

30th ANNUAL REPORT 1999-2000



INCON ENGINEERS LIMITED

Certified True Copy

For INCON ENGINEERS LTD.


Managing Director



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INCON ENGINEERS LIMITED

BOARD OF DIRECTORS

SRI SREEDHAR CHOWDHURY Managing Director

SRI A. SUBBA RAO Wholetime Director

SRI S. MANOHAR RAJU Director

AUDITORS M/s. Brahmayya & Company
920, Tilak Road, Abids
Hyderabad - 500 001

BANKERS State Bank of India
Commercial Branch
Secunderabad - 500 003

REGISTERED OFFICE & FACTORY B-6/3, I.D.A. Uppal
Hyderabad - 500 039

SHARE TRANSFER AGENTS Venture Capital & Corporate
Investments Ltd.
6-2-913/914, 3rd Floor,
Progressive Towers,
Khairatabad,
Hyderabad - 500 004.

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INCON ENGINEERS LIMITED

NOTICE :

Notice is hereby given that the 30th Annual General Meeting of Incon Engineers Limited will be held on Wednesday 27th September, 2000 at 11.00 A.M. at the Registered Office & Factory 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 Profit & Loss Accounts of the Company for the 12 months period ending 31st March, 2000 together with the report of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. S. Manohar Raju, who retires by rotation and being eligible, offers himself for re-appointment.
3. To consider the re-appointment of M/s. Brahmayya & Co., Chartered Accountants as Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting, at such remuneration and reimbursement of out of pocket expenses as may be mutually agreed upon between the Board of Directors and the Auditors.

By order of the Board

Place : Hyderabad
Date : 10.8.2000

Sreedhar Chowdhury
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 25-09-2000 to 27-09-2000 (both days inclusive).
3. Members desiring any information as regards the accounts are requested to write to the Company at an early date so as to enable the Management to keep the information ready.
4. The instruments of share transfer, complete in all respects, should reach the Company prior to the closure of Register of Members as stated above.
5. Members are requested to notify change in address, if any, immediately to the Company, quoting their folio number.



INCON ENGINEERS LIMITED

DIRECTORS' REPORT

To The Members,

Your Directors are pleased to present the 30th Annual Report and Audited Balance Sheet and Profit & Loss Account for the year ended on 31st March, 2000.

FINANCIAL RESULTS

Details	Rs. in Lakhs	
	For The Year ended on 31.03.2000	Previous Year ended 31.03.1999
Sales / Income from operations	149.38	97.62
Other income	33.10	30.74
Total Expenditure	154.02	131.18
Interest	12.34	14.51
Gross Profit / (Loss) after Interest		
Before Depreciation and Tax	16.12	(17.33)
Depreciation	5.27	6.29
Income Tax for earlier years	4.91	1.70
Profit / (Loss) after Taxation	5.94	(25.32)

OPERATIONS

Your Director's efforts as indicated in the previous year's Annual Report have yielded positive results by increasing the turnover of the Company to Rs.182 Lakhs from Rs.128 Lakhs during the previous year. This has helped the Company to register a profit of Rs.10.85 Lakhs as compared to a loss of Rs.23.61 Lakhs for the previous financial year. Your Directors are hopeful of continuing this trend and improving the profitability during the current year.

In the Agricultural Machinery Division the sales of Power Tillers has been dependent on Governmental policies and subsidies provided to this sector. Watching this trend during the past few years and assessing the Company's strengths your Directors have decided to wind down the activities of this division in a phased manner. Your Directors are hopeful with this move will conserve the Company's resources and help it focus on its traditional areas of strength namely in the Chemical Process Equipment and Gas Equipment Division. However considering the slow pace of recovery of the Indian Economy, your Directors do not propose any major investment or expansion during the current financial year.

FIXED DEPOSITS

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

DIRECTORS

During the year under consideration Sri K.K. Pillai resigned from the Board of Directors. Your Directors wish to place on record the valuable contribution made by Sri K.K. Pillai during his tenure on the Board of Directors of the Company.

In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, Sri S. Manohar Raju, Director retires by rotation and being eligible offers himself for



INCON ENGINEERS LIMITED

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.

