



nesco

55th Annual Report 2013 - 2014



Frontage of proposed IT building no. 4 with three wings

Board of Directors

Mr. Sumant J. Patel

Chairman & Managing Director

Dr. Ram S. Tarneja

Mr. K. S. Srinivasa Murty

Mr. Mahendra K. Chouhan

Mrs. Sudha S. Patel

Mr. Jai S. Diwanji

Mr. Krishna S. Patel

*Executive Director***Auditors**

Shah & Company

Chartered Accountants

Mumbai

Bankers

HDFC Bank Limited

Hongkong & Shanghai Banking Corporation

Registered Office:

Nesco Complex, Western Express Highway, Goregaon (East), Mumbai 400063

CIN: L17100MH1946PLC004886

Email: contact@nesco.in Web: www.nesco.in

Tel.: 022 6645 0123 Fax: 022 6645 0101

Branch Offices:**New Delhi**

B - 1 - 102, 10th Floor,

Himalaya House,

Curzon Road,

New Delhi 110001

Kolkatta27-B, 5th Floor,

Benoy Bhavan,

Camac Street,

Kolkatta 700016

Chennai

Fagun Mansion,

26, Commander-in-Chief Road,

Chennai 600105

Plants:**Karamsad**

Anand Sojitra Road,

Karamsad,

Gujarat 388325

Vishnoli

Nadiad Petlad Road,

Vishnoli,

Gujarat 388450

NOTICE

The 55th Annual General Meeting of Nesco Limited will be held in IT building 3 of Nesco IT Park at the registered office of the Company at Nesco Complex, Western Express Highway, Goregaon (East), Mumbai 400063 on Wednesday, 20 August 2014 at 3.00 pm to transact the following business:

Ordinary Business

1. To receive, consider and adopt the Audited Balance Sheet as at 31 March 2014 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 Mrs. Sudha S. Patel, who retires by rotation and being eligible offers herself for re-appointment.

Special Business

4. To consider and if thought fit, to pass with or without modification(s), the following resolution as an ordinary resolution:
“RESOLVED THAT pursuant to sections 149,152, schedule IV and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or reenactment thereof for the time being in force) and clause 49 of the listing agreement, Dr. Ram S. Tarneja, (DIN 00009395), in respect of whom the Company has received notice in writing under section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director on the Board of Directors of the Company to hold office upto five consecutive years up to 31 March, 2019.”
5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an ordinary resolution:
“RESOLVED THAT pursuant to sections 149,152, schedule IV and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or reenactment thereof for the time being in force) and clause 49 of the listing agreement, Mr. K. S. Srinivasa Murty (DIN 00499663) in respect of whom the Company has received notice in writing under section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director on the Board of Directors of the Company to hold office upto five consecutive years up to 31 March, 2019.”
6. To consider and if thought fit, to pass with or without modification(s), the following resolution as an ordinary resolution:
“RESOLVED THAT pursuant to sections 149,152, schedule IV and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or reenactment thereof for the time being in force) and clause 49 of the listing agreement, Mr. Mahendra K. Chouhan, (DIN 00187253), in respect of whom the Company has received notice in writing under section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director on the Board of Directors of the Company to hold office upto five consecutive years up to 31 March, 2019.”
7. To consider and if thought fit, to pass with or without modification(s), the following resolution as an ordinary resolution:
“RESOLVED THAT pursuant to sections 149, 152, schedule IV and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or reenactment thereof for the time being in force) and clause 49 of the listing agreement, Mr. Jai S. Diwanji (DIN 00910410), in respect of whom the Company has received notice in writing under section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director on the Board of Directors of the Company to hold office upto five consecutive years up to 31 March, 2019.”
8. To consider and if thought fit, to pass, with or without modifications, the following resolution as special resolution:
“RESOLVED THAT pursuant to the provisions of section 139 and other applicable provisions if any, of the Companies Act, 2013, M/s Manubhai & Shah, Chartered Accountants, be and are hereby appointed as Statutory Auditors of the Company to hold office from the conclusion of this annual general meeting upto the conclusion of next annual general meeting in place of retiring Auditors M/s. Shah & Co., Chartered Accountants, to audit the accounts of the Company for the financial year 2014-2015 at the remuneration to be fixed by the Board of Directors on the recommendation of the Audit Committee of Directors.”
9. To consider and if thought fit, to pass, with or without modifications, the following resolution as a special resolution:
“RESOLVED THAT pursuant to the provisions contained in section 188 of the Companies Act, 2013 and all other applicable provisions of the Companies Act, 2013, the consent of the members be and is hereby accorded for entering into Leave and License agreement for the land with building situated at Karamsad, District Anand, Gujarat, which land is presently owned by Mr. Sumant J. Patel (Chairman & Managing Director), against payment of annual license fee to him”.
“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to negotiate the terms and conditions of the proposed Leave and License agreement as may be deemed fit and in the best interests of the Company and to perform and execute all such acts, deeds, matters and things including delegating such authority, as may be deemed necessary, proper and expedient to give effect to this resolution and for the matters connected herewith or incidental hereto.”

