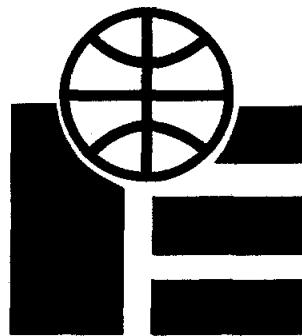


52nd Annual Report 2001-2002



INCON ENGINEERS LIMITED



CONTENTS

1. Board of Directors
2. Notice to the Members
3. Report of the Directors
4. Report of the Auditors to the Members
5. Balance Sheet
6. Profit and Loss Account
7. Schedules to the Balance Sheet
8. Schedules to Profit and Loss Account
9. Significant Accounting Policies
10. Notes forming part of Accounts
11. Cashflow Statement

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INCON ENGINEERS LIMITED

BOARD OF DIRECTORS

SRI SREEDHAR CHOWDHURY	Managing Director
SRI A.SUBBA RAO	Director
SRI S.MANO HAR RAJU	Director
SRI K.L. SRINIVAS	Director
Dr. B. NEETA KUMARI	Director

AUDITORS

M/s Brahmayya & Company
Flat No.403 & 404
Golden Green Apartment
Erramanzil 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

SHARE TRANSFER AGENTS

M/s Venture Capital and
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 32nd Annual General Meeting of Incon Engineers Limited will be held on Friday, the 27th September, 2002 at 11.00 a.m. at the Registered Office at B-6/3, I.D.A. Uppal, Hyderabad-500039 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, 2002 together with the report of Directors and Auditors thereon.
2. To appoint a Director in place of Dr. B. Neeta Kumari, who retires by rotation and being eligible, offers herself for re-appointment.
3. To consider the re-appointment of M/s. Brahmayya & Company, Chartered Accountants as Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting, at such remuneration and reimbursement of out of pocket expenses as may be mutually agreed upon between the Board of Directors and the Auditors.

For and on behalf of the Board of Directors

Place: Hyderabad
Date : 30-07-2002

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 24-09-2002 to 27-09-2002 (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 32nd Annual Report and Audited Balance Sheet and Profit and Loss Account for the year ended on 31st March, 2002.

FINANCIAL RESULTS

Details	For the year ended 31.03.2002	Rs. In Lakhs Previous year ended 31.03.2001
Sales/ Income from operations	44.70	42.66
Other Income	1.55	23.30
Total Expenditure	65.75	69.26
Interest	3.90	8.47
Gross Profit/ (Loss) after Interest before Depreciation and Tax	(23.40)	(11.77)
Depreciation	6.41	5.66
Income Tax for earlier years	—	—
Profit / (Loss) after Taxation	(29.81)	(17.43)
Less: Investment Allowance Reserve Written back	0.09	—
Profit / (Loss)	(29.72)	(17.43)

OPERATIONS

The Company has been witnessing an unprecedented recession in the markets. It has been catering to viz. the Agricultural Machinery and Gas manufacturing sectors. Consequently, with low demand, the Company has further reduced its overheads and fixed expenses to the extent possible so as to minimise cash losses. The Company has been, in the meantime, strengthening its technology base by improving its equipment designs, so that it would be in a position to rapidly pick-up production and sales when the market situation improves. The Company continues to support its customer base for agricultural machinery through an effective after-sales-service set-up.

The Company has been receiving orders from the pharmaceutical industries for its special purpose micro-grinding equipment and is hopeful that this business will further improve in future.

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, Dr. B. Neeta Kumari retires at the ensuing AGM and being eligible offers herself for re-appointment.



INCON ENGINEERS LIMITED

AUDITORS

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

AUDITORS REPORT

The Auditors have commented vide clause 6 that no provision has been made by the Company against bad and doubtful debtors/advances and to the extent that the amounts shown under the heading "Sundry Debtors, other Assets, Loans and Advances" which includes the ICDs are realisable. The Company has been pursuing recovery of all these amounts through various means including legal action, negotiations with concerned parties filing of claim with official liquidator etc. Your Directors are therefore hopeful that most of the dues to the company will be recovered in due course.

Regarding Auditors comment in clause (8) IX that repayment of loans and advances is not taking place as stipulated. The Company is taking necessary steps to ensure the best recovery on a case to case basis.

PARTICULARS OF EMPLOYEE

Information in accordance with sub - section (2-A) of section 217 of the Companies Act, 1956, read with the Companies (particulars of Employees) Rules, 1975, furnished below:

N I L

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 here to 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, 2002, 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, 2002, 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 the 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 INE507 D 01010. In case a member wants his shares to be dematerialized, he may send the shares along with the request through his depository participant to the Registrars M/s. Venture Capital and Corporate Investment Ltd.,

ACKNOWLEDGEMENT

Your Directors are pleased to record their appreciation to the Company's bankers, M/s. State Bank of India, investors and suppliers for the confidence reposed in the Company.

For and on behalf of the Board of Directors

Place: Hyderabad
Date : 31-08-2002

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 Directors report.

FORM A

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 AND DEVELOPMENT (R & D)

- | | |
|---|---|
| 1. Specific areas in which R & D carried out by the Company | A) Indigenisation of components for Power Tillers.
B) Improve the grinding efficiency of its Fluid Energy Mills. |
|---|---|

B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

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

C. FOREIGN EXCHANGE EARNINGS AND OUT GO

	2001 - 2002 Amount Rs.	2000 - 2001 Amount Rs.
a) Foreign Exchange earnings:		
FOB Value of Exports	16,34,702	2,83,959
b) Foreign Exchange outgo:	—	6,43,600

For and on behalf of the Board of Directors

Place: Hyderabad
Date : 31-08-2002

SREEDHAR CHOWDHURY
Chairman and Managing Director



INCON ENGINEERS LIMITED

AUDITOR'S REPORT

To the Members 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, 2002 and also the Profit and Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion 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 and Loss Account comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
5. On the basis of the written representations received from the Directors as on 31st March, 2002 and taken on record by the Board of Directors, we report that, none of the Directors is disqualified as on 31st March, 2002 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
6. **No provision has been made by the Company against the bad and doubtful debtors/advances of Rs. 45,52,142/- and in the absence of confirmation letters from the parties, we are unable to ascertain whether the amounts shown under the head Sundry Debtors, Other Assets and Loans and Advances (including interest accrued thereon) are realisable, in particular an amount of Rs. 1,51,13,296/- shown under the head Inter-corporate Deposits to Companies in which the erstwhile Directors of the Company are interested as Directors, as the amounts are outstanding for a long period.**