

39th Annual Report 2008 - 2009



INCON ENGINEERS LIMITED

//CERTIFIED TRUE COPY//

For INCON ENGINEERS LTD.

A handwritten signature in black ink, appearing to be a stylized 'S' or 'M' followed by a flourish.

Managing Director



C O N T E N T S

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BOARD OF DIRECTORS

SRI SREEDHAR CHOWDHURY	Chairman & Managing Director
SRI S.MANO HAR RAJU	Director
SRI BISHAM RUGHU MALKANI	Director
SRI A.SUBBA RAO	Director
Dr. B. NEETA KUMARI	Director
AUDITORS	M/s Brahmayya & Co Flat No.403 & 404 Golden Green Apartment Irrum Manzil Colony, Hyderabad – 500 082
BANKERS	M/s. State Bank of India Commercial Branch Flat No.101 to 106 A, Ashoka My Home Chambers Block B., S.P. Road, Secunderabad
REGISTERED OFFICE & FACTORY	B-6/3, I.D.A., Uppal, Hyderabad —500 039
REGISTRARS & SHARE TRANSFER AGENTS (PHYSICAL & DEMAT)	Venture Capital and Corporate Investments Pvt. Ltd. 12-10-167, Bharat Nagar, Hyderabad-500 018.
STOCK EXCHANGE LISTINGS	Bombay Stock Exchange Ltd. P.J.Towers, 25 th Floor, Dalal Street, MUMBAI-400 001 The Calcutta Stock Exchange Association Limited., 7, Lyons Range, KOLKATA-700001. (Applied for delisting and awaiting delisting approval)

Note on Depository

It may be noted that the Shares of the Company have been included in the list of securities for compulsory trading in dematerialised form for all investors w.e.f. 01.01.2002. Shareholders are therefore advised to dematerialise their shareholding to avoid inconvenience in future. The Company has entered into necessary arrangements with National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL), to enable the Shareholders to dematerialise their shareholding in the Company, for which they may contact the depository participants of either of the above Depositories.



INCON ENGINEERS LIMITED

NOTICE: NOTICE is hereby given that the 39th Annual General Meeting of Incon Engineers Limited will be held on Friday, the 25th September, 2009 at 10.00 a.m. at its Registered Office of the Company at B-6/3, I.D.A. Uppal, Hyderabad - 500 039 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet and Profit and Loss Account for the year ended 31st March, 2009 together with the report of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. A. Subba Rao, who retires by rotation and being eligible, offers himself for re-appointment.
3. To consider the re-appointment of M/s. Brahmayya & Co. Chartered Accountants as Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting, at such remuneration and reimbursement of out-of-pocket-expenses as may be mutually agreed upon between the Board of Directors and the Auditors.

SPECIAL BUSINESS

4. To consider and it thought fit, to pass, with or without modifications, the following resolution as a Special Resolution.

"RESOLVED that pursuant to provisions of Section 198, 269 and 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to such other approvals as may be required consent of the Company be and is hereby accorded to modify the terms of payment of remuneration of Mr. Sreedhar Chowdhury, who was appointed as Managing Director of the Company for a period of three years with effect from 17th September, 2007 for the remaining tenure of his appointment with effect from 1st January, 2009 as under:

Salary : 'NIL' : Other perquisites payable : "Nil"

"RESOLVED FURTHER that the Remuneration Committee of the Company has approved such modification in terms of the payment of remuneration to Mr. Sreedhar Chowdhury"

For and on behalf of the Board of Directors

Place: Hyderabad
Date : 30-06-2009

SREEDHAR CHOWDHURY
CHAIRMAN AND MANAGING DIRECTOR

NOTES :

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and proxy need not be a member of the Company. Proxy Form in order to be effective must be deposited at the Company's Registered Office not less than 48 hours before the time for holding the meeting.
2. Register of Members and Share Transfer Books shall remain closed from 2nd September, 2009 to 4th September, 2009 (both days inclusive).
3. Members can avail of nomination facility. Blank Nomination forms will be supplied on request.



INCON ENGINEERS LIMITED

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 :

Item No. 4

Mr. Sreedhar Chowdhury was appointed as Managing Director of the Company for a period of three years with effect from 17th September, 2007 on a remuneration of Rs. 45,000/- per month plus perks and the payment of the remuneration was approved by the shareholders in Annual General Meeting held on 27th September, 2007.

Due to massive global economic meltdown, the Company started facing severe financial crisis and cash crunch. In view of this, Mr. Sreedhar Chowdhury, Managing Director of the Company decided to forego his remuneration along with all perquisites with effect from 1st January, 2009 for the remaining tenure of his appointment.

The Resolution at Item No. 4 is therefore, recommended for your approval.

Except Mr. Sreedhar Chowdhury, none of other Director is concerned or interested in the proposed resolution.

For and on behalf of the
Board of Directors

Place: Hyderabad
Date : 30.06.2009

SREEDHAR CHOWDHURY
Chairman & Managing Director

DIRECTORS' REPORT

To the Members,

Your Directors take pleasure in presenting the 39th Annual Report and Audited Balance Sheet and Profit and Loss Account for the year ended on 31st March, 2009.

FINANCIAL RESULTS Details	Rupees in Lakhs	
	For the year ended	For the year ended
	31.03.2009	31.03.2008
Sales/ Income from operations	14.75	159.96
Other Income	3.28	1.30
Manufacturing Expenses	34.18	76.40
Other Expenses	39.85	33.30
Interest	0.45	3.47
Gross Profit (+)/(Loss)(-) after Interest		
before Depreciation & Tax	(56.45)	48.09
Depreciation	4.55	4.29
Net Profit (+)/(Loss) before		
Tax for the year	(61.00)	43.80
Net Profit (+)/(Loss) for the year	(61.25)	43.45

OPERATIONS

In view of the overall industrial slow-down, the Company's operations have suffered considerably and many projects for which the Company had received favourable responses have been postponed. The Company is hopeful that these projects will be taken up by the consumers in due course with recovery in the economy.

FIXED DEPOSITS

The Company has not accepted any fixed deposits from the public during the year.

DIRECTORS

Pursuant to the provision of the Companies Act, 1956 and in terms of the Articles of Association of the Company, Mr. A. Subba Rao retires at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.



INCON ENGINEERS LIMITED

AUDITORS

M/s. Brahmayya & Co. Chartered Accountants, Hyderabad, the Auditors of the Company, retire at the conclusion of the Annual General Meeting and are eligible for re-appointment. The Board recommends their re-appointment.

AUDITORS' REPORT

Your Auditors have commented vide Clause 4(vi) that they are unable to ascertain whether some of the amounts shown under the heads, Sundry Debtors, Other Current Assets and Loans and Advances are realisable in the absence of confirmation letters from the respective parties. The Audit Committee of the Company has recommended writing-off of those items, which they consider not realisable and accordingly these amounts have been written-off. The Company is hopeful that the steps being taken for recovery of amounts due to the Company will yield necessary results in due course.

PARTICULARS OF EMPLOYEES

None of the employees whether employed throughout the year or part of the year were in receipt of remuneration exceeding limits specified in Section 217 (2A) of the Companies Act, 1956, and rules made there under.

CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, a Management Discussions & Analysis, Corporate Governance Report and Auditors Certificate regarding compliance of Corporate Governance are made part of the Annual Report.

OTHER INFORMATION

Information in accordance with clause (e) of Sub-section (1) of section 217 read with Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988 is annexed hereto and forms part of the report.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm that :

- i) in the preparation of the annual accounts, the applicable accounting standards have been followed and that no material departures have been made from the same;

- ii) they have selected such accounting policies and 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 the year;
- iii) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- iv) they have prepared the annual accounts on a 'going concern' basis.

