

nesco

Nesco Limited

45th

Annual Report

2003 - 2004

Annual Report 2003 - 04

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Corporate Information

Board of Directors

Mr. Sumant J. Patel

Chairman & Mg.Director

Dr. R.S. Tarneja

Mr. Abbas Nakhoda

Mr. Bharat Patel

Alternate Director to Mr. Abbas Nakhoda

Mrs. Sudha S. Patel

Jt. Mg.Director

Mr. Mohan P. Parikh

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Auditors

Shah & Company

Chartered Accountants

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Report of The Board of Directors :

To The Members,

Your Directors have pleasure in presenting their Fortyfifth Annual Report and Accounts for the year ended 31 March 2004.

1. Financial Results :

	2003-2004	(In Rs.) 2002-2003
Profit before interest, depreciation and other items.	4,22,99,200	9,44,25,311
Interest	51,32,919	27,71,125
Depreciation	79,71,715	80,53,967
	<u>1,31,04,634</u>	<u>1,08,25,092</u>
	2,91,94,566	8,36,00,219
Compensation for VRS	64,25,255	1,10,76,208
Prior year interest	31,20,200	---
	<u>95,45,455</u>	<u>1,10,76,208</u>
Profit before exceptional items	1,96,49,111	7,25,24,011
Exceptional item	---	3,73,87,469
Net Profit for the year	<u>1,96,49,111</u>	<u>3,51,36,542</u>

2. Finance :

The Company has prepaid the entire amount of Rs.45,500,000 due to Bank of India. During the year the Company strengthened its financial position by reducing its borrowing by Rs.27,589,425 from Rs.77,059,170 to Rs.49,469,745.

During the year the Company paid Rs.500.35 lakhs for VRS. This payment were made without increase in borrowings, in fact the borrowing were reduced.

3. Divisional Performance & Outlook :

i) Bombay Exhibition Centre:

The income of BEC showed a marginal increase. The business booking tempo picked up well in the later part of the year, which should result in higher income for the current year.

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ii) Realty Division:

Income from Realty Group declined due to cancellation of a major contract. Here again, the business has picked up well and the current year income should be better. Both BEC and Realty division had good profitability and cash flow.

iii) Engineering Group:

The Engineering group did not do well during the year as it was mainly engaged in restructuring. This process has now been completed, it is expected that from current year its working should improve and become profitable. The economy is showing good buoyancy, as a result the tempo of business booking has picked up well. The Company is looking forward to a good 2004-05.

4. Dividend :

Even though the Company has been profitable, the Directors feel it would be prudent to conserve our resources this year for financing the convention center besides the expansion in our Realty Division. Hence your Directors have not recommended any dividend for the year ended 31 March 2004.

5. Director :

i) Mr. Abbas Nakhoda, a Chartered Accountant and formerly managing partner of Ernst & Young, Singapore has joined the Board as an additional director. Since Mr. Abbas Nakhoda is based in Singapore and may not be able to attend all Board meetings, Mr. Bharat Patel has been appointed as his alternate director. Mr. Bharat Patel is currently the Chairman of Procter & Gamble Hygiene & Health Care Ltd.,

ii) Mrs. Sudha Patel, Joint Managing Director, has been reappointed by the Board on the same terms and conditions for a further period of 5 years w.e.f 1 May 2004.

iii) Mr. P.R. Latey resigned during the year. Mr. Latey was on Board for many years during which period he rendered valuable guidance and advice. The Board places on record its deep appreciation of the services rendered by Mr. Latey.

6. Fixed Deposits :

Your Company has neither accepted any deposits from the public during the year nor any deposits are outstanding for repayment.

7. Particulars of Employees :

There are no employees falling under the purview of Section 217 (2A) of the Companies Act, 1956 read with Companies (particular of employees) Rules, 1975.

8. Conversion of energy, technology absorption, foreign exchange earning and outgo :

This information required under Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the report of the Board of Directors) Rules 1988 is annexed hereto.

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9. 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 have been followed.

ii) Appropriate accounting policies have been selected and applied consistently and have made judgments that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31.03.2004 and of the profit of the Company for the year ended on the date.

iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provision 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.

10. Auditors

M/s Shah & Co., Chartered Accountants, retire as Auditors of the Company on the conclusion of the ensuing annual general meeting and being eligible offer themselves for reappointment. The members are requested to appoint Auditors for the current year and fix their remuneration.

11. Acknowledgment:

Directors wish to express their appreciation for the assistance and co-operation received from the shareholders, employees and all other stakeholders of the Company.

Registered Office :
NSE Estate, W. E. Highway,
Goregaon (E),
Mumbai - 400 063.
Date : August 19, 2004

For & on behalf of the Board of Directors

Sumant J. Patel
Chairman & Managing Director

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Report on Corporate Governance

1. Company's Philosophy :

OUR VALUES

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

COMPANY MISSION

- Mission of Bombay Exhibition Centre is to become a fully integrated Exhibitions & Convention center and achieve market leadership in India by offering world class facilities and 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 and sustain customer satisfaction and increase market share in each of our product lines through continued improvement in quality, cost efficiency, delivery and after sales services.

