

# ***INCAP*** ***LIMITED***

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**9<sup>th</sup>**  
**ANNUAL REPORT**  
**1998 - 99**

## **DISCO LIMITED**

### **BOARD OF DIRECTORS**

U.V. Warlu  
C. Bhagavantha Rao  
K. Ramakoteswara Rao  
P. K. Purushothaman  
V. Raman Rao  
P. Ram Rao  
M. Prabhakar Rao  
K. Ram Babu  
K. Srinivasa Rao  
M.N. Rao  
M. Ramaiah

Chairman  
Managing Director  
Executive Director  
Technical Director  
Nominee of APIDC

### **AUDITORS**

M/s. Purnachandra Rao & Co.,  
Chartered Accountants,  
QUDIVADA.

### **BANKERS :**

State Bank of India  
VIJAYAWADA

State Bank of Hyderabad  
VIJAYAWADA.

### **REGISTERED OFFICE AND FACTORY :**

1-58, Nidamanur,  
VIJAYAWADA - 521 104,  
Andhra Pradesh.

## **INCAP LIMITED**

### **NOTICE**

Notice is hereby given that the NINTH ANNUAL GENERAL MEETING of INCAP LIMITED will be held on Monday the 29th November, 1999 at 11-00 a.m. at the Registered office of the Company at 1-58, Nidamanur, Vijayawada - 521 104, to transact the following business :

### **ORDINARY BUSINESS :**

1. To consider and adopt the Balance Sheet as at 31st March, 1999, the Profit and Loss Account for the year ended on that date and the reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Sri K. Rambabu, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Sri M. Ramaiah, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors in the place of M/s. Purnachandra Rao & Co., who retires at this meeting and proposed for re-appointment. The following resolution may be considered :

'RESOLVED THAT M/s. Purnachandra Rao & Co., Chartered Accountants who retires as Auditors of the Company at this meeting be and is hereby re-appointed as Auditors to hold office until the conclusion of the next Annual General Meeting.'

'RESOLVED FURTHER THAT the auditors shall be paid a remuneration of Rs. 22,500 (Rupees Twenty Two Thousand Five Hundred only) for audit work, in addition to remuneration for other professional services and reimbursement of actual expenses.'

### **SPECIAL BUSINESS :**

5. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as an ORDINARY RESOLUTION.

'RESOLVED THAT pursuant to the provisions of sections 309, 310, 311, schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to approval in General Meeting, consent of the company be and is hereby accorded to reappointment of Sri C. Bhagavantha Rao as Managing Director of the company for a period of 3 years with effect from 1-2-1999 on the terms and conditions as approved by the Board of Directors in its meeting held on 27th March, 1999.'

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

'RESOLVED THAT the revision in the salary and perquisites with effect from 1st February, 1999 payable to the Managing Director of the company, Sri C. Bhagavantha Rao, for the remaining part of his tenure as stated in the Explanatory Statement Annexed to the Notice be and is hereby approved.'

'RESOLVED FURTHER THAT the Board of Directors of the company be and is hereby authorised to alter and vary the remuneration, perquisites and terms and conditions of the said appointment subject to the conditions specified in Part II of schedule XIII to the Companies Act, 1956 as amended from time to time and acceptance of Sri C. Bhagavantha Rao.'

## **INCAP LIMITED**

7. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as an ORDINARY RESOLUTION.

'RESOLVED THAT pursuant to the provisions of sections 309, 310, 311, schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to approval in General Meeting, consent of the company be and is hereby accorded to reappointment of Sri K. Ramakoteswara Rao as Executive Director of the company for a period of 3 years with effect from 9-9-1999 on the terms and conditions as approved by the Board of Directors in its meeting held on 25th September, 1999.'

8. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as an ORDINARY RESOLUTION.

'RESOLVED THAT the revision in the salary and perquisites with effect from 1st April, 1999 payable to the Executive Director of the company, Sri K. Ramakoteswara Rao, for the remaining part of his tenure as stated in the explanatory Statement Annexed to the Notice be and is hereby approved.

'RESOLVED FURTHER THAT the Board of Directors of the company be and is hereby authorised to alter and vary the remuneration, perquisites and terms and conditions of the said appointment subject to the conditions specified in Part II of schedule XIII to the Companies Act, 1956 as amended from time to time and acceptance of Sri K. Ramakoteswara Rao.'

9. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as an ORDINARY RESOLUTION.

'RESOLVED THAT pursuant to the provisions of sections 309, 310, 311, schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to approval in General Meeting, consent of the company be and is hereby accorded to appoint Sri P.K. Purushothaman as Technical Director in whole time employment of the company and to remunerate as per terms set out in the explanatory Statement annexed to the notice for a period of 3 years with effect from 12-9-1998 as approved by the Board of Directors in its meeting held on 12-9-1998.'

