<sup>st</sup> February, 2020 upto and including 31<sup>st</sup> January, 2023 on following remuneration, terms and conditions :

**A. Salary :** Monthly Remuneration of Rs. 1,31,450/-  
**B. Perks & Allowances** of Rs.68,550/-

- i. Rent Free Accommodation.
- ii. Medical expenses for Self & Family subject to Ceiling of one months’s salary in year or 3 months salary over a period of 5 years.
- iii. LTC - For self and family once in a year in accordance with any rules specified by the company.
- iv. Club Fee : Fee of clubs subject to a max of one club, admission and life membership not allowed.
- v. Personnel Accident Insurance: Premium not to exceed Rs.2000/- per month.
- vi. Entertainment Expenses : Reimbursement of entertainment expenses not exceeding Rs.2000/- per month.

**“RESOLVED FURTHER THAT** the remuneration payable to Managing Director shall not exceed the overall ceiling of the total managerial remuneration as provied under section 197 of the Companies Act, 2013or such other limites as may be prescribed from time to time.

**“RESOLVED FURTHER THAT** the Board be and is hereby authorized to do all such acts, deeds and things and execute all such documents, instruments and

writings as may be required to give effect to the aforesaid resolution.”

#### **4. Appointment of Sri C.Bhagavantha Rao (DIN : 00218713) as Executive Chairman of the Company.**

*To consider and approve the following resolution with or without modification, as a Special Resolution:*

“RESOLVED THAT pursuant to the provisions of sections 196, 197, 198, 203 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification or re-enactment thereof) read with Schedule - V of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 [including any statutory modification(s) or re-enactment(s) thereof for the time being in force] and subject to the approval of the Central Government, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, if necessary, and such other approvals, permissions and sanctions, as may be required and subject to such conditions and modifications, as may be prescribed or imposed by any of the authorities while granting such approvals, permissions and sanctions, recommendation of the Nomination and remuneration committee, consent of the members, be and is hereby accorded to the appointment of Mr.Bhagavantha Rao Challagulla, (DIN : 00218713) as Executive Chairman for a period of 3 (Three) years with effect from 01<sup>st</sup>February, 2020 upto and including 31<sup>st</sup> January, 2023 on following remuneration, terms and conditions :

A. Salary : Monthly Remuneration of Rs. 1,31,450/-  
B. Perks & Allowances of Rs.68,550/-

- i. Rent Free Accommodation.
- ii. Medical expenses for Self & Family subject to Ceiling of one months’s salary in year or 3 months salary over a period of 5 years.
- iii. LTC - For self and family once in a year in accordance with any rules specified by the company.

- iv. Club Fee : Fee of clubs subject to a max of one club, admission and life membership not allowed.
- v. Personnel Accident Insurance: Premium not to exceed Rs.2000/- per month.
- vi. Entertainment Expenses : Reimbursement of entertainment expenses not exceeding Rs.2000/- per month.

“RESOLVED FURTHER THAT the remuneration payable to Managing Director shall not exceed the overall ceiling of the total managerial remuneration as provided under section 197 of the Companies Act, 2013 or such other limits as may be prescribed from time to time.

“RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required to give effect to the aforesaid resolution.”

#### **5. Alteration of Main objects clause of the Memorandum and Articles of Association :**

*To consider and approve the following resolution with or without modification, as a Special Resolution:*

“RESOLVED THAT pursuant to the provisions of Section 13 of the Companies Act, 2013 (“the Act”) including any modification or re-enactment thereof and other applicable provisions thereof the Main Object clause of the Memorandum of Association of the Company be and is hereby inserted as follows:

Clause-15: To carry on the business of manufacturers, producers and processors of and dealers in milk, cream, butter ghee, cheese condensed milk, malted milk, milk powder, skimmed milk powder, whole milk powder, ice-milk, ice-cream, milk foods, baby foods, infant foods, natural honey, edible products of animal origin invalid foods derived from diary milk, dairy spreads and milk products and milk preparations of all kinds.

# **INCAP LIMITED**

Clause-16: To manufacture, produce, process, prepare, buy, sell and deal in all kinds of aerated, artificial and mineral waters, soft drinks, carbonated drinks, fruit and vegetable powders and preparations of all kinds, fruit juices, breakfast foods, protein foods, die tic products, strained baby foods, instant foods and food stuffs and provisions of all kinds.

Clause-17: To carry on the business of farming, agriculture and horticulture in all their respective forms and branches and to grow, produce, manufacture, process, prepare, refine, extract, manipulate, hydrolize, grind, bleach hydrogenate, buy, sell or otherwise deal in all kind of agricultural, horticultural dairy and farm produce and products including food grains, cereals, seeds, oilseeds, plants, flowers, vegetable fruits, vegetable and edible oils, meat, fish, eggs and foods and food products and preparations of any nature or description whatsoever.

Clause-18: To carry on the business of preservation, dehydration, freeze-drying, freeze, drying, drying canning, tinning, bottling and packing of all or any of the produces and products mentioned above and foods stuffs, provisions and consumable materials of all kinds.

Clause-19: To carry on business as manufacturers and packers of and dealers in foodstuffs of all description for human and animal use, including extruded foods and cereals, textured soya protein foods, frozen processed foods, all of which shall be

formulated to contain fruit or vegetable products including other nutrients, including those suitable or deemed to be suitable for infants, growing children, adults, invalids and convalescents and/ or for the general public.

Clause-20: To carry on business as manufacturers of, and importers and exporters of agricultural, farm, garden and dairy produce, provisions, stores and merchandise of all kinds including processed foods, natural and synthetic milk, casein and its allied products, and all products and substances of any description derived by processing, manipulation or treatment of agricultural, farm, garden and dairy produce in any manner whatsoever.

Clause-21: To carry on the business as manufacturers, producers, processors, makers, inventors, converters, importers, exporters, traders, buyers, sellers, retailers, wholesalers, suppliers, indenters, packers, movers, preservers, stockiest, agents, sub-agents, merchants, distributors, consignors, jobbers, brokers, concessionaires or otherwise deal in all kinds and varieties of products used for or as personal care, fabric care, air care, hair care, household insecticides, surface cleaning, toilet preparations, food and beverages, cosmetic and beauty products, dairy products, mineral water and Ayurveda / herbal based products of whatsoever nature in solid, liquid, gaseous, semi-solid, wax, paper, viscous emulsification or aerosol for or a combination of any such.

**For INCAP LIMITED**

**C.NEELIMA  
MANAGING DIRECTOR  
DIN : 02737481**

**VIJAYAWADA  
29<sup>th</sup> August, 2020**

## NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIM/HERSELF AND A PROXY NEED NOT BE A MEMBER.
2. The proxy form duly completed must reach the Registered Office of the Company not later than forty-eight hours before the time appointed for holding the meeting.
3. Pursuant to the provision of section 105 of the Companies Act, 2013, a person can act as a proxy on behalf of not more than fifty members and holding in aggregate not more than ten percent of the total share capital of the company. Members holding more than ten percent of the total share capital of the company may appoint a single person as proxy, who shall not act as a proxy for any other Member. Proxies submitted on behalf of limited companies, societies, etc., must be supported by an appropriate resolution/ authority, as applicable.
4. The Register of Members and Share Transfer books of the company will remain closed from 19<sup>th</sup> September, 2020 to 22<sup>nd</sup> September, 2020 (Both days inclusive) for the purpose of Annual General Body meeting for the year ended 31<sup>st</sup> March, 2020.
5. Unclaimed Dividend : Dividends unclaimed and unpaid over 7 years will be transferred to the Investor Education and Protection Fund. Further, shares of such shareholders . Who have not encashed any dividend warrant / instrument during the last 7 years, will be transferred to the Investor Education and Protection Fund.
6. The Notice of the AGM along with the Annual Report 2019-2020 is being sent by electronic mode to those Members whose e-mail addresses are registered with the Company/ Depositories, unless any Member has requested for a physical copy of the same. For members who have not registered their e-mail addresses, physical copies are being sent by the permitted mode. A copy of the notice of the AGM along with the Annual Report is also available for download on the website of the company [www.incaplimited.in](http://www.incaplimited.in). To support the 'Green Initiative' Members who have not registered their e-mail addresses are requested to register the same with link in time/Depositories.
7. Relevant documents/agreements referred to in the accompanying Notice and the Explanatory Statement are open for inspection by the members at the Registered Office of the Company on all working days, except Saturdays, during the business hours upto the date of the meeting.
8. In case of Joint Holders attending the meeting, the member whose name appears as the first holder in the order of names as per Register of members will be entitled to vote.
9. Corporate members intending to send their authorized representative to attend the Meeting are requested to send to the company a certified copy of the Board resolution authorizing their representative to attend and vote on their behalf at the Meeting.
10. Members / proxies should bring the attendance slips duly filled in for attending the meeting.
11. Voting Through Electronic Means:-
  - (i) In accordance with applicable provisions of the Listing Agreement and Companies Act, 2013, read with Companies (Management and Administration) Rules, 2014 (the Rules), the company is pleased to provide facility to its members, to cast their vote electronically for all the resolutions proposed at the 29<sup>th</sup> Annual General Meeting of the company. The company has appointed Central Depository Services (India) Ltd. (CDSL) to provide e-voting facility to its members.
  - (ii) The voting right of shareholders shall be in proportion to one vote per full paid equity share of the company held by them as on the cutoff date 18<sup>th</sup> September, 2020.

- (iii) The remote e-voting period begins on Wednesday, September 23, 2020 at 09:00 hours (IST) and ends at on Friday, September 25, 2020 at 17:00 hours (IST). During this period shareholders' of the Company, holding share either in physical form or in dematerialized form, as on the cut-off date of September 18, 2020, may cast their vote electronically. The remote e-voting module shall be disabled by CDSL for voting thereafter.
- (iv) The facility for voting by ballot or polling paper shall also be made available at the meeting and Members of the Company as of cutoff date, attending the meeting who have not already cast their vote by remote e-voting shall be able to exercise their right at the meeting. The Members who have cast their vote by remote e-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again.
- (v) M/s. B.L.Chandrasekhar Sarma & Associates, Practicing Company Secretaries has been appointed by the Board of Directors of the company, as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- (vi) The procedure and instructions for e-voting are as under
- (a) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
  - (b) Click on Shareholders.
  - (c) Now Enter your User ID
    - (i) For CDSL: 16 digits beneficiary ID,
    - (ii) For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
    - (iii) Members holding shares in Physical Form should enter Folio Number registered with the Company.
  - (d) Next enter the Image Verification as displayed and Click on Login.
  - (e) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
  - (f) If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN *	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)- - Members who have not updated their PAN with the Company / Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.
	- In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
DOB #	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details #	Enter the Dividend Bank Details as recorded in your demat account Bank or in the company records for the said demat account or folio.

- (vii) After entering these details appropriately, click on "SUBMIT" tab.
- (viii) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (x) Click on the EVSN for the relevant <INCAP LIMITED> on which you choose to vote.
- (xi) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiii) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xiv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xv) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xvi) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xvii) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xviii) Note for Non – Individual Shareholders and Custodians
  - \* Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - \* A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - \* After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
  - \* The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - \* A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

(xix) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

(xx) The Scrutinizer shall, immediately after the conclusion of voting at the general meeting, would count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the

company and make, not later than three days of conclusion of the meeting, a consolidated scrutinizer’s report of the total votes cast in favour or against, if any to the chairman or a person authorized by him in writing who shall countersign the same.

(xxi) The results declared along with the scrutinizer’s report shall be placed on the company’s website [www.incaplimited.com](http://www.incaplimited.com) and on the website of CDSL [www.evotingindia.com](http://www.evotingindia.com). Immediately after the result is declared. The company shall simultaneously forward the results to BSE Limited (“BSE”) where the shares of the company are listed.

