

**nesco**

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## Board of Directors

Mr. Sumant J. Patel	Executive Chairman
Mr. Krishna S. Patel	Managing Director
Mr. Mahendra K. Chouhan	Independent Director
Mrs. Sudha S. Patel	Non-Executive Director
Mr. Jai S. Diwanji	Independent Director
Mr. K. S. Srinivasa Murty	Independent Director
Mr. Manu M. Parpia	Independent Director

## Auditors

Manubhai & Shah LLP  
Chartered Accountants

## Banker

HDFC Bank Limited

## Registered Office

Nesco Center,  
Western Express Highway, Goregaon (East),  
Mumbai 400 063.  
CIN: L17100MH1946PLC004886  
Email: companysecretary@nesco.in Web: www.nesco.in  
Tel: 022 66450123 Fax: 022 66450101

## Registrar and Share Transfer Agents

Sharex Dynamic (India) Private Limited

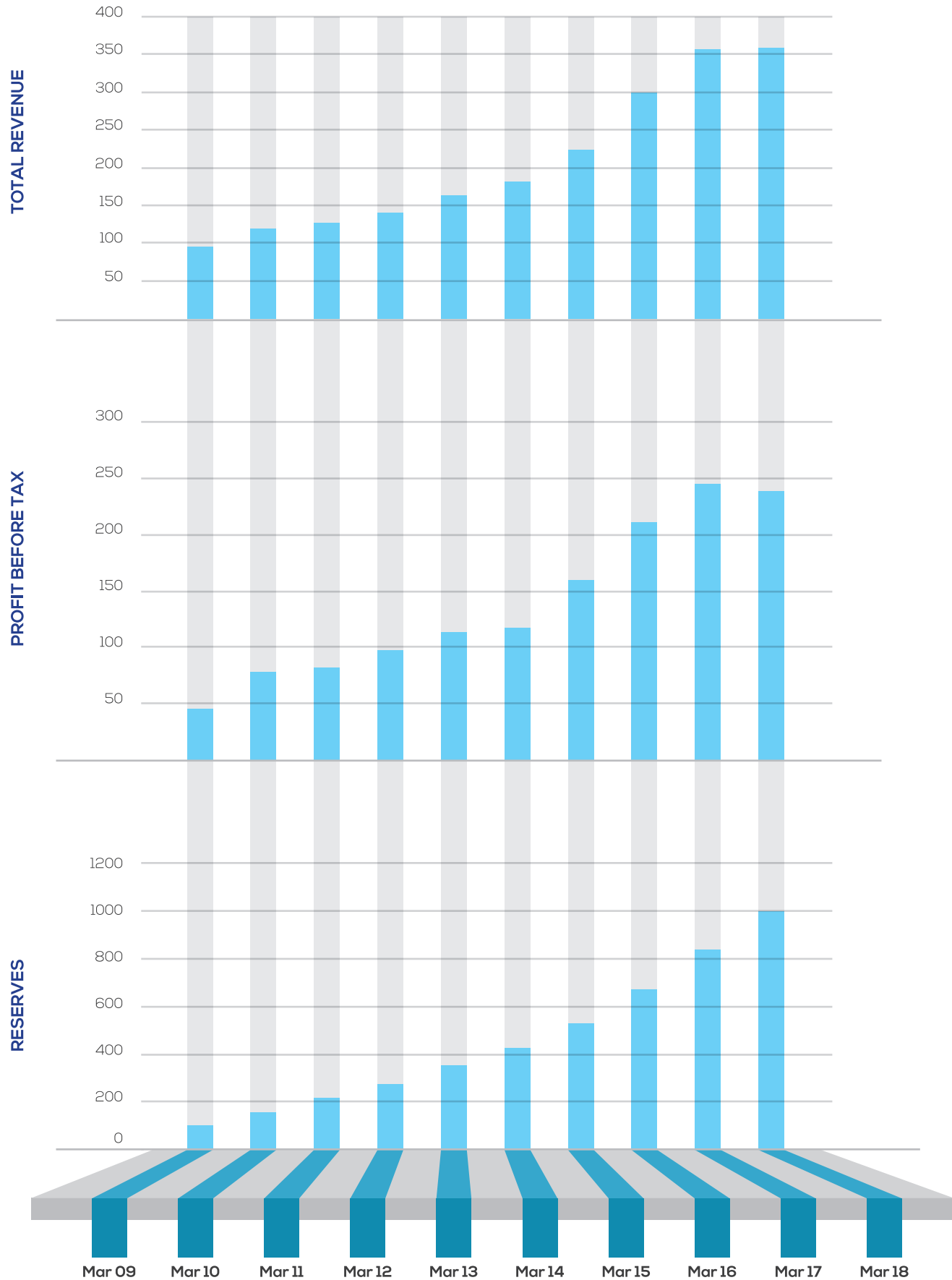
## Branch Offices

<b>New Delhi</b> LB-18, Ansal Bhawan, 16, K G Marg, New Delhi 110 001	<b>Kolkata</b> Benoy Bhavan, Camac Street, Kolkata 700 016	<b>Chennai</b> Fagun Mansion, 26, Commander - in- Chief Road, Chennai 600 105
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## Plants

<b>Karamsad</b> Anand Sojitra Road, Karamsad, Gujarat 388 325	<b>Vishnoli</b> Nadiad Petlad Road, Vishnoli, Gujarat 388 450
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Figures - Rs. Crores



## REPORT OF BOARD OF DIRECTORS

Dear Members,

Your Directors have pleasure in presenting 59th annual report of your Company for the financial year ended 31 March 2018.

### 1. Financial Results:

(₹ in Lakhs)

Particulars	Consolidated		Standalone	
	2017-18	2016-17	2017-18	2016-17
Income	35,799.50	35,722.75	34,046.58	35,154.45
Profit before depreciation and tax	24,896.08	25,256.79	24,612.33	25,185.28
Depreciation	1,102.73	812.97	1,102.73	812.97
