



**nesco**

**51st Annual Report**

**2009 - 2010**

BOMBAY CONVENTION & EXHIBITION CENTRE  
IT PARK  
INDABRATOR

### ***Board of Directors***

Mr. Sumant J. Patel	Chairman & Managing Director
Dr. Ram S. Tarneja	
Mr. Bharat Patel	
Mr. K. S. Srinivasa Murty	
Mr. Mahendra K. Chouhan	
Mrs. Sudha S. Patel	Jt. Managing Director
Mr. Mohan P. Parikh	
Mr. Krishna S. Patel	Executive Director

### ***Auditors***

Shah & Company  
Chartered Accountants  
Mumbai

### ***Bankers***

HDFC Bank  
Axis Bank  
HSBC Bank

### ***Registered Office***

Nesco Limited  
Nesco Complex,  
Western Express Highway,  
Goregaon East,  
Mumbai - 400 063.

**NOTICE**

The 51st annual general meeting 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 Thursday, 9 September 2010 at 03.00 p.m. to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the audited balance sheet as at 31 March 2010 and the profit and loss account for the year as on that date together with the report of the Board of Directors and auditors thereon.
2. To declare dividend on equity shares.
3. To appoint a director in place of Dr. Ram S Tarneja, who retires by rotation & being eligible offers himself for re-appointment.
4. To appoint a director in place of Mr. K S Srinivasa Murty, who retires by rotation & being eligible offers himself for re-appointment.
5. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next annual general meeting & to fix their remuneration.

**Mumbai, 11 August 2010**

Nesco Complex,  
W. E. Highway, Goregaon (East),  
Mumbai 400 063

**By order of the Board of Directors**

**Sumant Patel**  
**Chairman & Managing Director**

**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF 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 register of members and share transfer book of the Company will remain closed from 2 September 2010 to 9 September 2010 (both days inclusive).
4. All correspondence regarding shares of the Company should be addressed to the Company's Registrar and Transfer Agents, Sharex Dynamic (India) Pvt. Ltd. **(Unit: Nesco Limited)** at Unit No. 1, Luthra Ind. Premises, Andheri Kurla Road, Safed Pool, Andheri (East), Mumbai 400 072.
5. Members are requested to bring their copy of the annual report to the meeting.

**ANNEXURE TO THE NOTICE**

Details of Directors seeking reappointment at the forthcoming Annual General Meeting pursuant to Clause 49 of the Listing Agreement

<b>Name of the Director</b>	Dr Ram S Tarneja	Mr. K S Srinivasa Murty
<b>Date of birth</b>	07.02.1931	04.09.1943
<b>Date of appointment</b>	21.04.1976	20.01.2005
<b>Qualification</b>	M.A., Ph.D	M.Tech IIT
<b>Directorship held in Indian public Companies as on 31.03.2010</b>	12	--
<b>Committee positions held in Indian public Companies as on 31.03.2010</b>	07	--
<b>Number of shares held in the Company</b>	NIL	NIL

## Directors' Report

Your Directors present their 51<sup>st</sup> annual report together with the audited statement of accounts for the year ended 31 March 2010.

### 1. Financial Results :

	2009 - 10 <u>Rs.</u>	2008 - 09 <u>Rs.</u>
Income	1,198,196,927	946,913,649
Profit before tax	787,277,164	460,777,730
Provision for tax	225,000,000	145,000,000
Net Profit	550,084,657	328,030,027
Balance brought forward	5,000,000	5,000,000
Amount available for appropriations	554,767,877	333,992,292
Appropriations:		
i) Dividend	10,568,994	8,455,195
ii) Tax on Proposed Dividend	1,755,510	1,436,960
iii) Transfer to General Reserve	537,443,373	319,100,137
Surplus carried forward to Profit & Loss Account	5,000,000	5,000,000

### 2. Bonus Issue:

It has been our Company's policy to enhance shareholder value. Shareholders will recollect that Company had made a 1:1 bonus issue in 2006. In view of the improved performance, the Directors had, in the 29 May 2010 Board meeting, again recommended a 1:1 bonus issue. Authorized share capital of the Company to be increased from Rs. 7,50,00,000 to Rs. 15,00,00,000. Due to recent introduction of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, the Company was required to complete all formalities within two months from the date of passing of the board resolution. Accordingly the Company had the resolutions for issue of bonus shares and increase in authorized capital approved by postal ballot and the bonus shares were listed effective from 29 July 2010.