### **NOTES :**

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and proxy need not be a member. Proxies in order to be effective must reach the Registered office of the Company not less than 48 hours before the time fixed for the meeting.
2. The Register of Members and Share Transfer Books of the company will remain closed from 19th November, 1999 to 29th November, 1999 (both days inclusive).
3. Members are requested to notify immediately any change in their address, to the company's registered office.
4. All documents referred to in the accompanying notice are open for inspection at the Registered Office of the company on all working days, except Saturdays, between 11-00 AM and 1-00 PM upto the date of Annual General Meeting.

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5. Members are requested to send all communications relating to shares to the Company's transfer agents at the following address :

M/s. Karvy Consultants Limited,  
Karvy House,  
46 Avenue 4, Street No. 1,  
Banjara Hills, Hyderabad - 500 034.  
Phone Nos. 040 3312454, 3320251, 3320751/752

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

**By Order of the Board**

**C.BHAGAVANTHA RAO**  
**MANAGING DIRECTOR**

VIJAYAWADA,  
25th September, 1999.

Registered Office :  
1-58, Nidamanur,  
Vijayawada - 521 104.  
Andhra Pradesh.

Annual Listing fee has been paid to each of the following exchanges, where company's securities are listed :

1. The Stock Exchange, Mumbai  
Phiroze Jeejeebhoy Towers,  
Dalal Street, Mumbai - 400 001.
2. The Hyderabad Stock Exchange Limited,  
No. 3-6-275, Himayatnagar,  
Hyderabad- 500 029.

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**INCAP LIMITED**

## ANNEXURE TO THE NOTICE

### Explanatory Statement (Pursuant to Section 173(2))

As required by Section 173(2) of the Companies Act, 1956, the following Explanatory statement sets out material facts relating to the business under Item Nos. 5 to 9 of the accompanying notice dated 25th September, 1999.

#### ITEM No. 5 AND 6 :

The Board of Directors of the company at its meeting held on 27-3-1999 re-appointed Sri C. Bhagavantha Rao, as Managing Director of the company with effect from 1-2-1999, subject to approval of the company in General Meeting. The following are the terms of appointment and remuneration, which are in conformity with the schedule XIII of the Companies Act, 1956 and are subject to approval of the members.

#### i) Salary :

Rs.21,000 (Rupees Twenty One Thousand only) per month (including dearness and other allowances).

#### ii) Perquisites :

In addition to the above Sri C. Bhagavantha Rao shall be entitled to the following perquisites restricted to an amount equal to the annual salary or Rs. 2,52,000 per annum whichever is less. Perquisites are classified into three categories 'A', 'B', and 'C' as follows.

#### Category 'A' :

##### Housing - I :

In case accommodation is owned by the company, 10% of the salary of Sri C. Bhagavantha Rao shall be deducted by the company.

##### Housing - II :

In case no accommodation is provided by the company Sri C. Bhagavantha Rao shall be entitled to house rent allowance to the extent of 25% of the salary.

#### FURNISHING, GAS, ELECTRICITY AND WATER :

The expenditure incurred by the company on Gas, Electricity, water and furnishings will be valued as per Income Tax rules. This shall however, be subject to a ceiling of 10% of the salary of Sri C. Bhagavantha Rao.

#### 2) MEDICAL REIMBURSEMENT :

Expenses incurred by Sri C. Bhagavantha Rao and his family will be subject to a ceiling of One months salary in a year or 3 months salary over a period of 3 years.

#### 3) LEAVE TRAVEL CONCESSION :

For Sri C. Bhagavantha Rao and his family once in a year incurred in accordance with the rules of the company.

#### 4) CLUB FEES :

Reimbursement of fees of Clubs subject to maximum of one club. This will not include club Admission Fee and Life Membership Fee.

#### 5) PERSONAL ACCIDENT INSURANCE :

Premium not to exceed Rs. 1000 per annum.

#### 6) ENTERTAINMENT EXPENSES :

Reimbursement of Entertainment expenditure not exceeding Rs. 1000 per month.

#### CATEGORY 'B' :

##### 1) PROVIDENT FUND :

Company's contribution towards Provident Fund 12% of his remuneration.

##### 2) GRATUITY :

Gratuity not exceeding half a month's salary for each completed year of service.

##### 3) LEAVE :

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

Contribution to Provident Fund and Superannuation Fund or Annuity Fund will not be included in computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act.

Encashment of leave at the end of tenure will not be included in the computation of the ceiling on perquisites.

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### CATEGORY 'C' :

#### 1) CAR :

Use of company's car on company's business with driver.

#### 2) TELEPHONE :

Free telephone facility at the residence for the use of the company's business.

Provision of Car for use on company's business and telephone will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the company to Sri C. Bhagavantha Rao.

Provided that if any financial year during the tenure of Managing Director, the company has no profits or its profits are inadequate, it may pay to Sri C. Bhagavantha Rao remuneration by way of salary and perquisites not exceeding the limits specified above.

### NOTES :

1) Sri C. Bhagavantha Rao will not be entitled to sitting fee for the meetings of the Board of Directors.

