

**44th Annual Report
2013 - 2014**



INCON ENGINEERS LIMITED



C O N T E N T S

1. Board of Directors
2. Notice to the Members
3. Director's Report
4. Corporate Governance Report
5. Independent Auditors Report
6. Balance Sheet
7. Statement of Profit and Loss Account
8. Cash Flow Statement
9. Notes to Financial Statements
10. Proxy Form
11. Attendance Slip



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 44th Annual General Meeting of the members of Incon Engineers Limited will be held on Tuesday, the 30th September, 2014 at 10.00 a.m. at the Registered Office of the Company at B-6/3, I.D.A. Uppal, Hyderabad - 500039 to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt the audited financial statements of the Company for the financial year ended 31st March, 2014 including the Balance Sheet, Profit & Loss Account and report of the Board of Directors and Auditors thereon.
2. Dr. B. Neeta Kumari retires by rotation at the ensuing Annual General Meeting and is not seeking re-appointment.
3. To consider and if thought fit, to pass with or without modification(s) the following resolution as an ordinary resolution:
"RESOLVED that M/s. Brahmayya & Co., Chartered Accountants, bearing Registration No.000513S, be and are hereby reappointed as statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting, at such remuneration to be fixed by the Board of Directors of the Company."

SPECIAL BUSINESS

4. Appointment of Mr. S. Manohar Raju as Independent Director of the Company:
To Consider and if thought fit, to pass the following resolution with or without modification(s) as an ordinary resolution:
"RESOLVED that pursuant to the provisions of Section 149, 152 and such other provisions of the Companies Act, 2013 and the Rules made thereunder, read with Schedule IV to the Companies Act, 2013, Mr. S. Manohar Raju (DIN No. 00188956), Director of the Company, who retires by rotation at the Annual General Meeting and in respect of whom the Company has received a notice in writing from a Member under section 160 of the Companies Act, 2013, signifying his intention to propose Mr. S. Manohar Raju as a candidate for the office of the Director of the Company, be and is hereby appointed as an independent Director of the Company to hold office upto a term of five consecutive years from the date of this appointment, not liable to retire by rotation."
5. Appointment of Mr. A. Subba Rao as Independent Director of the Company:
To Consider and if thought fit, to pass the following resolution with or without modification(s) as an ordinary resolution:
"RESOLVED that pursuant to the provisions of Section 149, 152 and such other provisions of the Companies Act, 2013 and the Rules made thereunder, read with Schedule IV to the Companies Act, 2013, Mr. A. Subba Rao (DIN No.00313644), Director of the Company, who retires by rotation at the Annual General Meeting and in respect of whom the Company has received a notice in writing from a Member under section 160 of the Companies Act, 2013, signifying his intention to propose Mr. A. Subba Rao as a candidate for the office of the Director of the Company, be and is hereby appointed as an independent Director of the Company to hold office upto a term of five consecutive years from the date of this appointment, not liable to retire by rotation."

By order of the Board of Directors of
INCON ENGINEERS LIMITED

Place: Hyderabad

Date : 27.05.2014

Registered Office :

B-6/3, I.D.A. Uppal, Hyderabad-500039 (Telangana)

