

# **42nd Annual Report 2011 - 2012**



**INCON ENGINEERS LIMITED**



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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** Venture Capital and Corporate Investments Pvt. Ltd.  
**TRANSFER AGENTS** 12-10-167, Bharat Nagar,  
**(PHYSICAL & DEMAT)** Hyderabad-500 018.

**STOCK EXCHANGE LISTINGS** Bombay Stock Exchange Ltd.  
P.J.Towers, 25<sup>th</sup> Floor, Dalai 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 42<sup>nd</sup> Annual General Meeting of Incon Engineers Limited will be held on Friday the 14th September, 2012 at 11.00 a.m. at the 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 31<sup>st</sup> March, 2012 together with the report of Directors and Auditors thereon.
2. To appoint a Director in place of Sri S. Manohar Raju, who retires by rotation and being eligible, offers him self 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.

For and on behalf of the Board

Place: Hyderabad  
Date : 30-05-2012

**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 12th September, 2012 to 14th September, 2012 (both days inclusive).



## INCON ENGINEERS LIMITED

### DIRECTORS' REPORT

To the Members,

Your Directors take pleasure in presenting the 42<sup>nd</sup> Annual Report and Audited Balance Sheet and Profit and Loss Account for the year ended on 31<sup>st</sup> March, 2012.

### FINANCIAL RESULTS

Details	Rupees in Lakhs	
	For the year ended 31.03.2012	For the year ended 31.03.2011
Sales/ Income from operations	64.09	42.40
Other Income	5.53	(0.14)
Manufacturing Expenses	37.71	33.69
Other Expenses	20.53	11.96
Interest	0.51	0.41
Gross Profit (+)/(Loss)(-) after Interest		
before Depreciation & Tax	10.87	(3.80)
Depreciation	5.60	5.60
Net Profit (+)/(Loss) before		
Tax for the year	5.27	(9.40)
Net Profit (+)/(Loss) for the year	5.27	(9.40)

### OPERATIONS

The Company's operations have improved during the year with the income from operations increasing to Rs. 69.62 lakhs as compared to Rs 42.26 lakhs during the previous year. The gross profit, after providing interest and before depreciation, amounts to Rs. 10.87 lakhs as compared to a loss of Rs. 3.80 lakhs during the previous year. The Company is hopeful of continuing this trend during the current year as various projects are in the pipeline.

### 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, Sri S. Manohar Raju retires at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

### 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.

### 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 thereunder.

### 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 :

- 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;
- 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;



## INCON ENGINEERS LIMITED

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.

### ACKNOWLEDGEMENTS

Your Directors wish to place on record their gratitude to the investors 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

Place: Hyderabad  
Date : 30.05.2012

**SREEDHAR CHOWDHURY**  
Chairman & Managing Director

### 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



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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

Place: Hyderabad  
Date : 30.05.2012

**SREEDHAR CHOWDHURY**  
Chairman & Managing Director

### MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT

The Company has been able to successfully generate a profit during the year by following a conservative path by implementing cost cutting methods and improved sales. The Company is hopeful that these measures will result in an improvement in profitability in the incoming years.

### 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.





## INCON ENGINEERS LIMITED

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 2011-12, Four 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	9
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.

Sri S. Monohar Raju, 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.

### 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 four times during the financial year 2011-12 i.e. on 30<sup>th</sup> May, 2011, 3<sup>rd</sup> August, 2011, 11<sup>th</sup> November, 2011, 3<sup>rd</sup> February 2012. 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



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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 24<sup>th</sup> 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 five 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 27<sup>th</sup> 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. At present the Managing Director is not drawing any remuneration.

### INVESTORS GRIEVANCE COMMITTEE:

This Committee consisting of Shri Sreedhar Chowdury, 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 41<sup>st</sup> 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 41 <sup>st</sup> AGM
No. of Meetings held	4	4	1	1
<b>Directors</b>				
Shri Sreedhar Chowdhury	4	N.A.	1	Present
Shri S. Manohar Raju	4	4	1	Present
Shri A. Subba Rao	2	3	1	Present
Dr. B. Neeta Kumari	4	4	1	Present
Shri Bisham Rughu Malkani	1	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 31<sup>st</sup> March, 2012, 3819127 Equity Shares representing 88.26% of the Share Capital of the Company have been dematerialised.

##### b) Shares to be traded in Demat form:

With effect from 1<sup>st</sup> 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.