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

**C.NEELIMA  
MANAGING DIRECTOR  
DIN : 02737481**

**VIJAYAWADA  
29<sup>th</sup> August, 2020**



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

Particulars	P.Ram Rao
Director identification Number (DIN)	00137511
Date of Birth	28-06-1948
Date of first appointment	16-12-1991
Qualification	B.E. (Hons)
Expertise in specific functional areas Terms and conditions of appointment / re-appointmnet	Electrical, Electronic Industry & Admn. Appointed as Non-Executive Director liable to retire by rotation
Number of Board Meetings attended during the year	4
Details of remuneration last drawn (2018-19) Number of shares held in the company: (a) Own (b) For other persons on a beneficial basis	Nil 60933 Equity shares --
Directorships held in other public companies (excluding foreign and private companies)	--
Memberships / Chairmanships of Audit committees and Investors' grievance committees across public companies	--
Shareholding	1.19% (60933 Equity shares)

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

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**Item No.3:**

As per the requirement of sections 196, 197, 203 and Schedule V of the Companies Act, 2013 read with the prescribed rules of the Companies Rules, 2014, the Board has upon the recommendation of the Remuneration Committee appointed Ms. C.Neelima (DIN:02737481) as a Executive Managing Director at the 133rd Board Meeting held on the 31st day of January, 2020 since the tenure of the Whole time Director expired on 30 / 05 / 2020.

The company has received (i) the consent in writing from Mr. C.Bhagavantha Rao in form DIR-2 pursuant to the Rule 8 of the Companies (Appointment & Qualifications of Directors) Rules 2014; (ii) intimation in Form DIR-8 pursuant to the Rule 14 of the Companies (Appointment & Qualifications of Directors) Rules 2014 that he is not disqualified under section 164 sub-section (2) of the Companies Act, 2013.

The director shall follow the code of conduct of the company and perform the duties as prescribed by the directors from time to time subject to the provisions of section 166 of the Companies act, 2013.

The terms and conditions regarding the appointment and remuneration are mentioned below:

- (i) Term: 3 years commencing from 30 / 05 / 2020 till 30 / 05 / 2023
- (ii) Basic salary: As provided in the resolution
- (iii) Allowance & Perquisites: As provided in the resolution
- (iv) Funds: As provided in the resolution.

The company also seeks the approval of the shareholders by way of special resolution as per the provisions of sections 196, 197 and schedule V of the companies act, 2013 read with the companies rules, 2014 (including any statutory modifications or re-enactment thereof) and other applicable provisions if any, for the appointment of Mr. C.Bhagavantha Rao as the Chairman from 30 / 05 / 2020 till 30 / 05 / 2023 and the fixation of remuneration in case of having profit or no profit or inadequacy of profit.

No directors, key managerial personnel, manager or their relatives is interested or concerned in the above resolution except Ms. C.Neelima.

**Item No.4:**

As per the requirement of sections 196, 197, 203 and Schedule V of the Companies Act, 2013 read with the prescribed rules of the Companies Rules, 2014, the Board has upon the recommendation of the Remuneration Committee appointed Mr. C.Bhagavantha Rao (DIN:00218713) as a Executive Chairman at the 133rd Board Meeting held on the 31st day of January, 2020 since the tenure of the Managing Director expired on 01 / 02 / 2020.

The company has received (i) the consent in writing from Mr. C.Bhagavantha Rao in form DIR-2 pursuant to the Rule 8 of the Companies (Appointment & Qualifications of Directors) Rules 2014; (ii) intimation in Form DIR-8 pursuant to the Rule 14 of the Companies (Appointment & Qualifications of Directors) Rules 2014 that he is not disqualified under section 164 sub-section (2) of the Companies Act, 2013.

The director shall follow the code of conduct of the company and perform the duties as prescribed by the directors from time to time subject to the provisions of section 166 of the Companies act, 2013.

The terms and conditions regarding the appointment and remuneration are mentioned below:

- (i) Term: 3 years commencing from 01 / 02 / 2020 till 01 / 02 / 2023

- (ii) Basic salary: As provided in the resolution
- (iii) Allowance & Perquisites: As provided in the resolution
- (iv) Funds: As provided in the resolution.

The company also seeks the approval of the shareholders by way of special resolution as per the provisions of sections 196, 197 and schedule V of the companies act, 2013 read with the companies rules, 2014 (including any statutory modifications or re-enactment thereof) and other applicable provisions if any, for the appointment of Mr. C.Bhagavantha Rao as the Chairman from 01/ 02/ 2020 till 01/ 02 / 2023 and the fixation of remuneration in case of having profit or no profit or inadequacy of profit.

No directors, key managerial personnel, manager or their relatives is interested or concerned in the above resolution except Mr. C.Bhagavantha Rao.

**Item No.5:**

Upon insertion of clause, the Memorandum and Articles of Association of the Company were required to be re-aligned as per the provisions of the new Act.

Your directors' in its meeting held on 02nd November 2019 had approved (subject to the approval of members) the insert in the Memorandum and Articles of Association of the Company.

The draft of the amended Memorandum and Articles of Association proposed for approval, are circulated along with this notice of the Annual General Meeting and also available for inspection by the shareholders of the Company during normal business hours at the Registered office of the Company and copies thereof shall also be made available for inspection at the Corporate Office of the Company and also at the place of the meeting on the meeting day.

In terms of Section 4 and 13 of the Companies Act, 2013, the consent of the Members by way of Special Resolution is required for proposed amendments in the Memorandum and Articles of Association of the Company.

Your Directors commend passing of this resolution by way of a special resolution.

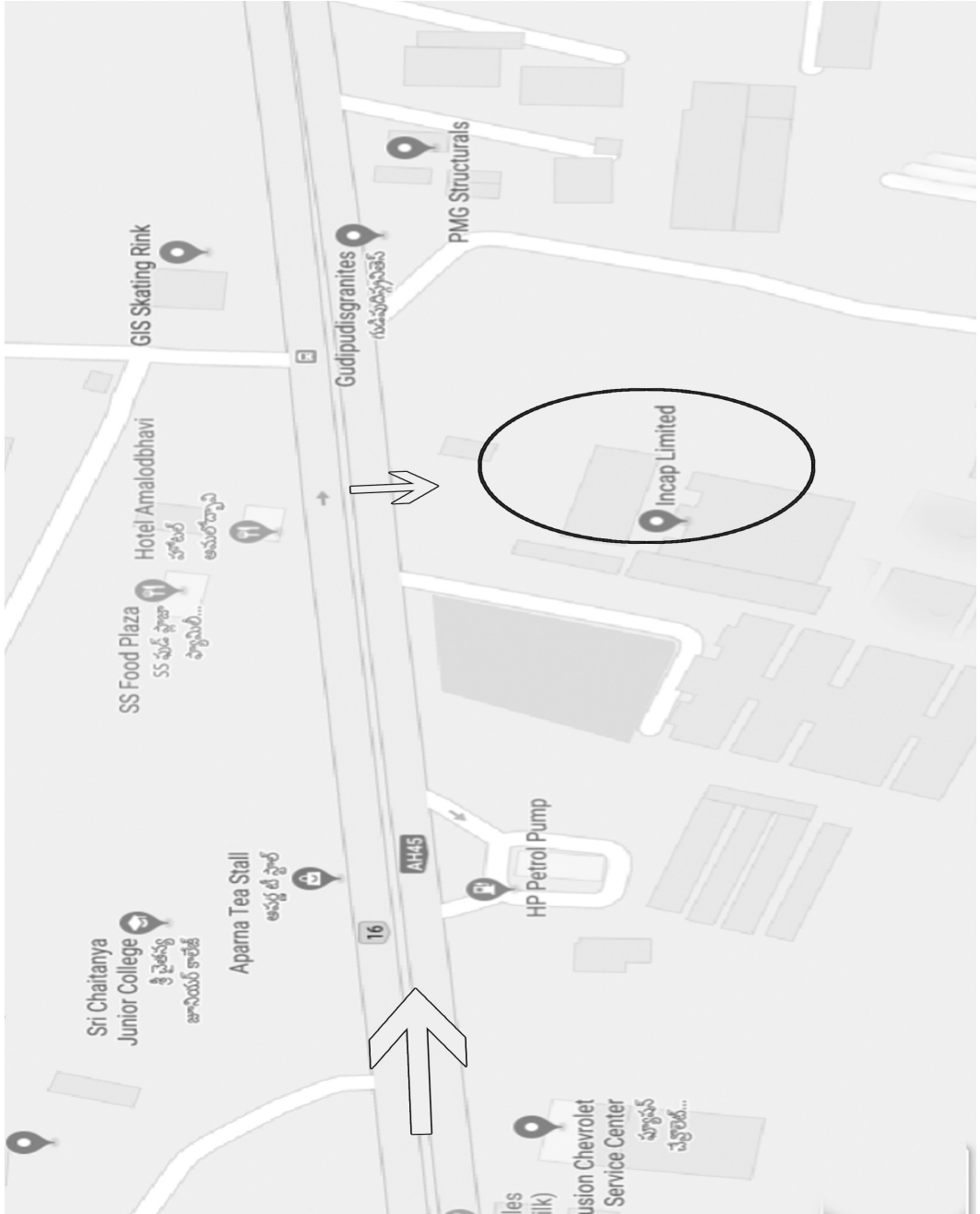
None of the directors, KMPs, or their relatives are interested or concerned, financially or otherwise, in the resolution set out at item no. 5.

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

**VIJAYAWADA  
29<sup>th</sup> August, 2020**

**C.NEELIMA  
MANAGING DIRECTOR  
DIN : 02737481**

**ROUTE MAP**



**DIRECTORS' REPORT**

To  
The Members,  
Incap Limited

CIN : L32101AP1990PLC011311

Your Directors have pleasure in presenting the Thirtieth Annual Report on the business and operation of the company and the Audited Financial Accounts for the year ended 31<sup>st</sup> March, 2020 together with Auditors' Report thereon.

**1. FINANCIAL RESULTS :**

The financial results for the year ended 31<sup>st</sup> March, 2020 are summarized below:

(Rs. in Lakhs)

<b>PARTICULARS</b>	<b>2019-2020</b>	<b>2018-2019</b>
Revenue from Operations	3832.50	2058.33
Other Income	89.36	104.81
Total Income	3921.86	2163.14
Total Expenditure	3766.46	1949.17
Profit before Interest, Depn. & Tax	155.40	213.97
Interest	50.05	32.21
Profit before Depn. & Tax	105.35	181.76
Depreciation	45.53	44.76
Profit before Tax	59.82	137.00
Add : Deferred Tax Liability (Net )	0.72	2.59
Provision for Tax	15.14	37.24
Profit after Tax	43.96	97.17
Add : Brought forward from previous year	789.55	754.16
	833.51	851.33
Appropriations		
Provision for Dividend	-	51.33
Tax on Dividend	-	10.45
Surplus carried to Balance Sheet	833.51	789.55

**2. STATE OF COMPANY AFFAIRS :**

During the year 2019-2020 your company achieved a turnover of Rs.3832.50 Lakhs against Rs.2058.33 Lakhs for the year 2018-2019 your company made a net profit of Rs.43.96 Lakhs during the year.

COVID-19 and its impact : The impact of COVID-19 on the Company is being closely reviewed with the Management by the Directors from time to time. Your Company had temporarily suspended operations at its Plant and location as per the directives given by the Central and State Government and keeping

in view the safety of work force. However, dispatches were affected due to restriction on movement of finished product to the customers at the end of the financial year.

**3. EVENTS SUBSEQUENT TO THE DATE OF FINANCIAL STATEMENTS :**

There are no material changes and commitments affecting financial position of the company between 31<sup>st</sup> March, 2020 and the date of Board's Report.

**4. EXTRACT OF ANNUAL RETURN :**

As required pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the companies (Management and Administration) Rules, 2014, an extract of annual return in MGT-9 is enclosed as Annexure " I " to this report.

