

nesco

Nesco Limited

44th Annual Report
2002 - 03

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Corporate Information

Board of Directors

Mr. Sumant J. Patel

Chairman & Mg.Director

Dr. R.S. Tarneja

Mr. P.R. Latey

Mr. K. Kannan

Mrs. Sudha S. Patel

Jt. Mg.Director

Mr. Mohan P. Parikh

Company Secretary (& CEO - Engg. Div.)

Mr. M. N. Trivedi

Auditors

Shah & Company
Chartered Accountants

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Notice is hereby given that the 44th annual general meeting of the shareholders of Nesco Limited will be held at the registered office of the Company at Nesco Estate, Western Express Highway, Goregoan(E), Mumbai-400 063 on Saturday, 20th September, 2003 at 11 a.m. to transact the following business.

Ordinary Business:

1. To receive, consider and adopt the audited balance sheet as at 31st March 2003 and the Profit and 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 reappointment.
3. To appoint a Director in place of Mr. Mohan P. Parikh who retires by rotation and, being eligible, offers himself 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 198, 269, 309 read with schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof for the time being in force), the Company hereby approves the appointment of Mr. Sumant J. Patel as Managing Director of the Company, not liable to retire by rotation, for a period of 5 years with effect from 1 April, 2003 upon the terms and conditions (including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year during the aforesaid period) set out in the draft agreement submitted to this meeting and for identification, which agreement is hereby specifically sanctioned with liberty and powers to the Board of Directors to alter and vary the terms and conditions and remuneration in such manner as the Board may deem fit and is acceptable to Mr. Sumant J. Patel, within the limit specified in Schedule XIII to the Companies Act, 1956, ('the Act') or any amendments thereto."

"FURTHER RESOLVED THAT the Board of Directors be and is hereby authorised to grant increment/s and other perquisites to the Managing Director and to alter and vary the terms and conditions of the said appointments so as not to exceed the maximum limits for payment of remuneration specified in Schedule XIII to the Companies Act, 1956 or any amendments thereto, as may be agreed to between the Board of Directors and Mr. Sumant J. Patel"

6. To consider and, if thought fit, to pass with or without modification(s) the following as an Ordinary Resolution :

"RESOLVED THAT pursuant to Sec. 94 and other applicable provisions, if any, of the Companies Act, 1956 and in terms of authority of Article No. 56(b) of the Articles of Association consent of the members be and is hereby accorded for sub division of the existing authorised, issued, subscribed

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and paid up Equity Shares of Rs.100/- each in such manner that existing equity share of Rs.100/- each be sub-divided into 10 Equity Shares of Rs.10/- each thereby making every fully paid-up Equity Share of Rs. 100/-each sub divided in to ten Equity Shares of Rs.10/- each fully paid-up."

7. 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 and other applicable provisions, if any, of the Companies Act, 1956 consent of the members be and is hereby accorded to change the existing Clause No V of the Memorandum of the Association and the following clause be and is hereby substituted in place of the existing Clause No.V of the Memorandum of Association.

V. The Authorised Share Capital of the Company is Rs.5,00,00,000/- (Rupees Five Crores Only) divided into 30,00,000/- (Thirty lacs) Equity shares of Rs.10/- (Rupees Ten Only) each, 2,50,000 (Two Lakh Fifty Thousand) eleven percent Cumulative Redeemable Preference Shares of Rs.10/- (Rupees 10 only) each (free of Company's tax) and 17,50,000 (Seventeen Lakhs Fifty Thousand) unclassified shares of Rs.10/- (Rupees Ten only) each (with the rights, privileges, and conditions, attaching thereto as are provided by the articles of Association of the Company for the time being) with power to increase and/or reduce the capital of the Company and to divide the shares in the capital for the time being into several classes and to attach thereto respectively such preferential, deferred, qualified or special rights, privileges, or conditions as may be determined by or in accordance with the Articles of Association of the Company for time being and to vary, modify or abrogate any such rights, privileges, or conditions in such manner as many for the time being be provided by the Articles of Association of the Company.