#### 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 88.26% 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.



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### GENERAL BODY MEETINGS:

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

Financial year	Date	Time	Venue
31 <sup>st</sup> March, 2009	25.09.2009	10.00 am	Registered office of the Company
31 <sup>st</sup> March, 2010	06.09.2010	11.00 am	Registered office of the Company
31 <sup>st</sup> March, 2011	23.09.2011	11.30 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 14th September, 2012 at 11.00 a.m. at its Registered Office at B-6/3, Industrial Development Area, Uppal, Hyderabad - 500 039.

b) **Tentative calendar of events for the Financial Year (2012-13) is given below:**

- i) Un-audited/Audited Financial Results for:
- First quarter July, 2012
  - Second quarter October, 2012
  - Third quarter January, 2013
  - Fourth quarter April, 2013

c) **Book Closure:** The books will be closed from **12-09-2012 to 14-09-2012** (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, Dalai 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 2012-13 has been paid to Bombay Stock Exchange. However, the listing fee for Calcutta Stock Exchange is outstanding for 7 years.

d) **Market Price Data:**

The shares of the Company are thinly traded. The 52<sup>nd</sup> week high and low on BSE was Rs. 8.79 and Rs. 2.44.

### Distribution of Share Holding as on 31.03.2012

No. of Equity shares held	Shareholders Number	Shareholders percentage	No. of Shares	Percentage
Upto - 500	666	63.25	148849	3.44
501 - 1000	203	19.28	185888	4.30
1001 - 2000	79	7.50	125283	2.90
2001 - 3000	29	2.75	75115	1.74
3001 - 4000	12	1.14	42977	0.99
4001 - 5000	16	1.52	77907	1.80
5001 - 10000	17	1.61	117673	2.72
10001 and Above	31	2.94	3553408	82.12
Total	1053	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 31.03.2012, as envisaged in clause 49 of the Listing Agreement with the Stock Exchanges.

Place: Hyderabad  
Date : 30.05.2012

**SREEDHAR CHOWDHURY**  
Chairman & Managing Director



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### 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 31<sup>st</sup> March, 2012, 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 : 30-05-2012

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.

#### 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

Place: Hyderabad

**SREEDHAR CHOWDHURY**

Date : 30.05.2012

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 31<sup>st</sup> March, 2012 the Statement of 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



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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, Statement of 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, Statement of 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 31<sup>st</sup> March, 2012 and taken on record by the Board of Directors, we report that, none of the Directors is disqualified as on 31<sup>st</sup> March, 2012 from

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

- v) 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 Notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2012;
  - b) In the case of the statement of Profit and Loss, of the profit 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  
Firms Registration  
No. : 000513S

(P. CHANDRAMOULI)  
Partner  
Membership No. 025211

Place: Hyderabad  
Date : 30.05.2012



## INCON ENGINEERS LIMITED

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) The fixed assets disposed off during year, do not constitute a substantial part of the fixed assets of the Company and in our opinion, such disposal has not affected the going concern status of the Company.
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.  
c) During the year, the Company had taken unsecured loans from two parties covered in the register maintained under section 301 of the Companies Act, 1956 and the maximum amount involved during the year was Rs. 8.5 lakhs and there was no year end balance out or the above.  
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) In our opinion and according to the information and explanations given to us, the repayment of the principal amount and interest thereon are as per stipulations.
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) According to the information and explanations given to us, we are of the opinion that the particulars of all contracts or arrangements that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been so entered.  
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 and exceeding the value of rupees five lakhs in respect of any party during the year 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 of the Company, 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, 2012 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 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 the Company as at the end of the financial year under reference are more than fifty percent of net worth of the Company. The Company has incurred cash losses during the year covered by our audit and also 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.





## INCON ENGINEERS LIMITED

15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank 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, 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 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 Brahmayya & Company  
Chartered Accountants  
Firm's Registration  
No. : 000513S

Place: Hyderabad  
Date : 30.05.2012

(P. CHANDRAMOULI)  
Partner  
Membership No. 025211



# INCON ENGINEERS LIMITED

## BALANCE SHEET AS AT 31ST MARCH, 2012

PARTICULARS	NOTES	31.03.2012 Rs.	31.03.2011 Rs.
<b>EQUITY AND LIABILITIES</b>			
<b>Share holders funds</b>			
Share Capital	04	57,137,500	57,137,500
Reserves and Surplus	05	(47,328,269)	(47,855,308)
		<u>9,809,231</u>	<u>9,282,192</u>
<b>Non - Current liabilities</b>			
Long Term Provisions	06	952,433	809,705
		<u>952,433</u>	<u>809,705</u>
<b>Current liabilities</b>			
Short Term Borrowings	07	650,000	680,000
Trade Payables	08	644,430	717,030
Other Current Liabilities	09	193,255	50,331
Short Term Provisions	10	75,000	-
		<u>1,562,685</u>	<u>1,447,361</u>
<b>TOTAL</b>		<u><b>12,324,349</b></u>	<u><b>11,539,258</b></u>
<b>ASSETS</b>			
<b>Non - Current assets</b>			
Fixed assets : Tangible	11	8,860,359	9,420,582
Deferred Tax Assets (Net)	12	-	-
Long Term Loans and Advances	13	92,869	92,869
		<u>8,953,228</u>	<u>9,513,451</u>
<b>Current Assets</b>			
Inventories	14	1,374,796	1,470,152
Trade Receivables	15	791,352	325,149
Cash and Cash Equivalents	16	862,060	53,662
Short Term Loans and Advances	17	168,933	75,905
Other Current Assets	18	153,980	100,939
		<u>3,371,121</u>	<u>2,025,807</u>
<b>TOTAL</b>		<u><b>12,324,349</b></u>	<u><b>11,539,258</b></u>
<b>SIGNIFICANT ACCOUNTING POLICIES</b>	03		

Per our report of even date

For Brahmayya & Co.