By order of the Board of Directors

Dipesh R. Singhania
Chief Financial Officer and Compliance Officer
Mumbai, 28 May 2014

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. PROXY IN ORDER TO BE EFFECTIVE THE PROXY FORM, DULY COMPLETED AND STAMPED, MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. An explanatory statement pursuant to section 102(1) of the Companies Act, 2013 in respect of item no. 3 to 9 of the notice is annexed hereto.
3. The annual report will also be available on the website of the Company at www.nesco.in in the Investors Relations section.
4. The register of members and share transfer book of the Company will remain closed from Wednesday, 13 August 2014 to Wednesday, 20 August 2014 (both days inclusive), for the purpose of annual general meeting and determining the names of the shareholders eligible for dividend on equity shares, if declared at the meeting.
5. The Board of Directors in their Meeting held on 28 May, 2014 have recommended a dividend of 50% (Rs. 5/-) per share on equity share of Rs 10/- each, which if approved at the annual general meeting, will be paid on or before the 30th day from the date of AGM, to those shareholders whose names are appearing in the register of members on 12 August 2014.
6. As per the provisions of section 124 (5) of the Companies Act, 2013, money transferred to Unpaid Dividend Accounts of the Company and remaining unpaid / unclaimed over a period of 7 (seven) years from the date of such transfer shall be transferred to 'Investor Education and Protection Fund' and no claim will be entertained thereafter by the Company. Members are therefore requested to expeditiously put their claims for unclaimed dividends, if the dividends are not received / claimed by them.
7. Corporate members intending to send their authorised representatives to attend the meeting are requested to send a certified true copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the meeting.
8. All the Members are requested to:
 - i Intimate immediately any change in their address to Company's Registrar and Share Transfer Agent
Sharex Dynamic (India) Pvt. Ltd.,
Unit 1, Luthra Industrial Premises, Safed Pool,
Andheri Kurla Road, Andheri (East), Mumbai 400072
Tel: 022-28515606 / 44 Fax: 022-2851 2855
Email: sharexindia@vsnl.com Website: www.sharexindia.com
Members holding shares in the electronic form are advised to inform change in address directly to their respective depository participants.
 - ii Send all correspondence relating to transfer and transmission of shares to Registrar and Transfer Agent and not to the Company.
 - iii Quote their Folio No. / Client ID No. in their correspondence with the Registrar and Share Transfer Agents.
 - iv Send their queries to the Company at least 10 days in advance so that required information can be made available at the meeting.
 - v Intimate Registrar and Share Transfer Agent M/s. Sharex Dynamic (India) Pvt. Ltd. for consolidation of folios, in case having more than one folio.
 - vi Bring their copies of annual report and attendance slip with them at the meeting.
 - vii Members /Proxies should bring entrance pass duly filled for attending the meeting.
9. The Securities and Exchange Board of India (SEBI) and Reserve Bank of India (RBI) have advised all listed companies to mandatorily use the Electronic Clearing Services (ECS) mandate facility wherever possible for payment of dividend to the members. In view of this stipulation, the Company has implemented the ECS facility. Members holding shares in physical form are requested to provide the Company with ECS details for crediting the future dividend payment directly to their respective bank accounts. The Company will be able to co-ordinate with their bankers only on receipt of necessary information. The members holding shares in electronic form may instruct their depository participant's accordingly.
10. Members holding shares in dematerialized form are requested to intimate all changes pertaining to their registered email id, bank details, NECS, mandates, nominations, power of attorney etc to their Depository Participants. Changes intimated to the Depository Participants will then be automatically reflected in the Company's records which will help the Company and its Registrar and Transfer Agent, M/s. Sharex Dynamic (India) Private Limited, to provide efficient and better service to the members. Members holding shares in physical form are requested to advice such changes to the Company's Registrar and Transfer Agent, M/s. Sharex Dynamic (India) Private Limited.
11. In order to provide protection against fraudulent encashment of the dividend warrants, shareholders holding shares in physical form are requested to intimate to the Company's Registrar and Transfer Agent, M/s. Sharex Dynamic (India) Private Limited under the signature of the sole/first joint holder, the following information to be incorporated on the dividend warrants:

- i. Name of the sole / first joint holder and folio number
 - ii. Particulars of bank account, viz:
 - a. Name of the bank.
 - b. Name of the branch.
 - c. Complete address of the bank with pin code number.
 - d. Bank account number.
 - e. E-mail ID
12. Members holding shares in physical form are requested to consider converting their holding to dematerialized form to eliminate all risks associated with physical shares. Members can contact the Company's Registrar and Transfer Agent, M/s. Sharex Dynamic (India) Private Limited for assistance in this regard.
13. Electronic copy of the Notice of the AGM of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the AGM of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.

The details and procedures for e-voting are attached with the annual report.

ANNEXURE TO THE NOTICE:

Explanatory Statement Pursuant to Section 102 (1) of the Companies Act, 2013.

Item No. 3

Details of Director seeking reappointment at the forthcoming annual general meeting pursuant to clause 49 of the listing agreement:

Particulars	Director
Name of the Director	Mrs. Sudha S. Patel
Date of Birth	25 May 1938
Date of Appointment	16.07.2001
Qualification	M. S. in Education Psychology from University of Southern California
Directorship held in Indian Public Companies as on 31.03.2014	NIL
Committee positions held in Indian Public Companies as on 31.03.2014	NIL
Number of shares held in the Company	914,944

Item no. 4 to 7

Dr. Ram S. Tarneja, Mr. K. S. Srinivasa Murty and Mr. Mahendra K. Chouhan are Independent Directors of the Company and have held said position for more than five years and Mr. Jai S. Diwanji is Independent Director of the Company and have held the said position for more than two years.

The Securities Exchange Board of India (SEBI) has amended clause 49 of the listing agreement inter alia stipulating the conditions for the appointment of Independent Directors by the listing Company.

It is proposed to appoint Dr. Ram S. Tarneja, Mr. K. S. Srinivasa Murty, Mr. Mahendra K. Chouhan and Mr. Jai S. Diwanji as Independent Directors of the Company pursuant to sections 149, 152, schedule IV of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rules, 2014 upto five consecutive years up to 31 March, 2019.

Dr. Ram S. Tarneja, Mr. K. S. Srinivasa Murty, Mr. Mahendra K. Chouhan and Mr. Jai S. Diwanji are not disqualified from being appointed as Directors in terms of section 164 of the Act and have given their consent to act as Directors.

The Company has also received notices in writing from members along with deposits of requisites amount under Section 160 of the Act proposing the candidature of Dr. Ram S. Tarneja, Mr. K. S. Srinivasa Murty, Mr. Mahendra K. Chouhan and Mr. Jai S. Diwanji for office of Directors of the Company.

The Company has also received declaration from Dr. Ram S. Tarneja, Mr. K. S. Srinivasa Murty, Mr. Mahendra K. Chouhan and Mr. Jai S. Diwanji that they meet with the criteria of independence as prescribed both under sub-section (6) of section 149 of the Act and under Clause 49 of the listing agreement.