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

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

**6. DIVIDEND :**

Transfer of Shares in favour of Investor Education and Protection Fund (IEPF) Authority Pursuant to the applicable provisions of the Companies Act, 2013 read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the shares on which dividends have not been claimed for 7 consecutive years were required to be transferred in favor of IEPF authority. During the year 2019-2020 there is no pending to transfer.

**7. DIRECTORS :**

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

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

**8. DECLARATION FROM INDEPENDENT DIRECTORS ON ANNUAL BASIS :**

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

**9. POLICY ON DIRECTORS APPOINTMENT AND REMUNERATION :**

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

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

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

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

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

**11. TRANSFER TO RESERVES :**

No amount was transferred to the reserves during the financial year ended 31<sup>st</sup> March, 2020.

Name of the Director	Number of meetings attended / total meeting held during the Financial Year 2019-2020
Sri C.Bhagavantha Rao	4 / 4
Sri P.Ram Rao	4 / 4
Smt. C.Neelima	4 / 4
Smt. P.Himabindu	4 / 4

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

The Board of Directors met 4 (Four) times on 30<sup>th</sup> May, 2019, 29<sup>th</sup> July, 2019, 2<sup>nd</sup> November, 2019 and 31<sup>st</sup> January, 2020 dates during the financial year.

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

Your company strongly believes in providing a safe and harassment free workplace for each and every individual working for the company through various interventions and practices. It is the continuous endeavor of the management of the company to create and provide an environment to all its employees that is free from discrimination and harassment including sexual harassment. During the year ended 31<sup>st</sup> March, 2020, no complaints pertaining to sexual harassment was received by the Company.

**14. STATUTORY AUDITORS :**

At the 28th Annual General Meeting held on 29th September, 2018 the members approved appointment of M/s. K.Anuradha & Associate, Chartered Accountants, (Firm Registration No.017328S) as Statutory Auditors of the company to hold office for a period of three years from the conclusion of that AGM till the conclusion of the thirty first Annual General Meeting.

**15. SECRETARIAL AUDITORS :**

Pursuant to the provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors has appointed M/s. A.N.Sarma & Co., Company Secretaries for conducting secretarial audit of the Company for the financial year 2019-2020. The Secretarial Audit Report (Form MR-3) is enclosed to this report. The remarks, qualification and reservation of Secretarial Auditor have been mentioned in the report and the reasons for not appointing Independent Directors and Company Secretary of the company is explained as follows.

a. Company is engaged in a business where it finds difficult to find Independent Directors who can understand and provide value addition to the Company. And also, the company's registered office and factory is located in a rural area of Andhra Pradesh and it is finding difficult not only to appoint Independent directors and Company Secretary but also other resources.

b. Company undertakes to appoint Independent Directors and Company Secretary of the Company to comply with all provisions of the Companies Act, 2013 and LODR regulations.

**16. LOANS, GUARANTEES & INVESTMENTS :**

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

**17. PARTICULARS OF CONTRACTS OR ARRANGEMENT WITH RELATED PARTIES:**

All related party transactions that were entered during the financial year ended 31st March, 2020 were on an arm's length basis and were in the ordinary course of business. Form AOC-2 is enclosed.

**18. COMPOSITION OF AUDIT COMMITTEE :**

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

**19. RISK MANAGEMENT POLICY :**

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

**20. INTERNAL FINANCIAL CONTROLS :**

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

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

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

**Details in respect of frauds reported by Auditors under Section 143 (12) other than those which are reportable To The Central Government:-**

There were no frauds as reported by the Statutory Auditors under sub-section 12 of Section 143 of the Companies Act, 2013 along with Rules made there-under other than those which are reportable to the Central Government.



The Internal Audit is conducted by a well experienced employee during the year under review and company is taking all necessary steps to appoint Internal Auditor as per the provisions of the Companies Act, 2013.

**21. CORPORATE SOCIAL RESPONSIBILITY :**

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

**22. PUBLIC DEPOSITS :**

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

**23. VIGIL MECHANISM :**

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

**24. CORPORATE GOVERNANCE REPORT :**

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

**25. MANAGEMENT DISCUSSIONS ANALYSIS :**

The management discussion and analysis on the operation of the Company as prescribed under Securities and Exchange Board of Inida (Listing Obligations and Disclosure requirements) Regulations, 2015 (Listing Regulations) is enclosed as **Annexure " III "** to this report.

**26. DIRECTORS' RESPONSIBILITY STATEMENT :**

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

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

f) The directors had devised proper systems to ensure compliance with the provision of all applicable laws and that such systems were adequate and operating effectively.

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

**a. Conservation of Energy :**

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

**b. Technology Absorption :**

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

c. Foreign exchange earnings and outgo : (Rs. in Lakhs)

Particulars	Current Year	Previous Year
a) Foreign exchange earnings on Exports	73.42	NIL
b) Foreign exchange used on account of value of imports		
i) Raw Materials & Stores	870.57	1435.19
ii) Capital Goods	0.00	412.32
iii) Foreign Travel	13.66	23.02

### 28. SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATIONS :

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

### 29. RATIOS OF REMUNERATION TO EACH DIRECTOR :

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

( Rs. in Lakhs )

Name	Designation	Remuneration Paid		Increase in Remuneration from previous year	Ratio/Times per Median of Emp. Remuneration
		2019-20	2018-19		
Sri C.Bhagavantha Rao	Managing Director	24.00	24.00	Nil	26.05 times
Smt C.Neelima	Whole time Director	18.00	16.00	Nil	19.53 times

### 30. QUALITY SYSTEM :

Your company's certificate for quality systems under ISO 9001:2015 from APTS Quality Certification, Hyderabad and Environmental Management System ISO 14001:2015 for ODC Standards Certification, Hyderabad continues to be valid.

### 31. DISCLOSURE AS PER LODR REGULATIONS :

#### Cash Flow Statement :

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

#### Listing Fee :

The company's shares are listed on Bombay Stock Exchange Limited, Floor 25, P.J. Towers, Dalal Street, Mumbai – 400001. The annual listing fee to BSE Limited for the year 2019-2020 has been paid.

### 32. PARTICULARS OF EMPLOYEES :

The particulars of the Employees who are covered by the Provisions contained in Rule 5(2) and rule 5(3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are:

- |                                  |       |
|----------------------------------|-------|
| a) Employed throughout the year  | -Nil- |
| b) Employed for part of the year | -Nil- |

**33. ACKNOWLEDGEMENTS :**

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

Yours directors also wish to express their gratitude to investors for the continued faith reposed by them in the company.

**For INCAP LIMITED**

**VIJAYAWADA**  
**29<sup>th</sup> August, 2020**

**C.NEELIMA**  
**MANAGING DIRECTOR**  
**DIN : 02737481**

**ANNEXURE – I**

FORM NO. MGT 9

**EXTRACT OF ANNUAL RETURN**

as on financial year ended on 31.03.2020

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

**I. REGISTRATION & OTHER DETAILS:**

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

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:**

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

S.No.	Name and description of the main products / services	NIC code of the Product/service	% to total turnover of company
1.	Aluminium Electrolytic Capacitors	26101	35.93%
2.	Other - (Errection and Commissioning of OPGW cable work of APTRANSCO )	-	64.07%

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

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

S.No.	Name and description of the main products / services	NIC code of the Product/service	% to total turnover of company
1.	Nil	Nil	Nil

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

### .Category-wise shareholding :

Category of Shareholders	No. of shares held at the beginning of the year(As on 31-03-2019)				No. of shares held at the end of the year(As on 31-03-2020)				%Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	%of Total Shares	
<b>A. Promoter</b>									
<b>1) Indian</b>									
a) Individual/ HUF	2833647	480000	3313647	64.55	2881480	480000	3361480	65.49	0.93
b) Central Govt									
c) State Govt(s)									
d) Bodies Corp									
e) Banks / FI									
f) Any Other									
<b>Sub-total(A)(1):-</b>	2833647	480000	3313647	64.55	2881480	480000	3361480	65.49	0.93
<b>2) Foreign</b>									
g) NRIs-Individuals									
h) Other-Individuals									
i) Bodies Corp.									
j) Banks / FI									
k) Any Other....									
<b>Sub-total(A)(2):-</b>	2833647	480000	3313647	64.55	2881480	480000	3361480	65.49	0.93
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds		100	100			100	100		
b) Banks / FI									
c) Central Govt									
d) State Govt(s)									
e) Venture Capital Funds									
f) Insurance Companies									
g) FIs									
h) Foreign Venture Capital Funds									
i) Others (specify)									
<b>Sub-total (B)(1)</b>		100	100			100	100		
<b>2. Non Institutions</b>									
a) Bodies Corp.									
(i) Indian	28989	5300	34289	0.67	23713	5300	29013	0.57	-0.10
(ii) Overseas									
b) Individuals									
(i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	652343	139440	791783	15.42	620688	134540	755228	14.71	-0.71
(ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	662929	24600	687529	13.39	663429	24600	688029	13.40	0.01
c) Others(Specify)									
NRI	193519		193519	3.77	190848		190848	3.72	-0.05
Clearing Members	4291		4291	0.08	460		460	0.01	0.07

Category of Shareholders	No. of shares held at the beginning of the year(As on 31-03-2019)				No. of shares held at the end of the year(As on 31-03-2020)				%Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	%of Total Shares	
<b>Trusts</b>	100		100		100		100	0.00	0.00
IEPF	107942		107942	2.10	107942		107942	2.10	0.00
<b>Sub-total(B)(2)</b>	1650113	169340	1819453	35.44	1607180	164440	1771620	34.51	0.93
<b>Total Public</b>	1650113	169440	1819553	35.45	1607180	164540	1771620	34.51	0.93
<b>Shareholding (B)=(B)(1)+ (B)(2)</b>									
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>									
<b>GrandTotal (A+B+C)</b>	4483760	649440	5133200	100.00	4488660	644540	5133200	100.00	0.00

## ii.) Shareholding of promoters :

S.No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total shares of the company	% of shares pledged/ en-cumbered to total shares	No. of Shares	% of total shares of the company	% of shares pledged/ en-cumbered to total shares	
1.	C.Bhagavantha Rao	1023863	19.95%	-	1071696	20.88%	-	0.01%
2.	C. Neelima	1211407	23.60%	-	1211407	23.60%	-	-
3.	P.Himabindu	648399	12.63%	-	648399	12.63%	-	-
4.	C. Lalitha Kumari	369045	7.19%	-	369045	7.19%	-	-
5.	P.Ram Rao	60933	1.19%	-	60933	1.19%	-	-
	<b>Total</b>	<b>3313647</b>	<b>64.56%</b>	<b>-</b>	<b>3361480</b>	<b>65.49%</b>	<b>-</b>	<b>-</b>

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

Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
<b>At the beginning of the year</b>	3313647	64.55	3313647	64.55
Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/ decreases (e.g.allotment/transfer/ bonus/ sweat equity etc)	--	--		
<b>At the end of the year</b>	3361480	65.48	3361480	65.48

# INCAP LIMITED

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

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

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

sr. no		Shareholding the beining of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
	At the beginning of the year	3313647	64.55	3313647	64.55
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase/ decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	47833	0.93	47833	0.93
	At the end of the year	3361480	65.49	3361480	65.49

## V. INDEBTEDNESS -

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

	Secured loans excluding depoits	Unsecured Loans	Deposits	Total indebtedness
<b>Indebtedness at the beginning of the Financial Year</b>				
i) Principal Amount	68.89	-	-	68.89
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>68.89</b>	<b>-</b>	<b>-</b>	<b>68.89</b>
<b>Change in indebtedness during the financial year</b>				
* Addition	19.51	-	-	19.51
* Reduction	-	-	-	-
<b>Net Change</b>				
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	49.38	-	-	49.38
ii) Interest due but not paid				
iii) Interest accrued but not due				
<b>Total (i+ii+iii)</b>	<b>49.38</b>	<b>-</b>	<b>-</b>	<b>49.38</b>



## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL :

### A. Remuneration to Managing Director, Whole-time-Director and/or Manager :

Sl.No.	Particulars of Remuneration	C.Bhagavantha Rao Managing Director	C.Neelima W.T.D.	Total Amount
1.	Gross Salary a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961 b) Value of perquisites u/s 17(2) Income Tax Act, 1961 c) Profits in lieu of salary unders section 17(3) Income Tax Act, 1961	15,77,400 8,22,600 -	10,80,000 7,20,000 -	26,57,400 15,42,600 -
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission - as % of profit - other, specify	-	-	-
5.	Others, please specify	-	-	-
6.	Total (A)	24,00,000	18,00,000	42,00,000
	Ceiling as per the Act	As per Schedule V of the Act		

### B. Remuneration to other directors :

Sl.No.	Particulars of Remuneration	P.Himabindu Director	P. Ram Rao Director	Total Amount
	<u>Independent Directors</u> - Fee for attending Board Committee meetings - Commission - Others, please specify	- - -	- - -	- - -
	Total (1)			
	<u>Other Non-Executive Directors</u> - Fee for attending Board Committee meetings - Commission - Others, please specify	- - -	- - -	- - -
	Total (2)	-	-	-
	Total B = (1+2)	-	-	-
	Total Managerial Remuneration			42,00,000
	Overall Ceiling as per the Act			

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

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

## VI. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES :

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

**Shareholding pattern of top shareholders - Annexure - i**

S. No.	Date of Trans.	Nature of Trans.	Name of the Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of Shares	% of total outstanding share of the company	No. of Shares	% of total outstanding share of the company
1.	01.04.19	Op.Bal	Anil Gurmukh Bhagwani	167315	3.26	167315	3.26
	31.03.20	Cl. Bal	Anil Gurmukh Bhagwani	167315	3.26	167315	3.26
2.	01.04.19	Op.Bal	GUDAPATI RAMESH	450000	8.77	450000	8.77
	31.03.20	Cl. Bal	GUDAPATI RAMESH	450000	8.77	450000	8.77
3.	01.04.19	Op. Bal	AJAY NARENDRA SHAH	16000	0.31	16000	0.31
		Purchase	AJAY NARENDRA SHAH	699	0.01	16699	0.32
		Sales	AJAY NARENDRA SHAH	199	-	16500	0.32
	31.03.20	Cl.Bal	AJAY NARENDRA SHAH	16500	0.32	16500	0.32
4.	01.04.19	Op.Bal	HEMA SRI BODDAPATI	25000	0.49	25000	0.49
	31.03.20	Cl. Bal	HEMA SRI BODDAPATI	25000	0.49	25000	0.49
5.	01.04.19	Op.Bal	SAROJ MOHNOT	37799	0.74	37799	0.74
	31.03.20	Cl. Bal	SAROJ MOHNOT	37799	0.74	37799	0.74
6.	01.04.19	Op.Bal	I.E.P.F.	107942	2.10	107942	2.10
	31.03.20	Cl. Bal	I.E.P.F.	107942	2.10	107942	2.10
7.	01.04.19	Op.Bal	KALPANA P PANDEY	48347	0.94	48347	0.94
	31.03.20	Cl. Bal	KALPANA P PANDEY	48347	0.94	48347	0.94
8.	01.04.19	Op.Bal	VENKATESWARA RAO S	24600	0.48	24600	0.48
	31.03.20	Cl. Bal	VENKATESWARA RAO S	24600	0.48	24600	0.48
9.	01.04.19	Op.Bal	SANGEETHA S	16900	0.33	16900	0.33
	31.03.20	Cl. Bal	SANGEETHA S	16900	0.33	16900	0.33

**INCAP LIMITED**

10.	01.04.19	Op. Bal	AJAI RAI MADAN	20000	0.39	20000	0.39
	31.03.20	Cl. Bal	AJAI RAI MADAN	20000	0.39	20000	0.39
11.	01.04.19	Op. Bal	Latha B	12555	0.24	12555	0.24
		Sales	Latha B	12555	0.24	-	-
	31.03.20	Cl. Bal	Latha B	-	-	-	-
12.	01.04.19	Op. Bal	Janaki B	1000	0.02	1000	0.02
		Purchase	Janaki B	11555	0.22	12555	0.24
	31.03.20	Cl. Bal	Janaki B	12555	0.24	12555	0.24
13.	01.04.19	Op. Bal	Kavita Paturu	12674	0.25	12674	0.25
	31.03.20	Cl. Bal	Kavita Paturu	12674	0.25	12674	0.25

For and on behalf of the Board

**C.BHAGAVANTHA RAO**  
CHAIRMAN

**VIJAYAWADA**  
**29<sup>th</sup> August, 2020**

**C. NEELIMA**  
MANAGING DIRECTOR

**Independent Auditor's Report**

To  
The Members of  
Incap Limited (CIN : L32101AP1990PLC011311)

**Report on the Audit of the Financial Statements****Opinion**

1. We have audited the accompanying financial statements of Incap Limited (the 'Company'), which comprise the Balance Sheet as at 31 March 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 (the 'Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under Section 133 of the Act, of the state of affairs (financial position) of the Company as at 31 March 2020, and its profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

**Basis for Opinion**

3. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the Financial Statements.

**Key Audit Matters**

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.
5. We have determined there are no key audit matters to be communicated in our report.

**Information other than the Financial Statements and Auditor's Report thereon**

6. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of Management and Those Charged with Governance for the Financial Statements**

7. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
8. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
9. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

**Auditor's Responsibilities for the Audit of the Financial Statements**

10. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
11. As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
  - a. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
  - b. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3) (i) of the Act, we are also responsible for explaining our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- c. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
  - d. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
  - e. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on Other Legal and Regulatory Requirements**

15. As required by Section 197(16) of the Act, we report that the Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under Section 197 read with Schedule V to the Act.
16. As required by the Companies (Auditor's Report) Order, 2016 (the 'Order') issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order.
17. Further to our comments in Annexure A, as required by Section 143(3) of the Act, we report that:
- a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c. the financial statements dealt with by this report are in agreement with the books of account;

- d. in our opinion, the aforesaid financial statements comply with Ind AS specified under Section 133 of the Act;
- e. on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act;
- f. we have also audited the Internal Financial Controls Over Financial Reporting (IFCoFR) of the Company as on 31 March 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date and our report as per Annexure B expressed an unmodified opinion;
- g. with respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
  - i. the Company has disclosed the impact of pending litigations on its financial position in the financial statements;
  - ii. the Company has made provision, as required under the applicable law or Ind AS, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
  - iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended 31 March 2020;

**For K.ANURADHA ASSOCIATES  
Chartered Accountants  
Firm Regn. No.017328S**

**VIJAYAWADA  
29<sup>th</sup> August, 2020**

**(CA. K.ANURADHA)  
Proprietrix  
ICAI Membership No.210171  
UDIN : 20210171AAAAAK3079**



**Annexure A to the Independent Auditor's Report of even date to the members of Incap Limited, on the financial statements for the year ended 31 March 2020****Annexure A**

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.  
  
(b) The Company has a regular program of physical verification of its property, plant and equipment under which property, plant and equipment are verified in a phased manner over a period of three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this program, certain property, plant and equipment were verified during the year and no material discrepancies were noticed on such verification.  
  
(c) The title deeds of all the immovable properties (which are included under the Note 2A - 'Property, plant and equipment') are held in the name of the Company.
- (ii) In our opinion, the management has conducted physical verification of inventory at reasonable intervals during the year, except for goods-in-transit and stocks lying with third parties. For stocks lying with third parties at the year end, written confirmations have been obtained by the management. No material discrepancies were noticed on the aforesaid verification.
- (iii) The Company has granted unsecured loans to companies covered in the register maintained under Section 189 of the Act; and with respect to the same:
  - (a) in our opinion the terms and conditions of grant of such loans are not, prima facie, prejudicial to the Company's interest;
  - (b) the schedule of repayment of principal and payment of interest has been stipulated and the repayment/ receipts of the principal amount and the interest are regular;
  - (c) there is no overdue amount in respect of loans granted to such companies.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of loans, investments, guarantees and security.

- (v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under sub-section (1) of Section 148 of the Act in respect of Company's products and services and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) (a) The Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, goods and services tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, with the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.
- (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.
- (viii) In our opinion and information and explanation given by the management, the Company has not defaulted in repayment of loans or borrowings to any financial institution or a bank or any dues to debenture-holders during the year. The Company did not have any outstanding loans or borrowings from government during the year.
- (ix) In our opinion and information and explanation given by the management, the Company did not raise moneys by way of initial public offer or further public offer (including debt instruments). In our opinion, the term loans were applied for the purposes for which the loans were obtained.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit.
- (xi) According to the information and explanation given to us, Managerial remuneration has been paid and provided by the Company in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.
- (xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.

- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable Ind AS.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures. Accordingly, provisions of clause 3(xiv) of the Order are not applicable.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.
- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

**VIJAYAWADA**  
**29<sup>th</sup> August, 2020**

**For K.ANURADHA ASSOCIATES**  
**Chartered Accountants**  
**Firm Regn. No.017328S**

**(CA. K.ANURADHA)**  
**Proprietrix**  
**ICAI Membership No.210171**  
**UDIN : 20210171AAAAAK3079**

**Annexure B to the Independent Auditor's Report of even date to the members of Incap Limited, on the financial statements for the year ended 31 March 2020**

**Annexure B****Independent Auditor's report on the Internal Financial Controls under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 (the "Act")**

1. In conjunction with our audit of the financial statements of Incap Limited (the "Company") as at and for the year ended 31 March 2020, we have audited the internal financial controls over financial reporting (IFCoFR) of the Company as of that date.

**Management's Responsibility for Internal Financial Controls**

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

**Auditors' Responsibility**

3. Our responsibility is to express an opinion on the Company's IFCoFR based on our audit. We conducted our audit in accordance with the Standards on Auditing, issued by the ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of IFCoFR and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate IFCoFR were established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR included obtaining an understanding of IFCoFR, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's IFCoFR.

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

6. A Company's IFCoFR is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with

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

**Inherent Limitations of Internal Financial Controls over Financial Reporting**

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

**Opinion**

8. In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

**For K.ANURADHA ASSOCIATES  
Chartered Accountants  
Firm Regn. No.017328S**

**VIJAYAWADA  
29<sup>th</sup> August, 2020**

**(CA. K.ANURADHA)  
Proprietrix  
ICAI Membership No.210171  
UDIN : 20210171AAAAAK3079**

**INCAP LIMITED****BALANCE SHEET AS AT 31st MARCH, 2020****(Amount in Rs.)**

	Particulars	Note No.	31st March, 2020	31st March, 2019
	<b>ASSETS</b>			
1.	Non Current Assets			
	(a) Property, Plant and Machinery	2	4,64,70,531	4,94,94,395
	(b) Financial Assets			
	(i) Investments	3	2,00,00,000	2,00,00,000
	(ii) Loans	4	49,03,505	86,13,579
	(c) Other Non Current Assets	5	5,18,17,976	5,36,91,427
2.	Current Assets			
	(a) Inventories	6	1,50,79,466	3,30,18,847
	(b) Financial Assets			
	(i) Trade Receivables	7	7,13,51,186	4,97,71,104
	(ii) Cash and Cash equivalents	8	13,67,23,465	2,85,30,049
	(c) Other Current Assets	9	91,03,727	25,33,377
	<b>TOTAL ASSETS</b>		<b>35,54,49,856</b>	<b>24,56,52,778</b>
	<b>EQUITY AND LIABILITIES</b>			
	<b>Equity</b>			
	(a) Equity Share Capital	10	5,13,32,000	5,13,32,000
	(b) Other Equity	11	10,21,98,552	9,98,36,503
	<b>TOTAL EQUITY</b>		<b>15,35,30,552</b>	<b>15,11,68,503</b>
	<b>LIABILITIES</b>			
1.	Non-Current Liabilities			
	(a) Financial Liabilities			
	(i) Borrowings	12	49,37,824	68,89,296
	(b) Deferred Tax Liabilities (Net)	13	32,09,144	31,36,772
	<b>Total Non Current Liabilities</b>		<b>81,46,968</b>	<b>1,00,26,068</b>
2.	Current Liabilities			
	(a) Financial Liabilities			
	(i) Borrowings	14	19,03,544	19,03,544
	(ii) Trade payables	15	18,21,52,763	6,64,68,003
	(b) Other Current Liabilities	16	52,94,464	1,18,76,941
	(c) Provisions	17	29,07,525	4,85,403
	(d) Current tax liabilities (Net)	18	15,14,040	37,24,316
	<b>Total Current Liabilities</b>		<b>19,37,72,336</b>	<b>8,44,58,207</b>
	<b>TOTAL EQUITY AND LIABILITIES</b>		<b>35,54,49,856</b>	<b>24,56,52,778</b>