NESCO AT GLANCE

Formerly known as New Standard Engineering Company Ltd., (NSE), our Company was established in the year 1939. It is located on a 65 acres estate on Western Express Highway at Goregaon (E) 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 equipments to the Indian Railways, Ordnance factories, Forging plants, ONGC etc.,

In 1986, NSE diversified into realty business, developing and providing built up space for multi national

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companies and leading Indian corporates at its various properties.

In 1992, NSE set up an exhibition centre named as Bombay Exhibition Centre at its complex on the Western Express Highway at Goregaon, Mumbai. Starting with hall area of 2 lakhs sq.ft the hall area has been now expanded to over 5 lakhs sq.ft. It is largest exhibition center in the private sector in India and has hosted over 100 national and international exhibitions/ trade fairs/ events, since it was established in 1992. The Bombay Exhibition center has several exhibitions booked not only for 2004 but also for 2005 and coming years. Both the Exhibition center and Realty Divisions make significant contribution to company's turnover and profits.

NSE name was changed to Nesco Ltd., in January 2000, to reflect the Company's transformation from a wholly engineering company to a diversified company whose increasing thrust was now in service segment.

2. Board of Directors:

Composition and category of Director is as follows :

Category	Name of Director
Promoter/Executive Directors	<ul style="list-style-type: none"> Shri Sumant J.Patel Chairman and Managing Director Sudha S.Patel Jt Managing Director
Independent Directors	<ul style="list-style-type: none"> Dr.Ram S.Tarneja Shri Mohan Parikh
Nominee Director	<ul style="list-style-type: none"> Shri Abbas Nakhoda.
Alternate Director	<ul style="list-style-type: none"> Mr.Bharat Patel (Alternate to Mr.Abbas Nakhoda)

3. Shareholders and Investors' Grievance Committee :

The Board has constituted a Shareholders/Investors' Grievance Committee, comprising of Shri M.P.Parikh and Mrs.Sudha Patel.

4. General Body Meetings:

Location and time for last 3 Annual General meeting were :

Year	AGM	Location	Date	Time
2000 - 01	42nd	Registered Office	29.09.2001	11.30 am
2001 - 02	43rd	Registered Office	30.09.2002	11.00 am
2002 - 03	44th	Registered Office	20.09.2003	11.00 am

5

a) Disclosures on materially significant related party transactions i.e transactions of the Company of a material nature, with its promoters, the directors or the management, their subsidiaries or relatives,

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etc. that may have potential conflict with the interests of the Company at large.

None of the transactions with any of the related parties were in conflict with the interest of the Company.

b) Details of non compliance by the Company, penalties strictures imposed on the Company by the Stock Exchange or SEBI or any Statutory authorities, on any matter related to capital markets, during last three years.

NIL

6. Means of Communication :

Quarterly and Half yearly results : The Quarterly and Half yearly result are published in Free Press Journal and Navshakti (Marathi Edition).

7. General Shareholders information :

7.1 Annual General Meeting

- Date and Time : 30 September 2004
- Venue : Nesco Complex, Western Express Highway, Goregaon (E), Mumbai - 400 063.

7.2 Financial Calender (Tenative)

- | | |
|--|-----------------------------|
| Result for the quarter ending June 30, 2004 | : Last week of July 2004 |
| Result for the quarter ending Sept 30, 2004 | : Last week of Sept 2004 |
| Result for the quarter ending Dec 31, 2004 | : Last week of Jan 2005 |
| Result for the quarter ending March 31, 2005 | : Last week of April 2005. |
| Annual General Meeting | : Last week of August 2005. |

7.3 Book Closure date : 24 September 2004 to 30 September 2004 (both days incl)

7.4 Listing of Equity shares on stock exchange: Mumbai Stock exchange.

7.5 Demat ISN no : INE 317F01027

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7.6 Stock market data

Period Months's	High Price	Months Low Price
April 2003	Rs. 215	Rs.215
May 2003	Rs. 239	Rs.130
June 2003	Rs. 380	Rs. 235
July 2003	Rs. 450.80	Rs. 300
August 2003	Rs. 396.95	Rs. 373.70
September 2003	Rs. 380	Rs. 345
October 2003	Rs. 432.90	Rs. 331.40
November 2003	Rs. 639	Rs. 441.55
December 2003	Rs. 69.15	Rs. 69.15
January 2004	Rs. 82.40	Rs. 70.50
February 2004	Rs. 71.40	Rs. 48.40
March 2004	Rs. 79.80	Rs. 60

Company has subdivided its Share capital from Rs.100 to Rs.10 as per resolution passed by the members in 44th AGM.

7.7 Registrar and Transfer Agent :

Sharex (I) Pvt Ltd.,
17/B, Dena Bank Building, 2nd Flr.,
Horniman Circle,
Fort, Mumbai 400 001.
Phone No. : 22702485

7.8 Share Transfer System :

Company on receipt of share transfer/transmission/ request processed the same and return the are certificates within a period of 15 to 20 days from the date of receipt.

7.9 Distribution of Shareholding as on March 31, 2004 :

Promoters	: 52.220 %
Institutional Investor/Mitual Funds/FII	: .484 %
Others	: 47.296 %

7.10 Dematerialisation of shares :

Over 8 % of the outstanding shares have been dematerialized upto March 31, 2004.