

nesco

Nesco Limited

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Annual Report 2001- 2002

Nesco Limited

Our Values

- ✧ Nesco Group will act with absolute honesty & integrity in dealing with its Customers, Employees, Stakeholders & Society at large
- ✧ Nesco will always care for its customers by delivering value to them & delight them through quality products & services
- ✧ Nesco will encourage creativity & innovation across the organization & offer equal opportunity for growth to all employees through a culture of meritocracy, teamwork, commitment & discipline.
- ✧ Nesco will always adopt fair practices & thereby we will aim to become a symbol of Trust & Reliability for all stakeholders. We will strive to maximize value for our shareholders as well as all stakeholders in a balanced manner.

Our Mission

- ✧ Mission of Bombay Exhibition Centre is to become a fully integrated Exhibition & Convention Centre & achieve market leadership in India by offering world class facilities & provide fully integrated services for Exhibitions, Conventions and Trade Fairs.
- ✧ Mission of Realty Group is to become a "Preferred Location" by providing good quality premises which will enhance work efficiency of our clients.
- ✧ Mission of Engineering Group is to gain & sustain customer satisfaction & increase market share in each of our product lines through continued improvement in quality, cost efficiency, delivery & after sales service.

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Nesco at a Glance

Formerly known as New Standard Engg. Co. Ltd. (NSE), our Company was established in 1939. Initially, it operated from Byculla, then set up two more plants at Parel and Santacruz. In 1959 it consolidated all its three operations and moved to a 65 acres estate on the Western Express Highway at Goregaon in Mumbai.

NSE pioneered for the first time in India manufacture of a number of new engineering products, including forging hammers and presses; blowroom lines and high production cards for textile industry; and sucker rod pumps for onshore oil recovery. Till about 1990, NSE 's main activities were in engineering, where it was a market leader in its products, with significant exports. Today, our Engineering Group continues to be a leading provider of this equipment to Indian Railways, Ordnance Factories, Forging Plants, etc.

In 1986, NSE diversified into realty business, developing and providing built up space for multinational companies and leading corporates at its various properties. The Realty Group continues to make a significant contribution to the Company's turnover and profits.

In 1992, NSE setup an exhibition centre - known as Bombay Exhibition Centre - at its complex on the Western Express Highway at Goregaon, Mumbai. Starting with hall area of 200,000 sq.ft.; the hall area has now been expanded to over 500,000 sq. ft. It is the largest exhibition centre in the private sector in India and has hosted over hundred national and international exhibitions / trade fairs / events since it was established in 1992. The Bombay Exhibition Centre has several exhibitions booked not only for 2002 - 03 but also for 2003 and 2004. This division also makes a significant contribution to the Company's turnover and profits.

NSE name was changed to Nesco Limited in January 2001, to reflect the Company's transformation from a wholly engineering company to a diversified Company whose main thrust now was in the services segments

*Forty Third Annual Report 2001 - 02***Corporate Information****Board of Directors**

Mr. Sumant J. Patel
 Dr. R.S. Tarneja
 Mr. P.R. Latey
 Mr. K. Kannan
 Mrs. Sudha S. Patel
 Mr. Mohan Parikh

Chairman & Mg.Director

Jt. Mg.Director
Executive Director

Company Secretary (& CEO - Engg. Div.)

Mr. M. N. Trivedi

Bankers

Bank of India

Auditors

Shah & Company
 Chartered Accountants

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NSE Housing & Investments P. Ltd.

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Notice is hereby given that the forty third annual general meeting of the shareholders of Nesco Limited will be held at the registered office of the Company, at Nesco Complex, Western Express Highway, Goregaon (E), Mumbai - 400 063 on Monday, 30th September 2002 at 11.00 a.m. to transact the following business.

Ordinary Business:

1. To receive, consider and adopt the audited balance sheet as at 31 March, 2002 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.

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 provision of Section 16(1) & Section 94(1)(d) of the Companies Act, 1956, and in terms, of the authority of Article 56(b) of the Articles of Association of the Company that close V of Memorandum of Association of the Company be and is altered by subdividing the existing 25,42,91 ordinary shares of Rs. 100/- each fully paid into 25,42,910 ordinary shares of Rs.10/- each fully paid up.
"RESOLVED FURTHER THAT , the Board of directors be and are hereby authorized to take all necessary steps to give effect to the foregoing resolution including to call & cancel the existing share certificates and issue new share certificates in lieu thereof in accordance with the companies (Issue of Shares Certificates) Rules,1960."

