

**43rd Annual Report
2012 - 2013**



INCON ENGINEERS LIMITED



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INCON ENGINEERS LIMITED

BOARD OF DIRECTORS

SRI SREEDHAR CHOWDHURY	Chairman & Managing Director
SRI S.MANO HAR RAJU	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 43rd Annual General Meeting of Incon Engineers Limited will be held on Thursday the 26th September, 2013 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 31st March, 2013 together with the report of Directors and Auditors thereon.
2. To appoint a Director in place of Sri A. Subba Rao, 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.

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, 2013 on the following terms and conditions.

Salary : ‘NIL’ : Other perquisites payable : “Nil”

“RESOLVED FURTHER that the Remuneration Committee of the Company has approved such appointment and payment of - NIL - remuneration to Mr. Sreedhar Chowdhury.”

For and on behalf of the Board

Place: Hyderabad
Date : 30-05-2013

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 16th August, 2013 to 19th August, 2013 (both days inclusive).



INCON ENGINEERS LIMITED

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

Item No. 4

The Board of Directors have passed a resolution at its meeting held on 30-05-2013 and approved the re-appointment of Sri Sreedhar Chowdhury as Managing Director of the Company for a period of 3 years with effect from 17th September, 2013 subject to the approval of members in General Meeting and on Nil remuneration as approved by the Remuneration Committee as set out in the resolution u/s 198, 269 and 309 read with Schedule XIII and other applicable provisions of the Companies Act, 1956. The re-appointment of Sri Sreedhar Chowdhury as Managing Director requires the approval of members in General Meeting.

The Board recommends the adoption of the resolution.

None of the Directors is interested in resolution except Sri Sreedhar Chowdhury to the extent of his re-appointment.

For and on behalf of the Board

Place: Hyderabad

Date : 30.05.2013

SREEDHAR CHOWDHURY

Chairman & Managing Director

DIRECTORS' REPORT

To the Members,

Your Directors take pleasure in presenting the 43rd Annual Report and Audited Balance Sheet and Profit and Loss Account for the year ended on 31st March, 2013.

FINANCIAL RESULTS

Rupees in Lakhs

Details	For the year ended 31.03.2013	For the year ended 31.03.2012
Sales/ Income from operations	49.63	64.79
Other Income	7.69	5.53
Manufacturing Expenses	37.73	37.71
Other Expenses	19.37	21.23
Interest	0.56	0.51
Gross Profit (+)/(Loss)(-) after Interest before Depreciation & Tax	(0.34)	10.87
Depreciation	5.26	5.60
Net Profit (+)/(Loss) before Tax for the year	(5.60)	5.27
Net Profit (+)/(Loss) for the year	(5.60)	5.27

OPERATIONS

The operations of the Company have registered a decline with the income coming down to Rs. 49.63 lakhs as compared to Rs. 64.79 lakhs during the previous year. This has resulted in a net loss of Rs. 5.60 lakhs after providing for depreciation of Rs. 5.26 lakhs. The Company is hopeful of increasing its sales during the current year based on the present orders in hand amounting to more than Rs. 60.00 lakhs.

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 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.

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 :

- 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.

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 : 30.05.2013

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.
6. I have disclosed to the Company's auditors and Audit Committee of the Company's Board of the Directors :
 - 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.
7. 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 : 30.05.2013

SREEDHAR CHOWDHURY
Chairman & Managing Director



INCON ENGINEERS LIMITED

MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT

The Company's products have been recognised for their high performance and efficiency. The Company needs to improve its sales through increased sales efforts.

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 four 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 three 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 three independent Directors out of total strength of four Directors :

S.No. Name of the Director

1.	Shri Sreedhar Chowdhury (Chairman & Managing Director)	Executive
2.	Shri S. Manohar Raju	Non-Executive
3.	Shri A. Subba Rao	Non-Executive
4.	Dr. B. Neeta Kumari	Non-Executive

The Board Meetings are held generally once in 3 months. During the year 2012-13, Five 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 A. Subba Rao	Non-Executive	—
4.	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 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.