8. To consider and, if thought fit, to pass with or without modification(s) the following as a Special Resolution :

"RESOLVED THAT pursuant to the provision of section 31 and other applicable provisions, if any, of the Companies Act, 1956 consent of the members be and is hereby accorded to change the existing Clause No. 4 of the Articles of Association and the following clause be and is hereby substituted in place of the existing clause No. 4 of the Articles of Association :

4. The Authorised Share Capital of the Company is Rs.5,00,00,000/- (Rupees Five Crores Only) divided into 30,00,000/-(Thirty Lacs) Equity Shares of Rs.10/-(Rupees Ten Only) each, 2,50,000 (Two Lakh Fifty Thousand) eleven percent Cumulative Redeemable Preference Shares of Rs. 10/- (Rupees 10 only) each (free of Company's tax) and 17,50,000 (Seventeen Lakhs Fifty Thousand) unclassified shares of Rs.10/- (Rupees Ten only) each

9. To consider and, if thought fit, to pass with or without modification(s) the following as a Special Resolution :

"RESOLVED THAT pursuant to Section 163 of the Companies Act, 1956 consent of the company be and is hereby accorded that the Register of Members, Index of Members, copy of the Annual Returns etc, instead of being kept at the Registered Office of the Company at Nesco Complex, Western Express Highway, Goregoan (E), Mumbai - 400 063, be kept at the office of the newly appointed Registrar & Transfer Agent M/s.Sharex (I) Pvt. Ltd., 17B, Dena Bank Bldg, 2nd Floor, Horniman Circle, Mumbai-400 001 with effect from such date as the Board of Directors deem fit and proper and notify the members and the necessary registers as mentioned above shall remain open for inspection during business hours of the Company from 9.30 a.m. to 5.30 p.m. except Saturdays, Sundays and Public Holidays

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None of the Directors is in any way are concerned or interested in the said resolution except as member. The Board recommends the resolution for the approval of members as special resolution.

Registered Office :
Nesco Complex,
Goregaon (East)
Mumbai - 400 063.

By Order of the Board of Directors,

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

Dated : 15 July, 2003.

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/HERSELF 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 statement pursuant to section 173(2) of the Companies Act, 1956 in respect of the business under Item No.5 to 9 set out above, is annexed hereto.
4. The register of members and share transfer book of the company will remain closed from 12th September, 2003 to 18th September, 2003 (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 :

The present term of appointment of Mr. Sumant J. Patel as Chairman and Managing Director will expire on 31 March 2003. The Board of Directors have proposed to re-appoint Mr. Sumant J. Patel as Chairman and Managing Director for a further period of 5 years from 1 April, 2003. The remuneration proposed to be payable to him on his reappointment is detailed below :

a) Salary :

Rs.30,000/- per month which may be increased from time to time by the Board of Directors in accordance with Schedule XIII to the Act, as amended from time to time.

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b) Commission :

Mr. Patel shall be paid such commission of net profit of the Company for each financial year as decided by the Board of Directors computed in the manner laid down in Section 309(5) of the Act, and subject to overall limit of 5% as laid down in Section 198,309 of the Act.

c) Perquisites :

The Managing Director will be entitled to the following perquisites with an authority to the Board to grant, alter or vary from time to time, the amount and type of perquisites payable to him, but within the overall limits prescribed under Schedule XIII to the Companies Act, 1956.

i) Housing :

No accommodation is to be provided by the Company; however, Company shall bear the cost of electricity bills.

ii) Medical reimbursement :

Expenses incurred for self and his family subject to a ceiling of one month's salary in a year or three month's salary over a period of three years, in accordance with the Company's Rules.

iii) Leave Travel concession :

For self and family once in a year subject to such limit as may be decided by the Board of Directors from time to time.

iv) Club Fees : For two Clubs

This will not include admission and life membership fees.

v) Personal Accident Insurance :

Reimbursement of premium as may be decided by the Board

vi) The Company shall provide telephones at the residence of the Managing Director as also mobile phone, computer and other communication facilities, and bear the bills for these facilities. The Managing Director shall be billed by the Company for personal long distance calls.

vii) The Managing Director shall be provided with a Company car & driver. Expenses of fuel, maintenance etc. of the car shall be borne by the Company.

viii) The Managing Director shall be entitled to such other benefits or amounts as may be approved by the Board and permissible under Schedule XIII to the Companies Act, 1956 or otherwise. In the event of loss or inadequacy of profits, the Managing Director shall be entitled to receive the same remuneration, perquisites and benefits as above.

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- ix) The Managing Director has expressed his desire not to avail Provident Fund, Superannuation Fund or Annuity Fund and Gratuity benefits.

