



INCON ENGINEERS LIMITED

DIRECTORS REPORT

To the Members,

The Directors are pleased to present the 49th Annual Report and the Audited Financial Statements for the year ended 31st March, 2019.

1. FINANCIAL RESULTS

The performance during the period ended 31st March 2019 has been as under

Particulars	(Rupees in lakhs)	
	Year ended 31.03.2019	Year ended 31.03.2018
Revenue from operations and other income (gross)	61.93	97.59
Profit before finance costs and depreciation, amortization expense	(14.65)	8.16
Finance Cost	0.06	0.12
Depreciation and amortization expense	2.45	2.79
Profit / (Loss) after tax	(12.69)	5.24
Other Comprehensive income	(0.65)	(1.75)
Total comprehensive income	(13.35)	3.48

2. PERFORMANCE

Operations

The sales during the year ended 31st March 2019 have been reduced to Rs. 61.93 lakhs from Rs. 97.59 lakhs of the previous year as some of the prospective purchases were postponed by our customers. The Company registered a net loss of Rs. 14.65 lakhs before providing for depreciation of Rs. 2.45 lakhs.

3. DEPOSITS

During the year under review, the Company did not accept any deposits

4. CONSERVATION OF ENERGY, TECHNOLOGY, ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The information on Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and outgo required to be disclosed under Section 134(3)(m) of the Companies Act, 2013 read

with Rule 8 to the Companies (Accounts) Rules, 2014 are provided in **Annexure - I forming part of this report**

5. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 134 of the Companies Act, 2013, with respect to the Directors Responsibility Statement, the Board of Directors of the company confirms:-

- That the preparation of the annual accounts for the financial year ended 31.03.2019, the applicable accounting standards have been followed along with proper explanations relating to material departures,
- That the Directors 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 31st March, 2019 and the profit and loss of the company for the period.
- That the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding of the Company assets and for preventing and detecting fraud and other irregularities.
- That the directors have prepared the annual accounts for the financial year ended 31st March, 2019 on a going concern basis.
- That the directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively and
- That the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

6. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has an Internal Control System, commensurate with the size, scale and complexity



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of its operations. To maintain its objectivity and independence, the Internal Audit function reports to the Chairman of the Audit Committee of the Board.

The Internal Audit Department monitors and evaluates the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company and its subsidiaries. Based on the report of internal audit function, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and corrective actions thereon are presented to the Audit Committee of the Board.

7. COURT/TRIBUNAL ORDERS

There were no instances of any significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

8. RELATED PARTY CONTRACTS AND ARRANGEMENTS

The contracts or arrangements of the Company with related parties during the period under review referred to in Section 188(1) of the Companies Act, 2013 were in ordinary course of business and on arm's length basis. During the year, the Company had entered into the contract/arrangement/transaction with related parties which could be considered material in accordance with the related party transaction policy of the Company. The said policy is approved by the Board as per the terms of provisions of Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The prescribed form AOC-2 of the Companies (Accounts) Rules, 2014 is enclosed as **Annexure-II** to this report,

9. ANNUAL RETURN

In terms of provisions of Section 92(3) of the Companies Act, 2013 read with the Companies

(Amendment) Act, 2017 and the relevant rules made thereunder, a copy of the Annual Return is enclosed in **Annexure - III** to this report.

10. INDEPENDENT DIRECTORS

In terms of provisions of Section 149(7) of the Companies Act, 2013 all the Independent Directors of the Company have furnished a declaration to the Compliance Officer of the Company at the meeting of the Board of Directors held on 29th May, 2019 stating that they fulfill the criteria of Independent Director as prescribed under section 149(6) of the Companies Act, 2013 and are not being disqualified to act as an Independent Director.

In terms of the Regulation 2(57) of the Regulations, the Company has adopted a familiarization programme for the Independent Directors to familiarize them with working of the Company, nature of the industry in which the Company operates, business model of the Company, their roles, rights, responsibilities and other relevant details.

11. SUBSIDIARIES:

Your Company does not have subsidiaries

12. INTERNAL AUDITORS

M/s. G P Associates., Chartered Accountants, Hyderabad shall be the Internal Auditors of the Company.

13. SECRETARIAL AUDITOR

Pursuant to the provisions of Section 204 of the Companies Act, 2013, and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s Sharad Gupta & Co Practicing Company Secretaries to conduct Secretarial Audit of the Company for the financial year ended March 31st, 2019.

The Secretarial Audit Report issued by M/s. Sharad Gupta & Co, Practicing Company Secretaries in **Form MR-3** is enclosed as **Annexure-IV** to this Annual Report.