Summary of Significant Accounting Policies 1

For and on behalf of the Board

For K.ANURADHA ASSOCIATES  
Chartered Accountants  
Firm Regn. No.017328S

C.BHAGAVANTHA RAO  
CHAIRMAN

(CA. K.ANURADHA)  
Proprietrix  
ICAI Membership No.210171

C. NEELIMA  
MANAGING DIRECTOR

VIJAYAWADA  
27<sup>th</sup> June, 2020

**INCAP LIMITED**  
**PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED ON 31ST MARCH, 2020**  
 (Amount in Rs.)

	Particulars	Note No.	31st March, 2020	31st March, 2019
I	<b>Sales</b>			
	Revenue from operations	19	38,32,50,120	20,58,33,104
II	Other Income	20	89,35,976	1,04,80,740
III	<b>Total Income ( I + II )</b>		<b>39,21,86,096</b>	<b>21,63,13,844</b>
IV	<b>Expenses</b>			
	Cost Materials consumed	21	8,67,17,197	13,21,13,134
	Purchase of Stock-in-Trade		65,65,608	2,80,841
	Changes in inventories of finished goods, Stock-in-trade and Work-in-Progress	22	1,06,03,453	(63,14,450)
	Employee Benefit Expenses	23	1,97,12,482	1,96,10,078
	Finance Costs	24	50,05,087	32,21,171
	Depreciation and Amortizational Expenses	25	45,52,966	44,75,909
	Other Expenses	26	25,30,46,673	4,92,26,822
	<b>Total Expenses (IV)</b>		<b>38,62,03,466</b>	<b>20,26,13,505</b>
V	Profit/(Loss) before exceptional items and Tax (III - IV)		59,82,630	1,37,00,339
VI	Exceptional Items		--	--
VII	Profit/(Loss) before tax (V - VI)		59,82,630	1,37,00,339
VIII	Tax Expenses			
	(1) Current Tax	27	15,14,040	37,24,316
	(2) Deferred Tax		72,372	2,59,341
IX	Profit/(Loss) for the period from continuing operations (VII - VIII)		43,96,218	97,16,682
X	Profit/(Loss) for the discontinued operations		--	--
XI	Tax Expenses of discontinued operations		--	--
XII	Profit/(Loss) for the discontinued operations after tax (X - XI)		--	--
XIII	Profit/(Loss) for the period (IX - XII)		43,96,218	97,16,682
XIV	Other Comprehensive Income		(20,34,169)	(1,70,972)
XV	Earnings per equity share (for continuing operations)			
	(1) Basic		0.86	1.89
	(2) Diluted		0.86	1.89

Summary of Significant Accounting Policies

1

For and on behalf of the Board

For K.ANURADHA ASSOCIATES  
 Chartered Accountants  
 Firm Regn. No.017328S

C.BHAGAVANTHA RAO  
 CHAIRMAN

(CA. K.ANURADHA)  
 Proprietrix  
 ICAI Membership No.210171

C. NEELIMA  
 MANAGING DIRECTOR

**VIJAYAWADA**  
**27<sup>th</sup> June, 2020**

**INCAP LIMITED****CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2020**

Amount in Rs.

Particulars	For the year ending	
	31st March, 2020	31st March, 2019
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit After tax and extraordinary items	23,62,050	95,45,710
Adjustments :-		
Tax Expenses	15,86,412	39,83,657
Depreciation and Amortisation	45,52,966	44,75,909
(Profit)/Loss on sale of Property, Plant & Equip.	--	9,932
Finance Costs	50,05,087	32,21,171
Interest Received	(86,22,373)	(50,11,999)
Unrealised foreign exchange (Gain)/loss	(2,92,758)	-
Operating Profit Before Working Capital Changes		
Capital Changes	45,91,384	1,62,24,380
Adjustments for working capital changes:		
Decrease/(Increase) in Inventories	1,79,39,380	(65,79,408)
Decrease/(Increase) in Trade Receivables	(2,12,87,324)	1,27,50,705
Decrease/(Increase) in Loans and Advances	37,10,074	(6,75,104)
Decrease/(Increase) in Other Non-Current Assets	18,73,451	(4,84,44,853)
Decrease/(Increase) in Other Current Assets	(65,70,351)	(5,79,796)
Decrease/(Increase) in Trade payables	11,56,84,760	1,28,69,585
Decrease/(Increase) in Provisions (Current)	24,22,122	1,65,860
Decrease/(Increase) in Current Liabilities	(65,82,477)	(14,68,130)
ADJUSTMENTS IN WORKING CAPITAL	10,71,89,636	(3,19,61,141)
Cash Generated from Operations	11,17,81,020	(1,57,36,761)
Income Tax paid / provided	(37,24,317)	(18,18,515)
Net Cash from Operation Activities (A)	10,80,56,703	(1,75,55,276)
<b>B CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of Fixed assets	(15,29,102)	(92,66,847)
Sales of Fixed Assets	--	23,437
Investments	--	2,00,00,000
Interest Received	86,22,373	50,11,999
Net Cash used in Investing Activities (B)	70,93,271	(2,42,31,411)



**INCAP LIMITED**

Particulars	For the year ending	
	31st March, 2020	31st March, 2019
<b>C CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Availment / (Repayment) of Borrowings	(19,51,472)	46,82,655
Proposed Dividend	--	(51,33,200)
Tax on Dividend	--	(10,44,999)
Interest paid on Borrowings	(50,05,087)	(32,21,171)
Net Cash used in Financing Activities (C)	<b>(69,56,559)</b>	<b>(47,16,715)</b>
<b>D NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>10,81,93,415</b>	<b>(4,65,03,402)</b>
Cash and Cash Equivalents at the beginning of the period	2,85,30,049	7,50,33,452
Cash and Cash Equivalents at the end of the period	13,67,23,465	2,85,30,049
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>10,81,93,415</b>	<b>(4,65,03,402)</b>
Cash on hand	94,837	51,338
Balances held with banks	13,66,28,628	2,84,78,711
Cash and cash equivalents as restated	13,67,23,465	2,85,30,049

This is the Cash flow statement referred to in our report of even date.

For K.ANURADHA ASSOCIATES  
Chartered Accountants  
Firm Regn. No.017328S

(CA. K.ANURADHA)  
Proprietrix  
ICAI Membership No.210171

VIJAYAWADA  
27<sup>th</sup> June, 2020

For and on behalf of the Board

C.BHAGAVANTHA RAO  
CHAIRMAN

C. NEELIMA  
MANAGING DIRECTOR

**Statement of Changes in Equity for year ended 31st March, 2020**  
**A. Equity Share Capital**

Particulars	No. of Shares	Amount (Rs.)
Balance as at 1st April, 2019	6000000	60,000,000
Changes in equity Share Capital during 2019-2020		
Balance as at 31st March, 2020	6000000	60,000,000

**B. Other Equity**

Particulars	Reserves and Surplus			Other Comprehensive Income		Total
	Capital Reserve	Share Premium	Other Reserves (General Reserve)	Retained Earnings	Equity Instruments through Other Comprehensive Income	
<b>Balance at the end of reporting period - 31-03-2019</b>	<b>3,382,000</b>	<b>2,240,000</b>	<b>15,431,042</b>	<b>4,962,228</b>		<b>26,015,270</b>
Profit for the period	-	-	-	4,396,219		4,396,219
Other Comprehensive Income	-	-	-	(2,034,169)		(2,034,169)
Total Comprehensive Income for the year	-	-	-	2,362,050		2,362,050
Transfer from/to General Reserve	-	-	-	-		-
Final Dividends	-	-	-	-		-
Dividend Distribution tax	-	-	-	(83,350,652)		(83,350,652)
<b>Balance at the end of reporting period - 31-03-2020</b>	<b>3,382,000</b>		<b>15,431,042</b>	<b>(76,026,373)</b>		<b>(54,973,331)</b>

## Financial Instruments

a) Management of market risk

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

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

Commerical risk

Sale price risk Particulars

Impact on profit

Product Name	2019-2020		2018-2019	
	Increase by 5%	Decrease by 5%	Increase by 5%	Decrease by 5%
Capacitors	6885596	-6885596	8874779	-8874779
Diodes	367106	-367106	780	-780
Other operationg Income	11909805	-11909805	1416096	-1416096

Raw Material price risk

Impact on profit

Product Name	2019-2020		2018-2019	
	Increase by 5%	Decrease by 5%	Increase by 5%	Decrease by 5%
Semi Finished Capacitors	-3147207	3147207	-5122442	5122442
Anode Foil	-499821	499821	-580779	580779
Cathode Foil	-73456	73456	-129959	129959
Tissue Paper	-11871	11871	-87644	87644
Others	-603506	603506	-589221	589221

Foreign exchange risk

\* Foreign exchange risks arises from future commercial import transactions and recongnised financial liabilities denominated in currency that is not the functiional currency (INR) of the company.

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

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

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

Sensitivity analysis

Particulars	Impact in Profit and loss statement			
	2019-2020		2018-2019	
Liabilities	Increase by Rs.1	Decrease by Rs.1	Increase by Rs.1	Decrease by Rs.1
USD sensivity	7,00,226	7,00,226	2,76,862	2,76,862
Total	7,00,226	7,00,226	2,76,862	2,76,862

Loan Details

Particulars	Pur. of Creaata	Pur.of Innova	Pur. of Creaata	Pur. of BMW
Loan Amount Sanction	Rs.12.96Lakhs	Rs.22.72Lakhs	Rs.13.11 Lakhs	Rs.56.00 Lakhs
<b>Terms and Condtions :</b>				
Repayment commencing	Dec., 2017	Apr. 2018	May, 2018	May, 2018
Repayable No. of Inst.	60	60	60	60
EMI	Rs.26,527	Rs.46,723	Rs.27,055	Rs.1,14,893
Rate of Interest	8.40%	8.60%	8.75%	8.50%
Balance outstanding 31.3.2020	Rs.754492	Rs.1470901	Rs.868245	Rs.3794453

## 1. Company overview and significant accounting policies

### 1.1. Company overview

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

The Company is engaged in the business of manufacture and sale of aluminium electrolytic capacitors. The financial statements for the year ended March 31, 2020 were approved by the Board of Directors and authorize for issue on 27<sup>th</sup> June, 2020.

### 1.2. Basis for preparation of financial statements

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

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

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

## I. USE OF ESTIMATES

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

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

## II. REVENUE RECOGNITION

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

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

## III. BORROWING COST

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

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

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

## IV. EMPLOYEE BENEFITS

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

### a) **Defined Contribution Plans:**

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

### b) **Defined Benefit Plans:**

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

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

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

### c) **Provident fund and Employees' state insurance scheme:**

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

## V. PROPERTY, PLANT AND EQUIPMENT

### TANGIBLE FIXED ASSETS

a) Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. The cost of property, plant and equipment comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and borrowings costs attributable to acquisition of qualifying property, plant and equipment up to the date the asset is ready for its intended use and initial estimate of cost of decommissioning, dismantling and removing the item & restoring the site on which it is located . Freehold land is not depreciated.

b) Construction Period Expenses on Projects: All identifiable revenue expenses including interest on term loans incurred in respect of various projects/ expansions are allocated to capital cost of respective assets/ capital work in progress.