CIN: L74210TG1970PLC001319

Email: incon@incon.in / inconengineers@gmail.com

Website: www.incon.in

Tel.No.+91-40-27203943

Fax No.: +91-40-27201271

SREEDHAR CHOWDHURY
CHAIRMAN & MANAGING DIRECTOR



NOTES

1. **IN TERMS OF THE PROVISIONS OF SECTION 105 OF THE COMPANIES ACT, 2013, READ WITH RULE 19 OF THE COMPANIES (MANAGEMENT AND ADMINISTRATION) RULES, 2014, A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (THE "MEETING") IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTMENT A PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING. A PERSON CAN BE A PROXY FOR MEMBERS NOT EXCEEDING 50 (FIFTY) AND HOLDING IN AN AGGREGATE NOT MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS. PROVIDED THAT A MEMBER HOLDING MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS PROXY FOR ANY OTHER PERSON OR SHAREHOLDER. A PROXY FORM FOR THE MEETING IS ENCLOSED.**
2. In terms of the provisions of Section 102 of the Companies Act, 2013, a statement setting out the material facts concerning special business to be transacted at the Meeting is annexed and forms part of the Notice.
3. Copies of the Notice of 44th Annual General Meeting together with the Annual Report are being sent by Electronic Mode to all the Members whose email addresses are registered with the Company/Depository Participant(s) for communication purposes. Hard copies of Annual Report will be supplied to those Shareholders holding shares in Electronic Mode, as and when requested. For Members who have not registered their email addresses, physical copies of the Annual Report are being sent by the permitted mode.
4. Corporate Members intending to send their authorized representative(s) to attend the Meeting are requested to send a certified copy of the Board Resolution authorizing such representative(s) to attend and vote on their behalf at the Meeting.
5. Details under Clause 49 of the Listing Agreement entered with the Stock Exchanges in respect of the Director seeking appointment at the ensuing Annual General Meeting form an integral part of the Corporate Governance Report.
6. The business set out in this Notice is also being conducted through e-voting in compliance with the provisions of Section 108 of the Companies Act, 2013, and Clause 35B of the Listing Agreement, the Company is pleased to offer the e-voting facility as an alternate to all its Members to enable them to cast their vote electronically instead of casting the vote at the Meeting. Please note that the Voting through Electronic Mode is optional. For this purpose the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating e-voting to enable the shareholders to cast their vote electronically.
7. Voting through Electronic means:
 - (i) The voting through electronic means will commence on Wednesday, the 24th September, 2014 at 10.00 a.m. and will end on Friday, the 26th September, 2014 at 6.00 p.m. During this period, shareholder of the Company holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of Friday, 29th August, 2014, may cast their vote electronically. The members will not be able to cast their vote electronically beyond the date and time mentioned above. PLEASE NOTE THAT USER ID AND PASSWORD FOR E-VOTING ARE AFFIXED ON THE FRONT PAGE OF THIS ANNUAL REPORT which will be sent to the share holders who do not have email IDs. Soft copies Annual Reports with user ID, and Password are sent to the share holders, who have registered their email IDs with R & T agents of the company.
 - (ii) The Company has appointed Mr. Sharad Gupta, Company Secretary in whole time practice (email: sharadgupta_2006@yahoo.co.in) to act as the Scrutinizer for conducting the electronic voting process in a fair and transparent manner.



