

**FORTY SECOND ANNUAL REPORT**  
**2000**  
**-**  
**2001**  
**nesco**

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**Nesco Limited**

**ENGINEERING • EXHIBITIONS • PROPERTY DEVELOPMENT • INFOTECH**

**NESCO LIMITED****Board of Directors**

Mr. Sumant J. Patel

*Chairman & Mg.Director*

Dr. R.S. Tarneja

Mr. P.R. Latey

Mr. G. P. Sangal (upto 25-9-2000)

Mr. K. Kannan (effective from 16-7-2001)

Mrs. Sudha S. Patel

*Jt. Mg.Director*

Mr. Mohan Parikh

*Executive Director***Company Secretary**

Mr. M. N. Trivedi

**Bankers**

Bank of India

Dena Bank

**Auditors**

Shah &amp; Company

Chartered Accountants

**Registered Office**Nesco Estate, Goregaon East,  
Mumbai - 400 063.**CONTENTS****Nesco Ltd.****Page No.**

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**NSE Housing & Investments P. Ltd.**

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**Notice** is hereby given that the forty second annual general meeting of the shareholders of Nesco Limited will be held at the registered office of the Company, at Nesco Estate, Goregaon (E), Mumbai - 400 063 on Saturday, 29 September 2001 at 11.30 a.m. to transact the following business.

**Ordinary Business:**

1. To receive, consider and adopt the audited balance sheet as at 31 March, 2001 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 Dr. R. S. Tarneja, who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Mohan Parikh who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint auditors and fix their remuneration.

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### 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 appointment of Mr. Mohan Parikh as the Executive Director of the Company for a period of one year with effect from 1st July, 2001 on terms and conditions as set out in the explanatory statement annexed to this notice."

### Registered Office :

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

By Order of the Board of Directors,

M.N. Trivedi  
Company Secretary

Dated : 16th July 2001.

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**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 No.5 set out above, is annexed hereto.
4. The register of members and share transfer books of the Company will remain closed from Saturday, the 22nd September 2001 to Friday, the 28th September 2001 (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 41st annual general meeting had accorded their consent for the 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 16th July, 2001 re-appointed Mr.Mohan Parikh as a Executive Director, for a further period of one year with effect from 1st July 2001 on the following terms and conditions.

- a) Remuneration : Rs. 2,75,000 /- p.a.
- b) Perquisites : LTA and medical allowances as per the Company's rules.
- c) Conveyance : The Company shall provide motor car with chauffeur to the Executive Director for official use & a telephone at residence. However, the Company shall be reimbursed by the Executive Director, expenses, if any, incurred for personal use of motor car & personal long distance telephone calls.
- d) Incentives : The Executive Director will be entitled to incentives as may be decided by the Board from time to time.

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

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

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

Registered Office :

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

Dated : 16th July, 2001.

By Order of the Board of Directors,

M.N. Trivedi  
Company Secretary

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**Directors' Report**

To

The Shareholders,

Your Directors present herewith the Company's 42nd Annual Report together with Audited Statement of accounts for the year ended 31 March, 2001.

On 16 January, 2001 our Company changed its name from New Standard Engineering Company Ltd. to Nesco Ltd. Started 61 years ago as an engineering Company, we diversified into the services segment in 1991, & have plans to diversify further in services & other segments. Hence the change to a shorter name, derived from our original name.

**1. Overview :**

The net profit improved to Rs. 53.62 L as against a loss of Rs. 258.29 L ; while the turnover was Rs. 1599.14 L ( Rs. 1708.75 L). The improvement in the bottom line was due to growth in business from Bombay Exhibition Centre & Realty Group whose turnover increased to Rs. 867.54 L in the year under review as against Rs. 414.25 L in the previous year ; as also due to effect of cost reduction measures being implemented in the recent past. The working of the Engineering Group continued to be unsatisfactory due to which the turnover declined.

**Engineering Group :**

In 2000-01 the recession almost became a depression, making it one of the worst years for the industry. There was slowdown not only in engineering & capital goods industries, but in almost all other industries. There were no new investments or any new projects, as there was excess capacities in most of the industries. Textile & automotive sectors continued to pass through very difficult times. At the same time, import of new & second hand machinery continued to adversely affect Indian machinery manufacturers. Under these circumstances, the turnover of the Engineering Group declined to Rs. 732 L, as against Rs. 1295 L in the previous year, resulting in a loss of Rs. 563L (Rs. 479 L)

**Bombay Exhibition Centre :**

The income of BEC increased in the year under review to Rs. 479 L as against Rs. 148 L in previous year. The number of exhibitions & trade fairs increased to 13 as against only 6 in the previous years

**Realty Group :**

Income from the Realty Group increased from Rs. 266 L to Rs. 388.54 L.