Dr. Ram S. Tarneja, Mr. K. S. Srinivasa Murty, Mr. Mahendra K. Chouhan and Mr. Jai S. Diwanji are interested in the resolutions set out respectively at item no. 4 to 7 of the notice with regard to their respective appointment.

Brief profile of Dr. Ram S. Tarneja, Mr. K. S. Srinivasa Murty, Mr. Mahendra K. Chouhan and Mr. Jai S. Diwanji is as follows

Name of the Director	Dr. Ram S. Tarneja
Date of joining the Board:	21/04/1976
Profile of the Director:	M.A.; Ph. D.
No. of shares held in the Company :	NIL
Directorships and Committee memberships in other companies:	12

Name of the Director	Mr. K. S. Srinivasa Murty
Date of joining the Board:	30/07/2007
Profile of the Director:	M.Tech IIT
No. of shares held in the Company :	NIL
Directorships and Committee memberships in other companies:	NIL

Name of the Director	Mr. Mahendra K. Chouhan
Date of joining the Board:	19/04/2005
Profile of the Director:	B.Sc., MBA(Finance)
No. of shares held in the Company :	150 shares of Rs. 10/- each
Directorships and Committee memberships in other companies:	6

Name of the Director	Mr. Jai S. Diwanji
Date of joining the Board:	03/11/2012
Profile of the Director:	Graduate in law from University of Cambridge; U.K.
No. of shares held in the Company :	NIL
Directorships and Committee memberships in other companies:	5

Item No. 8

Note on appointment of M/s Manubhai & Shah, Chartered Accountants, as Statutory Auditor:

M/s. Shah & Co., Chartered Accountants, retire as auditors of the Company on the conclusion of the ensuing annual general meeting. As per the provisions of section 139(2) of the Companies Act, 2013 a firm of Chartered Accountants who have been statutory auditors of the Company for more than 10 years cannot be reappointed and hence do not seek reappointment in view of section 139(2) of the Companies Act, 2013.

Based on the recommendation of the Audit Committee, the Board of Directors, has at its meeting held on 28 May 2014, recommended the appointment of M/s. Manubhai & Shah, Chartered Accountants as statutory auditor of the Company for the financial year 2014-2015.

M/s. Manubhai & Shah have expressed their willingness to work as the Statutory Auditors of the Company, if appointed, and further confirmed that the said appointment would be in conformity with the provision of section 139 of the Companies Act, 2013.

Member's approval is being sought for the appointment of M/s. Manubhai & Shah, as the Statutory Auditors of the Company and to authorize the Board of Directors, on the recommendation of Audit Committee, to determine the remuneration payable to them.

None of the Directors are concerned or interested in this resolution. Your Directors recommend the resolution for your approval.

Item no. 9

Note on entering into Leave and License agreement with Mr. Sumant J. Patel under section 188 of the Companies Act, 2013:

Indabrator Division's one manufacturing unit at Karamsad, District Anand, Gujarat, is situated on 16,185 sq. mtr. (i.e. approx. 1,74,150 sq. ft. or 4.0 acres) land which was earlier owned by JV Patel & Co (partnership firm). Aforesaid land was leased to Indabrator Limited in 1974 at Rs. 24,000/- per annum rent. Indabrator Limited constructed factory and office building on this land. Indabrator Limited was merged with Nesco Limited in 2005. JV Patel & Co., partnership firm is now dissolved and the land is transferred to Mr. Sumant J. Patel with effect from 09 May 2012. The Company wants to continue to occupy the land for several manufacturing activities in these premises and hence proposes to execute a Leave and License agreement with Mr. Sumant J. Patel against payment of annual license fee of Rs. 20,00,000/- for a tenure of 3 years.

The value of land with building as per the ready reckoner rate is Rs. 10,725/- per sq. mtr. Recently a sale has taken place at Rs. 11,120/- per sq. mtr.. for land with building in the same location. Against the market value of around Rs. 18 crores, license fee of Rs. 20,00,00 per year for a period of 3 years with effect from 09 May 2012 is proposed.