DEMATERIALISATION OF SHARES

The Company's shares are available for holding/transfer in depository system of both National Securities Depository Limited (NSDL) and Central Depository Services (India) Ltd., (CDSL). Members have the option of holding the shares in physical or dematerialised form. The International Securities Identification Number (ISIN) allotted for the Company by NSDL and CDSL is ISIN INE507D01010. In case a member wants his shares to be dematerialised, he may send the share certificates along with the request through his depository participant to the Registrars, M/s. Venture Capital and Corporate Investments Pvt. Ltd.

ACKNOWLEDGEMENT

Your Directors wish to place on record their gratitude to the investors and suppliers for the confidence reposed in the Company. The Directors also take this opportunity to express their appreciation for the contributions made by all the employees.

For and on behalf of the
Board of Directors

Place: Hyderabad
Date : 30.06.2009

SREEDHAR CHOWDHURY
Chairman & Managing Director



INCON ENGINEERS LIMITED

CERTIFICATE BY THE CHIEF EXECUTIVE OFFICER

I, Sreedhar Chowdhury, Chairman & Managing Director of Incon Engineers Limited, to the best of my knowledge and belief, certify that:

1. I have reviewed the Balance Sheet and Profit & Loss Account and all its schedules and notes to accounts, as well as the cash-flow statements and the Directors Report.
2. Based on my knowledge and information, these statements do not contain any untrue statements of material fact or omit to state a material fact or contain statements that might be misleading.
3. Based on my knowledge and information, the financial statements, and other financial information included in this report, present in all material respects, a true and fair view of the companies affairs, and are in compliance with existing accounting standard and /or applicable laws and regulations.
4. To the best of my knowledge and belief, no transactions entered into by the Company during the year are fraudulent, illegal or violative of the Company's code of conduct.
5. I am responsible for establishing and maintaining internal controls over financial reporting for the Company, and I have:
 - a) designed such internal control over financial reporting to provide reasonable assurance regarding reliability of the financial reporting and the preparation of the financial statements in accordance with generally accepted accounting principles.
 - b) Evaluated the effectiveness of the Company's internal control system pertaining to the financial reporting: and
 - c) Disclosed in this report any change in the Company's internal control over financial reporting that has materially affected the Company's internal control over financial reporting.
6. I have disclosed to the Company's auditors and Audit Committee of the Company's Board of the Directors :
 - a) Deficiencies in the design or operation of internal controls and steps taken / proposed to be taken to rectify these deficiencies.
 - b) Significant changes in internal controls over financial reporting, if any, during the year covered by this report.
 - c) Significant changes in accounting policies during the year, if any, and the same have been disclosed in the notes to the financial statements; and
 - d) Instances of significant fraud of which I am aware, that involves management or other employees, who have a significant role in the Company's internal control system over financial reporting.

For and on behalf of the
Board of Directors

Place: Hyderabad
Date : 30.06.2009

SREEDHAR CHOWDHURY
Chairman & Managing Director



INCON ENGINEERS LIMITED

MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT

As indicated in last year's report, the Company has started marketing of other products. The Company is hopeful that revenues from this activity will provide necessary stability in future. The Company has also initiated cost control measures in view of the lower level activity.

CORPORATE GOVERNANCE:

The Company's policies have always been in accordance with the Code of Corporate Governance and hence the mandatory regulations now placed are being complied with. The Company's continued endeavor is to maintain a high level of accountability and transparency to its stakeholders.

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

Company's philosophy on Corporate Governance envisages attainment of the highest levels of transparency, accountability and equity, in all facets of its operations, and in all interactions with its stakeholders, including the shareholders, investors, employees, lenders and government.

BOARD OF DIRECTORS:

A. Composition:

The Board presently consists of five members. The Chairman & Managing Director, Sri Sreedhar Chowdhury, is the only Executive Director and manages the affairs of the Company subject to the general supervision, control and directions of the Board consisting of other four non-executive Directors. The independent Directors bring to the Company their wide experience in industry, finance and administration and contribute significantly to the various Board Committees.

All Directors except Chairman and Managing Director ~~receive~~ only sitting fees and do not have any other material pecuniary relationship or transactions with the Company, its management or its subsidiaries. In terms of the listing agreements, atleast one third of the Board should be of independent Directors. However, your Board comprises four Independent Directors out of total strength of five Directors:

S.No.	Name of the Director	
1.	Shri Sreedhar Chowdhury (Chairman & Managing Director)	Executive
2.	Shri S. Manohar Raju	Non-Executive
3.	Shri Bisham Rughu Malkani	Non-Executive
4.	Shri A. Subba Rao	Non-Executive
5.	Dr. B. Neeta Kumari	Non-Executive

The Board Meetings are held generally once in 3 months. During the year 2008-09, Six Board Meetings were held.

B) Other Directorships Held:

Sl. No.	Name of the Director	Category	No. of other Directorships
1.	Shri Sreedhar Chowdhury (Chairman & Managing Director)	Executive	6
2.	Shri S. Manohar Raju	Non-Executive	2
3.	Shri Bisham Rughu Malkani	Non-Executive	1
4.	Shri A. Subba Rao	Non-Executive	—
5.	Dr. B. Neeta Kumari	Non-Executive	—

TENURE:

As required by law, two third of the Directors should be retiring Directors and one third of them are required to retire every year and if eligible, qualify for re-appointment.

Mr. A. Subba Rao, Director, retires by rotation at the ensuing Annual General Meeting and is eligible for re-appointment.

RESPONSIBILITIES:

The Board has responsibilities like reviewing Corporate performance, ensuring availability of supplies at competitive rates and fulfilling shareholders' expectations. The Board members ensure that other responsibilities do not materially affect their responsibilities as a Director of the Company.



INCON ENGINEERS LIMITED

ROLE OF INDEPENDENT DIRECTORS :

The Independent Directors play an important role in taking major decisions at the Board Meetings and bring to the Company their wide experience in different fields like finance, accounts, capital market, law and engineering. The Audit Committee consists of three Independent Directors, Investors' Grievance Committee consists of three Independent Directors and Managing Director and Remuneration Committee consists of three Independent Directors.

BOARD MEETINGS :

As required by statute, the Board meets atleast once in a quarter to review quarterly financial results and performance of the Company. The Directors have access to all information and records of the Company. Senior Officials are invited to attend the meetings and provide clarifications as and when required.

The Directors met Six times during the financial year 2008-09 i.e. on 23rd April, 2008, 30st June, 2008, 30th July, 2008, 31st October, 2008, 30th January, 2009, 5th March, 2009. The gap between Board Meetings did not exceed four months.

A Sitting fee of Rs. 1,000/- is paid to the Directors and a sitting fee of Rs. 500/- is paid to Committee Members (other than to Shri Sreedhar Chowdhury, Chairman and Managing Director) for every Board Meeting attended by them. No Director is paid any commission on the net profit of the Company.

BOARD COMMITTEES :

The Company is committed to transparency in all its dealings and to provide efficient and effective service. The Board has constituted Committees of Directors to deal with matters that need quick and timely decisions and overall supervision and guidance.

The Board has delegated certain powers to some of the Committees of the Board members, and these Committees decide the matters referred to it and report to the Board at the subsequent Board meetings. Board has constituted three

Committees namely Audit Committee, Investors' Grievance Committee and Remuneration Committee.