Profit Before Taxes	23,793.32	24,443.81	23,509.60	24,372.31
Tax Expenses	5,921.48	7,448.87	5,840.33	7,430.13
Net Profit after Taxes	17,871.87	16,994.95	17,669.27	16,942.18
Balance brought Forward	4,256.45	2,376.58	50.00	2,388.16
Amount available for appropriations:	22,768.43	19,371.53	18,359.38	19,330.33
<b>Appropriations:</b>				
1. Dividend (refer Note)	1,550.12	-	1,550.12	-
2. Tax on Dividend	315.57	-	315.57	-
3. Transfer to General Reserve	20,852.74	15,115.08	16,443.70	19,280.33
4. Surplus carried forward to Profit and Loss Account	50.00	4,256.45	50.00	50.00
Earning Per Share (Basic) (in ₹)	25.36	24.12	25.08	24.05
Earning Per Share (Diluted) (in ₹)	25.36	24.12	25.08	24.05

Note – As per Ind AS, Dividend is accounted in the financial year in which it is approved by the shareholders in the Annual General Meeting. Accordingly, dividend approved in the 58th annual general meeting held on 14 August 2017 in respect of F.Y. 2016-17 is disclosed in F.Y. 2017-18. Dividend approved in respect of F.Y. 2015-16 was paid in March 2016 and hence, not disclosed under F.Y. 2016-17.

### 2. Review of Operations:

Your Company achieved a consolidated turnover of ₹ 35,799.50 lakhs as compared to previous year consolidated turnover of ₹ 35,722.75 lakhs.

Consolidated profit before tax was ₹ 23,793.32 lakhs as compared to ₹ 24,443.81 lakhs in previous year.

Consolidated earnings per share amounted to ₹ 25.36 (previous year ₹ 24.12). Company's reserves were ₹ 99,704.62 lakhs.

### 3. Dividend:

Your Directors are pleased to recommend a dividend of 115% per equity share amounting to ₹ 2.30 per equity share of ₹ 2 each (previous year dividend of 110% per equity share of ₹10 each) as dividend for the year ended 31 March 2018 for the approval of shareholders at the ensuing Annual General Meeting.