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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 five times during the financial year 2012-13 i.e. on 30th May, 2012, 8th August, 2012, 17th September, 2012, 3rd November, 2012, 12th February 2013 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.



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INVESTORS GRIEVANCE COMMITTEE:

This Committee consisting of Shri Sreedhar Chowdury, Chairman and Managing Director, Shri S. Manohar Raju, 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 42nd 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 42 nd AGM
No. of Meetings held	5	4	1	1
Directors				
Shri Sreedhar Chowdhury	5	N.A.	1	Present
Shri S. Manohar Raju	5	4	1	Present
Shri A. Subba Rao	5	4	1	Present
Dr. B. Neeta Kumari	5	4	N.A.	Present
Shri Bisham Rughu Malkani	—	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, 2013, 3821627 Equity Shares representing 88.32% 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.



INCON ENGINEERS LIMITED

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 88.32% 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, 2010	06.09.2010	11.00 am	Registered office of the Company
31 st March, 2011	23.09.2011	11.30 am	Registered office of the Company
31 st March, 2012	14.09.2012	11.00 am	Registered office of the Company

GENERAL SHAREHOLDERS INFORMATION :

- As indicated in the Notice to our shareholders, the Annual General Meeting of the Company will be held on 26th September, 2013 at 11.00 a.m. at its Registered Office at B-6/3, Industrial Development Area, Uppal, Hyderabad - 500 039.
- Tentative calendar of events for the Financial Year (2013-14) is given below:**
 - Un-audited/Audited Financial Results for :
 - First quarter July, 2013
 - Second quarter October, 2013
 - Third quarter January, 2014
 - Fourth quarter April, 2014
 - Book Closure:** The books will be closed from **16-08-2013 to 19-08-2013** (both days inclusive) for the purpose of Annual General Meeting.
 - The shares of the Company are listed on:**
 - The Bombay Stock Exchange Ltd., Mumbai, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400001.



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- 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 2013-14 has been paid to Bombay Stock Exchange. However, the listing fee for Calcutta Stock Exchange is outstanding for 8 years.

d) Market Price Data:

The shares of the Company are thinly traded. The 52nd week high and low on BSE was Rs. 4.25 and Rs. 2.26.

Distribution of Share Holding as on 31.03.2013

No. of Equity shares held	Shareholders Number	Shareholders percentage	No. of Shares	Percentage
Upto - 500	672	64.00	149359	3.45
501 - 1000	192	18.29	176167	4.07
1001 - 2000	79	7.52	124973	2.89
2001 - 3000	28	2.67	71916	1.66
3001 - 4000	14	1.33	51426	1.19
4001 - 5000	17	1.62	81830	1.89
5001 - 10000	18	1.71	125442	2.90
10001 and Above	30	2.86	3545987	81.95
Total	1050	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 31.03.2013, as envisaged in clause 49 of the Listing Agreement with the Stock Exchanges.

Place: Hyderabad

Date : 30.05.2013

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, 2013, 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



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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 : 30-05-2013

Membership No.A5499 : 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 : 30.05.2013

Chairman and Managing Director

INDEPENDENT AUDITORS' REPORT

To the Members of INCON ENGINEERS LTD,
Hyderabad

Report on the Financial Statements :

We have audited the accompanying financial statement of INCON ENGINEERS LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements :

Management's responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility :

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirement and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The



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procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion :

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act 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, 2013;
- b) In the case of the statement of Profit and Loss, of the loss 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.

Report on Other Legal and Regulatory Requirements :

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act. we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by section 227(3) of the Act, we report that :

- a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.;
- c. The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d. In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
- e. On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- f. Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441 A of the Companies At, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For BRAHMAYYA & CO.
Chartered Accountants
Firms Registration
No. : 000513S

Place: Hyderabad
Date : 30.05.2013

(P. CHANDRAMOULI)
Partner
Membership No. 025211



INCON ENGINEERS LIMITED

Annexure to the Auditor's Report :

The Annexure referred to in Para 1 under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date, to the members INCON ENGINEERS LIMITED, Hyderabad, for the year ended 31st March 2013.