AUDIT COMMITTEE:

The Audit Committee was formed by the Board of Directors at their meeting held on 24th August, 2001. The Members of Audit Committee are Shri S. Manohar Raju, Shri A. Subba Rao and Dr. B. Neeta Kumari. The Audit Committee consists of Independent/non-Executive Directors, who are well versed in Finance, Accounts and Company Law. The terms of reference of Audit Committee include review of Audit procedures, financial reporting system, internal control system, control procedures and ensuring compliance with Statutory Guidelines issued by regulatory authorities. Meetings are scheduled well in advance.

The Committee met four times during the year under review. The Committee reviews quarterly, half-yearly and yearly financial results together with the reports of the Internal Auditors, Statutory Auditors and action taken reports of the management. The Audit Committee recommends the financial results for approval of the Board. The Head of Internal Audit attends the Audit Committee meetings and the Committee also invites Senior Executives from the Internal Audit department, if it considers appropriate to be present at any meeting.

REMUNERATION COMMITTEE:

The Remuneration Committee was formed by the Board of Directors at their meeting held on 27th June, 2003. The Members of Remuneration Committee are Shri S. Manohar Raju, Shri. A. Subba Rao and Dr. B. Neeta Kumari. The Remuneration Committee consists of Independent/non-executive Directors. The terms of references of the Remuneration Committee pertain to determining the Company's policy on and approving remuneration packages for Managing Director / Executive Director.



INCON ENGINEERS LIMITED

INVESTORS GRIEVANCE COMMITTEE:

This Committee consisting of Shri Sreedhar Chowdhury, Chairman and Managing Director, Shri S. Manohar Raju, Dr. B. Neeta Kumari, and Shri A. Subba Rao Directors has been formed on 30.04.2002 to review the complaints in respect of share transfer, transmission, splitting and consolidation of shares, issue of duplicate share certificates and other related matters. Chairman of the Committee is a non-executive Director. As per SEBI's instructions, the transaction of the Company's shares has to be compulsorily in demat form. However, in respect of requests received for share transfer in physical form, the power to approve the same has been delegated to a Committee of Company Officials.

Shri Sreedhar Chowdhury, Chairman and Managing Director, is the Compliance Officer. During the year under review, no complaints were received from investors.

The attendance of Directors at the Board Meetings, Committee Meetings and 38th Annual General Meeting is as under:

	No. of Board Meetings attended	No. of Audit Committee Meetings attended	No. of Investors' Grievance Committee Meetings attended	Attendance at 38 th AGM
No. of Meetings held	6	4	1	1
Directors				
Shri Sreedhar Chowdhury	6	N.A.	1	Present
Shri S. Manohar Raju	6	4	1	Present
Shri A. Subba Rao	5	4	1	Present
Dr. B. Neeta Kumari	6	4	1	Present
Shri Bisham Rughu Malkani	2	N.A.	N.A.	----
N.A. = Not Applicable				

GOING CONCERN:

The Directors are satisfied that the Company has adequate resources to continue its business and accordingly has been adopting the going concern accounting principle in preparing financial statements.

LISTING OF EQUITY SHARES:

The Company's equity shares are listed on the stock exchanges at Mumbai and Kolkata and have been trading on BSE. However, as the Company's shares are very thinly traded on Stock Exchange at Hyderabad and Kolkata, it was decided to delist the same from these Stock Exchanges and application made by the Company in November 2005. The Company has received the delisting approval from the Regional Stock Exchange i.e Hyderabad Stock Exchange (HSE) and is under process at Calcutta Stock Exchange Association Ltd (CSE).

STEPS TAKEN FOR PROTECTION OF INVESTORS INTEREST:

I. SHARE CERTIFICATES

a) Dematerialisation of Shares:

As on 31st March, 2009, 3369172 Equity Shares representing 77.86% of the Share Capital of the Company have been dematerialised.

b) Shares to be traded in Demat form:

With effect from 1st January, 2002, the equity shares of the Company are traded on the Stock Exchanges only in dematerialized form.

c) How to Dematerialise Shares:

Shareholders who desire to dematerialise their shares can do so by opening a depository account with a Depository Participant (DP). They can then submit to the DP a dematerialisation request along with the relevant share certificates who will forward the same to the concerned Company or its Registrars and Transfer Agent (R&T Agent) for dematerialisation. After getting confirmation electronically from the Company / Registrars and Transfer Agent (R&T Agent) the DP will give credit for that holding in the shareholder's demat account.

The Company continues to have Depository facility with NSDL and CDSL for trading its shares in Demat form to give a wider choice to its shareholders.



INCON ENGINEERS LIMITED

II. DELIVERY OF SHARE CERTIFICATES

Where Shares are still held in physical form, the Company after effecting transfer of shares, sends intimation to the shareholders regarding the transfer and dispatch of share certificates. Where the share certificates have not been received by the concerned shareholders, the Company on being informed, immediately puts a temporary alert tag in respect of such share certificates. This would help to avoid fraudulent transfers.

III. PREVENTION FROM TAMPERING

In order to prevent forged transfer of shares, which might have been intercepted in transit, the Company has started intimating the shareholders, especially in cases where share certificates are re-lodged for transfer within 2 months of the earlier transfer. Such intimations are sent by way of notice of lodgment inviting any objections to the proposed transfer of shares.

IV. ELECTRONIC TRANSFER

As 77.86% Shares of the Company are held in electronic form, transfer of shares takes effect promptly eliminating processing time as well ensuring safety of holdings.

V. DUPLICATE SHARES

The procedure for issue of duplicate share certificates has been streamlined. Efforts are made to dispatch duplicate share certificate/s within a period of 30 days from the date of receipt of duly completed documents by the R&T Agent of the Company.

Nomination facility to the Shareholders:

As per the latest amendment to the Companies Act, 1956, a shareholder can nominate the successors in case of his / her death. Shareholders who are interested in recording the nomination for their holdings may send Form 2B to the Company. Blank Nomination forms will be supplied on request.

MEANS OF COMMUNICATION:

The audited financial results are generally published in one national news paper and in the regional language news paper.

Management Discussion and Analysis forms part of this Annual Report is provided elsewhere in this report.

GENERAL BODY MEETINGS:

Date, Time and venue for the last three Annual General Meetings are given below

Financial year	Date	Time	Venue
31 st March, 2006	30.09.2006	11.30 am	Registered office of the Company
31 st March, 2007	27.09.2007	11.30 am	Registered office of the Company
31 st March, 2008	12.09.2008	11.00 am	Registered office of the Company

GENERAL SHAREHOLDERS INFORMATION:

a) As indicated in the Notice to our shareholders, the Annual General Meeting of the Company will be held on 25th September, 2009 at 10.00 a.m. at its Registered Office at B-6/3, Industrial Development Area, Uppal, Hyderabad-500039.

b) **Tentative calendar of events for the Financial Year (2009-10) is given below:**

- i) Un-audited/Audited Financial Results for:
- First quarter July, 2009
 - Second quarter October, 2009
 - Third quarter January, 2010
 - Fourth quarter April, 2010

c) **Book Closure:** The books will be closed from **02-09-2009 to 04-09-2009** (both days inclusive) for the purpose of Annual General Meeting.

d) **The shares of the Company are listed on:**

- The Bombay Stock Exchange Ltd., Mumbai, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400001.
- The Calcutta Stock Exchange Association Ltd. 7, Lyons Range, Kolkata-700001. (Applied for delisting and awaiting delisting approval).

Depository for Equity Shares: CDSL & NSDL

e) The listing fee for the year 2009-10 has been paid to Bombay Stock Exchange. However, the listing fee for Calcutta Stock Exchange is outstanding for 4 years.

d) **Market Price Data:**

The shares of the Company are thinly traded. The 52nd week high and low on BSE was Rs. 8.34 and Rs. 2.86.