#### Dividend Distribution Policy

As per Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the top 500 Listed Companies shall formulate a Dividend Distribution Policy. This policy is available on the Company's website at [www.nesco.in](http://www.nesco.in)

## Management Discussion and Analysis:

### i) Nesco IT Park:

Income for the year was ₹14,544.33 lakhs (previous year ₹14,191.14 lakhs).

The construction of IT building 4 is expected to be completed by December 2018. So far ₹ 34,894.57 lakhs has

been spent on IT building 4. The building is pre-certified Platinum rated under the LEED India for Core & Shell rating system from the Indian Green Building Council. IT buildings 2 and 3 are fully occupied by renowned Companies. Hall 3 provides Incubation Centre; and a Child Care Centre for children of employees working in Nesco IT Park.

**ii) Bombay Exhibition Centre:**

Income for the year was ₹ 12,970.34 lakhs compared to ₹ 13,276.55 lakhs in the previous year.

An amount of ₹ 2,863.70 lakhs was spent during the year for additional space, adding more facilities and improving infrastructure.

During the year 127 exhibitions and conventions were held in our Centre, out of which 14 were new organizers. Some of our new clients include Peppermint Communications Pvt. Ltd., Procyon Exhibition and Events LLP; Quartz, Iten Media, Stylus Arts and Gramin Hastkala Vikas Samiti.

Our Centre continues to bring more visitors to Mumbai than any other venue and now has a total capacity of 59,000 sq. mtrs. of exhibition and convention center spread over six air conditioned halls and has plans of further expansion.

**iii) Nesco Hospitality Private Limited:**

Nesco Hospitality Private Limited, a wholly owned subsidiary of your Company, earned revenue of ₹ 2,040.22 lakhs as compared to ₹ 568.31 lakhs during the previous year, profit before tax was ₹ 319.13 lakhs as compared to ₹ 72.97 lakhs. The kitchen facility has now commenced and is fully operational. Your Company has started providing 15,000 meals per day.

Pursuant to amendment to the object clause of the Memorandum of Association of the Company, effective April 2018, your Company has entered into business segment of Nesco Foods.

The Company has commissioned two food courts and started food services within Nesco Complex and is targeting to cater to the growing demand of quality food services from the exhibition organizers, exhibitors, visitors and employees working in Nesco IT Park.

**iv) Indabrator:**

In the year under review, Indabrator income was ₹ 2,638.13 lakhs (previous year ₹ 3,388.52 lakhs). Indabrator has recently won several large contracts and has completed its expansion of machine building division at its Vishnoli Complex, Gujarat.

**vi) Investments:**

Income from investments and other income were ₹ 3,606.48 lakhs (previous year ₹ 4,298.21 lakhs).

**4. Finance:**

Your Company had no debt as on 31 March 2018. Company's liquid resources (fixed maturity plans, mutual funds, cash & bank balances) increased by 3.85% to ₹ 50,557.22 lakhs from ₹ 48,680.57 lakhs.

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

**5. Corporate Social Responsibility:**

Your Company has undertaken various projects in the field of Education, Healthcare and Sanitation. The Company has completed construction of new English Medium Higher Secondary School.

The Company is evaluating and will take up more CSR activities in different areas. Annual report on CSR activities is in "Annexure A" attached to this report.

**6. Directors and Key Managerial Personnel:**

Mrs. Sudha S. Patel, non-executive Director, retires by rotation at the ensuing annual general meeting pursuant to the provisions of Section 152 of the Companies Act, 2013 read with the Companies (Appointment and Qualification

of Directors) Rules, 2014 and articles of association of your Company and being eligible has offered herself for reappointment. Her brief resume and other related information has been detailed in the annexure to the notice.

Mr. Sumant J. Patel has been reappointed as Executive Chairman of the Company with effect from 01 April 2018 for a further period of five years.

Mr. Krishna S. Patel has been reappointed as Managing Director of the Company with effect from 01 July 2018 for a further period of five years.