Chartered Accountants

Firm's Registration No. : 000513S

For and on Behalf of the Board

Place: Hyderabad

Date : 30.05.2012

**P. Chandramouli**

Partner

Membership No. 025211

**Sreedhar Chowdhury**

Managing Director

**S. Manohar Raju**

Director



## INCON ENGINEERS LIMITED

### PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2012

PARTICULARS	NOTES	31.03.2012 Rs.	31.03.2011 Rs.
<b>INCOME</b>			
Revenue from operations	19	6,409,708	4,240,923
Other Income	20	552,502	(14,854)
<b>TOTAL REVENUE</b>		<b><u>6,962,210</u></b>	<b><u>4,226,069</u></b>
<b>EXPENSES</b>			
Cost of Raw Materials and Stores Consumed	21	1,633,419	604,335
(Increase)/Decrease in Inventories	22	8,000	853,874
Employee Benefit Expense	23	2,129,185	1,911,218
Finance Costs	24	51,448	40,610
Depreciation expense	25	560,223	560,224
Other Expenses	26	2,052,896	1,196,064
		6,435,171	5,166,325
<b>TOTAL EXPENSES</b>		<b><u>6,435,171</u></b>	<b><u>5,166,325</u></b>
<b>PROFIT BEFORE TAX</b>		<b>527,039</b>	<b>(940,256)</b>
<b>TAX EXPENSE</b>		<b>-</b>	<b>-</b>
Profit after Tax for the year from Continuing Operations		<b><u>527,039</u></b>	<b><u>(940,256)</u></b>
Earnings per Share of face Value of Rs. 10/- each:			
Basic and diluted		0.12	(0.22)
<b>SIGNIFICANT ACCOUNTING POLICIES</b>	<b>03</b>		

Per our report of even date  
For Brahmayya & Co.  
Chartered Accountants  
Firm's Registration No. : 000513S

For and on Behalf of the Board

Place: Hyderabad  
Date : 30.05.2012

**P. Chandramouli**  
Partner  
Membership No. 025211

**Sreedhar Chowdhury**  
Managing Director

**S. Manohar Raju**  
Director



# INCON ENGINEERS LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2011

Particulars	31.03.2012 Rs.	31.03.2011 Rs.
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before tax and extraordinary items	527,039	(940,256)
Adjustments for:		
Depreciation	560,223	560,224
Interest on Term Loan	51,448	34,216
Interest Received	(9,775)	-
Warrenty Period Maintenance	75,000	
(Profit) / Loss on Sale of Fixed assets	-	17,047
Operating profit before Working Capital changes	1,203,935	(328,769)
Adjustments for :		
Increase/(Decrease) in Long Term Provisions	142,728	(38,124)
Increase/(Decrease) in Trade Payables	(72,600)	(902,298)
Increase/(Decrease) in Other Current Liabilities	142,924	(956,163)
(Increase)/Decrease in Short Term Loans & Advances	(93,028)	258,415
(Increase)/Decrease in Trade Receivables	(466,203)	(283,063)
(Increase)/Decrease in Inventories	95,356	925,352
(Increase)/Decrease in Other Current Assets	421	(6,867)
Cash generated from operations	953,533	(1,331,517)
Income tax	(43,687)	(4,582)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>909,846</b>	<b>(1,336,099)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	-	(75,976)
Sale of fixed assets	-	89,500
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>-</b>	<b>13,524</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Interest paid	(51,448)	(34,216)
Proceeds from borrowings (net)	-	1,753,000
Repayment of Short Term borrowings	(30,000)	(1,073,000)
<b>NET CASH GENERATED IN FINANCING ACTIVITIES</b>	<b>(81,448)</b>	<b>645,784</b>
Net increase in cash and cash equivalents (A+B+C)	828,398	(676,791)
Cash and Cash equivalents as at the beginning of the year	53,662	730,453
Cash and Cash equivalents as at the end of the year #	882,060	53,662
# including restricted amount of	200,000	-

Per our report of even date

For Brahmayya & Co.