INCON ENGINEERS LIMITED

Distribution of Share Holding as on 31.03.2009

No. of Equity shares held	Shareholders Number	Shares percentage	Number of Shares	Percentage Shares
Upto - 5000	610	60.69	146066	3.37
5001 - 10000	206	20.49	187819	4.34
10001 - 20000	79	7.86	131149	3.03
20001 - 30000	37	3.68	96789	2.23
30001 - 40000	15	1.49	55207	1.27
40001 - 50000	14	1.39	68500	1.58
50001 - 100000	15	1.49	107759	2.49
100001 and Above	29	2.88	3533811	81.66
Total	1005	100.00	4327100	100.00

MANDATORY / NON-MANDATORY PROVISIONS:

We have adopted all the mandatory requirements (except where not relevant or applicable). Of the non-mandatory suggestions, we have adopted those relating to a Chairman's Office. There have been no transactions of a material nature of the Company with its promoters, Directors or the management, their subsidiaries or relatives, etc. and accordingly no potential conflict with the interests of the Company. There has been no case of non-compliance by the Company nor any strictures or penalties imposed by the Stock Exchange or SEBI or any statutory authority on any matter related to capital markets. The above report represents the Company's philosophy on, and implementation of, its corporate governance. Auditors' certification as required forms a part of this Annual Report.

DECLARATION OF CODE OF CONDUCT:

This is to confirm that the Board has laid down a code of conduct for all Directors and senior management personnel of the Company. It is further confirmed that all Directors and senior management personnel of the Company have affirmed compliance with the code of conduct of the Company for the financial year ended on 31.03.2009, as envisaged in clause 49 of the Listing Agreement with the Stock Exchanges.

Place: Hyderabad
Date : 30.06.2009

SREEDHAR CHOWDHURY
Chairman & Managing Director

CORPORATE GOVERNANCE CERTIFICATE

To the members of **INCON ENGINEERS LIMITED, HYDERABAD (A.P.)**.

We have examined the compliance of conditions of Corporate Governance by INCON ENGINEERS LIMITED, HYDERABAD (A.P) for the year ended on 31st March, 2009, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges.

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

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

We state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Shareholders Grievance Committee.

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

For SHARAD GUPTA & COMPANY

SHARAD GUPTA

Place: Hyderabad

Company Secretary

Date : 30-06-2009

Membership No.ACS5499: CP1464

ANNEXURE TO DIRECTORS REPORT

Information under section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988 and forming part of the Directors report.

FORM A

A. CONSERVATION OF ENERGY

Steps to optimize energy consumption in various manufacturing operations is being continuously taken; however, the Company's operations are not energy intensive.



INCON ENGINEERS LIMITED

FORM B

(Disclosures of particulars with respect to Technology absorption to the extent applicable)

A RESEARCH AND DEVELOPMENT (R & D)

1. Specific areas in which R & D carried out by the Company Design of Fluid Energy Mills and Classifiers.

B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

NIL

C. FOREIGN EXCHANGE EARNINGS AND OUT GO

NIL

For and on behalf of the
Board of Directors

Place: Hyderabad

SREEDHAR CHOWDHURY

Date : 30.06.2009

Chairman and Managing Director

AUDITORS' REPORT

To the Members of INCON ENGINEERS LTD,
Hyderabad

1. We have audited the attached Balance Sheet of INCON ENGINEERS LIMITED, Hyderabad, (A.P) as at 31st March, 2009, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material

misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditors' Report) Order, 2003, (as amended) issued by the Central Government of India in terms of Sub-Section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.

4. Further to our comments in the Annexure referred to above, we report that:

- i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
- iii) The Balance Sheet, Profit and Loss Account and Cash Flow statement dealt with by this report are in agreement with the books of account.
- iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
- v) On the basis of the written representations received from the Directors, as on 31st March, 2009 and taken on record by the Board of Directors, we report that, none of the Directors is disqualified as on



INCON ENGINEERS LIMITED

31st March, 2009 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;

vi) In the absence of confirmation letters from the parties, we are unable to ascertain whether the amounts shown under the heads Sundry Debtors, Other Current Assets and Loans and Advances are realisable as the amounts are outstanding for a long period and the payables shown under various heads of account are also subject to confirmation by the respective parties.

vii) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read in conjunction with the Schedules annexed therewith and subject to our comment in para (vi) above, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2009;
- b) In the case of the Profit and Loss account, of the Loss of the Company for the year ended on that date; and
- c) In the case of cash flow statement, of the cash flows for the year ended on that date.

For BRAHMAYYA & CO.
Chartered Accountants

(P. CHANDRAMOULI)
Partner
Membership No.25211

Place: Hyderabad
Date : 30.06.2009

Annexure to the Auditor's Report : referred to in paragraph 3 of our report of even date.

Re : INCON ENGINEERS LIMITED,
HYDERABAD.

1. a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) As explained to us, the management has physically verified most of the fixed assets during the year and there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of the assets. No material discrepancies were noticed on such verification.
- c) During the year the Company has not disposed off any of its fixed assets.
2. a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- b) In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c) The Company is maintaining proper records of inventory. The discrepancies noticed on physical verification between the physical stocks and book records were not material.
3. a) The Company has not granted any loans, secured or unsecured to Companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- b) In view of our comment in paragraph 3 (a) above, (III) (b), (c) & (d) of the paragraph 4 of the aforesaid order are not applicable to the Company.



INCON ENGINEERS LIMITED

- c) During the year, the Company had taken unsecured loans from three parties covered in the register maintained under section 301 of the Companies Act, 1956 and the maximum amount involved during the year was Rs. 16.62 lakhs.
- d) In our opinion the rate of interest and other terms and conditions on which loans have been taken from the other parties listed in the register maintained under section 301 of the Companies Act, 1956 are not prima facie prejudicial to the interest of the Company.
- e) According to the information and explanations given to us, no terms have been stipulated for payment of the principal amount and interest thereon. Hence we are not in a position to make any specific comment as to the Company is regular in payment of the principal amount and interest thereon.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and with regard to sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
5. a) In our opinion and according to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register to be maintained under that section.
- b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. The Company has not accepted deposits from the public. Hence the provisions of Section 58A, 58AA and other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 are not applicable to the Company for the time being.
7. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
8. The Central Government has not prescribed the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 for the products of the Company.
9. a) According to the records, the Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident fund, Investor Education and protection Fund, Employees State Insurance, Income-tax, Sales tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it.
- b) According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Customs Duty, Excise Duty and Cess were in arrears as at March 31, 2009 for a period of more than six months from the date they became payable.
- c) According to the records of the Company and the information and explanations given to us, there are no dues of Sales Tax, Income Tax, Custom Duty, Wealth Tax, Service Tax, Excise Duty and Cess., which have not been deposited on account of any dispute. However an amount of



INCON ENGINEERS LIMITED

- Rs. 1,25,101/- is payable on account of Sales Tax which is disputed by the Company and such dispute is pending with Sales Tax Appellate Tribunal, Andhra Pradesh.
10. The accumulated losses of Company as at the end of the financial year are more than fifty percent of its net worth. The Company has incurred cash loss during the financial year covered by our audit; however the company has not incurred any cash losses in the immediately preceding financial year.
 11. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institutions and Banks.
 12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
 13. The Company is not a chit fund or a nidhi/ mutual benefit fund/society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
 14. The Company is not dealing or trading in shares, securities, debentures and other investments. Therefore, the provisions of clause 4 (xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
 15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
 16. According to the information and explanations given to us, the Company has not obtained any term loans during the year.
 17. In our opinion and according to the information and explanations given to us the funds raised on short-term basis have not been used for long-term investment.
 18. During the year, the company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956.
 19. During the year, the company has not issued any debentures and therefore the question of creating security or charge in respect thereof does not arise.
 20. During the year, the company has not made any public issue and therefore and therefore the question of disclosing the end use of money raised by public issue does not arise.
 21. Based upon the audit procedures performed and according to the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year.