2) Sri C. Bhagavantha Rao will be entitled to earned, casual, sick leaves as per rules of the company.

The reappointment of Sri C. Bhagavantha Rao as Managing Director on the terms and conditions set out in the aforesaid draft of the agreement to be entered into, are subject to approval of the company in General Meeting. The Board recommends the General Meeting to approve the re-appointment of Sri C. Bhagavantha Rao as Managing Director of the company as set forth in the Resolutions vide item Nos. 5 and 6 of the Notice.

Sri C. Bhagavantha Rao is concerned and has interest in the proposed Resolution to the extent of his remuneration as Managing Director. No other Director of the Company has any interest or concerned in the proposed resolution.

The draft of the agreement to be entered into by the Company with Sri C. Bhagavantha Rao is available for inspection of members of the com-

pany on all its working days except Saturdays between 11.00 AM and 1-00 PM upto the date of Annual General Meeting.

The explanation together with the accompanying notice should be treated as an abstract of the terms of reappointment of Managing Director under section 302 of the Companies Act, 1956.

### ITEM No. 7 AND 8 :

The Board of Directors of the company at its meeting held on 25-9-1999 re-appointed Sri K. Ramakoteswara Rao, as Executive Director of the company with effect from 9-9-1999, subject to approval of the company in General Meeting. The following are the terms of appointment and remuneration payable to Sri K. Ramakoteswara Rao with effect from 1-4-99 which are in conformity with the schedule XIII of the Companies Act, 1956 and are subject to approval of the members.

#### i) Salary :

Rs. 20,000 (Rupees Twenty Thousand only) per month (including dearness and other allowances).

#### ii) Perquisites :

In addition to the above Sri K. Ramakoteswara Rao shall be entitled to the following perquisites restricted to an amount equal to the annual salary or Rs.2,40,000 per annum whichever is less. Perquisites are classified into three categories 'A', 'B', and 'C' as follows :

#### Category 'A' :

##### Housing - I :

In case accommodation is owned by the company, 10% of the salary of Sri K. Ramakoteswara Rao shall be deducted by the company.

##### Housing -II :

In case no accommodation is provided by the company Sri K. Ramakoteswara Rao shall be entitled to house rent allowance to the extent of 25% of the salary.



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**FURNISHING, GAS, ELECTRICITY AND WATER :**  
The expenditure incurred by the company on Gas, Electricity, water and furnishings will be valued as per Income Tax rules. This shall however, be subject to a ceiling of 10 % of the salary of Sri K. Ramakoteswara Rao.

**2) MEDICAL REIMBURSEMENT :**

Expenses incurred by Sri K. Ramakoteswara Rao and his family will be subject to a ceiling of One months salary in a year or 3 months salary over a period of 3 years.

**3) LEAVE TRAVEL CONCESSION :**

For Sri K. Ramakoteswara Rao and his family once in a year incurred in accordance with the rules of the company.

**4) CLUB FEES :**

Reimbursement of fees of Clubs subject to maximum of one club. This will not include club Admission Fee and Life Membership Fee.

**5) PERSONAL ACCIDENT INSURANCE :**

Premium not to exceed Rs 1,000 per annum.

**6) ENTERTAINMENT EXPENSES :**

Reimbursement of Entertainment expenditure not exceeding Rs. 500 per month.

**CATEGORY 'B' :**

**1) PROVIDENT FUND :**

Company's contribution towards Provident Fund 12% of his remuneration.

**2) GRATUITY :**

Gratuity not exceeding half a month's salary for each completed year of service.

**3) LEAVE :**

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

Contribution to Provident Fund and Superannuation Fund or Annuity Fund will not be included in computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act.

Encashment of leave at the end of tenure will not be included in the computation of the ceiling on perquisites.

**CATEGORY 'C' :**

**1) CAR :**

Use of company's car on company's business with Driver.

**2) TELEPHONE :**

Free telephone facility at the residence for the use of the company's business.

Provision of Car for use on company's business and telephone will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the company to Sri K. Ramakoteswara Rao.

Provided that if any financial year during the tenure of Executive Director, the company has no profits or its profits are inadequate, it may pay to Sri K. Ramakoteswara Rao remuneration by way of salary and perquisites not exceeding the limits specified above.

**NOTES :**

1) Sri K. Ramakoteswara Rao will not be entitled to sitting fee for the meetings of the Board of Directors.

2) Sri K. Ramakoteswara Rao will be entitled to earned, casual, sick leaves as per rules of the company.

The reappointment of Sri K. Ramakoteswara Rao as Executive Director on the terms and conditions set out in the aforesaid draft of the agreement to be entered into, are subject to approval of the company in General Meeting. The Board recommends the General Meeting to approve the re-appointment of Sri K. Ramakoteswara Rao as Executive Director of the company as set forth in the Resolutions vide item Nos. 7 and 8 of the Notice.

Sri K. Ramakoteswara Rao is concerned and has interest in the proposed Resolution to the extent of his remuneration as Executive Director. No