Chartered Accountants

Firm's Registration No. : 000513S

For and on Behalf of the Board

Place: Hyderabad

Date : 30.05.2012

**P. Chandramouli**

Partner

Membership No. 025211

**Sreedhar Chowdhury**

Managing Director

**S. Manohar Raju**

Director



## INCON ENGINEERS LIMITED

### NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012.

#### 1 NATURE OF OPERATIONS

Incon Engineers Limited (the Company) has been incorporated on 13.02.1970. At present the Company is engaged in the business of manufacturing of Chemical process equipment and agricultural machinery

#### 2 BASIS OF ACCOUNTING

The financial statements have been prepared to comply in all material respects with the Notified accounting standards by Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared in accordance with the generally accepted Accounting Principles in India under the historical cost convention and on accrual basis, except in case of assets for which provision for impairment is made and revaluation is carried out. The accounting policies are consistent with those used in the previous year.

#### 3 SIGNIFICANT ACCOUNTING POLICIES

##### a) Change in accounting policy: Presentation and disclosure of financial statements:

During the year ended 31 March 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The company has also reclassified the previous year figures in accordance with the requirements applicable in the current year

##### b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

##### c) Fixed Assets

Fixed assets are stated at cost (or revalued amounts, as the case may be), less accumulated depreciation, amortisation and impairment losses if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Borrowing costs relating to acquisition of fixed assets which take substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

##### d) Depreciation

i. Depreciation on Fixed Assets is provided on Written down Value/Straight Line method as per Schedule XIV of the Companies Act, 1956.

ii. Fixed Assets costing rupees Five thousand or less are fully depreciated in the year of acquisition.

##### e) Inventories

i. Raw materials, components, stores and spares are valued at lower of cost and net realizable value. However, raw materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on FIFO basis.

ii. Finished goods, Work in progress, Scrap, by-products, loose tools and other stock in trade are valued at lower of cost and net realizable value.

iii. Cost includes direct materials, labor and a proportion of manufacturing overheads based on normal operating capacity. Cost is determined on a FIFO basis and Cost of finished goods includes excise duty wherever applicable. Cost of traded goods includes purchase and allied costs incurred to bring inventory to its present condition and location.



## INCON ENGINEERS LIMITED

### NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012.

- iv. Net realisable value is the estimated selling price in the ordinary course of business, less estimated selling costs.

**f) Revenue Recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Specifically the following basis is adopted:

- I. **Sale of Goods** : Revenue is recognized when the significant risks and rewards of ownership of goods have passed to the buyer, which generally coincides with delivery. Sales are inclusive of excise duty and value added tax/sales tax and is net of sales returns and discounts.
- II. **Income from Services** : Revenue is recognized as and the Services rendered as per the terms of individual Service Contract. Income from Services is accounted inclusive of service tax.
- III. **Interest** : Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

**g) Retirement and Other Employee Benefits**

- i. Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.
- ii. The Provident Fund is a defined contribution scheme and the contributions are charged to the profit and loss account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective trusts.
- iii. Short term compensated absences are provided on an estimated basis. Long term compensated absences are provided for based on actuarial valuation on project unit credit method carried by an actuary as at the end of the year.
- iv. Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.

**h) Borrowing Costs**

Borrowing costs that are directly attributable to the acquisition, construction or production of Fixed Assets, which take substantial period of time to get ready for their intended use, are capitalized. Other Borrowing costs are recognized as an expense in the year in which they are incurred.

**i) Segment Reporting Policies**

**i. Identification of Segments:**

The Company's operating businesses are organized and managed separately according to the nature of products, with each segment representing a strategic business unit that offers different products and serves different markets.

The analysis of geographical segment is based on the geographical location of the customers. The geographical segments considered for disclosure are as follows:

- Sales within India include sales to customers located within India.
- Sales outside India include sales to customers located outside India.

**ii Allocation of Common Costs :**

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

**iii Unallocated Items :**

Includes general corporate income and expense items which are not allocated to any business segment:

**j) Leases**

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. Operating lease payments are recognised as an expense in the profit and loss account on a straight-line basis over the lease term and vice versa.



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012.

**k) Earnings per Share (Basic and Diluted)**

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

**l) Taxes on Income**

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act 1961 enacted in India. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. If the Company has carry forward of unabsorbed depreciation and tax losses, deferred tax assets are recognised only, if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits.

**m) Impairment**

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

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.

**n) Provisions**

A provision is recognised when there is a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

**o) Contingent Liabilities**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements.

**p) Cash Flow Statement**

Cash flows are reported using indirect method. Cash and cash equivalents in the cash flow statement comprise cash at bank, cash/cheques in hand and Fixed Deposits with Banks.

**q) Prior period items**

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.