- c) An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.
- d) Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives.
- e) The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.
- f) Fixed assets retired from active use and held for disposal are stated at the lower of their net book value and net realisable value and are disclosed separately under "Other Current Assets".
- g) Tangible assets not ready for the intended use on the date of Balance Sheet are disclosed as "Capital work-in-progress". Advances given towards acquisition / construction of fixed assets outstanding at each Balance Sheet date are disclosed as Capital Advances under "Other Non-Current Assets".

## **DEPRECIATION**

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

Buildings - 60 years; Computer Software - 3 Years; Data Processing Equipment - 3 Years; Electrical Installation - 15 Years; Furniture and Fixtures - 10 Years; Lab Equipment - 15 Years; Office Equipment - 15 Years; Plant and Machinery - 25 Years; Roads and Culverts - 10 Years; Vehicles - 8 Years.

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

## **VI. IMPAIRMENT**

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

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

## **VII. FINANCIAL INSTRUMENTS**

- a. **Initial Recognition:**

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

## **b. Subsequent Recognition:**

### *Financial assets carried at amortized cost*

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

### *Financial assets at fair value through other comprehensive income*

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

### *Financial assets at fair value through profit or loss*

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

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

## **De-recognition of financial assets and liabilities:**

### Financial assets:

A financial asset shall be derecognised when, and only when

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

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

### Financial Liabilities:

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

## **VIII. INVENTORIES**

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

## IX. CURRENT AND NON-CURRENT CLASSIFICATION

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

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

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

## X. CASH AND CASH EQUIVALENTS

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

## XI. CASH FLOW STATEMENT

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

## XII. FOREIGN EXCHANGE TRANSACTIONS

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

### **Transactions and translations:**

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

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



**XIII. TAXES ON INCOME**

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

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

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

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

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

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

**XIV. EARNING PER SHARE**

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

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

## XV. PROVISIONS/ CONTINGENT LIABILITIES AND ASSETS

### Provision:

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

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

### Contingent liabilities:

Wherever there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or a present obligation that arises from past events but is not recognized because (a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or (b) the amount of the obligation cannot be measured with sufficient reliability. Show cause notices are not considered as Contingent Liabilities unless converted into demand.

### **Contingent assets:**

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

## XVIII) SEGMENT REPORTING:

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

## Schedules Forming Integral Part of the Balance Sheet

Note : 2 Property, Plant and Machinery as at 31st March, 2020

Particulars	Gross Block			Accumulated Depreciation			Net Block			
	Opening	Addition	Deduction	Closing	Opening	Addition	Deduction	Closing	WDV as on 31-03-2020	WDV as on 31-03-2019
<b>(a) Tangible Assets</b>										
Land	39,23,300	-	-	39,23,300	-	-	-	-	39,23,300	39,23,300
Road and Culverts	13,97,283	-	-	13,97,283	9,25,270	79,666	-	10,04,936	3,92,347	4,72,013
Building	2,31,73,753	-	-	2,31,73,753	96,30,520	2,78,780	-	99,09,300	1,32,64,453	1,35,43,233
Plant and Machinery	9,59,33,299	9,81,340	-	9,69,14,639	8,69,65,031	4,23,529	-	8,73,88,560	95,26,080	89,68,269
Electrical Installation	80,84,438	4,01,709	-	84,86,147	55,48,470	3,05,454	-	58,53,924	26,32,223	25,35,968
Lab Equipment	22,67,297	-	-	22,67,297	16,57,596	1,08,570	-	17,66,166	5,01,131	6,09,700
Office Equipment	24,35,177	-	-	24,35,177	14,16,119	66,808	-	14,82,927	9,52,250	10,19,058
Furnitures & Fixtures	60,64,678	3,400	-	60,68,078	28,09,737	5,10,311	-	33,20,047	27,48,031	32,54,941
Vehicles	2,16,33,558	75,703	-	2,17,09,261	66,05,496	27,21,540	-	93,27,036	1,23,82,225	1,50,28,062
Data Processing Equipment	33,01,651	66,950	-	33,68,601	31,61,800	58,308	-	32,20,109	1,48,492	1,39,851
Goodwill	99,95,830	-	-	99,95,830	99,95,830	-	-	99,95,830	-	-
Computer Software	20,00,000	-	-	20,00,000	20,00,000	-	-	20,00,000	-	-
<b>Total</b>	<b>18,02,10,264</b>	<b>15,29,102</b>	<b>-</b>	<b>18,17,39,366</b>	<b>13,07,15,869</b>	<b>45,52,966</b>	<b>-</b>	<b>13,52,68,835</b>	<b>4,64,70,531</b>	<b>4,94,94,395</b>
Previous Year	17,10,08,917	92,66,847	65,500	18,02,10,264	12,62,72,091	44,75,909	32,131	13,07,15,869	4,94,94,395	4,47,36,826

**INCAP LIMITED**

## Note : 3 Financial Assets, Investments

Particulars	31st March, 2020	31st March, 2019
Investments	2,00,00,000	2,00,00,000
	2,00,00,000	2,00,00,000

## Note : 4 Loans ( Non-Current)

Particulars	31st March, 2020	31st March, 2019
Loans	49,03,505	86,13,579
	49,03,505	86,13,579

## Note : 5 Other Non Current Assets

Particulars	31st March, 2020	31st March, 2019
IDBI Bank Dividend Accounts	12,25,755	11,11,203
Margin Money Deposit	6,60,694	6,60,694
Stores and Spares	4,17,54,750	4,17,12,718
Service Tax Receivable	--	44,58,804
TDS Receivable	81,76,777	57,48,008
	5,18,17,976	5,36,91,427

## Note : 6 Inventories

Particulars	31st March, 2020	31st March, 2019
Raw Materials	56,68,220	1,30,04,148
Finished Goods	72,38,827	1,84,37,006
Work in Progress	21,72,419	15,77,693
	1,50,79,466	3,30,18,847

## Note : 7 Trade Receivables

Particulars	31st March, 2020	31st March, 2019
Trade Receivables	6,10,62,893	4,12,90,901
Advances to Suppliers	1,02,88,293	84,80,203
	7,13,51,186	4,97,71,104

**INCAP LIMITED**

## Note : 8 Cash and Cash equivalents

Particulars	31st March, 2020	31st March, 2019
Cash on Hand	94,837	51,338
Term Deposits	3,00,05,000	--
Other Deposits	9,40,900	9,40,900
Bank OD (Debit Balance)	10,48,90,955	2,69,79,326
Bank Balances	7,91,773	5,58,485
	13,67,23,465	2,85,30,049

## Note : 9 Other Current Assets

Particulars	31st March, 2020	31st March, 2019
Advances - Receivables	46,700	56,276
Others	90,57,027	24,77,101
	91,03,727	25,33,377

## Note : 10 Equity Share Capital

Particulars	31st March, 2020	31st March, 2019
Authorised Capital 60,00,000 Equity Shares of Rs.10/- each	6,00,00,000	6,00,00,000
Issued Capital 60,00,000 Equity Shares of Rs.10/- each	6,00,00,000	6,00,00,000
Subscribed Capital 56,49,600 Equity Shares of Rs.10/- each	5,64,96,000	5,64,96,000
Paid up Capital 51,33,200 Equity Shares of Rs.10/- each	5,13,32,000	5,13,32,000
	5,13,32,000	5,13,32,000

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

Name of the Shareholder	% Shares	% Shares
Sri C.Bhagavantha Rao	20.88 1071696	19.95 1023863
Smt C.Neelima	23.60 1211407	23.60 1211407
Smt P.Himabindu	12.63 648399	12.63 648399
Sri G.Ramesh	08.77 450000	08.77 450000
Smt C.Lalitha Kumari	07.19 369045	07.19 369045

**INCAP LIMITED**

## Note : 11 Other Equity

Particulars	31st March, 2020	31st March, 2019
Capital Reserve	33,82,000	33,82,000
Acturial Gain / Loss reserve	-22,05,141	-170972
General Reserve	1,54,31,042	1,54,31,042
Share Premium	22,40,000	22,40,000
Surplus in Profit & Loss Account		
Balance brought forward from previous year	7,89,54,433	7,54,15,950
Add : Profit for the period	43,96,218	97,16,682
	8,33,50,651	8,51,32,632
Less : Proposed Dividend	--	51,33,200
Tax on Dividend	--	10,44,999
	8,33,50,651	7,89,54,433
	10,21,98,552	9,98,36,503

## Note : 12 Non-current Liabilities Borrowings

Particulars	31st March, 2020	31st March, 2019
Vehilce Loan from Banks	49,37,824	68,89,296
	49,37,824	68,89,296

## Note : 13 Deferred Tax

Particulars	31st March, 2020	31st March, 2019
Fixed Assets : Difference between tax depreciation and depreciation/amortisation charged for the financial reporting	32,09,144	31,36,772
	32,09,144	31,36,772

## Note : 14 Current Borrowings

Particulars	31st March, 2020	31st March, 2019
Current Maturities of Long term liabilities	19,03,544	19,03,544
	19,03,544	19,03,544

## Note : 15 Trade Payable

Particulars	31st March, 2020	31st March, 2019
Sundry Creditors	18,21,01,335	6,60,61,682
Others	51,428	4,06,321
	18,21,52,763	6,64,68,003

## Note : 16 Other Current Liabilities

Particulars	31st March, 2020	31st March, 2019
Liabilities for Expenses	52,94,464	1,18,76,941
	52,94,464	1,18,76,941

## Note : 17 Provisions

Particulars	31st March, 2020	31st March, 2019
Provision for Gratuity	28,87,725	4,66,656
GST payable	19,800	18,747
	29,07,525	4,85,403

## Note : 18 Current Tax Liabilities

Particulars	31st March, 2020	31st March, 2019
Income Tax	15,14,040	37,24,316
	15,14,040	37,24,316

## Note : 19 Revenue from operations

Particulars	31st March, 2020	31st March, 2019
Sale of Products	13,77,11,914	17,74,95,573
Traded Goods	73,42,115	15,606
Other operating Income	23,81,96,091	2,83,21,925
	38,32,50,120	20,58,33,104

## Note : 20 Other Income

Particulars	31st March, 2020	31st March, 2019
Interest Income	86,22,373	50,11,999
Scrap sales	--	32,602
Other Receipts	20,845	54,36,139
Exchange Variance	2,92,758	--
	89,35,976	1,04,80,740

**INCAP LIMITED**

Note : 21 Cost of material consumed

Particulars	31st March, 2020	31st March, 2019
Opening Stock	1,29,72,269	1,04,64,823
Add : Purchases	7,93,46,159	13,46,20,580
	9,23,18,428	14,50,85,403
Less : Closing Stock	56,01,231	1,29,72,269
	8,67,17,197	13,21,13,134

Details of Raw Material consumed

Particulars	31st March, 2020	31st March, 2019
Semi Finished Capacitors	6,29,44,133	10,24,48,841
Anode Foil	99,96,418	1,16,15,589
Cathode Foil	14,69,110	25,99,181
Tissue Paper	2,37,411	17,52,878
Others	1,20,70,125	1,36,96,645
	8,67,17,197	13,21,13,134

Note : 22 Change in Inventories

Particulars	31st March, 2020	31st March, 2019
Opening Stock		
Stock-in-Trade	2,91,533	32,076
Finished Goods	1,81,45,473	1,14,70,421
Work-in-progress	15,77,693	21,97,752
	2,00,14,699	1,37,00,249
Closing Stock		
Stock-in-Trade	--	2,91,533
Finished Goods	72,38,827	1,81,45,473
Work-in-progress	21,72,419	15,77,693
	94,11,246	2,00,14,699
	1,06,03,453	-63,14,450