Mr. Krishna S. Patel, Managing Director, Mr. Dipesh R. Singhanian, Chief Financial Officer and Head Legal and Ms. Jinal J. Shah, Company Secretary and Compliance Officer of the Company are the Key Managerial Personnel of the Company.

## **7. Board Evaluation:**

Pursuant to the provisions of the Companies Act, 2013 read with the rules issued thereunder and the Listing Regulations (including any statutory modification(s) or re-enactment(s) for the time being in force), the process for evaluation of the annual performance of the Directors, Board and Committees was carried out.

Regulation 17 of the Listing Regulations mandates that the Board shall monitor and review the Board evaluation framework. The Companies Act, 2013 states that a formal annual evaluation needs to be made by the Board of its own performance and that of its Committees and Individual Directors.

The evaluation of all the directors and the Board and Committees as a whole was conducted based on the criteria and framework adopted by the Board. The evaluation process has been explained in the Corporate Governance Report section in this annual report.

## **8. Training of Independent Directors:**

Your Company's Independent Directors are highly qualified and have been associated with corporate and business organizations. They understand Company's business and activities very well, however, pursuant to Regulation 4 of the Listing Regulations, the Board has shown all the Independent Directors Company's business and manufacturing activities and were also introduced to Company's staff.

## **9. Declaration by Independent Directors:**

All Independent Directors have given declarations that they meet the criteria of independence as prescribed under the provisions of the Companies Act, 2013 and Regulation 16(1)(b) of the Listing Regulations.

## **10. Number of Board and Committee Meetings:**

Pursuant to Section 134(3)(b), details of Board Meetings held during the year are given in the Report on Corporate Governance.

During the year four board meetings and four audit committee meetings were held, details of which are given in the Corporate Governance Report. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013.

A separate meeting of Independent Directors, pursuant to Section 149(7) read with Schedule VI of the Companies Act, 2013 and Regulation 25 of the Listing Regulations was held on 14 August 2017.

## **11. Policy on Directors appointment and Remuneration and other details:**

The Company's policy on Directors appointment and remuneration and other matters provided in Section 178(3) of the Companies Act, 2013 has been disclosed in Corporate Governance Report, which forms part of Annual Report.

## **12. Director's Responsibility Statement:**

In accordance with the provisions of Section 134(5) of the Companies Act, 2013, your Directors confirm that: -

- a) in the preparation of the annual accounts for the financial year ended 31 March 2018, the applicable accounting standards and schedule III of the Companies Act, 2013 have been followed and there are no material departures from the same;

- b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company as on 31 March 2018 and of the profit and loss of the Company for the financial year ended 31 March 2018;
- c) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the annual accounts have been prepared on a going concern basis;
- e) proper internal financial controls laid down by the Directors were followed by the Company and that such internal financial controls are adequate and were operating effectively; and,
- f) proper systems to ensure compliance with the provisions of all applicable laws were followed and that such systems were adequate and operating effectively.

### **13.A. Auditors and Auditors Report:**

The Board of Directors in their meeting held on 23 May 2015, on the basis of recommendations of the Audit Committee, in accordance with the provisions of Section 139(1) of the Companies Act, 2013, had appointed M/s Manubhai & Shah LLP, to act as the Statutory Auditors of your Company till the conclusion of the 60th Annual General Meeting. The Company has received certificate from the Auditors to the effect that the appointment is in accordance with the limits specified under Section 139(9) of the Companies Act, 2013.

The Board of Directors in their meeting held on 16 May 2018, ratified the appointment of Auditors for the financial year 2018-19.

The Auditors Report for the financial year 2017-18, does not contain any qualification, reservation or adverse remark.

### **B. Secretarial Audit and Secretarial Audit Report:**

In terms of Section 204 of the Companies Act, 2013, the Board of Directors at its meeting held on 16 May 2018, appointed Ms. Neeta H. Desai of M/s. ND & Associates, Practising Company Secretary, as the Secretarial Auditor to conduct an audit of the Secretarial records, for the financial year 2018-19.

The Secretarial Audit Report for the financial year 2017-18 is annexed herewith as "Annexure B". The Secretarial Auditors Report does not contain any qualification, reservation or adverse remark.