Registered Office :

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

Dated : 20th August, 2002.

By Order of the Board of Directors,

M.N. Trivedi

Company Secretary (& CEO Engg. Div.)

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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 book of the Company will remain closed from 23rd September 2002 to 29th September 2002 (both the days inclusive).
5. The members are requested to note that our Company has entered into a tripartite agreement with NSDL & CDSL & have obtained ISN no. INE 317F01019. Members are requested to send their shares for demat through depository participant.

Annexure To The Notice

Explanatory statement pursuant to section 173 (2) of the Companies Act, 1956.

Item No. 5 :

Upon recommendation of Stock exchange and with a view to maintaining uniformity in the nominal value of the Shares of the Company, it is proposed to sub divide the shares into shares of smaller denominations of Rs. 10/- each from Rs. 100/- each. Accordingly, pursuant to Section 94 of the Companies Act, 1956, this resolution is being proposed.

None of the Director is interested in the resolution.

Registered Office :
Nesco Estate,
Goregaon (East),
Mumbai 400 063.
Dated : 20th August, 2002.

By Order of the Board of Directors,

M.N. Trivedi
Company Secretary (& CEO Engg. Div)

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Directors' Report

Your Directors present herewith the Company's Annual Report together with Audited Statement of accounts for the year ended 31 March 2002.

Management Discussion and Analysis

The industry continued to go through a downturn. 9/11 further depressed the global economic outlook. Even after four years of recessionary market conditions, the industry showed no signs of improvement. In our 2000-01 Directors' Report we had stated that "the Company continued to concentrate on its three main goals i) Large scale cost reduction; ii) Continued restructuring of assets and manpower; and, iii) Optimizing its product mix and 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 focused Company." We are making good progress in this process, which is reflected to some extent in the current year performance.

1. Financial Results:

	2001-02	2000-01
	(Rs. in Lacs)	
Profit before interest & depreciation	Rs.1061.61	Rs.276.92
Interest	Rs. 95.55	Rs.167.68
Depreciation	Rs. 74.36	Rs. 55.62
Net profit for the year	Rs. 891.70	Rs. 53.62

2. Cost Reduction:

We made significant progress in cost reduction. Employees cost came down by 25% from Rs.531 L to Rs.400 L; power and fuel by 40% from Rs.95 L to Rs.57 L; and interest by 43% from Rs.168 L to Rs.96L.

3. Divisional performance

i) Bombay Exhibition Centre:

The Income of BEC increased by 16% in the year under review to Rs.558 L as against Rs.479 L in the previous year.

ii) Realty Group:

Income from the Realty Group increased by 84% from Rs.333 L to Rs.614 L. However, there is a considerable slowdown in this segment after 9/11.

iii) Engineering Group:

The turnover of the Engineering Group declined from Rs.678 L to Rs.112 L. The Engineering industry continued to go thru a downturn. The situation was even worse for the capital goods sector, which reported a negative growth of around 4% in 01-02. Even after four years of depressed market conditions, outlook for the engineering sector showed no signs of improvement in the first quarter.

iv) Overview:

Despite the slowdown both in India and abroad, our Company was able to come out with improved results. Perhaps the beginning of the fruits of the policies we adopted and implemented over the last four years.

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v) *Current year:*

We have almost completed the downsizing of our Engineering Group, which is expected to become profitable from 2003-04.

Bombay Exhibition Centre continued to play a useful role in trade promotion, hosting several important national and international trade fairs. The Company continued to invest in enlarging and upgrading the BEC, spending about Rs.200 L in the year under review.

Due to economic slowdown, 9/11 and other factors, there were cancellations by existing customers and reduced level of enquiries as far as the Realty Division is concerned.

4. Finance:

i) During the year, Company's borrowing reduced by 60% from Rs.1154.36 L to Rs.467.34 L. Entire dues of Dena Bank were cleared; unsecured loans were also paid off. Interest costs went down by 43% from Rs.168 L to Rs.96L.

ii) The financial situation continued to pose a major challenge. On one hand, we had to bear the cost of restructuring and the voluntary retirement schemes. On the other hand, we had to finance payment to Dena Bank for final settlement; for clearing unsecured loans; and finance the losses of the Engg Group.

iii) Your Directors' regret their inability to recommend any dividend for the financial year ended 31 March 2002.

iv) Fixed assets of the Company were valued at Rs.2910.39 L as against Rs.2828.01 L in the previous year.

v) During 2001-02, your Company has not accepted any fixed deposits.

vi) As regards debts and advances due for over three years amounting to Rs.341.09 L (Rs.38.54 L), no provisions has been made in the accounts as according to your Directors the same are recoverable.

vii) The Company's shares are listed on Mumbai Stock Exchange and the Listing fees for the year 2002-03 have been paid by the Company.