For Brāhmayya & Company
Chartered Accountants

Place: Hyderabad
Date : 30.06.2009

(P. CHANDRAMOULI)
Partner
Membership No.25211



INCON ENGINEERS LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2009

PARTICULARS	SCH REF.	AS AT 31.03.2009	AS AT 31.03.2008
I. SOURCE OF FUNDS			
1) Shareholders funds			
a) Share Capital	1	571,37,500	571,37,500
b) Reserves and Surplus	2	1,58,673	1,58,673
		<u>572,96,173</u>	<u>572,96,173</u>
2) Loan Funds Inter Corporate Deposits		9,90,000	----
		<u>9,90,000</u>	<u>---</u>
TOTAL Rs.		<u>582,86,173</u>	<u>572,96,173</u>
II. APPLICATION OF FUNDS			
1) Fixed Assets	3		
a) Gross Block		175,12,890	163,53,479
b) Less: Depreciation		<u>75,46,609</u>	<u>70,91,397</u>
c) Net Block		99,66,281	92,62,082
d) Capital Work-in-progress		4,38,709	13,71,852
		<u>104,04,990</u>	<u>106,33,934</u>
2) Current Assets, Loans and Advances			
a) Inventories	4	26,83,574	32,28,190
b) Sundry Debtors	5	3,08,525	35,77,628
c) Cash and Bank Balances	6	10,04,589	30,62,223
d) Other current assets	7	1,91,663	2,03,614
e) Loans and advances	8	3,86,974	10,96,131
		<u>45,75,325</u>	<u>111,67,786</u>
Less: Current Liabilities and Provisions	9		
a) Liabilities		20,74,696	37,92,992
b) Provisions		<u>9,25,414</u>	<u>8,93,236</u>
		<u>30,00,110</u>	<u>46,86,228</u>
Net Current Assets		<u>15,75,215</u>	<u>64,81,558</u>
3) Profit and Loss Account		<u>463,05,968</u>	<u>401,80,681</u>
TOTAL Rs.		<u>582,86,173</u>	<u>572,96,173</u>
NOTES ON ACCOUNTS	15		

Per our report of even date
For Brahmayya & Co.
Chartered Accountants

For and on Behalf of Board of Directors

Place: Hyderabad
Date : 30.06.2009

P. Chandramouli
Partner

Sreedhar Chowdhury
Managing Director

S. Manohar Raju
Director



INCON ENGINEERS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2009

PARTICULARS	SCH REF.	CURRENT YEAR	PREVIOUS YEAR
I. INCOME			
Sales (Gross) (Net of Returns)		5,62,538	154,05,015
Less : Excise Duty		—	—
Sales (Net)		5,62,538	154,05,015
Job work receipts		9,12,388	5,90,871
Others	10	3,28,798	1,30,251
TOTAL Rs.		18,03,724	161,26,137
II. EXPENDITURE			
Materials consumed	11	2,68,789	48,31,396
Power and Fuel		1,65,070	1,54,753
Job work payments		23,929	2,18,510
Staff Cost	12	25,58,847	24,35,189
Interest on Term Loans		45,175	3,46,771
Bad debts / advances written off		27,55,926	—
Other Expenses	13	12,29,341	33,30,244
Depreciation	3	4,55,212	4,29,265
(Increase) / Decrease in Stocks	14	4,01,722	—
TOTAL Rs.		79,04,011	117,46,128
III. PROFIT / (LOSS) FOR THE YEAR BEFORE TAXATION		(61,00,287)	43,80,009
Less : Provision for Fringe Benefit Tax		(25,000)	(35,000)
IV. PROFIT / (LOSS) AFTER TAXATION		(61,25,287)	43,45,009
Add : Balance of loss brought forward from last year		(401,80,681)	(4,45,25,690)
V. TOTAL LOSS CARRIED TO BALANCE SHEET		(463,05,968)	401,80,681
VI. Basic and diluted Earnings per share (in Rs.)		(1.42)	1.00
NOTES ON ACCOUNTS	15		

Per our report of even date

For Brahmayya & Co.

Chartered Accountants

For and on Behalf of Board of Directors

Place: Hyderabad
Date : 30.06.2009

P. Chandramouli
Partner

Sreedhar Chowdhury
Managing Director

S. Manohar Raju
Director



INCON ENGINEERS LIMITED

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

Particulars	Year ended 31.03.2009 Rs.	Year ended 31.03.2008 Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax and extraordinary items	(61,00,287)	43,80,009
Adjustments for:		
Depreciation	4,55,212	4,29,265
Interest (Net)	(58,867)	3,44,091
Excess Provision Written Back	(22,199)	(1,27,571)
Credit balance written back	(2,02,557)	—
Bad debts / Advance written off	27,55,926	—
Loss on sales returns	—	65,892
Provision for warranty maintenance	—	2,50,000
Operating profit before Working Capital changes	(31,72,772)	53,41,686
Adjustments for :		
Trade and other receivables	13,68,224	(15,71,109)
Inventories	5,44,616	(44,711)
Trade payables	(15,20,797)	7,84,599
Cash generated from operations	(27,80,729)	45,10,465
Income tax	(62,831)	(21,114)
NET CASH FROM OPERATING ACTIVITIES	(28,43,560)	44,89,351
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(2,26,268)	(87,058)
Interest received	32,934	28,547
NET CASH USED IN INVESTING ACTIVITIES	(1,93,334)	(58,511)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid	(10,740)	(3,46,771)
Proceeds from borrowings (net)	9,90,000	(15,92,890)
NET CASH GENERATED IN FINANCING ACTIVITIES	9,79,260	(19,39,661)
Net increase in cash and cash equivalents (A+B+C)	(20,57,634)	24,91,179
Cash and Cash equivalents as at 1st April 2008	30,62,223	5,71,044
Cash and Cash equivalents as at 31st March 2009	10,04,589	30,62,223

Per our report of even date
For Brahmayya & Co.
Chartered Accountants

For and on Behalf of Board of Directors

Place: Hyderabad
Date : 30.06.2009

P. Chandramouli
Partner

Sreedhar Chowdhury
Managing Director

S. Manohar Raju
Director



INCON ENGINEERS LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2009

Particulars	As at 31.03.2009	As at 31.03.2008
1. SHARE CAPITAL		
<u>Authorised</u>		
84,00,000 Equity Shares of Rs.10/- each	<u>840,00,000</u>	<u>840,00,000</u>
<u>Issued and Subscribed :</u>		
71,00,400 Equity Shares of Rs. 10/- each	<u>710,04,000</u>	<u>710,04,000</u>
<u>Paid Up:</u>		
43,27,100 Equity Shares of Rs. 10/- each	<u>432,71,000</u>	<u>432,71,000</u>
Add : Forfeited shares (amount originally paid up)	<u>138,66,500</u>	<u>138,66,500</u>
TOTAL Rs.	<u>571,37,500</u>	<u>571,37,500</u>
(Of the above shares 2,27,000 shares are allotted as fully paid-up Bonus shares by capitalisation of Revaluation Reserve)		
2. RESERVES AND SURPLUS		
Capital Reserve as per last balance sheet	<u>1,57,259</u>	<u>1,57,259</u>
	<u>1,57,259</u>	<u>1,57,259</u>
Revaluation Reserve as per last balance sheet	<u>1,414</u>	<u>1,414</u>
	<u>1,414</u>	<u>1,414</u>
TOTAL Rs.	<u>1,58,673</u>	<u>1,58,673</u>
4. INVENTORIES		
(at lower of cost or realisable value)		
Raw materials at cost	16,56,333	17,99,227
Finished goods at cost	—	6,33,920
Finished goods at realisable value	3,25,960	—
Work-in-process at cost	7,01,281	7,95,043
TOTAL Rs.	<u>26,83,574</u>	<u>32,28,190</u>
5. SUNDRY DEBTORS (Unsecured)		
Debts due over six months:		
Considered doubtful	66,796	22,13,231
Debts due for less than six months considered good	2,41,729	13,64,397
TOTAL Rs.	<u>3,08,525</u>	<u>35,77,628</u>