INCON ENGINEERS LIMITED

- (iii) The procedure and instructions for the voting through electronic means as follows:
- a. Launch the internet browser by typing the following URL: <https://www.evoting.nsdl.com>.
 - b. Click on "Shareholder-Login" to cast your vote.
 - c. Put your user id and password mentioned at the bottom of the Proxy form being sent along with this notice. Members, whose e-mail addresses are registered with the Company/Depository Participants, are being informed their user Id and password details by email. Please use this password as the initial password. Click login. If you are already registered with NSDL for e-voting then you can use your existing user Id and password for login.
 - d. If you are logging in for the first time, Password Change Menu appears. Change the password of your choice with minimum 8 digits/characters or a combination thereof. Please note the new password for all the future e-voting cycles offered on NSDL e-voting Platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
 - e. Home page of "e-voting" opens. Click on "e-voting": Active Voting Cycles.
 - f. Select "EVEN (E-Voting Event Number)" of INCON ENGINEERS LIMITED which is **101030**. For an EVEN, you can login any number of times on e-voting platform of NSDL till you have voted on the resolution during the voting period.
 - g. Now you are ready for "e-voting" as "Cast Vote" Page opens.
 - h. Cast your vote by selecting appropriate option and click "Submit" and also "Confirm" when prompted. Kindly note that vote once cast cannot be modified.
 - i. Institutional members (i.e. members other than individuals, HUF, NRIs, etc.) are also required to send scanned copy (PDF/JPG format) of the relevant Board Resolution/ Authority Letter, etc. together with the attested specimen signature(s) of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer, Mr. Sharad Gupta, through email at: sharadgupta_2006@yahoo.co.in with a copy marked to evoting@nsdl.co.in.
 - j. Once the vote on a resolution is cast by a member, he shall not be allowed to change it subsequently.
 - k. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for members and e-voting user manual for members available at the "downloads" section of <https://www.evoting.nsdl.com> or contact NSDL by email at evoting@nsdl.co.in.
 - l. Members have an option to vote either through e-voting or casting a vote at the Meeting. If a Member has opted for e-voting, then he should not cast his vote at the Meeting also and vice-a-versa. However, in case a Member has cast his vote at the Meeting and also by e-voting, then voting done through e-voting shall prevail and voting done at the Meeting shall be treated as invalid.
 - m. The Scrutinizer will submit his report to the Chairman after completion of the scrutiny. The result of the voting on the Resolutions at the Meeting shall be announced by the Chairman or any other person authorised by him on or before 30th September, 2014.
8. Mr. Sharad Gupta, Company Secretary in Whole-time Practice, has been appointed as a Scrutinizer for conducting the e-voting process in a fair and transparent manner.
 9. The resolutions placed for e-voting shall be deemed to be passed on the date of the Annual General Meeting of Members scheduled to be held on 30th September, 2014.
 10. The Register of Members and Share Transfer Books will remain closed from 5th September, 2014 to 8th September, 2014 (both days inclusive) for the purpose of Annual General Meeting.
 11. Relevant documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company on all working days between 11.00 am to 5.00 pm upto the date of the Annual General Meeting.

By order of the Board of Directors of
INCON ENGINEERS LIMITED

Place: Hyderabad
Date : 27.05.2014

SREEDHAR CHOWDHURY
CHAIRMAN & MANAGING DIRECTOR



INCON ENGINEERS LIMITED

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013:

Item No.4

Mr. S. Manohar Raju is an Independent Director of the Company. He joined the Board of Directors of the Company on 15.3.1994. He retires by rotation at the ensuing Annual General Meeting under the provisions of erstwhile Companies Act, 1956. In terms of Section 149 and any other applicable provisions of the Companies Act, 2013. Mr. S. Manohar Raju being eligible and seeking re-appointment is proposed to be appointed as an Independent Director for a term of five years. A Notice has been received from a Member proposing Mr. S. Manohar Raju as a candidate for the office of the Director of Company.

Company has received from Mr. S. Manohar Raju (1) consent in writing to act as Director (2) intimation to the effect that he is not disqualified under Sub-Section 2 of Section 164 of the Companies Act, 2013 and (3) a declaration to the effect that he meets the criteria of independence as provided in Sub-Section (6) of Section 149 of the Companies Act, 2013.

The resolution seeks the approval of the members of the Company for appointment of Mr. S. Manohar Raju as an Independent Director of the Company for five consecutive years from the date of this appointment pursuant to provisions of Section 149 and such other applicable provisions of the Companies Act, 2013 and the Rules made thereunder. He is not liable to retire by rotation.

No Director, Key Managerial personnel or their relatives, except Mr. S. Manohar Raju, to whom the resolution relates, is interested or concerned in the resolution.

The Board recommends the resolution set forth in item No.4 of the above approval of the Members.

Item No.5

Mr. A. Subba Rao is an Independent Director of the Company. He joined the Board of Directors of the Company on 13.10.1994. He retires by rotation at the ensuing Annual General Meeting under the provisions of erstwhile Companies Act, 1956. In terms of Section 149 and any other applicable provisions of the Companies Act, 2013. Mr. A. Subba Rao being eligible and seeking re-appointment is proposed to be appointed as an Independent Director for a term of five years. A Notice has been received from a Member proposing Mr. A. Subba Rao as a candidate for the office of the Director of Company.