# INCON ENGINEERS LIMITED

## NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31st MARCH, 2012

Particulars	31.03.2012 Rs.	31.03.2011 Rs.
<b>04 SHARE CAPITAL</b>		
<b><i>AUTHORISED :</i></b>		
8,400,000 Equity Shares of Rs. 10/- each	84,000,000	84,000,000
<b>TOTAL</b>	<b>84,000,000</b>	<b>84,000,000</b>
<b><i>ISSUED AND SUBSCRIBED:</i></b>		
7,100,400 Equity Shares of Rs. 10/- each	71,004,000	71,004,000
<b>TOTAL</b>	<b>71,004,000</b>	<b>71,004,000</b>
<b><i>PAID UP</i></b>		
4,327,100 Equity Shares of Rs 10/- each fully paid up	43,271,000	43,271,000
Add: Forfeited Shares(amount originally paid up)	13,866,500	13,866,500
<b>TOTAL</b>	<b>57,137,500</b>	<b>57,137,500</b>

a. Rights attached to equity Shares :

The company has only one class of equity shares having a par value of Rs. 10/- per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

b. Details of shareholders holding more than 5%

shares in the company

	<b>31.03.2012</b>		<b>31.03.2011</b>	
	Nos	% in the class	Nos	% in the class
Equity Shares of Rs 10/- each fully paid				
Sri Sreedhar Chowdhury	2,057,079	47.54	2,057,079	47.54





## INCON ENGINEERS LIMITED

### NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31st MARCH, 2012

Particulars	31.03.2012 Rs.	31.03.2011 Rs.
<b>05 RESERVES AND SURPLUS:</b>		
Capital Reserves : as per last Balance Sheet	157,259	157,259
Revaluation Reserve : as per last Balance Sheet	1,414	1,414
Surplus i.e. balance in Statement of Profit and Loss		
Opening balance	(48,013,981)	(47,073,725)
Add: Net profit after tax transferred from Statement of Profit and Loss	527,039	(940,256)
Amount available for appropriation	(47,486,942)	(48,013,981)
Appropriations:	-	-
Closing Balance	(47,486,942)	(48,013,981)
<b>TOTAL</b>	<b>(47,328,269)</b>	<b>(47,855,308)</b>
<b>06 LONG TERM PROVISIONS</b>		
Provision for employee benefits :		
Provision for Leave Encashment	42,211	32,534
Provision for Gratuity	910,222	777,171
<b>TOTAL</b>	<b>952,433</b>	<b>809,705</b>
<b>07 SHORT TERM BORROWINGS</b>		
Loan from Managing Director	650,000	680,000
<b>TOTAL</b>	<b>650,000</b>	<b>680,000</b>
<b>08 TRADE PAYABLES</b>		
- dues to Micro and Small Enterprises	-	-
- dues to others	644,430	717,030
<b>TOTAL</b>	<b>644,430</b>	<b>717,030</b>
<b>09 OTHER CURRENT LIABILITIES</b>		
Security deposit from a related Party	150,000	-
Other Statutory dues	43,255	50,331
<b>TOTAL</b>	<b>193,255</b>	<b>50,331</b>
<b>10 SHORT TERM PROVISIONS</b>		
Other Provisions:		
Provision for Warranties	75,000	-
<b>TOTAL</b>	<b>75,000</b>	<b>-</b>



# INCON ENGINEERS LIMITED

## NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

### 11. FIXED ASSETS : TANGIBLE

(Amount in Rupees)

		GROSS BLOCK				DEPRECIATION BLOCK				NET BLOCK	
S.NO.	DESCRIPTION	As at 31.3.2011	Additions	Deletions	As at 31.3.2012	Up to 31.3.2011	For the Year	On Deletions	Up to 31.3.2012	As at 31.03.2012	As at 31.03.2011
1	Land	3,778,773	-	-	3,778,773	-	-	-	-	3,778,773	3,778,773
2	Buildings - Factory	5,752,171	-	-	5,752,171	2,847,785	213,045	-	3,060,830	2,691,341	2,904,386
3	Plant and Machinery	5,054,055	-	-	5,054,055	2,562,953	303,478	-	2,866,431	2,187,624	2,491,102
4	Furniture and Fixtures	235,931	-	-	235,931	230,786	542	-	231,328	4,603	5,145
5	Office Equipment	597,107	-	-	597,107	414,418	27,645	-	442,063	155,044	182,689
6	Data Processing Equipment	408,753	-	-	408,753	350,266	15,513	-	365,779	42,974	58,487
7	Miscellaneous Assets	1,592,544	-	1,592,544	-	1,592,544	-	1,592,544	-	-	-
Total Rs.		17,419,334	-	1,592,544	15,826,790	7,998,752	560,223	1,592,544	6,966,431	8,860,359	9,420,582
PREVIOUS YEAR		Rs.	17,271,969	346,150	198,785	17,419,334	7,530,766	560,224	92,238	7,998,752	9,741,203