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.
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. 6.80 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.



INCON ENGINEERS LIMITED

- 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. We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the same.
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, 2013 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 loss during the year covered by our audit and also in the immediately preceding financial year, the Company has not incurred any cash loss.
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.



INCON ENGINEERS LIMITED

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 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
- (P. CHANDRAMOULI)
Partner
Membership No. 025211
- Place: Hyderabad
Date : 30.05.2013



INCON ENGINEERS LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2013

PARTICULARS	NOTES	31.03.2013 Rs.	31.03.2012 Rs.
EQUITY AND LIABILITIES			
Share holders funds			
Share Capital	04	57,137,500	57,137,500
Reserves and Surplus	05	(47,888,767)	(47,328,269)
		<u>9,248,733</u>	<u>9,809,231</u>
Non - Current liabilities			
Long Term Provisions	06	1,068,524	952,433
		<u>1,068,524</u>	<u>952,433</u>
Current liabilities			
Short Term Borrowings	07	-	650,000
Trade Payables	08	379,592	434,452
Other Current Liabilities	09	576,151	403,233
Short Term Provisions	10	616	75,000
		<u>956,359</u>	<u>1,562,685</u>
TOTAL		<u>11,273,616</u>	<u>12,324,349</u>
ASSETS			
Non - Current assets			
Fixed assets : Tangible	11	8,341,060	8,860,359
Deferred Tax Assets (Net)	12	-	-
Long Term Loans and Advances	13	98,579	92,869
		<u>8,439,639</u>	<u>8,953,228</u>
Current Assets			
Inventories	14	907,813	1,374,796
Trade Receivables	15	-	791,352
Cash and Cash Equivalents	16	1,553,774	882,060
Short Term Loans and Advances	17	103,698	168,933
Other Current Assets	18	268,692	153,980
		<u>2,833,977</u>	<u>3,371,121</u>
TOTAL		<u>11,273,616</u>	<u>12,324,349</u>
NOTES FORMING PART OF FINANCIAL STATEMENTS			
01 - 38			

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 : 30.05.2013

P. Chandramouli
Partner
Membership No. 025211

Sreedhar Chowdhury
Managing Director

S. Manohar Raju
Director



INCON ENGINEERS LIMITED

STATEMENT OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2013

PARTICULARS	NOTES	31.03.2013 Rs.	31.03.2012 Rs.
INCOME			
Revenue from operations	19	4,963,464	6,479,115
Other Income	20	769,068	552,502
	TOTAL REVENUE	<u>5,732,532</u>	<u>7,031,617</u>
EXPENSES			
Cost of Raw Materials and Stores Consumed	21	1,093,020	1,633,419
(Increase)/Decrease in Inventories	22	43,499	8,000
Employee Benefit Expense	23	2,636,637	2,129,185
Finance Costs	24	56,333	51,448
Depreciation expense	25	526,399	560,223
Other Expenses	26	1,937,142	2,122,303
	TOTAL EXPENSES	<u>6,293,030</u>	<u>6,504,578</u>
PROFIT / (LOSS) BEFORE TAX		(560,498)	527,039
TAX EXPENSE		-	-
Profit / (Loss) for the year after Tax		<u>(560,498)</u>	<u>527,039</u>
Earnings per Share of face Value of Rs.10/- each: Basic and diluted		(0.13)	0.12