Company has received from Mr. A. Subba Rao (1) consent in writing to act as Director (2) intimation to the effect that he is not disqualified under Sub-Section 2 of Section 164 of the Companies Act, 2013 and (3) a declaration to the effect that he meets the criteria of independence as provided in Sub-Section (6) of Section 149 of the Companies Act, 2013.

The resolution seeks the approval of the members of the Company for appointment of Mr. A. Subba Rao as an Independent Director of the Company for five consecutive years from the date of this appointment pursuant to provisions of Section 149 and such other applicable provisions of the Companies Act, 2013 and the Rules made thereunder. He is not liable to retire by rotation.

No Director, Key Managerial personnel or their relatives, except Mr. A. Subba Rao, to whom the resolution relates, is interested or concerned in the resolution.

The Board recommends the resolution set forth in item No.5 of the above approval of the Members.

By order of the Board of Directors of
INCON ENGINEERS LIMITED

Place: Hyderabad
Date : 27.05.2014

SREEDHAR CHOWDHURY
CHAIRMAN & MANAGING DIRECTOR



INCON ENGINEERS LIMITED

DIRECTORS' REPORT

To the Members,

Your Directors take pleasure in presenting the 44th Annual Report of the Company together with the Audited Accounts and Auditors' Report for the financial year ended on 31st March, 2014.

FINANCIAL RESULTS AND OPERATIONS

The performance of the Company for the financial year ended 31st March, 2014 is summarized hereunder:

Details	For the year ended 31.03.2014	For the year ended 31.03.2013
Sales/ Income from operations	59.18	49.63
Other Income	7.66	7.69
Manufacturing Expenses	38.35	37.73
Other Expenses	19.48	19.37
Finance Cost	0.29	0.56
Gross Profit /(Loss) after Finance Cost		
before Depreciation & Tax	8.72	(0.34)
Depreciation	5.18	5.26
Net Profit /(Loss) before		
Tax for the year	3.54	(5.60)
Net Profit /(Loss) for the year	3.54	(5.60)

OPERATIONS

The operations of the Company have improved with the income going upto to Rs.59.18 lakhs as compared to Rs.49.63 lakhs during the previous year. The Company made a net profit of Rs.3.54 lakhs after providing for depreciation of Rs.5.18 lakhs. Your Directors are hopeful of maintaining this trend during the current year with the orders in hand amounting to about Rs.70.00 lakhs.

FIXED DEPOSITS

During the year under review, the Company has not accepted any fixed deposit within the meaning of Section 58A of the Companies Act, 1956.

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.

FOREIGN EXCHANGE EARNINGS AND OUTGO : Nil

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.

RESEARCH & DEVELOPMENT AND TECHNOLOGY ABSORPTION

1. Specific areas in which R & D carried out by the Company Design of Fluid Energy Mill and Classifiers.

INDUSTRIAL RELATIONS

Your Company continues to enjoy the support from the workforce. Industrial Relations were cordial during the year under review.

BOARD OF DIRECTORS

Dr. B. Neeta Kumari retires by rotation and not seeking the re-appointment.

Sri S. Manohar Raju retires by rotation being eligible for him self re-appointment at the forth coming Annual General Meeting.

Pursuant to Section 149 of the Companies Act, 2013, the tenure of the Independent Director is upto five consecutive years Board recommends appointment of Sri S. Manohar Raju, as Independent Director for a term of upto five consecutive years for approval of the Members of the Company at the ensuing Annual General Meeting.

Mr. A. Subba Rao retires by rotation and being eligible offers himself for re-appointment at the forthcoming Annual General Meeting.