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The Secretarial Audit Report says that Company has not complied with the compliance requirements of Calcutta Stock Exchange.

We hereby state that the Company applied for delisting of shares from Calcutta Stock Exchange on 22.11.2005. Company followed up the same. Despite several reminders, the Calcutta Stock Exchange has not responded. We understand Calcutta Stock Exchange is a defunct organization and there is no communication from them. Company is examining various options to close the matter so that the delisting application is processed and completed.

14. STATUTORY AUDITORS

M/s. K.S.Rao & Co, Chartered Accountants were appointed as Statutory Auditors of your Company at the Annual General Meeting held on 29.05.2017 for five consecutive years. As per the provisions of Section 139 of the Companies Act, 2013, the appointment of Auditors is required to be ratified by Members at every Annual General Meeting.

In accordance with the Companies Amendment Act, 2017 enforced on 7th May, 2018 by the Ministry of Corporate Affairs, the appointment of Statutory Auditors is not required to be ratified at every Annual General Meeting.

The Report given by the Auditors on the financial statement of the Company is part of this Report.

15. CORPORATE SOCIAL RESPONSIBILITY (CSR):

Corporate Social Responsibility required to be disclosed under Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014 is not applicable to the company. Hence, composition of committee is not required.

16. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The details of Loans, Guarantees, Securities and Investments made during the financial year ended 31st March, 2019 are given in the notes to the financial statements in compliance with the

provisions of section 186 of the Companies Act, 2013 read with the Companies (Meeting of the Board and its powers) Rules 2014.

17. SHARE CAPITAL

The Authorised Share Capital of the Company is Rs 84,000,000 (Rupees Eight Crores Forty Lakhs only) divided into 8,400,000 equity shares of Rs 10/- each. The paid-up capital of the Company is Rs. 43,271,000 (Rupees Four Crores Thirty Two Lakhs Seventy One Thousand only) divided into 4,327,100 equity shares of Rs 10/- each.

18. MANAGEMENT DISCUSSION AND ANALYSIS

A detailed analysis of the Company's operations in terms of performance in markets, manufacturing activities, business outlook, risks and concerns forms part of the Management Discussion and Analysis, a separate section forms part of the Annual Report as **Annexure-V**

19. BOARD EVALUATION

Evaluation of all Board members is done on an annual basis. The evaluation is done by the Board, Nomination and Remuneration Committee and Independent Directors with specific focus on the performance and effective functioning of the Board and Individual Directors.

The criteria covered various aspects for evaluation of Independent Directors such as Participation at the Board / Committee meetings, Commitment (including guidance provided to senior management outside of Board/ Committee meetings), Effective deployment of knowledge and expertise, Integrity and maintaining of confidentiality, Independence of behavior and judgment, exercise of objective independent judgment in the best interest of the Company, Ability to contribute and monitor corporate governance practice and Adherence to the code of conduct for independent directors, for evaluation of the Board, Implementation of robust policies and procedures and size, structure and expertise of the Board were considered, for evaluation of the Managing Director and Non-



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Executive Directors, Participation at the Board / Committee meetings, Effective deployment of knowledge and expertise, Discharge of its functions and duties as per its terms of reference, process and procedures followed for discharging its functions, Effectiveness of suggestions and recommendations received were considered, for evaluation of Chairman of the Board aspects such as Managing relationship with the members of the Board and management, and effective decision making at the Board were considered.

20. DIRECTORS AND KMP:

Sri Sreedhar Chowdhury

Managing Director

Sri S. Manohar Raju

Non-Executive Independent Director

Sri A. Subba Rao

Non-Executive Independent Director

Dr. B. Neeta Kumari

Non-Executive Director

Ms. D. Manoranjani

Company Secretary, Compliance Officer & CFO

21. NUMBER OF MEETINGS OF THE BOARD

During the financial year under review, 4 (Four) Board Meetings were held on 29th May 2018, 9th August, 2018, 12th November, 2018, 08th February, 2019 and 4 (Four) Audit Committee Meetings were convened and held on the same dates. The details of which are given in the Corporate Governance Report. The intervening gap between the meetings was within the period of 120 days as prescribed under the Companies Act, 2013 and Regulation 17 of SEBI Listing Regulations, 2015.

22. CORPORATE GOVERNANCE

Maintaining high standards of Corporate Governance has been fundamental to the business of your Company since its inception. A separate report on Corporate Governance is provided together with a Certificate from the Practicing Company Secretary regarding compliance of conditions of Corporate Governance as stipulated under Listing Regulations. A Certificate of the CEO and CFO of

the Company in terms of Listing Regulations, inter alia, confirming the correctness of the financial statements and cash flow statements, adequacy of the internal control measures and reporting of matters to the Audit Committee, is also annexed. The extract of annual return in Form MGT-9 as required under Section 92(3) of the Companies Act and Rule 12 of the Companies (Management and Administration) Rules, 2014 is appended as an **Annexure-III** to this Annual Report.