NOTES FORMING PART OF FINANCIAL STATEMENTS 01 - 38

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 : 30.05.2013

P. Chandramouli
Partner
Membership No. 025211

Sreedhar Chowdhury
Managing Director

S. Manohar Raju
Director



INCON ENGINEERS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

Particulars	31.03.2013 Rs.	31.03.2012 Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax and extraordinary items	(560,498)	527,039
Adjustments for:		
Depreciation	526,399	560,223
Interest on Term Loan	48,594	51,448
Interest Received	(40,691)	(9,775)
Warranty Period Maintenance	(33,254)	75,000
Operating profit before Working Capital changes	(59,450)	1,203,935
Adjustments for :		
Increase/(Decrease) in Long Term Provisions	116,091	142,728
Increase/(Decrease) in Trade Payables	(54,860)	(72,600)
Increase/(Decrease) in Other Current Liabilities	172,918	142,924
Increase/(Decrease) in Short Term Provisions	(41,130)	-
(Increase)/Decrease in Long Term Loans & Advances	(5,710)	-
(Increase)/Decrease in Short Term Loans & Advances	65,235	(93,028)
(Increase)/Decrease in Trade Receivables	791,352	(466,203)
(Increase)/Decrease in Inventories	466,983	95,356
(Increase)/Decrease in Other Current Assets	(4,154)	421
Cash generated from operations	1,447,275	953,533
Income tax	(103,378)	(43,687)
NET CASH FROM OPERATING ACTIVITIES	1,343,897	909,846
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(7,100)	-
NET CASH USED IN INVESTING ACTIVITIES	(7,100)	-
C. CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid	(48,594)	(51,448)
Interest Received	33,511	-
Repayment of Short Term borrowings	(650,000)	(30,000)
NET CASH GENERATED IN FINANCING ACTIVITIES	(665,083)	(81,448)
Net increase in cash and cash equivalents (A+B+C)	671,714	828,398
Cash and Cash equivalents as at the beginning of the year	882,060	53,662
Cash and Cash equivalents as at the end of the year #	1,553,774	882,060
# including restricted amount of	271,000	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 : 30.05.2013

P. Chandramouli
Partner
Membership No. 025211

Sreedhar Chowdhury
Managing Director

S. Manohar Raju
Director



INCON ENGINEERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013.

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) 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.

b) 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.

c) 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.

d) 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.

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



INCON ENGINEERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013.

includes excise duty wherever applicable. Cost of traded goods includes purchase and allied costs incurred to bring inventory to its present condition and location.

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:



INCON ENGINEERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013.

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.

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) Cash Flow Statement

Cash flows 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

m) 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.

n) 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.

o) 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.

p) 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.



INCON ENGINEERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2013

Particulars	31.03.2013 Rs.	31.03.2012 Rs.
04 SHARE CAPITAL		
<i>AUTHORISED :</i>		
8,400,000 Equity Shares of Rs.10/- each	84,000,000	84,000,000
TOTAL	84,000,000	84,000,000
<i>ISSUED AND SUBSCRIBED:</i>		
7,100,400 Equity Shares of Rs. 10/- each	71,004,000	71,004,000
TOTAL	71,004,000	71,004,000
<i>PAID UP</i>		
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
TOTAL	57,137,500	57,137,500

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 Meeting.

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

	31.03.2013		31.03.2012	
	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 STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2013

Particulars	31.03.2013 Rs.	31.03.2012 Rs.
05 RESERVES AND SURPLUS:		
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	(47,486,942)	(48,013,981)
Add: Net profit after tax transferred from Statement of Profit and Loss	(560,498)	527,039
Amount available for appropriation	(48,047,440)	(47,486,942)
Appropriations:	-	-
Closing Balance	(48,047,440)	(47,486,942)
TOTAL	(47,888,767)	(47,328,269)
06 LONG TERM PROVISIONS		
Provision for employee benefits :		
Provision for Leave Encashment	68,035	42,211
Provision for Gratuity	1,000,489	910,222
TOTAL	1,068,524	952,433
07 SHORT TERM BORROWINGS		
Loan from Managing Director	-	650,000
TOTAL	-	650,000
08 TRADE PAYABLES		
Creditors for Supplies and Services (refer Note 29)	188,333	259,409
Creditors for accrued wages and salaries	191,259	175,043
TOTAL	379,592	434,452
09 OTHER CURRENT LIABILITIES		
Advance from Customers	292,464	-
Others :		
Security deposit from a related Party	150,000	150,000
Other Statutory dues	75,710	199,201
Other Payables	57,977	54,032
TOTAL	576,151	403,233
10 SHORT TERM PROVISIONS		
Provision for employee benefits :		
Provision for leave Encashment	616	-
Other Provisions:		
Provision for Warranties	-	75,000
TOTAL	616	75,000