Pursuant to Section 149 of the Companies Act, 2013, the tenure of the Independent Director is upto five consecutive years. Board recommends appointment of Mr. A. Subba Rao, as Independent Director for a term of upto five consecutive years for approval of the Members of the Company at the ensuing Annual General Meeting.

AUDITORS

M/s. Brahmayya & Co. Chartered Accountants, Hyderabad, retire at the conclusion of the ensuing Annual General Meeting and being



INCON ENGINEERS LIMITED

eligible offer themselves for re-appointment. The Board recommends their re-appointment at the ensuing Annual General Meeting.

AUDITORS' REPORT

The Auditors' Report is unqualified.

AUDIT COMMITTEE

Pursuant to the provisions of 292A of the Companies Act, 1956 and provisions of the Listing Agreement, the Company has constituted an Audit Committee. The composition, scope and powers of Audit Committee together with details meetings held during the year under review forms part of Corporate Governance Report.

COST AUDIT

The Central Government has directed to conduct a Cost Audit in respect of the specified products of the Company. The Board of Directors of the Company accorded its approval for appointment of M/s. N.S.V. Krishna Rao & Company, Cost Accountants, D.No.12-2-823/A/78, Geetha Apartments, Lane Adj. to Chandana Brothers, Santosh Nagar Colony, Mehdiapatnam, Hyderabad-500028 as Cost Auditors of the Company.

SUBSIDIARY COMPANIES

The Company does not have a subsidiary Company.

MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT

The application of ultra-fine powders is increasing in industry over the past few years. The demand for the Company's product will also increase and efforts need to be made to take advantage of this increased demand. Special efforts need to be made to ensure that the Company's products are known to potential users, so that additional sales are generated.

CORPORATE GOVERNANCE REPORT

As per Clause 49 of the Listing Agreement, a separate section on Corporate Governance together with a Compliance Certificate from the Practicing Company Secretary forms part of this Annual Report.

DIRECTORS' RESPONSIBILITY STATEMENT

The Audited Accounts for the year under review in conformity with the requirements of the Companies Act, 1956 and the Accounting Standards. The financial statements reflect fairly the form and substances of transactions carried out and reasonably present the Company's financial condition and results of operations. Your Directors confirm that:

- i) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures, if any;
- ii) that the accounting policies selected have been applied consistently and judgments and estimates that are made reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2014.
- iii) that proper and sufficient care has been taken 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 frauds and other irregularities; and
- iv) that the Annual Accounts of the Company have been prepared on 'going concern' basis.

ACKNOWLEDGEMENT

The Board of Directors would like to thank Business Partners, Bankers, Investors and Auditors for their continued support and association. We would also like to place on record our appreciation of the collective contribution made by all the employees during the last year.

By order of the Board of Directors of
INCON ENGINEERS LIMITED

Place: Hyderabad
Date : 27.05.2014

SREEDHAR CHOWDHURY
Chairman & Managing Director



INCON ENGINEERS LIMITED

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 at least 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 2013-14, 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	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.

Dr. B. Neeta Kumari, Director, retires by rotation at the ensuing Annual General Meeting and is not seeking re-appointment.

Brief profile of the Director proposed to be appointed, as required in terms of the provisions of Clause 49 of the Listing Agreement:

Sl No	Particulars	Profile of the Director
1.	Name of the Director	Mr. S. Manohar Raju
2.	Date of Birth	15.08.1956
3.	Educational Qualification	Graduate
4.	Date of appointment on the Board	15.03.1994
5.	Category of the Director	Independent Director
6.	Area of Expertise / Senior Position Held / Work Experience	Over 35 years experience in industry with focus in finance.
7.	Details of Directorships in other Public Limited companies (including subsidiaries of Public Company)	Nil
8.	Names of the other Committees in which Chairman	Audit Committee Remuneration Committee
9.	Names of the other Committees in which Member	Audit Committee Remuneration Committee Investors Grievance Committee
10.	No. of shares held	52600