

39th Annual Report 2008 - 2009



INCON ENGINEERS LIMITED

//CERTIFIED TRUE COPY//

For INCON ENGINEERS LTD.

A handwritten signature in black ink, appearing to be a stylized 'S' or 'J' followed by a flourish.

Managing Director



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 BISHAM RUGHU MALKANI	Director
SRI A.SUBBA RAO	Director
Dr. B. NEETA KUMARI	Director
AUDITORS	M/s Brahmayya & Co Flat No.403 & 404 Golden Green Apartment Irrum Manzil Colony, Hyderabad – 500 082
BANKERS	M/s. State Bank of India Commercial Branch Flat No.101 to 106 A, Ashoka My Home Chambers Block B., S.P. Road, Secunderabad
REGISTERED OFFICE & FACTORY	B-6/3, I.D.A., Uppal, Hyderabad —500 039
REGISTRARS & SHARE 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 39th Annual General Meeting of Incon Engineers Limited will be held on Friday, the 25th September, 2009 at 10.00 a.m. at its 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, 2009 together with the report of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. A. Subba Rao, 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 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, 2007 for the remaining tenure of his appointment with effect from 1st January, 2009 as under:

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

“RESOLVED FURTHER that the Remuneration Committee of the Company has approved such modification in terms of the payment of remuneration to Mr. Sreedhar Chowdhury”

For and on behalf of the Board of Directors

Place: Hyderabad
Date : 30-06-2009

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 2nd September, 2009 to 4th September, 2009 (both days inclusive).
3. Members can avail of nomination facility. Blank Nomination forms will be supplied on request.



INCON ENGINEERS LIMITED

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

Item No. 4

Mr. Sreedhar Chowdhury was appointed as Managing Director of the Company for a period of three years with effect from 17th September, 2007 on a remuneration of Rs. 45,000/- per month plus perks and the payment of the remuneration was approved by the shareholders in Annual General Meeting held on 27th September, 2007.

Due to massive global economic meltdown, the Company started facing severe financial crisis and cash crunch. In view of this, Mr. Sreedhar Chowdhury, Managing Director of the Company decided to forego his remuneration along with all perquisites with effect from 1st January, 2009 for the remaining tenure of his appointment.

The Resolution at Item No. 4 is therefore, recommended for your approval.

Except Mr. Sreedhar Chowdhury, none of other Director is concerned or interested in the proposed resolution.

For and on behalf of the
Board of Directors

Place: Hyderabad
Date : 30.06.2009

SREEDHAR CHOWDHURY
Chairman & Managing Director

DIRECTORS' REPORT

To the Members,

Your Directors take pleasure in presenting the 39th Annual Report and Audited Balance Sheet and Profit and Loss Account for the year ended on 31st March, 2009.

FINANCIAL RESULTS Details	Rupees in Lakhs	
	For the year ended	For the year ended
	31.03.2009	31.03.2008
Sales/ Income from operations	14.75	159.96
Other Income	3.28	1.30
Manufacturing Expenses	34.18	76.40
Other Expenses	39.85	33.30
Interest	0.45	3.47
Gross Profit (+)/(Loss)(-) after Interest		
before Depreciation & Tax	(56.45)	48.09
Depreciation	4.55	4.29
Net Profit (+)/(Loss) before		
Tax for the year	(61.00)	43.80
Net Profit (+)/(Loss) for the year	(61.25)	43.45

OPERATIONS

In view of the overall industrial slow-down, the Company's operations have suffered considerably and many projects for which the Company had received favourable responses have been postponed. The Company is hopeful that these projects will be taken up by the consumers in due course with recovery in the economy.

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, Mr. 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.

AUDITORS' REPORT

Your Auditors have commented vide Clause 4(vi) that they are unable to ascertain whether some of the amounts shown under the heads, Sundry Debtors, Other Current Assets and Loans and Advances are realisable in the absence of confirmation letters from the respective parties. The Audit Committee of the Company has recommended writing-off of those items, which they consider not realisable and accordingly these amounts have been written-off. The Company is hopeful that the steps being taken for recovery of amounts due to the Company will yield necessary results in due course.

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 there under.

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.