INCON ENGINEERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 11. FIXED ASSETS : TANGIBLE

11. FIXED ASSETS : TANGIBLE										(Amount in Rupees)	
		GROSS BLOCK			DEPRECIATION BLOCK			NET BLOCK			
S.NO.	DESCRIPTION	As at 31.3.2012	Additions	Deletions	As at 31.3.2013	Up to 31.3.2012	For the Year	On Deletions	Up to 31.3.2013	As at 31.03.2013	As at 31.03.2012
1	Land	3,778,773	-	-	3,778,773	-	-	-	-	3,778,773	3,778,773
2	Buildings - Factory	5,752,171	-	-	5,752,171	3,060,830	202,324	-	3,263,154	2,489,017	2,691,341
3	Plant and Machinery	5,054,055	-	-	5,054,055	2,866,431	287,576	-	3,154,007	1,900,048	2,187,624
4	Furniture and Fixtures	235,931	-	-	235,931	231,328	542	-	231,870	4,061	4,603
5	Office Equipment	597,107	-	-	597,107	442,063	27,260	-	469,323	127,784	155,044
6	Data Processing Equipment	408,753	7,100	-	415,853	365,779	8,697	-	374,476	41,377	42,974
Total Rs.		15,826,790	7,100	-	15,833,890	6,966,431	526,399	-	7,492,830	8,341,060	8,860,359
PREVIOUS YEAR		Rs.	17,419,334	-	1,592,544	15,826,790	7,998,752	560,223	1,592,554	6,966,431	8,860,359
											9,420,582



INCON ENGINEERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2013

Particulars	31.03.2013 Rs.	31.03.2012 Rs.
12 DEFERRED TAX ASSETS (Net)		
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.		
13 LONG TERM LOANS AND ADVANCES (Unsecured, Considered good)		
Security Deposits	98,579	92,869
TOTAL	98,579	92,869
14 INVENTORIES		
Raw Materials at Cost	594,576	1,018,060
Finished Goods at realisable Value	205,165	248,664
Work in Progress at Cost	108,072	108,072
TOTAL	907,813	1,374,796
15 TRADE RECEIVABLES (Unsecured, Considered good)		
Due over six months	-	34,718
Due for less than six months #	-	756,634
TOTAL	-	791,352
# due from related parties	-	119,552
16 CASH AND CASH EQUIVALENTS		
Balances with Banks:		
on Current accounts	1,269,311	663,764
Cash on hand	13,463	18,296
Other Bank balances:		
Margin Deposits	271,000	200,000
TOTAL	1,553,774	882,060
17 SHORT TERM LOANS AND ADVANCES (Unsecured, Considered good)		
Indemnity Deposit	-	32,387
Advance for Expenses	12,500	12,500
Loans and advances to related Parties	-	45,000
Staff advances	47,300	43,519
Balance with Statutory authorities	43,898	35,527
TOTAL	103,698	168,933
18 OTHER CURRENT ASSETS		
Interest Accrued	16,955	9,775
Prepaid Expenses	31,291	27,137
Advance income Tax	220,446	117,068
TOTAL	268,692	153,980



