

New Standard Engineering Company Limited



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41st

Annual Report 1999 - 2000

NSE**NEW STANDARD ENGG.****FORTY FIRST ANNUAL REPORT 1999 - 2000**

Board of Directors : Mr. Sumant J. Patel *Chairman & Mg.Director*
Dr. R.S. Tarneja
Mr. P.R. Latey
Mr.G.P. Sangal
Mrs.Sudha S. Patel *Jt. Mg.Director*
Mr.Mohan Parikh *Executive Director*

**Vice President &
Company Secretary** : Mr.J.Bhavsar

Bankers : Bank of India
Dena Bank

Auditors : Shah & Company
Chartered Accountants

Registered Office : NSE Estate, Goregaon East,
Mumbai - 400 063.

NOTICE

NOTICE is hereby given that the forty first annual general meeting of the shareholders of New Standard Engineering Company Limited will be held on Tuesday, 31st October 2000 at 11.30 a.m. at its registered office situated at NSE Estate, Goregaon (East), Mumbai-400 063. to transact the following business.

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited balance sheet as at 31 March, 2000 and the profit & loss account for the year ended on that date together with the report of the auditors' and directors' thereon.
2. To appoint a director in place of Mr. P. R. Latey, who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a director in place of Mrs. Sudha S. Patel, who retires by rotation and, being eligible, offers herself for re-appointment.
4. To appoint auditors and fix their remuneration.

NSE**SPECIAL BUSINESS :**

5. To consider and, if thought fit, to pass with or without modification (s) the following as an ordinary resolution :
- “RESOLVED THAT pursuant to the provisions of Section 198, 269, 309 read with schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 approval be and is hereby given for the re-appointment of Mr.Mohan Parikh as the Executive Director of the Company for a period of one year with effect from 1st July, 2000 on terms and conditions as set out in the explanatory statement annexed to this notice”
- “ RESOLVED FURTHER THAT Board of Directors be and is hereby authorized to extend and/or vary the terms and conditions of appointment subject to limit laid down in Schedule XIII to the Companies Act, 1956”
6. To consider and, if thought fit, to pass with or without modification(s), the following as a special resolution :
- RESOLVED THAT subject to the provisions of Section 21 and other applicable provisions, if any, of the Companies Act, 1956 the consent of the members be and is hereby accorded to the change of name of the Company from New Standard Engg. Co. Ltd to “NESKO LIMITED”

Registered Office :

NSE Estate,
Goregaon (East),
Mumbai 400 063.
Dated : 2 September, 2000

By Order of the Board of Directors

J.Bhavsar
Company Secretary

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIM/HER SELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The instrument of proxy, duly completed, should be lodged at the registered office of the Company not less than forty-eight hours before the commencement of the annual general meeting .
3. The relative explanatory statements pursuant to Section 173(2) of the Companies Act, 1956 in respect of the business under item nos.5 & 6 set out above, is annexed hereto.
4. The register of members and share transfer books of the Company will remain closed from Friday, 27th October 2000 to Tuesday 31st October 2000. (both days inclusive).

ANNEXURE TO THE NOTICE**EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956.****Item No. 5 :**

The shareholders of the Company, at the 40th annual general meeting had accorded their consent for the re-appointment of Mr.Mohan Parikh for a period of one year as a Executive Director of the Company.

The Board, at its meeting held on 2 Sept., 2000 re-appointed Mr.Mohan Parikh for a further period of one year with effect from 1st July 2000 as Executive Director, on the following terms and conditions.

- a) Salary : Rs. 2,75,000/- p.a.
- b) Perquisites : LTA and medical allowances as per the Company's rules.
- c) The Company shall provide motor car and driver to the Executive Director.
- d) In addition to the above, the Executive Director will be entitled to incentives as may be deemed fit by the Board of Directors from time to time.

The Board recommends the passing of the resolution set out under item No.5.

None of the Directors is interested or concerned in the resolution, except Mr.Mohan Parikh.

The above statements may be regarded as an abstract of the terms of appointment and memorandum of interest pursuant to Section 302 of the Companies Act, 1956.

NSE**Item No. 6 :**

The shareholders of the Company, at the 40th Annual General Meeting had accorded their consent for the amendment to Memorandum & Articles of Association of the Company to diversify into various activities including information technology along with its existing activities such as manufacturing of engineering equipment ; exhibition centre; warehousing; leasing of infrastructure for film studio facilities and other allied events.

To reflect the existing as well as future multiple activities, our Directors consider it advisable to change the name of Company from, New Standard Engineering Co. Ltd. to "NESCO LIMITED"

The Registrar of Companies, Maharashtra has given its approval for the proposed change of name subject to approval of shareholders and compliance under Companies Act. Your Directors recommend the change of name of the Company.

None of the Directors is concerned or interested in the Resolution.

Registered Office :

NSE Estate,
Goregaon (East),
Mumbai 400 063.

Dated : 2 September, 2000

By Order of the Board of Directors

J. Bhavsar
Company Secretary

Directors' Report

To

The Shareholders,

Your Directors present herewith the Company's 41st Annual Report together with audited statement of accounts for year ended 31 March, 2000 :

1. Overview :

The performance of the Company showed improvement during the year as compared to the previous year. The turnover increased by 42% to Rs. 1709 lacs (Rs. 1205 lacs) ; and loss during the year decreased by Rs 11 Lacs.