Note : 23 Employment Benefit Expenses

Particulars	31st March, 2020	31st March, 2019
Salaries	1,62,25,056	1,52,30,319
Bonus, PF & ESIC	23,24,865	24,03,021
Exgratia	8,54,223	16,72,449
Workmen & Staff Welfare Expenses	3,08,338	3,04,289
	1,97,12,482	1,96,10,078



**INCAP LIMITED****Note : 24 Financial Cost**

Particulars	31st March, 2020	31st March, 2019
Interest Expenses	50,05,087	32,21,171
	50,05,087	32,21,171

**Note : 25 Depreciation & Amortised Cost**

Particulars	31st March, 2020	31st March, 2019
Depreciation	45,52,966	44,75,909
	45,52,966	44,75,909

**Note : 26 Other Administrative Expenses**

Particulars	31st March, 2020	31st March, 2019
Bank Charges	6,15,412	7,09,401
Insurance	11,53,029	8,11,260
Power and Fuel	27,99,143	30,49,918
Repairs and Maintenance	7,07,946	6,07,792
Freight Inward	54,309	1,66,543
Taxes & Licences	21,31,406	22,10,887
Rent	14,04,300	13,00,900
Telephone Charges	3,15,780	4,19,792
Directors Remuneration	44,83,075	43,81,647
Auditors Fees	1,00,000	1,10,000
Directors Travelling Expenses	11,41,571	11,31,123
Travelling Expenses	43,53,662	73,27,295
Donations	50,000	4,12,200
Vehicle Maintenance	16,20,240	16,15,986
Advertisement Charges	22,180	33,042
Business Promotion Expenses	2,83,496	8,28,970
Commission on Sales	1,20,000	1,54,000
Consumption of packing material	6,83,486	10,76,853
Freight outward	12,48,857	17,74,780
Other selling expenses	2,02,927	29,230
Contract work expenses	22,17,85,127	1,64,62,504
Other expenses	77,70,727	46,12,699
	25,30,46,673	4,92,26,822

**Note : 24 Current Tax**

Particulars	31st March, 2020	31st March, 2019
Current Tax	15,14,040	37,24,316
	15,14,040	37,24,316

**Form No. MR-3  
SECRETARIAL AUDIT REPORT  
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020**

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

To,  
The Members  
**INCAP LIMITED**  
**Reg. Office:**  
**1-58, Nidamanuru, Vijayawada**  
**Krishna, Andhra Pradesh – 521104.**  
**CIN: L32101AP1990PLC011311**

I have conducted the secretarial audit of the compliance of applicable statutory provisions and adherence to good corporate practices by INCAP Limited (hereafter called "the Company". Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conduct / statutory compliances and expressing my opinion thereon.

The compliance of the provisions of all laws, regulations, standards applicable to INCAP Limited "the Company" is the responsibility of the management of the company. My examination was limited to the verification of the records and procedures on test check basis for the purpose of issue of the Secretarial Audit Report.

Maintenance of the Secretarial and other record of applicable laws is the responsibility of the management of the Company. My responsibility is to issue the Secretarial Audit Report based on the audit of the relevant records maintained and furnished to me by the Company along with explanations where so required.

I have followed the audit practices and process as are appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial and legal records, legal compliance mechanism and corporate conduct. The verification was done on test check basis to ensure that correct facts as reflected in the secretarial and other records produced to me. I believe that the process and practices I have followed provide a reasonable basis for my opinion for the purpose of issue of the secretarial audit report.

I have not verified the correctness and appropriateness of the financial records and books of accounts of the Company. Wherever required I have obtained the management representation about the compliance of the laws, rules and regulations and major events during the audit period.

The Secretarial Audit Report is neither as assurance to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Based on the verification of the Company's books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of the secretarial audit and as per the explanations given and

representatives made by the management, I hereby report that in my opinion, the company has during the audit period covering the financial year ended 31st March, 2020 generally complied with the statutory provisions listed hereunder and also that the company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made here under.

I have examined the books, papers, minutes books, forms and returns filed and other records maintained by the company for the financial year ended 31st March, 2020 according to the provisions of

- i. The Companies Act, 2013.
- ii. The Securities Contracts (Regulation) Act, 1956 (SCRA) and the rules made there under.
- iii. The Depositories Act, 1956 and Regulations and bye law frames there under.
- iv. Foreign exchange Management Act, 1999 and the rules and regulations there under to the extent of foreign direct investment, overseas Direct Investment , overseas direct investment and external commercial borrowings.
- v. The following regulations and guidelines prescribed under the securities exchange board of india (SEBI) Act, 1992.
  - a) The Securities Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations 2011.
  - b) The Securities Exchange Board of India (Prohibition of Insider Trading) Regulations 2015.
  - c) The Securities Board of India (Issue of Capital and Disclosure Requirements) 2008 as amended from time to time.
- vi. Listing Agreement entered by the company with the BSE Limited.
- vii. Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2018.
- viii. Secretarial Standards issued by the Institute of Company Secretaries of India.
- ix. Other laws specifically applicable to the company viz., 1) Labour Laws, 2) Factories Act, 3) PF, ESI Act.

During the period under the review the company has complied with the provisions of the Act, Rules, Regulations , Guidelines and Standard subject to a) Default in appointment of Whole time Company Secretary, b) Default in appointment of Independent Directors. I was informed that during the year under review that the company was not required to maintain any books, papers, minute books or other records or to file any forms /forms /returns according to he provisions of

- a) The Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines 1999.
- b) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents ) Regulations 1993 regarding the Companies and dealing with the client.
- c) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations 2009.
- d) The Securities and Exchange Board of India (Buy Back of Securities) Regulations 1998.

I further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non Executive Directors and Independent Directors .

Adequate notice is given to all directors to schedule the Board meetings agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaning full participation at the meeting.

All decisions at Board meetings and committee meeting s are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or committee of the Board as the case may be in accordance with the powers vested with the RP.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the Company to monitor and ensure compliances with applicable laws, rules, regulations and guidelines.

I further report that during the audit period the company has not entered /carried out any activity that has major bearing on the Company's affairs other than

- a) Board of Directors meetings were held on 30.05.2019; 29.07.2019; 02.11.2019; 31.01.2020.
- b) Stake holders Relationship committee meetings were held on 30.05.2019; 29.07.2019; 02.11.2019; 31.01.2020.
- c) Audit Committee meetings were held on 30.05.2019; 29.07.2019; 02.11.2019; 31.01.2020.

For **AN SARMA & CO.,**  
Practicng Company Secretaries,

**VIJAYAWADA**  
**27<sup>th</sup> July, 2020**

**(A.N. SARMA)**  
Partner  
C.P. No.7812; M.No.4557  
**UDIN : F004557B000513318**

**CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**  
*(pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)*

To

The Members of INCAP LIMITED  
# 1-58, Nidamanur, Vijayawada - 521104

I/We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **INCAP LIMITED** having CIN: **L32101AP1990PLC011311** and having registered office at 1-58, Nidamanur, Vijayawada -521104, Krishan District, Andhra Pradesh (hereinafter referred to as 'the Company'), produced before me/us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my/our opinion and to the best of my/our information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to me / us by the Company & its officers, I/We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31<sup>st</sup> March, 2020 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs.

Sr. No.	Name of Director	DIN	Date of appointment in Company
1.	BHAGAVANTHA RAO CHALLAGULLA	0218713	21/05/1990
2.	NEELIMA CHALLAGULLA	2737481	25/07/2009
3.	RAMRAO PATURU	0137511	16/12/1991
4.	HIMABINDU PAMULAPATI	6605646	17/06/2013

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **AN SARMA & CO.,**  
Practicing Company Secretaries,

**(A.N. SARMA)**

Partner

C.P. No.7812

M.No.4557

**UDIN : F004557B000513307**

**VIJAYAWADA**  
**27<sup>th</sup> July, 2020**

**Secretarial compliance report of INCAP Limited for the year ended March 31, 2020**

To

INCAP LIMITED  
1-58, Nidamanur,  
Vijayawada – 521104  
Andhra Pradesh

I A.N. Sarma, Practicing Company Secretary have examined:

- a. All the documents and records made available to us and explanation provided by M/s. INCAP Limited (“the listed entity”),
- b. The filings/ submissions made by the listed entity to the stock exchanges,
- c. Website of the listed entity,
- d. Other document/filing, as may be relevant, which has been relied upon to make this certification,

for the year ended March 31, 2020 (“Review Period”) in respect of compliance with the provisions of :

- a. the Securities and Exchange Board of India Act, 1992 (“SEBI Act”) and the Regulations, circulars, guidelines issued there under; and
- b. the Securities Contracts (Regulation) Act, 1956 (“SCRA”), rules made there under and the Regulations, circulars, guidelines issued there under by the Securities and Exchange Board of India (“SEBI”);

The specific Regulations, whose provisions and the circulars/guidelines issued there under, have been examined, include:-

- a. Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- b. Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; (Not applicable to the company during the audit period)
- c. Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- d. Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; (Not applicable to the company during the audit period)
- e. Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; (Not applicable to the company during the audit period)
- f. Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not applicable to the company during the audit period)
- g. Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013; (Not applicable to the company during the audit period)
- h. Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- i. Securities and Exchange Board of India (Depositories and Participant) Regulations, 2018; and circulars/ guidelines issued there under;

and based on the above examination, I hereby report that, during the Review Period:

- a. The listed entity has complied with the provisions of the above Regulations and circulars/ guidelines issued there under, except in respect of matters specified below:-

S. No.	Compliance Requirement clause) (Regulations/ circulars / guidelines including specific clause	Deviations	Observations/ Remarks of the Practicing Company Secretary
-NIL-			

- b. The listed entity has maintained proper records under the provisions of the above Regulations and circulars/ guidelines issued there under insofar as it appears from my examination of those records.
- c. The following are the details of actions taken against the listed entity/ its promoters/ directors/ material subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under the aforesaid Acts/ Regulations and circulars/ guidelines issued there under:

S. No.	Action taken by	Details of violation	Details of action taken E.g. Fines warning letter, debarment, etc.	Observations/ Remarks of the Practicing Company Secretary, if any
-NIL-				

- d. The listed entity has taken the following actions to comply with the observations made in previous reports:

S.No.	Observations of the Practicing Company Secretary in the pre- vious reports	Observations made in the secretarial compliance report for the year ended	Actions taken by the listed entity, if any	Comments of the Practicing Company Secretary on the actions taken by the listed entity
- NIL-				

For AN SARMA & CO.,  
Practicing Company Secretaries,

VIJAYAWADA  
27<sup>th</sup> July, 2020

(A.N. SARMA)  
Partner  
C.P. No.7812  
M.No.4557  
UDIN : F004557B000513331

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

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

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

The present strength of the Board Directors is 4 and is responsible for the Management of the Company's business. The functions, responsibility, role and accountability of the Board are well defined. The Board in addition to monitoring corporate performance also carries out functions such as approving the business plan, reviewing and approving the annual budgets and borrowing limits and ensures that your company keeps shareholders informed about plans, strategies and performance. The detail report of the company's performance is periodically, placed before the Board. The Board consists of 2 Executive Directors and 2 Non-Executive Directors whose details are as follows:

- a. Promoter / Executive Directors:
 

Sri C.Bhagavantha Rao	Managing Director
Smt C.Neelima	Whole-time Director
- b. Promoter / Non-Executive Directors:
 

Sri P.Ram Rao	Director
Smt. P.Himabindu	Director

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

- a) During 2019-2020, the Board of Directors met 4 times on the following dates:

The relevant details are as under:

The company places before the Board all those details as required under to the listing regulation. The dates for the board meetings are fixed after taking into account the convenience of all the directors and sufficient

S.No.	Date	Board Strength	No. of Directors Present
1	30 <sup>th</sup> May, 2019	4	4
2	29 <sup>th</sup> July, 2019	4	4
3	02 <sup>nd</sup> November, 2019	4	4
4	31 <sup>st</sup> January, 2020	4	4



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

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

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

Name of the Director	Category	Attendance Particulars	
		Board Meeting	Last AGM
Sri C.Bhagavantha Rao	Non-Independent Executive	4	Yes
Sri P.Ram Rao	Non-Independent Non-Executive	4	Yes
Smt. C.Neelim	Non-Independent Executive	4	Yes
Smt. P.Himabindu	Non-Independent Non-Executive	4	Yes

## 2. AUDIT COMMITTEE:

### 2.1 Brief description of terms and reference :

The terms of reference as per LODR Regulations are as follows:

- a) To review the results announcement and the report and accounts at the end of quarter, half year and the full year before submission of the Board, focusing particularly on.
  - i) Any changes in accounting policies and practices.
  - ii) Compliance with accepted accounting standards.
  - iii) Major judgmental decisions etc.
- b) To consider appointment of Statutory Auditors, the Audit Fee, and any matter of resignation and dismissal.
- c) To discuss with the Statutory Auditors, the Audit commences the nature and scope of the Audit.
- d) To review the effectiveness of the system of internal financial controls and discuss the same periodically with the statutory auditors.