### **14. Particulars of Loans, Guarantees and Investments:**

The particulars of loans, guarantees and investments made by the Company pursuant to Section 186 of the Companies Act, 2013 have been disclosed in the financial statements forming part of Annual Report.

### **15. Internal Financial 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 follows an exhaustive budgetary control and standard costing system. Moreover, the management team regularly meets to monitor goals and 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.

### **16. Vigil Mechanism/Whistle Blower Policy:**

The Board of Directors has formulated a Whistle Blower Policy which is in compliance with the provisions of Section 177(10) of the Companies Act, 2013 and Regulation 22 of the Listing Regulations. The Company has a vigil mechanism to deal with fraud and mismanagement, if any. The policy is on the website of the Company.

### **17. Safety, Health and Environment:**

Your Company recognizes its role in health and safety, as well as its responsibility towards environment and society.



In fact 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 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.

**18. Corporate Governance:**

In compliance with Regulation 34 of the Listing Regulations, a separate report on Corporate Governance along with a certificate from M/s. Manubhai & Shah LLP, Chartered Accountants confirming compliance with requirement of corporate governance forms an integral part of this report.

**19. Prevention of Sexual Harassment at Workplace:**

As per the requirement of The Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 read with rules made thereunder, your Company has constituted Internal Complaints Committee which is responsible for redressal of complaints related to sexual harassment. During the year under review, there were no complaints pertaining to sexual harassment.

**20. Extract of Annual Return:**

Pursuant to Section 134(3)(a), extract of Annual Return in Form MGT- 9 has been annexed herewith as "Annexure C".

**21. Particulars of Employees:**

The information required under Section 197 of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, in respect of employees of the Company has been annexed herewith as "Annexure D".

**22. Conversion of energy, technology absorption, foreign exchange earnings and outgo:**

The information on conservation of energy and foreign exchange earnings and outgo activities in accordance with the provisions of Section 134(3)(m) of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014 forms part of the notes to accounts.

**23. Subsidiary Company:**

Nesco Hospitality Private Limited, a wholly owned subsidiary of your Company operated Food Courts, Day Care Centre and Gymnasium in Bombay Exhibition Centre and Nesco IT Park.

During the year, it started operations of the new world class kitchen which catered to the needs of employees working in Nesco IT Park and visitors to exhibitions and conventions.

A separate statement containing the salient features of financial statements of subsidiary of your Company forms part of consolidated financial statements in compliance with Section 129 and other applicable provisions, if any, of the Companies Act, 2013.

**24. Related Party Transactions:**

During the financial year 2017-18, your Company has entered into transactions with related parties as defined under Section 2(76) of the Companies Act, 2013. All transactions with related parties were reviewed and approved by the Audit Committee. All related party transactions that were entered were on an arm's length basis and were in the ordinary course of business.

There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

The Form AOC-2 pursuant to Section 134(3)(h) of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014 is set out as "Annexure E" to this Report.

**25. Deposits from Public:**

The Company has not accepted any deposits from public and as such, no amount on account of principal or interest on deposits from public was outstanding as on the date of the balance sheet.

**26. Business Responsibility Report:**

A Business Responsibility Report as per Regulation 34 of the Listing Regulations forms part of this Annual Report.

**27. Indian Accounting Standards:**

Your Company has adopted Indian Accounting Standard (Ind AS) notified by MCA and the relevant provision of the Companies Act, 2013 and the general circulars issued by the Ministry of Corporate Affairs from time to time. The significant accounting policies which are consistently applied have been set out in the notes to the Financial Statements.

**28. Consolidated Financial Statements:**

The consolidated financial statements of the Company are prepared in accordance with applicable Ind AS notified by Ministry of Corporate Affairs and form part of this annual report.

**29. Appreciation:**

Your Directors wish to convey their appreciation for the support extended by the shareholders, clients and the employees of the Company.

For and on behalf of the Board of Directors

Sumant J. Patel  
Executive Chairman  
DIN: 00186976

Mumbai  
16 May 2018