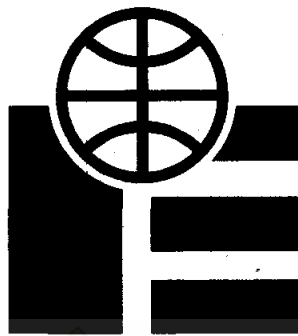


**31st ANNUAL REPORT
2000-2001**



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INCON ENGINEERS LIMITED



INCON ENGINEERS LIMITED

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BOARD OF DIRECTORS

SRI SREEDHAR CHOWDHURY	Managing Director
SRI A. SUBBA RAO	Wholetime Director
SRI S. MANOHAR RAJU	Director
DR. B. NEETA KUMARI	Director
SRI K.L. SRINIVAS	Director

AUDITORS

M/s. Brahmayya & Company
Flat No.403 & 404,
Golden Green Apartment,
Erramanzil Colony,
Hyderabad - 500 082.

BANKERS

State Bank of India
Commercial Branch,
Flat No.101 to 106A,
Block B,
Ashoka My Home Chambers,
S.P. Road,
Secunderabad.

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.



INCON ENGINEERS LIMITED

NOTICE :

Notice is hereby given that the 31st Annual General Meeting of Incon Engineers Limited will be held on Saturday, the 29th September 2001 at 10.00 A.M. at the Registered Office 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, 2001 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.

SPECIAL BUSINESS

4. To consider and, if thought fit, to pass with or without modifications, the following resolution as an ordinary resolution :

"RESOLVED that Dr. B. Neeta Kumari, who was appointed as an Additional Director of the Company by the Board of Directors and who ceases to hold office under Section 260 of the Companies Act, 1956 at the ensuing Annual General Meeting and in respect of whom the Company has received the notice in writing from a member proposing her candidature for the office of the Director, be and is hereby appointed as a Director of the Company liable to retire by rotation."

5. To consider and, if thought fit, to pass with or without modifications, the following resolution as an ordinary resolution :

"RESOLVED that Mr. K.L. Srinivas, who was appointed as an Additional Director of the Company by the Board of Directors and who ceases to hold office under Section 260 of the Companies Act, 1956 at the ensuing Annual General Meeting and in respect of whom the Company has received the notice in writing from a member proposing his candidature for the office of the Director, be and is hereby appointed as a Director of the Company liable to retire by rotation."

For and on behalf of the Board of Directors

Place : Hyderabad
Date : 27.08.2001

SREEDHAR CHOWDHURY
Chairman and Managing Director



INCON ENGINEERS LIMITED

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 27-09-2001 to 29-09-2001 (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.
6. Explanatory Statement pursuant to Section 173(2) of Companies Act, 1956 in respect of Item Nos.4 & 5 is annexed hereto.

EXPLANATORY STATEMENT:

(Pursuant to Section 173(2) of the Companies Act, 1956)

Item No.4

Dr. B. Neeta Kumari was appointed as an Additional Director of the Company with effect from 24th August, 2001 by the Board of Directors of the Company. According to the provisions of Section 260 of the Companies Act, 1956, she holds office as a Director only upto the date of ensuing Annual General Meeting. As required by Section 257 of the Companies Act, 1956, a notice has been received from a member signifying her intention to propose the appointment of Dr. B. Neeta Kumari as Director. The Board recommends the approval of the members to her appointment.

Except Dr. B. Neeta Kumari no other Director is concerned or interested in the Resolution.

Item No.5

Mr. K.L. Srinivas was appointed as an Additional Director of the Company with effect from 24th August, 2001 by the Board of Directors of the Company. According to the provisions of Section 260 of the Companies Act, 1956, he holds office as a Director only upto the date of ensuing Annual General Meeting. As required by Section 257 of the Companies Act, 1956, a notice has been received from a member signifying his intention to propose the appointment of Mr. K.L. Srinivas as Director. The Board recommends the approval of the members to his appointment.

Except Mr. K.L. Srinivas no other Director is concerned or interested in the Resolution.