Following are the other terms of appointment :

- (a) Exercise such powers and authorities and carry out such duties and responsibilities from time to time as may be entrusted to him by the Board and subject to supervision, control and direction of the Board, shall have substantial power of management.
- (b) Promote the interest and welfare of the Company to the best of his ability and conform and comply with the practices and requirements of the Company and also such orders and direction as may be given by the Board from time to time.
- (c) The Chairman and Managing Director shall not become interested or otherwise concerned, directly or indirectly, through any selling agency of the Company without prior approval of the Central Government so long as he functions as Chairman and Managing Director.

The resolution as set out in Item no.5 of the annexed notice is therefore, recommended for your approval.

Mr. Sumant J. Patel and Mrs. Sudha S. Patel, who is relative of the former, are to be considered as interested in the aforesaid resolution.

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.

Item no. 6 to 8 :

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.

Consequent upon subdivision of shares the relevant capital clause of Memorandum of Association and Articles of Association also need to be amended as specified in above Resolution. The copy of Memorandum of Association and Articles of Association with proposed amendment is available at the registered office of the Company between 2.00 p.m. to 5.00 p.m. for inspection.

Item no. 9 :

As per the SEBI Circular dated 27.12.2002, SEBI has made it mandatory to have common agency with respect to share transfer and depository work. Since the Company does not have connectivity which requires to have huge capital expenditure it is decide to shift the present in-house Share Dept. to a

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SEBI registered Registrar & Transfer Agent having depository connectivity with NSDL and CDSL.

It has therefore been decided that all the work related to share registry in terms of both physical and electronic to assign to M/s. Sharex (I) Pvt. Ltd., and in order to have effective operation and as part of integral operation, the Company need to maintain register of members, index of members etc. to be maintained at the office of M/s. Sharex (I) Pvt Ltd. In terms of provisions of section 163 of the Companies Act, 1956 the Company need to have approval of the members by way of special resolution to keep the register of members, index of members, copy of the annual returns etc. at a place other than the registered office of the Company. Accordingly, the approval of members is sought by the special resolution included in the notice for keeping the said registers and returns at the office of the said registrar and transfer agents. The Board of Directors will notify the date from when the registers and returns referred to above will be kept and the said registrar's office.

Your Board recommends resolution for approval.

None of the Directors is interested in the resolution except to the extent of their share holding in the company.

Registered Office :

Nesco Complex,

Goregaon (East)

Mumbai - 400 063.

Dated : 15th July, 2003.

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, 2003.

1. Financial Results:

	2002-03	2001-02
	(In Rupees)	
Profit before interest & depreciation	83,349,103	106,160,954
Interest	2,771,125	9,554,507
Depreciation	8,053,967	7,436,146
Net profit for the year	<u>72,524,011</u>	<u>89,170,301</u>
Surplus on sale assets	<u>3,761</u>	<u>47,562,179</u>
	<u>72,520,250</u>	<u>41,608,122</u>

2. During the year 2002-03 the Company made progress on several fronts. It was able to reduce costs significantly in number of areas. Employees cost came down by 27% from Rs.40,023,493 to Rs. 29,357,961; power and fuel by 13% from Rs 5,695,210 to Rs.4,970,775; and interest by 71% from Rs. 9,554,507 to Rs.2,771,125. The Company has now come close to becoming a debt free Company, having reached settlement with Bank of India, its only lender.

Even though the economy continued to be sluggish during the year without significant new investments or projects, we were able to maintain - rather improve - both turnover & profits.

3. Divisional performance

i) Bombay Exhibition Centre:

The income of BEC declined by 6.81% in the year under review to Rs.520 lakhs as against Rs. 558 lakhs in the previous year. The decline was largely due to recessionary market conditions which led to cancellations or downsizing of exhibitions already booked. 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.90.93 lakhs in the year under review.

ii) Realty Group:

Income from the Realty Group increased by 7% from Rs.614 lakhs to Rs. 657 lakhs. However, there is a considerable slowdown in this segment.

iii) Engineering Group:

The turnover of the Engineering Group increased from Rs 110.45 lakhs to Rs. 279.14 lakhs. The engineering industry continued to go through a downturn even during the year.

iv) Overview:

Despite the slowdown both in India and abroad, our Company was able to come out with improved results. Thanks to the success we were able to achieve in cost reduction and restructuring.