INCON ENGINEERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2013

Particulars	31.03.2013 Rs.	31.03.2012 Rs.
19 REVENUE FROM OPERATIONS		
Sale of Products : Finished Goods		
Fluid Energy Mills	3,177,708	5,001,009
FEM Spares	303,491	670,290
Power Tiller Spares	9,450	64,559
Services Rendered		
Man Power Supply	1,472,815	743,257
TOTAL	4,963,464	6,479,115
20 OTHER INCOME		
Interest on		
Bank Deposits	40,691	9,775
Others	4,921	3,954
Excess Provision for warranty written back	33,254	---
Other Non Operating Income (net of expenses)		
Rent earned	645,000	450,000
Excess Provision Written back	45,202	88,773
TOTAL	769,068	552,502
21 COST OF RAW MATERIAL AND COMPONENTS CONSUMED		
Inventory at the beginning of the year	1,018,060	1,105,416
Add : Purchases	977,366	1,426,603
Purchase of Components	105,653	119,460
	2,101,079	2,651,479
Less : Cost of Inventory Sold	413,483	-
: Inventory at the end of the year	594,576	1,018,060
TOTAL	1,093,020	1,633,419
Details of raw material and components consumed :		
MS Steel	593,650	777,094
Others	499,370	856,325
TOTAL	1,093,020	1,633,419
Details of Inventory :		
Others	594,576	1,018,060
TOTAL	594,576	1,018,060



INCON ENGINEERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2013

Particulars	31.03.2013 Rs.	31.03.2012 Rs.
22 (INCREASE)/DECREASE IN INVENTORIES		
Inventories at the end of the year		
Finished Goods	205,165	248,664
Work in Progress	108,072	108,072
	<u>313,237</u>	<u>356,736</u>
Inventories at the beginning of the year		
Finished Goods	248,664	256,664
Work in progress	108,072	108,072
	<u>356,736</u>	<u>364,736</u>
(Increase)/Decrease	<u>43,499</u>	<u>8,000</u>
TOTAL	<u>43,499</u>	<u>8,000</u>
23 EMPLOYEE BENEFIT EXPENSE		
Salaries, Wages and Bonus	2,194,426	1,774,237
Contribution to Provident and Other Funds	197,545	165,631
Staff Welfare Expenses	66,764	56,266
Gratuity Expenses	177,902	133,051
TOTAL	<u>2,636,637</u>	<u>2,129,185</u>
24 FINANCE COSTS		
Interest	48,594	44,656
Bank Charges	7,739	6,792
TOTAL	<u>56,333</u>	<u>51,448</u>
25 DEPRECIATION EXPENSE		
Depreciation on Tangible Assets	526,399	560,223
TOTAL	<u>526,399</u>	<u>560,223</u>



INCON ENGINEERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2013

Particulars	31.03.2013 Rs.	31.03.2012 Rs.
26 OTHER EXPENSES		
Job Work Charges	142,555	202,032
Power and Fuel	191,920	187,581
Rates and Taxes	445,010	723,840
Insurance	31,115	38,292
Advertisement	48,991	47,452
Communications	53,948	64,484
Travelling and Conveyance	60,769	97,673
Legal and Professional Charges	183,937	157,435
Payments to Auditors		
as auditors	33,708	33,090
for tax representation	11,236	8,427
for certification	10,113	9,927
Repairs and Maintenance to:		
Machinery	13,089	6,518
Buildings	250	67,229
Other Assets	28,898	30,054
Watch and Ward Expenses	186,624	166,554
Miscellaneous expenses	181,992	206,715
Warranty Period Maintenance	-	75,000
Loss on sale of Materials	245,445	-
Expenses relating to earlier years	67,542	-
TOTAL	1,937,142	2,122,303



INCON ENGINEERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2013

- 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 dues to Micro, Small and Medium Enterprises 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. Disclosure of dues to Micro, Small and Medium Enterprises 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. The details of total outstanding dues to Micro and Small Enterprises as per Micro, Small and Medium Enterprises Development Act, 2006

Particulars	31.03.2013 Rs.	31.03.2012 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 STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2013