By order of the Board

Place : Hyderabad
Date : 27.08.2001

Sreedhar Chowdhury
Managing Director



INCON ENGINEERS LIMITED

DIRECTORS' REPORT

To The Members,

Your Directors are pleased to present the 31st Annual Report and Audited Balance Sheet and Profit & Loss Account for the year ended on 31st March, 2001.

FINANCIAL RESULTS

Details	Rs. in Lakhs	
	For The Year ended 31.03.2001	Previous Year ended 31.03.2000
Sales / Income from operations	42.66	149.38
Other income	23.30	33.10
Total Expenditure	69.26	154.02
Interest	8.47	12.34
Gross Profit / (Loss) after Interest		
Before Depreciation and Tax	(11.77)	16.12
Depreciation	5.66	5.27
Income Tax for earlier years	—	4.91
Profit / (Loss) after Taxation	(17.43)	5.94

OPERATIONS

Agricultural Machinery Division : Although the Company's products have found good acceptance in the market in view of their utility and performance, sales have been extremely low due to the lack of a consistent Government policy with respect to subsidy and bank finance for Power Trillers. Consequently, despite the demand, farmers are unable to get adequate credit facilities for purchase of Power Trillers. Many prospective sales under the various Central Government and State Government Schemes have also been held up. The Company's laser based land leveling system has performed satisfactorily at various governmental trials so far. Studies to ascertain the benefits are under progress at Agricultural Universities.

Gas Plants Equipment Division: The Company's major product line for manufacture of Gas Plants has also been stagnant in view of the entry of multi-nationals into the Gas manufacturing operations in the country. Fresh investments for setting-up new facilities for manufacture of gas have been negligible. The Company is hopeful that with the growth in the health care industry in the country. The increased requirement of Nitrous Oxide will generate the demand for its Nitrous Oxide Plants. The demand for Acetylene Plants however, will depend on the recovery of the engineering industry in time to come.

The Company's Fluid Energy Mills is witnessing an increasing demand from the Pharmaceutical and Drug manufacturing sectors.

FIXED DEPOSITS

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

DIRECTORS

The Directors are pleased to inform you about the joining of Dr. B. Neeta Kumari and Mr. K.L. Srinivas on the Board of Directors of the Company. Their combined vast experience will



INCON ENGINEERS LIMITED

be a major source of strength to the Company.

Pursuant to the provision of the Companies Act, 1956 and in terms of the Articles of Association of the Company Mr. S. Manohar Raju retires at the ensuing AGM and being eligible offers himself for reappointment. Mr. K.L. Srinivas and Dr. B. Neeta Kumari were inducted as additional directors of the Company on 24th August, 2001 and vacate their offices at the ensuing AGM. Being eligible they are seeking reappointment as directors of the Company liable to retire by rotation.

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 EMPLOYEE

Information in accordance with the sub-section (2-A) of Section 217 of the Companies Act, 1956, 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 29 Years	13.10.1994	50	The Oxygen Equipment & Engg. Co. Ltd.

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.

CORPORATE GOVERNANCE

Your Company has already constituted an audit committee.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibilities Statement, it is hereby confirmed:

- i) that in the preparation of the annual accounts for the financial year ended 31st March, 2001, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- ii) that the directors had selected such accounting policies and applied them consistently and made judgements and estimates that were 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 and loss of the Company for the year under review;



INCON ENGINEERS LIMITED

- iii) that the directors had 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) that the directors had prepared the accounts for the financial year ended 31st March, 2001, on a 'going concern' basis.

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 of Directors

Place : Hyderabad
Date : 03.09.2001

SREEDHAR CHOWDHURY
Chairman and Managing 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

Steps to optimise 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 & DEVELOPMENT (R & D)

- | | | |
|----|--|---|
| 1. | Specific areas in which R&D carried out by the Company | Indigenisation of components for Power Tillers. |
|----|--|---|

B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

The Company has successfully developed many of the spares for Power Trillers and imports for these items has been stopped.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

a)	Earning	:	Rs. 3,21,747
b)	Outgo	:	Rs. 6,43,600

For and on behalf of the Board of Directors

Place : Hyderabad
Date : 03.09.2001

SREEDHAR CHOWDHURY
Chairman and Managing Director