AUDITOR'S REPORT

With regard to comments of the Auditors on ICD's given by the Company, your Directors are hopeful of full recovery of these loans.

PARTICULARS OF EMPLOYEES

Information in accordance with the sub-section (2-A) of Section 217 of the Companies Act, 1856, read with the Companies (Particulars of Employees) Rules, 1975, furnished below:

Name	Designation	Gross Re-muneration (Rs.)	Qualification & Experiences	Date of Employment	Age In Years	Last Employment
Sreedhar Chowdhury	Managing Director	6,33,600	B. Tech 28 Years	13.10.1994	49	The Oxygen Equipment & Engg. Co. Ltd.
A. Subba Rao	Whole Time Director	2,79,348	B. Tech 24 Years	13.10.1994	46	Fluid Energy Systems

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.

ACKNOWLEDGEMENT

Your Directors take this opportunity to record their appreciation for the support received from their Bankers State Bank of India during the year. The Directors also acknowledge the support received from all the suppliers and investors for the confidence reposed in the Company.

For and on behalf of the Board

SREEDHAR CHOWDHURY
Managing Director

Place : Hyderabad
Date : 31.8.2000

A. SUBBA RAO
Wholetime Director



INCON ENGINEERS LIMITED

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 Director's report

(A) CONSERVATION OF ENERGY

Our Company's activities are not energy intensive. However, steps are being taken to optimise energy consumption wherever applicable.

FORM-B

(Disclosure of particulars with respect to Technology Absorption to the extent applicable)

A. RESEARCH & DEVELOPMENT (R & D)

1. Specific areas in which R&D carried out by the Company Indigenisation of essential components and replacement spares of Power Tillers.

B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

The Company has trained its personnel at the collaborators works to absorb the latest Technology

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

- | | | | |
|----|---------|---|-----------|
| a) | Earning | : | Nil |
| b) | Outgo | : | 30,55,271 |

For and on behalf of the Board

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SREEDHAR CHOWDHURY
Managing Director

Place : Hyderabad
Date : 31.8.2000

A. SUBBA RAO
Wholetime Director



INCON ENGINEERS LIMITED

AUDITORS' REPORT

To the Shareholders of Incon Engineers Limited, Hyderabad (A.P.)

We have audited the attached Balance Sheet of Incon Engineers Limited, Hyderabad (A.P.) as at 31st March, 2000 and the Profit & Loss Account for the year ended on that date annexed thereto and report that :

1. 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.
2. 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 such books.
3. The Balance Sheet and the Profit and Loss Account referred to in this report are in agreement with the books of account.
4. In our opinion, the Balance Sheet and the Profit & Loss Account comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
5. In the absence of confirmation letters from the parties, we are unable to ascertain whether the amounts shown under the head loans and advances amounting to Rs. 134.33 lakhs, being the intercorporate deposits to Companies (in which the erstwhile Directors of the Company are interested as Directors) are reliable as the amounts are outstanding for a longer period and the Company has not taken appropriate steps to recover the dues. In view of that, in our opinion the interest charged on the said loans for the year amounting to Rs. 16.80 lakhs resulted in overstating the profit for the year by the said amount.
6. In our opinion and to the best of our information and according to the explanations furnished to us, the said Balance Sheet and the Profit and Loss Account read together with the schedules annexed therewith and subject to the remark in para 5 above and Note Nos. 7 of "Schedule 18- Notes on Accounts", regarding confirmation of balances give the information as required by the Companies Act, 1956, in the manner so required and give a true and fair view :
 - i) Insofar as it relates to the Balance Sheet, of the state of affairs of the Company as at 31st March, 2000

AND

- ii) Insofar as it relates to the Profit and Loss Account of the profit of the Company for the year ended on that date.
7. As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988, issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956 and on the basis of such checks, as we considered appropriate, we report hereunder on the matters specified in paragraphs 4 and 5 of the said order :
 - i) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. The fixed assets have been physically verified by the management. There is annual verification of fixed assets, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies have been noticed on such verification.
 - ii) None of the fixed assets have been revalued during the year.
 - iii) The stocks of finished goods, stores, spare parts and raw materials have been physically