Manufacturing Group :

In 1999-00 the economic slowdown continued for the capital goods sector. There were no new projects or no significant new investment in the sectors related to our Company's products. The textile sector in particular, continued to be badly affected with a large number of mills loosing or closing down. This situation, coupled with large scale import of new & secondhand machinery affected very adversely the demand of Indian machinery. Despite these adverse factors, the Company's Manufacturing Group's turnover increased by 85% from Rs.699 lacs to Rs. 1295 lacs, and the loss was reduced to Rs.479 Lacs (Rs. 548 Lacs)

Bombay Exhibition Centre :

The income of the Exhibition Centre declined from Rs.438 Lacs to Rs. 148 Lacs. One of the main reasons for this is the effect of changing the accounting method from cash basis to mercantile basis. Besides, due to the overall economic slowdown, a number of exhibitions got deferred or cancelled.

Realty Group :

The income of the Realty Group increased from Rs. 68 Lacs to Rs.266 Lacs.

Overall, the income of Exhibition Centre and Realty Group declined from Rs. 506 L to Rs. 414 L. However, both Exhibition Centre and Realty Group were profitable.

2. Current Year :

The current year is showing improvement as far as Exhibition Centre and Realty Group are concerned. The capital goods industry has yet to revive. We are making all efforts to see that the improvement shown in 1999-2000 is speeded up and the Company is restored to profitable working as early as possible.

3. **Restructuring Of Business Operations :**

a) Your Directors have been seriously considering and implementing strategies to make the Manufacturing Group profitable at the earliest. We are now implementing a series of measures for restructuring, consolidation & cost reduction in the Manufacturing Group, some of which are briefly described below.

The Manufacturing Group is reducing its dependence on textile machinery product line. In stead it is placing increasing emphasis on its other two lines of Metal Forming Equipment and Oil Recovery Equipment both for the domestic & export markets.

The manufacturing activities are being consolidated instead of their being spread out over too large an area in different buildings as at present. This process is expected to be completed in the current year 2000-2001.

The Manufacturing Group proposes to reduce its workforce through a VRS Scheme, after some reduction, the Manufacturing Group should soon become right size.

b) In order to generate significant increase in turnover the Company is taking steps to increase space utilization in its Exhibition Centre; these include adding more features to the infrastructure of the Exhibition Halls.

The Realty Group also expects to significantly increase its income.

The Directors are confident with the above steps the Company would achieve profitability in the near future.

4. **Diversification :**

At the last AGM the members had approved amendment to the memorandum & articles of association to enable the Company to diversify into new fields. The Company is now actively considering proposals to organize/ conduct their own exhibitions; and to set up an Infotech Group. Your Directors hope that it will be possible to crystallize our approach before the end of this year.

5. **Quality Systems :**

The Manufacturing Group continued to enjoy ISO-9002 and American Petroleum Institute API - 11E Certification for Textile Machinery and Oil Recovery Equipment product lines respectively.

6. **FINANCE :**

- i) Your Directors are unable to recommend dividend for the financial year ended 31st March, 2000 in view of the loss.
- ii) The Company has paid all its balance dues to ICICI Ltd, in July 2000 This is expected to reduce interest costs.

- iii) Fixed assets of the Company were valued at Rs. 2752.35 L (Rs. 2830.2 L) Assets of your Company have been adequately insured.
- iv) During 1999-2000, your Company has not accepted any fixed deposits.
- v) Debts & Advances :
As regards debts and advances due for over three years amounting to Rs.3.91 million (Rs. 3.91 million), no provision has been made in the accounts as according to your Directors the same are recoverable.
- vi) Stock Exchange Listing :
The Company's shares are listed on Mumbai Stock Exchange and the listing fees for the year 2000-2001 has been paid by the Company.
- vii) The Company has obtained extension of time from Registrar of compines, Maharashtra, vide letter dated 18th September, 2000 for holding annual general meeting.

7. Auditors' Report :

With reference to the comments in para 1 of the Auditors' Report, attention is drawn to the accounting policies and other notes to the accounts, which are self explanatory. Necessary steps are being taken to strengthen the internal audit system, as also clearing outstanding dues.

8. Directors :

- i) Yours Directors, Mr. P.R.Latey and Mrs. Sudha S. Patel retire by rotation at the ensuing Annual General Meeting, and being eligible, offer themselves for reappointment.
- ii) Mr. Mohan Parikh has been re-appointed as Executive Director for a period of one year with effect from 1st July, 2000.

9. Particulars Of Employees :

None of the employees of the Company is in receipt of remuneration of more than Rs. 50,000/- per month or more than Rs. 6,00,000/- per annum during the period under review. Hence, the provisions of Section 217 (2A) of the Companies Act 1956, are not applicable. During the year under review, industrial relations with employees were cordial.

10. Energy, Technology And Foreign Exchange :

Information in accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956, read with Companies (disclosures of particulars in the report of Board of Directors) Rules 1988, regarding conservation of energy, technology absorption and foreign exchange earning & outgo is given in the annexure forming part of this report.

11. Auditors :

M/s. Shah & Co., Chartered Accountants, Auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting. The Company has received letter from M/s. Shah & Co. to the effect that their appointment, if made, would be within the prescribed limits under Section 224(1-B) of the Companies Act, 1956. Accordingly, the Board recommends that the said Auditors be appointed as Auditors at the ensuing Annual General Meeting.

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12. Acknowledgment :

Your Directors would like to express their appreciation for the assistance and co-operation received from Bank of India, Dena Bank, ICICI, shareholders, and employees of the Company.

For and on behalf of the Board of Directors,

Registered Office :

NSE Estate,
Goregaon (East),
Mumbai 400 063.

Dated : 2 September, 2000

Sumant Patel
Chairman & Mg. Director

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