The Audit Committee and the Board of Directors have approved the proposed Leave & License agreement. The Board of Directors accordingly recommends the resolution set out in the accompanying notice for approval by Shareholders of the Company.

Mr. Sumant J. Patel, Mrs. Sudha S. Patel & Mr. Krishna S. Patel are deemed to be concerned or interested in the resolution.

Directors' Report

Year 2013-14 continued to be a challenging year with many projects delayed or deferred or cancelled. Growth rate was low at 4.70%, rupee depreciated and inflation continued to be a concern. Capital goods and other sectors were adversely affected. Against this background, your Company was able to achieve growth both in revenues and profits and increase in liquid resources. Directors have pleasure in presenting their annual report with the audited statement of accounts for the year ended 31 March 2014.

1. Financial Results :

PARTICULARS	2013 - 14 (₹)	2012 - 13 (₹)
Income	181,42,14,113	162,76,86,860
Profit before depreciation and tax	127,92,30,894	119,50,11,844
Depreciation	11,02,57,463	5,82,77,241
Profit before taxes	116,89,73,431	113,67,34,603
Provision for taxes	35,87,28,000	31,98,78,455
Net Profit	81,02,45,432	81,68,56,148
Balance brought forward	50,00,000	50,00,000
Amount available for appropriations	81,52,45,432	82,18,56,148
Appropriations:		
i) Dividend	7,04,59,960	4,93,21,972
ii) Tax on Proposed Dividend	1,19,74,670	83,82,228
iii) Transfer to General Reserve	72,78,10,000	75,91,51,907
iv) Surplus carried forward to P&L Account	50,00,000	50,00,000

2. Review of Operations:

During the year your Company achieved a turnover of Rs. 181,42,14,113, an increase of 11.46% over the previous year turnover of Rs. 162,76,86,860. PBDT was Rs. 127,92,30,894 as compared to Rs. 119,50,11,844 in previous year, an increase of 7.04%. Earnings per share amounted to Rs. 57.50 (previous year Rs. 57.97). The Company's general reserves increased from Rs. 345,15,71,000 to Rs. 417,93,81,431.

3. Dividend:

Your Directors are pleased to recommend a dividend of 50% per equity share of Rs.10/- each (previous year 35%) for the year ended 31 March 2014 amounting to Rs. 7,04,59,960 (previous year Rs. 49,321,972), subject to approval by shareholders at the 55th annual general meeting. This would involve a cash outflow of Rs. 8,24,34,630. The dividend is free of tax in the hands of the shareholders.

4. Management Discussion and Analysis:

- i) Bombay Exhibition Centre: Income for the year was Rs. 94,88,56,835 compared to Rs. 90,52,04,037 in the previous year registering an increase of 4.82%. During the year 114 exhibition were held in our centre, out of which 21 were new organizers and 16 new titles which included Sugar Technology, First Safety Technology, Occupational Health and Safety, Steel Technology, Fire Safety Technology, Maternity and Child Care Expo, Water Conversation Technology, Soilless Garden Technology, Health and Fitness Expo and Concrete Technology.

The Company has also started setting up food court services with leading international and national food brands to cater to the growing demand of quality food services of the organizers, their exhibitors and visitors.

- ii) Nesco IT Park: Income for the year was Rs. 47,83,37,595 (previous year Rs. 27,85,78,934) an increase of 71.70 %. The IT 3 Building is LEED Platinum rated by Indian Green Building Council, which is the highest standard for sustainable development. The ultra modern amenities in the building include air conditioning, food court, modern health centre, ample car parking, a golf putting green and other recreation areas.

The Company has successfully launched its 330 seater Nesco Incubation Centre. This state of the art facility is a unique feature for Nesco IT Park, wherein a licensee can opt for stop gap arrangement of a plug and play infrastructure while their fitouts are underway in the IT building 3. Such features benefits the companies to move their business in the IT building 3 with minimum outage in the operation of their respective business.

The Company has also taken steps to set up a day care centre within the campus for IT Park and has tied up with a leading national brand for this purpose. The high quality centre with trained professionals will have variety of structured programs to engage a child from infancy to toddler hood. Day care centre will benefit the companies to encourage employees and specially women employees to join work force.