### 3. Dividend:

Your Directors, in the Board meeting held on 11 August 2010 have recommended a dividend of 15%, Rs. 1.50 per equity share (previous year 12%, Rs. 1.20 per equity share), on the increased capital of 14,091,992 equity shares of Rs. 10/- each, amounting to Rs. 21,137,988 (previous year Rs. 8,455,195). In the annual accounts, the Company has made provision for dividend amount of Rs. 10,568,994 and tax on proposed dividend of Rs. 17,55,510, the balance dividend amount of Rs. 10,568,994 and the balance tax on proposed dividend of Rs. 17,55,510 will be given effect in the financial year 2010-2011.

### 4. Management Discussion and Analysis:

#### i) Overview

During the year Company achieved a turnover of Rs. 1,198,196,927 as compared to Rs. 946,913,649 in previous year an increase of 26%. The PBT was Rs. 787,277,164 as compared to Rs. 460,777,730 in previous year, an increase of 71%. Earnings per share amounted to Rs. 79 (previous year Rs. 47). The Company's reserves increased from Rs. 1,038,022,585 to Rs. 1,574,900,517.



## ii) Divisional Performance

During the year 2009-10, Company's all business groups were profitable.

	Invoicing	
	<u>2009 - 10</u>	<u>2008 - 09</u>
	Rs.	Rs.
<b><u>Services Group:</u></b>		
Bombay Convention & Exhibition Centre, Nesco IT Park and Realty Group	769,978,340	571,375,972
<b><u>Industrial Capital Goods Group:</u></b>		
Indabrator	248,305,826	279,608,347
<b><u>Income from Investments &amp; Other Income</u></b>	179,912,761	95,929,330
<b>Total</b>	<b>1,198,196,927</b>	<b>946,913,649</b>

### a) Bombay Convention & Exhibition Centre

Bombay Convention & Exhibition Centre income was Rs.540,429,225 compared to Rs.349,615,729 in the previous year, an increase of 54%.

New organizers who hosted their convention & exhibitions at our Convention & Exhibition Centre in 2009-10 include: Messe Nurnberg; Business India Exhibitions; Orbitz Exhibitions and others. For the year 2010-11 new customers will include Messe Munich; Bangkok Exhibition Services; Diversified Communications; Arc Light Events; Electronics Today; Indian Aviation; Infomedia 18; and several others, including those focusing on power & renewable energy.

During the year, the Company spent Rs.42,869,185 (previous year Rs.53,126,909) on repairs, modernization and upgradation of the four convention & exhibition centre halls covering an area of over 4,50,000 sq. ft.

### b) Nesco IT Park and Realty Division

Income from IT Park and Realty Division increased from Rs.221,760,243 to Rs.229,549,115.

As regards IT Building no.3 admeasuring about 800,000 sq., construction is under way. So far the Company has spent Rs.442,384,347 on this project.

### c) Indabrator - Industrial Capital Goods Group

Income was Rs.248,305,826 as compared to Rs.279,608,347 in previous year. Large value of finished/semi finished goods could not be dispatched due to constraints faced by our customers. Due to economic slowdown, several corporates had deferred or cancelled their plans for capital investments. Now, with the economy improving, orders inflow is improving.

### d) Income from Investments

Income from investments and other income was Rs.179,912,761 (previous year Rs.95,929,330).

## iii) Future Outlook

2008-09 was a year in which the world went through economic upheavals, affecting growth, demand and new investments. Now the Indian economy is back on growth path.

As a result, our Convention & Exhibition Centre was the first to benefit, its revenues increasing by 54%. We expect revenues to also grow in 2010-11.

Nesco IT Park expects increase in revenues in 2011-12 once the IT building no.3 is completed.

In a slow down, capital goods are the first to be affected and last to pick up. Now, the new order inflow for Indabrador has started improving, we expect Indabrador to increase revenue this year.

Company was able to improve management of its funds, as a result there was a good increase in the investment income. As interest rates have gone down, investment income may not show significant growth.

**5. Finance:**

Your Company had no debt as on 31 March 2010.

Company's liquid resources (FDs, FMPs, Debt MFs, etc) increased to Rs.1,358,883,404 from Rs.1,232,004,368. General reserves increased from Rs. 1,038,022,585 to Rs.1,574,900,517.

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

**6. Internal Control Systems:**

Your Company has well laid out policies on financial reporting, asset management, adherence to Management policies and also on promoting compliance of ethical and well defined standards. The Company also follows an exhaustive budgetary control and standard costing system. Moreover, the management team regularly meets to monitor expectations and budgeted results and scrutinizes reasons for deviations in order to take necessary collective steps. The Audit Committee which meets at regular intervals also reviews the internal control systems with the Management and the Internal Auditors. The internal audit is conducted at various locations of the Company and covers all the key areas. All audit observations and follow up actions are discussed with the Management as also the Statutory Auditors and the Audit Committee reviews them regularly.