Overall, income of BEC and Realty Group increased from Rs. 414 L to Rs. 867.54 L

**2. Restructuring Of Business Operations :**

The Company continued to concentrate on its three main goals i) Large scale cost reduction; ii) Continued restructuring of assets & manpower; and iii) Optimizing its product mix & diversification. Though market conditions continued to be extremely difficult, success in achieving these three goals will help the Company to reduce the adverse impact on our Company. At the end of this process, the Company is expected to emerge as a much stronger, better focussed Company

As a result of the efforts to reduce costs in the Engineering Group, the power cost came down by 30% to Rs. 33.03 L (Rs. 47.26 L), interest by 20% to Rs. 138.07L ( Rs. 171.61 L) & employees' cost by 15% to Rs. 522.23 L (Rs. 612.14 L). Despite the progress made in cost reduction, the Engineering Group did not show improvement due to steep decline in turnover due to lack of incoming orders. Costs need to be further brought down substantially to turnaround the Engineering Group, as part of these exercise the company has decided to close down one of its sections in the Engg. Group & has offered VRS to about 70 workmen employed in that section.

Product mix is also being changed so as to focus more on businesses that are profitable & need less working capital. We have decided to exit from product-lines which are not profitable and increase focus on business in the services segment. We shortly expect to start a new activity, organizing exhibitions & trade fairs.

**3. Current Year :**

The current year is showing improvement as far as Exhibition Centre and Realty Group are concerned.

The capital goods industry is going from bad to worse due to prevailing depression in the Country. There is no light at the end of the tunnel. Therefore, there is urgent need to cut costs & reduce losses of the Engineering Group.

In view of the demand recession, the current year will be a challenging one for the Company, with tough battles ahead of us. We are determined to respond to these challenges with firm & timely action.

**4. Finance :**

- i) The financial situation continued to pose a major challenge. On one hand, we had to bear the cost of restructuring & the Voluntary Retirement Schemes. On the other

hand, we had to meet our repayment commitments to the FI & Banks, meet with the fixed costs & overheads & finance the losses of the Engg. Group.

- ii) During the year, Company's borrowing reduced by 22 % from Rs. 1472.15 L to Rs. 1154.35 L. Entire dues of ICICI were cleared. Interest costs went down by 15% from Rs. 196.45 L to Rs. 167.67 L
- iii) Your Directors' regret their inability to recommend any dividend for the financial year ended 31 March 2001.
- iv) Fixed assets of the Company were valued at Rs. 2828.01 L as against Rs. 2752.35 L in the previous year. Assets of your Company have been adequately insured.
- v) During 2000-01, your Company has not accepted any fixed deposits.
- vi) As regards debts & advances due for over three years amounting to Rs. 38.54 L (Rs. 39.10 L); no provisions has been made in the accounts as according to your Directors the same are recoverable.
- vii) Stock Exchange Listing :

The Company's shares are listed on Mumbai Stock Exchange & the Listing fees for the year 2001-02 have been paid by the Company.

## **5. Auditors' Report :**

With reference to the comments 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.

## **6. Directors :**

- i) Yours Directors, Dr. Ram Tarneja and Mr. Mohan Parikh 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, 2001.

## **7. 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.

**8. Directors' Responsibility Statement :**

Pursuant to Section 217 (2AA) of the Companies (Amendment) Act, 2000, your Directors confirm that to the best of their knowledge & belief & according to the information & explanation available to them :

- i) In the preparation of the annual accounts the applicable accounting standards had been followed
- ii) Appropriate accounting policies have been selected & supplied consistently & have made judgements that are reasonable & prudent so as to give a true & fair view of the state of affairs of the Company as at 31.03.2001 & of the profits of the Company for the year ended on that date.
- iii) Proper & sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956, for safeguarding the assets of the Company & for preventing & detecting fraud & other irregularities
- iv) The annual accounts have been prepared on a going concern basis.

**9. 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.

**10. Acknowledgment :**

We would like to thank the shareholders for the patience & understanding that they have shown while our Company is passing through a most critical period, battling for restructuring at one end & against recession at the other.

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,

Sumant J. Patel .  
Chairman & Mg. Director .