Your Company is now actively pursuing to secure required approvals for starting construction of IT building 4 (built-up area approx. 14,00,000 sq ft) which has been designed by a leading American architects firm

- iii) Indabrator - Industrial Capital Goods Group: In the year under review, Indabrator income was Rs. 18,38,83,000 (previous year Rs. 25,08,25,178). 2013-14 continued to be extremely difficult year for the capital goods industry. A large number of projects were either cancelled or delayed or deferred; automotive and other industries faced low demand and went through difficult times. Under these circumstances, Indabrator income was lower compared to previous year. Economic environment is showing improvement and we expect Indabrator to pick up in the current year.

Your Company is investing in the upgradation of its Abrasives Plant to produce abrasives which has demand from customers using surface preparation equipment.

- iv) Investments: Income from investments and other income was Rs. 20,31,35,683 (previous year Rs. 19,30,78,710), an increase of 5.21%. Our Company expects a moderate increase in the current year.

5. Finance:

Your Company had no debt as on 31 March 2014. Company's liquid resources (fixed maturity plans, mutual funds, cash & bank balances) increased by 43.06% to Rs. 3,72,77,90,258 from Rs. 2,60,57,14,958.

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

Capital Market has recently published list of top 500 Companies in India which covers the most valuable and liquid stocks in India. Nesco is included in this list. FII's have shown interest in your Company and their shareholding has increased to over 8%.

6. Corporate Social Responsibility:

Nesco group continued to increase its activities in the rural social sector. The second school set up in a village with our assistance has commenced its activities. Both schools provides modern education facilities including smart class, audio visual learning system, modern computer labs, etc. Our CSR group monitors these activities. Recently, Nesco provided support to Election Commission in organizing Counting Station for two constituencies of Mumbai in Bombay Exhibition Centre. The Bombay Exhibition Centre also provided assistance to NGO 2013, an event for the NGOs to showcase their activities and thereby gather public support.

7. Directors:

Mrs. Sudha S. Patel retire by rotation at the ensuing annual general meeting and being eligible offer herself for reappointment.

In terms of sections 149, 152, Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rules, 2014, it is proposed to appoint Dr. Ram S. Tarneja, Mr. K. S. Srinivasa Murty, Mr. Mahendra K. Chouhan and Mr. Jai S. Diwanji as Independent Directors of your Company and to hold office up to five consecutive years up to 31st March, 2019."

The profile of the Directors to be reappointed at the annual general meeting is given in the annexure to the notice.

During the year Mr. Bharat V. Patel resigned from his position as Director of the Company after having served the Company for several years. Directors place on record their appreciation of the valuable services rendered by Mr. Patel during his tenure as Director.

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 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 March 2014 and of the profit 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.

9. Auditors:

M/s. Shah & Co., Chartered Accountants, retire as auditors of the Company on the conclusion of the ensuing annual general meeting and do not seek reappointment in view of section 139(2) of the Companies Act, 2013. The Board of Directors recommends appointment of M/s Manubhai & Shah, Chartered Accountants as auditors for the current year and fix their remuneration. They have given their consent for appointment as Statutory Auditors.

10. 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 corrective 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 Company and covers all 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.

11. 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 goals are: no accidents, no injuries to people and no damage to environment. 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..

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 forms part of this report.

13. Conversion of energy, technology absorption, foreign exchange earnings 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.

14. Particulars of Employees:

The information required under section 217 (2A) of the Companies Act, 1956 read with Companies (particular of employees) Rules, 1975, in respect of employees of the Company, is provided in annexure forming part of this report. In terms of section 219(1)(b)(iv) of the Companies Act, 1956, the report and accounts are being sent to the shareholders excluding the aforesaid annexure. Any shareholder interested in obtaining copy of the same may write to the Company Secretary.

15. Acknowledgment:

The Directors thank the shareholders, customers and vendors for their support.

The Directors also thank all members of the Nesco team for their valuable contribution.

For and on behalf of the Board of Directors

Sumant J. Patel
Chairman & Managing Director
Mumbai, 28 May 2014