- e) To discuss problems and reservations arising from the statutory audit and any matters the statutory auditor may wish to discuss.
- f) To consider other topics as may be delegated by the Board from time to time.
- g) The audit committee comprised of the following directors for the year ended 31st March 2020:

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

Name of the Director	Category
Sri C.Bhagavantha Rao	Non-Independent Executive
Sri P.Ram Rao	Non-Independent Non-Executive
Smt. C.Neelima	Non-Independent Executive

#### Meeting during the year:

During the financial year 2019-2020, the Audit Committee met 4 times on following dates with full strength:

1. 30th May, 2019
2. 29th July, 2019
3. 2nd November, 2019
4. 31st January, 2020

### 3. NOMINATION AND REMUNERATION COMMITTEE

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

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

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

S.No.	Name of the Director and Position	Meeting / Attendance			
		30.05.19	29.07.19	02.11.19	31.01.20
1.	Sri. C.Bhagavantha Rao, Chairman	Y	Y	Y	Y
2.	Smt. C.Neelima, Member	Y	Y	Y	Y
3.	Sri P.Ram Rao, Member	Y	Y	Y	Y
4.	Smt. P.Himabindu, Member	Y	Y	Y	Y

This committee recommends the appointment/reappointment of executive directors and the appointments of employees from the level of vice-president and above along with the remuneration to be paid to them. The remuneration is fixed keeping in mind the persons track record, his/her potential individual performance, the market trends and scales prevailing in the similar industry. The Remuneration Committee comprises of non-executive and independent directors. Mr. C.Bhagavantha Rao, is the chairman of the committee. Mrs.C.Neelima and Mr. P.Ram Rao and Mrs.P.Himabindu are the other members. The Mrs.P.Himabindu is the secretary to the committee. During the financial year 2019-2020 the committee met on 31.01.2020.

#### 4. INVESTORS AND SHAREHOLDER'S GRIEVANCE COMMITTEE:

Brief description of terms of reference:

To look into various affairs relating to the shareholders with regard to redressal of complaints in relation to transfer of shares, non-receipt of share certificates, balance sheets, dividends etc.

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

Mr.C.Bhagavantha Rao, is the chairman of the committee. Mrs.C.Neelima and Mr. P.Ram Rao are the other members. Stakeholder committee met 8 times during the year, all members are presented for all the meetings.

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

#### 5. MEETING OF INDEPENDENT DIRECTORS:

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

#### 6. REMUNERATION OF DIRECTORS:

The Company does not remunerate the Non-Executive Directors of the Company except for the payment of sitting fees for attending each meeting of the Board of Committee thereof. Remuneration of Executive Directors is fixed by the Board and approved by shareholder at the Annual General Meeting. Particulars of their remuneration for the year ended 31<sup>st</sup> March, 2020 are given below:

Name of the Director	Remuneration				
	Sitting Fee	Salary	Perquisites	Commission	Total Rs.
Executive Director					
Sri.C.Bhagavantha Rao	Nil	1577400	822600	Nil	2400000
Smt. C.Neelima	Nil	968000	692000	Nil	1800000
<b>Non-Executive Directors:</b>					
Sri P.Ram Rao	Nil	Nil	Nil	Nil	Nil
Smt. P.Himabindu	Nil	Nil	Nil	Nil	Nil

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

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

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

Financial Year : 2017-2018  
Venue : Registered Office, 1-58, Nidamanuru,  
Vijayawada – 521104.  
Date : 29-09-2018  
Time : 12.00 Noon

Financial Year : 2018-2019  
Venue : Registered Office, 1-58, Nidamanuru,  
Vijayawada – 521104.  
Date : 28-09-2019  
Time : 12.00 Noon

**8. SUBSIDIARY COMPANIES**

The company does not have any Subsidiary Company.

**9. A) RISK MANAGEMENT**

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

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

**B) RISK MANAGEMENT COMMITTEE:**

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

- A. Mr. C.Bhagavantha Rao
- B. Mrs.C.Neelima
- C. Mr. P.Ram Rao and
- D. Mrs. P.Himabindu

**10. WHISTLE BLOWER POLICY**

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

**11. DISCLOSURES:****RELATED PARTY TRANSACTION:**

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

No penalty or strictures have been imported on the company by stock exchange or SEBI or any statutory authority on any matter related to capital markets during the last three years.

**12. ACCOUNTING TREATMENT:**

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

**13. CHANGE IN THE NATURE OF BUSINESS:**

There is no change in the nature of the business of the company.

**14. SECRETARIAL STANDARDS:**

Company has complied with SS-1 issued by Institute of Company Secretaries of India.

**15. COMPLIANCES:**

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

**16. MEANS OF COMMUNICATION:**

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

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

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

**17. CODE OF CONDUCT FOR THE BOARD OF DIRECTORS AND THE SENIOR MANAGEMENT****I. Preface:**

Over the years, the Company has been conducting its business with very high ethical and moral standards. This has resulted in gaining reputation as a professionally managed company by all its members. As

the Company grows and expands its wings globally, it is extremely important to continue to exhibit high levels of ethical standards and professional behavior in everything that the Company does.

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

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

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

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

## **II . Applicability:**

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

The Code of Conduct is applicable to:

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

## **III. Honest & Ethical Conduct:**

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

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

The Directors and the Senior Management personnel shall Act honestly, fairly, ethically, with integrity and loyalty and conduct themselves in a professional, courteous and respectful manner;

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

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

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

## **IV. Code of Interest:**

### **General Guidance**

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

#### **a. Outside Employment:**

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

#### **b. Board Memberships:**

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

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

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

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

The Directors and Senior Management personnel shall not accept lavish gifts or gratuities or any offer, payment, promise to pay, or authorization to pay any money, or anything of value that could be interpreted to adversely affect business decisions or likely to compromise their personal or professional integrity. Gift items of nominal value, such as small promotional items bearing another company's name, business meals, gifts received because of personal relationships and not because of official

position, mementos received because of attending a widely held gatherings as panelist/ speaker and other customary gifts are allowed. Gifts on behalf of the Company – Some business situations call for giving gifts. These gifts shall be legal and reasonable. Directors and Senior Management personnel shall not pay bribes. It is understood that gift-giving practices vary among cultures and countries. Directors and Senior Management personnel shall not provide any gift if law or the policy of the recipient's organization prohibits it. For example, the associates of many government entities around the world are prohibited from accepting gifts.

**e. Investments:**

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

**f. Diversion of Business:**

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

**g. Use of Company's Assets:**

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

**h. Others:**

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

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

To

The Members

I, hereby declare that to the best of my knowledge and information, all the Board Members and Senior Management Personnel have affirmed compliance with the code of conduct for the year ended March 31, 2020.

**For and on behalf of the Board**

**VIJAYAWADA**  
**27<sup>th</sup>June, 2020**

**C.NEELIMA**  
**MANAGING DIRECTOR**  
**DIN : 02737481**



**CEO / CFO CERTIFICATION**

To  
The Board of Directors  
Incap Limited

I had reviewed the financial statements, read with the cash flow statement of Incap Limited for the year ended 31<sup>st</sup> March, 2020 and that to the best of our knowledge and belief, we state that:

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

**For and on behalf of the Board**

**C.NEELIMA  
MANAGING DIRECTOR  
DIN : 02737481**

**VIJAYAWADA  
27<sup>th</sup> June, 2020**

**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, 2020 as stipulated in the Securities and Exchange Board of India (Listing Obligations and Disclosure requirements) Regulations, 2015 (Listing Regulations) of the said company with stock exchange(s).

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

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

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

**For K.ANURADHA ASSOCIATES  
Chartered Accountants  
Firm Regn. No.017328S**

**VIJAYAWADA  
27<sup>th</sup> June, 2020**

**(CA. K.ANURADHA)  
Proprietrix  
ICAI Membership No.210171**

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

The Management Discussion and Analysis presented in this Annual Report focuses on the theme of 'Faster, Higher and Stronger' which was the Company-wide initiative to continue on the path of profitable growth. The company has got the profit before tax Rs. 1.37 Crores during the year. The organization structure, various strategies followed and processes implemented, along with excellent team-work, a strong management and leadership has enabled the Company to move forward on the path of profitable growth.

**Overall Business Review**

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

**Industry structure and developments:**

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

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

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

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

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

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

**Opportunities and threats:**

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

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

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

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

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

**Outlook:**

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

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

## **Risks and areas of concern:**

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

Company has a structured risk management process to address different risk categories:

Strategic, Operational, Compliance and Financial risks

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

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

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

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

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

## **Internal control systems and their adequacy:**

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

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

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

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

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

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

## **Cautionary Statement:**

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

**Form No. MGT-11 -- Proxy form**

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the member (s) :  
 Registered address :  
 E-mail Id :  
 Folio No/ Client Id : DP ID :

I/We, being the member (s) of ..... shares of the above named company, hereby appoint

1. Name: E-mail Id:  
 Address: Signature:....., or failing him

2. Name: E-mail Id:  
 Address: Signature:....., or failing him

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 30<sup>th</sup> Annual general meeting of the company, to be held on the Saturday, 26th day of September, 2020 At 12.00 Noon at Incap Limited, 1-58, Nidamanuru, Vijayawada and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Description	For*	Against*
1.	Adopt the Audited Accounts	<input type="checkbox"/>	<input type="checkbox"/>
2.	Re-Appointment of Director Smt P. Ram Rao	<input type="checkbox"/>	<input type="checkbox"/>
3.	Ratify the appointment of Auditors	<input type="checkbox"/>	<input type="checkbox"/>
4.	Appointment of Executive Chairman	<input type="checkbox"/>	<input type="checkbox"/>
5.	Appointment of Managing Director	<input type="checkbox"/>	<input type="checkbox"/>
6.	Insertion of MOA and AOA.	<input type="checkbox"/>	<input type="checkbox"/>

Signed this ..... day of.....2020

Signature of shareholder      Signature of Proxy holder(s)

Note :

- \* Please put a 'X' in the Box in the appropriate column against the respective resolutions. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
- A Proxy need not be a Member of the Company. Pursuant to the provisions of Section 105 of the Companies Act, 2013, a person can act as Proxy on behalf of not more than fifty Members and holding in aggregate not more than ten percent of the total Share Capital of the Company. Members holding more than ten percent of the total Share Capital of the Company may appoint a single person as Proxy, who shall not act as Proxy for any other Member.
- This form of Proxy, to be effective, should be deposited at the Registered Office of the company at Incap Limited, 1-58, Nidamanuru, Vijayawada - 521104 not later than FORTY-EIGHT HOURS before the commencement of the aforesaid meeting.