# INCON ENGINEERS LIMITED

## NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31st MARCH, 2012

Particulars	31.03.2012 Rs.	31.03.2011 Rs.
<b>12 DEFERRED TAX ASSETS (Net)</b>		
The Company does not have any current income tax as per the normal provisions of the Income tax Act, 1961 . In view of the ineligibility to assess future taxable income under normal provisions, the extent of net deferred tax asset which may be adjusted in the subsequent years is not ascertainable with virtual certainty at this stage and accordingly in terms of Accounting Standard (AS 22) on "Accounting for Taxes on Income" as notified by the Companies (Accounting Standards) Rules, 2006 (as amended), and based on general prudence, the Company has not recognised any Deferred tax Asset while preparing the accounts for the current year.		
<b>13 LONG TERM LOANS AND ADVANCES</b> ( Unsecured, Considered good)		
Security Deposits	92,869	92,869
<b>TOTAL</b>	<b>92,869</b>	<b>92,869</b>
<b>14 INVENTORIES ( at lower of Cost or realisable Value )</b>		
Raw Materials at Cost	1,018,060	1,105,416
Finished Goods at realisable Value	248,664	256,664
Work in Progress at Cost	108,072	108,072
<b>TOTAL</b>	<b>1,374,796</b>	<b>1,470,152</b>
<b>15 TRADE RECEIVABLES</b> ( Unsecured, Considered good)		
Exceeding six months	34,718	179,638
Others #	756,634	145,511
<b>TOTAL</b>	<b>791,352</b>	<b>325,149</b>
# including due from related parties	119,552	64,511
<b>16 CASH AND CASH EQUIVQLENTS</b>		
Balances with Banks:		
on Current accounts	663,764	47,979
Cash on hand	18,296	5,683
Other Bank balances:		
Margin Deposits	200,000	-
<b>TOTAL</b>	<b>882,060</b>	<b>53,662</b>
<b>17 SHORT TERM LOANS AND ADVANCES</b> ( Unsecured, Considered good)		
Indemnity Deposit	32,387	-
Advance for Expenses	12,500	-
Loans and advances to related Parties	45,000	-
Staff advances	43,519	41,359
Balance with Statutory authorities	35,527	34,546
<b>TOTAL</b>	<b>168,933</b>	<b>75,905</b>
<b>18 OTHER CURRENT ASSETS</b>		
Interest Accrued	9,775	-
Prepaid Expenses	27,137	27,558
Advance income Tax	117,068	73,381
	<b>153,980</b>	<b>100,939</b>



# INCON ENGINEERS LIMITED

## NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31st MARCH, 2012

Particulars	31.03.2012 Rs.	31.03.2011 Rs.
<b>19 REVENUE FROM OPERATIONS</b>		
Sale of Products : Finished Goods	5,735,858	3,988,223
Services Rendered	743,257	278,728
	<u>6,479,115</u>	<u>4,266,951</u>
Less : Service Tax Recovered	69,407	26,028
<b>TOTAL</b>	<u>6,409,708</u>	<u>4,240,923</u>
<b>Details of Finished Sold :</b>		
Fluid Energy Mills	5,001,009	3,766,156
FEM Spares	670,290	178,550
Power Tiller Spares	64,559	43,517
	<u>5,735,858</u>	<u>3,988,223</u>
<b>Details of Services Rendered :</b>		
Man Power Supply	743,257	278,728
	<u>743,257</u>	<u>278,728</u>
<b>20 OTHER INCOME</b>		
Interest on Bank Deposits	9,775	-
Others	3,954	2,193
Other Non Operating Income(net of expenses)		
Rents earned	450,000	-
Excess provisions Written back	88,773	-
Net Loss on Sale of fixed assets	-	(17,047)
<b>TOTAL</b>	<u>552,502</u>	<u>(14,854)</u>
<b>21 COST OF RAW MATERIAL AND COMPONENTS CONSUMED</b>		
Inventory at the beginning of the year	1,105,416	1,176,894
Add : Purchases	1,426,603	485,327
Purchase of Components	119,460	47,530
	<u>2,651,479</u>	<u>1,709,751</u>
Less : Inventory at the end of the year	1,018,060	1,105,416
<b>TOTAL</b>	<u>1,633,419</u>	<u>604,335</u>
<b>Details of Purchases</b>		
MS Steel	777,094	140,066
Others	768,969	392,791
	<u>1,546,063</u>	<u>532,857</u>
<b>Details of raw material and components consumed :</b>		
MS Steel	777,094	140,066
Others	856,325	464,269
	<u>1,633,419</u>	<u>604,335</u>
<b>Details of Inventory :</b>		
MS Steel	-	-
Others	1,018,060	1,105,416
	<u>1,018,060</u>	<u>1,105,416</u>