5. Directors:

i) Your Directors, Mrs. Sudha S. Patel and Mr. P R Latey retire by rotation at the ensuing annual general meeting, and being eligible, offer themselves for reappointment.

ii) Mr. Mohan Parikh retired as Executive Director with effect from 30 June 2002. The Directors wish to place on record their appreciation of the valuable services rendered by Mr. Parikh for over 35 years he was with the Company.

6. 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 and outgo is given in the

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annexure forming part of this report.

7. Directors' Responsibility Statement:

Pursuant to Section 217 (2AA) of the Companies (Amendment) Act, 2000, your Directors confirm that to the best of their knowledge and belief and according to the information and 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 and supplied consistently and have made judgements that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31.03.2002 and of the profits of the Company for the year ended on that date.
- iii) Proper and 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 and for preventing and detecting fraud and other irregularities.
- iv) The annual accounts have been prepared on a going concern basis.

8. Auditors Observation :

Attention is invited to note no. 17 of annexure to the auditors' report with regard to arrears of provident fund, employees' state insurance & M.S. professional dues as at 31st March, 2002 amounting to Rs. 1,07,67,491/-. An amount of Rs. 72,86,098/- out of the above dues was paid after 1/4/2002 ; as on date the outstanding amount is Rs. 34,84,393/-.

9. Auditors:

M/s. Shah and 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. Acknowledgement:

We would like to thank the shareholders for their patience and understanding that they have shown while our Company was passing through a most critical period. This was a period of recession when our Company undertook a massive downsizing exercise. And at the same time diversified in the service industry, thus transforming the Company into a new avatar.

Your Directors' would like to express their appreciation for the assistance and cooperation received from Bank of India, employees and all stakeholders of the Company.

For and on behalf of the Board of Directors,

Place : Mumbai

Dated : 20th August, 2002.

Sumant J Patel
Chairman & Mg Director

*Forty Third Annual Report 2001 - 02***BALANCE SHEET AS AT 31ST MARCH, 2002**

	Schedule	As At 31-3-2002 Rupees	As At 31-3-2001 Rupees
SOURCES OF FUNDS :			
1. Shareholders' Funds :			
a) Share Capital	1.	25,902,335	25,902,335
b) Reserve & Surplus	2.	73,857,957	73,942,374
		99,760,292	99,844,709
2. Loan Funds:			
a) Secured Loans	3.	46,379,872	94,571,644
b) Unsecured Loans	3A	355,018	20,864,169
		46,734,890	115,435,813
3. Deferred Tax liability (Net) (Refer Note No. 14 in Schedule 13)		5,518,159	-
TOTAL		152,013,341	215,280,522
APPLICATION OF FUNDS:			
1. Fixed Assets	4		
a. Gross Block		291,038,873	282,801,449
b. Less: Depreciation		139,028,222	144,733,402
c. Net Block		152,010,651	138,068,047
2. Investments	5	604,158	604,158
3. Current Assets, Loans & Advances	6		
Interest accrued on Investment		136,191	100,000
Inventories		29,184,819	31,635,117
Sundry Debtors		53,135,593	54,711,209
Other receivables		8,737,656	6,720,891
Cash & Bank Balances		541,037	2,685,123
Loans & Advances		25,247,193	22,313,409
		116,982,489	118,165,754
Less : Current Liabilities & Provisions	7	287,710,936	211,105,929
Net Current Assets		(170,728,447)	(92,940,175)
4. Miscellaneous Expenditure (To the extent not written off or adjusted)	8	125,620,153	48,855,138
5. Profit & Loss A/c.		44,506,826	120,693,354
TOTAL		152,013,341	215,280,522

Notes on Accounts :

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In the opinion of the Board of Directors of the Company, the current assets, loan and advances are approximately of the value stated in the Balance Sheet, if realised in the ordinary course of business. Subject to the notes in schedule 13, Adequate provision for depreciation and for all known liabilities have been made in the accounts.

As per our report of even date	Sumant Patel	Chairman & Mg. Director
For Shah & Co. Chartered Accountants	Dr. Ram Tarneja K. Kannan Sudha Patel	Directors
Indulal H. Shah Partner Mumbai: Dated : 20/08/2002	M.N. Trivedi Company Secretary	
	Mumbai : Dated : 20/08/2002	