**7. Safety, Health and Environment:**

Your Company recognizes its role in health and safety, as well as its responsibility towards environment and society. Infact your Company's goal are: no accidents, no harm to people and no damage to environment. The health and medical services are accessible to all employees through well equipped occupational health centers at all manufacturing facilities. Safety and security of personnel, assets and environmental protection are also on top of the agenda of the Company at its manufacturing facilities.

Clean environment and sustainable development integrated with the business objective is the focus of operations of the Company. The projects and activities are planned and designed with environment protection as an integral part to ensure a safe and clean environment for sustainable development.

**8. Personnel:**

Employee relations during the year were cordial and stable.

The Directors appreciate the contributions, dedication and commitment of all employees of Company in achieving the 2009-2010 results.

9. **Listing:**

The Company's equity shares are traded both on the National Stock Exchange of India Limited and Bombay Stock Exchange Limited (BSE).

10. **Directors:**

Dr. Ram S Tarneja and Mr. K. S. Srinivasa Murty retire by rotation at the ensuing annual general meeting and being eligible offer themselves for reappointment. The profile of the Directors to be reappointed at the annual general meeting is given in the annexure to the notice. There are no other changes in the Board of Directors of the Company.

11. **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 explanations 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 supplied 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 31.03.2010 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 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.

12. **Corporate Governance:**

As required by Clause 49 of the listing agreement of stock exchange, a report on corporate governance and a certificate from M/s. Shah & Co., Chartered Accountants confirming compliance with requirement of corporate governance are given in an annexure which form part of this report

13. **CSR:**

Nesco group continued to increase its activities in the rural social sector. Schools are being assisted to expand & modernise; and students from needy families are being given scholarships. Proposals are under consideration to set up new schools in rural areas. For these activities a separate CSR group has been set up.



**14. 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.

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

The Company is undertaking the necessary energy conservation activities in accordance with the provisions of 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.

**16. Particulars of Employees :**

As required under sub-section (2A) of section 217 of the Companies Act, 1956 read with Companies (particular of employees) rules, 1975, the name and other particulars are set out in the schedule 13 note 11A(a).

**17. 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.

**For and on behalf of the Board of Directors**

**Mumbai, 11 August 2010**

**Sumant J. Patel**  
**Chairman & Managing Director**

## REPORT ON CORPORATE GOVERNANCE

### 1. Company's Philosophy on Corporate Governance:

The Company's endeavour is to maximize shareholder value. Nesco is committed to adopt the best governance practices and its adherence in true spirit at all times. It has strong legacy of fair, transparent and ethical governance practices.

The Company has adopted a code of conduct which is applicable to all employees and is posted on the website of the Company. The Company also has in place a code for preventing insider trading.

The Company is fully compliant with the requirements of the listing agreements and applicable corporate governance norms and is committed to ensuring compliance with all modifications within the prescribed time.

### 2. Board of Directors:

The present strength of the Board of Directors is eight. The Board comprises of the Managing, Joint Managing and Executive Directors. There are five non executive, independent Directors.

The day to day management is conducted by the Managing Director of the Company subject to superintendence, control and direction of the Board of Directors.

The details of composition of the Board and summary of other Directorships and Board Committee Memberships of each of the Directors as on 31 March 2010 are as follows:

Name of the Director	Executive/Non Executive/ Independent /Alternate	No. of outside Directorship in Public Limited Companies *	Membership held in Committee of Directors #	Chairmanship held in Committee of Directors ##
Mr. Sumant J. Patel	Promoter / Executive	----	----	----
Dr. Ram S. Tarneja	Non Executive & Independent	11	06	03
Mr. Bharat V. Patel	Non Executive & Independent	04	03	01
Mr. K. S. Srinivasa Murty	Non Executive & Independent	----	----	----
Mr. Mahendra K. Chouhan	Non Executive & Independent	----	----	----
Mrs. Sudha S. Patel	Promoter / Executive	----	----	----
Mr. Mohan Parikh	Non Executive & Independent	----	----	----
Mr. Krishna S Patel	Promoter / Executive	----	----	----

\* This excludes directorship held in private companies, foreign companies, companies formed under section 25 of the Companies Act, 1956 and directorship held as an alternate director.

# Committee of Directors includes Audit Committee, Shareholders / Investors Grievance Committee and Remuneration Committee of Directors only.

## This does not include Membership / Chairmanship in Committee of Directors of Nesco Limited