# INCON ENGINEERS LIMITED

## NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31st MARCH, 2012

Particulars	31.03.2012 Rs.	31.03.2011 Rs.
<b>22 (INCREASE)/DECREASE IN INVENTORIES</b>		
<b>Inventories at the end of the year</b>		
Finished Goods	248,664	256,664
Work in Progress	108,072	108,072
	<u>356,736</u>	<u>364,736</u>
<b>Inventories at the beginning of the year</b>		
Finished Goods	256,664	325,960
Work in progress	108,072	892,650
	<u>364,736</u>	<u>1,218,610</u>
(Increase)/Decrease	<u>8,000</u>	<u>853,874</u>
<b>Details of Inventory :</b>		
<b>Work in Progress</b>		
Auto Clave	108,072	108,072
<b>Finished Goods</b>		
7HP Engines	12,000	20,000
Spectra Land Levelling Equipment	12,109	12,109
Spectra Survey Instruments Parts	128,155	128,155
Spectra Land Levelling Parts	96,400	96,400
	<u>248,664</u>	<u>256,664</u>
<b>23 EMPLOYEE BENEFIT EXPENSE</b>		
Salaries, Wages and Bonus	1,774,237	1,562,559
Contribution to Provident and Other Funds	165,631	136,399
Staff Welfare Expenses	56,266	43,794
Gratuity Expenses	133,051	168,466
<b>TOTAL</b>	<u>2,129,185</u>	<u>1,911,218</u>
<b>24 FINANCE COSTS</b>		
Interest	44,656	34,216
Bank Charges	6,792	6,394
<b>TOTAL</b>	<u>51,448</u>	<u>40,610</u>
<b>25 DEPRECIATION EXPENSE</b>		
Depreciation on Tangible Assets	560,223	560,224
<b>TOTAL</b>	<u>560,223</u>	<u>560,224</u>



## INCON ENGINEERS LIMITED

### NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31st MARCH, 2012

Particulars	31.03.2012	31.03.2011
	Rs.	Rs.
<b>26 OTHER EXPENSES</b>		
Job Work Charges	202,032	123,441
Power and Fuel	187,581	122,022
Rates and Taxes	654,433	170,126
Insurance	38,292	27,364
Advertisement	47,452	84,554
Communications	64,484	60,624
Travelling and Conveyance	97,673	56,617
Legal and Professional Charges	157,435	178,163
Payments to Auditors		
as auditors	33,090	33,090
for tax representation	8,427	-
for certification	9,927	9,927
Repairs and Maintenance to:		
Machinery	6,518	16,070
Buildings	67,229	-
Other Assets	30,054	7,905
Watch and Ward Expenses	166,554	152,220
Miscellaneous expenses	206,715	153,941
Warranty Period Maintenance	75,000	-
<b>TOTAL</b>	<b>2,052,896</b>	<b>1,196,064</b>



## INCON ENGINEERS LIMITED

### NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31st MARCH, 2012

- 27 In the opinion of the management, the current assets, loans and advances are expected to realise at least the amount at which they are stated, if realised in the ordinary course of business and provision for all known liabilities have been adequately made in the accounts.
- 28 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.
29. Details of total outstanding dues to Micro and Small Enterprises as per Micro, Small and Medium Enterprise Development Act, 2006.

Particulars	31.03.2012 Rs.	31.03.2011 Rs.
The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting year.	Nil	Nil
The amount of interest paid by the buyer in terms of Section 16, of the Micro, Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day each accounting year	Nil	Nil
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprise Development Act, 2006.	Nil	Nil
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	Nil	Nil
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprise Development Act, 2006.	Nil	Nil



# INCON ENGINEERS LIMITED

## NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31st MARCH, 2012

30	Calculation of Earnings per share	<b>31.03.2012</b>	<b>31.03.2011</b>
	a) Net profit available to Equity shareholders (in Rs.)	5,27,039	(9,40,256)
	b) Weighted average number of Equity shares (Nos.)	43,27,100	43,27,100
	c) Face value as per share (in Rs.)	10	10
	d) Earnings per share (Basic and Diluted) (in Rs.)	0.12	(0.22)
31.	Disclosure relating to the Gratuity liability as per Accounting Standard 15 "Employee Benefits"		
	( amount in rupees)		
	a) The amounts recognised in the Balance Sheet	<b>31.03.2012</b>	<b>31.03.2011</b>
	Present Value of obligation	9,10,222	7,77,171
	Fair value of plan assets	Nil	Nil
	Net liability recognised in the Balance sheet as Provision	<b>9,10,222</b>	<b>7,77,171</b>
	b) Changes in the present value of the defined obligation		
	Opening defined benefit obligation	7,77,171	8,04,603
	Current service Cost	40,575	39,087
	Interest Cost	62,174	64,368
	Benefits paid	—	(1,95,898)
	Actuarial (gain)/loss on obligation	30,302	65,011
	Closing defined benefit obligation	<b>9,10,222</b>	<b>7,77,171</b>
	c) Amounts recognised in the Statement of Profit and Loss		
	Current service Cost	40,575	39,087
	Interest Cost	62,174	64,368
	Actuarial (gain)/loss on obligation	30,302	65,011
	Net benefit Expenditure	<b>1,33,051</b>	<b>1,68,466</b>
	d) Principal actuarial assumptions		
	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.