INCON ENGINEERS LIMITED

Particulars	As at 31.03.2009	As at 31.03.2008
6. CASH AND BANK BALANCES		
Cash in hand	13,336	11,770
Balance with Scheduled banks :		
in Current Accounts	31,253	30,50,453
in Fixed Deposits	9,60,000	—
TOTAL Rs.	10,04,589	30,62,223
7. OTHER CURRENT ASSETS		
Prepaid expenses	19,234	19,765
Deposits recoverable	92,869	1,75,397
Interest accrued	71,108	—
Balance with Central Excise Department	8,452	8,452
TOTAL Rs.	1,91,663	2,03,614
8. LOANS AND ADVANCES		
[Unsecured, considered good, recoverable in cash or in kind or for value to be received]		
Advances for : Purchases	1,88,430	1,88,449
Capital Goods	—	5,93,458
Other advances	26,860	1,97,969
Staff and workmen advances	44,083	51,485
Advance Tax and TDS	1,27,601	64,770
TOTAL Rs.	3,86,974	10,96,131



3. FIXED ASSETS

		GROSS BLOCK				DEPRECIATION BLOCK				NET BLOCK	
S.NO.	DESCRIPTION	As at	Additions	Deletions	As at	Up to	For the	On	Up to	As at	As at
		31.3.2008			31.3.2009	31.3.2008	Year	Deletions	31.3.2009	31.03.2009	31.03.2008
1	Land	37,78,773	—	—	37,78,773	—	—	—	—	37,78,773	37,78,773
2	Buildings – Factory	46,29,403	11,22,768	—	57,52,171	22,25,724	1,58,910	—	23,84,634	33,67,537	24,03,679
3	Plant and Machinery	43,41,833	---	—	43,41,833	20,79,111	2,03,358	—	22,82,469	20,59,364	22,62,722
4	Water works	2,47,446	36,643	—	2,84,089	79,227	12,242	—	91,469	1,92,620	1,68,219
5	Lab equipment	6,556	—	—	6,556	6,288	---	—	6,288	268	268
6	Office Equipment	5,83,307	---	—	5,83,307	3,32,054	25,983	—	3,58,037	2,25,270	2,51,253
7	Electrical Installations	5,56,083	---	—	5,56,083	2,58,446	25,697	—	2,84,143	2,71,940	2,97,637
8	Furniture and Fixtures	2,35,931	—	—	2,35,931	2,09,330	7,854	—	2,17,184	18,747	26,601
9	Cylinder	8,700	—	—	8,700	8,265	—	—	8,265	435	435
10	Technical Know – how	15,00,000	—	—	15,00,000	15,00,000	—	—	15,00,000	---	—
11	Library Books	92,544	—	—	92,544	92,544	—	—	92,544	---	—
12	Data Processing Equipment	3,72,903	---	—	3,72,903	3,00,408	21,168	—	3,21,576	51,327	72,495
Total Rs.		163,53,479	11,59,411	—	175,12,890	70,91,397	4,55,212	—	75,46,609	99,66,281	92,62,082
Add: Capital Work in Progress		13,71,852	2,26,268	11,59,411	4,38,709	—	—	—	---	4,38,709	13,71,852
		177,25,331	13,85,679	11,59,411	179,51,599	70,91,397	4,55,212	—	75,46,609	104,04,990	106,33,934
Less : Internal transfers		---	11,59,411	11,59,411	----	---	---	---	---	---	----
Total Rs.		177,25,331	2,26,268	—	179,51,599	70,91,397	4,55,212	---	75,46,609	104,04,990	106,33,934
PREVIOUS YEAR Rs.		176,38,273	87,058	---	177,25,331	66,62,132	4,29,265	---	70,91,397	106,33,934	109,76,141



INCON ENGINEERS LIMITED

Particulars	As at 31.03.2009	As at 31.03.2008
9. CURRENT LIABILITIES AND PROVISIONS		
a) Current Liabilities		
Sundry Creditors		
due to Micro and Small Enterprises	4,19,193	2,13,481
due to other than Micro and Small Enterprises	11,66,819	17,48,164
Other Liabilities	42,449	13,47,990
Interest accrued but not due	58,058	23,623
Due to Directors	3,88,177	3,27,835
Deposits from dealers	—	50,000
Advance against Sales	—	81,899
TOTAL (a)	<u>20,74,696</u>	<u>37,92,992</u>
b) Provisions :		
Provision for : Fringe Benefit Tax	91,983	66,983
: Gratuity	8,02,826	7,78,565
: Leave encashment	30,605	47,688
TOTAL (b)	<u>9,25,414</u>	<u>8,93,236</u>
TOTAL (a+b)	<u>30,00,110</u>	<u>46,86,228</u>
	Current Year	Previous Year
10. OTHER INCOME		
Interest earned (Gross) (Others)		
(TDS : Current Year - 20,519/-	1,04,042	2,680
: Previous Year - Nil)		
Excess Provision written back	22,199	1,27,571
Credit Balances written back	2,02,557	—
TOTAL Rs	<u>3,28,798</u>	<u>1,30,251</u>
11. RAW MATERIAL CONSUMED		
Opening stock	17,99,227	17,54,516
Add: Purchases	1,25,895	48,76,107
	19,25,122	66,30,623
Less: Closing stock	16,56,333	17,99,227
TOTAL Rs.	<u>2,68,789</u>	<u>48,31,396</u>
12. STAFF COST		
Salaries, Wages and Bonus	21,46,579	21,16,460
Contribution to provident and other funds	2,02,524	2,08,656
Workers and Staff Welfare expences	57,150	43,178
Gratuity and Leave encashment	1,52,594	66,895
TOTAL Rs.	<u>25,58,847</u>	<u>24,35,189</u>



INCON ENGINEERS LIMITED

Particulars	Current Year	Previous Year
13. OTHER EXPENSES		
Rent	1,35,000	1,80,000
Rates and taxes	1,96,032	16,90,912
Freight and transportation	5,549	76,240
Bank Charges	10,842	13,099
Insurance	24,847	40,546
Advertisement and Business Promotion	38,050	35,326
Printing and Stationery	29,026	32,628
Communications	68,269	67,694
Travelling and Conveyance	1,62,878	2,84,156
Legal and Professional Charges	1,34,238	1,39,667
Auditors Remuneration		
As Auditors	27,575	22,472
for Certification Fee	8,427	8,427
for Tax Representation	-	5,000
Repairs & Maintenance		
Plant and Machinery	15,276	5,184
Buildings	20,705	15,611
Other Assets	10,740	31,475
Directors' Sitting fee	26,500	23,500
Selling Expenses	462	81,965
Watch and Ward	1,67,656	1,69,851
Loss on Sales Returns	-	65,892
General Charges	83,793	90,599
Provision for warranty maintenance	-	2,50,000
Warranty Maintenance	63,476	-
TOTAL Rs.	<u>12,29,341</u>	<u>33,30,244</u>
14. (INCREASE) / DECREASE IN STOCKS		
a. Opening Stocks		
Finished Goods	6,33,920	6,33,920
Work-in-process	7,95,043	7,95,043
TOTAL Rs.	<u>14,28,963</u>	<u>14,28,963</u>
b. Closing Stocks		
Finished Goods	3,25,960	6,33,920
Work-in-process	7,01,281	7,95,043
TOTAL Rs.	<u>10,27,241</u>	<u>14,28,963</u>
(Increase)/ Decrease in stocks (a-b)	4,01,722	—



15. NOTES ON ACCOUNTS:

1. The following are the significant accounting policies adopted by the Company in the preparation and presentation of financial statements.