30	Calculation of Earnings per share	31.03.2013	31.03.2012
	a) Net profit available to Equity shareholders (in Rs.)	(560,498)	527,039
	b) Weighted average number of Equity shares (Nos.)	4,327,100	4,327,100
	c) Face value as per share (in Rs.)	10	10
	d) Earnings per share (Basic and Diluted) (in Rs.)	(0.13)	0.12
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	31.03.2013	31.03.2012
	Present Value of obligation	1,000,489	910,222
	Fair value of plan assets	Nil	Nil
	Net liability recognised in the Balance sheet as Provision	1,000,489	910,222
b)	Changes in the present value of the defined obligation		
	Opening defined benefit obligation	910,222	777,171
	Current service Cost	59,594	40,575
	Interest Cost	72,818	62,174
	Benefits paid	(87,635)	--
	Actuarial (gain)/loss on obligation	45,490	30,302
	Closing defined benefit obligation	1,000,489	910,222
c)	Amounts recognised in the Statement of Profit and Loss		
	Current service Cost	59,594	40,575
	Interest Cost	72,818	62,174
	Actuarial (gain)/loss on obligation	45,490	30,302
	Net benefit Expenditure	177,902	133,051
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 STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2013

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
 - iii) 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	31.03.2013	31.03.2012
	(amount in Rupees)	
i) Key Management Personnel		
Sri Sreedhar Chowdhury.		
Advances Taken	145,000	210,000
Advances Repaid	145,000	240,000
Loan Repaid	650,000	—
ii) Associates		
Oxeeco Technologies Private Limited,		
Services Rendered	1,462,703	733,330
Rents Received	645,000	450,000
Fusion Lastek Technologies Private Limited		
Loan Taken	535,000	640,000
Loan Repaid	535,000	640,000
Interest paid on loan	48,594	44,656
c) Year end Balances { due from/(due to) }		
i) Sri Sreedhar Chowdhury.	-	(6,50,000)
ii) Oxeeco Technologies Private Limited,	-	164,552

34 Contingent Liabilities not provided for an account of	31.03.2013	31.03.2012
	(amount in Rupees)	
a) Claims against the company not acknowledged as a debts	1,669,305	1,649,505
b) Demands from Sales Tax Department disputed by the company pending in appeals to extent not provided for	125,101	125,101

35 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.



INCON ENGINEERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2013

36 Provisions:

	As on 01.04.2012	Additions	Used During the Year	Reversed During the Year	As on 31.03.2013
Provision for warranties	75,000	--	41,746	33,254	-
	75,000	--	41,746	33,254	-

37 Analysis of
materials consumed.

	2012 - 13		2011 - 12	
	Percentage	Value in Rs.	Percentage	Value in Rs.
Imported	--	--	4.94	80,669
Indigenous	100.00	1,093,020	95.06	1,552,750
	100.00	1,093,020	100.00	1,633,419

38 Previous year figures are regrouped and reclassified where ever necessary to make them comparable with those of current year.

Per our report of even date

For Brahmaya & Co.

Chartered Accountants

Firm's Registration Number : 000513S

For and on Behalf of the Board

Place: Hyderabad
Date : 30.05.2013

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 43rd Annual General Meeting of the Company held at B-6/3, I.D.A. Uppal, Hyderabad -500039 on the Thursday, the 26th day of September, 2013 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

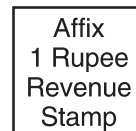
(Registered Folio No. & Name of the Member and address as given on the envelope to be furnished below) Name and Address of Member (in Block letter)

Registered Folio No.....

I/We of being member/member(s) of the above named Company hereby appoint.....of..... or failing him/herof as my/our proxy to attend and vote for me/us and on my/our behalf at the 43rd Annual General Meeting of the Company to be held at B-6/3, I.D.A., Uppal, Hyderabad-500 039 on the 26th day of September, 2013 at 11.00 a.m. and at any adjournment thereof.

As witness my/our hand (s) this day of2013.

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.