ACKNOWLEDGEMENT

Your Directors wish to place on record their gratitude to the investors and suppliers 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 of Directors

Place: Hyderabad
Date : 30.06.2009

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.
 - b) Evaluated the effectiveness of the Company's internal control system pertaining to the financial reporting: and
 - c) Disclosed in this report any change in the Company's internal control over financial reporting that has materially affected the Company's internal control over financial reporting.
6. I have disclosed to the Company's auditors and Audit Committee of the Company's Board of the Directors :
 - a) Deficiencies in the design or operation of internal controls and steps taken / proposed to be taken to rectify these deficiencies.
 - b) Significant changes in internal controls over financial reporting, if any, during the year covered by this report.
 - c) Significant changes in accounting policies during the year, if any, and the same have been disclosed in the notes to the financial statements; and
 - d) Instances of significant fraud of which I am aware, that involves management or other employees, who have a significant role in the Company's internal control system over financial reporting.

For and on behalf of the
Board of Directors

Place: Hyderabad
Date : 30.06.2009

SREEDHAR CHOWDHURY
Chairman & Managing Director



INCON ENGINEERS LIMITED

MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT

As indicated in last year's report, the Company has started marketing of other products. The Company is hopeful that revenues from this activity will provide necessary stability in future. The Company has also initiated cost control measures in view of the lower level activity.

CORPORATE GOVERNANCE:

The Company's policies have always been in accordance with the Code of Corporate Governance and hence the mandatory regulations now placed are being complied with. The Company's continued endeavor is to maintain a high level of accountability and transparency to its stakeholders.

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

Company's philosophy on Corporate Governance envisages attainment of the highest levels of transparency, accountability and equity, in all facets of its operations, and in all interactions with its stakeholders, including the shareholders, investors, employees, lenders and government.

BOARD OF DIRECTORS:

A. Composition:

The Board presently consists of five members. The Chairman & Managing Director, Sri Sreedhar Chowdhury, is the only Executive Director and manages the affairs of the Company subject to the general supervision, control and directions of the Board consisting of other four non-executive Directors. The independent Directors bring to the Company their wide experience in industry, finance and administration and contribute significantly to the various Board Committees.

All Directors except Chairman and Managing Director ~~receive~~ only sitting fees and do not have any other material pecuniary relationship or transactions with the Company, its management or its subsidiaries. In terms of the listing agreements, atleast one third of the Board should be of independent Directors. However, your Board comprises four Independent Directors out of total strength of five Directors:

S.No.	Name of the Director	
1.	Shri Sreedhar Chowdhury (Chairman & Managing Director)	Executive
2.	Shri S. Manohar Raju	Non-Executive
3.	Shri Bisham Rughu Malkani	Non-Executive
4.	Shri A. Subba Rao	Non-Executive
5.	Dr. B. Neeta Kumari	Non-Executive

The Board Meetings are held generally once in 3 months. During the year 2008-09, Six 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	6
2.	Shri S. Manohar Raju	Non-Executive	2
3.	Shri Bisham Rughu Malkani	Non-Executive	1
4.	Shri A. Subba Rao	Non-Executive	—
5.	Dr. B. Neeta Kumari	Non-Executive	—

TENURE:

As required by law, two third of the Directors should be retiring Directors and one third of them are required to retire every year and if eligible, qualify for re-appointment.

Mr. 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.



INCON ENGINEERS LIMITED

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 Six times during the financial year 2008-09 i.e. on 23rd April, 2008, 30th June, 2008, 30th July, 2008, 31st October, 2008, 30th January, 2009, 5th March, 2009. 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.



INCON ENGINEERS LIMITED

INVESTORS GRIEVANCE COMMITTEE:

This Committee consisting of Shri Sreedhar Chowdhury, Chairman and Managing Director, Shri S. Manohar Raju, Dr. B. Neeta Kumari, and Shri A. Subba Rao Directors has been formed on 30.04.2002 to review the complaints in respect of share transfer, transmission, splitting and consolidation of shares, issue of duplicate share certificates and other related matters. Chairman of the Committee is a non-executive Director. As per SEBI's instructions, the transaction of the Company's shares has to be compulsorily in demat form. However, in respect of requests received for share transfer in physical form, the power to approve the same has been delegated to a Committee of Company Officials.

Shri Sreedhar Chowdhury, Chairman and Managing Director, is the Compliance Officer. During the year under review, no complaints were received from investors.

The attendance of Directors at the Board Meetings, Committee Meetings and 38th 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 38 th AGM
No. of Meetings held	6	4	1	1
Directors				
Shri Sreedhar Chowdhury	6	N.A.	1	Present
Shri S. Manohar Raju	6	4	1	Present
Shri A. Subba Rao	5	4	1	Present
Dr. B. Neeta Kumari	6	4	1	Present
Shri Bisham Rughu Malkani	2	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, 2009, 3369172 Equity Shares representing 77.86% 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.

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.