32. The company's main business is manufacturing of various equipment and 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 " Segment Reporting "( AS 17 )





# INCON ENGINEERS LIMITED

## NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31st MARCH, 2012

33 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 : Not Applicable
- ii) Associates : Oxeeco Meditek Private Limited  
: Oxeeco Technologies Private Limited,  
: The Oxeeco Limited.  
: Fusion Lastek Technologies Private Limited

b) Transactions with related Parties during the year	31.03.2012	31.03.2011
	(amount in Rupees)	
i) Key Management Personnel		
Sri Sreedhar Chowdhury.		
Advances Taken	2,10,000	13,30,000
Advances Repaid	2,40,000	6,50,000
ii) Associates		
Oxeeco Technologies Private Limited,		
Services Rendered	7,33,330	2,29,093
Rents Received	4,50,000	—
Fusion Lastek Technologies Private Limited		
Loan Taken	6,40,000	10,73,000
Loan Repaid	6,40,000	10,73,000
Interest paid on loan	44,656	31,946
c) Year end Balances { due from/( due to ) }		
i) Sri Sreedhar Chowdhury.	(6,50,000)	(6,80,000)
ii) Oxeeco Technologies Private Limited,	1,64,552	64,511

34 Contingent Liabilities not provided for an account of	31.03.2012	31.03.2011
	(amount in Rupees)	
a) Claims against the company not acknowledged as a debits	16,49,505	16,29,705
b) Demands from Sales Tax Department disputed by the company pending in appeals to extent not provided for	1,25,101	1,25,101

35 Having regard to the losses incurred, the Company does not have any Current tax at present and has unabsorbed depreciation and carried forward business losses available for set off under the Income Tax Act, 1961. In view of inability to assess future taxable income, the extent of net deferred tax asset which may be adjusted in the subsequent years is not ascertainable with virtual certainty at this stage and accordingly in terms of Accounting Standard (AS 22) on "Accounting for Taxes on Income" as notified by the Companies (Accounting Standards) Rules, 2006 (as amended), and based on general prudence, the Company has not recognized any Deferred Tax Asset while preparing the accounts for the current year.



# INCON ENGINEERS LIMITED

## NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31st MARCH, 2012

- 36 In terms of Accounting Standard (AS 28) on "Impairment of Assets", as notified by the Companies (Accounting Standards) Rules, 2006 (as amended), the management has carried out the assessment of impairment of assets and no impairment loss has been recognized during the year.

- 37 Provisions:

	As on 01.04.2011	Additions	Used During the Year	Reversed During the Year	As on 31.03.2012
Provision for warranties	--	75,000	--	NIL	75,000
	--	75,000	--	-	75,000

- 38 Analysis of materials consumed.

	2011 - 12		2010 - 11	
	Percentage	Value in Rs.	Percentage	Value in Rs.
Imported	4.94	80,669	5.93	35,829
Indigenous	95.06	15,52,750	94.07	5,68,506
	100.00	16,33,419	100.00	6,04,335

- 39 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 Brahmayya & Co.  
Chartered Accountants  
Firm's Registration Number : 000513S

For and on Behalf of the Board

Place: Hyderabad  
Date : 30.05.2012

**P. Chandramouli**  
Partner  
Membership No. 025211

**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 42<sup>nd</sup> Annual General Meeting of the Company held at B-6/3, I.D.A. Uppal, Hyderabad -500039 on the Friday, the 14<sup>th</sup> day of September, 2012 at 11.00 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

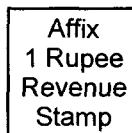
(Registered Folio No. & Name of the Member and address as given on the envelope to be furnished below) Name and Address of Member (in Block letter)

Registered Folio No.....

I/We ..... of ..... being member/member(s) of the above named Company hereby appoint..... of ..... or failing him/her ..... of ..... as my/our proxy to attend and vote for me/us and on my/our behalf at the 42<sup>nd</sup> Annual General Meeting of the Company to be held at B-6/3, I.D.A., Uppal, Hyderabad-500 039 on the 14<sup>th</sup> day of September, 2012 at 11.00 a.m. and at any adjournment thereof.

As witness my/our hand (s) this ..... day of .....2012.

Signed by the said .....



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**  
**BOOK POST**

If undelivered please return to :

**INCON ENGINEERS LIMITED**

B-6/3, IDA, Uppal,  
Hyderabad - 500 039.