- a) Financial statements are prepared based on historical costs and on accrual basis.
- b) The preparation of financial statements requires the management of the Company to make certain estimates and assumptions that effect the reported balances of assets and liabilities and disclosures relating to the contingent liabilities as at the date of the financial statements and reported amount of income and expenditure for the year. Any revision to such estimates is recognised prospectively in the year in which they are revised.
- c) Tangible Fixed Assets are stated at replacement value as on 31.03.93 net of depreciation provided except furniture, water works, cylinders, electrical installations and the assets taken over from Fluid Energy Systems, which are stated at cost net of depreciation.
- d) Depreciation on the assets of the Company except technical know-how and Library is provided on Straight line basis/written down value method as per schedule XIV to the Companies Act 1956.
Technical know-how fees and cost of Library are written off over a period of 10 years equally commencing from the year in which they are acquired.
- e) Raw materials, Components, stores and spares are valued at lower of cost and realisable value on FIFO basis. Finished goods and Work-in progress are valued at lower of cost and realisable value.
- f) Short-term employee benefits are recognised as an expense at the undiscounted amount in the profit and loss of the year in which the related service is rendered.
Post employment and other long-term employee benefits are recognised as an expense in the profit and loss account for the year in which the employee has rendered service. The expense is recognized at the present value of the amount payable determined on the basis of actuarial valuation. Actuarial gains and losses in respect of post employment and other long-term benefits are charged to Profit and Loss account.
- g) All contingent liabilities are indicated by way of a note and will be provided / paid on crystallisation.
- h) Sales are accounted for including duties and taxes collected.
- i) Borrowing costs that are directly attributable to the acquisition, construction or production of fixed assets are capitalised as part of the cost of that asset.
- j) All items of income/expenditure pertaining to prior period, which are material, are accounted through "prior period adjustments" and the others are shown under respective heads of account in the Profit and Loss Account.
- k) Deferred tax asset and liability is calculated by applying the tax rate and tax laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax assets are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax asset can be realised.
- l) Impairment loss is recognised whenever the carrying amount of an asset is in excess of its recoverable amount and the same is recognised as an expense in the statement of Profit and Loss and the carrying amount of the asset is reduced to its recoverable amount.
Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the asset are no longer exist or have decreased.
- m) All the lease agreements entered into by the Company both as lessee and lessor are only operating leases. The payments made or the amounts received under such operating leases are debited or credited as the case may be to profit and loss account on straight-line basis over the lease period.
- n) A provision is recognised when, the Company has a present obligation as a result of a past event, it is possible that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.



INCON ENGINEERS LIMITED

2. The balances shown under Sundry Debtors, Loans and Advances, Current Assets, Sundry Creditors and other Current Liabilities are subject to confirmation.
3. In the opinion of the management, the current assets, loans and advances are expected to realize at least the amount at which they are stated, if realized in the ordinary course of business and provision for all known liabilities have been adequately made in the accounts.
4. Fixed Deposit Receipts for Rs. 9,60,000/- (Previous Year Rs. Nil-) are pledged with the Bankers towards Margin for Bank Guarantees / Letters of Credit issued by them.
5. Disclosure of Sundry Creditors under current liabilities is based on the information available with the Company regarding the status of the suppliers as defined under the "Micro, Small and Medium Enterprises Development Act, 2006" and relied upon by the Auditors. During the year the Company has paid no interest in terms of section 16 of the said Act.
6. Remuneration to Managing Director included in other heads of account (Minimum remuneration as per Schedule XIII of the Companies Act, 1956)

	Current Year Rs.	Previous Year Rs.
Remuneration	4,05,000	5,12,333
Cost of perquisites and contributions	1,83,600	2,71,038
Total	<u>5,88,600</u>	<u>7,83,371</u>
7. Contingent Liabilities not provided for on account of
 - a) Claims against the Company not acknowledged as a debts

	15,90,105	15,70,505
--	-----------	-----------
 - b) Demands from Sales Tax Department disputed by the Company pending in appeals to extent not provided for

	1,25,101	1,65,101
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8. Disclosure relating to the Gratuity liability as per Accounting Standard 15 "Employee Benefits"
 - a. The amounts recognised in the Balance Sheet

Particulars	2008-09 Rs.	2007-08 Rs.
Present value of obligations	8,02,826	7,78,565
Fair value of plan assets	Nil	Nil
Net Liability recognised in the Balance Sheet as provision	8,02,826	7,78,565
 - b. Changes in the present value of the defined obligation

Particulars	2008-09 Rs.	2007-08 Rs.
Opening defined benefit obligation	7,78,565	7,74,753
Current Service Cost	7,229	43,312
Interest Cost	62,285	13,030
Benefits Paid	(1,26,016)	(52,530)
Actuarial (gain)/loss on obligation	80,763	Nil
Closing defined benefit obligation	8,02,826	7,78,565



INCON ENGINEERS LIMITED

c. The amounts recognised in the profit and loss account	2008-09	2007-08
Particulars	Rs.	Rs.
Current service cost	7,229	43,312
Interest cost	62,285	13,030
Actuarial (gain)/loss on obligation	80,763	Nil
Net benefit expenditure	1,50,277	56,342

d. Principal actuarial assumptions

Particulars	2008-09	2007-08
Rate of escalation in Compensation	4%	4%
Discount rate	8%	8%
Attrition rate	1%	1%
Retirement age in years	58	58

The rate of escalation in compensation considered in the above valuation is estimated taking into account inflation, seniority, promotion and other relevant factors and the above information is certified by an actuary.

9. The Company's main business is manufacture of chemical process equipment and agricultural machinery and all other activities of the Company revolve around the main business and as such there are no separate reportable business segments as per the Accounting Standard "Segmental Reporting" (AS17)
10. The details of the transactions with related parties to be disclosed as required by Accounting Standard - 18 are as follows.

a) Names of related parties and description of relationship.

- i) Key Management Personnel : Sri Sreedhar Chowdhury,
Managing Director.
- ii) Relatives of Key Management Personnel : Smt. R. Chowdhury,
W/o Sri Sreedhar Chowdhury.
- iii) Associates : Oxeeco Meditek Pvt,Ltd,
: Oxeeco Technologies Pvt.Ltd,
: The Oxygen Equipment &
Engineering Co.Ltd.,
: Fusion Lastek Technologies Pvt. Ltd.

b) Transaction with related parties during the year	2008-09	2007-08
	Rs.	Rs.
i) Key Management Personnel		
Sri Sreedhar Chowdhury		
Managerial Remuneration	5,88,600	7,83,371
Loan Taken	5,22,000	
Loan Repaid	2,20,000	
ii) Relatives of Key Management Personnel		
Smt. R. Chowdhury		
Rent Paid	1,35,000	1,80,000