23. VIGIL MECHANISM

The Company has adopted a Whistle Blower Policy establishing vigil mechanism, to provide a formal mechanism to the Directors and employees to report concerns about unethical behavior, actual or suspected fraud or violation of Code of Conduct and Ethics. It also provides for adequate safeguards against the victimization of employees who avail of the mechanism and provides direct access to the Chairperson of the Audit Committee in exceptional cases. It is affirmed that no personnel of the Company have been denied access to the Audit Committee. The Whistle Blower Policy aims for conducting the affairs in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical behavior.

24. POLICY ON SEXUAL HARRASSEMENT

The Company has adopted policy on Prevention of Sexual Harassment of Women at Workplace in accordance with The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

During the financial year ended 31st March, 2019 the company has not received any Complaints pertaining to Sexual Harassment.

25. ADOPTION OF INDIAN ACCOUNTING STANDARDS ("IND AS")

The Company has adopted Indian Accounting Standards ("IND AS") and accordingly these financial statements have been prepared in accordance with the same as required under section 133 of the Companies Act, 2013 read with rules made thereunder.



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26. POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION

In terms of provisions of Section 178 of the Companies Act, 2013 read with Regulation 19 of the Regulations, a policy relating to remuneration for the Directors, Key Managerial Personnel and other employees has been adopted by the Board of Directors of the Company in pursuance of its formulation and recommendation by the Nomination and Remuneration Committee thereby analyzing the criteria for determining qualifications, positive attributes and independence of a Director.

27. REPORT ON FINANCIAL STATEMENTS

The report of M/s. K.S Rao & Co., Chartered Accountants, Regn. No. 003109S the Statutory Auditors of the Company on the financial statements of the Company for the year ended 31st March, 2019 is annexed to the financial statements in terms of provisions of Section 134(2) of the Companies Act, 2013. The observations of the Auditors in their report are self-explanatory and/or explained suitably in the Notes to the Financial Statements. The report of the Statutory Auditors does not contain any qualification, reservation or adverse remark which needs any explanation or comment of the Board.

28. COST AUDIT

During the year under review, the Company had not been mandatorily required to get its Cost Records audited in terms of provisions of Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Amendment Rules, 2014 notified by the Ministry of Corporate Affairs (MCA) on 31st December, 2014 as the Industry under which the Company falls has been exempted from the Cost Audit under the said rules.

29. RECONCILIATION OF SHARE CAPITAL AUDIT

As per the directive of the Securities and Exchange Board of India (SEBI), the Reconciliation of Share Capital Audit is undertaken by a firm of Practicing Company Secretaries on quarterly basis. The audit is aimed at reconciliation of total shares held in CDSL, NSDL and in physical form with the admitted, issued and listed capital of the Company.

The Reconciliation of Share Capital Audit Reports as submitted by the Auditor on quarterly basis were filed with the Bombay Stock Exchange of India Limited through BSE Listing Centre, where the original shares of the Company are listed.

30. LISTING OF SHARES

The Equity Shares of the Company are listed on the BSE Limited, Mumbai and Calcutta Stock Exchange. Company has applied for delisting of shares and the same is pending with Calcutta Stock Exchange for long time.

31. DISCLOSURES UNDER SECTION 134 OF THE COMPANIES ACT, 2013

Except as disclosed elsewhere in the Annual Report, there have been no material changes and commitments, which can affect the financial position of the Company between the end of financial year and the date of this report.

32. INDUSTRIAL RELATIONS

During the year under review, industrial relations in the Company continued to be cordial and peaceful.

33. CODE OF CONDUCT

This is to confirm that the Board has laid down a Code of Conduct for all Directors and Senior Management Personnel of the Company. It is further confirmed that all Directors and senior management personnel of the Company have affirmed compliance with the Code of Conduct of the Company for the financial year 2018-19.

34. ACKNOWLEDGEMENT

The Board of Directors would like to thank Business Partners, Bankers, Investors and Auditors for their continued support and association. Your Directors wish to place on record their appreciation to employees at all levels for their hard work, dedication and commitment.

For and on behalf of the Board of Directors

Sd/-

**SREEDHAR CHOWDHURY
MANAGING DIRECTOR**

Place: Hyderabad

Date : 29.05.2019

(DIN : 00188924)