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iii) Associates			
Oxeeco Meditek Private Limited			
Loan Taken	5,40,000		Nil
Interest on loan	22,691		Nil
Oxeeco Technologies Private Limited			
Job Charges	(7,05,193)		(2,18,848)
Fusion Lastek Technologies Private Limited			
Loan Taken	6,00,000		Nil
Loan Repaid	1,50,000		Nil
Interest on loan	21,833		Nil
c) Year end Balances { due from / (due to) }			
i) Sri Sreedhar Chowdhury	(3,88,177)		(3,27,835)
ii) Smt. R. Chowdhury	Nil		(10,307)
iii) Oxeeco Meditek Private Limited	(5,57,549)		Nil
iv) Oxeeco Technologies Private Limited	(23,623)		(23,623)
v) Fusion Lastek Technologies Private Limited	(4,66,886)		Nil
11. Calculation of Earning Per Share			
	Current Year	Previous Year	
a) Net Profit available to Equity shareholders (in Rs.) :	(61,25,287)	43,45,009	
b) Weighted average number of Equity shares (Nos.) :	43,27,100	43,27,100	
c) Face value per Share (in Rs.) :	10/-	10/-	
d) Earning per Share (Basic & Diluted) (in Rs)	(1.42)	1.00	
12. In terms of Accounting Standard (AS-22) on "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India, there is a net deferred tax asset as on 31 st March, 2009. In compliance with the provisions of the Accounting Standard and based on general prudence, the Company has not recognized the said deferred tax asset while preparing the accounts for the current year.			
13. The Management has carried out the assessment of impairment of assets and no impairment loss has been recognized during the year.			
14. Licensed and installed capacity and actual production.			
a) Licensed and installed capacities	Not applicable		
b) Actual production	Unit	2008-09	2007-08
Chemical Process Equipment	Nos	Nil	4
Power Tillers	Nos	2	Nil



INCON ENGINEERS LIMITED

15.	Consumption of Raw Materials	Unit	Quantity		Value in Rs.	
			2008-09	2007-08	2008-09	2007-08
	Steel	Mts.	0.205	3.440	44,440	9,39,049
	Others				2,24,349	38,92,347
					2,68,789	48,31,396
16.	Analysis of materials consumed		2008-09		2007-08	
		Percentage	Value in Rs.		Percentage	Value in Rs.
	Imported	53.93	1,44,969		0.21	9,817
	Indigenous	46.07	1,23,789		99.79	48,21,579
		100.00	2,68,789		100.00	48,31,396
17.	Details of traded goods	Unit	Quantity		Value in Rs.	
			2008-09	2007-08	2008-09	2007-08
	Opening and Closing Stocks					
	Land Leveling Parts	Nos.	82	82	1,07,111	2,14,223
	Land Survey Instruments	Nos.	40	40	1,42,394	2,84,787
	Others	Nos.	10	10	76,455	1,34,910
			132	132	3,25,960	6,33,920
18.	Details of Opening Stock, Closing Stock and sale of finished goods	Unit	Quantity		Value in Rs.	
			2008-09	2007-08	2008-09	2007-08
	Opening and Closing Stocks		Nil	Nil	Nil	Nil
	Sales					
	Chemical Process Equipment	Nos.	-	4	-	1,44,23,069
	Power Tillers	Nos.	2	-	1,24,800	-
	Spares and others				4,37,738	9,81,946
					5,62,538	1,54,05,015
19.	Previous year figures are regrouped and reclassified wherever necessary to make them comparable with those of current year.					

Per our report of even date
For Brahmaya & Co.
Chartered Accountants

For and on Behalf of Board of Directors

Place: Hyderabad
Date : 30.06.2009

P. Chandramouli
Partner

Sreedhar Chowdhury
Managing Director

S. Manohar Raju
Director



INCON ENGINEERS LIMITED

Schedule - 1

Information pursuant to part-IV of Schedule VI of Companies Act, 1956
Balance Sheet Abstract and Company's General Business Profile

1. Registration Details:

Registration No 1 3 1 9

State Code 0 1

Balance Sheet Date 3 1 0 3 2 0 0 9

2. Capital Raised during the year

Public Issue N I L

Rights Issue N I L

Bonus Issue N I L

Private Placement N I L

3. Position of Mobilisation and Deployment of Funds

Total Liabilities 5 8 2 8 6 1 7 3

Total Assets 5 8 2 8 6 1 7 3

Sources of Funds

Paid-up Capital 5 7 1 3 7 5 0 0

Reserves & Surplus 1 5 8 6 7 3

Secured Loans N I L

Unsecured Loans N I L

Application of Funds

Net Fixed Assets 1 0 4 0 4 9 9 0

Investments N I L

Net Current Assets 1 5 7 5 2 1 5

Misc. Expenditure N I L

Accumulated Losses 4 6 3 0 5 9 6 8

4. Performance of the Company

Turnover 1 8 0 3 7 2 4

Total Expenditure 7 9 0 4 0 1 1

(including other income)

Loss Before Tax 6 1 0 0 2 8 7

Loss After Tax 6 1 2 5 2 8 7

Earning per Share in Rs (1.42)

Dividend Rate % N I L



INCON ENGINEERS LIMITED

5. Generic Names of three Principal Products/services of the company (As per monetary terms)

Product Description

P	O	W	E	R	T	I	L	L	E	R	S
---	---	---	---	---	---	---	---	---	---	---	---

Item Code No
(ITC Code)

8	4	7	9	8	9
---	---	---	---	---	---

Product Description

C	H	E	M	I	C	A	L	P	R	O	C	E	S	S	E	Q	U	I	P	M	E	N	T
---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---

Item Code No
(ITC Code)

8	4	1	9	6	0
---	---	---	---	---	---

Product Description

C	R	Y	O	G	E	N	I	C	T	A	N	K
---	---	---	---	---	---	---	---	---	---	---	---	---

For and Behalf of Board of Directors

Place: Hyderabad
Date : 30.06.2009

Sreedhar Chowdhury
Managing Director

S. Manohar Raju
Director



INCON ENGINEERS LIMITED

INCON ENGINEERS LIMITED

Regd. Office : B-6/3, I.D.A., Uppal, Hyderabad-500039

ATTENDANCE SLIP

Registered Folio No.....

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF MEETING.

Name:.....

Address:.....

I hereby record my presence at the Thirty Ninth Annual General Meeting of the Company held at B-6/3, I.D.A. Uppal, Hyderabad -500039 on the Friday, 25th day of September, 2009 at 10.00 a.m.

Signature of Member/Proxy.....

NOTES :

- (1) Members/Proxy holders are requested to bring their Attendance Slips with them when they come to the Meeting and hand it over at the entrance after signing it.
- (2) Members/Proxy holders who come to attend the meeting are requested to bring their copies of the Notice with them.

INCON ENGINEERS LIMITED

Regd. Office: B-6/3, I.D.A., Uppal, Hyderabad -500039

PROXY FORM

(Registered Folio No. & Name of the Member and address as given on the envelope to be furnished below) Name and Address of Member (in Block letter)

Registered Folio No.....

I/We of being member/member(s) of the above named Company hereby appoint.....of..... or failing him/herof as my/our proxy to attend and vote for me/us and on my/our behalf at the Thirty Ninth Annual General Meeting of the Company to be held at B-6/3, I.D.A., Uppal, Hyderabad-500039 on 25th day of September, 2009 at 10.00 a.m. and at any adjournment thereof.

As witness my/our hand (s) this day of2009.

Signed by the said.....

Affix
1 Rupee
Revenue
Stamp

Signature (s) of member(s)
Across the stamp

NOTE:

The proxy must be returned duly completed so as to reach the Registered Office of the Company not less than 48 hours before the scheduled time for holding the aforesaid meeting.

**Printed Matter
Under Certificate of Posting**


If undelivered please return to :

INCON ENGINEERS LIMITED

B-6/3, IDA, Uppal,

Hyderabad - 500 039.